Annual Report 2009

Sunshine is our Business

CentroSolar Group AG

Our aim is to become a leading, regionally diversified, excellence-driven provider of premium roof-based PV systems, components and turnkey projects.

We use the sun’s energy in creating sustainable value for our customers and suppliers, our employees and shareholders, and indeed for society as a whole.

Key Figures 2009

P&L

	31/12/2009 EUR '000	% revenue	31/12/2008 EUR '000	% revenue	Change
Revenue	308,704	**100.00 %**	332,604	100.00 %	**-7.2 %**
Gross profit	69,049	**22.37 %**	64,167	19.29 %	**7.6 %**
EBIT (adjusted) *	8,999	**2.92 %**	18,156	5.46 %	**-50.4 %**
EBITDA	13,591	**4.40 %**	21,352	6.42 %	**-36.3 %**
EBIT	6,931	**2.25 %**	12,005	3.61 %	**-42.3 %**
EAT attributable to shareholders	(29,705)	**-9.62 %**	4,335	1.30 %	**n.a.**

Cash Flow Statement

Cash Flow I (EAT + depreciation/amortisation)	(23,045)	**-7.47 %**	13,729	4.13 %	**n.a.**
Cash Flow from operating activities	40,190	**13.02 %**	(6,592)	-1.98 %	**n.a.**
Cash Flow from investing activities	(8,383)	**-2.72 %**	(30,140)	-9.06 %	**72.2 %**

Balance Sheet

		% revenue		% revenue	
Net Working Capital	35,257	**19.23 %**	68,577	30.94 %	**-48.6 %**
Fixed Assets	88,634	**48.34 %**	84,772	38.24 %	**4.6 %**
thereof Goodwill	49,429	**26.96 %**	49,429	22.30 %	**0.0 %**
Net cash **	(43,959)	**-23.97 %**	(74,009)	-33.39 %	**40.6 %**
Shareholders' equity	78,877	**43.02 %**	90,047	40.62 %	**-12.4 %**
Balance sheet total	183,358	**100.00 %**	221,675	100.00 %	**-17.3 %**

Shares and EPS

	31/12/2009	31/12/2008
Number of shares (weighted average outstanding; basic)	15,327,830	14,075,618
EPS (in EUR; basic)	(1.94)	0.31

	02/01/2009	Year-high	Year-low	31/12/2009
Share price in EUR	3.40	4.67	1.85	4.37

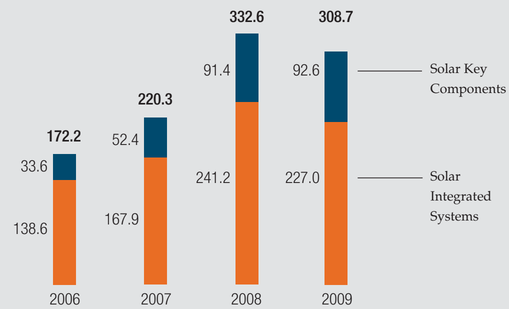
Employees

	31/12/2009	31/12/2008	Change
Total (in FTE)	1,019	809	**25.96 %**

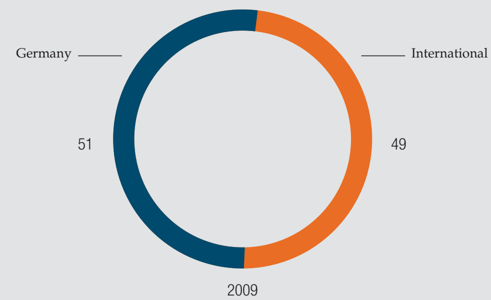
	31/12/2009	31/12/2008
* Excluding IFRS 3 depreciations in T€	2,067	6,151

** Liquid Funds + short-term investments + lendings - financial liabilities

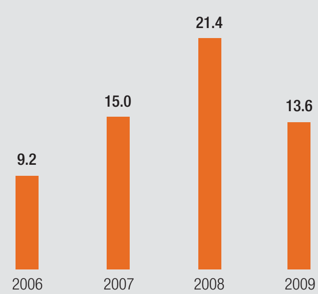
Revenue
in EUR million



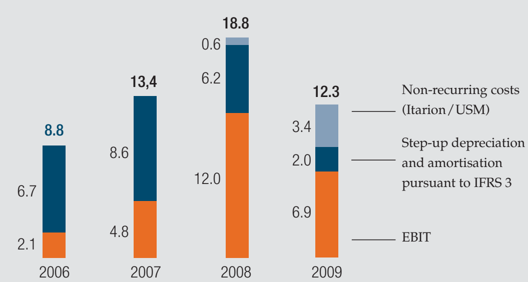
Export revenue
Proportion of total revenue in %



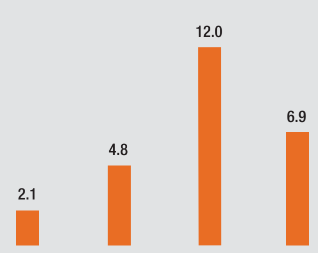
EBITDA
in EUR million



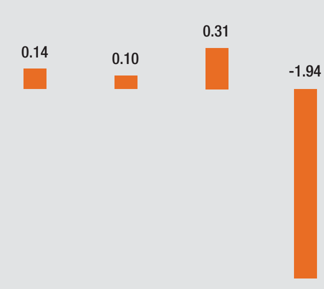
EBIT adjusted
in EUR million



EBIT
in EUR million



EPS
in EUR



Thomas Güntzer

Thomas Güntzer (born 1962), member of the Management Board since 2005, a fully qualified German lawyer, is responsible for International Sales and major projects as well as M&A and Human Ressources at CentroSolar Group AG. He has 15 years of experience in investment banking and private equity. Formerly he worked as a Managing Partner at Pari Group and for PPM Capital, the private equity arm of Prudential PLC, where he was responsible for private equity investments.

Dr. Axel Müller-Groeling

Dr. Axel Müller-Groeling (born 1964), member of the Management Board since 2005, PhD of Physics, is repsonsible for strategy and operative management of the daughter companies of the CentroSolar Group AG. A former McKinsey associate partner, he gained more than seven years of experience in the energy and financial services industry. In particular he focused on strategy, risk management and post-merger integration.

Dr. Alexander Kirsch
[Chairman of the Management Board]

Dr. Alexander Kirsch (born 1966), PhD of Business Administration, has been the CEO and CFO of CentroSolar Group AG since 2005. Until the beginning of 2007 he was also a board member of CENTROTEC Sustainable AG, where his responsibilities included finance, strategy and expansion as well as aqcuisitions. He has previously worked for McKinsey & Company amongst others.

Letter to Shareholders

Dear Business Partners, Shareholders and Friends of CENTROSOLAR Group AG,
Dear Colleagues,

2009 brought exceptional challenges as a result of the financial crisis. Nevertheless we were able to use our time wisely in equipping our company for the coming years, and CentroSolar is now very well positioned. We are distinguished by four core skills:

1. A high international spread. With broad-based international sales (half of our business already comes from outside Germany) we enjoy greater independence from legislative changes in individual countries than our competitors.

2. Strong market position as a specialist for roof-mounted solar systems, particularly for private houses. The dense sales network that we have built up over the years, with intensive service for local firms of fitters, our special solutions for roofs and our rigorous approach to quality protect us against mass suppliers that are unable or unwilling to forge such close ties with their customers.

3. Patented technologies for components. Our highly light-transmissible solar glass, our brilliantly simple ConSole mounting frame for flat roofs and various other solutions are protected by patents and are the leaders in their respective market segments – often worldwide.

4. European cost leader. Our module plant in Wismar is one of the most efficient manufacturing facilities in Europe and moreover easily stands up to comparison worldwide. But more importantly than that assessment of our status, we have introduced continuous improvement processes that systematically make our standards of quality even better, while also saving money.

In the second half of 2009, CentroSolar was therefore among the most successful solar businesses in Europe.

The strong results for the second half nevertheless followed on from a difficult phase in the first half. Two important business partners, Econcern and Qimonda, went bankrupt as a result of the financial crisis. We responded by closing down the module plant in the Netherlands, which was less efficient compared with the Wismar facility, and halted construction of the manufacturing plant with Qimonda. CentroSolar assumed the burden of the liabilities resulting from this turn of events and distributed them throughout its balance sheet. The capital increase effected in November 2009, which saw all shares placed among the existing shareholders, and the return to operating profits mid-way through the year meant that by the end of 2009 all balance sheet ratios were actually healthier than in the previous year.

We, the management team responsible for making the decisions, have also learned our personal lessons from the financial crisis. We will approach our future growth boldly but "one step at a time", limiting the risks we take. We will focus our strategy even more concertedly on taking up defensible market positions in the downstream area of the solar market. We will strive for quality, not quantity.

We aim to continue preparing the way for realising our vision: "Our aim is to become a leading, regionally diversified, excellence-driven provider of premium roof-based PV systems, components and turnkey projects."

Finally, we would like to pass on our sincere thanks to our employees, business partners and shareholders for your confidence and support, and look forward to maintaining this strong partnership in 2010 and beyond.

With best wishes,

Dr. Alexander Kirsch
[Chairman and Finance]

Thomas Güntzer
[International Sales & Major Projects, M&A and Human Resources]

Dr. Axel Müller-Groeling
[Strategy und Operations]

CENTROSOLAR Group AG
Locations and branches

CENTROSOLAR Group AG
Parent company
Munich/Germany

Centrosolar AG
Systems integration
Hamburg/Germany

Centrosolar AG
Systems integration
Paderborn/Germany

Centrosolar AG
Systems integration
Durach/Germany

Centroplan GmbH
Project planning
Geilenkirchen/Germany

Centrosolar Sonnenstromfabrik GmbH
Module manufacturing
Wismar/Germany

Renusol GmbH
Mounting systems
Cologne/Germany

Renusol France SARL
Ecully/France

Centrosolar Glas GmbH & Co. KG
Solar glass
Fürth/Germany

Centrosolar Glas Korea Inc.
Seoul/Korea

Centrosolar France SARL
Ecully/France

Centrosolar Hellas MEPE
Paleo Faliro/Greece

Centrosolar Italia S.r.l.
Verona/Italy

Centroplan Italia S.r.l.
Rome/Italy

Centrosolar Benelux B.V.
Tiel/The Netherlands

Solarsquare AG
Bern/Switzerland

Centroplan España S.L.
Barcelona/Spain

Centrosolar Fotovoltaico España S.L.
Barcelona/Spain

Centrosolar America Inc.
Scottsdale/USA

Centrosolar America Inc.
Pleasanton/USA

For the owner of a commercial roof, the key criteria when investing in a solar plant include not just the rate of return, but also the reassurance and guarantee that the roof will still be leakproof 20 years after installation. CENTROSOLAR is better placed than most operators to offer such assurances, thanks to the pooling of solar and roofing expertise within Centroplan GmbH, a joint venture established by CENTROSOLAR and Pohlen Bedachungen, Europe's largest independent roofing company.

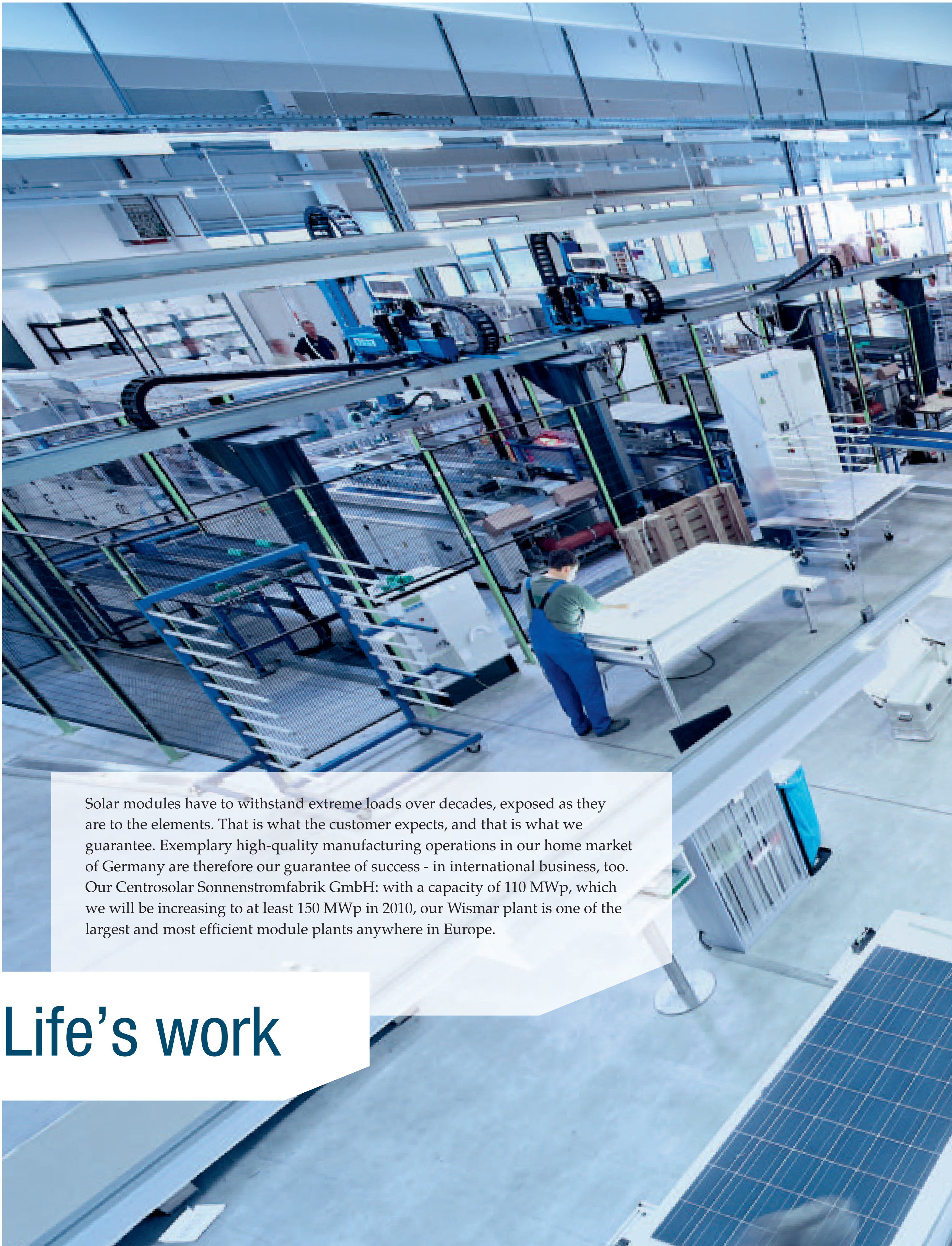
Roofing power

Sunshine is our business, and our customers' business too. Our subsidiary Centrosolar AG concentrates on the market for small systems for private houses, an area in which we have established a position among Europe's leaders over recent years. Our integrated systems on residential roofs generate renewable power that can be fed into the grid, thus cutting CO_2 emissions and promoting greater sustainability.

Private businesses

Roof systems should be attractive as well as functional. They should blend neatly into the architecture as well as generate power. That is what both homeowners and the law want. Building-integrated photovoltaic systems therefore attract particularly high feed-in tariffs in many countries, such as France. Much to the satisfaction of Centrosolar AG, because roof-integrated systems have always been our speciality. We have now established a position among the front-runners in markets such as France and Germany with roof systems that are incorporated flush with the roof. But development work continues: in future, roofs will consist entirely of modules such as our "solar tiles", which create a continuous surface that both generates power and protects the house against the elements.

Integration



Solar modules have to withstand extreme loads over decades, exposed as they are to the elements. That is what the customer expects, and that is what we guarantee. Exemplary high-quality manufacturing operations in our home market of Germany are therefore our guarantee of success - in international business, too. Our Centrosolar Sonnenstromfabrik GmbH: with a capacity of 110 MWp, which we will be increasing to at least 150 MWp in 2010, our Wismar plant is one of the largest and most efficient module plants anywhere in Europe.

Life’s work

Increasing system efficiency – that is the focus of attention for innovations in the photovoltaic industry. After years of trials, our researchers at Centrosolar Glas have come up with an anti-reflective coating for solar glass that is capable of increasing a module's output by 3 - 5 %. An additional glass layer measuring just 1,000 atomic layers of SiO_2 is applied to the cover glass. The refractive index of this nanoporous glass/air mixture of 1.23 is exactly mid-way between that of the solid glass material and the ambient air, allowing virtually 100 % of the incident light to pass through. A spectacular success for applied research that we and our development partners have patented.

Transparency


+ROH
i-O-Si(OH)3 +
Kette

Mounting a solar system on a roof calls for special solutions, which is why the modules need to be straightforward and quick to install. For safety reasons the design needs to be particularly stable, and for cost reasons it must be very easy to fit. And it must accommodate a wide range of PV modules of all makes and sizes as flexibly as possible. Roofs need ingenious mounting systems, and the CENTROSOLAR subsidiary Renusol GmbH supplies them: for example, featuring patented module clamps that universally fit all framed modules. These clamps are fully height-adjustable, for frame thicknesses ranging between 34 and 51 mm. That not only reduces the cost of storage and commissioning, but also cuts the installation time.

Perfect fit

Report of the Supervisory Board of CENTROSOLAR Group AG for the financial year 2009

The Supervisory Board of CentroSolar Group AG continuously oversaw and supported the Management Board in an advisory capacity throughout the 2009 financial year, on the basis of Management Board reports, joint meetings and resolutions by written circular, in accordance with the law, the company's articles of incorporation and the rules of internal procedure.

The Supervisory Board shares the view of the Management Board that now that the company has staged a successful market entry in Germany, its expansion into emerging markets in other countries should be a strategic priority for the future. In all, the Supervisory Board is convinced that the market for photovoltaic products is not merely economically attractive at present, but offers exceptionally high prospects for the CentroSolar Group.

One of the focal areas of the Supervisory Board's activities in the 2009 financial year was to comprehensively support the winding-down of a joint venture with the Qimonda Group for the construction of a solar cell manufacturing plant in Portugal, following the involvement of a Portuguese consortium as a substitute partner had failed to come about. Throughout this process, it devoted particular attention to the bankruptcy of Qimonda AG and the resulting consequences for the CentroSolar Group. The Supervisory Board monitored the associated risks comprehensively and promptly. The organisational and human resources measures were scrutinised and queried in depth.

The procurement of important components such as cells, modules and assembly systems was likewise a regular topic of discussion between the Management Board and Supervisory Board. In the Key Components area, measures and investment plans designed to increase production capacities swiftly in order to bring them in line with demand were discussed on a regular basis.

The Supervisory Board carefully considered the annual planning for the 2010 financial year presented by the Management Board, particularly in light of the after-effects of the financial crisis and the continuing economic difficulties being experienced both at home and abroad.

Ten Supervisory Board meetings in which members participated in person or by telephone took place in the 2009 financial year. In addition, eight resolutions were passed by means of telefax circular. The Supervisory Board was informed promptly and comprehensively by the Management Board of the company's current and future business progress, and in particular of forthcoming company acquisitions, of the development in its revenue, orders, net worth, financial performance and financial position, and of other relevant aspects of corporate planning and of the group's strategic development. Discrepancies in business progress between actual performance and the plans and targets were discussed individually with the Supervisory Board and examined by it on the basis of the documents presented. In particular, half-yearly and quarterly financial reports were discussed by the Supervisory Board with the Board of Management prior to their publication. Particular attention was devoted to considering the risk situation, among other aspects. Matters examined in this context included the financial reporting process in general, the effectiveness of the internal system of control, risk management and internal auditing.

All Supervisory Board members attended all meetings and took part in resolutions by written circular in person. All members of the Supervisory Board in addition regularly discussed forthcoming projects and strategic decisions with the Management Board and with other management employees of the company by meeting in person and by means of telephone conferences. Written reports were furthermore submitted. The Management Board satisfied the information and reporting requirements laid down by the Supervisory Board in every respect.

The topics discussed at the Supervisory Board meetings were the fundamental aspects of business policy concerning the parent company and its subsidiaries, together with individual matters of significance to the group. The individual matters

discussed comprised the strategic direction, acquisitions in progress and in the pipeline, important individual transactions, changes to negotiable instruments law, major investment decisions, remuneration structures of the Management Board and management employees, the efficiency of the Supervisory Board's own activities, the selection and monitoring of the independent auditor, the culture within the company, and social issues and various topics concerning the operating companies. Management Board decisions which required ratification by the Supervisory Board were studied and approved.

As the Supervisory Board has only three members, there are no committees. All matters were discussed by the full board or with the aid of appropriate communication media.

The Supervisory Board considered at length the disclosures made in the management report and group management report pursuant to Sections 289 (4) and 315 (4) of German Commercial Code. Reference is made to the corresponding comments in the management report and group management report, which the Supervisory Board has examined and accepted.

The accounts, annual financial statements, management report, consolidated financial statements and group management report at December 31, 2009 have been examined by the auditors PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Kassel, who have given their unqualified certification thereof. A copy of the auditors' report was sent to each member of the Supervisory Board in a timely manner, discussed with the auditors and acknowledged with approval.

The Supervisory Board itself has moreover examined in detail the annual financial statements and consolidated financial statements, including group management report, as drawn up by the Management Board, as well as the dependence report drawn up by the Management Board. The examination by the Supervisory Board revealed no cause for objection. There are no objections to the concluding declaration in the dependence report. The annual financial statements of the company and the consolidated financial statements at December 31, 2009 were approved by the Supervisory Board. The annual financial statements of the company were granted the unqualified approval of the Supervisory Board, and are thus established pursuant to Section 172 (1) of German Stock Corporation Law.

The Supervisory Board expects that the company will continue to enhance its performance in highly promising areas of activity, and that it will generate a good return on investment in the interests of its shareholders.

Particular thanks are due to the employees, who have contributed substantially to the success of the group through their considerable dedication, expertise and creativity.

Munich, March 2010
The Supervisory Board

Dr. Gert-Jan Huisman
[Chairman of the Supervisory Board]

Corporate Governance Report 2009 of CENTROSOLAR Group AG

The "German Corporate Governance Code" was last amended on June 18, 2009. Its objective is to render the German corporate governance system transparent and intelligible, and to promote investors' confidence in the way German listed companies are supervised. CENTROSOLAR Group AG welcomes the sections of the Code that have been drafted with a view to upholding sustainable, entrepreneurial action by the corporate bodies.

The Code also envisages, by way of a recommendation, a "corporate governance report" as an instrument of providing information on a company's corporate governance practices. The Management Board and Supervisory Board of CENTROSOLAR Group AG have considered the latest version of the Code at length and explained any departures from it in a Declaration of Compliance (see below).

Management and governance structure

In keeping with German Stock Corporation Law, CENTROSOLAR Group AG has a two-tier management and governance structure that comprises a three-member Management Board and, in accordance with its articles of incorporation, a three-member Supervisory Board. The Management Board and Supervisory Board work together closely to the benefit of the company, The Management Board coordinates both the strategic direction and principal transactions with the Supervisory Board.

The Management Board is independently responsible for the running of the company and conducts its business. In doing so, it focuses on achieving a lasting improvement in the value of the company. It is bound by the law, the provisions of the articles of incorporation and the rules of internal procedure for the Management Board and Supervisory Board, as well as by the resolutions of the Supervisory Board and, where appropriate, the Shareholders' Meeting. The Management Board informs the Supervisory Board regularly and promptly of all relevant topics concerning the strategy and its implementation, the targets, the company's current performance and the risks facing it.

The Supervisory Board monitors and advises the Management Board. It specifies the duties of the Management Board to report and inform. The Supervisory Board issues and amends the rules of internal procedure for the Management Board where necessary. The Supervisory Board appoints and dismisses the members of the Management Board. It may appoint a Chair of the Management Board, and has done so. In keeping with the relevant statutory requirements and the rules of internal procedure for the Supervisory Board, ten Supervisory Board meetings in which members participated in person or by telephone took place in the 2009 financial year. In addition, eight resolutions were passed by means of telefax circular.

Shareholders and Shareholders' Meeting

The shareholders exercise their rights through the Shareholders' Meeting and make use of their voting rights there. Each share carries one vote. Every shareholder is entitled to take part in the Shareholders' Meeting. The Shareholders' meeting takes decisions concerning largely the appropriation of profits, discharge of the Management Board and Supervisory Board, the articles of incorporation and amendments thereto, key entrepreneurial measures, measures that change the capital such as the issue of new shared, the acquisition of treasury stock and conditional capital. It moreover elects the Supervisory Board members.

Remuneration system of the Management Board and Supervisory Board

The Supervisory Board is responsible for determining the remuneration of the Management Board. The remuneration of the members of the Management Board comprises an annual fixed salary and a bonus tied to individual targets. The bonus is dependent on attainment of certain targets specified at the start of the financial year. This variable portion is paid in the form of stock options via the stock options scheme, which serves to have a long-term incentivising effect by virtue of their vesting period of at least two years. The rules on the stock options scheme and the number of options that Management Board members are able to exercise are shown in the Notes to the Consolidated Financial Statements in this Annual Report. The same applies to the overall remuneration system of the members of the Management Board in individualised form. No retirement benefits and termination pledges are envisaged.

In addition to reimbursement of their out-of-pocket expenses, the members of the Supervisory Board receive a fixed annual remuneration that is laid down in the articles of incorporation. The fixed remuneration is EUR 10 thousand per year for a member of the Supervisory Board. The members of the Supervisory Board moreover receive variable remuneration amounting to 0.1 % of the total amount of the dividend distributed for the respective financial year. The Chairman of the Supervisory Board receives 2 times and the Deputy Chairman 1.5 times the fixed and variable remuneration.

The remuneration of each individual member of the Supervisory Board, as well as the payments made to them for consultancy services, are presented in detail in the Notes to the Consolidated Financial Statements in this Annual Report. The conditions for the payment of a variable remuneration component were not met.

Third-party financial loss insurance (D&O cover) has been taken out for the company's Management Board and Supervisory Board members; an appropriate excess has been agreed. The managing directors and administrative board members of subsidiaries are included in this cover.

Transparency

The company acts openly and responsibly. It adopted this approach even before it pledged to observe the key tenets of the Corporate Governance Code. The overriding objective of its corporate communication is to provide prompt, continuous, comprehensive and consistent information to all target groups and to maintain a relationship with its shareholders that is characterised by transparency. In addition to financial data, the financial calendar showing all key dates for CentroSolar Group AG, press releases and ad hoc information, the latest developments regarding corporate governance and notifiable securities transactions pursuant to Section 15a of German Securities Trading Law ("Directors' Dealings") are published on the website of CentroSolar Group AG and disclosed to both Deutsche Börse and to the Federal Financial Supervisory Authority.

Article 6.6 of German Corporate Governance Code stipulates that, in addition to the disclosure of "Directors' Dealings" that is required by law, directors' holdings and holdings of related financial instruments by Management Board and Supervisory Board members are to be disclosed if they amount directly or indirectly, and individually or collectively, to more than 1 % of the shares issued by the company. The members of the Management Board held a total of 212,488 shares in CentroSolar Group AG, and the members of the Supervisory Board a total of 572,106 shares, at December 31, 2009.

The stock options schemes of CentroSolar Group AG are presented in detail in the Notes to the Consolidated Financial Statements in this Annual Report.

As mentioned above, legal transactions with the members of the Supervisory Board were also conducted during the financial year. As presented in detail in the Declaration of Compliance, these did not constitute any conflict of interests.

The Management Board issued a dependence report. The concluding remark from the dependence report reads: "Pursuant to Section 312 (3) of German Stock Corporation Law, we declare that, on the basis of the circumstances known to us at the time when the aforementioned legal transactions were conducted, our company received adequate consideration for each legal transaction in the past financial year of 2009."

Financial reporting and auditing of financial statements

The Consolidated Financial Statements are prepared by the Management Board and audited by both the independent auditors and the Supervisory Board. The Consolidated Financial Statements and interim reports are prepared in accordance with the International Financial Reporting Standards (IFRS).

Declaration of Compliance

Pursuant to Section 161 of German Stock Corporation Law, the Management Board and Supervisory Board of a company listed on the stock exchange are obliged to declare once a year whether and to what extent the German Corporate Governance Code has been and is complied with. CENTROSOLAR Group AG has published the following declaration:

Declaration by the Management Board and Supervisory Board of CENTROSOLAR Group AG on the German Corporate Governance Code pursuant to Section 161 of German Stock Corporation Law

Background

The "German Corporate Governance Code" was last amended on June 18, 2009. Its objective is to render the German corporate governance system transparent and intelligible, and to promote investors' confidence in the way German listed companies are supervised.

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

Declaration of Compliance

The Management Board and Supervisory Board of CENTROSOLAR Group AG declare that the recommendations of the "German Corporate Governance Code" as amended on June 18, 2009 are and have been complied with, with the exceptions stated below:

1. Article 4.2.3 of the Code recommends that the remuneration of the Management Board should comprise a variable as well as a fixed component. The variable component is, in particular, intended to be performance-related, have a long-term incentivising effect and possess a risk character. The Code quotes stock options schemes as an example. CENTROSOLAR Group AG has been operating a stock options scheme for the Management Board members since 2005. We believe that the scheme reflects the spirit of the Code, but we draw attention to two aspects which might be interpreted as a departure from it.

The Code recommends reference to comparative parameters. The stock options scheme envisages a performance target based on the absolute increase in the share price. This form was chosen in order to provide an incentive for success in absolute rather than relative terms.

The Code in addition recommends that the variable remuneration be capped. In the case of the stock options scheme, this was realised through allowing the exercise of options only within a limited time frame (for the first time two years after issue, for the last time seven years after issue). Options received as a result of the attainment of targets are not retrospectively withdrawn by the company, nor the parameters governing them altered. In addition to the aforementioned share price target, the exercising of the options is moreover linked to further internal performance targets in order to preserve a demanding but equitable form of variable remuneration.

2. For D&O insurance cover for the Management Board, German Stock Corporation Law, as reflected in Article 3.8. of the Code, calls for an excess of at least ten percent of the loss up to at least one and a half times the fixed annual remuneration of the Management Board member to be agreed. The Code recommends a corresponding agreement for D&O insurance cover for the Supervisory Board. A corresponding excess will be agreed with the Management Board and Supervisory Board within the statutory time limits.

3. Article 5.3 of the Code recommends the formation of committees on the Supervisory Board. These shall, however, be dependent on the specific circumstances of the company and the number of members of the Supervisory Board. Our Supervisory Board consists of three members, who consider all matters concerning the company jointly. Consequently, we do not regard the creation of committees to be appropriate in our case. We believe that our view is compatible with the Code, but supply this information as a precautionary measure by way of clarification.

4. Article 5.4.2 of the Code recommends that the Supervisory Board should include an adequate number of members who – in the board's own opinion – are deemed to be independent. A member is to be regarded as independent if they have no business or personal relations with the company or with its Management Board that could constitute a conflict of interests. In its own opinion, our Supervisory Board includes an adequate number of independent members. Although Supervisory Board members do have business relations with the company, these do not constitute a conflict of interests.

Munich, February 2010

On behalf of the Management Board:

Dr. Alexander Kirsch
[Chairman]

On behalf of the Supervisory Board:

Dr. Gert-Jan Huisman
[Chairman]

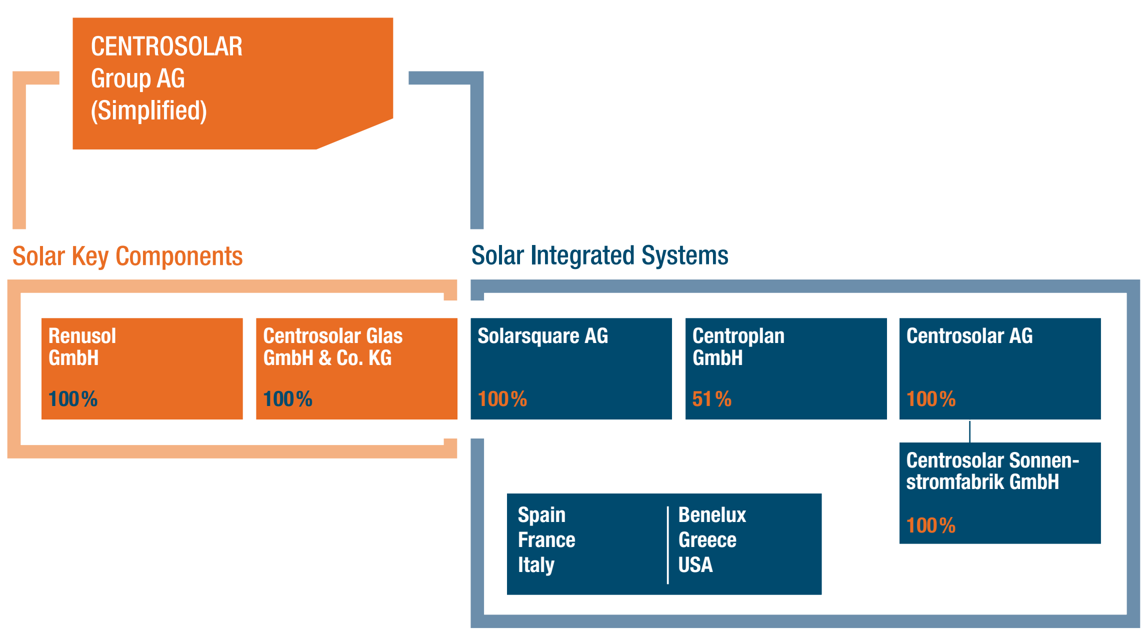
Group Management Report
of CENTROSOLAR Group AG
for the 2009 financial year

I Business and underlying situation

1 Group structure and business activities

1.1 Group structure

The origins of the CentroSolar Group go back more than 20 years. The CentroSolar Group was created in 2005 and 2006 through the merger of the photovoltaics businesses Solara, Biohaus, Solarstocc, Ubbink Solar Modules, Renusol, Centrosolar Glas and Solarsquare, whose history in some cases stretched back over 20 years, together with the establishment of Centroplan. More recently the company has expanded and diversified internationally by establishing branches in France, Italy, Spain, Greece and the USA. Today (figures as at the balance sheet date), CentroSolar employs 1,019 people at 16 different locations. 2009 in addition saw the establishment of an international branch in the Netherlands and a subsidiary of Renusol GmbH in France. Ubbink Solar Modules B.V. was in addition wound up at the end of the year following the closure of the module production plant in Doesburg. The legal structure of the group remained otherwise unchanged in the year under review.



Chronology

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2009

January 2009
Ubbink Econergy Solar is renamed Renusol. The new name signals the start of an innovation and internationalisation campaign.

CentroSolar Group AG, which has Munich as its place of incorporation, acts as the listed holding company for all subsidiaries.

1.2 Segments

The Solar Integrated Systems segment of the CentroSolar Group focuses on the development, production and international sale of photovoltaic (PV) solar modules and integrated systems, principally for use on roofs. The starting products required for its own module production operations include solar cells, which are sourced from suppliers. The second segment, Solar Key Components, in addition develops, manufactures and sells key components such as solar glass and coating systems. The customers who buy our mounting systems include installation engineers and wholesalers, but also competitors in our Solar Integrated Systems segment. Our solar glass is sold predominantly to manufacturers of photovoltaic modules and thermal collectors.
CentroSolar has locations in Europe, the USA and Asia, and enjoys a particularly strong presence in Germany and core European sales markets thanks to a tightly knit sales and service network.

1.3 Management and control

As a stock corporation under German law, CentroSolar Group AG has a two-tier management and control structure comprising a Management Board and a Supervisory Board. Responsibility for the management of operations is delegated to the boards or managing directors of the subsidiaries by agreement with the Management Board of the holding company or the respective Supervisory Board. The running and control of operations management are realised through its integration into the group's supervisory and control systems. Objectives for the individual entities are defined as part of an annual budget process at the level of the individual companies. Attainment of the individual and group-wide targets based on these objectives serves as the basis for the paying-out and granting of variable remuneration components to Management Board members and management employees.

Overview of variable remuneration components

Recipient	Stock options	Variable pay components	Targets
Management Board	Yes	No	Budget benchmarks (revenue and EBITDA) Individual targets
Management employees	In some cases	Yes	Budget benchmarks Individual targets
Sales employees	No	Yes	Individual and location-specific targets

We nevertheless consider the personal responsibility of the management and employees to be the basis of the group's management approach, rather than the offering of financial incentives. By applying the appropriate selection criteria in the appointment of management personnel and promoting devolved responsibility while maintaining an intensive exchange of ideas across areas, we are continually working to refine our corporate culture. One of the main approaches available to us for leveraging good operating and financial results is our customers' satisfaction with the quality of our products and services. As well as using feedback from our sales force, we conduct ad hoc anonymous surveys of active and potential customers – to some extent through external agencies – in order to identify scope for improvements.
Rapid technical progress in the PV industry moreover calls for ongoing efficiency improvements. By applying a continuous improvement process that considers both internal and certain external key performance indicators, we are constantly striving to improve not just our cost position, but also our quality and products.

1.4 Important products, services and business processes

Through its Solar Integrated Systems business segment, CENTROSOLAR supplies crystalline solar modules manufactured by itself at Wismar, and also integrated systems tailored into various roof concepts. These essentially comprise the preferred module type, the converters and a coordinated mounting system. To complement the on-roof systems, which are suitable for both flat and sloping roofs, the company can also supply very attractive building-integrated special solutions such as solar roof tiles and frameless solar laminates. Our customers are fitters and the wholesalers who supply them. We also provide them with support in the form of training courses, configuration software and personal backup from technically skilled members of the sales force.

As well as selling predominantly small solar roof systems to fitters, CENTROSOLAR is able to supply integrated systems with an output upward of around 300 kWp for larger industrial roofs as investment objects, in conjunction with the joint venture partner Pohlen Bedachungen. These turnkey facilities are developed by the joint venture company Centroplan. CENTROSOLAR is able to supply the modules required for these systems.

The companies in the Solar Key Components segment mainly supply special glass to manufacturers of solar thermal and PV modules. Their other focal area of activity is mounting systems for PV roof systems. In the area of solar glass production, the company Centrosolar Glas refines low-iron raw glass. The principal process stages involve coating the surface with an anti-reflective layer of porous silicon dioxide, preparing it, and finally processing it thermally into shatterproof safety glass.

For the mounting systems, Renusol focuses very predominantly on systems that permit quick, easy installation and on roof-integrated solutions.

1.5 Principal sales markets and competitive position

The Solar Integrated Systems segment focuses its product range and services principally on the needs of solar engineers, electricians and plumbers as well as the wholesalers who supply them. There was a regional concentration of sales volume mainly in Germany, France, Benelux, Italy and the USA in 2009. The project planning company Centroplan directly targets the owners of large industrial roofs and investors throughout Europe. The mounting systems of Renusol are sold mainly through the wholesale trade to fitters and systems integrators, primarily in Germany and France. Centrosolar Glas supplies its products to solar thermal and PV module manufacturers worldwide.

1.6 Legal and economic influencing factors

There is only little correlation between the market for photovoltaic systems for power generation and national or international economic cycles. The driving force of the market – aside from growing environmental awareness among consumers and the public in general – is above all the return that can be realised from installing a system. That in turn depends on the system's power yield and the payment received for the power generated.

In addition to returns, during the financial crisis the (generally lacking) availability of financial resources to investors was temporarily relevant.

The power yield is particularly high in the case of systems facing the sun in regions that enjoy many sunny days, such as Southern Europe and California.

The payment received depends on the national arrangements. In many European countries such as Germany, France and Italy, depending on the size of the system national feed-in tariffs guarantee a fixed payment per unit of power generated, for a period of up to 25 years. On the other hand in the USA and various other countries, the payment

Chronology

02

2009

February 2009

Centrosolar AG streamlines its strategic positioning in bringing all products under the umbrella brand CENTROSOLAR.

models are less clear-cut, because they basically consist of investment subsidies and tax breaks. In those countries, a feed-in tariff is usually also paid for any power generated over and above the operator's own consumption (known as net metering).

2 Goals and strategy

2.1 Product and market strategy

Customer-focused downstream player

Against a backdrop of rising energy prices, national subsidies and the ever more obvious consequences of climate change, promoting renewable energies is becoming an increasingly prominent issue.
We expect that global, customer-focused businesses such as CentroSolar, with strong partners at all value-added steps, will be those who will gain the most from the growth potential of this market.
We are concentrating on three main thrusts: first, strengthening our market position for small and midsize photovoltaic roof systems by supplying user-friendly integrated units, backed up by comprehensive, personal support for installation engineers from our sales force. Second, planning and supplying turnkey integrated systems for large industrial roofs. And third, the value-driven strengthening of our leading position for key components.

2.1.1 Solar Integrated Systems

"Capillary" sales structure to serve local fitters

The Solar Integrated Systems segment specialises in roof systems, in particular on private houses and in agriculture. These systems are typically installed by local firms of fitters who buy equipment either directly from CentroSolar or via a regional wholesaler. CentroSolar has a tightly knit sales network to supply this customer group. Among other things, this market segment is characterised by higher barriers to market entry, greater resistance to cyclical fluctuations in price, and faster growth than the market for open-site systems. However, PV roof systems also call for more specific expertise in house roof technology, beyond the sphere of photovoltaic systems in the narrower sense.

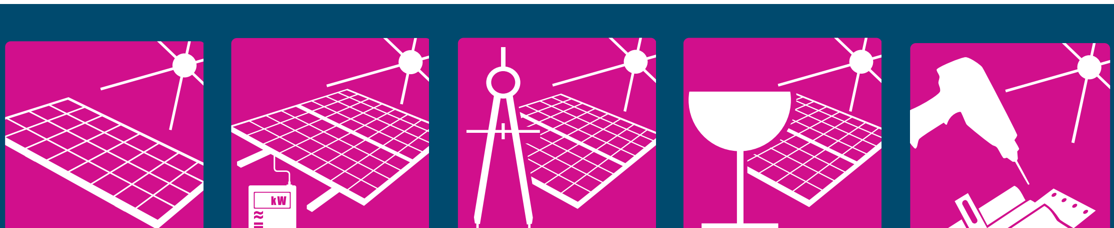
Access to customers for Europe's industrial roofs

As well as small to midsize roof systems for private houses, CentroSolar plans large-scale turnkey systems for large roofs on industrial or commercial properties. The owners of such properties are generally only prepared to allow experts to put installations on their buildings. CentroSolar has therefore established the project planning specialist company Centroplan – a joint venture with Europe's biggest independent roofing company, Pohlen Bedachungen – to gain access to around 5 million m^2 of roof area in Europe.
The Solar Integrated Systems segment as a whole has set itself the target of exploiting this good market access to Europe's installation engineers and roofs in order to secure a position among the world market leaders for PV roof systems in the long term.

2.1.2 Solar Key Components

Profitable growth and building on position as market leader

Both the revenue mainstays of the Solar Key Components segment – the special roof mounting systems InterSole and anti-reflective coated solar glass – have already secured a leading position in the market and consolidated that position in the past financial year. The strategic aim is to strengthen this leading position in terms of value by exploiting unique selling propositions in a rapidly growing world market populated by a growing number of players. This will involve both increasing our international presence and further diversifying the product range.



Characteristics of Centrosolar Glas solar glass	Characteristics of Renusol mounting systems
Toughened, finished solar glass from its own production facilities, to protect modules against hail, frost etc.	Low-cost because very little time needed to install them
World market leader for patented anti-reflective glass to increase module efficiency	Market-leading, patented special solutions for in-roof and flat-roof applications
Unique market position due to low cost production process	Unique flat-roof solution without roof penetration
Solar glass production capacity approx. 6 million m²/year	Innovative in-roof solution using standard modules

2.2 Research and development

Emphasis of R&D activities

There are two main directions to Centrosolar's R&D activities: on the one hand successively cutting product costs while maintaining the same high standards of quality and durability, and on the other hand developing clearly differentiated products of a high technical and aesthetic standard. We are thus aiming to steadily increase our competitiveness at product level for the components and systems we supply, while pushing for grid parity to be achieved as swiftly as possible in the next few years.

Following the sharp fall in solar cell prices, the spotlight has shifted to the cost components of module production, the mounting systems and installation of solar systems on the roof. We perceive there to be considerable potential in this area from the use of new materials as well as time-saving installation techniques. We are currently implementing the improvements in three development projects concerning crystalline modules and mounting systems.

Within the sphere of crystalline modules, the focus has been placed clearly on optimising the production costs. Techniques that have gone into production include in particular new backing films, which combine much lower costs with constant sealing and durability properties. In-house testing and validation activities have also been stepped up considerably, e.g. by increasing climate chamber capacity and erecting a new module test stand, because we consider that existing certification tests no longer reflect the increasingly tough demands placed on the product parameters to the extent that we believe is necessary.

In the thin-film sphere, an innovative mounting system for membrane-based lightweight flat roofs by the name of TF Multi Pro has been developed. This system is notable for its very low specific weight and is largely independent of the roofing material. It requires neither ballast nor roof penetrations, and can be removed without further complication. It therefore adds a system for existing roofs and for leased roof models to the existing TF membrane product family.

Centrosolar Glas brought a coating method for anti-reflective solar glasses to production maturity and went live with it in the fourth quarter. Unlike the previous dip method, this method involves a technology that applies a coating on one side only. It allows substantial process and product improvements, e.g. savings of materials thanks to only one side being coated, a production-line process, and a further improved surface quality.

Renusol introduced further means of fixing systems to the roof structure alongside the on-roof VarioSole system, thereby increasing the range of applications for the system. The VarioSole and TerraSole systems, along with the flat-roof system ConSole, have been joined by several versions for thin-film modules that gained growing market prominence last year. InterSole XL added a version with large purlin spacing to the range of applications of the InterSole system, which was especially successful in the French market.

The withdrawal from cell manufacturing means development activities in that area have also been halted. A development project conducted jointly with the "International Solar Research Center" (ISC Konstanz) produced valuable insights into ways of boosting the efficiency of solar cells further; these findings will now be applied in strategic partnerships with our cell suppliers. The development engineers deployed on the project have boosted development activities in our core business areas since the third quarter of 2009.

R&D organisation

At December 31, 2009 there were development departments at Centrosolar Glas GmbH & Co. KG in Fürth for the solar glass area, at Renusol GmbH in Berlin for the mounting systems specialist area, at Centrosolar Sonnenstromfabrik GmbH in Wismar for crystalline module product development activities, and at Centrosolar AG in Paderborn for the area of thin-film applications and solar systems.

The research and development expenditure for our fully consolidated companies rose to EUR 1.9 million in 2009 (previous year EUR 1.4 million). The substantial increase reflects our increased efforts to create a cost-optimised range of products offering differentiated features. In total, there are 18 employees working in R&D and on the development of new or optimised products (previous year 14).
At December 31, 2009 there were 3 registered utility models, 3 basic patents granted and 11 applications being examined or at the disclosure stage. There are in addition around 40 such patents/utility models applied for/pending at national level. In 2009 new patent applications were filed for a total of 5 inventions, a significant increase on 2008 (three filed) and 2007 (1 filed). This is yet further evidence of the clear trend towards greater differentiation and the development of differentiating products and methods within the CENTROSOLAR Group.

2.3 Procurement

Our flexible sourcing strategy enables us to profit from falling purchase prices

Ever since its founding, CENTROSOLAR has pursued a flexible sourcing strategy; in other words, it has largely declined to secure a supply of solar cells through long-term agreements. In the past it has consciously chosen to accept the downside of limited cell availability and high short-term prices, in order to benefit subsequently from falling purchase prices and greater flexibility in purchasing volumes. The fall in prices that has now occurred confirms the logic behind this strategy.

Medium-term cover for basic requirements

Large quantities of homogeneous modules, ideally with the same type of cell, are needed for use in medium to large PV systems for industrial roofs. Cell availability and prices moreover need to be visible up to one year in advance. With the investment in its own cell manufacturing operations having failed to get off the ground due to the bankruptcy of the joint-venture partner Qimonda, CENTROSOLAR will not rule out the possibility that it might enter into longer-term blanket agreements with suitably qualified cell suppliers in order to cover these basic requirements, though the price terms would have to be flexible.

2.4 Production

With its current production stages, CENTROSOLAR covers around one-third of the entire value chain for integrated PV systems.

	Production / finishing	Purchasing	Marketing
Solar Integrated Systems			
Solar silicon/Wafer			
Cells		■	
Modules	■	■	■
Inverters	■	■	■
Monitoring	■	■	■
Accessories	■	■	■
Integrated systems	■		■
Solar Key Components			
Solar glass	■	■	■
Anti-reflective solar glass	■		■
Mounting systems	■	■	■

As well as the above value added steps, CENTROSOLAR offers other services. These comprise:

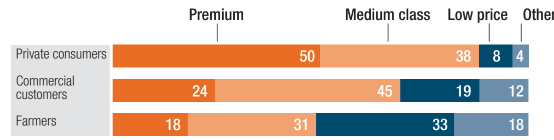
- Project planning of integrated systems
- Sales support
- Installation training
- Service/parts

Photovoltaic module production: rising capacities for quality "Made in Germany"

The development in prices and demand in 2009 showed that particularly in the segment targeted by CENTROSOLAR, in other words installation engineers and investors in small and midsize roof systems, the focus when selecting modules is on quality and the soundness of the investment, with appropriate returns. This has been confirmed by a recent study conducted by EuPD Research:

Drivers of purchasing decision

[Prefered module type by customer group]



Source: EUPD Research 2009

Furthermore, banks providing financing for major projects increasingly require the use of technically proven, crystalline modules from a verifiable quality source, by way of minimising the risk. These market developments place European module manufacturers such as CENTROSOLAR at a particular advantage. Quality modules from Centrosolar Sonnenstrom-fabrik are manufactured on highly automated, ISO-accredited production lines. Accreditation to worldwide standards such as IEC 61215, UL 1703 and Safety Class II, whether already received or currently ongoing, serves to confirm the exceptional quality of our photovoltaic modules.
In order to meet rising demand for quality modules, we again increased our own module production capacity for quality "Made in Germany" in 2009. Capacity was thus increased from 80 MWp to 110 MWp at the Wismar plant during the past financial year, despite the generally difficult business environment. A further substantial increase in production capacity at Wismar is also scheduled for 2010, keeping us in a position to respond flexibly to changes in demand.

Solar glass production: focus on finishing with extensive value added

The high pressure on prices for photovoltaic systems is affecting not just cell manufacturers, but increasingly also suppliers of other components such as the solar glass. Conversely, the rising efficiency of cells means that the benefits per module of an anti-reflective coating on the solar glass are rising

Chronology

04
2009

April 2009
Centrosolar America Inc. agrees a long-term partnership in the USA with the construction service company The Austin Company for photovoltaic solutions on commercial roofs.

sharply, cushioning the cost pressure. Bearing this in mind, the production strategy in the area of solar glass can be defined as having three main thrusts:

- Increasing the share of anti-reflective coated solar glass of the overall production volume.
- Steadily boosting production efficiency by systematically improving the production processes and using innovative production methods at the Fürth plant.
- Better coverage of the Asian and North American markets with an increased international presence.

2.5 Marketing and sales

Solar Integrated Systems: spotlight on roof systems

CENTROSOLAR products are a regular feature of the catalogues of wholesale suppliers to tradesmen. Hundreds of electricians and plumbers receive information and training through our courses each year. Overall, this therefore gives us potential access to many thousands of square metres of roofs all over Europe.

In the case of small to medium-sized integrated PV systems for house roofs, we have direct access to technical wholesalers and their customers, that is to say, installation businesses. We serve the German market through a nationwide network of sales representatives as well as sales offices in Durach, Paderborn and Hamburg. We also have a corresponding area-wide network of field representatives in France and Italy; most notably in France, we have now emerged as the market leader for small and medium-sized roof systems. Our international presence in the Solar Integrated Systems segment is rounded off by other sales subsidiaries in Spain, Switzerland, Greece, the USA and – since this year – the Netherlands.

For large-scale systems, the owners of the industrial and commercial properties are the ones who make the decisions. This is where our joint venture partner Pohlen Bedachungen gives us access to around 5 million m^2 of unused roof area all over Europe, in its capacity as roof contracting partner to major retail and wholesale chains such as ALDI, Metro and Otto. This ideal combination – Pohlen the roof expert and CENTROSOLAR the PV specialist – has enabled us to tap into a market with considerable volume. To round off the concept, we cooperate closely with financing partners that operate the solar systems.

Solar Key Components: steadily broadening the customer base

The two manufacturing companies in the Solar Key Components segment, Centrosolar Glas and Renusol, sell their products and services centrally. Centrosolar Glas in addition has its own regional office in Korea, to nurture and develop contacts with Asian module manufacturers. Renusol, too, is currently establishing an international sales network. To that end it already established a sales subsidiary in France, the most important sales market, during the past financial year and also increased the number of representatives in the field in Germany. The aim here is gradually to increase the customer base.

International sales market: systematically expanding international activities

We are on course for growth worldwide thanks to our expanding product portfolio and international sales strategy. Our long-term drive to expand our international organisations meant that in the past financial year, for instance, we already moved into a market-leading competitive position for small and midsize roof systems in the rapidly evolving French market. In Italy and the USA, too, we have secured a position that should act as a springboard to above-average growth rates over the next few years.

In accessing foreign markets, CENTROSOLAR pursues a strategy that makes it possible to shore up sales potential in the long term and maintains

the company's independence of individual sales markets. Although strong growth in Southern Europe, and particularly in Spain in 2008, played a major part in the success of the Solar Integrated Systems segment in that year, CENTROSOLAR's strategic positioning nevertheless means that it was largely able to compensate for the almost entire collapse of that market, which accounted for over 40 % of the world market in 2008. In the past year, too, when the German market held the status of easily the biggest sales market in the world, CENTROSOLAR was able to keep its international share higher than that of its immediate competitors, at 49 %.

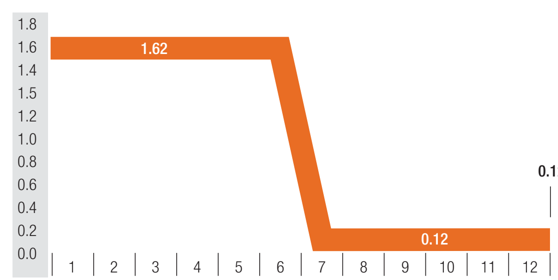
3 Overview of the financial year

While 2008 had brought record revenue and earnings, the first half of 2009 was dominated by slack demand in the photovoltaic industry precipitated by the financial crisis; combined with surplus capacities at cell and module manufacturers, this led to a dramatic downturn in prices which only slowed in the third quarter of the year. Although CENTROSOLAR was able to compensate for the fall in module prices through significantly better purchasing terms for cells, all thanks to its flexible purchasing strategy, the write-down and selling-off of the comparatively highly valued inventories from the previous year and poor capacity utilisation due to the level of demand produced operating losses in the first half. Other non-recurring effects, in particular the discontinuation of the joint venture to manufacture solar cells as a result of the bankruptcy of the partner Qimonda, and also the closure of the module production plant in Doesburg, likewise proved a drain on earnings. In the second half of the year the recovery in demand, the optimisation measures implemented and not least CENTROSOLAR's purchasing strategy proved to be to its benefit, with two record quarters in succession ultimately producing a clearly positive operating result.

3.1 General economic situation

2009 was a year dominated by the global financial crisis. According to the IMF, gross domestic product (GDP) worldwide fell by around 1.1 percent for the first time since the end of the Second World War; the figure was down 4.2 % in the EU and the downturn in Germany was actually over 5 %. As solar power systems are for the most part financed by borrowing, the development in interest rates has a direct bearing on the attractiveness of a solar plant as an investment object. When interest rates fall, the return on equity of such a system rises. Because of the financial crisis, the base rate was cut to 1.62 % at the start of the year and then to just 0.12 % in July. The persisting reluctance of banks to lend money nevertheless remained one of the key problems to economic development in the past year.

Development of EZB base rate 2009
[in %]



Source: www.bundesbank.de

3.2 Industry-specific situation

The general economic situation provides only a limited indication of developments in the photovoltaic sector due to the influence of state controls on the market. In essence, however, restricted access to credit for solar systems and solar parks affected demand particularly in the first half of the

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05
2009

May 2009
Centrosolar extends the product guarantee for the components of the "Excellent" integrated system for PV roof systems on private houses to ten years.

year. Correspondingly, the defining feature of the photovoltaic market in the first half was a marked imbalance between increased supply and demand, which was limited above all by financial factors, leading to tumbling prices for PV modules. The following factors can be regarded as the main causes of this imbalance in the market:

- The above restrictions on financing in the wake of the financial crisis, particularly for larger solar parks
- Also low demand in the first quarter as a result of an extremely harsh winter in Europe that lasted until into March
- Continuing growth in capacity at all value-added steps
- High inventories following the weak fourth quarter of 2008.

The palpable recovery in the sales market for the photovoltaic industry at the end of the second quarter then continued unabated in the third and most notably the fourth quarter. This is attributable on the one hand to the low-risk high returns on solar plants made possible by the sharp drop in prices, and on the other hand to the growing willingness of banks to make financing available for solar projects. Two key trends can be identified for module manufacturers:

- For large solar park projects, European manufacturers are being elbowed out by cheaper module suppliers from Asia.
- For roof systems, European-made modules are still the preferred products because the fitters apply different criteria in this segment when choosing suppliers: very high quality requirements, support for the configuring of systems, on-site backup, just-in-time deliveries in small quantities, and last but not least roofing expertise.

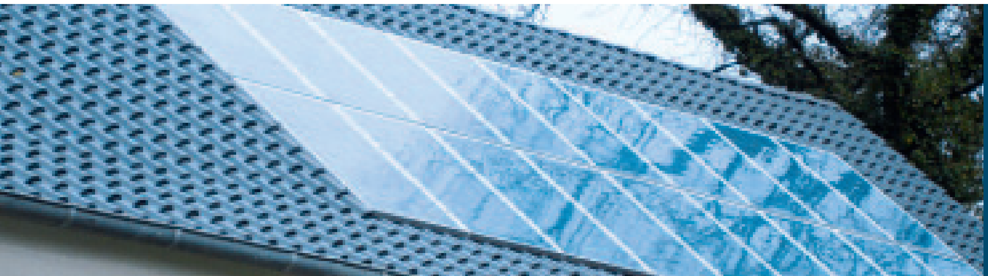
In light of the general recovery in the market, supply and demand shifted clearly back into equilibrium in the second half of the year, a fact reflected in the relatively constant development in prices. Module prices are nevertheless currently around 35 % down on the peak levels of 2008.

3.3 Principal events shaping the business performance

CENTROSOLAR Group AG maintained its strategy of expansion in the past financial year. Sales of solar modules were thus increased by 34 % to 93 MWp. Sales of mounting systems and anti-reflective coated solar glass likewise enjoyed a substantial year-on-year rise. This sales success is attributable not least to the following measures and events:

- In its international markets, CENTROSOLAR systematically recruited extra personnel for Technical Service and Sales operations at its branches in France, Italy and Spain. A sales office was also established in the Netherlands.
- Production capacity for quality modules "Made in Germany" at the Wismar plant was substantially increased.
- Centrosolar Glas moreover stepped up its production capacity for patented nanoglass.
- Renusol improved its market position, particularly in France, thanks to its range of easy-to-install, roof-integrated mounting systems.

At the same time, however, non-recurring effects were a significant drain on the operating result and financial result especially in the first half of the year. Most notably the discontinuation of the Itarion joint venture following the bankruptcy of the partner Qimonda reduced the company's financial result by around EUR 27 million. The losses from the write-down and sell-off of highly valued inventories in the first half of the year, coupled with the costs of closing the plant in Doesburg, moreover temporarily



pushed the operating result before interest and taxes into the red. However, this was more than compensated for in the second half of the year thanks to purchasing advantages and the improvements made to operating processes as a result of the optimisation programme carried out in the past year. The net financial position was in addition substantially improved by reduced working capital requirements and a capital increase.
The following table provides a chronological overview of these and other events:

JANUARY 2009

- Ubbink Econergy Solar is now called Renusol: Ubbink Econergy Solar GmbH has been operating under the name of Renusol GmbH since January 1, 2009. The background to the strategic decision to change the name was that the rights to the use of the name Ubbink, a company name which had been acquired by CENTROTEC, were due to expire.

- Qimonda files for bankruptcy: Qimonda AG, Munich, filed for bankruptcy on January 23, 2009. The joint-venture plant for the manufacture of solar cells that CentroSolar Group AG is planning at that time through a 49 % participating interest in a company set up with Qimonda Solar GmbH, a fully owned subsidiary of Qimonda AG, is still in the construction phase.

FEBRUARY 2009

- CentroSolar increases interest in solar module plant in Doesburg to 100 %: By deed of February 26, 2009 CentroSolar International B.V., a fully owned subsidiary of the CentroSolar Group AG, increases its interest in the solar module plant Ubbink Solar Modules B.V. (USM) in Doesburg, near Arnhem, the Netherlands, from 70 % to 100 %. The Dutch Econcern Group sells its previous 30% interest in the joint venture that it has been operating together with CentroSolar. At the same time, USM's existing supply agreement with Econcern is renewed. The purchase price for the interest would only have been due if the supply agreement had been fulfilled (see June).

MARCH 2009

- Record result for 2008 announced: revenue up 51 %, EBITDA up 42 %: CentroSolar Group AG posts record revenue and earnings for the 2008 financial year. Consolidated revenue shows above-target growth of 51 % in 2008, to a new company record of EUR 332.6 million. EBITDA grows by 42 % to EUR 21.4 million. Similar revenue is forecast for 2009, with a weaker but nevertheless still positive operating result due to non-recurring effects.

APRIL 2009

- Partnership between CentroSolar and The Austin Company signed: On April 9, 2009 Centrosolar America, Inc. and The Austin Company, a leading international design, engineering and construction service company, sign a multi-year partnership agreement. The aim of the partnership is to supply photovoltaic systems for the roofs of commercial properties in the USA. CentroSolar is consequently intensifying its activities in one of the photovoltaic industry's most important future markets.

MAY 2009

- Q1 figures: Despite the financial crisis and the harsh winter in Germany, CentroSolar reports revenue of EUR 61.7 million and is therefore only 7 % down on the record figure from the previous year. Write-down of inventories and start-up costs for Itarion nevertheless produce a negative operating result at EBITDA level of EUR 6.0 million.

JUNE 2009

- Econcern crisis results in closure of the Dutch production plant: On June 3, 2009 Ubbink Solar Modules B.V., a fully owned subsidiary of CentroSolar Group AG, announces the closure of the solar module plant in Doesburg, the Netherlands, following the loss of Ecostream Switzerland GmbH as the principal customer

Chronology

06
2009

June 2009
Along with the closure of the solar module plant Ubbink Solar Modules in the Netherlands following the bankruptcy of the biggest customer Econcern, the entire production operations are concentrated at the highly efficient facility in Wismar.

for the solar modules manufactured there; that customer had been affected by a suspension of payment order concerning its parent Econcern B.V., based in Utrecht, the Netherlands. Ubbink Solar Modules B.V. nevertheless remains in existence as a legal entity and continues to meet all its financial obligations even after the closure.

JULY 2009

- CENTROSOLAR pulls out of solar cell manufacturing joint venture: On July 31, 2009 CENTROSOLAR Group AG announces its decision to pull out of the joint venture for the manufacture of solar cells following the failure of negotiations with a Portuguese consortium that was interested in taking over Qimonda's interest in the venture. The investment in Itarion of EUR 10.1 million is written off in full. CENTROSOLAR in addition bears joint and several liability with Qimonda for Itarion's net financial debt amounting to EUR 16.5 million. An agreement is reached with the lending banks to repay this amount in instalments up until mid-2011.

- New subsidiary Centrosolar Benelux BV established: On July 31, 2009 CENTROSOLAR Group AG establishes the fully owned subsidiary Centrosolar Benelux B.V., Tiel, the Netherlands. The purpose of the company is to sell the products of Centrosolar AG in the rapidly growing photovoltaic market in Benelux.

AUGUST 2009

- First-half results: Welcome leaps in revenue in France, Benelux and the USA largely compensate for the loss of the Spanish market, with the result that revenue is only 19 % down on the prior-year level despite the collapse in prices. However the withdrawal from Itarion, the closure of the Doesburg plant and the sell-off of solar module inventories from the previous year result in non-recurring losses in the first half. Thanks to accelerating operating business and purchasing advantages in the sourcing of cells, the ambitious forecast for the year is nevertheless confirmed.

- 10 MWp general agreement concluded with Border States Electric in USA: On August 27, 2009 Centrosolar America Inc., a subsidiary of CENTROSOLAR Group AG, signs a sales agreement for CENTROSOLAR photovoltaic systems with Border States Electric (BSE), one of the largest independent electrical equipment distributors in the USA. As part of the agreement, BSE will market photovoltaic modules and complete solar systems from CENTROSOLAR via BSE branches in Phoenix, Arizona; Albuquerque, New Mexico; and Austin, Texas. The collaboration, which targets public, industrial and private photovoltaic projects, is expected to generate an order volume of up to 10 MWp by the end of 2010 alone.

- Production capacity increased from 80 MWp to 110 MWp: Thanks to the substantial rise in sales of the high-quality modules made in Wismar, the plant's original production capacity of 80 MWp is increased to 110 MWp in August. 220 new employees have been recruited since the opening of the new plant in mid-2008. The degree of automation is also further increased along with the extension.

SEPTEMBER 2009

- CENTROSOLAR again project partner for new DCM solar fund: Following the successful closing of the first solar fund launched by DCM in 2007, CENTROSOLAR Group AG once again becomes the project partner for the investment fund DCM Solarfonds 3. This fund is designed to finance nine selected large-scale solar energy systems for ALDI logistics centres in Germany, with a total capacity of around 8 MWp. CENTROSOLAR also takes charge of selecting and supplying the solar modules as well as other components such as converters and substructures. Centroplan is responsible for project planning and administrative matters. The systems are connected up to the grid on schedule during 2009.

OCTOBER 2009

- CentroSolar reports best quarterly result in the history of the company: CentroSolar Group AG is able to report the best result in the history of the company for the third quarter of the current financial year. The operating result for the quarter before interest and taxes (EBIT) amounts to EUR 7.4 million. This represents an increase of 45 % on the previous record quarter Q3/2008, which had been dominated by booming business in Spain. The EBIT margin shows an impressive improvement to 9.0 % of revenue, compared with 5.6 % in the prior-year quarter; the EBITDA margin climbs to 10.7 % of revenue. The full-year objective of posting a positive EBITDA over the twelve-month period is consequently already achieved after nine months.

NOVEMBER 2009

- CentroSolar Group AG accrues gross issuing proceeds of around EUR 20 million from capital increase: Through the successful placing of 5.8 million new shares with the existing shareholders of CentroSolar Group AG at a subscription price of EUR 3.45 per new share, the company accrues a gross amount of around EUR 20 million, to be used to reduce its net debt and finance its growth, in particular through the expansion of Solar Integrated Systems business outside Germany as well as business for anti-reflective coated solar glass.

DECEMBER 2009

- Ubbink Solar Modules B.V. is wound up: Following completion of the closure of the Doesburg plant and the sale of all remaining assets, and of course the settling of all liabilities, the company Ubbink Solar Modules B.V. is wound up.

3.4 CENTROSOLAR shares

The market context

The financial crisis meant that the downward trend of the previous year continued in the first two months of last year. A marked recovery then set in from March onwards, and continued until the end of the year. This more than compensated for the initial losses suffered by the main indices. Both the DAX and the international index S&P 500 gained 23 % and 24 % respectively in the past year. The TecDAX even finished 61% up on the end of the previous year.

After a small leap in prices at the start of January, solar industry shares followed the general trend over the first 5 to 6 months. The generally weak first-half figures of most companies in the industry then prompted a downward shift until the end of October. Against a backdrop of accelerating demand particularly in Germany and rather better quarterly figures at the end of September, prices then staged a renewed rally in the final two months of the year, with the overall picture for the year ultimately well positive. The international industry index Photovoltaik Global 30, for example, gained 23 % last year.

CentroSolar shares performed better than the industry index until June but fell back to a level on a par with that index following the termination of the joint venture with Qimonda. Thanks to a price rally from August on, interrupted only briefly by the announcement of the capital increase at the end of October, the shares again pulled clear of the industry average to close the year on EUR 4.37, uparound 33 % on the end of the previous year. CentroSolar shares thus outperformed the industry index for the second year in succession.

Chronology

07

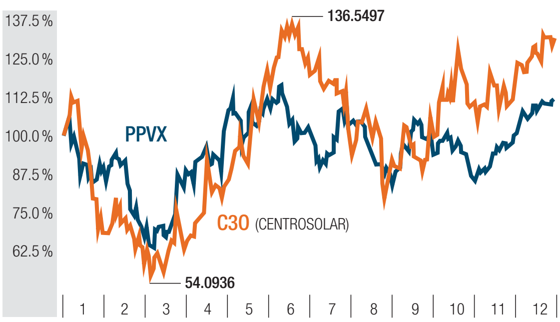
2009

July 2009

CentroSolar Group AG terminates the solar cell manufacturing joint venture Itarion, resolving from now on to concentrate entirely on expanding its international sales activities for photovoltaic roof systems.

CENTROSOLAR shareprice performance

[compared with industry index Photovoltaic Global 30]



Source: Comdirect

Share and shareholder structure data

The shares of CentroSolar Group AG are listed on the Frankfurt Stock Exchange under the following data:

International Securities Identification Number (ISIN)	DE 0005148506
German Securities Identification (WKN)	514850
Common Code	22975897
Stock exchange code	C3O

The capital stock of CENTROTEC Group AG at December 31, 2009 amounted to EUR 20,333,309, divided into 20,333,309 no par value bearer ordinary shares carrying full voting rights, each representing an arithmetical nominal value of EUR 1. The subscribed capital and the additional paid-in capital rose by EUR 19.5 million compared with the level at the close of the previous year through the placement of new shares in the fourth quarter.

On November 12, CentroSolar Group AG placed 5,800,000 new shares from approved capital. The capital stock of the company consequently rose by EUR 5,800,000 from previously EUR 14,533,309 to EUR 20,333,309. The new shares were offered to the company's shareholders for subscription at a price of EUR 3.45 per new share. The offer was made to existing shareholders and was not public, to ensure that the capital increase could be carried out before the end of the 2009 calendar year and therefore show up in the financial statements for 2009. The level of interest among the existing shareholders was so great that there was no additional private placement. The transaction was supported by Silvia Quandt & Cie. AG. The additional paid-in capital moreover rose by EUR 259 thousand as a result of the full takeover of Ubbink Solar Modules B.V. in the first quarter. The additional paid-in capital was reduced by EUR 732 thousand by impairment of deferred tax assets on loss carryforwards.

The largest single shareholder is Guido Krass, who directly and via the shares held in CENTROTEC Sustainable AG holds over 30 % of the total capital of CentroSolar Group AG. The following investors conducted share transactions with CentroSolar shares that triggered reporting thresholds pursuant to Section 26 (1) of German Securities Trading Law during the course of 2009:

- DWS Investment GmbH exceeded the threshold of 5 % of shares of the total capital of CentroSolar Group AG on November 19, 2009
- LRI Investment S.A. exceeded the threshold of 3 % of shares of the total capital of CentroSolar Group AG on December 2, 2009

Investor Relations

CentroSolar Group AG adopts a transparent and regular approach to reporting. Information that could affect the share price is published without delay in the form of "ad hoc announcements". The company in addition makes supplementary information available on its homepage so that it is simultaneously available to all interested parties. The Management Board and the Investor Relations department of CentroSolar Group AG communicate with financial market players through one-to-one talks, roadshows, telephone conversations and conferences, at specific investor events and at the Annual General Meeting. In the 2009 financial year the Management Board held roadshows and investor events at major European financial centres such as Frankfurt, London, Paris, Amsterdam and

Zurich. Because CentroSolar Group AG is a sustainably managed business, CentroSolar is increasingly attracting the interest of greentech funds.

Various international banks observe the performance of CentroSolar Group AG shares. Institutes such as Goldman Sachs, HSBC Trinkaus, M.M. Warburg, Sal. Oppenheim, Solventis have included CentroSolar in their publications in recent years.

Provision on the appointment and dismissal of the members of the Management Board and on changes to the articles of incorporation

The Management Board of the company is appointed and dismissed by the Supervisory Board, applying the appropriate provisions of German Stock Corporation Law (Sections, 84, 85). Amendments to the articles of incorporation must fundamentally be resolved by the Shareholders' Meeting of the company, pursuant to Sections 133 and 179 of German Stock Corporation Law.

Authorisation of the Management Board to issue or buy back shares

The Management Board is, with the approval of the Supervisory Board, authorised to increase the capital stock on one or more occasions by up to EUR 1,466,654 by July 14, 2013 in return for cash and/or contributions in kind through the issuance of new no par value bearer shares (Approved Capital 2008/I). The new shares shall fundamentally be offered to the shareholders for subscription (including by way of indirect subscription pursuant to Section 186 (5) Sentence 1 of German Stock Corporation Law). With the approval of the Supervisory Board the Management Board is, however, authorised to exclude the shareholders' statutory subscription right in the following instances:

- In order to exclude residual amounts from the subscription right;
- For capital increases for contributions in kind for the purpose of acquiring (including indirectly) companies, parts of companies, investments in companies or other assets; Insofar as necessary to be able to grant new no par value bearer shares in the company to the bearers or creditors of convertible and/or warrant-linked bonds, participation rights and/or participating bonds (or combinations of these instruments) that have been or will be issued by the company or by companies in which the company directly or indirectly holds a majority interest ("subordinate group companies"), upon exercise of the conversion right or option or upon fulfilment of the conversion obligation;
- Insofar as necessary in order to grant a subscription right to new no par value bearer shares in the company to bearers of conversion rights or options or creditors of convertible bonds bearing conversion obligations that have been or will be issued by the company or a subordinate group company, to the same extent that they would be entitled upon exercise of the options or conversion rights or upon fulfilment of conversion obligations as a shareholder;
- In the case of capital increases for cash if the issuing price of the new shares does not significantly undercut the market price of the already listed shares of the same class and features at the time when the issuing price is finally fixed, which should be as close as possible to the placing of the shares, and if the shares issued under exclusion of the subscription right pursuant to Section 186 (3) Sentence 4 of German Stock Corporation Law do not exceed a total of ten percent of the capital stock, either at the time of this authorisation taking effect or at the time of this authorisation being exercised. This limit of ten percent of capital stock shall include shares which (i) are issued or sold during the term of this authorisation under exclusion of the subscription right in direct or analogous application of Section 186 (3) Sentence

Chronology

08

2009

August 2009
The next phase of expansion starts at Centrosolar Sonnenstromfabrik, our solar module plant in Wismar, ramping up capacity incrementally from 80 MWp (2008) to 110 MWp (2009) and then to 150 MWp in 2010.

4 of German Stock Corporation Law, and (ii) are issued or may be issued to service subscription rights or in fulfilment of conversion obligations from convertible and/or warrant-linked bonds, participation rights and/or participating bonds (or combinations of these instruments), insofar as the debt instrument is issued after this authorisation takes effect by analogous application of Section 186 (3) Sentence 4 of German Stock Corporation Law, under exclusion of the subscription right of the shareholders;

- For issuing to employees of the company.

The Management Board is authorised, with the approval of the Supervisory Board, to specify the further details of the effecting of capital increases from the Approved Capital 2008.
The capital stock has been increased conditionally by EUR 303,000 ("Conditional Capital I"). The conditional capital increase is only effected to the extent that the bearers of the option certificates issued by the company pursuant to the authorisation of the Shareholders' Meeting of September 2, 2005 exercise their subscription right to ordinary bearer shares in the company (option right). The new shares qualify for profits from the start of the financial year in which they are issued through the exercising of option rights. The Conditional Capital I is divided into up to 303,000 no par value shares.
The capital stock is increased by EUR 868,406 for the purpose of issuing stock option rights to members of the company's Management Board, to selected employees and managers of the company, as well as to members of the management and selected employees and managers of affiliated companies pursuant to Section 15 of German Stock Corporation Law (Conditional Capital II). The conditional capital increase is only effected to the extent that the bearers of stock options issued by the company pursuant to the authorisations of the Shareholders' Meetings of March 6, 2006 and August 28, 2006 exercise their right to subscribe to ordinary bearer shares in the company (option right). The new shares qualify for profits from the start of the financial year in which they are issued through the exercising of subscription rights. The Conditional Capital II is divided into up to 868,406 no par value shares.

The capital stock of the company is increased conditionally by up to EUR 5,813,323 through the issuance of up to 5,813,323 new no par value bearer shares ("Conditional Capital III"). The conditional capital increase is for the granting of no par value bearer shares to the bearers or creditors of convertible and/or warrant-linked bonds, participation rights and/or participating bonds (or combinations of these instruments) which are issued for cash by the company or by a subordinate group company on the basis of the 2008 authorisation passed by the Shareholders' Meeting on July 15, 2008 under agenda item 6 Sub-paragraph b) and grant a conversion or option right to no par value bearer shares in the company or specify a conversion obligation.

The issuance of the new no par value bearer shares from Conditional Capital 2008 may take place only at a conversion or option price that meets the conditions of the 2008 authorisation passed by the Shareholders' Meeting on July 15, 2008 under Agenda Item 6 Sub-paragraph b). The conditional capital increase shall only be effected to the extent that use is made of option or conversion rights, or that the bearers or creditors with a conversion obligation meet their conversion obligation, and to the extent that no cash payment is granted or treasury shares or new shares are used to service the rights from approved capital. The new no par value bearer shares qualify for profits from the start of the financial year in which they are issued through the exercising of option or conversion rights or through the fulfilment of conversion obligations. The Management Board is authorised to specify the further details of the effecting of the conditional capital increase (Conditional Capital 2008).

For further particulars of the composition of shareholders' equity, please refer to the Notes to the Consolidated Financial Statements.

II Financial performance, financial position and net worth

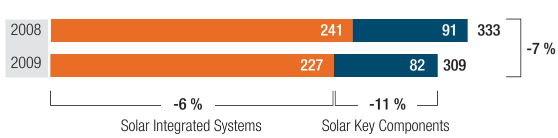
1 Revenue and earnings

Overview of consolidated results: revenue stable, earnings diminished by Itarion

After a difficult first half, in which both revenue and earnings came under pressure from the general market trends and the discontinuation of the Itarion joint venture, the improved business performance in the second half of the year meant that CentroSolar Group AG was able to post revenue and operating results that were overall satisfactory. Revenue of EUR 308.7 million was thus only 7 % down on the prior-year figure (EUR 332.6 million). Roughly mirroring the previous year, around 74 % of revenue originated in the Solar Integrated Systems segment, with 26 % of revenue coming from the Solar Key Components segment. Although the export ratio of 49 % was slightly down on the previous year's level (54 %), this is still a comparatively high figure for the industry, bearing in mind the almost complete collapse of the photovoltaic market in Spain. France was easily the strongest export market, with revenue reaching almost EUR 71 million.

Revenue by segment

[in EUR million]



Although it became necessary to apply impairment to inventories totalling EUR 7.9 million in the course of the year, in response to the rapid decline in prices, the cost of purchased materials in relation to revenue and the change in inventories of 77.6 % was much lower than the prior-year figure (80.7 %). The following factors can be identified as the principal causes of this development:

- The shift in the product mix towards products and services representing more extensive value added, such as sales of integrated PV systems, the focus on smaller roof systems and building-integrated systems, as well as the exclusive use of own modules in distribution business
- The shift in regional positioning in favour of markets with attractive price structures
- The benefits of flexible purchasing generated by the policy of not entering into long-term cell supply agreements.

In line with the focus on greater value added and in view of increased expansion of the international sales organisation, the personnel expenses ratio rose from 6.9 % to 10.0 % of revenue. In addition, other operating expenses rose by 2 percentage points compared with the previous year, to 10.4 % of revenue. As well as the system-related higher freight costs for smaller consignments, this includes expenses for Itarion and for the closure of the production plant in the Netherlands. Overall, the operating result at EBITDA level of EUR 13.6 million was down on the prior-year figure of around EUR 21.4 million, but well above the forecast figure of EUR 6 to 8 million. The operating result before interest and taxes (EBIT) reached a figure of EUR 6.9 million (previous year EUR 12.0 million). This includes IFRS depreciation and amortisation of EUR 2.0 million (previous year EUR 6.2 million). According to IFRS 3, tangible and above all intangible assets from corporate acquisitions are to be recognised and measured at their fair values. The assets recognised in the consolidated balance sheet in previous years in this connection substantially comprise supplier and customer contracts or relations, brands and development work. They are to be depreciated and amortised and therefore adversely affect net earnings, even though there is no cash effect. The elimination of IFRS 3 depreciation and amortisation from earnings, as well as adjustment for other non-recurring effects in the past year such as the costs of closing down module production in Doesburg (approx. EUR 1 million)

Chronology

09

2009

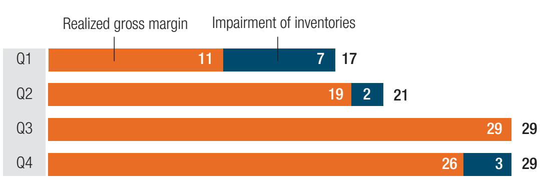
September 2009

CentroSolar Group AG again teams up with investment fund DCM Solarfonds, which invests in large-scale roof systems on commercial properties.

and the operating costs for Itarion (EUR 2.4 million) produce an adjusted EBIT of EUR 12.3 million. The operating result was moreover diminished by EUR 7.9 million in the past financial year by impairment of inventories, which was attributable mainly to the high stock levels at the start of the year and the exceptionally sharp drop in prices in the first half. In addition, because the IFRS rules state that inventories may merely be written down to the anticipated sales value, it should be noted that the written-down inventories are normally sold off at no profit margin. Because CENTROSOLAR had very high inventories from the previous year at the start of the year under review, these initially had to be sold off largely at no profit margin. This is reflected in the clear development in the adjusted gross margin over the four quarters, after elimination of formal impairment of inventories pursuant to IAS 2.

Development of adjusted gross margin*

[in % of sales]



* Adjusted of formal impairment of inventories

Despite the high debt burden in 2009 from the assumption of Itarion's financial debt, net interest was improved from EUR -6.6 million to EUR -5.7 million, mainly thanks to the current low level of interest. Net financial debt was furthermore sharply reduced at the end of the year by the capital increase and the substantially lower working capital requirements.

The financial result was dominated by the write-off of the financial interest in the Itarion joint venture of EUR 10.1 million following its discontinuation, and the assumption in full of Itarion's financial debt of EUR 16.5 million, for which CENTROSOLAR Group AG bears joint and several liability with the bankrupt Qimonda AG.

The consolidated tax burden of EUR 4.3 million is atypical, despite a pre-tax loss of EUR 25.4 million, and was caused by non-recurring effects. It is attributable in particular to the fact that the write-down of the Itarion investment of EUR 26.7 million is not tax-deductible. The losses from Itarion's setup phase and from the closure of the Doesburg plant likewise do not have a tax-reducing effect on the past financial year. There is a further tax expense effect of approx. EUR 1 million from the write-down of deferred tax claims on loss carryforwards. However, because the operating subsidiaries of CENTROSOLAR Group AG posted – in some cases considerable – profits, this led to a tax expense. Earnings after tax amounted to EUR 29.7 million (compared with EUR 4.4 million in the previous year). EPS for 2009 is EUR -1.94 (prior-year period EUR 0.31).

Solar Integrated Systems: operationally strengthened for 2010

Despite the difficult market environment in the first half of the year, the Solar Integrated Systems segment markedly increased its pulse rate in the past year. Sales of solar modules thus rose from 70 MWp in 2008 to 93 MWp in 2009. In the second half of the year, the sales volume was actually up 62 % on the prior-year figure. Nevertheless, because of the sharp slump in prices revenue for the segment of EUR 227.0 million was almost 6 % down on the prior-year figure (EUR 241.2 million).

The EBITDA operating result of EUR 1.6 million fell well short of the prior-year result (EUR 8.2 million). Earnings before interest and taxes (EBIT), too, were down on the prior-year figure, at EUR -2.1 million (EUR 1.0 million). However, the aforementioned non-recurring effects of the closure of the Dutch production plant and the discontinuation of Itarion are fully reflected in the result for the Solar Integrated Systems segment. The bulk of impairment of inventories also fell within this segment. There was moreover a highly positive in-year trend: whereas EBIT was still deeply negative at EUR -14.0 million

after the first half, the figure specifically for the second half was EUR 11.9 million. The positive development over the course of the year is also one outcome of the optimisation programme that was completed last year and converted into a continuous improvement process.

Solar Key Components: higher capacities and value added

The Solar Key Components segment is represented by the two subsidiaries Centrosolar Glas and Renusol. Centrosolar Glas, too, was unable to escape the consequences of the financial crisis altogether, suffering from pressure on prices and weak markets. Thanks to the growing efficiency of solar cells, there is evidence of a long-term trend towards anti-reflective coated glass. Sales of coated glass were increased year on year by around one-quarter. However, this trend went hand in hand with a fall in demand for uncoated glass of around 26 %, among other reasons due to the high inventories of module manufacturers at the start of the year.
On the other hand, business for in- and on-roof mounting systems continued to achieve strong growth in the past financial year. Revenue in this area increased by around one-quarter compared with the previous year and consequently now accounts for around one-third of the segment's revenue. The patented plastic concepts that are noted for their extremely quick installation and above-average value for money, as well as creative in-roof mounting systems that are greatly in demand especially in France due to the national rules governing the feed-in tariff, mean that this segment is particularly profitable.

Overall, revenue for the Solar Key Components segment in the past financial year of EUR 81.7 million was around 11 % down on the prior-year level (EUR 91.4 million). Meanwhile gross profit grew slightly, largely thanks to the changed segment and product mix. The operating result at EBITDA level was held relatively stable at EUR 12.2 million, compared with EUR 13.2 million in the previous year. Earnings after deduction of depreciation and amortisation (EBIT) amounted to EUR 9.2 million (compared with EUR 11.2 million in the previous year).

2 Financial position

2.1 Acquisitions and divestments: focus on streamlining the business portfolio

Against the backdrop of the financial crisis and the bankruptcy of the business partner Qimonda, the emphasis during the past year was on streamlining the business portfolio, particularly in the Solar Key Components segment. As well as terminating the joint venture Itarion, with the resulting write-off of the investment, the production plant for solar modules in Doesburg, the Netherlands, was shut down and the operating company Ubbink Solar Modules wound up. Finally, the investment in Trillion Sun is currently also being disposed of. A buyer was found in the past financial year and initial payments on account have been received. No acquisitions took place in the past financial year.

2.2 Investment: production capacity extensively increased and modernised

The company invested in the expansion and modernisation of production capacities in both segments during the past financial year. In August, an additional production line was commissioned at the new module manufacturing plant in Wismar. This enabled the plant's production capacity to be increased from 80 to 110 MWp. This extension was financed by means of finance leases. The company also invested in an additional line for the manufacture of anti-reflective coated glasses at Centrosolar Glas in the second half of the year. In addition to the tempering furnace required, a new, significantly more efficient and more economical coating line was taken into operation.

Chronology

10

2009

October 2009
Centrosolar America Inc. launches an integrated PV system specifically developed for the US market. A further sales office is also opened in California.

The investment in intangible assets includes in particular the introduction of a SAP system at Centrosolar AG and individual international subsidiaries.

The total investment volume in property, plant and equipment and intangible assets of EUR 12.44 million was nevertheless well below the 2008 figure (EUR 19.5 million) because of the construction of a new module production plant in that year.

2.3 Balance sheet structure

The balance sheet total contracted by EUR 38 million in the past financial year, to EUR 183 million. This was due mainly to the following three factors:

- Non-current investments amounting to EUR 10.1 million were correspondingly written off in full due to the termination of the Itarion joint venture.
- Inventories were reduced by EUR 27 million compared with 2008.
- Other assets were reduced by a total of EUR 5.7 million in particular as a result of lower VAT receivables.

On the other hand property, plant and equipment rose by EUR 4.9 million and trade receivables by EUR 6.4 million.

It was possible to reduce net working capital by more than EUR 33 million, from EUR 68.6 million to EUR 35.3 million.

2.4 Financing

Following the withdrawal from the joint venture with Qimonda and its partner's bankruptcy, CENTROSOLAR was obliged to assume the net financial debt of Itarion amounting to EUR 16.5 million. An agreement was reached with the lending banks to repay this amount in instalments up until mid-2011. At the balance sheet date, an amount of EUR 8.5 million of this loan item remained on the company's books as a liability.

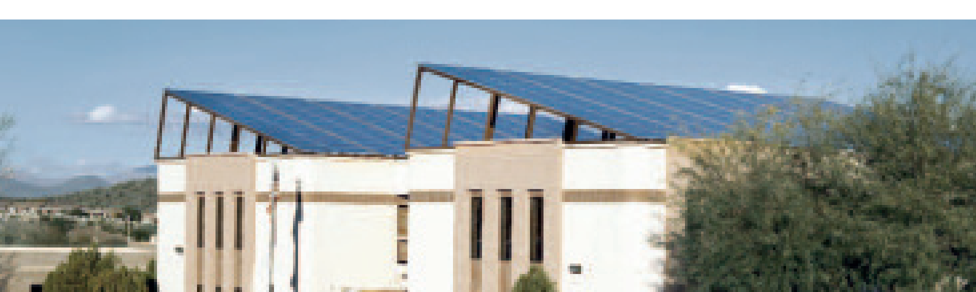
Through the placing of 5.8 million new shares with the existing shareholders of CENTROSOLAR Group AG at a subscription price of EUR 3.45 per new share, the company accrued financial resources amounting to around EUR 20 million, to be used to reduce its net debt and finance its growth, in particular through the expansion of Solar Integrated Systems business outside Germany as well as business for anti-reflective coated solar glass.
Furthermore, the substantial reduction in net working capital and the positive earnings performance towards the end of the year helped to reduce net debt from EUR 74 million to EUR 44 million.

Net debt
[in EUR million]

The equity ratio of 43.0 % was well up on the prior-year figure (40.6 %). At December 31, 2009 CENTROSOLAR had cash and cash equivalents of EUR 13.8 million and unutilised credit lines totalling EUR 52.4 million. CENTROSOLAR thus has ample scope for financing organic growth in the current financial year, too.

2.5 Liquidity

In the past financial year the CENTROSOLAR Group succeeded in generating cash flow from operating activities of EUR 40.2 million that easily exceeded the reduction in net working capital. Following the high investment in the new module plant at Wismar and in Itarion Solar Lda. in the previous year, the cash flow from investing activities was moreover well down from EUR 30.1 million in 2008 to EUR 8.4 million in the past financial year. Loans of just under EUR 4.6 million were raised in particular for the financing of this investment. The cash inflow of EUR 19.3 million from the capital



increase furthermore increased the cash flow from financing activities. On the other hand capital repayments of loans amounting to EUR 13.9 million were made. Overall, the cash inflow from financing activities of EUR 10.0 million was down on the prior-year level (EUR 12.4 million).

3 People at CENTROSOLAR

Sustainability is the key tenet of our corporate culture

CentroSolar has committed itself to the corporate principle of sustainability. We aim to supply products and services that will also enable future generations to satisfy their needs in the same way that we now satisfy our needs. That includes the use of renewable energies. However, sustainability also applies to highly topical aspects of our corporate philosophy. For instance, even though the corporate culture of our group is still in its formative years, it treats technological expertise and entrepreneurial credibility as priorities. Our non-central structure encourages and challenges employees to assume individual responsibility for their actions. Many of our employees have decades of experience in their field, and were among the pioneers of the photovoltaics industry in its early years. We know we can have confidence in their expertise. Our managers are credible. They say what they think, and act on what they say. The Management Board possesses relevant experience in the merger and integration of individual companies. The employees and management collectively pursue a long-term corporate strategy that focuses on sustainable growth. Thanks to flat hierarchies, our decision-making paths are short and innovations can be implemented rapidly.

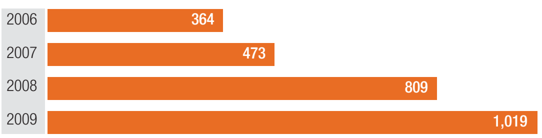
As well as their fixed salary, key employees and senior managers below the level of the Group Management Board receive variable cash payments that are linked to the attainment of individual performance targets. The key performers (selected employees, directors and board members of subsidiaries and the Management Board members of the group parent) in addition participate in the stock options scheme of CentroSolar Group AG. The members of the Supervisory Board receive a fixed payment as laid down in the articles of incorporation.

The CentroSolar Group attaches considerable importance to having a satisfied workforce. As well as holding regular employer/employee meetings, it conducts anonymous surveys (including with the assistance of external agencies) to monitor employee satisfaction and identify scope for improvements.

We create jobs

We have been steadily creating new jobs ever since the founding of the group, not simply in response to its growth, but above all thanks to the greater depth of value added. There were 958 employees on average (previous year 680) in the CentroSolar Group in the past financial year of 2009. This figure corresponds to 919 full-time equivalents (FTE) (previous year 676). At the end of the reporting period there were 1,071 employees, corresponding to 1,019 FTEs, in employment at CentroSolar Group companies. The corresponding figures for the previous year were 836 employees and 809 full-time jobs. Most employees are located in Germany, though a growing proportion is based in other European and non-European countries. The group's largest manufacturing locations are in Germany.

Employees
[Full Time Equvalents (FTE)]



The rise in the employee total also translates into substantially increased personnel expenses. The 2009

Chronology

11
2009

November 2009
CentroSolar Group AG successfully concludes its capital increase. The company accrues gross issuing proceeds of around EUR 20 million.

figure for personnel expenses of EUR 30.7 million was around 34 % up on the figure for the previous year. The marked rise in the personnel ratio reflects the trend towards products and services delivering more extensive value added, such as anti-reflective coated glass and the planning and supply of integrated systems for smaller roof systems.

Short-time at CENTROSOLAR

Because of the high inventories held by CENTROSOLAR and its customers at the start of the year, the production facilities at Fürth and Wismar were temporarily operating at below capacity. Whereas it was possible to avoid imposing short-time at Fürth by temporarily reducing levels of temporary workers, at Wismar it was necessary to put up to 155 employees on short-time between February and May, but in particular in the months of March and April. The closure of the plant in Doesburg led to the loss of approx. 70 jobs. Wherever possible, the employees affected were redeployed at other company locations or taken on by CENTROTEC Sustainable AG. A redundancy plan was furthermore drawn up for those employees who could not be kept on. The company in addition provided subsidies for qualification and job seeking measures.

III Report on post-balance sheet date events

1 Disclosure of events of particular significance after the balance sheet date

On February 1, 2010 a total of 273,500 stock options, based on Conditional Capital II, were granted to employees and managing directors of group companies as well as to members of the company's Management Board at an exercise price of EUR 3.60 per option. The terms of the options (conditions of exercise, targets, term, vesting period) correspond in essence to the terms of the options issued in the years 2006 to 2009.

Following the settlement of the balance of the purchase price by the buyer, CENTROSOLAR Group AG transferred ownership of Trillion Sun to the buyer on February 10, 2010. The sale of the investment has thus been completed; no losses have arisen.

On March 10, 2010 CENTROSOLAR Group AG established the fully-owned subsidiary Centrosolar Canada Inc., Ontario. On the same date the company was entered on the Corporate Registry of the Province of New Brunswick under No. 649768.

IV Risk report

1 Individual risks

1.1 Risks from the economic environment and the industry

From a regulatory viewpoint, our business environment is influenced by the regionally varying subsidies available for solar plants. The removal of state subsidies or a sharp degression in feed-in tariffs could have a negative effect on the markets concerned as a whole, or simply on specific product versions sold in those markets. With regard to the industry itself, the main risk is in the area of purchasing. Given the downward trend in prices for solar silicon observed in the past financial year, there is the potential risk of buying at too high a price. In response to that risk, CENTROSOLAR pursues a purchasing policy of short-term supply agreements so that it can respond flexibly to the forecast drop in prices and minimise this specific risk. This strategic decision does, however, go hand in hand with the new risk of a potential shortfall in supply. We therefore constantly monitor the market in order to find a way round any incipient bottlenecks through supply agreements based on market prices, with a term of up to 12 months. Over and above that, we attach considerable importance to trust-based, long-term partnership with selected suppliers of high-quality cells.

However, it is not possible to avoid short-term, in-year price risks because inventories are accumulated and reduced during the course of the year in order to cover seasonal fluctuations. In light of the experience of the past financial year, in which high inventories from the previous year resulted in substantial losses from write-downs in the first half, CentroSolar pursues a conservative stock keeping policy that gives priority to lower write-down risks over greater sales opportunities, in cases of doubt.

CentroSolar succeeded in agreeing a much more flexible supply agreement for flexible thin-film laminates in the past financial year. At the same time, CentroSolar nevertheless holds relatively high stocks of thin-film laminates at the turn of the year. Although these stocks are valued in line with the market, the possibility of write-downs in the coming financial year cannot be excluded if prices fall sharply. To minimise this risk, CentroSolar has developed a range of innovative solutions for roof systems with thin-film laminates that have been brought onto the market over the past few months. It has also set up a dedicated sales team for these products, which are aimed at different customer groups; this means that different skills are required, particularly in the sphere of industrial roofs.

1.2 Corporate strategy risks

Accessing new export markets through our strategy of international expansion harbours both numerous opportunities and a great many risks. On the one hand the barriers of different languages and mentalities have to be overcome; on the other hand the industry and market structures vary from country to country, as does the field of competitors. It is therefore possible that the revenue targets drawn up in advance may prove impossible to realise and that international subsidiaries may initially operate at a loss. Nevertheless, because possessing knowledge of the target market is a key factor in our success, we conduct regular market analyses and draw up a detailed, step-by-step roadmap when setting up new subsidiaries and helping them to access the market.

1.3 Performance-related risks

In manufacturing high-quality solar glass and solar modules at the German plants in Fürth and Wismar, we are dependent on the smooth operation of the facilities available for that purpose. Though we attach prime importance to maintenance and optimised operation, short-term bottlenecks may occur in deliveries in the event of plant breakdowns. A further risk in this connection concerns complaints about product defects, which may also be caused by an external production partner. This risk is countered by increasing provisions for guarantees and auditing the upstream suppliers. The modules and solar glasses manufactured by ourselves must moreover consistently satisfy market expectations in respect of quality and price. We have therefore further increased our R&D spending and recruited experts from the automotive and semiconductor industries to our management team.

1.4 Personnel risks

Relevant personnel risks above all concern the departure of leading members of the management. CentroSolar adopts a dual-pronged strategy to retain key individuals. On the one hand local managing directors are given a very high degree of entrepreneurial leeway on how to run the areas for which they are responsible. Meanwhile the coordination and integration of all companies in the group is handled by a group-wide steering committee. On the other hand, a stock option scheme offers a financial incentive to work towards the success of the group.

Chronology

12
2009

December 2009
Centrosolar Glas launches a new, highly economical anti-reflective coating technique for module glasses. The solar glass plant in Fürth, with its increased production capacity of 6 million m^2, is operating at full capacity.

1.5 Financial risks

In its normal course of business, CentroSolar is exposed to financial risks in the areas of foreign exchange, interest rates and receivables. Foreign exchange risks, arising for example through the purchasing of thin-film laminates in the USA and the sale of modules in the eurozone, have been limited to some extent through in-year hedging by means of put options which focus on the global exchange rate risk rather than on individual transactions. Growing sales in the US market increasingly provide a natural hedge to the exchange rate risk. To counter debt defaults, advance payment is required from first-time customers and customers with limited creditworthiness; alternatively letters of credit are used for billing export business in particular. To some degree CentroSolar also makes use of factoring in order to avoid debt defaults. Finally, CentroSolar is exposed to an interest rate risk from the credit liabilities which have largely been concluded at flexible interest rates; a small portion of them has been secured by means of interest rate derivatives. The potential risk of more limited access to financing via the banking sector following the financial crisis has not had any adverse effect on the financing and credit lines made available to CentroSolar. CentroSolar nevertheless continues to work on the assumption that access to maturity-matched funding in order to finance further revenue growth will remain very restricted. CentroSolar therefore raised cash of EUR 19.3 million by way of a capital increase in the fourth quarter of the past financial year and significantly reduced the overall net financial position for the group.

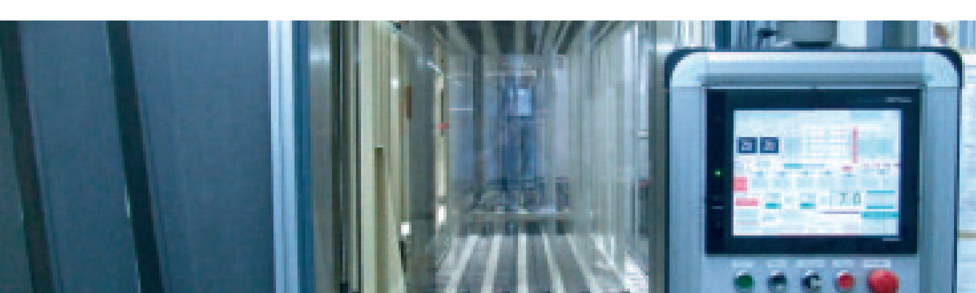
There is also the general risk that access to short-term credit lines could become more restricted. At the balance sheet date, for example, there existed general credit facilities amounting to EUR 67.5 million available from various banks until further notice. Assuming business progresses as scheduled, the banks have nevertheless indicated that the existing credit lines will remain in place.

As well as the short-term general credit facilities available, to a lesser extent CentroSolar also uses long-term loans, some of which entail contractual loan arrangements requiring the attainment of certain financial ratios; failure to achieve these ratios then gives the banks an extraordinary right to call in the loan. In this connection please also refer to the comments on financial debt in the Notes to the Consolidated Financial Statements.

2 Risk management system and internal controlling system for financial reporting purposes

The company counteracts any negative consequences of risks by means of a detailed risk early warning system and an internal system of control as an integral component of risk management. The subsidiaries regularly complete a questionnaire and compile freely worded reports to identify and evaluate existing and future risks, their probability and their consequences if they were to materialise, in order to permit appropriate corrective measures. Important performance indicators are in addition regularly compiled by the management and monitored by the Management Board. Each subsidiary has appointed a risk manager, who is responsible for compiling the reports and conducting the necessary analyses within that subsidiary.

The aim of the risk management system in respect of financial reporting processes is to identify and evaluate risks that could be in conflict with the objective of assuring the regulatory compliance of the Consolidated Financial Statements. Identified risks are to be evaluated in respect of their influence on the Consolidated Financial Statements as well



as further-reaching consequences. The objective of the internal controlling system for the financial reporting process is to guarantee with reasonable assurance, through the implementation of controls, that the Consolidated Financial Statements conform to the regulations, despite the risks identified by the risk management process.

Both the risk management system and the internal system of control cover all significant subsidiaries for the Consolidated Financial Statements and all processes that are relevant to the preparation of the financial statements. The relevant controls for financial reporting purposes concern particularly the risks of material misstatements in financial reporting. The principal elements of risk management and control in financial reporting are the clear assignment of responsibilities and control in the preparation of the financial statements, transparent rules on accounting and the preparation of financial statements in the form of guidelines, and appropriate access arrangements to IT systems used for financial statements.

3 General statement on the risk situation of the group

The company suffered significant losses from the discontinuation of the joint venture to manufacture solar cells and had to assume financial debt of EUR 16.5 million, temporarily producing a gearing ratio of 50.4 % at June 30, 2009. Thanks to optimisation of working capital requirements, the positive earnings performance in the second half and the capital increase, this figure was brought back down to 24.0 %. As the many other payment commitments and risks associated with the joint venture have simultaneously been eliminated, the overall risk profile of the company has improved. No risks posing a threat to the company as a going concern have been identified by the risk management system. The situation remains that any risk to the company as a going concern is more likely to arise from a series of individual risk than from any single risk materialising.

V Report on expected developments

1 Direction of the group

As matters stand, CentroSolar is not planning any fundamental changes to its long-term business policy, which focuses on sustained growth. It will remain an internationally oriented solar technology business focusing on photovoltaic roof systems, which sells PV systems and components to market players and users, and manufactures them either independently or together with partners. The two main thrusts of its strategy – volume growth in the Solar Integrated Systems segment coupled with value growth in the Solar Key Components segment – will remain the basis and powerhouse of an expansion policy that has hitherto been very successful. Backed by this two-pronged strategy, CentroSolar will push ahead in spreading internationally and building up its business in integrated systems.

Our regional sales policy in 2010 will continue to focus on the sales markets Germany and France, along with Benelux, Spain, Italy, the UK and the USA. Our aim is to boost the export ratio ideally to two-thirds of revenue. In the business area of anti-reflective coated solar glass, we moreover aim to position ourselves better in order to meet demand in the large market of Chinese module manufacturers. Regarding the group's technological direction, we consider our core area of activity to be the integration of crystalline cells into modules, their integration into the roof skin of buildings, and the development of flexible thin-film laminates. We regard this area as offering future sales potential because we will be able to set ourselves apart from the competition. Our central Development Department is teaming up e.g. with cell manufacturers, semiconductor manufacturers and research institutes to develop and implement such solutions.

01
2010

January 2010
CentroSolar announces a new record sales volume for PV solar modules, which climbed from 70 MWp in 2008 to 93 MWp in 2009.

2 Underlying economic situation

Moderately positive development in general economic situation

After the recession of the past calendar year, the economists of the International Monetary Fund (IMF) predict a positive development in economic growth for the next year. Developing countries and the USA are the main driving forces. On the other hand the IMF forecasts very modest economic growth of 0.3 % for the eurozone, but this is still a much more attractive environment than the -4.2 % downturn of the past year.

Internationally mixed position on subsidies for PV roof systems

In terms of the real economy, however, there is only little correlation between the solar industry and national or international economic cycles. The photovoltaic industry continues to rely first and foremost on state subsidy programmes. The picture for 2010 is mixed.

- In Germany, the world's biggest photovoltaic market, a substantial reduction in the feed-in tariff is expected from mid-2010; this is likely to result in both lower returns and in increased cost pressure at all value-added steps in the industry.
- In France, too, tariffs were reduced by up to 24 % at the start of the year. The tariff structure there nevertheless remains very attractive, especially for roof systems. Electricity from integrated roof systems on residential buildings and schools, for example, attracts a payment of 58 euro cents per kWh.
- In Italy, the payment rates were reduced only slightly at the start of the year. The approval processes for roof systems were moreover radically simplified. In addition, attractive special tariffs for roof systems on public buildings apply from 2010.
- The trend towards increasing subsidisation and acceptance of photovoltaics also continues in the USA. A growing number of states have simplified the process of connecting to the grid. Some states are also introducing feed-in tariffs.
- Because permits issued last year for the installation of 500 MWp in the Spanish market have scarcely been implemented to date, a positive market development is likewise expected there for the year in progress.

All in all, in many markets the acquisition of a solar plant based on forecast sunlight levels and guaranteed feed-in tariffs continues to represent a very low-risk, high-return investment in 2010; it is moreover a comparatively attractive proposition in times of high volatility on the stock markets and low interest rates.

In view of the stabilisation of the economic environment, the propensity of investors to channel higher amounts into long-term capital goods will also rise compared with 2009. For that reason, despite the announced cuts in feed-in tariffs we expect to see low double-digit growth in photovoltaics in CentroSolar's target markets.

Shift from seller's to buyer's market completed

The shift from the seller's to the buyer's market which started last year has now been completed along the entire value chain. Growing competition has now brought the buyer and their expectations more sharply into focus. Solar businesses that have established business ties with wholesalers, installation engineers or other users can benefit from this trend. Sales expertise thus becomes more significant. Thus, primarily the upstream players in the solar industry and manufacturers of thin-film solar modules are expected to experience tighter margins due to more intense competition.

3 Anticipated financial performance and financial position

The reduction in the feed-in tariff in Germany will hit the revenue and earnings of all photovoltaic suppliers in this market over the coming year. The German market, which accounts for 51 % of CentroSolar revenue, moreover constitutes its most important single market. Nevertheless, thanks

to its flexible purchasing policy the company will be able to benefit fully from the anticipated price adjustments in upstream value-added steps. Furthermore, CENTROSOLAR has in the past concentrated on strengthening its position in international growth markets. For instance, both the Solar Integrated Systems segment and the mounting systems of the Solar Key Components segment are very well positioned in the French market for roof systems, and expect to achieve a significant jump in growth there in the current financial year thanks to the attractive feed-in tariffs available for integrated roof systems. CENTROSOLAR has also strengthened its sales position in the USA, Italy and Benelux. Overall, CENTROSOLAR expects to enjoy revenue growth ranging between 10 % and 20 % for the current financial year. Following the strategic adjustments made during the past financial year, the group has significantly improved its cost position. An operating result at EBIT level of EUR 14 to 16 million is therefore expected for the current financial year, representing at least double the figure for 2009. Despite the difficult market environment, CENTROSOLAR therefore expects to post new record highs for revenue and earnings.

As a growth company, CENTROSOLAR will hold fast to its established ploughback policy. This means that it will use profit to enhance the corporate value yet further, rather than distributing it in the form of dividends.

4 Strategic and performance-based opportunities for CENTROSOLAR

Continuing strategy of expansion to yield revenue increase

CENTROSOLAR will continue to expand internationally within specific regions over the next two years. The driving force of growth internationally will be mainly the French market, in which CENTROSOLAR already occupies a market-leading position for integrated photovoltaic roof systems, an area in which strong market growth is expected because of the attractive subsidies available for such systems. We furthermore expect to see a recovery in the Spanish market, as well as growing demand for photovoltaic roof systems in Italy, Benelux and the USA. As well as stepping up our sales activities in those markets, where we already have sales offices, CENTROSOLAR will increasingly tackle new markets, both in and outside Europe, in the current year. However, organic growth is the priority.

In light of the reduced feed-in tariff, CENTROSOLAR again does not expect to experience any bottlenecks in the availability of high-quality cells this year. Together with the strong German sales network, CENTROSOLAR is therefore still able to derive maximum advantage from its comprehensive portfolio of products and services. In the project planning area for roof systems, too, broadening the portfolio of customers to additional retail chains and industrial companies still offers considerable potential for growth.

Alongside the further development of the product range, the priority for the Solar Key Components segment is likewise to increase its regional presence as the driving force of growth. The sales force for mounting systems will be expanded in the main European markets. With regard to business for anti-reflective coated solar glass, ways of serving the strong Chinese market, which offers high potential for growth, are being examined.

Flexible purchasing policy keeps gross margin stable

Thanks to CENTROSOLAR 's flexible purchasing policy, the company is benefiting from a permanent oversupply of solar cells in the market for the foreseeable future. It can therefore be assumed that falling market prices for photovoltaic systems due to reduced feed-in tariffs will largely be offset by falling cell prices. This will make the gross margin for CENTROSOLAR more readily calculable and far more attractive than when cells were in short supply.

Chronology

02

2010

February 2010

Following its inauguration by Berlin's governing mayor Klaus Wowereit and Michael Geißler, Managing Director of the Berlin Energy Agency, Berlin's largest photovoltaic system on a public building, installed by CENTROSOLAR companies, is connected up to the grid.

Rise in earnings from extensive optimisation programme

In the past financial year CENTROSOLAR kicked off an optimisation programme to improve its competitiveness in the Solar Integrated Systems segment. Alongside specific measures aimed at shoring up revenue in the long term, the main aim was to improve economic efficiency within distribution costs and overheads. The results achieved by this programme meant that clear improvements in earnings were already realised in the latter half of last year. These cost advantages can now be exploited throughout the whole year in 2010.

5 General statement on the expected development of the group

For 2010 we expect a slightly atypical seasonal pattern to the photovoltaic industry, which will also reflect the business performance of CENTROSOLAR to a slightly lesser degree. High demand for roof systems in Germany prior to the reduction in the feed-in tariff will thus produce an exceptionally good first half. In the third quarter, by contrast, a sharp downturn in demand from Germany is expected. The prospect of a further reduction in the tariff from 2011 will then once again fuel demand, leading to a typically strong fourth quarter.

Despite the debate surrounding the consequences of reduced feed-in tariffs for the photovoltaic industry in Germany, CENTROSOLAR is confident about the prospects for the current financial year. The systematic implementation of the optimisation programme in the past financial year, the flexible purchasing arrangements, the focus on roof systems and the gradual international diversification of our business are the main factors that already led to record revenue and earnings in the second half of the past year. In the current financial year, the already high export ratio will rise sharply thanks to CENTROSOLAR 's strong competitive position in France and its growing business success in Italy, the USA, Benelux and Spain, and thus moderate the effects of the difficult market situation in Germany.
With revenue growth of 10 % to 20 % and an EBIT operating result of EUR 14 to 16 million, the previous year's figures should therefore be bettered.
For 2011, CENTROSOLAR expects to see a continuation in growth particularly outside Germany. Because CENTROSOLAR is already growing successfully in various international markets, a continuation in the profitable growth trend for the company as a whole is moreover reasonably assured beyond 2010.

Munich, March 17, 2010

Dr. Alexander Kirsch, Chairman and Finance

Thomas Güntzer, International Sales & Major Projects, M&A and Human Resources

Dr. Axel Müller-Groeling, Strategy and Operations

Consolidated Financial Statements
of CENTROSOLAR Group AG
for the financial year 2009

Consolidated Financial Statements

Consolidated Balance Sheet at Dezember 31, 2009

Assets

in EUR '000	Notes	31/12/2009	31/12/2008
Non current assets			
Goodwill	1	49,429	49,429
Other intangible assets	2	6,409	7,471
Property, plant and equipment	3	32,797	27,872
Financial investments accounted for using the equity method	4	0	10,135
Other loans and other financial investments accounted for using the cost method	4	1,054	1,089
Derivative financial instruments	4	0	39
Other assets		0	2
Deferred tax	5	1,027	2,456
		90,716	**98,493**
Current assets			
Inventories	6	44,809	71,907
Trade account receivables	7	22,582	16,191
Receivables from Joint Venture		500	22
Other assets	8	9,855	15,922
Income tax receivable		306	926
Derivative financial instruments	9	0	606
Cash and cash equivalents	10	13,782	16,800
Assets Held for Sale		807	807
		92,642	**123,181**
Assets		**183,358**	**221,675**

Equity and liabilities

in EUR '000	Notes	31/12/2009	31/12/2008
Shareholders' equity			
Share capital	12	20,333	14,533
Additional paid-in-capital	12	80,381	67,369
Other reserves			
Share benefit reserve	12	1,070	756
Currency translation difference (Equity differences)	12	(492)	(314)
Retained earnings and other Reserves	12	7,289	2,953
Profit attributable to share capital holders of CENTROSOLAR Group AG	12	(29,705)	4,335
Minority interest, presented within equity	13	0	415
		78,877	**90,047**
Non current liabilities			
Pension provisions	14	1,067	1,037
Other provisions	15	1,149	1,431
Financial liabilities	16	34,108	31,646
Other liabilities	19	10	0
Derivative financial instruments	9	131	0
Deferred tax	18	713	1,051
		37,178	**35,165**
Current liabilities			
Other provisions	15	843	727
Financial liabilities	16	23,703	59,268
Trade accounts payable	17	19,646	14,616
Income tax payable		2,169	3,930
Other liabilities	19	20,707	17,684
Derivative financial instruments	9	235	238
		67,303	**96,463**
Equity and liabilities		**183,358**	**221,675**

Consolidated Income Statement 2009

in EUR '000	Notes	01/01/2009 31/12/2009	01/01/2008 31/12/2008
Revenues	20	**308,704**	**332,604**
Other operating income	21	6,838	6,157
Changes in inventories of finished goods and work in progress		(14,486)	14,560
Production for own fixed assets capitalized		451	824
Cost of purchased materials and services	22	(225,169)	(282,998)
Personnel expenses	23	(30,719)	(22,943)
Other operating expenses	24	(32,028)	(26,852)
EBITDA		**13,591**	**21,352**
Depreciation and amortisation	2, 3	(6,660)	(9,347)
Operating income (EBIT)		**6,931**	**12,005**
Interest income	25	569	443
Interest expenses	25	(6,269)	(7,007)
Losses/Impairment from At Equity companies	4, 16	(26,676)	0
Result before income taxes (EBT)		**(25,445)**	**5,441**
Income tax	26	(4,260)	(1,059)
Net loss/income (EAT)		**(29,705)**	**4,382**
Profit or loss attributable to minority interest	27	0	47
Profit or loss attributable to share capital holders of CENTROSOLAR Group AG		(29,705)	4,335
EPS (Earnings per share in EUR)			
Earnings per share (basic)	28	-1.94	0.31
Earnings per share (diluted)	28	-1.94	0.31
Weighted average shares outstanding (in numbers; basic)		15,327,830	14,075,618
Weighted average shares outstanding (in numbers; diluted)		15,344,319	14,075,618

Statement of Comprehensive Income 2009

in EUR '000	01/01/2009 31/12/2009	01/01/2008 31/12/2008
Net income (EAT)	**(29,705)**	**4,382**
Currency translation differences	(178)	(275)
Comprehensive income	**(29,883)**	**4,107**
Comprehensive income attributable to minority interest	0	47
Comprehensive income attributable to share capital holders of CENTROSOLAR Group AG	(29,883)	4,060

Consolidated Cash Flow Statement 2009

in EUR '000	Notes	01/01/2009 31/12/2009	01/01/2008 31/12/2008
Operating income (EBIT)		6,931	12,005
Depreciation	2, 3	6,660	9,347
Loss on disposal of non-current assets		(25)	10
Other non-cash items		(0)	(0)
Increase/decrease in provisions		(232)	(1,617)
Increase/decrease in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities		27,086	(17,545)
Increase/decrease in trade payables and other liabilities that cannot be allocated to investing or financing activities		10,166	(3,437)
Interests received and paid		(4,672)	(3,811)
Income taxes paid		(5,724)	(1,545)
Cash Flow from operating activities	29	**40,190**	**(6,592)**
Acquisition of share in participations - net of cash acquired		(2,284)	(4,524)
Purchase of property, plant and equipment/ intangible assets		(8,071)	(27,105)
Proceeds from disposal of property, plant and equipment/intangible assets		1,972	1,489
Cash Flow from investing activities		**(8,383)**	**(30,140)**
Proceeds from issuance of shares		19,285	10,391
Proceeds from borrowings		4,554	13,514
Repayments of borrowings		(13,862)	(11,488)
Cash Flow from financing activities		**9,977**	**12,417**
Change in liquid funds*		**41,784**	**(24,315)**
Liquid funds at the beginning of the financial year	29	(35,400)	(11,084)
Liquid funds at the end of the financial year	29	6,384	(35,400)

* Liquid funds deducted of credits current account

Statement of Movements in Equity 2009

in EUR '000	Share capital	Additional paid-in capital	Share stock options reserve	Currency translation difference	Retained earnings and profit carry forward	Profit attributable to share-holder	Minority interests	Consoli-dated equity
December 31, 2007	**13,292**	**58,126**	**555**	**(39)**	**1,581**	**1,372**	**368**	**75,255**
Payment in revenue reserves					1,372	(1,372)		0
Change from equity increase	1,241	9,430						10,671
Costs for issuing equity		(280)						(280)
Share option plan			201					201
Deferred tax reserve		93						93
Comprehensive income				(275)		4,335	47	4,107
December 31, 2008	**14,533**	**67,369**	**756**	**(314)**	**2,953**	**4,335**	**415**	**90,047**
Payment in revenue reserves					4,335	(4,335)		0
Change from equity increase	5,800	14,210						20,011
Costs for issuing equity		(724)						(724)
Deferred Tax		(732)						(732)
Change in Minority interests		415					(415)	0
Change from aquisitions		(156)						(156)
Share option plan			313					313
Comprehensive income				(178)		(29,705)		(29,883)
December 31, 2009	**20,333**	**80,381**	**1,070**	**(492)**	**7,289**	**(29,705)**	**0**	**78,877**

Number of shares outstanding	
December 31, 2007	13,292,458 Stocks
December 31, 2008	14,533,309 Stocks
December 31, 2009	20,333,309 Stocks

Segment Report 2009

By segment		Solar Integrated Systems			
in EUR '000	Notes 29	31/12/09	% of revenue	31/12/08	% of revenue
P&L Key Figures					
Revenue total		**227,027**	**100.0**	**241,229**	**100.0**
Revenue from third parties		227,006	100.0	241,205	100.0
Revenue from other segments		21	0.0	24	0.0
Gross profit		**37,060**	**16.3**	**32,176**	**13.3**
Personnel expenses		(21,873)	-9.6	(16,610)	-6.9
Other income and expenses		(13,573)	-6.0	(7,375)	-3.1
EBITDA		**1,614**	**0.7**	**8,190**	**3.4**
Operative depreciation		(1,959)	-0.9	(1,424)	-0.6
EBIT operative		**(345)**	**-0.2**	**6,766**	**2.8**
Non operative depreciation		(1,723)	-0.8	(5,806)	-2.4
EBIT		**(2.068)**	**-0.9**	**961**	**0.4**
Revenue by regions					
Revenue from third parties		**227,006**	**100.0**	**241,205**	**100.0**
Germany		132,818	58.5	123,209	51.1
Rest of Europe		90,051	39.7	117,156	48.6
Rest of World		4,137	1.8	840	0.3
Balance sheet key figures			In revenue-days		In revenue-days
Net operating working capital		**26,085**	**31.0**	**61,585**	**68.9**
Inventories		32,951		60,524	
Stock payments on account/Received in advance		(5,479)		1,155	
Trade account receivable		12,848		10,710	
Trade account payable		(14,235)		(10,804)	
Financial assets		**985**		**11,169**	
Tangible and intangible assets		**69,135**		**67,547**	
Operative		19,127		15,674	
Capitalized according to IFRS 3 and goodwill		50,008		51,873	
Investments					
Total		**7,071**		**24,133**	
In tangible and intangible assets		7,071		13,962	
In financial assets		0		10,171	

Solar Key Components				Consolidation		Total Group			
31/12/09	% of revenue	31/12/08	% of revenue	31/12/09	31/12/08	31/12/09	% of revenue	31/12/08	% of revenue
92,574	**100.0**	**96,896**	**100.0**	**(10,897)**	**(5,521)**	**308,704**	**100.0**	**332,604**	**100.0**
81,698	88.3	91,399	94.3	0	0	308,704	100.0	332,604	100.0
10,876	11.7	5,497	5.7	(10,897)	(5,521)	0	0.0	0	0.0
32,167	**34.7**	**32,150**	**33.2**	**(178)**	**(158)**	**69,049**	**22.4**	**64,167**	**19.3**
(8,846)	-9.6	(6,333)	-6.5	(0)	0	(30,719)	-10.0	(22,943)	-6.9
(11,160)	-12.1	(12,496)	-12.9	(6)	0	(24,739)	-8.0	(19,870)	-6.0
12,161	**13.1**	**13,320**	**13.7**	**(184)**	**(158)**	**13,591**	**4.4**	**21,352**	**6.4**
(2,633)	-2.8	(1,772)	-1.8	0	0	(4,592)	-1.5	(3,196)	-1.0
9,528	**10.3**	**11,548**	**11.9**	**(184)**	**(158)**	**8,999**	**2.9**	**18,156**	**5.5**
(345)	-0.4	(345)	-0.4	0	(0)	(2,068)	-0.7	(6,151)	-1.8
9,183	**9.9**	**11,203**	**11.6**	**(184)**	**(158)**	**6,931**	**2.2**	**12,005**	**3.6**
81,698	**100.0**	**91,399**	**100.0**	**0**	**0**	**308,704**	**100.0**	**332,604**	**100.0**
25,519	31.2	31,219	34.2	0	0	158,337	51.3	154,428	46.4
36,934	45.2	49,544	54.2	0	0	126,985	41.1	166,700	50.1
19,245	23.6	10,636	11.6	0	0	23,382	7.6	11,476	3.5
	In revenue-days		In revenue-days				In revenue-days		In revenue-days
17,135	**50.0**	**13,586**	**37.9**	**(346)**	**(168)**	**42,874**	**37.5**	**75,003**	**60.9**
12,204		11,551		(346)	(168)	44,809		71,907	
608		365		0	0	(4,871)		1,520	
10,846		6,282		(1,112)	(801)	22,582		16,191	
(6,523)		(4,613)		1,112	801	(19,646)		(14,616)	
69		**54**		**0**	**0**	**1,054**		**11,223**	
19,399		**17,125**		**100**	**100**	**88,634**		**84,772**	
15,456		12,420		0	0	34,583		28,361	
3,943		4,705		100	100	54,051		56,449	
5,364		**5,647**		**0**	**0**	**12,435**		**29,780**	
5,347		5,612		0	0	12,418		19,574	
17		35		0	0	17		10,206	

CENTROSOLAR GROUP AG

Notes to the Consolidated Financial Statements for the financial year 2009

A Basic data for the group

The CentroSolar Group (hereinafter referred to as CentroSolar) has an international focus, with subsidiaries in Germany, other European countries, the USA and Asia. With revenue for the full year of 2009 totalling EUR 309 million (previous year EUR 333 million), the group has 1,019 employees (FTE = full time equivalents) (previous year 809).

The principal areas of activity of the group are the production and sale of complete photovoltaic systems, solar modules and core components of photovoltaic systems.

As well as the existing businesses, CentroSolar defines its business purpose as creating and acquiring new business areas and companies in which photovoltaic systems or system components are developed and sold.

CentroSolar Group AG, as the group parent, was listed on the Regulated Unofficial Market of the Frankfurt Stock Exchange under the code WKN 514850 from September 29, 2005. The company has been listed in the Prime Standard since October 16, 2006. The company is entered on the Commercial Register of the Local Court of Munich, Germany, under the number HRB 127486. The registered offices of the group are at Walter-Gropius-Strasse 15, 80807 Munich, Germany.

B Standards applied

The Consolidated Financial Statements at December 31, 2009 have been prepared in accordance with Section 315a (1) of German Commercial Code (HGB) in agreement with the "International Financial Reporting Standards" (IFRS) issued by the International Accounting Standards Board (IASB), as applicable in the European Union (EU), and the additional requirements of German commercial law. All IFRS, IAS, IFRIC and SIC interpretations, the application of which is mandatory within the EU for the financial year from January 1, 2009, have been applied.

The Consolidated Financial Statements have been prepared on the basis of historical cost, with the restriction that the financial assets and financial liabilities have been recognised at fair value through profit and loss.

CentroSolar Group AG, as the parent company of the group, is moreover required to prepare separate financial statements in accordance with the requirements of German commercial law.

Accounting standards applied for the first time

Certain accounting standards have been revised and published by the IASB. They wholly or partly replace earlier versions of these standards or constitute new standards. CENTROSOLAR has applied the following IFRS in full for the first time or applied the correspondingly revised standards in agreement with the corresponding transitional provisions and – insofar as necessary – adjusted the comparative figures for 2008 in agreement with the new accounting standards:

- Amendment to IFRS (annual improvements process for 2008)*
- IAS 23 Borrowing Costs (revised)
- IFRS 8 Operating Segments
- Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements
- IAS 1 Presentation of Financial Statements (revised)
- Amendment to IFRS 2 Share based Payments
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items
- Amendment to IAS 39 and IFRS 7
- IFRIC 12 Service Concession Arrangements
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 Distribution of Non cash assets to Owners

Affects the following standards in specific: IFRS 5, IAS 1, IAS 16, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 36, IAS 38, IAS 39, IAS 40 and IAS 41

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

Where the recognition and measurement principles for the group have been changed, the changes have been implemented in agreement with the respective rules on implementation and the transitional provisions.

The first-time application of the amended standards has no impact on the recognition and measurement policies of the group.

New accounting standards

The following new standards, revised standards and interpretations are to be observed from the 2010 financial year or later:

	Application mandatory from	Applied by CENTROSOLAR Group AG
Amendment to IFRS (annual improvements process for 2009)**	01/01/2010	01/01/2010
IAS 24 Related Party Disclosures	01/01/2011	01/01/2011
IAS 27 Consolidated and Separate Financial Statements (revised)	01/07/2009	01/01/2010
Amendment to IAS 32 Classification of Rights Issues	01/02/2010	01/01/2011
Amendment to IFRIC 9 and IAS 39 Accounting for Embedded Derivatives in the Reclassification of Financial Assets	30/06/2009	01/01/2010
IFRS 2 Share based Payment	01/01/2010	01/01/2010
IFRS 3 Business Combinations (revised)	01/07/2009	01/01/2010
IFRS 9 Financial Instruments	01/01/2013	01/01/2013
IFRIC 14 Prepayments of a Minimum Funding Requirement (revised)	01/01/2011	01/01/2011
IFRIC 12 Service Concession Arrangements	01/01/2008	01/01/2010
IFRIC 15 Agreements for Construction of Real Estate	01/01/2009	01/01/2010
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	01/10/2008	01/01/2010
IFRIC 17 Distribution of Non cash Assets to Owners	01/07/2009	01/01/2010
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	01/07/2010	01/01/2011

** Affects the following standards in specific: IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16

Amendment to IFRS (annual improvements process for 2008)

Necessary amendments to existing standards are made through the annual improvements process. The aim here is principally to eliminate inconsistencies and to clarify expressions that could be misinterpreted. The standard comprises two parts, and was published in May 2008. The first part contains amendments that may affect presentation, recognition or measurement. The second part contains changes to expressions or editorial changes.

The IASB issued an amendment to IAS 24, "Related Party Disclosures", in November 2009. The amendment envisages a simplification in the disclosure of transactions between entities that are controlled or significantly influenced by the government. As a result, the detailed disclosures pursuant to IAS 24.17 on related parties are no longer required if the information can only be made available at high cost or is of no significance to the target audience of the balance sheet. The amendment is to be applied from January 1, 2011. The application of the amended standard for the first time will not have any impact on the net worth, financial position and financial performance of the group.

In January 2008 the IASB published the revised standard IAS 27 "Consolidated and Separate Financial Statements". The principal amendments to IAS 27 concern the accounting of transactions where a company retains control, and of transactions where control is surrendered. Transactions that do not lead to a loss of control are to be recognised income-neutrally as equity transactions. Residual interests are to be measured at fair value at the time of loss of control. In the case of minority interests, negative balances may not be recognised; in other words, in future losses will be allocated in proportion to the interest, without limit. The application of this standard is mandatory for financial years beginning on or after July 1, 2009. Its application for the first time is not expected to have any material impact on the net worth, financial position and financial performance of the group.

In October 2009 the IASB published the amendments to IAS 32. The amendments relate to the classification of rights issues, options and warrants with an exercise price denominated in foreign currency. Presentation within equity is now called for, irrespective of the currency in which the exercise price is denominated. The amendment is to be applied from February 1, 2010. The application of the amended standard for the first time will not have any impact on the net worth, financial position and financial performance of the group.

In March 2009 the IASB issued a further amendment to the standards IAS 39 and IFRS 7 Financial Instruments: Recognition and Measurement and to IFRS 7 Financial Instruments: Disclosure (reclassifications of financial assets). The amendments concern the treatment of embedded derivatives upon the reclassification of financial assets. The amendment is to be applied from June 30, 2009. The application of the amended standard for the first time will not have any impact on the net worth, financial position and financial performance of the group.

In June 2009 the IASB presented amendments to IFRS 2 Share based Payments. The amendments concern the clarification of accounting for certain share based payment agreements by the subsidiary within a group. The amendments are to be applied from January 1, 2010. The application of the amended standard for the first time will not have any impact on the net worth, financial position and financial performance of the group.

In January 2008 the IASB published the revised standard IFRS 3 "Business Combinations". The revised version redefines how the purchase method is applied in business combinations. The principal new regulations relate to the measurement of minority interests, the reporting of successive acquisitions and the treatment of conditional purchase price components and transaction costs. According to the new regulations, minority interests may be measured either using the full goodwill method or at the fair value of the pro rata identifiable net assets. In the case of successive acquisitions, remeasurement is envisaged at the fair value of the shares held at the time of transfer of control, and recognised in profit or loss. An adjustment to conditional purchase price components that are reported as a liability at the time of acquisition is to be recognised in profit or loss in the future. Transaction costs are recognised as an expense at the time they occur. The application of this standard is mandatory for financial years beginning on or after July 1, 2009. Its application for the first time is not expected to have any material impact on the net worth, financial position and financial performance of the group.

In November 2009 the IASB issued the new standard IFRS 9 Financial Instruments. This standard replaces IAS 39 and simplifies the accounting of financial assets. In future they will be divided into only two categories (financial assets measured at fair value and financial assets measured at amortised cost) instead of previously four. The standard is to be applied from January 1, 2013. The application of the amended standard for the first time will not have any impact on the net worth, financial position and financial performance of the group.

The interpretation IFRIC 12 "Service Concession Arrangements" was published in November 2006. It covers the accounting of service agreements between the public sector and private companies. These services comprise the building, operation and maintenance of infrastructures that remain under the control of the public sector. The IFRIC 12 rules are to be applied for financial years beginning on or after January 1, 2008. Its application for the first time is not expected to have any material impact on the net worth, financial position and financial performance of the group.

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

The IASB published IFRIC 15 "Agreements for Construction of Real Estate" in July 2008. The aim of the interpretation is to achieve uniform accounting by companies that develop real estate and which, in that capacity, sell units such as apartments or houses "off plan" – that is, before construction is complete. IFRIC 15 defines criteria according to which accounting comes under the scope of either IAS 11 "Construction Contracts" or IAS 18 "Revenue". The interpretation is to be applied for financial years beginning on or after January 1, 2009. Its application for the first time is not expected to have any material impact on the net worth, financial position and financial performance of the group.

In July 2008 the IASB published IFRIC 16 "Hedges of a Net Investment in a Foreign Operation". The purpose of the interpretation is to clarify two issues arising from the two standards IAS 21 "The Effects of Changes in Foreign Exchange Rates" and IAS 39 "Financial Instruments: Recognition and Measurement" in connection with the accounting of hedges of foreign currency risks within an enterprise and its foreign business operations. IFRIC 16 clarifies what is to be regarded as a risk from the hedging of a net investment in a foreign business operation, and where the hedge to minimise this risk may be held within the group. The interpretation is to be applied for financial years beginning on or after October 1, 2008. Its application for the first time is not expected to have any material impact on the net worth, financial position and financial performance of the group.

IFRIC 17 "Distribution of Non cash Assets to Owners" clarifies the recognition and measurement of non-cash assets distributed as dividends to shareholders. This liability is to be recognised at the point in time from which distribution is no longer at the discretion of the enterprise. The IFRIC 17 rules are to be applied for financial years beginning on or after July 1, 2008. As no non-cash assets are distributed, the application of these rules for the first time is not expected to have any impact on the net worth, financial position and financial performance of the group.

In November 2009 the IFRIC issued IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments. The interpretation deals with the accounting of the full or partial extinguishing of financial liabilities through the issuance of shares or other equity instruments. IFRIC 19 is to be applied from July 1, 2010. The application of the amended standard for the first time will not have any impact on the net worth, financial position and financial performance of the group.

C Consolidation, recognition and measurement

Consolidated companies and other subsidiaries

The Consolidated Financial Statements of CentroSolar include all direct and indirect subsidiaries of the parent company as well as the group parent pursuant to IAS 27, joint ventures pursuant to IAS 31, and associated companies pursuant to IAS 28. The following companies, which simultaneously constitute the CentroSolar Group ("CentroSolar"), were consolidated within CentroSolar Group AG at December 31, 2009:

Company	Place and country of incorporation	Share of capital (%)	Issued capital	Currency (ISO code)	Founded/ acquired
Fully consolidated					
CentroSolar Group AG	Munich, D	-	20,333,309	EUR	13/09/1999
"Solar Integrated Systems" segment					
Centrosolar AG	Hamburg, D	100	100,296	EUR	04/10/2005
Centrosolar America Inc.	Fountain Hills, USA	100	10	USD	03/04/2007
Centrosolar Cell GmbH	Munich, D	100	25,000	EUR	12/10/2005
Centrosolar Fotovoltaico España S.L.	Barcelona, E	100	50,000	EUR	04/07/2006
Centrosolar France SARL	Ecully, F	100	50,000	EUR	28/11/2006
Centrosolar Hellas MEPE	Athens, GR	100	50,000	EUR	24/11/2004
Centrosolar International B.V.	Doesburg, NL	100	18,151	EUR	19/08/2005
Centrosolar Italia S.r.l.	Verona, I	100	50,000	EUR	15/12/2006
Centrosolar Schweiz AG	Muri, CH	100	1,000,000	CHF	07/12/2005
Centrosolar Sonnenstromfabrik GmbH (formerly Solara Sonnenstromfabrik Wismar GmbH)	Wismar, D	100	42,000	EUR	02/01/2006
Solarsquare AG	Muri, CH	100	100,000	CHF	19/12/2005
Centrosolar Benelux B.V.	Tiel, NL	100	18,000	EUR	31/07/2009
"Solar Key Components" segment					
Centrosolar Glas GmbH & Co KG	Fürth, D	100	900,000	EUR	23/08/2005
Centrosolar Glas Korea Inc.	Seoul, Kor	100	50,000,000	KRW	13/12/2007
Centrosolar Glas Holding GmbH	Munich, D	100	25,000	EUR	23/08/2005
Centrosolar Glas Verwaltungs GmbH	Munich, D	100	25,000	EUR	23/08/2005
Centrosolar Grundstücksverwaltungs GmbH	Munich, D	100	25,000	EUR	16/11/2005
Renusol GmbH	Cologne, D	100	25,000	EUR	11/10/2005
Renusol France SARL	Ecully, F	100	10,000	EUR	30/06/2009
Proportionate consolidation pursuant to IAS 31					
Centroplan GmbH	Geilenkirchen, D	50.5	100,000	EUR	21/12/2006
Companies consolidated using the equity method pursuant to IAS 28					
Itarion Solar Lda	Vila do Conde, P	49	20,000,000	EUR	16/07/2008
Available-for-sale financial assets					
Sunarc A/S	Roende, DK	12.5	1,687,000	DKK	09/05/2006
WestphalenSolar GmbH	Paderborn, D	18.75	60,000	EUR	09/05/2006
Centroplan España S.L.	Barcelona, E	50.5	10,000	EUR	06/03/2008
Centroplan Italia Srl	Rome, I	50.5	10,000	EUR	21/11/2008

The statement of interests held by the group appears in the separate financial statements of CentroSolar Group AG and is published in the electronic German Federal Gazette (elektronischer Bundesanzeiger).

Centroplan GmbH is consolidated by the proportionate method rather than comprehensively, as its articles of incorporation envisage common control with the joint-venture partner.

Centroplan España S.L. and die Centroplan Italia S.r.l. are recognised as available-for-sale financial assets in view of the lesser significance of these companies.

The following figures represent the 50.5 % interest of the group in the assets, liabilities, revenues and earnings of the joint-venture company Centroplan GmbH. The figures are included in the Consolidated Balance Sheet and Consolidated Income Statement:

in EUR '000	31/12/2009	31/12/2008
Non-current assets	24	24
Current assets	677	317
Long term debt	0	0
Current liabilities	632	275
Net assets	69	66
Income	989	597
Expense	(986)	(591)
Earnings after tax	3	6

There exist no contingent liabilities that would be allocable to the group, nor any contingent liabilities of the joint venture itself.

Changes in the group

Fully consolidated

The interest in Ubbink Solar Modules B.V. was increased to 100 % on February 26, 2009. The originally agreed purchase price was EUR 720 thousand. Because this figure was tied to conditions which the original owner Econcern was subsequently no longer able to meet, the purchase price was reduced to EUR 120 thousand. Following the bankruptcy of Econcern, Ubbink Solar Modules was wound up on December 28, 2009. Substantial compensation claims were made against Econcern for nonfulfilment of the contracts; these claims were covered to a substantial extent by the retention of goods. All creditors of Ubbink Solar Modules were satisfied in full prior to its winding-up.

On June 30, 2009 the fully-owned subsidiary Renusol GmbH established the subsidiary Renusol France SARL, Ecully (France). The capital stock is EUR 10 thousand. The purpose of this company is to sell the products of Renusol GmbH in France. The new company was entered on the Companies Register of Lyon under No. 513882522 R.C.S. Lyon on July 31, 2009.

On July 31, 2009 CentroSolar Group AG established the fully owned subsidiary Centrosolar Benelux B.V., Tiel (the Netherlands). The capital stock is EUR 18,000. The purpose of the company is to sell the products of Centrosolar AG in Benelux. The new company was entered on the Register of the Chamber of Commerce of the Central Netherlands under No. 30267799 on August 12, 2009.

On October 12, 2009 Centrosolar America Inc. established two fully-owned subsidiaries, Centrosolar Sales, LLC and Centrosolar Oregon LLC. The capital stock of each is USD 0. The companies were entered on the Delaware Corporate Registry under Nos. 7577863 and 7577725 on October 12, 2009. The companies are not consolidated in the absence of equity capital and business activity.

On November 17, 2009 the fully-owned subsidiary Centrosolar Glas GmbH & Co. KG established the subsidiary Centrosolar Glas Trading Co. Ltd. The capital stock is EUR 140,000. The capital has not yet been paid in. The company was entered on the Corporate Register of Changxin County on November 17, 2009 under No. 330500400011765.

Proportionate consolidation

There were no changes in this category compared with the previous financial year.

Companies consolidated using the equity method

Due to the bankruptcy of the joint-venture partner Qimonda AG and the resulting discontinuation of the project, Itarion Solar Lda. also filed for bankruptcy in July 2009. The investment was therefore written off in full. Because the bankruptcy proceedings have not yet been completed, the company remains listed as a company consolidated using the equity method.

Available-for-sale financial assets

There were no changes in this category compared with the previous financial year.

Consolidation methods

The balance sheet date of the companies included in the Consolidated Financial Statements is December 31, 2009. The financial year of all the subsidiaries included in the Consolidated Financial Statements likewise ended on December 31, 2009. The income statement covers the period from January 1 to December 31, 2009 and has been prepared using the nature of expenditure method. Unless otherwise indicated, the amounts quoted in the Consolidated Financial Statements are quoted in thousand euros (EUR thousand).

The local financial statements of the domestic and foreign subsidiaries included in consolidation have been prepared according to uniform recognition and measurement principles corresponding to those of the parent company, i. e. pursuant to IAS 27, IAS 28 and IAS 31, adjusted and audited. Unless indicated to the contrary, the consolidation methods applied in these accounts have remained unchanged from the previous year.

a Subsidiaries

Subsidiaries are included in the Consolidated Financial Statements in accordance with the rules on comprehensive consolidation, insofar as controlling influence that constitutes control over the financial and business policy of the subsidiary is exercised by the group. Controlling influence is assumed to apply where a share of more than 50 % of the shareholders' equity with voting rights is held, and where over half the voting rights are at the company's disposal. Potential voting rights that can be exercised or converted at the reporting date are taken into account. The date of first or last inclusion in the Consolidated Financial Statements within the context of full consolidation is based on the date on which controlling influence is acquired or lost.

Business combinations are reported according to the purchase method. For this purpose, all assets and liabilities as well as contingent liabilities of the acquired company in existence at the time of acquisition are measured at fair value, irrespective of the existence of minority interests. The cost of acquisition, including the transaction costs directly allocable to the acquisition, is offset against the corresponding acquirer's interest in the acquiree's net equity at the time of initial inclusion in the Consolidated Financial Statements.

The difference in amount between the cost of acquisition and the pro rata net equity is initially allocated to the assets, liabilities and contingent liabilities where its fair value differs from the carrying amount at the time of first-time consolidation. The deferred tax effects resulting from a business combination are likewise taken into account. Any remaining balance in the cost of acquisition over the fair value measurement of the net assets acquired is reported as goodwill. This is then tested for impairment on an annual basis at the level of the cash generating units and, if necessary, written down to the lower value determined.

Where the cost of acquisition falls below the fair value measurement of the net assets acquired, the remaining difference is recognised in profit and loss.

Shares in the equity of subsidiaries that are not allocable to the group parent are reported as minority interests.

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

b Joint ventures

Investments in joint ventures are reported in the Consolidated Financial Statements in accordance with the rules on proportionate consolidation. The Consolidated Balance Sheet contains the group's share of the assets and liabilities of the joint venture. The Consolidated Income Statement contains the group's share of the income and expenditure of the joint venture. All assets, liabilities, income and expenditure of the joint venture are recognised proportionately under the respective items of the Consolidated Financial Statements. Unrealised gains from transactions between the group and its joint ventures are eliminated in proportion to the ownership interest; unrealised losses are likewise eliminated proportionately.

c Associated companies

Investments in associated companies are included in the Consolidated Financial Statements by what is known as the equity method if the ownership interest is between 20 % and 50 % or if the group exercises considerable influence, but no control, by another means.

Under the equity method, shares in associated companies are measured initially at cost. The carrying amount is increased or decreased to recognise the investor's profit share of the investee's earnings for the period after the date of acquisition. The share also includes goodwill arisen at the time of acquisition. This is then tested for impairment and, if impairment is established, written down to the lower value determined. Undisclosed reserves are recorded in an auxiliary calculation and written down on the basis of expected useful life. The resulting effect is shown in the income statement. No expense or income arose in this way in the financial year under review.

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

d Miscellaneous investments

Investments over which the group exercises no control or no significant influence and where its ownership interest is generally not in excess of 20 %, as well as immaterial holdings, are recognised as available-for-sale financial assets.

e Transactions under common control

A business combination of companies under common control constitutes a merger in which ultimately all merging companies are controlled by the same party or parties both before and after the merger, and where this control is not merely temporary in nature. Business combinations of companies under common control are not recorded according to the purchase method of IFRS presented above. Business combinations of this category are recognised by means of a rollover of the carrying amount, whereby – irrespective of the existence of minority interests – the carrying amounts are rolled over at the time of inclusion of the companies thus included. No exposure of undisclosed reserves and encumbrances occurs. This rollover comprises the stated amounts of the assets, liabilities and contingent liabilities included in the Consolidated Financial Statements. A difference between the rolled-over carrying amounts of the investment and the pro rata equity capital, as the reported net assets of the subsidiary, is netted income-neutrally within equity. Instead of any existing goodwill being netted against equity components at first-time consolidation, it is likewise rolled over with the carrying amounts.

Segment reporting

Segment reporting is for the first time prepared in accordance with IFRS 8. Under IFRS 8, reportable operating segments are identified on the basis of the management approach. According to this approach, external segment reporting is based on the group-internal organisational and management structure and on internal financial reporting to the most senior board. This did not result in any material changes for CentroSolar; the business activities and assets continue to be spread between the following two segments:

1 "Solar Integrated Systems": this segment comprises the production and sale of complete photovoltaic systems and solar modules as core components of a photovoltaic system.

2 "Solar Key Components": the activities here relate to the production and sale of coated and uncoated solar glass, and of mounting systems for photovoltaic systems.

The presentation of reporting has been brought in line with internal reporting. The segment results are now shown down to EBIT level, revenue figures by country are stated for each segment, and the net operating working capital has now been included in the key balance sheet figures. The disclosures on financial debt, tax claims and liabilities as well as the disclosures on investment by country are no longer made, as these items do not constitute components of internal reporting.

Segment reporting is based on the same accounting policies as for the other sections of the Consolidated Financial Statements. Income and expenditure are directly attributable to the segments on the basis of source or origin.

Foreign currency translation

The functional currency is the currency of the primary economic environment in which the company is active. In the year under review, the euro was the functional currency of all consolidated companies, apart from

Centrosolar America Inc (US dollar) and Centrosolar Glas Korea (Korean won). The Consolidated Financial Statements are likewise prepared in euros, as this is the functional currency of CENTROSOLAR Group AG.

Transactions conducted are translated into the functional currency using the current exchange rate at the date of the transaction. Exchange differences resulting locally from the fulfilment of such transactions in foreign currency or from the devaluation of assets denominated in foreign currencies or the upward revaluation of liabilities at the balance sheet date are recognised in the income statement in the period in question, unless they are to be recognised within equity as qualified cash flow hedges or qualified net investment hedges. The items in the financial statements of a group company reported in foreign currency are initially remeasured in their functional currency at the reporting-date rate. Exchange differences from changes in the fair value of non-monetary items in the financial statements reported in foreign currency are recognised directly within equity.

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

The following table shows important exchange rates and their development:

Foreign currency translation

ISO code	Rate at reporting date		Average rate	
	31/12/2009	31/12/2008	2009	2008
USD	1.4406	1.3917	1.3948	1.4708
CHF	1.4836	1.485	1.5100	1.5874
JPY	133.16	126.14	130.34	152.45
KRW	1666.97	1839.13	1772.90	1606.09

Financial instruments

The balance sheet shows the financial instruments (investments, accounts receivable, liabilities, debt, cash and cash equivalents) held by the company. The recognition and measurement principles are shown below. The financial instruments may entail credit risks, currency risks and interest risks. At the balance sheet date, there basically existed risks for the principal financial instruments only to the extent that is evident in these Notes. Financial assets are generally recognised at the settlement date.

Financial assets are divided into the following categories:
- Designated at fair value through profit and loss,
- Loans and receivables,
- Held to maturity,
- Available for sale.

Financial liabilities in addition exist.

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

All purchases and sales of financial assets are recognised at the settlement date, in other words the date on which the group undertakes to buy or sell the asset. Financial assets that do not come under the category of "measured at fair value through profit and loss" are initially recognised at their fair value plus transaction costs. They are derecognised if the rights to payments from the investment have expired or been transferred and the group has in essence transferred all risks and rewards associated with their title.

Available-for-sale financial assets and assets in the category "measured at fair value through profit and loss" are measured at their fair value following initial recognition. Loans and receivables as well as receivables in the category "held to maturity" are recognised at amortised cost, using the effective interest rate method. Realised and unrealised gains and losses from the change in the fair value of assets in the category "measured at fair value through profit and loss" are booked to income in the period in which they arise. Unrealised gains from the change in the fair value of non-monetary securities in the category "financial assets available for sale" are recognised within equity. If financial assets in the category "available for sale" are sold or impaired not just temporarily, the cumulative adjustments to the fair value within equity are recognised in profit and loss, in the income statement, as a gain or loss from financial assets.

Investments in equity instruments for which no active market exists, and the fair value of which cannot be reliably determined, are measured at acquisition cost.

Financial liabilities are stated at fair value upon initial recognition. They are then subsequently measured using the effective interest rate method.

It is assessed at each balance sheet date whether there is any objective basis for impairment of a financial asset or group of financial assets. In the case of equity instruments that are classified as financial assets available for sale, a substantial or permanent fall in the fair value to less than the cost of these equity instruments is taken into account in determining the extent of impairment on these equity instruments. If such an indication exists for financial assets available for sale, the cumulative loss – measured as the difference between the cost and the fair value, less impairment losses previously established for the financial asset being considered – is derecognised from equity and recognised in the income statement. Impairment losses of equity instruments are not reversed with an income effect.

No hedge accounting was used for derivative financial instruments. These are measured at cost upon acquisition, then subsequently at fair value through profit and loss.

The fair values of quoted investments are based on the current bid price on an active market. If no active market exists for financial assets or if the assets are not quoted, the fair values are determined by means of appropriate measurement methods.

As in the previous year, the group had no financial assets which came under the category of held to maturity at the balance sheet date of December 31, 2009.

Other recognition and measurement principles

a Goodwill

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

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

b Other intangible assets

Acquired brand rights, customer bases, software and licences are capitalised at cost and amortised in accordance with their anticipated useful lives. In the same way, software developments and other development work that can be capitalised at cost are capitalised at cost and likewise amortised in accordance with their respective anticipated useful lives. Intangible assets also comprising brand names identified upon the acquisition of a company are amortised in accordance with the underlying expectations. In the event of unlimited use, an annual impairment test is conducted and, if necessary, appropriate impairment applied.

The customer bases acquired in connection with business combinations are amortised on the basis of anticipated use, shrinkage rates and margins, correspondingly to their economic benefits. Profitable supply agreements are amortised on the basis of the underlying terms of the agreements, correspondingly to their economic benefits.

According to IAS 38, development costs are to be capitalised as "intangible assets" insofar as certain criteria stated are met cumulatively. Capitalisation takes place if it is likely that the development activities will lead to a future economic benefit which will cover the development costs. Capitalised development costs are amortised on a straight-line basis once a marketable status is achieved. No development costs that represented expense in previous periods are capitalised in later periods. Research costs are not capitalised. All expenses arising in conjunction with the maintenance and upkeep of intangible assets are recorded in the income statement in the period in which they are incurred.

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

Assets that are subject to depreciation and amortisation are examined for impairment if corresponding occurrences or changes in circumstances indicate that the carrying amount may possibly no longer be realisable.

Assets that have an indeterminate useful life are not depreciated or amortised. Instead, they are tested for impairment each year, irrespective of whether or not there is evidence of impairment. If evidence of impairment emerges between the scheduled test dates as a result of unscheduled occurrences, an impairment test is performed irrespective of when the next scheduled impairment test is.

The amount by which the carrying amount exceeds the recoverable amount is recognised as an impairment loss. The recoverable amount is the higher of the fair value of the asset less the costs of disposal, and the value in use.

For the impairment test, assets are combined at the lowest level for which independent cash flows can be identified (cash generating units). For determining the value in use, forecast cash flows are discounted at the pre-tax interest rates applied by the market at that time, to reflect the asset-specific risks that have not been taken into account in the forecast cash flows. Non-financial assets (apart from goodwill) where the carrying amount has been reduced for impairment are in subsequent years examined for a recovery in value to the recoverable amount, but to no more than the scheduled values, i.e. without impairment loss. The reversal of impairment losses recognised in previous periods is recognised within income immediately.

Useful lives serving as the basis for depreciation and amortisation by the straight-line method for property, plant and equipment and intangible assets	Years
Brand rights, licences and customer bases	3 – 40
Patents/technologies	5 – 25
Software and software developments	3 – 10
Capitalised development costs	5 – 25
Buildings	7 – 33
Technical equipment and machinery	3 – 20
Fixtures and office equipment	2 – 10

c Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated regular depreciation occasioned by use, pursuant to IAS 16. Subsequent costs are capitalised where these are associated with future economic benefit that can reliably be measured. Self-created plant includes shares of overheads in addition to the direct costs. Depreciation is charged according to the straight-line method. If necessary, a reduction for impairment is recognised for property, plant and equipment down to the recoverable amount. All expenses arising in conjunction with the maintenance of property, plant and equipment are recorded in the income statement for the period in which they are incurred.

d Investment subsidies and grants

Government grants are reported at fair value if it is relatively certain that the grant will be made and the group satisfies the necessary conditions to receive the grant. Investment subsidies are netted directly with the costs, and investment grants are reported under other liabilities and liquidated on a straight-line basis over the anticipated useful life of the assets in question, with an income effect. Performance-related grants which either compensate for corresponding expenses or constitute income at the time they are claimed but are not associated with current or future expenses are recognised as income.

e Financial investments

Financial investments comprise investments in associated companies, non-associated companies and other loans originated by the enterprise. The associated companies are stated at cost, which rises or falls depending on the share of net profits in the subsequent period. Investments in non-associated companies are recognised initially at fair value and subsequently at amortised cost. They are assigned to the category "available for sale". Credit (loans originated by the enterprise) is assigned to the category "loans and receivables". If necessary, a reduction for impairment down to the recoverable amount is recognised.

f Inventories

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

Customer-specific construction contracts are normally recognised applying the percentage of completion (POC) method. Contract costs are recognised when they arise. Contract revenue is only recognised to the extent that costs are recoverable. If the outcome of a construction contract can be determined reliably and it is probable that the contract will be profitable, the contract revenue is recognised over the duration of the contract. If it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. The stage of completion corresponds to the percentage of the contract costs incurred by the balance sheet date compared with the expected total costs of a contract. All ongoing construction contracts with balances due from customers are reported under assets, unpaid partial invoices are shown under trade receivables, and contracts with balances due to customers are shown under liabilities. If no reliable project controlling is available to determine the stage of completion and the profit, the "zero profit method" is used. Here, revenues are reported at the same levels as the corresponding expenses. At the balance sheet date there were no ongoing construction contracts measured using the POC method.

g Accounts receivable and other assets

Accounts receivable and other assets are recognised and measured initially at fair value and subsequently at amortised cost, using the effective interest rate method. Appropriate impairment has been recognised for identified risks, as indicated by experience. The impairment is determined from the difference between the nominal value and the anticipated future discounted cash receipts. It is distinguished on the assets side as soon as there is objective evidence that the principal due is not fully recoverable. Impairment is recognised in the income statement. These non-derivative financial assets are not quoted and are not held with the intention of trading these accounts receivable. They are considered to be loans and receivables within current assets, provided their maturity date is no more than twelve months from the balance sheet date. Other current assets also include prepaid expenses which relate to expenditures for future periods.

h Deferred tax

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

Deferred tax assets and liabilities are not discounted. Deferred tax resulting from temporary differences in connection with investments in subsidiaries, joint ventures and associated companies is reported unless differences cannot be reversed within a foreseeable time frame or the timing of the reversal can be controlled by the company. Where the underlying matter is recognised within equity, the deferred tax on it is likewise recognised within equity. Deferred tax claims and liabilities are netted with each other for the individual company, provided the conditions for netting are met. Deferred tax is classified as non-current on the balance sheet.

i Cash and cash equivalents

Cash and cash equivalents are recorded at their nominal value. They comprise cash on hand, demand deposits, and deposits with a maturity of one month or less. Bank overdrafts repayable on demand form an integral part of the group's cash management. Bank overdrafts are therefore included as a component of cash and cash equivalents for the purpose of the cash flow statement. These amounts owed to banks and due at any time are shown in the balance sheet as debt.

j Non-current assets held for sale

Non-current assets held for sale are reported at the lower of the carrying amount or the fair value less disposal costs. Changes in value resulting from initial classification as an asset available for sale and a subsequent rise in the fair value less disposal costs are recognised in the income statement.

k Pension provisions

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

The pension commitments exist only for long-serving employees of the aforementioned subsidiary. Pension commitments are not given to other employees or to more recent employees of the above company.

For the majority of employees, CENTROSOLAR solely pays contributions to public pension schemes. The employees are able to make use of various company-assisted schemes for funding their retirement that involve converting pay into pension contributions (direct insurance, pension fund, benevolent fund). Over and above the contribution payments, the group has entered into no further benefit obligations.

There in addition exist employer-financed, contribution-based commitments based on retirement benefit arrangements for individual management employees. Over and above the contribution payments, the group has not entered into any further benefit obligations.

l Other provisions

Other provisions are created for all present obligations at the balance sheet date that result from previous business transactions or past occurrences, where the amount and due date are uncertain. These provisions are stated at the most likely, reliably estimable amount of settlement and are not netted against revenue and gains. The likelihood of the cash outflow must be more than 50 % ("more likely than not" criterion). Provisions are created only where a legal or factual obligation to third parties exists and the level of the provisions could be reliably determined. In the event of a wide range of obligations of a similar nature resulting for instance from statutory warranty obligations, they are determined on the basis of this group of obligations. Provisions may in certain circumstances be recognised as a liability if the likelihood of an isolated obligation materialising within the underlying overall group is slight.

m Financial liabilities

Financial liabilities are stated at fair value including discounts or other transaction costs upon initial measurement, and subsequently reported at amortised cost using the effective interest rate method. Transaction costs are recognised as an expense in the period in which they are incurred. Liabilities from loans are classified as current if they are repayable within the next twelve months. These include in particular the credit lines made available for the working capital.

n Leases

Leases where all opportunities and risks are allocable in substance to the group are classified as finance leases. They are measured at the fair value of the asset at the start of the lease term or at the lower present value of the future lease instalments. Every lease payment is divided up into a capital and an interest portion. Leases where significant portions of the opportunities and risks rests with the lessor are classified as operating lease obligations. CentroSolar occupies the role of lessee in the context of finance leases and lessor in the context of operating leases.

o Other liabilities

Other liabilities include e.g. deferred income including receipts prior to the reporting date that represent income for future periods.

p Shareholders' equity

The issued capital (capital stock) comprises all no par value shares issued by CentroSolar Group AG. These are reported as shareholders' equity. Each individual share represents a pro rata amount of the capital stock of EUR 1. One share carries one voting right; there are no non-voting shares.

Transaction costs incurred directly in connection with the issuing of new shareholders' equity are recognised as a deduction from equity including all associated income tax benefits. Transaction costs incurred directly in connection with the issuing of new shareholders' equity in the context of a business combination are a component of the acquisition costs and recognised through profit and loss. If a group company acquires treasury stock, the costs including ancillary costs and potential income tax effects are deducted from the shareholder's share of equity until the treasury stock has been withdrawn from circulation, reissued or sold. In the event of the reissue or sale of treasury stock, the purchase prices received, including all associated transaction costs and income tax benefits, are recognised in the shareholder's share of equity.

The other reserves essentially comprise the values of changes from currency translation recognised in equity and the reserve formed for stock options.

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

q Share-based payment systems

CentroSolar uses share-based payment systems counterbalanced by equity instruments. Stock options are granted to employees, members of the management and Management Board members on the basis of a stock option scheme. They are recognised on the basis of the principles defined in IFRS 2, and are measured once on the respective date of granting. Under IFRS 2, share-based payment agreements are to be reported at the fair value of the consideration received. As the fair value of the consideration received cannot be estimated reliably, CentroSolar calculates the changes to shareholders' equity indirectly, using the fair value of the stock options granted. In the absence of market prices, this fair value is calculated with the aid of a binominal model. This model estimates the price that could be achieved between knowledgeable, willing parties in an arm’s length transaction for the stock options concerned at the relevant measurement date. The factors and assumptions in accordance with the specifications of IFRS 2 that market players would take into consideration in determining the price. Insofar as applicable, it is assumed when determining the factors and assumptions on which the calculation is based that historical values and developments will likewise apply to future developments and can serve as a point of reference or starting point for calculation parameters. The value of an option calculated at its date of issue is used as the basis for the expense to be recognised; changes due to shifts in the parameters after the date of issue are then no longer reflected in the value of the option if they relate to service or market related performance features. On the other hand, new indications of the anticipated number of options exercised are reflected in expense during the vesting period.

The expense from share-based payment transactions is distributed over the vesting period by the straight-line method as a personnel expense and recognised in the additional paid-in capital for stock options until the option is exercised or lapses. Changes after the end of the vesting period have no effect on income and are only recognised within shareholders' equity. If there are tax effects from share-based payment transactions, the tax effects are shown as a proportion of the personnel expense recognised under tax expense. The excess shares are deferred within equity via deferred tax assets as a surplus amount and recognised directly within equity in a separate reserve for deferred tax. Income accrued by the company at the time of exercise of stock options, less direct expenses, is allocated to the issued capital and the premium to the additional paid-in capital. Option-related reserves created are moreover allocated pro rata to the additional paid-in capital for the consideration received and for their tax effects. Cash flows from tax effects for share-based payment transactions are recorded in the cash flow statement as allocations to the additional paid-in capital as soon as the cash flow from the relevant tax return has been settled with the tax authorities.

r Revenue recognition

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

s Financing costs

Financing costs such as interest are recognised as income or expense time-proportionally and on an accrual basis that reflects the terms of the asset or liability, using the effective interest rate method. Financing costs are only included in the cost of property, plant and equipment, intangible assets and inventories where qualifying assets exist.

t Dividends

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

Critical assumptions and estimates

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

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

The inventories were compared with the selling prices that can be realised and, if the cost is higher, written down to the lower selling price. These were derived from the market prices and realised selling prices from the first two months of the subsequent financial year.

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

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

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

Goodwill is subjected to an annual impairment test, and a sensitivity analysis is performed. Impairment testing was carried out as at October 1, 2009. The discount rate applied was a pre-tax WACC rate of 8.4 to 8.5 %. In the course of the impairment test and the corresponding sensitivity analysis it was established that even with plausible changes in the imputed parameters, no impairment of goodwill would have been necessary. In the case of supplier relations and supply agreements on the purchasing side, certain assumptions were made with regard to the future level of market prices on the purchasing side. Erroneous estimates can lead to these agreements being implemented without losses being adjusted.

Where contingent purchase price liabilities cannot be determined precisely, they are determined on the basis of the accounting policies applicable to provisions and measured at their most probable value.

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

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

The future-related statements made in the Consolidated Financial Statements are based on current expectations, assumptions and estimates by the management of the CENTROSOLAR Group. These statements are not to be interpreted as guarantees that the forecasts made have proved correct. Rather, future developments and occurrences are dependent on a wide range of factors that are subject to risks and uncertainties inter alia in the areas described above, the influencing factors of which lie outside the sphere of influence of the CENTROSOLAR Group. Actual developments may therefore depart from any implicit or explicit future-related statements made.

Financial risk management objectives and policies

The CENTROSOLAR Group operates internationally. In view of the variety of its activities, the group is exposed to a wide range of risks such as market risks, credit risks and liquidity risks. The group's risk management system analyses various risks and attempts to minimise negative effects on the financial position of the group. Risk management is practised in the finance departments on the basis of existing guidelines. Risk managers identify, measure, assess and support the steering of potential sources of risks.

Market risk

The market risks comprise exchange rate, interest and price risks.

Exchange rate risk

- Dependence on exchange risk: Market risks from currency translation are limited, as sales transactions take place principally in euros. At the procurement end, there exist risks essentially in connection with the purchasing of solar cells and thin-film laminates in USD. In view of the oversupply of solar cells on the market, however, it was likewise possible here to switch purchasing predominantly to euros.

- Controlling the exchange rate risk: Currency hedging transactions were concluded to hedge against the USD risks. The measurement of these cash flow hedges, which are used for hedging future cash flows, is reported under equity and liabilities until the income effect of the underlying transaction is realised. If the cash flow hedge does not satisfy the documentation requirement or is to be regarded as not effective, gains or losses are recognised with an effect on income. Hedge accounting was not used in the financial year.
- Sensitivity to exchange rate fluctuations: The following table shows the sensitivity of earnings before tax to fluctuating exchange rates based on the trade receivables and payables and other financial assets and liabilities at December 31, 2009.

Foreign currency risk

in EUR '000

	Net carrying amount	Change in earnings before tax if...		Change in shareholders' equity if...	
	31/12/09	... euro appreciates by 5 %	... euro weakens by 5 %	... euro appreciates by 5 %	... euro weakens by 5 %
USD	(3,465)	165	(182)	0	0
CHF	(21)	1	(1)	0	0
KRW	1	(0.0)	0.1	0	0
Total		**166**	**(183)**	**0**	**0**

The present values of the foreign currency hedges are moreover exposed to exchange rate risks that directly affect earnings before tax. There were no foreign currency derivatives at December 31, 2009.

Interest rate risk:

- Dependence on interest rate risks: Interest rate risks occur for interest-bearing instruments. At December 31, 2009 the group reported variable-rate borrowings of EUR 17,285 thousand.
- Managing the interest rate risk: To minimise the interest rate risks, interest cap certificates (swaps) were taken out for approximately 31 % of the variable-rate borrowings. The measurement of these cash flow hedges follows the principle of IAS 39. Market value changes in these cash flow hedges, which are used for hedging future cash flows, are reported under equity and liabilities until the income effect of the underlying transaction is realised. If the cash flow hedge does not satisfy the documentation requirement or is to be regarded as not effective, gains or losses are recognised with an effect on income.
  Cash flows from these interest rate and currency hedges are assigned to the cash flow from operating activities and recognised through profit and loss. No hedge accounting was used in the financial year. The fair value is determined by applying valuation models of the relevant partner bank and is based on the market circumstances at the relevant balance sheet date.
- Sensitivity to interest rate changes: Based on the financial liabilities and assets at December 31, 2009 with a variable interest rate and for which no interest rate hedging transactions exist, an assumed rise in interest rates of 50 base points would reduce the earnings before tax by EUR 59 thousand.

Price risks

In respect of the Consolidated Financial Statements at December 31, 2009 the group was not exposed to any other price risks as defined by IFRS 7.

Credit risk

- Dependence on credit risks: Credit risk refers to the risk that arises when one party to a contract is unable to meet its obligations concerning a financial instrument. The maximum credit risk is the aggregate of the carrying amounts of financial assets recognised on the balance sheet. Trade receivables exist mainly in respect of customers in the eurozone and the USA. CentroSolar has no significant concentration of credit risk with any single customer. The largest customer in the group accounts for 8.7 % of revenue. Other assets essentially comprise receivables due from a wide range of different counterparties.
- Managing the credit risk: Credit risks regarding accounts receivable are in essence limited by the application of credit approvals, limits and monitoring procedures. The level of a credit limit reflects the creditworthiness of a counterparty and the typical size of the transaction volume with that counterparty. The assessment of creditworthiness is based on the one hand on information from external credit reporting agencies and on the other hand on internally acquired past experience in dealing with the counterparty in question.

Liquidity risk

- Managing the liquidity risk: The liquidity risk is managed by maintaining adequate levels of cash and unutilised credit lines with banks. The liquidity of the group companies is regularly monitored by the group parent with the aid e.g. of liquidity status reports, short-term liquidity forecasts and medium-term balance sheet and cash flow planning.

Additional disclosures on financial instruments

Carrying amounts, stated amounts and fair values by measurement category

in EUR '000	Measurement category acc. to IAS 39	Carrying amount	Stated amount acc. to IAS 39 Amortised cost	Acquisition cost	Fair Value in equity	Fair Value through profit and loss	Stated amount acc. to IAS 17	Fair Value
2009								
Assets								
Loans originated by the enterprise	LaR	69	69					69
Trade receivables	LaR	22,582	22,582					22,582
Derivative financial assets								
Derivatives without hedging relationship	LAHfT	0				0		0
Cash and cash equivalents	LaR	13,782	13,782					13,782
Other financial assets								
Other receivables	LaR	3,606	3,606					3,606
Available for sale financial assets	AfS [1]	985		985				985
Equity and liabilities								
Financial debt								
Due to banks	FLAC	35,193	35,193					35,193
Finance lease liabilities	n.a.	7,488					7,488	7,488
Other financial debt	FLAC	15,130	15,130					15,130
Trade payables	FLAC	19,646	19,646					19,646
Derivative financial liabilities								
Derivatives without hedging relationship	FLHfT [2]	366				366		366
Other financial liabilities	FLAC	6,713	6,713					6,713
2008								
Assets								
Loans originated by the enterprise	LaR	104	104					104
Trade receivables	LaR	16,191	16,191					16,191
Derivative financial assets								
Derivatives without hedging relationship	LAHfT	645				645		645
Cash and cash equivalents	LaR	16,800	16,800					16,800
Other financial assets								
Other receivables	LaR	4,111	4,111					4,111
Available for sale financial assets	AfS	985		985				985
Equity and liabilities								
Financial debt								
Due to banks	FLAC	71,643	71,643					71,643
Finance lease liabilities	n.a.	4,128					4,128	4,128
Other financial debt	FLAC	15,143	15,143					15,143
Trade payables	FLAC	14,616	14,616					14,616
Derivative financial liabilities								
Derivatives without hedging relationship	FLHfT	238				238		238
Other financial liabilities	FLAC	11,099	11,099					11,099

[1] Because no active market exists for the investments, the fair value corresponds to cost.

[2] The fair value corresponds to the price on the regulated market

in EUR '000

	Measurement category acc. to IAS 39	Carrying amount	Stated amount acc. to IAS 39				Stated amount acc. to IAS 17	Fair Value
			Amortised cost	Acquisition cost	Fair Value in equity	Fair Value through profit and loss		
Total per measurement category acc. to IAS 39								
2009								
Loans and Receivables	LaR	40,040	40,040					40,040
Available for Sale Financial Assets	AfS	985		985				985
Financial Assets Held for Trading	FAHfT	0				0		0
Financial Liabilities Measured at Amortised Costs	FLAC	76,683	76,683					76,683
Financial Liabilities Held for Trading	FLHfT	366				366		366
2008								
Loans and Receivables	LaR	37,206	37,206					37,206
Available for Sale Financial Assets	AfS	985		985				985
Financial Assets Held for Trading	FAHfT	645				645		645
Financial Liabilities Measured at Amortised Costs	FLAC	112,501	112.501					112,501
Financial Liabilities Held for Trading	FLHfT	238				238		238

The present value of the receivables corresponds virtually to the fair value.

Net result by measurement category

in EUR '000

	From interest, dividends	From subsequent measurement			From disposals	Net result	
		At Fair Value	Currency translation	Reductions for impairment		2009	2008
Loans and Receivables (LaR)	111	n.a.	189	(407)	0	(107)	(237)
Available for Sale Financial Assets (AfS)	0	n.a.	0	0	0	0	0
Financial Assets Held for Trading (FAHfT)	n.a.	0	n.a.	n.a.	0	0	(352)
Financial Liabilities Measured at Amortised Costs (FLAC)	(4,735)	n.a.	133	n.a.	0	(4,602)	(5,056)
Financial Liabilities Held for Trading (FLHfT)	n.a.	(952)	n.a.	n.a.	523	(429)	338

D Notes to the consolidated balance sheet and consolidated income statement

1 Goodwill

in EUR '000	Total goodwill
2009	
Accumulated cost Jan 1	**49,429**
Additions for first-time consolidation	0
Additions	0
Disposals	0
Exchange differences	0
Accumulated cost Dec 31	0
Accumulated impairment Jan 1	0
Impairment	0
Accumulated impairment Dec 31	0
Net carrying amount December 31, 2009	49,429
2008	
Accumulated cost Jan 1	49,429
Additions for first-time consolidation	0
Additions	0
Disposals	0
Exchange differences	0
Accumulated cost Dec 31	49,429
Accumulated impairment Jan 1	0
Disposals	0
Accumulated impairment Dec 31	0
Net carrying amount December 31, 2008	49,429

An impairment test was performed on the basis of value in use. The calculation was based on a cash flow oriented model. The calculations use as their basis values indicated by past experience on the individual service provided, as well as the planned provisional budget for 2010, estimates of forward-looking assumptions that are planned over a period of four forecast years, and also a rollover value calculated on the basis of the fourth forecast year. A growth rate of 2.0 % p.a. was assumed in the calculation of the rollover value. Specific assumptions on growth rates and developments in margins were moreover made for the cash-generating units. Average weighted growth rates of between 7 % and 22 % p.a. apply for the forecast years. Assumptions were moreover made individually with regard to gross margins derived from values indicated by past experience and currently known price and product mix developments.

A discounting rate of 8.4 % to 8.5 % p.a. for earnings before tax was applied in the model. This was formed from the weighted costs of borrowed capital and equity capital, with the equity capital costs derived using CAPM by incorporating beta factors for our own shares into the calculation.

There was no need for write-down of the goodwill that had arisen.

Allocation of goodwill to cash generating units

in EUR '000

	2009	2008
Centrosolar Glas	3,790	3,790
Solarsquare	5,817	5,817
Centrosolar AG	39,779	39,779
Miscellaneous	42	42
Total	**49,429**	**49,429**

Allocation of goodwill to cash generating units

in EUR '000

	Solar Integrated Systems		Solar Key Components		Total	
	2009	2008	2009	2008	2009	2008
Germany	39,821	39,821	3,790	3,790	43,611	43,611
Rest of Europe	5,817	5,817	0	0	5,817	5,817
Total	**45,638**	**45,638**	**3,790**	**3,790**	**49,429**	**49,429**

2 Other intangible assets

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

Intangible assets

in EUR '000

2009	Industrial rights and similar rights	Software	Capitalised development costs	Assets in course of construction	Total intangible assets
Accumulated cost Jan 1	27,168	1,164	274	0	28,607
Additions for first-time consolidation	0	0	0	0	0
Additions	23	1,111	169	27	1,329
Disposals	(162)	(37)	0	0	(199)
Reclasses	111	(18)	0	0	93
Exchange differences	0	0	0	0	0
Accumulated cost Dec 31	27,139	2,220	444	27	29,829
Accumulated amortisation Jan 1	(20,576)	(410)	(150)	0	(21,136)
Additions	(1,896)	(456)	(53)	0	(2,405)
Disposals	84	36	0	0	120
Reclasses	(22)	22	0	0	0
Exchange differences	0	0	0	0	0
Accumulated amortisation Dec 31	(22,411)	(807)	(203)	0	(23,421)
Net carrying amount December 31, 2009	**4,729**	**1,413**	**241**	**27**	**6,409**

2008	Industrial rights and similar rights	Software	Capitalised development costs	Assets in course of construction	Total intangible assets
Accumulated cost Jan 1	27,153	635	274	0	28,062
Additions for first-time consolidation	0	0	0	0	0
Additions	0	523	0	0	524
Disposals	0	0	0	0	0
Reclasses	15	6	0	0	20
Exchange differences	0	0	0	0	0
Accumulated cost Dec 31	27,168	1,164	274	0	28,607
Accumulated amortisation Jan 1	(14,577)	(107)	(99)	0	(14,782)
Additions	(5,979)	(297)	(51)	0	(6,326)
Disposals	(21)	(6)	0	0	(27)
Accumulated amortisation Dec 31	(20,576)	(410)	(150)	0	(21,136)
Net carrying amount December 31, 2008	**6,592**	**754**	**125**	**0**	**7,471**

Apart from the capitalised development costs, all miscellaneous intangible assets were acquired.

In the case of the industrial rights and similar rights capitalised under IFRS 3, of the brand rights of CentroSolar AG the remaining useful life was re-estimated at 2 years at December 31, 2009 in view of a stronger focus on the core brand Centrosolar; as a result, the annual amortisation on these brand rights increased year on year by EUR 1,159 thousand.

The capitalised development costs contain assets with a carrying amount of EUR 75 thousand (previous year EUR 125 thousand) that were identified in the context of IFRS 3 purchase price allocations.

3 Property, plant and equipment

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

Property, plant and equipment

in EUR '000

2009	Land and buildings	Technical equipment and machinery	Furniture, fixtures and office equipment	Assets in course of construction	Total property, plant and equipment
Accumulated cost Jan 1	11,778	16,006	4,089	2,050	33,922
Additions for first-time consolidation	0	0	0	0	0
Additions	692	8,079	1,172	1,146	11,089
Disposals	(0)	(2,765)	(263)	0	(3,028)
Reclasses	(14)	1,912	57	(2,049)	(93)
Exchange differences	0	0	0	0	0
Accumulated cost Dec 31	12,456	23,232	5,055	1,147	41,889
Accumulated depreciation Jan 1	(454)	(4,316)	(1,280)	0	(6,050)
Additions	(554)	(2,824)	(876)	0	(4,254)
Disposals	0	1,053	157	0	1,211
Reclasses	4	2	(6)	0	0
Accumulated depreciation Dec 31	(1,004)	(6,085)	(2,004)	0	(9,093)
Net carrying amount December 31, 2009	**11,452**	**17,147**	**3,051**	**1,147**	**32,797**
2008					
Accumulated cost Jan 1	3,709	8,212	2,083	1,091	15,096
Additions for first-time consolidation	0	0	0	0	0
Additions	8,037	6,938	2,032	2,044	19,050
Disposals	(0)	(19)	(66)	(140)	(225)
Reclasses	33	875	37	(945)	(0)
Exchange differences	0	0	2	0	2
Accumulated cost Dec 31	11,778	16,006	4,089	2,050	33,922
Accumulated depreciation Jan 1	(116)	(2,081)	(608)	0	(2,805)
Additions	(337)	(2,058)	(626)	0	(3,021)
Disposals	(1)	(182)	(40)	0	(224)
Reclasses	0	5	(5)	0	0
Accumulated depreciation Dec 31	(454)	(4,316)	(1,280)	0	(6,050)
Net carrying amount December 31, 2008	**11,325**	**11,689**	**2,809**	**2,050**	**27,872**

The reclasses from assets in course of construction in essence concern the commissioning of additional plant for the Wismar and Fürth production locations which was under construction at the start of the financial year.

The additions to technical equipment and machinery were occasioned principally by investment in extensions to the Fürth and Wismar production plants, with the focus on Wismar.

There exist purchase commitments for property, plant and equipment amounting to EUR 2,170 thousand at the balance sheet date.

Investment subsidies are netted directly with the costs, thus reducing the basis for measuring depreciation. The following amounts of investment subsidies were netted in the financial year: For land and buildings, EUR 12 thousand (previous year EUR 1,227 thousand), for technical equipment and machinery, EUR 1,115 thousand (previous year EUR 534 thousand), for furniture, fixtures and office equipment, EUR 52 thousand (previous year EUR 111 thousand).

Furniture, fixtures and office equipment consists of various items in production, warehouses and offices. At the reporting date, the assets in course of construction consist of machinery and plant supplied but not yet accepted.

Technical equipment and machinery includes assets with a carrying amount of EUR 5,958 thousand (previous year EUR 3,949 thousand) reported in the context of finance leases. These assets had been added at historical costs of EUR 7,625 thousand (previous year EUR 4,879 thousand). Depreciation amounting to EUR 737 thousand (previous year EUR 538 thousand) was applied to them in the financial year. The accumulated depreciation totals EUR 1,667 thousand (previous year EUR 930 thousand).

EUR 21,583 thousand (EUR 19,095 thousand) of the reported property, plant and equipment served as security for bank loans at the reporting date.

4 Investments accounted for using the equity method, loans originated by the enterprise and available-for-sale financial assets

Their classification and development of these assets are shown below:

Financial investments

in EUR '000

2009	Financial investments accounted for using equity method	Available-for-sale financial assets	Loans originated by the enterprise	Total
Accumulated cost Jan 1	10,135	985	104	11,223
Additions	0	0	17	17
Disposals	0	0	(52)	(52)
Reclasses	0	0	0	0
Accumulated cost Dec 31	10,135	985	69	11,189
Accumulated depreciation Jan 1	0	0	0	0
Additions	10,135	0	0	10,135
Accumulated depreciation Dec 31	10,135	0	0	10,135
Net carrying amount December 31, 2009	**0**	**985**	**104**	**1,054**
2008				
Accumulated cost Jan 1	0	1,949	170	2,119
Additions	9,985	10	36	10,031
Disposals	0	(824)	(102)	(926)
Reclasses	150	(150)	0	0
Accumulated cost Dec 31	10,135	985	104	11,223
Accumulated depreciation Jan 1	0	0	0	0
Additions	0	0	0	0
Accumulated depreciation Dec 31	0	0	0	0
Net carrying amount December 31, 2008	**10,135**	**985**	**104**	**11,223**

The four investments listed in the "Consolidated companies" section are reported here as available for sale.

The depreciation for the category of investments accounted for using the equity method comprises the full write-off of the 49 % interest in Itarion Solar Lda.

The disposal of loans concerns the scheduled repayment of loans extended.

Investments accounted for using the equity method

in EUR '000

	2009	2008
At Jan 1	10,135	0
First-time consolidation	0	0
Additions	0	9,985
Disposals	(0)	(0)
Reclasses	0	150
Share of losses	0	0
Share of gains	0	0
Depreciation and amortisation	(10,135)	0
At Dec 31	**0**	**10,135**

Investments accounted for using the equity method

in EUR '000

	Itarion Solar Lda 31/12/2009	31/12/2008
Ownership interest in %	49.0	49.0
Fixed assets	0	34,037
Current assets	0	14,107
Total liabilities	0	28,143
Revenue	0	0
Net income	0	0

5 Deferred tax assets

The deferred tax assets pursuant to IAS 12 are calculated on the temporary difference between the valuations of assets and liabilities in the IFRS balance sheet and the tax balance sheet, and also from tax loss carryforwards. They were measured at tax rates of between 7.8 and 34 %.

Deferred tax assets

in EUR '000

	2009	2008
Loss carryforwards	4,977	10,922
Deferred tax on loss carryforwards	1,596	3,591
Measurement difference for property, plant and equipment	71	116
Deferred tax on property, plant and equipment	22	29
Measurement difference for inventories	874	740
Deferred tax on inventories	282	171
Measurement difference for pension provisions	416	429
Deferred tax on pension provisions	62	64
Measurement difference for financial debt	748	840
Deferred tax on financial debt	114	125
Measurement difference for derivatives	348	238
Deferred tax on derivatives	98	60
Total deferred tax (gross)	**2,174**	**4,040**

The figure stated for the deferred tax assets on tax loss carryforwards takes account of the probability of their being realised; the useful life of the loss carryforwards is indefinite. No deferred tax claim was stated for loss carryforwards amounting to EUR 8,242 thousand (previous year EUR 1,732 thousand). In the financial year, a total of EUR 1,750 thousand in impairment of deferred tax claims on loss carryforwards was recognised, including EUR 732 thousand within equity. The net values represent the total of the anticipated netted values of deferred tax assets and liabilities of a group company in respect of a taxation authority. At December 31, 2009 the group stated deferred tax claims of EUR 1,240 thousand (previous year EUR 3,579 thousand) for companies that suffered a loss in the current period or in the previous period. The basis for creating deferred tax is the management's assessment that it is probable that the companies in question will generate taxable profits against which the deductible temporary differences can be offset.

EUR 732 thousand (previous year EUR 93 thousand) was reported in equity as deferred tax expense in the financial year.

Deferred tax assets

in EUR '000

	Gross		Net	
	2009	2008	2009	2008
Reversal expected within 12 months	1,323	898	414	594
Reversal expected after 12 months at the earliest	851	3,142	613	1,862
Total	**2,174**	**4,040**	**1,027**	**2,456**

6 Inventories

The inventories are divided into the following categories:

Inventories by category

in EUR '000

	2009	2008
Raw materials and supplies	23,125	26,532
Work in progress (goods)	795	956
Finished goods and merchandise	20,889	44,419
Total	**44,809**	**71,907**

Of the inventories, an amount of EUR 30,818 thousand (previous year EUR 9,335 thousand) served as security for bank loans at the reporting date.

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

Inventories

in EUR '000

	2009	2008
Inventory at historical cost	29,912	41,455
Inventory at net realisable value		
Original value at historical cost	18,130	33,191
Reduction for impairment for obsolescence	(0)	(260)
Reduction for impairment due to lower net realisable value	(3,233)	(2,479)
Carrying amount after reduction for impairment	14,897	30,452
Total	**44,809**	**71,907**

Reductions for impairment amounting to EUR 2,351 thousand (previous year EUR 2,296 thousand) were recognised in the income statement in 2009.

7 Trade account receivables

There are trade account receivables only in respect of third parties.

The following table provides an overview of the overdue, unimpaired financial assets and the financial assets that are neither overdue nor unimpaired. Impairment arose exclusively in the trade receivables category, with the result that only that area is shown in detail.

Trade account receivables

in EUR '000

	2009	2008
Receivables not overdue or overdue by less than 30 days	19,411	15,390
Receivables overdue by more than 30 days	1,236	216
Receivables overdue by more than 60 days	304	336
Receivables overdue by more than 90 days	1,585	97
Total	**22,536**	**16,039**

With regard to the unimpaired receivables and loans originated by the enterprise, there is no evidence at the reporting date that the debtors will not meet their payment commitments. The trade receivables are all due within one year.

The trade receivables include receivables in various foreign currencies. The following table provides an overview of which carrying amounts in euros existed in each foreign currency at the balance sheet date, and what effects a movement in the exchange rate have on the company's income statement if the exchange rates change by 5 % by the time of payment.

Sensitivity of foreign currency receivables

in EUR '000

2009	Carrying amount	Exchange rate change	Effect on income statement
USD	844	± 5 %	44/(40)
KRW	-	± 5 %	-
Total	**844**		**44/(40)**
2008			
USD	377	± 5 %	20/(18)
KRW	2	± 5 %	0/(0)
Total	**379**		**20/(18)**

In some cases the impaired receivables are the subject of a collection process.

Impairment developed as follows:

EUR '000	2009	2008
At Jan 1	383	136
Additions due to first-time consolidation	0	0
Allocated	429	444
Used	(26)	(127)
Reversed	(413)	(70)
At Dec 31	**373**	**383**

The following table shows the expenses for the full derecognition of trade receivables and income from the receipt of derecognised trade receivables.

EUR '000	2009	2008
Expenses for the full derecognition of receivables	(316)	(128)
Income from the receipt of derecognised receivables	126	83
Total	**(190)**	**(45)**

To finance peaks in working capital, one subsidiary has scope for transferring trade receivables by way of an internal relationship to a bank (factoring). The company retains the opportunities and risks incumbent upon a portion of the receivables as well as the obligation to reimburse the bank for interest (but not the principal amount) in the event of late settlement of the receivable. This risk amounts to EUR 66 thousand at the balance sheet date (previous year EUR 108 thousand). Of the total receivables, EUR 7,057 thousand (previous year EUR 2,487 thousand) was serving as security for bank loans at the reporting date. Adequate impairment for losses on receivables has been applied on a case by case basis to cover identified risks. The portion of receivables covered by credit insurance at the balance sheet date was EUR 2,901 thousand (previous year EUR 2,816 thousand). As a result of the large number of customers and various customer groups as well as the international customer structure, the credit risk of accounts receivable is diversified. The changes in impairment were recognised in the income statement.

8 Other current assets

The following table shows a breakdown of other current assets.

Other current assets

in EUR '000

	2009	2008
Payments on account for inventories	1,941	2,541
Loans	0	1,882
Tax claims	1,093	5,860
Prepaid expenses	405	271
Receivables from factoring	269	524
Compensation/other credits	759	771
Receivables from investment subsidies	3,176	2,791
Other	2,212	1,282
Total	**9,855**	**15,922**

A loan for originally USD 2.5 million granted in September 2008 has been repaid in full.

The prepaid expenses largely comprise insurance premiums and service expenses at the reporting date.

The receivables from investment subsidies largely concern the expansion of the production line at Wismar and should be received by the end of 2010.

9 Derivative financial instruments

The CentroSolar Group has concluded various interest rate swaps. These constitute derivative financial instruments held for trading and are measured at fair value with an effect on earnings.

Derivative financial instruments held for trading are classified as current assets or liabilities. The full fair value of a derivative hedging instrument is classified as non-current provided the maturity of the hedged instrument exceeds 12 months; it is otherwise classified as current.

The following table provides an overview of the derivative financial instruments recognised at December 31, 2009:

Derivative financial instruments

in EUR '000

	Assets		Total liabilities	
	2009	2008	2009	2008
Interest rate swap – held for trading	0	214	366	147
Forward contracts – available for trading	0	431	0	91
Total	**0**	**645**	**366**	**238**
Of which current portion	0	606	235	238

Derivative financial instruments yielded the following profit contributions:

Effects on profit of derivative financial instruments

in EUR '000

	2009	2008
Unrealised interest rate swaps – available for trading	(547)	104
Realised forward contracts – available for trading	31	352
Unrealised forward contracts – available for trading	0	98
Total	**(516)**	**554**

The fixed, agreed interest rates at the balance sheet date vary between 3.2 % and 5.65 % (previous year 4.13 % and 5.37 %). The Euribor serves as a variable interest rate.

10 Cash and cash equivalents

Cash and cash equivalents totalled EUR 13.8 million at the reporting date (December 31, 2009). The prior-year figure was EUR 16.8 million. This item comprised substantially credit balances in current and overnight accounts.

11 Assets held for sale

The investment in Trillion Sun International Co. Ltd., Hong Kong, China (interest 10 %) was reported as an asset held for sale. As in the previous year, the asset was measured at the original cost of EUR 807 thousand (the lower figure from a comparison of fair value less costs of disposal, and cost). The buyer made payments on account totalling EUR 486 thousand in the 2009 financial year. The title will pass and the balance will be settled in the first quarter of 2010. No income or expense is present in the income statement in this connection.

12 Shareholders' equity

General

The capital stock of CentroSolar Group AG amounted to EUR 20,333 thousand at the balance sheet date. It was EUR 14,533 thousand at December 31, 2008. It is fully paid in. With additional paid-in capital of EUR 80,381 thousand, other retained earnings of EUR 7,867 thousand and profit attributable to the shareholders of EUR (29,705) thousand, the group had shareholders' equity of EUR 78,877 thousand at December 31, 2009. The additional paid-in capital consists exclusively of funds allocated to it as premium in connection with capital increases.

The group's capital management approach pursues in particular the objective of safeguarding the company as a going concern and increasing the value of the company's equity in the long term. To this end, it strives for an optimum capital structure, depending on the specific risks within the subsidiaries. This involves for instance the use of borrowed capital to finance assets and transactions with a low credit risk as well as only the selective granting of sureties by the group parent or subsidiaries for loans to other parts of the group. In view of the specific view that is taken of individual financing arrangements, global debt indicators at group level are not regarded as a useful control variable.

On November 12, 2009 the Management Board and Supervisory Board passed a resolution on a capital increase from approved capital, excluding subscription rights, in which the capital stock of the company was increased by EUR 5,800 thousand through the issuance of 5,800,000 new shares. The capital increase was entered on the Commercial Register on November 17, 2009. The additional paid-in capital rose by EUR 14,210 thousand as a result; equity-raising costs of EUR 724 thousand were deducted from this.

Impairment of (EUR 732 thousand) on deferred tax claims on loss carryforwards was stated under additional paid-in capital. In previous financial years these tax claims on equity-raising costs were stated income-neutrally within equity.

The increase in retained earnings consists mainly of the scheduled allocations of EUR 313 thousand to the reserves for stock options for tranches already issued.

Appropriation of profit

According to German stock corporation regulations, the separate financial statements of the group parent CentroSolar AG Group constitute the basis for the appropriation of profit for the 2009 financial year. A distributable dividend therefore depends, among other things, on the reporting of an accumulated profit by that company in the separate financial statements. The company reported no accumulated profit at December 31, 2009.

Treasury stock

As in the previous year, no treasury stock was held in the financial year.

Approved capital

The Management Board is, with the approval of the Supervisory Board, authorised to increase the capital stock on one or more occasions by up to EUR 1,466,654 by July 14, 2013 in return for cash and/or contributions in kind through the issuance of new no par value bearer shares (Approved Capital 2008). The new shares shall fundamentally be offered to the shareholders for subscription (including by way of indirect subscription pursuant to Section 186 (5) Sentence 1 of German Stock Corporation Law). With the approval of the Supervisory Board the Management Board is, however, authorised to exclude the shareholders' statutory subscription right in the following instances:

- In order to exclude residual amounts from the subscription right;
- For capital increases for contributions in kind for the purpose of acquiring (including indirectly) companies, parts of companies, investments in companies or other assets;
- Insofar as necessary to be able to grant new no par value bearer shares in the company to the bearers or creditors of convertible and/or warrant-linked bonds, participation rights and/or participating bonds (or combinations of these instruments) that have been or will be issued by the company or by companies in which the company directly or indirectly holds a majority interest ("subordinate group companies"), upon exercise of the conversion right or option or upon fulfilment of the conversion obligation;
- Insofar as necessary in order to grant a subscription right to new no par value bearer shares in the company to bearers of conversion rights or options or creditors of convertible bonds bearing conversion obligations that have been or will be issued by the company or a subordinate group company, to the same extent that they would be entitled upon exercise of the options or conversion rights or upon fulfilment of conversion obligations as a shareholder;
- In the case of capital increases for cash if the issuing price of the new shares does not significantly undercut the market price of the already listed shares of the same class and features at the time when the issuing price is finally fixed, which should be as close as possible to the placing of the shares, and if the shares issued under exclusion of the subscription right pursuant to Section 186 (3) Sentence 4 of German Stock Corporation Law do not exceed a total of ten percent of the capital stock, either at the time of this authorisation taking effect or at the time of this authorisation being exercised. This limit of ten percent shall include shares which (i) are issued or sold during the term of this authorisation under exclusion of the subscription right in direct or analogous application of Section 186 (3) Sentence 4 of German Stock Corporation Law, and (ii) are issued or may be issued to service subscription rights or in fulfilment of conversion obligations from convertible and/or warrant-linked bonds, participation rights and/or participating bonds (or combinations of these instruments), insofar

as the debt instrument is issued after this authorisation takes effect by analogous application of Section 186 (3) Sentence 4 of German Stock Corporation Law, under exclusion of the subscription right of the shareholders;
- For issuing to employees of the company.

The Management Board is authorised, with the approval of the Supervisory Board, to specify the further details of the effecting of capital increases from the Approved Capital 2008.

Conditional capital

1 The capital stock has been increased conditionally by EUR 303,000 (Conditional Capital I). The conditional capital increase is only effected to the extent that the bearers of the option certificates issued by the company pursuant to the authorisation of the Shareholders' Meeting of September 2, 2005 exercise their subscription right to ordinary bearer shares in the company (option right). The new shares qualify for profits from the start of the financial year in which they are issued through the exercising of option rights. The Conditional Capital I is divided into up to 303,000 no par value shares.

2 The capital stock is increased by EUR 868,406 for the purpose of issuing stock option rights to members of the company's Management Board, selected employees and managers of the company, as well as to members of the management and selected employees and managers of affiliated companies pursuant to Section 15 of German Stock Corporation Law (Conditional Capital II). The conditional capital increase is only effected if the bearers of stock options issued by the company pursuant to the authorisations of the Shareholders' Meetings of March 6, 2006 and August 28, 2006 exercise their right to subscribe to ordinary bearer shares in the company (option right). The new shares qualify for profits from the start of the financial year in which they are issued through the exercising of subscription rights. The Conditional Capital II is divided into up to 868,406 no par value shares.

3 The capital stock of the company is increased conditionally by up to EUR 5,813,323 through the issuance of up to 5,813,323 new no par value bearer shares (Conditional Capital III). The conditional capital increase is for the granting of no par value bearer shares to the bearers or creditors of convertible and/or warrant-linked bonds, participation rights and/or participating bonds (or combinations of these instruments) which are issued for cash by the company or by a subordinate group company on the basis of the 2008 authorisation passed by the Shareholders' Meeting on July 15, 2008 under agenda item 6 Sub-paragraph b) and grant a conversion or option right to no par value bearer shares in the company or specify a conversion obligation.

The issuance of the new no par value bearer shares from Conditional Capital 2008 may take place only at a conversion or option price that meets the conditions of the 2008 authorisation passed by the Shareholders' Meeting on July 15, 2008 under Agenda Item 6 Sub-paragraph b).

The conditional capital increase shall only be effected to the extent that use is made of option or conversion rights, or that the bearers or creditors with a conversion obligation meet their conversion obligation, and to the extent that no cash payment is granted or treasury shares or new shares are used to service the rights from approved capital. The new no par value bearer shares qualify for profits from the start of the financial year in which they are issued through the exercising of option or conversion rights or through the fulfilment of conversion obligations. The Management Board is authorised to specify the further details of the effecting of the conditional capital increase (Conditional Capital 2008).

Stock option schemes

CentroSolar uses share-based payment transactions counterbalanced by equity instruments. The share-based payment agreements are based on corresponding resolutions by Shareholders' Meetings. Pursuant to these, at the reporting date of December 31, 2009 there existed conditional capital (Conditional Capital I and Conditional Capital II) of a total amount of EUR 1,171,406 (previous year EUR 1,171,406), of which the amount of EUR 734,948 (previous year EUR 603,819) had been earmarked for options outstanding at the reporting date.

The Management Board is authorised to issue stock options for subscription to new bearer shares in the company until December 31, 2010 (on one or more occasions); the Supervisory Board decides on their granting to Management Board members. Employees, managing directors and Management Board members of the consolidated companies and of their affiliated companies pursuant to Section 17 of German Stock Corporation Law are entitled to subscribe, on the basis of individual stock option agreements.

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

Exercise of options is moreover tied to the fulfilment of market conditions. They may accordingly only be exercised if the market price on the day on which the options may first be exercised or at a later time during the term of the options has risen by 30 % on the strike price. Exercise is moreover permitted only during certain periods of the year. These exercise periods run from the third to the eighth stock market trading day following the day on which annual and quarterly results are announced.

New shares are created at the time an option is exercised. Settlement in cash or buy-back of the options by the company is not envisaged. The new shares pay dividends from the beginning of the financial year in which the options are exercised. The strike price per share (subscription price) to be paid upon exercising of the options is currently 90 % of the average closing price in XETRA trading on the Frankfurt Stock Exchange (or in an equivalent successor system), calculated from the prices on the ten trading days preceding the date of issue of the option – for Conditional Capital II – or EUR 9.50 for Conditional Capital I (from which options were issued in pre-market trading), but at least one euro.

Stock options based on Conditional Capital I and Conditional Capital II were issued to members of the Management Board of CentroSolar Group AG, to management bodies of the group companies and to employees of the group.

The changes in the number of stock options and of their weighted average exercise prices are shown in the following table:

Total options	2009 Options	2009 Avg. exercise price	2008 Options	2008 Avg. exercise price
Start of year	603,819	8.81	626,235	8.78
Granted	238,000		0	
Forfeited	84,458	2.00	2,858	8.00
Exercised	0		0	
Expired	22,413	3.42	19,558	8.03
End of year	734,948	7.13	603,819	8.81
of which exercisable	0		0	

No stock options were issued in the 2008 financial year.

The dates of granting and expiry of the stock options outstanding at the end of the year are as follows:

Granting of stock options	Exercise price	Share price on date of issue	Date of issue	Date of expiry	Outstanding end 2009	Outstanding end 2008
Granted 2005	9.50	n.a.	26/09/2005	25/09/2012	303,000	303,000
Granted 2006	8.40	11.75	20/12/2006	19/12/2013	84,171	87,677
Granted 2007	8.00	9.15	29/11/2007	28/11/2014	207,235	213,142
Granted 2007	2.00	2.17	31/03/2009	30/03/2016	140,542	0
Total					**734,948**	**603,819**

The weighted average fair value of the options issued in the 2009 financial year is EUR 0.75 per option. The options were measured with the aid of a binominal model. The option rules in essence envisage that the options are exercised upon attainment of a minimum profit of 30 %. The model moreover took the parameters described below as the basis:

The date of issue of the 2009 tranche was March 31, 2009. The exercise price is EUR 2.00, and the share price on the date of issue EUR 2.21. No dividend is expected. The risk-free interest rate is 2.82 % and is based on risk-free investment alternatives in Germany (Federal government securities) of a comparable term. The normalised volatility of CentroSolar shares was determined using the historical daily volatility since listing as a public company, adjusted for the effects of the economic crisis. The normalised volatility for the 2009 tranche was determined as 46.81 %.

When determining the underlying option totals, levels of target attainment and fluctuation rates among option holders were moreover taken into account; the option total will be adjusted accordingly if changes in the estimates occur during the vesting period for the options. As the consideration received is in essence not considered for purposes of recognition as assets, it is recognised overall as an expense. A personnel expense amounting to EUR 97 thousand arose in the 2009 financial year from the stock options schemes described here (previous year: EUR 214 thousand).

13 Minority interests

There are no longer any minority interests following the full takeover of the fully consolidated company Ubbink Solar Modules B.V., so the amount is now EUR 0 thousand (previous year EUR 415 thousand).

14 Pension provisions

Employees' entitlements to defined benefit plans are based on direct contractual commitments and comprise the payment of retirement benefits which are payable upon reaching pensionable age. The level of the payments depends in essence on the number of years' service completed and the pensionable salary prior to the start of benefit payments.

The pension provisions stated on the balance sheet correspond to the present value of the share of retirement benefits earned at the balance sheet date, taking account of future increases (defined benefit obligation), after adjustment for accumulated, unrecognised actuarial gains and losses and unrecognised past service cost.

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

Key actuarial assumptions

in %

	2009	2008
Pensionable age (years)	63	63
Discount rate at Dec 31	5.9	6.2
Assumed salary increases	1.25	1.25
Assumed pension increases	1.25	1.25
Employee turnover	4.5	4.5

The total pension provisions stated on the balance sheet are derived as follows:

Retirement benefit payments

in EUR '000

	2009	2008
Present value of non-fund-financed obligations	797	702
Unrecognised actuarial gains	270	335
Pension provisions	**1,067**	**1,037**

The amounts stated on the balance sheet for pension provisions developed as follows:

Development in provisions

in EUR '000

	2009	2008
At start of financial year	1,037	998
Total expense recognised in the income statement	40	48
Payments made	(10)	(9)
At end of the financial year	**1,067**	**1,037**

The amounts recognised in the income statement are as follows:

Pension cost

in EUR '000

	2009	2008
Current service cost	23	26
Interest expense	43	40
Actuarial gains recognised in the current year	(27)	(19)
Total	**40**	**48**

The interest expense is shown under personnel expenses.

Experience adjustments to plan debts amounting to EUR -0.3 thousand arose in the 2009 financial year. The corresponding figure in the previous year was EUR -0.3 thousand. The present value of the defined benefit obligation is the carrying amount.

Pension payments amounting to EUR 14 thousand are expected for 2010.

The following table shows the development in the present value and in adjustments for the current and the previous four periods.

in EUR '000	2005	2006	2007	2008	2009
Present value of non-fund-financed obligations	871	851	721	702	797
Experience adjustments to plan debts	0	(5)	(0)	(0)	(0)
Adjustments due to changes in actuarial assumptions	0	(82)	(190)	(77)	39

15 Other provisions

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

Other provisions

in EUR '000

	01/01/2009	Added	Used	Compounding	Reversed	31/12/2009
Warranty obligations	2,120	1,600	(1,637)	96	(230)	1,949
Miscellaneous accruals and provisions	38	43	(25)	0	(13)	43
Total	**2,158**	**1,643**	**(1,662)**	**96**	**(242)**	**1,992**

Of the total other provisions, EUR 843 thousand (previous year EUR 727 thousand) have less than one year to maturity.

The provisions for warranty obligations are calculated for each type of revenue according to values indicted by experience, as well as for specific individual cases. We moreover refer to the notes on assumptions and estimates.

16 Financial liabilities

The following table shows financial liabilities to banks and other lenders:

Financial liabilities

in EUR '000

	Original principal amount or credit line	Outstanding amount at Dec 31, 2009	Outstanding amount at Dec 31, 2008	Interest rate	Exit date
General credit facilities	* 67,515	7,399	52,200	1.9 - 12.75 %	Until further notice
Bank loans	38,730	27,794	19,443	2.7 - 6.7 %	2009 - 2017
Other loans	15,756	15,130	15,143	6.0 - 7.8 %	2009 - 2014
Finance leases	9,433	7,488	4,128	not applicable	2009 - 2016
Total	**131,434**	**57,811**	**90,914**		

* The amount shown here is a credit facility granted, and not a loan amount originally paid out.

Financial liabilities maturities schedule

in EUR '000

	Outstanding amount At Dec 31, 2009	Of which maturity < 1 year	Of which maturity > 1 < 5 years	Of which maturity > 5 years
General credit facilities	7,399	7,399	0	0
Bank loans	27,794	16,021	8,235	3,538
Other loans	15,130	2,943	12,187	0
Finance leases	7,488	2,598	4,376	514
Total	**57,811**	**28,961**	**24,798**	**4,052**
	At Dec 31, 2008			
General credit facilities	52,200	52,200	0	0
Bank loans	19,443	3,482	11,546	4,415
Other loans	15,143	2,760	3,179	9,204
Finance leases	4,128	826	2,952	351
Total	**90,914**	**59,268**	**17,677**	**13,969**

The carrying amounts of all financial liabilities from general credit facilities and other loans due within one year are broadly in line with their market values.

In the case of the other loans, the fixed interest rates in the individual loan agreements expire at various times between 2009 and 2017, with the result that this constitutes risk diversification.

Of the general credit facilities, there is a credit line for EUR 58,500 thousand (previous year EUR 58,500 thousand) for Centrosolar AG.

In the past financial year, contractual loan arrangements in respect of certain financial ratios for a subsidiary could not be met at the end of the year for loans totalling EUR 5,258 thousand. Pursuant to IAS 1.74 these loans are stated in the maturities schedule and in the balance sheet as short-term borrowings because the banks could invoke an extraordinary right of termination due to the formal breach of the terms of the agreement. However, all the banks in question have already announced that they will waive their right of termination and issue an official waiver agreement immediately upon presentation of the audited financial statements.

The bank loans include the loan liability assumed for Itarion Solar Lda. as a result of joint and several liability, at a residual liability amount of EUR 8,500 thousand. The original liability amounted to EUR 16,542 thousand and has been recognised in full as an expense.

In the 2007 financial year the company raised a Mezzanine loan for a nominal amount of EUR 9,500,000 under the PREPS scheme. These PREPS funds are granted as participatory rights for 7 years with no regular capital repayments, and attract ongoing interest at 7.8 % p.a. In the event of net income (consolidated or reported in the separate balance sheet of CENTROSOLAR Group AG) of more than EUR 15 million, a profit share in the form of an interest supplement of 1.0 % is payable for that financial year, and a profit share in the form of an interest supplement of 2.0 % for a financial year in which net income exceeds EUR 20 million. The profit-sharing was approved by the Shareholders' Meeting of CENTROSOLAR Group AG on May 23, 2007. Prior to its approval, the funds were granted in the form of a subordinated loan bearing non-profit-dependent interest surcharge of 1.0 % p. a. The loan will be repaid in a single lump sum on March 4, 2014. Withholding tax was retained on the interest payments to PREPS on the basis of the participatory rights agreement.

The following table indicates the total level of securities furnished:

Securities for liabilities to credit institutions

in EUR '000

	2009	2008
Fixed assets	21,583	19,095
Inventories	30,818	9,335
Receivables	7,057	2,487
Total	**59,458**	**30,917**

Mortgages, pledging of utility models, assignments of security and assignments of claims were used to furnish security.

There existed 29 finance lease agreements pursuant to IAS 17 (Finance Leases) at the balance sheet date. The technical equipment and machinery was classified as a finance lease as the equipment in question comprises special machinery of only minimal second-hand value and the term of the lease covers a large part of the customary useful life. Various hire purchase contracts were in addition concluded. In the vehicles category, there is a residual value agreement with an option to buy.

The following tables show the finance lease obligations with corresponding discounted and nominal leasing instalments including the interest component, broken down according to the term and category of the leased articles.

Finance leases (present value)

in EUR '000

	Total	Due in up to 1 year	Due in 1 to 5 years	Due in over 5 years
2009	7,488	2,598	4,376	514
2008	4,128	826	2,952	351

Finance leases (nominal)

in EUR '000

	Total	Due in up to 1 year	Due in 1 to 5 years	Due in over 5 years
2009				
Technical equipment and machinery	8,541	3,014	4,997	530
Vehicles	17	5	12	0
Nominal value	**8,558**	**3,020**	**5,009**	**530**
Of which interest portion	1,070	422	633	16
Present value	**7,488**	**2,598**	**4,376**	**514**
2008				
Technical equipment and machinery	4,673	1,011	3,298	364
Vehicles	23	6	17	0
Nominal value	**4,696**	**1,017**	**3,315**	**364**
Of which interest portion	568	191	363	13
Present value	**4,128**	**826**	**2,952**	**351**

The following table shows what cash outflows, broken down into interest and capital payments, are likely to arise in future periods from financial liabilities due:

Analysis by maturity of financial liabilities

in EUR '000

	Carrying amount 31.12.2009	2010		2011		2012 to 2017	
		Interest	Capital	Interest	Capital	Interest	Capital
Bank loans	27,794	994	16,021	428	4,414	879	7,359
Other loans	15,130	1,078	2,943	975	0	4,030	12,187
Finance leases	7,488	422	2,598	265	1,656	384	3,234
General credit facilities *	7,399	145	7,399	0	0	0	0
Other non-interest-bearing liabilities	6,713	0	6,713	0	0	0	0
Trade liabilities	19,646	0	19,646	0	0	0	0
Derivative financial liabilities	366	0	235	0	131	0	0
Total	**84,536**	**2,639**	**55,555**	**1,668**	**6,201**	**5,293**	**22,780**

	Carrying amount 31/12/2008	2009		2010		2011 to 2018	
		Interest	Capital	Interest	Capital	Interest	Capital
Bank loans	19,443	1,048	3,482	955	5,214	1,894	10,747
Other loans	15,143	1,087	2,760	1,003	265	2,993	12,118
Finance leases	4,128	191	826	151	1,522	225	1,780
General credit facilities *	52,200	1,440	52,200	0	0	0	0
Other non-interest-bearing liabilities	11,099	0	11,084	0	16	0	0
Trade liabilities	14,616	0	14,616	0	0	0	0
Derivative financial liabilities	238	0	238	0	0	0	0
Total	**116,867**	**3,766**	**85,205**	**2,109**	**7,017**	**5,112**	**24,645**

* The general credit facilities may be terminated by the lender at short notice and are therefore allocated to the first time band; short-term repayment does not reflect the management's expectations.

17 Trade accounts payable

All trade accounts payable have a maturity of less than one year and exist only in respect of third parties.

They include liabilities in various foreign currencies. The following table provides an overview of which carrying amounts in euros existed in each foreign currency at the balance sheet date, and what effects a movement in the exchange rate have on the company's income statement if the exchange rates change by 5 % by the time of payment.

Sensitivity of foreign currency liabilities

in TEUR

2009	Carrying amount	Exchange rate change	Effect on income statement
USD	4,316	±5 %	(227)/206
CHF	4	±5 %	(0)/0
Total	**4,320**		**(227)/206**
2008			
USD	2,034	±5 %	(107)/97
CHF	12	±5 %	(1)/1
Total	**2,046**		**(108)/97**

18 Deferred tax liabilities

The deferred tax liabilities pursuant to IAS 12 are calculated on the difference between the measurements of assets and liabilities in the IFRS balance sheet and the tax balance sheet. These result among other things from adjustments to stated amounts in the context of company mergers. The net values represent the total of the anticipated netted values of deferred tax assets and liabilities of a group company in respect of a taxation authority. They were measured at tax rates of between 7.8 and 34 %.

Deferred tax liabilities

in EUR '000

	2009	2008
Measurement difference for intangible assets	5,894	7,272
Deferred tax on intangible assets	1,638	2,142
Measurement difference for property, plant and equipment	1,623	1,051
Deferred tax on property, plant and equipment	121	161
Measurement difference for trade receivables	0	67
Deferred tax on trade receivables	0	21
Measurement difference for other assets	0	32
Deferred tax on other assets	0	11
Measurement difference for other accruals and provisions	0	96
Deferred tax on other accruals and provisions	0	31
Measurement difference for financial debt	254	524
Deferred tax on financial debt	92	132
Measurement difference for trade payables	23	12
Deferred tax on trade payables	8	3
Measurement difference for other liabilities	0	57
Deferred tax on other liabilities	0	4
Measurement difference for derivatives	0	403
Deferred tax on derivatives	0	130
Total deferred tax (gross)	**1,859**	**2,635**

Deferred tax liabilities

in EUR '000

	Gross		Net	
	2009	2008	2009	2008
Reversal expected within 12 months	542	435	25	132
Reversal expected after 12 months at the earliest	1,317	2,200	688	920
Total	**1,859**	**2,635**	**713**	**1,051**

No deferred tax liabilities were recognised on temporary differences resulting from shares in subsidiaries amounting to EUR 1,078 thousand (previous year EUR 1,079 thousand) because it is improbable that these temporary differences will reverse in the foreseeable future.

19 Other liabilities

The following table shows the individual components of other liabilities.

Other non-current liabilities

in EUR '000

	2009	2008
Outstanding purchase price payments for acquisitions	0	0
Miscellaneous liabilities	10	0
Total non-current	**10**	**0**
of which more than 5 years	**0**	**0**

Other current liabilities

in EUR '000

	2009	2008
Vacation and overtime	646	614
Outstanding invoices	2,148	6,021
Outstanding interest	1,236	1,697
Employee remuneration	976	857
Bonus payments to customers	2,038	1,546
Taxation and social premiums	1,507	811
Outstanding instalments for acquisitions	804	2,847
Payments on account	6,813	1,021
Prepaid expenses	2,689	1,538
Miscellaneous liabilities	1,850	732
Total current	**20,707**	**17,684**

The outstanding payment instalments for acquisitions refer to the acquisition of Solarsquare. The deferred income includes a deferred item for investment grants for the expansion of production operations at Wismar amounting to EUR 2,210 thousand (previous year 1,440).

20 Revenues

The revenues reflect the fair value of the consideration received or to be received for the sale of goods in the normal course of business. Revenues are reported net of VAT, after deduction of returns, discounts and price reductions, and after elimination of intra-group sales.

21 Other operating income

The breakdown of other operating income is as follows:

Other operating income

in EUR '000

	2009	2008
Costs passed on, cost refunds	1,528	1,128
Compensation/guarantees	2,192	287
Government grants	762	640
Reversal of provisions	242	782
Foreign currency gains	508	998
Reversal of impairment/ income from receivables written off	539	1,437
Other	1,067	885
Total	**6,838**	**6,157**

Following the bankruptcy of the customer Ecostream B.V., a subsidiary of the equally bankrupt Econcern, products ordered were no longer purchased as contractually agreed and were supplied to other customers on poorer terms. Liabilities in respect of Ecostream amounting to EUR 1.9 million were netted in CENTROSOLAR's favour against a portion of the loss incurred. The remainder of the loss was legally enforced but not recognised as a receivable in view of its uncertain collectability.

The government grants include green tax rebates due to the high power consumption for glass processing and investment grants from the EU regional development fund at the Wismar plant. Government grants for costs are recognised over the period in which the corresponding costs which they are intended to cover arise.

Investment grants are reported under other liabilities. They are liquidated on a straight-line basis over the anticipated useful life of the assets in question, with an income effect.

Of the other income, EUR 418 thousand (previous year EUR 217 thousand) is not related to the accounting period and comprises mainly bonus and cost reimbursements from the previous year.

22 Cost of purchased materials and services

Cost of purchased materials

in EUR '000

	2009	2008
Cost of purchased materials	217,558	271,517
Cost of purchased services	9,370	12,122
Supplier discounts	(1,759)	(641)
Total	**225,169**	**282,998**

Costs for temporary workers amounting to EUR 6,732 thousand (previous year EUR 5,631 thousand) are included in the cost of services.

23 Personnel expenses

Personnel expenses

in EUR '000

	2009	2008
Wages and salaries	25,464	19,279
Share-based payment	313	203
Social insurance	2,831	2,246
Pension cost – defined contribution plans	2,071	1,168
Pension cost – defined benefit plans	40	48
Personnel expenses	**30,719**	**22,943**

Employees

	2009		2008	
	Average	At reporting date	Average	At reporting date
Full time equivalents (FTE)	919	1,019	676	809
Individuals	958	1,071	680	836
Of which employed at companies included pro rata				
FTE	12	13	6	6
Individuals	13	13	6	6

At the reporting date, the employee totals quoted include 222 FTE (previous year 144 employees) who are employed on a temporary basis by the group. The average for the year was 169 FTE (previous year 154 FTE). The corresponding costs are reported under cost of purchased materials / cost of services.

24 Other operating expenses

Other operating expenses are broken down as follows:

Other operating expenses

in EUR '000

	2009	2008
Outward freight	5,179	5,759
Promotional costs	1,410	907
Maintenance costs	1,857	1,724
Legal and consultancy costs	3,940	1,739
Energy	3,151	2,821
Travel expenses and fleet	2,105	1,656
Sales commissions	364	348
Insurance	592	546
Packaging	625	1,530
Waste disposal	152	133
Rent for buildings	2,657	2,242
Operating lease/ other rent	700	849
IT expenses	860	556
Communication	343	318
Other personnel expenses	654	522
Patent protection	184	87
Warranty	1,033	585
Other taxes	68	174
Losses from the disposal of assets	1	47
Exchange rate losses	174	545
Restructuring	939	0
Allocation to impairment and write-down of receivables	946	750
Miscellaneous	4,094	3,014
Total	**32,028**	**26,852**

The expenses for restructuring concern exclusively the closing-down of the plant in Doesburg.

The miscellaneous other expenses include ramp-up costs of EUR 1,475 thousand (previous year EUR 528 thousand) for the associated company Itarion Solar Lda.

Of the other expenses, EUR 222 thousand (previous year EUR 94 thousand) is not related to the accounting period.

The income statement includes research costs and non-capitalised development cost amounting to EUR 1,878 thousand (previous year EUR 1,415 thousand). This comprises EUR 1,053 thousand (previous year EUR 816 thousand) for personnel expenses, EUR 179 thousand (previous year EUR 369 thousand) for cost of purchased materials, EUR 115 thousand (previous year EUR 68 thousand) for depreciation and amortisation, and EUR 531 thousand (EUR 162 thousand) for other operating expenses.

Obligations as lessee

The following table shows the non-capitalised operating lease obligations (operational leasing) at the reporting date, with the corresponding lease instalments broken down by maturity and minimum remaining period, as well as by category of the leased articles. The present value of the operating lease obligations is EUR 7,358 thousand (previous year EUR 5,761 thousand).

Operational leasing

in EUR '000

2009	Total	Due in up to 1 year	Due in 1 to 5 years	Due in over 5 year
Software	25	10	15	0
Property	4,548	1,563	2,896	89
Vehicles	1,196	521	675	0
Technical equipment and machinery	2,180	591	1,547	42
Other equipment	334	113	221	0
Total	**8,383**	**2,797**	**5,355**	**131**
2008				
Property	2,704	1,099	1,380	224
Vehicles	657	239	418	0
Technical equipment and machinery	2,519	565	1,874	80
Other equipment	779	242	537	0
Total	**6,659**	**2,145**	**4,209**	**304**

25 Interest income and expense

Interest income and expense is broken down as follows:

Financial result

in EUR '000

	2009	2008
Interest income	569	443
Interest expense for bank loan and overdraft facilities	(3,244)	(3,268)
Interest expense for other loans	(1,491)	(3,080)
Other interest expense	(1,534)	(658)
Total	**(5,700)**	**(6,564)**

The interest expense includes EUR 215 thousand (previous year EUR 233) due to discounting.

26 Income tax

Income tax expense is composed as follows:

Income tax

in EUR '000

	2009	2008
Income tax expense for the current financial year	(3,957)	(3,305)
Deferred tax on temporary and quasi-temporary differences	722	723
Deferred tax on loss carryforwards	(1,025)	1,522
Total	**(4,260)**	**(1,059)**

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

Reconciliation of actual tax expense with anticipated tax expense

in EUR '000

	2009	2008
Result before income taxes	(25,445)	5,441
Anticipated tax income/expense 32.0 % (previous year: 32.0 %)	8,142	(1,741)
Difference due to variation in tax rates	(242)	931
Tax effect from non-deductible expenses	(11,103)	(454)
Tax effect from non-taxable income	539	82
Tax effect from changes in tax rate	0	0
Impairment on deferred tax claim on loss carryforwards	(1,019)	0
Adjustments from previous financial years	(577)	123
Total	**(4,260)**	**(1,059)**

The tax rate is composed of:

	2009	2008
Corporation tax incl. solidarity surcharge	15.83 %	15.83 %
Trade tax	16.17 %	16.17 %
	32.0 %	**32.0 %**

27 Profit attributable to minority interests

Following the full takeover of the shares of Ubbink Solar Modules B.V. in the past financial year, there is no longer any profit attributable to minority interests. In the previous year, a share of profits of EUR 47 thousand was attributable to the other shareholders of Ubbink Solar Modules B.V.

28 Earnings per share

The earnings per share (basic) and the diluted earnings per share are illustrated in the following table. The basic earnings per share are calculated on the basis of the profit or loss for the period attributable to the shareholders in relation to the number of shares issued, weighted over the course of the year.

Earnings per share

	2009	2008
Consolidated net loss/net income in EUR '000	(29,705)	4,335
Weighted average ordinary shares issued, '000	15,328	14,076
Basic earnings per share in EUR	**(1.94)**	**0.31**

The diluted figure includes potential shares from stock options in the number of shares to be taken into account, over and above the number of shares in the basic figure. The diluted earnings per share are based on the assumption that all stock options issued through stock option schemes that could be exercised if the balance sheet date were the end of the contingency period have actually been exercised. The dilutive effect is calculated on the assumption that the issue of shares on the basis of potential exercise of options is made at fair value, being the average quoted price of the shares during the financial year in question. The exercise price for the options, which is increased by the expense already recognised as personnel costs pursuant to IFRS 2, is deducted from this. The relationship between fair value and exercise price produces the dilutive effect. The number of options issued, weighted with the dilutive effect, is treated as an issue of ordinary shares for no consideration. Such ordinary shares generate no proceeds and have no effect on the net profit attributable to ordinary shares outstanding. Therefore such shares are dilutive and they are added to the number of ordinary shares outstanding in the computation of diluted earnings per share.

Diluted earnings per share

	2009	2008
Consolidated net loss/ net income in EUR '000	(29,705)	4,335
Weighted average ordinary shares issued, '000	15,328	14,076
Assumed creation of new dilutive shares from stock options granted (weighted average)	16	0
Weighted average diluted ordinary shares issued, '000	15,344	14,076
Diluted earnings per share, EUR	**(1.94)**	**0.31**

Stock option tranches

	Conditional capital No.	Date of issue	Date of expiry	Outstanding end 2009	Outstanding end 2008
2005 tranche	1	26/09/2005	25/09/2012	303,000	303,000
2006 tranche	2	20/12/2006	19/12/2013	89,788	89,788
2007 tranche	3	29/11/2007	28/11/2014	234,000	234,000
2009 tranche	4	31/03/2009	30/03/2016	238,000	0
Total				**630,788**	**392,788**

29 Segment reporting

By segment	Solar Integrated Systems			
in EUR '000	31/12/09	% of revenue	31/12/08	% of revenue
P&L Key Figures				
Revenue total	**227,027**	**100.0**	**241,229**	**100.0**
Revenue from third parties	227,006	100.0	241,205	100.0
Revenue from other segments	21	0.0	24	0.0
Gross profit	**37,060**	**16.3**	**32,176**	**13.3**
Personnel expenses	(21,873)	-9.6	(16,610)	-6.9
Other income and expenses	(13,573)	-6.0	(7,375)	-3.1
EBITDA	**1,614**	**0.7**	**8,190**	**3.4**
Operative depreciation	(1,959)	-0.9	(1,424)	-0.6
EBIT operative	**(345)**	**-0.2**	**6,766**	**2.8**
Non operative depreciation	(1,723)	-0.8	(5,806)	-2.4
EBIT	**(2,068)**	**-0.9**	**961**	**0.4**
Revenue by regions				
Revenue from third parties	**227,006**	**100.0**	**241,205**	**100.0**
Germany	132,818	58.5	123,209	51.1
Rest of Europe	90,051	39.7	117,156	48.6
Rest of World	4,137	1.8	840	0.3
Balance sheet key figures		In revenue-days		In revenue-days
Net operating working capital	**26,085**	**31.0**	**61,585**	**68.9**
Inventories	32,951		60,524	
Stock payments on account/Received in advance	(5,479)		1,155	
Trade account receivable	12,848		10,710	
Trade account payable	(14,235)		(10,804)	
Financial assets	**985**		**11,169**	
Tangible and intangible assets	**69,135**		**67,547**	
Operative	19,127		15,674	
Capitalized according to IFRS 3 and goodwill	50,008		51,873	
Investments				
Total	**7,071**		**24,133**	
In tangible and intangible assets	7,071		13,962	
In financial assets	0		10.171	

Solar Key Components				Consolidation		Total Group			
31/12/09	% of revenue	31/12/08	% of revenue	31/12/09	31/12/08	31/12/09	% of revenue	31/12/08	% of revenue
92,574	**100.0**	**96,896**	**100.0**	**(10,897)**	**(5,521)**	**308,704**	**100.0**	**332,604**	**100.0**
81,698	88.3	91,399	94.3	0	0	308,704	100.0	332,604	100.0
10,876	11.7	5,497	5.7	(10,897)	(5,521)	0	0.0	0	0.0
32,167	**34.7**	**32,150**	**33.2**	**(178)**	**(158)**	**69,049**	**22.4**	**64,167**	**19.3**
(8,846)	-9.6	(6,333)	-6.5	(0)	0	(30,719)	-10.0	(22,943)	-6.9
(11,160)	-12.1	(12,496)	-12.9	(6)	0	(24,739)	-8.0	(19,870)	-6.0
12,161	**13.1**	**13,320**	**13.7**	**(184)**	**(158)**	**13,591**	**4.4**	**21,352**	**6.4**
(2,633)	-2.8	(1,772)	-1.8	0	0	(4,592)	-1.5	(3,196)	-1.0
9,528	**10.3**	**11,548**	**11.9**	**(184)**	**(158)**	**8,999**	**2.9**	**18,156**	**5.5**
(345)	-0.4	(345)	-0.4	0	(0)	(2,068)	-0.7	(6,151)	-1.8
9,183	**9.9**	**11,203**	**11.6**	**(184)**	**(158)**	**6,931**	**2.2**	**12,005**	**3.6**

81,698	**100.0**	**91,399**	**100.0**	**0**	**0**	**308,704**	**100.0**	**332,604**	**100.0**
25,519	31.2	31,219	34.2	0	0	158,337	51.3	154,428	46.4
36,934	45.2	49,544	54.2	0	0	126,985	41.1	166,700	50.1
19,245	23.6	10,636	11.6	0	0	23,382	7.6	11,476	3.5

	In revenue-days		In revenue-days				In revenue-days		In revenue-days
17,135	**50.0**	**13,586**	**37.9**	**(346)**	**(168)**	**42,874**	**37.5**	**75,003**	**60.9**
12,204		11,551		(346)	(168)	44,809		71,907	
608		365		0	0	(4,871)		1,520	
10,846		6,282		(1,112)	(801)	22,582		16,191	
(6,523)		(4,613)		1,112	801	(19,646)		(14,616)	
69		**54**		**0**	**0**	**1,054**		**11,223**	
19,399		**17,125**		**100**	**100**	**88,634**		**84,772**	
15,456		12,420		0	0	34,583		28,361	
3,943		4.705		100	100	54,051		56,449	

5,364		**5,647**		**0**	**0**	**12,435**		**29,780**	
5,347		5,612		0	0	12,418		19,574	
17		35		0	0	17		10,206	

In line with its internal reporting structure, the company is organised into the "Solar Integrated Systems" and "Solar Key Components" segments (primary segments). This is simultaneously the basis of value-based corporate management within the CENTROSOLAR Group. The revenues from external customers for these two areas, together with the inter-segmental revenues for each segment, in each case exceed 10 % of total external and inter-segmental revenues.

The activities of Centrosolar AG and Solarsquare AG belong to the "Solar Integrated Systems" segment. The solar module production lines operated by Ubbink Solar Modules B.V. (until the closure of the plant) and Centrosolar Sonnenstromfabrik GmbH have likewise been allocated to this segment. The solar modules constitute the central technical component of a photovoltaic system and are also easily the most important component of the system in terms of value.

An integrated system also includes such components as converters, mounting systems, control and monitoring devices and the accompanying software. This area, together with the production and sale of glass covers, comprises the "Solar Key Components" segment.

Details of which of the companies included in the Consolidated Financial Statements are allocated to which individual segments are indicated in the presentation of the consolidated companies.

The "Solar Integrated Systems" segment also includes the figures for CENTROSOLAR Group AG. Inter-segmental business has been priced according to the arm's length principle. Pricing is comparable to third party transactions, possibly less cost items (in particular distribution costs), which do not occur in inter-segmental transactions. Income and expenditure are allocated directly to the individual companies within the individual segments.

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

The depreciation and amortisation for the segments represents the loss of value by the segments' assets, and the investments the additions to the fixed assets for the segments.

The following countries account for over 10 % of total consolidated revenue

	2009		2008	
	EUR '000	% of revenue	EUR '000	% of revenue
France	70,934	23.0 %	40,121	12.1 %

Non-current assets by region

	2009	2008
Germany	89,325	93,892
Rest of Europe	309	2,100
Rest of world	54	4

30 Consolidated cash flow statement

The Consolidated Cash Flow Statement shows how the group's cash and cash equivalents changed in the course of the financial year under review as a result of cash inflows and outflows. A distinction is made between cash flows from operating activities on the one hand and cash flows from investing and financing activities on the other. The cash flows from operating activities were determined according to the indirect method. By contrast, the interest result and the income taxes paid are based on cash flows. "Liquid funds" include cash on hand, demand deposits, deposits with a time to maturity of one month or less, and bank overdrafts repayable on demand.

The cash flow from operating activities totalled EUR 40,190 thousand (previous year EUR -6,592 thousand) and was dominated by the reduction in working capital, above all for finished goods and merchandise.

The cash flow from investing activities includes cash payments property, plant and equipment of EUR 6,742 thousand (previous year EUR 16,401 thousand), intangible assets of EUR 1,329 thousand (previous year EUR 524 thousand) and financial investments of EUR 0 thousand (previous year EUR 10,180 thousand).

The liquid funds consist almost exclusively of demand deposits and the availment of current accounts with major, leading commercial banks. Cash and cash equivalents are made up as follows:

Breakdown of liquid funds

in EUR '000

	2009	2008
Cash and cash equivalents	13,782	16,800
Bank overdrafts	(7,399)	(52,200)
Total	**6,384**	**(35,400)**

Short-term credit facilities to secure constant liquidity have been arranged with several different credit institutions. At the balance sheet date, the available borrowing facilities from current account, guarantee/surety or documentary credit lines amounts to EUR 52.4 million (previous year EUR 9.1 million).

Material non-cash transactions result from the existing issuance of stock options and from discounting effects. The Consolidated Cash Flow Statement has been presented after adjustment for these.

E Other particulars

1 Contingent liabilities

The customary warranty obligations are entered into, for which provisions have been formed where claims are probable. In the context of its ordinary business activities, the company moreover regularly enters into contingent liabilities from guarantees, cheques and bills of exchange, among other things. Furthermore, contingent liabilities may arise from areas of the group in which there exist statutory arrangements on partial retirement but for which no provisions have been recognised, as it is unlikely that employees in those areas will call upon the existing statutory arrangements. Provisions were formed for areas in which the probability of use is greater than 50 %.

In the 2007 financial year the company raised a Mezzanine loan for a nominal amount of EUR 9,500,000 under the PREPS scheme. These PREPS funds are granted as participatory rights for 7 years with no regular capital repayments, and attract ongoing interest at 7.8 % p.a. In the event of net income (consolidated or reported in the separate balance sheet of CentroSolar Group AG) of more than EUR 15 million, a profit share in the form of an interest supplement of 1.0 % point is payable for that financial year, and a profit share in the form of an interest supplement of 2.0 % points for a financial year in which net income exceeds EUR 20 million.

Group companies have concluded various agreements with firms of consultants and specialists in the fields of electronic data processing, law, ecommerce, advertising, investor relations and the optimisation of production and logistics. All agreements have been concluded for specified tasks.

Future tenancy and lease obligations are shown under [24] Other operating expenses.

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

2 Litigation

Dansk Photovoltaik A/S, a former shareholder of the company Solarstocc AG which now operates as Centrosolar AG, has brought an action against the latter under summary procedure for the partial repayment of a shareholder loan amounting initially to EUR 1,230,000 plus interest. Centrosolar AG has exercised a right of retention in the matter, which it bases on the counterclaims assigned to it for collection by CentroSolar Group AG in particular due to breach of contractual obligations in connection with the acquisition of the shares of Solarstocc AG by CentroSolar Group AG in the years 2005 and 2006. Following the increase in the action by further loan instalments to a total of EUR 2,255,000 plus interest, the matter was heard before the District Court of Munich on December 3, 2009, in consequence of which the action concerning the loan was upheld in a provisional judgment based on the defendant's acknowledgement dated February 2, 2010. The court in addition ordered stay of execution against security. The court is expected to rule on the counterclaims lodged by Centrosolar AG in subsequent proceedings in the course of 2010. The loan liability of the claim has been recognised in full as a current financial liability since the debt arose.

3 Significant events occurring after the balance sheet date

On February 1, 2010 a total of 273,500 stock options, based on Conditional Capital II, were granted to employees and managing directors of group companies as well as to members of the company's Management Board at an exercise price of EUR 3.60 per option. The terms of the options (conditions of exercise, targets, term, vesting period) correspond in essence to the terms of the options issued in the years 2006 to 2009.

Following the settlement of the balance of the purchase price by the buyer, CentroSolar Group AG transferred ownership of Trillion Sun to the buyer on 10.02.10. The sale of the investment has thus been completed; no losses have arisen.

On March 10, 2010 CENTROSOLAR Group AG established the fully-owned subsidiary Centrosolar Canada Inc., Ontario. On the same date the company was entered on the Corporate Registry of the Province of New Brunswick under No. 649768.

4 Related party disclosures

Legal transactions with the CENTROTEC Group/Ubbink B.V.

In August 2005 Ubbink B.V., the main shareholder of the company, and Renusol GmbH concluded a production agreement. In it, Renusol GmbH commissions Ubbink B.V. exclusively with the production of the module mounting systems "ConSole" and "InterSole". Ubbink B.V. acquired the expertise and the corresponding patents for the module mounting systems "ConSole" and "InterSole" in the context of the shareholder agreement with Econcern B.V., Ecoventures B.V. and Ecostream B.V. The production agreement has been concluded for a fixed term of 5 years and is thereafter automatically extended for one further year if neither party terminates it. The goods supplied by Ubbink B.V. to Renusol are billed as arm's length transactions. Cost accounting factors that are comparable to those applied in third party transactions are used. Cost savings to reflect the more straightforward communication and processing are generally built into the pricing structure. In the 2009 financial year, the total amount charged for supplies of goods was EUR 8,873 thousand.

Since the inclusion of CENTROSOLAR Group AG in the CENTROTEC Group, management charges have been passed on to the company by CENTROTEC Sustainable AG in essence for operational management services performed by employees and the management of CENTROTEC Sustainable AG. These charges are fundamentally passed on to all subsidiaries of CENTROTEC Sustainable AG and, in the case of the company, relate to such services as consultancy on accounting matters, strategy, legal question, projects, communication and IT. A total amount of EUR 138 thousand was charged by CENTROTEC Sustainable AG in the 2009 financial year.

Ubbink B.V. in addition rebilled the CENTROSOLAR Group costs amounting to EUR 328 thousand in the 2009 financial year.

For its part, the CENTROSOLAR Group rebilled Ubbink B.V. costs totalling EUR 377 thousand.

The CENTROSOLAR Group in addition supplied Ubbink B.V. and its subsidiaries with solar modules to the value of EUR 8,872 thousand in arm's length transactions in the 2009 financial year.

Centrosolar Glas GmbH & Co. KG sold special glass to the value of EUR 1,254 thousand in arm's length transactions to Wolf GmbH, a subsidiary of CENTROTEC Sustainable AG, during the 2009 financial year.

CENTROSOLAR had receivables amounting to EUR 1,221 thousand and liabilities of EUR 1,009 thousand in respect of Ubbink B.V. and its subsidiaries at the balance sheet date. There were liabilities of EUR 12 thousand in respect of CENTROTEC.

Legal transactions with the Pari Group and Guido Alexander Krass

Guido Alexander Krass, a shareholder in the company, holds an interest in Pari Holding GmbH. Pari Holding GmbH could therefore be classified as a related party.

Other companies of the Pari Group could likewise be classified as related parties, for example Pari Capital AG.

The company conducted the following legal transactions with these companies of the Pari Group:

The company, as recipient, concluded two consultancy and service agreements dated July 1, 2005 and August 1, 2005 with Pari Holding GmbH. The subject of these consultancy and service agreements comprises services in connection with corporate acquisitions and mergers, the locating of, establishing of contacts with and acquisition of potential target companies, as well as the provision of offices and the performing of administrative services, including for accountancy services, rents and other administrative costs. In the context of the latter agreement, the company made a payment amounting to EUR 80 thousand to Pari Holding GmbH in the 2009 financial year. The payments reflect the costs incurred by Pari Holding GmbH. No remuneration arose in connection with the former agreement.

There were liabilities amounting to EUR 4 thousand in respect of Pari Holding at the balance sheet date.

Consultancy agreement with Friedrich Lützow

The company furthermore concluded a framework consultancy agreement with the Supervisory Board member Friedrich Lützow on September 16, 2005. The framework consultancy agreement envisages the provision of ad hoc consultancy for the company by Friedrich Lützow on legal questions arising in the course of normal business operations, as well as on special questions relating to tax law.

- Determination of the taxation basis and risks in connection with the purchase of companies,
- Creation of concepts for tax optimisation in connection with the purchase and sale of companies,
- Consultancy on the tax-optimised conversion of group and corporate structures.

A remuneration of EUR 350.00 per hour for his services, plus statutory VAT, is to be paid as consideration. The Supervisory Board of the company has approved the contract and regularly examines the activities of Friedrich Lützow. In the 2009 financial year, Friedrich Lützow invoiced the company for EUR 62 thousand.

5 Management Board and Supervisory Board

1. Management Board

The Management Board of the CENTROSOLAR Group comprised the following members in the financial year:

Dr. Alexander Kirsch, merchant, Munich, Germany, member with responsibility for Finance, also Chairman
Thomas Güntzer, lawyer, Nyon, Switzerland, member with responsibility for International Sales & Major Projects, M&A and Human Resources
Dr. Axel Müller-Groeling, physicist, Norderstedt, Germany, member with responsibility for Strategy and Operations Management

The total remuneration of the Management Board was EUR 943 thousand in the financial year. Of this total remuneration, fixed and non-performance-related cash remuneration accounted for EUR 868 thousand and remuneration from stock options EUR 75 thousand, the value of which was determined by analogy to the measurement rules of IFRS 2. In the 2009 financial year, 115,500 options with a fair value of EUR 0.75 per option were issued to the Management Board members. The cash remuneration includes salaries and the employer's share of social security contributions paid. The remuneration from stock options can be regarded as remuneration components with a long-term incentivising effect. No other performance-related remuneration or other benefits were paid.

Each individual received the following amounts:
Dr. Alexander Kirsch received fixed cash remuneration of EUR 311 thousand as well as remuneration of EUR 25 thousand in the form of stock options, in other words a total of EUR 336 thousand. Dr. Axel Müller-Groeling received fixed cash remuneration of EUR 292 thousand as well as remuneration of EUR 25 thousand in the form of stock options. Thomas Güntzer received fixed cash remuneration of EUR 265 thousand as well as remuneration of EUR 25 thousand in the form of stock options.

In the year under review of 2009, the members of the Management Board belonged to the following regulatory bodies pursuant to Section 125 (1) third sentence of German Stock Corporation Law:

Kirsch, Alexander, Dr.	Centrosolar AG, Hamburg, Germany (Deputy Chairman)
Güntzer, Thomas	Centrosolar AG, Hamburg, Germany Solarsquare AG, Bern, Switzerland Centrosolar Italia S.r.l., Verona, Italy Centrosolar Hellas MEPE, Athens, Greece iTAC Software AG, Dernbach, Germany
Müller-Groeling, Axel, Dr.	Centrosolar AG, Hamburg, Germany (Chairman) Centrosolar America Inc., Fountain Hills, USA

2. Supervisory Board

In the year under review of 2009, the members of the Supervisory Board belonged to the following regulatory bodies pursuant to Section 125 (1) third sentence of German Stock Corporation Law:

Huisman, Gert-Jan, Dr.	None
Heiss, Bernhard, Dr.	Trailer International GmbH, Pullach, Germany (Chairman) CENTROTEC Sustainable AG, Brilon, Germany (Deputy Chairman) AR Altium Capital AG, Munich, Germany Langenscheidt KG, Munich, Germany (Deputy Chairman of Advisory Council)
Lützow, Friedrich	Neram AG, Munich, Germany (Chairman) Eurohealth AG, Munich, Germany (Deputy Chairman)

The total remuneration of the Supervisory Board was EUR 45 thousand in the financial year, in accordance with the articles of incorporation. Dr. Gert-Jan Huisman received Supervisory Board remuneration of EUR 20 thousand, Dr. Bernhard Heiss EUR 15 thousand and Friedrich Lützow EUR 10 thousand. There exist consultancy agreements with the Supervisory Board members Dr. Bernhard Heiss and Friedrich Lützow, on the basis of which consultancy services provided over and above the scope of the tasks of the Supervisory Board are charged for by the hour. Mr Lützow received fees totalling EUR 62 thousand for tax consultancy in the 2009 financial year. Dr. Heiss did not charge any fees for legal consultancy in the financial year. No loans were extended to the members of the Supervisory Board.

6 German Corporate Governance Code

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

The Management Board and Supervisory Board of CENTROSOLAR Group AG have declared the extent to which the recommendations of the Government Commission on the German Corporate Governance Code are complied with. The regularly submitted declarations and explanations are permanently available on the website of CENTROSOLAR Group AG at www.centrosolar.com. We moreover make reference to the comments in the Annual Report.

7 Independent auditors' fees

The auditors of CENTROSOLAR Group AG are PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft (PwC AG). The amounts shown below contain neither fees for the foreign member companies of the PwC network nor fees for other auditors of group subsidiaries.

Expenses for auditor PwC AG

in EUR '000

Expenses for auditing of the financial statements	207
Other certification or consultancy services	0
Tax consultancy services	0
Other services	178
Total expenses for 2009	**385**

8 Date and authorisation for issue of the financial statements

The financial statements were approved by the Management Board and authorised as a whole for issue on March 17, 2010. The Supervisory Board is expected to approve the financial statements on March 17, 2010.

Munich, March 17, 2010

Dr. Alexander Kirsch, Chairman and Finance

Thomas Güntzer, International Sales & Major Projects, M&A and Human Resources

Dr. Axel Müller-Groeling, Strategy and Operations

Responsibility Statement

"To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, 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 management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group."

Munich, March 17, 2010

Dr. Alexander Kirsch, Chairman and Finance

Thomas Güntzer, International Sales & Major Projects, M&A and Human Resources

Dr. Axel Müller-Groeling, Strategy and Operations

In line with international practice, we have concentrated our reporting on the Consolidated Group. The detailed individual annual financial statements under HGB are available on the homepage of CentroSolar Group AG or at the Corporate Office, on request.

Independent Auditors' Report

We have audited the consolidated financial statements prepared by CentroSolar Group AG, Munich – comprising the balance sheet, the income statement and statement of comprehensive income, the statement of movements in equity, the cash flow statement and the notes - for the financial year from January 1 to December 31, 2009. The preparation of the consolidated financial statements and group management report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of German Commercial Code, is the responsibility of the company's Management Board. Our responsibility is to express an opinion on the consolidated financial statements and group management report based on our audit.

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

Our audit has not led to any reservations.

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

Munich, March 17, 2010

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Financial calendar 2010

March 18	Publication of 2009 accounts
May 5	Publication of 1/2010 Quarterly Report
May 19	Annual General Meeting of Shareholders
August 4	Publication of 2/2010 Quarterly Report
November 4	Publication of 3/2010 Quarterly Report

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