



3U HOLDING AG
Annual Report 2011

Summary of Group results

3U Group (IFRS)		Year-on-year comparison January 1–December 31	
		2011	2010
Sales	(in EUR million)	77.27	82.40
EBITDA (earnings before interest, taxes and amortisation)	(in EUR million)	28.47	6.42
EBIT (earnings before interest and taxes)	(in EUR million)	25.55	-1.60
EBT (earnings before tax)	(in EUR million)	26.32	-1.69
Net income/loss for the period	(in EUR million)	26.64	5.83
Earnings per share from continued activities (undiluted)	(in EUR)	-0.04	-0.03
Earnings per share from continued activities (diluted)	(in EUR)	-0.04	-0.03
Earnings per share from discontinued activities (undiluted)	(in EUR)	0.75	0.18
Earnings per share from discontinued activities (diluted)	(in EUR)	0.68	0.18
Earnings per share total (undiluted)	(in EUR)	0.70	0.15
Earnings per share total (diluted)	(in EUR)	0.64	0.15
Equity ratio	(in %)	82.49	51.67

3U Group (IFRS)		Quarterly comparison October 1–December 31	
		2011	2010
Sales	(in EUR million)	16.58	20.08
EBITDA (earnings before interest, taxes and amortisation)	(in EUR million)	-2.49	-0.79
EBIT (earnings before interest and taxes)	(in EUR million)	-2.31	-3.03
EBT (earnings before tax)	(in EUR million)	-2.36	-3.33
Net income/loss for the period	(in EUR million)	-2.00	3.43
Earnings per share from continued activities (undiluted)	(in EUR)	-0.06	-0.07
Earnings per share from continued activities (diluted)	(in EUR)	-0.06	-0.07
Earnings per share from discontinued activities (undiluted)	(in EUR)	0.03	0.16
Earnings per share from discontinued activities (diluted)	(in EUR)	0.02	0.16
Earnings per share total (undiluted)	(in EUR)	-0.04	0.09
Earnings per share total (diluted)	(in EUR)	-0.04	0.09
Equity ratio	(in %)	82.49	51.67

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Letter to our shareholders

Dear shareholders,

The year 2011 was an eventful year in which our Company, like many others, faced big challenges.

The debt crisis in the U.S. and Europe led to a sharp lack of confidence both in terms of political problem-solving skills as well as in the “free” market. The capital market turmoil was the same as after the Lehman bankruptcy and continues throughout the new year.

In Germany, the government initiated an energy transition after the disaster in Fukushima: The framework for the entire German energy production has changed fundamentally. We are on the road to a new energy era where renewable energies are becoming increasingly important.

We are on the right track with our strategy we already developed in 2007/2008 and have consistently pursued since then. Due to the energy transition our course has now been confirmed: At that time the decision was made to develop 3U HOLDING AG from a telecommunication-heavy group of companies towards a more broadly diversified holding company with one focus on renewable energies. We have successfully pursued this transformation process in 2011 and achieved a number of strategic and operational milestones.

Sale of LambdaNet leads to jump in earnings and sales decline

The financial figures of 2011 are determined primarily by the sale of LambdaNet Communications Deutschland GmbH (before: LambdaNet Communications Deutschland AG; following: LambdaNet). On May 19, 2011 3U announced that it sold LambdaNet including the Austrian and Czech subsidiaries to euNetworks GmbH, a subsidiary of euNetworks Group Limited. The transaction was completed on May 31, 2011. As part of this transaction 3U accrued cash in the amount of approximately EUR 27 million, which consist of the sale price and the first repayment of a loan liability. It was also agreed that the remaining loan liability of EUR 7.8 million plus interest will be repaid over the next five years.

Group sales declined by EUR 5.13 million to EUR 77.27 million compared to the previous year. Sales growth in the segment Renewable Energies could only partially compensate for the loss in sales from the discontinued segment Broadband/IP and the decline in sales in the segment Telephony.

EBITDA has improved significantly in 2011, due to the transaction and was EUR 28.47 million compared to EUR 6.42 million in the previous year. Earnings as well increased strongly to EUR 26.64 million and were 457 % higher than in the previous year (EUR 5.83 million).



The Management Board of 3U HOLDING AG (from left): Christoph Hellrung, Michael Schmidt and Andreas Odenbreit

Strategic development consistently advanced

We are confident for the future of the 3U Group for good reason. We have occupied interesting niche markets with our Group companies. With an equity ratio of around 82.5 %, we are extremely solidly funded and given our financial resources we have every opportunity to invest appropriately in attractively rated business fields. The Management Board will continue to analyze the opportunities thoroughly, weigh the options carefully and determine the appropriate actions on the key issues of the strategic development together with the management.

- The segment Telephony will continue to contribute significantly to future business success. We succeeded in the past, to identify and occupy promising opportunities in a shrinking market and to earn attractive margins therewith. Thus we have established two new Subsidiaries in this segment with Triast GmbH and Younip Telecom GmbH on February 10, 2011
- In the segment Services, we have created the foundation in 2011, to achieve significant external sales in 2012. While in 2011 nearly all sales in this segment were generated internally, external sales in 2012 should already account for around a quarter of total sales and in 2013, this proportion should increase to almost 50 %. In addition to the consulting services provided by this segment, above all, cloud computing business will be responsible for this development.
- The 3U Group is further expanding the segment Renewable Energies. It is the stated goal of 3U to diversify in the field of renewable energies in the future and to continuously expand our product and service offerings. In this context, we have developed a five-pillar strategy based on the pillars of production, trade, and services and increasingly based also on consultation/planning and project development. The necessary know-how has been built up in recent quarters, both internally but also backed

by a strong network of partners. The current environment for photovoltaic systems will change significantly with the new EEG. Large PV projects will be even more difficult to realize in the future. Accordingly the outlook for the PV project development business is gloomy as soon as the new EEG enters into force.

In addition, a number of new companies were founded: With a Chinese partner, a joint venture agreement on the establishment of the Tianjin EuroSun Solar Energy Technology Co. Ltd. In Tianjin, China, was completed. The purpose of the company is the development, production and sales of solar collectors and solar storage tanks. A similar approach follows the Sanhe EuroSolar Solar Energy Technology Ltd., Sanhe, China, which was also founded with a Chinese partner in the fourth quarter of 2011. The joint venture agreement has to be approved by the licensing authority in China before the contract is in force.

In June, the Selfio GmbH was founded, an online retailer with products in the areas of heating and plumbing, especially with modules and components for renewable energy and heat production, storage and supply. 3U SOLAR (PTY) Ltd. based in Johannesburg, South Africa and established in June will act as distributor for system components from the field of renewable energies

In September, the 3U SOLAR Service GmbH based in Marburg was founded with the commercial purpose of the construction and installation of heating and ventilation systems, especially the installation and maintenance of plants for renewable energy generation.

New Subsidiaries will be added in 2012 as well. ClimaLevel Energy Systems GmbH, a provider of an exceptional floor system, which performs the functions of heating, cooling and ventilation was founded in January 2012.

3U HOLDING AG invests in solar project

A further milestone in its development was disclosed by 3U in the fourth quarter, when 3U announced that it is expanding in the area of development and is building its first solar park. The solar park developed in Adelebsen, Lower Saxony, will be realized on an approximately 26 hectares large, former industrial area and will have a capacity of roughly 10 MWp. 27,000 square meters of rentable floor space was also purchased with the property. The photovoltaic modules are installed on the roofs of the buildings as well as in open areas.

The total investment volume for the site Adelebsen will amount to more than EUR 20 million. The financing of this project is carried out short term with own funds; in the medium term attractive debt financing is sought.

The construction on the roof areas was commenced in November 2011 and the technical installation was completed in time by year's end. With this technical installation of the 1.1 MWp roof-mounted PV system 3U secured the feed-in tariff according to the EEG 2011 (German Renewable Energies law of 2011). The assembly of photovoltaic modules on the open area was started at the end of February.

With the technical operation of the open area unit the applicable feed-in tariff according to EEG from January 1, 2012 is guaranteed for 20 years.

Share price lags behind the positive development of the company

Our success is not adequately reflected in our share price. Even so we experienced a modest price increase of around 15 %* and saw that the 3U shares had a better performance than the market indexes, we are by no means satisfied with the current company valuation by the stock market.

On June 30, 2011, the Management Board decided to use the authorization granted by the AGM of August 19, 2010 to repurchase up to 10 % of its own shares on the stock exchange starting July 1, 2011. The share repurchase program was started on July 1, 2011 and was completed on October 25, 2011 after a total of 3,923,770 million shares were purchased, equivalent to almost 10 % of the share capital of EUR 39,237,786.00. How the repurchased shares will be used is still pending.

Changes to the Management Board

On March 8, 2012 we received the sad news that our CFO Michael Göbel died after a long illness. We will miss this friend and companion with his personal and amiable nature and keep him in honourable memory.

On March 14, the Supervisory Board of 3U HOLDING AG appointed Christoph Hellrung, the long-time chief financial officer of various Subsidiaries of the 3U Group, successor to the post of CFO. Also on the same day the former interim Board Member Andreas Odenbreit was confirmed by the Supervisory Board as another regular member of the Management Board with the departments legal and personnel.

Outlook for 2012 positive

Dear Shareholders, for the year 2012 we have many goals. Apart from the segment Telephony, we are following a growth strategy in the other two segments. As we pursue our goal in the renewable energies area, to broaden our services portfolio in the scope of building infrastructure, we focus in the services area also on consulting services but primarily on the expansion into cloud computing. We have invested heavily in recent years in this issue because we believe that cloud computing is a very attractive growth market. We will invest in both, existing Subsidiaries, as well as in new companies.

We firmly believe that we have positioned the 3U Group well in order to use the resulting economic opportunities, especially those that result from the energy transition, for further profitable growth. The ultimate goal remains to create value for our shareholders and to participate them.

*Final quotation 2011 compared to final quotation 2010

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After the encouraging financial results of 2011, the Management Board and Supervisory Board will propose a dividend for the fiscal year 2011 of EUR 0.03 per share to the AGM in May 2012.

We are certainly on the right track, but still have a long way to go. For fiscal 2012 however, we are optimistic on the basis of the aforementioned that we can achieve our goals.

We thank you for your trust you placed in us in fiscal 2011, and we are looking forward to reach the next milestones together with you. Continue to accompany us on this path.

Marburg, March 30, 2012

The Management Board

A stylized blue ink signature consisting of a large loop at the top and a horizontal stroke at the bottom.

Michael Schmidt

A blue ink signature with a series of horizontal, wavy strokes.

Christoph Hellrung

A blue ink signature with a large, bold 'A' and a long horizontal stroke extending to the right.

Andreas Odenbreit

Report of the Supervisory Board

Dear shareholders,

In the year 2011, the Supervisory Board regularly advised the Management Board and monitored its conduct continuously. We have convinced us of its lawfulness, expedience and compliance. The Board has fulfilled its duties to inform us and briefed us regularly, promptly and fully, in writing and orally about all relevant events and activities of the Company. We always had ample opportunity to look into the reports, proposals and draft resolutions of the Board critically and incorporate suggestions. In particular, all significant business activities for the Company have been discussed extensively on the basis of written and oral reports by the Management Board. To the extent required by law and bylaws we submitted our vote. In justified cases we also made decisions out of session by circular letter.

Focus of consultations in the Supervisory Board

One focus of discussions in the Supervisory Board in the first half year was on the future development of the segment Broadband/IP, especially the economic development of LambdaNet Communications Deutschland AG and the consultations with the Management Board in connection with the sale of LambdaNet. Another focus was on the development of the new segments Renewable Energies and Services. Here, the Supervisory Board was particularly involved in the plans and activities in the photovoltaic area and in the area of services with cloud computing.

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 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 six meetings (February 7, March 31, May 26, August 8, October 27 and December 16). 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 23, 2012, 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 Article 289a German Commercial Code (HGB) can be viewed there as well.

Changes in the composition of the governing bodies

The Supervisory Board appointed Andreas Odenbreit as an interim member to the Management Board of the Company because of the illness of Chief Financial Officer Michael Göbel, May 26, 2011.

On March 8, 2012 we received the news that Michael Göbel died after a long illness. Accordingly, it was our sad duty to appoint a successor. On March 14, the Supervisory Board of 3U HOLDING AG appointed Christoph Hellrung, the long-time chief financial officer of various Subsidiaries of the 3U Group, successor to the post of CFO. Also on the same day the former interim Board Member Andreas Odenbreit was confirmed by the Supervisory Board as another regular member of the Management Board with the departments legal and personnel.

Changes in Supervisory Board did not occur in 2011.

Audit of the 2011 annual and consolidated financial statements

BDO AG Wirtschaftsprüfungsgesellschaft, Essen, was chosen as auditor by the Annual General Meeting on May 26, 2011 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 2011 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 30, 2012. 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, 2011; 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, 2012

The Supervisory Board



Ralf Thoenes
Chairman

Corporate governance report

The German Corporate Governance Code has been applied 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.

3U HOLDING AG submitted the most current declaration of conformity required according to the German Stock Corporation Act on March 23, 2012. It can be viewed permanently on its website (www.3u.net) under the path "Investor Relations/Corporate Governance".

Deviations from the recommendations

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.

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.

Executive remuneration

The Supervisory Board has not stipulated a cap for compensation to be paid to Members of the Management Board (max. 2 years' salary) because the contracts have only a limited period of 3 years. Accordingly, the proposed limit of possible compensation claims of Board Members as intended with 4.2.3 is already inherently included in the employment contracts of the Board Members.

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 three 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.

Remuneration Report

Comments on the remuneration of the Management Board and the Supervisory Board can be found in the remuneration report, which is part of the Group Management Report, as well as part of this statement on corporate governance.

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The 3U share

Die 3U Aktie im Überblick

International Securities Identification Number (ISIN)	DE0005167902
Wertpapierkennnummer (WKN) [<i>Securities Identification Number</i>]	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
Registered share capital in EUR at December 31, 2011	EUR 39,237,786.00
Registered share capital in shares at December 31, 2011	39,237,786
Share price at year end 2011*	EUR 0.75
Share price high in period from January 1 to December 31, 2011*	EUR 0.98 (May 25 and May 26, 2011)
Share price low in period from January 1 to December 31, 2011*	EUR 0.56 (March 15, 2011)
Market capitalisation at December 31, 2011	EUR 29,428,339.50
Earnings per share (undiluted) at December 31, 2011	EUR 0.70

*On Xetra

The stock market in 2011 developed very differently in the two halves of the year. It started with news about growth rates, not seen in Germany for nearly 20 years. Even the slump in stock markets because of the dramatic events in Japan concerning the reactor accident in Fukushima was of short duration. There was confidence that the debt crisis was controllable and the stock prices rose. But in the summer, the picture changed rapidly as the debt crisis was the outstanding issue and share prices came under massive pressure.

The shares of 3U HOLDING AG opened the financial year 2011 with a starting price of EUR 0.68. From mid-January, the stock price began a rise that culminated in May in a temporary high of EUR 0.98 after the news about the sale of LambdaNet. Then the stock price took a sideways movement before the debt crisis of some European countries as well as the USA provided reason enough for additional pressure on the international equity markets. The share of 3U HOLDING AG could not free itself from the overall negative sentiment.

The benchmark Prime All Share Index fluctuated between a rise of 10 % and a decrease of 25 % and finished the year 2011 with a loss of roughly 15 %. Even more volatile, 3U shares performed significantly better in the same period. Influenced by the news regarding the sale of LambdaNet and the expansion in the area of renewable energies the shares gained 15 %. The share price increased almost by 18 % in 2011 taking into account the tax-free dividend of EUR 0.02 per share.

Share price

Share price performance of the 3U shares* from January 1, 2011 to December 31, 2011 vs. Prime All Share Index



*Daily closing price Xetra

Shareholders

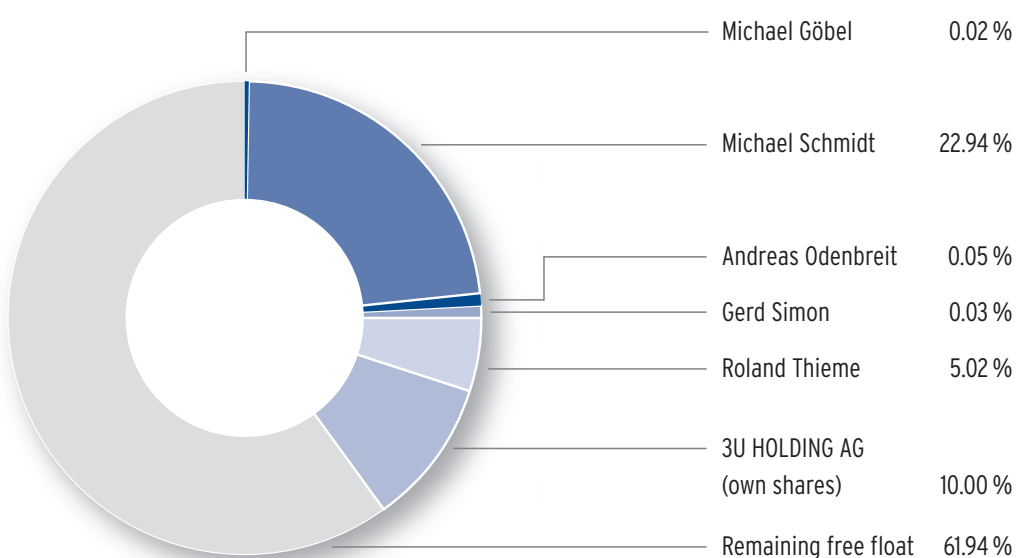
As of December 31, 2011, members of the governing bodies held the following shares with full voting and dividend rights:

Members of the Management Board		
Michael Schmidt	(Speaker of the Management Board)	8,999,995 shares
Michael Göbel		8,500 shares
Andreas Odenbreit		20,500 shares
Total Management Board		9,028,995 shares

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

Associated persons		
Roland Thieme	(Director of investments in the Telephony segment)	1,971,232 shares
Total associated persons		1,971,232 shares

Own shares of 3U HOLDING AG	
Number of own shares	3,923,770 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.

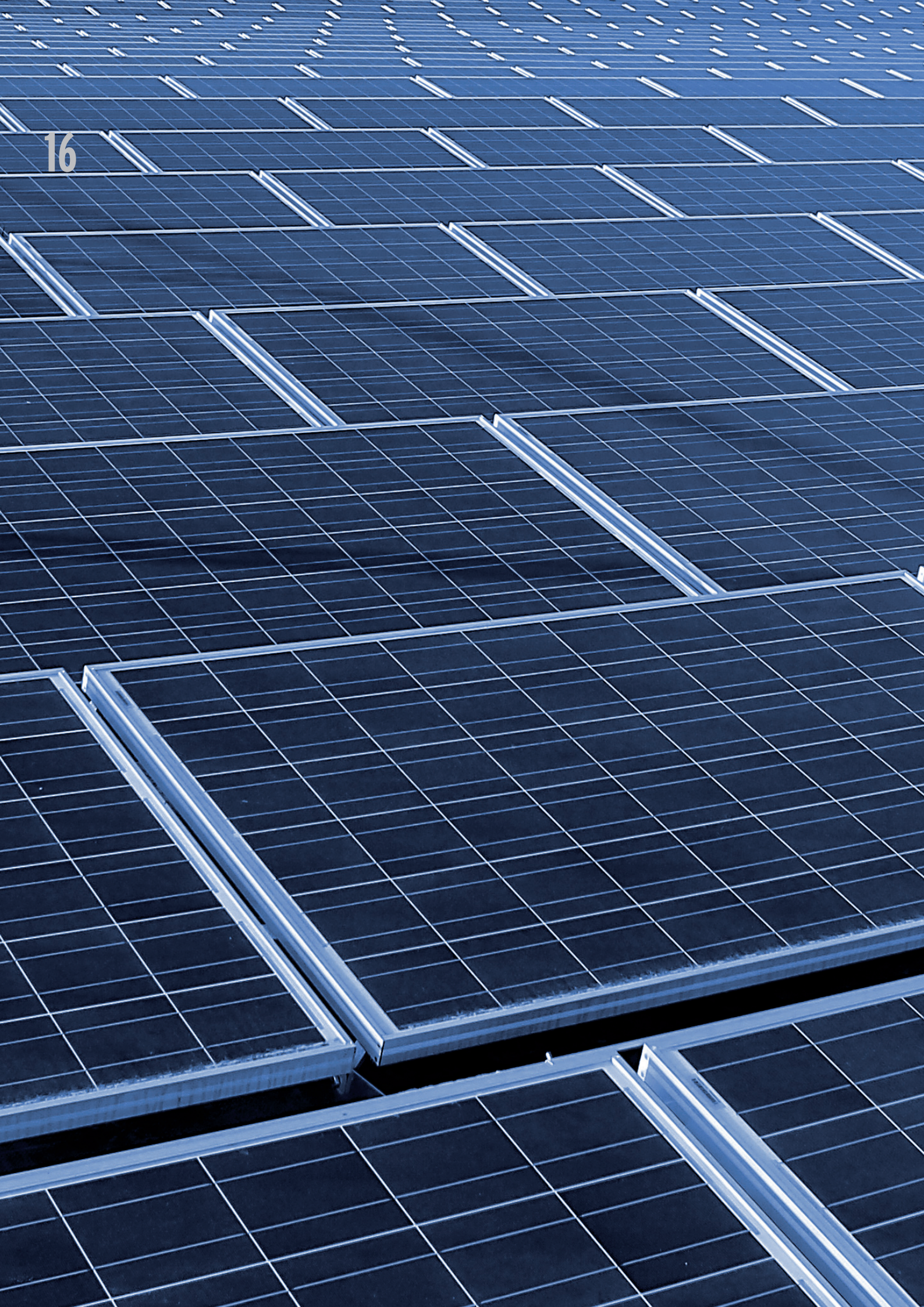
In the past financial year we have therefore given prompt information about our business performance, reported about the appeal of our share and presented our Company in individual discussions on countless events for institutional investors as well as for private individual shareholders. We keep an intense 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 is still scepticism regarding the future development of the Group and in particular the prospects for the segments Renewable Energy and Services.

The liquidity of the share continues to be well above average compared to its market capitalization. The average daily number of traded 3U shares in Frankfurt increased in 2011 compared to the previous year by 10 % to approximately 100,000 units, after trading in the same period of last year amounted to a daily average of approximately 90,000 3U shares.

To stabilize the shareholder structure, the Management Board of 3U HOLDING decided at the end of the second quarter, to use the authorization granted by the AGM of August 19, 2010 to repurchase up to 10 % of its own shares on the stock exchange in the period from July 1, 2011 to at the latest August 18, 2015. The share repurchase programme was started on July 1, 2011 and was completed on October 25, 2011 after a total of 3,923,770 million shares were purchased, equivalent to almost 10 % of the share capital of EUR 39,237,786.00. The share repurchase programme was executed by BankM, Repräsentanz der biw Bank für Investments und Wertpapiere, which made its decisions on the timing of individual purchases independently and uninfluenced by the 3U HOLDING AG. The average purchase price for the shares was EUR 0.84121, with a total spent on the repurchase of EUR 3,308,976.40. The shares are available as acquisition means in the context of corporate transactions for example.

How the repurchased shares will be used is still pending. Therefore, these shares can be used for all purposes mentioned in the resolution of the AGM.

After the pleasant business results in the year 2011 the Management Board and Supervisory Board are going to propose to pay a dividend of EUR 0.03 per no-par value share for the past financial year 2011. Shareholders will participate properly in the Company's success through dividends in the long-term.



Group Management Report

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18 General economic and industry-specific conditions

Developments in the overall business environments

After the economic recovery in 2010, the global economic expansion continued at first at the beginning of 2011. In the first half of the year the global price-adjusted gross domestic product increased according to the Federal Statistical Office (DeStatis) by 3.5 % compared to the same period of the previous year. This growth was mainly due to the positive development in the emerging Asian countries. From mid-2011 the economic outlook clouded as at the same time the United States controversially discussed extending the cap on public debt and the European Union struggled to find common positions on the aid package for Greece in the context of the European debt crisis and for the reform of the rescue fund in support of EU Member countries. The sharp rise in energy and commodity prices had also a negative impact. Against this background, the German economic research institutes predicted for the so-called advanced economies growth of 1.4 % for the full year 2011. For the world economy as a whole, the institutes expected an increase of the gross domestic product by 2.6 % in the same period, supported by continued growth in the emerging markets of Asia, Latin America and Central and Eastern Europe.

Germany was in a cyclical upswing until mid-2011, which was driven in particular by the strong expansion of foreign trade and a high propensity to invest. The private consumption demand, which had risen steadily since early 2010, was constrained in the second quarter of 2011, however, due to uncertainties related to the European debt crisis and a rise in inflationary pressures. For the second half of 2011, the fall survey of the German economic research institutes (ifo institute, IfW, IWH, RWI) predicted a reverse trend: While exports were to lose their dynamics because of the economic slowdown in major consumer countries, the consumer demand should benefit from higher net wages. Overall, the institutes expected due to the strong economic development at the beginning of the year 2011 an increase in real gross domestic product by 2.9 % for the full year.

Development of the telecommunications market

In 2011 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 DeStatis, the 2011 yearly average consumer price index for telecommunications services was 2.7 % lower than 2010.

Fixed-line telephone services/internet were 2.4 % cheaper in 2011 than in 2010. 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). Mobile phoning became cheaper by 3.5 % on average in 2011 compared to the previous year.

According to a study by the (German) Association of Telecommunications and Value-Added Services (VATM) and Dialog Consult regarding the telecommunications market in 2011, the telecommunications sector has shrunk for the sixth year in a row. Although sales with telecommunication services in Germany declined less than in previous years, once again a decrease of 0.8 % is recorded in 2011.

Of these sales of about EUR 60.3 billion (previous year: EUR 60.8 billion) EUR 32.6 billion (EUR -0.3 billion) are allotted to fixed-line telephony and to EUR 23.9 billion (EUR -0.3 billion) to 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 53 % in the market of fixed-line telephony, which decreased by 1.0 %, even though the former state-owned enterprise is expected to have made EUR 0.8 billion less sales in the sector of fixed-line telephony in 2011 than in the previous year. Deutsche Telekom, for example, saw a drop in the sales of full-service packages by approximately 1.4 million in 2011 – a similar decrease as in the previous year (-1.5 million). The competitors lost 0.2 million classic connections but gained an additional 0.6 million connections with TV broadband cable and 0.9 million connections with unbundled DSL (VoIP).

After the investments of the telecom sector in tangible assets decreased a little in 2010, they increased again to EUR 6.1 billion (2010: EUR 6.0 billion) in 2011. Competitors of Deutsche Telekom again carried more than half of the total investments of EUR 3.6 billion with 59 % and therefore are still the drivers of innovation. Alternative providers have invested almost EUR 51.9 billion since the market liberalisation began.

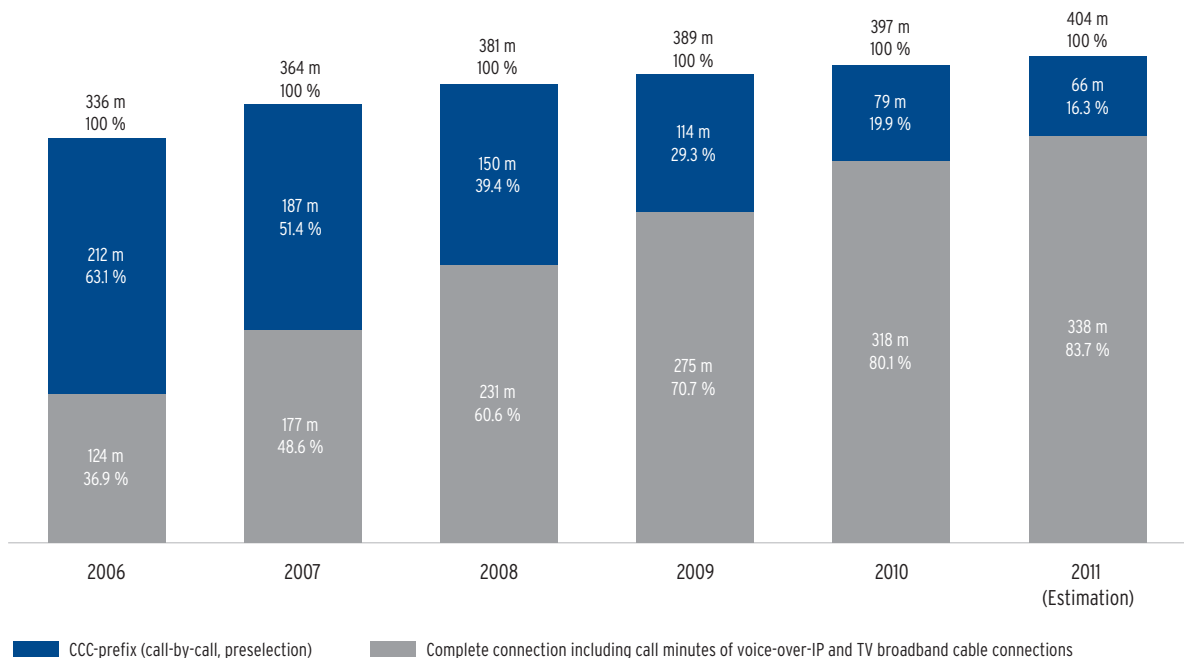
After the decline in the past years, VATM expects that in 2012 the sales in the whole market will continue to shrink, but not more than by one percent.

Development of the fixed-line telephony market in Germany

Each year the customers of the competitors are phoning more and more. While in 2010 the fixed-line telephony minutes were at 397 million voice minutes daily, in 2011 they are at 404 million voice minutes daily. The share of Call-by-Call and Preselection

declined in 2011 because of increased use of flat rates – but still Preselection and selection of providers comprise of a sixth of all competitor minutes, which still is almost 66 million minutes daily. According to VATM many clients of Deutsche Telekom will continue to use the alternative providers.

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-analysis und forecasts

Development of the services market

The range of the product portfolio in the services area of 3U 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 "Global Tech Market Outlook For 2012 And 2013" that the market for IT goods and services in the years 2012 and 2013 will experience two changes. The first, a slowdown in IT spending, will arise due to the finan-

cial market problems in Europe and the United States. Secondly, there will be a switch in spending and investment, away from old technologies such as servers, PCs, routers, software and ERP to new developments, such as mobile devices, Software-as-a-Service based apps for collaboration and analytics software. The growth of the industry presumably amounts to five percent in 2012 and eight percent in 2013.

Cloud and Smart Computing will add to the growth of the software market. Also, Software-as-a-Service (SaaS) in particular in the areas of personnel, supplier or performance management will play a much larger role than before.

Development of the future market of renewable energy

Securing a reliable economical and environment-friendly energy supply is 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 35 % 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). Especially in Germany, the importance of renewable energies is growing as an economic factor. This manifests itself not only in increasing investments in plants and manufacturing capacities, but also in a sustained increase in employment in this area. However, the industry is developing anything but homogeneous. The biggest problems have the PV module manufacturers, not only in Germany but worldwide. They suffer from huge over-capacities, resulting from enormous investments in production facilities, especially in China and from the drop in demand from Mediterranean countries, which have cut their funding for their development schemes in the wake of the debt crisis in the shortest possible time. German companies which were world leaders just a few quarters ago are struggling for survival today. Manufacturer of wind energy and biomass plants face similar problems.

Quite the opposite holds true for project companies realizing renewable energy projects. If suitable locations can be identified for a site and funding is secured, many renewable energy projects are today more lucrative than ever before. This was impressively documented in December 2011: In Germany alone PV systems were installed with a generating capacity of more than 3,000 MWp. This is much more than the federal government had anticipated. To reach the goal to get within a corridor of 2,500-3,500 megawatt installation capacity per year (2012 and 2013), solar subsidies will be reduced significantly faster and more than it was planned in the EEG in 2011, according to the EEG 2012, which is in the legislative process at the time.

The renewable energy sources were able to increase significantly their contribution to Germany's energy supply in 2011. This is confirmed by first preliminary estimates of the Working Group on Renewable Energies Statistics (AGEE-Stat) which was performed for the Federal Environment Ministry. Especially in power generation renewable energy jumped and accounts for around 20 % of electricity consumption – last year it was only about 17 %. Based on a share of 6.4 % of total electricity consumption in 2000, its share has tripled since then.

In terms of total energy consumption by end consumers (electricity, heat and mobility) renewable energies were able to further increase their significance: from 11.3 % in 2010 to around 12 % now – roughly three times as much as they did ten years ago.

The expansion of renewable energies in Germany continues to have considerable growth and employment effects. This is shown by a multi-year study, carried out by a team of renowned research institutes under the auspices of the Institute of Economic Structures Research (Gesellschaft für Wirtschaftliche Strukturforschung (GWS)) 2008-2011 for the Federal Environment Ministry (Bundesumweltministerium – BMU). Thus the whole contribution of renewable energies to employment rose in Germany to around 367,000 persons in 2010. This is considerably more than double the figure for 2004 (approx. 160,000 jobs).

Development of the financial market

The stock market in 2011 seemed to continue the positive performance of the years 2009 and 2010, before the natural disaster in Japan with the subsequent meltdown in the Fukushima nuclear power plant led to a sharp decline in the indices. The stock markets, however, experienced support of good corporate earnings and high liquidity in the market until the markets were increasingly unsettled by the worsening debt crisis. While investors parted with debt of some peripheral countries of the Euro zone as fast as possible which led to a sharp rise of interest rates in the affected countries, Germany benefited from this exodus by historically low interest rates.

Against this background, it is not surprising that capital markets experienced high volatility and were influenced by the reports of the debt / Euro crisis and the judgments of rating agencies.

3U HOLDING AG was not affected by the negative impacts of the financial crisis, because it has invested its cash only in fixed interest short-term investments. At the same time the very low interest rates lead to low current interest income.

While companies with lower credit ratings have considerable difficulty in obtaining financing from banks, this is less true for companies with a comfortable capital and liquidity position like 3U HOLDING AG. It is therefore planned to use debt as well for future investments in existing business fields as well as in new ones.

Report on business development

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The key events of fiscal 2011 at a glance

Telephony

Incorporation of Younip Telecom GmbH

Younip Telecom GmbH was incorporated on February 10, 2011. The company is a telecommunications service provider with its own network infrastructure. As a service provider Younip Telecom offers a complete range of network-based telecommunication services. Innovative products are offered in the area of VoIP based on a modern, high-performance network infrastructure.

Incorporation of Triast GmbH

Triast GmbH was incorporated as a new telecommunications provider for global interconnection with other networks for the exchange of international voice and data traffic on February 10, 2011 as well. Services are based on VoIP, IP services and traditional TDM services.

Broadband/IP

Sale of LambdaNet

On May 19, 2011 3U HOLDING AG announced the sale of its Subsidiary LambdaNet Communications Deutschland AG, including the Austrian and Czech subsidiaries to euNetworks GmbH, a subsidiary of euNetworks Group Limited. The transaction was completed on May 31, 2011. Within the framework of this agreement 3U obtained liquid funds in the amount of EUR 27.4 million, which consist of the sale price, a subsequent purchase price adjustment and a first instalment on the loan liability LambdaNet owes 3U HOLDING AG. It was also agreed that the remaining loan liability of EUR 7.8 million plus interest will be repaid over the next five years. The second instalment on the loan is due April 30, 2012.

From the deconsolidation of the activities in the segment Broadband/IP results a one-time contribution of around EUR 27 million. On the other side the 3U Group loses significant future revenues and earnings contribution.

The segment Broadband/IP accounted for sales of EUR 34.98 million and an EBITDA of EUR 9.67 million in fiscal 2010 and for fiscal year 2011 sales of EUR 37.07 million and an EBITDA of EUR 10.14 million was planned. In the first five months of fiscal year 2011, the segment Broadband/IP had sales of EUR 13.95 million and an EBITDA of EUR 30.94 million (including one-time contribution).

Services

3U invests in Cloud computing

Cloud computing is indisputably one of the mega trends in the IT world. More and more companies discontinue operating a portion of their IT infrastructure on their own and preferring to use the services of one or more providers instead. The Group's Subsidiary SEGAL Systems GmbH engaged at a very early stage with the topic of cloud computing and continuously expanded its human resources. Since November 8, 2011, the 3U Group has its own products listed on the Business Apps Portal of 1&1 Internet AG. In addition, these business apps are marketed through its own website www.weclapp.com as well.

Renewable Energies

New business field: Photovoltaic modules trading

3U signed a framework contract for the purchase of photovoltaic (PV) modules with Canadian Solar Inc., one of the world's largest and most renowned solar module producer in March 2011. This framework contract included the procurement volume for PV modules with a capacity of 25 megawatt peak (MWp). Parallel, a framework contract to purchase PV modules was signed with a trading and project company from Berlin. Since the company was in arrears with the payment and collection of PV modules in the amount of approximately EUR 6.4 million at the end of the year, 3U rescinded the sales contract regarding the sale of this subset.

3U invests in solar project

In the fourth quarter, 3U announced that it is expanding in the area of project development and is building its first solar park. The solar park developed in Adelebsen, Lower Saxony, will be realized on an approximately 26 hectares large, former industrial area and will have a capacity of slightly more than 10 MWp. 27,000 square meters of rentable floor space was also purchased with the property.

The total investment volume for the site Adelebsen will amount to more than EUR 20 million. The financing of this project is carried out short term with own funds; in the medium term debt financing of around 80 % is sought.

The construction on the roof areas was commenced in November 2011 and the technical installation was completed in time by the end of the year. With this technical installation of the 1.1 MWp roof-mounted PV system 3U secures the feed-in tariff according to the EEG 2011 (German Renewable Energies law of 2011). The assembly of photovoltaic modules on the open space was started in the first quarter of 2012 and should be completed by the end of the first half of 2012.

Two Joint Ventures in China

Two joint ventures in China were established with Chinese partners in 2011. The business purpose of these companies is the development, production and sale of solar collectors and solar storage tanks as well as research, development and sales of other products in the field of renewable energies for the European as well as the Chinese market.

Incorporation of 3U SOLAR Service GmbH

3U responded to the growing demand for installation and technical services in the area of renewable energies for intra-group projects as well as for customers of 3U SOLAR Systemhandel AG and Selfio GmbH by incorporating its own service company in the fourth quarter of 2011.

Others

Two share buyback programmes have been carried out during the reporting period:

Share buyback programme 1 and cancellation of shares

With the consent of the Supervisory Board the Management Board of 3U HOLDING AG had decided on the basis of the authorisation granted by the annual general meeting of August 28, 2009 to repurchase up to 10 % of its own shares on the stock exchange. The share buyback programme started on July 19, 2010 and was completed on January 21, 2011. As at January 21, 2011 3,117,500 shares at an average price of EUR 0.7338 were repurchased.

The Management Board of 3U HOLDING AG decided on the basis of the authorisation granted by the annual general meeting of August 28, 2009 to cancel the 3,117,500 shares obtained in the scope of the share buyback programme and the 1,242,240 shares obtained as part of a mutual agreement, together 4,359,740 shares. The implementation of the capital reduction was entered in the Trade Register on June 24, 2011. Since then the nominal share capital comprises of 39,237,786 of no-par value shares with a nominal value of EUR 1.00 per share.

Share buyback programme 2:

At the end of the second quarter, the Management Board of 3U HOLDING AG decided to use the authorisation granted by the AGM of August 19, 2010 to repurchase up to 10 % of its own shares on the stock exchange in the period from July 1, 2011 to at the latest August 18, 2015 to stabilize the shareholder structure and to have the option to pay with own shares in the scope of a transaction. The share repurchase programme was started on July 1, 2011 and was completed on October 25, 2011 after a total of 3,923,770 million shares were purchased, equivalent to almost 10 % of the share capital of EUR 39,237,786.00. The share repurchase programme was executed by BankM, Repräsentanz der biw Bank für Investments und Wertpapiere, which made its decisions on the timing of individual purchases independently and uninfluenced by the 3U HOLDING AG. The average purchase price for the shares was EUR 0.84121, with a total spent on the repurchase of EUR 3,308,976.40. The shares can be used by the Company, for example, as acquisition means in the context of corporate transactions.

The use of the repurchased shares is still pending. Therefore, these shares can be used for all purposes granted in the resolution of the shareholders' meeting.

Earnings

Group sales declined significantly from EUR 82.40 million by EUR 5.13 million to EUR 77.27 million compared to the previous year. In particular the sales shortfall in the discontinued segment Broadband/IP is responsible for this since it accounted for sales of EUR 17.12 million in the second half of 2010. At the same time, sales in the continued operations increased significantly by 33.5 % from EUR 47.42 million to EUR 63.32 million in the business year 2011 compared with the corresponding period last year. Strong sales growth in the segment Renewable Energies more than compensated the decline in sales in the segment Telephony.

The result of financial year 2011 is determined primarily by the sale of LambdaNet. On May 19, 2011 3U HOLDING AG announced that it sold its Subsidiary LambdaNet including the Austrian and Czech subsidiaries to euNetworks GmbH, a subsidiary of euNetworks Group Limited. The transaction was completed on May 31, 2011. From the sale of LambdaNet results a one-time earnings contribution of around EUR 27.43 million.

A straining effect on earnings, especially in the second half of the year, had the very difficult situation in the photovoltaic market. The segment Renewable Energies not only had to face the challenges posed by the extremely high volatility of module prices and the huge price declines, but was burdened by the insolvency notification of a major trading partner in the fourth quarter. This meant that PV modules had to be partially sold well below wholesale prices, which resulted in a corresponding charge against earnings.

Corresponding claims for compensation against our contracting party in the amount of EUR 2.2 million had to be written off completely, because of his inability to pay.

In line with the reduced number of employees, staff costs declined by around 9 %. Nevertheless, a significant shift was recorded within the segments. While the segment Telephony reduced personnel costs by about 39 %, the sharp rise in the number of employees in the future areas of IT (services) and especially Renewable Energies led to increases of 42.3 % resp. 194.7 %. Staff costs within the Holding rose by 18 % (with an increase in headcount of 36.4 % on annual average).

EBITDA has improved significantly in 2011, especially through the special item of the sale of LambdaNet and was EUR 28.47 million (previous year: EUR 6.42 million). The sum of the depreciation was reduced by more than EUR 3.85 million due to the non-continuation of the area Broadband/IP. The financial result improved by approximately TEUR 861; not least because of the cash 3U accrued in the scope of the LambdaNet transaction.

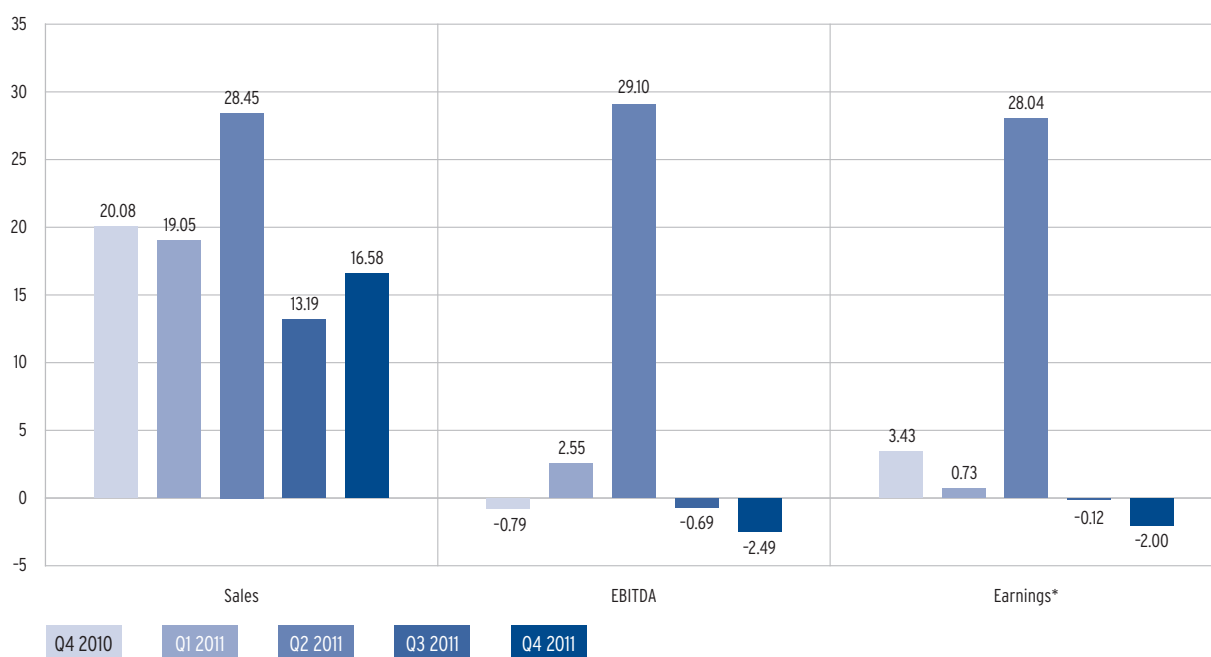
While the good business situation of LambdaNet in 2010 led to deferred tax loss carry forward in the amount of EUR 7.2 million, the Group's tax charge was at TEUR -780 in 2011. This results with TEUR 443 from current income taxes and with TEUR 337 from deferred taxes.

As a result, earnings in 2011 came in at EUR 26.64 million and were about EUR 20 million higher than earnings for the business year 2010 (EUR 5.83 million).

In accordance with internal reporting, 3U Group covers the segments Telephony, Services, Renewable Energies and Holding/Consolidation within its segment reporting. Because of the sale of all activities in the area Broadband/IP, this segment is separately reported under discontinued operations in the profit and loss statement.

Following, the different segments are reported including the sales between segments. 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



*After share of non-controlling shareholders

Continued activities

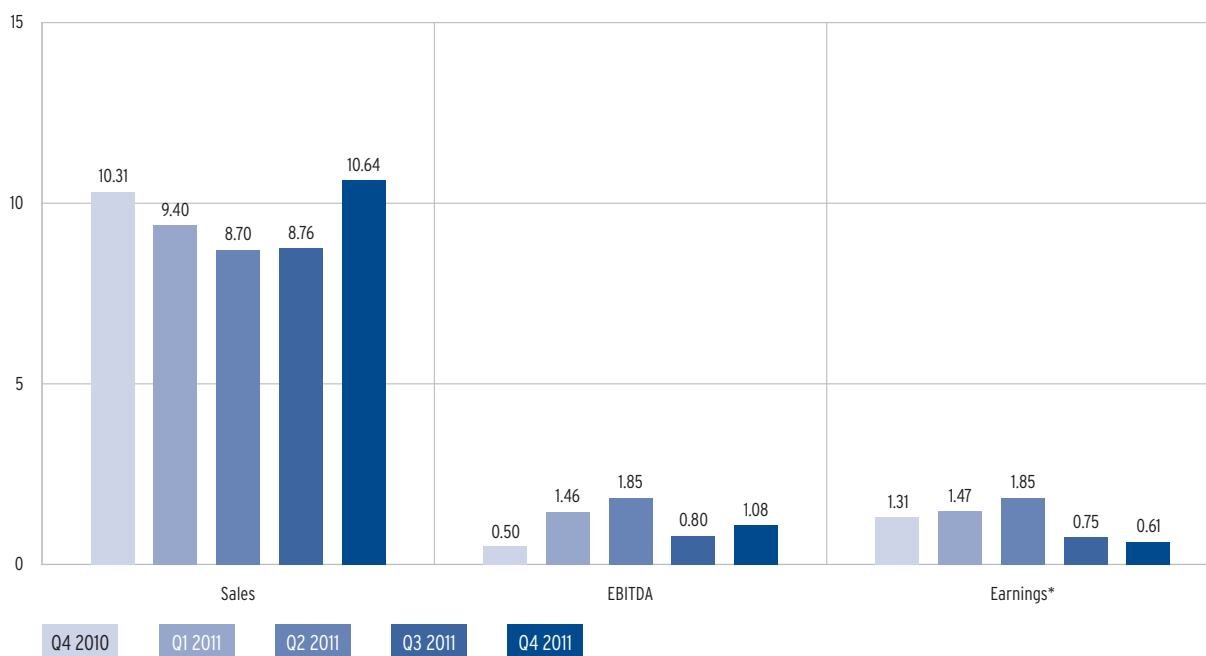
Segment Telephony

Against the backdrop of a very intense competitive environment and according further decline in sales the segment Telephony remains very profitable. Despite the decline in sales the earnings level was stabilized in 2011. A series of measures are responsible for this: Synergies were lifted in 2011 through the centralization of the functional areas of sales and accounting which led to a reduction in staff costs. Still, the decline in sales reflects the declining importance of this segment for the Group and the continuous change in the Group.

Sales in the segment Telephony decreased in the reporting period compared to the same period in 2010 from EUR 44.37 million to EUR 37.50 million; however, a slight increase in sales was recorded since the second quarter 2011. The market continues to be very difficult, due to the highly competitive conditions and the continuously shrinking of the open call-by-call market.

Due to the consistent focus on margin using the continuous refinement of the tariff management system EBITDA was increased from EUR 3.68 by EUR 1.51 million to EUR 5.19 million. The margin improvement was offset by lower financial income (EUR -0.24 million) and higher tax expenses (EUR -1.26 million). Earnings increased by EUR 0.01 million from EUR 4.67 million to EUR 4.68 million.

Development (sales, EBITDA, earnings) – segment Telephony in EUR million



*Segment income before profit transfer

Segment Services

The segment Services 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 reported sales in this segment of EUR 4.34 million (previous year: EUR 3.36 million) in 2011 were generated predominantly within the Group. Primarily the IT staff was reinforced to push the subject of cloud computing in 2011.

Cloud computing enables the realization of cost advantages over conventional systems, especially if, for example, the payment depends on the duration of use of the service and the service is used only occasionally. This can save a considerable amount of local resources. Increasingly, these resources efficiency is brought in connection with the sustainable use of ICT systems.

Despite the increase in sales EBITDA was at EUR -0.32 million (previous year: EUR -0.20 million). Particularly higher staff expenses (EUR 0.86 million) and higher other operating expenses (EUR 0.31 million) have contributed to this. Earnings were negative with EUR -0.37 million (previous year: EUR -0.23 million) as well. This results primarily from the non-capitalized development costs in the IT sectors in the amount of EUR 1.36 million (previous year: EUR 1.41 million), which are necessary to develop products to marketability. In the areas of sales and management consulting slightly positive results were achieved.

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



*After share of non-controlling shareholders

Segment Renewable Energies

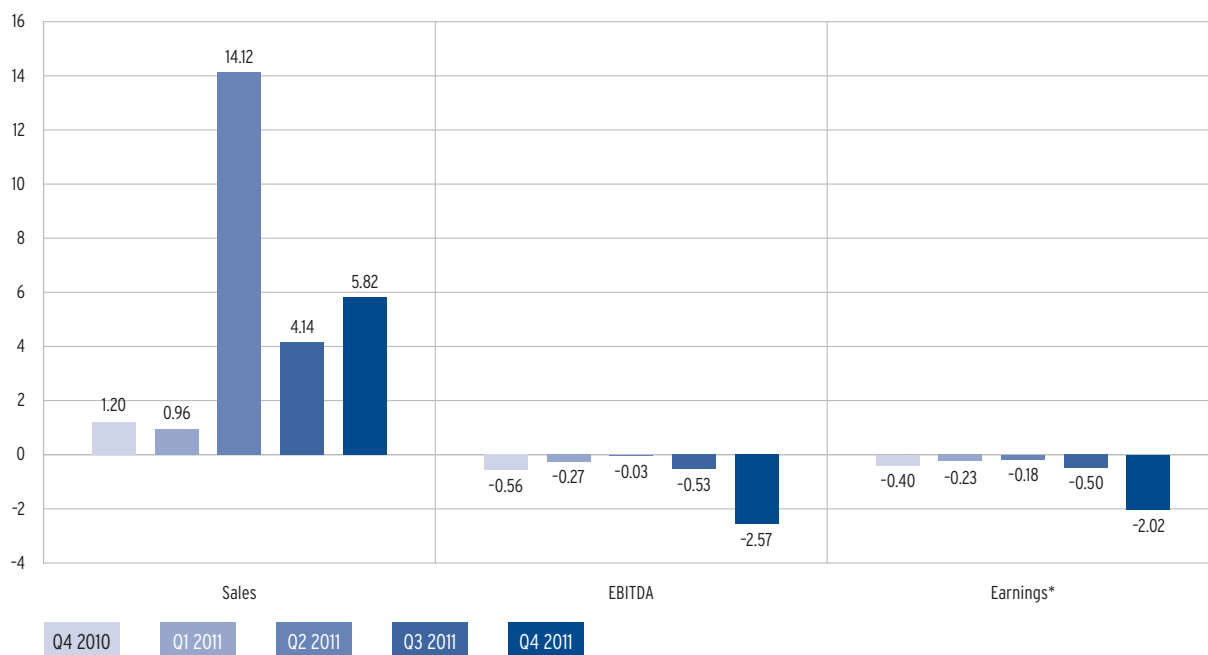
The segment Renewable Energies comprises almost all activities of 3U in the sector of Renewable Energies, except for the SPP (Solar Power Plant) project and other internal planning services. The trade with solar system technology thereby consists of thermal solar plants for solar heat generation, regulation, heat storage and heat distribution as well as photovoltaic systems. The service portfolio ranges from system solutions for single-family homes up to very large solar 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 expansion of its product portfolio to include photovoltaic offers amongst others led to a significant increase in sales in the segment Renewable Energies. In March 2011, 3U signed a framework contract which provided for the sale of PV modules with a value of up to EUR 18.5 million in the year 2011 with a trading and project company from Berlin. In the quarterly report III/2011 it had already been pointed out that because of the turmoil that occurred in the PV module market, this company would probably not be able to fulfil its contractual obligations in full. Since the company was in default with the payment and collection of PV modules in the amount of approximately EUR 6.4 million at the end of the year, 3U rescinded the sales contract regarding the sale of this subset. In this context, additional expenses were incurred, as the modules had to be partly sold below cost price. The contractual obligation to refund the difference will likely not be met, since the company has declared bankruptcy in the meantime. Therefore, accounts receivables had to be written off in full.

3U not only had to face the challenges posed by the bankruptcy of this important trading partner but was burdened as well by the extremely high volatility of the module prices accompanied by price declines. Both had the consequence that PV modules had to be partially sold well below cost price, which resulted in a corresponding charge against earnings.

Accordingly, the segment Renewable Energies reported a significant increase of sales with EUR 25.04 million (previous year: EUR 2.72 million) in 2011 but due to the circumstances described and the significantly increased staff expenses by EUR 1.08 million, the segment achieved an EBITDA of EUR -3.40 million (previous year: EUR -0.97 million). In addition to higher depreciation by EUR 0.1 million the result was burdened by a EUR 0.4 million lower financial result, so that a loss of EUR -2.93 million was achieved (previous year EUR -0.76 million).

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



* After share of non-controlling shareholders

Holding/Consolidation

The Holding activities including the research and development procedures concerning the planned solar power plant as well as the necessary Group consolidating are pooled in Holding/Consolidation. The consolidation adjustments related to the discontinued activities have been assigned to the discontinued activities differentiating from the segment reporting.

Substantial staff resources have been set up in a competence team for the implementation of the SPP-project and other internal planning services. Those will mostly pay off in the medium-term, when this expertise will be applied to SPPs as well as other renewable energy-projects, which are marketed to third parties. Since it is not planned that the Holding itself will be operating in the field of renewable energy, these resources will become units in the segment Renewable Energies at that time.

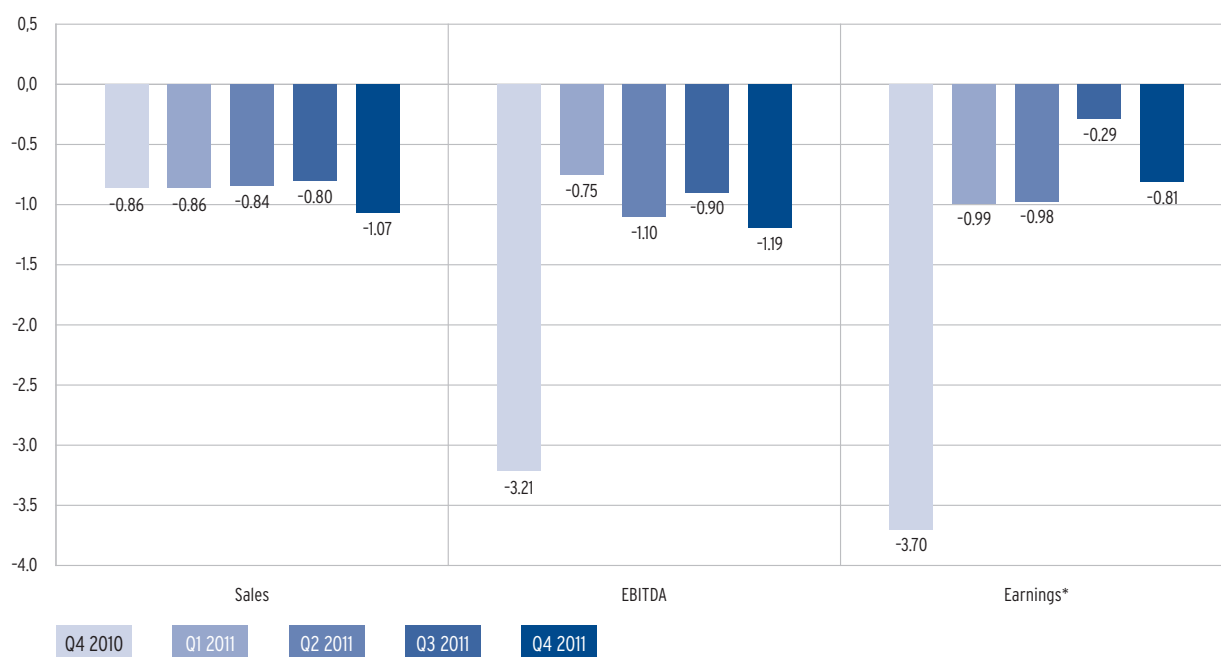
Holding/Consolidation reported sales of EUR -3.57million (previous year: EUR -3.02 million) in the reported period. These comprise of the sales of the Holding in the amount of EUR 0.07 million (previous year: EUR 0.02 million) and the sales consolidations in the amount of EUR -3.65 million (previous year: EUR -3.05 million). These sales consolidations result mainly from the consolidation of the sales between the segments as well as from the consolidation of services within the Group.

EBITDA amounts to EUR -3.94 million (previous year: EUR -5.76 million) and is substantially shaped by staff costs in the amount of EUR -2.81 million (previous year: EUR -2.26 million) and other operating income in the amount of EUR 2.53 million (previous year:

EUR 0.95 million). Concerning personnel costs it has to be considered that employees from the finance sector as well as from the Competence Centre Renewable Energies are assigned to the parent Company. The largest percentage within other operating income/expenses refers to legal and consulting costs with EUR 1.02 million (previous year: EUR 0.80 million), to the intercompany calculating of salaries at EUR 0.35 million (previous year: EUR 0.20 million) and the remuneration for the Supervisory Board at EUR 0.15 million (previous year: EUR 0.17 million).

With EUR -3.07 million the result is still negative, but has improved by EUR 1.70 million from the previous year (EUR -4.77 million). Based on EBITDA less depreciation and a better financial result contributed to a positive effect on earnings, but higher tax expenses (previous year: tax earnings) used up almost all of it.

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



*Group earnings Holding/Consolidation before profit transfer

Discontinued activities

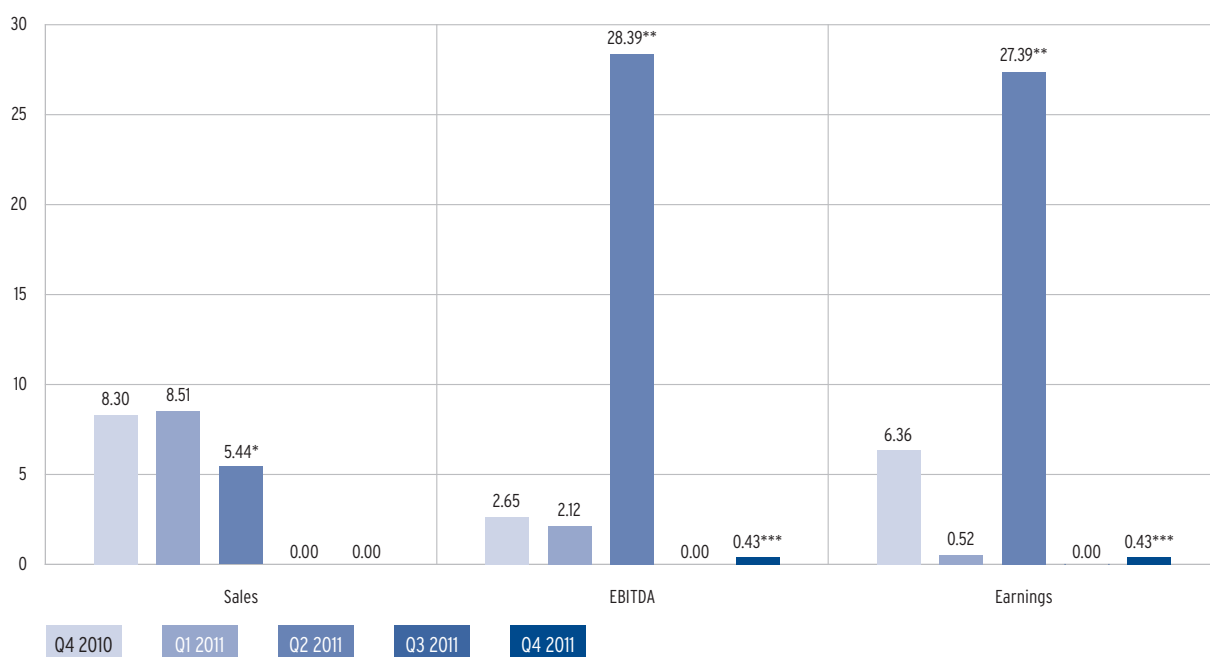
Segment Broadband/IP

The segment Broadband/IP was represented by LambdaNet Communications Deutschland AG and its subsidiaries as well as Exacor GmbH. After the sale of LambdaNet as of May 31, 2011, this segment is now reported as discontinued activities. Earnings due to the deconsolidation are assigned to the segment Broadband/IP and therefore reported under discontinued activities. The consolidation adjustments related to the discontinued activities have been assigned to the discontinued activities differentiating from the reporting.

In addition, the comparability to the published numbers in the past quarters is complicated by the fact that sales and earnings figures for the second quarter 2011 only for the months of April and May 2011 are incorporated in the consolidated financial statements.

The segment Broadband/IP generated sales of EUR 13.95 million in the first five months of fiscal 2011. Sales were therefore EUR 21,03 million lower than in 2010 (Full year 2010: EUR 34.98 million). EBITDA, at EUR 30.94 million was EUR 21.27 million higher than in the whole previous year 2010. This is mainly due to the deconsolidation of LambdaNet after the sale. Without the consolidation effect EBITDA was at EUR 3.57 million for the first five months of 2011 (whole year 2010: EUR 9.67 million). Earnings at EUR 28.34 million were also due to the sale much higher than in the first six months of 2010, when earnings of EUR 6.93 million were reported. Without the deconsolidation effect the segment reports earnings of EUR 1.27 million for the period January to May 2011.

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



*Period: April 1-May 31, 2011

**Period: April 1-May 31, 2011 + income from deconsolidation

***Subsequent purchase price adjustment LambdaNet

Assets and financial position

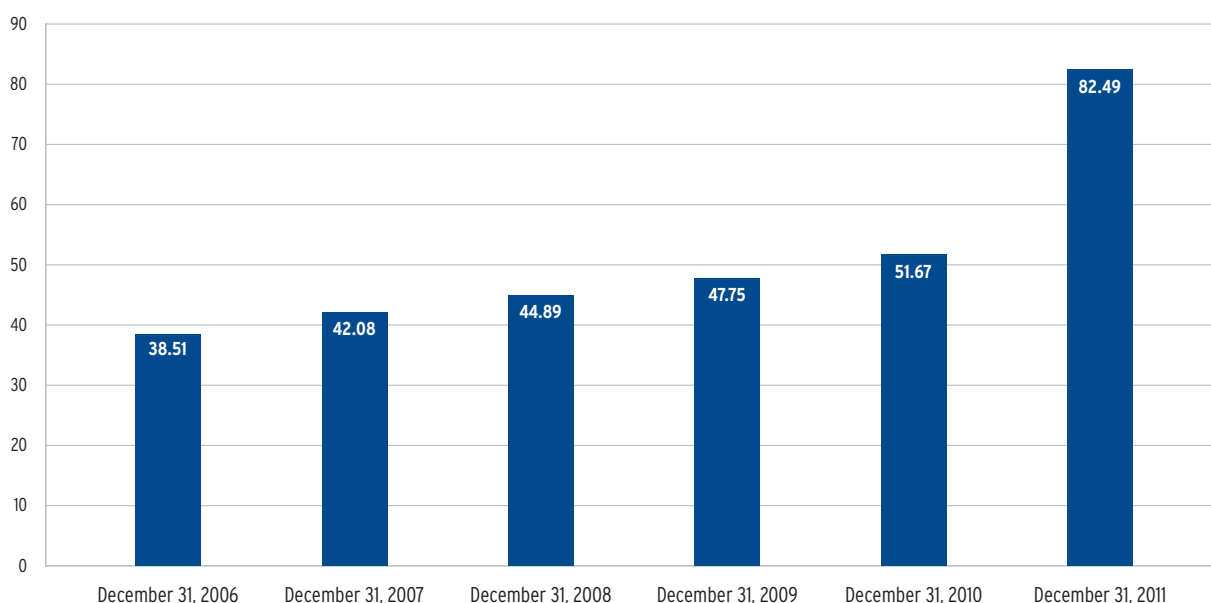
The financial position of 3U HOLDING AG changed significantly through the sale of LambdaNet in the second quarter of 2011. 3U accrued liquid funds in the scope of the sale of activities in the Broadband/IP area in the amount of EUR 27.43 million (EUR 25.00 million sales price, EUR 0.43 million purchase price adjustment and pay back of EUR 2.0 million of the liabilities LambdaNet owes 3U) in the second resp. fourth quarter 2011. The remainder of the existing loan liability amounting to EUR 7.8 million plus interest is repaid over the next five years.

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

As at December 31, 2011 cash and cash equivalents increased by EUR 4.23 million to EUR 33.37 million (December 31, 2010: EUR 29.14 million).

After the liquid assets had increased due to the sale of LambdaNet very strong at June 30, 2011, a part of these funds was spent among others for the financing of PV activities of the Group and for the repurchase of 3.92 million shares. In addition, the investments – especially in the new corporate headquarters and the establishment of new businesses – contributed to the following decline in liquid funds. 3U HOLDING AG continues to post a very solid equity ratio. While it has improved on a continual basis since the year 2005, it jumped by 30 percentage points after the sale of LambdaNet. As at December 31, 2011 the equity ratio was at 82.49 % compared to 51.67 % at December 31, 2010. This represents an increase of the equity ratio by 30.82 percentage points.

Development in the equity ratio (in %)



Overview balance sheet items	December 31, 2011		December 31, 2010	
	TEUR	%	TEUR	%
Fixed assets	26,121	34.6	25,420	32.6
Deferred taxes	352	0.5	5,621	7.2
Other non-current assets	0	0.0	98	0.1
Advances to suppliers – long-term	562	0.7	667	0.9
Non-current assets	27,035	35.8	31,806	40.8
Working capital	48,350	64.1	44,562	57.1
Advances to suppliers – short-term	94	0.1	1,631	2.1
Current assets	48,444	64.2	46,193	59.2
Assets	75,479	100.0	77,999	100.0
Equity attributable to the shareholders of 3U HOLDING AG	63,091	83.6	40,527	52.0
Interests of non-controlling shareholders	-826	-1.1	-222	-0.3
Long-term provisions and liabilities	2,302	3.0	16,524	21.2
Long-term liabilities	64,567	85.5	56,829	72.9
Current provisions and liabilities	10,912	14.5	21,170	27.1
Short-term liabilities	10,912	14.5	21,170	27.1
Liabilities	75,479	100.0	77,999	100.0

The balance sheet total as at December 31, 2011 amounted to EUR 75.48 million (December 31, 2010: EUR 78.00 million) and decreased therefore by EUR 2.52 compared to the previous year. The reasons for the changes compared to December 31, 2010 relate primarily to the discontinuance of activities in the Broadband/IP area. At May 31, 2011 assets of EUR 28.60 million (December 31, 2010: EUR 30.21 million) and debts amounting to EUR 30.58 million (December 31, 2010: EUR 34.13 million) are eliminated through the sale of these operations. In addition a deconsolidation result of EUR 27.37 million was achieved, which is reflected in the Group's equity and essentially improves the capital position of shareholders of 3U HOLDING AG from EUR 40.53 million to EUR 63.09 million.

Fixed assets amounting to EUR 26.12 million include in addition to the intangible assets (EUR 0.82 million) and fixed assets (EUR 16.17 million) from continued operations financial assets amounting to EUR 9.13 million. These financial assets consist of EUR 7.8 million from a loan to the former subsidiary LambdaNet, which is to be repaid annually in instalments.

In addition, within the long-term assets, deferred taxes (on losses) decreased notably by EUR 5.27 million through the sale of the business area Broadband/IP.

3U accrued liquid funds in the scope of the sale of activities in the Broadband/IP area in the amount of EUR 27.43 million (EUR 25.00 million sale price, EUR 0.43 million purchase price adjustment and pay back of EUR 2.0 million of the liabilities LambdaNet owes 3U) in the second resp. fourth quarter 2011. Current assets of EUR 48.44 million (as at December 31, 2011) are made up of EUR 33.37 million in cash, accounts receivable of EUR 9.29 and EUR 2.38 million in inventories.

On the liabilities side changes in equity occurred due to the discontinued activities in the Broadband/IP area as well as substantial reductions in accruals and liabilities related primarily to leasing obligations and dilapidation reserves which were associated with the discontinued activities as well.

On May 30, 2011 the Management Board of 3U HOLDING AG decided on the basis of the authorisation granted by the annual general meeting of August 28, 2009 to cancel the 4,359,740 bought back shares and to reduce the capital equity accordingly. Since treasury shares amounting to TEUR 4,142 were already deducted from the capital as at December 31, 2010, this had little effect. The 3,923,770 shares obtained under the scope of the share repurchase programme, which started on July 1, 2011 and was completed on October 25, 2011, are still owned by 3U and are also deducted from equity.

Operating cash flow was EUR -2.96 million (previous year: EUR 3.52 million) in 2011. The main reason for this is in addition to the reduction of debt (current liabilities, accounts receivable) is the disposal of fixed assets of LambdaNet.

The high level of cash flows from investing activities at EUR 12.59 million (previous year: EUR -4.80 million) is related to the sale of the LambdaNet.

The negative cash flow at EUR -5.40 million (previous year: EUR -2.95 million) from financing activities is mainly due to the share buyback and the dividend payment. A very attractive long-term credit to finance the property of the 3U campus was included in the previous year.

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

Cash flow statement (in TEUR)	Dec 31, 2011	Dec 31, 2010
Cash flow	4,230	-4,230
Cash flows from operating activities	-2,961	3,522
Cash flows from investing activities	12,588	-4,798
Cash flows from financing activities	-5,397	-2,954
Exchange rate changes	0	-3
Consolidation-related change	0	86
Changes in cash and cash equivalents	4,230	-4,147
Cash and cash equivalents at beginning of period*	29,142	33,289
Cash and cash equivalents at end of period*	33,372	29,142

*Incl. fixed deposits as collateral in the amount of EUR 1.5 million

Statement concerning the financial situation

The Management Board views the financial situation of the Company at the time of drawing up of this report as positive overall. The targets in the segments Telephony and Services as laid out in the forecast from the beginning of the year were essentially reached, while the segment Renewable Energies did not meet the communicated sales targets.

There were some significant deviations from the originally planned earnings figures. While EBITDA and earnings in the segment Telephony surprised on the upside, the results in the segment Services were somewhat lower than planned. The key figures in the segment Renewable Energies are characterized by the extremely difficult conditions in the photovoltaic market. To make matters worse, there was the insolvency of a major contract partner. Overall, the achieved EBITDA and earnings in the segment Renewable Energies are disappointing.

The sales and profit targets in the discontinued segment Broadband/IP had been achieved by and large until its sale in May 2011.

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

Investments/Divestments

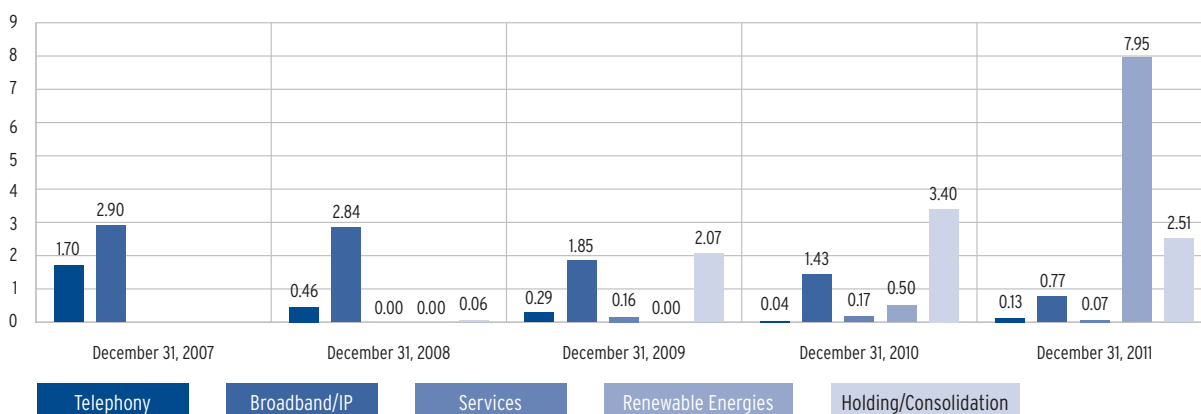
Investments of EUR 11.44 million (previous year: EUR 5.54 million) were made within the Group during the 2011 reporting year.

EUR 0.13 million were invested in the segment Telephony (previous year: EUR 0.04 million). In the discontinued segment Broadband/IP EUR 0.77 million were invested until May 31, 2011 (full year 2010: EUR 1.43 million). The investments in the segments Services and Renewable Energies add up to EUR 0.07 million resp. EUR 7.95 million after EUR 0.17 million resp. EUR 0.50 million in the responding time period of 2010. The investments in the tangible assets of the Holding of EUR 2.51 million in the reporting period 2011 (previous year: EUR 3.40 million) flowed mainly into the development of the Company Headquarters in Marburg and in the development of the new business fields.

Investments of roughly EUR 15.30 million in the existing business segments are planned for the financial year 2012. Of these, EUR 0.3 million will be invested in the segment Telephony, EUR 0.3 million in the segment Services, EUR 13.5 million in the segment Renewable Energies and EUR 1.2 million in the holding company.

In addition, the Group also plans to invest in further renewable energy projects (e.g. SPP, solar projects etc.). An investment in a single project could reach the double-digit million range.

Development of investments in EUR million as at December 31*

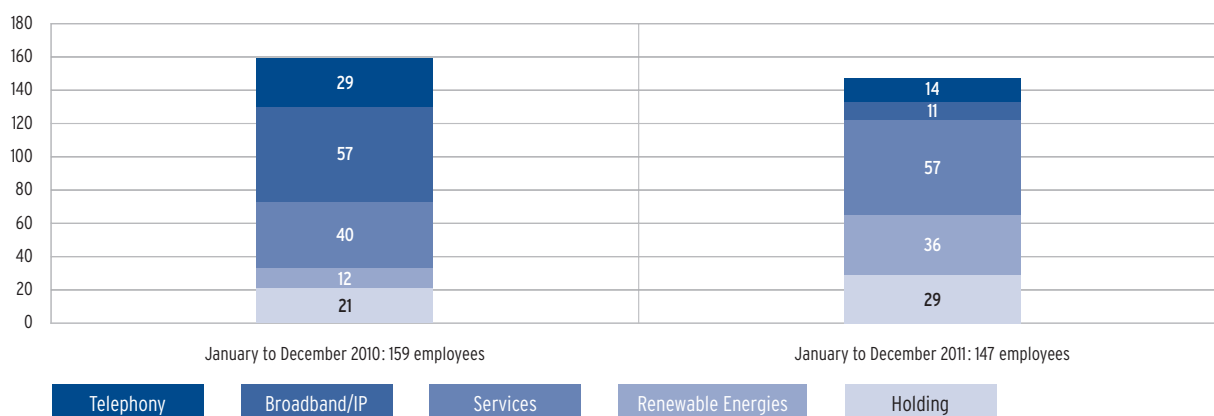


*Services and holding areas were summarized in the segment Telephony until 2007.

Staff*

On the financial statement date the 3U Group employed 151 people (previous year: 162). The yearly average was 147 (previous year: 159). The number of employees in 2011 has decreased only moderately, while inside segments significant changes took place. In 2010, the segments Broadband/IP and Telephony employed more than 50 % of the staff, in 2011 this figure is down to 22 % on average and 10 % at year-end after the discontinuation of the segment Broadband/IP. While the decline in the segment Broadband/IP comes with the discontinuation of the segment, the significant decline in the segment Telephony is explained by the fact that sales personnel switched to the segment Services and employees from finance are now assigned to the Holding. The development of staff reflects the growing importance of the future areas Services and Renewable Energies.

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 business success. Their identification with the 3U Group and commitment to its goals is therefore a top priority.

The potential of the staff is promoted and fostered, among other things, through a high degree of own responsibility. Employees have the opportunity to take part in a large number of internal and external training and development programmes. Their bond with 3U 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 Article 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 39,237,786 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, 2011 as follows:

Name	Function	Number of shares	Percent
Michael Schmidt	(Speaker of the Management Board)	8,999,995 shares	22.94 %
Michael Göbel	(Member of the Management Board)	8,500 shares	0.02 %
Andreas Odenbreit	(Member of the Management Board)	20,500 shares	0.05 %
Gerd Simon	(Member of the Supervisory Board)	10,000 shares	0.03 %
Number of own shares		3,923,770 shares	10.00 %

In the financial years 2010 and 2011, 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.

At the end of the second quarter the Management Board of 3U HOLDING decided to use the authorization granted by the AGM of August 19, 2010 to repurchase up to 10 % of its own shares on the stock exchange in the period from July 1, 2011 to at the latest August 18, 2015. The share buyback can be used for all purposes authorized by the resolution granted by the AGM of August 19, 2010. BankM, Repräsentanz der biw Bank für Investments und Wertpapiere, were mandated with the execution.

The share repurchase programme was started on July 1, 2011 and was completed on October 25, 2011 after a total of 3,923,770 shares were purchased, equivalent to almost 10 % of the share capital of EUR 39,237,786.00.

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.

Annual Corporate Governance Statement according to Article 289a HGB

The Management of 3U HOLDING AG has delivered the Annual Corporate Governance Statement according to Article 289a HGB on March 23, 2012 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".

Remuneration Report

The remuneration report is part of the Corporate Governance 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. The following statement on remuneration of the Management Board does not apply to the interim Board Member Andreas Odenbreit.

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 in the 2011 stock option plan. The granting of stock options aims to reward the contribution of the Management Board (and the other employees of the 3U Group) to increased enterprise value and to encourage the long-term success of the Company.

Starting with the calendar year 2011, 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 remuneration in TEUR		Variable remuneration in TEUR		Compensation in TEUR		Total remuneration in TEUR	
	2011	2010	2011	2010	2011	2010	2011	2010
Michael Schmidt	308	311	300	300	0	0	608	611
Oliver Zimmermann (Chief Financial Officer until March 1, 2010)	0	54	0	13	0	470	0	537
Michael Göbel (Chief Financial Officer since March 1, 2010)	153	128	85	35	0	0	238	163
Andreas Odenbreit* (Interim Management Board Member since May 26, 2011)	65	0	17	0	0	0	82	0
Sum	526	493	402**	348	0	470	928	1,311

*Andreas Odenbreit gets no compensation for his work on the Management Board, but receives his salary in accordance with his employment contract.

**In an amount of TEUR 125 already paid in 2011, the remaining amount of TEUR 277 is payable near term (with maximum variable remuneration).

Stock option plan 2011

By way of resolution dated August 19, 2010, the Annual General Meeting authorized a contingent capital of up to EUR 4,684,224.00 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 February 7, 2011 and established a stock option plan 2011.

Information on the number of stock options at December 31, 2011:

Name	Function	Number of stock options
Michael Schmidt	Speaker of the Management Board	200,000
Michael Göbel	Member of the Management Board	200,000
Andreas Odenbreit	Interim Management Board Member	0*

*Mr. Odenbreit, however, has received stock options as an employee of 3U HOLDING AG.

The stock options are exercisable only after specified periods (vesting period). 3U HOLDING AG is entitled to reject the exercise of option rights to the extent that such exercise would result in a disproportionately high remuneration of the beneficiaries due to extraordinary, unforeseen developments.

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 2011 amounted to TEUR 68 (previous year: TEUR 84). The members of the Supervisory Board did not receive performance related remuneration for the year 2010 in accordance with Article 9 sec. 1c of 3U HOLDING AG’s Articles of Association. The provision formed in 2010 was completely reversed. The values in the table below have been adjusted. A performance based remuneration of TEUR 90 was accrued for 2011.

Name	Fixed remuneration in TEUR		Attendance-fee in TEUR		Performance related remuneration in TEUR		Total remuneration in TEUR	
	2011	2010	2011	2010	2011	2010	2011	2010
Ralf Thoenes (Chairman)	10	10	15	20	40	0	65	30
Gerd Simon	8	8	15	20	30	0	53	28
Peter Coch (until August 19, 2010)	0	3	0	13	0	0	0	16
Stefan Thies (since August 19, 2010)	5	2	15	8	20	0	40	10
Sum	23	23	45	61	90	0	158	84

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 20 for its consultancy services for the 3U Group (previous year: TEUR 22). This figure is broken down as follows: 3U HOLDING AG TEUR 0 (previous year: TEUR 5), 3U TELECOM GmbH TEUR 12 (previous year: TEUR 7), 010017 Telecom GmbH TEUR 2 (previous year: TEUR 2), LambdaNet Communications Deutschland AG TEUR 0 (previous year: TEUR 6) and SEGAL Systems GmbH TEUR 0 (previous year: TEUR 2) and 3U SOLAR Systemhandel AG TEUR 6 (previous year: TEUR 0).

Detailed information on stock option programmes

By way of resolution dated August 19, 2010, the Annual General Meeting authorised contingent capital of up to EUR 4,684,224.00 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 February 7, 2011 and established a stock option plan for 2011.

Stock option plan 2011

The stock option plan (SOP) 2011 has the following key details:

The following are beneficiaries:

- Group 1: Members of the Company's Management Board
- Group 2: Employees of the Company and affiliated companies in Germany and abroad in key positions at the first level of management below the Management Board as well as members of the management of affiliated companies in Germany and abroad (Article 15 of the German Stock Corporation Act)
- 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)

A total of 4,602,500 stock options were issued within the scope of the SOP 2011. The distribution between the individual groups is as follows (the value in parentheses indicates the maximum number of shares to possibly be issued):

Group 1:	400,000	(of 468,422)	stock options
Group 2:	2,800,000	(of 2,810,535)	stock options
Group 3:	1,402,500	(of 1,405,267)	stock options
Total:	4,602,500	(of 4,684,224)	stock options

The SOP 2011 has a term of five years. The non-transferable option rights can be exercised after a four-year qualifying period on February 7, 2015 at the earliest and no later than February 6, 2016.

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. The options are not transferable. Each option right authorizes the purchase of a share in the company at the exercise price. The exercise price for the options is EUR 1.00 per share. At the time of inception of the SOP on February 7, 2011 the share was quoted at EUR 0.66, the premium thus amounted to 51.5 %. The fair value of the stock options given in 2011 has been calculated at EUR 0.17. This determination is made using the Black-Scholes model. The model assumptions are based on a share price of EUR 0.66 at the time of acquisition, at an exercise price of EUR 1.00, an expected volatility of 39.7 % (Source: Bloomberg) and a risk-free interest rate of 2.85 % and an expected dividend yield of 0 %. The evaluation was carried out as a European option and the volatility is derived from the historical volatility. Other features are not included in the assessment.

The beneficiary may only 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.

Of the 4,602,500 options issued in the framework of the SOP 582,500 options were forfeited at the balance sheet date.

Risk and opportunities management

The internal control system

The structure and organisation of the 3U Group are subject to continuous review and improvement. 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 monthly Management information reporting and risk and opportunities management. In addition there are regular meetings on all organisational levels as well as a 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 three-column-strategy. In addition to the traditional segment Telephony, 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.

The 3U Group has 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, always taking into account the risk-bearing capacity of the Group. 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. Regular training courses can help to ensure that all employees are aware of the requirements and the scheme.

The process and working procedures of risk management within the Group in terms of effectiveness and efficiency of the system were further optimized with the support of the professional risk management software r2c from Schleupen AG. This software supports both the risk owners and risk managers in assessing and managing 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 Article 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 subsidiary 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 are carried out in the Subsidiary SEGAL Systems GmbH within the ISO 27001 standard according to which the company is 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 Renewable Energies were decisive for the risk management within the 3U Group in the report year 2010. The risks from past risk inventories have again been predominantly confirmed in the risk inventories. Only the peculiarity of the extent of damage and the probability of occurrence varies. However, new risks and risk scenarios were identified and evaluated. This became particularly apparent in the newly established companies in the Group.

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 focus in all business segments on contractual obligations, possible loss or damage to technical systems, staff absenteeism and the maintenance of business processes.

Each business activity of a company is based on contracts, amongst others with business partners. Almost all parts of the Groups organizational structure are affected. Contractual risks exist such as regulatory compliance of contract forms, compliance with contract terms and contract enforcement with business partners.

The Group manages this risk through an active contract management by the Group's internal legal department. In addition, the selection of business partners is evaluated and tested according to specific criteria.

The provision of services in the segments of Telephony 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 Subsidiary SEGAL Systems, in accordance with ISO 27001, and by successfully obtaining certification from the TÜV Süd (German Association for Technical Inspection) once again in 2011.

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. Therefore, staff management of all parts of the Group is controlled centrally by 3U HOLDING. According to the planning, appropriate staff is identified and recruited or already existing staff is qualified via a succession plan. 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. These measures also affect the newly integrated employees of the Group, which work for companies 3U invested in or took over. 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. This also applies to companies that have been integrated by purchase or participation in the 3U Group structures. 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

The Compliance Management is part of the Group-wide risk management system. 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. At the end of 2011 a value management system, a “whistle-blowing” process as well as other structural and organizational rules in compliance were adopted by the Management Board. All employees of the Group were and are trained on the importance of these measures as part of risk inventories.

Risks from regulation and changes of legal parameters

Risks from regulation and changes of legal parameters in the areas of telecommunications/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.

Segment Telephony

The most important sector in this segment is the Call-by-Call market. The various flat rate offers represent a general risk. The land-line 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) as prices per minute come under pressure from flat rate offers. How the amended Telecommunications Act, which among other things require call-by-call providers to announce the minute prices before each call, will affect the segment Telephony, cannot be completely predicted at the moment. It is both a risk and an opportunity. The risk arises from the complete cost control for the customer who selects for his calls the provider, which offers him the best price-performance ratio. The chance is that all market participants in the call-by-call business shall comply with this obligation and the sometimes considerable differences in rates for customers will be transparent. The telephone companies within the 3U HOLDING AG could realize competitive advantages because of their advanced technical and business processes. A shift in market share is possible as well as declining sales and/or margins. The segment Telephony confronts the expected decrease in sales in this sector by an active tariff management system and a consistent focus on results among other things.

Segment Services

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 2011, 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.

Segment Renewable Energies

In addition to the general risks in the Group there exist legal/regulatory risks and risks in dealing with suppliers and customers in this 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 power plant" realised for the most part on Company property. The realization of such large projects also includes legal and regulatory risks, such as building code requirements. 3U HOLDING AG meets these risks by commissioning external consultants amongst others. The societal and industry-specific developments are closely monitored by the Company to respond promptly.

A special role within the segment Renewable Energies is occupied by the photovoltaic activities. The PV market is characterized by overcapacity and falling prices and at the same time relatively low margins. The volatility of the module prices is very high. With its project business 3U is also affected by the declining compensation in accordance with EEG. The 3U group meets these special challenges in this part of renewable energy with reluctance, if the risks cannot be reduced through appropriate contractual arrangements.

Risks in dealing with suppliers and customers, such as loss of suppliers and bad debt or changes in the purchasing and selling prices are controlled by the supplier and demand management.

Investments

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 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.

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. This includes an accounting policy, allocation assignments and the support by external accountants. 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.

Segment Broadband/IP

The identification, evaluation and control of LambdaNet's were integrated in the risk management system of 3U until its sale May 31, 2011.

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.

54 Significant events following the end of the financial year

Telephony

The revised Telecommunications Act which was deliberated in the second and third reading and passed on October 27, 2011 by the Bundestag, the Bundesrat dissented and called on the conciliation committee. On February 8, 2012 Bundestag and Bundesrat agreed on the new Telecommunications Act to become effective March 1, 2012. The required price announcement for call-by-call is the most significant change for the 3U Group. The total call-by-call market is thus on the move and the market shares shift currently. The effects these requirements will affect in the long term cannot be estimated at present.

Services

SEGAL Systems GmbH focuses on developing and selling software solutions for the cloud. The distribution of proprietary business apps is carried out since the first quarter of 2012, both via collaboration with the Business Directory Apps-Portal of 1&1 Internet AG as well as through its own sales portal www.weclapp.com. Accordingly, it is expected to increase external sales in the second half of 2012.

Renewable Energies

On January 27, 2012 ClimaLevel Energiesysteme GmbH was founded with a long-time industry expert. 3U HOLDING AG holds a 75 % share in this company, based in Cologne. ClimaLevel offers an exceptional floor system that combines the functions of heating, cooling and ventilation optimally. For 2012, the Board expects only a very small positive contribution to Group earnings.

On February 23, 2012, the Federal Minister of Economics Rösler and Federal Environment Minister Röttgen published a common position of the federal government for photovoltaic compensation as well as an EU energy efficiency directive. The new EEG is currently in the legislative process. Even if it is not yet exactly known how much and when the proposed compensation reduction comes into force, it is foreseeable that the compensation will fall significantly faster than under the current EEG. The new EEG is likely to have no influence on the solar park Adelebsen, but the yield expectations for future solar projects is reduced significantly. Against the vote of the opposition, the Bundestag passed the government bill to amend the EEG (in particular electricity from solar energy) on March 29, 2012.

3U HOLDING AG

On March 8, 2012 the Company received the sad news that the CFO Michael Göbel died after a long illness.

On March 14, 2012 the Supervisory Board of 3U HOLDING AG appointed Christoph Hellrung, the long-time chief financial officer of various Subsidiaries of the 3U Group, successor to the post of CFO. Also on the same day the former interim Board Member Andreas Odenbreit was confirmed by the Supervisory Board as another regular member of the Management Board with the departments legal and personnel.

Outlook

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Economic outlook

The global economic expansion pace has slowed in recent months. According to the survey results, which were determined by the ifo-Institut, the global economic climate in all major economic areas has deteriorated. The retreating economic mood in the fall of 2011 reflects the dramatically increased uncertainty about the outlook for the global economy. The uncertainty should be one of the key stress factors for the economy in 2012.

The uncertainty is the result of multiple, partly mutually reinforcing factors. The massive mood slump in the private economic sector is explained not least due to the failure of previous approaches to find a sustainable solution to the debt crisis in the euro area. The resulting increased risk that the debt crisis turns into a Europe-wide banking and economic crisis that bedevils other parts of the world as well, led to a rapidly increasing volatility in the financial markets. Also contributing to the concerns is the very limited ability of economic policy in most industrialized countries to combat renewed crises. The high public debt makes the implementation of extensive measures to support the banking sector and to stimulate the economy virtually impossible. Moreover, current interest rates are at a very low level in most advanced economies, limiting further the leeway local central banks have.

In Germany, gross domestic product has risen considerably lately. The ifo Business Climate Index and other leading indicators show, however, that the German economy is facing a downturn, due to the weakening global economy and the European debt crisis. Assuming that the Euro crisis is not exacerbated, and in particular Italy can continue to draw on the market, a recession should be avoided in Germany. Nevertheless, the German gross domestic product is expected increase by 0.4 % in 2012.

The ifo Institute expects employment to increase by 210,000 persons or 0.5 % on annual average in 2012. The number of unemployed will decline also due to demographic factors; the annual average is expected to decline by 140,000 to 2.8 million people. This represents an unemployment rate of 6.7 %. In the wake of weaker economic activity the pace of inflation will slow down, an inflation rate of 1.8 % is expected on annual average for 2012.

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. 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 Services

In 2012, the services offered by the segment Services will mostly be utilised within the Group, however, from 2013, almost half of sales in this segment are to be generated externally. External customers are addressed especially with cloud computing and consulting services. 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 positive results from 2013.

Outlook Renewable Energies

The importance of renewable energies as an economic factor is increasing not only in Germany, but also globally. With the segment Renewable Energies, 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 positive result for the first time in 2012 since this segment is in the transition from the build-up to the expansion phase. For 2013, the Board anticipates a similar course.

Strategic direction

Lasting operative profitability both in the new segments as well as in the established segment Telephony is a priority for the Group. The Group banks especially on the development of the segment Renewable Energies. The equity base, available liquidity and sales strength of the segment Telephony 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 regarding the infrastructure of buildings in the future.

Outlook 3U Group

The 3U Group is in the middle of a transformation process. While two years ago, the segments Telephony and Broadband/IP still accounted for around 97 % of consolidated sales, the segment Telephony will contribute only about 50 % to the total sales in 2012. Inevitably, the predictive power is thus subject to the influence of the very dynamic development of the individual areas.

That said the Management Board of 3U HOLDING AG expects sales of about EUR 62 to 72 million, EBITDA of EUR 2 to 3 million and earnings of about EUR 0.5 to 1.5 million in 2012.

For 2013, the Management Board anticipates sales of between EUR 70 and 80 million, EBITDA between EUR 5.0 and 7.0 million and earnings of between EUR 0.5 to 2 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 segments opportunities will arise through organic growth 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 2012

The Management Board

A stylized blue ink signature consisting of a large loop at the top and a few horizontal strokes below.

Michael Schmidt

A blue ink signature with a series of horizontal, wavy strokes.

Christoph Hellrung

A blue ink signature with a large, vertical loop and several horizontal strokes.

Andreas Odenbreit



Consolidated Financial Statements

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Consolidated balance sheet as of December 31, 2011 (IFRS)

Assets 3U Group (in TEUR)	Notes to the consolidated financial statements	December 31, 2011	December 31, 2010
Long-term assets		27,035	31,806
Intangible assets	[2.3.7] [2.3.8] [6.1.1]	824	1,299
Property, plant and equipment	[2.3.9] [6.1.2]	16,169	23,172
Financial assets	[6.1.3]	9,128	949
Deferred tax assets	[6.2]	352	5,621
Other non-current assets		0	98
Advances to suppliers – long-term		562	667
Current assets		48,444	46,193
Inventories	[2.3.14] [6.3]	2,380	1,247
Trade receivables	[2.3.11] [6.4] [6.13]	9,287	11,284
Other current assets	[6.5]	3,311	2,889
Cash and cash equivalents	[2.3.11] [6.6] [6.13]	33,372	29,142
Advances to suppliers – current		94	1,631
Total assets		75,479	77,999*

*Thereof from discontinued activities TEUR 30,207

Shareholders' equity and liabilities 3U Group (in TEUR)	Notes to the consolidated financial statements	December 31, 2011	December 31, 2010
Shareholders' equity	[6.7]	62,265	40,305
Issued capital (conditional capital TEUR 4,684; previous year: TEUR 4,560)	[6.7.1]	39,238	43,598
Capital reserve		24,269	23,307
Own shares	[2.3.18] [6.7.2]	-3,301	-4,142
Retained earnings		692	1,450
Adjustment item for currency difference		1	-18
Profit/loss carried forward		-24,452	-29,499
Net income/loss		26,644	5,831
Total shareholders' equity attributable to the shareholders of 3U HOLDING AG		63,091	40,527
Interests of non-controlling shareholders	[6.7.4]	-826	-222
Long-term provisions and liabilities		2,302	16,524
Long-term provisions	[2.3.15] [6.11]	144	4,956
Long-term liabilities due to banks	[6.8]	2,026	2,138
Long-term lease liabilities	[2.3.12] [6.1.4] [6.8]	0	8,205
Deferred taxes	[6.2]	132	0
Advance payments – long-term		0	1,225
Current provisions and liabilities		10,912	21,170
Current provisions	[2.3.15] [6.11]	971	795
Short-term tax liabilities	[6.10]	278	675
Trade payables	[2.3.11] [6.9] [6.13]	5,965	10,144
Current lease liabilities	[2.3.12] [6.1.4] [6.8]	0	2,528
Other current liabilities	[2.3.11] [6.10] [6.13]	3,698	6,459
Advance payments – current	[6.12]	0	569
Total shareholders' equity and liabilities		75,479	77,999*

*Thereof from discontinued activities TEUR 34,128

Consolidated income statement (IFRS)

3U Group (in TEUR)	Notes to the consolidated financial statements	Financial year Continued activities	January 1–December Discontinued activities	2011 Group
Sales	[2.3.1] [5.1]	63,315	13,952	77,267
Other earnings	[5.2]	5,415	27,531	32,946
Changes in products and production work in progress	[5.3]	164	0	164
Other capitalised services	[5.4]	45	0	45
Costs of materials	[5.5]	-48,304	-8,010	-56,314
Gross profit or loss		20,635	33,473	54,108
Staff costs	[5.6]	-9,614	-1,415	-11,029
Other operating expenses	[5.7]	-13,493	-1,120	-14,613
EBITDA		-2,472	30,938	28,466
Depreciation and amortisation	[2.3.9] [5.8]	-787	-2,133	-2,920
EBIT		-3,259	28,805	25,546
Income from financial assets	[2.3.4] [2.3.5] [5.9]	1,203	-429	774
EBT		-2,056	28,376	26,320
Income tax expense	[2.3.6] [5.10]	-743	-37	-780
Earnings before non-controlling shareholder interests		-2,799	28,339	25,540
Net income/loss for the period		-2,799	28,339	25,540
Of which attributable to minority non-controlling shareholders		-1,104	0	-1,104
Thereof Group earnings		-1,695	28,339	26,644

3U Group (in TEUR)	Notes to the consolidated financial statements	Financial year Continued activities	January 1–December 31, 2010 Discontinued activities	Group
Sales	[2.3.1] [5.1]	47,420	34,983	82,403
Other earnings	[5.2]	2,988	1,878	4,866
Changes in products and production work in progress	[5.3]	45	0	45
Other capitalised services	[5.4]	201	0	201
Costs of materials	[5.5]	-35,017	-19,237	-54,254
Gross profit or loss		15,637	17,624	33,261
Staff costs	[5.6]	-7,932	-4,010	-11,942
Other operating expenses	[5.7]	-10,953	-3,947	-14,900
EBITDA		-3,248	9,667	6,419
Depreciation and amortisation	[2.3.9] [5.8]	-2,037	-5,984	-8,021
EBIT		-5,285	3,683	-1,602
Income from financial assets	[2.3.4] [2.3.5] [5.9]	1,323	-1,410	-87
EBT		-3,962	2,273	-1,689
Income tax expense	[2.3.6] [5.10]	2,542	4,656	7,198
Earnings before non-controlling shareholder interests		-1,420	6,929	5,509
Net income/loss for the period		-1,420	6,929	5,509
Of which attributable to minority non-controlling shareholders		-322	0	-322
Thereof Group earnings		-1,098	6,929	5,831

3U Group	Notes to the consolidated financial statements	Financial year	
		Jan 1-Dec 31, 2011	Jan 1-Dec 31, 2010
Number of shares			
As of January 1		39,450,485	43,597,526
Buyback of own shares in July 2010		–	-151,526
Buyback of own shares in August 2010		–	-964,692
Buyback of own shares in September 2010		–	-211,795
Buyback of own shares in October 2010		–	-116,434
Buyback of own shares in November 2010		–	-962,654
Buyback of own shares in December 2010		–	-497,700
Accrued from settlement OneTel (December 27, 2010)		–	-1,242,240
Buyback of own shares in January 2011		-212,699	–
Buyback of own shares in July 2011		-1,172,745	–
Buyback of own shares in August 2011		-1,143,583	–
Buyback of own shares in September 2011		-1,116,388	–
Buyback of own shares in October 2011		-491,054	–
As of December 31		35,314,016	39,450,485
Weighted average number of ordinary shares for basic earnings per share*		38,007,009	39,237,786
Effect of dilutive potential of ordinary shares: options**		3,685,000	–
Weighted average number of ordinary shares for diluted earnings		41,692,009	39,237,786
Earnings per share from continued activities			
Earnings per share, undiluted (in EUR)	[5.11]	-0.04	-0.03
Earnings per share, diluted (in EUR)	[5.11]	-0.04	-0.03
Earnings per share from discontinued activities			
Earnings per share, undiluted (in EUR)	[5.11]	0.75	0.18
Earnings per share, diluted (in EUR)	[5.11]	0.68	0.18
Earnings per share total			
Earnings per share, undiluted (in EUR)	[5.11]	0.70	0.15
Earnings per share, diluted (in EUR)	[5.11]	0.64	0.15

*Adaptation of 2010 due to a simplified capital reduction

**As at December 31, 2010 there was no stock option programme

Statement of income and accumulated earnings

January 1 – December 31, 2011

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3U Group (in TEUR)	Jan 1–Dec 31, 2011	Jan 1–Dec 31, 2010
Earnings after taxes	25,540	5,509
Attributable to 3U HOLDING AG shareholders	26,644	5,831
Of which attributable to minority non-controlling shareholders	-1,104	-322
Directly in equity comprised changes		
Exchange rate differences	1	-6
Tax on earnings	0	0
Change of the value comprised in equity (Exchange rate differences)	1	-6
Total earnings of the period	25,541	5,503
Attributable to 3U HOLDING AG shareholders	26,645	5,825
Of which attributable to minority non-controlling shareholders	-1,104	-322

Statement of changes in equity (IFRS)

3U Group (in TEUR)	Issued capital	Capital reserve	Own shares	Retained earnings	Reserve for currency differences
As of January 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 December 31, 2010	43,598	23,307	-4,142	1,450	-18

3U Group (in TEUR)	Issued capital	Capital reserve	Own shares	Retained earnings	Reserve for currency differences
As of January 1, 2011	43,598	23,307	-4,142	1,450	-18
Rebooking Earnings 2010	0	0	0	0	0
Dividend payment for financial year 2010	0	0	0	0	0
Capital reduction of 4,359,740 shares	-4,360	830	4,288	-758	0
Stock option plan 2011	0	132	0	0	0
Buy back shares in 2011	0	0	-3,447	0	0
Total earnings	0	0	0	0	1
Alteration basis of consolidation	0	0	0	0	18
As of December 31, 2011	39,238	24,269	-3,301	692	1

Profit/loss carried forward	Net income/loss attributable to 3U HOLDING AG 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	86	86
-29,499	5,831	40,527	-222	40,305

Profit/loss carried forward	Net income/loss attributable to 3U HOLDING AG shareholders	Equity attributable to 3U HOLDING AG shareholders	Interests of non-controlling shareholders	Total shareholders' equity
-29,499	5,831	40,527	-222	40,305
5,831	-5,831	0	0	0
-784	0	-784	0	-784
0	0	0	0	0
0	0	132	0	132
0	0	-3,447	0	-3,447
0	26,644	26,645	-1,104	25,541
0	0	18	500	518
-24,452	26,644	63,091	-826	62,265

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, 2011	Jan 1-Dec 31, 2010
Net income/loss for the period		25,540	5,509
+/- Depreciation/write-ups of fixed assets		2,920	8,147
+/- Increase/decrease of provisions		407	-3,431
-/+ Profit/loss on disposal of long-term assets		-27,369	-14
-/+ Increase/decrease in inventories and trade receivables		-2,680	-834
+/- Increase/decrease in trade payables		-272	2,384
+/- Changes to other receivables		-1,711	684
+/- Changes to other payables		-889	-1,093
+/- Changes to advance payments		454	311
+/- Change in tax assets/liabilities including deferred taxes		1,078	-6,640
+/- Other non-cash changes		-439	-1,502
Cash flows from operating activities*		-2,961	3,522
+ Inflows from disposals of property, plant and equipment		79	215
- Outflows for investments in property, plant and equipment		-11,315	-5,335
+ Inflows from disposals of intangible assets		0	550
- Outflows for investments in intangible assets		-121	-182
- Payments from earnings of associated companies		653	0
- Outflows from additions to financial assets		-2,444	-25
+ Inflows from disposal of financial assets		2,000	0
+ Cash inflow from the sale of consolidated companies and other business units		23,699	0
+ Cash inflow from the purchase of consolidated companies and other business units		37	-20
Cash flows from investing activities*		12,588	-4,798
Sum carried forward		9,627	-1,276

*Refer to following page

3U Group (in TEUR)	Notes to the consolidated financial statements [Section 2.2.3 and 7]	Jan 1–Dec 31, 2011	Jan 1–Dec 31, 2010
Sum carried forward		9,627	-1,276
- Cash inflow from equity contributions		0	0
- Cash outflow to companies' owner and minority partners (dividends, purchase of own shares, equity capital payback, other disbursements)		-4,231	-2,142
+ Cash inflow from the issuance of debt and borrowing of money		0	1,624
- Outflows from the repayment of bonds and (finance) loans		-112	0
- Repayment of lease liabilities		-1,054	-2,436
Cash flows from financing activities*		-5,397	-2,954
Total cash flows		4,230	-4,230
+/- Disposal restrictions in cash and cash equivalents		0	-1,500
+/- Changes in cash and cash equivalents due to exchange rate changes		0	-3
+/- Consolidation-related change in cash and cash equivalents		0	86
Cash and cash equivalents at beginning of period		27,642	33,289
Cash and cash equivalents at end of period		31,872	27,642
Total change in cash and cash equivalents		4,230	-5,647

*Thereof from discontinued activities:

Cash flow (in TEUR)	Notes to the consolidated financial statements [Section 2.2.3 and 7]	Jan 1–Dec 31, 2011	Jan 1–Dec 31, 2010
Cash flows from operating activities		3,543	5,545
Cash flows from investing activities		22,939	-1,350
Cash flows from financing activities		-3,363	-4,437

Notes to the consolidated financial statements for the 2011 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 comprise also the provision of telecommunication services in the segment Telephony. In addition 3U 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

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 2011 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 profit and loss statement has been prepared using the total cost method.

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, 2011.

The financial year of the Company and all Subsidiaries included in the consolidated financial statements is the calendar year.

Newly applied standards

3U took account of all standards and interpretations issued by the IASB, which were in force as of December 31, 2011 and have been incorporated into EU law.

The following standards were applied for the first time:

- Revised IFRS 1 "First Time Adoption of IFRS" (July 1, 2010)*
- Revised IAS 24 "Related Party Disclosures" (January 1, 2011)*
- Amendment to IAS 32 "Classification of Right Issues" (February 1, 2010)*
- Amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirement" (January 1, 2011)*
- Amendment to IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (July 1, 2010)*
- Improvement of various IFRS (AIP 2010), (published May 6, 2010) (January 1, 2011)*

According to the assessment of the Management 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.

- Changes to IFRS 7 "Financial Instruments: Disclosures" (Published on October 7, 2010; effective for fiscal years beginning after July 1, 2011)

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

The recently implemented accounting standards as well as standards which have not been implemented yet have no major influence on the consolidated financial statements of 3U.

The IASB has released a set of further standards which have not been incorporated into EU law yet.

The standards and amendments to standards and interpretations are not expected to have a material impact on the consolidated financial statements of the 3U Group.

- IFRS 9 "Financial Instruments" (January 1, 2015)*
- IFRS 10 "Consolidated Financial Statements" (January 1, 2013)*
- IFRS 11 "Joint Agreements" (January 1, 2013)*
- IFRS 12 "Disclosures of Interests in Other Entities" (January 1, 2013)*
- IFRS 13 "Fair Value Measurement" (January 1, 2013)*
- IAS 27 "Separate Financial Statements" (January 1, 2013)*
- IAS 28 "Investments in Associates and Joint Ventures" (January 1, 2013)*
- Amendments to IAS 12, IFRS 1, IAS 1, IFRS 7, IFRS 32 and IAS 19 (January 1, 2013 resp. January 1, 2014)*
- IFRIC 20 "Stripping Costs in the Production Place of a Surface Mine" (January 1, 2013)*

*Applicable to financial years commencing from the date specified

2.2 Consolidation principles

2.2.1 Scope and method of consolidation

The consolidated financial statements of 3U HOLDING AG for the 2011 financial year include 19 (previous year: 17) 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.

Spider Telecom GmbH, Marburg and Tianjin EuroSun Solarenergy Technology Co., Ltd., Tianjin/China, are included in the consolidated financial statements. This is done using the "at equity" method.

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 headquartered. 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:

	Exchange rate on the reporting date (EUR 1 in foreign currency units)		Average rate for the year (EUR 1 in foreign currency units)	
	2011	2010	2011	2010
Currency CHF	1.2168	1.2465	1.2331	1.3827
Currency CNY	8.2253	8.7351	9.0010	8.9703
Currency CZK	25.680	25.2353	24.5537	25.2650
Currency DKK	7.4333	7.4542	7.4505	7.4545
Currency USD	1.2949	1.3252	1.3943	1.3253
Currency ZAR	10.5132	8.7868	10.0623	9.6960

In fiscal year 2011 net losses arose from exchange rate changes in the amount of TEUR 16 (previous year: TEUR 1).

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 with third parties in the segment Services result from IT services, consulting services in the sector of marketing and distribution and consulting services in the sector of risk and business process management.

External sales in the segment Renewable Energies were generated by marketing solar heating and cooling systems and the production and distribution of vacuum solar tubes as well as with the trading of PV modules.

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. In fiscal year 2011 research and development costs of EUR 1.4 million were incurred by the Group. The reported capitalised services are in relation to the construction of the SPP and the solar park Adelebsen.

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. Capitalised 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.

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.

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

On land and land rights, no scheduled depreciation was made.

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. In fiscal year 2011, no borrowing costs were directly attributable.

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. In fiscal years 2010 and 2011 there were no financial assets for sale available.

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. 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 credit worthiness, 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:	2.75 %
Market risk premium:	5.00 %
Beta factor:	0.80
Capitalisation interest rate:	6.75 %

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 generally calculated according to the principle of individual evaluation or according to the average method. Manufacturing costs consist of directly attributable expenses and production related 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.

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 non-forfeitable. The effects of any changes of estimates, where such exist, are recognised as profit or loss over the remaining time until the non-forfeiture.

Of the 4,602,500 options issued in the framework of the SOP 2011 582,500 options were forfeited at the balance sheet date. The stock option plan has a term of five years. The non-transferable option rights can be exercised after a four-year qualifying period on February 7, 2015 at the earliest and no later than February 6, 2016.

With EUR 0.75 per share the stock price (underlying of the option) was well below the strike price of EUR 1.00 per share as at December 31, 2011. The volatility of the share derived from the past leads to a fair time value of the option at the balance sheet date amounting to EUR 0.17. It was refrained from using a recognized assessment model for the calculation of the fair time value.

At the balance sheet date there is no other 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 2011***
010017 Telecom GmbH	Marburg	Germany	25,000	EUR	100 %	975,106.25 EUR
3U DYNAMICS GmbH	Marburg	Germany	25,000	EUR	60 %	56,571.72 EUR
3U MOBILE GmbH*	Marburg	Germany	25,000	EUR	100 %	-8,548.66 EUR
3U SOLAR Service GmbH	Marburg	Germany	25,000	EUR	100 %	-4,264.36 EUR
3U SOLAR Systemhandel AG*	Marburg	Germany	50,000	EUR	74.998 %	-3,216,775.71 EUR
3U TELECOM GmbH	Marburg	Germany	1,000,000	EUR	100 %	-1,009,141.87 EUR
3U TELECOM GmbH	Vienna	Austria	250,000	EUR	100 %	235,890.57 EUR
Discount Telecom S&V GmbH	Marburg	Germany	25,000	EUR	100 %	2,490,434.61 EUR
EuroSun Vacuum-Solar-Systems GmbH*	Marburg	Germany	26,000	EUR	74.996 %	-652,426.94 EUR
Exacor GmbH	Marburg	Germany	25,000	EUR	100 %	3,201.03 EUR
fon4U Telecom GmbH	Marburg	Germany	25,000	EUR	100 %	938,851.18 EUR
LineCall Telecom GmbH	Marburg	Germany	25,000	EUR	100 %	443,000.64 EUR
OneTel Telecommunication GmbH*	Marburg	Germany	3,025,000	EUR	100 %	1,030,404.67 EUR
RISIMA Consulting GmbH	Marburg	Germany	25,000	EUR	80 %	8,248.66 EUR
SEGAL Systems GmbH*	Marburg	Germany	25,000	EUR	74.996 %	-533,020.46 EUR
Selfio GmbH	Bad Honnef	Germany	1,250,000	EUR	60 %	-57,144.09 EUR
Solarpark Adelebsen GmbH*	Marburg	Germany	25,000	EUR	100 %	-2,364.18 EUR
Triast GmbH	Kreuzlingen	Switzerland	20,000	CHF	100 %	-8,138.11 CHF
Younip Telecom GmbH*	Marburg	Germany	25,000	EUR	100 %	-90,068.94 EUR

The 3U SOLAR (PTY) Ltd., Johannesburg/South Africa has taken up business not until the end of 2011. An inclusion in the scope of the full consolidation would be without affect to the information content of the financial statements. The effect of the waiver to the full consolidation means a reduction of consolidated sales by 0.0 % and a reduction of net income before taxes by 0.0 %. For this reason we refrained from full consolidation of 3U SOLAR (PTY) Ltd. and took the approach of using acquisition costs in 2011.

*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

**3U HOLDING AG holds, directly or indirectly shares in these companies

***IFRS profit before profit transfer

Changes to the consolidated group

Compared to December 31, 2010, the following changes have occurred in the scope of consolidation:

On February 10, 2011 Triast GmbH was founded as a 100 % subsidiary in Switzerland. Business purpose is the provision of telecommunications services and the development of software and technology in the field of energy production and conversion.

Also on February 10, 2011, the new telecommunications network operator Younip Telecom GmbH was founded. With this 100 % subsidiary, which mainly targets the market of calling card customers, the Group occupies another niche in the telecommunications market.

In June 2010, HOLDING AG informed that key portions of the existing contracts for leased lines of the fiber optic backbones used by LambdaNet expire at the end of 2011. Therefore, this fiber network was re-tendered. Exacor GmbH was founded on February 18, 2011 with the goal of realising a fiber-optic network which allows for cost effective changes due to the requirements of the market and the use of new technologies in the long term. With the sale of LambdaNet, this concept is not pursued anymore; the company is inactive.

With Beijing Yongdong Brilliant Heat-pipe Solar Energy Technology Co. Ltd., Beijing, China, a joint venture agreement for the construction of the Tianjin EuroSun Solar Energy Technology Co. Ltd., Tianjin, China, was concluded. Purpose of the company is the development, production and sales of solar collectors and solar storage tanks. After authorization of the business enterprise on May 3, 2011 and on October 11, 2011 100 % of the pro rata equity of TEUR 100 was paid in.

On May 19, 2011, 3U HOLDING AG signed a purchase agreement for the sale of all of the shares in LambdaNet held by 3U HOLDING AG with euNetworks GmbH. In accordance with the contract transfer of the shares took place on May 31, 2011. Accordingly the deconsolidation LambdaNet and its subsidiaries in Austria and the Czech Republic took place on that day.

Selfio GmbH based in Bad Honnef was founded on June 6, 2011. The company is trading in heating and plumbing products, in particular with modules and components for renewable energy and heat production, storage and supply. 3U owns 60 % of the shares in the company. Within the framework of the start-up an existing business by way of contribution in kind has been incorporated into the Selfio GmbH. From this purchase price allocation done in this context, results an intangible asset for the included "online store" in the amount of TEUR 465, goodwill of TEUR 170 as well as deferred tax liabilities of TEUR 135.

3U SOLAR (PTY) Ltd. located in Johannesburg, South Africa was registered in the register of Pretoria on June 14, 2011. 3U owns 100 % of the company, which will act as a distributor of system components from the field of renewable energies.

On September 30, 2011 3U SOLAR Service GmbH headquartered in Marburg was founded with the commercial purpose to construct and install heating and ventilation systems, especially the installation and maintenance of plants for renewable Energy Extraction.

As at December 31, 2011 in addition to 3U HOLDING AG 19 (December 31, 2010: 17) Subsidiary companies both within the country and outside its borders in which 3U HOLDING AG has a direct or indirect majority of votes, are comprised.

Joint Ventures

Companies 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 financial year 2011*
Spider Telecom GmbH	Marburg	Germany	25,000	EUR	50 %	1,628,938.58 EUR
Tianjin EuroSun Solarenergy Technology Co. Ltd.	Tianjin	China	300,000	EUR	66.67 %	** EUR

* At home before profit transfer

** At the time the consolidated financial statements were prepared the result of the fiscal year 2011 was not yet available.

Because of provisions in the articles of association of Tianjin EuroSun Solar Energy Technology Co. Ltd. 3U may not exercise control despite the majority of shares in the company.

In addition, a joint venture agreement establishing the joint venture interest in Sanhe EuroSolar Solar Energy Technology Ltd., Sanhe, China was signed together with the Beijing Xinke Solar Energy Technology Ltd., Beijing, China. The signed contract is in force only after approval by the responsible licensing authority in China. The deposit according to the closed not yet approved joint venture agreement is TEUR 215 for the acquired 51 % stake in the joint venture.

Other participations

With the share purchase agreement of 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. Due to the lack of influence on the company it is shown under other participations. 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 financial year 2010*
myFairPartner Limited	London	Great Britain	10,000	GBP	20 %	-424,558.00 GBP

* At home before profit transfer

Deconsolidation of the discontinued activities in the segment Broadband/IP

On May 31, 2011, 3U HOLDING AG sold all of its shares in LambdaNet Communications Deutschland AG. With the sale of the company no active operations in the segment of Broadband/IP exist anymore.

The results of the discontinued activities (without the related consolidation accounting) included in the consolidated financial statement are as follows:

(In TEUR)	January 1, 2011–May 31, 2011
Earnings	14,114
Operating expenses	-12,678
Interest income	-429
Profit/loss from ordinary operations before taxes	1,007
Attributable income tax	-37
Annual profit	970
Group appointed annual profit	970

Net cash flows of discontinued activities amounted to TEUR 23,119 until the termination of the participation in the consolidation circle.

Deconsolidation of the discontinued activities resulted in earnings from deconsolidation in the amount of TEUR 27,369, which is determined as follows:

(In TEUR)	May 31, 2011
Intangible assets	741
Tangible fixed assets	15,829
Accounts receivable	3,461
Other assets	6,839
Cash with banks and cash on hand	1,726
Assets of discontinued activities	28,596
Accruals	5,178
Lease liabilities	9,679
Trade payables	3,928
Other liabilities and accruals	11,797
Debts of discontinued activities	30,582
Net assets of discontinued activities	-1,986
Sale proceeds*	25,383
Deconsolidation profit	27,369

Earnings from discontinued operations therefore amounted to a total of TEUR 28,339.

*The proceeds from the sale contain a purchase price adjustment in favor of 3U HOLDING AG amounting to TEUR 425 and sales costs of TEUR 42.

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.

In accordance with internal reporting, 3U HOLDING AG covers the segments Telephony, Services, Renewable Energies and Holding/Consolidation within its segment reporting.

The segment Telephony, which consists of the products Call-by-Call, Preselection, added-value services and termination services in the wholesale sector, is comprised of the original 3U bread and butter business Telephony.

Beyond that, 3U operated the segment Broadband/IP which was legally combined in LambdaNet. With the sale of LambdaNet on May 31, 2011 this segment is discontinued.

In the segment Renewable Energies all activities of this sector are summarised. It consists of the development, production, trading and operation of components from the renewable energies area as well as heating and cooling technology.

The segment Services consists of IT services, systems development, marketing and consulting.

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

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

Segment reporting (in TEUR) January 1–December 31, 2011	Telephony	Services	Renew- able Energies	Subtotal	Holding/ Consoli- dation	Group
Total sales	45,003	4,536	25,319	58,918	-3,573	71,285
Intercompany sales (intra-segment sales)	-7,502	-193	-275	-7,970	0	-7,970
Segment sales	37,501	4,343	25,044	66,888	-3,573	63,315
Other operating income	2,212	88	2,407	4,707	708	5,415
Change in inventory	0	0	164	164	0	164
Other capitalised services	0	0	11	11	34	45
Costs of materials	-23,935	-47	-24,341	-48,323	19	-48,304
Gross profit or loss	15,778	4,384	3,285	23,447	-2,812	20,635
Staff costs	-1,243	-3,721	-1,845	-6,809	-2,805	-9,614
Other operating expense	-9,341	-988	-4,841	-15,170	1,677	-13,493
EBITDA	5,194	-325	-3,401	1,468	-3,940	-2,472
Depreciation	-292	-113	-124	-529	-258	-787
EBIT	4,902	-438	-3,525	939	-4,198	-3,259
EBIT (earnings before interest and income taxes)						-3,259
Financial result						1,203
Thereof: profit/loss of companies included at equity*						531
Income tax						-743
Earnings from continued activities						-2,799
Earnings from discontinued activities						28,339
Earnings for the period						25,540
Thereof attributable to the shareholders of 3U HOLDING AG						26,644
Of which attributable to minority non-controlling shareholders						-1,104

*The carrying values of companies accounted in the balance sheet "at equity" were TEUR 1,027 and allocated in the area Holding.

Segment reporting (in TEUR) January 1–December 31, 2010	Telephony	Services	Renew- able Energies	Subtotal	Holding/ Consoli- dation	Group
Total sales	54,954	3,501	2,723	39,710	-3,024	58,154
Intercompany sales (intra-segment sales)	-10,589	-145	0	-10,734	0	-10,734
Segment sales	44,365	3,356	2,723	50,444	-3,024	47,420
Other operating income	2,783	50	189	3,022	-34	2,988
Change in inventory	0	0	45	45	0	45
Other capitalised services	0	0	28	28	173	201
Costs of materials	-32,469	-67	-2,489	-35,025	8	-35,017
Gross profit or loss	14,679	3,339	496	18,514	-2,877	15,637
Staff costs	-2,042	-2,865	-764	-5,671	-2,261	-7,932
Other operating expense	-8,959	-678	-699	-10,336	-617	-10,953
EBITDA	3,678	-204	-967	2,507	-5,755	-3,248
Depreciation	-285	-102	-25	-412	-1,625	-2,037
EBIT	3,393	-306	-992	2,095	-7,380	-5,285
EBIT (earnings before interest and income taxes)						-5,285
Financial result						1,323
Thereof: profit/loss of companies included at equity*						949
Income tax						2,542
Earnings from continued activities						-1,420
Earnings from discontinued activities						6,929
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						-322

*The carrying values of companies accounted in the balance sheet "at equity" were TEUR 1,155 and allocated in the area Holding.

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 2011 (in TEUR) January 1–December 31, 2011	Telephony	Broad-band/ IP*	Services	Renew-able Energies	Holding/ Consoli-dation	Group
Cash flows from operating activities	284	3,543	-1,076	-7,074	1,362	-2,961
Cash flows from investing activities	522	22,939	-73	-8,370	-2,430	12,588
Cash flows from financing activities	328	-3,363	1,120	15,706	-19,188	-5,397

Cash flow data 2011 (in TEUR) January 1–December 31, 2011	Telephony	Broad-band/ IP*	Services	Renew-able Energies	Holding/ Consoli-dation	Group
Cash flows from operating activities	-1,831	5,545	794	671	-1,657	3,522
Cash flows from investing activities	107	-1,350	-169	-499	-2,887	-4,798
Cash flows from financing activities	-961	-4,437	-332	-142	2,918	-2,954

*Discontinued activities

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, 2011	Dec 31, 2010
Assets		
Segment Telephony	14,613	12,015
Segment Broadband/IP (discontinued activities)	0	28,018
Segment Services	479	310
Segment Renewable Energies	14,215	2,082
Holding/Consolidation	12,800	6,432
Total segment assets	42,107	48,857
Assets not allocated	33,372	29,142
Total consolidated assets	75,479	77,999
Liabilities		
Segment Telephony	13,477	12,328
Segment Broadband/IP (discontinued activities)	0	34,128
Segment Services	1,770	757
Segment Renewable Energies	19,182	3,135
Holding/Consolidation	-21,215	-12,654
Total segment liabilities	13,214	37,694
Reconciliation (shareholder's equity/interests of non-controlling shareholders)	62,265	40,305
Total consolidated liabilities/shareholder's equity	75,479	77,999

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 or was applied for the area Broadband/IP and Group specific effects were added. In the other areas essentially the cost plus method is applied. Administrative services are calculated as cost allocations.

Long-term assets are located entirely within the country.

(In TEUR)	Depreciation and amortisation		Investments	
	2011	2010	2011	2010
Segment Telephony	292	285	131	37
Segment Broadband/IP (discontinued activities)	1,834	6,700	769	1,430
Segment Services	113	102	73	170
Segment Renewable Energies	124	25	7,954	499
Holding/Consolidation	557	909	2,508	3,401
Total	2,920	8,021	11,435	5,537

Sales of principal services

(In TEUR)	2011	2010
Continued activities		
Areas within the segment Telephony		
Of which Open-Call-by-Call	18,044	21,728
Of which reg. Call-by-Call/Preselection	754	1,155
Of which wholesale/value-added services	18,333	20,846
Miscellaneous	370	636
Total segment Telephony	37,501	44,365
Areas within the segment Services		
Of which IT services/systems development	2,076	1,786
Of which marketing services	1,974	1,325
Of which consulting	293	245
Total segment Services	4,343	3,356
Areas within the segment Renewable Energies		
Of which photovoltaic	19,179	960
Of which solar heat	1,994	1,763
Miscellaneous	3,871	0
Total segment Renewable Energies	25,044	2,723
Discontinued activities		
Areas within the segment Broadband/IP*		
Of which bandwidth/wavelength	2,834	8,465
Of which colocation	2,878	6,622
Of which InternetTransit/DSL-Gate	2,219	6,257
Of which DataLink/ViPNet	6,307	14,574
Miscellaneous	339	860
Total segment Broadband/IP	14,577	36,778

*In 2011, for the period 1 January 1 to May 31 (values before consolidation)

In the segment Renewable Energies the 3U Group realised sales with the biggest customer amounting to 16.5 % of total sales in the past financial year. In the segment Telephony sales with the two biggest customers amounted to 5.7 % and 2.9 %.

Geographical information of sales

(In TEUR)	2011	2010
Continued activities		
Telephony	37,501	44,365
Of which domestic	36,007	43,540
Of which foreign	1,494	825
Services	4,343	3,356
Of which domestic	4,343	3,321
Of which foreign	0	35
Renewable Energies	25,044	2,723
Of which domestic	20,750	1,601
Of which foreign	4,294	1,122
Discontinued activities		
Broadband/IP*	14,577	36,778
Of which domestic	14,002	34,459
Of which foreign	575	2,319

*In 2011, for the period 1 January 1 to May 31 (values before consolidation)

5 Notes on the consolidated income statement

The consolidated income statement has been compiled in accordance with the total expenditure method.

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 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)	2011	2010
Continued activities		
Areas within the segment Telephony		
Of which Open-Call-by-Call	18,044	21,728
Of which reg. Call-by-Call/Preselection	754	1,155
Of which wholesale/value-added services	18,333	20,846
Miscellaneous	370	636
Total segment Telephony	37,501	44,365
Areas within the segment Services		
Of which services/systems development	2,076	1,786
Of which marketing services	1,974	1,325
Of which consulting	293	245
Total segment Services	4,343	3,356
Areas within the segment Renewable Energies		
Of which photovoltaic	19,179	960
Of which solar heat	1,994	1,763
Miscellaneous	3,871	0
Total segment Renewable Energies	25,044	2,723
Discontinued activities		
Areas within the segment Broadband/IP*		
Of which bandwidth/wavelength	2,834	8,465
Of which colocation	2,878	6,622
Of which InternetTransit/DSL-Gate	2,219	6,257
Of which DataLink/ViPNet	6,307	14,574
Miscellaneous	339	860
Total segment Broadband/IP	14,577	36,778

*In 2011, for the period 1 January 1 to May 31 (values before consolidation)

In the segment Renewable Energies the 3U Group realised sales with the biggest customer amounting to 16.5 % of total sales in the past financial year. In the segment Telephony sales with the two biggest customers amounted to 5.7 % and 2.9 %.

5.2 Other operating income

Other operating income includes the following items:

(In TEUR)	2011	2010
Income from reversal of provisions	1,083	1,415
Income from realised capital assets gains	0	14
Income from receivables written down	9	107
Earnings from minimisation of loss reserves	435	914
Income for other accounting periods	1,073	1,525
Other income	783	891
Income from deconsolidation	27,369	0
Income from claims of compensation	2,194	0
Sum	32,946	4,866

5.3 Changes in inventories

Changes in inventories of TEUR 164 (previous year: TEUR 45) comprise work in progress in the segment Renewable Energies.

5.4 Own work capitalized

Own work capitalized amounted to TEUR 45 (previous year: TEUR 201) and are essentially in connection with planning and development in the area of Renewable Energies.

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)	2011	2010
Connection services	19,575	28,266
Network costs	11,439	22,376
Costs for ICAS	943	1,058
Materials/products used Renewable Energies	24,009	2,489
Other costs of materials	16	65
Expenses for purchased services	332	0
Sum	56,314	54,254

5.6 Staff costs

Staff costs comprise the following:

(In TEUR)	2011	2010
Salaries and wages	9,491	10,545
Social security contributions	1,303	1,294
Other staff costs	235	103
Total	11,029	11,942

Expenses for the stock option plan 2011 in the amount of TEUR 132 are included in other staff costs.

The average number of employees (full-time equivalents) was:

Segment	2011	2010
Telephony	14	29
Broadband/IP	11	57
Services	57	40
Renewable Energies	36	12
Holding	29	21
Total	147	159

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 133 (previous year: TEUR 144); expenses for the segment Broadband/IP were TEUR 173 (previous year: TEUR 289), for the segment Services TEUR 510 (previous year: TEUR 178), for the segment Renewable Energies TEUR 211 (previous year: TEUR: 39) and for the Holding TEUR 276 (previous year: TEUR 81).

5.7 Other operating expenses

Other operating expenses include the following items:

(In TEUR)	2011	2010
Rent expenses	700	1,126
Automobile and travel costs	921	918
Promotion and hospitality expenses as well as sales commissions	1,367	1,315
Insurances	132	143
Legal and consultancy fees	1,328	667
Maintenance	340	965
Loss of receivables	483	1,074
Value adjustments to receivables	5,618	1,270
Expenses for other accounting periods	247	2,216
Telephone costs/postage	880	1,314
Other operating expenses	2,597	3,892
Total	14,613	14,900

Research and development costs amounted to EUR 1.4 million (previous year: EUR 1.4 million) in the business year.

5.8 Depreciation and amortisation

Amortisation of intangible assets and depreciation on property, plant and equipment amounted to EUR 2.92 million (previous year: EUR 8.02 million). 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.

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)	2011	2010
Income from sale of investments in affiliated companies	0	12
Interest and similar income	797	779
Interest income	797	791
Interest expenses for loans receivable	-554	-1,609
Interest expenses	-554	-1,609
Earnings from companies included using the at-equity-method	531	949
Subsequent expenses from the sale of investments	0	-218
Total	774	-87

5.10 Income taxes

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

(In TEUR)	2011	2010
Current income tax expenses	443	-1,310
Deferred tax	337	-5,888
Total	780	-7,198

3U HOLDING AG and its German subsidiaries are subject to corporation and trade tax. In the business year 2011, 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 % in 2011.

The tax rate used for foreign companies is 25 % for Austria, 21 % for Switzerland and 19 % for the Czech Republic respectively.

The income tax rate for the Group (parent company) is 28.775 % (around 29 %) as in the previous year.

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.

Expenditures for deferred taxes of TEUR 57 are included for previous fiscal years in the current tax expense of the fiscal year 2011.

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:

	2011 TEUR	2011 %	2010 TEUR	2010 %
EBT	26,320	100.0	-1,689	100.0
Earnings tax rate (28.775 %; previous year: 29 %)*				
Calculated tax income/expenses	7,574	28.8	-490	29.0
Tax-exempt income/non-deductible expenses	-286	-1.1	25	-1.5
Effects of allowance of deferred taxes / Non-inclusion of deferred taxes from loss carry forwards	1,509	5.7	-4,420	261.6
Effect of tax rate differences of foreign tax jurisdiction	52	0.2	39	-2.3
Deviations due to different trade tax collection rates	9	0.0	46	-2.7
Lowering of current tax expenses due to the usage of loss carry forwards so far not accounted for	0	0.0	-797	47.2
Aperiodic tax effects	-83	-0.3	-1,614	95.5
Effect of deconsolidation segment Broadband/IP	-8,008	-30.4	0	0.0
Miscellaneous	13	0.0	13	-0.8
Total	780	3.0	-7,198	426.1

*In the previous year it was calculated using the rounded value of 29 %

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. It was a retroactive adjustment to the number of shares as a result of those simplified capital reduction in 2011.

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

	2011	2010
Basis of the basic and diluted earnings per share (attributable share of net profits from continued activities attributable to the shareholders of the parent company in TEUR)	-1,695	-1,098
Basis of the basic and diluted earnings per share (attributable share of net profits from discontinued activities attributable to the shareholders of the parent company in TEUR)	28,339	6,929
Total Group	26,644	5,831
Number of shares		
As of January 1	39,450,485	43,597,526
Buyback of own shares in July 2010	–	-151,526
Buyback of own shares in August 2010	–	-964,692
Buyback of own shares in September 2010	–	-211,795
Buyback of own shares in October 2010	–	-116,434
Buyback of own shares in November 2010	–	-962,654
Buyback of own shares in December 2010	–	-497,700
Accrued from settlement OneTel (December 27, 2010)	–	-1,242,240
Buyback of own shares in January 2011	-212,699	–
Buyback of own shares in July 2011	-1,172,745	–
Buyback of own shares in August 2011	-1,143,583	–
Buyback of own shares in September 2011	-1,116,388	–
Buyback of own shares in October 2011	-491,054	–
As of December 31	35,314,016	39,450,485
Weighted average number of ordinary shares for basic earnings per share*	38,007,009	39,237,786
Effect of dilutive potential of ordinary shares: options**	3,685,000	–
Weighted average number of ordinary shares for diluted earnings	41,692,009	39,237,786
Earnings per share from continued activities		
Earnings per share, undiluted (in EUR)	-0.04	-0.03
Earnings per share, diluted (in EUR)	-0.04	-0.03
Earnings per share from discontinued activities		
Earnings per share, undiluted (in EUR)	0.75	0.18
Earnings per share, diluted (in EUR)	0.68	0.18
Earnings per share total		
Earnings per share, undiluted (in EUR)	0.70	0.15
Earnings per share, diluted (in EUR)	0.64	0.15

* Adaptation of 2010 due to a simplified capital reduction

** As at December 31, 2010 there was no stock option programme

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, 2011	Dec 31, 2010
Concessions, industrial property rights and similar rights and assets and licences to such rights and assets	654	352
Customer base	170	0
Goodwill	0	946
Total	824	1,299

The acquired intangible assets are valued at cost less accumulated depreciation using the straight method. This relates primarily to software licenses for transmission and IT technology.

With the sale of the segment Broadband/IP the attributed customer base was deconsolidated.

From the purchase price allocation in the scope of the contribution in kind at Selfio GmbH resulted a goodwill, which is not amortized, but is kept under review. We refer to our comments under 2.3.13.

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, 2011, Spider Telecom GmbH, Marburg and the Tianjin EuroSun Solarenergy Technology Co. Ltd., Tianjin, China, were accounted for using the equity method. The summarised financial information for these investments is as follows:

Spider Telecom GmbH

Spider Telecom GmbH (in TEUR)	Dec 31, 2011	Dec 31, 2010
Total assets	1,674	2,784
Total liabilities	20	94
Sales	3,050	2,983
Profit/loss after taxes	1,629	1,953

The carrying amount has evolved as follows:

As of December 31, 2010:	TEUR 949
Collected distribution of earnings:	TEUR -653
Pro rata share of net result for the year:	TEUR 531
As of December 31, 2011:	TEUR 827

Balance sheet day of Spider Telecom GmbH is December 31, 2011.

Tianjin EuroSun Solarenergy Technology Co. Ltd.

The company started its operations at the end of 2011 and is therefore reported at the pro rata equity of TEUR 200.

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. myFairPartner 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.

Loans

The loans of TEUR 7,885 (previous year: TEUR 0) is one loan to LambdaNet Communications Deutschland GmbH (formerly LambdaNet Communications Deutschland AG), which has a term until April 30, 2016 and is to be repaid annually.

6.1.4 Financial leasing

Within the 3U Group, long-term leasing contracts for fibre-optic had been capitalized within the segment Broadband/IP and reported in the item "Plants and machinery". With the sale of LambdaNet these leasing contract are omitted.

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 constituted as follows:

(In TEUR)	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

6.1.5 Operating Leases

In the 3U group contracts which fall under operating leases are primarily for vehicle leasing and leasing of office equipment technology. Commitments for minimum lease payments under these leases amounted to TEUR 772. Of this amount, TEUR 370 is due within one year and TEUR 402 within two to four years.

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)	Dec 31, 2011		Dec 31, 2010	
	Active deferred taxes	Passive deferred taxes	Active deferred taxes	Passive deferred taxes
Intangible assets	0	136	0	304
Property, plant and equipment	0	291	15	115
Financial assets	0	12	0	0
Receivables	0	0	38	0
Other assets	31	0	49	0
Provisions	27	0	520	0
Liabilities	64	0	0	1
Other liabilities	0	122	439	0
Loss carry forwards	659	0	4,981	0
Sub total	780	560	6,041	420
Netting	428	428	420	420
Total	352	132	5,621	0

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 428 (previous year: TEUR 420).

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 10,877 (previous year: TEUR 61,448) for corporation tax and TEUR 10,782 (previous year: TEUR 50,295) for trade tax and primarily relate to the loss carry-forwards from the companies being established. On deductible temporary differences in the amount of TEUR 0 (previous year: TEUR 0) deferred taxes were not activated due to recoverability reasons.

6.3 Inventories

Inventories are made up as follows:

(In TEUR)	Dec 31, 2011	Dec 31, 2010
Raw materials and supplies	67	0
Work in progress	209	45
Finished products and goods	2,101	1,201
Payments on account	3	1
Total	2,380	1,247

Inventories are priced with the net residual value in the amount of TEUR 0 (previous year: TEUR 0).

Appreciation in value write-ups weren't done neither in 2011 nor 2010. A transfer of ownership of inventories is not in existence on the balance sheet date.

6.4 Trade receivables

Trade receivables are composed as follows:

(In TEUR)	Dec 31, 2011	Dec 31, 2010
Trade receivables from third parties	17,243	14,744
Valuation allowances	-7,956	-3,460
Total	9,287	11,284

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 or are a default is to be expected with overwhelmingly likelihood. 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 for the non-value adjusted receivables 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 6,971 (previous year: TEUR 1,997) 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 primarily 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, 2011	Dec 31, 2010
Receivables from tax refunds	1,301	1,296
Deposits	214	30
Others	1,796	1,563
Total	3,311	2,889

Other current assets include receivables from companies in which an interest is held as follows:

(In TEUR)	Dec 31, 2011	Dec 31, 2010
Other receivables	691	38
Valuation allowances	-38	-38
Total	653	0

The carrying amount of other assets is equal the fair value.

Please refer to 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 refer to section 6.4 for information about default risk.

6.7 Shareholders' equity

6.7.1 Issued capital

The Management Board of 3U HOLDING AG decided on May 30, 2011 on the basis of the authorisation granted by the annual general meeting of August 28, 2009 to cancel the 3,117,500 shares obtained in the scope of the share buyback programme and the 1,242,240 shares obtained as part of a mutual agreement, together 4,359,740 shares. The implementation of the capital reduction was entered in the Trade Register on June 24, 2011. Since then the nominal share capital comprises of 39,237,786 of no-par value shares with a nominal 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 is 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 fl., 118 fl. 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 4,602,500 were offered to the beneficiaries until November 30 in the framework of the SOP 2011; at the balance date of December 31, 2011 582,500 of those were expired. 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.

Reserves

As at December 31, 2011 the Company reports a capital reserve of TEUR 24,269 (previous year: TEUR 23,307), a reserve for own treasury shares of TEUR -3,301 (previous year: TEUR -4,142) and retained earnings amounting to TEUR 692 (previous year: TEUR 1,450). The capital reserve of TEUR 24,269 (previous year: TEUR 23,307) contains the premium to the nominal amount from the issuance of shares of 3U HOLDING AG (TEUR 21,499). In addition, the sub-par amounts of the repurchase of own shares, which were used for capital cancellations (TEUR 145, previous year: TEUR 1,808) were added to the capital reserves in the years 2010 and 2011. The employee share plan has led to an increase in paid-in capital of TEUR 132 in 2011.

The paid-in capital for own shares developed as follows:

(In TEUR)	2011	2010
As of January 1	4,142	1,436
Capital cancellation 2010	0	-1,436
Subsequent adjustment of acquisition costs "business combination"	0	2,000
Purchase of own shares 2010/2011	146	2,142
Capital cancellation 2011	-4,288	0
Purchase of own shares 2011	3,447	0
As of Dezember 31	3,447	4,142

As part of the subsequent purchase price adjustment "business combination" TEUR 1,450 were added to retained earnings in 2010. Retained earnings have decreased by TEUR 758 in 2011 due to the capital reduction by cancellation of own shares. These own shares were retrieved as part of a purchase price adjustment.

Dividend payments

As proposed by the Management Board and Supervisory Board the resolution to pay a dividend of 0.02 EUR per dividend-bearing share for the fiscal year 2010 was passed by the Annual General Meeting and was disbursed in 2011. The disbursement totals TEUR 785.

The Management Board and Supervisory Board propose to pay a dividend of 0.03 EUR per dividend-bearing share for fiscal year 2011. The total dividend disbursement would amount to TEUR 1,059 according to this proposal.

6.7.2 Share buyback programme

Two share buyback programmes have been carried out during the reporting period:

Share buyback programme 1:

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 served 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.

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.

Share buyback programme 2:

At the end of the second quarter 2011, the Management Board of 3U HOLDING decided to use the authorisation granted by the AGM of August 19, 2010 to repurchase up to 10 % of its own shares on the stock exchange in the period from July 1, 2011 to at the latest August 18, 2015 to stabilize the shareholder structure and to have the option to pay with own shares in the scope of a transaction. The share repurchase programme was started on July 1, 2011 and was completed on October 25, 2011 after a total of 3,923,770 million shares were purchased, equivalent to almost 10 % of the share capital of EUR 39,237,786.00.

The share repurchase programme was executed by BankM, Repräsentanz der biw Bank für Investments und Wertpapiere, as well. The average purchase price for the shares was EUR 0.84121, with a total spent on the repurchase of EUR 3,308,976.40.

6.7.3 Employee participation programmes

Stock option plan 2011

The stock option plan (SOP) 2011 has the following key details:

The following are beneficiaries:

- Group 1: Members of the Company's Management Board
- Group 2: Employees of the Company and affiliated companies in Germany and abroad in key positions at the first level of management below the Management Board as well as members of the management of affiliated companies in Germany and abroad (Article 15 of the German Stock Corporation Act)
- 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)

A total of 4,602,500 stock options were issued within the scope of the SOP 2011. The distribution between the individual groups is as follows (the value in parentheses indicates the maximum number of shares to possibly be issued):

Group 1:	400,000	(of 468,422)	stock options
Group 2:	2,800,000	(of 2,810,535)	stock options
Group 3:	1,402,500	(of 1,405,267)	stock options
Total:	4,602,500	(of 4,684,224)	stock options

The SOP 2011 has a term of five years. The non-transferable option rights can be exercised after a four-year qualifying period on February 7, 2015 at the earliest and no later than February 6, 2016.

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. The options are not transferable. Each option right authorizes the purchase of a share in the company at the exercise price. The exercise price for the options is EUR 1.00 per share. At the time of inception of the SOP on February 7, 2011 the share was quoted at EUR 0.66, the premium thus amounted to 51.5 %. The fair value of the stock options given in 2011 has been calculated at EUR 0.17. This determination is made using the Black-Scholes model. The model assumptions are based on a share price of EUR 0.66 at the time of acquisition, at an exercise price of EUR 1.00, an expected volatility of 39.7 % (Source: Bloomberg) and a risk-free interest rate of 2.85 % and an expected dividend yield of 0 %. The evaluation was carried out as a European option and the volatility is derived from the historical volatility. Other features are not included in the assessment.

The beneficiary may only 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.

Of the 4,602,500 options issued in the framework of the SOP 582,500 options were forfeited at the balance sheet date.

6.7.4 Interests of non-controlling shareholders

The equity Interests of other shareholders amounted to TEUR -826 (previous year: TEUR -222)

6.8 Financial liabilities

Financial liabilities refer to a long-term building loan.

Financial liabilities comprise the following:

(In TEUR)	Dec 31, 2011	Dec 31, 2010
Liabilities due to banks	2,026	2,138
Lease liabilities	0	10,733
Total	2,026	12,871

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.

In addition, there is a credit line in the amount of EUR 3,0 million, which has not been used as of December 31, 2011, which is 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, 2011	Dec 31, 2010
Social security contributions	0	24
Other taxes	1,309	1,341
Provisions of a liability nature	1,654	4,407
Payroll	5	8
Other liabilities	730	679
Income tax	278	675
Total	3,976	7,134

Provisions of a liability nature primarily comprise staffing obligations.

6.11 Provisions

Provisions comprise the following:

(In TEUR)	Dec 31, 2011 Current	Dec 31, 2011 Long-term	Dec 31, 2010 Current	Dec 31, 2010 Long-term
Restoration obligations	0	144	0	4,956
Litigation risks	655	0	531	0
Other	316	0	264	0
Total	971	144	795	4,956

The development is presented as follows:

(In TEUR)	As of Jan 1, 2011	Utilisation	Reversal	Change in the basis of con- solidation	Allocation	As of Dec 31, 2011
Restoration obligations	4,956	0	16	-4,827	31	144
Litigation risks	531	0	154	-20	298	655
Other	264	24	46	-7	129	316
Total	5,751	24	216	-4,854	458	1,115

Provisions for risks of litigation mainly apply to a law suit regarding carrier services. The availment is expected in the financial year 2012.

Other provisions include mainly provisions for outstanding invoices. The outflow is expected in the first half of 2012.

The provisions for demolition obligations are long-term by nature and were formed to cover restoration of the original condition of various technical sites. With the divestment of the segment Broadband/IP these are mainly omitted.

6.12 Network rentals received

The item relates to deferred sales from the collection of payments for orders, the receipt of network rentals the like.

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

2011 (in TEUR)	Loans	Cash and cash equivalents	Trade receivables	Other financial assets	Liabilities
Loans and receivables	7,885	33,372	9,287	2,619	0
Financial liabilities that are valued at amortized cost	0	0	0	0	11,966
Gesamt	7,885	33,372	9,287	2,619	11,966

2010 (in TEUR)	Loans	Cash and cash equivalents	Trade receivables	Other financial assets	Liabilities
Loans and receivables	0	29,142	11,284	2,888	0
Financial liabilities that are valued at amortized cost	0	0	0	0	29,473
Gesamt	0	29,142	11,284	2,888	29,473

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 respectively their market rate.

Liabilities are divided into long-term liabilities amounting to TEUR 2,026 (previous year: TEUR 10,342) and current liabilities of TEUR 9,940 (previous year: TEUR 19,131).

Net losses including changes in value adjustments from loans and receivables amounted to TEUR 5,789 (previous year: TEUR 1,213).

6.14 Contingent liabilities and other financial obligations

As at December 31 the following financial obligations remain:

(In TEUR)	Dec 31, 2011	Dec 31, 2010
Within one year	415	17,143
Between one and five years	441	16,431
After five years	90	5,032
Total	946	38,606

The purchase commitments included in the other financial obligations occurring within a year amount to TEUR 411 (previous year: TEUR 1,546).

The other remaining financial obligations refer to lease agreements relating to offices, technical space, fibre-optic-lines and cars. The agreements concerned have a remaining term of 1 to 5 years.

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

With the notarized agreement dated November 11, 2011 3U HOLDING AG acquired the property in Adelebsen. Due to various contractual commitments that have not been realized in fiscal year 2011, the purchase agreement in 2011 was not yet complete. From the purchase agreement itself results a purchase price payment of TEUR 4,967.

In connection with the closing of two lease agreements between LambdaNet and Südleasing GmbH 3U HOLDING AG provided a guarantee in favour of Südleasing GmbH. Pursuant to the purchase agreement dated May 19, 2011 between euNetworks GmbH and 3U HOLDING AG, euNetworks will try with all available means that 3U HOLDING AG is released from this guarantee. To the date of preparation of the consolidated financial statements, the guarantee, however, remained unchanged.

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 totalling TEUR 655 (previous year: TEUR 531) were created for existing legal disputes as at December 31, 2011.

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.

Specific risks could come with changes in the Telecommunications Act (TKG) and the Renewable Energy Sources Act (EEG).

7 Notes to the cash flow statement

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

(In TEUR)	Dec 31, 2011	Dec 31, 2010
Fixed deposits	8,522	8,012
Credit with banks and cash	24,850	21,130
Total cash and cash equivalents	33,372	29,142
Minus fixed deposits pledged as collateral	1,500	1,500
Cash and cash equivalents	31,872	27,642

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 outflow/inflow of TEUR -2,961 (previous year: TEUR 3,522) from operating activities in continued operations.

Cash flow from investing activities amounted to TEUR 12,588 (previous year: TEUR -4,798) and cash flow from financing activities amounted to TEUR 5,397 (previous year: TEUR -2,954).

In total, cash and cash equivalents increased in an amount of TEUR 4,230 (previous year: decline of TEUR 4,147).

Of the cash and cash equivalents reported at the end of the period amounting to TEUR 33,372 (previous year: TEUR 29,142), there is a restriction on the disposal of a total of TEUR 1,500 (previous year: TEUR 1,500). They are deducted from the cash, so that the cash funds are reduced accordingly.

In fiscal year 2011, interest income received in the amount of TEUR 799 (previous year: TEUR 770) is partly offset by interest payments – in particular the interest component of lease agreements for fiber optic network – in the amount of TEUR 554 (previous year: TEUR 1,401).

Dividends of EUR 0.02 per share were paid in fiscal 2011 to shareholders.

For the disinvestment/investment of shares in Subsidiaries liquid assets of TEUR 25,462 (previous year: TEUR 0) were accrued by the Group and TEUR 1,726 (previous year: TEUR 19) cash outflow was reported. The purchase or selling prices have been fully paid or received in cash.

The cash in and outflows are comprised of the following

(In TEUR)	Inflow	Outflow	Net
Acquisition	37	0	37
Disposition	25,425	1,726	23,699
Total	25,462	1,762	23,736

In 2011 income taxes of TEUR 443 have been paid (previous year: receipt of TEUR 2,753).

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, 2011 and 2010, reported equity and total assets amounted to:

	Dec 31, 2011	Dec 31, 2010	Change
Equity in TEUR	62,265	40,305	21,960
Equity in % of total capital	82.49 %	51.67 %	30.82 %-percentage points
Borrowed capital in TEUR	13,214	37,694	-24,480
Borrowed capital in % of total capital	17.51 %	48.33 %	-30.82 %-percentage points
Total capital (equity plus borrowed capital) in TEUR	75,479	77,999	-2,520

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 interest rate and credit risks, which could have an impact on its net assets, financial position and results of operations. In the context of increasing international business, particularly in the field of renewable energies, the 3U group is exposed to increased currency risks, which may have a corresponding impact. Where necessary, it also uses derivative financial instruments to manage these risks. No derivative financial instruments were in use in the 3U Group as at December 31, 2011.

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 gaining more importance for the Group, so principally there is a 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 2011, 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 109
Liabilities: TEUR 944

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 3.0 million (previous year: EUR 1.5 million). 3U expects that it will be able to fulfil 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.

Hence we abstained from sensitivity analyses within the meaning of IFRS 7.40.

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

8.3 Related parties

In the normal course of doing business 3U HOLDING AG and its Subsidiaries entertain business relationships with associated companies who are considered related parties of the Group. These are the Spider Telecom Ltd. and the Tianjin EuroSun Solar Energy Technology Co. Ltd. These commercial operations relate solely to supply and service relationships with these related companies. They were made on terms that are common among the Group companies. Short-term exposures to these companies as at December 31, 2011 amount to TEUR 653 (previous year: TEUR 0).

Earnings from these business relations amount to TEUR 438 (previous year: TEUR 202) in fiscal year 2011. Expenses are not incurred by the Group.

Transactions with other related parties regarded the RZ Solartechnik. It is essentially a supply and service relationship that has been made on commercial terms. In fiscal year 2011 there was income of TEUR 24 (previous year: TEUR 82) and expenses of TEUR 18 (previous year: TEUR 86). As at December 31, 2011 and December 31, 2010 there were short-term loans amounting to TEUR 18 (previous year: TEUR 46) and short-term debt of TEUR 1 (previous year: TEUR 77).

Other transactions with related parties were made only to an insignificant extent, and on market conditions.

There is a receivable against myFairPartner Limited of TEUR 38 (previous year: TEUR 38), which is fully written off.

From the joint venture agreement on the establishment of the Sanhe EuroSolar Solar Energy Technology Ltd., Sanhe, China there is a deposit obligation of TEUR 216.

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

Michael Schmidt	<p>Lahntal</p> <p>Speaker of the Management Board of 3U HOLDING AG</p> <p>Other Supervisory Board or Advisory Board mandates:</p> <p>Deputy Chairman of the Supervisory Board of LambdaNet Communications Deutschland AG, Hannover (until May 31, 2011)</p> <p>Member of the Management Board of 3U SOLAR Systemhandel AG (since June 29, 2011)</p>
Michael Göbel	<p>Staufenberg</p> <p>Chief Financial Officer of 3U HOLDING AG (since March 1, 2010)</p>
Andreas Odenbreit	<p>Marburg</p> <p>Interim Management Board Member of 3U HOLDING AG (since May 26, 2011)</p> <p>Member of the Supervisory Board of 3U SOLAR Systemhandel AG (since June 29, 2011)</p>

Total remuneration of the Management Board granted in 2011 amounted to TEUR 928 (previous year: TEUR 1,311).

In the variable bonus of 2011 the maximum possible variable remuneration for 2011 of TEUR 300 (Michael Schmidt), TEUR 85 (Michael Göbel) resp. TEUR 17 (Andreas Odenbreit) are included.

Name	Fixed remuneration in TEUR		Variable remuneration in TEUR		Compensation in TEUR		Total remuneration in TEUR	
	2011	2010	2011	2010	2011	2010	2011	2010
Michael Schmidt	308	311	300	300	0	0	608	611
Oliver Zimmermann (Chief Financial Officer until March 1, 2010)	0	54	0	13	0	470	0	537
Michael Göbel (Chief Financial Officer since March 1, 2010)	153	128	85	35	0	0	238	163
Andreas Odenbreit* (Interim Management Board Member since May 26, 2011)	65	0	17	0	0	0	82	0
Sum	526	493	402**	348	0	470	928	1,311

*Andreas Odenbreit receives no compensation for his board work, but receives his salary in accordance with his employment contract.

**In the amount of TEUR 125 already paid in 2011, the remaining amount of TEUR 277 is payable in the short term (with maximum variable remuneration).

In the fiscal year 2011 the following stock options were issued to Members of the Board:

Name	Function	Number of stock options
Michael Schmidt	Speaker of the Management Board	200,000
Michael Göbel	Member of the Management Board	200,000
Andreas Odenbreit	Interim Management Board Member	0*

*Mr. Odenbreit, however, has received stock options as an employee of 3U HOLDING AG.

All remuneration for Management Board activities was made by 3U HOLDING AG. No remuneration has been paid by the Subsidiaries.

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

Name	Function	Number of shares	Stock options 2011	
			Number	Value in EUR*
Michael Schmidt	Speaker of the Management Board	8,999,995	200,000	34,000
Michael Göbel	Member of the Management Board	8,500	200,000	34,000
Andreas Odenbreit	Interim Management Board Member	20,500	200,000	34,000
Gerd Simon	Member of the Supervisory Board	10,000	0	0

* Value when granted

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 2011 and 2010 financial years no expenditures for long-term incentive components were accrued.

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 (until May 31, 2011)
Gerd Simon	Chairman of the Supervisory Board of 3U SOLAR Systemhandel AG, Marburg
	Bad Homburg vor der Höhe
	Industrial Engineer
	Deputy Chairman of the Supervisory Board of 3U HOLDING AG
	Other Supervisory Board or Advisory Board mandates:
Stefan Thies	Member of the Supervisory Board of Elabs AG, Frankfurt am Main
	Heinsberg
	Degree in business and tax consulting
	Member of the Supervisory Board of 3U HOLDING AG

The Supervisory Board remuneration for 2011 amounted to TEUR 68 (previous year: TEUR 84). Members of the Supervisory Board did not receive success-based remuneration for the year 2010 per Article 9 (1c) of the articles of association of 3U HOLDING AG. The values in the table below have been adjusted. A performance-related remuneration of TEUR 90 was deferred for 2011.

Name	Fixed remuneration in TEUR		Attendance-fee in TEUR		Performance related remuneration in TEUR		Total remuneration in TEUR	
	2011	2010	2011	2010	2011	2010	2011	2010
Ralf Thoenes (Chairman)	10	10	15	20	40	0	65	30
Gerd Simon	8	8	15	20	30	0	53	28
Peter Coch (until August 19, 2010)	0	3	0	13	0	0	0	16
Stefan Thies (since August 19, 2010)	5	2	15	8	20	0	40	10
Sum	23	23	45	61	90	0	158	84

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 20 (previous year: TEUR 22) for its consultancy services for the 3U Group. This figure is broken down as follows: 3U HOLDING AG TEUR 0 (previous year: TEUR 5), 3U TELECOM GmbH TEUR 12 (previous year: TEUR 7), 010017 Telecom GmbH TEUR 2 (previous year: TEUR 2), LambdaNet Communications Deutschland AG TEUR 0 (previous year: TEUR 6), SEGAL Systems GmbH TEUR 0 (previous year: TEUR 2) and 3U SOLAR Systemhandel AG TEUR 6 (previous year: TEUR 0).

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

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 following the end of the financial year" in the consolidated management report.

8.5 Auditor's Fees

The fees for the auditor BDO AG Wirtschaftsprüfungsgesellschaft in the financial year 2011 are:

Annual audit services	TEUR 353	(previous year: TEUR 313)
Other assurance services	TEUR 96	(previous year: EUR 0)
Tax consulting services	TEUR 10	(previous year: TEUR 9)
Other services	TEUR 43	(previous year: TEUR 95)
Total	TEUR 502	(previous year: TEUR 417)

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 amounted to 20.64 % (this corresponds to 8,999,995 voting rights) that day.

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, 2012. 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 cannot be altered.

Marburg, March 30, 2012

The Management Board

Michael Schmidt

Christoph Hellrung

Andreas Odenbreit

132 Development of Group fixed assets 2011 (IFRS)

3U Group (in TEUR)	Historical acquisition and production cost					As of Dec 31, 2011
	As of Jan 1, 2011	Additions	Reclassi- fications	Disposals	Changes in the basis of consolidation	
I. Intangible assets						
1. Purchased concessions, industrial property rights and similar rights and assets and licences to such rights and assets	15,061	118	0	0	-11,339	3,840
2. Customer base	11,031	0	0	0	-11,031	0
3. Goodwill	344	3	0	0	170	517
Total intangible assets	26,436	121	0	0	-22,200	4,357
II. Property, plant and equipment						
1. Land and buildings including buildings on third party land	4,135	1,042	160	0	0	5,337
2. Technical equipment and machines	125,889	912	2	126	-120,581	6,096
3. Other equipment, plant and office equipment	3,630	130	0	13	-2,043	1,704
4. Constructions in progress	811	9,231	-162	0	-32	9,848
Total property, plant and equipment	134,465	11,315	0	139	-122,656	22,985
III. Financial assets						
1. Investments	1,156	947	0	653	0	1,450
2. Loans	0	9,885	0	2,000	0	7,885
Total financial assets	1,156	10,832	0	2,653	0	9,335
Total fixed assets	162,057	22,268	0	2,792	-144,856	36,677

	Accumulated depreciation				Carrying amounts		
As of Jan 1, 2011	Additions	Disposals	Changes in the basis of consolidation	As of Dec 31, 2011		As of Dec 31, 2011	As of Dec 31, 2010
14,709	188	0	-11,711	3,186		654	352
10,084	299	0	-10,383	0		0	947
344	3	0	0	347		170	0
25,137	490	0	-22,094	3,533		824	1,299
197	155	0	0	352		4,985	3,938
108,056	2,122	53	-104,837	5,288		808	17,833
3,040	153	7	-2,010	1,176		528	590
0	0	0	0	0		9,848	811
111,293	2,430	60	-106,847	6,816		16,169	23,172
207	0	0	0	207		1,243	949
0	0	0	0	0		7,885	0
207	0	0	0	207		9,128	949
136,637	2,920	60	-128,941	10,556		26,121	25,420

134 Development of Group fixed assets 2010 (IFRS)

3U Group (in TEUR)	Historical acquisition and production cost				As of Dec 31, 2010
	As of Jan 1, 2010	Additions	Disposals	Reclassi- fications	
I. Intangible assets					
1. Purchased concessions, industrial property rights and similar rights and assets and licences to such rights and assets	15,010	192	141	0	15,061
2. 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					
1. Land and buildings including buildings on third party land	695	2,194	43	1,289	4,135
2. Technical equipment and machines	124,100	1,875	205	119	125,889
3. 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

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

136 Responsibility statement

Responsibility statement according to Article 37y WpHG i. V. m. Article 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, 2012

The Management Board

A stylized blue ink signature consisting of a large loop followed by a horizontal stroke and a short vertical line.

Michael Schmidt

A blue ink signature with a series of horizontal, wavy strokes and a long horizontal line extending to the right.

Christoph Hellrung

A blue ink signature with multiple sharp, vertical strokes and a long horizontal line crossing through them.

Andreas Odenbreit

Auditor's report

We have audited the consolidated financial statements prepared by the 3U HOLDING AG, Marburg, comprising the statement of financial position, the statement of comprehensive income, statement of changes in equity, statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2011. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to sec. 315a para. 1 HGB and supplementary articles of incorporation are the responsibility of the parent company's management. 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 sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and 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 the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to sec. 315a para. 1 HGB and supplementary articles of incorporation 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, 2012

BDO AG
Wirtschaftsprüfungsgesellschaft

Fritz
Wirtschaftsprüfer

Theis
Wirtschaftsprüfer



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Financial calendar

- **Publication of report on Q1 2012**
May 15, 2012
- **Annual General Meeting**
May 31, 2012 in Marburg
- **Publication of report on Q2 2012**
August 15, 2012
- **Publication of report on Q3 2012**
November 12, 2012
- **Analysts' conference** (at the Eigenkapitalforum)
November 12-14, 2012 in Frankfurt am Main

Contact

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Glossary

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.

Consolidation

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 sheet

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.

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.

EBIT

Earnings before interest and taxes

EBITDA

Earnings before interest, taxes, depreciation and amortisation

EBT

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.

IFRS

International Financial Reporting Standards

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.

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).

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

SKW (SPP)

Solarkraftwerk
(Solar-Power plant)

Published by

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Disclaimer

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	Services	Renewable Energies
010017 Telecom GmbH Marburg, Germany	3U DYNAMICS GmbH Marburg, Germany	3U SOLAR Systemhandel AG Marburg, Germany
3U MOBILE GmbH Marburg, Germany	myFairPartner Limited London, Great Britain	3U SOLAR Service GmbH Marburg, Germany
3U TELECOM GmbH Marburg, Germany	RISIMA Consulting GmbH Marburg, Germany	3U SOLAR (PTY) Ltd. Johannesburg, South Africa
3U TELECOM GmbH Vienna, Austria	SEGAL Systems GmbH Marburg, Germany	EuroSun Vacuum-Solar-Systems GmbH Marburg, Germany
Discount Telecom S&V GmbH Marburg, Germany		Solarpark Adelebsen GmbH** Marburg, Germany
Exacor GmbH Marburg, Germany		Selfio GmbH Bad Honnef, Germany
fon4U Telecom GmbH Marburg, Germany		Tianjin EuroSun Solarenergy Technology Co. Ltd.* Tianjin, China
LineCall Telecom GmbH Marburg, Germany		Sanhe EuroSolar Solar Energy Technology Ltd. Sanhe, China
OneTel Telecommunication GmbH Marburg, Germany		
Spider Telecom GmbH* Marburg, Germany		
Triast GmbH Kreuzlingen, Switzerland		
Younip Telecom GmbH Marburg, Germany		

*"At equity" included investments

**Before: 3U Solarkraft Friedrichstraße GmbH



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