



UPDATE Q3

Group Quarterly Report Q3/2011
of CENTROSOLAR Group AG, Munich

Key Figures

P&L	30.09.2011		30.09.2010		Change
	TEUR	% Revenue	TEUR	% Revenue	
Revenue	223,387	100.0%	310,939	100.0%	-28.2%
Gross profit	66,160	29.6%	92,793	29.8%	-28.7%
EBITDA	3,603	1.6%	30,275	9.7%	-88.1%
EBIT	(3,218)	-1.4%	24,300	7.8%	n.a.
EAT attributable to shareholders	(7,027)	-3.1%	14,758	4.8%	n.a.

Cash Flow Statement	30.09.2011		30.09.2010		Change
	TEUR	% Revenue	TEUR	% Revenue	
Cash Flow I (EAT + depreciation/amortisation)	(206)	-0.1%	20,734	6.7%	n.a.
Cash Flow from operating activities	(42,997)	-19.2%	6,043	1.9%	n.a.
Cash Flow from investing activities	(7,572)	-3.4%	(4,823)	-1.6%	57.0%

Balance Sheet	30.09.2011		31.12.2010		Change
	TEUR	% Total	TEUR	% Total	
Net Working Capital	83,811	33.0%	42,663	23.1%	96.4%
Net Operating Working Capital	97,054	38.2%	56,721	30.7%	71.1%
Fixed Assets	104,654	41.2%	93,857	50.8%	11.5%
thereof Goodwill	49,429	19.5%	49,429	26.8%	0.0%
Net cash	(100,800)	-39.7%	(39,875)	-21.6%	152.8%
Shareholders' equity	88,865	35.0%	95,577	51.8%	-7.0%
Balance sheet total	254,086	100.0%	184,698	100.0%	37.6%

Shares and EPS	30.09.2011	30.09.2010		
	Number of shares (weighted average outstanding; basic)	20,342,038	20,333,309	
EPS (in EUR; basic)	-0.35 €	0.73 €		
	03.01.	Year-high	Year-low	30.09.
Share price in EUR	5.13 €	6.23 €	1.73 €	1.83 €

Employees	30.09.2011	31.12.2010	Change
Average total (in FTE)	1,118	1,078	3.8%

INTERNATIONALLY SUCCESSFUL.



EUROPE

Locations

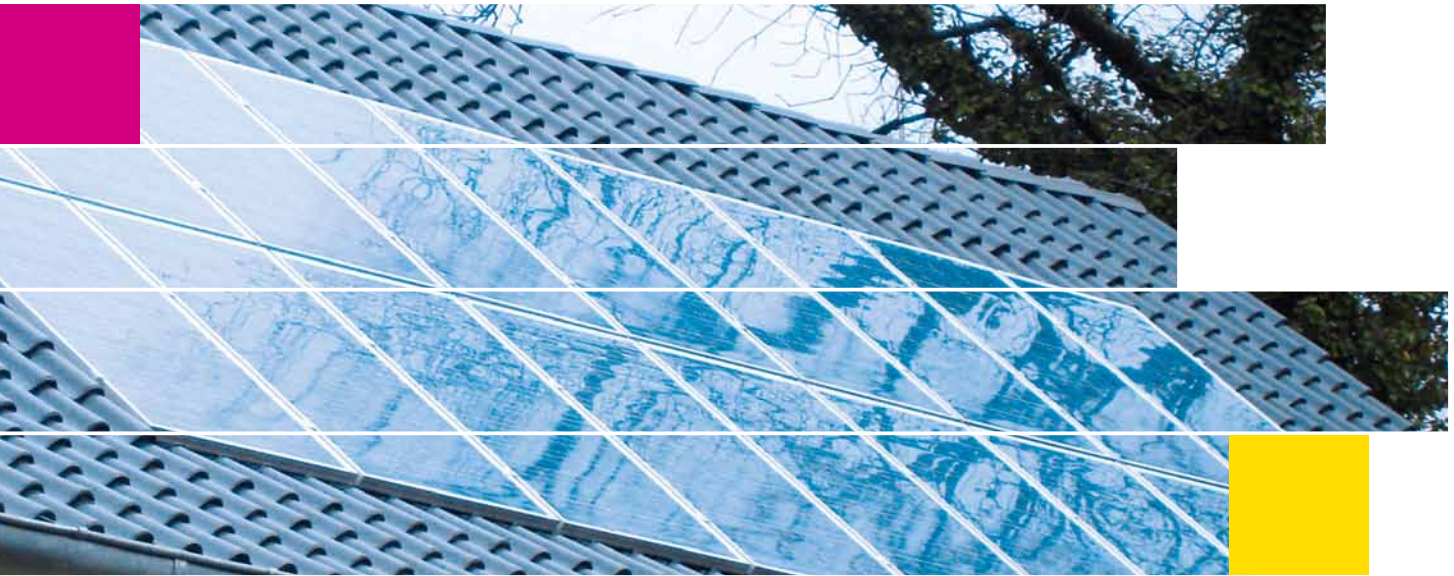


USA / CANADA

Locations



SOLAR EXPERTS FOR THE ROOF.



Product overview

- Photovoltaic solar modules
- Integrated PV systems
- Stand-alone systems
- Inverters
- Plant planning system design

PARTNER TO THE TRADE.



Everything on site, from advice to delivery of complete systems.

QUALITY „MADE IN GERMANY“.



**Our production:
efficient and high-quality**



INNOVATIVE IN DETAIL.



**Anti-reflective nanocoated
solar glass**



**In-roof and on-roof mounting
solutions**



Highlights

- Demand below expectations until end of reporting period despite sharp fall in prices and attractive rates of return **Revenue**
- Third quarter closes with revenue of EUR 72.9 million (previous year EUR 101.7 million); revenue for first nine months reaches EUR 223.4 million (previous year EUR 311.0 million)
- Further headway made with spreading revenue basis over several markets: export ratio in Q3 now 74% (previous year 64%)

- Positive operating result earned in third quarter: EBIT reaches EUR 1.7 million (previous year EUR 3.2 million). **Earnings**
- Margins continue to suffer from deterioration in prices
- CENTROSOLAR benefits from flexible purchasing policy and comparably low stock levels of end products
- Continuing start-up losses in North America and from launch of new products in mounting systems area

- Moderately stronger fourth quarter expected because of seasonality, with prices remaining under pressure **Outlook**
 - Forthcoming scaling-back of incentives in many important markets (e.g. Germany, Italy, USA) by end of year
 - New regulation in Italy beneficial for CENTROSOLAR
 - Increased PV rates of return thanks to sharp fall in prices stimulating demand
 - Pressure on prices due to continuing high inventories at competitors
- With its focus on roof business, CENTROSOLAR operates in the most stable market segment
- Full-year forecast:
 - Revenue expected to reach EUR 300 million
 - Positive operating result possible subject to healthy trend in demand and relatively stable prices in Q4

Summary

Positive operating result in difficult market environment

- CENTROSOLAR Group AG defied the market trend to achieve a positive third-quarter operating result of EUR 1.7 million (previous year EUR 3.2 million), reducing the first-half losses of EUR 4.9 million by more than one third to EUR 3.2 million (previous year EUR 24.3 million profit).
- The third quarter was characterised by a very difficult market environment. The anticipated recovery in demand for solar systems failed to materialise despite attractive rates of return for end customers, and the deterioration in prices from the first half of the year continued in the third quarter. The group's Q3 revenue of EUR 72.9 million was therefore well down on the prior-year level of EUR 101.7 million.
- Amid all this, CENTROSOLAR has succeeded in continuing to expand its business internationally. In the third quarter, 74% of revenue was already generated outside the domestic market Germany. This contrasts with 64% in the previous year.
- The long-term focus on quality roof systems made by the company's own operations in Germany, with local tradespeople acting as the sales partners, has proven to be a stable business model. Paired with a forward-looking approach to cost management, the company is thus able to post a positive operating result despite the difficult market environment.
- Investment in expanding activities in North America and adding to the mounting systems product range was increased further.
- For the first nine months of the financial year, revenue therefore reached EUR 223.4 million (previous year EUR 311.0 million). Earnings per share were EUR -0.35, as opposed to EUR 0.73 in the prior-year period.
- Following weak worldwide demand and the sharp decline in prices, as previously reported CENTROSOLAR now expects revenue for the full year to reach around EUR 300 million. Assuming demand recovers and prices remain broadly stable in the fourth quarter, the company expects that the final quarter, too, will bring a further improvement in the operating result for the year.

Positive operating result in Q3

Difficult market environment

International business expanded

Strategy pays dividends

Broader business base

Revenue forecast EUR 300 million.

Economic conditions

General economic situation

- According to an analysis by the Centre for Economic Research (CER), the economic outlook has continued to deteriorate in recent months. For the eurozone, the rating has actually fallen to its worst level since the financial crisis at the end of 2008. According to the CER, the main reason for the downturn is probably the smouldering sovereign debt crisis in various eurozone countries and fears that the cooling-down of the global economy might continue.

Economic expectations markedly lower

General situation of the photovoltaic market

- The broadly disappointing performance of sales markets in the first half continued in the third quarter. After the customarily weak summer months July and August, the expected recovery in the market in September in Europe and North America failed to take shape. Furthermore, according to a study by iSuppli, prices for solar modules fell by a further 12% in the third quarter, having already yielded approx. 28% in the first half of the year. The main factor driving prices down was the buildup of oversupply in the wafer and cell manufacturing stages of the value chain, which are upstream from module manufacturing; in the previous year, those stages had still been delivering above-average profit margins as a result of supply bottlenecks.
- The sharp drop in prices once again substantially improved the rates of return for those investing in solar systems. However, the continuing dynamic movement in prices and the economic uncertainties outlined above have prevented the expected recovery in demand from taking shape. Because various countries will again be reducing the feed-in tariffs for solar power at the end of the year – for instance in Germany, where a 15% reduction was announced in October – demand is nevertheless expected to increase in the fourth quarter.

Demand remains weak, sharp fall in prices in third quarter

Business performance of the group

Financial performance

Income Statement	30/09/2011	30/09/2010	Change
	EUR '000	EUR '000	
Revenue	223,387	310,939	-28%
Gross profit	66,160	92,793	-29%
EBITDA	3,603	30,275	-88%
EBIT	-3,218	24,300	n.a.
EAT attributable to shareholders	-7,072	14,758	n.a.

Key figures

- The revenue performance of CENTROSOLAR Group AG reflects the continuing low level of demand on international sales markets and the steady decline in prices. Revenue for the quarter was 28% down on the prior-year figure, at EUR 72.9 million. Revenue for the first nine months of EUR 223.4 million was therefore also well below the 2010 figure of EUR 310.9 million.
- The volatility of individual markets demonstrates the wisdom of the strategy of international diversification. This strategy continued to be pursued throughout the past quarter. Revenue amounting to EUR 53.9 million, representing 74% of the total, was generated outside Germany. The biggest sales markets of CENTROSOLAR Group AG were once again France and Italy, which accounted for 17% and 16% of total revenue respectively. There was also a substantial year-on-year increase in revenue in the United Kingdom compared with the previous year. Now representing 8% of total revenue, this market too has now developed into one of the strongest export markets for CENTROSOLAR Group AG.
- In the first nine months, the proportion of revenue generated outside Germany was 66%. The main international markets included France, Italy, the UK and the USA.
- The composition of revenue by segment barely changed: the Solar Integrated Systems segment contributed EUR 166.2 million or 74% of total revenue from third parties, and Solar Key Components EUR 57.2 million or 26% (prior-year period Solar Integrated Systems EUR 238.2 million / 77% and Solar Key Components EUR 72.8 million / 23%).
- Despite the difficult market environment and the associated downturn in revenue, CENTROSOLAR Group AG succeeded in posting positive earnings before interest and taxes (EBIT) for the third quarter. Although EBIT of EUR 1.7 million did not quite match the very good prior-year figure of EUR 3.2 million, the first-half operating losses were reduced substantially to EUR 3.2 million (previous year: operating profit of EUR 24.3 million).
- The company benefited in this respect from its strong sales organisation for European core business and from its flexible purchasing policy. On the other hand the expansion of business in North America and the launching of new products in the mounting systems area again weighed on the operating result in the third quarter. The companies affected

Weak market in Europe and deteriorating prices put pressure on revenue performance

74% of revenue generated outside Germany

Positive operating result despite difficult market environment

reported an operating result of EUR -1.8 million in the period under review.

- Net interest climbed from EUR -1.1 million in the previous year to EUR -1.7 million following issuance of the corporate bond and the utilisation of credit lines in the third quarter. Including tax expense of EUR 0.6 million, this produced net earnings of EUR -0.6 million compared with a surplus of EUR 1.8 million in the corresponding period of the previous year.
- In the first nine months, net earnings were therefore EUR -7.0 million (prior-year period EUR 14.8 million). Earnings per share came to EUR -0.35, as opposed to EUR 0.73 in the prior-year period.

Net worth and financial position

Cash Flow Statement	30/09/2011	30/09/2010	Change
	EUR '000	EUR '000	
Cash flow from operating activities	-42,997	6,043	n.a
Cash flow from investing activities	-7,572	-4,823	57%

Key figures

Balance Sheet	30/09/2011	31/12/2010	Change
	EUR '000	EUR '000	
Net operating working capital	97,054	56,721	71%
Net financial position	-100,800	-39,875	153%
Shareholders' equity	88,865	95,577	-7%

- Due to seasonal factors, working capital is usually much higher during the year than at December 31. In particular at the end of 2010, before the start of a two-week production shutdown over the new year, inventories were reduced to a minimum level of EUR 51.7 million. The comparative figure for trade receivables is likewise regularly very low at year-end (December 31, 2010: EUR 19.2 million) because there are only few deliveries to customers in the final two weeks of December.
- According to market research conducted by Solarbuzz and preliminary announcements of quarterly results by various competitors, the current high level of inventories is a key problem for many companies in the industry, because if prices fall there is the possibility that they will have to make write-downs. The sluggishness of the sales market meant that CENTROSOLAR Group AG, too, saw a slight increase in its inventories of EUR 6.9 million to EUR 70 million at September 30 compared with the previous quarter. However, the reach of finished products in stock is only about two weeks beyond the company's own targets. Thanks to its flexible purchasing policy with short-term delivery of particularly high-value components, especially the cells, it has not become necessary to write down its inventories.
- Trade receivables likewise grew by about EUR 5 million compared with the previous quarter. The third quarter saw an increase in net operating working capital of EUR 5.6 million to EUR 97.1 million. This figure also includes two projects financed up front by CENTROSOLAR to the tune of EUR 9.6 million. This compares with net operating working capital of EUR 56.7 million at the end of the 2010 financial year. There was correspondingly a negative cash flow from operating

Seasonal increase in working capital

activities of EUR -43.0 million from the first three quarters. In conjunction with the cash flow from investing activities of EUR -7.6 million, largely for increasing capacity at Wismar, the net financial position expanded by EUR 60.9 million to EUR 100.8 million.

- Notwithstanding the increase in net operating working capital, CENTROSOLAR's financial position remains very robust, thanks in no small measure to the successful placement of a EUR 50 million bond in the first quarter. At the reporting date, the companies in the group were furthermore able to draw on credit lines amounting to EUR 17.5 million to finance working capital. Cash and cash equivalents of EUR 9.9 million were moreover available. The equity ratio at the reporting date was 35.0%.

Robust financial position

Business performance of operating segments

Solar Integrated Systems

- The weak development in demand in the first half of the year continued in the third quarter. In addition to the fact that the summer months July and August are usually weak anyway, the anticipated leap in demand in the otherwise strong month of September failed to materialise. The German market in particular fell back sharply after a brief peak in June. In the French market, the new cap on additional capacity of new photovoltaic systems had a measurable impact on demand. With 25 MWp of smaller roof systems sold during the past quarter, the figure was well below the prior-year figure of 35 MWp. **Weak demand**
- The downturn in prices that had started in the first half likewise continued in the third quarter and thus adversely affected revenue and profit margins, compounding the impact of lower volume. Revenue for the segment of EUR 51.4 million was therefore 36% below the previous year's level (EUR 80.5 million). **Falling prices also erode revenue**
- 74% of third-quarter revenue was realised outside Germany. The company's main international markets include Italy, France and the USA. Revenue in the UK and Greece was also increased substantially. **Successful international expansion**
- In the first nine months of the year, revenue for the segment reached EUR 166 million, 30% down on the prior-year figure of EUR 238 million. On the other hand the export ratio was pushed up substantially from 47% to 65%.
- Despite the considerable drop in prices, the gross margin for the segment remained relatively healthy at 27% (prior-year quarter 20%). This reflects the advantages of CENTROSOLAR's flexible purchasing policy. Because we do not make any significant purchase commitments to cell suppliers, given the current oversupply of cells we are able to insist on supplies being delivered to our Wismar manufacturing plant only shortly before the items are needed. This enables us to minimise the price risk that is inherent in the delay between purchasing the cells and selling the modules. The lower revenue volume nevertheless meant that the gross profit of EUR 14.1 million was well down on the 2010 figure of EUR 16.1 million. **Strong gross profit margin**
- The lower gross profit was compensated for in part by a reduction of around EUR 1.0 million in operating costs compared with the prior-year quarter. All the same, weak demand meant that the sales organisation was unable to work at full capacity in the past quarter and the operating result before interest and taxes (EBIT) of EUR 1.0 million fell somewhat short of the prior-year figure of EUR 2.5 million. The EBIT margin was 2.0% (compared with 3.2% in the previous year). **EBIT margin suffers from negative economies of scale for sales organisation**
- This segment accounted for EUR 1.0 million of the expansion-related losses in North America. Meanwhile a profit contribution of EUR 1.2 million was realised from two major projects in Spain and Italy, which are accounted for using the percentage of completion method.

- The amount of financing required for operating materials at the end of the third quarter is usually much higher than at year-end. Equally, the net operating working capital of EUR 74.0 million at the reporting date was therefore well up on the prior-year figure of EUR 45.4 million and around EUR 4.2 million above the figure for the second quarter. Alongside the customary seasonal causes, the following factors also temporarily inflated working capital:
 - The two projects in Spain and Italy have led to receivables from customer-specific construction contracts of EUR 9.6 million.
 - Inventories of finished products were around EUR 10 million higher than the target figure following the unexpectedly weak level of demand in September.
 - The healthy liquidity position means the company is currently able to forgo the need for extended payment deadlines from suppliers if this means it is able to secure better purchase prices. Its trade receivables are therefore comparably low.
- Capital expenditure of EUR 16.0 million in the first nine months (2010: EUR 5.5 million) was mainly for the construction of the second production plant in Wismar.

Working capital temporarily increased by variety of factors

Solar Key Components

- In contrast to the Solar Integrated Systems segment, third-quarter revenue for Solar Key Components was increased by 6% to EUR 24.3 million, compared with EUR 23.0 million in the previous year. Demand for anti-reflective coated solar glass remains as high as ever. Although glass prices, too, have fallen compared with last year, the increase in volume compensated for this effect. A number of new products in the mounting systems area were launched in the first half. In this category, too, the previous year's revenue figures were bettered for the first time this year in the quarter under review.

Revenue increased despite pressure on prices
- For the first nine months, total revenue nevertheless lags behind the previous year's figures by around one-quarter. This is extensively due to the loss of exceptionally profitable revenue for Renusol's integrated mounting systems in France now that the regulatory requirements for such systems have been changed. In addition, the Solar Integrated Systems segment's internal requirements of glass and mounting systems were down on the previous year because of weak market demand.

Internationalisation stepped up: strong entry into UK market
- The international share of revenue was increased further from 73% to 77% in the third quarter. With a 24% share, the UK has become the largest sales market. Renusol's Variosole mounting system enjoyed strong growth there. Centrosolar Glas has moreover acquired a major customer in the UK this year. Over the first nine months the export ratio was 70%, with the UK, the Philippines, South Africa and France the biggest sales markets.

New product drive and market entry in USA for Renusol
- Renusol has responded to the loss of the market for its integration system in France by launching a broad-based product drive. It primarily involves newly designed product versions for flat roofs, an extended range for sloping roofs, a very attractively priced system for metal roofs and of course a new solution for roof integration that has been further optically enhanced. A version of the Console flat-roof system that has been extremely successful in Europe has now also been unveiled by the company for the North American market. The expanded range of mounting systems and development of a sales organisation in North America have incurred losses of around EUR 3.5 million since the start of the year, including some EUR 0.8 million in the third quarter.

Positive operating result
- Despite investing in new products and sales markets, the operating result of EUR 0.6 million for the third quarter was kept virtually on a par with the previous year (EUR 0.7 million). This compensated to some extent for the restructuring losses from the first half. The first nine months brought a loss of EUR 0.8 million (previous year profit of EUR 9.5 million).

Seasonal rise in net working capital
- In the Solar Key Components segment, too, working capital is higher than at year-end for seasonal reasons. Compared with the figure at June 30, 2011 there was a slight rise from EUR 21.9 million to EUR 23.2 million.

CENTROSOLAR shares



Xetra closing prices	EUR
Market price at reporting date	1.83
Highest price during reporting period	4.38
Lowest price during reporting period	1.73

Source: Comdirect

- The losses of the second quarter continued in both the TecDAX share index of German technology companies and the Photovoltaik Global 30 industry index. The TecDAX, for example, shed around one-quarter of its value over the course of the third quarter. The Photovoltaik Global 30 index actually declined in value by more than half over the period under review.
- CENTROSOLAR shares moved in line with the industry trend to close the quarter on EUR 1.83, down 58% compared with the start of the quarter.

Share price performance

Risks and opportunities position

- As matters stand, the opportunities and risks presented in the CENTROSOLAR Group Management Report at December 31, 2010 and in the First-Half Report at June 30, 2011 remain valid.
- The principal areas of risk accordingly include procurement risks, the risks of expansion and international diversification, dependence on state subsidies, exposure to fluctuating prices and interest rates as well as exchange rate risks, production plant failure, the loss of well-qualified employees and managers, quality and advance payment risks in respect of suppliers, non-payment risks, and financial risks.
- Opportunities continue to arise as a result of the strong international position as well as the ongoing strategy of expansion, the focus on the roof segment (which attracts preferential financial incentives), the patented key components, the highly cost-effective production process for solar modules and improved purchasing terms.
- The principal new risks and opportunities are commented on below.

Opportunities and risks from 2010 Group Management Report remain valid

Risks

- The relatively weak recovery in sales markets means that many companies could well have built up significant inventory levels that they might now be inclined to dispose of on the market at low prices, in an effort to improve their liquidity position. This could adversely affect the short-term margins and sales position of CENTROSOLAR. Thanks to its strong sales organisation, the CENTROSOLAR Group has built up a relatively strong market position that protects it at least to some extent against such an aggressive price war. In addition, the CENTROSOLAR Group has scaled back its production output at the Wismar module plant so that it can maximise revenue as it runs down its own stock levels as swiftly as possible. The company itself will then be able to make the most of its attractive negotiating position for purchases of cells.
- It has been quoted that there has been a relatively high number of connections in the Italian market in 2011, many of which are for projects that were already built last year but had not yet been connected up to the grid. Bearing in mind Italy's high level of sovereign debt, this development could lead to a reduction in the feed-in tariff. By focusing on roof systems, CENTROSOLAR Group AG's activities in the Italian market concentrate on the photovoltaics segment, which has received preferential treatment in earlier reviews of the payment mechanisms.
- CENTROSOLAR does not post revenues for its core business until after final acceptance by the customer. Turnkey projects which CENTROSOLAR builds on the customer's behalf and finances are the exception to this rule. In this instance construction contracts are accounted for using the percentage of completion method. This approach entails specific risks that could for instance stem from the imponderables involved in costing the projects. To manage the risk within this segment, we apply established methods from the bidding phase on, to assess the impact of potential discrepancies between the projected and actual costs. By continually monitoring changes in the

High inventories in the market

Political risk

Project risks

parameters in parallel with a project's progress, potential project risks can then be identified at an early stage and the necessary measures taken.

Opportunities

- The marked reduction in system prices means that the rates of return on systems are very attractive in many potential sales markets; this could lead to a marked surge in demand in the fourth quarter of 2011. **High rates of return on systems driving demand**
- The low level of demand in Germany in the first three quarters of 2011 has meant that the reduction in the feed-in tariff at the end of this year has been set at 15%. This reduction is less than the figure expected at the start of this year. The rather more modest reduction will mean that the rates of return for end customers in 2012 will be lower but still at a level that we believe to be satisfactory. This, coupled with a more stable price level, could have a comparatively beneficial impact on demand in 2012. **Slower scaling-back of feed-in tariff counteracts consumer reticence**
- Thanks to the rapidly shifting prices of photovoltaic systems, this form of renewable energy is becoming increasingly competitive. The costs of its further expansion are therefore coming down. One indication of this is for instance that the levy on electricity customers in Germany announced in October under the Renewable Energies Act will barely change in 2012. This will raise acceptance of this technology among the public. It is moreover increasingly inspiring new business models that are less dependent on public subsidies. **Increased acceptance of photovoltaics**
- The feed-in tariffs under the Renewable Energies Act will fall below the cost of electricity to private customers for the first time in 2012. This will narrow the gap between the feed-in tariff and the revenue that can potentially be realised from selling electricity on the open market or the saving achieved through own consumption. A capital investment in a PV system is thus to some degree inflation-proof – an increasingly important argument that could likewise have a positive effect on demand. **Inflation-proof**

Outlook

Revenue and earnings forecasts

- CENTROSOLAR expects to see strong demand in the fourth quarter, in line with the usual seasonal pattern. There has been a rise in order levels in Germany and the USA since mid-October. Sales figures are likewise expected to develop positively in Italy, the UK and Benelux. On the other hand the French market is contracting slightly as expected because of the capping of additional capacity.
- Against this backdrop, CENTROSOLAR now expects revenue for the full year to reach approx. EUR 300 million.
- The high inventory levels in the market nevertheless mean that selling prices remain under pressure, and this entails a degree of uncertainty about the margins that will be possible in Q4.
- For the fourth quarter, the CENTROSOLAR Group is pursuing the strategy of running down its own stock levels so that it can profit from the current attractive purchase prices for solar cells as soon as possible. However, for this effect to make an impact in the fourth quarter there will need to be a substantial revival in the sales market in November and into December in order to compensate to some degree for the lower prices. If this happens, the costs of expansion from the first quarters of the year could yet be recouped, leading to a positive operating result for the full year.
- Notwithstanding this, the anticipated reduction in working capital should make a substantial improvement in the cash flow and the net financial position possible compared with September 30.

Strong seasonal business expected in fourth quarter

Revenue forecast approx. EUR 300 million

Continuing pressure on prices

Positive EBIT still possible

Consolidated Balance Sheet

ASSETS	30.09.2011	31.12.2010
	TEUR	TEUR
Non current assets		
Goodwill	49,429	49,429
Other intangible assets	4,262	5,275
Property, plant and equipment	50,963	39,154
Other loans and other financial investments accounted for using the cost method	994	1,027
Deferred tax	4,530	2,366
	110,178	97,250
Current assets		
Inventories	70,037	51,720
Trade account receivables	47,048	19,119
Other assets	16,649	7,829
Income tax receivable	304	572
Cash and cash equivalents	9,869	8,208
	143,908	87,448
Assets	254,086	184,698

Consolidated Balance Sheet

EQUITY AND LIABILITIES	30.09.2011	31.12.2010
	TEUR	TEUR
Shareholders` equity		
Share capital	20,351	20,333
Additional paid-in-capital	81,239	81,228
Other reserves		
Share benefit reserve	1,603	1,251
Currency translation difference	(646)	(579)
Retained earnings and other reserves	(6,656)	(22,416)
Profit attributable to share capital holders of CENTROSOLAR Group AG	(7,027)	15,760
	88,865	95,577
Non current liabilities		
Pension accruals	1,331	1,107
Other accruals	1,798	1,503
Financial liabilities	84,478	31,122
Other liabilities	6	42
Derivative financial instruments	0	51
Deferred tax	1,165	1,670
	88,778	35,495
Current liabilities		
Other accruals	1,205	873
Financial liabilities	26,206	16,976
Trade account payable	18,955	13,118
Income tax payable	6,229	7,097
Other liabilities	23,839	15,487
Derivative financial instruments	9	74
	76,443	53,626
Equity and Liabilities	254,086	184,698

Consolidated Income Statement

	01.01.2011 30.09.2011	01.01.2010 30.09.2010
	TEUR	TEUR
Income Statement		
Revenues	223,387	310,939
Cost of purchased materials and services	(161,287)	(219,043)
Changes in inventories of finished goods and work in progress	4,060	897
Production for own fixed assets capitalized	478	186
Other operating income	5,036	2,603
Personnel expenses	(32,390)	(28,010)
Other operating expenses	(35,680)	(37,296)
EBITDA	3,603	30,275
Depreciation and amortisation	(6,821)	(5,976)
Operating income (EBIT)	(3,218)	24,300
Interest income	388	285
Interest expenses	(5,568)	(3,307)
Losses from investments	(10)	0
Result before income taxes (EBT)	(8,408)	21,278
Income tax	1,381	(6,520)
Net loss/income (EAT)	(7,027)	14,758
Profit or loss attributable to share capital holders of CENTROSOLAR Group AG	(7,027)	14,758
EPS (Earnings per share in EUR)		
Earnings per share (basic)	-0.35	0.73
Earnings per share (diluted)	-0.34	0.72
Weighted average shares outstanding (in numbers; basic)	20,342,038	20,333,309
Weighted average shares outstanding (in numbers; diluted)	20,404,213	20,394,607

Statement of Comprehensive Income

	01.01.2011 30.09.2011 TEUR	01.01.2010 30.09.2010 TEUR
Net income (EAT)	(7,027)	14,758
Currency translation differences	(66)	89
Comprehensive income	(7,093)	14,847
Comprehensive income attributable to share capital holders of CENTROSOLAR Group AG	(7,093)	14,847

Consolidated Income Statement

	01.07.2011 30.09.2011	01.07.2010 30.09.2010
	TEUR	TEUR
Income Statement		
Revenues	72,912	101,712
Cost of purchased materials and services	(43,675)	(74,804)
Changes in inventories of finished goods and work in progress	(5,019)	(1,157)
Production for own fixed assets capitalized	49	76
Other operating income	2,633	1,517
Personnel expenses	(10,775)	(9,911)
Other operating expenses	(11,935)	(12,172)
EBITDA	4,190	5,262
Depreciation and amortisation	(2,497)	(2,037)
Operating income (EBIT)	1,692	3,225
Interest income	161	24
Interest expenses	(1,876)	(1,099)
Losses from investments	(23)	(33)
Result before income taxes (EBT)	(46)	2,118
Income tax	(511)	(348)
Net loss/income (EAT)	(557)	1,769
Profit or loss attributable to share capital holders of CENTROSOLAR Group AG	(557)	1,769

Consolidated Cash Flow Statement

	01.01.2011 30.09.2011	01.01.2010 30.09.2010
	TEUR	TEUR
Operating income (EBIT)	(3,218)	24,299
Depreciation	6,821	5,976
Loss on disposal of non-current assets	31	4
Other non-cash items	339	0
Increase/decrease in provisions	804	3,073
Increase/decrease in trade payables and other liabilities that cannot be allocated to investing or financing activities	(55,148)	(22,996)
Increase/decrease in trade payables and other liabilities that cannot be allocated to investing or financing activities cannot be allocated to investing or financing activities	11,826	(1,375)
Dividends	13	0
Interests received and paid	(2,594)	(2,890)
Income taxes paid	(1,871)	(49)
Cash Flow from operating activities	(42,997)	6,043
Acquisition of share in participations - net of cash acquired	0	(804)
Purchase of property, plant and equipment/intangible assets	(7,625)	(4,136)
Proceeds from disposal of property, plant and equipment/intangible assets	52	118
Cash Flow from investing activities	(7,572)	(4,823)
Proceeds from issuance of shares	25	0
Proceeds from borrowings	48,622	3,739
Repayments of borrowings	(7,056)	(12,912)
Cash Flow from financing activities	41,591	(9,173)
Change in liquid funds*	(8,978)	(7,953)
Liquid funds at the beginning of the financial year	1,568	6,384
Liquid funds at the end of the quarter	(7,410)	(1,569)

* Liquid funds deducted of credits current account

Statement of Movements in Equity

Statement of Movement in Equity	Share capital TEUR	Additional paid- in capital TEUR	Share stock options reserve TEUR	Currency translation difference TEUR	Retained earnings and profit carry- forward TEUR	Profit attributable to share- holder TEUR	Non controlling interests TEUR	Consolidated equity TEUR
December 31, 2009	20,333	80,381	1,070	(492)	7,289	(29,705)	0	78,877
Payment in revenue reserves	0	0	0	0	(29,705)	29,705	0	0
Deferred taxes	0	847	0	0	0	0	0	847
Share option plan	0	0	181	0	0	0	0	181
Comprehensive income	0	0	0	(87)	0	15,760	0	15,673
December 31, 2010	20,333	81,228	1,251	(579)	(22,416)	15,760	0	95,577
Payment in revenue reserves	0	0	0	0	15,760	(15,760)	0	(0)
Change from equity increase	18	18	0	0	0	0	0	36
Deferred taxes	0	4	0	0	0	0	0	4
Costs for issuing equity	0	(11)	0	0	0	0	0	(11)
Share option plan	0	0	352	0	0	0	0	352
Comprehensive income	0	0	0	(66)	0	(7,027)	0	(7,093)
September 30, 2010	20,351	81,239	1,603	(646)	(6,656)	(7,027)	0	88,865

Number of shares outstanding

December 31, 2009	20,333,309 Stocks
December 31, 2010	20,333,309 Stocks
September 30, 2010	20,351,433 Stocks

P&L Key Figures	Solar Integrated Systems				Solar Key Components				Consolidation		Group			
	30.09.2011		30.09.2010		30.09.2011		30.09.2010		30.09.2011	30.09.2010	30.09.2011		30.09.2010	
	TEUR	% of Revenue	TEUR	% of Revenue	TEUR	% of Revenue	TEUR	% of Revenue	TEUR	TEUR	TEUR	% of Revenue	TEUR	% of Revenue
Revenue total	166,183	100.0%	238,181	100.0%	65,123	100.0%	86,795	100.0%	(7,919)	(14,036)	223,387	100.0%	310,939	100.0%
Revenue from third parties	166,183	100.0%	238,179	100.0%	57,204	87.8%	72,760	83.8%	0	0	223,387	100.0%	310,939	100.0%
Revenue from other segments	1	0.0%	1	0.0%	7,918	12.2%	14,036	16.2%	(7,919)	(14,036)	(0)	0.0%	0	0.0%
Gross profit	38,625	23.2%	56,579	23.8%	27,561	42.3%	36,535	42.1%	(25)	(322)	66,160	29.6%	92,793	29.8%
Personnel expenses	(21,949)	-13.2%	(19,499)	-8.2%	(10,441)	-16.0%	(8,512)	-9.8%	0	0	(32,390)	-14.5%	(28,010)	-9.0%
Other income and expenses	(15,081)	-9.1%	(18,748)	-7.9%	(15,086)	-23.2%	(15,759)	-18.2%	(0)	0	(30,167)	-13.5%	(34,507)	-11.1%
EBITDA	1,595	1.0%	18,332	7.7%	2,034	3.1%	12,264	14.1%	(25)	(322)	3,603	1.6%	30,275	9.7%
Operative depreciation	(2,737)	-1.6%	(1,970)	-0.8%	(2,809)	-4.3%	(2,470)	-2.8%	0	0	(5,546)	-2.5%	(4,440)	-1.4%
EBIT operative	(1,142)	-0.7%	16,362	6.9%	(775)	-1.2%	9,794	11.3%	(25)	(322)	(1,942)	-0.9%	25,834	8.3%
Non operative depreciation	(1,232)	-0.7%	(1,277)	-0.5%	(43)	-0.1%	(258)	-0.3%	0	0	(1,275)	-0.6%	(1,535)	-0.5%
EBIT	(2,375)	-1.4%	15,085	6.3%	(818)	-1.3%	9,536	11.0%	(25)	(322)	(3,218)	-1.4%	24,300	7.8%
Revenue by regions														
Revenue from third parties	166,183	100.0%	238,179	100.0%	57,204	100.0%	72,760	100.0%	0	0	223,387	100.0%	310,939	100.0%
Germany	58,373	35.1%	127,180	53.4%	16,949	29.6%	23,552	32.4%	0	0	75,322	33.7%	150,731	48.5%
Rest of Europe	98,864	59.5%	104,409	43.8%	22,899	40.0%	32,712	45.0%	0	0	121,763	54.5%	137,122	44.1%
Rest of World	8,945	5.4%	6,590	2.8%	17,357	30.3%	16,495	22.7%	0	0	26,302	11.8%	23,085	7.4%
Balance sheet key figures														
	30.09.2011		In revenue-days		30.09.2011		In revenue-days		30.09.2011		30.09.2011		In revenue-days	
compared to last closing date			31.12.2010				31.12.2010				31.12.2010		31.12.2010	
Net operating working capital	74,015	120.3	45,447	52.5	23,234	96.3	11,444	38.5	(195)	(171)	97,054	117.3	56,721	50.6
Inventories	55,846		39,264		14,387		12,626		(195)	(170)	70,037		51,720	
Stock payments on account/Received in advance	(2,295)		(1,853)		1,219		854		0	0	(1,077)		(1,000)	
Trade account receivable	33,396		14,461		14,495		4,895		(843)	(236)	47,048		19,119	
Trade account payable	(12,931)		(6,424)		(6,867)		(6,930)		843	236	(18,955)		(13,118)	
Financial assets	8,724		8,588		13		36		(7,744)	(7,596)	994		1,027	
Tangible and intangible assets	85,517		73,539		19,037		20,218		100	100	104,654		93,857	
operative	38,427		25,227		15,188		15,942		0	0	53,614		41,169	
Capitalized according to IFRS 3 and goodwill	47,091		48,312		3,849		4,276		100	100	51,040		52,688	
Investments														
	30.09.2011		30.09.2010		30.09.2011		30.09.2010		30.09.2011		30.09.2010		30.09.2010	
Total	15,972		5,470		1,707		3,004		0	0	17,679		8,474	
in tangible and intangible assets	15,972		5,465		1,707		3,004		0	0	17,679		8,469	
in financial assets	0		5		0		0		0	0	0		5	

Explanatory notes

CENTROSOLAR Group

- The CENTROSOLAR Group has an international focus, with subsidiaries in Germany, other European countries, North America and Asia.
- 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.

International group

Accounting standards and policies

- These Quarterly Financial Statements have been prepared in accordance with the “International Financial Reporting Standards” (IFRS) for interim financial reporting issued by the International Accounting Standards Board (IASB), as applicable within the European Union (EU), taking account of Section 315a (1) of German Commercial Code. All IFRS and IAS as well as IFRIC and SIC interpretations that were valid at the reporting date, and the application of which was mandatory at that date, have been applied. The accounting policies explained in the annual financial statements have likewise been applied in this Quarterly Report, for which they are equally valid. The business operations of CENTROSOLAR are divided into the segments Solar Integrated Systems and Solar Key Components. These interim financial statements have not been subjected to any scrutiny by an auditor.
- The reporting date for the quarter for all companies included in the Quarterly Consolidated Financial Statements is September 30, 2011. The financial statements have been prepared in euros. Unless otherwise indicated, the amounts quoted here are in thousand euros (EUR thousand).

IFRS

Changes in the corporate and investment structure

- The decision was taken to wind up Centrosolar Glas Korea Inc, Seoul, with effect from July 1, 2011. From that date on, the company has no longer been included in consolidation. The deconsolidation resulted in a loss of EUR 10 thousand.

Centrosolar Glas Korea Inc.

Composition of Supervisory Board and Management Board

- The composition of the Management Board and Supervisory Board of the group parent has not changed since the last published annual report. The members of the Supervisory Board at the reporting date were:
 - Guido A Krass, entrepreneur, Zurich, Switzerland; Chairman
 - Dr Bernhard Heiss, lawyer, Munich, Germany; Deputy Chairman
 - Martinus Brandal, entrepreneur, Torod, Norway
- The members of the Management Board at the reporting date were:
 - Dr Alexander Kirsch, merchant, Munich, Germany, member with responsibility for Finance, also Chairman
 - Thomas Gützer, lawyer, Nyon, Switzerland, member with responsibility for Sales and Major Projects, M&A and Human Resources
 - Dr Axel Müller-Groeling, physicist, Norderstedt, Germany, member with responsibility for Strategy and Operations Management

No change

Business transactions

- As a result of the exercising of employee stock options, a total of 349 new shares were created from Conditional Capital II in August 2011. CENTROSOLAR Group AG accrued EUR 1 thousand in cash as a result.
- In the third quarter, revenue amounting to EUR 8,950 thousand was realised for customer-specific construction contracts accounted for by the percentage of completion method; contract costs of EUR 7,795 thousand arose were incurred the same period. The total balance of receivables from customer-specific construction contracts as at the reporting date is EUR 9,750 thousand; this amount is reported under trade receivables. Advances received of EUR 38 thousand were offset against this item.

Capital increase from conditional capital

Revenue realised from customer-specific construction contracts

Contingent liabilities

- The contingent liabilities remain largely unchanged from the balance sheet date of December 31, 2010.

No material changes

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 thousand 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 the company in particular due to breach of contractual obligations in connection with the acquisition of the shares of Solarstocc AG by the company in the years 2005 and 2006. Following the increase in the action by further loan instalments to a total of EUR 2,255 thousand 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 then ordered stay of execution against security. The loan liability of the claim has been recognised in full as a short-term borrowing since the debt arose. In subsequent proceedings to the above proceedings Centrosolar AG filed a claim for payment of EUR 7,745 thousand jointly and severally against Dansk Photovoltaik A/S and German Solar AG by way of a counterclaim and third-party counterclaim. German Solar AG is the legal successor to Stock Invest GmbH, to which Dansk Photovoltaik A/S had transferred shares in the former Solarstocc AG prior to the acquisition of the latter by the company. Centrosolar AG is thus asserting claims from assigned rights amounting to EUR 10,000 thousand in total (filing for dismissal of action: EUR 2,255 thousand; (third-party) filing of counterclaim: EUR 7,745 thousand). The defendants have filed an action against Centrosolar AG and the company to determine that no entitlement to compensation exists. The oral proceedings took place in September 2011; a date for the announcement of a decision has been set for January 2012.
- In separate proceedings brought before the District Court of Munich I, Dansk Photovoltaik A/S in addition brought an action against Centrosolar AG under summary procedure for the repayment of the remaining instalment of the aforementioned shareholder loan amounting to EUR 205 thousand plus interest, and for repayment of two other shareholder loans amounting to a total of EUR 242 thousand plus interest. Centrosolar AG is exercising the same right of retention as in the aforementioned proceedings. The loan liability of this claim, too, has been recognised in full as a short-term borrowing since the debt arose. The matter was heard before the District Court of Munich I on May 17, 2011, which upheld the action concerning the loan in a provisional judgment based on the defendant's acknowledgement. The court then ordered stay of execution against security and consolidation with the above (subsequent) proceedings.

Repayment of loan to original shareholder

Dividend payments

- No dividend payment was made for the 2010 financial year, nor is such a payment envisaged for the current financial year.

No dividend envisaged

Related party disclosures

Transactions with persons or companies that can be classified as related parties are conducted at arm's length. Transactions with related parties were presented comprehensively in the Consolidated Financial Statements for 2010 as a matter of principle.

**Volume of EUR
1,663 thousand**

- The following table provides an overview of the transactions that have taken place in the current financial year to September 30, 2011:

Person / company	Volume in EUR '000	Remark
Centrotec Group / Ubbink B.V.	20	Procurement of goods
Centrotec Group / Ubbink B.V.	1,620	Revenue from deliveries of goods
Centrotec Group / Ubbink B.V.	10	Rental and administrative costs
Pari Holding GmbH	13	Proceeds from rental and administrative costs

- Please refer to the Consolidated Financial Statements for the previous financial year for further details of legal transactions with related parties.

Notices pursuant to Section 26 (1) of German Securities Trading Law (WpHG)

- No notices pursuant to Section 26 (1) of German Securities Trading Law were issued for the third quarter.

Significant events occurring after the balance sheet date

- No significant events occurred after the balance sheet date.

Responsibility Statement by the Management

- In accordance with German Securities Trading Law (WpHG) in conjunction with German Commercial Code (HGB), the Management Board declares: “To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim 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 for the remaining months of the financial year.”

Responsibility Statement

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