ACCEPTING CHALLENGES.

SHAPING THE FUTURE.

SEIZING OPPORTUNITIES.

INTERIM MANAGEMENT STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

colexon
SOLARSTROMANLAGEN

9 MONTHS 2011

- Continued weak market environment
- Lower revenue, EBIT loss reduced significantly
- Adjustment of business model

MARKET ENVIRONMENT

The global economy is currently in a critical phase. Global economic growth has decreased and varies considerably in the regions. Negative economic indicators in the United States and the debt crisis of some euro zone countries have shattered confidence in a positive economic development. These uncertainties have caused considerable turbulences in the financial markets, negatively affecting the real economy in turn. Against this backdrop, the International Monetary Fund (IMF) has reduced its forecast for global economic growth in the year 2011 further to now 4.0 percent. The economic situation in Germany is currently much better than economic climate and economic mood. In its fall report released in mid-October, the leading economic research institutes predict an increase in the real GDP by 2.9 per cent for 2011. The assessment of economic situation and prospects is negatively affected at present by the debate on the euro debt crisis which has been going on for months.

The general mood of the photovoltaics industry remains tense. The pressure on the industry has increased as a surge in demand fails to materialize in the second half-year 2011. It is also doubtful whether a strong year-end business can be expected this year. Steadily falling module prices and increased stocks make planning harder for the companies. In connection with the nuclear power plant disaster in Japan and the energy policy debates and decisions it has triggered, the photovoltaics industry is more than ever part of a global approach based on renewable energies. In many countries photovoltaics represents a real alternative to other energy sources. However, a stimulation of the market has so far not been noticeable.

PROFIT/LOSS

Over the first nine months of financial year 2011, COLEXON's revenue went down Euro 80.4 million to Euro 73.6 million compared to the corresponding prior-year period. This decrease is the result of strongly restrained consumer demand in the period under review. The sales volume came close to 48 MWp in the reporting period.

International revenue amounted to Euro 26.0 million, thus accounting for 35.4 percent of the Company's total revenue.

Gross profit went down from Euro 32.3 million to Euro 11.0 million in the first nine months of 2011. The gross profit margin as a percentage of sales has decreased to 15.0 percent (previous year: 21.0 percent). This is a result of a decrease of the gross profit margin both in the wholesale and the project business.

As of 30 September 2011 COLEXON had 60 employees (previous year: 127 employees). Staff costs went down Euro 1.5 million by year-on-year comparison to Euro 6.0 million. At 8.1 percent, the staff costs ratio is significantly higher than in the year before (previous year: 4.9 percent).

Depreciation and amortization in the amount of Euro 3.6 million include depreciation of solar power plants and amortization of intangible assets (previous year: Euro 68.5 million). The decrease in depreciation is due primarily to the sale of two solar farms at the end of 2010 for which no depreciation had to be recognized anymore, in contrast to the prior-year period, and from the amortization of goodwill of COLEXON in the amount of Euro 63.4 million.

Other operating expenses climbed by Euro 1.1 million to Euro 7.6 million in the reporting period (previous year: Euro 6.4 million), primarily a result of restructuring expenses. The ratio of other operating expenses to revenue increased from 4.2 percent to 10.3 percent.

The EBIT loss has been reduced in the current financial year by Euro 44.1 million to Euro -6.2 million (previous year: Euro -50.2 million). The reduction of the EBIT loss is solely due to the one-off effect of amortization of goodwill in the amount of Euro 63.4 million from the previous year. Over the same period, the operating result has decreased by Euro 19.4 million. This is the consequence of the strong decrease of the gross profit margin and the declining revenue. At the same time, operating expenses show first signs of a successful restructuring effort; however, total expenses remained close to the prior-year level due to additional one-off restructuring expenses.

For the first nine months of financial year 2011, the resulting consolidated net loss comes to Euro 8.8 million.

ASSETS AND LIABILITIES

Non-current assets

Compared to the 31 December 2010 reporting date, non-current assets went down Euro 11.2 million to Euro 133.9 million. Reasons for this development were the sale of a German solar farm with a total rated output of 4 MWp and depreciation and amortization on the one hand and a value-enhancing effect by the completion of Italian solar farms with a total rated output of 4 MWp.

Current assets

Current assets fell by Euro 36.5 million to Euro 46.5 million (31 December 2010: Euro 83.0 million). This change is accounted for particularly by a decrease in inventories (Euro -24.9 million) and in cash and cash equivalents. Especially the payment of liabilities to suppliers led to a decrease in liquidity.

Compared to 31 December 2010, inventories were reduced by Euro 24.9 million. The decrease in solar module stocks by Euro 20.0 million to Euro 10.1 million was the essential movement behind this. Trade receivables saw an increase by Euro 3.1 million to Euro 7.1 million (31 December 2010: Euro 4.1 million). In contrast, future receivables from construction contracts went down to Euro 2.4 million (31 December 2010: Euro 6.9 million). This decrease is the result of the successful sale of an Italian solar farm (total rated output 1 MWp).

Cash and cash equivalents were reduced to Euro 6.3 million as of 30 September 2011 (31 December 2010: Euro 20.3 million). The main factor behind this reduction is the payment of liabilities to suppliers.

Non-current liabilities

Non-current liabilities decreased by Euro 4.9 million to Euro 94.4 million compared to 31 December 2010. This decrease is due in part to the already mentioned sale of a solar farm from the German portfolio as well as to scheduled repayments. In contrast, non-current financial liabilities increased as part of the implementation of Italian solar projects for the Company’s own portfolio. Deferred tax liabilities went down slightly to Euro 3.7 million.

Current liabilities

Compared to 31 December 2010, current liabilities fell from Euro 75.5 million to Euro 43.9 million.

Tax provisions went down to Euro 0.5 million due to the payment of income taxes (31 December 2010: Euro 3.3 million). Other provisions increased, in contrast, to Euro 5.1 million (31 December 2010: Euro 4.9 million). Trade payables, mainly due to module suppliers, were reduced by Euro 22.5 million to Euro 14.1 million.

As a result of scheduled repayments and the sale of a solar farm from the German portfolio, current financial liabilities decreased in comparison to 31 December 2010 (Euro 20.9 million), to Euro 14.7 million.

Advances received in the amount of Euro 6.4 million included the advances on account of orders received up to the reporting date (31 December 2010: Euro 6.6 million). Other liabilities are down by Euro 0.1 million and came to Euro 3.2 million.

Working capital (inventories including advances paid plus receivables less advances received less liabilities) amounted to Euro 12.9 million as of 30 September 2011. This equals a decrease in working capital compared to 31 December 2010 (Euro 16.5 million) by Euro 3.6 million.

Statement of cash flows

The principles and goals of COLEXON's financial management are aimed at securing funding for the Company's operating activities and safeguarding its solvency at all times.

Cash flows from operating activities in the first nine months of financial year 2011 came to Euro -9.6 million (previous year: Euro -12.1 million). The negative cash flow is largely due to the loss incurred over the first nine months of financial year 2011, compensated in part by the reduction of working capital as described above. Investing activities resulted in negative cash flow of Euro -8.9 million (previous year: Euro -0.1 million), due in particular to investments in COLEXON's own solar power plant portfolio in Italy. Cash flows from financing activities amounted to Euro 4.8 million (prior-year period: Euro -7.1 million) and is accounted for by borrowings for the Company's own solar power plant portfolio in Italy for the most part.

OUTLOOK

Our negotiations with the financing banks had a positive outcome at the end of September. A restructuring of loans was decided and the standstill agreement was lifted as scheduled on 30 September 2011. In line with the downsizing strategy we keep implementing consistently, we sold another solar farm from our IPP portfolio at the end of October. At present we are looking into options for further sale transactions. The market situation remains tense. Despite lower acquisition cost for solar power plants, primarily a result of the drop in module prices by around 30 percent, demand in Europe stagnates at a very modest level. While this rapid price deterioration catches most companies in the solar industry unprepared, it does accelerate the path toward the so-called grid parity – also in Germany; this means that solar-generated electricity can be offered at competitive conditions, particularly in comparison with offshore wind power.

The public's opinion of the photovoltaics industry has improved again against the backdrop of energy policy decisions made in Germany. Photovoltaics – as a key element of Germany's energy policy strategy – is an important component in the expansion of renewable energies. Thus COLEXON is active in a market with potential.

KEY FIGURES

OF COLEXON ENERGY AG AS OF 30 SEPTEMBER 2011

INCOME STATEMENT IN EUR MILLION	9M/2011	9M/2010
Revenue	73.6	154.0
Gross profit	11.0	32.3
Earnings before interest, taxes, depreciation of property, plant and equipment and amortization of intangible assets (EBITDA)	-2.6	18.3
Operating profit (EBIT)	-6.2	-50.2
Earnings before income taxes (EBT)	-11.0	-57.4
Net profit/loss	-8.8	-59.4
Revenue Germany	48.1	121.9
Revenue Rest of Europe	25.9	32.0
Revenue Rest of World	0.1	0.3
Revenue Consolidation	-0.5	-0.3
Revenue Wholesale	50.1	90.8
Revenue Projects	13.9	47.9
Revenue Plant Operation	9.4	14.4
Revenue Service & Management	0.8	1.2
Revenue Consolidation	-0.5	-0.3

STATEMENT OF FINANCIAL POSITION IN EUR MILLION	30 Sept 2011	31 Dec 2010
Total assets	180.4	228.0
Equity	42.0	53.2
Equity ratio in %	23.3	23.3
Subscribed capital	17.7	17.7

CASH FLOW IN EUR MILLION	9M/2011	9M/2010
Cash flows from operating activities	- 9.6	- 12.1
Cash flows from investing activities	- 8.9	- 0.1
Cash flows from financing activities	4.8	- 7.1
Cash and cash equivalents as of 30 September	6.3	13.0

THE SHARE IN EUR	9M/2011	9M/2010
Earnings per share (basic) in EUR	-0.51	0.15
Share price, beginning of January (closing price) in EUR	1.83	4.11
Share price, end of September (closing price) in EUR	0.36	2.64
Number of shares	17,744,557	17,744,557

EMPLOYEES	9M/2011	9M/2010
Number of employees, total	60	127

FINANCIAL CALENDAR

FINANCIAL CALENDAR 2011/12	
Publication of Annual Report 2011	26 April 2012

PUBLISHING INFORMATION AND DISCLAIMER

PUBLISHING INFORMATION

Published by:

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This report is available for download in German and English.

Please contact us for printed copies or additional information about COLEXON Energy AG. We will be happy to include you in our mailing list for shareholders if you would like to receive regular information and the latest news by email.

DISCLAIMER

This report contains forward-looking statements that are based on the opinions of the Management Board of COLEXON Energy AG and reflect the Board's current assumptions and estimates. These forward-looking statements are subject to risks and uncertainties. Numerous facts unforeseeable at this time could cause the actual performance and results of COLEXON Energy AG to differ from such forward-looking statements. These facts include, but are not limited to: lack of acceptance of newly introduced products or services; changes in the general economic or business situation; failure to meet efficiency or cost reduction targets; and changes in the Company's business strategy.

The Management Board firmly believes that the expectations contained in these forward-looking statements are sound and realistic. However, should previously mentioned or other, unanticipated risks materialize, COLEXON Energy AG cannot guarantee that these expectations will turn out to be correct.