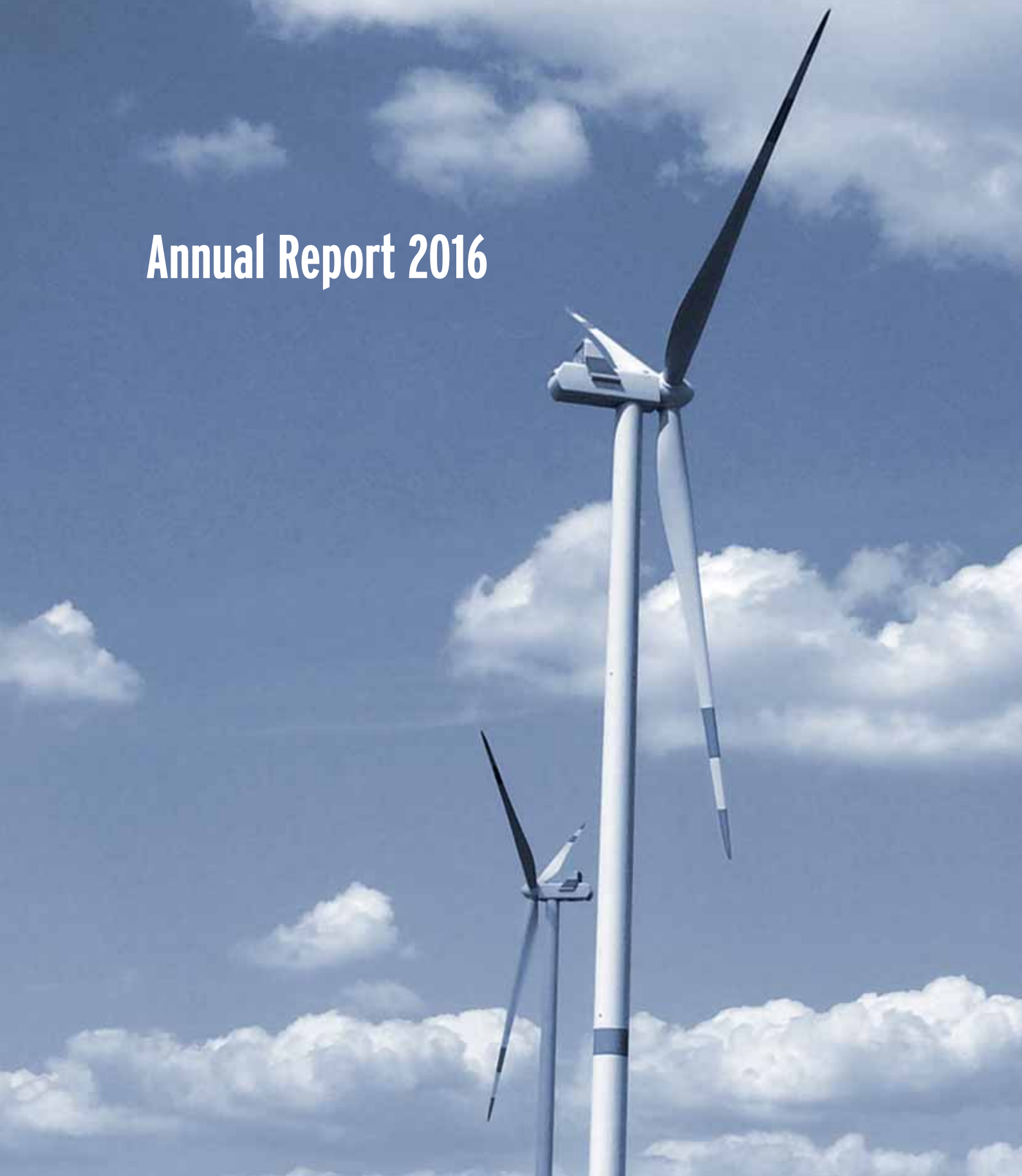


Annual Report 2016



Summary of Group results

3U Group (IFRS)		Year-on-year comparison January 1–December 31	
		2016	2015
Sales	(in EUR million)	43.74	48.24
EBITDA (earnings before interest, taxes and amortisation)	(in EUR million)	4.70	4.01
EBIT (earnings before interest and taxes)	(in EUR million)	1.05	0.63
EBT (earnings before tax)	(in EUR million)	0.11	-0.29
Net earnings for the period	(in EUR million)	0.64	-0.82
Earnings per share total (undiluted)	(in EUR)	0.02	-0.02
Earnings per share total (diluted)	(in EUR)	0.02	-0.02
Equity ratio	(in %)	40.89	50.21

3U Group (IFRS)		Quarterly comparison October 1–December 31	
		2016	2015
Sales	(in EUR million)	11.26	13.18
EBITDA (earnings before interest, taxes and amortisation)	(in EUR million)	0.99	1.25
EBIT (earnings before interest and taxes)	(in EUR million)	-0.01	0.52
EBT (earnings before tax)	(in EUR million)	-0.29	0.54
Net earnings for the period	(in EUR million)	0.26	0.49
Earnings per share total (undiluted)	(in EUR)	0.01	0.01
Earnings per share total (diluted)	(in EUR)	0.01	0.01
Equity ratio	(in %)	40.89	50.21

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Letter to our shareholders

Dear Shareholders,

we look back on a relatively successful 2016 financial year. In most of our various business areas, we have continued the positive trend by focusing on promising activities and by reducing or eliminating activities that have lagged behind our expectations.

Business performance in the various segments proved to be very heterogeneous.

In the segment ITC, we recorded a sharp decline in sales, especially in the first half year. For many years, we have reported that the call-by-call market continues to shrink and it is to be expected that this trend will continue. Nevertheless, two very pleasing developments can be observed in the telephony division. The decline in sales in call-by-call was below market average as sales shares were gained. In addition, the margin achieved was increased through a continuous optimization process. Declining income in the call-by-call business can increasingly be offset by income from other business areas. 2016 was the first financial year in which the other divisions in the telephony sector generated a higher profit contribution than the call-by-call area. In the areas of cloud-based solutions as well as the trading of IT licenses, sales were also slightly expanded and likewise the margin increased.

In the segment Renewable Energies, we made great progress with our first self-developed Windpark Lüdersdorf, which was put into operation in May, and the construction of the Windpark Schlenzer. In the published figures, however, this can hardly be seen since last year was the weakest wind year of the last 15 years and sales from the feed-in tariff were subsequently significantly lower than expected. Further developments in this area depend on various factors which are difficult to predict today. The framework conditions in this business area are decisively determined by the Renewable Energy Sources Act (EEG). On October 13, 2016, the German Bundestag passed an amendment to the EEG 2017. In essence, it provides for a fundamental change in the promotion mechanisms from fixed feed-in tariffs to a tendering system in which the award is determined within the framework of a price competition. We closely follow the activities of all relevant market participants and will position ourselves accordingly.

In the segment SHAC, we are benefiting from the still robust construction sector, which should remain at a high level in the foreseeable future, thus increasing demand for new installations in the SHAC area. With our online trading activities, we are benefiting from the growing demand from the Internet. Overall, we are very confident that we will continue to grow faster than the market in this segment.

Outlook for the current financial year

At the beginning of February, we published our forecast for the current financial year. Pursuant we plan for the Group with

- sales between EUR 44 million and EUR 49 million
- an EBITDA between EUR 4.5 million and EUR 6.5 million as well as
- consolidated earnings between EUR 0.5 million and EUR 1.5 million



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

This forecast takes into account the continuing uncertainty regarding the economic and, above all, the regulatory framework in the business areas telephony and wind farm projects. Nevertheless, we expect further progress in all segments for the current financial year, and we are very confident that we will improve on all key Group figures compared to the previous year.

After the pleasing business result of the year 2016, you as the owners have the right to participate in the company success by a dividend. Therefore the Management Board and the Supervisory Board have decided to propose to the Annual General Meeting in May 2017 that a dividend of EUR 0.01 per share be distributed for the past financial year 2016. The amount of this dividend cannot satisfy you as shareholders and us in the medium term, but it is a step in the right direction, which also considers our accounting requirements. It is declared corporate strategy to let our shareholders participate appropriately in the company success through dividend distributions. After a few years without dividends, a new phase of continuous dividend payments is to be initiated with the upcoming dividend.

With the turnaround in fiscal year 2016, we reached a very important milestone. However, neither we nor our shareholders are satisfied. We have therefore lots of tasks to tackle in the future. We want to make 3U into both a profitable and a growing investment company. For this, we have a solid foundation on which to build. We will continue to strive with all our strength to continually improve and thus gradually strengthen the confidence of our shareholders.

We would like to thank you for your support as shareholders of 3U HOLDING AG and look forward to continue to drive the company on a successful course with you at our side.

Marburg, March 2017

Your Management Board

Michael Schmidt

Christoph Hellrung

Andreas Odenbreit

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Report of the Supervisory Board

Dear Shareholders,

following, I would like to inform you about the work of the Supervisory Board in fiscal year 2016:

Cooperation between Supervisory Board and Management Board

In fiscal year 2016 the Supervisory Board again regularly advised the Management Board on the management of the Company and continuously supervised its conduct of business. We assured ourselves that business complied with all legal and regulatory requirements at all times. The Management Board fulfilled its duty to inform us and furnished us with regular written and verbal reports containing up-to-date and comprehensive information on all issues of relevance to the Company and the Group relating to strategy, planning, business performance, the chances and risk situation and compliance. This also included information on variances between actual performance and previously reported targets as well as on budget variances. The Members of the Supervisory Board always had ample opportunity to critically examine the reports and resolution proposals submitted by the Management Board and contribute suggestions. In particular, we discussed intensively and examined the plausibility of all transactions of importance to the Company on the basis of written and verbal reports by the Management Board. On numerous occasions the Supervisory Board dealt at length with the risk situation of the Company, the liquidity planning and the equity situation. As a result of an analysis of the value potential of the Group's businesses and the opportunities and risks of strategic steps, critical operational issues were presented to the Supervisory Board in a clear and differentiated manner. Where required by law, the Articles of Association or the rules of procedure for the Management Board, the Supervisory Board provided its approval of individual business transactions.

In the periods between meetings, the Supervisory Board Chairman engaged in a close and regular exchange of views and information with the Management Board and was informed about major developments.

There were no indications of conflicts of interest of Management Board and Supervisory Board members, which must be disclosed to the Supervisory Board immediately and reported to the Annual General Meeting.

Meetings and participation

In fiscal year 2016, a total of seven Supervisory Board meetings (February 18, 2016, March 18, 2016, May 25, 2016, May 31, 2016, August 29, 2016, November 11, 2016 and December 15, 2016) were held, in which the Supervisory Board was represented at full strength. The Management Board participated in the Supervisory Board meetings in so far the Chairman hadn't decided otherwise.

The Supervisory Board consists of three members and has not established any committees. All resolutions of the Supervisory Board were passed unanimously. Outside the Supervisory Board meetings, the Supervisory Board was in close contact with the Managing Board and kept an eye on the course of the business and important events.

Focus of consultations in the Supervisory Board

The Supervisory Board gave intensive consideration to the Company's strategic development and orientation in the last business year again. The Supervisory Board exchanged opinions with the Management Board on the necessary measures in the subsidiaries and discussed them critically in a timely matter. In addition, the Supervisory Board was informed by the Management Board continuously on the measures to optimize costs and increase efficiency in the area of Renewable Energies and discussed them with the Management Board.

The continued reporting of the Group's sales, earnings, business development and the financial position of the Company constituted a significant topic of discussions within the Supervisory Board and the Management Board. Significant developments in the various subsidiaries were presented to the Supervisory Board by the Managing Directors. In particular, the Supervisory Board received explanations from the Management Board regarding business developments that deviated from prepared budgets and defined targets.

One focus of the Supervisory Board's discussions on the strategic development of the Group concerned the adjustment measurements for telephony and renewable energies projects to the continuously changing framework conditions.

The focus of the discussion was, inter alia, the pricing by Deutsche Telekom, regulatory decisions by the Federal Network Agency, opportunities and threats in the wholesale sector and the expansion of services relating to the data centers. The developments in cloud computing and the IT licensing business were also discussed in depth.

In the segment Renewable Energies, the Supervisory Board dealt with expansion plans of the business field wind power projects. Various options have been thoroughly examined and discussed in detail between the Supervisory Board and the Management Board. Both, the wind farm projects developed within the 3U ENERGY PE GmbH, as well as the purchase of external wind farms played an important role in this context.

Beyond that, discussion focused on the expansion of the segment SHAC, and in particular the development of the e-commerce following the share acquisition of the minority shareholders carried out at the end of 2015.

Further topics of discussion in Supervisory Board meetings were compliance and corporate governance, specifically the efficiency audit of the Supervisory Board in line with the principles of corporate governance. In addition to staff issues within the Group companies, the Supervisory Board and the Management Board agreed on new Management Board contracts, which apply as of January 1, 2017.

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-related remuneration consists of 70 % of a quantitative and 30 % of a qualitative partial target. In the case of the quantitative partial target fulfilment, the Supervisory Board primarily assesses the EBIT of the Group in relation to the amount projected in the budget planning ("planning spread") and the EBT of the Group (operating earnings). Within

the framework of the qualitative target achievement, the Supervisory Board continues to assess the execution of priority tasks of the Management Board as well as the fulfilment of the personal targets for the Management Board set by the Supervisory Board.

The risk monitoring system of the Company was, in addition to the examination by the Supervisory Board, 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.

Corporate Governance

The Members of the Supervisory Board continued to deal with the German Corporate Governance Code in the reporting year. The Management Board and Supervisory Board issued a Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act (AktG) in March 2017. 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.

In addition the Management Board – also on behalf of the Supervisory Board – reports on corporate governance at 3U HOLDING AG in the corporate governance report and the corporate governance declaration.

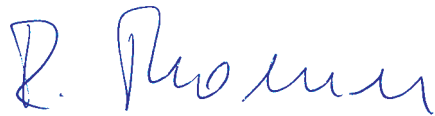
Audit of the 2016 annual and consolidated financial statements

BDO AG Wirtschaftsprüfungsgesellschaft, Essen, was chosen as auditor by the Annual General Meeting on May 25, 2016 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 the combined management report prepared in accordance with IFRS for the 2016 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 review meeting on March 16, 2017. 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 combined management report for 3U HOLDING AG, 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, 2016; 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 2016.

Marburg, March 16, 2017

The Supervisory Board



Ralf Thoenes
Chairman

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Corporate governance report

The German Corporate Governance Code has been applicable since 2002. It was updated in February 2017 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.

Sound, systematic corporate governance is particularly important for a group such as 3U HOLDING AG with its numerous subsidiaries. The Supervisory Board and the Management Board are convinced that sound corporate governance, taking company and industry-specific issues into account, is an important building block for the future success of 3U HOLDING AG. Accordingly, responsibility for compliance with the principles of sound corporate governance is vested in senior management.

In the financial year 2016, the Management Board and Supervisory Board once again carefully examined the corporate governance of 3U HOLDING AG and the Group as well as the contents of the German Corporate Governance Code. During the reporting period, as in prior years, 3U HOLDING AG again fulfilled most of the Code's recommendations.

Declaration by the Management Board and the Supervisory Board of 3U HOLDING AG on the recommendations of the Government Commission on the German Corporate Governance Code in accordance with section 161 of the AktG (German Stock Corporation Act)

3U HOLDING AG submitted the declaration of conformity required according to the German Stock Corporation Act during the reporting period on March 1, 2016 and most currently in March 2017. It can be viewed permanently on its website (www.3u.net) under the path "Investor Relations/Corporate Governance".

Declaration by the Management Board and the Supervisory Board of 3U HOLDING AG on the recommendations of the Government Commission on the German Corporate Governance Code in accordance with section 161 of the AktG

1. Since last submitting a declaration of conformity on March 1, 2016, 3U HOLDING AG has complied with the recommendations of the Government Commission on the German Corporate Governance Code as set out in the then valid version of the German Corporate Governance Code dated May 5, 2015 with the following exceptions:

- Code article 3.8: The directors' and officers' liability insurance policy does not include a deductible for Members of the Supervisory Board. In this respect, 3U HOLDING AG is of the opinion that the level of responsibility and motivation with which the Members of the Supervisory Board of the Company perform their tasks would not be improved by any such deductible.
- Code article 4.1.5: In making appointments to senior positions, the Management Board is guided by the specific requirements of the function and looks for the best possible person meeting these requirements. If several equally qualified candidates are available, the Management Board takes into account the principles of diversity and an appropriate consideration of women by filling vacancies without making these criteria a priority principle.

- Code article 4.2.3: 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.
- Code article 5.1.2: The appointments to the Management Board made by the Supervisory Board are based on suitability and qualification and are aimed to fill the jobs with the best candidates. The Company believes that special weighting of other criteria to select potential candidates as prescribed by the Code would limit the options for the Management Board.
- Code article 5.4.1: In the cast of the Supervisory Board it applies as well that ability, experience and qualifications are the relevant selection criteria. To oblige to targets in terms of future appointments restricts the flexibility that would entail no other advantages for the Company. This is all the more because the Supervisory Board currently consists of only three members.

2. In future, 3U HOLDING AG will comply with the recommendations of the Government Commission on the German Corporate Governance Code in the version dated May 5, 2015 with the following exceptions:

- Code article 3.8: The directors' and officers' liability insurance policy does not include a deductible for Members of the Supervisory Board. In this respect, 3U HOLDING AG is of the opinion that the level of responsibility and motivation with which the Members of the Supervisory Board of the Company perform their tasks would not be improved by any such deductible.
- Code article 4.1.5: In making appointments to senior positions, the Management Board is guided by the specific requirements of the function and looks for the best possible person meeting these requirements. If several equally qualified candidates are available, the Management Board takes into account the principles of diversity and an appropriate consideration of women by filling vacancies without making these criteria a priority principle.
- Code article 5.1.2: The appointments to the Management Board made by the Supervisory Board are based on suitability and qualification and are aimed to fill the jobs with the best candidates. The Company believes that special weighting of other criteria to select potential candidates as prescribed by the Code would limit the options for the Management Board.
- Code article 5.4.1: In the cast of the Supervisory Board it applies as well that ability, experience and qualifications are the relevant selection criteria. To oblige to targets in terms of future appointments restricts the flexibility that would entail no other advantages for the Company. This is all the more because the Supervisory Board currently consists of only three members.

Düsseldorf/Marburg, March 2017

For the Supervisory Board
Ralf Thoenes

For the Management Board
Michael Schmidt

Further development of Corporate Governance

3U HOLDING AG continues to develop its understanding of good and responsible corporate governance. A professional and efficient management and control within the Group are based on governance, risk and compliance systems.

Primarily risks must be prevented there, where they may arise, and if this is not possible, they must be recognized and reduced. To ensure this, as automated as possible internal controls in the business processes are implemented. Since this is not fully implementable in every case, the effectiveness of the control system must be ensured by additional control measures by the management.

Secondly this is done for example by via policies and standard operating procedures. Close integration of the internal control system, risk management system and compliance management system maximizes the efficiency of risk prevention and management of risks.

The risk manager of the Group monitors through independent audits the adequacy and effectiveness of the implemented processes and systems for risk management in the broadest sense. The risk manager reports directly to the CEO and the Supervisory Board. The model is completed by the external monitoring of the auditor, who incorporates the results of the audits by the risk manager in his own assessment.

Appropriate control and risk management

Corporate governance at 3U HOLDING AG involves dealing responsibly with risks. The continuous and systematic management of business opportunities and risks is fundamental to professional governance. It helps ensure that risks are identified, evaluated and managed at an early stage. The Management Board reports regularly to the Supervisory Board about the status of the main risks in the Group. The Supervisory Board focuses on monitoring the effectiveness of the accounting process and the internal control and risk management. 3U HOLDING AG continuously enhances the individual systems and adapts them to changing conditions. Key features of our control and risk management system are described in the opportunity and risk report.

Compliance

Compliance, in the sense of measures to ensure adherence to statutory requirements and internal company policies is a key management duty at 3U HOLDING AG. It contains a clear commitment to compliance with the law and internal policies: violations will not be tolerated (zero tolerance). All reports of misconduct will be investigated.

Objectives of the Supervisory Board and the Management Board with regard to their respective composition and the composition of the management levels below the Management Board

Currently the Supervisory Board consists of three male members. Their appointment was made until the end of the Annual General Meeting deciding on the discharge for the financial year 2017. Neither an enlargement of the Supervisory Board was or is planned nor a change in the Supervisory Board. Therefore, the Supervisory Board still stays by its decision of September 30, 2015 that the target to reach for the proportion of women in the Supervisory Board of 3U HOLDING AG by June 30, 2017 is 0 %.

The Management Board currently consists of three male members. The Supervisory Board is of the opinion that the Management Board positions are currently best possible occupied and an enlargement of the Management Board is not appropriate in terms of the Company size and structure. Therefore, the Supervisory Board still stays by its decision of September 30, 2015 that the target to reach for the proportion of women in the Management Board of 3U HOLDING AG by June 30, 2017 is 0 %.

There is currently only one management level below the Management Board level in the 3U HOLDING AG, which currently consists of three male members. The Management Board still stays by its decision of September 30, 2015 that the target to reach for the proportion of women in the management level below the Management Board of 3U HOLDING AG by June 30, 2017 is 0 %.

Avoidance of conflicts of interest

There were consulting or other service agreements between Members of the Supervisory Board and the Company during the reporting year. The contractual relationships in the financial year are disclosed in the remuneration report. Conflicts of interest of Management or Supervisory Board, which are to be disclosed to the Supervisory Board without delay, did not occur.

The transactions with related parties are shown in the notes to the consolidated financial statements in 8.3.

Disclosure of securities transactions and shareholdings of Management and Supervisory Board

According to art. 19 MAR, Members of the Management Board and Supervisory Board and persons close to them are required by law to disclose the purchase and sale of 3U HOLDING AG shares or related financial instruments whenever the value of the transactions amounts to EUR 5,000 or more within a calendar year. In fiscal 2016, the following transaction has been reported to the Company:

Transaction date	Reporting person	Type of transaction	Quantity	Exercise price	Total volume
08/15/2016	Jürgen Beck-Bazlen (Supervisory Board)	Purchase	10,000	EUR 0.699994	EUR 6,999.94

Shareholders and Annual General Meeting

The shareholders of 3U HOLDING AG exercise their rights at the Company's Annual General Meeting, which is chaired by the Chairman of the Supervisory Board in accordance with the Articles of Association. The Annual General Meeting takes place once a year. Each share confers one vote.

Shareholders can exercise their voting rights at the Annual General Meeting in person or by proxy, for which they can authorize a person of their choice or a Company-nominated proxy acting on their instructions. Shareholders can also cast their votes in writing by postal vote – without authorizing a proxy. On our website we make all documents and information on the Annual General Meeting available to shareholders in good time. In addition, questions can be addressed to members of our Investor Relations department via an info line or e-mail.

Transparency through high-quality information

Our dialogue with the capital market is aimed at informing all target groups fully, equally and quickly, and presenting valuation-relevant facts in high quality.

The presentations which are given to analysts and investors are immediately freely available on the website. Our Investor Relations department also makes extensive facts and data available on the website to help analysts and investors better understand and value our businesses and their upside potential.

We provide information on recurring dates, such as the date of the Annual General Meeting or the publication dates of interim reports, in a financial calendar published in the Annual Report, the interim reports and on the Company's website.

Information about the latest developments in the Group is also provided on our website. All press releases and ad hoc announcements of 3U HOLDING AG are published in German and English in the IR-News and Press section.

The Company's Articles of Association can also be viewed on the website, as can the consolidated financial statements, interim reports and information on the implementation of the recommendations and suggestions of the German Corporate Governance Code. All interested parties can subscribe to the IR service on the website which always reports up to date news from the Group.

Corporate Governance Statement

The current Corporate Governance Statement by the Management Board and the Supervisory Board of 3U HOLDING AG according to § 289a HGB is available to the public on the website of 3U HOLDING AG (www.3u.net) under the path "Investor Relations/Corporate Governance". In the declaration, the relevant corporate governance practices applied beyond the legal regulations are explained. It further describes the workings of the Management Board and the Supervisory Board and presents the composition and working methods of the Management and Supervisory Board.

Remuneration Report

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

The following Members of the Management and Supervisory Board held shares in the Company as of December 31, 2016:

Name	Function	Number of shares	Percent
Michael Schmidt	Speaker of the Management Board	8,999,995 shares	25.49 %
Andreas Odenbreit	Management Board	20,500 shares	0.06 %
Ralf Thoenes	Chairman of the Supervisory Board	25,000 shares	0.07 %
Stefan Thies	Deputy Chairman of the Supervisory Board	12,000 shares	0.03 %
Jürgen Beck-Bazlen	Supervisory Board	1,130,000 shares	3.20 %

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The 3U share

The 3U share at a glance

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, 2016	EUR 35,314,016.00
Registered share capital in shares at December 31, 2016	35,314,016
Share price at year end 2016*	EUR 0.621
Share price high in period from January 1 to December 31, 2016*	EUR 0.715 (June 2, 2016)
Share price low in period from January 1 to December 31, 2016*	EUR 0.490 (January 15, 2016)
Market capitalisation at December 31, 2016	EUR 21,930,003.94
Earnings per share (undiluted) at December 31, 2016	EUR 0.02

*On Xetra

The shares of 3U HOLDING AG are no-par bearer shares listed in the Prime Standard of the Frankfurt Stock Exchange. Besides trading in Frankfurt on Xetra and the floor, the stock is also traded on the OTC markets in Berlin, Dusseldorf, Munich and Stuttgart and Tradegate.

General market development

The 2016 stock year began as one of the worst in recent memory. After only a few trading days, German equities had lost an average of 11 %. The fear of economic turmoil in China dominated the news.

In mid-February, global equity market reached its lowest point. The initiated trend reversal in oil prices also boosted stock prices. As a result of the ongoing low-interest rate policy of all major central banks, the bond prices reached never pre-determined heights, while increasingly more bonds had a negative interest rate. Banks levied penalty interests on high deposits for the first time. Real assets, in addition to equity, especially the real estate market increasingly profited therefrom.

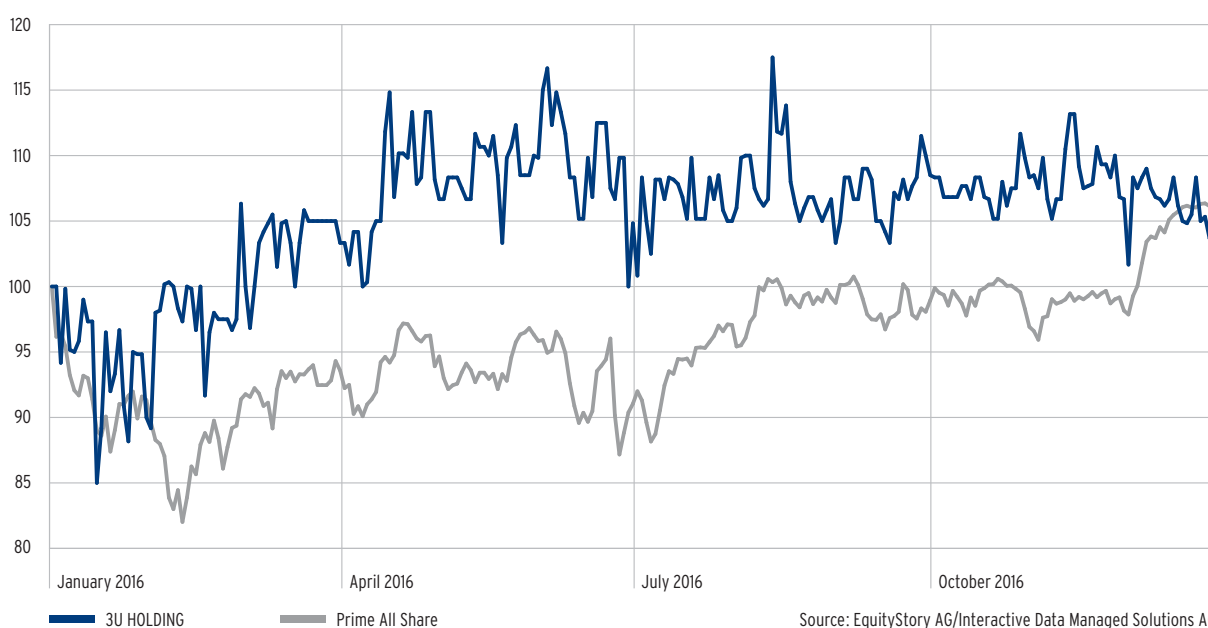
The surprising decision of the British citizens concerning the Brexit has only caused a few days of unrest on the capital markets, while the election of Donald Trump as the 45th US President was followed by positive share prices after just a few hours. The positive sentiment continued until the end of the year, with the result that all major equity markets showed price gains at the year-end.

Development of the 3U share

The 3U share weakened at the beginning of the year, but was able to recover considerably during the first half of the year and keep the slightly higher level in the second half of the year. Starting at EUR 0.60 at the beginning of the year, the 3U share rose under significant fluctuation by EUR 0.02 till the end of the reporting period, which corresponds to an increase of 3.5 %.

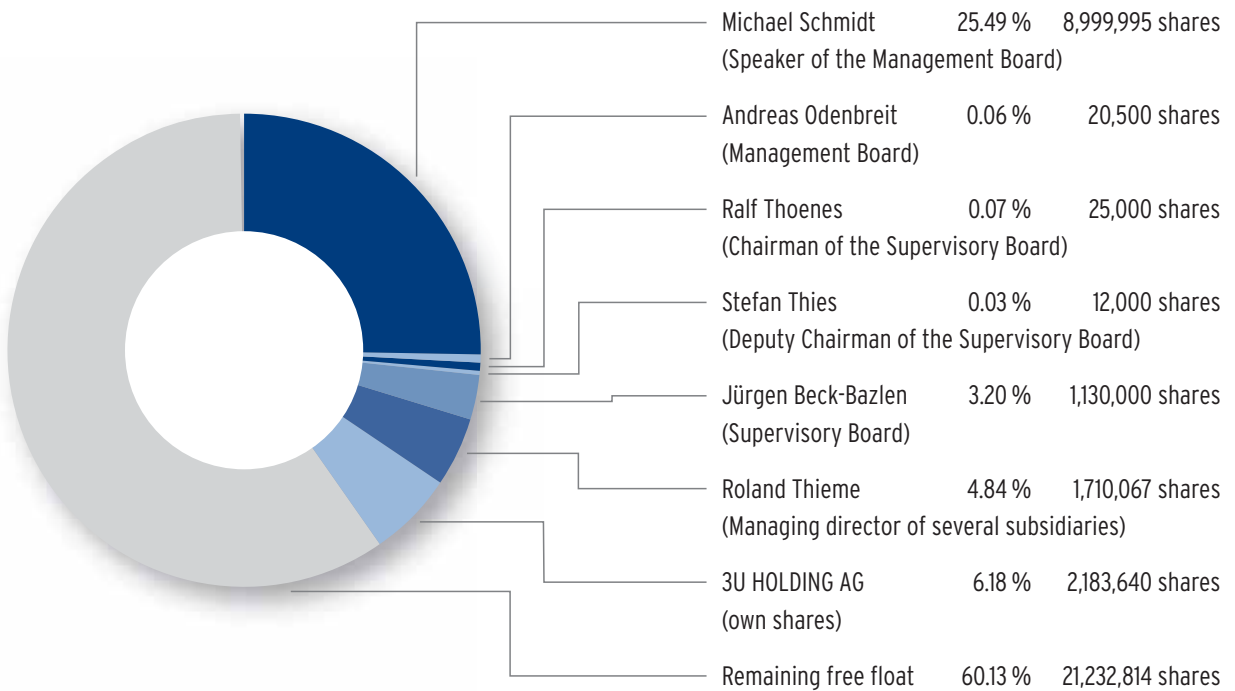
The Prime All Share Index developed in line with the other German indices. Starting out from 4,232.17 points at the end of the year 2015, it fell significantly by mid-February before recovering again under high volatility. With a final strong push in December, the negative terrain was abandoned and 4,502.82 points were reached by years end. This represents an increase of approximately 6.4 % since the beginning of the year.

Share price performance of the 3U shares* from January 1, 2016 to December 31, 2016 vs. Prime All Share Index



*Daily closing price Xetra

Shareholder structure as at December 31, 2016



Investor relations

The dialogue with our shareholders has high priority for us. Throughout the year Investor Relations is available to all capital market participants for substantial information and pursuing a comprehensive capital market supervision, which is based on the principles of timeliness, continuity, credibility and equal treatment.

The fixed dates for the regular reporting set the framework for the capital market communication. The year starts with the publication of the consolidated financial statements for the previous fiscal year. The key financial data of the fiscal year and a forecast for the following year shall be made public in advance.

3U HOLDING AG informs the capital market over the past quarter, about six weeks after the quarter ends. The related information is available on the Investor Relations pages of the website of 3U HOLDING AG.

We have used diverse opportunities to inform about our business performance, report about the appeal of our share and present our Company in individual meetings in 2016. We keep an intense frequent dialogue with our investors. The most significant group of shareholders are the private investors of 3U HOLDING AG. They make up the largest number of investors. The investor relations pages of 3U HOLDING AG serve as a central and practical center for them. The website is constantly modernized and updated and provides, among other explanations for strategy and business development, all current publications and an annual report archive that goes back to the foundation of 3U HOLDING AG in the year 1999.

Moreover, there is the option of direct contact with Investor Relations. At the Annual General Meeting (AGM), all shareholders have the opportunity to get a picture of the 3U HOLDING AG and experience the Management Board live. During the AGM Investor Relations is available for talks with investors on site.

The liquidity of the 3U share has dropped even more compared to the previous year. The average daily number of 3U shares traded in Frankfurt fell to around 12,000 in 2016 after an average daily number of around 15,000 3U shares were traded in the same period of 2015.



Combined Management Report

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Fundamentals

Business model

3U HOLDING AG is at the top of the 3U Group as an operational management and investment holding company. It controls and monitors all major activities within the Group. The definition of the Group strategy as well as the management of the development of the 3U Group is one of its tasks. It is responsible for the accounting and controlling department within the 3U Group and also operates the Group-wide risk and opportunity management as well as the areas of law, investor relations and corporate communications. 3U HOLDING AG also assumes the allocation of financial resources, for example for investments or acquisitions. It is responsible for personnel policy, personnel development and the support of the Group's top management. The Members of the Management Board of 3U HOLDING AG also assume operational responsibility in dual role as managing directors of subsidiaries.

The 3U Group, which originally came from the telecommunications sector, has evolved significantly in the past fiscal years. Since the restructuring as of January 1, 2016, the core business of the Group has been the segments ITC (Information and Telecommunication Technology), Renewable Energies and SHAC (sanitary, heating and air conditioning).

The focus of the business activities of the 3U Group is in Germany as well as in the European neighboring countries.

The segment ITC comprised the activities Voice Retail, Business Voice and Data Center Services & Operation. Under Voice Retail products like open call-by-call, pre-selection and call-through are being offered. The products voice termination (Wholesale, resale) and value added services are grouped under Voice Business. The products collocation, Infrastructure as a Service (IaaS), telecommunications services and the operation of networks and installations make up Data Center Services & Operation. Additionally the segment encompasses the development, distribution and operation of cloud based CRM and ERP solutions, trading IT licenses and the consulting to management systems based on ISO 27001 as well as IT security.

In the segment Renewable Energies the 3U Group essentially covers project development in the field of wind power and electricity generation with its own facilities using wind and solar energy.

Apart from the assembly of components for the climatisation of buildings, the distribution of products to wholesalers, craftsmen and self-builders belong to the segment SHAC. This distribution is carried out mainly via the Group's online shops.

Until December 31, 2015, the activities of the 3U Group had been allocated to the segments Telephony, Renewable Energies and Services.

As part of the restructuring of the IT organization in 2015, IT operations was assigned to the previous segment Telephony instead of the segment Services. With the discontinuation of the operating activities of sales and marketing activities for external customers and the restructuring of the IT organization, the segment Services continued to lose importance within the 3U Group. In addition, there were substantial intersections between the segment Telephony and its business unit DCS and the segment Services with its business area cloud computing which made an assignment to two different segments obsolete.

The combined activities in the hitherto existing segment Renewable Energies came mainly from two fields: Renewable energy in the narrow sense and the business range HVAC. Participations that used to be active in both areas in the past and thus formed a common basis, have no more relevance today. The activities in HVAC (heating, cooling, and ventilation) are reported as a new seg-

ment SHAC (Sanitary, Heating and Air Conditioning Technology). In the segment Renewable Energies remain the project development in the field of wind power and electricity generation with own plants.

Corporate management

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 the risk reporting. In addition there are regular meetings between Management Board and Managing Directors of the subsidiaries as well as a monthly Forecast-/liquidity development.

The control system is based around sales planning, EBITDA and Group earnings goals for the following twelve months respectively. The planning for the two subsequent financial years is done based on the detailed planning of the first year plan. The assumptions for sales planning are analyzed on the respective levels of the Company; regulatory plans, the capital market outlook and industry trends are considered 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 organizational structure and the elements of the control system thus form an integral mechanism between strategic and front-line business levels.

Economic report

General economic and industry-specific conditions

Development of the economic environment

The economic situation in Germany in 2016 was characterized by solid and steady economic growth. According to first calculations of the Federal Statistical Office, the gross domestic product (GDP) was on average 1.9 % higher than in the previous year. In the previous two years GDP grew by a similar scale: by 1.7 % in 2015 and by 1.6 % in 2014. A longer-term view shows that economic growth in 2016 was half a percentage point above the average of the last ten years of +1.4 %.

In its winter forecast presented on February 13, 2017, the European Commission estimated GDP growth in the Euro area to be 1.6 % and 1.8 %, respectively, for the years 2017 and 2018. In the EU as a whole, GDP growth is likely to be similar and is forecasted to be 1.8 % in 2017 and next year.

On average, the economic performance was achieved by around 43.5 million employees in Germany in 2016. This was 429,000 people or 1.0 % more than a year earlier. Thus the increase in employment in 2016 was somewhat higher than in 2015, when the number of employed persons rose by 395,000 persons or 0.9 %. In 2016, the highest level of employment was achieved since reunification. An increase in the participation of the domestic population and the immigration of foreign workers overcompensated negative demographic effects.

According to preliminary estimates on the basis of the Labour Force Survey, the average number of unemployed persons in Germany in the year 2016 was just under 1.8 million. This was 160,000 people (-8.2 %) less than in 2015. The number of unemployed fell to the lowest level since reunification. The unemployment rate, defined as the share of unemployed in the total workforce fell from 4.3 % in 2015 to 4.0 % in 2016.

Development of the framework conditions in the segment ITC

The telecommunications market in Germany

In 2016 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 2016 yearly average consumer price index for telecommunications services was 1.5 % lower than in 2015.

Fixed-line telephone services/internet was 0.6 % cheaper in 2016 than in 2015. This decrease is particularly 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 2.8 % on average in 2016 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 2016, total sales of telecommunications services increased slightly compared to last year. Of the total sales of around EUR 60.5 billion in telecommunications services, which were made in Germany in 2016, EUR 34.1 billion (56.4 %) apply to fixed networks and EUR 26.4 billion (43.6 %) to mobile networks. Sales in the total market rose by EUR 0.5 billion (+0.8 %). 2016 is the second consecutive year in which sales increased after sales had fallen steadily in the previous years.

While Deutsche Telekom was able to increase its sales in the fixed network by 4.2 % to EUR 14.8 billion and the cable network operators by EUR 0.2 billion to EUR 5.4 billion, the fixed-line sales of the TC competitors decreased by EUR 0.2 billion. In the pure fixed-line telecommunications market (without cable network operators), Deutsche Telekom expanded its position as a market-dominant provider with a sales share of 51.6 %. If the cable network operators are included, the former monopolist still gets 43.4 % of the sales generated in the fixed network. With broadly stable total fixed-network sales, Deutsche Telekom has thus increased its sales share from the competition companies since 2013.

2016, the competitors invested more in telecommunications equipment than Deutsche Telekom again. They contributed EUR 4.2 billion of the total of EUR 8.1 billion. The alternative TC providers invested particularly in the broadband development in the country.

The voice minutes in mobile stagnated at 302 million minutes per day in 2016 almost at the previous year's level (2015: 311 million minutes per day).

At the same time, the number of connection minutes from mobile phone networks declined slightly for the first time this year, so that the once-very-strong trend away from the fixed network to the mobile network as a whole is declining. The development away from the fixed network to mobile weakens thereby, however so-called over-the top providers such as Skype and WhatsApp, which market no connections, grew also strongly in mobile. These software-based OTT telephony applications were able to increase the number of daily connection minutes to 250 million in 2016, an increase of 19 million compared to 2015.

Sales of mobile data services in 2016 accounted for 44.7 % (2015: 40.0 %) of the total sales of mobile network operators. This non-voice share of mobile phone sales grew by EUR 1.2 billion in 2016 compared to the previous year. Total data traffic in the mobile communications sector also rose in 2016 – an increase of 31 % to 774 million gigabytes. This means that the total volume since 2011 has more than sevenfold. The average data volume per SIM card in 2016, with 510 megabytes per month, was 22.9 % higher than in 2015. In 2011, this figure was at 76 megabytes.

After stabilizing the overall sales volume over the last two years, the VATM assumes that overall sales in the telecom market will again be expected to rise slightly by 1.5-3.0 % in 2017.

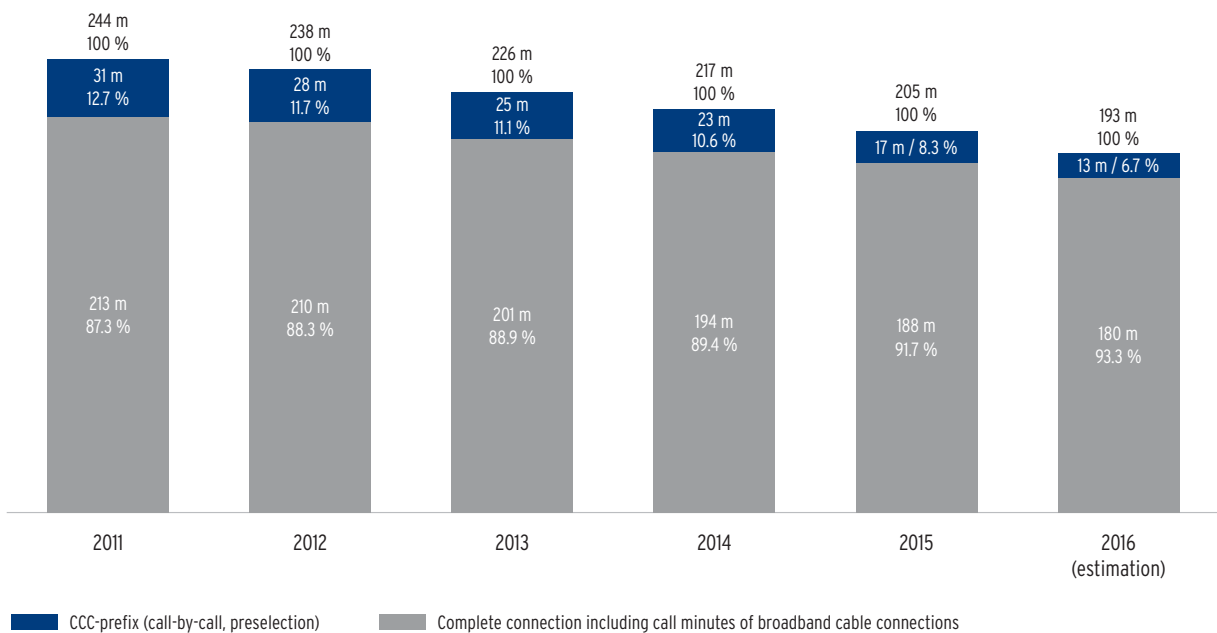
Fixed-line telephony in Germany

Customers of the competitors of Deutsche Telekom used their landlines an average of 193 million minutes per day in 2016. For a number of years the voice minutes, which are connected by the competitors, are continuously decreasing. Correspondingly, the share of call-by-call and preselection has also declined further. In 2016, the users of these services phoned daily about 13 million minutes, equivalent to a voice minutes volume of almost 7 % among the competitors. The use of the savings pre-dials in relation to the Deutsche Telekom connections without flat rates is with 81.9 connection minutes per connection and month on the level of 2012.

With an annual decline of around 3.6 million minutes per day during the last five years, this decline has slowed compared with the previous five-year period, but the market volume is only a fraction of earlier years.

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)

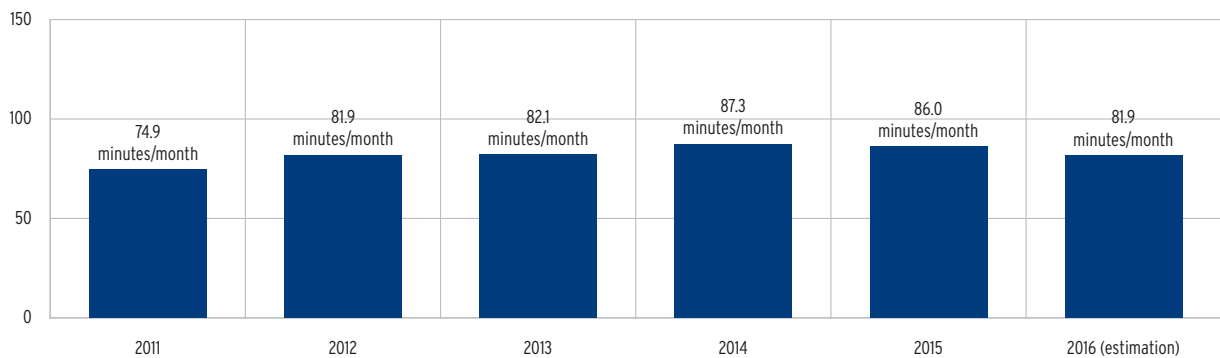


Source: DIALOG CONSULT-/VATM-analysis and forecasts

However, considering only the landlines of Deutsche Telekom without a flat rate, the voice volume generated by call-by-call or pre-selection has stabilized in recent years.

Voice minutes by network operator selection per telecom landline connection without unlimited calling

(Total market, including urban, suburban, long distance, international and mobile calls, in minutes per month)

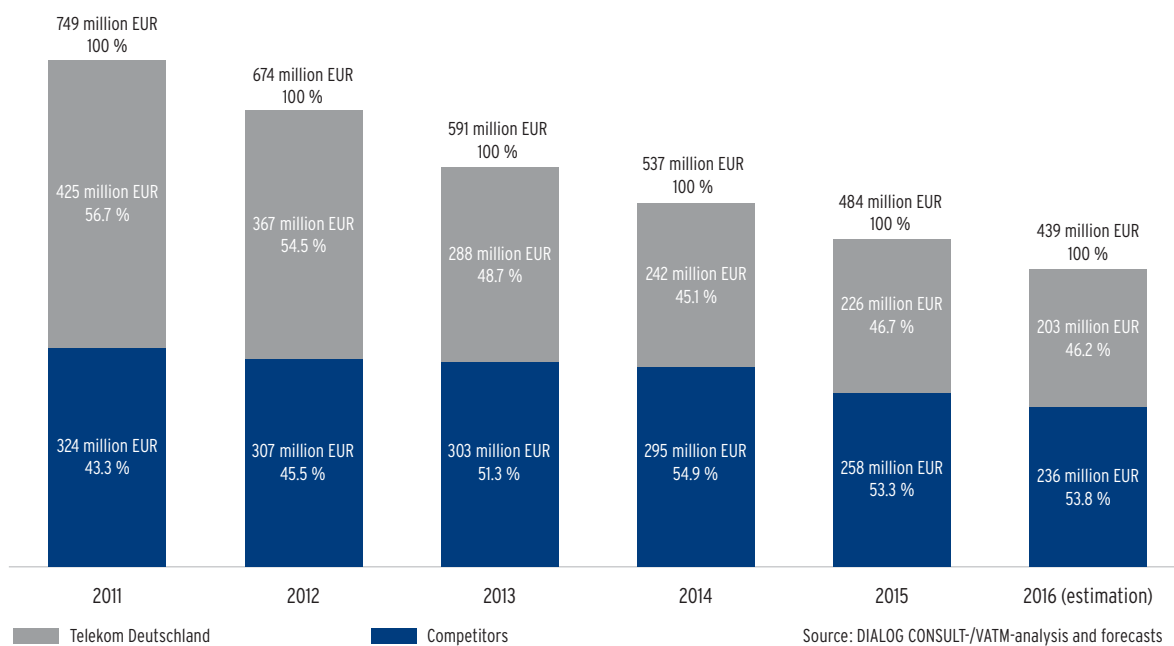


Source: DIALOG CONSULT-/VATM-analysis and forecasts

With EUR 236 million, the share of all competitors of Deutsche Telekom in sales of information and value-added services is 53.8 %

of total sales of EUR 439 million. Sales of service numbers decline once again significantly by 9.3 % in 2016. On the one hand, this development is due to the increasing availability of information in the Internet (largely free of charge) and on the other hand to the no longer present need for call lanes with special tariffs in modern NGN networks. The decline in sales occur despite the unchanged at around 5.0 million connection minutes to information and value-added services of the TC competitors. The use of geographical service numbers, which are operated by the competitors, grows in 2016 absolutely and relatively: 2.4 million minutes per day and thus 48 % are attributable to them. The use of the 0180 number lane remains stable (0.8 million minutes daily), as do the 0800 service numbers (1.7 million minutes daily). The remaining call number groups together make up only 4.0 % of the connection minutes.

Sales with service numbers



These include geographical numbers, IN numbers* (0137, 0180, 0700, 0800 0900, 018 [2-9]) and inquiries numbers (118).

IN and inquiries numbers are always billed by the network provider and can not be used by call-by-call or preselection.

*IN = Intelligent Networks

Development of the data center market in Germany

The importance of data centers for the economy has increased greatly in the past. In particular, the mobile Internet use is possible only through a powerful data center infrastructure, because many applications and data is no longer stored and located on the end devices, but centrally operated and stored in data centers.

Germany is the third largest data center market in the world and the largest in Europe. Site advantages include legal certainty and data protection, an efficient connection to Internet nodes as well as a reliable energy supply. However, the costs for energy and personnel are comparatively high in Germany, with a noticeable shortage of skilled IT experts.

Overall, however, the market is set for growth: Industry analysts like Gartner expect a further plus for investments connected with data centers. Accordingly, the EMA region spending on data center systems is expected to grow by 1.4 % to EUR 54.5 billion in 2017. In 2016 growth was 1.6 %.

In digital transformation, there is a clear trend towards branch-specific clouds to support industrial 4.0 environments. Drivers for this are new digital business models and services based on data from networked sensors, machines and terminals and the Internet of Things. This results in a broader network of manufacturing facilities, public infrastructures, transport systems and logistics chains. Companies are hoping for enormous efficiency gains.

In 2017, companies will increasingly outsource IT services into the cloud and thus expand their own data center. Whether it is just individual software applications or complete platforms, the trend is towards a data center as a service model, in which companies can access quite different services from the cloud, thus complementing the existing IT landscape. OPEX models optimized for the consumption of computing power are available here.

In Germany, almost every second medium-sized company already used applications from the cloud in 2016, according to an analysis by Techconsult. By the end of 2018, 50 % of the software solutions used are expected to come out of the cloud. An IDC survey also shows that small and medium-sized businesses could account for up to 40 % of public-sector spending by 2019. According to Forrester Research, the global public cloud market in 2017 will grow to just under EUR 138 billion. In 2015, these sales were still at EUR 82 billion.

With the increasing importance of data as a production factor, it is becoming increasingly important for companies to operate fail-safe IT infrastructures. The integration of cloud resources is an important tool, so that companies will use a growing portion of their IT investments for the further expansion of data centers in 2017.

The data center market is in constant change. Trends such as data center consolidation, virtualization and cloud computing, or the increase in the use of collocation services lead to changes in the structure of the data centers. A major consequence of this trend is that more and more companies and other organizations operate their information and communication technology (ICT) no longer in-house. This increases the intensity of competition in the data center market, particularly at the international level. Colocation data centers are faced with especially intense competition. As customers do not need to build buildings, they are more flexible in the use and choice of location and therefore their bargaining position is relatively good.

Cloud computing in Germany

2015 was the first year in which a majority of companies in Germany used cloud computing. This was the result of a representative survey conducted by Bitkom Research on behalf of KPMG AG among 457 companies with 20 or more employees. Accordingly, 54 % of companies used cloud computing in 2015. In the previous year, it was only 44 %. A further 18 % of the respondents planned or considered the use.

Cloud computing is a basic technology for digital transformation. The technology creates enormous efficiency gains and is very often the basis of new business models in the digital economy. According to the survey, the strong increase in usage is almost exclusively due to small and medium-sized enterprises. Cloud usage in companies with 100 to 1,999 employees rose by 7 per-

centage points to 62 % in 2015 and in companies with 20 to 99 employees it rose by 11 percentage points to 52 %. For companies with a workforce of more than 2,000, utilization rose by only one percentage point to a comparatively high level of 69 %.

Cloud computing from the perspective of users means the appropriate use of IT services such as storage space, computing capacities or software via data networks. The data network can be an intranet (private cloud computing) or the public internet (public cloud computing).

The most widely used public cloud application is according to the survey office software. 43 % of the surveyed companies for example use text systems, spreadsheets, or programs to create presentations over the Internet. 35 % use so-called groupware with functions such as e-mail, messenger or calendar, 34 % industry-specific applications and 30 % software for the organization of workgroups (collaboration tools). At least 29 % use special security applications via the Internet under the keyword "Security as a Service".

Despite the strong increase in public-cloud usage, security concerns continue to be the main obstacle to a more intensive deployment of the technology. More than half of the companies surveyed fear unauthorized access to sensitive company data and 45 % data loss. The confidence of users in the security of cloud services is the most important prerequisite for further dissemination.

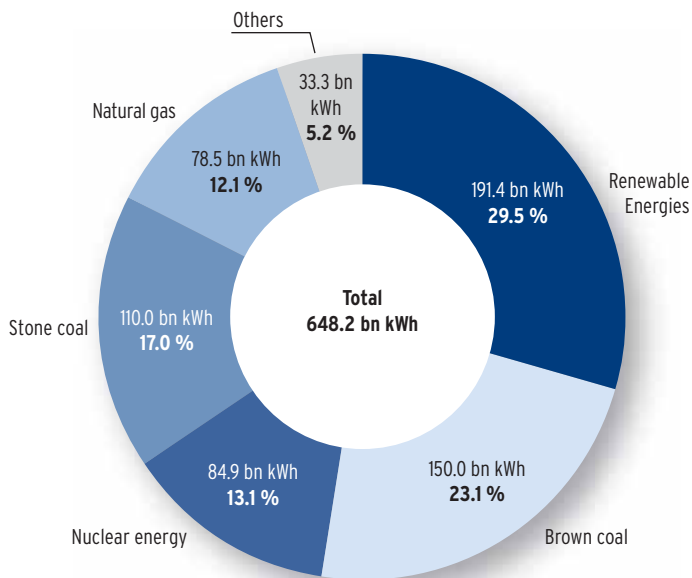
Development of the renewable energies market in Germany

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 goal to achieve a share of at least 80 % renewable energies for the energy supply by 2050. An intermediate goal was defined by the Renewable Energies 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 energies in Germany is continuing, but not with the growth rates of the past. The well below-average wind speeds and the subdued expansion of renewable energies were responsible for the small increase in renewable energies in 2016 compared with previous years.

With 191.4 billion kWh, renewable energies delivered 29.5 % of the German gross electricity generation in 2016 (2015: 29.0 %), thereby further expanding their lead as the most important source of power ahead of brown coal.

Electricity mix in Germany in 2016



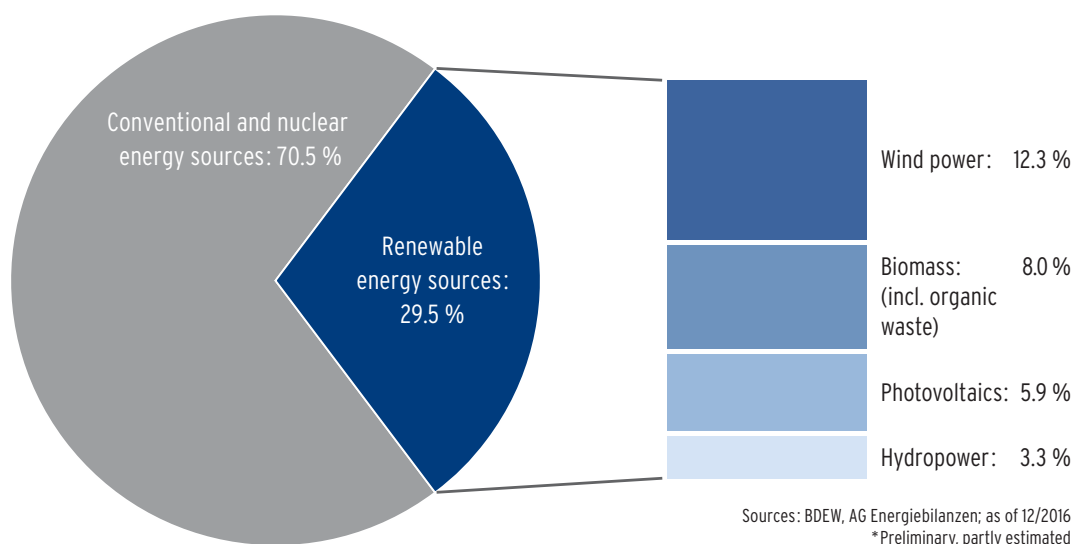
Source: BDEW Bundesverband der Energie- und Wasserwirtschaft e.V. (as of: 12/2016)

While power generation from wind turbines remained almost constant year-on-year, power generation in the onshore sector fell by almost 6 % despite capacity expansion, while production in the offshore sector rose by almost 57 %. The generation of hydroelectric power grew more strongly, whereas other types of production remained almost constant.

Overall, wind power accounted for a share of 12.3 % (previous year: 12.2 %) of total electricity generation in Germany, biomass (including biogenic waste) of 8.0 % (previous year: 7.8 %), photovoltaics of 5.9 % (previous year: 6.0 %) and water of 3.3 % (previous year: 2.9 %). This is apparent from the initial estimates of the Arbeitsgemeinschaft Energiebilanzen (German Energy Consortium).

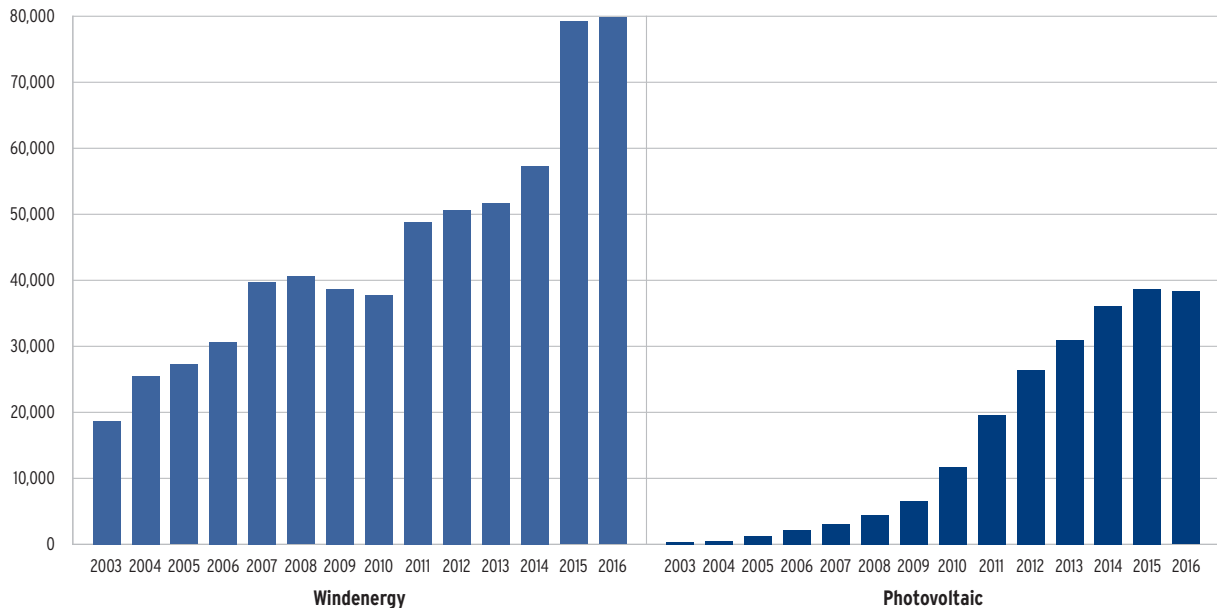
Contribution of renewable energies to cover the electricity consumption

Gross national electricity consumption in Germany in 2016: 648.2 billion kWh*



While the potential for hydroelectricity and biomass have been exhausted in essence in Germany, the generation of electricity through solar and wind energy in particular is becoming increasingly important. This is very evident in the rapid rise of the corresponding capacity.

Development of electricity from wind and photovoltaic (in GWh)



Source: BMWi (as of: 12/2016)

The Renewable Energy Sources Act of July 21, 2014 (currently: EEG 2017) was last amended on December 22, 2016. The objective of the Act is to keep the EEG levy stable and to ensure the affordability of electricity as well as the security of supply.

With the EEG 2017 the phase of technology promotion with politically fixed prices is terminated and replaced by competitive tendering. In the future the remuneration of renewable electricity will be regulated by means of invitations to tender. The subsidy will be determined by the market and no longer by the state. This ensures the continuous expansion of renewable energies and can reduce production costs if there is enough competition.

With the reform of the EEG, the share of renewable electricity in total electricity consumption will be further expanded. By 2025, it should be at 40-45 %, and in 2035 at 55-60 %. To this end, concrete development targets for the individual technologies were defined:

- For onshore wind 2,800 MW p.a. will be tendered for three years, followed by 2,900 MW per year.
- For photovoltaic plants with a size of 750 kW or more, 600 MW are tendered each year. Overall, an expansion corridor of 2,500 MW per year is the target for photovoltaics.

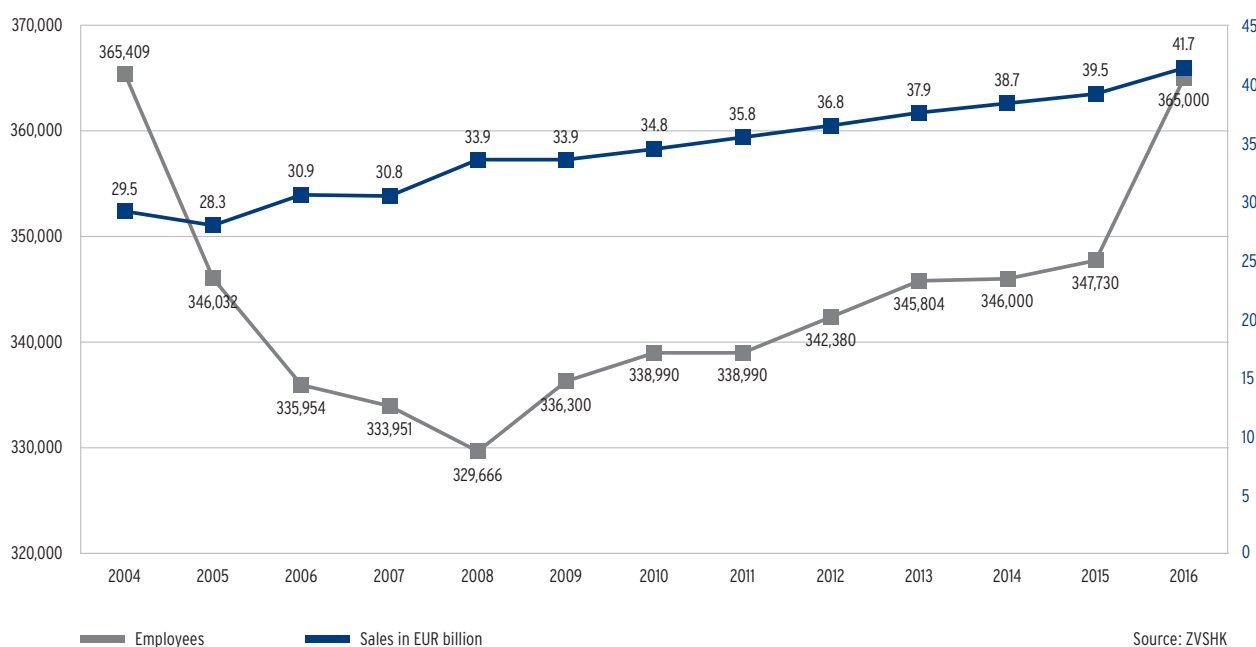
The conditions predetermined by the EEG caused 3U HOLDING AG as well as most other professional investors to almost completely withdraw from the financing of PV systems in Germany. Wind energy projects on the other hand should have a better and more calculable opportunity/risk profile.

With the change in investment focus the importance of energy generated by solar energy will decrease for the 3U Group in the future, while the importance of wind energy projects will increase.

Development of the SHAC market

In the German SHAC trade, more than 51,000 trades companies with more than 365,000 employees generated sales of EUR 41.7 billion in 2016. The 24,000 guild companies employing 215,000 employees generated almost two thirds of total sales.

Employees and sales in the SHAC market



The core themes of the SHAC trade are “demography” and “energy conversion”. In concrete terms it is about age-appropriate construction and efficient heating.

The Federal Ministry for the Environment, Nature Conservation, Construction and Reactor Safety has calculated that in Germany an additional 2.9 million old-age apartments with an investment volume of around EUR 50 billion will be needed by 2030. The bathroom is one of the key living areas for an independent living in old age in your own house.

The success of the energy conversion depends very much on the heat market and efficiency increases in heating systems. Around two-thirds of the heating systems are technically outdated. If this outdated inventory were to be modernized in energy terms, around 15 % of German final energy consumption could be saved.

The entire house and building technology sector benefits from continued positive economic growth and stable construction activity in Germany. Due to the high average age of the heaters in the inventory, the replacement demand for the heating industry will continue to account for a large part of the demand.

The climate policy of the federal government is also making an important contribution to this: Since 2014, there has been an obligation to replace heaters over 30 years old as part of the Energy Saving Ordinance. In addition, the Kreditanstalt für Wiederaufbau (KfW) and the Bundesamt für Wirtschaft und Ausfuhrkontrolle (Federal Office of Economics and Export Control – BAFA) offer numerous programs to promote the use of renewable energies and to increase energy efficiency in heating.

As a result, the strongest growth impulses continue to come from the renovation, customer service and maintenance business in the segments of bathrooms and heaters.

Leading market researchers are assuming that the online trade in the HVAC sector will continue to grow as the relatively low level of online purchasing affinity will also change significantly as a result of the generational change in the trade.

Development of the financial market

According to the Federal Statistical Office, consumer prices in Germany rose by 0.5 % year-on-year in 2016 compared to 2015. The annual rate of price increase was thus somewhat higher than in the previous year (2015: +0.3 %) but still clearly below the targeted ECB benchmark of just under 2 % p. a. In particular, the price declines in energy were responsible for this development.

The European Central Bank (ECB) lowered its main refinancing rate to the current 0.00 % level on March 16, 2016. The yield on the ten-year German government bond remains at very low levels. At the beginning of the year 2016, the yield was 0.59 % before falling to a record low value of -0.20 % at the beginning of July. Until the beginning of October, the yield remained negative, before the prices recovered slightly at the end of the year. At the end of the year, the ten-year government bond was trading at 0.19 %.

The DAX ended the 2016 trading year at 11,481.06 points, an increase of 6.9 % since the beginning of the year. The MDAX, which grew by 6.8 %, performed similarly well. The development of the TecDax was significantly weaker. In the course of the year the index lost 1.0 %.

While the share prices of the larger companies once again benefited from the cheap money provided by the central banks, which has had a positive influence on the stock markets for many years, investors showed greater scepticism about the further development of technology shares.

Report on business development

The key events of fiscal 2016 at a glance

ITC

Continued high margin in the telephony division

The call-by-call market has been shrinking for many years and this trend is expected to continue. Despite this, two pleasing developments can be observed in the telephony division. The decline in sales in call-by-call was lower than the market average, as sales shares could be gained. In addition, the margin achieved was increased through a continuous optimization process. Declining earnings in the call-by-call business can increasingly be offset by income from other business areas. 2016 was the first financial year in which the other divisions in the telephony sector generated a higher profit contribution than the call-by-call area.

weclapp gets award ERP system of the year 2016

In March 2016 weclapp was nominated by the Center for Enterprise Research for the ERP system of the year 2016 in the "Professional Services" category. At the beginning of October it was awarded this title at the IT & Business Fair in Stuttgart.

The award was under the auspices of Prof. Dr. Gronau from the University of Potsdam. Initially, a nomination of selected ERP vendors was held by a 9-member jury. This team consisted of scientists, media representatives and consultants and carefully researched suitable ERP systems. More than 100 systems were nominated for participation in the 2016 ERP system.

For the customers of weclapp, this award was another proof that they have chosen the right software partner. Following the award, an increased interest of potential customers was identified. The increased interest leads to a steadily growing number of customers.

Renewable Energies

Commissioning of the first self-developed wind park

With the Windpark Lüdersdorf II, consisting of two wind turbines, the planned commissioning of the first self-developed wind power plants south of Berlin took place in May 2016. The grid connection of the one wind power plant took place on May 10, while the other went on the grid on May 13. This wind farm project, developed by 3U ENERGY PE GmbH, consists of two wind turbines of the Vestas type V 112, each with a rated output of 3.3 MW, a hub height of 119 m and a rotor diameter of 112 m.

Wind farm project Schlenzer

At the end of May, 3U received the approval according to BImSchG for its project Windpark Schlenzer. The foundation for the wind power plants was completed in August and after the delivery of the wind power plants in autumn the wind power plants were successfully erected at the end of December. The grid feed of generated energy began in early 2017.

This wind farm project, developed by 3U ENERGY PE GmbH, consists of two wind turbines from General Electric, each with a nominal output of 2.75 MW, a hub height of 139 m and a rotor diameter of 120 m.

Exploratory talks with interested parties concerning the sale of the wind park took place but ultimately did not lead to a corresponding transaction.

Financing of wind farm Schlenzer

At the end of the third quarter, liquid funds of EUR 9.3 million were allocated to the Group through the credit agreement for the financing of Windpark Schlenzer.

SHAC

Product expansion and renowned projects lead to increased sales

The segment SHAC is benefiting from the continued favourable conditions, which are mainly characterized by the buoyant construction industry and the increasing use of the online sales channel. Distinguished projects for renowned customers serve as light-house projects and demonstrate the high quality of the systems used. The product range in online trading was continually expanded and contributes significantly to the increase in sales in addition to the high customer satisfaction.

Earnings*

Group sales

Group sales fell by EUR 4.50 million from EUR 48.24 million to EUR 43.74 million. Sales in the segments ITC and Renewable Energies were down, while sales in the segment SHAC were slightly higher. Sales in the segment ITC accounted for 39.0 % (previous year: 44.8 %), while the segment Renewable Energies accounted for 11.3 % (previous year: 12.3 %) and SHAC 49.7 % (previous year: 43.3 %).

The other capitalized contributions are related to the realization of wind farm projects. The resultant reduction in inventories is largely but not fully compensated by the inventory build-up in further wind farm project developments in the inventory change of the segment Renewable Energies.

Compared to the previous year, the cost of materials fell significantly. Also in relation to sales, the cost of materials in the segments declined slightly compared to the previous year. The proportion of material expenditure on sales was 60.8 % in the segments, while it was 62.2 % in the previous year. Other operating income was significantly lower compared to the previous year.

EBITDA

EBITDA improved again compared to the previous year. While the EBITDA in the previous year amounted to EUR 4.01 million, an EBITDA in the amount of EUR 4.70 million could be achieved in the 2016 financial year. Lower personnel expenses and lower other operating expenses contributed to the increase in EBITDA compared to the previous year. In the previous year, particularly higher expenses for external consulting and support services had led to high other operating expenses.

Exceptionally weak wind conditions and unexpected burdens from an existing litigation led to the fact that EBITDA in the fourth quarter was lower than the previous year and remained below expectations.

Group earnings

Group earnings for the 2016 financial year totalled EUR 0.64 million and were EUR 1.46 million higher than Group earnings in the business year 2015 (EUR -0.82 million). In the fourth quarter of fiscal year 2016, Group earnings were adversely affected by lower power input and the unexpected burdens.

There is still a low general interest rate. This also means that the interest level has improved within the interest-bearing liabilities of the 3U Group in the past quarters. As a result, negative financial earnings did not change significantly compared to the previous period despite higher debt.

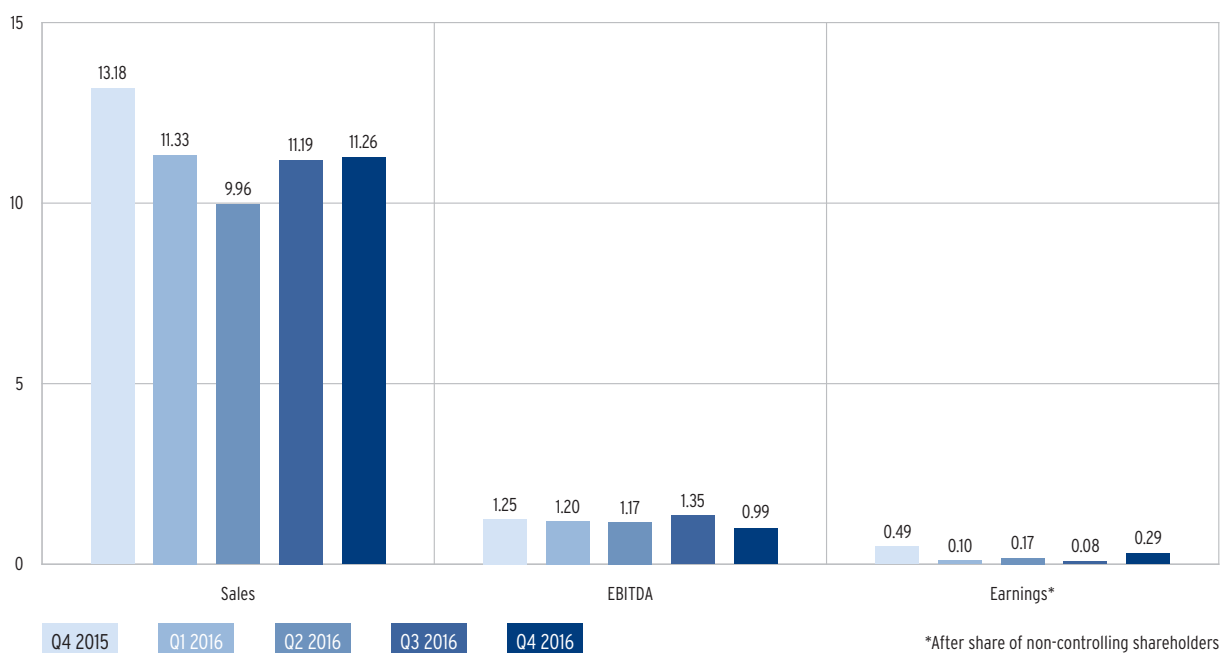
The tax income for the financial year 2016 amounted to EUR 0.59 million, which was EUR 1.04 million above the level of the comparison period (tax expenses in the previous year: EUR 0.45 million). The development of deferred taxes on the basis of the use of existing loss carry forwards had a significantly positive effect.

*Note:

With the distributions shown in the following sections over the individual quarters, it must be borne in mind that the individual quarterly figures have not been subject to an audit.

The profit attributable to non-controlling interests decreased by EUR 0.04 million compared to the same period of the previous year. The acquisition of the remaining shares in Selfio GmbH, which were not yet held by 3U until December 31, 2015, and the full profit claim from RISIMA Consulting GmbH for the 2016 financial year had an impact.

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



In accordance with internal reporting, 3U Group covers the segments ITC, Renewable Energies, SHAC and Holding/Consolidation within its segment reporting since the start of the business year 2016. The comparative figures have been adjusted accordingly to the rearranged segment structure.

Following, the different segments are reported including the sales between segments. Beyond that it needs to be noted that taxes on income and earnings are carried by the parent company, 3U HOLDING AG, as long as subsidiary conditions exist.

Segment ITC (Information and Telecommunications Technology)

Segment sales

Sales in the segment ITC declined again from EUR 21.60 million to EUR 16.95 million in the 2016 financial year. The decline in sales is attributable to the area telephony, while sales in the area of cloud-based solutions significantly expanded.

The further percentage increase in margins in this segment is partly due to the expansion of activities in the areas of cloud-based solutions and the trading of IT licenses. However, the further focus in the area telephony also contributed to an increase in margins.

Sales in the area Voice Retail declined from EUR 4.67 million to EUR 3.99 million due to the volume and price-related decline in fixed-line telephone sales. Voice Business Customer sales decreased from EUR 13.57 million to EUR 9.09 million. Sales of EUR 1.79 million were achieved in the Data Center Services & Operation area, which was only started in 2013. In the area of cloud-based solutions, sales were nearly doubled at EUR 1.03 million (previous year: 0.55 million) in fiscal year 2016.

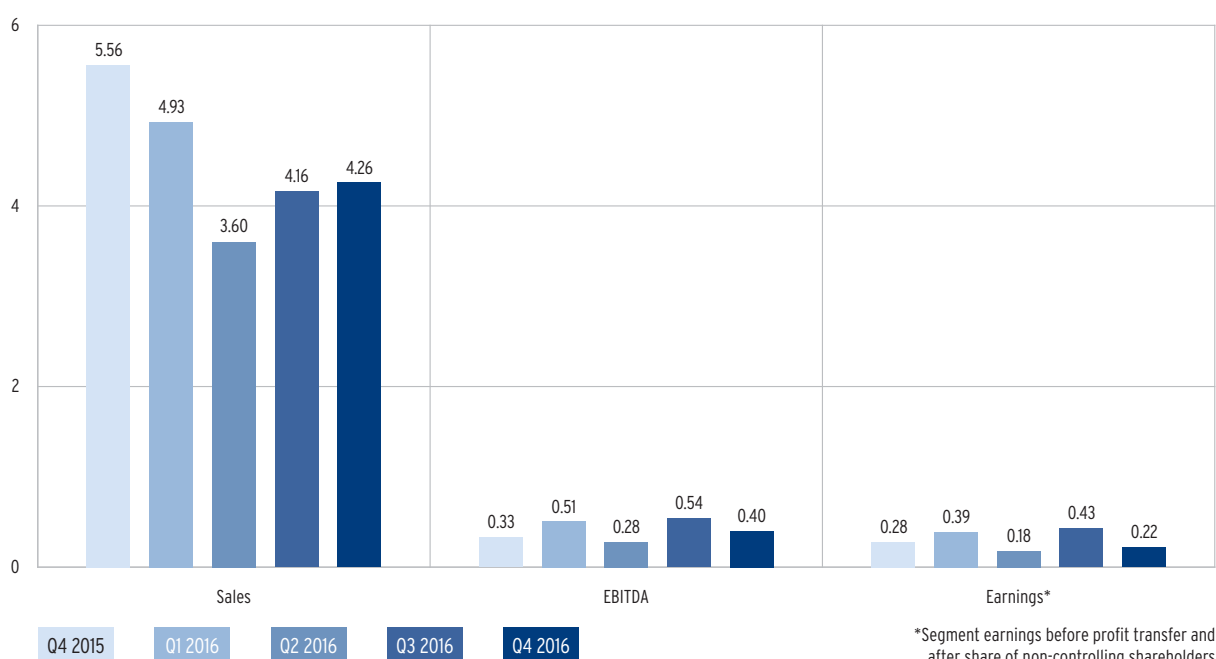
EBITDA

Taking into account the virtually unchanged other operating expenses and the reduction in personnel expenses compared to the previous year, EBITDA decreased from EUR 2.17 million in the previous year to EUR 1.73 million. In particular, other operating income (due to a one-time effect in the previous year) but also unexpected burdens from an existing litigation have contributed to the lower EBITDA.

Segment earnings

Earnings of the segment ITC fell by EUR 0.73 million from EUR 1.95 million to EUR 1.22 million in fiscal year 2016. Overall, however, the segment ITC is still contributes significantly to 3U Group earnings.

Development (sales, EBITDA, earnings) – Segment ITC in EUR million



Segment Renewable Energies

Segment sales

In the segment Renewable Energies, the sales level of EUR 5.91 million from the previous year could not be achieved. The decline in sales to EUR 4.92 million in the 2016 financial year was particularly due to lower feed-in tariffs from the electricity generation generated by the Windpark Langendorf. However, this does not result from a lower plant availability, but rather from the lower wind speeds at the site prevailing throughout the financial year 2016.

EBITDA

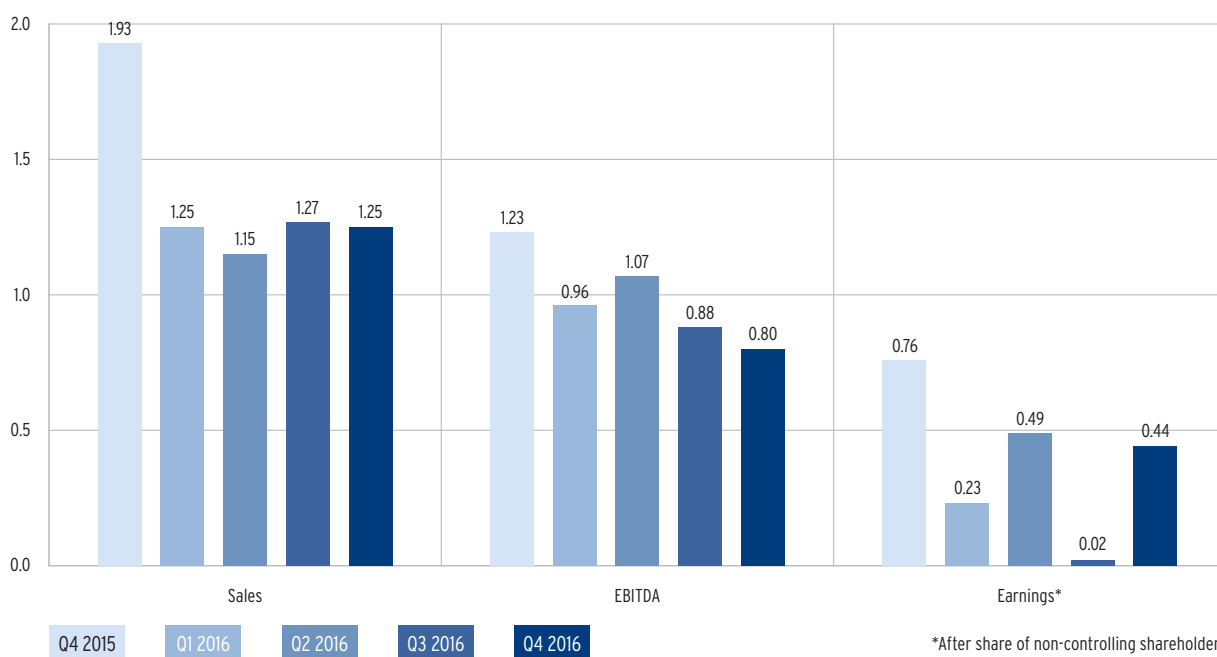
EBITDA decreased from EUR 3.88 million in the previous year to EUR 3.71 million in the 2016 financial year. Lower sales were not fully compensated by lower other operating expenses while personnel expenses were slightly higher. There will be weather-related fluctuations within this segment in the future as well, since 3U is dependent on the actual solar radiation and the wind speed both with the generation of electricity from solar energy and with the generation of electricity from wind energy.

Segment earnings

Earnings of the segment increased by EUR 0.75 million from EUR 0.47 million to EUR 1.17 million. Deferred taxes on loss carry forwards had a positive effect.

As a result of the utilization of loss carry forwards, tax income amounted to EUR 0.90 million in fiscal year 2016. In the prior-year period, tax expenses amounted to EUR 0.17 million

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



Segment SHAC (Sanitary, Heating and Air Conditioning Technology)

Segment sales

In the segment SHAC, sales rose from EUR 20.90 million to EUR 21.64 million. This sales increase of EUR 0.74 million or 3.5 % was lower than planned. At almost unchanged sales in the area of the installation of components for climatisation of buildings, sales in the trading business were expanded slightly, but under plan. Overall, the material expense ratio rose slightly from 68.6 % to 69.2 %.

EBITDA

EBITDA improved from EUR 1.17 million in the previous year to EUR 1.24 million in fiscal year 2016. This increase in EBITDA is a result of EUR 0.18 million higher gross profits compared to the same period last year and a slight decline in personnel expenses and an increase in other operating expenses in particular due to higher selling expenses.

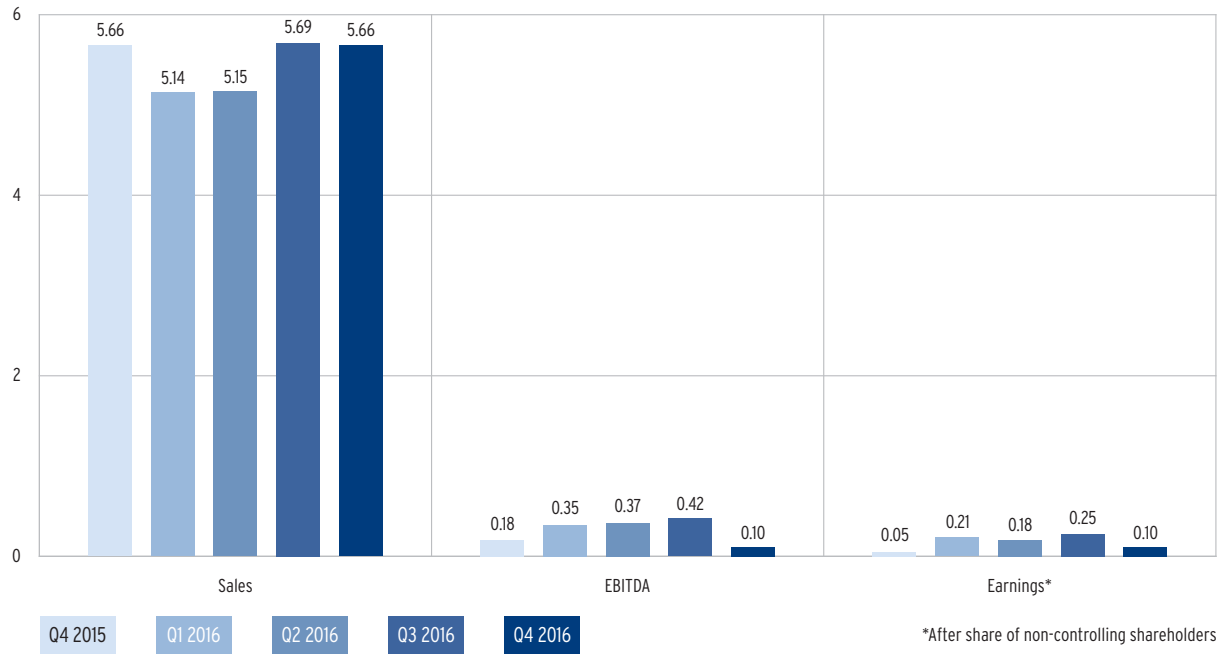
Segment earnings

Compared to the same period last year, segment earnings improved by EUR 0.31 million to EUR 0.75 million. Thus significant positive earnings were achieved in the segment. The mild weather in the first months of 2016 as well as the overall positive development in the construction sector contributed to this.

The tax expense for the first nine months of fiscal year 2016 amounted to EUR 0.21 million and was thus EUR 0.02 million lower than in the same period last year.

The income attributable to the non-controlling interests amounts to EUR 0.10 million (previous year period: EUR 0.23 million).

Development (sales, EBITDA, earnings) – Segment SHAC in EUR million



Holding/Consolidation

Holding activities together with the necessary Group consolidations are pooled in Holding/Consolidation.

Sales

Holding/Consolidation reported sales of EUR 0.23 million (previous year: EUR -0.17 million) in the reporting period. These comprise of the sales of the Holding in the amount of EUR 2.28 million (same period last year: EUR 1.85 million) and the sales consolidations in the amount of EUR -2.05 million (previous year: EUR -2.02 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.

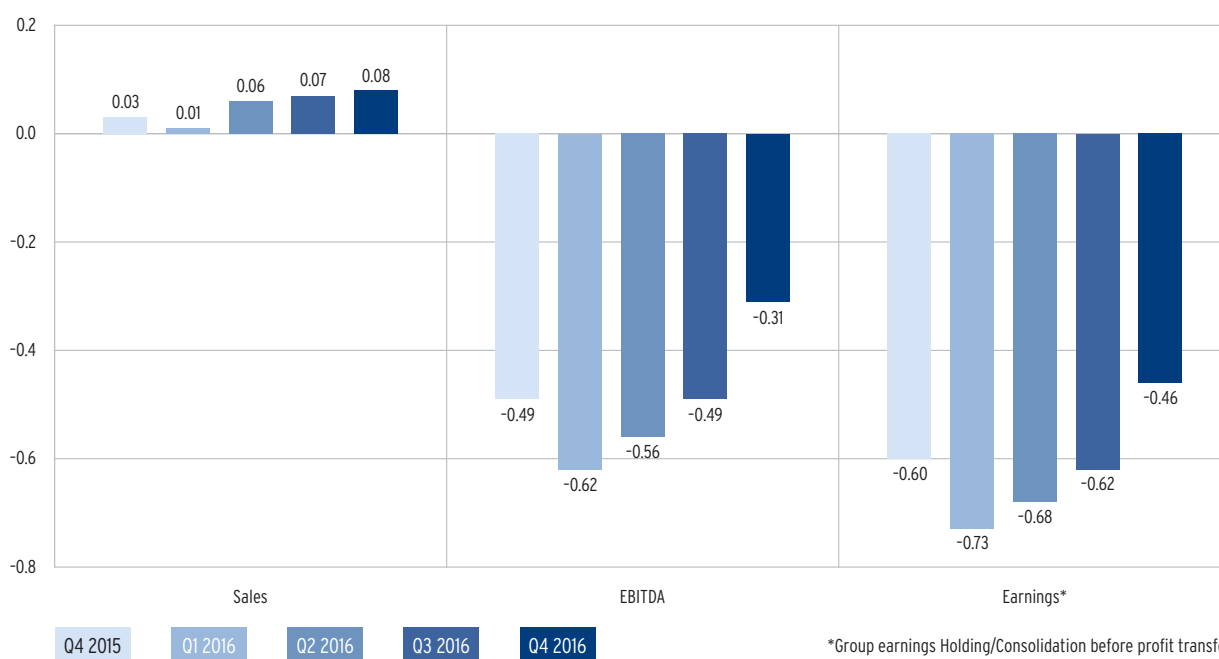
EBITDA

EBITDA amounts to EUR -1.99 million (previous year: EUR -3.21 million) and is substantially shaped by staff costs in the amount of EUR 2.64 million (previous year: EUR 2.93 million) and other operating income/expenses. Personnel costs were reduced by EUR 0.29 million. Concerning personnel costs it has to be considered that employees from the finance, human resources and law sector as well as the group-wide marketing resources are assigned to the parent Company.

Earnings

Earnings from this area is negative for the Group with EUR -2.49 million and well above the previous year (EUR -3.68 million).

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



Financial position

Capital structure

In fiscal 2016, the Group made payments for net investments in the amount of EUR 10.58 million (previous year: EUR 14.66 million). The payments related mainly to investments in the data center, IT and telecommunications infrastructure and the erection of the wind farm Lüdersdorf.

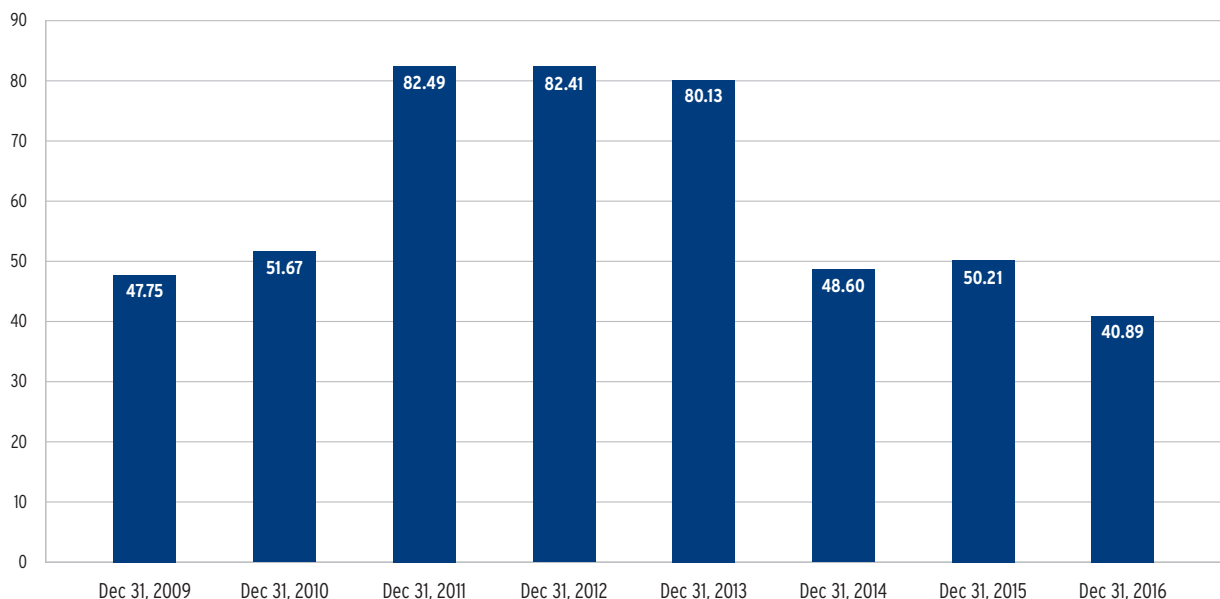
3U HOLDING AG invests its financial portfolio exclusively in call accounts and current time deposits at the Baden-Württembergische Bank, at Sparkasse Marburg-Biedenkopf and at Deutsche Kreditbank AG.

Compared to December 31, 2015, cash and cash equivalents increased by EUR 3.97 million from EUR 7.70 million to EUR 11.67 million as at December 31, 2016. It should be borne in mind that the build-up of inventories in the area of wind farm projects, which was largely financed by the borrowing of loans, had a negative effect on the cash flow from operating activities.

3U HOLDING AG still has a solid equity ratio. Due to the significant increase in the balance sheet total, the equity ratio fell to 40.89 % compared to the previous year (50.21 %) despite an increase in the absolute value of equity. The leverage ratio is 59.11 % compared to 49.79 % at the previous year's date.

In addition to the earnings for the financial year 2016 of EUR 0.69 million (including earnings attributable to the non-controlling shareholders), the change in other equity items contributed to an increase in shareholders' equity. The disbursements to non-controlling shareholders had a countervailing effect.

Development equity ratio (in %)



Investments

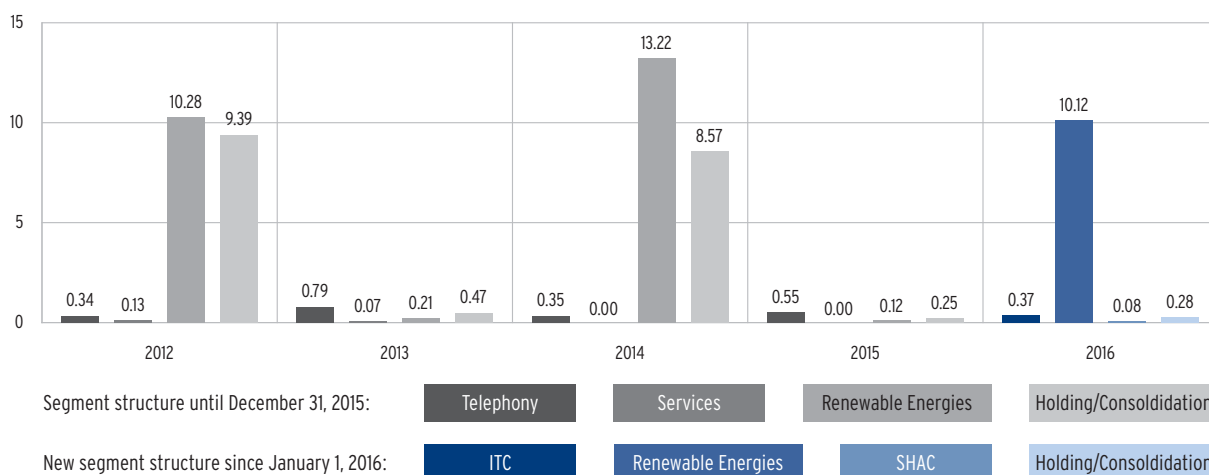
In fiscal year 2016, the Group invested EUR 10.85 million (previous year: EUR 0.92 million) in intangible assets, property, plant and equipment and investment properties.

EUR 0.37 million (previous year: EUR 0.55 million) was invested in the segment ITC. Investments in the segment Renewable Energies amounted to EUR 10.12 million, compared to EUR 0.04 million in the previous year. These mainly relate to investments in the Windpark Lüdersdorf. In the segment SHAC, capital expenditures were at the level of the previous year at EUR 0.08 million. Investments in property, plant and equipment and investment properties of the holding company in the amount of EUR 0.28 million in the reporting year 2016 (previous year: EUR 0.25 million) have mainly been attributable to land and buildings.

Investments in the Windpark Lüdersdorf in the segment Renewable Energies were largely financed by borrowing long-term loans. Commissioning of the Windpark Lüdersdorf with an electrical output of 6.6 MW took place in May 2016. Since then, the wind farm has fed the generated energy into the public electricity grid.

Investments of around EUR 21.07 million are planned for the business year 2017 in the existing business segments. EUR 0.32 million will be invested in the segment ITC, EUR 20.01 million in the segment Renewable Energies, EUR 0.05 million in the segment SHAC and EUR 0.70 million within the Holding company.

Development of investments in EUR million



Cash flow

Operating cash flow in the past fiscal year was EUR -1.71 million (previous year: EUR 1.12 million). The earnings for the period increased by depreciation of the financial year were mainly offset by the cash outflow in connection with the significant build-up of inventories as part of the wind power project development. The investments in the Windpark Schlenzer have particularly affected the inventories. The cash flow from investing activities is characterized by investments in the Windpark Lüdersdorf. The cash flow from investing activities of EUR -10.58 million (previous year: EUR -14.66 million) is EUR 3.87 million higher than in the previous year.

The cash flow from financing activities of EUR 16.27 million (previous year: EUR 5.38 million) contributed to the financing of investments and the build-up of inventories. It mainly results from the inclusion of the financial loan for the Windpark Lüdersdorf and the Windpark Schlenzer. In addition, there is a further loan of EUR 1.0 million for the Adelebsen solar park. Cash flow from financing activities was reduced by the repayment of existing loans. In the year under review, the disbursements to company owners and non-controlling shareholders relate exclusively to payments to non-controlling shareholders.

The 3U Group was in a position to meet its payment obligations at all times in the reporting period and this is also guaranteed for 2017. The liquidity position is still comfortable at December 31, 2016. The loan for the financing of the data center real estate in Hanover in the amount of EUR 5.18 million, which is due to expire in the middle of 2017, is to be extended or renewed.

The following cash flow statement shows the change in cash and has been prepared in accordance with the Company's reported cash flows (without correction in funds).

Cash flow statement (in TEUR)	2016	2015
Cash flow	3,973	-8,156
Cash flows from operating activities	-1,712	1,119
Cash flows from investing activities	-10,580	-14,656
Cash flows from financing activities	16,265	5,381
Exchange rate changes	0	12
Consolidation-related changes	1	-226
Changes in cash and cash equivalents	3,974	-8,370
Cash and cash equivalents at beginning of period*	7,698	16,068
Cash and cash equivalents at end of period**	11,672	7,698

*Incl. fixed deposits as collateral resp. restricted cash in the amount of TEUR 3,232 (January 1, 2015: TEUR 2,332)

**Incl. fixed deposits as collateral resp. restricted cash in the amount of TEUR 4,344 (December 31, 2015: TEUR 3,232)

Assets position

Overview items of statement of financial position	December 31, 2016		December 31, 2015	
	TEUR	%	TEUR	%
Non-current assets	61,678	64.4	53,481	69.6
Fixed assets	58,918	61.5	51,777	67.4
Deferred tax assets	1,833	1.9	502	0.6
Other non-current assets	927	1.0	1,202	1.6
Current assets	34,084	35.6	23,335	30.4
Inventories	14,797	15.5	6,798	8.9
Trade receivables	4,710	4.9	6,912	9.0
Other current assets	2,905	3.0	1,927	2.5
Cash and cash equivalents	11,672	12.2	7,698	10.0
Assets	95,762	100.0	76,816	100.0
Non-current liabilities	76,461	79.8	65,138	84.8
Equity attributable to 3U HOLDING AG shareholders	40,530	42.3	39,806	51.8
Non-controlling interests	-1,372	-1.4	-1,237	-1.6
Provisions and liabilities	37,303	38.9	26,569	34.6
Current liabilities	19,301	20.2	11,678	15.2
Trade payables	4,560	4.8	3,517	4.6
Other provisions and liabilities	14,741	15.4	8,161	10.6
Liabilities	95,762	100.0	76,816	100.0

Total assets as of December 31, 2016 amounts to EUR 95.76 million (previous year: EUR 76.82 million) and is thus EUR 18.94 million higher than in the previous year. The causes for the changes compared to December 31, 2015 are essentially the increase in assets and inventories as a result of the investments in the wind farm projects. These investments were not offset by the scheduled depreciation on assets held as fixed assets.

Fixed assets of EUR 58.92 million (previous year: EUR 51.78 million) include intangible assets (EUR 2.31 million and EUR 1.53 million respectively), property, plant and equipment (EUR 48.73 million or EUR 42.16 million in the previous year) as well as investment properties in the amount of EUR 7.72 million (previous year: EUR 7.90 million). In 2016, as in the previous year, these relate to the parts of the properties in Adelebsen and Hanover that are intended for lease.

Current assets amounts to EUR 34.08 million (previous year: EUR 23.34 million) as of December 31, 2016, EUR 10.74 million higher than the previous year. The proportion of liquid funds to current assets amounts to 34.24 % in the fiscal year 2016 (previous year: 33.0 %). The increase in inventories mainly results from the construction of the Windpark Schlenzer and from the further development of wind park projects. A further essential element of the current assets is trade receivables, which have declined to EUR 4.71 million (previous year: EUR 6.91 million) compared with the previous year.

On the liabilities side, in addition to the increase in shareholders' equity, there were significant changes in long-term and short-term financial liabilities. This change is due to the debt financing for the two wind parks built in 2016 and the scheduled maturity of the loan for the data center in Hanover, which is therefore shown under current financial liabilities.

In the financial year 2016, the financing of the Adelebsen solar park was increased by the addition of a further loan of EUR 1 million with the same maturity date. The collateral is secured by the collateral provided for the original loan. The loan is valued at TEUR 933 as at December 31, 2016 (previous year: TEUR 0).

A loan agreement for a long-term loan of EUR 8.9 million was concluded for the long-term financing of Windpark Lüdersdorf, which was not yet fully utilized as of December 31, 2016. The loan is valued at EUR 8,503 million (previous year: EUR 0) as of December 31, 2016, and has a term to June 30, 2034. It is secured by the assignment of the entitlement from the electricity feed-in and by the surrender of the wind farm assets.

Windpark Schlenzer was also financed by a long-term loan of EUR 9.3 million. The financing consists of two loans with a maturity up to September 30, 2034. They are secured by the transfer of the entitlement from the electricity feed-in and by the surrender of the wind farm assets.

The loans were fully utilized in the 2016 financial year. However, the financial resources obtained from this and previously unused are subject to a restriction of availability amounting to TEUR 1,229 and can only be used within the framework of settlements of the suppliers of the wind farm project company. The loans are valued at TEUR 9,251 (previous year: TEUR 0) as of December 31, 2016. In addition, a term loan in the amount of TEUR 951 with a maturity until January 1, 2017 was concluded for the wind farm.

General statement concerning the economic situation

The Management Board considers the economic situation, and in particular the current development of the company as a whole, to be satisfactory at the time of the preparation of the combined management report. However, the Management Board still sees potential to continue the positive development, which began at the end of 2012, and to further improve the Group's position.

In the period under review, the operating result (EBITDA) and, in particular, Group earnings improved significantly compared to the previous financial year.

In fiscal year 2016, however, the Group's overall targets for this period were not fully achieved. This is primarily due to the segment Renewable Energies.

The segment ITC developed very well and excelled planning in almost all key financial indicators. Only the sales were lower than planned by about EUR 5.0 million. Compared to the planning, EBITDA and earnings before profit transfer were higher by approximately EUR 0.3 million. The decline in sales in the telephony sector, which was unplanned to this extent, was only slightly mitigated by the planned growth in the area of cloud solutions.

The segment Renewable Energies could not reach the target figures in the financial year 2016. Sales were by around EUR 5.1 million, EBITDA by around EUR 3.5 million and earnings by about EUR 1.2 million lower than planned. Especially significantly lower sales from the wind farm project development, but also the lower feed-in tariffs from the existing plants due to the poor wind conditions led to the plan shortfall in the segment Renewable Energies.

The segment SHAC was unable to reach all of the planned numbers in the 2016 financial year. Sales were around EUR 3.6 million lower than planned. This also led to the EBITDA target being missed by EUR 0.2 million. Tax optimization during the financial year through the conclusion of a profit and loss transfer agreement contributed to still achieving the planned segment earnings.

Financial and non-financial performance indicators

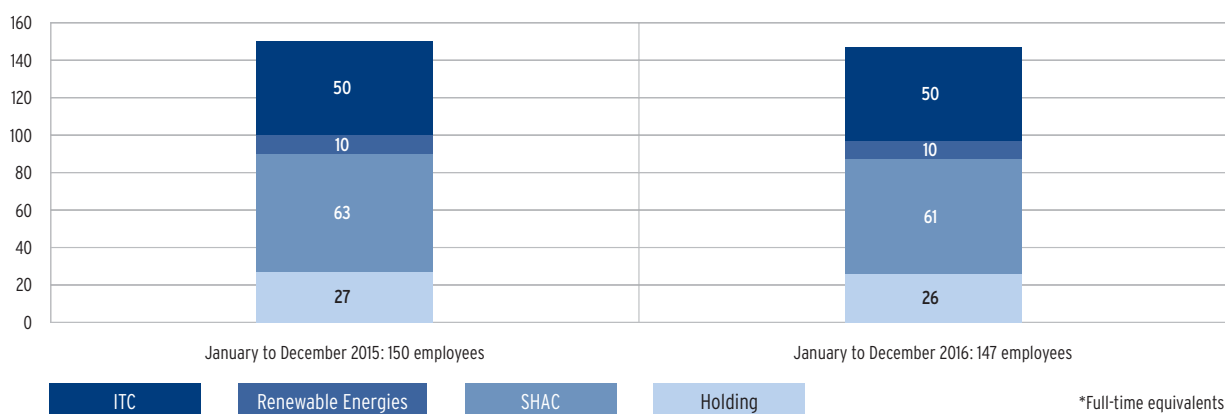
We use our group-wide financial performance indicators to set goals, to measure success and determine the variable compensation of executives. The most important financial performance indicators for us are sales, earnings before interest, taxes, depreciation and amortization (EBITDA) and profit after tax.

Non-financial performance indicators are not covered by regular reporting. Coordination and control are carried out between the Management Board and Managing Directors in direct consultations.

Highly qualified and motivated employees are the prerequisites for ensuring the success of a company in the long term. Responsible personnel development and continuous improvement play a decisive role. Therefore, sustainable development and targeted promotion of the potential of all employees is the core task of personnel management of the Company. Through targeted personnel development the Company wants to increase its attractiveness as an employer and thereby further increase the employees' identification with the 3U Group and their commitment to its objectives.

Staff*

On the financial statement date the 3U Group employed 149 people (previous year: 150). The yearly average was 147 (previous year: 150). The average number of employees in the individual divisions is made up as follows:



Of the 171 total staff (including Members of the Management Board, temporary staff and part-time workers) the Group employed on the reporting date (December 31, 2015: 165), 48 people were women, representing a share of 28.1% (2015: 23.0%). The age structure of the Group is distributed across all age groups, 25% (2015: 18%) of employees are younger than 30 years old, 30% (2015: 32%) are between 30 and 40 years old, 30% (2015: 32%) are between 40 and 50 years old and 15% (2015: 18%) are older than 50 years. The average age in the Group is 40 years (2015: 40 years).

Our employees contribute decisively with their ideas to greater efficiency and competitiveness. Therefore, a cooperative communication climate in the Group is encouraged, as all employees are motivated to make suggestions for the optimization of

products and processes, to synergies and other improvements within the Group. The remuneration system is broken down into fixed and variable elements depending on the job, so that superior performance can be rewarded accordingly.

Promoting employee health

We understand health as defined by the World Health Organization (WHO) as psychic, physical and social wellbeing. To preserve and promote the health of our employees, we have implemented selective measures in the Group. Thus the Group supports the health care of its employees. Employees also have the opportunity to attend internal and external training and educational events. Their bond with 3U is reinforced by a series of measures in which social aspects are at center-stage.

Safety in the workplace is enhanced by appropriate training. As in previous years, no employees were significantly harmed by an accident at work in 2016.

The days of sick leave per employee in the 3U Group were 9.5 days in 2016; still below the national average, which lies at 10 days according to the Federal Statistical Office (2015).

Corporate Responsibility

Impact of our business on the environment

The perception of corporate social responsibility is an integral part of our corporate strategy. We consider systematically the various interests of our stakeholders and the impact of our business on the environment. We are looking for a balance between economic objectives and social responsibility. With our increased commitment to renewable energies and the expansion of the segment SHAC through efficient solutions for saving energy, we are actively investing in the environment and thus show social commitment. In the other divisions we increasingly rely on the use of renewable energies as well. We try to consider environmental aspects when buying products and services.

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3U HOLDING AG

3U HOLDING AG is at the top of the 3U Group as an operational management and investment holding company. It controls and monitors all major activities within the Group. The definition of the Group strategy as well as the management of the development of the 3U Group is one of its tasks. It is responsible for the accounting and controlling department within the 3U Group and also operates the Group-wide risk and opportunity management as well as the areas of law, investor relations and corporate communications. 3U HOLDING AG also assumes the allocation of financial resources, for example for investments or acquisitions. It is responsible for personnel policy, personnel development and the support of the Group's top management. The Members of the Management Board of 3U HOLDING AG also assume operational responsibility in dual role as managing directors of subsidiaries.

3U HOLDING AG complies with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB) and the German Stock Corporation Act (AktG) when preparing the annual financial statements with regard to accounting, valuation and disclosure. It prepares the annual financial statements under the assumption of company continuation. The profit and loss account is drawn up according to the total cost method.

The following explanations refer to the financial statements of 3U HOLDING AG. In certain cases, a transaction in the consolidated financial statements might be shown differently in accordance with IFRS.

Analysis of the annual financial statements

Earnings position

Total sales of 3U HOLDING AG amounted to EUR 2.67 million in 2016 (previous year: EUR 2.33 million). Sales mainly include management services for subsidiaries and participations of 3U HOLDING AG as well as income from rent and leasing.

Operating expenses are particularly related to the company's management and participation functions. Accordingly, earnings of ordinary business activities is essentially characterized by general administrative expenses, other operating income and the financial result.

Other operating income mainly includes income from the reduction of valuation allowances for receivables amounting to EUR 5.98 million (previous year: EUR 0.0 million) and from the release of provisions and employee remuneration. For the Management Board and the employees of 3U HOLDING AG, personnel expenses of EUR 2.64 million were recorded after EUR 2.92 million in the previous year. The other operating expenses mainly include IC services, value adjustments on receivables, maintenance and room costs, closing and inspection costs, motor vehicle costs, tax and other expenses, consulting fees and Supervisory Board remuneration.

Financial earnings of EUR 1.62 million (previous year: EUR 3.46 million) result from income from investments in the amount of EUR 1.21 million (previous year: EUR 1.30 million), income from profit transfer agreements of EUR 1.78 million (previous year: EUR 1.83 million) as well as positive interest earnings of EUR 0.35 million (previous year: EUR 0.35 million). Earnings from subsidiaries in the ITC, Renewable Energies and SHAC divisions is the main reason for the investment result. As in the previous year, 3U HOLDING AG did not incur expenses arising from the loss transfer. Impairment losses of EUR 1.73 million (previous year: EUR 0.02 million) were recognized on the value of subsidiaries in the ITC division in the business year 2016.

Due to the other operating income from the reduction in value adjustments, the annual earnings of EUR 4.27 million were significantly better than planned at the beginning of the year. The negative contribution from depreciation on financial assets was more than compensated. As a result, annual earnings of 3U HOLDING AG improved by EUR 4.94 million from EUR -0.67 million. Earnings of 3U HOLDING AG would also be positive, without the extraordinary expenses from write-downs on financial assets and income from the reduction of value adjustments on receivables.

Financial position

As of the balance sheet date, 3U HOLDING AG had transferred short-term loans with a total volume of EUR 29.58 million (previous year: EUR 28.86 million) to its subsidiaries to build up their business activities. Of these loans, EUR 5.96 million were impaired as at December 31, 2016. In the 2016 financial year, the impairment on the receivables from 3U ENERGY AG was completely reduced.

Cash and cash equivalents amounted to EUR 2.29 million as at December 31, 2016 (previous year: EUR 2.01 million). Overall, there was a slight increase in liquid and liquidity-related funds of EUR 0.28 million. As in the previous year, the cash deposit was pledged at EUR 1.50 million as collateral for own credit lines. These were utilized as of December 31, 2016 as part of a credit facility in the amount of TEUR 598 (previous year: TEUR 595).

Due to the positive economic development of the Adelebsen solar park, an additional credit agreement was concluded with the financing bank on February 22, 2016, resulting in an increase in the credit volume of EUR 1.0 million and a reduction of the existing capital reserves to around EUR 0.7 million. At the same time, the shareholder loan of 3U HOLDING AG, which was provided to Solarpark Adelebsen GmbH as an alternate equity capital, was reduced from EUR 3.0 million to EUR 2.0 million, with the result that 3U HOLDING AG received EUR 1.0 million from the repayment of the loan.

Assets position

The balance sheet total of 3U HOLDING AG amounted to EUR 64.56 million (previous year: EUR 60.31 million) as of December 31, 2016, a slight increase of 7.0 %.

Financial assets fell by EUR 2.77 million to EUR 12.44 million (previous year: EUR 15.21 million), particularly as a result of the loan reduction to the Solarpark Adelebsen GmbH and amortization of financial assets. The share of the balance sheet total fell to 19.3 % (previous year: 25.2 %).

Current assets including active deferred items totalling EUR 29.29 million (previous year: EUR 21.73 million) were 45.4 % (previous year: 36.1 %) of the balance sheet total. A key element of this item is the Group-internal short-term loans with a book value of EUR 23.62 million (previous year: EUR 17.35 million). The reduction in the allowance on the 3U ENERGY AG loan contributed particularly to this change. Cash and cash equivalents increased by EUR 0.28 million to EUR 2.29 million (previous year: EUR 2.01 million).

Shareholders' equity amounted to EUR 48.82 million (previous year: EUR 44.55 million). The equity ratio is therefore 75.6 % (previous year: 73.9 %) in 2016.

Within bank liabilities, bank borrowings decreased to EUR 7.79 million (previous year: EUR 8.29 million) due to ongoing repayments.

Total statement

Overall, the Management Board is satisfied with the development of the assets, the financial position and earnings. Even without extraordinary income and expenses, 3U HOLDING AG would have achieved slightly positive earnings. 3U HOLDING AG has always been able to meet its financial obligations and this is also guaranteed for 2017. As a result of the still very good equity ratio, the assets position is still considered to be satisfactory.

Events after the reporting period

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The wind farm Schlenzer with an electrical output of 5.5 MW, which was completed at the end of the year 2016, was put into operation in January 2017.

As of February 1, 2017, 3U HOLDING AG acquired 25 % of RISIMA Consulting GmbH and thus holds 100 % of the company.

Risk, opportunities and forecasting report

Risk management report

Risk management system of 3U HOLDING AG

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. The risk and opportunities management system of 3U HOLDING AG goes by the name of "3U-RICH". In the context of risk management foremost risks are considered in the regular reporting by the risk manager. Opportunities are especially identified and documented in the risk inventories of the individual companies. A more detailed analysis and evaluation is carried out by the Management Board and the management of the respective companies in the scope of the strategic business planning.

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. As well as the parent company, this group-wide risk management covers all subsidiaries as well. 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 risk management system is adapted to changing conditions and accordingly is subject to continuous development to ensure that in addition to internal changes and external factors such as legislative changes are taken into account.

In order to ensure optimal coverage, the principal risks of all subsidiaries are uniformly reported in the risk management system of 3U HOLDING AG. Additionally, present specific risks in the individual companies are assessed by them.

The risk management 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.

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.

Accountability and reporting concept

The risk management system which has been introduced by the Management Board 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 are further improved with the support of the professional risk management software r2c from Schleupen AG. The software supports both the risk owners and the risk manager 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 risk manager informs the Management Board regularly of the current risk situation and its potential future development as part of the standardised reporting. In addition to the Management Board, the Supervisory Board of the 3U Group also receives this standardised monthly reporting from the risk manager. The managing directors of the individual subsidiaries are obliged to inform themselves about the risk situation of their respective companies by accessing the risk management software continuously. Through the use of the risk management software, there is a high level of detail in the reporting. The Management Board decides after consultation with the risk manager and possibly the risk owners on the submission from risk management and initiates the necessary measures. In addition, the Management Board 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 risk management system and compliance with the rules and regulations and discussed in the presence of the risk manager. Topics include accounting processes, ICS and compliance so that the Supervisory Board is able to fulfil its surveillance duties systematically according to Article 107 Abs. 3, S. 2 AktG.

Methodology of the risk management system

Within the risk management system, the risks and opportunities faced by the 3U Group are recorded in a risk inventory partly down to the department level of the individual subsidiary as complete and financially sensible as possible, in order to detect developments that may jeopardize the development and existence of the business or enhance it. The thus derived risk and opportunities portfolio are assessed according to the potential scale of damage/earnings expectations and occurrence probabilities. Controlling and dealing with these risks and opportunities is done in two ways.

For identified risks in the framework of this risk inventory indicators are defined with metrics and associated thresholds that are appropriate to enable monitoring and assessment of these risks. The continuous monitoring and evaluation is done by decentralized employees responsible for risk monitoring and the central risk manager based on operational and financial metrics and is part of the reporting.

Opportunities are managed within the framework of the respective company strategy and are currently not part of the ongoing reporting.

Efforts to systematically document the opportunities identified in the risk inventory were continued in the reporting year. Although chances are inextricably linked with risks, their characteristics differ from the characteristics of risks; making a more nuanced approach necessary (Opportunities will only pay off, e.g. if they are perceived and used deliberately and usually require a longer period to develop and implement). Therefore, the opportunities identified are not reviewed like the risks using the software, but on a regular basis and measures are adjusted if necessary.

Determining the comprehension of risks

Risk is the possibility of a negative deviation of actual results from the expected result (corporate goal). There is the risk that adverse events occur (loss of assets or income reduction) or the risk that desired events do not occur (missed opportunities).

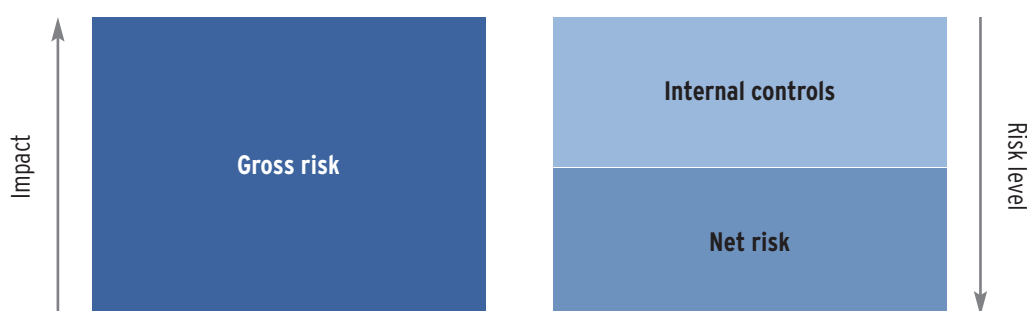
Distinction between gross and net risk

The assessment of risks identified in the risk inventory is carried out using the methodology of the so-called gross and net risks. In determining the gross risks, compensating controls of risk mitigation and risk control are initially not considered. Compensatory controls measures are defined as measures that avoid, reduce or transfer risk. In addition, it is possible to accept risks to an acceptable level, provided a further reduction is not economical.

A pure consideration of gross risks is necessary because in a pure net consideration there is the danger that currently well controlled, but basically existence-imperilling risks, are not monitored continuously and in a timely manner. This could lead to changes in the processes and possibly resulting in risks not being detected in time.

Basis for the operational risk management are the remaining net exposures. They result when the existing compensating controls in the risk assessment are taken into account.

Gross risks become net risks (residual risks) through internal controls



The risk assessments are carried out for both the gross and net exposures in the categories of damage and probability of occurrence with the help of indicators.

For the probability the following characteristics are assigned:

- | | |
|--------------------|------------------------------------|
| (1) Not likely | – less than 25 % |
| (2) Low | – at least 25 % and less than 50 % |
| (3) Middle | – at least 50 % and less than 75 % |
| (4) High | – at least 75 % and less than 95 % |
| (5) Almost certain | – at least 95 % to 100 % |

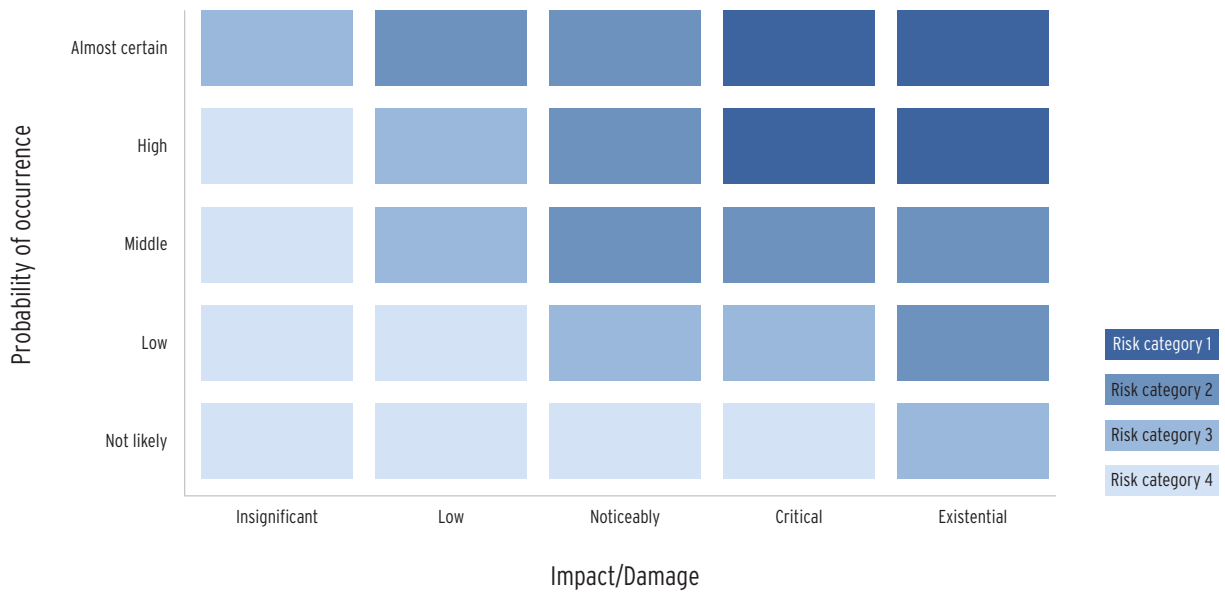
The damage amounts are determined individually for each company at company level. Individual risks are aggregated at the corporate level and categorized according to a valuation model.

The damage amounts of the Group's risks are set in ratio to the subscribed capital of 3U HOLDING AG. The key figures are assigned to different levels of damage amounts (impact/damages):

- | | |
|-------------------|--|
| (1) Insignificant | – the subscribed capital is consumed by less than 5 %, resp. EUR 1.76 million |
| (2) Low | – the subscribed capital is consumed by at least 5 % and less than 10 %, resp. EUR 1.76 million and EUR 3.52 million |
| (3) Noticeably | – the subscribed capital is consumed by at least 10 % but less 25 %, resp. EUR 3.52 million and EUR 8.8 million |
| (4) Critical | – the subscribed capital is consumed by at least 25 % and less than 50 %, resp. EUR 8.8 million and EUR 17.6 million |
| (5) Existential | – the subscribed capital is existence-imperilling or completely consumed by at least 50 % resp. EUR 17.6 million |

From multiplying the figures for damage and probability of occurrence, a division into four classes of risk can be derived.

Classes of risk



Risk category 1 is the highest category and the risks therein may be existence-imperilling risks. All risks identified in the risk inventories are controlled. The measures applied differ in scope. Exceptions, however, are possible in individual cases. This has to be approved by the Management Board. This includes the removal of a risk from supervision if the monthly reports over a period of at least six months assign it to the risk class 4.

Following the risk inventories the calculated key figures are transferred into the software. As part of the regular reporting, the figures and the classes are shown on the basis of quantitative evaluation as an amount of loss in EUR and a probability of occurrence in percentage. Multiplying these two variables produces an expected value in EUR. This value in turn is transferable in the presentation of the risk classes.

In order to increase the clarity and better explain the impact, selected significant gross risks of the Group are shown in the following scheme with their net consideration on the segment level.

Risks	Probability of occurrence	Amount of damage	Risk category	Changes compared to the previous year
Operative Risks				
Segment ITC	Low	Insignificant	4	➡
Segment Renewable Energies	Low	Insignificant	4	➡
Segment SHAC	Low	Insignificant	4	➡
Strategic Risks				
Segment ITC	Middle	Low	3	➡
Segment Renewable Energies	Middle	Low	3	➡
Segment SHAC	Middle	Insignificant	3	➡
Regulatory Risks				
Segment ITC	Middle	Low	3	➡
Segment Renewable Energies	Middle	Low	3	➡
Segment SHAC	Middle	Insignificant	3	➡
Financial Risks				
Segment ITC	Middle	Low	3	➡
Segment Renewable Energies	Middle	Low	3	➡
Segment SHAC	Low	Insignificant	4	➡

➡ Unchanged

↘ Decreased

↗ Increased

Risks

The current and future key risks in the Group

From the entirety of the risks identified for the Group, those main risks in the individual business segments are mentioned below, which may materially affect from today's perspective the financial position and performance of the individual companies, and in aggregation could significantly affect the 3U Group if they occur.

The risks in the segments ITC and Renewable Energies were once again in fiscal year 2016 those risks with the highest risk potential in terms of damage and probability of occurrence. This is because the expected values in terms of the extent of damage in case of occurrence of a risk in these two segments was well above the expected values of the amount of damages in case of occurrence of a risk in the segment SHAC or other risks indirectly or directly affecting the 3U Group. The risks from past risk inventories in the companies which have already been consolidated the year before have again been predominantly confirmed in the risk inventories. Only the peculiarity of the extent of damage and the probability of occurrence varies. The variation takes into account the changed market and operating conditions. However, new risks and risk scenarios were identified and evaluated.

When the Group invests in new companies, they are subjected to a risk inventory to identify and evaluate company-specific risks and then to integrate them into the Group system and reporting.

General economic risks and opportunities in the segments

Individual risks that need to be identified, evaluated and monitored beyond the limits of their segments are recognised throughout the Group. Besides operative risks there are also strategic risks. The operative risks focus in all business segments on contractual obligations, possible loss or damage to technical systems, staff absenteeism and the maintenance of business processes. The strategic risks relate amongst others to the regulation and changes to the legal framework.

Each business activity of a company is based on contracts, amongst others with business partners. Almost all parts of the Group's 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 a 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 services provided in the segment ITC are primarily based on software applications and on information and telecommunications technology. The implementation of those technologies is also of great importance in the segments Renewable Energies and SHAC. 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 customary level. Among other things, the 3U Group confronts those IT risks by consistently adjusting the information security management system in accordance with ISO 27001.

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 jeopardize the achievement of the company's objectives. 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 and internal and external training & development programs to ensure high levels of loyalty and bonding of our qualified employees towards the Company. These measures also apply if through the investment and acquisition of companies through 3U HOLDING employees have to be integrated into the Group for the first time.

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

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. Key components of the Compliance Management form a value management system, a "whistleblower" process as well as other structural and organizational arrangements. There are regular training and awareness raising activities with regard to rules and regulations to be followed.

Risks from regulation and changes of legal parameters

Risks from regulation and changes of legal parameters in the areas of telecommunications/IT and especially renewable energies will continue to exist for the current segments and future investments of the 3U Group. In particular, the discussions concerning the subsidies for renewable energies have caused uncertainty in the market. In the reporting year, 3U was able to make an important step in renewable energies projects with the development of wind farm projects, but an appropriate and sustainable planning of major projects in the segment Renewable Energies are complicated by ongoing changes in the legal basis, such as the introduction of the tender model from 2017. The Group closely monitors the developments in order to be able to react promptly.

Risks from the segment ITC

The most important product in this segment is still call-by-call. The various flat rate offers represent a general risk. The landline flat rates are making call-by-call redundant for domestic fixed-line calls in Germany. The ever-lower utilization of call-by-call services has meant that the market has shrunk by approx. three quarters since 2008. 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. The segment ITC counters the expected decline in the call-by-call market with an active rate management system and a growing focus on profitable niches (e.g. data centers).

The cloud activities operate in a dynamic market environment with innovative solutions. The risk here is that the requirements and developments are not recognized and implemented in time. Therefore, the market is very closely monitored and if it is economically feasible and appropriate, the solutions are adjusted accordingly. So the business model was further developed in 2016. The number of users of the cloud products is growing steadily. There is a risk of a lack of customer satisfaction especially due to differing expectations. This risk is encountered by using a regular quality inspection and by close contact with the customers. To counter the risks of a non-market compliant product development, talks with strategic partners and financial investors are intensified to promote the growth and expansion into new markets.

Risks from the 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. In 2016, discussions about federal funding of renewable energies resulted in a certain level of insecurity among consumers and utilities and accordingly led to less planning reliability. Uncertainties in the tender model in the field of wind turbine project development, which will apply from 2017, accelerate the current market consolidation. With the development of wind farm projects the 3U Group is trying to consequently seize the opportunities offered in this market. Well-planned renewable energy projects require large investments; they also offer a relatively stable market value. The realization of such large projects also includes legal and regulatory risks, such as building code requirements. 3U HOLDING AG meets these risks through the use of qualified internal and external resources. The societal and industry-specific developments are closely monitored by the Group to respond promptly.

With its business model, the 3U Group had already been affected by the falling remuneration under the EEG. The Renewable Energy Sources Act 2017 (EEG 2017) replaced the legal entitlement to an EEG subsidy through an auction procedure. The bidding procedure carried out by the Federal Network Agency also determines the actual headroom for the respective installation. The procedure applies to all installations approved after January 1, 2017. The 3U Group meets these special challenges in this part of renewable energies with due care, if the risks cannot be reduced through appropriate contractual arrangements.

Risks from the segment SHAC

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 to avoid defaults. To collect outstanding debts from companies, organizations and individuals with no failures if possible and the entire areas of credit management, terms management and credit management are the tasks of debt management in the broadest sense. In a narrow sense, the debt management refers to collecting open payments from goods, services and loans that are already in default. Debt management sifts, arranges, registers and organizes the outstanding payments and ensures that if a delay of payment arises the invoice recipient is reminded in a timely, comprehensive and effectively manner of his contractual obligations from the sale of goods or services. On behalf of the invoicing party debt management takes over the processing of payments between companies and customers. With a professional debt management the ongoing liquidity of companies is ensured. By regularly conducting comprehensive regular supplier assessments and reviews the risk potential in this area is reduced as well.

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.

Significant risks relate to capital adequacy and financing when earnings are below plan, since a low level of capital adequacy can lead to a limited ability of the company to act, especially in the case of acquisitions and in the case of the conclusion of follow up or new financing.

A further important financial risk is the risk of sales being concentrated on one or only a few main customers. 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. If 3U does foreign transactions, corresponding currency risks are subjected to a more intensive examination and analysis and – if economically viable – hedging transactions are carried out. 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. In the financial year under review, measurable success in the management of default and interest rate risks was achieved, including the support of external service providers and business partners with corresponding expertise.

Financial instruments are used in the 3U Group only to hedge the underlying transaction. Before financial instruments are used, careful risk analysis and evaluation is performed to minimize the risk potential by adequate measures.

3U HOLDING AG has an ambivalent attitude to the low level of interest rates. On the one hand it is negatively affected, as it has invested its cash exclusively in demand deposits and fixed-interest short-term investments and thereby generates currently only low interest income. At the same time, 3U took advantage of the low interest rates to secure itself long-term debt at attractive interest rates. Since the low interest rates should stay for the time being in Germany, 3U is planning an increased use of debt for future investments in the expansion of its existing businesses.

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. Our main challenges include particularly the regulatory environment and intense competition. The changes in the risk development of all segments have required action by the Management Board. Our risk management system in connection with other planning systems and reports permit the early identification of potential risks and subsequently support the risk supervision. However, risks may occur in the future due to erroneous assumptions that depart from the Company's expectations and could substantially impair the development of the 3U Group.

In fiscal 2016, the 3U Group received a new segment structure. While the segments Telephony and Services were combined, the existing segment Renewable Energies was divided into two segments. The overall risk situation of the Group has not changed thereby.

Opportunities report

In the 3U Group opportunities and risks are systematically identified and evaluated. Potential opportunities are discussed and documented in the context of risk inventories of the individual companies, thereby being able to recognize and distinguish potential risks. Further analysis and assessment of opportunities and possible measures are up to the Management Board and the management of the respective companies under their corporate strategy.

Since opportunities are also always accompanied by risks, it makes sense to always consider risks and opportunities together whenever possible, and to use a comprehensive understanding of the risks and risk contexts to use potential profit opportunities deliberately and controlled. Following are the major opportunities that have been identified within the individual segments.

Here too, it should be taken into account that the 3U Group got a new segment structure in the fiscal year 2016.

Segment ITC

Sales and gross margins generally decline in the call-by-call business and overall in Voice Retail. Although the 3U Group is also affected by this development, it still achieves significant margins in this area due to its strategy. The decline in margins in the callby-call business can be greatly slowed in particular by a high level of process automation, active tariff management and use of the purchasing synergies in the business field Voice Business.

Although it must be assumed that sales in the traditional Voice Retail area will continue to fall in the long term, new products involving Data Center Services & Operation provide for profitable opportunities in the segment ITC. The data centers in Hanover and Berlin provide significant and stable long-term earnings potential.

In the Voice Business area a continuous optimization of the technology platform leads to cost reductions while increasing flexibility. This provides the opportunity to increase the contribution margins and sales in this area

The 3U Group further expanded its activities in the area of cloud computing in fiscal year 2016 and advanced the marketing of the business apps of the weclapp Suite. The positive business development continued. In the medium term, we expect a constantly growing number of users of the weclapp suite. An expansion into new markets through the support of strategic partners and financial investors is still pursued.

Segment Renewable Energies

The solar park Adelebsen produced electricity all year round as defined in the EEG compensation rates. Since August 2014, the solar farm utilizes the chance of the statutory program of direct marketing and has signed a contract with E.ON Energie Deutschland GmbH.

An important strategic milestone on the way to the expansion of the business field renewable energies projects was the purchase of wind farm projects and the acquisition of an existing wind farm with 15 wind turbines in the financial year 2014. The wind farm project development includes an extensive portfolio of wind farm projects. Currently, the wind farm project developments are in different stages. In addition to the sale of finished wind farms 3U will likely generate additional income through the selective sale of projects in earlier phases of the project. 3U HOLDING AG also reserves the option – in addition to the various sales opportunities of wind farm projects – to operate completed wind turbines themselves as part of its commitment in the field of renewable

energies and thus generate additional cash flows. Thus additional profit potential could arise here, both from the operation resp. sale of finished wind power plants as well as from the selective sale of project developments.

Opportunities arise from the tender procedure of the EEG 2017 from the fact that smaller project developers cannot bear the additional pre-financing costs due to the necessary security services and sell lucrative projects at a favourable price.

With the construction of the two wind parks Lüdersdorf and Schlenzer, 3U HOLDING AG has set up the first four self-developed wind power plants. Overall, these plants have an electrical output of 12.1 MW. In addition to the self-service of the plants within the 3U Group and the realisation of feed-in tariffs according to the EEG, both wind farm projects offer the possibility of collecting high one-off income through the planned sale of a wind farm or a possible sale of both wind farm projects.

Segment SHAC

The position achieved in recent years in online trading was expanded and additional market share was gained. Aiding was the expansion of the product portfolio to include for example, an enlarged range of pumps, pellet stoves, decentralized ventilation units and pipe installation systems as well as the dry screed floor heating system. The improved customer friendliness (e. g. longer service times and extended payment options) as well as the excellent customer reviews on Trusted Shops open up the opportunity for above-average growth and so another very positive development in the coming years can be assumed.

We also operate in the field of HVAC as a provider of procurement and logistics services for building equipment and as a production and trading company for wholesalers. The current product portfolio includes products for floor heating/heating, controlled ventilation, plumbing, solar, energy-and heat generation and heat storage as well as heat supply. The production of clad goods, a basic component in the range of under floor heating, was begun in 2014 as well. With the dry screed system ClimaTE 25 we sell a renovation system developed within the Group that underscores the considerable expertise of 3U in the surface temperature control.

Due to the central control of purchasing, we can generate a higher purchasing volume than would be possible by the individual companies. As a result, better purchasing terms can be realized, which can be passed on to customers and thus gives the chance to win above-average market share.

In addition the 3U Group develops and distributes panel heating or cooling systems. These are characterized by high quality workmanship and comfort, as well as a good price-performance ratio. This creates positive marketing opportunities with appropriate earnings potential.

Forecasting report

Economic outlook

Due to the existing risks, the International Monetary Fund (IMF) dampened the outlook for the global economy in its latest economic forecast. According to the published World Economic Outlook, the organization expects that the world economy will grow by 3.4 % in 2017, compared with the previous year (3.1 %), but the growth of the industrial countries is likely to be further disappointing in the medium term.

The IMF experts were relatively optimistic about the German economy. They increased their growth forecast for 2017 from 1.2 % to 1.4 %. This means that they are on a line with the autumn reports of the leading German economic research institutes, which also predicted an increase of the gross domestic product (GDP) by 1.4 %.

In view of the overall positive economic situation, the number of employees in Germany will increase by approximately 1.0 % or 431,000 persons in 2017, following an increase of a similar magnitude in 2016 (524,000). Furthermore, additional workers are recruited to a high degree from the silent reserve and especially from the circle of immigrants. The unemployment rate is expected to remain at 6.1 % despite a sustained employment build-up, as the integration of fugitives into the labour market is protracted.

Inflation expectations of economists surveyed regularly by the European Central Bank (ECB) (Survey of Professional Forecasters) have risen above all due to the sharp rise in the oil price in the recent survey. In the medium term, too, they expect a rise in the rate of price increases starting in 2017. In 2017, economists expect an annual inflation of 1.4 %. For 2018 and 2019 they even expect an annual inflation rate of 1.5 % and 1.6 %.

Outlook ITC

According to calculations by Bitkom Research GmbH, sales in the information technology and telecommunications business sectors jumped to EUR 150 bn (+1.8 %) in 2016 for the first time. Growth drivers are information technology, which grew by 3.6 % in 2016. Above all, the software providers' businesses grew at an above-average rate of 6.2 %. Sales of IT services, which are particularly reflective of orders from the digitization of companies, rose by 2.7 %, while IT hardware grew by 2.8 %. Sales of telecommunication services remained almost at the level of 2015.

While the ever-increasing data volumes will continue to provide further growth in the industry, prospects for the overall market for telecommunications services in Germany are modest. A displacement market prevails in the telecommunications industry, which is shaped by innovations and technical progress, but above all is characterized by a further price decline due also to the pronounced competitive situation.

Government interventions – launched nationally as well as by the EU – have a significant impact on the call-by-call market, which is still important for 3U. Therefore, a medium-term market forecast is difficult. As in previous years, the market is likely to shrink, according to the industry association VATM. Against this background, the Management Board expects a continuously declining development analogous to the market development in the business year 2017.

Generally increasing investment in data centers can be expected for the future. According to researchers like IDC, Gartner or A. T. Kearney, investments in data centers will rise sharply. According to A. T. Kearney the European data center market is to grow by more than 6 % annually and reach a volume of EUR 270.4 billion by 2020. This market addressed the 3U Group with its portfolio DCS (Data Center Services).

The 3U Group will continue to pursue its strategy to recognise and occupy profitable niches in the area telephony. In particular, the offered services concerning data centers are to be developed further and should develop into an important pillar. The market environment remains very competitive. To what extent the new areas can compensate for the decline in sales and the resulting decrease in income from the call-by-call business is difficult to predict.

A promising market is addressed with the topic of cloud computing. In cloud computing, IT services are provided in the right quantities and flexible in real-time as a service via the Internet and billed according to use. In cloud computing various technical improvements and innovations converge and create the potential for a base innovation in the business field. Cost reduction, cost structure changes, cost variability, flexibility and entirely new business models are other important arguments. It is expected that cloud computing will change the entire information economy, its technologies and its business and therefore the relationship between suppliers and consumers for the long term. With a rapid adoption of cloud computing in business, the demand for technical infrastructure expertise decreases. For software vendors the traditional licensing business will shift in the direction of "Software as a Service" (SaaS).

For users cloud computing has many advantages. Thus, for example, investments become variable costs. It is expected that almost all companies will use cloud computing in a few years – at least complementary.

Market experts attest good growth prospects for Cloud Computing, Software as a Service, Data Center Services and IT services. In these business areas, the Management Board of 3U HOLDING AG expects further rising sales in 2017, while sales in the classic telephony business will continue to decline.

Overall, the Management Board expects sales in the segment ITC slightly below the level of the previous year due to the diminishing importance of the telephony business, with correspondingly slightly lower EBITDA and earnings. From 2018 onwards, the newer business divisions should again ensure a sales increase in the segment ITC. This will be accompanied by an improvement in the margin.

Outlook Renewable Energies

The expansion of renewable energies in Germany is continuing to grow – its share was already around 32 % in 2016 and is expected to rise to about 40-45 % by 2025 with the current policy measures. With the segment Renewable Energies, the Group is taking part in the advancing change in energy production towards sustainability and the trend towards resource-conserving energy use.

The Group plans to implement further EE projects. In this business area, the framework conditions are decisively determined by the Renewable Energy Sources Act (EEG).

On October 13, 2016, the German Bundestag passed an amendment to the EEG 2017. In essence, it envisages a fundamental change in the promotion mechanisms of fixed feed-in tariffs per kilowatt-hour (kWh) of installed capacity to a bidding system in which the aggregate is determined within the framework of a price competition. At the same time, the addition of planned annual growth rates, measured in megawatts (MW), will also be targeted. The invitation to tender shall, in principle, cover all installations approved after January 1, 2017. In this new procedure, feed-in tariffs for new projects are determined on a market-by-market basis as part of an auction, which are then awarded as fixed feed-in tariffs for 20 years.

In the context of the new tendering procedure for electricity from wind energy installations, citizens' energy companies are experiencing certain facilitations which should enable local cooperatives and municipalities to shape the energy transition. A prerequisite for participation in the tendering procedure is that the municipality in whose area a project is to be implemented is at least 10 % involved in the project or has been given the opportunity to participate. For the citizens' energy companies, the highest awarded value applied (independent of their own bid) is considered to be decisive (for up to 6 wind turbines or 18 MW capacity).

A total of 2,800 MW will be issued for wind farms on land. The annual expansion in the photovoltaic sector is said to be 2,500 MW per year, with a maximum of 600 MW being provided by large solar systems. The procedure provides for a total of three deadlines for tendering procedures per year, which are February 1, June 1 and October 1.

With the amended Act, the Federal Government is sticking to its expansion goals, but at the same time wants to reduce the costs for the energy transition and put more emphasis on market incentives.

3U focuses to expand its wind power activities – this concerns both planning & project development and investments in wind farms and their operation – in an area that still has a good risk/reward profile. The further development in this area depends on various factors which are hard to predict today. We follow the activities of all relevant market participants very closely and will position ourselves accordingly.

While the project business is relatively volatile, very stable and predictable sales and earnings are achieved by the renewable energy generation. Overall, the Management Board expects a slight increase in sales and earnings in 2017 due to higher production capacities as well as the below-average earnings from wind in 2016. Additional, but hard to prognosticate potential, results from the project business.

Outlook SHAC

The activities around the topic of heating, cooling and ventilation of buildings further evolve encouraging. A number of developments have a positive impact here. Firstly, the construction activity will remain at a high level for the foreseeable future due to the low interest rates, resulting in a corresponding demand for SHAC products and their installation. In addition policy makers require increasing energy efficiency in buildings. This leads to a substantial demand for replacement investments especially in the business area heating and air conditioning. Finally, we benefit in this segment of the demand shift towards online trading. Currently only a small fraction of the products from the SHAC sector is demanded online in Germany. However, this share grows very strongly. With our online trading activities we are well positioned to profit from this trend.

For this reason, the Management Board expects the business to grow strongly again in 2017 with a corresponding increase in EBITDA and earnings.

Outlook 3U HOLDING AG

Earnings of 3U HOLDING AG as an operational management and investment holding company is decisively influenced by the administrative costs and financial earnings. The administrative costs of 3U HOLDING AG are expected to be slightly below the previous year's level in fiscal year 2017. The financial result is heavily dependent on the income from distributions and from profit transfer agreements and expenses from loss transfers. In particular, the value of shareholdings and valuation allowances on loans to subsidiaries can have a significant impact on the profit for the year 2017. Overall, financial earnings are expected to be below financial earnings of the year 2016 adjusted for depreciation. As a result, a slightly negative result is expected in the 2017 financial year.

Strategic direction

Lasting operative profitability in the segments is the top priority for the Group. In recent years, we have continued to improve and have made great progress in 2016.

In the segment ICT, we plan to defend the current earnings level in the medium term. The expected declines in the telephony division are to be offset by the newer business fields and even overcompensated in the future.

In the segment SHAC, we want to grow above all on our own. With our innovative product range and the growing online trading activities supported by our own logistics activities, we are very well positioned here.

Our strategy in the segment Renewable Energies also provides for inorganic growth. Due to current market conditions, there will certainly be a further consolidation in the market. It cannot be prognosticated whether or what opportunities will result for 3U. We will, however, follow the development very closely.

The 3U Group remains faithful to its investment strategy to expand successful long-term business units until they can be sold at attractive terms.

Outlook 3U Group

The pursued development of successful business fields in recent years, while simultaneously dismantling activities which developed below expectations, led to positive Group earnings for the first time in 2016. The profitability of the segment ITC and the increasing importance of the segments Renewable Energies and SHAC give the Management Board of 3U HOLDING AG the confidence to achieve the following formulated objectives.

Investments of around EUR 21.07 million are planned for the business year 2017 in the existing business fields. EUR 0.32 million will be invested in the segment ITC, EUR 20.01 million in the segment Renewable Energies, EUR 0.05 million in the segment SHAC and EUR 0.70 million in the holding.

For fiscal year 2017, the Management Board expects sales of between EUR 44 million and EUR 49 million, an EBITDA of between EUR 4.5 million and EUR 6.5 million, and consolidated earnings between EUR 0.5 million and EUR 1.5 million.

The partial or entire sale of subsidiaries belongs to the corporate purpose of 3U HOLDING AG and can lead to positive special effects. In addition, 3U HOLDING AG plans to grow inorganically through acquisitions. However, there are limitations to plan resulting effects.

The goal of all activities is to enhance sustainably the value of the 3U Group for the shareholders as well as for the employees. The success of those efforts will be reflected in a positive price trend for the 3U share. 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.

Accounting-related internal control and risk management system

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 consultants. During the year the accounting process has been extensively analyzed, optimized and the documentation further developed. 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 audit of the annual and consolidated financial statements.

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.

Other information

Takeover-related information

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

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

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

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

The share capital consists of 35,314,016 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.

For further information, please refer to the notes under 6.7.

Shares in the capital of the Company are owned as at December 31, 2016 as follows:

Name	Function	Number of shares	Percent
Michael Schmidt	Speaker of the Management Board	8,999,995 shares	25.49 %
Andreas Odenbreit	Management Board	20,500 shares	0.06 %
Ralf Thoenes	Chairman of the Supervisory Board	25,000 shares	0.07 %
Stefan Thies	Deputy Chairman of the Supervisory Board	12,000 shares	0.03 %
Jürgen Beck-Bazlen	Supervisory Board	1,130,000 shares	3.20 %
Number of own shares		2,183,640 shares	6.18 %

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 7,062,803.00 by August 26, 2019 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 connection with capital increases through contribution in kind, to grant shares for the purpose of acquiring companies, parts of companies or interests in companies or to acquire other assets (including third party claims against the Company or companies affiliated with the Company), and for the purpose of issuing shares to employees of the Company and with the Company affiliated companies in accordance with statutory requirements; 2. to the extent necessary to allow holders of issued warrants and convertible bonds by the Company or its subsidiaries, subscription rights for new shares to the extent that they are entitled to upon exercising their option or conversion rights or after fulfilment of their conversion or option obligations; 3. for fractional amounts; 4. when increasing the share capital in return for cash contributions, if the issue amount of the new shares does not fall far short of the market price for shares that are already listed at the time the issue amount is finally determined as defined in §§ 203 para. 1 and 2, 186 para. 3 sentence 4 AktG and the shares for cash contributions, excluding subscription rights, do not in total

exceed 10 % of the share capital at the time the option is exercised. To the limit of 10 % of the share capital are credited, the shares issued during the term of the authorized capital excluding subscription rights of shareholders in accordance with §§ 71 para. 1 no. 8 sentence 5, 186 para. 3 sentence 4 AktG, as well as shares, which are connected to a conversion right or option right or a conversion obligation or option obligation due to option and/or convertible bonds issued since this authorization in exclusion of subscription rights according to §§ 221, para. 4, 186 para. 3 sentence 4 AktG have been issued. 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 3,531,401.00, divided into 3,531,401 shares (Contingent Capital 2016/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 May 25, 2016 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.

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

Share transactions

According to Art. 19 of the Market Abuse Regulation (EU) NR. 596/2014 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 were reported the following transactions in the last financial year:

Transaction date	Reporting person	Type of transaction	Quantity	Exercise price	Total volume
08/15/2016	Jürgen Beck-Bazlen (Supervisory Board)	Purchase	10,000	EUR 0.699994	EUR 6,999.94

All share transactions were published on the website of 3U HOLDING AG (www.3u.net) under the path "Investor Relations/Directors' Dealings".

Annual Corporate Governance Statement according to Article 289a HGB

The Management Board and the Supervisory Board of 3U HOLDING AG have delivered the Annual Corporate Governance Statement according to Article 289a HGB and has made it permanently available to the public on the website of 3U HOLDING AG (www.3u.net) under the path "Investor Relations/Corporate Governance".

Remuneration Report

The remuneration report summarises the principles determining the remuneration of the Management Board and Supervisory Board at 3U HOLDING AG and explains the amount and structure of the 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. In doing so the Supervisory Board respects the law stipulating the appropriateness of executive remuneration (VorstAG) which became effective August 5, 2009.

All Members of the Management Board of 3U HOLDING AG receive a fixed basic salary (fixed component), which is paid in monthly instalments. In addition, all members of the Management Board receive variable performance-based remuneration (performance related components). The performance-based remuneration is composed of a quantitative sub-goal and a qualitative sub-goal. In the case of the partial quantitative target, the Supervisory Board evaluates the audited value of the Group's EBITDA performance in relation to the budget value in the reporting year: 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.

Value of the granted allowances for the year 2016

Allowances (in TEUR)	Michael Schmidt Speaker of the Management Board			
	2016	2016 (min.)	2016 (max.)	2015
Fixed remuneration	300	300	300	300
Fringe allowances	17	17	17	17
Subtotal	317	317	317	317
One-year variable remuneration	50	0	300	150
Multi-year variable remuneration	0	0	0	0
Total	367	317	617	467
Pension allowances	0	0	0	0
Total	367	317	617	467

Allowances (in TEUR)	Andreas Odenbreit Management Board			
	2016	2016 (min.)	2016 (max.)	2015
Fixed remuneration	140	140	140	140
Fringe allowances	20	20	20	19
Subtotal	160	160	160	159
One-year variable remuneration	18	0	35	18
Multi-year variable remuneration	0	0	0	0
Total	178	160	195	177
Pension allowances	0	0	0	0
Total	178	160	195	177

Allowances (in TEUR)	Christoph Hellrung Management Board			
	2016	2016 (min.)	2016 (max.)	2015
Fixed remuneration	140	140	140	140
Fringe allowances	24	24	24	24
Subtotal	164	164	164	164
One-year variable remuneration	18	0	35	18
Multi-year variable remuneration	0	0	0	0
Total	182	164	199	182
Pension allowances	0	0	0	0
Total	182	164	199	182

Accruals for the year 2016

Accruals (in TEUR)	Michael Schmidt Speaker of the Management Board		Andreas Odenbreit Management Board		Christoph Hellrung Management Board		Management Board total	
	2016	2015	2016	2015	2016	2015	2016	2015
Fixed remuneration	300	300	140	140	140	140	580	580
Fringe allowances	17	17	20	19	24	24	61	60
Subtotal	317	317	160	159	164	164	641	640
One-year variable remuneration	75	75	0	0	0	0	75	75
Multi-year variable remuneration	0	0	0	0	0	0	0	0
Total	392	392	160	159	164	164	716	715
Pension allowances	0	0	0	0	0	0	0	0
Total	392	392	160	159	164	164	716	715

In addition, Mr Michael Schmidt received TEUR 75, Mr Andreas Odenbreit TEUR 18 and Mr Christoph Hellrung TEUR 18 as an annual variable compensation in the reporting year and the previous year for the respective preceding years.

All remuneration for Management Board activities for the time as Board Members of the Company was made by 3U HOLDING AG. The subsidiaries did not pay any remuneration.

Stock option plan 2011

By way of resolution dated August 19, 2010, the Annual General Meeting had 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.

The stock options were exercisable only after specified periods (vesting period). 3U HOLDING AG was 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.

By the end of the term of the stock option plan 2011 on February 6, 2016, no options were exercised. The stock options are so completely forfeited.

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 2016 amounted to TEUR 166 (previous year: TEUR 167). For 2016 a performance fee of TEUR 90 (previous year: TEUR 92) was accrued.

Name	Fixed remuneration in TEUR		Attendance-fee in TEUR		Performance related remuneration in TEUR		Total remuneration in TEUR	
	2016	2015	2016	2015	2016	2015	2016	2015
Ralf Thoenes (Chairman)	10	10	18	18	40	40	68	68
Gerd Simon (until 5/21/2015)	–	3	–	5	–	13	–	21
Stefan Thies (Deputy Chairman)	8	6	18	18	30	26	56	50
Jürgen Beck-Bazlen (since 5/21/2015)	5	3	18	13	20	13	43	29
Total*	23	23*	53*	53*	90	92	166*	167*

*Due to rounding differences in the totals line

In addition, the Supervisory Board Members receive reimbursement of their travel costs and other expenses. Mr Thoenes received TEUR 2.5 (previous year: TEUR 1.8), Mr Simon TEUR 0 (previous year: TEUR 0.4), Mr Thies TEUR 1.1 (previous year: TEUR 0.8) and Mr Beck-Bazlen TEUR 2.0 (previous year: 1.3) as reimbursements for expenses in fiscal year 2016. Mr Thoenes also received attendance fees and reimbursement of expenses for his supervisory activities at 3U ENERGY AG amounting to TEUR 9 (previous year: TEUR 9) for fiscal year 2016.

Mr Simon received meeting fees and reimbursement of expenses for his supervisory activities at 3U ENERGY AG amounting to TEUR 6 for fiscal year 2016 (previous year: TEUR 9).

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 11.1 (previous year TEUR 40) plus VAT for its consultancy services and reimbursements for expenses for the 3U Group. These were provided to 3U ENERGY AG in the amount of TEUR 10.6 and to ClimaLevel Energiesysteme GmbH in the amount of TEUR 0.5 (previous year: TEUR 28 to 3U HOLDING AG and TEUR 12 to 3U ENERGY AG).

Detailed information on stock option plan

Currently there is no active stock option program in the 3U Group.

No option rights were exercised by the end of the term of the stock option plan 2011 on February 6, 2016. The 4,602,500 stock options issued under the stock option plan are therefore completely forfeited.

Responsibility Statement

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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 combined management report.

Marburg, March 3, 2017

The Management Board



Michael Schmidt



Christoph Hellrung



Andreas Odenbreit



Consolidated Financial Statements for the financial year 2016

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Consolidated statement of financial position

Assets 3U Group (in TEUR)	Notes to the consolidated financial statements	December 31, 2016	December 31, 2015
Non-current assets		61,678	53,481
Intangible assets	[2.3.7] [2.3.8] [2.3.14] [6.1.1]	2,308	1,530
Property, plant and equipment	[2.3.9] [2.3.22] [6.1.2]	48,728	42,156
Investment property	[2.3.10] [6.1.3]	7,723	7,901
Other financial assets	[6.1.4]	144	171
Investments accounted for using the equity method	[6.1.4]	15	19
Deferred tax assets	[2.3.17] [6.2]	1,833	502
Other non-current assets	[6.1.4]	927	1,202
Current assets		34,084	23,335
Inventories	[2.3.15] [6.3]	14,797	6,798
Trade receivables	[2.3.12] [6.4] [6.11]	4,710	6,912
Receivables from income tax refunds	[6.5]	323	486
Other current assets	[6.5]	2,582	1,441
Cash and cash equivalents	[2.3.12] [6.6] [6.11]	11,672	7,698
Total assets		95,762	76,816

Shareholders' equity and liabilities 3U Group (in TEUR)	Notes to the consolidated financial statements	December 31, 2016	December 31, 2015
Shareholders' equity	[6.7]	39,158	38,569
Issued capital (conditional capital TEUR 3,531 / Dezember, 31 2015: TEUR 4,684)	[6.7.1]	35,314	35,314
Own shares	[2.3.19] [6.7.1]	-2,184	-2,184
Capital reserve		10,345	10,345
Retained earnings		-719	-719
Total other comprehensive income		-35	-73
Profit/loss carried forward		-2,835	-2,056
Net earnings		644	-821
Total shareholders' equity attributable to the shareholders of 3U HOLDING AG		40,530	39,806
Non-controlling interests	[6.7.4]	-1,372	-1,237
Non-current provisions and liabilities		37,303	26,569
Non-current provisions	[2.3.16] [6.10]	826	665
Non-current financial liabilities due to banks	[6.8]	35,417	24,960
Deferred tax liabilities	[2.3.17] [6.2]	840	705
Other non-current liabilities	[6.8]	220	239
Current provisions and liabilities		19,301	11,678
Current provisions	[2.3.16] [6.10]	326	401
Current income tax liabilities	[6.9]	715	264
Current financial liabilities	[6.8]	9,419	3,273
Trade payables	[2.3.12] [6.11]	4,560	3,517
Other current liabilities	[2.3.12] [2.3.18] [6.9] [6.11]	4,281	4,223
Total shareholders' equity and liabilities		95,762	76,816

Consolidated statement of income

3U Group (in TEUR)	Notes to the consolidated financial statements	Financial year Jan 1-Dec 31, 2016	Jan 1-Dec 31, 2015
Sales	[2.3.1] [5.1]	43,740	48,236
Other income	[5.2]	1,398	2,339
Changes of half-finished and finished services	[5.3]	-794	885
Other capitalised services	[5.4]	2,504	14
Costs of materials	[5.5]	-26,405	-30,025
Gross profit or loss		20,443	21,449
Staff costs	[5.6]	-9,599	-10,197
Other operating expenses	[5.7]	-6,141	-7,241
EBITDA		4,703	4,011
Depreciation and amortisation	[2.3.8] [2.3.9] [5.8]	-3,650	-3,386
EBIT		1,053	625
Income shares in companies that are accounted for using the equity method	[5.9]	3	6
Other financial result	[2.3.4] [2.3.5] [5.9]	-951	-917
EBT		105	-286
Income tax expenses	[2.3.6] [5.10]	586	-449
Earnings before non-controlling interests		691	-735
Net earnings for the period		691	-735
Of which attributable to non-controlling interests		47	86
Thereof Group earnings		644	-821
Earnings per share			
Earnings per share total, undiluted (in EUR)	[2.2.5] [5.11]	0.02	-0.02
Earnings per share total, diluted (in EUR)	[2.2.5] [5.11]	0.02	-0.02

Consolidated statement of comprehensive income

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3U Group (in TEUR)	Jan 1–Dec 31, 2016	Jan 1–Dec 31, 2015
Net earnings for the period	691	-735
Attributable to 3U HOLDING AG shareholders	644	-821
Of which attributable to non-controlling interests	47	86
Directly in equity comprised changes which could be reclassified retrospectively to the income statement		
Exchange rate differences	0	-11
Thereof deferred taxes	0	0
Hedging instruments	64	39
Thereof deferred taxes	-26	-12
	38	16
Directly in equity comprised changes which could not be reclassified retrospectively to the income statement	0	0
Other comprehensive income	38	16
Total comprehensive income of the period	729	-719
Attributable to 3U HOLDING AG shareholders	682	-805
Of which attributable to non-controlling interests	47	86

Consolidated statement of changes in equity

3U Group (in TEUR)	Issued capital	Own shares	Capital reserve	Retained earnings	Total other comprehensive income Exchange rate differences	Hedging instruments
As of January 1, 2015	35,314	-1,473	10,088	692	11	-100
Rebooking Earnings 2014	0	0	0	0	0	0
Total earnings 2015	0	0	0	0	-11	27
Buy back shares 2015	0	-711	248	0	0	0
Stock option plan 2011	0	0	9	0	0	0
Proceeds/payments to non-controlling interests	0	0	0	19	0	0
Change of percentage increase	0	0	0	-1,430	0	0
As of December 31, 2015	35,314	-2,184	10,345	-719	0	-73

3U Group (in TEUR)	Issued capital	Own shares	Capital reserve	Retained earnings	Total other comprehensive income Exchange rate differences	Hedging instruments
As of January 1, 2016	35,314	-2,184	10,345	-719	0	-73
Rebooking Earnings 2015	0	0	0	0	0	0
Total earnings 2016	0	0	0	0	0	38
Proceeds/payments to non-controlling interests	0	0	0	0	0	0
As of December 31, 2016	35,314	-2,184	10,345	-719	0	-35

Profit/loss carried forward	Net earnings attributable to 3U HOLDING AG shareholders	Equity attributable to 3U HOLDING AG shareholders	Non-controlling interests	Total shareholders' equity
1,186	-3,242	42,476	-823	41,653
-3,242	3,242	0	0	0
0	-821	-805	86	-719
0	0	-463	0	-463
0	0	9	0	9
0	0	19	54	73
0	0	-1,430	-554	-1,984
-2,056	-821	39,806	-1,237	38,569

Profit/loss carried forward	Net earnings attributable to 3U HOLDING AG shareholders	Equity attributable to 3U HOLDING AG shareholders	Non-controlling interests	Total shareholders' equity
-2,056	-821	39,806	-1,237	38,569
-779	821	42	-42	0
0	644	682	47	729
0	0	0	-140	-140
-2,835	644	40,530	-1,372	39,158

Consolidated statement of cash flows

3U Group (in TEUR)	Notes to the consolidated financial statements [Section 2.2.3 and 7]	Jan 1-Dec 31, 2016	Jan 1-Dec 31, 2015
Net earnings for the period		691	-735
+/- Depreciation/write-ups of fixed assets		3,650	3,386
+/- Increase/decrease of provisions		85	-291
-/+ Profit/loss on disposal of non-current assets		-31	159
-/+ Increase/decrease in inventories and trade receivables		-5,797	-3,188
+/- Increase/decrease in trade payables		1,043	95
+/- Changes to other assets		-863	444
+/- Changes to other payables		39	313
+/- Change in tax assets/liabilities including deferred taxes		-584	749
+/- Other non-cash changes		55	187
Cash flows from operating activities		-1,712	1,119
+ Inflows from disposals of property, plant and equipment		61	9
- Outflows for investments in property, plant and equipment		-9,560	-760
- Outflows for investments in intangible assets		-998	-78
- Outflows for investments property		-83	-84
- Cash outflow from the purchase of consolidated companies and other business units		0	-13,713
- Cash outflow from the sale of consolidated companies and other business units		0	-30
Cash flows from investing activities		-10,580	-14,656
Sum carried forward*		-12,292	-13,537

*Refer to following page

3U Group (in TEUR)	Notes to the consolidated financial statements [Section 2.2.3 and 7]	Jan 1–Dec 31, 2016	Jan 1–Dec 31, 2015
Sum carried forward*		-12,292	-13,537
+ Proceeds from additions to equity (capital increases, sale of treasury shares etc.)		0	150
- Cash outflow to companies' owner and minority partners (dividends, equity capital payback, purchase of own shares, other disbursements)		-140	-539
+ Proceeds from issue of financial liabilities		19,944	9,000
- Repayment of financial liabilities		-3,539	-3,230
Cash flows from financing activities		16,265	5,381
Total cash flows		3,973	-8,156
+/- Restrictions in cash and cash equivalents		-1,112	-900
+/- Changes in cash and cash equivalents due to exchange rate changes		0	12
+/- Aggregate cash flows arising from obtaining or losing control of subsidiaries		1	-226
Cash and cash equivalents at beginning of period		4,466	13,736
Cash and cash equivalents at end of period		7,328	4,466
Total change in cash and cash equivalents		2,862	-9,270

*Refer to previous page

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Notes

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 in the commercial register of the District Court Marburg under HRB 4680.

The business activities of 3U and its subsidiaries include the management of own assets, the acquisition, the administration and the sale of interests in domestic and foreign companies as well as the provision of telecommunication services and IT services in the segment ITC. The activities in the area of renewable energies and in the field of sanitary, heating and climate technology are presented in the segments Renewable Energies and SHAC.

The segments were reorganized as of January 1, 2016. The presentation of the comparative figures has been adjusted accordingly.

The address of the registered office of the Company is: Frauenbergstraße 31-33, 35039 Marburg, Germany.

2 Accounting and valuation policies

2.1 Basis of preparation

These consolidated annual financial statements relate to 3U HOLDING AG and its subsidiary companies. Consolidated financial statements of 3U HOLDING AG for the 2016 financial year were compiled in accordance with the accounting standards of the International Accounting Standards Board (IASB), the International Financial Reporting Standards (IFRS). The IFRS valid on December 31, 2016 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.

Presentation in the statement of financial position distinguishes between current and non-current assets and liabilities, which are generally broken down further by their respective maturities in the notes to the consolidated financial statements. In addition to the income statement, the statement of financial position and the cash flow statement, changes in shareholders' equity were also shown. The income statement has been prepared using the aggregate cost method.

The consolidated financial statements of 3U HOLDING AG give a true and fair view of the net assets, financial position and earnings. Consolidated financial statements and the combined management report of 3U HOLDING AG were compiled in accordance with Article 315a of the HGB (German Commercial Code) and will be published in the German Federal Gazette.

Consolidated financial statements were compiled in Euro. The figures are stated in the consolidated financial statements in thousand of Euro (TEUR) and were rounded to whole TEUR. For reasons related to the calculations, rounding differences amounting to +/- one unit (TEUR, % 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 which were required to present the annual financial statements in accordance with IFRS as of December 31, 2016.

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

Newly applied standards

3U considered all standards and interpretations issued by the IASB, which were in force as of December 31, 2016 and have been incorporated into EU law.

The following standards were applied for the first time:

- Annual improvements to the IFRS cycle 2010-2012 (February 1, 2015)*
- Amendments to IAS 19 – “Employee Contributions to Performance-oriented Plans” (February 1, 2015)*
- Amendments to IAS 16 and IAS 41 – “Fruit-bearing plants” (January, 1 2016)*
- Amendments to IAS 11 – “Accounting for acquirers of shares in a joint activity” (January 1, 2016)*
- Amendments to IAS 16 and IAS 38 – “Clarification of Authorized Depreciation Methods” (January 1, 2016)*

*Applicable for financial years beginning on or after the specified date

- Annual improvements to the IFRS cycle 2012-2014 (January 1, 2016)*
- Amendments to IAS 1 – “Notification Initiatives” (January 1, 2016)*
- Amendments to IAS 27 – “Equity method in separate financial statements” (January 1, 2016)*
- Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment companies: Application of the consolidation exception” (January 1, 2016)*

According to the assessment of the Management Board the first-time application of these standards did not result in changes of the net assets, financial and earnings position 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 ahead of schedule:

- IFRS 15 “Proceeds from contracts with customers” (January 1, 2018)*
- IFRS 9 “Financial Instruments” (January 1, 2018)*

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

The recently implemented accounting pronouncements and statements that have not yet been implemented have, according to the investigations made by the Company, no material impact 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.

- IFRS 14 “Regulatory accruals” (The European Commission has decided not to apply the interim standard and to await the final stand instead.)
- IFRS 16 “Leasing” (January 1, 2019)*
- Amendments to IFRS 10 and IAS 28: “Disposal or transfer of assets between an investor and an associate or joint venture” (postponed indefinitely)*
- Amendments to IAS 12: “Appropriation of deferred tax assets for unrealized losses” (January 1, 2017)*
- Amendments to IAS 7: “Information initiatives” (January 1, 2017)*
- Clarification on IFRS 15: “Proceeds from contracts with customers” (January 1, 2018)*
- Amendments to IFRS 2: “Classification and measurement of transactions with share-based compensation” (January 1, 2018)*
- Amendments to IFRS 4: “Application of IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts” (January 1, 2018)*
- Annual Improvements to IFRS (AIP) – Cycle 2014-2016 (January 1, 2018/January 1, 2017)*
- IFRIC Interpretation 22: “Transactions in foreign currencies and advance payments paid in advance” (January 1, 2018) *
- Amendments to IAS 40: “Transfer of investment property” (January 1, 2018) *

The individual effects of the changes are examined by the parent company 3U HOLDING AG for the Group. Particularly in the first-time adoption of IFRS 16 “Leases”, changes could arise which could have a significant impact on the net assets, financial position and earnings. All possible leasing conditions are currently being investigated in order to be able to carry out an appropriate classification and valuation. In addition to car leasing agreements, there are in particular very different contracts with regard to the leasing of land in the area of wind parks.

*Applicable for financial years beginning on or after the specified date

2.2 Basis of group accounting

2.2.1 Scope and policies of consolidation

In 2016, the scope of consolidation for 3U HOLDING AG consists of 23 (previous year: 22) German and foreign subsidiaries, in which 3U directly or indirectly holds the majority of the voting rights and in which 3U HOLDING AG controls the affiliated company. Control exists when 3U HOLDING AG has the power to govern the financial and operating policies of these companies. Domination by 3U HOLDING AG occurs in accordance with IFRS 10, if the following conditions are met:

- 3U HOLDING AG exerts power over the subsidiary;
- 3U HOLDING AG is exposed to fluctuating yields from its participation;
- 3U HOLDING AG affects the amount of yields by virtue of its power.

12 (previous year: 14) subsidiaries, whose impact on the net assets, financial position and results of operations individually and as a group is of minor importance are not consolidated. These are either not yet active or not anymore active companies. They are valued at cost and are shown under non-current assets.

A business combination occurs when 3U HOLDING AG obtains control of another company. According to the rules of IFRS the business combination (capital consolidation) is based on the acquisition method (revaluation method). The cost of an acquired subsidiary is measured at the fair value of the consideration transferred, i.e. the sum of surrendered assets acquired and liabilities assumed. Incidental acquisition costs are recognized as an expense. Acquisition costs are allocated to the acquired assets, liabilities and contingent liabilities. The assets and liabilities are measured in full at their fair values. Any surplus acquisition costs above the share in the fair values of the identified assets and assumed liabilities acquired by the parent company are recognised as goodwill.

Initial recognition 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.

Income and expenses of a subsidiary are consolidated from the acquisition date in the Consolidated Financial Statements. Income and expenses of a subsidiary are included in the Consolidated Financial Statements until control is terminated by the parent company. Where necessary, the accounting policies of subsidiaries are adjusted to the uniform Group accounting policies of 3U HOLDING AG.

Subsidiaries are deconsolidated from the date on which they are no longer controlled or the influence of the subsidiary on the asset, financial and earnings position is of minor importance.

Internal sales, expenses and income within the Group and receivables and liabilities between the consolidated companies are eliminated. Income tax effects as well as deferred taxes are taken into account within the consolidation procedures affecting income.

Interim results from Group internal deliveries and services are eliminated.

Transactions on the further purchase or sale of equity shares with other shareholders which do not touch the dominant influence of 3U HOLDING AG, lead to no change in goodwill. The difference between the fair value of the transmitted or received amounts and the relevant book value attributable to non-controlling interests is recognised in Group equity and should be adjusted against equity.

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.

IFRS 11 distinguishes between two types of joint arrangements:

- joint operation
- joint venture (JV)

A joint venture (JV) is a joint arrangement in which the parties exercise joint control and also hold rights to the net assets of the investee company.

A joint operation is when two or more companies come to an agreement in which they have direct interests in the assets and obligations for the liabilities.

The accounting for the investment in joint ventures (JV) is done using the equity method under IAS 28.

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 according to IAS 28.

Shares in joint ventures and 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 joint venture or associated company following the acquisition and reduced in line with the decline in value of the individual shares. If the amount of losses of a joint venture or 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.

2.2.2 Foreign currency translation

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 statements of financial position of foreign subsidiaries are converted into Euro at the relevant rate on the reporting date. Income and expenses 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 is shown as a change in equity in accordance with IAS 21.

In the financial statements, transactions in foreign currencies are valued at the exchange rate at the time of the initial booking of the transaction. Up to the reporting date exchange gains and losses resulting from the valuation of financial instruments and cash and cash equivalents are included in income.

The exchange 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)	
	2016	2015	2016	2015
Currency CHF	1.0739	1.0825	1.0902	1.0676
Currency USD	1.0541	1.0906	1.1069	1.1101

In fiscal year 2016 a net gain arose from exchange rate changes in the amount of TEUR 0 (previous year: TEUR 6). The recognition within the profit and loss statement is included in other operating income or expenses.

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 (indirect method), 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. Aggregated 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 estimations and assumptions

The preparation of the annual financial statements in accordance with the International Financial Reporting Standards requires estimations and assumptions that affect the amounts in the assets and liabilities, the notes to the financial statements and the income statement. Assumptions and estimations are mainly applied in stipulating the useful lives and terminal values of fixed assets, in measuring receivables, in calculating discounted cash flows as part of impairment tests and in creating provisions. There are also uncertainties regarding the recognition of deferred taxes. Management's estimations are based on experience and other assumptions, which are considered appropriate under the circumstances given. Estimations and assumptions are reviewed on an ongoing basis. Necessary adjustments are made in accordance with IAS. 8

The actual amounts may deviate from these estimations 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 or 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

Earnings per share correspond to the profit 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 Basis of accounting and valuation

2.3.1 Basic principles of sales realisation

Sales in the segment ITC result from the activity as a fixed line network provider with its own transmission network and its own switching technology, as well as services related to its own data centers. This segment also includes sales from the distribution and operation of cloud-based CRM and ERP solutions as well as from the IT licensing business.

In the segment Renewable Energies, external sales were generated with the planning and development of projects in the area of renewable energies as well as with the production of electricity with own plants.

In the segment SHAC, sales are generated from the marketing of products from the sanitary, heating and climatization technology as well as from the assembly of components for building air conditioning.

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.

Sales within Holding/Consolidation are also achieved from the rental of real estate.

Proceeds from the installation of heating and cooling systems are recognized according to the stage of completion (percentage-of-completion method) because they are custom manufacturing jobs due to the extensive influence on essential components. The contracts are reported under "Receivables from construction contracts" or if a loss is recognized under "Liabilities from construction contracts". Where the prepayments exceed the cumulative services, the amount is recognized under liabilities.

Fees from services are recognised as soon as the service is fully 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 2016 research and development costs of EUR 0.4 million (previous year: EUR 0.5 million) were incurred by the Group.

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

Pursuant to the provisions of IAS 23, interest expenses for qualifying assets are capitalized as part of the cost of production, if their production takes a longer period. Interest expenses in the amount of EUR 0.1 million were capitalized in the financial year 2016 (interest rate: 1.25 to 2.45 %). In the previous year, there were no production processes which, due to their long-term nature, led to an activation of interest expenses.

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.

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 balance sheets as well as the utilisation of tax loss carry-forwards and from consolidation entries. Capitalised goodwill 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 tax 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 statement of financial position 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 2.3.14.

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. Regular depreciation is recognized under the item depreciation.

Depreciating intangible assets are in principle written down over a useful life of three to five years.

Rights to use the land on which plants were built to produce renewable energies are amortized over the contractual period of use.

Telecommunication licenses shown under intangible assets are written down linear over 10 years. Software licenses for transmission and IT equipment are depreciated over three to ten years.

Again, please refer to the comments under 2.3.14.

2.3.9 Property, plant and equipment

Property, plant and equipment are reported pursuant to IAS 16 at depreciated cost. If property, plant or equipment are sold or retired, their acquisition cost and cumulated depreciation are eliminated from the statement of financial position 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 pursuant to IAS 23 are included in the cost of assets.

Depreciation is calculated linearly over the following estimated useful lives taking into account the residual value and reported under the item depreciation:

Buildings	25-40 years	Switching technology	5 years
Power plants	10-25 years	Transfer technology	5-8 years
Operating equipment	4 years	Leasehold improvements	Duration of the lease agreement
Office equipment	3-13 years		

On land and leasehold rights no depreciation is ceased.

The used service 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 were capitalized when a corresponding provision was created; they are checked to see whether they are up-to-date every year and adjusted if necessary.

Please refer to the comments under 2.3.14.

2.3.10 Investment property

Properties that are held to earn rentals or for capital appreciation and are not used in production or used for administrative purposes, are reported separately under investment property. The assessment of those held as investment property are measured at amortized cost.

Depreciation is calculated on a linear basis over the following estimated useful lives:

Buildings 25-40 years

On land and leasehold rights no depreciation is ceased.

Please refer to the comments under 2.3.14.

2.3.11 Cost of debt

Please refer to the comments under 2.3.5.

2.3.12 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 recognized net of deferred taxes via the overall result 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 2015 and 2016 there were no financial assets for sale available.

Notwithstanding this, participations are not valued at fair value as this is not reliably measurable. Accounting is carried out at amortized cost.

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.

Current financial assets included on the statement of financial position 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 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 write downs previously undertaken no longer apply, the assets will be written up accordingly – but not beyond the cost of acquisition.

Discharge

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 statement of financial position 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.

2.3.13 Leases

A lease is classified under IAS 17 as a finance lease if it transfers substantially all of ownership risks and rewards to the lessee. The classification of leases is therefore dependent on the substance of the arrangement and not of a form of the contract.

In the context of financing lease contracts held assets are recognized at first as Group assets at their fair value at the inception of the lease or, if lower, the present value of the minimum lease payments. Depreciation is calculated over the lease term or the shorter life of the leased asset. The corresponding liability to the lessor is shown in the balance sheet as an obligation under finance leases.

Lease payments are apportioned between finance charges and reduction of the lease obligation so a constant interest rate of the remaining liability is achieved. Interest expenses are recognized 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.

2.3.14 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 estimations 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 estimations of future developments. Cash flows beyond the planning period are extrapolated without growth rates. Income and expenses resulting from expansion investments were not considered in this case.

In the review for impairment the goodwill acquired in the scope of a business combination is assigned to each cash-generating unit, which is expected to benefit from the synergies of the combination. Impairment of goodwill may not be reversed. If the impairment of the cash-generating unit exceeds the carrying amount of goodwill allocated, the additional amount has to be accounted for by a proportional reduction of the carrying amounts of assets allocated to the cash-generating unit.

Goodwills were determined in the context of business combinations within the segments Renewable Energies and SHAC. Goodwills resulting in previous years are allocated to the cash-generating units "online shop", "project development" and "production of wind energy".

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.

Non-current assets classified as available-for-sale are stated at the lower of their carrying amount or fair value less sales costs. There were no available-for-sale non-current assets at December 31, 2016.

2.3.15 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.

2.3.16 Provisions

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. Non-current provisions with a remaining term of more than one year are reported at their provisional discounted settlement amount as of the balance sheet date.

2.3.17 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 statement of financial position. 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 basis for this is the forecast of the taxable earnings, which are derived from the three-year planning approved by Management. The assessment and measurement of deferred tax assets is examined on each balance sheet date, taking the current estimations 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.

2.3.18 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.

2.3.19 Acquisition of own shares

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

2.3.20 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 estimations of the number of shares which provide entitlement to additional remuneration.

On every balance sheet date, the Group reviews its estimations regarding the number of equity instruments that become non-forfeitable. The effects of any changes of estimations, where such exist, are recognised as profit or loss over the remaining time until the non-forfeiture.

As part of the stock option plan 2011, 4,602,500 stock options were issued. The stock option plan had a term of five years. The non-transferable option rights could be exercised at the earliest from February 7, 2015 and only until February 6, 2016, after a four-year blocking period. No option rights were exercised until the end of the term. The stock options have thus been completely forfeited.

At the balance sheet date there is no other employee stock options plan.

2.3.21 Comparative figures

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

2.3.22 Fair value measurement

The fair value is defined as the price that would be taken in an orderly transaction between market participants at the measurement date for the sale of an asset or paid to transfer a liability.

The measurement of fair value relates each a specific asset or a specific liability. In determining the fair value, consequently, the characteristics of the asset or the related debt are taken into account, which a market participant would take into account in pricing the asset or liability at the measurement date. Such features include, among others, the following:

- (a) state and location of the asset and
- (b) sales and use restriction on the asset.

With the aim of increasing the uniformity and comparability in the measurement of fair value and the related information, a design hierarchy is defined (so-called "fair value hierarchy"). This hierarchy divides the inputs used in the valuation techniques used to measure fair value into three levels. As part of the design hierarchy identical assets or liabilities in active markets quoted (not

adjusted) prices (input factors at level 1) are given the highest priority, while unobservable inputs receive the lowest priority (input factors at level 3).

Input factors at level 2 are other than quoted market prices mentioned in Level 1 that are either directly observable or indirectly observable for the asset or liability.

3 Scope of consolidation

Subsidiaries included in the full consolidation:

Company	Registered office	Country	Share held by 3U HOLDING AG*
010017 Telecom GmbH	Marburg	Germany	100 %
3U ENERGY AG**	Marburg	Germany	99.998 %
3U ENERGY PE GmbH	Kloster Lehnin	Germany	99.998 %
3U Euro Energy Systems GmbH**	Marburg	Germany	99.996 %
3U TELECOM GmbH	Marburg	Germany	100 %
3U TELECOM GmbH	Vienna	Austria	100 %
ClimaLevel Energiesysteme GmbH	Cologne	Germany	75 %
Discount Telecom S&V GmbH	Marburg	Germany	100 %
Exacor GmbH	Marburg	Germany	100 %
fon4U Telecom GmbH	Marburg	Germany	100 %
Immowerker GmbH**	Marburg	Germany	100 %
LineCall Telecom GmbH	Marburg	Germany	100 %
Märkische Windkraft 110 GmbH & Co. KG**	Kloster Lehnin	Germany	99.998 %
OneTel Telecommunication GmbH	Marburg	Germany	100 %
PELIA Gebäudesysteme GmbH	Montabaur	Germany	100 %
Repowering Sachsen-Anhalt GmbH	Marburg	Germany	99.998 %
RISIMA Consulting GmbH	Marburg	Germany	75 %
Selfio GmbH	Linz am Rhein	Germany	100 %
Solarpark Adelebsen GmbH**	Adelebsen	Germany	100 %
weclapp GmbH**	Marburg	Germany	74.9998 %
Windpark Havelland Projekt I GmbH & Co. KG**	Kloster Lehnin	Germany	99.998 %
Windpark Langendorf GmbH & Co. KG**	Marburg	Germany	99.998 %
Windpark Langendorf Verwaltungsgesellschaft mbH	Marburg	Germany	99.998 %

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

**There are restrictions on loan cancellations and/or distributions due to a patronage or declaration of rescission by the parent company or on the basis of capital service provisions in loan agreements. Please refer to the explanations under point 6.8.

Changes to the consolidated group

Compared with December 31, 2015, the changes in the scope of consolidation are as follows.

In the course of the construction of the Windpark Schlenzer in the project company Windpark Havelland Projekt I GmbH & Co. KG, it has been included as a subsidiary in the consolidated group since September 1, 2016. Both sales and earnings have not been incurred either before or since the initial consolidation date.

As of December 31, 2016, 3U HOLDING AG 23 (December 31, 2015: 22) domestic and foreign subsidiaries are included in the scope of consolidation in which 3U HOLDING AG directly or indirectly controls the majority of the voting rights or has control of the voting rights.

12 (December 31, 2015: 14) subsidiaries whose influence on the Group's net assets, financial position and earnings are of minor significance individually or jointly are not consolidated. These are essentially non-active companies. They are valued at acquisition cost less necessary value adjustments and reported under long-term assets.

Joint Ventures

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

Company	Registered office	Country	Share held by 3U HOLDING AG*
Spider Telecom GmbH	Marburg	Germany	50 %

*3U HOLDING AG holds directly shares in this company.

Please refer to the statements under point 6.1.4.

Other financial assets

With the share purchase agreement of October 7, 2009, 15 % of the shares in 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, 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 financial assets. The assessment took place at amortised cost. As of December 31, 2010, the investment was written off in full as impairment loss. The company is in liquidation.

The Windkraft Lüdersdorf II GmbH & Co. OHG is a company for the construction and maintenance of the infrastructure of a wind farm project with several operating companies. The company does not engage in any further business.

The other companies have no or insignificant operations. The impact of these companies on the financial assets and results of operations is both individually and collectively immaterial.

Company	Registered office	Country	Share held by 3U HOLDING AG*	Currency	Shareholders' equity	Earnings for the financial year 2016
3U DYNAMICS GmbH	Marburg	Germany	100 %	EUR	48,962.38	-490.51
3U MOBILE GmbH	Marburg	Germany	100 %	EUR	9,188.94	4,752.54
ACARA Telecom GmbH	Marburg	Germany	100 %	EUR	17,846.88	-435.15
Calefa GmbH	Montabaur	Germany	100 %	EUR	16,383.66	-7,500.57
EEPB Erneuerbare Energien Planungs- und Beratungsgesellschaft mbH	Marburg	Germany	100 %	EUR	57,710.09	9.82
myFairPartner Limited**	London	Great Britain	20 %	EUR	161,855.00	-210,684.00
Märkische Windkraft 112 GmbH & Co. KG	Kloster Lehnin	Germany	99.998 %	EUR	-2,669.55	5,439.31
Triast GmbH	Kreuzlingen	Switzerland	100 %	CHF	-73,171.34	-24,769.38
Windkraft Lüdersdorf II GmbH & Co. OHG***	Potsdam	Germany	39.992 %	EUR	44,804.64	-3,778.00
Windpark DBF GmbH	Marburg	Germany	100 %	EUR	5,736.76	-145.05
Windpark Havelland Projekt II GmbH & Co. KG	Kloster Lehnin	Germany	99.998 %	EUR	-343.20	-152.40
Windpark Merzdorfer Heide I GmbH & Co. KG	Kloster Lehnin	Germany	99.998 %	EUR	-908.40	-115.80
Windpark Merzdorfer Heide II GmbH & Co. KG	Kloster Lehnin	Germany	99.998 %	EUR	-782.00	-112.00
Windpark Ruppın Projekt GmbH & Co. KG	Kloster Lehnin	Germany	99.998 %	EUR	-632.00	-112.00

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

**In liquidation/closing date June 30, 2011

***Financial Statements 2015

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.

According to the amended internal reporting compared to the fiscal year 2015, 3U covers the segments ITC, Renewable Energies, SHAC and Holding/Consolidation within its segment reporting.

The segment ITC comprises the activities Voice Retail, Business Voice and Data Center Services & Operation as well as the development, distribution and operation of cloud based CRM and ERP solutions, the trading of IT licenses and consulting concerning management systems based on ISO 27001 as well as IT security.

In the segment Renewable Energies the 3U Group essentially covers the wind power project development and electricity generation with own plants using wind and solar energy.

In addition to the assembly of components of air conditioning in buildings, the distribution of products from sanitary, heating and air conditioning systems to wholesalers, craftsmen and self-builders belong to the segment SHAC. This distribution is carried out via the Group's online stores.

Besides the aforementioned segments, Holding activities as well as the necessary Group consolidating entries are summarised under Holding/Consolidation.

Segment reporting follows the intra-segment consolidation, while the inter-segment consolidation occurs on holding level. The presentation of the comparative figures have been adjusted accordingly.

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

Segment reporting 2016 January 1–December 31, 2016 (in TEUR)	ITC	Renew- able Energies	SHAC	Subtotal	Holding/ Consoli- dation	Group
Total sales	19,718	11,696	32,794	64,208	233	64,441
Intercompany sales (intra-segment sales)	-2,764	-6,780	-11,157	-20,701	0	-20,701
Segment sales/Group sales	16,954	4,916	21,637	43,507	233	43,740
Other income	498	409	291	1,198	200	1,398
Change in inventory	0	-811	17	-794	0	-794
Other capitalised services	0	2,500	0	2,500	4	2,504
Costs of materials	-10,456	-1,026	-14,973	-26,455	50	-26,405
Gross profit or loss	6,996	5,988	6,972	19,956	487	20,443
Staff costs	-3,324	-618	-3,018	-6,960	-2,639	-9,599
Other operating expense	-1,939	-1,659	-2,710	-6,308	167	-6,141
EBITDA	1,733	3,711	1,244	6,688	-1,985	4,703
Depreciation	-366	-2,303	-139	-2,808	-842	-3,650
EBIT	1,367	1,408	1,105	3,880	-2,827	1,053
Financial result*	-91	-1,138	-51	-1,280	332	-948
Profit/loss of companies recognised at equity**	0	0	0	0	3	3
Other financial result	-91	-1,138	-51	-1,280	329	-951
Income tax	-113	902	-206	583	3	586
Earnings for the period*	1,163	1,172	848	3,183	-2,492	691
Of which attributable to non-controlling interests	-55	0	102	47	0	47
Segment earnings*/Group earnings	1,218	1,172	746	3,136	-2,492	644

*Before earnings transfer

**As of December 31, 2016, the carrying amounts of companies accounted for using the equity method amounted to TEUR 15 and were allocated to the area Holding.

Segment reporting 2015 January 1–December 31, 2015 (in TEUR)	ITC	Renew- able Energies	SHAC	Subtotal	Holding/ Consoli- dation	Group
Total sales	24,548	5,943	31,006	61,497	-170	61,327
Intercompany sales (intra-segment sales)	-2,947	-34	-10,110	-13,091	0	-13,091
Segment sales/Group sales	21,601	5,909	20,896	48,406	-170	48,236
Other income	1,290	466	244	2,000	339	2,339
Change in inventory	0	901	-16	885	0	885
Other capitalised services	0	0	0	0	14	14
Costs of materials	-15,251	-529	-14,333	-30,113	88	-30,025
Gross profit or loss	7,640	6,747	6,791	21,178	271	21,449
Staff costs	-3,565	-529	-3,169	-7,263	-2,934	-10,197
Other operating expense	-1,910	-2,336	-2,452	-6,698	-543	-7,241
EBITDA	2,165	3,882	1,170	7,217	-3,206	4,011
Depreciation	-316	-2,085	-196	-2,597	-789	-3,386
EBIT	1,849	1,797	974	4,620	-3,995	625
Financial result*	-30	-1,156	-75	-1,261	350	-911
Profit/loss of companies recognised at equity**	0	0	0	0	6	6
Other financial result	-30	-1,156	-75	-1,261	344	-917
Income tax	-16	-172	-225	-413	-36	-449
Earnings for the period*	1,803	469	674	2,946	-3,681	-735
Of which attributable to non-controlling interests	-144	0	230	86	0	86
Segment earnings*/Group earnings	1,947	469	444	2,860	-3,681	-821

*Before earnings transfer

**As of December 31, 2015, the carrying amounts of companies accounted for using the equity method amounted to TEUR 19 and were allocated to the area Holding.

The Management Board of 3U stipulates sales with the intersegment sales, EBITDA and the segment result before earnings transfer as major performance indicators for a segment's business success, since it considers them crucial to a segment's success. It should be noted that the tax on income – to the extent affiliation relationships with the 3U HOLDING AG exist – are borne by the controlling company, 3U HOLDING AG.

The following cash flow data were produced for the 3U Group:

Cash flow data 2016 (in TEUR) January 1–December 31, 2016	ITC	Renew- able Energies	SHAC	Holding/ Consoli- dation	Group
Cash flows from operating activities	1,673	-4,797	1,899	-487	-1,712
Cash flows from investing activities	-176	-10,113	-76	-215	-10,580
Cash flows from financing activities	-634	16,653	-452	698	16,265

Cash flow data 2015 (in TEUR) January 1–December 31, 2015	ITC	Renew- able Energies	SHAC	Holding/ Consoli- dation	Group
Cash flows from operating activities	1,194	251	279	-605	1,119
Cash flows from investing activities	-697	-11,832	-78	-2,049	-14,656
Cash flows from financing activities	-2,940	12,540	-1,139	-3,080	5,381

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.

3U Group (in TEUR)	Dec 31, 2016	Dec 31, 2015
Assets		
Segment ITC	10,872	11,933
Segment Renewable Energies	51,411	33,629
Segment SHAC	4,751	5,320
Holding/Consolidation	17,056	18,236
Total segment assets	84,090	69,118
Assets not allocated	11,672	7,698
Total consolidated assets	95,762	76,816
Liabilities		
Segment ITC	10,717	10,404
Segment Renewable Energies	65,467	46,720
Segment SHAC	5,530	4,788
Holding/Consolidation	-25,110	-23,665
Total segment liabilities	56,604	38,247
Reconciliation (shareholder's equity/non-controlling interests)	39,158	38,569
Total consolidated liabilities/shareholder's equity	95,762	76,816

The uniform Group accounting policies and methods of calculation were applied in the segment reporting. 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.

Non-current assets in the amount of TEUR 0 (previous year: TEUR 0) are located abroad in 2016.

3U Group (in TEUR)	Depreciation and amortisation		Investments	
	2016	2015	2016	2015
Segment ITC	366	316	372	551
Segment Renewable Energies	2,303	2,085	10,117	41
Segment SHAC	139	196	82	82
Holding/Consolidation	842	789	281	248
Total	3,650	3,386	10,852	922

Sales of principal services

(In TEUR)	2016	2015
Areas within the segment ITC		
Voice retail	3,990	4,674
Voice business customer	9,091	13,570
Data center services & operation	1,791	1,505
IT services/cloud applications	1,032	548
Consulting/IT security/trade with IT licences	1,050	1,304
Total segment ITC	16,954	21,601
Areas within the segment Renewable Energies		
Wind	3,014	3,977
Photovoltaic	1,891	1,901
Miscellaneous	11	31
Total segment Renewable Energies	4,916	5,909
Areas within the segment SHAC		
Heating, cooling, ventilation	21,637	20,896
Total segment SHAC	21,637	20,896

The 3U Group achieved sales in the amount of TEUR 5,898 resp. 13.5 % (previous year: TEUR 6,178 resp. 12.8 %) with the largest customer in the segment ITC in the past year.

Geographical information of sales

(In TEUR)	2016	2015
ITC	16,954	21,601
Of which domestic	13,395	15,264
Of which foreign	3,559	6,337
Renewable Energies	4,916	5,909
Of which domestic	4,228	5,139
Of which foreign	688	770
SHAC	21,637	20,896
Of which domestic	19,716	19,042
Of which foreign	1,922	1,854

The assignment was for domestic and foreign according to the place of delivery or other service.

Foreign sales were mainly achieved in the countries listed in the following:

(In TEUR)	2016	2015
Switzerland	2,438	5,041
Austria	1,370	1,194

5 Notes on the consolidated income statement

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. The income from the IT licenses provided or traded is calculated in advance and deferred over the period of performance.

In the segment Renewable Energies, sales from the generation of energy and the feed-in through billing are made following the provision of the respective service. Sales generated from the planning and construction of plants for the generation of energy from renewable energies are also reported without VAT.

In the segment SHAC, sales from the marketing of components from the sanitary, heating and cooling sector, as well as other products and after deduction of discounts granted, are reported without VAT. Sales are recorded by means of billing following the provision of the services.

Proceeds from the installation of heating and air conditioning systems are recognized according to the stage of completion and reported as sales without sales tax. These concern sales of TEUR 6,400 (previous year: TEUR 6,858) in 2016.

The accumulated costs of the still ongoing construction contracts amounted to TEUR 983 (previous year: TEUR 2,910) and the cumulative recognized gains and losses to TEUR 479 (previous year: TEUR 1,169).

The proceeds from the lease of property are recognized on a monthly basis at the beginning of the month.

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

Allocation of sales

(In TEUR)	2016	2015
Services	15,516	21,527
Telecommunication services/DCS	14,197	19,161
IT services	31	51
Consulting/IT security	130	177
Assembling and installation	201	483
Miscellaneous	957	1,655
Sales of goods	27,225	26,214
Energy and photovoltaic	5,082	5,152
Heating, cooling, ventilation	21,405	20,313
IT licences	728	737
Other products	10	12
Licence fees	999	495
Licences (cloud applications)	999	495
Total Group	43,740	48,236

5.2 Other income

Other income includes the following items:

(In TEUR)	2016	2015
Earnings from minimisation of loss reserves	362	800
Remuneration in kind car use and other non-cash benefits	361	400
Insurance compensation	133	151
Income for other accounting periods	125	137
Income from the reversal of provisions/ provisions with liability characteristics	123	272
Income from asset disposals	50	0
Income from currency conversion	2	32
Income from deconsolidation	0	41
Other income	242	506
Total	1,398	2,339

The income from the reduction of allowances and expenses from loans previously written off is offset by bad debts and from impairment losses on receivables.

5.3 Changes in inventories

Changes in inventories of TEUR -794 (previous year: TEUR 885) comprise mostly of work in progress in the segment Renewable Energies. This applies particularly to project developments in the area of wind power.

5.4 Own work capitalized

The capitalized capital contributions amount to TEUR 2,504 (previous year: TEUR 14) and are essentially in connection with in-house efforts in the area of Renewable Energies, and in particular, project development.

5.5 Costs of materials

Material costs are comprised mainly of connection services and network costs, raw materials and trading goods as well as costs expenses for services in the field of renewable energies:

(In TEUR)	2016	2015
Materials/products used renewable energies	13,074	12,176
Connection services	7,851	12,477
Expenses for purchased services	2,379	2,779
Network costs	1,510	1,453
Performances in renewable energies	941	467
Expenses in trade of IT licences	500	515
Costs of interconnection	150	158
Total	26,405	30,025

5.6 Staff costs

Staff costs comprise the following:

(In TEUR)	2016	2015
Salaries and wages	8,128	8,703
Social security contributions	1,310	1,331
Other staff costs	161	163
Total	9,599	10,197

Other personnel expenses included expenses for the 2011 stock option plan of TEUR 9.

The average number of employees (basis: head count) was:

Segment	2016	2015
ITC	55	54
Renewable Energies	11	10
SHAC	68	69
Holding	28	29
Total	162	162

In addition to employer contributions to statutory pension insurance, unemployment insurance and health insurance, the social contributions also include expenses for compensation contributions and contributions to the employer's liability insurance association. Expenses for employers' payments to legally required pension schemes amounted to TEUR 582 (previous year: TEUR 603).

5.7 Other operating expenses

Other operating expenses include the following items:

(In TEUR)	2016	2015
Promotion and hospitality expenses as well as sales commissions	1,049	963
Maintenance	847	1,091
Travel and automobile costs	687	937
Premises expenses/rental expenses	532	373
Expenses for other accounting periods	338	159
Insurances	282	297
Value adjustments to receivables	272	458
Technical consultancy costs	254	289
Statements and audit costs	244	269
Financing costs/Additional costs for monetary transactions	228	203
Telephone/shipping costs	187	194
Other consulting costs	176	487
Loss of receivables	118	45
IT costs	106	130
Other taxes	75	154
Costs of legal advice	71	357
Premiums, fees and donations	65	48
Expenses from the loss of control of subsidiaries	0	18
Other operating expenses	610	769
Total	6,141	7,241

Other operating expenses include expenses from currency conversions in the amount of TEUR 2 (previous year: TEUR 26).

5.8 Depreciation and amortisation

Depreciation on intangible assets and property, plant and equipment amounted to TEUR 3,650 (previous year: TEUR 3,386). The increase in depreciation and amortization compared to the previous year is primarily due to the depreciation of the Windpark Lüdersdorf, which was commissioned in 2016.

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)	2016	2015
Interest and similar income	86	45
Interest income	86	45
Interest expenses for loans receivable	-1,018	-962
Interest expenses	-1,018	-962
Profit/loss from companies included using the at-equity-method	3	6
Depreciation on financial assets	-19	0
Total	-948	-911

5.10 Income tax expenses

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

(In TEUR)	2016	2015
Current income tax expenses	637	452
Deferred taxes	-1,223	-3
Total	-586	449

3U HOLDING AG and its German subsidiaries are subject to corporation and trade tax. In the business year 2016, income was subject to corporation tax of 15 % plus a 5.5 % solidarity surcharge. Trade tax amounted in Marburg to around 14 % in 2016. The income tax rate for the Group (parent company) is 29.825 % (previous year: 28.775 %).

The tax rate used for foreign companies is 25 % for Austria.

Deferred tax on hedging instruments recognized directly in equity amounted to TEUR 2 (previous year: TEUR 29).

Effective January 1, 2005, 3U HOLDING AG has concluded profit transfer agreements with 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 agreements have been adjusted in accordance with the tax requirements in 2014. The entries in the commercial register were made at the end of 2014.

Effective January 1, 2015, 3U ENERGY AG as the controlling company concluded a control and profit transfer agreement with 3U ENERGY PE GmbH. After approval of the Annual General Meeting of 3U ENERGY AG this profit transfer agreement was entered into the commercial register at the end of 2015.

Effective January 1, 2016, 3U HOLDING AG, as the controlling company, concluded a profit and loss transfer agreement with Selfio GmbH. Following the approval of the Annual General Meeting of 3U HOLDING AG, this profit and loss transfer agreement was entered into the Commercial Register at the end of 2016.

In accordance with IAS 12.81, the following overview contains an offsetting and 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:

Reconciliation	2016 TEUR	2016 %	2015 TEUR	2015 %
EBT	105	100.0	-286	100.0
Earnings tax rate (29.825 %; previous year: 28.775 %)				
Calculated tax income/expenses	31	29.5	-82	28.7
Tax-exempt income/non-deductible expenses	44	41.9	39	-13.6
Effects of allowance of deferred taxes/ Non-inclusion of deferred taxes from loss carry forwards	-203	-193.3	466	-162.9
Use of tax loss carryforwards, in the previous year no recording	-452	-430.5	-	-
Effect of tax rate differences of foreign tax jurisdiction	0	0.0	1	-0.3
Deviations due to different trade tax collection rates	2	1.9	13	-4.5
Effects on the loss of control of subsidiaries	0	0.0	-7	2.4
Effects from tax rate changes	-41	-39.0	0	0.0
Aperiodic tax effects	28	26.7	10	-3.5
Miscellaneous	5	4.8	9	-3.1
Effective tax expenses	-586	-558.1	449	-156.8

5.11 Earnings per share

Undiluted 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 (diluted) on the assumption that all share options are exercised.

The calculation of basic and diluted earnings per share is based on the following data:

	2016	2015
Basis of the basic and diluted earnings per share (attributable share of net profits attributable to the shareholders of the parent company in TEUR)	644	-821
Number of shares		
As of January 1*	33,130,376	33,840,991
Buyback of own shares in January	–	-80,683
Buyback of own shares in February	–	-78,500
Buyback of own shares in March	–	-83,189
Buyback of own shares in April	–	-53,396
Buyback of own shares in May	–	-65,785
Buyback of own shares in June	–	-74,171
Buyback of own shares in July	–	-62,037
Buyback of own shares in August	–	-60,375
Buyback of own shares in September	–	-57,900
Buyback of own shares in October	–	-61,072
Buyback of own shares in November	–	-33,507
Buyback of own shares in December	–	–
As of December 31	33,130,376	33,130,376
Number of ordinary shares for basic earnings per share	33,130,376	33,339,804
Effect of dilutive potential of ordinary shares: options	0	0
Weighted average number of ordinary shares for diluted earnings	33,130,376	33,339,804
Earnings per share		
Earnings per share, undiluted (in EUR)	0.02	-0.02
Earnings per share, diluted (in EUR)	0.02	-0.02

*Buyback of own shares in 2013 in sum: 604,720 shares; in 2014 in sum: 868,305; in 2015 in sum: 710,615

6 Notes on the consolidated statement of financial position

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 (Appendix to the Notes).

6.1.1 Intangible assets

The carrying amounts of intangible assets are as follows:

(In TEUR)	Dec 31, 2016	Dec 31, 2015
Concessions, industrial property rights and similar rights and assets and licences to such rights and assets	1,705	927
Goodwill	603	603
Total	2,308	1,530

The acquired intangible assets are valued at cost less accumulated depreciation using the straight method. These relate primarily to usage rights of properties and software licenses for transmission and IT technology. We refer to the depreciation in the income statement. Usage rights for land were amortized over the contractually agreed term.

As part of the acquisition of the cash-generating unit "Online Store" goodwill in the amount of TEUR 170 was determined. This is allocated to the segment SHAC after the restructuring of the segments. It was also in the context of the acquisitions of the Aufwind & ORBIS Havelland GmbH & Co. KG together with Aufwind & ORBIS Havelland Verwaltungs-GmbH (after accretion 3U ENERGY PE GmbH) that goodwill in the amount of TEUR 411 was revealed. The purchase of the Windpark Langendorf GmbH & Co. KG, the general partner GmbH together with the Repowering Sachsen-Anhalt GmbH resulted in goodwill of TEUR 22. All goodwills were allocated to the segment Renewable Energies.

In fiscal 2016, the value in use determined in the context of the impairment tests exceeded the carrying amounts of the cash-generating units in all cases so that impairment of the goodwill in fiscal 2016 as well as in previous periods has not been made.

To calculate the value in use the key assumptions in the online shop are based on the growth rates of the past as well as available market studies. The assumption of the sales in project development is based on the previously existing offers for individual wind farm projects and on known offers from other developers. It is also expected that the necessary approvals for planned wind farm projects are granted. Sales in the wind farm Langendorf were determined on the basis of secured EEG remuneration and an availability of at least 97 %.

In determining the use values as of December 31, 2016, a weighted average cost of capital before tax (WACC) of 8.51 % (previous year: 9.37 %) for the cash-generating unit "Online Shop", 14.23 % (previous year: 12.23 %) for the project development (3U ENERGY PE GmbH) and 7.74 % (previous year: 11.07 %) for the production of wind energy (Windpark Langendorf GmbH & Co. KG) was used. Changes in key assumptions may generally have a significant impact on the respective values. According to current estimations it is not expected that the use values of the cash-generating units are below their book values. We also refer to our comments under 2.3.14.

6.1.2 Fixed assets

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

The Windpark Lüdersdorf, which was newly built in the 2016 financial year, was mainly reported under technical equipment and machinery. The wind turbines of the wind farm Langendorf acquired in the financial year 2014 were reported under technical equipment and machinery. The related thereto property for the electric power transformation substation of the wind farm Langendorf was activated within land and properties. The solar park Adelebsen with all the technical components is reported under plant and machinery, while the land on which the open space system of the solar park was built, is reported under land and properties.

6.1.3 Investment property

Basically under investment properties are those investment properties recognized, which are not operationally or only marginally self used. These properties include the data center property in Hanover with their non-intrinsically part in operational use and the commercial real estate in Adelebsen. For the commercial property in Adelebsen, only the part on which the open space system of the solar park was built was not reported as investment property. The buildings and other properties are shown under investment properties. The data center real estate in Hanover, which was acquired in the fiscal year 2014, consists of two buildings. The building not being self used by the Company is recognized under investment property. The other building is shown under tangible fixed assets.

The lease and rental income from investment properties amounted to TEUR 606 in fiscal year 2016 (previous year: TEUR 475). Operating expenses in fiscal year 2016 for the investment properties emerged in the amount of TEUR 94 (previous year: TEUR 90). Thereof TEUR 94 (previous year: TEUR 90) are allotted to leased investment properties and TEUR 0 (previous year: TEUR 0) to real estate which produced no rental income in 2016 resp. 2015.

The valuation of the investment property is measured at amortized cost. Details of the development are presented in the consolidated fixed assets. The fair value of these investment properties amounted to TEUR 9,994 (previous year: TEUR 9,345) as at December 31, 2016. In the reporting year subsequent acquisition costs of TEUR 82 (previous year: TEUR 83) were incurred.

The fair values (fair value hierarchy Level 3) were determined based on the discounted cash flow method by an independent appraiser (Certified expert for property valuation). Here, the following assumptions were made:

	2016		2015	
	Adelebsen	Hanover	Adelebsen	Hanover
Land value interest/property yield of	6.62 %	5.57 %	5.97 %	5.94 %
Management costs	19.00 %	21.00 %	19.00 %	21.00 %
Remaining useful life of the building	31 years	36 years	32 years	37 years
Tax-free land value	23.00 EUR/sqm	154.50 EUR/sqm	23.00 EUR/sqm	148.50 EUR/sqm

6.1.4 Financial assets

Investments accounted for using the equity method

As of December 31, 2016, Spider Telecom GmbH, was accounted for using the equity method. Via Spider Telecom GmbH substantial contributions margins for the telephony network operation are generated. The summarised financial information for this investment is as follows:

Spider Telecom GmbH

Spider Telecom GmbH (in TEUR)	Dec 31, 2016	Dec 31, 2015
Total current assets	547	557
Total non-current assets	0	0
Total current liabilities	453	444
Total non-current liabilities	0	0
Write-offs	0	0
Interest earnings	3	3
Interest expenses	0	0
Taxes	29	2
Sales	835	890
Profit/loss (-) after taxes	69	88

Cash and cash equivalents in the amount of TEUR 389 (previous year: TEUR 245) are included in current assets. Current liabilities include financial liabilities of TEUR 0 (previous year: TEUR 0). There were no long-term financial liabilities at December 31, 2016 resp. at December 31, 2015.

The balance sheet day of the companies is December 31, 2016 resp. December 31, 2015.

The Spider Telecom GmbH has concluded a cost allocation agreement with its other shareholders. In the fiscal year an amount of TEUR 360 (previous year: TEUR 390) were settled based on this agreement.

The carrying value of this company accounted for using the equity method developed as follows:

Carrying amount (in TEUR)	2016	2015
As of January 1	19	13
Collected distribution of earnings	6	0
Pro rata share of net result for the year	2	6
Stand am 31. Dezember	15	19

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.

Contingent liabilities or capital commitments do not exist with respect to these companies.

Other financial assets

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.

Among the other financial assets were also the project-shelf companies in the field of wind farm project development as well as other companies whose influence, both individually and collectively are immaterial to the financial condition and results of operations.

Other non-current assets

Loans

Since January 1, 2015, there is a loan agreement with a term of 48 months and an interest rate of 2.5 %. The loan is secured by transferring ownership of fixed assets and inventories. The balance of the loan is TEUR 826 as at December 31, 2016 (previous year: TEUR 859). In the 2016 financial year, the loan book value was adjusted to the value of the collateral by means of a value adjustment of TEUR 54.

6.1.5 Financial leasing

In the 3U Group, finance lease agreements, for which the 3U Group is the lessee, are essentially for IT hardware that is depreciated over a useful life of five years. The net book values of the assets reported amounted to TEUR 171 (previous year: TEUR 0) as of the balance sheet date. The obligations for minimum lease payments from these leasing agreements amount to TEUR 204 (previous year: TEUR 0). TEUR 53 (previous year: TEUR 0) are due in up to one year and TEUR 151 (previous year: TEUR 0) in more than one year and up to five years and TEUR 0 (previous year: TEUR 0) in more than five years. Taking into account an interest rate of TEUR 6 (previous year: TEUR 0), the present value of the minimum lease payments amounts to TEUR 198 (previous year: TEUR 0). At TEUR 3 (previous year: TEUR 0), the interest is due within one year.

6.1.6 Operating Leasing

In the 3U Group, contracts for operating leases, for which the 3U Group is the lessee, consist primarily of car leasing, leasing of technical office equipment as well as rental of buildings and wind farms. The obligations for minimum lease payments from these leases amounted to TEUR 5,187 (previous year: TEUR 2,329). Of this total, TEUR 770 (previous year: TEUR 571) are due within one year, TEUR 1,215 (previous year: TEUR 1,066) in more than one year and up to five years and TEUR 3,202 (previous year: TEUR 692) in more than five years. Operating leasing expenses amounted to TEUR 770 in 2016.

There are renewal options for wind farm areas of five years. There are no additional renewal or purchase options.

As a lessor, the 3U Group concluded real estate leasing agreements. The minimum lease payments from these leases total TEUR 626 (previous year: TEUR 616). TEUR 339 (previous year: TEUR 229) are due within one year, TEUR 287 (previous year: TEUR 387) are due within one to five years and TEUR 0 (previous year: TEUR 0) within five to ten years.

There are options to extend the building lease by the tenant.

6.2 Deferred taxes

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

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 538 (previous year: TEUR 261).

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

Deferred taxes (in TEUR)	Dec 31, 2016		Dec 31, 2015	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	0	205	0	192
Property, plant and equipment	534	1,051	0	720
Inventory	656	0	0	0
Other assets	101	29	37	3
Provisions	103	36	125	16
Liabilities	53	57	46	35
Other liabilities	0	0	0	0
Loss carry forwards	924	0	555	0
Sub total	2,371	1,378	763	966
Netting	538	538	261	261
Total	1,833	840	502	705

Under the provisions of local tax law, temporally unlimited loss carry forwards for which no deferred tax assets were reported in the consolidated statement of financial position, amounted to a total of TEUR 27,784 (previous year: TEUR 30,412) for corporation tax and TEUR 29,291 (previous year: TEUR 31,636) for trade tax and primarily relate to the loss carry-forwards from the companies being established or inactive as well as 3U HOLDING AG.

At the balance sheet date there are taxable temporary differences associated with subsidiaries in the amount of TEUR 184 (previous year: TEUR 177) on which no deferred taxes have been accrued, since neither sale nor profit distributions are planned.

In the organizational circle of 3U ENERGY AG deferred taxes in the amount of TEUR 878 were recognized in 2016, the realization of which is dependent on future taxable earnings which are higher than the earnings effects from the release of existing deferred tax liabilities. In 2015, the organizational circle had negative taxable earnings. Due to the change in the business model as a result of the discontinuation of the loss-making activities in connection with the focus on the wind farm business, a positive taxable profit on corporation tax of TEUR 3,537 (TEUR 3,918 on trade tax) was achieved in 2016. On the basis of planned further positive earnings in the detailed planning period, the deferred tax asset was considered as valuable.

6.3 Inventories

Inventories are made up as follows:

(In TEUR)	Dec 31, 2016	Dec 31, 2015
Raw materials and supplies	227	239
Work in progress	13,292	4,095
Finished products and goods	1,278	2,464
Total	14,797	6,798

Inventories are priced with the net residual value in the amount of TEUR 0 (previous year: TEUR 0). Write-ups were not carried out in 2016 or 2015.

The wind farm development projects of the Group are disclosed in work in progress.

As part of the financing for Windpark Schlenzer, the wind farm project development as well as the corresponding land rights with a book value of TEUR 10,008 (prior year Projekt Lüdersdorf: TEUR 2,124) were surrendered.

6.4 Trade receivables

Trade receivables are composed as follows:

(In TEUR)	Dec 31, 2016	Dec 31, 2015
Trade receivables from third parties	5,571	7,906
POC receivables	64	144
Valuation allowances	-925	-1,138
Total	4,710	6,912

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

Receivables from construction contracts (PoC) relate to receivables not yet partially billed from planning services and material deployments for custom orders for the installation of heating and cooling systems. Payments thereon were not obtained.

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 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 day. There is no significant concentration of credit risk since the customer base is wide for non-impaired receivables. 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 925 (previous year: TEUR 1,138) 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 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 amounts of the statement of financial position include the valuation allowance for expected uncollectible receivables based on management experience and the estimations 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 and receivables from income tax refunds

Other current assets comprise the following:

(In TEUR)	Dec 31, 2016	Dec 31, 2015
Receivables from tax refunds	1,828	1,137
Deposits	0	19
Advance payments	236	278
Others	841	493
Total	2,905	1,927

Receivables from income tax refunds in the amount of TEUR 323 (previous year: TEUR 486) are included in receivables from tax refunds.

Other current assets include receivables from affiliated companies which have not been consolidated or in which an associated equity investment is held as follows:

(In TEUR)	Dec 31, 2016	Dec 31, 2015
Other receivables	111	185
Valuation allowances	-38	-38
Total	73	147

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

Please refer to section 8.2 for information about default risk.

6.6 Cash and cash equivalents

The item cash and cash 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 8.2 for information about default risk.

6.7 Shareholders' equity

6.7.1 Issued capital

Since November 27, 2012 the nominal share capital comprises of 35,314,016 no-par value shares with a nominal value of EUR 1.00 per share. The total share capital is fully paid.

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 decisive to the share of the shareholders in the Company's profit. An exception are treasury shares held by the Company, from which the Company derive 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.

The Management Board of 3U HOLDING decided on May 26, 2011 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 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. In November 2012 the Management Board decided to collect these 3,923,770 shares.

Authorised capital

At the Annual General Meeting on August 27, 2014, the Management Board was authorised, subject to approval by the Supervisory Board, to increase the share capital by up to EUR 7,062,803.00 in return for contributions in cash or in kind on one or more occasions up to August 26, 2019, whereby shareholders' subscription rights may be excluded.

Contingent capital

The Company has a contingent capital of EUR 3,531,401.00 (previous year: EUR 4,684,224.00). By resolution of the Annual General Meeting on May 25, 2016, the previous contingent capital was cancelled. The contingent capital was used to grant subscription rights to members of the Management Board, executives and employees of the Company. As part of the stock option program 2011, 4,602,500 stock options were issued until November 30, 2011; at the Annual General Meeting on May 25, 2016, all option rights had expired.

The share capital of the Company was conditionally increased by up to EUR 3,531,401.00 by resolution of the Annual General Meeting on May 25, 2016. The contingent capital increase is only implemented to the extent that option rights are issued and the beneficiaries of the subscription rights exercise their option rights.

Reserves

As at December 31, 2016 the Company reports a capital reserve of TEUR 10,345 (previous year: TEUR 10,345) and retained earnings amounting to TEUR -719 (previous year: TEUR -719).

The capital reserve in the amount of TEUR 10,345 (previous year: TEUR 10,345) includes the premium amounting to TEUR 21,499 (previous year: EUR 21,499 thousand) compared to the nominal amount from the issue of 3U HOLDING AG shares. The employee participation program did not result in an increase in the capital reserves in 2016 (previous year: TEUR 9). Further changes arose in the previous year from the acquisition of treasury stock in the amount of TEUR 463 (2016: TEUR 0).

Own shares

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

(In units)	2016	2015
As of January 1	2,183,640	1,473,025
Buy back of own shares	0	710,615
As of December 31	2,183,640	2,183,640

Dividend payments

No dividend was proposed or approved by the Management Board for the 2015 financial year. For the 2016 financial year, the Management Board and the Supervisory Board propose to distribute EUR 0.01 for each entitled share. According to this proposal, the total dividend payment would amount to TEUR 331.

6.7.2 Share buyback program

The Management Board of 3U HOLDING AG has decided on the basis of the authorisation granted by the annual general meeting of May 31, 2012 to repurchase up to 10 % of its own shares (up to 3,531,401 shares) on the stock exchange during the period from May 1, 2013 until not later than May 30, 2017. During the time span of the share buyback program, the Management Board reserves the right to suspend and resume the share buyback at any time, in accordance with the legal requirements to be observed. On this basis, the Management Board decided on November 12, 2015 to suspend the share buyback program. The shares may be used for all purposes according to the authorization given by the resolution of the Annual General Meeting of May 31, 2012. Within the framework of the share buyback program, which began on May 2, 2013, 2,183,640 shares (previous year: 2,183,640 shares) were repurchased by December 31, 2016 at an average price of just EUR 0.57; equivalent to 6.18 % of the share capital of EUR 35,314,016.00.

6.7.3 Employee participation programs

Stock option plan 2011

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

The following were 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 was 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 had a term of five years. The non-transferable option rights could have been exercised after a four-year qualifying period on February 7, 2015 at the earliest and no later than February 6, 2016. The option rights could have 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 were not transferable. Each option right authorized the purchase of a share in the company at the exercise price. The exercise price for the options was 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 beneficiary could have only sold 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.

No option rights were exercised by the end of the term of the stock option plan 2011 on February 6, 2016. The stock options have thus been completely forfeited.

The development of the stock options is as follows:

(In units)	2016	2015
As of January 1	2,762,500	2,992,500
Issued	0	0
Forfeited	2,762,500	230,000
As of December 31	0	2,762,500

6.7.4 Non-controlling interests

The equity interests of other shareholders amounted to TEUR -1,372 (previous year: TEUR -1,237).

The equity shares of non-controlling interests are divided among the individual Group companies as follows:

(In TEUR)	Dec 31, 2016	Dec 31, 2015
ClimaLevel Energiesysteme GmbH	108	42
RISIMA Consulting GmbH	-125	-125
Selfio GmbH	0	146
weclapp GmbH	-1,355	-1,300
Total	-1,372	-1,237

The share of non-controlling shareholders in Selfio GmbH relates to the income entitlement for the fiscal year 2015.

For companies with material non-controlling interests the financial ratios are as follows:

weclapp GmbH

	Dec 31, 2016	Dec 31, 2015
Share in %	25.0002	25.0002
Sales in TEUR	1,033	549
EBITDA in TEUR	-124	-507
Assets in TEUR	459	300
Liabilities in TEUR	5,879	5,499
Total Cash flow in TEUR	23	176
Earnings attributable to non-controlling interests	-55	-155

ClimaLevel Energiesysteme GmbH

	Dec 31, 2016	Dec 31, 2015
Share in %	25.0	25.0
Sales in TEUR	6,849	7,072
EBITDA in TEUR	632	458
Assets in TEUR	1,662	1,885
Liabilities in TEUR	1,228	1,718
Total Cash flow in TEUR	167	103
Earnings attributable to non-controlling interests	102	84

RISIMA Consulting GmbH

	Dec 31, 2016	Dec 31, 2015
Share in %	25.0	25.0
Sales in TEUR	1,129	1,327
EBITDA in TEUR	128	54
Assets in TEUR	547	658
Liabilities in TEUR	933	1,154
Total Cash flow in TEUR	8	-179
Earnings attributable to non-controlling interests*	0	14

* Agreement within the framework of the acquisition of shares concluded in 2017

Selfio GmbH (as at December 31, 2015 3U HOLDING AG is 100 % shareholder)

	Dec 31, 2015
Share in %	0.0
Sales in TEUR	11,679
EBITDA in TEUR	645
Assets in TEUR	2,475
Liabilities in TEUR	723
Total Cash flow in TEUR	-1,079
Earnings attributable to non-controlling interests	146

In fiscal 2016, an amount of TEUR 104 (previous year: TEUR 77) was paid out to the former non-controlling shareholders and an amount of TEUR 42 (previous year: TEUR 0) reclassified to the retained earnings.

6.8 Financial liabilities and other long-term liabilities

The non-current financial liabilities refer essentially to long-term banking loans, which were contracted for the financing of properties, solar parks and wind farms.

A loan for the Marburg site was valued at TEUR 1,463 (previous year: TEUR 1,575). The loan has a term until December 30, 2029. The loan is secured with mortgages in the amount of EUR 2.25 million.

Two loans, each with TEUR 750, were closed to finance the purchase of the property in Montabaur. The loans have a term until May 30, 2027 and are secured by mortgages in the amount of TEUR 750 each. The loans were valued on December 31, 2016 at TEUR 578 each (previous year: TEUR 621).

For the property in Linz am Rhein a loan in the amount of TEUR 300 was completed and secured by a mortgage of the same amount. The loan was valued at TEUR 138 (previous year: TEUR 188) and will run till October 30, 2027.

In fiscal year 2014, the financing of the solar park Adelebsen was retrieved in the amount of TEUR 14,141. The loan has a term of 18 years and is secured by the assignment of the claim from the power supply through space security of the PV system and limited personal easements by registration in the Land Registry. The loan was valued at December 31, 2016 at TEUR 11,717 (previous year: TEUR 12,548). In the 2016 financial year, financing of the solar park was increased by the addition of a further loan of TEUR 1,000 with the same maturity date. The collateral is secured by the collateral provided for the original loan. The loan is valued at TEUR 933 as of December 31, 2016 (previous year: TEUR 0). As part of this loan a credit in the amount of TEUR 694 (previous year: TEUR 832) was pledged to a debt service reserve account.

The acquisition of the property in Hanover was financed by a loan of TEUR 6,000. The loan has a term until May 1, 2017 and was valued at 31 December 2016 with TEUR 5,175 (previous year: TEUR 5,475). It is secured by mortgages in the amount of TEUR 6,000. In addition, the rights and claims of the lease and rental agreements for this property were transferred. In connection with this lending it was agreed to comply with financial covenants; failure to comply with these indicators gives the bank the right to request further guarantees or to terminate the loan. The review of these covenants on a 12-month basis took place on June 30, 2016 and December 31, 2016 and confirmed their compliance. As further security serves the credit in the amount of TEUR 1,500, which was pledged under the credit line.

In financial year 2015, the financing for the acquisition of Windpark Langendorf in the amount of TEUR 9,000 was called up. The loan has a term to December 30, 2019 and is valued at TEUR 5,300 as at December 31, 2016 (previous year: TEUR 7,150). It is secured by the assignment of the entitlement from the electricity feed-in, by the safeguarding of the space of the 15 wind power plants, by the registration of limited personal easements in the land register and by the registration of a basic debt of TEUR 100. Within the scope of this loan, a cash balance of TEUR 900 was also pledged on a capital service reserve account.

A loan agreement in the amount of EUR 8.9 million was concluded for the long-term financing of Windpark Lüdersdorf, which was not yet fully utilized as of December 31, 2016. The loan is valued at TEUR 8,503 (previous year: TEUR 0) as of December 31, 2016 and has a term to June 30, 2034. It is secured by the assignment of the entitlement from the electricity feed-in and by the surrender of the wind energy assets.

Windpark Schlenzer was also financed by a long-term loan agreement in the amount of EUR 9.3 million. The financing consists of two loans with a maturity up to September 30, 2034. They are secured by the assignment of the entitlement from the electricity feed-in and by the surrender of the wind energy installations. The loans were fully utilized in the 2016 financial year. However, the financial resources thus obtained and unutilized so far are subject to a restriction of availability of TEUR 1,229 and can only be used within the framework of settlements of the suppliers of the wind farm project company. The loans amounted to TEUR 9,251 (previous year: TEUR 0) as at December 31, 2016. In addition, an advance credit of TEUR 951 with a maturity until January 1, 2017 was concluded for the wind farm.

Current financial liabilities include the portion of the loans that are due within one year.

In addition, there is a line of credit in the amount of EUR 1.5 million, which on December 31, 2016 as part of a guaranteed credit is drawn on by guarantees totalling TEUR 598 (previous year: TEUR 595). This credit line is backed by allocated EUR 1.5 million fixed deposits. This fixed deposit also serves as security for the loan for the property in Hanover.

Of the loans payable are due as of December 31:

(In TEUR)	Dec 31, 2016	Dec 31, 2015
Within a year	9,313	3,273
Between one and five years	12,392	14,783
After five years	22,876	10,177
Total	44,581	28,233

The loans have an interest between 1.25 % and 3.85 % p. a.

The current loan granted by EEPB Erneuerbare Energien Planungs- und Beratungsgesellschaft mbH in the previous year in the amount of TEUR 55 is also reported under current financial liabilities. The previous year's figure was adjusted accordingly.

Other long-term liabilities also include the long-term share of obligations from the IT licensing trade (TEUR 220). The previous year's figure (TEUR 239) was adjusted accordingly.

6.9 Other current liabilities and current income tax liabilities

These comprise the following:

(In TEUR)	Dec 31, 2016	Dec 31, 2015
Purchase price obligation	1,447	1,447
Other taxes	683	583
Provisions of a liability nature	158	770
Staff obligations	503	523
Income tax	715	264
Other liabilities	1,490	900
Total	4,996	4,487

The obligation to pay the price relates to the remaining purchase price from the acquisition of the wind farm Langendorf and the obligation to pay a subsequent purchase price adjustment from the acquisition of wind farm project development. The maturity requirements were not met at the date of the statement of financial position, December 31, 2016 as well as at December 31, 2015.

Provisions of a liability nature primarily comprise of obligations from outstanding invoices.

The previous year's value was adjusted to the amount of the reclassification of the loan from EEPB Erneuerbare Energien Planungs- und Beratungsgesellschaft mbH (TEUR 55) and the long-term share of the IT license trading obligations (TEUR 239).

6.10 Provisions

Provisions comprise the following:

(In TEUR)	Dec 31, 2016 Current	Dec 31, 2016 Non-current	Dec 31, 2015 Current	Dec 31, 2015 Non-current
Restoration obligations	0	826	0	665
Litigation risks	0	0	13	0
Other	326	0	388	0
Total	326	826	401	665

The development is presented as follows:

(In TEUR)	As of Jan 1, 2016	Utili- sation	Reversal	Accumu- lation	Allo- cation	As of Dec 31, 2016
Restoration obligations	665	0	0	40	121	826
Litigation risks	13	3	10	0	0	0
Other	388	244	52	0	234	326
Total	1,066	247	62	40	355	1,152

The provisions for demolition obligations are non-current by nature and were formed to cover restoration of the original condition of various technical sites and wind farm land.

Other provisions include mainly provisions for financial statement costs and warranties.

6.11 Reporting on financial instruments

Breakdown of carrying amounts according to the measurement categories of IAS 39/IFRS 7.8.

2016 (in TEUR)	Loans	Cash and cash equivalents	Trade receivables	Other financial assets	Liabilities
Loans and receivables	0	11,672	4,710	3,509	0
Financial liabilities that are valued at amortized cost	0	0	0	0	53,897
Financial liabilities that are measured at fair value in the income statement	0	0	0	0	0
Derivative designated as hedging instrument	0	0	0	0	37
Total	0	11,672	4,710	3,509	53,934

2015 (in TEUR)	Loans	Cash and cash equivalents	Trade receivables	Other financial assets	Liabilities
Loans and receivables	0	7,698	6,912	2,625	0
Financial liabilities that are valued at amortized cost	0	0	0	0	36,212
Financial liabilities that are measured at fair value in the income statement	0	0	0	0	0
Derivative designated as hedging instrument	0	0	0	0	101
Total	0	7,698	6,912	2,625	36,313

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.

The fair valuations in the balance sheet are classified according to a three-level hierarchy. The hierarchy gives the type and quality of the fair value (market prices). The following levels exist:

- Stage 1: publicly known market prices for the relevant financial instrument (e.g. stock market prices.).
- Stage 2: market prices which are not generally accessible and possibly derived from prices for similar financial instruments or underlying assets.
- Stage 3: prices that are not based on market data.

The fair value of interest swaps was determined according to stage 2. The assessment is based on market data at the measurement date and using generally accepted valuation models. For the fair value measurement of interest rate swaps market observable yield curves and volatilities of active markets are considered.

The total interest expense/income from financial liabilities that are measured at fair value through profit or loss amounted to TEUR 0 (previous year: TEUR 0) in fiscal year 2016.

Liabilities are divided into non-current liabilities amounting to TEUR 35,637 (previous year: TEUR 25,199) and current liabilities of TEUR 18,260 (previous year: TEUR 11,013).

Net losses including changes in value adjustments from loans and receivables amounted to TEUR 272 (previous year: TEUR 456).

Neither financial liabilities which are measured at amortized cost, nor for financial liabilities that are measured at fair value through profit or loss, occurred net gains/net losses in the reporting year and the previous year.

It is also referred to under 2.3.12.

There are netting agreements in the segment ITC entitling to offset financial assets and financial liabilities at the time of payment. As at December 31, 2016 financial assets amounting to TEUR 821 (previous year: TEUR 1,323) (amount after netting: TEUR 547/previous year: TEUR 279) and financial liabilities of TEUR 482 (previous year: TEUR 1,389) (amount after netting: TEUR 208/previous year: TEUR 345), which are subject to a netting agreement and which were not netted as of the balance sheet date.

Pledged collateral are basically financial liabilities and are explained in section 6.8.

6.12 Contingent liabilities and other financial obligations

As at December 31 the following financial obligations remain:

(In TEUR)	Dec 31, 2016	Dec 31, 2015
Within one year	816	6,930
More than one and less than five years	1,352	1,066
More than five years	3,202	692
Total	5,370	8,688

The purchase commitments included in other financial commitments within one year amount to TEUR 64 (previous year: TEUR 6,359). In the previous year's purchase commitments, the obligation from the contract for the erection of two wind power plants with the plant manufacturer (property, plant and equipment EUR 6.4 million) was included.

These commitments include, in particular, the obligations arising from the long-term land tenancy contracts necessary for the operation of wind farms. The remaining financial obligations relate to rental contracts for office space, technical areas, technical equipment and cars. The contracts concerned have a remaining term of 1 to 10 years.

As in the previous year, a collateral restriction of EUR 1.5 million (collateral deposited) exists for the collateralisation of the Group's own credit line. There are also restrictions on the availability of capital service reserves in connection with the financing of the Adelebsen solar park in the amount of EUR 0.69 million (previous year: EUR 0.83 million) and for the Windpark Langendorf in the amount of EUR 0.90 million (previous year: EUR 0.90 million).

3U HOLDING AG has issued a patronage agreement for the benefit of the non-fully consolidated subsidiaries 3U DYNAMICS GmbH and 3U MOBILE GmbH, respectively, until March 31, 2018. In these, 3U HOLDING AG assumes the unrestricted obligation to provide the companies financially in such a way that they are able at all times and in full to meet their obligations towards their creditors on time.

6.13 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 in principle the possibility of a negative impact on future operating results. Provisions for unsettled legal disputes totalling TEUR 0 (previous year: TEUR 13) were created for existing legal disputes as at December 31, 2016.

7 Notes to the consolidated statement of cash flows

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

(In TEUR)	Dec 31, 2016	Dec 31, 2015
Fixed deposits	1,500	1,500
Credit with banks and cash	10,172	6,198
Total cash and cash equivalents	11,672	7,698
Less credit deposited as security/ or balances subject to restrictions	4,344	3,232
Cash and cash equivalents	7,328	4,466

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 of TEUR -1,712 (previous year: inflow of TEUR 1,119) from operating activities in continued operations.

Cash flow from investing activities amounted to TEUR -10,580 (previous year: TEUR -14,656) and the cash flow from financing activities amounted to TEUR 16,265 (previous year: TEUR 5,381). In addition, exchange rate-related changes in the amount of TEUR 0 (previous year: TEUR 12) occurred.

Liquid funds, which are subject to a restriction on the use of the facility, have increased by TEUR 1,251 in connection with the financing of the Windpark Schlenzer and the wind park in Lüdersdorf and were reduced by TEUR 138 as a result of the financing expansion for the Solarpark Adelebsen.

In total cash and cash equivalents increased by TEUR 2,862 (previous year: decrease of TEUR 9,270).

Of the cash and cash equivalents amounting to TEUR 11,673 (previous year: TEUR 7,698) reported at the end of the period, a total of TEUR 4,345 (previous year: TEUR 3,232) is subject to a limitation of the disposal. These are discounted openly from the liquid funds, so that the financial fund is reduced accordingly.

The interest income in the amount of TEUR 86 (previous year: TEUR 45) received in fiscal year 2016 is offset by interest payments of TEUR 1,019 (previous year: TEUR 950).

No dividends were paid/distributed to the shareholders of 3U HOLDING AG in fiscal 2016 (previous year: none).

For the sale/acquisition of shares in subsidiaries, cash and cash equivalents amounting to TEUR 0 (previous year: TEUR 3) were received by the Group and TEUR 0 (previous year: TEUR 13,746) had been expensed. In the previous year, the purchase resp. selling prices were made in liquid funds or are to be paid in cash at maturity.

The cash in and outflows are comprised of the following:

(In TEUR)	2016			2015		
	Inflow	Outflow	Net	Inflow	Outflow	Net
Acquisition	0	0	0	0	13,713	-13,713
Disposition	0	0	0	3	33	-30
Total	0	0	0	3	13,746	-13,743

Deconsolidation of subsidiaries resulted in a change in cash and cash equivalents amounting to TEUR 0 (previous year: TEUR -226).

In the scope of the deconsolidation of subsidiaries assets in the amount of TEUR 67 (thereof current TEUR 67; long term TEUR 0) and liabilities of TEUR 34 (of which current TEUR 34; long term TEUR 0) were disposed from the Group.

In 2016, income tax in the amount of TEUR 435 was paid (previous year: reimbursement of TEUR 287).

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. The equity ratio is defined as the target size. In so doing, it ensures that all Group companies can operate as going concerns.

As December 31, 2016 and December 31, 2015, reported equity and total assets amounted to:

	Dec 31, 2016	Dec 31, 2015	Change
Equity in TEUR	39,158	38,569	
Equity in % of total capital	40.89 %	50.21 %	-9.32 percentage points
Borrowed capital in TEUR	56,604	38,247	
Borrowed capital in % of total capital	59.11 %	49.79 %	+9.32 percentage points
Total capital (equity and borrowed capital) in TEUR	95,762	76,816	

Equity comprises total capital, the Group's reserves and non-controlling 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 international business the 3U Group is exposed to currency risks, which may have a corresponding impact. Where necessary, it also uses derivative financial instruments to manage these risks. In principle, however, only those risks are addressed that have an impact on the cash flow of the Group. Derivative financial instruments are used exclusively as hedging instruments.

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 EUR or USD. Trade payables in foreign currency are still losing importance for the Group, so principally there is only a small foreign currency risk. There is a policy to hedge the risks, for example by forward contracts. It stipulates that these transactions are congruent concerning currencies and time.

As at December 31, 2016 there were no forward exchange contracts active.

The book value of debt and assets denominated in foreign currency of the Group at the date of December 31, 2016 is attributable to the activities of the segment ITC and is as follows:

Assets :	TEUR 22	(previous year: TEUR 26)
Liabilities:	TEUR 0	(previous year: TEUR 0)

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

The liquidity risk of the 3U Group basically consists in that the Group may be unable to meet its financial obligations. Due to the strong investment activity in 2012 and the losses of the financial year, the cash reserves of the Group have significantly decreased. Despite the losses of the financial year, the cash reserves, in particular due to the loan repayment by the former subsidiary LambdaNet were slightly increased in 2013. Financial planning instruments are implemented throughout the Group to monitor and control liquidity. The planning horizon is one year.

The Group can take advantage of credit lines. As a guarantee facility TEUR 598 (previous year: TEUR 595) were utilised as part of bank guarantees at the date of the statement of financial position. In connection with the construction of the wind farm Lüdersdorf a credit agreement on the financing of EUR 8.9 million was completed in fiscal year 2015.

3U expects that it will be able to fulfill its other obligations from operating cash flow and from the inflow of maturing financial assets. Furthermore, 3U assumes that the current ratio of debt to equity will move through the inclusion of additional debt in favour of debt financing.

Interest risk

Most of 3U's interests bearing liabilities carry fixed rates. A variable-rate loan was transferred into fixed interest by a cash flow hedge. The variable interest rate of the bank loan was transformed to a fixed interest rate of 1.09 % p.a. through the interest rate swap. It is a micro-hedge with a high effectiveness of the hedging relationship, as it is a critical-term-match. The hedged cash flow risk hedging underlying transaction was valued at EUR 5.18 million (previous year: EUR 5.48 million) at the date of the statement of financial position. The fair value of the interest rate swap amounted to TEUR -37 (previous year: TEUR -101). Market interest rates would only have an effect if the primary financial instruments would be recognized at fair value. Since this is not the case, the financial instruments with fixed interest are not subject to interest rate risks as defined by 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 joint ventures who are considered related parties of the Group. This is Spider Telecom GmbH. These commercial operations relate solely to supply and service relationships with these related companies. They were made on terms that are contracted among the Group companies and are according to market conditions. Here, the cost-plus method was applied.

Current receivables with these companies as at December 31, 2016 amounted to TEUR 38 (previous year: TEUR 38) and current liabilities in the amount of TEUR 71 (previous year: TEUR 84). At 3U HOLDING AG there were current demands on these companies amounting to TEUR 1 (previous year: TEUR 0) and current liabilities of TEUR 0 (previous year: TEUR 0).

Income of TEUR 446 (previous year: TEUR 483) and expenses in the amount of TEUR 0 (previous year: TEUR 0) result from these transactions at subsidiaries of 3U HOLDING AG in fiscal year 2016. This income amounted to TEUR 10 (previous year: TEUR 12) and expenses TEUR 0 (previous year: TEUR 0) at 3U HOLDING AG.

Business with other related parties relate primarily to supply and service relationships that were made on commercial terms and consulting services provided at market rates. These transactions were carried out with related parties/companies of companies/managers of subsidiaries. In fiscal year 2016 there was income of TEUR 10 (previous year: TEUR 16) and expenses of TEUR 16 (previous year: TEUR 14). As at December 31, 2016 there were current loans amounting to TEUR 0 (previous year: TEUR 0) and current debt of TEUR 0 (previous year: TEUR 0).

As part of the increased stake in Selfio GmbH a purchase price was paid in the previous year to the co-owners and former directors in the amount of EUR 2.0 million. The purchase price is covered by the opinion of an independent expert.

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

3U HOLDING AG has issued a temporary patronage agreement for the benefit of the non-fully consolidated subsidiaries 3U DYNAMICS GmbH and 3U MOBILE GmbH respectively, until March 31, 2018.

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

3U HOLDING AG received a short-term loan of TEUR 55 (previous year: TEUR 55) from EEPB Erneuerbare Energien Planungs- und Beratungsgesellschaft mbH.

In addition, there are receivables from a shareholder/director of a subsidiary amounting to TEUR 20 (previous year: TEUR 20).

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

Michael Schmidt	Lahntal Speaker of the Management Board of 3U HOLDING AG
Andreas Odenbreit	Marburg Board Member of 3U HOLDING AG Member of the Supervisory Board of 3U ENERGY AG (since November 11, 2016)
Christoph Hellrung	Hattingen Board Member of 3U HOLDING AG

Total remuneration of the Management Board granted in 2016 amounted to TEUR 727 (previous year: TEUR 826).

In the variable remuneration of 2016 16.67 % resp. 50 % of the maximum possible variable remuneration in 2016 of TEUR 50 (Michael Schmidt), TEUR 18 (Andreas Odenbreit) resp. TEUR 18 (Christoph Hellrung) is included.

Name	Fixed remuneration in TEUR		Variable remuneration in TEUR		Total remuneration in TEUR	
	2016	2015	2016	2015	2016	2015
Michael Schmidt (Speaker of the Management Board)	317	317	50	150	367	467
Andreas Odenbreit	160	159	18	18	178	177
Christoph Hellrung	164	164	18	18	182	182
Total	641	640	86*	186**	727	826

*In the amount of TEUR 75 already paid in 2016, the balance of EUR 36 is due short-term resp. TEUR 25 are to be reimbursed.

**The amount of TEUR 75 was paid in 2015 and TEUR 111 was paid in 2016.

In the 2011 financial year, stock options were issued to the Members of the Management Board. These stock options expired in the 2016 financial year. In fiscal year 2016, no stock options were granted.

All remuneration for Management Board activities at 3U HOLDING AG are paid for the time as Member of the Board of 3U HOLDING AG. The subsidiaries have not paid any remuneration.

There is a non-interest bearing loan receivable against the Board member Michael Schmidt in the amount of TEUR 17 which was limited until December 31, 2016 and was prolonged until December 31, 2017.

Shares held by the Management Board and the Supervisory Board as of December 31, 2016:

Name	Function	Number of shares
Michael Schmidt	Speaker of the Management Board	8,999,995
Andreas Odenbreit	Management Board	20,500
Christoph Hellrung	Management Board	0
Ralf Thoenes	Chairman of the Supervisory Board	25,000
Stefan Thies	Deputy Chairman of the Supervisory Board	12,000
Jürgen Beck-Bazlen	Supervisory Board	1,130,000

In the reporting year as well as in the previous 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 3U ENERGY AG, Marburg
Gerd Simon	Bad Homburg vor der Höhe Industrial Engineer and independent Management Consultant Deputy Chairman of the Supervisory Board of 3U HOLDING AG (until May 21, 2015) Other Supervisory Board or Advisory Board mandates: Member of the Supervisory Board of Elabs AG, Frankfurt am Main, and since May 11, 2015 Member of the Supervisory Board of 3U ENERGY AG, Marburg
Stefan Thies	Heinsberg Degree in business and tax consulting in Thies & Thies Steuerberatungsgesellschaft Member of the Supervisory Board of 3U HOLDING AG, and since May 21, 2015 Deputy Chairman of the Supervisory Board
Jürgen Beck-Bazlen	Ostfildern Construction physicist, employed in EGS-plan Ingenieurgesellschaft für Energie-, Gebäude und Solartechnik Member of the Supervisory Board of 3U HOLDING AG (since May 21, 2015) Other Supervisory Board or Advisory Board mandates: Member of the Supervisory Board of Sanierungs- und Entwicklungsgesellschaft Ostfildern mbH, Ostfildern

The remuneration for 2016 amounted to TEUR 166 (previous year: TEUR 167). For 2016 a performance fee of TEUR 90 (previous year: TEUR 92) was accrued.

Name	Fixed remuneration in TEUR		Attendance-fee in TEUR		Performance related remuneration in TEUR		Total remuneration in TEUR	
	2016	2015	2016	2015	2016	2015	2016	2015
Ralf Thoenes (Chairman)	10	10	18	18	40	40	68	68
Gerd Simon (until 5/21/2015)	–	3	–	5	–	13	–	21
Stefan Thies (Deputy Chairman)	8	6	18	18	30	26	56	50
Jürgen Beck-Bazlen (since 5/21/2015)	5	3	18	13	20	13	43	29
Total*	23	23*	53*	53*	90	92	166*	167*

*Due to rounding differences in the totals line

In addition, the Supervisory Board Members receive reimbursement of their travel costs and other expenses. Mr Thoenes received TEUR 2.5 (previous year: TEUR 1.8), Mr Simon TEUR 0 (previous year: TEUR 0.4), Mr Thies TEUR 1.1 (previous year: TEUR 0.8) and Mr Beck-Bazlen TEUR 2.0 (previous year: 1.3) as reimbursements for expenses in fiscal year 2016. Mr Thoenes also received attendance fees and reimbursement of expenses for his supervisory activities at 3U ENERGY AG amounting to TEUR 9 (previous year: TEUR 9) for fiscal year 2016.

Mr Simon received meeting fees and reimbursement of expenses for his supervisory activities at 3U ENERGY AG amounting to TEUR 6 for fiscal year 2016 (previous year: TEUR 9).

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 11.1 (previous year TEUR 40) plus VAT for its consultancy services and reimbursements for expenses for the 3U Group. These were provided to 3U ENERGY AG in the amount of TEUR 10.6 and to ClimaLevel Energiesysteme GmbH in the amount of TEUR 0.5 (previous year: TEUR 28 to 3U HOLDING AG and TEUR 12 to 3U ENERGY AG).

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

8.4 Events after the reporting period

The wind farm Schlenzer with an electrical output of 5.5 MW, which was completed at the end of the year 2016, was put into operation in January 2017.

As of February 1, 2017, 3U HOLDING AG acquired 25 % of RISIMA Consulting GmbH and thus holds 100 % of the company.

8.5 Auditor's Fees

The fees including additional expenses for the auditor BDO AG Wirtschaftsprüfungsgesellschaft in the financial year 2016 are:

Annual audit services	TEUR 235*	(previous year: TEUR 230*)
Other assurance services	TEUR 0	(previous year: TEUR 0)
Tax consulting services	TEUR 0	(previous year: TEUR 0)
Other services	TEUR 9	(previous year: TEUR 4)
Total	TEUR 244	(previous year: TEUR 234)

* Including recalculations for previous years in the amount of TEUR 5 (previous year: TEUR 0)

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

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 (www.3u.net).

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

In accordance with Article 21, Section 1 of the WpHG (German Securities Trading Act), by way of a letter dated November 28, 2012, Michael Schmidt, Lahntal, notified the Company that his Voting Rights of 3U HOLDING AG, Marburg, Germany, exceeded the threshold of 25 % of the Voting Rights on November 27, 2012 and amounted to 25.49 % (this corresponds to 8,999,995 Voting Rights) that day.

On February 4, 2015, Mr Jürgen Beck-Bazlen, Ostfildern, has informed us according to Article 21, Section 1 of the WpHG that via shares his Voting Rights on 3U HOLDING AG, Marburg, Germany, have exceeded the 3 % threshold of the Voting Rights on February 2, 2015 and on that day amounted to 3.028 % (this corresponds to 1,069,418 Voting Rights).

Pursuant to Article 26, Section 1, Sentence 2 of the WpHG, 3U HOLDING AG announced on April 29, 2015 that its share in own shares has exceeded the threshold of 5 % of the Voting Rights and on that day amounted to 5.0088 % (this corresponds to 1,768,793 Voting Rights).

Mr Roland Thieme, Lahntal, has informed us pursuant to § 21 para. 1 WpHG on November 23, 2016 that his share of voting rights of 3U HOLDING AG, Marburg, Germany, fell below the threshold of 5 % of the voting rights on November 18, 2016 and amounted to 4.95 % on this day (this corresponds to 1,748,636 voting rights).

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

3U HOLDING AG is the supreme, dominant company of the 3U Group.

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 3, 2017. 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 3, 2017

The Management Board



Michael Schmidt



Christoph Hellrung



Andreas Odenbreit

Appendix to the Notes:

Development of fixed assets 2016

3U Group (in TEUR)	Historical acquisition and production cost					As of Dec 31, 2016
	As of Jan 1, 2016	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	5,052	998	0	0	0	6,050
2. Customer base	331	0	0	0	0	331
3. Goodwill	616	0	0	0	0	616
Total intangible assets	5,999	998	0	0	0	6,997
II. Property, plant and equipment						
1. Land and buildings including buildings on third party land	17,376	58	0	0	0	17,434
2. Technical equipment and machines	35,847	9,558	0	4	0	45,401
3. Other equipment, plant and office equipment	2,855	129	0	151	0	2,833
4. Constructions in progress	232	27	0	0	0	259
Total property, plant and equipment	56,310	9,772	0	155	0	65,927
III. Investment properties						
Held as investment properties	8,498	82	0	0	0	8,580
Total investment properties	8,498	82	0	0	0	8,580
Total fixed assets	70,807	10,852	0	155	0	81,504

Numbers are rounded. Rounding differences may arise in the summation.

As of Jan 1, 2016	Additions	Accumulated depreciation		Changes in the basis of consolidation	As of Dec 31, 2016	Carrying amounts	
		Reclassi- fications	Disposals			As of Dec 31, 2016	As of Dec 31, 2015
4,125	220	0	0	0	4,345	1,705	927
331	0	0	0	0	331	0	0
13	0	0	0	0	13	603	603
4,469	220	0	0	0	4,689	2,308	1,530
1,918	462	-38	0	0	2,342	15,092	15,458
10,275	2,483	0	1	0	12,757	32,644	25,572
1,961	184	0	124	0	2,021	812	894
0	41	38	0	0	79	180	232
14,154	3,170	0	125	0	17,199	48,728	42,156
597	260	0	0	0	857	7,723	7,901
597	260	0	0	0	857	7,723	7,901
19,220	3,650	0	125	0	22,745	58,759	51,587

Appendix to the Notes:

Development of fixed assets 2015

3U Group (in TEUR)	Historical acquisition and production cost					As of Dec 31, 2015
	As of Jan 1, 2015	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	4,978	78	0	0	-4	5,052
2. Customer base	334	0	0	0	-3	331
3. Goodwill	616	0	0	0	0	616
Total intangible assets	5,928	78	0	0	-7	5,999
II. Property, plant and equipment						
1. Land and buildings including buildings on third party land	17,310	79	0	13	0	17,376
2. Technical equipment and machines	35,729	226	0	108	0	35,847
3. Other equipment, plant and office equipment	2,456	455	0	38	-18	2,855
4. Constructions in progress	282	0	0	33	-17	232
Total property, plant and equipment	55,777	760	0	192	-35	56,310
III. Investment properties						
Held as investment properties	8,414	84	0	0	0	8,498
Total investment properties	8,414	84	0	0	0	8,498
Total fixed assets	70,119	922	0	192	-42	70,807

Numbers are rounded. Rounding differences may arise in the summation.

As of Jan 1, 2015	Additions	Accumulated depreciation		Changes in the basis of consolidation	As of Dec 31, 2015	Carrying amounts	
		Reclassi- fications	Disposals			As of Dec 31, 2015	As of Dec 31, 2014
3,913	216	0	0	-4	4,125	927	1,065
334	0	0	0	-3	331	0	0
13	0	0	0	0	13	603	603
4,260	216	0	0	-7	4,469	1,530	1,668
1,461	462	0	5	0	1,918	15,458	15,849
8,023	2,251	0	0	0	10,275	25,572	27,706
1,786	199	0	17	-7	1,961	894	670
17	0	0	0	-17	0	232	265
11,287	2,912	0	22	-24	14,154	42,156	44,490
339	258	0	0	0	597	7,901	8,075
339	258	0	0	0	597	7,901	8,075
15,886	3,386	0	22	-31	19,220	51,587	54,233



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, the statement of changes in equity, the statement of cash flows as well as the report on the position of the Company and the Group for the financial year from January 1, 2016 to December 31, 2016. The preparation of the consolidated financial statements and management report for the Company and the Group in accordance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a (1) of the HGB and articles of association are the responsibility of the legal representatives of the Company. Our responsibility is to express an opinion on the consolidated financial statements and on the management report for the Company and the Group based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 of the HGB and the 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 management report for the Company and the Group 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 financial information of those components consolidated, the scope of the consolidation, the accounting and consolidation principles used and the significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the report on the position of the Company and the Group. 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 IFRS as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a (1) of the HGB and articles of association and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Management report for the Company and the Group 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 3, 2017

BDO AG
Wirtschaftsprüfungsgesellschaft

signed Fritz
Auditor

signed Barhold
Auditor

*Free translation



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Financial calendar

- **Publication of quarterly announcement 1/2017**
May 10, 2017
- **Annual General Meeting**
May 18, 2017
- **Publication of half year report 2017**
August 10, 2017
- **Publication of quarterly announcement 3/2017**
November 9, 2017

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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

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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

ITC	Renewable Energies	SHAC
010017 Telecom GmbH Marburg, Germany	3U ENERGY AG Marburg, Germany	ClimaLevel Energiesysteme GmbH Cologne, Germany
3U TELECOM GmbH Marburg, Germany	3U ENERGY PE GmbH Kloster Lehnin, Germany	Immowerker GmbH Marburg, Germany
3U TELECOM GmbH Vienna, Austria	3U Euro Energy Systems GmbH Marburg, Germany	PELIA Gebäudesysteme GmbH Montabaur, Germany
Discount Telecom S&V GmbH Marburg, Germany	Märkische Windkraft 110 GmbH & Co. KG Kloster Lehnin, Germany	Selfio GmbH Linz am Rhein, Germany
Exacor GmbH Marburg, Germany	Repowering Sachsen-Anhalt GmbH Marburg, Germany	
fon4U Telecom GmbH Marburg, Germany	Solarpark Adelebsen GmbH Adelebsen, Germany	
LineCall Telecom GmbH Marburg, Germany	Windpark Havelland Projekt I GmbH & Co. KG Kloster Lehnin, Germany	
OneTel Telecommunication GmbH Marburg, Germany	Windpark Langendorf GmbH & Co. KG Marburg, Germany	
RISIMA Consulting GmbH Marburg, Germany	Windpark Langendorf Verwaltungsgesellschaft mbH Marburg, Germany	
weclapp GmbH Marburg, Germany		

*Consolidated subsidiaries



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