



Summary of group results

3U Group (IFRS)		r comparison December 31, 2009	
Sales	(in EUR million)	2010 82.40	92.08
EBITDA (earnings before interest, taxes and amortisation)	(in EUR million)	6.42	13.24
EBIT (earnings before interest and taxes)	(in EUR million)	-1.60	4.03
EBT (earnings before tax)	(in EUR million)	-1.69	3.02
Net income/loss for the period	(in EUR million)	5.83	0.04
Earnings per share (undiluted)	(in EUR)	0.15	0.00
Earnings per share (diluted)	(in EUR)	0.15	0.00
Equity ratio	(in %)	51.76	47.75

3U Group (IFRS)		•	comparison December 31, 2009
Sales	(in EUR million)	20.08	21.31
EBITDA (earnings before interest, taxes and amortisation)	(in EUR million)	-0.08	2.51
EBIT (earnings before interest and taxes)	(in EUR million)	-2.32	0.11
EBT (earnings before tax)	(in EUR million)	-2.62	-0.01
Net income/loss for the period	(in EUR million)	3.43	-1.05
Earnings per share (undiluted)	(in EUR)	0.10	-0.02
Earnings per share (diluted)	(in EUR)	0.10	-0.02
Equity ratio	(in %)	51.76	47.75

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2 To Our Shareholders

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2 Letter to our shareholders

Dear Shareholders,

We are able to report about an altogether gratifying financial year 2010, a year, in which 3U HOLDING AG has changed significantly in order to be successful in future competition. Our goal has been to systematically identify potential synergies within the Group and to enhance them. Beyond that, we courageously seized all opportunities which presented themselves to us. This led to the fact that existing resources are used more efficiently today and that especially the segment Renewable Energies is set up much more broadly today than we had originally expected.

While the significant sales decrease in the segment Telephony occurred as forecasted and the segment Broadband/IP exceeded the prognosticated recovery, the revenue performance in the segment Renewable Energies stayed behind the original prognoses. On the one hand this was because of the fact that we courageously seized opportunities – amongst others the investment opportunity in the EuroSun Vacuum-Solar-Systems GmbH. With this investment we commit ourselves to the production and marketing of thermal solar plants; a niche in the market of renewable energies, from which we expect over proportional growth. Overall this caused that we had to use more of our existing resources for short-term revenue generation than initially planned at the beginning of the year. Even if at first the capital market reacted negatively to this strategic decision, we are firmly convinced of the fact that it will be proven correct on a medium and long-term basis.

The decline in the market, particularly in the summer of 2010 – caused by the uncertainty of the market participants over the future promotion of renewable energies and the investment restraint exerted by this – led to a decline in sales in the entire industry and also hit our segment Renewable Energies. At the same time the extension of the product portfolio by offering photovoltaics was further promoted. In 2010, this still had no impact on the sales development, but led to the completion of a first large order for delivery of photovoltaic modules in March 2011.

In the financial year 2010, the broader positioning of the Group already had a significant influence on the sales and income development of the 3U Group. Compared to the previous year's period, the sales of the Group declined by EUR 82.40 million in 2010 as expected. In particular once-off expenditures, a significant percentage of which occurred in the fourth quarter, led to the fact that both the EBITDA as well as the result deviated significantly from the forecast made on September 30, 2010. These once-off operative and administrative expenditures such as increased distribution activities including market observation, execution of Due Diligence measures, as well as new implementation of EDP may have burdened the result in the short-term but will strengthen the 3U Group and its competitive position in the long-term.

The EBITDA lay at EUR 6.42 million below the EBITDA of financial year 2009 (EUR 13.24 million). Apart from the smaller profit contribution from the segment Telephony, various expenditures were responsible for this and simultaneously led to another deviation compared to the last EBITDA forecast. This applies, among other things, to losses on ICA-receivables against Deutsche Telekom and credit items, expenditures for payment of VAT arrears from a tax audit, losses on the investment in myFairPartner Limited, a partial refund of a purchase price within the framework of the sale of 3U TELECOM INC. (USA), compensation payments to former executives and employees, as well as expenditures in particular regarding the settlement made in the third quarter of 2010 with the former owners and managers of OneTel Telecommunication GmbH. All existing lawsuits have been settled within the framework of this agreement. In response, 3U received 1,242,000 own shares, which however did not affect the net income of the Group in any way.



The Management Board of 3U HOLDING AG (from left): Michael Schmidt and Michael Göbel

On a positive note, it needs to be emphasised that the Group was able to show significantly increased earnings (EUR 5.51 million) compared to the previous year. Tax refunds from previous years and yields from deferred tax assets are mainly responsible for the positive development of the financial result.

We want our shareholders to participate appropriately in this positive development. Therefore Management and Supervisory Board are going to propose at the Annual General Meeting on May 26, 2011 to initially pay a dividend at a value of EUR 0.02 per nopar value share for the past financial year 2010.

Moving to the new Group headquarters

The move into the new Group Headquarters commenced in the first half of 2010. Already in the third quarter of 2009 3U HOLDING AG seized a financially very attractive opportunity to buy a low-priced Company site in Marburg. A new Group Headquarters equipped with advanced technology has been constructed there and the purchased buildings were renovated. With this real estate 3U HOLDING AG not only possesses the necessary flexibility to react quickly to changing (market) conditions, but also has versatile utilisation possibilities available, which are very helpful for the development of the new business fields in the renewable energies area.

The concept of the solar energy power plant (SEPP) to be built on the Group Headquarters location has changed significantly over the course of the year. We are convinced that it is in the medium and long-term interest of the Company to implement a tangible development platform for all who are interested in the practical possibilities of the utilisation of renewable energies, instead of just constructing a functional building. The implementation is now intended to be in May/June 2011. Then we will have a reference property at hand, which should make it much easier for us to convince potential customers of our performance ability in this segment.

Investment strategy

3U HOLDING AG sticks to its investment strategy and continues to be committed to both organic growth and selective acquisitions. In principle 3U HOLDING AG thereby pursues a buy and build strategy, i.e. we focus on investments which profit from the synergetic potentials of the Company Group and are integrated there to be able to perform successfully.

We expanded our investment portfolio further, especially in the first quarter of 2010. In January 2010, the business consulting agency, RISIMA Consulting GmbH, was founded with a partner who is already established in this market segment. The consulting portfolio of RISIMA Consulting GmbH is based on innovative maturity models, which have been developed based on the existing

expertise in the areas of Corporate Governance, business process and risk management, IT strategy and security as well as knowledge management. In March 2010 the majority acquisition of EuroSun Vacuum-Solar-Systems GmbH followed, which specialises in developing, manufacturing and trading products of the electrical industry and environmental technology, amongst others for thermal solar plants and ORC-technology to produce energy from heat. 3U DYNAMICS GmbH was also founded in March 2010 in which all distribution and marketing resources are combined and are used for several associated Companies within the Group. In September 2010, EuroSun entered a joint venture in China in order to substantially expand its production capacities for vacuum solar tubes. The commencement of production in the new plant is planned for the beginning of the second quarter of 2011. The start of production at the new plant is scheduled for early in the second quarter 2011. Expenses for the joint venture have not yet flown in 2010. The approval of the joint venture agreement by the authorities is still pending.

Withdrawal of shares

In a multitude of discussions with investors it became clear that the development of the 3U HOLDING AG is being viewed with interest, but also with a certain degree of scepticism. This scepticism led to the fact that the share price development in the year 2010 took an unsatisfactory course. This was also the reason why the Management Board decided to submit 3,244,714 own shares (which corresponded to 6.93 % of the nominal capital at the time) for withdrawal at the trade register. The Company bought those shares within the first share buyback via the stock exchange and a following public buyback offer until February 20, 2009. By withdrawing those shares the enterprise value accounted to each individual share increases and furthermore opens up the opportunity for further share buybacks.

The Management Board seized this opportunity and decided in July 2010 to use the low price level on behalf of the shareholders to buy back up to 10 % of further own shares via the stock exchange. The programme to buy back shares began on July 19, 2010 and ended on January 21, 2011. Along with the 3,117,500 shares which were bought via the stock exchange, a further 1,242,000 shares accrued to the Company through a settlement. Overall 3U HOLDING AG currently owns 4,359,740 of its shares and therefore just about 10 % of its nominal share capital of EUR 43,597,526.00.

A decision about the utilisation of the bought back shares has not been made yet. But as long as the share is listed below its nominal value of EUR 1.00 - that corresponds to the equity capital allocated to the individual share - a different utilisation other than the withdrawal of the acquired shares is not economically reasonable.

The restructuring of the Group has proved to be successful

The restructuring of the Group implemented in the past financial year bears fruit. Resources which are used Company-wide were bundled together and thus releasing synergy potentials. Almost all parts of the Company have experienced impressive changes throughout the year, of which the change of the respective number of employees is the most visible to the outside world. Today significantly less people are employed in the segments Telephony and Broadband/IP than at the beginning of 2010, because the largest part of those employees is now assigned to the segment Services, respectively to the 3U HOLDING AG itself. Within the framework of the implemented measures the Finance & Controlling department has been located into the Holding.

The IT-activities of the entire Group are now exclusively consolidated in the Subsidiary SEGAL Systems GmbH. All Group-wide resources for marketing and distribution have been combined in 3U DYNAMICS GmbH and the know-how that has been gained over the last few years in internal consulting projects has been hereby brought into a separate business entity outsourced under the trade name RISIMA Consulting GmbH. These companies from the segment Services not only address internal demand with their product portfolio but are going to step up to put their services on the market for external customers in the future.

The expansion of our activities in the segment Renewable Energies is pursued vigorously. Apart from the investment in EuroSun Vacuum-Solar-Systems GmbH hiring of new employees at 3U SOLAR Systemhandel AG also led to a significant increase of employees in this segment. Accompanying the planned increase in sales, a multitude of new employees will also be hired in this segment in the year 2011.

Positive expectations for the year 2011

Dear shareholders, as you can see: Your Company, 3U HOLDING AG, successfully competed in an environment which was very demanding at times due to the solid basis created in the past. But it is much more important that it operates in a sustainable way. 3U HOLDING AG has positioned itself excellently to use the offered potentials for growth.

Based on the above, we are optimistic that in the entire year 2011 we will be able to achieve our goals and as a result lay the foundations for a lasting and profitable growth.

We are especially grateful to you, our shareholders, for the trust that you place in our Company.

Marburg, March 30, 2011

The Management Board

Michael Schmidt

Michael Göbel

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Report of the Supervisory Board

Dear shareholders,

During the year under review, the Supervisory Board performed the tasks required of it by law, by the Articles of Association and by its internal rules of procedure. It regularly monitored and advised the Management Board on the management of the Company, exercising all due diligence. In oral and written reports, the Management Board informed the Supervisory Board regularly and timely on all issues relevant to the Company with respect to planning, business development, the risk situation and risk management. Business developments that deviated from the plans were explained in detail to the Supervisory Board. The Management Board consulted with the supervisory board on the Company's strategic orientation. The Supervisory Board approved the proposed resolutions of the Management Board after thoroughly reviewing and discussing them.

Focus of consultations in the Supervisory Board

One focus of discussions in the Supervisory Board was on the future development of the segment Broadband/IP, especially the economic development of LambdaNet Communications Deutschland AG, tender of the fibre optic network and the planned establishment of a Group-wide network operating company. Another focus was on the development of the new segments Renewable Energies and Services.

In addition, the Supervisory Board was intensely integrated into the plans for the new group headquarters and the accompanying realisation of the first SEPP-project.

Further topics of discussion in Supervisory Board meetings were corporate governance, specifically the efficiency audit of the Supervisory Board in line with the principles of Corporate Governance, and issues regarding human resources, including the extension of appointments and employment contracts of the Management Board.

During the financial year, as in the past, the Supervisory Board gave intensive consideration to the Company's strategic development and orientation. The continued reporting of the Group's sales, earnings and business development as well as the Company's financial position constituted a significant topic of discussions for the Supervisory Board. In particular, the Supervisory Board received explanations from the Management Board regarding business developments that deviated from prepared budgets and defined targets.

The risk monitoring system of the Company was subject of the statutory audit by the BDO AG Wirtschaftsprüfungsgesellschaft, Essen appointed to audit the financial statements. This audit confirmed that the Management Board of the Company has taken the appropriate measures required according to Article 91 (2) of the German Stock Corporation Act and that the existing monitoring system is capable of identifying, on a timely basis, events and developments which might endanger the continuation of the Company's existence.

Meetings and participation

The Supervisory Board met for a total of nine meetings (on February 1, February 23, March 1, March 31, June 10, July 6, August 19, September 6 as well as November 23). All members were present at each of these meetings. The Supervisory Board consists of three members and did not form any committees. Resolutions by the Supervisory Board were made in meetings and by written consent. All resolutions of the Supervisory Board were passed unanimously. The Supervisory Board maintained constant contact with the Management Board outside Supervisory Board meetings as well and gained information about business dealings and important events.

Corporate Governance

On March 24, 2011, the Management Board and Supervisory Board issued the declaration of conformity in accordance with Article 161 of the German Stock Corporation Act. The declaration of conformity can be viewed on the 3U HOLDING AG website (www.3u.net) under the path "Investor Relations/Corporate Governance". The declaration of corporate governance according to § 289a German Commercial Code (HGB) can be viewed there as well.

Changes in the composition of the governing bodies

On March 1, 2010 the Company announced that the Supervisory Board of the Company had decided to revoke the appointment of Oliver Zimmermann to the Management Board with immediate effect. The Supervisory Board appointed the Head of the Finance and Controlling division of 3U HOLDING AG, Mr. Michael Göbel as his successor.

The mandates of the acting members of the Supervisory Board finished with the conclusion of the Annual General Meeting from August 19, 2010. Therefore the members were re-elected. In accordance with Article 96 paragraph 1, 101 paragraph 1 AktG and Article 7 paragraph 1 of the statute, the Supervisory Board is comprised of three representatives of the shareholders. Mr. Ralf Thoenes, Lawyer and Partner in the law firm Altenburger, Düsseldorf as well as Mr. Dipl.-Wirtsch.-Ing. Gerd Simon, Freelance Management Consultant, Bad Homburg v. d. H. were re-elected on the Supervisory Board, while Mr. Peter Coch did not longer want to put himself up for the election. In his place, Mr. Dipl.-Kfm. Stefan Thies, acting partner of Thies & Thies Steuerberatungsgesellschaft mbH, Heinsberg, was voted into the Supervisory Board. The change in the Supervisory Board was necessary in order to equip the Supervisory Board with a Financial Expert in accordance with the guidelines of Corporate Governance. All members of the Supervisory Board received an approval rate of 99.96 % at the Annual General Meeting.

Audit of the 2010 annual and consolidated financial statements

BDO AG Wirtschaftsprüfungsgesellschaft, Essen, was chosen as auditor by the Annual General Meeting on August 19, 2010 and was mandated by the Supervisory Board to audit the annual financial statements and consolidated financial statements. The auditor audited the annual financial statements and management report of 3U HOLDING AG prepared by the Management Board in line with the German Commercial Code, and the consolidated financial statements and group management report prepared in accordance with IFRS for the 2010 financial year. It awarded all reports an unqualified auditor's opinion. The aforementioned documents and the audit reports of the auditor were submitted to all members of the Supervisory Board in good time and were discussed in depth at the accounts meeting on March 31, 2011. At this meeting, the responsible auditor reported on the main results of its audit and was available for further information. In accordance with Section 171 of the German Stock Corporation Act, the Supervisory Board thoroughly examined the annual financial statements of 3U HOLDING AG, the consolidated financial statements as well as the management reports for 3U HOLDING AG and the Group, and raised no objections. The Supervisory Board approved the results of the audits of both sets of financial statements by the auditor and also approved the annual financial statements of 3U HOLDING AG as well as the financial statements as at December 31, 2010; the consolidated financial statements are thus adopted.

The Supervisory Board would like to thank the Members of the Management Board and all employees for their performance and commitment in the past financial year.

Marburg, March 30, 2011

The Supervisory Board

Mohny

Ralf Thoenes Chairman

Corporate governance report

The German Corporate Governance Code has been in existence in Germany since 2002. It was last updated in May 2010 and contains regulations, recommendations and suggestions for good and responsible corporate management. The purpose of the Code is to create greater transparency, thus increasing the confidence of investors, customers, employees and the public in the corporate management of German companies. 3U HOLDING AG welcomes the provisions of the German Corporate Governance Code (GCGC), which serves the interests of the companies as well as its investors.

Declaration of conformity

The Management and Supervisory Boards of 3U HOLDING AG discussed continuously the contents of the Corporate Governance Code at length and decided that the recommendations are largely observed. In the business year 2010 initially the Corporate Governance Code as amended on June 18, 2009 was applied, and later the version last amended on May 26, 2010.

3U HOLDING AG submitted the declaration of conformity required according to the German Stock Corporation Act in the fiscal year 2010 on March 23, 2010 and updated it on March 24, 2011. It can be viewed permanently on its website (www.3u.net) under the path "Investor Relations/Corporate Governance".

Deviations from the recommendations in the fiscal year 2010

In the fiscal year 2010, 3U HOLDING AG deviated in the following respects from the recommendations of the Corporate Governance Code:

Deductible D&O insurance

The D&O insurance of the Company does not contain deductibles for the Supervisory Board. Regarding this, 3U HOLDING AG thinks that the responsibility and motivation with which the members of the Supervisory Board of the Company perform their tasks cannot be improved by such deductibles.

Composition of the Management Board

The Board had no chairman or spokesman until December 31, 2010. Specific objectives of the composition of the Supervisory Board are not given and therefore not published in the corporate governance report.

Diversity

In the allocation of managerial functions the Management Board acts according to the requirements of the respective function and searches for the person who fulfils these requirements in the best possible way. If several candidates of similar qualification are available, the Management Board looks for diversity and an appropriate consideration of women in the Company in the allocation without elevating those criteria to an overriding principle.

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Age limits & Diversity for members of the Management Board and Supervisory Board

The Supervisory Board chooses the members of the Management Board according to suitability and qualification and looks for the best composition possible for management positions. The Company is of the opinion that the special weighting of further criteria predetermined by the code would restrict the choice of possible candidates for the Management Board. Furthermore it has to be considered that the Management Board consists of just two members at this time.

The cast of the Supervisory Board is chosen according to suitability, experience and qualification as well. To follow other guidelines for choosing suitable members would restrict the flexibility without gaining other advantages for the Company. This is true all the more since the Supervisory Board currently consists of only three members.

There is a no general age for members of the Management Board.

Formation of committees

The Supervisory Board of 3U HOLDING AG consists of three members. In derivation of article 5.3 of the code, the Supervisory Board has not formed any committees at this time. The committee tasks are carried out by all of the members of the Supervisory Board.

Executive remuneration

In calendar year 2010, the Supervisory Board decided to align the performance-based remuneration of Members of the Management Board to sustainable management accordant to the provisions of the Act on the appropriateness of executive remuneration (VorstAG). The employment contract of Management Board member Michael Schmidt, which was effective during the reporting period, had a fixed term till December 31, 2010. Therefore the Supervisory Board agreed to implement the changes for both Members of the Board together on January 1, 2011.

Recent changes to meet the recommendations of the GCGC

Starting with the calendar year 2011 it applies for both Members of the Board of 3U HOLDING AG that a part of future remuneration of a fiscal year shall be paid on the proviso that the Board manages the Company in the two years following the respective business year sustainably. A cap for compensation to be paid to Members of the Management Board (max. two years' salary) has not been stipulated because the contracts have only a limited period of three years. Accordingly, the proposed limit of possible compensation claims of Board Members is already inherently included in the employment contracts of the Board Members.

Moreover, the Supervisory Board appointed Board Member Michael Schmidt to the position of CEO with effect from January 1, 2011 (section 4.2.1 GCGC). For Members of the Management and Supervisory Boards an age limit of 65 years applies starting with the business year 2011 (section 5.1.2 and 5.1.4 GCGC).

Remuneration Report

The remuneration report is part of the Group Management Report at the same time.

The remuneration report summarises the principles determining the remuneration of the Management Board at 3U HOLDING AG and explains the amount and structure of Management Board remuneration. The remuneration report is created on the basis of the recommendations of the German Corporate Governance Code, also containing the disclosures required in line with the German Commercial Code, supplemented by the Disclosure of Management Board Remuneration Act (VorstOG).

Remuneration of the Management Board

The structure and amount of remuneration of Board Members are determined by the Supervisory Board and reviewed regularly. The Supervisory Board conducted a review of the remuneration system particularly in light of the law stipulating the appropriateness of executive remuneration (VorstAG) which became effective August 5, 2009.

All Members of the Management Board of 3U HOLDING AG receive a fixed basic salary (fixed component), which is paid in monthly instalments. In addition, all members of the Management Board receive variable performance-based remuneration (performance related components). The performance-based remuneration is composed of a quantitative sub-goal and a qualitative sub-goal. If the quantitative sub-goal is achieved, the Supervisory Board primarily assesses the audited value of the EBITDA performance of the Group in relation to the budgeted value: a significant miss of budgeted sales targets can lead to deductions. Within the scope of achieving the qualitative target the Supervisory Board assesses the processing of priority tasks of the Management Board as well as the achievement of personal goals of the Management Board as set by the Supervisory Board. The Supervisory Board always determines objectives at the beginning of each financial year under consideration of the Group's situation.

Furthermore, the Members of the Management Board were granted a specific number of stock options (component with longterm incentive effects) in the 2004/2005 stock option plan. The granting of stock options aims to honour the contribution of the Management Board (and the other employees of the 3U Group) to increasing the enterprise value and to encourage the long-term success of the Company. Due to the fact that the stock price in the exercise period March 9, 2007 to March 9, 2010 traded well below the exercise price no stock options under the stock option plan of 2004/2005 were exercised. Therefore all options expired on March 9, 2010.

In the calendar year of 2010 the Supervisory Board decided to further adjust the remuneration structure for sustainable corporate governance in accordance with the legal standards. The Supervisory Board used the expiration of the Management Board employment contract of the member of the Management Board Michael Schmidt as of December 31, 2010 to discuss respective contractual changes in the calendar year 2010. The same is valid for the contractual relationship with the other member of the Management Board, Michael Göbel, who was appointed to the Board during the financial year. Beginning with the calendar year 2011, the following change is valid for both members of the Management Board of 3U HOLDING AG: from now on, a part of the performance-related remuneration of a financial year will be paid under the condition that the Management Board is also going to sustainably manage the affairs of the Company in the next two years following the financial year in question. Regarding sustainability, especially the stability of the EBITDA performance of the Group and the investment structure as well as the motivation of the employees is considered. The Supervisory Board will assess the sustainability in the two years following the financial year and

reclaim the partial amounts of the performance-related remuneration paid, if the sustainability in business management is not warranted. A performance-related remuneration which has to be refunded by the Management Board has to be paid by the Management Board within 90 days after receipt of the written reclaim demand from the Supervisory Board.

In accordance with article 87 par. 2 par. 1 AktG, the Supervisory Board is entitled to lower the remunerations of the Management Board appropriately if the situation of the Group worsens after the fixation of the remunerations and the continued granting of these remunerations would be inequitable for the Group. This also applies for the granting of any share options for remuneration purposes.

If the appointment to member of the Management Board is revoked for an important reason according to article 84 par. 3 AktG, there exists no entitlement for a performance-related remuneration for this financial year as well as for any further financial years until expiration of the employment contract as member of the Management Board.

No pension commitments were given to the Members of the Management Board. The remuneration of the Members of the Management Board with individual details, broken down into fixed and performance-related components are shown below.

Name	Fixed rem in Ti		ariable ren/ in TE		Comper in Ti		Total remi	
	2010	2009	2010	2009	2010	2009	2010	2009
Michael Schmidt	311	330	300	275	0	0	611	605
Oliver Zimmermann (Chief Financia Officer until March 1, 2010)	I 54	345	13	168	470	0	537	513
Michael Göbel(Chief Financial Officer since March 1, 2010)	128	0	35	0	0	0	163	0
Sum	493	675	348*	443	470	0	1,311	1,118

^{*}Near term payable (with maximum variable remuneration)

Neither in 2009 nor 2010 did Members of the Management Board receive stock options.

All remuneration for Management Board activities was made by 3U HOLDING AG. The Subsidiaries did not pay any remuneration. With regard to the components with long-term incentive effects, we refer to the chapter "Detailed information on stock option programmes".

Remuneration of the Supervisory Board

Remuneration of the Supervisory Board is stipulated in Article 9 of the Company's Articles of Association. According to this, the Members of the Supervisory Board receive fixed basic remuneration of EUR 5,000.00 per year. The Chairman of the Supervisory Board and the Deputy Chairman receive twice and one and a half time the aforementioned remuneration respectively.

Furthermore, each Supervisory Board Member receives a bonus of EUR 1,000.00 per EUR 0.01 of the dividend in excess of EUR 0.05 per share distributed to shareholders for the past financial year as well as annual remuneration related to long-term company success of EUR 1,000.00 per EUR 100,000.00 earnings before taxes in the consolidated financial statements of the Company ("EBT") in excess of the average earnings before taxes in the consolidated financial statements ("EBT") for each of the three preceding financial years. However, total remuneration shall not exceed EUR 50,000.00 for the Chairman, EUR 37,500.00 for the Deputy Chairman and EUR 25,000.00 for the other Supervisory Board Members. In addition, all Supervisory Board Members receive a meeting fee of EUR 2,500.00 for each supervisory board or committee meeting that they attend. The Company reimburses the Supervisory Board Members for value added tax payable on their remuneration and expenses.

The remuneration for 2010 amounted to TEUR 84 (previous year: TEUR 83). In addition the members of the Supervisory Board received performance related remuneration for the year 2009 in the amount of TEUR 90 in accordance with Article 9 sec. 1c of 3U HOLDING AG's Articles of Association. A performance based remuneration of TEUR 90 was accrued for 2010.

Name	Fix remune in Ti	eration	Attend fe in Ti	e	Performan remune in T	eration	Tot remune in TI	eration
	2010	2009	2010	2009	2010	2009	2010	2009
Ralf Thoenes (Chairman)	10	10	20	20	40	40	70	70
Gerd Simon	8	8	20	20	30	30	58	58
Peter Coch (until August 19, 2010)	3	5	13	20	13	20	29	45
Stefan Thies (since August 19, 2010)	2	0	8	0	7	0	17	0
Sum	23	23	61	60	90	90	174	173

In the past financial year, the law firm Altenburger Rechtsanwälte – of which Ralf Thoenes, the Chairman of the Supervisory Board, is a partner – received a total of TEUR 22 for its consultancy services for the 3U Group (previous year: TEUR 27) plus VAT. This figure is broken down as follows: 3U HOLDING AG TEUR 5 (previous year: TEUR 14), 3U TELECOM GmbH TEUR 7 (previous year: TEUR 1), 010017 Telecom GmbH TEUR 2 (previous year: TEUR 7), LambdaNet Communications Deutschland AG TEUR 6 (previous year: TEUR 5) and SEGAL Systems GmbH TEUR 2 (previous year: TEUR 0).

Detailed information on stock option programmes

2004/2005 stock option plan

By way of resolution dated May 15, 2003, the Annual General Meeting authorised contingent capital of up to EUR 4,560,000.00 (EUR 912,000.00 before the stock split on July 6, 2004) for issuing stock options to members of the Management Board, executives and employees in the context of a stock option plan and authorised the Management Board accordingly. With the approval of the Supervisory Board, the Management Board made use of this authorisation on March 9, 2005 and established a stock option plan for 2004/2005.

Due to the fact that the share price was quoted well below the strike price during the exercise period March 9, 2007 till March 9, 2010 no stock options from the 2004/2005 stock option plan were exercised. Therefore, all options expired on March 9, 2010.

14 The 3U share

The 3U share at a glance

International Securities Identification Number (ISIN)	DE0005167902
Wertpapierkennnummer (WKN) [Securities Identification Number]	516790
Stock exchange symbol	UUU
Transparency level	Prime Standard
Designated sponsor	BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG
Initial listing	November 26, 1999
Authorised capital in EUR at December 31, 2010	EUR 48,281,750.00
Authorised capital in shares at December 31, 2010	48,281,750
Registered share capital in EUR at December 31, 2010	EUR 43,597,526.00
Registered share capital in shares at December 31, 2010	43,597,526
Share price at December 30, 2010*	EUR 0.65
Share price high in period from January 1 to December 31, 2010*	EUR 0.94 (January 13, 2010)
Share price low in period from January 1 to December 31, 2010*	EUR 0.62 (May 7 and July 1, 2010)
Market capitalisation at December 31, 2010	EUR 28,338,391.90
Earnings per share (undiluted) at December 31, 2010	EUR 0.15

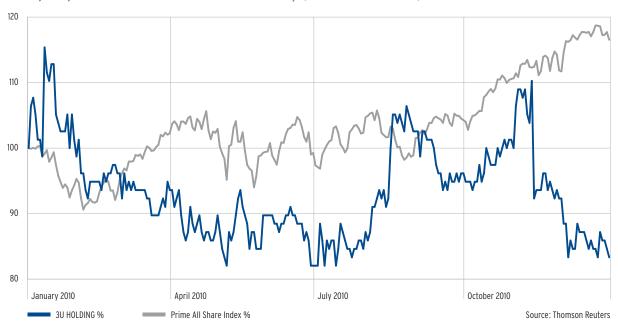
The German share indices have – analogical to the more favourable economic development – performed better than the share indices of most other industrial nations. After a slight drop in February the stock prices recovered across the board, only to gain significantly in the last quarter and close the year almost on the annual high. This development had surprised many participants on the market because the financial crisis still hangs like a sword of Damocles over the worldwide economic recovery and particularly the development in the so-called PI(I)GS-nations will continue to cause uncertainty. Even though the economic development has been stabilised by an unprecedented policy of low interest rates from the central banks; the danger remains that almost all asset-classes will lose when the interest rates are increased again.

After a temporary decrease of about 8 % in the first quarter of 2010, the Prime All Share Index was already able to completely compensate the losses in March. At the end of 2010 the Prime All Share Index accounted for a year's performance of approximately 19.6 %, after it had already increased in the previous year by approximately 25 %.

Unfortunately the share of 3U HOLDING AG performed much worse in the same timeframe. At the end of 2010 the share price of 3U HOLDING AG was listed at EUR 0.65, which almost equalled the annual low reached in July. With that, the 3U share was unable to build on the successful performance of the previous year and registered a decrease of approximately 16 % in the financial year 2010 compared to an increase of 83 % in the year 2009.

Share price

Share price performance of the 3U shares* from January 1, 2010 to December 31, 2010 vs. Prime All Share Index



^{*}Daily closing price Xetra

Shareholders

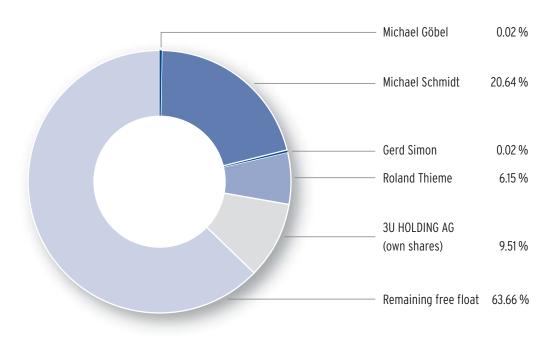
As of December 31, 2010, members of the governing bodies held the following shares with full voting and dividend rights:

Members of the Management Board	
Michael Schmidt	8,999,995 shares
Michael Göbel	8,500 shares
Total Management Board	9,008,495 shares

Members of the Su	pervisory Board	
Ralf Thoenes	(Chairman)	0 shares
Gerd Simon	(Deputy Chairman)	10,000 shares
Stefan Thies		0 shares
Total Supervisory E	Board	10,000 shares

Associated persons		
Roland Thieme	(Director of investments in the Telephony segment)	2,680,172 shares
Total associated pe	rsons	2,680,172 shares

Own shares of 3U HOLDING AG	
Number of own shares	4,147,041 shares



Investor relations

An open dialogue with our shareholders is a top priority for us. We want to continue to promote the awareness of 3U HOLDING AG on the capital market. The 3U share shall be perceived as an attractive long-term investment. We want to convey the development of the Group and our strategy in an open, continuous and reliable way to further strengthen the trust of the investors and to achieve a fair assessment on the capital market.

In the past financial year we have therefore given prompt information about our business performance, reported about the appeal of our share and presented our Company in individual discussions on countless events for institutional investors as well as for private individual shareholders. We keep an intense regular dialogue with our most important investors. In the discussions with our investors it became clear that the development of 3U HOLDING AG is followed with interest but that there are doubts about the long-term success. The performance of the share price in the year 2010 was correspondingly unsatisfactory.

To give particularly institutional investors an understanding of the opportunities of our share and to further intensify the dialogue with the capital market, we asked a renowned analyst house in the past financial year to start coverage for our share beginning with the first quarterly report of 2010. This research is made available to all our shareholders on our website as quickly as possible.

Furthermore we have enlisted a new Designated Sponsor since mid-May 2010 for our share. Apart from a significantly increased liquidity of our share, we also expect an improved response from the capital market from our new Designated Sponsor and thereby increased visibility. The liquidity of our share has increased tangibly since then. In 2010, on average approximately 90,000 3U shares were traded daily in Frankfurt.

The 3,244,714 own shares (which corresponded to 6.93 % of the nominal share capital at the time) which the Company bought within the framework of the first share buyback via the stock exchange in 2008/2009 and a following public buyback offer as of February 20, 2009, were submitted as announced to the trade register for withdrawal. Since October 26, 2010 the nominal share capital amounts to EUR 43,597,526.00.

In July 2010 the Management Board decided to use the low price level on behalf of the shareholders to buy back up to a further 10 % of own shares via the stock exchange. After 3U HOLDING AG bought almost 10 % of the nominal share capital as of January 21, 2011, this shares buyback has ended.

In accordance with the German Commercial Code (HGB) the balance sheet profit of 3U HOLDING AG is decisive for the payment of dividends, not the current consolidated financial statement created in accordance with IFRS. After the successful trading results in the year 2010, the balance sheet loss of the previous years has been paid off and the shareholders of 3U can participate appropriately in the positive development in form of a dividend. At the Annual General Meeting in May 2011, the Management Board and Supervisory Board are therefore going to propose to pay a dividend of EUR 0.02 per no-par value share for the past financial year 2010. The Company also plans to pay dividends in the long-term.



Group Management Report

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20 General economic and industry-specific conditions

Developments in the overall business environments

The recovery of the German economy still continued in the last quarter of 2010. In particular industrial production strongly expanded. According to first calculations of the Federal Office of Statistics the overall economic performance in Germany increased by 3.6 % (calendar adjusted 3.5 %) due to this, compared to a decrease of 4.7 % in the previous year 2009.

The German economic output was rendered by a working population of 40.5 million on average for the year 2010; a working population of approximately 0.2 million or 0.5 % more than in the previous year. With this, the number of the working population has reached a new high. The number of unemployed decreased by 297,000 people (-9.2 %) to 2.9 million according to preliminary estimates based on the employee survey.

The number of working hours which each employee performed on average increased in nearly all economic segments. In the economy as a whole the working hours for each employed person increased by 2.0 % compared to the previous year. Obviously the measures to decrease the working hours, which were introduced in 2009 as a reaction to the economic crisis, have been rolled back with the beginning of the economic recovery. In particular the return to normal weekly working hours as regulated by collective agreements, the increase of overtime and assets on work time accounts, as well as the reverse of short-time work were observed.

Development of the telecommunications market

In 2010 prices for telecommunications services for fixed-line telephony, internet and mobile communications stayed on average below those of the previous year for private households in Germany. According to information from the Federal Office for Statistics (Destatis), the 2010 yearly average consumer price index for telecommunications services was 2.0 % lower than 2009.

Fixed-line/Internet telephone services were cheaper by 1.8 % in 2010 compared to 2009. This decrease is in particular due to the competition in the segment of full-service packages (telephone and DSL-connection, telephone flat rate, Internet flat rate). Fixedline calls which were not made within the flat rates of the full-service packages became marginally more expensive than in the previous year (+0.2 %). Mobile phoning became cheaper by 2.8 % on average in 2010 compared to the previous year.

According to a study of the Association of Telecommunications and Value-added Service Providers (VATM) and Dialog Consult regarding the telecommunications market in 2010, the telecom sector has not been spared from the drop in sales. In 2010 the sales of telecommunications services in Germany decreased again by 1.3 %.

Sales of about EUR 61.0 billion (previous year: EUR 61.8 billion) are allotted to EUR 33.0 billion (EUR -1.2 billion) for fixed-line telephony and to EUR 24.3 billion (EUR +0.2 billion) for mobile communications. The reason for this, despite increasing market penetration and a significant rise of the use of mobile communications, are steadily falling retail prices, which are quite beneficial for the end customer.

Deutsche Telekom remains the dominating provider with a market share of 55 % in the market of fixed-line telephony, which decreased by 3.5 %, even though the former state-owned enterprise is expected to have made EUR 1.7 billion less sales in the sector of fixed-line telephony in 2010 than in the previous year. Deutsche Telekom, for example, saw a drop in the sales of full-service packages by approximately 1.3 million in 2010 - a smaller decrease than in the previous year (-2.4 million). The competitors were able to increase their fixed-line telephony sales by EUR 0.5 billion, respectively 3.5 % through customer growth and increase of efficiency. Furthermore the cable network operators have continued to advance in 2010 (+ EUR 0.2 billion).

After the investments of the telecom sector in tangible assets decreased a little in 2009, they increased again to EUR 6.3 billion (2009 EUR 6.1 billion) in 2010. Competitors of Deutsche Telekom again carried more than half of the total investments with 59 % and therefore are still the drivers of innovation. Alternative providers have invested almost EUR 48.5 billion since the market liberalisation began.

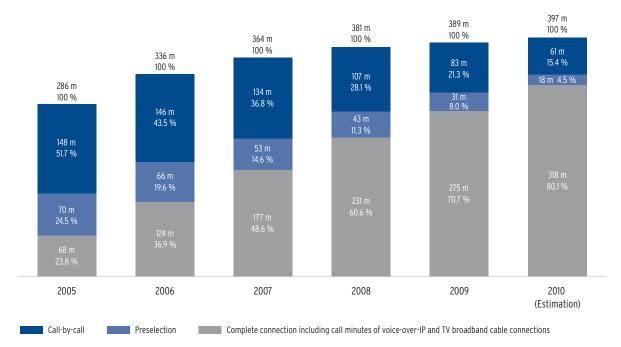
After the decline in the past years, VATM expects that in 2011 the sales in the whole market will continue to shrink. The decline is expected to be of one or two percent.

Development of the fixed-line telephony market in Germany

Each year the customers of the competitors are phoning more frequently. Five years ago, the fixed-line telephony minutes were at 286 million voice minutes daily, in 2010 they are at 397 million voice minutes daily. The growth in the range of 8 million voice minutes compared to the previous year was driven above average by the increase of full-service packages to 80.1% (2009: 70.7%). This increase is primarily caused by telephone connections based on unbundled DSL-connections, while the growth of connections based on the classic ISDN-/PSTN-connections only slightly increases.

The share of Call-by-Call and Preselection declined in 2010 because of increased use of flat rates - but still Preselection and selection of providers comprise of a fifth of all competitor minutes, which still is almost 80 million minutes daily.

Total market competitors voice services from fixed networks in Germany based on call minutes (Total market including local, long distance, international and mobile calls, in million minutes per day)



Source: DIALOG CONSULT-/VATM-analyses and forecasts

The competitors of Deutsche Telekom were able to increase the number of Voice-over-IP-fixed-line connections by more than 40 % to 5.2 million in 2010. Furthermore the number of connections via TV-Broadband cable increased by 800,000 to 3 million. However, the number of PSTN- and ISDN-connections only slightly increased by 100,000 each.

Consumers are still connecting to fast internet access via telephone lines at a significantly higher margin than via TV/Broadband. But the latter can gain market shares. In absolute numbers the cable network providers are gaining more in telephone and Internet connections through IP-TV-packages than the fixed-line telephony providers – but viewed in percentage the increase is almost equal. In the competition of network platforms, the fixed-line networks started early on with the expansion of Broadband, which led to a high number of connections with 23 million in 2010. 1.3 million customers demanded the still young exclusively digital television services of the fixed-line networks in 2010. In comparison, the Broadband cable network providers have concluded 6.6 million contracts for telephony and Internet services in 2010.

According to a study of the segment of full-service packages in fixed-line telecommunications, the decline of the number of fullservice packages is not as strong with an expected loss of 1.3 million. The competitors were able to gain slightly by 0.2 million in the segment of classic telephone connections. Nevertheless Deutsche Telekom still clearly dominated the fixed-line connection segment with 78.3 % of the full-service packages (24.9 million). Overall the number of full-service connections decreased further by 1.1 million to 31.8 million because of the discontinuation of voice telephone connections in connection with Voice-over-IP and substitution of fixed-line by mobile connections.

Development of the market for Broadband/IP in Germany

The supply of fast internet connections is of prime importance to the economic position of Germany and the knowledge and information society of the 21st century. Broadband enables new business models and therefore leads to growth and new jobs – even and especially in times of economic crisis.

Policy makers have recognised the importance and necessity to expand Broadband for the future. The Federal Government published its Broadband strategy in March 2009, setting ambitious goals for the expansion of Broadband. According to this, nationwide efficient Broadband connections shall be available by the end of 2010 at the latest. By the end of 2014 connections with transfer ratios of at least 50 Megabit per second shall be available for 75 % of households with the aim of making such high-performance Broadband connections available across the country as soon as possible.

The market for Broadband connections in Germany is nearing the saturation point in the medium-term. The figure of directly connected Broadband connections has increased by 7.2 % to 26.9 million by the end of 2010. Deutsche Telekom increased the absolute number of connections by 600,000 and continues to hold more than half of all Broadband connections in its network including resale. Broadband connections via alternative connection types, such as cable modem or fibre optic, as well as satellite and radio, were able to expand their share to 14.5 % and with 3.9 million customers have almost one-third more than in the previous year.

The share of high-speed connections with at least 50 Mbit/s is now at less than one percent. More than half of all DSL connections (53%) have a download streaming speed of max. 6 Mbit/s at the end of 2010. The annual Broadband traffic volume increased from 2,900 million Gigabytes to the expected 3,500 million Gigabytes in 2010 because of a higher number of users, as well as increased single use. The data volume per Broadband connection increased by more than 10 % to 11.3 Gigabyte (from 10.1 Gigabyte); more than in the previous year. Mainly the increased use of video services such as IP-TV, Web-TV and Video-Up-/Download is responsible for this increasing data transfer volume per connection.

With LambdaNet the 3U Group is active in three customer segments of this market. LambdaNet is a highly efficient provider of telecommunications and internet services in Europe. Its service portfolio contains conventional transfer services (bandwidth, wavelength and collocation), as well as services for IP (Internet Protocol) data transfer, such as high-performance connections to the Internet (IP-Transit), private company communication networks based on Internet and Ethernet Protocols (Virtual Private Networks, VPN). For this purpose LambdaNet runs a trans-European optical transmission network, which can provide transfer capacities of several Terabit per second because of combined use of technologies like DWDM (Dense Wavelength Division Multiplexing) und SDH (Synchronous Digital Hierarchy). Based on this transmission network, LambdaNet has one of the most efficient IP- and Ethernet-Networks in Europe at its disposal. It is linked with the most important peering points in Europe via rented capacities.

Prominent providers of mobile and fixed-line telephony-based voice services are among the customers of LambdaNet, as well as Internet Service Providers who offer communication services to end users with services of LambdaNet as pre-product. Equally, companies with extensive internal communication needs, for example companies with a widespread network of branches, belong to their customer base.

The ongoing consolidation in the segment of network providers has resulted in a fall in the demand for bandwidth. In addition, very large network operators have invested in their own fibre-optic infrastructure. Apart from that, price declines still prevails in this segment. But in this area there are also complementary products, such as collocation, where growth and high customer loyalty can be generated.

Internet service providers use the services of LambdaNet to provide data communication services to end-customers. The ever greater coverage with high-bit-rate technologies, such as DSL, WIMAX and UMTS in the consumer market is causing the data volumes handled to continue growing strongly. More recent applications like Voice-over-IP and IP-TV are contributing to this trend. That is countered by price declines in consumer products, which ultimately influences the primary product prices. Overall, one can expect the sales potential to remain stable.

In the area of data communication solutions for business customers there is an increased demand and market volumes are growing. Business customers are increasingly converting their conventional communication solutions to modern, IP-based virtual private networks (VPN). From the customer perspective, the benefits of this technology lie in the global accessibility, scalability, cost efficiency and expandability. LambdaNet has addressed this trend by rigorously developing and marketing its VPN services. With the expansion of the product portfolio, mainly through Ethernet products, new market segments were created. The strong marketing of complementary Internet and Voice-over-IP products produce additional potential.

LambdaNet was able to hold its ground in the competition in this challenging market environment and gained a moderate increase of 1.7 % in sales to EUR 36.78 million and transform the negative EBT from the previous year of EUR -6.05 million into a profitable EBT of EUR 1.56 million.

Development of the services market

3U HOLDING AG owns three majority holdings which are active in the services sector and together form the Group's Services segment. The range of the collective product portfolio reaches from software development over consulting services to the development and implementation of distribution and marketing strategies.

While there are projections at hand from renowned research facilities regarding the future development of the IT-market, it is difficult to define the market in terms of business consulting and distribution and marketing strategies. Forrester Research expects in its current study "2010 to 2012 Global Tech Industry Outlook", that companies are going to spend more money on their IT because of the economic recovery. IT-sales are expected to increase worldwide by approx. 7.0 % to US-\$ 1.69 trillion (2010: US-\$ 1.579 trillion) in 2011, and by as much as 8.7 % to US-\$ 1.838 trillion in 2012. The German IT market is also expected to perform positively but is likely to fall short of the overall development, which is strongly influenced by the growth of the emerging markets.

Especially after the budgets for external consulting services had been massively shortened during the crisis years 2008/2009, there was a detectable recovery in 2010. Because of increases in risk management/Corporate Governance requirements for many companies, we expect a stronger demand for consulting services in this sector.

Development of the future market of renewable energy

Securing a reliable economical and environment-friendly energy supply counts as one of the greatest challenges of the 21st century. Germany has taken a pioneering role and set especially ambitious targets for the prevention of greenhouse gases. It is the declared aim to achieve a share of at least 80 % renewable energy for the energy supply by 2050. An intermediate goal was defined by the Renewable Energy Sources Act (Erneuerbare-Energien-Gesetz – EEG), by which the percentage of renewable energies for the energy supply ought to be increased to at least 30 % by 2020 and subsequently continue to be increased on an ongoing basis.

The expansion of renewable energy capacities is increasingly promoted in Europe as well as in other important economic regions (in particular USA and China). Market experts expect a growth of the market for renewable energy by approx. 15 % per year over the next 10 years. A significantly higher growth is expected for individual methods of generation, for example photovoltaic energy.

In Germany the importance of renewable energies as an economic factor increases. This is reflected by increasing investments in plants and production capacities as well as by the continuing increase of employment opportunities in this sector. This development has proven stable in contrast to almost all other economic sectors, especially in the recent economic crisis.

According to the Federal Ministry for Environment, Nature Conservation and Nuclear Safety, (BMU), a total of approx. 340,000 jobs in Germany were accounted to the sector of renewable energy in 2009. Compared to 2004 (approx. 160,000 employees), the number has more than doubled.

The segment Renewable Energies was expanded with the acquisition of the majority share in EuroSun Vacuum-Solar-Systems GmbH in March 2010. The Company produces thermal solar plants with the main focus on vacuum tubes collectors. With the decline of guaranteed feed-in tariff for photovoltaic systems in Germany, this type of energy generation should increasingly establish itself in this country and provide for increasing sales at EuroSun.

Development of the financial market

After stock prices had developed a pattern of all-time lows in the first quarter of 2009, which then lasted for several years, a notable rally has developed on the stock markets. This movement was supported by the development of interest rates. Because of uncertainty regarding the financial stability of some European countries, the investors fled into the safe harbour offered by German loans. This led to historical lows that had never before been reached, in August 2010. Despite the increasing integration of Germany into the emergency parachute for European countries with lower financial standing, the interest rates have, however, risen again in the last months, but are still on a relatively low level.

3U HOLDING AG has invested its liquid assets exclusively in fixed-income assets and because of this anticipatory conservative investment strategy, sustained no damage because of the capital market crisis. The low income from interest is closely linked to this because of the current low level of interest rates.

Whilst companies with lower credit ratings are having serious difficulties getting finance from banks, companies with comfortable equity capitalisation and liquidity like 3U HOLDING AG are less affected. The company therefore plans to use borrowed capital both for investments in the expansion of existing business segments and in new development.

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Report on business development

27

The key events during financial year 2010 at a glance

Telephony

• Settlement made with the former owners and managers of OneTel

Several legal disputes which existed between 3U HOLDING AG and OneTel Telecommunication GmbH on the one hand and the former owners and managers of OneTel on the other hand, could be ended by a settlement which the OLG Frankfurt/Main determined on August 2, 2010. Some of these disputes dated back to 2004. Within the framework of this settlement, both parties essentially agreed on OneTel paying EUR 75,000 to each of the two former managers of OneTel and that the cost of the lawsuit were to be carried largely by OneTel. Furthermore OneTel pledged to surrender one of its obtained reservation judgments over a principal debt in the amount of EUR 240,000 against the former owners and managers of OneTel. In return the former managers and owners of OneTel waived their claims which were part of the lawsuit and each granted the release of 621,000 no-par value shares 1,242,000 in total) of 3U HOLDING AG to 3U HOLDING AG.

Broadband/IP

• LambdaNet successfully restructured

In the last quarter of 2009, an extensive restructuring programme was adopted for the segment of Broadband/IP, which is represented by LambdaNet, to increase synergies and to reduce costs. The successful results since the first quarter of 2010 confirm that the correct decisions have been made.

• Tendering for fibre optics network

On June 17, 2010, 3U HOLDING AG announced that it had re-tendered the fibre optics network of both investment segments Broadband/IP and telephony, because substantial parts of the existing line rental contracts of the fibre optics backbone of the subsidiary LambdaNet will expire at the end of 2011. This tendering is not just about a simple re-issuing of existing lines of the current LambdaNet fibre optics backbone. Rather, it is about the creation of a network topology developed on the cutting edge of customer product requirements. Furthermore significant savings are to be expected in the coming years because the prices for network rentals has come under considerable pressure in recent years.

Services

• Establishment of RISIMA Consulting GmbH

In January 2010, the management consulting RISIMA Consulting GmbH was founded with a partner who is already established in this segment of the market. The consulting portfolio of RISIMA Consulting GmbH is based on innovative maturity models in the areas of Corporate Governance, business process and risk management, IT-strategy and -security and knowledge management. The existing expertises of 3U HOLDING AG as well as that of the business partner were taken into account.

Establishment of 3U DYNAMICS GmbH

Also in March 2010, 3U DYNAMICS GmbH was established. All distribution and marketing resources which are used for several associated companies within the Group are combined into 3U DYNAMICS.

Renewable Energies

• Investment in EuroSun Vacuum-Solar-Systems GmbH

In March 2010, 3U HOLDING AG acquired the majority share of EuroSun Vacuum-Solar-Systems GmbH. EuroSun Vacuum-Solar-Systems is a company that has specialised in developing, manufacturing and trading in products for the electricity industry and environmental technology, including among others, thermal solar plants and the ORC-technology that produces energy from heat. With its research and production capacities, EuroSun is an important player in the pursuit of renewable energy.

In September 2010, EuroSun launched a joint venture in China to significantly increase their production capacity. The start of production is scheduled for the beginning of the second quarter of 2011.

Others

Withdrawal of CFO Oliver Zimmermann

On March 1, 2010, 3U HOLDING AG announced that the Supervisory Board of the Company had revoked the appointment of Mr. Oliver Zimmermann to a management position with immediate effect and cancelled the existing employment contract. In this respect, a settlement arrangement was made on July 6, 2010, in which the cancellation of the collaboration was mutually agreed upon and Mr. Zimmerman received compensation due to the premature termination of the collaboration.

• Moving into the new Group Headquarters

Already at the turn of the year from 2009 to 2010, the subsidiary, 3U SOLAR Systemhandel AG had begun their activities in reconditioned buildings at the new premises. After construction of the new Group Headquarters had been completed, all other companies of the 3U Group which were located in Marburg moved into the new building in the first half of 2010.

Buyback of own shares/cancellation of bought back shares

Based on the authorisation granted at the Annual General Meeting of August 28, 2009, the Management of 3U HOLDING AG decided on July 15, 2010 to buy back up to 10 % of its own shares via the stock exchange during the period from July 19, 2010 up to February 27, 2011 at the latest.

The amount of own shares owned by a stock corporation may not exceed 10 % of its nominal share capital. At the time of the decision the corporation already held 6.93 % of its nominal share capital with 3,244,714 own shares. Therefore the Management of 3U HOLDING AG decided to cancel the stock without par value, which had been bought, based on the authorisation at the Annual General Meeting of August 28, 2007. This was done within the scope of a share buyback via the stock exchange, to be followed by a public buyback offer by February 20, 2009, with a proportional amount of EUR 3,244,714 of the nominal share capital after the Annual General Meeting of 19 August 2010. The execution of capital decrease occurred on October 26, 2010 with entry in the commercial register. Since then the nominal share capital of the Company amounts to EUR 43,597,526.00 and is divided into 43,597,526 no-par value shares.

Earnings

In the financial year 2010, Group sales declined significantly with EUR 82.40 million compared to the previous year (EUR 92.08 million). In particular the Telephony segment, which has to maintain its ground in a rapidly shrinking market in which the intensity of competition remains very high, has been responsible for this. The new business segments have not yet been able to compensate for this severe sales decline, because the existing resources have been primarily utilised in projects which will only contribute in the medium-term to a lasting business success.

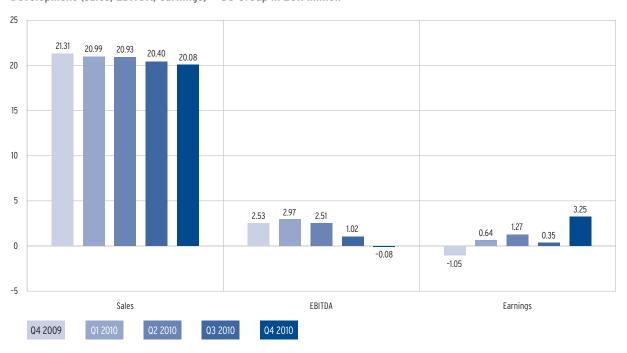
With EUR 6.42 million, the EBITDA fell by 51.5 % below the EBITDA of the financial year 2009 (EUR 13.24 million). Apart from the smaller profit contribution from the Telephony segment various one-time expenditures contributed to this.

In particular value adjustments to ICA claims against Deutsche Telekom and credits, expenses for sales tax payments from a tax audit, allowance on the participation in myFairPartner Limited, severance payments to former executives (3U HOLDING AG and LambdaNet Communications Deutschland AG) and employees and expenses in connection with the settlement agreement made with the former owners and managers of OneTel Telecommunication GmbH in the third quarter led to substantial burdens. All existing lawsuits have been resolved within the framework of the settlement. In return the Company received 1,242,000 own shares, which entered the Group net income without affecting it in any way.

Despite a lower EBITDA, 3U HOLDING AG shows a significant increase in profit of EUR 5.47 million to EUR 5.51 million, after having attained an only slightly positive result with EUR 0.04 million in the previous year. Significantly improved financial results as well as once-off positive tax effects are mainly responsible for this. Positive tax effects were mostly the result of yields from deferred tax assets but also from tax refunds from previous years.

Following the internal reporting, 3U HOLDING AG covers the segments Telephony, Broadband/IP, Services, Renewable Energies and Holding/Consolidation within its segment reporting. The following graph shows the different segments together with the sales between segments. In the previous year's reporting, the consolidation occurred entirely on the segment level. Therefore the previous year's values have been adapted accordingly. Beyond that it needs to be noted that taxes on profits and income are carried by the parent Company, 3U HOLDING AG, as long as Subsidiary conditions exist.

Development (sales, EBITDA, earnings) - 3U Group in EUR million



Telephony segment

The Telephony segment continued to be the most important sales generator in the Group, with sales of EUR 44.37 million and a percentage of more than 50 %.

Sales in the Telephony segment declined in the reported period, from EUR 57.72 million to EUR 44.37 million compared to the same period in 2009. The decrease in revenue however has not only softened significantly in absolute terms but also in terms of percentage compared to previous years. Especially in comparison with the Call-by-Call market, which reported a decline of 26.5 % in 2010, the smaller sales decrease in the Telephony segment must be rated a success, since it succeeded at the same time in continually attaining attractive profit margins.

The EBITDA also fell to EUR 3.67 million because of once-off burdens such as the settlement with the former managers of OneTel Telecommunication GmbH, the derecognition of ICA-receivables against the Deutschen Telekom AG as well as expenses for other accounting periods under review.

Particularly due to the reasons given above, the result has been significantly below the previous year's level with EUR 4.67 million compared to EUR 11.44 million.





^{*}Segment income before profit transfer

Broadband/IP segment

The Broadband/IP segment, which is legally represented by LambdaNet Communications Deutschland AG and its subsidiaries, developed very successfully in 2010. The turnaround in the Broadband/IP segment was achieved by the synergetic measures enacted in the fourth quarter 2009 such as pooling of administrative activities, accounting and bundling of Group-wide technology platform resources as well as corresponding marketing activities and their implementation. All economic key figures prove that the Broadband/IP segment is on its way to achieving lasting positive results.

The Broadband/IP segment attained sales of EUR 36.78 million in the financial year 2010. With this, sales improved by 1.7 % compared to the previous year (EUR 36.18 million). With EUR 9.67 million, EBITDA improved by approx. 188 % compared to the same period in the previous year (EUR 3.36 million). The result was reported at EUR 6.21 million while a significantly negative result of EUR 5.87 million was registered in the previous year. This extreme improvement in the result is directly, as well as indirectly due to the improved earnings situation of LambdaNet. We were able to lower the cost positions significantly within the framework of the restructuring measures. Based on the very good future prospects the relevant balancing regulations dictate that deferred taxes are to be applied for future usable tax loss carry-forwards. Those led to a positive fiscal result of EUR 4.66 million. Without consideration of this tax result the earnings (EBT) at least were at a respectable EUR 1.56 million while in the previous year we had to put up with a negative result amounting to EUR 6.05 million.

Development (sales, EBITDA, earnings) - Broadband/IP segment in EUR million



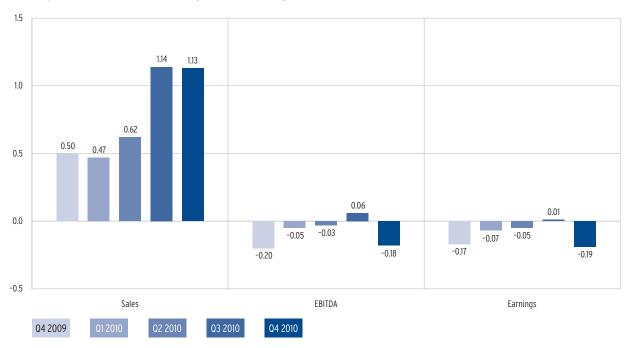
Services segment

The Services segment is comprised of the distribution and marketing resources, which are utilised Group-wide for several Group Companies and which are going to be marketed increasingly on an external basis in the future as well as the sectors of business consulting, IT consulting and development. The staff crossover of distribution and marketing employees from the Telephony segment to the Services segment occurred as of July 1, 2010. The business consulting sector which up until now was operating exclusively within the Group but will take on foreign mandates increasingly in the future is legally summarised in RISIMA Consulting GmbH. The former IT departments of 3U TELECOM GmbH and LambdaNet Communications Deutschland AG are also pooled in the Services segment. They are concentrating on the development and distribution of standard and individual software.

In the financial year 2010 the resources in this segment have been continuously built up and expanded.

Sales of EUR 3.36 million recorded for this segment in 2010 have been generated mostly within the Group. EBITDA was at EUR -0.20 million and the result was also slightly negative with EUR -0.30 million. This results from the non-capitalized development costs in the IT sector, which are necessary to develop products to market. In the areas of sales and management consulting slightly positive results were achieved.

Development (sales, EBITDA, earnings) - Services segment in EUR million



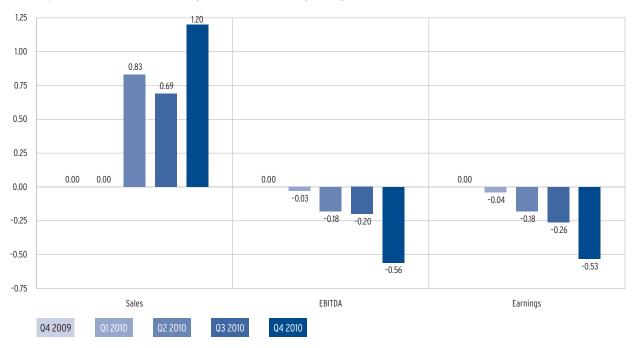
Renewable Energies segment

The Renewable Energies segment comprises almost all activities of 3U in the sector of renewable energy. The trade with solar system technology thereby consists of thermal solar plants for solar heat generation, regulation, heat storage and heat distribution as well as photovoltaic systems. The service portfolio ranges from system solutions for single-family homes up to solar world-scale plants. Furthermore this segment includes, among others, the development, production and trade of products for the electrical industry and environmental technology goods for thermal solar plants and plants for electricity generation from heat.

The Renewable Energies segment contributed less to the Group's sales than forecasted in the Annual Report 2009. On the one hand this was due to the fact that the segment was only able to record a part of its sales as such in the first half of 2010 because of an interim solution, where 50 % of sales were simply commissioned. Also, this resulted from the fact that existing resources were utilised increasingly in projects which will only contribute to a lasting business success in the medium-term. The product portfolio was continually expanded, amongst other things, by photovoltaic offers. This did not have much impact on the sales development in 2010, but led to the conclusion of the first big order for the delivery of photovoltaic modules in March 2011. While at the beginning of 2010 the business plan for the renewable energy sector only forecasted one dealer to be active in the solar sector, today the segment covers almost the whole supply chain from production over consulting to sales.

The Renewable Energies segment attained sales of EUR 2.72 million in 2010, an EBITDA of EUR -0.97 million and a result of EUR -1.01 million. The result has been massively burdened by the setup of this business sector in 2010 – in particular by the setup of distribution activities. The margins attained were not yet able to compensate for those burdens.

Development (sales, EBITDA, earnings) - Renewable Energies segment in EUR million



Holding/Consolidation

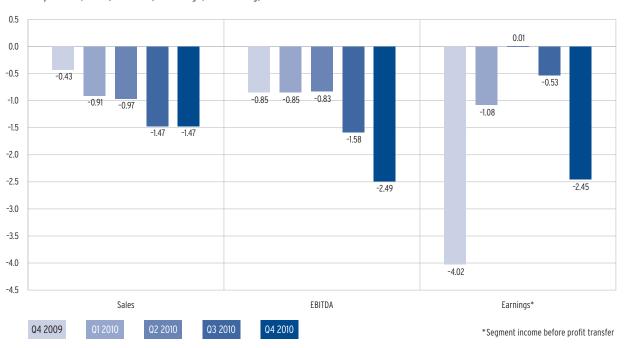
The holding activities including the research and development procedures concerning the planned solar energy power plant as well as the necessary Group consolidating entries are pooled in Holding/Consolidation.

Substantial staff resources have been set up in a competence team for the implementation of the SEPP-project. Those will mostly pay off in the medium-term, after the SEPP has been completed as a reference project, and will represent the performance ability of the Group in the public image.

Holding/Consolidation reported sales of EUR -4.82 million in the reported period. This is made up of the sales by the holding in the amount of EUR 0.87 million and the sales consolidations in the amount of EUR -5.69 million. These sales consolidations result mainly from the consolidation of the sales between the Telephony and Broadband/IP segments as well as from the consolidation of services within the Group.

As the consolidating effects on the EBITDA level are almost completely balanced, in the following graph we present the most substantial changes in the holding. The EBITDA amounts to EUR -5.75 million and is substantially shaped by the personnel costs in the amount of EUR 2.26 million (previous year: EUR 1.84 million) and other operational expenditures in the amount of EUR 4.44 million. Concerning personnel costs it has to be considered that within the framework of opening up synergetic potentials employees from the finance sector who worked in subsidiaries formerly are now assigned to the parent Company. Thereby Holding's number of permanently employed staff has risen by 13 employees to 21 as of December 31, 2010 (this includes members of the Management Board). The largest percentage within other operational expenditures refers to back payment of taxes for previous years at EUR 0.67 million, on legal and consulting costs, EUR 0.80 million (previous year: EUR 0.24 million), on the IC calculating of salaries at EUR 0.20 million (previous year: EUR 0.18 million) and the remuneration for the Supervisory Board at EUR 0.17 million (previous year: EUR 0.17 million).

Development (sales, EBITDA, earnings) - Holding/Consolidation in EUR million



Financial and assets position

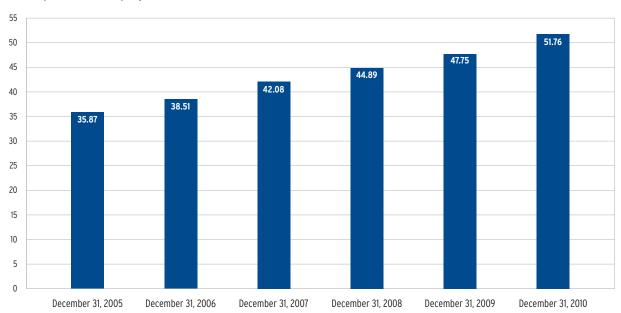
The financial portfolio of 3U HOLDING AG is at present exclusively invested in call accounts and short-term time deposits at the Baden-Württembergische Bank, at Sparkasse Marburg-Biedenkopf, at Volksbank Mittelhessen and IKB Deutsche Industriebank AG.

As at December 31, 2010, cash and cash equivalents have fallen from EUR 33.29 million to EUR 29.14 million compared with the endof-period date of December 31, 2009.

In addition to serving of leasing obligations in the Broadband/IP segment and the investments – particularly in the new Group headquarters and the development of new business units – in essence the share buyback programme, advance payments for network rentals and the reduction of provisions led to the decrease in liquid funds year to year.

The stability of 3U HOLDING AG is clearly demonstrated by its equity ratio, which continues to be very solid. It has improved on a continual basis since the year 2005 and at midyear exceeded the 50 % mark for the first time. At December 31, 2010 the equity ratio was 51.76 % as opposed to 47.75 % at December 31, 2009.

Development in the equity ratio (in %)



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Overview balance sheet items	Decembe	r 31, 2010	December	r 31, 2009
	TEUR	%	TEUR	%
Fixed assets	25,420	32.6	27,805	35.5
Other long-term assets	5,719	7.3	507	0.7
Prepaid network rents – long-term	667	0.9	1,269	1.6
Non-current assets	31,806	40.8	29,581	37.8
Working capital	44,562	57.1	47,395	60.5
Prepaid network rents – short-term	1,631	2.1	1,340	1.7
Assets "held for sale" and assets under liquidation	0	0.0	4	0.0
Current assets	46,193	59.2	48,739	62.2
Assets	77,999	100.0	78,320	100.0
Equity attributable to the shareholders of 3U HOLDING AG	40,527	52.0	37,394	47.8
Interests of non-controlling shareholders	-222	-0.3	14	0.0
Long-term provisions and liabilities	16,524	21.2	18,664	23.8
Long-term liabilities	56,829	72.9	56,072	71.6
Current provisions and liabilities	21,170	27.1	22,248	28.4
Short-term liabilities	21,170	27.1	22,248	28.4
Liabilities	77,999	100.0	78,320	100.0

The balance sheet total as at December 31, 2010 was EUR 78.00 million (December 31, 2009: EUR 78.32 million).

Non-current assets amounted to EUR 31.81 million as per December 31, 2010 (December 31, 2009: EUR 29.58 million). Thus the proportion of non-current assets reported in the balance sheet rose to 40.8 % (December 31, 2009: 37.8 %). There were significant changes in fixed assets, which declined from EUR 25.07 million per December 31, 2009 to EUR 23.17 million per December 31, 2010 due to write-downs according to plan. This was not offset by the investments made in 2010. Moreover for the first time deferred tax assets in the amount of EUR 5.62 million were formed on portions of the existing tax loss carry forward, since these can be used in the future.

Current assets amounted to EUR 46.19 million per December 31, 2010 (December 31, 2009: EUR 48.74 million). Liquid funds, which fell from EUR 33.29 million per December 31, 2009 to EUR 29.14 million, had a decisive influence on this decline. The proportion of current assets reported in the balance sheet was 59.2 % as at December 31, 2010 (December 31, 2009: 62.2 %).

Equity has increased from EUR 37.39 million to EUR 40.53 million in particular due to the positive annual result. The capital reduction and the increase in own shares had an offsetting effect.

Long-term deferred liabilities and obligations declined by EUR 2.14 million in comparison to December 31, 2009 from EUR 18.66 million to EUR 16.52 million by December 31, 2010. While the long-term leasing liabilities and prepaid network rents decreased by EUR 2.60 million, long-term liabilities with banks increased by EUR 1.63 million due to the taking up of a long-term loan in order to finance the building of the new Group headquarters.

The current provisions and liabilities declined against December 31, 2009 from EUR 22.25 million by EUR 1.08 Mio to EUR 21.17 million. The substantial increase of trade payables is particularly responsible for this. Provisions developed contrary to this, especially because of the utilisation of tax provisions; this was opposed by the creation of tax provisions in a significantly smaller amount for the financial year 2010.

The operating cash flow ranged at EUR 3.52 million in the past financial year (previous year: EUR 10.24 million) and has declined substantially despite the result improvement of EUR 5.79 million compared to the previous year. This is primarily caused by the fact that especially the deferred taxes have not yet become cash-effective. The decrease of provisions (in particular tax provisions) and allowances as well as the decrease of other liabilities have had a negative impact on the cash flow of operational activities.

The cash flow from investment activities ranges with EUR -4.80 million almost on previous year's level (previous year: EUR -4.17 million). The cash flow from financing activities has significantly improved from EUR -8.25 million in 2009 to EUR -2.95 million. This was still impacted in the previous year by the repayment of loans in the Broadband/IP segment.

The 3U Group was in a position to meet its payment obligations at all times

Cash flow statement (in TEUR)	Dec 31, 2010	Dec 31, 2009
Cash flow	-4,230	-2,185
Cash flows from operating activities	3,522	10,240
Cash flows from investing activities	-4,798	-4,171
Cash flows from financing activities	-2,954	-8,254
Exchange rate changes	-3	0
Consolidation-related change	86	0
Changes in cash and cash equivalents	-4,230	-2,185
Cash and cash equivalents at beginning of period	33,289	35,474
Cash and cash equivalents at end of period*	29,142	33,289

^{*}Incl. Fixed deposits as collateral in the amount of EUR 1.5 million

Statement on financial position

The Management Board views the financial situation of the enterprise at the time of drawing up of this report as positive overall. We essentially reached our targets in the segments Telephony and Broadband/IP in 2010 as laid out in the forecast from the beginning of the year, while the segments Services and most notably Renewable Energies did not meet the communicated sales targets. Especially the segmet Broadband/IP exceeded earnings targets significantly. In the segment Renewable Energies we have taken the opportunity to establish this area much wider than originally planned, and have therewith laid a foundation for a successful long-term development of this area. The stated earnings targets were not reached because of this buildup work.

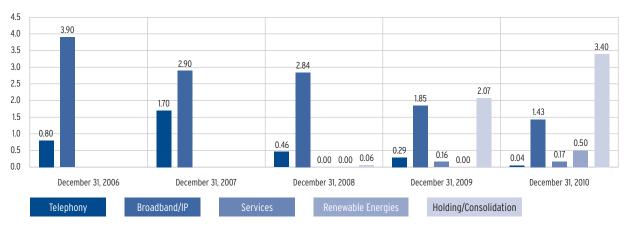
The 3U Group is due to its solid financial and assets position in a strong position to continue to develop successfully.

Investments/Divestments

Investments of EUR 5.54 million (previous year: EUR 4.37 million) were made within the Group during the 2010 reporting year.

EUR 0.04 million were invested in the Telephony segment (previous year: EUR 0.29 million); EUR 1.43 million were invested in the Broadband/IP segment (previous year: EUR 1.85 million). Investments were mainly made into expanding the technical offices and integration of new customers. This accounted for all the necessary maintenance and expansion investments. Investments in the segments Services and Renewable Energies add up to EUR 0.17 million resp. EUR 0.50 million after EUR 0.16 million resp. EUR 0.00 million in the responding time period of 2009. Investment in non-current assets of EUR 3.40 million in the reporting period (2009: EUR 1.83 million) flowed mainly into the new Group head office as well as in the development of new business fields.

Development of investments in EUR million as at December 31*

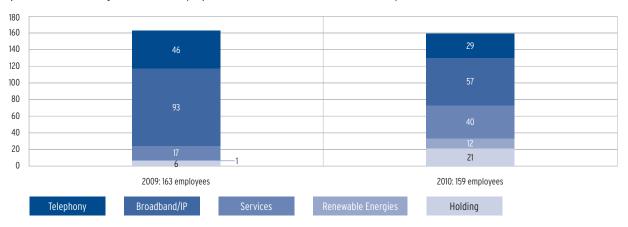


^{*}Until 2007 the segments Services and Renewable Energies as well as the Holding were accounted for in the segment Telephony.

Investments of roughly EUR 4.50 million in the existing business segments are planned for the financial year 2011. Of these, EUR 0.2 million will be invested in the segment Telephony, EUR 1.3 million in the segment Broadband/IP, EUR 0.2 million in the segment Services, EUR 0.8 million in the segment Renewable Energies and EUR 2.0 million in the holding company.

Staff *

On the financial statement date the 3U Group employed 162 people (previous year: 168). The yearly average was 159 (previous year: 163). The average number of employees in the individual divisions is made up as follows:



The remuneration system is broken down into fixed and variable elements depending on job.

Non-financial performance indicators

It is above all the men and women that work for 3U HOLDING AG and its portfolio companies that are responsible for our business success. Their identification with the Company and commitment to its goals is therefore a top priority.

The potential of our personnel is promoted and fostered, among other things, through a high degree of own responsibility. Our employees have the opportunity to take part in a large number of internal and external training and development programmes. Their bond with the Company is reinforced by a series of measures in which social aspects are at centre-stage. In addition, the Company supports health care for its employees with appropriate programmes.

^{*}Full-time equivalents (incl. Board Members)

Disclosures in line with Section 315 (4) of the German Commercial Code

Appointment and dismissal of the Management Board and amendments to the Articles of Association

The Management Board is appointed and dismissed in accordance with Articles 84 and 85 of the German Stock Corporation Act. All amendments to the Articles of Association conform to Articles 179 and 133 of the German Stock Corporation Act. However, according to Article 13 (2) of the Articles of Association in conjunction with Article 179 (2) sentence 2 of the German Stock Corporation Act, resolutions of the Annual General Meeting are passed with a simple majority of the votes cast unless another majority is prescribed by law. In addition, if the German Stock Corporation Act prescribes a majority of the share capital represented when the vote is taken, a simple majority of the capital represented is sufficient if legally permissible.

Share capital and authority of the Management Board to issue or buy back shares:

The share capital consists of 43,597,526 no-par bearer shares. All shares grant the same rights. Each share carries one vote and is decisive for the share of the profits. The rights and obligations from the shares are derived from statutory provisions.

Shares in the capital of the Company are owned as at December 31, 2010 as follows:

Name	Function	Number of shares	Percent
Michael Schmidt	(Member of the Management Board)	8,999,995 Aktien	20.64 %
Michael Göbel	(Member of the Management Board)	8,500 Aktien	0.02 %
Gerd Simon	(Member of the Supervisory Board)	10,000 Aktien	0.02 %
Number of own shares		4,147,041 Aktien	9.51 %

In the financial years 2009 and 2010, we did not receive any notifications with regard to direct and indirect participations on the capital of 3U HOLDING AG in excess of 10 %.

According to Article 3 (4) of the Articles of Association, the Management Board is authorised, with the approval of the Supervisory Board, to increase the share capital on one or more occasions by a total of no more than EUR 23,421,120.00 by August 27, 2014 by issuing new shares in exchange for cash contributions and/or contributions in kind. With the approval of the Supervisory Board the Management Board can fully or partially exclude the subscription right of shareholders in the following cases only: 1. In the event of capital increases against cash contributions provided that the par value of the new shares for which the subscription right is excluded does not exceed ten percent of the share capital existing on August 28, 2009 and that the issue amount of the new shares is not significantly below the stock exchange price as defined by Articles 203 (1) and (2), 186 (3) sentence 4 of the German Stock Corporation Act; 2. Provided that the capital increases in exchange for contributions in kind are carried out in order to acquire companies or equity investments in companies; 3. For fractional amounts. With the approval of the Supervisory Board the Management Board is authorised to stipulate the further details of the capital increase.

According to Article 3 (5) of the Articles of Association the share capital of the Company is to be contingently increased by up to EUR 4,684,224.00, divided into 4,684,224 shares (Contingent Capital I). The contingent capital increase is only to be carried out insofar as holders of option rights that the Company issued on the basis of the authorisation of the Annual General Meeting on August 19, 2010 make use of their option rights. The new bearer shares carry dividend rights from the beginning of the financial year for which no Annual General Meeting resolution has been passed regarding the appropriation of profit when the option rights are exercised. With the approval of the Supervisory Board the Management Board is authorised to stipulate the further details of the contingent capital increase and its implementation.

With the approval of the Supervisory Board the Management Board of 3U HOLDING AG decided on July 14, 2010, based upon the authorization of the Annual General Meeting of August 28, 2009, to buy back up to 10 % shares in the Company via the stock exchange. The share buyback serves all the purposes provided for in the authorizing resolution of the Annual General Meeting of August 28, 2009. The BankM, Repräsentanz der biw Bank für Investments und Wertpapiere, was commissioned with the transaction.

The share buyback programme via the stock exchange began on July 19, 2010 and ended on January 21, 2011. Overall, 3U HOLDING AG acquired through the share repurchase programme 3,117,500 own shares. Within the framework of the settlement with the former owners of OneTeI, 3U HOLDING AG accrued 1,242,000 no-par value shares at the end of December 2010. Overall, 3U HOLDING AG holds 4,359,740 own shares since January 21, 2011, equivalent to almost 10 % of the share capital of EUR 43,597,526.00.

For Members of the Management Board no agreements exist for the event of a takeover bid of 3U HOLDING AG.

Share transactions

According to Article 15a of the German Securities Trading Act those people with management tasks at 3U HOLDING AG must report their own transactions with 3U HOLDING AG shares or any related financial instruments, particularly derivatives, to 3U HOLDING AG and the German Financial Supervisory Authority (BaFin). This obligation also applies to people who have a close relationship with one of the above-named people, where the total transactions of a person with management tasks and the person that has a close relationship with this person reaches or exceeds a total amount of EUR 5,000.00 by the end of a calendar year. 3U HOLDING AG has not received any according transactions. However, the capital decrease registered on the commercial register in Marburg on October 26, 2010, led to the fact that the Mr. Michael Schmidt's shares exceeded the threshold of 20 % with an unchanged shareholding and which has amounted to 20.64 % since then.

Annual Corporate Governance Statement according to § 289a HGB

The Management of 3U HOLDING AG has delivered the Annual Corporate Governance Statement according to § 289a HGB on March 24, 2011 and has made it available to the public on the web page of 3U HOLDING AG (www.3u.net) under the path "Investor Relations/Corporate Governance".

Compensation Report

Detailed information on management board remunerations deviating to the previous year are presented separately in the compensation report as part of the situation report in the Corporate Governance Statement.

Risk and opportunities management

The internal control system

The structure and organisation of the 3U Group are subject to continuous review. Ongoing adjustments of the organisation structure thereby guarantee clear responsibilities. The competencies within the monitoring, planning and control system are thus clearly defined. The monitoring and planning system mainly consists of the following components:

- Risk and opportunities management
- Management information reporting in a monthly cycle
- Regular meetings at Management Board level in a weekly cycle
- Regular meetings at management level of all companies in a monthly cycle
- Regular department and team reports in a weekly cycle
- Rolling monthly planning/liquidity development

The control system is based around sales planning, the EBITDA goals and around budgeted cash flows in a month by month comparison for the past twelve months in each case. The planning for the two subsequent financial years is done based on percentage increase rates. The Sales & Marketing group at Company level delivers the assumptions for the revenue planning; regulatory plans, the capital market outlook and industry trends flow in at market level. Changes relevant to earnings within a component are communicated directly between the Management Board and heads of division in the form of immediate reporting. The organisation structure and the elements of the control system thus form an integral mechanism between strategic and front-line business levels.

The 3U HOLDING AG business model

3U HOLDING AG is a listed management and investment company, which currently pursues a four-column-strategy. In addition to the traditional segments Telephony and Broadband/IP, Renewable Energies and Services have been built over the past years. This development will continue to be further advanced so that the future focal point of investments lies on young and innovative technologies with an emphasis on the renewable energy segment.

Those innovative technologies should be outstanding and convincing and possess a substantial and defensible technology and competitive advantage. They should be able to develop a distinct customer benefit and demonstrate particularly unique selling propositions and a clearly identifiable market potential.

Every investment should offer prospects of an above-average return on investment, which is in proportion to the estimated risk and based on a carefully researched and convincing business plan. 3U Group invests especially in organic growth and in addition to that pursues a long-term oriented "buy-and-build"-strategy.

"3U-RICH" system

Entrepreneurial dealings are always associated with risks. Consciously entering into risks in search of business success is unavoidable and makes sense. The 3U Group considers all risks systematically and in doing so pursues the goal, on the one hand, of detecting and controlling risks in a controlled and conscious manner and, on the other hand, grasping opportunities that present themselves. The 3U Group's risk policy defines the desired relationship between risks and opportunities and is thus closely linked with the strategic business goals. Risk management serves to secure the business goals, the Company's success and a reduction in risk costs. To achieve optimum control of the business and to meet the legal and regulatory requirements, the Management Board has at its disposal a risk and opportunities management system appropriate to the size of the Company by the name of "3U-RICH". As well as the parent company, this Group-wide risk management and early warning system covers all subsidiaries from which potentially existentially threatening developments for the Group may emanate. So our systematic dealing with potential risks and the risk-conscious handling of those risks are a central expression of how we secure and structure our future in this dynamic market environment. The "3U-RICH" system is subject to continued improvements to ensure that both internal changes and external factors, for example changes in law, are taken into account.

The "3U-RICH" system meets the legal requirements for a risk management system

In 2010, 3U Group has increasingly integrated the topics of compliance, accounting process and ICS into the risk management system within the framework of a continuous improvement process. Thereby, 3U acts in accordance with the internationally accepted standard COSO ERM, as far as corporate management considers the advised methods to be appropriate.

Management Board and Supervisory Board of the 3U Group thereby illustrate the importance of Corporate Governance, which stands for responsible management and control of the company directed towards the long-term success of the company.

Formulating a risk management strategy

Derived from the business targets, the Management Board defines a risk strategy outlining the fundamental basis for risk management. Strategic measures for goal attainment are developed based on that. The goal is not to avoid all potential risks, but to create room to act that lets us consciously enter into risks based on comprehensive awareness of those risks and their relationships. At the forefront is a balanced ratio between opportunities and risks.

Accountability and reporting concept

The risk management system which has been introduced by the management of 3U Group for the whole Group has proven to be efficient. Each employee of the Group is compelled to behave risk-consciously within their assigned tasks and responsibilities. The respective operative superiors are immediately responsible for early recognition and supervision of risks. Periodic training events contribute to the fact that all employees are aware of the standards.

In the fourth guarter of 2010, the "3U-RICH" system was further optimised by the application of professional risk management software. The new structure of the companies within the Group and the connected expansion of business activities in different economic segments requires an optimisation of process and work procedures within risk management to be able to ensure the effectiveness and efficiency of the system on an ongoing basis. For this, Management has introduced the risk management software r2c by Schleupen AG into the Group. Schleupen AG belongs to the leading providers of risk management software in Germany. This software supports both the risk owners and the risk manager regarding the assessment and controlling of risks in all Group companies.

The overall accountability for the functioning and effectiveness of the risk management system lies with the Management Board of the 3U Group. The central risk manager informs the Management Board of the current risk situation and its potential future development as part of the standardised reporting at least on a monthly basis. In addition to the Management Board, the Supervisory Board of 3U Group also receives this standardised monthly reporting from the risk manager. The degree of detail in the monthly report has risen significantly by the implementation of risk management software r2c. The Management Board decides upon what is put forward by the risk manager and, where necessary, initiates measures based upon new risk assumptions. In addition, it regularly informs the Supervisory Board of the risks and the measures initiated.

As part of a consultation process, a report is prepared twice a year for the Supervisory Board concerning the efficiency of the processes in the "3U-RICH" system and compliance with the rules and regulations and discussed in the presence of the risk manager. Topics include accounting processes, IKS and compliance so that the Supervisory Board is able to execute its surveillance duties systematically according to § 107 Abs. 3, S. 2 AktG.

Methodology of the risk management system

Within the "3U-RICH" system, the risks faced by the 3U Group are captured in a manner down to the department level of the individual companies as complete and financially sensible as possible, and as early as possible, in a risk inventory in order to detect developments that may jeopardize the development and existence of the business. The thus derived risk portfolio of the 3U Group is based on our assessment of the potential scale of damage and the likelihood of occurrence of very different scenarios. Risk indicators are established for the risks identified as part of the risk inventory which permits monitoring and evaluation of those risks. This constant observation and evaluation is handled by the decentred risk owner and the central risk manager based on operational and financial indicators.

Moreover, at least once per year additional risk inventories with emphasis on information security will be carried out in the subsidiaries LambdaNet Communications Deutschland AG and SEGAL Systems GmbH within the ISO 27001 standard according to which both companies are certified. Corresponding measures will be derived.

The key current and future risks in the Group

From the entirety of the risks identified for the Group, those main risks in the individual business divisions are then named that could, from today's perspective, influence the 3U Group's financial, assets and earnings position should they materialize.

The risks in the segments Telephony and Broadband/IP were once again decisive for the risk management within the 3U Group in the report year 2010. The risks from past risk inventories have again been confirmed in the risk inventories. Only the peculiarity of the extent of damage and the probability of occurrence varies. For the segments Services and Renewable Energies, on the other hand, the empirical values are low, which means that relevant statements regarding this can only be made in the coming years.

General economic risks and opportunities in all segments

Individual risks that need to be identified, evaluated and monitored beyond the limits of their segments are recognised throughout the Group. Operative risks are primarily a part of this. They are of a rather short-term nature and in all segments of the company, are concentrated on technical down time due to failure, damage or maintenance and staff absenteeism.

The provision of services in the segments of Telephony, Broadband/IP and Services are primarily based on software applications and on information and telecommunications technology. The implementation of those technologies is also of great importance in the Renewable Energies segment. Therefore the IT-availability and the IT-infrastructure are essential for the maintenance of business operations and the execution of critical processes. Appropriate system redundancies, prompt replacement investments and regular maintenance keep this risk on a market-based level. Among other things, the 3U Group confronted those IT risks by consistently adjusting the information security management systems of its Subsidiaries LambdaNet and SEGAL Systems, which provide the IT- and communications platform for all companies of the Group, in accordance with ISO 27001, and by successfully obtaining certification from the TÜV Süd (German Association for Technical Inspection) once again in 2010.

In all business units of the 3U Group highly qualified personnel is needed. A lack or loss of the required know-how, skills and experience in the key positions of these companies could put attainment of the various business goals at risk. Observing the generally accepted principles of employee leadership forms the basis for a good working atmosphere. Employee leadership and employee development represent the foundations of a positive corporate culture. Beyond that we apply a performance-based compensation system, internal and external training & development programmes and a share option programme to ensure high levels of loyalty and bonding of our qualified men and women to the Company. Towards the outside world, the corporate culture represents the line we take with our customers and the credibility of and the trust in the Company.

In order for the goals to be reached, they have to be in tune with the connected business processes and productivity of the Group. The application of modern methods in quality and process management also supports the continuous improvement in this segment. Additionally the vertical and horizontal communication within the Company needs to be efficient and in tune with given responsibilities and determined measures.

The foundation which ensures this is based on the clearly defined work and procedure instructions as well as function descriptions and guidelines which within the framework of quality management are regularly reviewed and updated as necessary.

An effective and efficient operational sequence in all business processes also decreases the risk of a low level customer satisfaction.

Compliance Management

In order to be able to fulfil the ever more demanding requirements and expectations, Compliance Management has been optimised continuously to further decrease the risks that arise. In the report year this was achieved among other things by appointing a Compliance representative as contact person for all employees of the Group as well as conducting regular trainings..

Risks from regulation and changes of legal parameters

Risks from regulation and changes of legal parameters in the segments of telecommunications/Broadband/IT and energy supply will continue to exist for the current segments and future investments of the 3U Group. The developments are monitored intensively by the Group to enable to prompt reaction.

Telephony segment

The most important sector in this segment is the Call-by-Call market. The various flat rate offers represent a general risk. The landline flat rates are making Call-by-Call redundant for domestic fixed-line calls in Germany. A similar risk exists through mobile flat rates which generally contain a flat rate for mobile and land-line. The substitution of land-line by mobile telephony leads to decreasing profits. Prices from mobile to mobile below land-line levels also constitute a risk for Call by-Call business. Beyond that another risk exists through the technology of Voice Over IP (VoIP) and offers such as Triple Play because minute-based prices are put under pressure by flat rate offers. The Telephony segment confronts the expected decrease in sales in this sector by an active tariff management system among other things.

Broadband/IP segment

In the Broadband/IP segment, 3U Group also functions in a market which continues to be very competitive. Aggressive price policies of competitors and the economic situation as a whole could prove negative for the attainable margins and market shares. For strategic or economic reasons, essential customers within this segment could build their own network infrastructure.

With the restructuring measures introduced at the end of 2009, which targeted the application of Group-internal synergetic measures as well as optimised distribution and marketing activities among other things, it was possible to achieve the turnaround in this segment.

In 2010, LambdaNet was certified by TÜV Süd (German Association for Technical Inspection) in accordance with the international standard ISO 27001 again. This emphasises the high value placed upon a functioning information security management system by the management team.

Services segment

This segment covers the activities of 3U DYNAMICS GmbH, RISIMA Consulting GmbH and SEGAL Systems GmbH. The companies of this segment function in a sector which is shaped by strong competition. But we see a vast market potential in the self-developed, innovative applications which have already been successfully implemented within the Group.

In 2009, SEGAL Systems GmbH was able to prove the high standard of its technical and organisational personnel know-how within the framework of successful certification by TÜV Süd in accordance with the international standard ISO 27001.

Renewable Energies segment

National and international expansion of renewable energies is likely to increase significantly according to all expectations. Increasing energy prices based on increased demand with simultaneously decreasing resources and the effects of climate change becoming increasingly more visible have increased the acceptance by the German populace of an increased application of renewable energy. 3U Group has made it clear with Subsidiaries in the segment Renewable Energies that it wants to participate in this growth and to invest in these technologies. In 2010, discussions about federal funding of renewable energy resulted in a certain level of insecurity among consumers. Nevertheless, no signs of a fundamental decrease in the demand for renewable energy are visible. 3U Group is going to seize the opportunities offered in this market by the development of innovative products in this segment, such as the concept of a "solar energy power plant" realised on Company property.

Holding

The general economic situation and developments resulting from the finance crisis have had a significant influence on investment business. When economic conditions improve, a higher value is conceded to companies. This results in improved exit-scenarios. When economic conditions worsen, the number of companies for sale at favourable prices rises. 3U HOLDING AG has an advantage on the market when compared with its competitors, because financing is easier to realise due to the very good equity ratio in connection with favourable liquidity.

3U Group relies on organic growth and investments in the segment Renewable Energies. The future prospects of an enterprise are the primary criteria which affect the selection of possible investments. By making use of diversification, 3U Group is anxious to minimise the risk of the investment portfolio resulting from economic fluctuations within individual companies, sectors or regions.

It cannot be ruled out that the economic development of a future investment company will be influenced negatively by a worsening market situation, perhaps even resulting in insolvency which management is powerless to avoid.

Financial risks

As a company present on the market, the 3U Group is exposed to diverse risks. So one core goal of the Management is to control and minimise financial risks in terms of achieving reliable planning.

One key financial risk is the risk of sales being concentrated on one main customer. This risk correlates with the default risk, i.e. the risk that a contract partner in a financial transaction is not in a position to meet its obligations, thus exposing the 3U Group to financial losses. In addition, the share price, purchasing and liquidity, as well as changes in the market and interest rates, are some of the main areas where financial risks can occur.

Possible materialization of these potential risks is counteracted by a receivables and liquidity management process implemented across the Group, which ensures that sufficient liquidity is available at any time for the front-line business.

Crucial attributes of the internal control and risk management systems regarding the reporting process

The accounting process for all associated companies of the Group is realised centrally in the financial department of the holding. Thus, all companies are subject to uniform process and risk monitoring regarding the accounting process. The implemented internal control system regarding the reporting process serves the purpose to ensure with suitable principles, methods and measures the compliance with regulations, standards and legislation to guarantee the regularity, reliability and integrity in accounting and financial reporting while taking potential risks into account. Work and procedure instructions, function descriptions and guidelines which are regularly reviewed and updated as necessary, are the foundations that ensure this. The internal controlling system consists of internal controlling and monitoring functions, which are either integrated in the process sequences or executed independently of them. For example administrative and authorisation functions kept separate and allocated to different employees and clear responsibilities within the framework of regular reviews ("dual control") are integrated. Reviews independent of processes and controls are conducted by the Supervisory Board within the framework of its monitoring duties or by the risk management sector on the basis of defined key figures. The applied control mechanisms run partially automated in the assigned accounting software systems, so as not to interfere with the economy of operational sequences. The assigned IT systems are protected from unauthorised accesses by an authorisation concept. Furthermore the auditor examines the assigned IT-systems and their applications in the context of the annual audit.

New legal provisions as well as alterations of existing regulations regarding the accounting process and risks emerging thereof are under immediate examination regarding their repercussions for the 3U Group to adopt appropriate measures if necessary.

The implemented internal controls result from the identification of a risk at this point of the accounting process. These risks can have different origins, among other things based on legal requirements. The interaction of risk and compliance management and internal control system is particularly evident in the accounting process and therefore continues to be optimised within the ongoing improvement process.

The functions in all sectors of the accounting process are assigned and documented.

The implemented and continuously developing risk management system with the components compliance and internal control system however, is not able to guarantee complete security and compliance of Group accounting due to human failure, for example controlling errors or criminal actions by insiders.

Opportunities for the 3U Group

With the strategic realignment, the course for earning attractive returns and sustainably enhancing the value of the Company has been set.

Consistent result orientation in the Telephony segment and successful restructuring in the Broadband/IP segment together with potentials in other segments lead to an attractive opportunity/risk ratio in the Company. The further improvement of this ratio is a primary task for business management.

Over the next few years, the 3U Group is to be developed into a high-profile and successful conglomerate with a corresponding diversified portfolio.

Overall assessment of the risk situation

The main risks presented can potentially cause significant harm, today and in the future, to the 3U Group's financial, assets and earnings position. But when considering all the facts and circumstances presently known of, there are presently no risks that could hamper development or threaten the existence of the 3U Group in the foreseeable future. Our "3U-RICH" system allows us to detect potential risks at an early stage and then supports risk control. False assumptions can nonetheless create risks in the future, which then deviate from the business expectations.

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Significant events following the end of the financial year

Telephony

On February 10, 2011, Triast GmbH was established in Switzerland as a fully-owned Subsidiary. The business objective is to provide telecommunications services as well as the development of software and technology in the energy generation and conversion sector.

Also on February 10, 2011, the new participant network provider company Younip Telecom GmbH was established with international partners. The Group has claimed another niche on the telecommunications market with this joint venture, which primarily covers the market of Calling-Card-customers. The share of 3U HOLDING AG amounts to 50.72 %.

Broadband/IP

In June 2010, 3U HOLDING AG announced that significant parts of existing contracts, regarding rented lines of the fibre optics backbone of LambdaNet, expire at the end of 2011. Thus this fibre optics network has been re-advertised. The objective of Exacor GmbH, which was established on 18 February 2011, is the creation of a fibre optics network with which changed market demands as well as requirements resulting from the application of new technologies can be depicted as cost efficient in the long-term. This new fibre optics network concept is expected to bundle together all future fibre optics and WDM capacities of 3U Group and thereby become an open "Bit-transport platform".

Renewable Energies

In March 2011, 3U SOLAR Systemhandel AG has concluded a basic agreement regarding the purchase of photovoltaic modules (PV modules) for the year 2011. This basic agreement contains a purchase volume for PV modules with an electric performance value of 25 megawatts peak (MWp), with a market value of approx. EUR 30.0 million. Simultaneously a basic agreement has been concluded with a Berlin company regarding the sale of PV modules with an electric performance value of 15 MWp, with a market value of approx. EUR 18.5 million. 3U HOLDING AG has committed to providing finance to 3U SOLAR Systemhandel AG, whereby it guarantees to financially equip 3U SOLAR Systemhandel AG so as to enable the subsidiary to meet the liabilities resulting from the basic agreement existing for the year 2011 regarding the purchase of PV modules with an electric performance value of 25 MWP promptly and completely.

Since the end of the financial year 2010 there have not been any significant overall economic, socio-political or financial changes under company law, with the exception of the environmental disaster in Japan at the beginning of March which, according to our expectations, could have a significant impact on our business.

The environmental disaster in Japan could create negative influences for the development of the Company and the Group because of price increases on the procurement side as well as financial distortions of the economy. Especially in the Renewable Energies segment, growth impulses could be created by this disaster which may be supported by changed political conditions.

Others

In 2009 the property Frauenbergstraβe 31-33 in Marburg was bought to allow for spatial growth of 3U Group. On January 1, 2011, another property was purchased (Cappeler Straße 93, also in Marburg) for a price of TEUR 950 excluding additional expenses. This property completes our premises bought in 2009 and and is thereby beneficial to the value of the property as a whole.

Based on the authorisation granted at the Annual General Meeting of August 28, 2009, Management of 3U HOLDING AG decided on July 14, 2010, to buy back up to 10 % of own shares via the stock exchange during the period from July 19, 2010 to February 27, 2011 at the latest.

3U HOLDING AG completed the share buyback programme which began on July 19, 2010, on January 21, 2011. As of January 21, 2011 shares had been bought at an average price of EUR 0.7338 and a total price of EUR 2,29 million.

The Supervisory Board appointed Board Member Michael Schmidt to the Speaker of the Management Board with effect from January 1, 2011. Further changes in management have not occurred.

Outlook 55

Economic outlook

The world-economic dynamics have lost momentum since spring, but continue to stay above the long-term average. However, the development is very different in individual economic areas and countries. While the expansion in the developing countries had already flattened since the beginning of the year 2010, the industrialised countries only lost momentum from mid-year.

The slower increase in terms of market conditions has different causes. Thus the developing countries already crossed their long-term trend path after a very rapid recovery in the summer. The weakening of production growth currently observed mainly harks back to restrictive measures of financial policy to stifle rising inflation pressure and counteract exaggerations at the real estate and capital markets. In the industrialised countries overall economic production continues to lie clearly below the level before the crisis however. Continuing structural problems in the financial and real estate sector as well as the intense pressure to consolidate because of the high private and public debt burdens the overall economic activity and prevents a rapid return to the level before the crisis.

The atmosphere in the international financial markets remains strained. The concerns around the highly increased budget deficits and debt conditions of the industrialised countries and the resulting doubts about the solvency in particular of some countries of the Euro-space periphery dominate activities. Thus the risk premiums on government loans in the countries concerned continue to rise despite the creation of extensive rescue mechanisms by the European nation community, the international currency fund and the European Central Bank.

The German economy continued its catching up process with high momentum, which began more than one year ago. After the impulses for this had first come from foreign countries, the national economy gained more and more importance in the past quarters. Particularly important for this was the investment incentive which resulted from a historically low interest rate level.

In 2011 the economic traffic lights remain on green, and the gross domestic product could increase by 2.4 % according to a prognosis of the institute for economic research e.V. (ifo). Presumably the development of domestic demand will be crucial for this. With all that, it is to be expected that the employment situation will continue to improve. The unemployment ratio could sink to 7.0 %.

As a consequence of the upswing consumer prices will tighten somewhat, but the inflation rate will remain below the price target of the ECB (European Central Bank) with an expected 1.7 %. The national budget deficit, which amounted to approximately 3.5 % in 2010, should decrease due to the continuing good economic situation and the consolidation measures to 2.3 % in 2011.

Outlook Telephony

Since 2005 the sales in the total market of telecommunications services in Germany have been declining. This development is based on strong sales decreases in the land-line sector and moderate decreases in the market of mobile telephony. In 2010, a stabilisation of sales in mobile telephony should have occurred due to the increasing use of mobile services. Thus a displacement market prevails in the telecommunications industry, which is shaped by innovations and technical progress, but above all is characterised

by a further price decline due also to the pronounced competitive situation.

The strong fluctuations of the Call-by-Call market make a medium-term market forecast difficult. Management expects a continuing declining development in the financial years 2011 and 2012 and an altogether increased volatility of the relevant market.

The 3U Group will continue to pursue their strategy to recognise and occupy profitable niches in the traditional core business. However the market environment becomes increasingly more difficult, so that declining sales and with it accompanying smaller yields are to be expected in this segment.

Outlook Broadband/IP

The market of broadband connections in Germany is approaching saturation point in the medium-term. The volume of transferred data however, together with the demand, increased significantly (by 10 % in 2010). The increased use of video services such as IP-TV, Web-TV and Video-Up-/Download is mainly responsible for this increased volume of transferred data per connection. Because of generally sinking prices the market however only grows in percentage by single figures. The Management Board expects a moderate sales growth for the Broadband/IP segment with stable results.

Outlook Services

In 2011 and 2012, the services offered by the Services segment, will mostly be utilised within the Group. In the medium-term, these services also have the potential to be under increasing demand by external customers. Market experts attest good growth prospects for the respective service offers such as IT services, consulting services and marketing and distribution support. The Management Board also expects growth in the Services segment which will become evident by increasing sales and balanced results.

Outlook Renewable Energies

The importance of renewable energies as an economic factor is increasing not only in Germany, but also globally. With the Renewable Energies segment, the Group profits increasingly from the progressive change in energy generation. In the future, the Group will be more broadly positioned in this field and will expand its product and service portfolio continuously. Because of this the Management Board is convinced of strong growth in this segment and expects a slightly positive result, as this segment is still in the setup phase.

Strategic direction

Lasting operative profitability both in the new founded as well as future business sectors, and also in the established segments Telephony and Broadband/IP is a priority for the Group. The Group banks especially on the development of the Renewable Energies segment. The equity base, available liquidity and sales strength of the Telephony and Broadband/IP segments form the basis for a successful setup and expansion of the Renewable Energies segment. In addition to this, the Group will continue to focus strategically on infrastructure services. The objective is to offer as many services as possible in the future regarding the infrastructure of buildings – such as energy supply by renewable energies, broadband provision and telecommunications services.

Outlook 3U Group

Overall, it should be noted that the forecast quality inevitably is subject to the influence of strong dynamics of different areas. Due to the positive development of the Group, which continues at the beginning of 2011, the Management Board of 3U HOLDING AG expects sales of about EUR 100 to 110 million, EBITDA of EUR 12.0 to 14.0 million and earnings of about EUR 4.0 to 5.5 million in fiscal year 2011. For 2012, the Board anticipates sales of between EUR 105 and 120 million, EBITDA between EUR 13.0 and 15.0 million and earnings of between EUR 4.5 to 6.0 million.

The goal of all activities is to enhance the value of the 3U Group sustainably for the shareholders, but also for our employees. The success of those efforts will be reflected in a positive price trend for the 3U share. Building on the successful business of the existing Subsidiaries opportunities will arise through organic growth in the Renewable Energies area as well as acquisitions of further equity participations and this should lead to an above-average share price performance. With regard to the estimates and expectations presented, we point out that the actual future events can differ significantly from our expectations concerning the probable development.

Marburg, March 2011

The Management Board

Michael Schmidt

Michael Göbel



Consolidated Financial Statements

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Consolidated balance sheet as of December 31, 2010 (IFRS)

Assets 3U Group (in TEUR)	Notes to the consolidated financial statements	December 31, 2010	December 31, 2009
Long-term assets		31,806	29,581
Intangible assets	[2.3.7] [2.3.8] [6.1.1]	1,299	2,551
Property, plant and equipment	[2.3.9] [6.1.2]	23,172	25,072
Financial assets	[6.1.3]	949	182
Deferred tax assets	[2.3.16] [6.2]	5,621	0
Other non-current assets		98	507
Prepaid network rentals – long-term		667	1,269
Current assets		46,193	48,739
Inventories	[2.3.14] [6.3]	1,247	196
Trade receivables	[2.3.11] [6.4] [6.13]	11,284	11,502
Other current assets	[6.5]	2,889	2,408
Current financial assets	[2.3.11] [6.13]	0	0
Cash and cash equivalents	[2.3.11] [6.6] [6.13]	29,142	33,289
Prepaid network rentals – current		1,631	1,340
Assets "held for sale" and assets in liquidation*			
(disposal groups)	[6.1.3]	0	4
Total assets		77,999	78,320

Shareholders' equity and liabilities 3U Group (in TEUR)	Notes to the consolidated financial statements	December 31, 2010	December 31, 2009
Shareholders' equity	[6.7]	40,305	37,408
Issued capital (conditional capital TEUR 4,684;			
previous year: TEUR 4,560)	[6.7.1]	43,598	46,842
Capital reserve		23,307	21,499
Own shares	[2.3.18] [6.7.2]	-4,142	-1,436
Retained earnings		1,450	0
Adjustment item for currency difference		-18	-12
Retained earnings		-29,499	-29,536
Net income/loss		5,831	37
Total shareholders' equity attributable			
to the shareholders of 3U HOLDING AG		40,527	37,394
Interests of non-controlling shareholders	[6.7.4]	-222	14
Long-term provisions and liabilities		16,524	18,664
Long-term provisions	[2.3.15] [6.11]	4,956	5,045
Long-term liabilities due to banks	[6.8]	2,138	513
Long-term lease liabilities	[2.3.12] [6.1.4] [6.8]	8,205	10,801
Network rentals received – long-term		1,225	2,038
Deferred taxes		0	267
0		24.470	22.240
Current provisions and liabilities	[0.045] [7.44]	21,170	22,248
Current provisions	[2.3.15] [6.11]	795	825
Short-term tax liabilities	[6.11]	675	3,987
Trade payables	[2.3.11] [6.9] [6.13]	10,144	7,760
Current lease liabilities	[2.3.12] [6.1.4] [6.8]	2,528	2,367
Other current liabilities	[2.3.11] [6.10] [6.13]	6,459	7,283
Network rentals received – current		569	26
Total shareholders' equity and liabilities		77,999	78,320

62 Consolidated income statement (IFRS)

3U Group (in TEUR)	Notes to the consolidated financial statements		ial year Jan 1-Dec 31, 2009
Sales	[2.3.1] [5.1]	82,403	92,079
Other earnings	[5.2]	4,866	5,852
Changes in products and production work in progress	[5.3]	45	0
Other capitalised services	[5.4]	201	0
Costs of materials	[5.5]	-54,254	-59,336
Gross profit or loss		33,261	38,595
Staff costs	[5.6]	-11,942	-12,900
Other operating expenses	[5.7]	-14,900	-12,455
EBITDA		6,419	13,240
Depreciation and amortisation	[2.3.9] [5.8]	-8,021	-9,206
EBIT		-1,602	4,034
Income from financial assets	[2.3.4] [2.3.5] [5.9]	-87	-1,013
EBT		-1,689	3,021
Income tax expense	[2.3.6] [5.10]	7,198	-2,983
Earnings before non-controlling shareholder interests		5,509	38
Net income/loss for the period		5,509	38
Of which attributable to minority non-controlling shareho	olders	-322	1
Thereof Group earnings		5,831	37

3U Group	Notes to the consolidated		ial year
	financial statements	•	Jan 1-Dec 31,
		2010	2009
Number of shares		46,842,240	46,842,240
Buyback of own shares in November 2008		-208,872	-208,872
Buyback of own shares in December 2008		-271,379	-271,379
Buyback of own shares in January 2009		-327,813	-327,813
Buyback of own shares in February 2009		-38,077	-38,077
Buyback via public buyback offer		2 200 572	2 200 572
(completed at February 27, 2009)		-2,398,573	-2,398,573
Buyback of own shares in July 2010		-151,526	0
Buyback of own shares in August 2010		-964,692	0
Buyback of own shares in September 2010		-211,795	0
Buyback of own shares in October 2010		-116,434	0
Buyback of own shares in November 2010		-962,654	0
Buyback of own shares in December 2010		-497,700	0
Accrued from settlement OneTel (December 27, 2010)		-1,242,000	0
Weighted average number of ordinary shares for basic earnings per share		39,899,439	44,030,952
Effect of dilutive potential of ordinary shares: options*		0	1,732,500
Weighted average number of ordinary shares for diluted earnings		39,899,439	44,030,952
Earnings per share total			
Earnings per share, undiluted (in EUR)	[5.11]	0.15	0.00
Earnings per share, diluted (in EUR)	[5.11]	0.15	0.00

^{*}There is no stock option program as at December 31, 2010.

Statement of income and accumulated earnings

January 1-December 31, 2010

3U Group (in TEUR)	Jan 1-Dec 31, 2010	Jan 1-Dec 31, 2009
Earnings after taxes	5,509	38
Attributable to 3U HOLDING AG shareholders	5,831	37
Of which attributable to minority non-controlling shareholders	-322	1
Directly in equity comprised changes		
Exchange rate differences	-6	0
Tax on earnings	0	0
Change of the value comprised in equity (Exchange rate differences)	-6	0
Total earnings of the period	5,503	38
Attributable to 3U HOLDING AG shareholders	5,825	37
Of which attributable to minority non-controlling shareholders	-322	1

Statement of changes in equity (IFRS)

3U Group (in TEUR)	Issued capital	Capital reserve	Own shares	Retained earnings	Reserve for currency differences	
As of Jan 1, 2009	46,842	21,499	-203	0	-12	
Consolidated profit	0	0	0	0	0	
Reserves for own shares	0	0	-1,233	0	0	
Alteration basis of consolidation	0	0	0	0	0	
As of Dec 31, 2009	46.842	21,499	-1.436	0	-12	

3U Group (in TEUR)	Issued capital	Capital reserve	Own shares	Retained earnings	Reserve for currency differences	
As of Jan 1, 2010	46,842	21,499	-1,436	0	-12	
Rebooking Earnings 2009	0	0	0	0	0	
Capital reduction of 3,244,714 shares*	-3,244	1,808	1,436	0	0	
Subsequent adjustment Acquisition Costs business combination	0	0	-2,000	1,450	0	
Buy back shares in 2010	0	0	-2,142	0	0	
Total earnings	0	0	0	0	-6	
Access interests of non-controlling shareholders from initial consolidation	0	0	0	0	0	
As of Dec 31, 2010	43,598	23,307	-4,142	1,450	-18	

^{*}Entry in the Register on October 26, 2010

Retained earnings		Shareholders' equity attributable to 3U HOLDING AG shareholders	Interests of non-controlling shareholders	Total shareholders' equity
-29,536	0	38,590	0	38,590
0	37	37	1	38
0	0	-1,233	0	-1,233
C	0	0	13	13
-29,536	37	37,394	14	37,408

Retained earnings	Net income/loss attributable to 3U HOLDING AG shareholders	Shareholders' equity attributable to 3U HOLDING AG shareholders	Interests of non-controlling shareholders	Total shareholders' equity
-29,536	37	37,394	14	37,408
37	-37	0	0	0
0	0	0	0	0
0	0	-550	0	-550
0	0	-2,142	0	-2,142
0	5,831	5,825	-322	5,503
0	0	0	07	07
0	0	0	86	86
-29,499	5,831	40,527	-222	40,305

68 Cash flow statement (IFRS)

3U Group (in TEUR)	Notes to the consolidated financial statements [Section 2.2.3 and 7]	Jan 1-Dec 31, 2010	Jan 1-Dec 31, 2009
Net income/loss for the period		5,509	38
Net income/1033 for the period		3,309	30
+/- Depreciation/write-ups of fixe	d assets	8,147	9,206
+/- Increase/decrease of provisions		-3,431	6,426
-/+ Profit/loss on disposal of long-term assets			-90
-/+ Increase/decrease in inventories and trade receivables			1,356
+/- Increase/decrease in trade payables			-7,459
+ Changes to other receivables			-1,185
- Changes to other payables		-1,093	1,604
+ Change in network rentals prepaid and received			-1
- Change in tax assets/liabilities in	-6,640	0	
- Tax revenue		0	0
+ Tax expenditure		0	345
+/- Other non-cash changes		-1,502	0
Cash flows from operating activities		3,522	10,240
+ Inflows from disposals of proper	rty, plant and equipment	215	176
- Outflows for investments in property, plant and equipment		-5,335	-4,046
+ Inflows from disposals of intangible assets		550	0
- Outflows for investments in intangible assets		-182	-119
- Outflows from additions to financial assets		-25	-182
- Cash outflow from the disposition			
of consolidated companies and (-20	0	
Cook flows from the collection of the		4700	4.474
Cash flows from investing activities	-4,798	-4,171	
Sum carried forward		-1,276	6,069

3U Group (in TEUR) Notes to the consolidated financial statements [Section 2.2.3 and 7]	Jan 1-Dec 31, 2010	Jan 1-Dec 31, 2009
Sum carried forward	-1,276	6,069
- Cash outflow to companies' owner and minority partners (dividends, purchase of own shares, equity capital payback,	0.1.10	1000
other disbursements)	-2,142	-1,233
+ Cash inflow from the issuance of debit and borrowing of money	1,624	513
- Outflows from the repayment of bonds and (finance) loans	0	-5,343
- Repayment of lease liabilities	-2,436	-2,191
Cash flows from financing activities	-2,954	-8,254
Total cash flows	-4,230	-2,185
+/- Disposal restrictions in cash and cash equivalents	-1,500	0
+/- Changes in cash and cash equivalents due to exchange rate changes	-3	0
+/- Consolidation-related change in cash and cash equivalents	86	0
Cash and cash equivalents at beginning of period	33,289	35,474
Cash and cash equivalents at end of period	27,642	33,289
Total change in cash and cash equivalents	-5,647	-2,185

Notes to the consolidated financial statements for the 2010 financial year

1 General information about the Group

3U HOLDING AG (subsequently also referred to as 3U or Company), headquartered in Marburg, is the holding company of the 3U Group and a listed stock corporation. It is registered with the Marburg Main District Court has since been registered in the Register of Companies there, under HRB number 4680.

The business activities of 3U HOLDING AG and its Subsidiaries are asset management and the provision of telecommunication services in the fixed-line and broadband/IP segments.

Furthermore 3U has expanded its activities in the field of Renewable Energies and Services. These are reported in the segments Renewable Energies and Services.

The address of the registered office of the Company is: Frauenbergstraße 31-33 35039 Marburg TO OUR SHAREHOLDERS | GROUP MANAGEMENT REPORT | CONSOLIDATED FINANCIAL STATEMENTS | FURTHER INFORMATION

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2 Accounting and valuation methods

2.1 Accounting principles

These consolidated annual financial statements relate to 3U HOLDING AG and its Subsidiary companies. Consolidated financial statements of 3U HOLDING AG for the 2010 financial year were compiled in accordance with the accounting standard of the International Accounting Standards Board (IASB), the International Financial Reporting Standards (IFRS). The IFRS valid on December 31, 2010 were observed and the interpretations of the International Financial Reporting Committee (IFRIC) were also applied. The consolidated financial statements contain all the information required by the IFRS as endorsed by the European Union (EU) and based upon the additional requirements pursuant to section 315a (1) German Commercial Code (HGB). Inasmuch as certain standards have been applied prematurely, that will be pointed out separately.

In addition to the income statement, the balance sheet and the cash flow statement, changes in shareholders' equity were also shown. The income statement was compiled in accordance in total expenditure format.

Consolidated financial statements of 3U HOLDING AG were compiled in accordance with Article 315a of the HGB (German Commercial Code) and will be published in the electronic German Federal Gazette.

Consolidated financial statements were compiled in Euros. The figures are stated in the consolidated financial statements in thousand of Euros (TEUR) and were rounded to whole TEUR. For reasons related to the calculations, rounding differences amounting to +/- one unit (EUR, % etc.) may occur.

The German Group companies prepare their accounts and documents in accordance with the International Financial Reporting Standards (IFRS). The foreign Subsidiaries prepare their accounts in accordance with the relevant local regulations. They differ from the International Financial Reporting Standards (IFRS) in considerable respects. All modifications were carried out that were required to present the annual financial statements in accordance with IFRS as of December 31, 2010.

The financial year of the Company and all Subsidiaries included in the consolidated financial statements is the calendar year. The at-equity holding CityDial GmbH i. L., represents an exception. In that case the closing liquidation balance was compiled as of December 9, 2009.

Newly applied standards

3U took account of all standards and interpretations issued by the IASB, which were in force as of December 31, 2010 and have been incorporated into EU law.

The following standards were applied for the first time:

- Revised IFRS 1 "First Time Adoption of IFRS"
- Amendments to IFRS 1 Additional Exemptions for First-time Adopters
- Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions
- Revised IFRS 3 "Business Combinations" and Amendments to IAS 27 "Consolidated and Separate Financial Statements"
- Amendments to IAS 39 "Financial Instruments Recognition and Measurement Eligible Hedged items"
- Improvements to IFRSs (issued in May 2008)
- Improvements to IFRS (issued in April 2009)
- IFRIC 12 "Service Concession Arrangements"
- IFRIC 15 "Agreements for the Contruction of Real Estate"
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"
- IFRIC 17 "Distributions of Non-Cash Assets to Owners"
- IFRIC 18 "Transfers of Assets from Customers"

According to the assessment of the board the first-time application of these standards did not result in significant changes of the net assets, financial position and results of operations of the Group.

The following accounting pronouncements published by the IASB have been incorporated into EU law but are not yet mandatory and have not been applied by 3U so far.

- Amendments to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters
- Revised IAS 24 Related Party Disclosures
- Amendment to IAS 32 Classification of Right Issues
- Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The individual effects of the changes will be reviewed by the parent company 3U HOLDING AG for the Group.

In January 2008 the IASB published the revised standards IFRS 3, mergers (IFRS 3 [2008]), and IAS 27, consolidated and separate individual financial statements according to IFRS (IAS 27 [2008]), which were adopted by the EU in the 2009 financial year. The revised standards are mandatory for financial years beginning on or after July 1, 2009.

In IFRS 3 (2008) the implementation of the purchase method regarding mergers is reorganised. Crucial reforms affect the valuation of minority interests, the registration of successive buyouts and handling of conditional purchase components and additional cost of acquisition. According to the reform, the valuation of minority interests can be made either by fair value (full-goodwill-method) or by proportionate share of identifiable net equity. Provision is made for income statement-related revaluation of fair value of shares held at the time of control transition regarding successive buyouts. Adjustments of conditional purchase

components which are accounted as liabilities at the time of purchase are to be counted as affecting net-income. Additional costs of acquisition are to be counted as expenses at the time they occur.

The main changes to IAS 27 (2008) relate to the accounting of transactions in which a company retains control and of transaction in which control is lost. Transactions which do not lead to a loss of control are to be counted as equity transactions resulting in neither profit nor loss. Remaining interests are to be evaluated as fair value at the time of loss of control. According to the revised standard, the disclosure of negative balances regarding minority interests is valid, which means in the future, losses are to be ascribed without limit in proportion to the interests held.

In accordance with part II of the "Annual Improvement Project 2008" of IASB, the Company intends to report gross interest expenditures and revenues in the consolidated income statement.

The IASB has released a set of further standards which have not been incorporated into EU law yet The recently implemented standards as well as standards which have not been implemented yet have no major influence on the consolidated financial statements of 3U.

2.2 Consolidation principles

2.2.1 Scope and method of consolidation

The consolidated financial statements of 3U HOLDING AG for the 2010 financial year include 17 (previous year: 14) German and foreign Subsidiaries, in which 3U directly or indirectly holds the majority of the voting rights.

The capital consolidation is based on the acquisition method (revaluation method). The parent company's acquisition costs are offset against the pro rata fair value of the subsidiary's equity at the time of acquisition. The assets and liabilities and contingent liabilities of the subsidiary, which are recognised at their fair values, take the place of the acquisition costs. Any surplus acquisition costs above the share in the fair values of the identified assets and liabilities acquired by the parent company are recognised as goodwill.

Initial consolidation takes place with effect from the day on which 3U HOLDING AG indirectly or directly enters into a controlling relationship with the Subsidiary. Amounts allocated to non controlling interests are reported separately under equity in the consolidated balance sheet.

Subsidiaries are deconsolidated from the date on which they are no longer controlled.

Internal sales, expenses and income within the Group and receivables and liabilities between the consolidated companies are eliminated. The income tax effects and deferred taxes are taken into account for consolidation procedures in income.

Interim results from Group internal deliveries and services are eliminated.

In the event of the sale of a Subsidiary and any other events which result in deconsolidation, the assets and liabilities included until this event and existing goodwill are offset against the proceeds from the disposal.

An associated company is a company over which the Group has a considerable influence through the option of participating in the decision-making processes with regard to its financial and business policy and which is not a subsidiary or a joint venture of the Group.

The earnings of associated companies are included by using the equity method. Shares in associated companies are posted on the balance sheet at historical cost, adapted in line with any changes in the Group share in the net assets of the associated company following the acquisition and reduced in line with the decline in value of the individual shares. If the amount of losses of an associated company corresponds or surpasses the value of the full book value of equity held in the associated company, 3U will not record further shares of loss unless 3U has incurred respective obligations.

CityDial GmbH and Spider Telecom GmbH (formerly operating under the name of 010060 Telecom GmbH), both located in Germany, are included as joint venture in the consolidated financial statement. CityDial GmbH, Germany, was in liquidation. The liquidation was finalized in the expired financial year.

2.2.2 Foreign currency changes

The assets and liabilities of foreign companies included are converted into Euro in accordance with the functional currency concept. The functional currency of the Subsidiaries is the local currency of the country in which the relevant company is head-quartered. Consequently, assets and liabilities posted in foreign currency on the balance sheets of foreign Subsidiaries are converted into Euro at the relevant rate on the reporting date. Income and expenditure are converted at the average rate for the year. The difference between the historical rate and the rate on the reporting date resulting from the measurement of equity is taken directly to equity in accordance with IAS 21.

The conversion rates for foreign currencies are as follows:

	reporting	Exchange rate on the reporting date (EUR 1 in foreign currency units)		for the year R 1 rency units)
	2010	2009	2010	2009
Currency USD	1.32515	1.4406	1.3253	1.3948
Currency CZK	25.2353	26.473	25.2650	26.435
Currency DKK	7.45415	7.4418	7.4545	7.4462

2.2.3 Cash flow statement

The cash flow statement shows how the cash of the 3U Group changed during the reporting year as a result of inflows and outflows. In accordance with IAS 7 cash flows from operating activities, investing activities and financing activities are differentiated.

In the first-time inclusion of Subsidiaries, only actual cash flows are reported in the cash flow statement. The cash amount from the purchase or sale of companies is reported as cash flow from investing activities. Aggregate cash flows from the purchase and sale of Subsidiaries or other business units are reported separately and classified as investing activities.

2.2.4 Use of estimates and assumptions

The compilation of the annual financial statements in accordance with the International Financial Reporting Standards requires estimates and assumptions which influence asset and liability amounts, information in the notes and the income statement. Assumptions and estimates are mainly applied in stipulating the useful lives of fixed assets, in measuring receivables, in calculating discounted cash flows as part of impairment tests and in creating provisions. Management's estimates are based on experience and other assumptions, which are considered appropriate under the circumstances given. Estimates and assumptions are reviewed on an ongoing basis.

The actual amounts may deviate from these estimates and assumptions.

The operations of 3U Group result in various legal disputes. These are regularly examined to measure the provisions for any probable claims including estimated legal costs. With regard to the uncertainty of the outcome of these proceedings, there is the possibility of a negative impact on future operating results.

On each balance sheet date, 3U establishes whether there are any indications that non-financial assets are impaired. Goodwill is reviewed at least once a year and if there are any indications of impairment. To estimate the useful life, management must estimate the likely future cash flow from the asset or cash-generating unit and select an appropriate discount rate to calculate the present value of this cash flow.

2.2.5 Earnings per share

The earnings per share correspond to the profit of ongoing and of discontinued activities, each of which can be seen as belonging to the shareholders of 3U, respectively the profit (after taxes) divided by the weighted average quantity of outstanding stock during a financial year. 3U calculates the result per share (fully diluted) under the assumption that all possibly dilutive securities and remuneration plans which are based on securities are transformed or exercised.

2.3 Principles of balancing and accounting

2.3.1 Basic principles of sales realisation

Sales in the segments Telephony and Broadband/IP result from activities as a fixed-line provider with its own carrier network and its own switching technology and from transport, internet and VPN solutions.

Sales of SEGAL Systems GmbH with third parties result from IT services. The sales revenues of 3U DYNAMICS GmbH were attained by consulting services in the sector of marketing and distribution, while the sales of RISIMA Consulting GmbH are based on consulting services in the sector of risk and business process management.

3U SOLAR Systemhandel AG has produced its external sales by the marketing of solar heating and cooling systems. EuroSun Vacuum-Solar-Systems GmbH attains its sales with the production and distribution of vacuum solar tubes.

3U Solarkraft Friedrichstraße GmbH is currently inactive and has generated no sales at the balance sheet day.

Sales are calculated and reported without value-added tax and after deduction of discounts granted on performance of the service or acceptance by the customer.

Fees from services are recognised as soon as the service is supplied and it is sufficiently probable that economic benefit from the transaction will accrue to the company. Sales which are not connected with operational business are reported under other operating income.

2.3.2 Total cost

Total cost comprises all arising costs in the year under review.

2.3.3 Research and development costs

Research costs, when incurred, are recognised as an expense in the profit and loss statement. The technological viability of the product is achieved only shortly before market maturity. Processes between the research and development stages are iteratively closely linked up to the stage of technological viability. Expenses for research and development which occur after the achievement of technological viability are insignificant. The reported capitalised services are in relation to the construction of the SEPP.

2.3.4 Interest earned

Interest earned is recognised using the effective interest rate method at the time it is incurred. The effective interest rate is the interest rate with which the expected future inflows are discounted over the duration of financial assets to the net carrying amount of these assets.

2.3.5 Interest expenses

In accordance with the regulations of IAS 23, interest payable for assets, which are produced over a long period of time, have been capitalised as part of production costs since the financial year 2009.

Interest expenses are recognised using the effective interest rate method at the time they are incurred. The effective interest rate is the interest rate with which the expected future outflows are discounted over the duration of financial liabilities to the net carrying amount of these liabilities.

2.3.6 Income taxes

Income taxes are recognised and calculated in accordance with IAS 12 applying the balance-sheet orientated liability method. Tax expenses and refunds which are dependent on income and earnings are recorded as income taxes. Correspondingly, late payment fees and interest from subsequently assessed taxes are recognised as tax expense from the time of which a non-recognition of a tax reduction becomes probable.

Current taxes for due taxes from income or profit are recognised as of the time they occurred. Deferred taxes consist of expected tax payments or refunds from temporary assessment differences between the Group and tax balances sheets as well as the utilisation of tax loss carry-forwards. Captalised goodwill, which simultaneously is not tax deductible, does not result in deferred taxes. Deferred tax assets and liabilities are assessed with future valid tax rates, whereby tax rate changes in principle are only taken into consideration when the change in the law becomes effective. If the feasibility of deferred tax assets is not sufficiently probable, recognition does not occur.

2.3.7 Goodwill

Goodwill resulting from capital consolidation is not amortised in accordance with IFRS 3. Goodwill recognised on the balance sheet is assessed once a year for its economic benefit and for declines in value and more frequently if there are indications of declines in value (impairment test) and in the event of a decline in value is written down to its recoverable amount.

The goodwill of EUR 550 resultant from the acquisition of OneTel reported in the previous year was booked out due to a subsequent purchase price reduction resulting in neither profit nor loss.

Please refer to the comments under 2.3.13.

2.3.8 Other intangible assets

Intangible assets are capitalised in accordance with IAS 38 (Intangible Assets) if it is likely that a future economic benefit relating to the use of the asset and costs of the asset can be reliably determined. Intangible assets are measured at cost less scheduled depreciation and impairments.

Depreciating intangible assets are in principle written down over a useful life of three to five years. In contrast, customer bases reported under intangible assets are written down on a straight-line basis over eight years. Depreciation and amortization in 2010 amounted to TEUR 8. Adjustments to the previous year were omitted due to insignificance.

Telecommunication licenses shown under intangible assets are written down over 10 years.

Again, please refer to the comments under 2.3.13.

2.3.9 Property, plant and equipment

Property, plant and equipment are reported in the IFRS balance sheet at depreciated cost. If property, plant or equipment are sold or retired, their acquisition cost and cumulated depreciation are eliminated from the balance sheet and the profit or loss resulting from their sale is posted in the income statement.

The original cost of property, plant and equipment includes the purchase price plus additional acquisition costs and subsequent acquisition costs as well as the present value of restoration obligations. Financing costs have been included in the cost of assets since the 2009 financial year.

Depreciation is calculated linear based on the following estimated useful lives:

Buildings 25-35 years Operating equipment 4 years Office equipment 3-13 years Switching technology 5 years Transfer technology 5-8 years

Leasehold improvements Duration of the lease agreement

The useful lives and depreciation methods used are examined in each period to ensure that the depreciation methods and the depreciation period correspond to the anticipated economic benefit of property, plant and equipment.

If the acquisition costs of certain tangible assets are crucial, in relation to the overall acquisition and production costs, 3U assesses those components separately and writes them off.

The costs of restoration obligations are individually assessed per location when the obligation arises on conclusion of the contract and capitalised; they are checked to see whether they are up-to-date every year and adjusted if necessary.

Please refer to the comments under 2.3.12.

2.3.10 Cost of debt

Since January 1, 2009, cost of debt (IAS 23), which can be directly assigned to the purchase, construction or production of a qualified property asset, are capitalised as part of acquisition/manufacturing costs. 3U HOLDING AG includes interest and financing costs from finance leases in the cost of debt.

2.3.11 Financial instruments

Financial assets

For the purposes of IAS 39, financial assets are classified as loans and receivables and as available-for-sale financial assets. On initial recognition, available-for-sale financial assets are measured at fair value. The Company stipulates the classification of its financial assets when they are initially recognised and reviews this allocation at the end of each financial year. Following initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being posted to the revaluation reserve in equity. At the time the financial asset is derecognised or at which impairment in the financial asset is identified, the cumulative gain or loss posted in equity is recognised as profit or loss in the income statement.

Deviating from this, myFairPartner Limited cannot be assessed at fair value because the fair value cannot be calculated reliably. The balance sheet is prepared at amortisation costs. As of December 31, 2010 the investment has been recognised as an impairment loss.

In the case of standard sales and purchases of financial assets, they are reported on the trading date, i.e. the date on which the Company entered into the commitment to buy the asset. Standard purchases or sales are sales or purchases of financial assets, which prescribe delivery of the assets within a period, set by market rules or conventions.

Financial assets, which were classified as loans or receivables, are measured at amortised cost less impairments whereby the Company uses the effective interest rate method. Impairments of trade receivables and other receivables are recognised on separate value adjustment accounts.

The fair value of financial investments traded on organised markets is established by reference to the bid price listed on the stock exchange on the balance sheet date.

Current financial assets included on the balance sheet comprise other current receivables. Assets are recognised at par value and, where they are associated with apparent risks, are adjusted individually. Lump-sum individual value adjustments are made based on uniform age structuring for the Group. Receivables in foreign currencies are translated at the exchange rate on the closing date. In line with IAS 21.23, value adjustments based on exchange rates are recognised in profit or loss.

Cash and cash equivalents

This item includes all cash and cash equivalents that have a residual term of fewer than three months at the time of acquisition or investment. Cash and cash equivalents are priced at fair value. These include time deposits, which are partly lodged as security. They are not part of the cash funds and are deducted in the cash flow statement.

Impairments to financial instruments

If there are objective and substantial indications of impairment in relation to financial assets classified as loans and receivables and financial investments held to maturity, an impairment test is made as to whether the carrying value of the expected future cash flows exceeds the present value of a comparable financial asset discounted at the current market yield. Should this be the case, the asset will be written down by the difference. Indications of impairment include a material deterioration in creditworthiness, a particular breach of contract, the substantial probability of insolvency or another form of financial restructuring on the part of the debtor or the disappearance of an active market. Insofar as risks have already occurred, a specific provision is carried out. If the reasons for unscheduled depreciation previously undertaken no longer apply, the assets will be written up accordingly – but not beyond the cost of acquisition.

Derecognition

The Group will only derecognise a financial asset if the contractual rights to cash flows from a financial asset expire or it assigns the financial asset and all risks and opportunities associated with title to the financial asset to a third party.

Financial liabilities

Financial liabilities relate to original liabilities. Original liabilities are stated in the consolidated balance sheet if 3U has a contractual obligation to assign cash and cash equivalents or other financial assets to another party. An original liability is initially recognised at the fair value of the consideration received or at the value of the cash and cash equivalents less transaction costs incurred. Liabilities are subsequently measured at amortised cost using the effective interest rate method. Liabilities under finance leases are stated at the present value of the rental or lease instalments at the time the lease is concluded. In subsequent periods, the principle repaid in the rental and lease instalments lead to a reduction of the liability.

Financial liabilities are derecognised if the contractual obligations are settled, cancelled or expire.

2.3.12 Leases

According to IAS 17, a lease is classified as a finance lease if all opportunities and risks relating to the ownership are transferred to the lessee. The classification of leases thus depends on the economic substance of the agreement and not on a specific formal contractual form.

Assets held within the framework of a finance lease are initially recognised as the Group's assets at their fair value at the beginning of the lease, or if this is lower, at the present value of the minimum lease payments. The assets are depreciated over the term of the lease or the shorter useful life of the leased asset. The matching liability to the lesser is to be shown within the balance sheet as a commitment under a lease.

Lease payments are divided into interest expense and repayment of the lease commitment in such a way that the interest on the remaining liability remains constant. Interest expenses are recognised directly in the income statement.

Lease payments under operating leases are recognised as expenses on a straight-line basis over the term of the lease unless another systematic basis corresponds more closely to the temporal consumption of benefits for the lessee.

2.3.13 Impairment of non-financial assets

3U checks goodwill for possible impairment in accordance with the Group's accounting regulations at least once a year. Determination of the recoverable amount of a line of business to which goodwill was allocated is associated with estimates by Management. The Company determines these figures using valuation methods based on discounted cash flows. These discounted cash flows are based on three-year forecasts which build on financial plans approved by the management. The cash flow forecasts take account of past experience and are based on management's best estimate of future developments. Cash flows beyond the planning period are extrapolated without growth rates. The calculation of fair value less the cost of sales and the useful value is based, in essence, on the following assumptions:

Risk-free interest rate: 3.25 %

Market risk premium: 5.00 %

Beta factor: 0.50 %

Specific risk structure: 3.00 %

Capitalisation interest rate: 8.75 %

These premises and the underlying methodology can have a considerable impact on the respective figures and finally on the amount of a possible impairment in goodwill. In the opinion of the management no reasonable yet principally possible modification of a basic assumption, made to determine the attainable value of an operating area assigned with goodwill could lead to a book value which significantly exceeds the attainable value.

The property, plant and equipment and other intangible assets of the Company are subject to an impairment test at least on each balance sheet date to ascertain whether there are any indications of impairment. In the event of such indications, the recoverable amount for the asset is determined in order to calculate the amount of any appropriate impairment charge. If the assets do not generate any cash flows independently of other assets, the recoverable amount for the individual asset value is calculated based on the cash generating unit to which the asset belongs.

If the recoverable amount of an asset (or of a cash-generating unit) is below its carrying amount, the carrying amount is reduced to the recoverable amount. The impairment amount must be recognised in income immediately. If write-ups are required in accordance with IAS 36, they are recognised in income.

The newly established recoverable amount is written up. However, it is not to be written up beyond the amount that would have been its carrying amount if it had not declined in value previously.

Long-term assets classified as available-for-sale are stated at the lower of their carrying amount or fair value less sales costs.

2.3.14 Inventories

Inventories are estimated at acquisition and/or manufacturing costs or at lower net sale values. Acquisition costs are in principle calculated according to the average method. Manufacturing costs consist of directly attributable expenses and productionrelated material and factory overheads as well as depreciation. Inventory risks resulting from limited usability or significant storage period are taken into consideration by corresponding allowances.

2.3.15 Provisions

Other provisions are recognised if there is a liability to a third party arising from a past event which is likely to be utilised and if the future expected outflow can be reliably estimated. The amount of provisions for litigation is determined on the basis of the outcome of the dispute as assessed by the Management Board to the best of its knowledge and in line with the facts known at the balance sheet date. Long-term provisions with a remaining term of more than one year are reported at their provisional discounted settlement amount as of the balance sheet date.

2.3.16 Deferred tax assets

Deferred tax assets and liabilities are calculated in accordance with IAS 12 ("Income Taxes") for all temporary differences between the tax values of assets, equity and liabilities and the values in the consolidated balance sheet. Deferred tax assets are recognised to the extent that it is likely that there will be taxable earnings available against which the deductible temporary difference can be applied. The assessment and measurement of deferred tax assets is examined on each balance sheet date, taking the current estimates into account in accordance with IAS 12.37 and IAS 12.56.

Deferred tax assets on benefits from unused tax loss carry forwards are capitalised to the extent that it can be assumed with sufficient probability that the respective company can generate sufficient taxable income in the future.

Deferred taxes are calculated on the basis of tax rates which are valid at the time of realisation or will apply in future. Deferred taxes are recognised as tax income or expense in the income statement unless they relate to items recognised directly in equity; then deferred taxes are recorded in equity without impact on profit or loss.

Deferred tax assets and liabilities are netted off, if they relate to income taxes collected from the same tax office and the Group intends to settle its current tax assets and liabilities on a net basis.

2.3.17 Other non-financial liabilities

Other non-financial liabilities encompass tax liabilities, liabilities to employees and other miscellaneous liabilities. At first-time recognition they are reported at the repayment amount, discounted if applicable. Foreign currency liabilities are measured at the exchange rate on the reporting date. Trade payables do not bear interest.

2.3.18 Acquisition of own shares

Own shares are recognised as a deduction from equity. On buying back own shares, the entire acquisition costs of those own shares are deducted as one amount from equity (one-line-adjustment).

2.3.19 Employee participation programme

The Group grants the Management Board and employees share-based remuneration through equity instruments. Remuneration with equity instruments is measured at fair value at the commitment date. The fair value of the share-based payments using equity instruments at the commitment date is recognised as an expense on a straight-line basis throughout the blocking or vesting period and recognised in capital reserves. This is based on the internal Group estimate of the number of shares which provide entitlement to additional remuneration.

On every balance sheet date, the Group reviews its estimates regarding the number of equity instruments that become nonforfeitable.

The effects of any changes of estimates, where such exist, are recognised as profit or loss over the remaining time until non-forfeitability. The fair value was established using the Black-Scholes model for the determination of option prices. The term was assessed on the basis of the best possible estimate by the Management Board in order to accommodate the particularities of the employee options, non-transferability, issue restrictions and performance-related payments in measurement.

At the balance sheet date there is no active employee stock options programme.

2.3.20 Comparative figures

Comparative figures are adapted where necessary, to ensure that they are comparable with the current year due to changes in reporting.

3 Scope of consolidation

Included Subsidiaries in the full consolidation:

Company	Registered office	Country	Issued capital		Share held by 3U HOLDING AG	Earnings for the financial year 2010**
010017 Telecom GmbH	Marburg	Germany	25,000	EUR	100 %	524,016.51 EUR
3U DYNAMICS GmbH	Marburg	Germany	25,000	EUR	60 %	49,918.33 EUR
3U MOBILE GmbH*	Marburg	Germany	25,000	EUR	100 %	-29,684.65 EUR
3U SOLAR Systemhandel AG*	Marburg	Germany	50,000	EUR	74.998 %	-835,351.17 EUR
3U Solarkraft Friedrichstraße GmbH*	Marburg	Germany	25,000	EUR	100 %	-5,286.05 EUR
3U TELECOM GmbH	Marburg	Germany	1,000,000	EUR	100 %	-1,125,098.76 EUR
3U TELECOM GmbH	Vienna	Austria	250,000	EUR	100 %	300,656.29 EUR
Discount Telecom S&V GmbH	Marburg	Germany	25,000	EUR	100 %	557,319.38 EUR
EuroSun Vacuum-Solar-Systems GmbH	Marburg	Germany	26,000	EUR	74.996 %	-173,398.37 EUR
fon4U Telecom GmbH	Marburg	Germany	25,000	EUR	100 %	1,106,843.90 EUR
LambdaNet Communications Deutschland AG*	Hannover	Germany	7,300,000) EUR	100 %	1,341,940.37 EUR
LambdaNet Communications Austria GmbH	Vienna	Austria	35,000	EUR	100 %	-264,215.45 EUR
LambdaNet Communications s.r.o.	Městec Králové	Czech Republic	100,000	CZK	100 %	-422,139.84 EUR
LineCall Telecom GmbH	Marburg	Germany	25,000	EUR	100 %	325,451.56 EUR
OneTel Telecommunication GmbH*	Marburg	Germany	3,025,000) EUR	100 %	1,926,806.08 EUR
RISIMA Consulting GmbH	Marburg	Germany	25,000	EUR	80 %	24,212.34 EUR
SEGAL Systems GmbH*	Marburg	Germany	25,000	EUR	74.996 %	-378,687.90 EUR

^{*}There are restrictions with regard to repayment of loans due to a subordination agreement and a letter of comfort on the part of the parent company.

^{**} At home before profit transfer

Changes to the consolidated group

Compared to December 31, 2009, the following changes have occurred in the scope of consolidation:

With effect from January 1, 2010, 25.004 % of the shares held in SEGAL Systems GmbH, Marburg, were sold. Thereafter, 3U HOLDING AG holds 74.996 % of the business shares of this company.

With the corporate charter from January 29, 2010, RISIMA Consulting GmbH was established in Marburg. 3U HOLDING AG holds 80 % of the business shares in this company.

In the agreement from March 26, 2010, 74.996 % of the business shares in EuroSun Vacuum-Solar-Systems GmbH, Frankenhardt, were purchased. The company was relocated to Marburg and the objective of the company was revised. At the time of purchase, EuroSun did not yet perform operative business activities. The purchase price for the shares amounted to TEUR 19.5. In 2010, after deduction of net assets, the remaining company value of TEUR 10 had been written off.

Also, on March 26, 2010, 3U DYNAMICS GmbH was founded in Marburg. 3U HOLDING AG holds 60 % of the shares in this company.

Third party shares in 3U MOBILE GmbH, which had been given to external partners in the first quarter of 2010, were bought back effective on July 1, 2010. The Company is included in the consolidated financial statement of 3U via full consolidation, as the impact of a possible initial consolidation and a subsequent deconsolidation are negligible.

As of December 31, 2010, apart from 3U HOLDING AG, 17 local and foreign Subsidiaries (December 31, 2009: 14) were included in the consolidated companies, in which 3U HOLDING AG directly or indirectly holds the majority of voting rights.

Liquidation of CityDial GmbH has been concluded. The company has expired.

Joint Venture

Company included within the assessment according to the "at-equity"-method:

Company	Registered office	Country	Issued capital	Share held by 3U HOLDING AG	Earnings for the finanical year 2010*
Spider Telecom GmbH	Marburg	Germany	25,000 EU	R 50 %	1,952,987.78 EUR

Other investments

With the share purchase agreement on October 7, 2009, 15 % of the shares in myFairPartner Limited, London, were bought. myFair-Partner Limited is a company located in London in the field of personnel placement based on a WEB 2.0 online solution. On December 15, 2010, a further 5 % of the shares in myFairPartner Limited were gained by 3U HOLDING AG. These shares had been deposited as security for a loan, which the company was not able to pay back. The assessment took place at amortised cost. As of December 31, 2010, the investment was written off as impairment loss.

Company	Registered office	Country	Issued capital		Share held by 3U HOLDING AG	Earnings for the finanical year 2010*
myFairPartner Limited	London	Great Britain	10,000	GBP	20 %	-424,558.00 GBP

^{*}At home before profit transfer

4 Segment reporting

In accordance with the regulations of IFRS 8, business segments, the segment reporting of 3U HOLDING AG applies the "Management Approach" regarding segment identification.

The information that is regularly made available to the Management Board and Supervisory Board is therefore regarded to be relevant for the segment presentation.

3U HOLDING AG reports the following segments in the consolidated financial statements as of December 31, 2010:

The Telephony segment, which consists of the products Call-by-Call, Preselection, added-value services and termination services in the wholesale sector, is represented by the companies 010017 Telecom GmbH, 3U MOBILE GmbH, 3U TELECOM GmbH (Marburg, Germany), 3U TELECOM GmbH (Vienna, Austria), Discount Telecom S&V GmbH, fon4U Telecom GmbH, LineCall Telecom GmbH and OneTel Telecommunication GmbH.

Beyond that, 3U operates the segment Broadband/IP which is legally managed in LambdaNet.

In the Renewable Energies segment all activities of this sector are summarised. Legally it consists of the companies 3U SOLAR Systemhandel AG, EuroSun Vacuum-Solar-Systems GmbH and 3U Solarkraft Friedrichstraße GmbH.

The Services segment consists of the service companies 3U DYNAMICS GmbH, RISIMA Consulting GmbH and SEGAL Systems GmbH.

Holding activities, including the operations connected with the construction of the planned solar energy power plant (SEPP), as well as the necessary Group consolidating entries in addition to the previously described segments are summarised under Holding/Consolidation.

Following the internal reporting, 3U recognises the following segments in its segment reporting: Telephony, Broadband/IP, Services, Renewable Energies as well as additionally the sector Holding/Consolidation.

As of December 31, 2010, for the first time the segment reporting follows the intra-segment consolidation, while the inter-segment consolidation occurs on holding level. The comparative figures for the financial year 2009 have been adjusted correspondingly.

A detailed description of the segments is available in the Group management report in the business performance presentation.

Segment reporting 2010 (in TEUR)	Telephony	Broad- band/IP	Services	Renew- able Energies	Subtotal	Holding/ Consoli- dation	Group
Total sales	54,954	37,620	3,501	2,723	98,798	-4,819	93,979
Intercompany sales							
(intra-segment sales)	-10,589	-842	-145	0	-11,576	0	-11,576
Segment sales	44,365	36,778	3,356	2,723	87,222	-4,819	82,403
Other operating income	2,783	2,284	50	189	5,306	-440	4,866
Change in inventory	0	0	0	45	45	0	45
Other capitalised services	0	0	0	28	28	173	201
Costs of materials	-32,469	-20,772	-67	-2,489	-55,797	1,543	-54,254
Gross profit or loss	14,679	18,290	3,339	496	36,804	-3,543	33,261
Staff costs	-2,042	-4,009	-2,865	-764	-9,680	-2,262	-11,942
Other operating expense	-8,959	-4,614	-678	-699	-14,950	50	-14,900
EBITDA	3,678	9,667	-204	-967	12,174	-5,755	6,419
Depreciation	-285	-6,700	-102	-25	-7,112	-909	-8,021
EBIT	3,393	2,967	-306	-992	5,062	-6,664	-1,602
EBIT (Earnings before interest and income taxes)							-1,602
Financial result							-87
Thereof: profit/loss							
of company included at equity							949
Taxes on income							7,198
Earnings for the period							5,509
Thereof attributable to the shareholders of 3U HOLDING AG							5,831
Of which attributable to minority non-controlling shareholders	l						-322

Segment reporting 2009 (in TEUR)	Telephony	Broad- band/IP	Services	Renew- able Energies	Subtotal	Holding/ Consoli- dation	Group
Total sales	73,489	36,969	1,861	0	112,319	-3,674	108,645
Intercompany sales (intra-segment sales)	-15,772	-794	0	0	-16,566	0	-16,566
Segment sales	57,717	36,175	1,861	0	95,753	-3,674	92,079
Other operating income	4,760	895	4	5	5,664	188	5,852
Change in inventory	0	0	0	0	0	0	0
Other capitalised services	0	0	0	0	0	0	0
Costs of materials	-39,937	-21,248	-6	0	-61,191	1,855	-59,336
Gross profit or loss	22,540	15,822	1,859	5	40,226	-1,631	38,595
Staff costs	-3,142	-6,696	-1,225	0	-11,063	-1,837	-12,900
Other operating expense	-7,891	-5,765	-483	-6	-14,145	1,690	-12,455
EBITDA	11,507	3,361	151	-1	15,018	-1,778	13,240
Depreciation	-313	-7,631	-158	0	-8,102	-1,104	-9,206
EBIT	11,194	-4,270	-7	-1	6,916	-2,882	4,034
EBIT (Earnings before interest and income taxes)							4,034
Financial result							-1,013
Thereof: profit/loss of company included at equity							-6
Taxes on income							-2,983
Earnings for the period							38
Thereof attributable to the shareholders of 3U HOLDING AG							37
Of which attributable to minority non-controlling shareholders	1						1

The Management Board of 3U stipulates sales and the consolidated segment result before financing and income taxes as major performance indicators for a segment's business success, since it considers them crucial to a sector's success.

Below EBIT, the transition to the Group result is included in the column Group. The financial result is composed of interest income and interest expenses as well as the income of companies included according to the at-equity method. The interest income is the result of investments of liquidity that are not allocated to the segments. The interest expense is largely based upon financing in the Broadband/IP segment. The taxes on income are also not included in the segment result, as the tax expense may only be allocated to legal entities.

The following cash flow data were produced for the 3U Group (all amounts in TEUR):

Cash flow data 2010	(in TEUR)	Telephony	Broad- band/ IP	Services	Renew- able Energies	Holding/ Consoli- dation	Group
Cash flows from operat	ing activities	-1,831	5,545	794	671	-1,657	3,522
Cash flows from invest	ing activities	107	-1,350	-169	-499	-2,887	-4,798
Cash flows from financ	ing activities	-961	-4,437	-332	-142	2,918	-2,954

Cash flow data 2009 (in TEUR)	Telephony	Broad- band/ IP	Services	Renew- able Energies	Holding/ Consoli- dation	Group
Cash flows from operating activities	2,983	7,707	216	-128	-538	10,240
Cash flows from investing activities	-292	-1,672	-156	0	-2,051	-4,171
Cash flows from financing activities	-80	-7,333	12	126	-979	-8,254

For the purposes of monitoring earnings power and allocating resources between the segments, the Management Board scrutinizes the financial assets allocated to the individual segment. Liquid funds are not allocated to any segment.

(In TEUR)	Dec 31, 2010	Dec 31, 2009
Assets		
Telephony segment	12,015	13,883
Broadband/IP segment	28,018	28,047
Services segment	310	739
Renewable Energies segment	2,082	132
Holding/Consolidation	6,432	2,226
Total segment assets	48,857	45,027
Assets not allocated	29,142	33,293
Total consolidated assets	77,999	78,320
Liabilities		
Telephony segment	12,328	17,898
Broadband/IP segment	34,128	40,616
Services segment	757	589
Renewable Energies segment	3,135	142
Holding/Consolidation	-12,654	-18,333
Total segment liabilities	37,694	40,912
Reconciliation (shareholder's equity/interests of non-controlling shareholders)	40,305	37,408
Total consolidated liabilities/shareholder's equity	77,999	78,320

The uniform Group accounting policies and methods of calculation were applied in the segment reporting. Telecom services between segments are subject to adherence of the arm's length principle and therefore Group wide calculated at prices that would be agreed with third parties. Basically, the price comparison method is applied and with Group specific effects added. Administrative services are calculated as cost allocations.

(In TEUR)	Depreciat	ion and amortisat	ion In	Investments		
	2010	2009	2010	2009		
Telephony segment	285	313	37	292		
Broadband/IP segment	6,700	7,631	1,430	1,848		
Services segment	102	158	170	157		
Renewable Energies segment	25	0	499	0		
Holding/Consolidation	909	1,104	3,401	2,073		
Total	8.021	9.206	5.537	4.370		

Sales of principal services

(In TEUR)	2010	2009
Areas within the Telephony segment		
Of which Open-Call-by-Call	21,728	32,166
Of which reg. Call-by-Call/Preselection	1,155	1,654
Of which wholesale/value-added services	20,846	23,002
Miscellaneous	636	895
Total Telephony segment	44,365	57,717
Areas within the Broadband/IP segment		
Of which bandwidth/wavelength	8,465	10,406
Of which colocation	6,622	6,253
Of which InternetTransit/DSL-Gate	6,257	7,016
Of which DataLink/ViPNet	14,574	11,305
Miscellaneous	860	1,195
Total Broadband/IP segment	36,778	36,175
Areas within the Services segment		
Of which SEGAL Systems GmbH	1,786	1,861
Of which 3U DYNAMICS GmbH	1,325	0
Of which RISIMA Consulting GmbH	245	0
Total Services segment	3,356	1,861
Areas within the Renewable Energies segment		
Of which 3U SOLAR Systemhandel AG	1,493	0
Of which EuroSun Vaccum-Solar-Systems GmbH	1,230	0
Total Renewable Energies segment	2,723	0

In the Telephony segment the 3U Group realised sales with the biggest customer amounting to 7.5 % of total sales in the past financial year. There are also other customers in the Telephony segment with which substantial sales are realised. However, in each case the respective sales are well below 10 % of total sales.

Geographical information of sales

(In TEUR)	2010	2009
Telephony	44,365	57,717
Of which domestic	43,540	56,873
Of which foreign	825	844
Broadband/IP	36,778	36,175
Of which domestic	34,459	34,008
Of which foreign	2,319	2,167
Services	3,356	1,861
Of which domestic	3,321	1,861
Of which foreign	35	0
Renewable Energies	2,723	0
Of which domestic	1,601	0
Of which foreign	1,122	0

5 Notes on the consolidated income statement

The consolidated income statement has been compiled in accordance with the total expenditure method since the 2009 financial year.

5.1 Sales

Sales generated from activities as a provider of telecommunications are reported without sales tax and net of discounts granted. The income is recognised by way of invoicing after performance of telecommunications services.

Sales generated in the companies of the segment Services in the function as service providers are disclosed without value-added tax and after deduction of granted discounts. Revenue recognition is carried out through billing following the provision of services.

In the field of renewable energies, the revenues from the sale of solar heating systems are disclosed without value-added tax and after deduction of granted discounts. Revenue recognition is carried out through billing following the provision of the respective services.

The consolidated sales with third parties are comprised of the segments featured in Segment reporting.

Sales of principal services

(In TEUR)	2010	2009
Areas within the Telephony segment		
Of which Open-Call-by-Call	21,728	32,166
Of which reg. Call-by-Call/Preselection	1,155	1,654
Of which wholesale/value-added services	20,846	23,002
Miscellaneous	636	895
Total Telephony segment	44,365	57,717
Areas within the Broadband/IP segment		
Of which bandwidth/wavelength	8,465	10,406
Of which colocation	6,622	6,253
Of which InternetTransit/DSL-Gate	6,257	7,016
Of which DataLink/ViPNet	14,574	11,305
Miscellaneous	860	1,195
Total Broadband/IP segment	36,778	36,175
Areas within the Services segment		
Of which SEGAL Systems GmbH	1,786	1,861
Of which 3U DYNAMICS GmbH	1,325	C
Of which RISIMA Consulting GmbH	245	C
Total Services segment	3,356	1,861
Areas within the Renewable Energies segment		
Of which 3U SOLAR Systemhandel AG	1,493	0
Of which EuroSun Vaccum-Solar-Systems GmbH	1,230	0
Total Renewable Energies segment	2,723	0

5.2 Other operating income

Other operating income includes the following items:

(In TEUR)	2010	2009
Income from reversal of provisions	1,415	1,603
Income from realised capital assets gains	14	90
Income from receivables written down	107	148
Earnings from minimisation of loss reserves	914	769
Income for other accounting periods	1,525	2,594
Other income	891	648
Sum	4,866	5,852

5.3 Changes in inventories

Changes in inventories of TEUR 45 comprise work in progress in the segment Renewable Energies.

5.4 Own work capitalized

Own work capitalized amounted to TEUR 201 and are essentially solar components in connection with the establishment of the SEPP.

5.5 Costs of materials

Material costs are comprised mainly of connection services and network costs as well as raw materials and trading goods.

(In TEUR)	2010	2009
Connection services	28,266	35,897
Network costs	22,376	22,189
Costs for ICAS	1,058	1,212
Materials/products used Renewable Energies	2,489	0
Other costs of materials	65	38
Sum	54,254	59,336

5.6 Staff costs

Staff costs comprise the following:

(In TEUR)	2010	2009
Salaries and wages	10,545	11,251
Social security contributions	1,294	1,478
Other staff costs	103	171
Total	11,942	12,900

The average number of employees was:

Segment	2010	2009
Telephony	29	46
Broadband/IP	57	93
Services	40	17
Renewable Energies	12	1
Holding	21	6
Total	159	163

Social security contributions include not only employer payments into legal pension and health insurance schemes but also expenses for equalisation tax and for fees paid to the employers' liability insurance association. Expenses for employers' payments to legally required pension schemes in the segment Telephony totalled TEUR 144 (previous year: TEUR 212); expenses for the segment Broadband/IP were TEUR 289 (previous year: TEUR 444), for the segment Services TEUR 178 (previous year: TEUR 82), for the segment Renewable Energies TEUR 39 (previous year TEUR: 0) and for the Holding TEUR 81 (previous year: TEUR 32).

5.7 Other operating expenses

Other operating expenses include the following items:

(In TEUR)	2010	2009
Rent expenses	1,126	1,052
Automobile and travel costs	918	985
Promotion and hospitality expenses as well as sales commissions	1,315	1,349
Insurances	143	233
Legal and consultancy fees	667	1,082
Maintenance	965	901
Loss of receivables	1,074	393
Allocation to specific provision/general allowance	1,270	1,536
Expenses for other accounting periods	2,216	373
Restructuring expenses	0	1,171
Other operating expenses	5,206	3,380
Total	14,900	12,455

Research and development costs were not incurred.

5.8 Depreciation and amortisation

Amortisation of intangible assets and depreciation on property, plant and equipment amounted to TEUR 8,021 (previous year: TEUR 9,206). The decrease in depreciation and amortisation compared with the previous year results in principle from the decline of depreciation on property, plant and equipment in the segment Broadband/IP.

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5.9 Income from financial assets

This item relates to current and loan accounts as well as earnings of companies included using the "at equity"-method.

(In TEUR)	2010	2009
Income from sale of investments in affiliated companies	12	0
Interest and similar income	779	502
Interest income	791	502
Interest expenses for loans receivable	-1,609	-1,509
Interest expenses	-1,609	-1,509
Earnings from companies included using the at-equity-method	949	-6
Subsequent expenses from the sale of investments	-218	0
Total	-87	-1,013

5.10 Income taxes

Taxes paid or due on income and deferred taxes are reported as taxes on income.

(In TEUR)	2010	2009
Current income tax expenses	-1,310	2,650
Deferred tax assets	-5,888	333
Total	-7,198	2,983

3U HOLDING AG and its German subsidiaries are subject to corporation and trade tax. In the business year 2010, income was subject to corporation tax of 15 % plus a 5.5 % solidarity surcharge. Trade profits tax on operating profits amounted in Marburg to around 13 % and roughly 16 % in Hannover in 2010.

The tax rate used for foreign companies is 25 % for Austria and 19 % for the Czech Republic respectively.

The current tax expenditures of the 2010 financial year include an amount of TEUR 1.614 for current taxes of previous financial years.

Effective January 1, 2005, 3U HOLDING AG concluded profit transfer agreements with OneTel Telecommunication GmbH, LineCall Telecom GmbH and fon4U Telecom GmbH. The profit transfer agreements were approved in the Extraordinary General Meeting of November 15, 2005 and registered in the commercial register in December 2005.

Effective January 1, 2007, 3U HOLDING AG, as the controlling company, entered into a control and profit transfer agreement with 3U TELECOM GmbH, 010017 Telecom GmbH and Discount Telecom S&V GmbH. After being approved by the Annual General Meeting, these profit transfer agreements were recorded in the commercial register at the end of 2007.

The profit transfer agreement with OneTel Telecommunication GmbH was cancelled at the end of the fiscal on December 31, 2010.

In accordance with IAS 12.81, the following overview contains a reconciliation of tax expenses resulting from the calculation using German tax rates on earnings before taxes and the actual tax expenses reported in these annual financial statements:

	2010 TEUR	2010 %	2009 TEUR	2009 %
EBT from continued operations	-1,689	100.0	3,021	100.0
Earnings tax rate (29 %; previous year: 29 %)				
Calculated tax income/expenses	-490	29.0	876	29.0
Tax-exempt income/non-deductible expenses	25	-1.5	100	3.3
Effects of allowance of deferred taxes/ Non-inclusion of deferred taxes				
from loss carry forwards	-4,420	261.6	1,863	61.6
Effect of tax rate differences				
of foreign tax jurisdiction	39	-2.3	-7	-0.2
Deviations due to different trade tax	46	27	150	F 2
collection rates	46	-2.7	158	5.2
Lowering of current tax expenses due to the usage of loss carry forwards				
so far not accounted for	-797	47.2	-12	-0.4
Effect of tax rate change	0	0	0	0
Aperiodic tax effects	-1,614	95.5	47	1.6
Miscellaneous	13	-0.8	-42	-1.3
Total	-7,198	426.1	2,983	98.7

5.11 Earnings per share

Earnings per share correspond with the profit from continued operations and the profit from discontinued operations, which can be apportioned to the ordinary shareholders of 3U HOLDING AG, or the profit (after tax), divided by the weighted average number of shares outstanding during the financial year. 3U calculates earnings per share (fully diluted) on the assumption that all share options are exercised.

Undiluted and diluted earnings per share are calculated based on the following data:

	2010	2009
Date for the state of the state		
Basis for basic earnings per share (share in net profit for period of parent company's shareholders in TEUR)	5,831	37
Basis for diluted earnings per share (in TEUR)	5,831	37
, , , , , , , , , , , , , , , , , , ,		
Number of shares	46,842,240	46,842,240
Buyback of own shares in November 2008	-208,872	-208,872
Buyback of own shares in December 2008	-271,379	-271,379
Buyback of own shares in January 2009	-327,813	-327,813
Buyback of own shares in February 2009	-38,077	-38,077
Buyback via public buyback offer (completed on February 27, 2009)	-2,398,573	-2,398,573
Buyback of own shares in July 2010	-151,526	0
Buyback of own shares in August 2010	-964,692	0
Buyback of own shares in September 2010	-211,795	0
Buyback of own shares in October 2010	-116,434	0
Buyback of own shares in November 2010	-962,654	0
Buyback of own shares in December 2010	-497,700	0
Accruals from settlement OneTel (December 27, 2010)	-1,242,000	0
Weighted average number of ordinary shares for basic earnings per share	39,899,439	44,030,952
Effect of dilutive potential ordinary shares: options*	0	1,732,500
Weighted average number of ordinary shares for diluted earnings	39,899,439	44,030,952
Earnings per share (in EUR)		
Earnings per share, undiluted (in EUR)	0.15	0.00
Earnings per share, diluted (in EUR)	0.15	0.00

^{*}There is no active SOP as of December 31, 2010.

6 Notes on the consolidated balance sheet

6.1 Non-current assets

The development of individual non-current items and depreciation and impairment for the current financial year are presented separately in the consolidated statement of changes in assets.

6.1.1 Intangible assets

The carrying amounts of intangible assets are as follows:

(In TEUR)	Dec 31, 2010	Dec 31, 2009
Concessions, industrial property rights and similar rights and assets and licences to such rights and assets	352	338
Customer base	946	1,663
Goodwill	0	550
Total	1,299	2,551

Intangible assets acquired for a consideration were measured at cost less straight-line amortisation. This relates primarily to software licenses for transfer and IT technology.

The first-time consolidation of the 90 % investment in LambdaNet on April 1, 2004 resulted in goodwill of TEUR 8,746, which was capitalized as the customer base and is being written down over eight years. The total customer base of LambdaNet was measured using multiples based on comparable transactions. 3U HOLDING AG acquired the remaining shares in LambdaNet on December 31, 2004. The goodwill resulting from first-time consolidation is TEUR 1,624. This was also classified as a customer base and is being written down over eight years.

The capitalized customer base from the acquisition of LambdaNet Communications Deutschland AG was allocated to the cash generating unit Broadband/IP for the purposes of the impairment test. The 30 biggest customers were used to value the customer base. At that point in time, these represented approx. 80 % of the total sales. The valuation was performed based upon multipliers and was limited to the hidden reserves realized within the context of the acquisition of LambdaNet. The customer base thus determined will be depreciated on a straight-line basis over an economic useful life of eight years.

An impairment test of the customer base is performed once annually. The customer base is valued based on the expected income from those customer relationships. The net cash flows thus determined are then discounted with a risk-adjusted discount rate of 8.25 %. We would refer to our comments under 2.3.13.

The goodwill of EUR 550 resultant from the acquisition of OneTel reported in the previous year was booked out due to a subsequent purchase price reduction resulting in neither profit nor loss.

The goodwill of TEUR 10 resultant from the acquisition of 74.996 % of the shares in EuroSun Vacuum-Solar-Systems GmbH in 2010 was written off in income.

6.1.2 Property, plant and equipment

Please refer to the consolidated statement of changes in assets for the carrying amounts of property, plant and equipment.

3U has started with the construction of a new corporate headquarters in 2009. The main buildings are completed and have been activated. The unfinished construction stages are accounted for as assets under construction.

Borrowing costs for the loan to finance the construction of the new corporate headquarters were activated during the construction phase with an amount of TEUR 53.

6.1.3 Financial assets

Investments accounted for using the equity method:

As of December 31, 2010, Spider Telecom GmbH, Marburg was acounted for using the equity method. The summarised financial information for this investment is as follows:

Spider Telecom GmbH

Spider Telecom GmbH (in TEUR)	Dec 31, 2010	Dec 31, 2009
Total assets	2,784	459
Total liabilities	94	501
Sales	2,983	58*
Profit/loss after taxes	1,953	-55*

^{*}For the period July 1- December 31, 2009

The carrying amount has evolved as follows:

As of December 31, 2009:	TEUR	0
In the previous year not-recorded parts in the losses of Spider Telecom GmbH:	TEUR	-21
Pro rata share of net result for the year:	TEUR	970
As of December 31, 2010:	TEUR	949

Balance sheet day of Spider Telecom GmbH is December 31, 2010.

No restrictions on the ability of the associated company to transfer financial resources in form of cash dividends, credit or advance repayment to the shareholder apply.

Other holdings

myFairPartner Limited

With the share purchase agreement of October 7, 2009, 15 % of the shares of myFairPartner Limited, London, were bought. myFair-Partner Limited is a company located in London in the field of personnel placement based on a WEB 2.0 online solution.

On December 15, 2010, the 3U HOLDING AG accrued 5 % further shares of myFairPartner Limited. The shares were deposited as collateral for a loan, which could not be repaid. The evaluation was conducted at acquisition cost. The investment was extraordinary written off on December 31, 2010.

6.1.4 Financial leasing

Within the 3U Group, long-term leasing contracts for fibre-optic networks in an amount of TEUR 8,270 (previous year: TEUR 11,228) have been capitalized within the segment Broadband/IP and reported in the item "Plants and machinery". Those leasing contracts are based on a normal operational service life of, on average, 10 to 15 years. The underlying interest rates range from 6.53 % to 8.58 %. All leasing relationships are based on agreed fixed rates. No agreements concerning contingency rent payments have been made. All leasing obligations are in Euros. Renewal or purchase options do not exist.

The liabilities from financial leasing are recognised on the balance sheet as current resp. non-current liabilities. The times to maturity of the liabilities from financial leasing agreements look as follows:

(In TEUR)	I	December 31, 2010		
	Nominal value	Less discount amount	Present value minimal lease instalments	
Remaining term of up to 1 year	4,709	2,181	2,528	
Remaining term of 1–5 years	7,900	2,492	5,408	
Remaining term of more than 5 years	3,364	567	2,797	
Total	15,973	5,240	10,733	

(In TEUR)		December 31, 2009		
	Nominal value	Less discount amount	Present value minimal lease instalments	
Remaining term of up to 1 year	3,291	924	2,367	
Remaining term of 1-5 years	8,951	2,154	6,797	
Remaining term of more than 5 years	4,585	581	4,004	
Total	16.827	3.659	13,168	

The fair value of the liabilities from financial leasing is practically equal to the carrying amount.

The leasing contracts in some cases include renewal options and price adjustment clauses.

The fibre-optic rental contracts with the supplier, GasLINE, include price adjustment clauses. On the six-monthly due dates the amounts are subjected to an escalation factor. In the case of rent payments, these are calculated based on the producer price index for industrial goods, and in the case of maintenance fees based on a wage cost index.

The expenses in financial year 2010 amount to TEUR 2,138 (previous year: TEUR 2,527)

With regard to the sum of future minimum leasing payments and the corresponding present values, we refer to point 6.14 "Liabilities and other financial obligations".

6.2 Deferred taxes

Deferred taxes are calculated after accounting for temporary differences under the liability method per IAS 12.

The deferred tax assets and liabilities as of the balance sheet dates are made up as follows:

(In TEUR)	December 31, 2010		Decemb	er 31, 2009
	Active deferred taxes	Passive deferred taxes	Active deferred taxes	Passive deferred taxes
Intangible assets	0	304	0	483
Property, plant and equipment	15	115	9	95
Receivables	38	0	46	0
Other assets	49	0	0	166
Provisions	520	0	148	290
Liabilities	0	1	0	0
Other liabilities	439	0	82	0
Loss carry forwards	4,981	0	482	0
Total	6,041	420	767	1,034

3U HOLDING AG utilises the netting option provided for by IAS 12, whereby deferred tax assets and liabilities are reported net if they relate to the same tax authority (for the relevant taxable entity). In the reporting year, deferred tax liabilities were offset against deferred tax assets on loss carry forwards in the amount of TEUR 420 (previous year: TEUR 767).

Under the provisions of local tax law, temporally unlimited loss carry forwards for which no deferred tax assets were reported in the consolidated balance sheet, amounted to a total of TEUR 61,448 (previous year: TEUR 68,448) for corporation tax and TEUR 50,295 (previous year: TEUR 58,339) for trade tax and primarily relate to LambdaNet. On deductible temporary differences in the amount of TEUR 0 (previous year: TEUR 1,096) deferred taxes were not activated due to recoverability reasons.

6.3 Inventories

Inventories are made up as follows:

(In TEUR)	Dec 31, 2010	Dec 31, 2009
Work in progress	45	0
Finished products and goods	1,201	196
Payments on account	ſ	0
Total	1,247	196

6.4 Trade receivables

Trade receivables are composed as follows:

(In TEUR)	Dec 31, 2010	Dec 31, 2009
Trade receivables from third parties	14,744	16,549
Valuation allowances	-3,460	-5,047
Total	11,284	11,502

Depending on the age structure of the receivables, uniform valuation allowances are recognised within the Group for the receivables.

The Group writes off trade receivables, which have been outstanding for more than one year or where a debt collection agency has stated that they are unrecoverable. The procedure is supported by past experience, which indicates that, in principle, no payment can be expected if trade receivables have been outstanding for more than one year.

In determining the value of trade receivables, account is taken of every change in creditworthiness from the time the credit period was granted until the balance sheet date. There is no significant concentration of credit risk since the customer base is broad. Accordingly, the Management Board is convinced that no provisions above and beyond the impairment charges already recognised are required.

The impairment charges include individual write-downs on trade receivables amounting to TEUR 1,997 (previous year: TEUR 3,291) where insolvency proceedings have been instigated against the debtors, respectively which are older than one year. The recognised impairment is the result of the difference between the carrying amount of the receivable and the present value of the anticipated liquidation proceeds. The Group has no collateral for these balances.

The carrying amount of trade receivables is the fair value.

The most important financial assets of the Group are bank balances and cash in hand, trade and other receivables. The default risk for the Group mainly results from trade receivables. The balance sheet amounts include the valuation allowance for expected uncollectible receivables, based on management experience and the estimates of the current economic environment of the Company. The risk of default for cash and cash equivalents is limited as these are held by banks which have high credit ratings from international rating agencies.

6.5 Other current assets

Other current assets comprise the following:

(In TEUR)	Dec 31, 2010	Dec 31, 2009
Receivables from tax refunds	1,296	545
Deposits	30	30
Loans to former employees	0	381
Valuation allowances on loans	0	-219
Others	1,563	1,671
Total	2,889	2,408

The carrying amount of other assets is the fair value.

Please see section 6.4 for information about default risk.

6.6 Cash and cash equivalents

The item cash and cash an equivalent contains cash and short term deposits with an original term of three months or less. The carrying amount of these assets is their fair value.

Please see section 6.4 for information about default risk.

6.7 Shareholders' equity

6.7.1 Issued capital

The Members of the Management Board decided on June 25, 2010, that pursuant to the authorisation of the AGM of August 28, 2007, regarding the stock market share repurchasing and the public repurchase offer prior to February 20, 2009, the Company acquired 3,244,714 own shares were to be collected. The implementation of the capital reduction was entered into the commercial register on October 26, 2010. The issued capital consists of 43,597,526 no-par value bearer shares with a notional value of EUR 1.00 per share. The total share capital is fully paid. The total number of shares outstanding changed due to the capital reduction during the reporting year.

The Company has only one class of shares. These do not grant entitlement to a fixed dividend. Each share confers one vote at the Annual General Meeting and is definitive to the share of the shareholders in the Company's profit. An exception here are treasury shares held by the Company, from which the Company derives no rights. Details of the rights and duties of the shareholders can be derived from the provisions of the German Stock Corporation Act (Aktiengesetz – AktG) and in particular sections 12, 53a ff., 118 ff. and 186 AktG.

Authorised capital

At the Annual General Meeting on August 28, 2009, the Management Board was authorized, subject to approval by the Supervisory Board, to increase the share capital by up to EUR 23,421,120.00 in return for contributions in cash or in kind on one or more occasions up to August 27, 2014, whereby shareholders' subscription rights may be excluded.

Contingent capital

The Company has contingent capital of EUR 4,684,224.00. The contingent capital is to be used to grant subscription rights to members of the Management Board, executives and employees of the Company.

Subscription rights of EUR 4,172,500.00 were offered to the beneficiaries on February 7, 2011. Each option right entitles the holder to acquire one-par value bearer shares of the Company at the exercise price of EUR 1.00. The options may initially be exercised for the first time after a vesting period of four years and made the last time after five years since issuance of the options.

6.7.2 Share buyback programme

With the approval of the Supervisory Board, the Management Board of 3U HOLDING AG decided on June 25, 2010, based upon the authorization of the Annual General Meeting of August 28, 2009, to buy back up to 10 % of own shares in the company via the stock exchange. The share buyback serves all the purposes provided for in the authorizing resolution of the Annual General Meeting of August 28, 2009.

The BankM, branch of biw Bank für Investments und Wertpapiere, was engaged to buy back a maximum of 4,684,224 shares of the company under the trading stipulations of articles 4 to 6 of regulation (EC) no. 2273/2003 (EC regulation). The transaction value paid per share (without incidental buying costs) may not exceed the closing price of the share in XETRA trading on the Frankfurt Securities Exchange on the trading day preceding the buyback by more than 10 %, nor be more than 25 % below it. In addition, pursuant to article 5 (1) EC regulation, shares may not be acquired at a price exceeding that of the most recent independent close or (should that be higher) above the presently highest independent bid on the exchange at which the purchase takes place.

Pursuant to article 5 (2) EC regulation, no more than 25 % of the average daily turnover on the exchange at which the purchase takes place may be acquired per trading day. The average daily turnover must be derived from the average daily trading volumes of the last twenty trading days prior to the date of purchase.

The share buyback programme via the stock exchange began on July 19, 2010 and ended on January 21, 2011.

In total, 2,904,801 of own shares were acquired by December 31, 2010 at an average share price of EUR 0.7375.

As of January 21, 2011, 3,117,500 shares had been acquired at an average price of EUR 0.7338.

Within the framework of a settlement, 3U HOLDING AG accrued 1,242,000 no-par value shares on December 30, 2010. Therefore, 3U HOLDING AG holds 4,359,740 own shares since January 21, 2011, equivalent to 10 % of the share capital. The share repurchase programme ended consequently on January 21, 2011.

6.7.3 Employee participation programmes

2004/2005 stock option plan

On March 9, 2005, the Management Board had resolved to launch a second stock option programme.

The stock option plan 2004/2005 has the following key details:

The following are beneficiaries:

- Members of the Company's Management Board and all members of the management of affiliated companies in Germany Group 1: and abroad (Article 15 of the German Stock Corporation Act), where the members of the management of companies in Germany and abroad are not allocated to Group 2.
- Employees of the Company and affiliated companies in Germany and abroad (Article 15 of the German Stock Corpora-Group 2: tion Act) in key positions at the first and second level of management below the Management Board or the relevant management (managers and/or employees with key functions),
- Group 3: All other employees of the Company and of the affiliated companies in Germany and abroad (Article 15 of the German Stock Corporation Act), where they are not allocated to Group 4,
- Group 4: Trainees and/or part-time or comparable employees of the Company and of the affiliated companies in Germany and abroad (Article 15 of the German Stock Corporation Act).

A total of 2,206,000 stock options were issued in the 2004/2005 stock option plan. The distribution between the individual groups is as follows:

Group 1: 870,000 stock options Group 2: 765,000 stock options Group 3: 546,000 stock options Group 4: 25,000 stock options Total: 2,206,000 stock options

The exercise price is EUR 1.06.

The fair value of the stock options granted in 2005 has been fixed at EUR 0.51. This was calculated using the Black-Scholes model. The model assumptions are based on a share price of EUR 0.98, an exercise price of EUR 1.06, anticipated volatility of 61 % (source: Bloomberg) and a risk-free interest rate of 3.0 %.

The option rights may only be exercised within a period of fifteen banking days in Frankfurt am Main following the publication of the annual financial statements and/or consolidated financial statements, the Annual General Meeting or the publication of a quarterly report and/or the annual report.

Each option right authorizes the purchase of a share in the company at the exercise price. The exercise price for the option rights corresponds to the strike price plus a 15 % premium as the profit target. The strike price is calculated as the average closing price for the company share in XETRA trading (or a comparable subsequent system) on the Frankfurt stock exchange during the last five trading days prior to the day on which the resolution to issue the option rights is passed. The exercise price is thus EUR 1.06 per share.

As a relative performance target, the company share must have outperformed the TecDAX on ten consecutive days between the acquisition of the option rights and the exercise day. In addition, a cap was set at the amount of a gross annual salary.

The beneficiary was only allowed to sell shares received through the exercise of stock options within a month of the publication of the quarterly reports or after the publication of periodical reporting.

In total, TEUR 0 (previous year: TEUR 0) was recognised as staff costs for the 2004/2005 stock option plan for the 2010 financial year. This includes a fluctuation rate of 15 %.

The exercise prices range from EUR 1.06 to EUR 2.70. The weighted exercise price is EUR 1.52.

In the 2010 financial year, no options were exercised from this programme. All options expired worthless on March 9, 2010.

No new commitments were made within the framework of this programme.

6.7.4 Interests of non-controlling shareholders

The equity Interests of other shareholders amounted to TEUR -222 (previous year: TEUR 14)

6.8 Financial liabilities

Financial liabilities of the previous year generally refer to long-term building loans and lease liabilities.

Financial liabilities comprise the following:

(In TEUR)	Dec 31, 2010	Dec 31, 2009
Liabilities due to banks	2,138	513
Lease liabilities	10,733	13,168
Total	12,871	13,681

The interest rate is 3.85 % with a term until December 30, 2029. The loan's collateral consists of the premises in an amount of EUR 2.25 million.

Liabilities to banks are all long-term payable. Leasing liabilities in the amount of TEUR 8,205 are long-term payable and TEUR 2,528 near-term payable.

In addition, intercompany credit lines for the telephony network, which had not been used as of December 31, 2010, are secured by EUR 1.5 million in fixed term deposits.

6.9 Trade payables

The carrying amount of trade payables is their fair value.

Trade payables are due within one year.

6.10 Other current liabilities

Other current liabilities comprise the following:

(In TEUR)	Dec 31, 2010	Dec 31, 2009
Social security contributions	24	9
Other taxes	1,341	882
Provisions of a liability nature	4,407	5,133
Payroll	8	5
Other liabilities	679	1,254
Tax liabilities	675	3,987
Total	7,134	11,270

Provisions of a liability nature primarily comprise staffing obligations.

6.11 Provisions

Provisions comprise the following:

(In TEUR)	Dec 31, 2010	Dec 31, 2010	Dec 31, 2009	Dec 31, 2009
	Current	Long-term	Current	Long-term
Restoration obligations	0	4,956	0	5,045
Litigation risks	531	0	457	0
Other	264	0	368	0
Total	795	4,956	825	5,045

The development is presented as follows:

(In TEUR)	As of Jan 1, 2010	Utilisation	Reversal	Allocation	As of Dec 31, 2010
Restoration obligations	5,045	49	549	508	4,956
Litigation risks	457	0	0	74	531
Other	368	73	99	68	264
Total	5,870	122	648	650	5.751

Provisions for risks of litigation mainly apply to a law suit regarding carrier services. The availment is expected in the current financial year 2011.

Other provisions include mainly provisions for outstanding invoices. The outflow is expected in the first half of 2011.

The provisions for demolition obligations are long-term by nature and were formed to cover restoration of the original condition of various technical sites.

Restoration obligations are obligations connected with the dismantling of executed renovation and expansion of rented technical sites.

6.12 Network rentals received

The item relates to deferred sales from the receipt of network rentals.

6.13 Reporting on financial instruments

Breakdown of carrying amounts in the balance sheet according to the measurement categories of IAS 39/IFRS 7.8

2010 (in TEUR)	Cash and cash equivalents	Trade receivables	Other financial assets	Liabilities
Loans and receivables	29,142	11,284	2,889	0
Financial liabilities measured at their residual carrying amount	0	0	0	29,473
measured at their residual earrying amount				27,113
Total	29,142	11,284	2,889	29,473

2009 (in TEUR)	Cash and cash equivalents	Trade receivables	Other financial assets	Liabilities
Loans and receivables	33,289	11,502	2,408	0
Financial liabilities	0	0	0	20.724
measured at their residual carrying amount	U	0	0	28,724
Total	33,289	11,502	2,408	28,724

The fair value of cash and cash equivalents, current receivables and liabilities corresponds approximately to the carrying amount. This is primarily because of the short term of instruments of this kind.

Net losses from loans and receivables amounted to TEUR 967 (previous year: TEUR 245).

6.14 Contingent liabilities and other financial obligations

As at December 31 the following financial obligations remain:

(In TEUR)	Dec 31, 2010	Dec 31, 2009
Within one year	17,143	16,550
Between one and five years	16,431	5,719
After five years	5,032	365
Total	38,606	22,634

The purchase commitments included in the other financial obligations occurring within a year amount to TEUR 1,546 (previous year: TEUR 1,940).

The other remaining financial obligations refer to lease agreements relating to offices, technical space, fiber-optic-lines and cars. The agreements concerned have a remaining term of 1 to 10 years.

Internal credit lines of 3U are subject to a EUR 1.5 million restriction because they are pledged as collateral.

6.15 Legal disputes and contingent liabilities

The operations of 3U Group result in various legal disputes. With regard to the uncertainty of the outcome of these proceedings, there is the possibility of a negative impact on future operating results. This is why provisions for unsettled legal disputes totaling TEUR 531 were created for existing legal disputes entailing a maximum total risk of TEUR 531 as at December 31, 2010.

Regulating risks and changes in the legal framework

Regulating risks and changes in the legal framework in the fields of telecommunication and energy supply will continue to exist for the current segments and future investments of the 3U Group. Concrete risks are not yet foreseeable.

7 Notes to the cash flow statement

Cash and cash equivalents comprise bank balances and cash in hand.

(In TEUR)	Dec 31, 2010	Dec 31, 2009
Fixed deposits	8,012	13,507
Credit with banks and cash	21,130	19,782
Total cash and cash equivalents	29,142	33,289
Minus fixed deposits pledged as collateral	1,500	0
Cash and cash equivalents	27,642	33,289

Cash flows are broken down into operating, investment and financing activities. The indirect calculation method was used for the presentation of cash flows from operating activities.

After adjustment for non-cash income and expenses (essentially depreciation) and consideration of the changes in working capital, the 3U Group generated a cash inflow of TEUR 3,522 (previous year: TEUR 10,240) from operating activities in continued operations.

Cash flow from investing activities amounted to TEUR -4,798 (previous year: TEUR -4,117) and cash flow from financing activities in continued operations amounted to TEUR -2,954 (previous year: TEUR -8,254).

In total, cash and cash equivalents declined by TEUR 4,147.

Of the cash and cash equivalents reported at the end of the period amounting to TEUR 29,142 (previous year: TEUR 33,289), there is a restriction on the disposal of a total of TEUR 1,500 (previous year: TEUR 1,500).

They are – for the first time in 2010 – deducted from the cash, so that the cash funds are reduced accordingly.

In fiscal year 2010, interest income received in the amount of TEUR 770 (previous year: TEUR 502) is offset by interest payments - in particular the interest component of lease agreements for fiber optic network - in the amount of TEUR 1,401 (previous year: TEUR 1,511).

As in the previous year dividends were not paid/distributed to shareholders.

For the acquisition of shares in Subsidiaries liquid assets of TEUR 19 (previous year: TEUR 0) flowed from the Group and TEUR 0 (previous year: TEUR 0) were accrued.

In 2010 income taxes of TEUR 2,753 have been paid in 2753 (previous year: receipt of TEUR 459).

8 Other information

8.1 Capital management

The Group manages its capital with the aim of maximising the earnings of those involved in the Company by optimising the ratio of equity to borrowed funds. In so doing, it ensures that all Group companies can operate as going concerns.

As December 31, 2010 and 2009, reported equity and total assets amounted to:

	Dec 31, 2010	Dec 31, 2009	Change
Equity in TEUR	40,527	37,394	+3,133
Equity in % of total capital	51.96 %	47.75 %	4.21 %-Punkte
Borrowed capital in TEUR	37,472	40,926	-3,454
Borrowed capital in % of total capital	48.04 %	52.25 %	-4.21 %-Punkte
Total capital (equity plus borrowed capital) in TEUR	77,999	78,320	-321

Equity comprises total capital, the Group's reserves and minority interests. Borrowed capital is defined as non-current and current financial liabilities, provisions and miscellaneous liabilities.

8.2 Financial risks

On the basis of its normal business activities, the 3U Group is exposed to only minor foreign currency, interest rate and credit risks, which could have an impact on its net assets, financial position and results of operations. Where necessary, it also uses derivative financial instruments to manage these risks. No derivative financial instruments were used in the 3U Group in the past financial year.

The following sections examine the individual risks and risk management.

Foreign currency risk

Foreign currency risks exist, in particular, if receivables, liabilities, cash and cash equivalents and planned transactions exist or occur in a currency other than the Company's local currency.

The 3U Group primarily conducts its business operations in Germany and invoices in Euro. Trade payables in foreign currency are of subordinate importance for the Group, thus there is no significant foreign currency risk. In the reporting year, derivatives did not have to be used to hedge foreign currency risks.

On the balance sheet date, 31 December 2010, the carrying amount of the Group's monetary assets and liabilities in foreign currencies were attributable to discontinued activities in the fixed-line telephony segment and comprised the following:

Assets: **TEUR 58** Liabilities: TEUR 15

Default risk

3U is exposed to a credit risk to the effect that assets could be impaired if counterparties fail to comply with their obligations. To minimise credit risk, transactions are only concluded with debtors of undoubted creditworthiness and only up to a maximum of a preset risk limit.

Default risks are in line with the normal market risks and appropriate valuation allowances are made. The Group is not exposed to any major credit risk from one counterparty or a group of counterparties with similar characteristics. The Group defines counterparties as having similar characteristics if related companies are involved.

The differing rates by which overdue receivables are written down are primarily dependent on how long they have been outstanding and the degree of success in recovering them. Experience has shown that receivables that are outstanding for more than 365 days are irrecoverable and they are written off.

Liquidity/refinancing risk

In essence, the 3U Group's liquidity risk remains the same as in the previous year, namely that it might not be able to comply with its financial obligations. Financial planning instruments are implemented throughout the Group to monitor and control liquidity.

The planning horizon is one year. The Group may make use of credit lines. As of the balance sheet date, the total amount of unused credit at its disposal stood at EUR 1.5 million (previous year: EUR 1.5 million). 3U expects that it will be able to fulfill its other obligations from operating cash flow and from the inflow of maturing financial assets. Furthermore, 3U assumes that it will be able to maintain its present ratio of borrowed funds to equity.

Interest risk

Most of 3U's interests bearing liabilities carry fixed rates. Changes to market interest rates would only have an impact if these financial instruments were accounted for at fair value. Since this is not the case, fixed rate financial instruments are not exposed to any interest rate risks for the purposes of IFRS 7.

The risk of rising interest on bank loans is monitored on a timely basis.

8.3 3 Related parties

The transactions with related parties were made on commercial terms.

The following persons were appointed members of the Management Board of the Company in the reporting year:

Michael Schmidt Lahntal

Chief Technology Officer of 3U HOLDING AG

Other Supervisory Board or Advisory Board mandates:

Deputy Chairman of the Supervisory Board of LambdaNet Communications Deutschland AG, Hannover

Michael Göbel Staufenberg

Chief Financial Officer of 3U HOLDING AG (since March 1, 2010)

Oliver Zimmermann Berlin

Chief Financial Officer of 3U HOLDING AG (until March 1, 2010)

Total remuneration of the Management Board granted in 2010 amounted to TEUR 1,311 (previous year: TEUR 1,118).

In the variable bonus of 2010 the maximum possible variable remuneration for 2010 of TEUR 300 (Michael Schmidt) respectively TEUR 35 (Michael Göbel) as well as provisions from the previous years are included.

Name		Fixed remuneration Variable remuneration in TEUR		Compensation in TEUR		Total remuneration in TEUR		
	2010	2009	2010	2009	2010	2009	2010	2009
Michael Schmidt	311	330	300	275	0	0	611	605
Oliver Zimmermann (Chief Financial Officer until March 1, 2010)	54	345	13	168	470	0	537	513
Michael Göbel (Chief Financial Officer since March 1, 2010)	128	0	35	0	0	0	163	0
Total	493	675	348*	443	470	0	1,311	1,118

 $^{{}^{*}\}mbox{Near term payable}$ (with maximum variable remuneration)

No stock options were issued to members of the Management Board in the 2010 and 2009 financial years.

All remuneration for Management Board activities was made by 3U HOLDING AG. The Subsidiaries did not pay any remuneration.

There is a non-interest bearing loan agreement of TEUR 17 for the Member of the Management Board Michael Schmidt, which previously had a fixed term until December 31, 2010, but which has been prolonged until December 31, 2011.

Shares held by the Management Board and the Supervisory Board as of December 31, 2010:

Name	Function	Number of shares	Stock options 2004/200	
			Number	Value in EUR*
Michael Schmidt	Member of the Management Board	8,999,995	0	0
Michael Göbel	Member of the Management Board	8,500	0	0
Gerd Simon	Member of the Supervisory Board	10,000	0	0

^{*} Value when granted

All options expired by March 9, 2010.

The stock options may only be exercised after the expiry of set blocking periods (vesting period). Their value is spread over the vesting periods and recognised as expense in the respective financial year.

In the 2009 and 2010 financial years no expenditures for long-term incentive components were accrued.

On February 7, 2011 200,000 stock options under the stock option programme 2011 were issued to each of the two Members of the Board.

In the reporting year, the following persons were members of the Supervisory Board:

Ralf Thoenes Düsseldorf

> Lawyer in the partnership Altenburger in Düsseldorf Chairman of the Supervisory Board of 3U HOLDING AG Other Supervisory Board or Advisory Board mandates:

Chairman of the Supervisory Board of LambdaNet Communications Deutschland AG, Hannover

Chairman of the Supervisory Board of 3U SOLAR Systemhandel AG, Marburg

Gerd Simon Bad Homburg vor der Höhe

Industrial Engineer

Deputy Chairman of the Supervisory Board of 3U HOLDING AG Other Supervisory Board or Advisory Board mandates:

Member of the Supervisory Board of Elabs AG, Frankfurt am Main

Peter Coch Frankfurt am Main

Business Economist

Member of the Supervisory Board (until August 19, 2010)

Stefan Thies Heinsberg

Degree in business and tax consulting

Member of the Supervisory Board (since August 19, 2010)

The Supervisory Board remuneration for 2010 amounted to TEUR 84 (previous year: TEUR 83). In addition, the members of the Supervisory Board received success-based remuneration for the year 2009 per Article 9 (1c) of the articles of association of 3U HOLDING AG in an amount of TEUR 90. A performance-related remuneration of TEUR 90 was deferred for 2010.

Name	Fixed remuneration in TEUR		Attendance- fee in TEUR		Performance related remuneration in TEUR		Total remuneration in TEUR	
	2010	2009	2010	2009	2010	2009	2010	2009
Ralf Thoenes (Chairman)	10	10	20	20	40	40	70	70
Gerd Simon	8	8	20	20	30	30	58	58
Peter Coch (until August 19, 2010)	3	5	13	20	13	20	29	45
Stefan Thies (since August 19, 2010)	2	0	8	0	7	0	17	0
Sum	23	23	61	60	90	90	174	173

In the past financial year, the law firm Altenburger Rechtsanwälte – of which Ralf Thoenes, the Chairman of the Supervisory Board, is a partner – received a total of TEUR 22 for its consultancy services for the 3U Group (previous year: TEUR 27) plus VAT. This figure is broken down as follows: 3U HOLDING AG TEUR 5 (previous year: TEUR 14), 3U TELECOM GmbH TEUR 7 (previous year: TEUR 1), 010017 Telecom GmbH TEUR 2 (previous year: TEUR 7), SEGAL Systems GmbH TEUR 2 (previous year: TEUR 0), LambdaNet Communications Deutschland AG TEUR 6 (previous year: TEUR 5).

Details of the remuneration system for the Management Board and the Supervisory Board are presented in the management report.

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8.4 Events after the balance sheet date

For information on significant events after the end of the year, we refer to the section "Significant events after the end of the year" in the consolidated management report.

8.5 Auditor's Fees

The fees for the auditor BDO Deutsche Warentreuhand AG in the financial year 2010 are:

Annual audit services	TEUR 313	(previous year: TEUR 279)
Tax consulting seervices	TEUR 9	(previous year: TEUR 0)
Other services	TEUR 95	(previous year: TEUR 51)
Total	TEUR 417	(previous year: TEUR 330)

8.6 Declaration on the Corporate Governance Code in accordance with Article 161 AktG

The Management Board and Supervisory Board of 3U HOLDING AG have submitted the declarations prescribed by Article 161 of the German Stock Corporation Act (AktG) and have made them permanently available to their shareholders.

8.7 Information in accordance with Article 160 (1) No. 8 AktG

In accordance with Article 41 (2) sentence 1 WpHG, by way of a letter dated December 9, 2010, Michael Schmidt, Flachspfuhl 11, 35094 Lahntal, notified the Company that his voting rights of 3U HOLDING AG, Marburg, Germany, exceeded the threshold of 20 % of the voting rights on October 26, 2010 and has that day amounted to 20.64 % (this corresponds to 8,999,995 voting rights).

In accordance with Article 41 (2) sentence 1 WpHG, by way of a letter dated April 4, 2002, Roland Thieme, Alte Hute 2-4, 35094 Lahntal, notified the Company that he held a total of 7.68 % and therefore more than 5 % of the voting rights of 3U HOLDING AG (SCN 516790) as of April 1, 2002.

Additional information

The following companies owned by 3U HOLDING AG are making use of the exemptions permitted in Article 264 (3) HGB:

- 010017 Telecom GmbH, Marburg
- 3U TELECOM GmbH, Marburg
- Discount Telecom S&V GmbH, Marburg

- fon4U Telecom GmbH, Marburg
- LineCall Telecom GmbH, Marburg
- OneTel Telecommunication GmbH, Marburg

Date of approval of the financial statements for publication

The Management Board of 3U HOLDING AG approved the consolidated financial statements to be forwarded to the Supervisory Board on March 30, 2011. The Supervisory Board is responsible for examining the consolidated financial statements and for declaring that it approves the consolidated financial statements. After publication, the financial statements can not be altered.

Marburg, March 30, 2011

The Management Board

Michael Schmidt

Michael Göbel

128 Development of Group fixed assets 2010 (IFRS)

3U Group (in TEUR)	Historical acquisition and production cost					
30 0104p (iii 120ii)	As of Jan 1, 2010	Additions	Disposals	Reclassi- fications	As of Dec 31, 2010	
I. Intangible assets						
Purchased concessions, industrial property rights and similar rights and assets and licences to such rights and assets	15,010	192	141	0	15,061	
Customer base	11,031	0	0	0	11,031	
3. Goodwill	8,970	10	8,636	0	344	
Total intangible assets	35,011	202	8,777	0	26,436	
•			-,			
II. Property, plant and equipment						
Land and buildings including buildings on third party land	695	2,194	43	1,289	4,135	
Technical equipment and machines	124,100	1,875	205	119	125,889	
Other equipment, plant and office equipment	3,540	409	319	0	3,630	
4. Constructions in progress	1,404	857	42	-1,408	811	
Total property, plant and equipment	129,739	5,335	609	0	134,465	
III. Financial assets						
1. Investments	182	974	0	0	1,156	
Total financial assets	182	974	0	0	1,156	
Total fixed assets	164,932	6,511	9,386	0	162,057	

4	0	
	/	Ų

Accumulated depreciation					Carrying	amounts
As of Jan 1, 2010	Depreciations of the financial year	Disposals	Reclassi- fications	As of Dec 31, 2010	As of Dec 31, 2010	As of Dec 31, 2009
14,672	178	141	0	14,709	352	338
9,368	716	0	0	10,084	947	1,663
8,420	10	8,086	0	344	0	550
32,460	904	8,227	0	25,137	1,299	2,551
147	76	26	0	197	3,938	548
101,401	6,884	148	-81	108,056	17,833	22,699
,				,	.,,,,,	
3,119	156	235	0	3,040	590	421
0	0	0	0	0	811	1,404
104,667	7,116	408	-81	111,293	23,172	25,072
0	207	0	0	207	949	182
0	207	0	0	207	949	182
137,127	8,227	8,636	-81	136,637	25,420	27,805
131,121	U,LLI	0,000	- 01	130,031	25,420	£1,003

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3U Group (in TEUR)	UR) Historical acquisition and production cost					
	As of Jan 1, 2009	Additions	Disposals	Reclassi- fications	As of Dec 31, 2009	
I. Intangible assets						
Purchased concessions, industrial property rights and similar rights and assets and licences	14.005	110	,	٥	15.010	
to such rights and assets	14,895	119	4	0	15,010	
2. Customer base	13,990	0	2,959	0	11,031	
3. Goodwill	8,970	0	0	0	8,970	
Total intangible assets	37,855	119	2,963	0	35,011	
II. Property, plant and equipment						
 Land and buildings including buildings on third party land 	171	524	0	0	695	
Technical equipment and machines	123,416	1,983	1,325	26	124,100	
Other equipment, plant and office equipment	3,585	195	240	0	3,540	
4. Constructions in progress	86	1,344	0	-26	1,404	
Total property, plant and equipment	127,258	4,046	1,565	0	129,739	
III. Financial assets						
1. Investments	0	182	0	0	182	
Total financial assets	0	182	0	0	182	
Total fixed assets	165,113	4,347	4,528	0	164,932	

	Accı	ımulated depreciatio	on		Carrying	j amounts
As of Jan 1, 2009	Depreciations of the financial year	Disposals	Reclassi- fications	As of Dec 31, 2009	As of Dec 31, 2009	As of Dec 31, 2008
14,403	273	4	0	14,672	338	492
11,297	1,030	2,959	0	9,368	1,663	2,693
8,420	0	0	0	8,420	550	550
34,120	1,303	2,963	0	32,460	2,551	3,735
133	14	0	0	147	548	38
94,925	7,715	1,239	0	101,401	22,699	28,491
0.405	47.4	0.40		0.440	404	400
3,185	174	240	0	3,119	421	400
0	0	0	0	0	1,404	86
98,243	7,903	1,479	0	104,667	25,072	29,015
0	0	0	0	0	182	0
0	0	0	0	0	182	0
U	U	U	U	U	102	U
132,363	9,206	4,442	0	137,127	27,805	32,750
,					,	

Responsibility statement

Responsibility statement according to § 37y WpHG i. V. m. § 37w Abs. 2 Nr. 3 WpHG

We warrant that to the best of our knowledge that, in accordance with the accounting principles to be applied, the consolidated financial statements convey a true and accurate picture of the Group's net assets, financial position and results of operations and that the Group's business development including its results and its position including the major risks and opportunities inherent in its probable development are described truthfully and accurately in the Group Management Report.

Marburg, March 30, 2011

The Management Board

Michael Schmidt

Michael Göbel

Auditor's report

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We have audited the consolidated financial statements prepared by 3U HOLDING AG, Marburg, comprising the balance sheet, statement of income and accumulated earn, the income statement, the statement of changes in equity, cash flow statement and notes, together with the Group management report for the financial year from January 1 to December 31, 2010. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Article 315a (1) HGB (German Commercial Code) are the responsibility of the Management Board of the Company. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

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

Our audit has not led to any reservations.

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

Essen, March 30, 2011

BDO AG

Wirtschaftsprüfungsgesellschaft

Fritz Theis

Wirtschaftsprüfer Wirtschaftsprüfer



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136 Financial calendar

- Publication of report on Q1 2011 May 13, 2011
- Annual General Meeting May 26, 2011 in Marburg
- Publication of report on Q2 2011 August 15, 2011
- Publication of report on Q3 2011 November 15, 2011
- Analysts' conference (at the Eigenkapitalforum)
 November 21-23, 2011 in Frankfurt am Main

Contact 137

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Glossary

IP stands for Internet Protocol. All IP is a term used when describing a provider offering all services via

Break even Profit threshold

Cash flow

Key ratio for assessing the financial strength and earnings power of a company

The cash flow is calculated from the inflow and outflow of payments (cash or cash equivalents) from current operations (see cash flow statement).

Cash flow from financing activities

Includes inflows from borrowing or outflows from repayment of a loan, other liabilities to banks and interest liabilities from finance leases as well as outflows of funds for dividend payments and inflows/outflows arising from capital increases/ decreases

Cash flow from investment activities

Outflows for the acquisition or inflows from the disposal of intangible assets, property, plant and equipment and investment assets, and of subsidiaries

Cash flow from operating activities

Change in liquid funds from the company's actual business operations (for example, the sale of products, the purchase of materials and of goods and services, and other moneys paid out in operations) and from other operations not classifiable as investment or financing activities

Cash flow statement

The cash flow statement is the cash-based component of accounting. It is a record of the values of cash flows within a financial year. To this end, inflows and outflows in the respective reporting period are offset, thus indicating the change in cash and cash equivalents.

Addition of sub-accounts to an overall account, e.g. of the single-entity balance sheets of individual companies in the Group to the consolidated balance

Corporate governance

The German Corporate Governance Code represents important legal provisions for the management and monitoring of German companies listed on stock exchanges (corporate governance) and contains internationally and nationally recognised standards for good and responsible corporate management. The Code is intended to ensure that the German corporate governance system is transparent and enforceable. It is intended to build the confidence of international and national investors, customers, employees and the public in the management and monitoring of German companies listed and publicly traded on stock exchanges.

Declaration of conformity

Declaration by the Management Board and the Supervisory Board, in line with Article 161 of the German Stock Corporation Act, that the recommendations of the Government Commission of the German Corporate governance Code have been implemented

Deferred tax assets

Future tax relief or tax burdens resulting when the recognition of asset and liability positions in the commercial and tax balance sheets diverge, but the difference is reversed over time (temporary differences). When deferred taxes are recognised, the effective tax expense resulting from the tax balance sheet is adjusted to the divergent net income according to commercial law. In addition, deferred taxes are recognised for future utilisation of tax loss carryforwards to the extent that there is a good likelihood of offsetting.

Digital Subscriber Line (DSL) is a family of technologies that provides digital data transmission over the wires of a local telephone network.

Earnings per share

This key ratio indicates the share of consolidated net income or loss generated that is attributable to one share. This key ratio is calculated by dividing the net result for the year (consolidated net income/loss) by the average weighted number of ordinary shares outstanding.

Earnings before interest and taxes

Earnings before interest, taxes, depreciation and amortisation

FRT

Earnings before taxes

Equity ratio

The equity reported in the balance sheet divided by the total assets (the higher this key ratio is, the lower the level of debt)

Free Float

Shares which are publicly traded

Holding

The term "holding" (short for holding company or organisation) does not describe a legal form per se, but an organisational form of the parent company of affiliated companies established in practice.

ICAS

Interconnection access

IFRS

International Financial Reporting Standards

Integrated Services Digital Network (ISDN) is a set of communications standards for simultaneous digital transmission of voice, video, data, and other network services over the traditional circuits of the public switched telephone network.

Market capitalisation

Term for the current market value of a company

It is calculated by multiplying the number of shares by the share price. Market capitalisation provides an indication of the price to be paid or realised for all shares of a company that are in circulation. However, it must be noted that large-scale acquisitions/disposals of shares can lead to an upwards or downwards trend in share prices.

NOC

Network Operations Centre

Renewable Energies

Renewable energy is energy which comes from natural resources such as sunlight, wind, rain, tides, and geothermal heat, which are renewable (naturally replenished).

Return on equity (ROE)

Ratio of net profit for the year to capital utilised

Return on investment (ROI)

Management ratio for investment decisions It takes into account both the acquisition value and the returns to be expected from the acquisition in the future.

Return on sales

Financial ratio indicating the relation of the consolidated result to sales

Risk management

Systematic method for identifying and assessing potential risks and for selecting and implementing measures to deal with risk

Risk management can be considered as the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimise, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities.

Scope of consolidation

Group of subsidiaries in a group which are included in the consolidated financial statements

SEKW/SHKW (SEPP/SHPP)

Solar-Energie-Kraftwerk/Solar-Heiz-Kraftwerk (Solar-Energy-Power plant/Solar-Heating Power

TK-Industry

Telecommunications industry

Universal Mobile Telecommunications System (UMTS) is one of the third-generation (3G) mobile telecommunications technologies

TO OUR SHAREHOLDERS | GROUP MANAGEMENT REPORT | CONSOLIDATED FINANCIAL STATEMENTS | **Further information**

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Disclaimer

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© 2011 3U HOLDING AG, Marburg Printed in Germany The English translation of the German 3U annual report is provided for your convenience. Only the German version is audited by the auditor.

This annual report contains statements relating to the future which are subject to risks and uncertainties and which are assessments of the management of 3U HOLDING AG and reflect its current opinions with regard to future events. Such predictive statements can be recognised by the use of terms such as "expect", "assume", "estimate", "anticipate", "intend", "can", "plan", "project", "will" and similar expressions. Statements relating to the future are based on current and valid plans, estimates and expectations. Such statements are subject to risks and uncertainties, most of which are difficult to estimate and which are generally beyond the control of 3U HOLDING AG.

The following are – by no means exhaustive – examples of factors that may trigger or affect a deviation: the development of demand for our services, competitive factors – including price pressure –, technological changes, regulatory measures, risks in the integration of newly acquired companies. If any of these or other risks and uncertain factors occur, or if the assumptions on which the statements are based prove to be incorrect, the actual results of 3U HOLDING AG may differ materially from those outlined or implied in these statements. The company does not undertake to update predictive statements of this nature.

This annual report contains a range of figures which are not part of commercial regulations and the International Financial Reporting Standards (IFRS), such as EBT, EBIT, EBITDA and EBITDA adjusted for special influences, adjusted EBITDA margin, investments (capex). These figures are not intended to substitute the information for 3U HOLDING AG in accordance with the German Commercial Code (HGB) or IFRS. It should be noted that the figures for 3U HOLDING AG which are not part of commercial regulations and the IFRS, can only be compared to the corresponding figures of other companies to a certain extent.

3U Group

3U HOLDING AG

Telephony

010017 Telecom GmbH Marburg, Germany

3U MOBILE GmbH Marburg, Germany

3U TELECOM GmbH Marburg, Germany

3U TELECOM GmbH Vienna, Austria

Discount Telecom S&V GmbH Marburg, Germany

fon4U Telecom GmbH Marburg, Germany

LineCall Telecom GmbH Marburg, Germany

OneTel **Telecommunication GmbH** Marburg, Germany

Spider Telecom GmbH* Marburg, Germany

Broadband/IP

LambdaNet Communications **Deutschland AG** Hannover, Germany

LambdaNet Communications Austria GmbH Vienna, Austria

LambdaNet Communications s.r.o. Městec Králové, Czech Republic

Services

3U DYNAMICS GmbH Marburg, Germany

myFairPartner Limited* London, Great Britain

RISIMA Consulting GmbH Marburg, Germany

SEGAL Systems GmbH Marburg, Germany

Renewable Energies

3U SOLAR Systemhandel AG Marburg, Germany

3U Solarkraft Friedrichstraße GmbH Marburg, Germany

EuroSun Vacuum-Solar-Systems **GmbH** Marburg, Germany

^{*&}quot;At equity" included investments



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