European CleanTech I SE
Société Européenne
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R.C.S. Luxembourg B 155.076

Financial statements
and
independent auditor's report

For the period from 09 August 2010 (date of incorporation)
to 31 December 2010

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Management Report by the management board

The Directors present their report and financial statements for the period ended 31 December 2010.

European CleanTech I SE ("the Company") is a recently formed société européenne (SE) incorporated under the laws of Luxembourg, established for the purpose of acquiring one or more operating businesses with principal business operations in member states of the European Economic Area (EEA) through a merger, share exchange, share purchase, asset acquisition, reorganization or similar transaction or group of such transactions (a "Business Combination").

The Company is seeking to consummate a Business Combination and will focus on the "clean technology" sector, in particular in the areas of energy substitution (the substitution of fossil energy by renewable energy). The Company has 24 months to consummate a Business Combination. Otherwise, the Company will liquidate and distribute substantially all of its assets to its shareholders (other than the Sponsors).

In October 20, 2010 the Company raised up EUR 115 000 000 through an IPO of 11 500 000 Units at a Unit price of EUR 10. Each Unit consists of one redeemable Class A share of the Company, with no nominal value (a "Public Share"), and one Class A warrant with a stated exercise price of EUR 11.50 (a "Public Warrant"). The Public Warrants may be exercised, at the Company's option, either in cash or on a "cashless basis" and will become exercisable on the later of (i) the closing due date of the Business Combination and (ii) one year after the date on which trading in the Public Shares and Public Warrants on the Frankfurt Stock Exchange commences.

Public Warrants are treated as non-current financial liability under International Financial Reporting Standards, even though they will be settled net in shares only (not in cash). Accordingly, fair value changes subsequent to the initial measurement of each Warrant will be recognized in the profit and loss account.

The Public Shares and Public Warrants are listed on the Frankfurt Stock Exchange under the ISIN LU0538936351 and LU0538952044, respectively.

Immediately prior to the IPO, the Company raised further funds through a private placement of 4 968 678 class B warrants ("Founding Warrants") with the founding shareholders. The Founding Warrants are identical to the Public Warrants except that, as long as the Founding Warrants are held by the founding shareholders or their affiliates: they will not be redeemable and they may be exercised on a cashless basis at the holder's option, but cashless exercise will not be required.

At balance sheet date, share capital was EUR 345 000, represented by 11 500 000 Public Shares (representing 80 % of the total share capital), and the unlisted class B shares, divided into 958 333 Class B1 shares (representing 6.66 % of the total share capital), 958 333 Class B2 shares (representing 6.66 % of the total share capital) and 958 334 Class B3 shares (representing 6.68 % of the total share capital) (the class B shares are also referred to as "Sponsor Shares").

Holders of the Public Shares have the right to vote for the election of the members of the supervisory board of the Company and on all other matters requiring shareholder action. Public Shares convey one vote per Share and entitle the holder thereof to receive dividends, if any, as may be declared from time to time by the management board of the Company and decided by the general shareholders' meeting in its discretion out of funds legally available therefore. Upon the liquidation of the Company, Public Shares will be entitled to receive pro rata all or substantially all assets remaining available for distribution to Public Shareholders after payment of all liabilities. The Sponsor Shares bear the same rights as the Public Shares except that in certain circumstances, including the approval of the initial Business Combination,

the general shareholders' meeting can only adopt a resolution with a certain majority of the votes validly cast by Public Shareholders, and except that after a Business Combination, Sponsor Shares are not entitled to receive any distribution by the Company in excess of €0.01 per Share, and liquidation rights of Sponsor Shares are limited to €0.024 per Sponsor Share. Finally the Sponsor Shares are automatically converted into Public Shares, at a ratio of one Public Share for each Sponsor Share (subject to customary anti-dilution provisions) as follows:
- one third of the Sponsor Shares will be automatically converted into Public Shares upon consummation of a Business Combination.
- one third of the Sponsor Shares will be automatically converted into Public Shares if the Daily VWAP on any 20 out of any 30 consecutive trading days following consummation of a Business Combination equals or exceeds €11.00.
- one third of the Sponsor Shares will be automatically converted into Public Shares if the Daily VWAP on any 20 out of any 30 consecutive trading days following consummation of a Business Combination equals or exceeds €12.00.

The "Daily VWAP" means, for any trading day, the per Public Share volume-weighted average price on Xetra® for such Trading Day as reported on Bloomberg (or if such volume weighted average price is not available from Bloomberg, the volume weighted average share price of the Public Shares on such trading day determined by an internationally recognized investment bank selected by the Company).

Subject to certain exemptions, each of Dr. Helmut Vorndran, Willi Mannheims and Sven-Roger von Schilling (the "Sponsors"), Prof. Dr. Peter Woditsch (the "Additional Investor") and Sponsor S.à r.l. have agreed not to sell or otherwise transfer, without the prior consent of the Underwriters, its or his Sponsor Shares or its or his portion of the Public Shares that may be issued upon conversion of the Sponsor Shares for a period of 12 months following the Consummation of a Business Combination.

Promptly upon the IPO, the Company transferred all the IPO proceeds, the proceeds from the private placement of the Sponsor Warrants and certain deferred underwriting commissions into an Escrow Account maintained with Deutsche Bank, London branch, and held through an Irish branch of the Company. Funds in the Escrow Account may only be used in connection with a Business Combination. If the Company does not consummate a Business Combination by the relevant deadline, the remaining amounts in the Escrow Account will be distributed by the Company to the holders of Public Shares.

Current significant shareholdings notified to the Company in accordance with the law of 11 January 2008 *relative aux obligations de transparence concernant l'information sur les émetteurs don't les valeurs mobilières sont admises à la négociation sur un marché régementé*, as amended, are:

- Dr. Helmut Vorndran, Germany: indirect holding of 378 000 Public Shares 2 875 000 Sponsor Shares, representing 22.63 % of the outstanding shares of the Company with voting rights attached. (i) 2.63% (378 000 Public Shares) are attributable to Dr. Vorndran through Altizz Vermögensverwaltungsgesellschaft GmbH & Co. KG, where he is managing director of the general partner, and (ii) 20% (2 875,000 Sponsor Shares) through European CleanTech Holding S.à r.l., in which he holds a 61.5% interest through his wholly owned company Vorndran Beteiligungs GmbH.

- AQR Capital Management, LLC, Greenwich, U.S.A: 1 150 000 Public Shares, representing 8% of the outstanding shares of the Company with voting rights attached.

- Loeb Management Holding LLC, New York, U.S.A.: indirect holding of 750 000 Public Shares, representing 5.22% of the outstanding shares of the Company with voting rights attached. Loeb Management Holding LLC, is the general partner of Loeb Arbitrage Management LP and Loeb Offshore Management LP, both Delaware partnerships. The voting rights are held by funds and accounts managed by Loeb Arbitrage Management LP and Loeb Offshore Management LP. Loeb Arbitrage Management LP and Loeb Offshore Management LP have investment discretion as to such funds and accounts.

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To the best of our knowledge, we are not aware of any events which would have a material bearing on the accounts since 31 December 2010. The Company is actively searching to invest in a business combination and to therefore contribute meaningfully to the target company's future development and value creation. A business combination with European CleanTech I SE will offer a target company the opportunity to access new financing and become publically traded without undertaking a traditional IPO, an attractive and innovative financing alternative in an IPO market that has become increasingly difficult for many mid-sized companies.
The management board highlighted that the bonds are going to mature. It is the intention of the management board to roll it over.

Corporate governance statement

In accordance with article 68 bis 2) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings (the "2002 Law"), the management board has resolved to establish a separate report on the declaration of corporate governance referred to in article 68 bis of the 2002 Law. This seperate report will be made available on the Company's website (www.ectse.com).

Responsibility statement

In accordance with Article 3(2) c) of the Luxembourg law of 11 January 2008 relative aux obligations de transparence concernant l'information sur les émetteurs dont les valeurs mobilières sont admises à la négociation sur un marché réglementé (the "Transparency Law") the undersigned confirm that to the best of their knowledge, the financial statements covering the period ended 31 December 2010, which have been prepared in accordance with the applicable set of accounting standards, give a true and faire view of the assets, liabilities, financial position and profit and loss of the Company.

Furthermore, the undersigned confirm that to the best of their knowledge, the management report covering the period ended 31 December 2010 includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Luxembourg, 31 March 2011

Mr. Sven-Roger von Schilling
Class A Director

Mr. Onno Bouwmeister
Class B Director

Mr. Michel van Krimpen
Class B director

Ernst & Young
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Independent auditor's report

To the Shareholders of
European CleanTech I SE
Société Européenne
40, avenue Monterey
L-2163 Luxembourg

Report on the annual accounts

We have audited the accompanying annual accounts of European CleanTech I SE, which comprise the statement of financial position as at 31 December 2010, the statement of comprehensive income, the statement of changes in equity, the cash flow statement for the period from 9 August 2010 (date of incorporation) to 31 December 2010, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors responsible for the preparation and fair presentation of these annual accounts in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of the annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

Ernst & Young

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of European CleanTech I SE as of 31 December 2010, and of its financial performance and its cash flows for the period from 9 August 2010 (date of incorporation) to 31 December 2010 in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors is consistent with the annual accounts.

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé

Bruno DI BARTOLOMEO

Luxembourg, 31 March 2011

European CleanTech I SE

STATEMENT OF COMPREHENSIVE INCOME

For the period from 09 August 2010 (date of incorporation) to 31 December 2010

	Note	Period from 09 August 2010 to 31 December 2010 EUR
EXPENSES		
Other expenses	5	(459 926)
Total expenses		**(459 926)**
FINANCE COSTS		
Finance income	6	3 387 246
Finance expenses	7	(419 379)
Net finance costs		**2 967 867**
Other comprehensive Income for the period		-
Total Comprehensive Income for the period attributable to the equity holders of European CleanTech 1 SE		**2 507 941**
Earnings per share		
Basic	10	0,174
Dilluted	10	(0,007)

The notes on pages 12 to 29 are an integral part of these financial statements.

European CleanTech I SE

STATEMENT OF THE FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Note	31 December 2010 EUR
ASSETS		
Current assets		
Financial assets at fair value through profit and loss	9	115 346 425
Other receivables		8 690
Cash and cash equivalents		1 189 257
Total assets		**116 544 372**
EQUITY	10	
Share capital		345 000
Other reserves		107 342 413
Profit for the period		2 507 941
Total equity		**110 195 354**
LIABILITIES		
Non-current liabilities		
Financial liabilities	11	5 612 000
Current liabilities		
Amounts owned to affiliated undertakings		111 000
Trade and other payables		626 018
Total liabilities		**6 349 018**
Total equity and liabilities		**116 544 372**

The notes on pages 12 to 29 are an integral part of these financial statements.

European CleanTech I SE

STATEMENT OF CHANGES IN EQUITY

For the period from 09 August 2010 (date of incorporation) to 31 December 2010

	Share capital EUR	Other reserves EUR	Profit for the period EUR	Total EUR
Balance at 09 August 2010	180 000		-	180 000
Capital increase from IPO	276 000	108 974 000	-	109 250 000
Cost directly attributable to IPO	-	(6 600 265)	-	(6 600 265)
Founding warrants	-	4 968 678	-	4 968 678
Decrease of share capital	(111 000)	-	-	(111 000)
Profit for the period	-	-	2 507 941	2 507 941
Balance at 31 December 2010	**345 000**	**107 342 413**	**2 507 941**	**110 195 354**

The notes on pages 12 to 29 are an integral part of these financial statements.

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STATEMENT OF CASH FLOW

For the period from 09 August 2010 (date of incorporation) to 31 December 2010

	Period from 09 August 2010 to 31 December 2010 EUR
Profit for the period	2 507 941
Adjustments for:	
Change in fair value of financial liabilities	(2 725 500)
Change in fair value of financial assets	411 767
Cash flows used in operations before working capital changes	
Increase in trade and other receivables	(8 690)
Increase in trade and other payables	737 018
Cash flows used in operations	922 536
Net cash used in operating activities	**922 536**
Cash flows from investing activities	-
Issuance of new shares	456 000
Premium on share capital	108 974 000
Issuance of Warrants	10 718 678
Issue cost paid	(4 765 789)
Purchase of Bonds	(115 116 168)
	266 721
Cash flows from financing activities	
Net increase in cash and cash equivalents	1 189 257
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at 31 December 2010	**1 189 257**

The notes on pages 12 to 29 are an integral part of these financial statements.

European CleanTech I SE

NOTES TO THE FINANCIAL STATEMENTS

For the period from 09 August 2010 (date of incorporation) to 31 December 2010

1. INCORPORATION AND PRINCIPAL ACTIVITIES

European CleanTech I SE (the "Company") was incorporated in Luxembourg on 9 August 2010 as a Société Européenne. The Company has its registered office at 40, avenue Monterey, L-2163 Luxembourg and is registered at the Luxembourg Commercial Register under number R.C.S. Luxembourg n° 155 076.

The Company was established with the purpose of acquiring one or more operating businesses with principal business operations in member states of the European Economic Area (EEA) through a merger, capital stock exchange, share purchase, asset acquisition, reorganization or similar transaction or group of such transactions (a "Business Combination").

The Company carried out its initial public offering on the regulated market (Regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) on 20 October 2010.

The financial statements cover the five months ending 31 December 2010 and have no comparative period for the prior year because the Company was only incorporated on 9 August 2010.

The Company's financial year starts from 1 January to 31 December, except for its first year, which starts from the date of incorporation to 31 December.

2. BASIS OF PREPARATION

(a) Statement of compliance

The present financial statements as at 31 December 2010 were prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as they are to be applied in the EU.

These financial statements were authorized by the Board of Directors on 31 March 2011.

(b) Basis of measurement

The financial statements have been prepared on a going concern basis under historical cost basis except for the following items:

- Financial assets at fair value through profit or loss are measured at fair value
- Financial liabilities at fair value though profit or loss are measured at fair value

(c) Functional and presentation currency

These financial statements are presented in euro (EUR), which is also the Company's functional currency

(d) Adoption of new and revised International Financial Reporting Standards

The following Standards, Amendments to Standards and Interpretations have been issued but are not effective for the period ended 31 December 2010:

2. BASIS OF PREPARATION (continued)

	Effective for periods beginning on or after
Interpretations	
IFRIC 14 Prepayments of a minimum funding requirements	1 January 2011
IFRIC 19 Extinguishing Financial liabilities with Equity instruments	1 July 2010
Amendments	
IAS 32 Financial Instrument: Presentation	1 February 2011*
IAS 24 Related Party Disclosures (rev. 2009)	1 January 2011

* Retrospective adoption is required

Furthermore, the IASB published the following Standards, Interpretations and Amendments to existing Standards, which have not yet been adopted by the European Union and have, thus, not been applied in the present financial statements.

	IASB Effective Date	Endorsement expected
Standards		
IFRS 7: Financial Instrument disclosures	1 July 2011	30 June 2011
IFRS 9: Financial Instruments	1 January 2013	30 June 2011
Amendments		
IAS 12 Deferred Tax on Investment Property	1 January 2010*	30 June 2011
Annual improvement project		
Including 6 standards and 1 Interpretation	1 January 2011	30 June 2011

The initial application of these standards, interpretations and amendments to existing standards is planned for the period of time from when its application becomes compulsory.

Currently, the Board of Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial information of the Company except for IFRS 9 Financial Instruments, which becomes mandatory for the Company's 2013 financial statements and could change the classification and measurement of financial assets.

2. BASIS OF PREPARATION (continued)

(e) Use of estimates and judgements

The preparation of financial statements in accordance with IFRS as adopted by the EU requires from Management the exercise of judgment, to make estimates and assumptions that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates. Such estimates and underlying assumptions are reviewed on an ongoing base and revisions to these are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are:

Share-based payment

Founders have subscribed Founding Warrants and Sponsor Shares that are exercisable / convertible into Public Shares depending on various conditions, including occurrence of a Business Combination. The Founding Warrants and Sponsor Shares have been analysed as consideration received in exchange of services rendered by founders to the Company. While Founders have a "research" activity before identification of a partner and completion of a Business Combination, no significant services have been actually received by the Company before a partner has been identified and accepted by the public shareholders. As a consequence, the Company concluded that the relevant measurement date of these instruments in accordance with IFRS 2 will occur once an acquisition has been identified and accepted by the public shareholders. The measurement of services received will be made in reference to the fair value of instruments granted because fair value of services received cannot be measured reliably.

Deferred tax asset

A deferred tax asset in respect of the loss incurred has not been recognised as the Board of Directors estimates uncertainty in terms of future taxable profit against which the Company can utilise the benefits from the deferred tax asset.

Going concern

Management of the Company has up to 24 months from 20 October 2010 to consummate a Business Combination. If a Business Combination is not executed after 24 month (extended by six months if a letter of intent is signed before the expiration of this period), the Company will be liquidated. As a result of liquidation, the assets of the Company will be liquidated, including amounts held in Escrow account, and substantially all of the liquidation surplus after satisfaction of creditors' claims will be distributed to holders of Public Shares. The Board of Directors' underlying assumption to prepare the financial statement is based on a successful completion of a business combination within the given timeframe.

Deferred underwriting fees

The Company has deferred underwriting commissions in relation to the IPO, payable on completion of a Business Combination (please refer to note 10). These liabilities are conditional, but Board of Directors are of the opinion that this amount should be accounted for in the balance sheet as services have effectively been provided and the Business Combination is assessed as a highly probable event.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Financial instruments

Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits, trade and other receivables and quoted financial instruments.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance costs in the income statement.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when: i) The rights to receive cash flows from the asset have expired , ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss: these include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.
Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement.

Loans and borrowings: After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities and equity instruments issued by the Company

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the terms of the contractual arrangement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Shares and Warrants
The Company raised up EUR 115 000 000 through an initial public offering ("IPO") on 20 October 2010. Each unit consists of one Class A share (a “Public Share”) and one Class A warrant (a “Public Warrant”). Each Public Warrant gives the right to subscribe one Public Share for EUR 10 per share. Public Warrants are exercisable on the later of : consummation of a Business Combination or one year after the admission date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity instruments issued by the Company (continued)

Public Shares have been assessed as equity as their redemption can only be requested upon consummation of a business combination (which involves approval of such business combination by general shareholder meeting) or will result from liquidation of the Company decided by the shareholders in a general meeting (if no Business Combination occurs prior to the end of a certain period). The Public Warrants are treated as derivatives under IAS 32 as they will be settled net in shares (not in cash). Therefore they are treated as liabilities under IAS 32.

Immediately prior to the IPO, the Company raised further funds through a private placement of 4 968 678 class B warrants ("Sponsor Warrants") with the founding shareholders. The Sponsor Warrants are identical to the Public Warrants except that, as long as the Sponsor Warrants are held by the founding shareholders or their affiliates: they will not be redeemable and they may be exercised on a cashless basis at the holder's option, but cashless exercise will not be required. According to these conditions Sponsor Warrants are treated as equity under IFRS 2. The Sponsor Warrants are not being offered for purchase in the offering and are not listed on a stock exchange.

If no Business Combination occurs, the proceeds from the sale of the Sponsor Warrants will become part of the distribution of the Escrow Account funds to the Public Shareholders, and the Sponsor Warrants will expire worthless.

Determination of fair value

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations , without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

Financial assets at fair value through profit and loss
The investments in government bonds were designated as financial assets at fair value through profit or loss (fair value option) upon initial recognition. Determination of fair value is based on quoted market prices.

Financial liabilities at fair value through profit and loss
Financial liabilities correspond to the Public Warrants issued which are treated as derivatives under IAS 32 as they will be settled net in shares (not in cash). Therefore they are classified as financial liabilities at fair value through profit or loss. The fair value is determined by the rating of the warrants on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Interest income
For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Tax

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax
Deferred income tax is provided using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

4. FINANCIAL RISK AND CAPITAL MANAGEMENT

Financial risk factors

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has conducted no operations so far and currently does not generate revenue. Additionally, the Company does not have major foreign currency transactions. Hence, the Company does not face foreign currency or major default risks.

Credit risk

The credit risk arises principally from the financial assets consisting of German Bonds as the Company does not own any other assets apart the cash at bank. Management considers that the credit risk is adequately mitigated through the quality of the issuer.

The maximal exposure to credit risk for the government bonds from Germany is considered to be the carrying amount corresponding to the fair value of the bonds.

Liquidity risk

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

The funds available outside of the escrow account amounted to EUR 1 160 802 as of 31 December 2010. This is sufficient to settle the Company's current financial liabilities as well as trade and other payables. Public Warrants are not included in the liquidity risk management as they will be settled net in shares (not in cash).

The contractual maturities of the current financial liabilities and the trade and other payables are as follows:

EUR	Carrying amount	Contractual cash flows	6 month or less	6 – 12 month	More than 1 year
Financial liability resulting from Public Warrants	5 750 000	-	-	-	-
Financial liability resulting from deferred underwriting commissions	2 587 500	2 587 500	-	-	2 587 500
Trade and other payables	737 018	737 018	737 018	-	-

* The Public Warrants will be settled net in shares (not in cash).

Market risk

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

4. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

Fair value risk Public Warrants
The Company's Public Warrants are accounted for as financial liability recognised at fair value through profit or loss. The fair value is based on the quoted marked price of the Public Warrants. A change in the market price of the Public Warrants will impact the statement of comprehensive income and the equity as well as the amount of the liability.

Sensitivity analysis
The closing price for the Public Warrants for the year ended 31 December 2010 was quoted at EUR 0.263. An increase/decrease of the market price of 10% would result in a loss/gain and a negative/positive equity impact of EUR 3 024 500 corresponding to the number of Public Warrants outstanding amounting to 115 000 000 times the impact of EUR 0.0263.

Interest rate risk and fair value risk of government bonds
The Company does not have any interest bearing liabilities and hence is not exposed to risk of increasing future interest expenses from such liabilities.

The financial assets held by the Company are the German Government Bonds. The main characteristics of these assets are as following:

EUR	Amount invested	Maturity	Interest 2010/ (Fair Value Changes)		Interest Rate
			realized	unrealized	
Government bonds					
Germany (DE0001141489)	112 901 183	April 2011	642 024	(411 767)	3.5%

The government bonds are affected by interest changes as their fair value will change as interest rates change. The Company adopts a cautious investment mode rather than indents to operate an active position management on the government bonds. Based on the issuer and interest risk significant fair value changes are negligible.

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence. In particular, the ability to complete a Business Combination by 20 October 2012 must be insured.

The Board of Directors monitors the return of cash per unit in the event no Business Combination will take place and the Company is liquidated. As of 31 December 2010, the cash per unit amounts to EUR 0.10. This is derived form the cash balance outside the Escrow account, amounting to EUR 1 160 702, divided by the number of unit issued (as of 31 December 2010; 11 500 000 units).

5. OTHER EXPENSES

Other expenses include expenses for the initial public offering of the Company, as 5% of these expenses are allocated to the offering of Public Warrants. Please refer for further details to note 10. The total amount of these expenses amounted to EUR 347 381.

6. FINANCE INCOME

	31 December 2010 EUR
Interest income on bonds	642 024
Net change in fair value of financial liabilities at fair value through profit and loss	2 725 500
Other interest receivable	19 722
Finance income	**3 387 246**

7. FINANCE EXPENSES

	31 December 2010 EUR
Other finance expenses	7 612
Net change in fair value of financial assets at fair value through profit and loss	411 767
Finance income	**419 379**

8. INCOME TAXES

The current income tax amounts to EUR 0. No deferred tax was recognised.

The difference between the current and the expected income tax expenditure is due to the following:

	31 December 2010 EUR
Profit for the period	2 507 941
Company's domestic income tax rate	28.59%
Expected income tax	(717 020)
Effective income tax reported in the income statement	-
Profit for the period	2 507 941
Fair value of Public warrant adjustment	(2 725 000)
Fair value of German bonds adjustment	411 767
Amortization of Warrants and Premium on bonds adjustment	(1 016 736)
Capitalized IPO expenses adjustment	(6 600 265)
Other adjustments	4 183 411
Domestic income tax basis	(3 238 882)

8. INCOME TAXES (continued)

Deferred tax assets have not been recognised in respect of the loss incurred within the reporting period ended 31 December 2010 because it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

Unused tax losses for which no deferred tax asset is recognised in the statement of financial position amount to EUR 3 238 882.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Amount invested	Fair value as of 31 December 2010	Fair value change
Government Bonds Germany	112 901 183	112 489 416	411 767
Interest acquired		2 214 985	
Interest for the period		642 024	
Total		**115 346 425**	

10. EQUITY

IPO proceeds

European CleanTech I SE carried out its initial public offering on the regulated market (Regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierborse) on 20 October 2010. The size of the offering was 15 000 000 units at a price of EUR 10 each and resulted in the placement EUR 11 500 000 units for EUR 115 000 000. Each unit comprises of one Class A share ("Public Share") and one Class A Warrant ("Public Warrant").

The gross proceeds from the emission of the Units amounted to EUR 115 000 000 (before deduction of fees). Public Warrants are classified as financial liabilities and Public Shares are classified as equity instruments (Share Capital based on a nominal subscription price of EUR 0.024 per Public Share).

IPO costs

Total costs directly attributable to the initial public offering amount to EUR 6 947 646 which comprise of the following;

	Total	Allocated to Public Shares 95%	Allocated to public Warrants 5%
IPO Bank commission	2 759 873	2 621 879	137 994
Legal fees	881 973	837 875	44 099
Audit fees	109 759	104 271	5 488
Insurance	469 016	445 566	23 451
Underwriting fees	2 587 500	2 458 125	129 375
Other	139 525	132 549	6 976
Total IPO costs	**6 947 646**	**6 600 265**	**347 381**

10. EQUITY (continued)

In accordance with the accounting policies of IAS 32, the IPO costs were allocated to the Public Shares (equity instruments) and Public Warrants (financial liabilities) in proportion to the allocation of proceeds. IPO costs allocated to Public Shares were recorded against the share premium. IPO costs allocated to Public Warrants were recorded in profit or loss account.

The amount of EUR 2 587 500 of the underwriting commission remains unpaid until the consummation of the Business Combination (deferred underwriting commission).

Share Capital

	31 December 2010	31 December 2010
	Number of shares	EUR
Authorised **Class A and B shares**	**84 000 000**	**2 016 000**
Issued and fully paid **Balance at 31 December 2010**	**14 375 000**	**345 000**

As of the date of incorporation, the Company issued 7 500 000 Sponsor Shares without designation of a nominal value. The Company has received EUR 180 000 for these shares.

On 30 September 2010, the shareholders, at an Extraordinary General Meeting, resolved to decrease the initial issued share capital by cancelling 2 343 750 Sponsor Shares. It has been decided to reimburse EUR 0.024 for each share cancelled.

In addition, the general meeting of the shareholders resolved to create three new additional classes of redeemable shares called “Class B1 Shares”, “Class B2 Shares” and “Class B3 Shares” (as previously stated the “Sponsor Shares”).

On 20 October 2010, the Company received EUR 276 000 by issuing 11 500 000 new Class A shares. The share capital then increased to EUR 399 750. It subsequently cancelled 760 417 Class B1 shares, 760 417 Class B2 shares and 760 416 Class B3 shares and reimbursed and amount of EUR 54 750 in relation to these cancelled shares.

The share capital at Balance Sheet date is EUR 345 000 represented by 11 500 000 Class A shares, 958 333 Class B1 shares, 958 333 Class B2 shares and 958 334 Class B3 shares.

10. EQUITY (continued)

Conversion into Public Shares.
The Sponsor Shares will be automatically converted into Public Shares, at a ratio of one Public Share for each Sponsor Share as follows:

- the Class B1 redeemable shares, with no nominal value, being one third of the Sponsor Shares (representing 6.66% of our Initial Share Capital) will be converted into Public Shares upon Consummation of a Business Combination;
- the Class B2 redeemable shares, with no nominal value, being one third of the Sponsor Shares (representing 6.66% of our Initial Share Capital) will be converted into Public Shares if the Daily VWAP on any 20 out of any 30 consecutive Trading Days following Consummation of a Business Combination equals or exceeds to EUR 11.00;
- the Class B3 redeemable shares, with no nominal value, being one third of the Sponsor Shares (representing 6.68% of our Initial Share Capital) will be converted into Public Shares if the Daily VWAP on any 20 out of any 30 consecutive Trading Days following Consummation of a Business Combination equals or exceeds EUR 12.00.

For this purpose, the "Daily VWAP" is the average, over any 20 Trading Days in a period of 30 consecutive Trading Days after the date of Consummation of a Business Combination, of the volume weighted average price of the Public Shares on the Frankfurt Stock Exchange. If the applicable Daily VWAP threshold is met prior to the Consummation of a Business Combination, the conversion will take place on the date of Consummation of a Business Combination. In connection with the aforementioned conversion, the Management Board shall be given all powers to implement the conversion of the Sponsor Shares into Public Shares and to make any statement, cast votes, sign all minutes of meetings and other documents, appear in front of a Luxembourg notary to state the occurrence of the conversion and make relevant amendments to the Articles of Association, do everything which is lawful, necessary or simply useful in view of the accomplishment and fulfillment of such conversion.

Dividend Rights
Prior to the consummation of a Business Combination, the Sponsor Shares and the Public Shares will have the same rights to dividends and distributions. In the event that distributions are made after the date of consummation of the Business Combination, (i) each Sponsor Share and Public Share shall be entitled to receive the same amount to the extent that such amount does not exceed one euro cent (EUR 0.01) per Share, and (ii) each Public Share shall be entitled to the same fraction of (and the Sponsor Shares shall be entitled to none of) any distribution in excess of one euro cent (EUR 0.01).

Voting Rights
Each Sponsor Share is entitled to one vote at any ordinary or extraordinary general meeting of shareholders, except in cases, including approval of initial Business Combination, where the Articles of Association provide for a separate class vote of the Public Shareholders. Any Sponsor Shares that are not converted to Public Shares on or prior to the fifth anniversary of the consummation of a Business Combination will no longer be convertible into Public Shares and will be redeemed within six months of such date at a price equal to EUR 0.024 per Sponsor Share (subject to availability of sufficient funds). The Sponsor Shareholders have agreed not to vote their Sponsor Shares after such fifth anniversary on any matter other than those requiring a class vote of the Sponsor Shares under the Articles of Association.

Liquidation Rights
If the Company is liquidated before the Sponsor Shares are converted, holders of the Sponsor Shares will receive liquidation proceeds equal to EUR 0.024 per Sponsor Share.

10. EQUITY (continued)

Transfer Restrictions
The Sponsor Shares may not be transferred prior to their conversion into Public Shares (subject to limited exceptions for transfers among the Sponsor Shareholders and their affiliates). In addition, each of our Sponsor Shareholders has agreed not to sell or otherwise transfer its or his portion of the Public Shares that may be issued upon conversion of the Sponsor Shares at least 18 months following the consummation of the Business Combination (subject to certain limited exceptions described in the IPO Prospectus).

Listing
The Sponsor Shares are not listed on a stock exchange.

Sponsor Warrants
Immediately prior to the IPO closing date, the Sponsor Shareholders purchased 4 968 678 Sponsor Warrants at a purchase price of EUR 1.00 per Sponsor Warrant.

The Sponsor Warrants are identical to the Public Warrants except that, so long as they are held by the Sponsor Shareholders or their affiliates: (i) they will not be redeemable and (ii) they may be exercised on a cashless basis at the holder's option, but cashless exercise will not be required.

If no Business Combination occurs, the proceeds from the sale of the Sponsor Warrants will become part of the distribution of the Escrow Account funds to the Public Shareholders, and the Sponsor Warrants will expire worthless.

Other reserves

Other reserves have developed as follows since 31 December 2010:

EUR	
Balance at 09 August 2010	-
Share premium from IPO (Public Shares)	108 974 000
Founding warrants	4 968 678
IPO costs	(4 142 140)
Balance at 31 December 2010	**109 800 538**

10. EQUITY (continued)

Earnings per share

The calculation of basic earnings per share (EPS) at 31 December 2010 was based on the profit attributable to ordinary equity holders of the parent entity of EUR 2 507 941 and the total number of ordinary shares outstanding of 14 375 000 which have been calculated as follows:

Total number of ordinary shares (basic)	31 December 2010
Issued ordinary shares at incorporation	7 500 000
Effect of share restructuring on 30 September 2010	(2 343 750)
Effect of shares issued on IPO	11 500 000
Effect of share restructuring on 20 October 2010	(2 281 250)
Total number of ordinary shares	**14 375 000**

The calculation of dilutive earnings per share at 31 December 2010 was based on the profit attributable to ordinary equity holders of the parent entity adjusted for the fair value effect of the Public Warrants.

Profit attributable to ordinary shareholders (diluted)	31 December 2010
Profit attributable to ordinary shareholders (basic)	2 507 941
Less fair value change of public warrant	(2 725 500)
Loss attributable to ordinary shareholders	**(217 559)**

The total number of ordinary shares (dilutive) was calculated as follows:

Total number of ordinary shares (dilutive)	31 December 2010
Total number of ordinary shares (basic)	14 375 000
Effect of public warrant	11 500 000
Effect of founding warrants	4 968 678
Total number of ordinary shares (dilutive)	**30 843 678**

11. FINANCIAL LIABILITIES

	31 December 2010 EUR
Financial liability resulting from Public Warrants	5 750 000
Net change in fair value of financial liabilities at fair value through profit and loss	(2 725 500)
Underwriting Fees	2 587 500
Total financial liabilities	**5 612 000**

Public Warrants are treated as derivatives under IAS 32 as they will be settled net in shares (not in cash). Therefore they are classified as financials liabilities at fair value through profit and loss.

12. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

Net gain and losses

The following table, which is classified according to the measurement categories of IAS 39, presents the net gains and losses (before taxes) from financial instruments reported in the financial statement of comprehensive income:

	31 December 2010 EUR
Financial assets and liabilities recorded at fair value through profit and loss:	
- designated at FV	2 313 733
Financial income	**2 313 733**

Accounting classifications and fair value

Fair value vs carrying amount

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

EUR	Note	**Fair value through profit and loss**	**Total carrying amount**	**Fair value**
		Designated at fair value		
31 December 2010				
Financial Assets				
Government Bonds	9	(411 767)	112 489 416	112 489 416
Financial liabilities				
Public Warrants liability	11	2 725 500	3 024 500	3 024 500

12. SEGMENT REPORTING

The Company has no activities, except for seeking to accomplish a Business Combination, therefore, segment reporting is not applicable for these financial statements. Information used by the Chief Operating Decision Marker is based on the format of the present financial statements.

13. POST BALANCE SHEET EVENTS

There were no important events since the year end which could influence the presentation of the current annual accounts. The Company is expected to develop in line with current performance.

14. ULTIMATE CONTROLLING PARTIES AND RELATED DISCLOSURES

The Company has no ultimate controlling party.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

In 2010, the Founding Shareholders (European CleanTech I Holding S.à r.l.) acquired an aggregate of 2 875 000 Sponsor Shares at an aggregate purchase price of EUR 70 000 (please refer to Note 11).

The Company will pay an amount of EUR 25 000 p.a. to Mr. von Schilling as chairman of the Management Board and chief executive officer for his services on the board. The other Management Board members will not receive a compensation for their services on the board; however, the Company will pay an aggregate amount of EUR 25 000 p.a. to Orangefield Trust (Luxembourg) S.A. for management and domiciliation services rendered to the Company by the other Management Board members.

Other than as described above, in no event will the Company pay its Management Board members or any entity with which they are affiliated any finder's fee or other compensation prior to or in connection with the Consummation of a Business Combination. However, these individuals will be reimbursed for any out-of pocket expenses, such as travel expenses, incurred in connection with activities on our behalf to identify a potential Target Business and perform due diligence on suitable Target Businesses, provided, however, that the amounts of any such reimbursements will be limited to the extent they exceed the amount available from the funds held outside the Escrow Account. After a Business Combination, the members of the Management Board of the Company who remain with it may be paid consulting, management or other fees which will be disclosed, in the materials furnished to its Shareholders in connection with the Business Combination if known at such time. It is unlikely the amount of such compensation will be known at the time of a general shareholders' meeting held to consider a Business Combination, as it will be to the Management Board members of the post-combination business to determine officer and director compensation.