



ALTIRA
GROUP

ANNUAL REPORT
2010

Independent Investment Teams
Institutional Infrastructure
Entrepreneurial Asset Management

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ANNUAL REPORT 2010

ALTIRA AT A GLANCE

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OUR GUIDING PRINCIPLES

The Altira Group – entrepreneurial asset management

Altira Group is an owner-managed, listed asset management company that focuses on alternative investment strategies for institutional and private investors.

An expert for growth markets

Altira Group focuses on both established and newly developing future-oriented growth markets. The specialised knowledge, many years of experience and entrepreneurial thinking and action of the Altira Group's investment teams allows them to apply an active investment approach ("high alpha strategies") to achieve sustainable above-average returns in these markets.

Independent investment teams supported by an institutional infrastructure

Altira Group investment teams make independent investment decisions and use their own brand to present themselves to the market. Furthermore, they invest into their own products or have long-term performance-related incentives in order to ensure that their interests are aligned with those of their investors. At the same time, the investment teams have access to the professional, institutional infrastructure of the group, which, among other things, provides services in the risk management/controlling, legal, marketing/sales, human resources and IT areas. This approach ensures stability and a high level of service, as well as creating synergies and economies of scale.

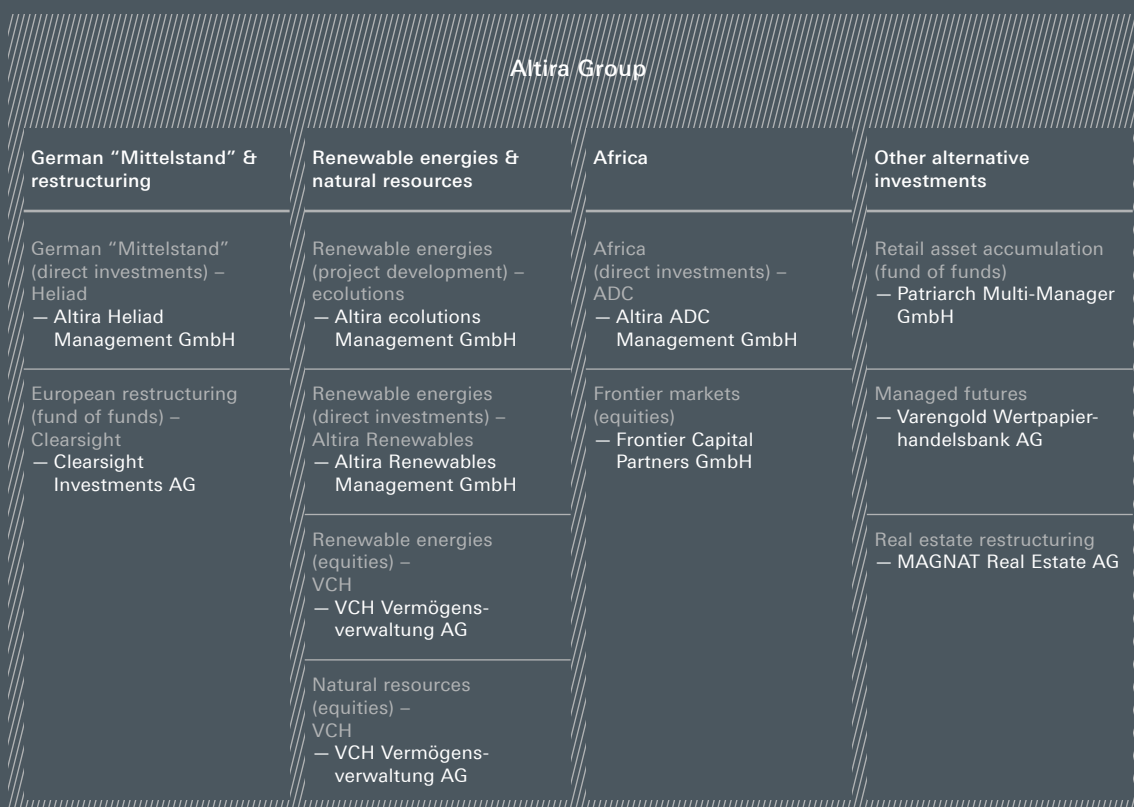
The Altira Group generally acts as a seed investor for the products of its investment teams, which ensures an alignment of interests with the investors in these products and the shareholders of the group.

The Altira Group's goal: Create added value for investors

The Altira Group thus combines asset management expertise with entrepreneurial spirit. This approach facilitates the pursuit of its goal of increasing the wealth of its demanding investors, such as the family Silvia Quandt, which is both a shareholder of the Altira Group as well as an investor in the products of its investment teams.

Altira Group is supported in this by highly respected Supervisory Board members, such as Axel-Günter Benkner, former CEO of DWS Investment GmbH, and Peter E. Merian, former CEO of Sarasin Bank.

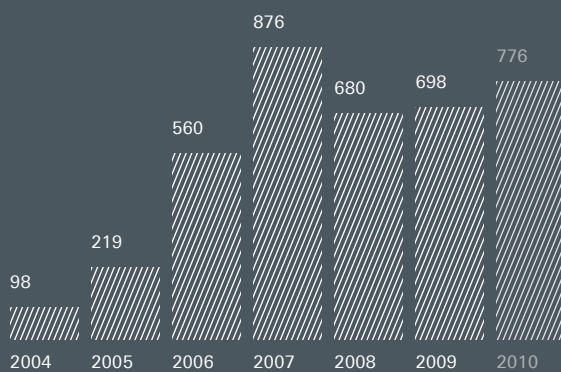
STRUCTURE



KEY FINANCIAL FIGURES AT A GLANCE

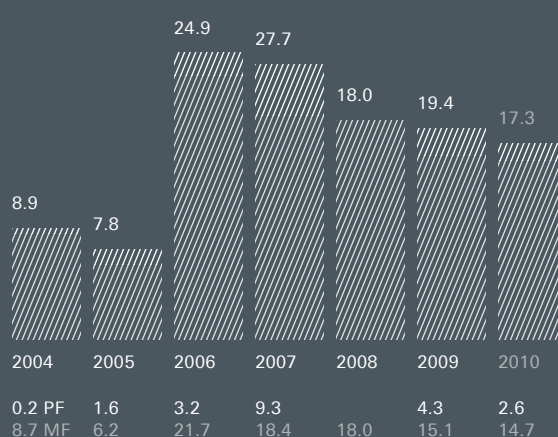
Assets under Management¹

in EUR millions



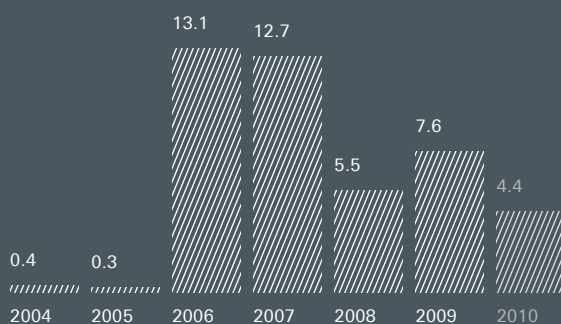
Revenue

in EUR millions

PF = Performance Fee
MF = Management Fee

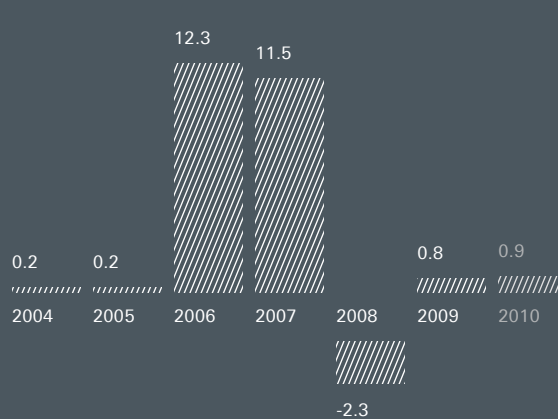
EBITDA

in EUR millions



EBIT

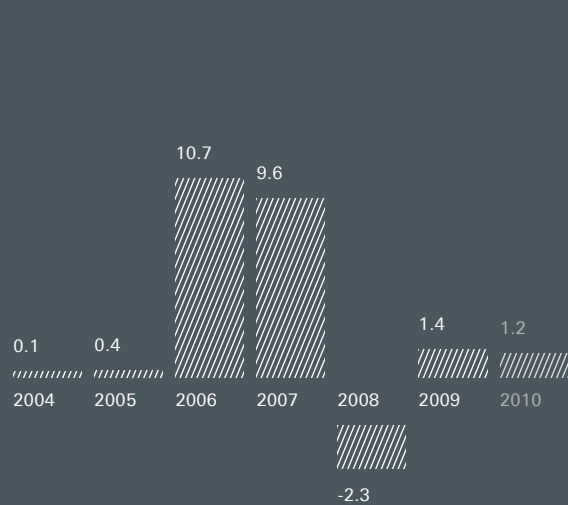
in EUR millions



1.) Note: To allow better comparability with past figures, the assets under management of the minority interest in C-Quadrat Investment AG were not included in consolidation using the equity method as this interest was eliminated in 2007 – 2008.

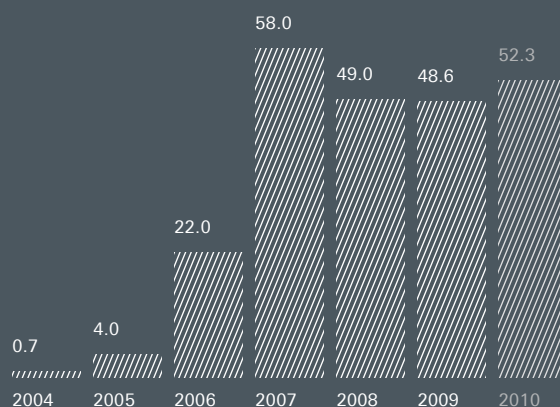
Consolidated net income

in EUR millions



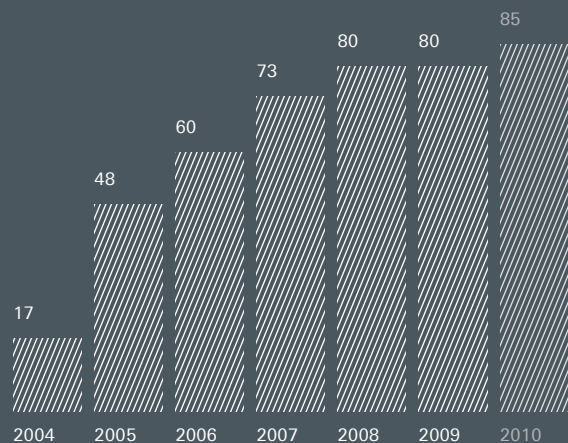
Equity

in EUR millions



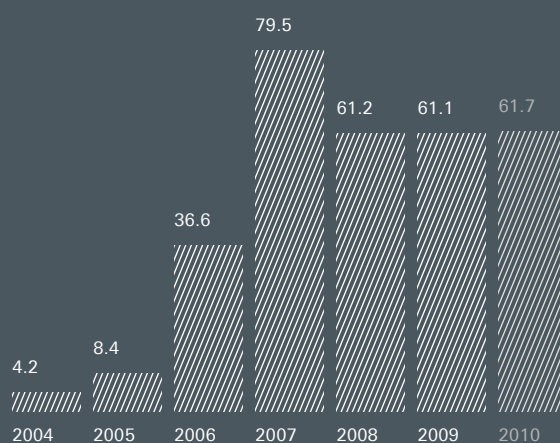
Equity ratio

in percent



Total assets

in EUR millions



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LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders,

2010 was a successful year for the Altira Group. The year can be characterized by the continued concentration on the following three business areas:

- German “Mittelstand” & Restructuring
- Renewable Energies & Natural Resources
- Africa

The Altira Group benefitted from its distinct profile and the return of investor confidence in the asset management sector.

— Increase in profitability in 2010

Profit-after-taxes was at 1.2 million in 2010 (2009: 1.4 million). Earnings-before-taxes increased by EUR 0.1 million to EUR 1.2 million.

With EUR 17.3 million our revenues decreased by 10.7 percent. Although revenues in the private equity area declined compared to the previous year due to lower valuations, our mutual funds participated fully in the financial markets upturn and were able to compensate for the decline in the private equity area. In addition to management fees of EUR 14.7 million, we also earned EUR 2.6 million in performance fees.

The main requirements for our business model, which is aimed at achieving sustainable earnings, are strong capital resources and a comprehensive risk management that ensure protection of both assets and the reputation of our company. Our balance sheet includes equity of EUR 52.3 million and an equity ratio of 85 percent, which underpin our stability. We have no significant liabilities due to banks, and more than EUR 11.6 million in liquid assets provide us with sufficient capital to continue to achieve sustained profitability in 2011 by further developing the business model both operationally and by means of strategic acquisitions.

— Stable share price and shareholder base

In the course of 2010, the share price rose almost by 4.3 percent. This growth was due to an increase in assets, showing the return of confidence in the asset management sector and the medium-term growth potential of the Altira Group.

Our major shareholders remained loyal to us this year. In addition to majority shareholder Angermayer, Brumm und Lange Unternehmensgruppe and the family office of the Silvia Quandt family, which has been a shareholder for many years, we are now also affiliated with Allianz Global Investors KAG and Ms. José Marie Kolb, a member of the Werhahn family and partner

of Werhahn KG, as well as a small cap fund focusing on Europe that is managed by a well-known international private bank headquartered in Frankfurt am Main.

— Expansion of the product range and increase in assets under management

The Altira Group continued to expand the range of products offered in its business areas in 2010, resulting in an 11.2 percent increase in assets under management (AuM) compared to the previous year. As of 31 December 2010 Altira AG had EUR 775.6 million assets under management (2009: EUR 698.0 million).

Although the AuM in the German “Mittelstand” & Restructuring business area declined slightly to EUR 168.4 million (2009: EUR 219.6 million), assets in the Renewable Energies & Natural Resources business area rose to EUR 238.0 million (2009: EUR 176.2 million). A highlight was the successful setup of the Altira Renewables investment team, which manages products in the renewable energies sector for institutional investors and has already successfully launched its first fund in the solar energy area with its establishment in 2010. In our third business area, Africa, ADC African Development Corporation GmbH & Co. KGaA raised new funds and performed an IPO, thereby significantly raising its AuM to EUR 69.0 million (2009: EUR 18.7 million). “Other alternative investments” consists of Altira Group investments and has AuM of EUR 300.2 million (2009: EUR 283.5 million). The following allocation exists with respect to asset classes: AuM in the private equity area rose from EUR 278.0 million in 2009 to EUR 344.3 million, and AuM in the public equity area increased from EUR 310.0 million to EUR 322.3 million.

While income from mutual funds remained strong, revenue in the private equity segment fell slightly. The Altira Group offers “traditional” private equity products with predefined maturities, as well as open ended products, so-called “evergreen assets”. A market comparison shows this product group to be unique, and its relatively stable revenues and long-term nature are deemed very highly in the eyes of the shareholders of the Altira Group. These products provide stable cash flows for the company and play a fundamental role in the generation of sustained earnings, which in turn will be positively reflected in the long-term movement of its share price.

— Focused business model

The Altira Group focuses on three business areas in which investment teams manage a variety of products for investors. Due to their specialisation, the investment teams have specific know-how and are in a position to generate true added value for investors. This also benefits the investment teams themselves, as they can leverage the know-how of each other within a business area. Another important benefit is represented by the set-up of private and public equity investment teams and products in all three business areas. As a result, investment teams receive valuable insights into the same market from a number of different perspectives, thereby acquiring a deeper understanding that influences their own investment decisions and, ultimately, benefits customers. The success of the products depends on the individual members of the investment team. They enjoy complete freedom to implement their investment strategies. This freedom results not just in high motivation and above-average commitment of the investment teams, but also creates a high level of identification with their work.

Increasing institutional investor demand for innovative investment solutions that are independent of the capital market requires a qualitative risk management that provides maximum transparency, personal service and continuous dialogue. Specialised boutiques that are often highly successful in alternative asset classes are seldom able to provide this. In addition to “seed capital” and an institutional infrastructure to handle all non-investment activities, they also need effective distribution of their products. The Altira Group, with its institutional infrastructure, plays the role of an “incubator”, allowing investors to access attractive alternative investments based on reliable structures.

This set-up allows the Altira Group to win over excellent new investment teams to its business areas and retain their loyalty. In 2010, for example, the Altira Group set up its own investment teams for natural resources and renewable energies (direct investments), and established its own investment team with Africa expert Jens Schleuniger to manage an African equity fund.

In order to develop the business model and institutional infrastructure, Altira Advisory GmbH was established in 2010. It acts as a link between institutional investors looking for suitable custom-designed alternative investment solutions and appropriately specialised investment teams and products.

— 2011 – a year of many opportunities

2011 is a year of many opportunities, particularly in the areas in which the Altira Group operates. Developments in the first months of the year indicate that the Altira Group has focused on the right business areas. The African area will benefit from the radical changes and ongoing process of democratisation in the Arab world. The events in Japan and the trend away from nuclear energy will open new opportunities for growth in the renewable energies area in 2011. The reassessment of the risks of nuclear energy generation that is currently taking place will likely lead to further promotion of renewable energies. The German "Mittelstand" & Restructuring area is also well positioned for further growth. The Altira Group is benefitting from an increased desire of institutional investors to invest into attractive specialised themes within the field of private equity going forward. These include, among others, the ClearSight investment team, with its focus on the turnaround and restructuring segment.

Based on its solid balance sheet and healthy mix of established and new products, the Altira Group is therefore in an excellent position to achieve further growth. The institutional infrastructure built up in previous years assists the investment teams in their work, generates synergies within the group and will lead to significant economies of scale in the future. Together with the distribution power that has been gained, it plays a significant role in the successful acquisition of new mandates and, therefore, future growth.

We remain committed to our shareholders, and aim to develop the Altira Group into one of the most highly successful independent alternative asset managers, thereby creating long-term sustainable value for our shareholders.

We thank you for the confidence you continue to place in us, and also give special thanks to our employees for their relentless dedication.

Yours sincerely,

Michael Rieder
Chairman of the Management Board

Frankfurt am Main, June 2011

2010 HIGHLIGHTS

“2010 was an important year for the Altira Group. The course has been set towards growth by expanding know-how in all three business areas, launching specialised new products and expanding distribution.”

Michael Rieder

Business area: German “Mittelstand” & Restructuring

The merger between Heliad and TIG, which was initiated in 2009 and created Germany's fifth largest private equity player, was successfully completed and management was reorganised to place Heliad on a path for sustainable growth.

Moreover, the ClearSight Turnaround Fund I that was launched in 2008, already shows an excellent performance. The investment manager Jakub Chronek and the Altira Group itself invested a considerable amount into the fund, thereby aligning the interests between initiators, investment team and investors. The performance, setup and sustained investor interest in this specialised investment strategy create a good foundation for a successor product in 2011, which should lead to further growth.

Business area: Renewable Energies & Natural Resources

Many positive changes took place in the Renewable Energies & Natural Resources area in 2010. In the renewable energies area, the Altira Group further intensified its focus on the solar energy market. This was achieved by focusing the business strategy of ecolutions GmbH & Co. KGaA on project development for solar power plants. The company financed, developed and connected solar systems with a capacity of 45 MW to the network, thereby achieving profitability for the first time. In addition, the business area continued to expand with the establishment of the Altira Renewables Management GmbH and its investment team in the fourth quarter. The team will develop and manage products for institutional investors in the renewable energies area. Already at its establishment, the team successfully launched its “Deutscher Solarfonds Stabilität 2010” solar fund, which had been custom-tailored in close dialogue with its investors, German insurance companies. The fund is building a geographically diversified portfolio of photovoltaic systems in Germany and other European countries that will be managed by the fund over a 20-year period. EUR 77.5 million in equity was raised in a first closing in November 2010. A second, final closing took place in February 2011, with EUR 112.5 million in total. The placement not only significantly increased the Altira Group's AuM and secured revenues for coming years, it further strengthened its position with institutional investors.

Business area: Africa

This result follows ClearSight's successful placement in 2009 and impressively demonstrates that the Altira Group can offer institutional investors both, the advantages of specialised investment teams as well as an institutional infrastructure satisfying the highest standards of reliability, transparency and service.

In 2009, the natural resources area made the strategic decision to develop internal expertise and create its own team of experts. The team was also assigned responsibility for the existing natural resources equity fund VCH Expert Natural Resources (LU0184391075). Along with the change in management, the fund realigned its management approach. Instead of using a quantitative approach, the fund now uses an approach based on fundamentals to invest in a diversified portfolio of stocks that profit from the structural shortages of many natural resources (e.g. oil, natural gas, base metals, gold, coal, platinum and iron ore). An AA rating from Telos confirms the high quality of the new investment approach and management.

In order to offer customers a full range of products based on equities and to offer direct access to the asset class via derivatives we decided to add another fund to the product range in 2010. The fund VCH Commodity Alpha (LU0588332238) was launched in March 2011. Moreover, institutional share classes were set up for both products which should increase their attractiveness to institutional investors and assets under management in the natural resources area over the coming years.

The investment strategy of ADC African Development Corporation GmbH & Co. KGaA focuses on the banking and insurance sector in selected "frontier markets" of sub-Saharan Africa. In addition the good operational performance of its portfolio companies in 2010, the company also raised new funds and performed an IPO. In the first half of 2010, EUR 6.1 million in new capital was raised through a private placement with selected investors. This was followed by an IPO on the Frankfurt Stock Exchange (Entry Standard) in December 2010. The IPO raised an additional EUR 43 million from institutional investors and family offices.

In addition to enabling the company to grow further and expand its team, the increase in assets and liquidity will also enable it to take advantage of attractive investment opportunities in the region and further develop its position as "first mover". The Altira Group benefits from higher revenues and receives a profit share once projects are successfully implemented. Together with the ongoing growth of the company and new investments, a switch to the Prime Standard of the Deutsche Börse is planned for the first half of 2011, in order to attract new investor groups and to meet highest transparency requirements of the capital market environment.

The Africa business area is a core investment theme for the Altira Group and a liquid product (a mutual fund) was consequently added to the product range. This was kicked off by creating a new investment team around Jens Schleuniger. Mr. Schleuniger previously worked as a fund manager at DWS, and is an experienced Africa expert. In January 2010, for example, he was awarded 3rd place for the 1-year period in the "Middle East Equity Funds/Africa Equity Funds" category of the Euro Fund Awards. The new mutual fund VCH Africa (LU0563445195) was launched in March 2011.

Establishment of Altira Advisory

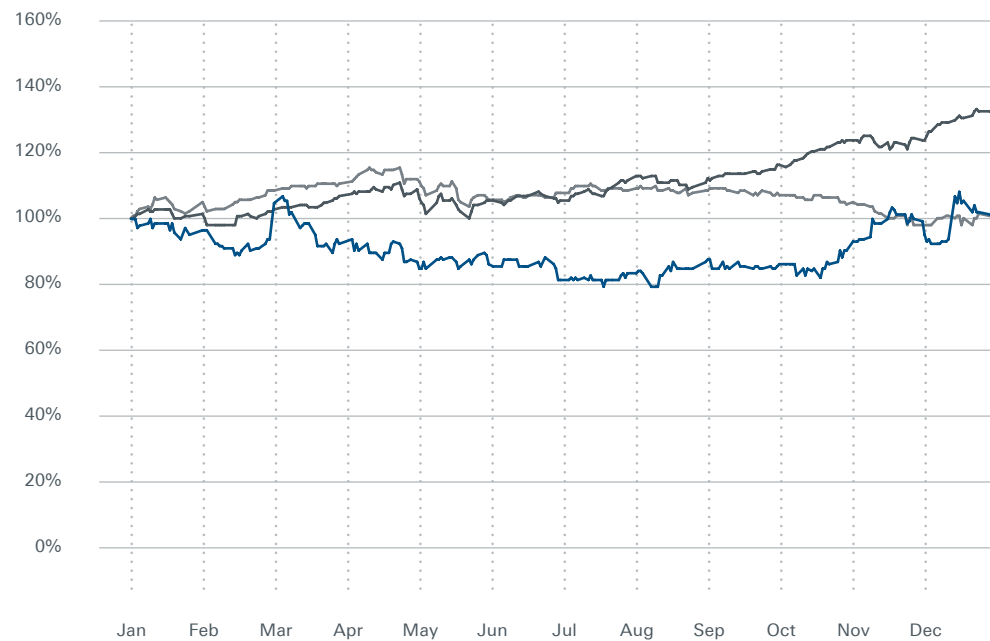
In the third quarter of 2010, the Altira Group established Altira Advisory GmbH, which acts as a link between institutional investors looking for suitable alternative investment solutions and specialised investment teams. The company was established in response to an increased demand for alternative investment solutions and need for personal consulting, service and joint development of product concepts with clients. With its institutional infrastructure the Altira Group offers a general solution and a specific solution through Altira Advisory. This way the Group offers institutional investors perfectly tailored individual concepts to access attractive alternative investments and investment teams based on reliable structures, while simultaneously performing all non-investment activities for the investment teams, allowing them to focus on implementing their investment strategies. In addition to the CEO of the Altira Group, Michael Rieder, knowledgeable experts such as Oliver Brandt and Josef Pfannenstill joined the team as managing directors.

SHARE INFORMATION

The share price started with EUR 12.20 into the fiscal year 2010. Although Altira Group's operating activities already started to increase at the beginning of 2010, after reaching a minor high, the share price initially reacted negatively, finding support at EUR 10.00 between April and June, and then breaking through to fall as low as EUR 9.00 between June and October. In the fourth quarter this trend reversed and the share price followed an upward trend into the next year, with the share price surging almost 30% to EUR 12.75.

Management continued to promote dialogue with the capital market, providing a steady stream of up-to-date information on developments in the company. In addition, 13 Corporate News releases were published in order to provide the capital market with timely information. Although not required by stock exchange law, Altira Group investors highly valued the publication of our quarterly results.

— Performance of the Altira share in the financial year



— Altira
— SDAX
— Entry Standard

Facts & figures

___ Transparency level on the German Stock Exchange
Entry Standard

___ Market segment on the German Stock Exchange
Open Market

___ ISIN
DE00012186063

___ WKN (German securities identification number)
121 806

___ Ticker symbol
A7A

___ Share price as at 3 January 2010
EUR 12.20

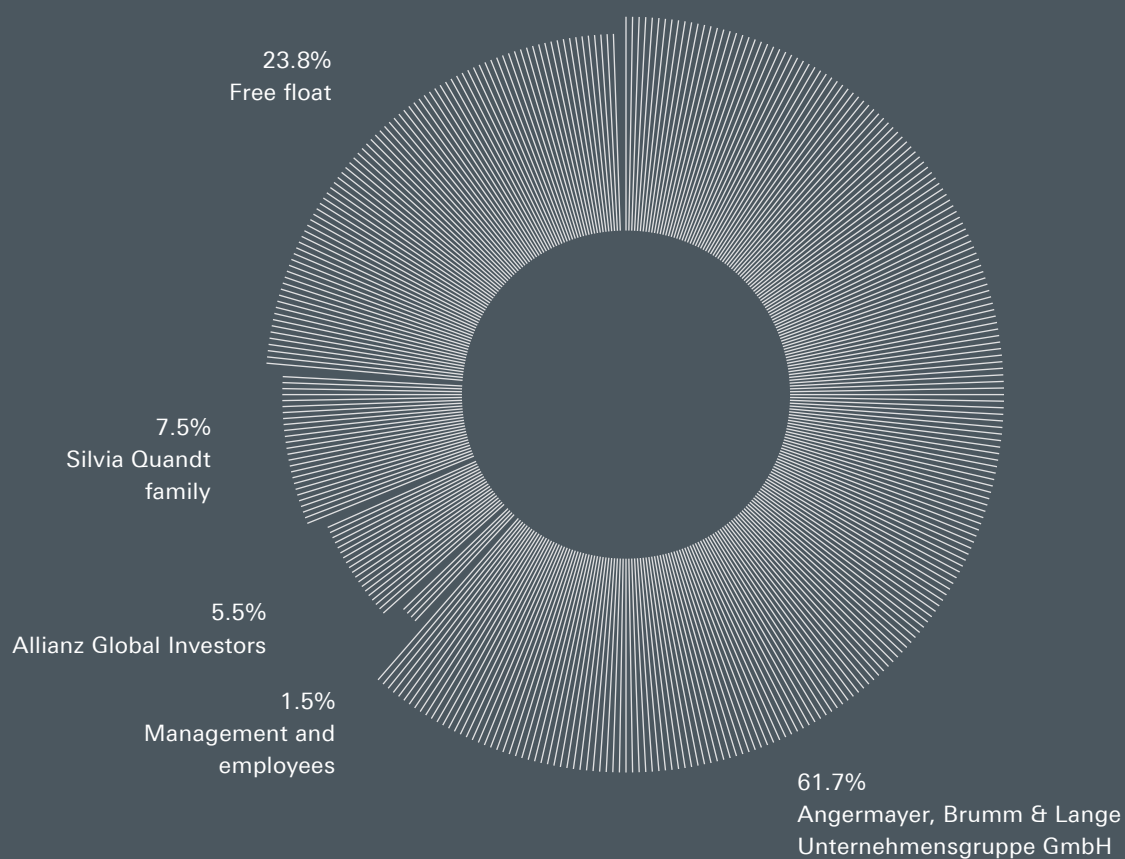
___ Share price as at 31 December 2010
EUR 12.75

___ Market capitalisation as at 31 December 2010
EUR 69 million

___ Free float as at 31 December 2010
23.80%

___ Designated Sponsor
Silvia Quandt & Cie. AG

Shareholder structure



Altira's shareholders include well-known investors, which attests to the validity of Altira Group's business model and its positioning in the strategic "German 'Mittelstand' Companies and Restructuring", "Renewable Energies and Natural Resources" and "Africa" markets.

Furthermore, as an owner-managed company, the majority of our shares are held by Angermayer, Brumm & Lange Unternehmensgruppe, whose owners hold most seats on Altira Group's Management Board. As such, Altira Group effectively manages to align the interests of its management with those of its shareholders.

SUPERVISORY BOARD REPORT

In 2010, the Altira AG Supervisory Board fulfilled its advisory and supervisory responsibilities in close and trusting cooperation with the Management Board.

— Cooperation between Management Board and Supervisory Board

In the course of the financial year, the members of the Supervisory Board had ongoing contact, as often as several times a month, with the Chairman of the Management Board, obtained information on the course of business and significant events and consulted with the Chairman and other members of the Management Board.

The Chairman of the Supervisory Board discussed important matters with the other members of the Supervisory Board and included them in the ongoing work of the Supervisory Board.

The Management Board kept the Supervisory Board regularly apprised, both verbally and in writing, in a timely and comprehensive manner of all important aspects of business planning and strategic and ongoing business development.

All matters requiring Supervisory Board approval were submitted by the Management Board to the Supervisory Board for its decision in a timely fashion. Approvals were granted following a detailed review of the documents and any additional explanations provided by the Management Board.

At all times, the opinions and decisions of the Management Board and Supervisory Board were successfully mutually agreed upon in a timely manner based on in-depth, relevant information.

— Supervisory Board meetings

The Supervisory Board of Altira AG held four annual meetings in 2010.

At the Supervisory Board meetings, discussions were held on the Management Board's report regarding the company's business, the economic environment, changes in revenue and expenses as well as important transactions.

Specifically, the Supervisory Board primarily dealt with the following topics:

— Meeting of 14 April 2010

The annual financial statements and consolidated financial statements were discussed in the meeting of 14 April 2010. The Management Board also reported on the financial and economic position of the company and the group. Extension of the employment agreement with the company's CEO, Michael Rieder, was also on the agenda for the meeting.

— Meeting of 30 June 2010

The audited 2009 annual and consolidated financial statements were discussed and approved in the financial statement meeting on 30 June 2010. Other agenda items for the General Meeting were also discussed and approved.

— Meeting of 10 August 2010

Following the company's Annual General Meeting, which took place on the same date, the Supervisory Board met to discuss semi-annual figures of 2009 for the company and group. In addition, the Management Board presented a report on the financial and economic development of the company and the group.

— Meeting of 29 October 2010

In its meeting of 29 October 2010, the Supervisory Board, among other things, discussed and approved the financial year 2011 budget presented by the Management Board.

— Audit of the Annual and Consolidated Financial Statements

The 2010 Altira Aktiengesellschaft annual financial statements, consolidated financial statements and group management report prepared by the Management Board were audited by Verhülsdonk & Partner GmbH, Auditors and Tax Consultants, Berlin. The Supervisory Board engaged the auditors for this purpose in accordance with the resolution passed by the General Meeting of 10 August 2010.

The Altira Aktiengesellschaft consolidated financial statements were prepared in accordance with § 315a HGB (Handelsgesetzbuch – Commercial Code) on the basis of the International Financial Reporting Standards (IFRS).

The auditor issued unqualified audit opinions for the Altira Aktiengesellschaft annual financial statements and the consolidated financial statements and the group management report.

The financial statement documents and both of the auditor's reports were made available to the Supervisory Board. They were examined in detail by the Supervisory Board and discussed with the auditor, who reported on the results of the audit.

The Supervisory Board agreed with the results of the audit and, in conjunction with its own review, determined that it had no objections. The Supervisory Board approved the 2010 Altira Aktiengesellschaft annual financial statements, consolidated financial statements and the management report prepared by the Management Board. The Altira Aktiengesellschaft financial statements have thus been formally approved in accordance with § 172 AktG (Aktiengesetz – Stock Corporation Act).

— Audit of the Management Board report regarding dealings with affiliated companies

The report on dealings with affiliated companies (dependence report) prepared by the Management Board in accordance with § 312 AktG for financial year 2010 was submitted to the Supervisory Board together with the corresponding auditor's report.

The auditor reviewed the dependence report and issued the following unqualified audit opinion in accordance with § 313 AktG:

Based on the results of our audit, we have issued the following unqualified audit opinion for the Management Board's dependence report for the financial year from 1 January to 31 December 2010:

"After our duly performed audit and assessment, we certify that

- 1. the actual information disclosed in the report is correct,*
- 2. the transactions and agreements listed in the report were not to the Company's detriment,*
- 3. no circumstances exist with respect to the measures listed in the report that would imply an assessment differing materially from that provided by the Management Board."*

The Supervisory Board performed its own review of the Management Board's dependence report and reviewed the auditor's report. The Supervisory Board is convinced that the auditor's report – and the actual audit performed by the auditors – complies with legal requirements. The Supervisory Board reviewed the dependence report, in particular, for completeness and accuracy and verified that the group of affiliated companies was determined with due care and that the necessary precautions were taken in ascertaining the reportable transactions and measures. This review did not provide any grounds for objections to the dependence report. After the final results of its audit, the Supervisory Board does not raise any objections to the concluding declaration by the Management Board and agrees with the results of the audit performed by the auditor.

The Supervisory Board would like to thank the Management Board and all Altira Aktiengesellschaft employees for their dedication and successful work in this past financial year.

Frankfurt am Main, June 2011
On behalf of the Supervisory Board

Robert Depner
(Chairman, Supervisory Board)

GROUP MANAGEMENT REPORT

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1. BUSINESS AND MARKET CONDITIONS

The Altira Group focuses on alternative investment strategies, particularly private equity, for institutional and retail investors. It concentrates on both established and newly developing future-oriented growth markets in its business areas:

- German “Mittelstand” & Restructuring
- Renewable Energies & Natural Resources
- Africa

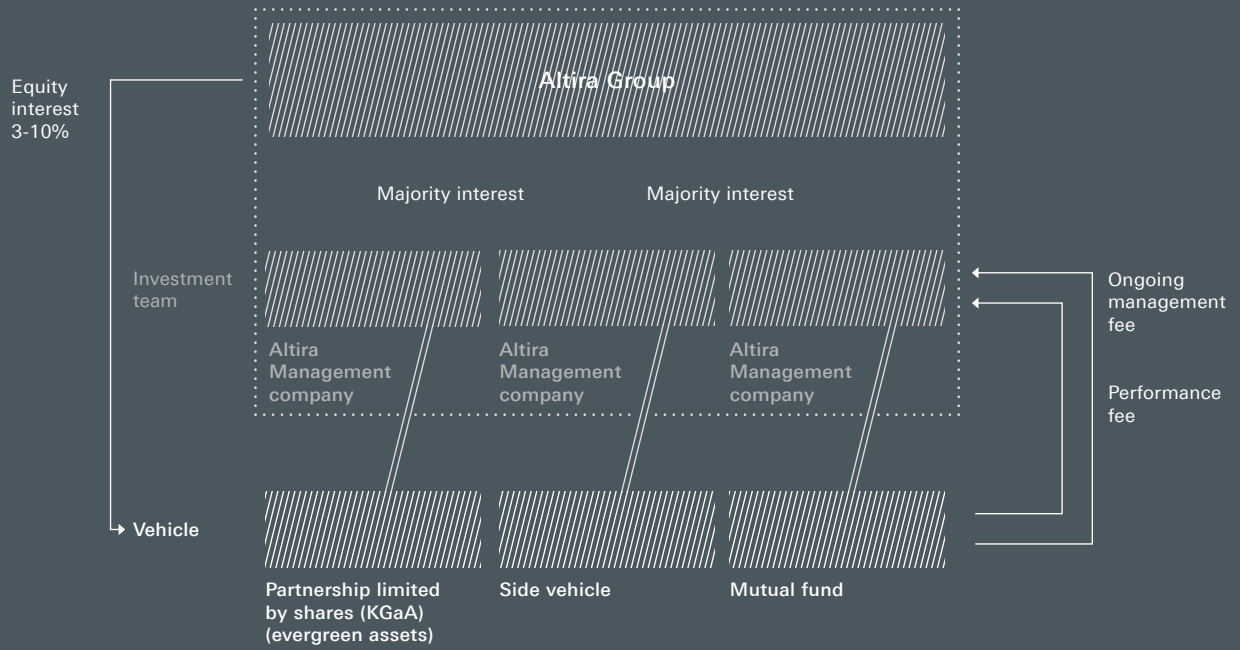
Altira Group investment teams use active investment approaches (high-alpha-strategies) aimed at earning sustainable above-average returns. By investing in their own products and appropriate performance-based incentive structures we ensure that the teams have an entrepreneurial interest in the performance of their products and believe this to be one of the key success factors. The investment teams have the specialised knowledge and entrepreneurial mind-set necessary to make investment decisions, and are given complete freedom to act accordingly - within the Altira Group framework.

Specific investment products are set up within each of Altira Group’s investment teams. At the same time, they benefit from a stable, institutional infrastructure which provides risk management-, finance/controlling-, legal-, marketing- and sales (support)-, as well as IT services. This allows the investment managers to concentrate on their investment activities and – as a result of economies of scale (based on a division of labour) – retain their flexibility, ability to respond and quality standards while their assets under management increase. Investor desires and requirements, e.g., in terms of transparent investor communications, can be taken into account at the same time. Additionally the institutional infrastructure provides benefits, such as the utilisation of cost, knowledge and networking synergies that would not be available to other independent investment boutiques.

The Altira Group receives payments from managed products in the form of regular management fees based on the assets of the investment vehicles. Clients are entitled to profits earned at the product level, with Altira participating with a pre-specified share in the form of a performance fee.

The Altira Group also generally acts as a seed investor in new products of its investment teams. Increases in the value of these products are generally disclosed as write-ups in the Altira Group net financial items for the year and in revenues.

Revenue streams



Investment teams of Altira Group

Altira Group		
	Investment team	Company
German "Mittelstand" & Restructuring	German "Mittelstand" (direct investments) – Heliad	Altira Heliad Management GmbH
	Restructuring Europa (fund of funds) – Clearsight	Clearsight Investments AG
Renewable Energies & Natural Resources	Renewable energies (project development) – ecolutions	Altira ecolutions Management GmbH
	Renewable energies (direct investments) – Altira Renewables	Altira Renewables Management GmbH
	Renewable energies (equities) – VCH	VCH Vermögensverwaltung AG
	Natural resources (equities) – VCH	VCH Vermögensverwaltung AG
Africa	Africa (direct investments) – ADC	Altira ADC Management GmbH
	Frontier markets (equities)	Frontier Capital Partners GmbH
Other Alternative Investments	Personal asset accumulation (fund of funds)	Patriarch Multi-Manager GmbH
	Managed futures	Varengold Wertpapierhandelsbank AG
	Real estate restructuring	MAGNAT Real Estate AG

Focus	Vehicle
Direct investments in German "Mittelstand"	KGaA (listed), L.P.
Investments in private equity funds with a focus on restructuring & reorganisation of Europe	Private equity fund of funds
Direct investments in renewable energy systems with a focus on the development of photovoltaic systems	KGaA, L.P.
Direct investments in renewable energy systems with a focus on investments in photovoltaic systems after financial closing	Private equity infrastructure fund
Investments in shares of renewable energy companies	Mutual fund
Investments in shares of commodity companies (among others)	Mutual fund
Direct investments in companies in the financial sector in Sub-Saharan Africa	KGaA (listed)
Investments in shares of African companies	Mutual fund
Investments in funds for personal asset accumulation	Fund of funds
Investments in single manager (managed futures) and capital markets brokerage	Managed accounts, fund of hedge funds
Investments in real estate development in Eastern Europe, Austria und Germany	AG (listed)

One principle of the Altira Group is that it only offers products to clients that it invests into itself, thereby confirming its belief in the success of these products. We structure these products to be so transparent that our clients can understand them in detail and follow current developments. This is primarily achieved through continuous dialogue with our clients, on-going distribution of information, and service.

The implementation of our product management department has created product transparency and allowed us to focus on quality and service for internal and external clients. Consequently, we can now be even more efficient by supporting our investment teams in areas such as transparency requirements, structuring know-how and distribution. Ultimately, we regard this as the basis for product success.

The Altira Group offers products in its business areas in the form of mutual funds, partnerships limited by shares and limited partnerships.

Market environment

With regards to the market environment, both, capital market developments as well as trends in individual asset classes are important to the Altira Group.

In the wake of stricter central bank requirements following the global economic and financial crisis, equity and commodity markets continued to follow the upward trend from the prior year in 2010. The DAX index closed the year 2010 with a total gain of 16 percent. The Entry Standard segment, on the other hand, remained stable, with an increase of 1 percent compared to the prior year. These figures reflect the confidence international investors have in the German economy and its companies. The real economy also recovered, and measures like reduced working hours and economic stimulus programs expired. Over the previous year the German federal bureau of statistics, the Statistisches Bundesamt, recorded a 3.6 percent increase in GDP (source: Statistisches Bundesamt, 12 January 2011).

According to the national investment and asset management association Bundesverband Investment und Asset Management e.V., the fund market continued to improve in 2010, thanks to specialised funds, following a slight recovery in 2009 (EUR 206 billion in 2010 versus EUR 197 billion in 2009). However the market has still not reached pre-crisis level of 2007 (EUR 247 billion).

In its "IPO Watch Europe", the auditing and consulting company Pricewaterhouse Coopers recorded 381 issues with a total volume of EUR 26.3 billion for all of 2010, compared to only 126 issues with a volume of EUR 7.1 billion in crisis year 2009.

The private equity sector recovered slightly in 2010. Although the 2010 annual statistics of the German private equity and venture capital association Bundesverband Deutscher Kapitalbeteiligungsgesellschaften show that the fundraising volume of EUR 930 million for 2010 was slightly lower than in the previous year (2009: EUR 1,070 million), the number of transactions rose to 95 (2009: 85), and the value of the transactions almost doubled to EUR 410 million (2009: EUR 241 million). Both the number and value of the transactions indicated a recovery in the sector in 2010, which can be attributed to an improvement in loan issues.

Development of the group during the financial year

As at 31 December 2010 the Altira Group had EUR 775.6 million assets under management (2009 EUR 698.0 million)¹, which represents an 11.2 percent increase over the previous year.

Although the AuM in the German "Mittelstand" and Restructuring business area decreased slightly to EUR 168.4 million (2009: EUR 219.6 million), assets in the renewable energies and natural resources business area increased to EUR 238.0 million (2009: EUR 176.2 million). Of special note here is the launch of a solar fund that added EUR 77.5 million to the AuM as at the balance sheet date. As a result of a capital increase performed by ADC African Development Corporation GmbH & Co. KGaA, the assets in the third business area, Africa, were raised significantly to EUR 69.0 million (2009: EUR 18.7 million). The other alternative investments area had AuM of EUR 300.2 million (2009: EUR 283.5 million).

The allocation in terms of asset classes is as follows: The private equity AuM rose from EUR 278.0 million in 2009 to EUR 344.3 million, and from EUR 310.0 million to EUR 322.3 million in the public equity area.

— Management Board Changes

The Management Board consisted of the same members in 2010 as in the previous year.

1) Note: The assets under management of majority shareholdings are fully consolidated in the total asset calculation. The assets under management of minority shareholdings are calculated on a pro-rata basis in accordance with the equity interest percentage.

— Interests in vehicles

The Altira Group held the following equity interests as of the balance sheet date:

Interests in Altira-products (vehicles)

Company	Share capital in EURk	Equity interest in %
ADC African Development Corporation GmbH & Co. KGaA	7,646	7.5
Clearsight Turnaround Fund I, L.P.	95,089 ¹⁾	5.3
ecolutions GmbH & Co. KGaA	28,400	11.1
Heliad Equity Partners GmbH & Co. KGaA	12,146	8.4

1) Committed capital of all investors

2. BUSINESS AREAS AND INVESTMENT TEAMS

The Altira Group is mostly a founding majority shareholder in the management companies or acquires shares in existing asset management companies that want to join the Altira Group and its institutional infrastructure.

The Altira Group's investment activities are aimed at achieving a high level of diversification by investing in different asset classes and markets using a variety of investment vehicles (mutual funds, share-based company structures or limited partnership structures). These vehicles are structured according to the individual needs of investors.

German “Mittelstand” & Restructuring Business Area

— German “Mittelstand” investment team –
Heliad



Strategy

The Altira Heliad Management GmbH investment team focuses on market niches based on a long-term growth trend. A special feature of the business strategy is the intensive assistance to entrepreneurial growth companies in the services sector (asset light focus) by providing active support in the strategic and operational areas of the company. The companies in the group typically have annual revenues in excess of EUR 10 million and are acquired by a majority interest.

Its strong network, perceived reputation as a partner to the “Mittelstand”, and owner-oriented, proactive hands-on approach allow Heliad access to attractive investments. Heliad focuses on service companies that have a unique selling proposition and growth potential.

Investment vehicles

- Heliad Equity Partners GmbH & Co. KGaA
WKN: A0L 1NN / ISIN: DE000A0L1NN5

Heliad Equity Partners GmbH & Co. KGaA (www.heliad.com) is a listed investment company managed by Altira Heliad Management GmbH that currently manages a portfolio of 20 companies. Its 8 core companies with approximately 3,000 employees earn total revenues in excess of EUR 300 million. The company was established in 2000. Its shares are listed in the Prime Standard segment of the Frankfurt Stock Exchange.

The Heliad general meeting of 26 August 2010 and the TIG Themis Industries Group general meeting of 27 August 2010 both passed resolutions by large majorities approving the merger of the two companies. The merger was completed in December 2010. After the merger with TIG Themis Industries Group, Heliad continued its strategy of portfolio realignment and focus on growth companies with greater intensity and restructured its management.

— Heliad Investments Ltd.

In 2008, in the largest transaction of its history, Heliad sold approximately half of its investments to a well-known English financial investor. The transaction involved the transfer of these assets to a new investment vehicle named "Heliad Investments Ltd.", which Altira Heliad AG in Switzerland, a fully-owned subsidiary of Altira Management GmbH, continued to manage.

— **European restructuring investment team (fund of funds) –
Clearsight**



Strategy

The Clearsight Investments AG investment team (www.clearsight-invest.com), with its registered office in Pfäffikon, Kanton Schwyz, offers funds of funds that provide institutional investors and family offices access to the lucrative private equity niche market for corporate restructuring and turnarounds. Clearsight follows an active, complex search process to systematically identify the best private equity teams for turnarounds throughout Europe. The focus is set on funds with the most sustainable returns.

If a private equity team does not have a fund vehicle yet, Clearsight works together with them to structure one, thereby making it possible to invest in these. In both cases, the management of the target funds generally hold an above-average investment share in their own fund. Investments are made in a large number of private equity turnaround funds across Europe, thereby ensuring that Clearsight is broadly diversified.

Investment vehicles

— Clearsight Turnaround Fund I, L.P.

The Clearsight Turnaround Fund I, L.P., was established as a fund of funds in 2008 and is aimed primarily at institutional investors and family offices in Europe. Cash was raised from institutional investors in 2009. In January 2010, the fund was closed with assets under management of EUR 95 million.

Renewable Energies & Natural Resources Business Area

— Renewable energies investment team (project development) – ecolutions



Strategy

The Altira ecolutions Management GmbH investment team manages an investment vehicle that develops and finances renewable energy systems around the world. The goal of ecolutions is to fill the gap between local project developers and the international capital market. Its investment activities are focused on planning, installation and structuring of solar power plants.

Investment vehicles

- ecolutions GmbH & Co. KGaA ("ecolutions")

ecolutions was established in March 2007 and is managed by Altira ecolutions Management GmbH. ecolutions uses its own capital to provide financing during the development and construction period of solar power plants. ecolutions has built a global network of project developers and long-term investors to develop, structure and finance projects worldwide, based on a joint development approach. This approach forms the basis of ecolutions' long-term success and guarantees that the interests of all parties in the project are given equal weight at all times. ecolutions has also been actively involved in the development of CO2 certificates since its establishment in 2007.

— Renewable energies investment team (direct investments) – Altira Renewables

Strategy

The Altira Renewables Management GmbH investment team structures and manages closed ended funds in the renewable energies area that are custom-tailored to the needs of institutional investors. The current investment focus is photovoltaics.

The team's longstanding collaboration with the leading financial institutions in renewable energy project financing and its ability to quickly provide the equity capital needed for large projects through the funds that it currently manages, makes Altira Renewables Management an attractive and reliable partner for project developers, thereby giving it access to attractive large photovoltaic projects.

Investment vehicles

- Deutscher Solarfonds "Stabilität 2010" GmbH & Co. KG ("DSF")

DSF was custom-made for German insurance companies and aims to earn attractive returns and achieve stable, long-term distributions by making investments in a security-oriented portfolio of photovoltaic systems. The focus is primarily on Germany and, to a lesser extent, Italy and other European countries with government-regulated systems of feed-in tariffs.

— **Renewable energies investment team (equities) – VCH**

**Strategy**

The renewable energies investment team of VCH Vermögensverwaltung AG invests into equities and equity funds worldwide in renewable energy sector. Fund management focuses on so-called "next generation energies" such as geothermal energy, energy storage and technologies to increase energy efficiency. Fund management uses a sustainability filter in the investment process to exclude sectors that are ethically or ecologically questionable.

Investment vehicles

- VCH New Energy
WKN: A0M JV9 / ISIN: LU0283850484

The VCH New Energy equity fund was launched in 2007 and invests in equities worldwide in the renewable energies sector. The fund is significantly broader based than those of most of its competitors. In addition to "traditional" alternative energies such as solar and wind power, its focus also includes technologies for increasing energy efficiency, as well as water supply. This allows the fund to cover the entire value chain from energy production all the way to distribution and energy conservation. The high quality standards of VCH New Energy were once again confirmed by an AA-rating from Telos.

- SI ÖkoSelect
WKN: A0N EKV / ISIN: DE000A0NEKV8

Since June 2009, VCH Vermögensverwaltung AG has held an asset management mandate to manage SI ÖkoSelect, a fund launched by the Signal Iduna subsidiary Hansainvest in May 2009. The fund invests in equities and equity funds worldwide as well as in unlisted companies in the renewable energies sector.

— **Natural Resources investment team (equities) –
VCH**



Strategy

The natural resources investment team of VCH Vermögensverwaltung AG invests in a diversified portfolio of natural resources company shares and natural resources derivatives worldwide. The focus is based on a fundamental approach set on natural resources. The focus is on natural resources with structural shortages that are expected to experience a sustained increase in demand that extends beyond the business cycle and enjoys a structurally limited supply in the market.

Investment vehicles

- VCH Expert Natural Resources
WKN: A0B L7N / ISIN: LU0184391075

VCH Expert Natural Resources is a globally investing natural resources equities fund that was launched in 2004. Unlike most of the other funds in its investment category, it is significantly broader based and invests in natural resources companies with a special focus on the energy and metal and mining sectors.

Investments are based on a proprietary fundamental investment approach that has proven its value over many years. An active management approach allows investments in natural resources with the greatest potential. A global investment universe of 600 companies is used to create a diversified portfolio of approximately 30 to 50 stocks that profit from structural shortages of many natural resources (e.g. oil, natural gas, base metals, gold, coal, platinum and iron ore).

- VCH Commodity Alpha
WKN: HAF X5L / ISIN: LU0588332238

VCH Commodity Alpha was launched in March 2011 and is an actively managed, broadly diversified investment that invests into international commodity markets. The objective is to generate added value compared to commodity indices while retaining attractive correlation characteristics.

The focus is on commodities with structural shortages. The fund covers a broad range of commodities and exploits market timing opportunities. Portfolio management actively administers a portfolio of up to 50 commodities based on its own commodity market analyses and forecasts.

Africa Business Area

— Africa investment team (direct investments) – ADC



ADC AFRICAN DEVELOPMENT
CORPORATION

Strategy

The ADC Management GmbH investment team focuses on majority and significant minority investments in medium-sized financial services companies in sub-Saharan Africa. ADC's equity investments fall in the range of EUR 2 to 5 million per transaction. In addition to commercial and lending banks, the sector focus also includes insurance companies. Investments are also made in companies that provide telecommunications or IT services to the financial sector, such as electronic payments systems.

ADC focuses on so-called frontier markets in sub-Saharan Africa. These are countries that are still in the early stages of economic or financial market development, in many cases at a turning point, and show strong growth potential. As a rule, less developed economies and capital markets allow room for exceptional strong growth and offer investors high long-term returns and low correlation with other markets.

ADC uses a long-term investment approach, active management with operational employees on site, who transfer their comprehensive knowledge in order to generate operational added value in its portfolio companies and promote development.

Investment vehicles

- ADC African Development Corporation GmbH & Co. KGaA
WKN: A1E 8NW / ISIN: DE000A1E8NW9

ADC African Development Corporation GmbH & Co. KGaA (www.african-development.com) is a listed financial services group managed by Altira ADC Management GmbH that focuses on the most highly profitable banking and insurance markets in selected "frontier markets" in sub-Saharan Africa. Its shares have been listed in the Entry Standard segment of the Frankfurt Stock Exchange since 14 December 2010. It is the first German investment company that enables investors to directly participate in the upturn in small economies in sub-Saharan Africa.

ADC African Development Corporation GmbH & Co. KGaA was established at the end of 2007. It currently has a portfolio of six investments in companies located in Rwanda, Equatorial Guinea, Zimbabwe, Kenya, South Africa and Botswana.

— **Frontier market investment team (equities) –
Frontier Capital Partners**

Strategy

The Frontier Capital Partners GmbH investment team focuses on frontier markets. The primary focus is on African frontier markets. This investment boutique was established together with frontier markets expert Jens Schleuniger in the fourth quarter of 2010. While no products had been launched as of the balance sheet date, the first new product, the VCH Africa mutual fund, was launched in March 2011.

Investment vehicles

- VCH Africa
WKN: HAF X5C / ISIN: LU0563445195

VCH Africa is a pan-African equity fund. The fund invests in African companies, with a special focus on frontier markets in sub-Saharan Africa that are defined as emerging markets in an early stage of economic development and, in many cases, at a turning point, so that they offer a particularly high potential. Its target companies come from the consumer, industrial, telecommunications, financial and natural resources sectors. Investments are made using a mixed top-down/bottom-up approach focusing on fundamental analysis of African companies. Using a stringent investment process that has proven its value over many years, the fund has created a diversified portfolio of approximately 40 to 60 stocks.

Other Alternative Investments

Other alternative investments include Patriarch Multi-Manager GmbH (Patriarch) and investments in Varengold Wertpapierhandelsbank AG (Varengold) and Magnat Real Estate AG (Magnat).

Patriarch offers products for retail capital accumulation, with a product range focusing on broadly diversified funds of funds. Patriarch provides valuable asset allocation modules primarily to independent financial advisors. For larger partners, Patriarch also issues private-label funds of funds. Within the Altira Group, Patriarch is a retail brand. Apart from developing product concepts, Patriarch is responsible for identifying and selecting the best fund-of-funds managers and fund asset managers as well as instituting effective monitoring of these managers. Patriarch draws upon the expertise of Europe's most well-respected fund analysts, fund-of-funds managers, asset managers and family offices. Investors can use Patriarch products to benefit from these services. Patriarch works with around 500 distribution partners.

Varengold is an owner-managed listed German investment bank, whose core business is asset management with managed futures and capital market brokerage. Varengold has more than 15 years of sustainable asset management expertise and performance in all aspects of managed futures and is the only German investment bank with an exclusive focus in this area. The bank primarily manages institutional investor capital in custom-tailored structures and managed futures products for retail investors that have been approved for public sale.

The Altira Group holds a minority interest in Varengold. The main benefit of this investment is the stabilising, risk-minimising effect of the managed futures asset class. The interest expressed by institutional and retail investors in managed futures strategies has increased significantly, particularly against the backdrop of the latest economic and financial crisis.

Magnat is a listed real estate company focusing on real estate development in Eastern European, Austrian and German metropolitan areas. Magnat's activities cover the entire value chain from acquisition and development all the way to project and building site sales.

3. RESULTS OF OPERATIONS

Operating income, equal to the sum of revenue (EUR 17.3 million, previous year: EUR 19.4 million) and other operating income (EUR 5.1 million, previous year: EUR 12.6 million), declined from EUR 32.0 million to EUR 22.4 million. This corresponds to a decrease of approximately 30 percent. Other operating income in the previous year included a non-recurring effect from a EUR 8.5 million exchange of shares of a subsidiary for shares of a listed company. Operating income was EUR 23.5 million in the previous year when adjusted for this non-recurring effect. Operating income therefore decreased approximately 5 percent compared to the adjusted value for the previous year.

Business activities in the Private Markets segment contributed revenues of EUR 7.1 million (previous year: EUR 10.3 million), business activities in the Public Market segment contributed EUR 9.0 million (previous year: EUR 8.8 million), and the Holding Company segment contributed revenues of EUR 1.2 million during the reporting year (previous year: EUR 0.3 million), primarily from services provided to investment vehicles managed by the Altira Group. In addition to operating income, a loss of approximately EUR 0.02 million was incurred on the sale of securities (previous year: gain of EUR 0.1 million) and EUR 0.5 million in income was received from equity investments (previous year: EUR 0.3 million).

These revenues were counterbalanced by the cost of purchased services of EUR 2.4 million (previous year: EUR 4.2 million), personnel expenses of EUR 10.1 million (previous year: EUR 10.0 million), write-downs of investments and securities of EUR 3.2 million (previous year: EUR 6.6 million), depreciation, amortisation and write-downs of property, plant and equipment and intangible assets of EUR 0.3 million (previous year: EUR 0.3 million) and other operating expenses of EUR 6.0 million (previous year: EUR 10.5 million) as at the balance sheet date. The cost of purchased services primarily relates to expenses for commissions paid to third parties by the Public Markets segment. The other operating expenses for the previous year included EUR 3.2 million in expenses from deconsolidation of a subsidiary in connection with an exchange of shares of a subsidiary for shares of a listed company. Adjusted for this non-recurring effect, other operating expenses were EUR 7.3 million in the previous year. When compared to the adjusted value of other operating expenses for the previous year, other operating expenses for the reporting year declined by EUR 1.3 million, or approximately 18 percent.

Revenue decreased by EUR 2.1 million or 11 percent compared to the previous year. Moreover, the net income for the previous year included a positive non-recurring effect of EUR 5.3 million from the share exchange. The reduction in income compared to the previous year was counterbalanced by a reduction of EUR 1.8 million in the cost of purchased services, a reduction of EUR 3.4 million in write-downs of investments and securities, and a reduction of EUR 1.3 million in other operating expenses adjusted for the non-recurring effect.

EBITDA was EUR 4.4 million (previous year: EUR 7.6 million). Earnings before tax (EBT) rose by EUR 0.1 million to EUR 1.2 million (previous year: EUR 1.1 million). Earnings after tax plus the minority interest was EUR 1.1 million (previous year: EUR 1.3 million).

4. FINANCIAL POSITION

The cash flow statement shows how net cash flows were produced by cash inflows and outflows during the reporting period.

Cash funds were EUR 11.6 million at the end of the year (previous year: EUR 15.3 million). The reduction in cash funds was due to the cash flow from operating activities and the cash flow from investing activities.

5. NET ASSETS

The Altira Group's non-current assets of EUR 23.2 million as at 31 December 2010 (previous year: EUR 19.6 million) consist primarily of investments (EUR 21.2 million), operating and office equipment (EUR 0.5 million), deferred tax assets (EUR 0.3 million), and intangible assets, including goodwill resulting from consolidation (EUR 1.1 million).

The Group's current assets of EUR 38.5 million (previous year: EUR 41.5 million) consist mainly of bank balances (EUR 11.6 million), receivables and other assets (EUR 14.8 million) and securities classified as current assets (EUR 12.1 million).

Total assets were EUR 61.7 million (previous year: EUR 61.1 million).

The equity ratio is 84.8 percent (previous year: 79.6 percent). No significant liabilities are owed to banks.

6. POST BALANCE SHEET EVENTS

The "Deutscher Solarfonds Stabilität 2010" fund was launched in the financial year 2010, and a first closing of EUR 77.5 million took place in November 2010. It was also decided that VCH Vermögensverwaltung AG would be the initiator for the launch of two mutual funds.

After the 31 December 2010 balance sheet date, the second and final closing of EUR 112.5 million for the solar fund took place in February 2011. In addition, VCH Africa and another fund were launched in March 2011. VCH Africa is a pan-African equity fund. The second fund, VCH Commodity Alpha, uses commodity derivatives to invest directly into commodities.

No other material events occurred after the end of the financial year.

7. RISK REPORT

Performance of group companies

The Altira Group's financial success is primarily determined by the performance of the companies in the group. Due to the company's broadly based positioning across a variety of asset classes, the group has been able to significantly reduce its dependence on individual areas over the past several years. Nonetheless, the earnings of the group as a whole will naturally continue to be shaped by the performance of the individual companies. The future success of the Altira Group will also be significantly determined by investments in new investment teams and their products (vehicles). As a rule, every new investment comes with particular opportunities but also with particular risks, as a lack of empirical data often makes future performance difficult to forecast. As a major investment of personnel and investment resources is generally necessary, the biggest risk exists precisely when an investment is made. These investments are intended to ensure the company's continued strong growth but may also represent an above-average drag on earnings, particularly since the investment amounts have grown considerably over time in line with the growth of the Altira Group.

Capital market risk

In fulfilling shareholder and management expectations regarding the growth targets to be achieved, the most significant risk facing the group and its companies (indirectly via their equity investments) probably comes from changes in the overall economic environment, in the capital market as a whole and, in particular, those sub-markets in which the Altira Group is represented by its investment teams and the investment products (vehicles) they launch.

A significant portion of the Altira Group's assets is invested in listed vehicles created by group companies, so that reductions in the share prices of these vehicles could have an immediate negative impact on the company's income statement.

Furthermore, some group revenues are directly related to the performance of those investment vehicles being managed or advised upon, since the performance-linked fees are generally paid only when the absolute performance is positive (and historical highs, so-called "high-water marks", are simultaneously achieved). Consequently, such fees may be altogether absent, even for prolonged periods.

As Altira receives management fees via its majority-owned investments that come, among other things, from listed investment vehicles, in a negative capital market environment it might be impossible for the vehicles in question to grow for a prolonged period, meaning that the revenues of the Altira Group would likewise be unable to grow.

In short, there are a variety of ways in which capital market performance could have a significant and cumulative adverse impact on the group's future results.

Product risk

In addition to general capital market risk, to which all Altira Group companies are fundamentally exposed, each individual business area is also dependent on the performance of its products relative to the competition and on access to potential investors. If a product displays negative relative performance, there is a high risk that volumes for this product could decrease significantly, possibly requiring the product to be removed from the market. This could lead to significant reductions in income since Altira Group, as an asset manager, receives its income from the assets entrusted to it. In addition, it is also possible that liability risks may arise in some cases where products fail to meet investor expectations.

Special market risk

Altira Group management strives to create products in markets with special opportunities where the performance potential is based on inefficiencies in these markets. Private equity investments in Africa (ADC African Development Corporation) are an example of this. These and other significant business activities of the Altira Group are thus occurring in countries and markets subject to unquantifiable risks such as the risk of political instability. For investments made in sub-Saharan Africa, an agreement was entered into on 5 February 2009 with the Multilateral Investment Guarantee Agency ("MIGA"), a World Bank subsidiary, to cover part of the risk of political instability and other non-operational risks.

Altira Group management assumes that there are long-term growth opportunities in these markets, however, under certain circumstances, these may not be able to be realised. Hence, investments made may be exposed to the risk of total loss and, besides its own investment in the specific product, Altira Group would also lose income from managing the product and would suffer risks to its reputation.

Company dependence on key individuals

Successful management of the group companies depends to a large extent on a number of key individuals. Above-average expertise and a well-developed network create a foundation for success, particularly in asset management. The company's core team, which has developed its business operations over many years, possesses the required expertise and network of contacts necessary for success. Altira's future success is therefore highly dependent on these individuals.

Operational risks

The operational risk from the business activity of the group's parent company is mainly concentrated on the ability to obtain timely, meaningful information on group companies and the products they manage, so as to identify any unexpected risks at an early stage. The Management Board has taken steps to guard against these risks by implementing an appropriate controlling system. Many operational risks also exist in individual group companies, which operate independently in a variety of business areas. Significant risks also exist in terms of an uncertain tax environment where changes in administrative practice for many relevant tax laws are being discussed. For instance, a variety of court proceedings have been brought over the last few years relating to VAT, whose results could have a significantly adverse impact on the Altira Group's results of operations in a worst-case scenario.

Several court decisions are also expected in the next few years in the areas of corporate income tax and trade tax which could, under certain circumstances, have a negative impact on the company. The particular problem here is the potential retroactive effect of these possible changes since it is not always a matter of changes to the law; rather, in part, it also involves interpretation of existing laws.

The group has, in the meantime, grown in size and capital strength, giving it the financial and human resources to directly address the aforementioned opportunities and risks, and to profit accordingly from opportunities and to avoid risks. Even taking into account the risks to which the Altira Group is exposed, the Management Board is confident that the Altira Group will continue its positive development over the long term.

Risk management

The Altira Group's risk management system identifies and avoids, or limits, significant risks which result from the group's business operations. The risk management system also assists in identifying and exploiting opportunities, thereby contributing to the further development and greater success of the group.

Risks were assigned systematically to three risk groups:

1. Strategic risks

- Changes in the capital market environment, representing the essential commercial basis for a group of companies operating in asset management
- Market environment and positioning of competitors
- Human resources

2. Financial risks

- Price change risks (possible negative performance of portfolio securities and equity investments as well as performance of vehicles managed by investment teams)
- Liquidity risk
- Legal risks
- Risks from tax law changes

3. Operational risks

- Financial accounting and controlling
- Cash flows
- IT security

For each area of potential risk, risk management consists of early identification of risks, information and communication, as well as a risk response in the form of determining and implementing appropriate countermeasures.

Price change risks mainly result from potential negative changes in the capital market environment as a whole as well as in the performance of individual shares and in the fair values of equity interests and securities in the company's own portfolio and in its managed portfolios. In individual cases, the Altira Group manages these price change risks by taking out hedges.

8. OPPORTUNITIES AND RISKS OF FUTURE DEVELOPMENT

The Altira Group path of growth continues to focus on strategies in its three business areas. In German "Mittelstand" & Restructuring, a successor product is planned for the successful fund of funds managed by ClearSight. In Renewable Energies & Natural Resources, the launch of the solar fund in 2010 was a first important step toward growth. Additional renewable energy funds will follow for the same target group, increasing revenue diversification and allowing the Altira Group to participate in promising developments in this sector. In addition, efforts will be increased to prepare ecolutions GmbH & Co. KGaA for an IPO.

Growth will also be promoted in the natural resources area of VCH. Natural resources earnings were increased in 2010 by bringing business in-house and setting up the group's own investment team. A decision was also made in 2010 to expand the product range with another mutual fund, VCH Commodity Alpha, which uses derivatives to invest directly in commodities. The fund was launched in March 2011. Moreover, share classes were set up especially for institutional investors in both commodity products to make them more attractive to institutional investors and increase commodities assets in future years.

In the Africa business area, an IPO was performed for ADC in 2010. In addition, Frontier Capital Partners GmbH, which focuses on frontier markets, was established. Frontier markets are emerging markets in an early stage of economic development and, in many cases, at a turning point, so that they offer a particularly high potential. The first new product, the VCH Africa mutual fund, was launched in March 2011. Additional products will follow and increase the AuM in the Africa business area (in addition to ADC).

Ultimately, raising new assets highly depends on market sentiment at the time of fundraising, the competitive situation and other factors. Consequently there is a risk of growth targets not being reached or not being reached as quickly as planned. Over the medium term, specialised strategies, as is generally true for all asset classes, are exposed to the risk of negative changes in general investment conditions, such as the price level or availability of investment opportunities, that could limit growth or make it impossible. The opportunities in Africa, for example, also depend on the political situation at the time. The Altira Group is aware of these risks, but nevertheless feels that the outstanding opportunities in its business areas create a highly attractive risk-return profile, as the Altira Group expects that its business areas in particular will experience a significant increase in assets under management over the coming years, thereby also increasing its revenues from management fees.

The healthy mixture of established and new products in its business areas will drive growth with limited risk. The newly established Altira Advisory GmbH will also be helpful in this regard. It acts as a link between institutional investors looking for suitable custom-designed alternative investment solutions and appropriately specialised investment teams and products.

Conservative planning was used for the key financial figures for the financial year 2011, and the cost base is not expected to increase significantly compared to 2010. The Altira Group expects a positive end for the financial year 2011 with an EBIT in the seven figure range. This takes into account the current market volatility, and our conservative planning could quickly be exceeded should market sentiment turn positive.

The Management Board of the Altira Group is convinced, that the company is well prepared for the coming year both in terms of the selection of specific investment topics and the investment management performed by the investment teams. Together with the positive forecast for the capital market environment provide a highly attractive risk-return profile for the company and its investors.

9. DEPENDENCE REPORT

Angermayer, Brumm & Lange Unternehmensgruppe GmbH, with its registered office in Wiesau, holds more than 50 percent of the share capital of our company.

In accordance with § 312 AktG, the Management Board has therefore prepared a report on relationships with affiliated companies for financial year 2010. This report concludes with the following declaration by the Management Board:

“The company has not been detrimentally affected by agreements with the controlling company or its affiliates.”

Frankfurt am Main, June 2011

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CONSOLIDATED INCOME STATEMENT

in EURk	Notes	2010	2009
Revenue	6.1	17,308	19,381
Proceeds from the sale of securities and investments	6.2	2,870	490
Other operating income	6.3	5,092	12,628
Carrying value of disposed securities and investments	6.4	-2,885	-383
Cost of purchased services	6.5	-2,433	-4,248
Personnel expenses	6.6	-10,077	-10,045
Other operating expenses	6.7	-6,009	-10,448
Income from equity investments	6.8	536	271
Write-downs of investments and securities	6.9	-3,199	-6,571
Depreciation, amortisation and write-downs of property, plant and equipment and intangible assets	6.10	-289	-305
Operating profit		914	770
Interest and similar income	6.11	314	415
Interest and similar expenses	6.11	-28	-69
Earnings before tax		1,200	1,116
Taxes	6.12	-13	279
Earnings after tax		1,187	1,395
Minority interest	7.8	-131	-81
Profit attributable to the shareholders of the parent company		1,056	1,314
Diluted and undiluted earnings per share in EUR	8.3	0.23	0.29

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EURk	Notes	2010	2009
Net income for the year		1,187	1,395
Unrealised gains and losses from foreign currency translation		-97	0
Revaluation of financial instruments classified as "available-for-sale"	7.8	2,603	-1,791
Minority interest	7.8	-131	-81
		3,562	-477

SEGMENT REPORTING

	Holding	
in EURk	2010	2009
Revenue	1,249	236
Payments to Holding Company segment for allocated costs	5,954	3,747
Proceeds from the sale of securities and investments	2,868	0
Revaluation of securities and investments	2,599	1,346
Miscellaneous other operating income	601	9,933
Carrying value of disposed securities and investments	-2,847	0
Cost of purchased services	0	0
Personnel expenses	-5,014	-4,918
Other operating expenses	-3,582	-6,166
Profit/loss from investment in associated companies	150	12
Current income from equity investments	386	44
EBITDA	2,364	4,234
Write-downs of securities and other investments	-2,897	-5,786
Depreciation, amortisation and write-downs of property, plant and equipment and intangible assets	-159	-126
EBIT	-692	-1,678
Interest and similar income	206	280
Interest and similar expenses	-14	-14
EBT	-500	-1,412
Taxes on income	105	-483
Net income/loss	-395	-1,895
Minority interest		0
Net income/loss after minority interest	-395	-1,895
Shares in associated companies	176	26
Investments in non-current assets (not including financial instruments)	113	151
Total segment assets	43,346	41,898

Private Markets		Public Markets		Real Estate		Total	
2010	2009	2010	2009	2010	2009	2010	2009
7,080	10,336	8,979	8,809	0	0	17,308	19,381
-2,618	-1,081	-3,336	-2,658	0	-8	0	0
0	0	2	490	0	0	2,870	490
2	8	140	395	0	0	2,741	1,749
634	746	1,116	114	0	86	2,351	10,879
0	0	-38	-383	0	0	-2,885	-383
-266	-405	-2,167	-3,843	0	0	-2,433	-4,248
-3,467	-4,264	-1,596	-863	0	0	-10,077	-10,045
-1,575	-3,414	-852	-857	0	-11	-6,009	-10,448
0	0	0	0	0	215	150	227
0	0	0	0	0	0	386	44
-210	1,926	2,248	1,204	0	282	4,402	7,646
0	-77	-302	-708	0	0	-3,199	-6,571
-69	-114	-61	-65	0	0	-289	-305
-279	1,735	1,885	431	0	282	914	770
10	46	98	88	0	1	314	415
-5	-32	-9	-23	0	0	-28	-69
-274	1,749	1,974	496	0	283	1,200	1,116
75	616	-193	146	0	0	-13	279
-199	2,365	1,781	642	0	283	1,187	1,395
-95	-54	-36	6	0	-33	-131	-81
-294	2,311	1,745	648	0	250	1,056	1,314
0	0	0	0	0	0	176	26
16	101	195	98	0	0	324	350
6,401	7,687	11,942	11,507	0	0	61,689	61,092

CONSOLIDATED BALANCE SHEET

Assets			
in EURk	Notes	31/12/2010	31/12/2009
Non-current assets			
Intangible assets incl. goodwill	7.1/7.2	1,070	1,133
Property, plant and equipment	7.1	549	737
Investments	7.3/7.11	21,237	17,559
Deferred taxes	7.4	340	124
Total non-current assets		23,196	19,553
Current assets			
Securities	7.5/7.11	12,085	10,667
Trade receivables	7.6	6,000	6,197
Receivables from companies in which an equity interest is held	7.6	1,218	248
Other assets	7.6	7,607	9,094
Bank balances	7.7	11,583	15,333
Total current assets		38,493	41,539
Total assets		61,689	61,092

Equity and Liabilities

in EURk	Notes	31/12/2010	31/12/2009
Equity			
Subscribed capital	7.8	4,539	4,539
Capital reserve		34,597	34,597
Retained earnings		18,427	17,468
Revaluation reserve for financial instruments	7.8	-5,591	-8,194
Equity components attributable to shareholders		51,972	48,410
Minority interest	7.8	362	225
Total equity		52,334	48,635
Non-current liabilities			
Deferred tax liabilities	7.4	346	153
Total non-current liabilities		346	153
Current liabilities			
Provisions for taxes	7.9	677	1,452
Other provisions	7.9	3,871	5,523
Liabilities to banks	7.10	85	1
Trade payables	7.10	1,741	4,185
Other liabilities	7.10	2,635	1,143
Total current liabilities		9,009	12,304
Total equity and liabilities		61,689	61,092

CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January to 31 December 2010

in EURk		Notes	2010	2009
1.	Consolidated net income before minority interest		1,187	1,395
2.	- less proceeds from the sale of securities and investments	6.2	-2,870	-490
3.	+ Write-downs of investments and securities	6.9	3,199	6,571
4.	+ Depreciation, amortisation and write-downs of property, plant and Revaluation of securities and investments	6.10	289	305
5.	- Revaluation of securities and investments	6.3	-2,741	-1,749
6.	-/+ Income/loss from investments in associated companies	6.8	-150	-227
7.	+ Carrying value of disposed securities and investments	6.4	2,885	383
8.	+ Change in revaluation reserve due to provisions and deferred taxes	7.8	-414	-40
9.	- Income/loss from share exchange		0	-5,304
10.	+/- Other non-cash expenses/income		-799	-434
11.	+/- Increase/decrease in provisions	7.9	-2,427	-701
12.	-/+ Increase/decrease in receivables and other assets	7.6/7.4	714	-4,067
13.	+ Reclassification of lent securities from (previous year into) receivables		0	-2,000
14.	+/- Increase/decrease in liabilities and other liabilities	7.10	-675	1,118
15.	= Cash flow from operating activities		-1,802	-5,240
16.	- Payments to acquire property, plant and equipment and intangible assets	statement of changes in fixed assets	-324	-350
17.	+ Proceeds from repayment of long-term loans	statement of changes in fixed assets	73	185
18.	- Payments to acquire investments	statement of changes in fixed assets	-690	-1,123
19.	- Payments to acquire current securities	7.5	-3,877	-1,500
20.	+ Proceeds from the sale of securities and investments	6.2	2,870	490
21.	= Cash flow from investing activities		-1,948	-2,298

for the period from 1 January to 31 December 2010

in EURk		Notes	2010	2009
22.	Proceeds from capital increases	7.8	0	0
23.	- Payments for capital increases (costs of capital increase)	7.8	0	0
24.	- Distributions		0	0
25.	= Cash flow from financing activities		0	0
26.	Net change in cash funds (sum of lines 15, 21 and 25)		-3,750	-7,538
27.	- Effects of changes in the reporting entity on cash funds		0	-6
28.	+ Cash funds at beginning of period	3.	15,333	22,877
29.	= Cash funds at end of period	7.7/8.1	11,583	15,333

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EURk	Subscribed capital	Capital reserves	Cumulative net income from previous years	Foreign currency reserve	Total retained earnings
As at 31/12/2009	4,539	34,597	16,173	-19	16,154
Net income 2009			1,314		1,314
As at 01/01/2010	4,539	34,597	17,487	-19	17,468
Change in the revaluation reserve for financial instruments					
Net income for the year					0
Foreign currency translation differences				-97	-97
Comprehensive income				-97	-97
Acquisition of subsidiaries					
As at 31/12/2010	4,539	34,597	17,487	-116	17,371
Notes	7.8	7.8			7.8
As at 31/12/2008	4,539	34,597	18,570	-19	18,551
Net income 2008			-2,397		
As at 01/01/2009	4,539	34,597	16,173	-19	16,154
Change in the revaluation reserve for financial instruments					
Net income for the year					0
Foreign currency translation differences				0	0
Comprehensive income				0	0
Decrease in minority interest due to deconsolidation					
As at 31/12/2009	4,539	34,597	16,173	-19	16,154

	Revaluation reserve for financial instruments	Net income for the year attributable to the share- holders of the Company	Equity components attributable to the share- holders of the Company	Minority interest	Total equity
	-8,194		47,096	144	47,240
			1,314	81	1,395
	-8,194		48,410	225	48,635
	2,603		2,603		2,603
		1,056	1,056	131	1,187
			-97		-97
	2,603	1,056	3,562	131	3,693
			0	6	6
	-5,591	1,056	51,972	362	52,334
				7.8	
	-6,403		51,284	11	51,295
			0	106	106
	-6,403		48,887	117	49,004
	-1,791		-1,791		-1,791
		1,314	1,314	81	1,395
			0		0
	-1,791	1,314	-477	81	-396
			0	27	27
	-8,194	1,314	48,410	225	48,635

ALTIRA AKTIENGESELLSCHAFT: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In accordance with International Financial Reporting Standards (IFRS) as at 31 December 2010

1. The Company

The registered office of Altira Aktiengesellschaft (hereinafter "Altira AG" or the "Company") is located at Grüneburgweg 18, Frankfurt am Main.

Altira AG is registered in the commercial register of the District Court of Frankfurt am Main under number HRB 58865.

According to the Articles of Association, the object of Altira AG is the acquisition, management and disposal of shares or equity investments of all types, insofar as no particular legal authorisation is required for that purpose. The companies of the Altira Group manage capital invested by institutional investors in the following four divisions: German Medium-Sized Companies & Restructuring, Renewable Energies & Commodities, Africa, and Other Alternative Investments.

Altira AG is listed on the Open Market of the Frankfurt Stock Exchange where it is included in the Entry Standard segment.

2. Basis of preparation of the consolidated financial statements

The present consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. All International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and of the Standing Interpretations Committee (SIC) which were mandatory for the period of preparation of the consolidated financial statements were observed.

Altira AG is not a parent company within the meaning of § 315a paragraphs 1 or 2 of the German Commercial Code (HGB) that is obligated to prepare IFRS consolidated financial statements. Altira AG prepares IFRS consolidated financial statements voluntarily in accordance with § 315a paragraph 3 HGB. Due regard is given to the additional provisions of German commercial law which must be observed in accordance with § 315a paragraph 1 HGB.

The consolidated financial statements include all assets and liabilities, and all income and expenses of Altira AG and the subsidiaries that it controls, after elimination of all material inter-company transactions.

The consolidated financial statements have been prepared in euro (EUR), the functional currency of the Group. Unless otherwise indicated, all amounts are rounded to the nearest thousand euro (EURk).

The income statement has been prepared using the type of expenditure format.

Except for IFRS amendments required to be applied, essentially the same accounting policies were applied as in the previous year. Since the financial statements as at 31 December 2009, the IASB and the IFRIC have adopted a series of amendments to existing standards and a number of new IFRS and IFRIC that have been mandatory since 1 January 2010.

This concerns, in particular, IFRS 3 “Business combinations (revised)” and IAS 27 “Consolidated and separate financial statements”. The amendments to IFRS 3 concern the measurement of non-controlling interests, accounting for transaction costs, initial recognition and subsequent measurement of contingent consideration, and corporate acquisitions performed in stages. These new provisions could have an effect on the amount of goodwill recognised, the net income in the reporting period in which a business combination takes place, and future net incomes. Under IAS 27 (revised), a change in the interest held in a subsidiary that does not result in a loss of control must be accounted for as a transaction with owners. Such transactions therefore cannot change goodwill, or create a profit or loss. Other new provisions concern the accounting rules for transactions that lead to a loss of control. If applicable, these amendments to accounting policies were applied prospectively.

The revisions listed below had no effect on the accounting policies or the presentation of the net assets, financial position and results of operations of the Group:

- IFRS 2 Share-based payment
- IAS 39 Financial instruments: recognition and measurement
- IFRIC 17 Distributions of non-cash assets to owners
- Improvements to IFRS 2008 and 2009 (collective standards)

The amended and new IFRS that have been mandatory since 1 January 2010 do not materially affect the financial statements as at 31 December 2010.

The following standards and interpretations have been published by the IASB and adopted into EU law as part of the comitology procedure, but were not yet applicable in financial year 2010. Altira AG is not applying these standards and interpretations earlier.

Title	Published by IASB	Applicable to financial years beginning on or after the date below
Amendment to IFRS 1 – Limited exemption from comparative IFRS 7 disclosures for first-time adopters	January 2010	1 July 2010
IAS 24 Related party disclosures (revised 2009)	November 2009	1 January 2011
Amendment to IAS 32 – Classification of rights issues	October 2009	1 February 2010
Amendment to IFRIC 14 – Prepayments of a minimum funding requirement	November 2009	1 January 2011
IFRIC 19 Extinguishing financial liabilities with equity instruments	November 2009	1 July 2009
Improvements to IFRS 2010	May 2010	Depends on the standard amended

Amendment to IFRS 1 – Limited exemption from comparative IFRS 7 disclosures for first-time adopters

The revision allows first-time IFRS adopters to apply the amendment to IFRS 7 – Transitional provisions for improved disclosures published in March 2009. These provisions provide an exemption from the requirement to provide comparative disclosures in the notes to the financial statements in the first year of application. Since Altira AG is not a first-time adopter, this standard was not applied.

IAS 24 Related party disclosures

The amendments revised the definition of a related party to make identification of such relationships easier, and gave entities related to a government agency a partial exemption from disclosure requirements for transactions with that agency or with other entities related to it. The standard is to be applied retrospectively. The expansion of the definition will in the future be likely to result in additional disclosures concerning parties related to the Group. Application of the revised definition is currently being examined. The amendment will not, however, have any effect on the recognition and measurement of assets and liabilities in the consolidated financial statements or the net income or loss in future financial years.

Amendment to IAS 32 – Classification of rights issues

The amendment modifies the definition of financial liability such that certain rights (and certain options and warrants) are classified as equity instruments if the rights permit the purchase of a fixed number of equity instruments of an entity for a fixed amount of any currency, and the entity offers the rights to all current owners of the same class of non-derivative equity instruments in proportion to their holdings. Since Altira AG has not issued such rights, this amendment will have no effect on its net assets, financial position and results of operations.

Amendments to IFRIC 14 – Prepayments of a minimum funding requirement

Interpretation IFRIC 14 was published in July 2007 and was intended to limit a defined benefit asset to its realisable value, but had several unintended consequences for entities in certain countries. The amendment permits an entity to treat prepayments of a minimum funding requirement as an asset. Application of this revision is not expected to have any material effects on the net assets, financial position and results of operations of the Group, since Altira AG and the subsidiaries included in the reporting entity have no pension obligations.

IFRIC 19 Extinguishing financial liabilities with equity instruments

The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are classified as consideration paid under IAS 39.41. The issued equity instruments are measured at fair value. If fair value cannot be reliably determined, they are to be measured at the fair value of the extinguished liability. Gains and losses are recognized immediately in profit or loss. The amendment is to be applied retrospectively. Since no such transactions currently exist for Altira AG, application of the revision is not expected to have any effect on the net assets, financial position and results of operations of the Group.

Improvements to IFRS 2010 is a collective standard that was published in May 2010 and contains amendments to a number of IFRSs. Application dates and transitional provisions are specified for each standard. Unless indicated otherwise below, the individual revisions are applicable for the first time in the financial year beginning on or after 1 January 2011. The Group has not yet applied the following amendments and is examining their potential effects:

IFRS 1 – First-time adoption of international financial reporting standards

Changes to accounting policies in the year of first-time adoption, revaluation basis as deemed cost, use of deemed cost for operations in markets subject to regulation

IFRS 3 Business combinations

- Transitional requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS: The amendment clarifies that the amendments to IFRS 7 “Financial instruments: disclosures”, IAS 32 “Financial instruments: presentation” and IAS 39 “Financial instruments: recognition and measurement” that eliminate the exclusion of contingent consideration from the scope of this standard do not apply to contingent consideration that arises from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008). The amendment is applicable for the first time to financial years beginning on or after 1 July 2010.
- Measurement of non-controlling interests: The amendment limits the scope of the measurement choices such that only the components of non-controlling interests that are present ownership interests, and entitle their holders to a proportionate share of the entity’s

net assets in the event of liquidation, may be measured either at fair value or the proportionate share of the acquired entity's identifiable net assets attributable to the present ownership interest. Other components of non-controlling interests are measured at their fair value on the acquisition date, unless another measurement basis is required by another IFRS (e.g., IFRS 2). The amendments are applicable for the first time to financial years beginning on or after 1 July 2010.

- Unreplaced and voluntarily replaced share-based payment awards: The amendment requires an entity (in a business combination) to recognise the replacement of share-based payments (whether obligatory or voluntary), i.e., split between consideration and post-combination expenses. If the entity replaces the updated value of the acquiree's awards that expire as a consequence of the business combination, the entity recognises these as post-combination expenses. The amendment also specifies the accounting for share-based payment transactions that the acquirer does not exchange for its own awards: if vested, they are non-controlling interests and recognised at their market-based value; if unvested, they are measured at their market-based value as if granted at the acquisition date, and allocated between non-controlling interests and post-combination expenses. This amendment is applicable for the first time to financial years beginning on or after 1 July 2010. The standard is to be applied prospectively at the time of first-time adoption of IFRS 3 (2008).

IFRS 7 Financial instruments: The amendment emphasises the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments and includes in particular changes related to quantitative default risk disclosures. This amendment is to be applied retrospectively.

IAS 1 Presentation of financial statements: The amendment clarifies that the analysis of other comprehensive income for each component of equity is to be presented either in the statement of changes in equity or the notes to the financial statements. This amendment is to be applied retrospectively.

IAS 27 Consolidated and separate financial statements The amendment clarifies that the consequential amendments from IAS 27 made to IAS 21 The effect of changes in foreign exchange rates, IAS 28 Investments in associates and IAS 31 Interests in joint ventures are to be applied prospectively for financial years beginning on or after 1 July 2009, or earlier if the decision is made to apply IAS 27 earlier. The amendment is applicable for the first time to financial years beginning on or after 1 July 2010. The standard is to be applied retrospectively.

IAS 34 Interim financial reporting: The amendment includes guidelines for applying disclosure principles in IAS 34 and expands the list of events and transactions requiring disclosure by adding the following examples in particular: circumstances likely to affect the fair value of financial instruments and their classification, transfers of financial instruments between different levels of the fair value hierarchy, changes in the classification of financial assets, and changes in contingent liabilities and assets. This amendment is to be applied retrospectively.

IFRIC 13 Customer loyalty programs: The amendment clarifies that when the fair value of award credits is measured based on the value for which the awards could be redeemed, the amount of discounts or incentives otherwise granted to customers who did not receive an award credit for the original sale must also be taken into account. This amendment is to be applied retrospectively.

The amendments to IFRS 3 "Business combinations", IFRS 7 "Financial instruments: disclosures", IAS 1 "Presentation of financial statements", IAS 27 "Consolidated and separate financial statements" and IAS 34 "Interim financial reporting" in particular concern Altira AG and will in some cases lead to additional reporting. However, they are not expected to have any effect on the recognition and measurement of assets and liabilities and the future net income of the Group.

The following standards have not been introduced into EU law at preparation date of the financial statements:

Title	Published by IASB	Date of application if endorsed by the EU
Amendment of IFRS 1 – Severe hyperinflation and removal of fixed dates for first-time adopters	December 2010	1 July 2011
Amendment of IFRS 7 – Disclosures of transfers of financial assets	October 2010	1 July 2011
IFRS 9 Financial instruments: classification and measurement	November 2009	1 January 2013
Additions to IFRS 9 – Accounting for financial liabilities	October 2010	1 January 2013
Amendment of IAS 12 – Deferred tax: recovery of underlying assets	December 2010	1 January 2012
IFRS 10 – Consolidated financial statements	May 2011	1 January 2013
IFRS 11 – Joint Arrangements	May 2011	1 January 2013
IFRS 12 – Disclosure of interests in other entities	May 2011	1 January 2013
IFRS 13 – Fair value measurement	May 2011	1 January 2013

IFRS 1 Severe hyperinflation and removal of fixed dates for first-time adopters

Since Altira AG is not active in currency areas affected by above-average inflation, this revision will not have any effect on net assets, financial position and results of operations.

Amendment of IFRS 7 – Disclosures of transfers of financial assets

The amendment establishes new qualitative and quantitative disclosures for transferred financial assets that were not derecognized and continuing involvement in transferred financial assets as of the reporting date. Application of this standard would not be expected to have an effect on the net assets, financial position and results of operations of the Group if applied to the financial instruments currently held by Altira AG.

IFRS 9 Financial instruments: classification and measurement

The first part of phase I of IFRS 9 Financial instruments was published in November 2009 and is to be applied for the first time to financial years beginning on or after 1 January 2013. The standard contains new provisions for the classification and measurement of financial assets. According to these provisions, debt instruments are to be measured either at amortised cost or fair value through profit or loss, depending on their particular characteristics and the business model. All equity instruments are to be measured at fair value. However, fluctuations in the value of equity instruments may be recognised in comprehensive income if the entity elects to do so for the instrument at the time it is acquired. In this case, only certain dividend income would be recognised in profit or loss for the equity instrument. Financial assets that are held for trading are an exception, and must in all cases be recognised at fair value through profit or loss. The IASB concluded the second part of phase I of the project in October 2010.

This part added further requirements for financial liabilities and retained the existing classification and measurement requirements for financial liabilities with the following exceptions. The effects of changes in own credit risk on financial liabilities that were classified as measured at fair value through profit or loss may no longer be reflected in profit or loss, and derivative liabilities on unlisted equity instruments may no longer be measured at cost. The time of application remains unchanged (1 January 2013). The entity is free, however, to choose early adoption of the provisions in the 2009 version and apply these provisions separately from those for financial liabilities. Early adoption of the provisions for financial liabilities is also permitted, but only together with the 2009 version. As a rule, the standard is to be applied retrospectively. These provisions are not expected to have an effect on the net assets, financial position and results of operations of Altira AG.

Amendment of IAS 12 – Deferred tax: recovery of underlying assets

The amendment to IAS 12 was published in December 2010 and is applicable for the first time in financial years beginning on or after 1 January 2012. The amendment requires deferred tax assets and liabilities for certain assets to be measured based on the assumption that the carrying amount of these assets will be fully recovered through sale. Due to provisions for the taxation of sales of equity investments that are applicable in Germany and provide extensive tax exemption, the application of these new provisions are not expected to have any material effect on the net assets, financial position and results of operations of Altira AG.

IFRS 10 creates a uniform definition for the concept of control, which therefore also defines the companies included in the reporting entity. Altira AG is examining potential effects.

IFRS 11 deals with the accounting for circumstances in which an entity has joint control of a joint venture or a joint operation. Altira AG is examining potential effects.

IFRS 12 deals with disclosures in the notes of interests in other entities and joint arrangements. Altira AG is examining potential effects.

IFRS 13 deals with the determination of fair value. Altira AG is examining potential effects.

The Company prepared the consolidated financial statements and sent them to the Supervisory Board on 30 May 2011. Following the Supervisory Board meeting of 7 June 2011, the Supervisory Board approved the consolidated financial statements and issued the Report of the Supervisory Board. The Supervisory Board approval released the annual financial statements for publication.

3. Reporting entity

The consolidated financial statements include companies for which Altira AG directly or indirectly holds the majority of voting rights (subsidiaries) or because of its economic control is able to draw the majority of the economic benefits from the activities of these companies or must bear the majority of their risk. Inclusion begins as of the time at which control becomes possible, and ends when control is no longer possible.

The annual financial statements of the companies included in the Altira AG consolidated financial statements are based on uniform accounting principles. All of the companies included in the consolidated financial statements have 31 December as their balance sheet date.

Altira AG established the following companies during the reporting year and included them in the reporting entity:

in EURk	Altira AG shareholding in %	Share capital	Altira AG acquisition cost	Date established
Altira Advisory GmbH	100.00	25	25	7 July 2010
Altira Renewables Komplementär GmbH	100.00	25	25	7 July 2010
Altira Renewables Management GmbH	100.00	25	25	7 July 2010
Frontier Capital Partners GmbH	74.90	25	19	29 September 2010

The registered office of each company is Frankfurt am Main.

The table below shows the revenue and net income or loss for the financial year for the newly established subsidiaries:

in EURk	Revenue for the reporting year	Net income/ loss for the reporting year
Altira Advisory GmbH	0	-2
Altira Renewables Komplementär GmbH	2	1
Altira Renewables Management GmbH	884	-79
Frontier Capital Partners GmbH	0	-1

The newly established subsidiaries operate in the following business areas:

Company name	
Altira Advisory GmbH	The object of the company is the acquisition and management of interests in companies and the brokerage of financial products such as investment funds, provided that this requires no further approvals other than the approval required under § 34c of the German Trade, Commerce and Industry Regulation (<i>Gewerbeordnung</i>).
Altira Renewables Komplementär GmbH	The object of the company is to acquire interests in companies, and to perform administration and management, in particular to assume personal liability and management responsibilities for other partnerships and stock corporations.
Altira Renewables Management GmbH	The object of the company is the acquisition and management of equity interests. The object of the company also includes assumption of the role of general partner or managing limited partner in a partnership or partnership limited by shares.
Frontier Capital Partners GmbH	The object of the company is the provision of financial services and the provision of consulting for companies in the financial services sector.

Altira AG has paid in the capital contributions attributable to its interest in each of the companies. No other acquisition costs were incurred. No differences resulted from the first-time consolidation of the newly established companies during the reporting year. The first-time consolidation of Frontier Capital Partners GmbH resulted in a cash inflow of EUR 6k. No cash inflows or outflows resulted from the first-time consolidation of the other new subsidiaries.

Please see the appendix to the Notes for a list of shareholdings and the names of all fully consolidated companies.

SophistiCapital AG, ACQ 2. Beteiligungs GmbH and Greenland Management GmbH are not included in the full consolidation due to lack of materiality.

4. Associated companies

As a rule, shares in associated companies are accounted for using the equity method in accordance with IAS 28. An associated company is a company over which the Group has a significant influence and which is neither a subsidiary nor a joint venture of the shareholder. The accounting using the equity method is based on the financial statements of the associated company prepared in accordance with uniform Group-wide accounting policies.

Altira AG holds a 40% interest in the share capital of Clearsight Investments AG, Zurich. As it was an associated company, the interest in Clearsight Investments AG was measured using the equity method:

in EURk	Assets 31/12/2010	Liabilities 31/12/2010	Revenue 31/12/2010	Net income 31/12/2010
Clearsight Investments AG, Zürich	577	136	1,311	362

The equity investment in Clearsight Investments AG has a carrying amount of EUR 176k (previous year: EUR 26k). The proportionate share of the net income for the year is EUR 145k (previous year: EUR 11k). The income from investments in associated companies was EUR 150k (previous year: EUR 227k) and was solely the result of measurement of the associated companies.

The investments in Seyes GmbH, Bayreuth, and Greenland Real Investments GmbH & Co. KGaA were not reported using the equity method due to lack of materiality.

5. Significant accounting principles

The significant accounting policies used in preparing these financial statements are presented below. Unless indicated otherwise, these policies have been applied consistently for the reporting periods shown.

— Business combinations and goodwill

Business combinations are accounted for using the equity method. The cost of an acquisition is equal to the sum of the consideration transferred, measured at fair value on the acquisition date, and the non-controlling interest. The non-controlling interest is measured as the proportionate share of the identifiable net assets of the acquiree. Transaction costs that are incurred are recognised as an expense. In the case of business combinations achieved in stages, the equity of the acquiree already held by the acquirer at each successive purchase date is newly measured at fair value as at that date and the resulting income or expense recognised in the income statement.

If the parent company's cost of acquiring an equity interest exceeds the proportionate share of the newly measured equity of the subsidiary during capital consolidation, the difference is to be reported as goodwill in accordance with IFRS 3.41. In accordance with IFRS 3.55, this goodwill is not to be amortised, but instead an annual impairment test is to be performed in accordance with IAS 36 to determine if it is impaired. Whether impairment needs to be recognised is determined by calculating the recoverable amount of the cash-generating unit allocated to the goodwill in question. An impairment loss is recognised if the recoverable amount of the cash-generating unit is less than the carrying amount of the unit. The impairment test is performed more frequently if events or circumstances indicate a possible impairment.

In the case of business combinations that took place before 1 January 2010, transaction costs directly attributable to an acquisition were treated as part of the cost of the acquisition.

— Intangible assets

Acquired intangible assets are capitalised in accordance with IAS 38 if it is probable that the use of the asset is associated with a future economic benefit and the cost of the asset can be reliably measured. Acquired intangible assets are measured at cost and are amortised over their useful life on a straight-line basis. Any necessary impairments are recognised.

In accordance with IFRS 3, goodwill from a business combination is equal to the cost of acquiring the investment less the value of the share of equity acquired in the acquired company. Goodwill is tested for impairment at least once a year at the level of the cash generating unit. If impairment exists, the goodwill is written down to its recoverable amount.

— Property, plant and equipment

Property, plant and equipment are carried at cost less cumulative depreciation. Gains or losses on the disposal of non-current assets are accounted for as other operating income or expenses. Depreciation is based on ordinary useful lives.

— Investments

Securities classified as non-current assets, shares of associated companies, equity investments and long-term loans are reported as investments.

In accordance with IAS 39, securities classified as non-current assets are assigned to the “available-for-sale financial assets” and “financial assets measured at fair value through profit or loss” measurement categories.

Holdings of securities assigned to the “financial assets measured at fair value through profit or loss” measurement category are managed on the basis of changes in the fair value of individual securities as part of the Altira Group’s investment strategy.

The remaining securities classified as non-current assets are assigned to the “available-for-sale financial assets” measurement category.

In accordance with IAS 28, shares of associated companies are measured using the equity method.

Equity investments are assigned to the “available-for-sale financial assets” and “financial assets measured at fair value through profit or loss” measurement categories.

The fair values used to measure security holdings are calculated based on stock exchange price quotations on the reporting date or transactions executed close to the reporting date. When the fair value of an unlisted equity investment cannot be reliably determined, it is recognised at cost unless the lower fair value measurement applies (IAS 39.46c). Cost is determined by the price on the settlement date. For disposals or identification of sustained impairment, the corresponding gain from the disposal or expense from the write-down is included in the net income for the year.

Loans to a private equity fund of funds were classified as “financial assets at fair value through profit or loss”. Otherwise, loans with no agreed fixed term were reported at amortised cost.

Changes in the value of financial assets classified as “financial assets at fair value through profit or loss” are recognised through profit or loss in the income statement as “other operating income” or “write-downs of investments and securities”.

Capital gains and losses from fair value measurement of financial instruments in the “available-for-sale financial assets” category are recognised directly in equity in the revaluation reserve for financial instruments.

— **Deferred taxes**

Deferred taxes are accounted for in accordance with the accounting concept which holds that deferred taxes are formed based on all recognition and measurement differences between the value in the IFRS balance sheet and the tax value. Calculations of deferred taxes are based on current tax rates applicable for the period over which the timing differences are anticipated to cancel out.

As a rule, changes in deferred taxes are recognised in profit or loss as long as the underlying transactions are also recognised in profit or loss and not offset directly against equity.

— **Securities**

In accordance with IAS 39, securities classified as non-current assets are assigned to the “available-for-sale financial assets” and “held for trading” measurement categories.

Changes in the value of “held for trading” securities are recognised in profit or loss.

Capital gains and losses from fair value measurement of securities in the “available-for-sale financial assets” category are recognised directly in equity in the revaluation reserve for financial instruments.

— Receivables and other assets

Receivables and other assets are measured at nominal value less any necessary impairment (measurement at amortised cost).

— Cash and cash equivalents

The cash and cash equivalents consist of bank balances.

— Provisions

Tax liabilities and provisions are recognised in accordance with IAS 37 when present legal or constructive obligations arise from a past event and it is probable that they will result in an outflow of resources, and the amount of the outflow can be reliably estimated. Long-term provisions are discounted if the discounting results in a material interest effect.

— Liabilities

Liabilities are recognised at settlement value.

— Income and expenses

Revenue is recognised when a contract becomes effective, a price has been agreed and can be determined, and payment of the price can be expected. Revenues are reported less deductions such as bonuses, discounts and rebates. Income from ongoing services is realised upon provision of the service; time-dependent payments are collected on a pro-rata basis.

Proceeds from the sale of securities and investments relate to the proceeds realised from the sale of financial assets. Carrying amount of disposed securities and investments relates to the carrying amount of the financial assets at the time of disposal.

Other operating income also includes income from the revaluation of securities and investments. The fair values used for revaluation of securities and investments are calculated based on stock exchange price quotations on the reporting date or transactions executed close to the reporting date.

Rental expenses are disclosed under other operating expenses.

Both current income from dividends as well as gains from the measurement of shares in associated companies are reported as income from equity investments in accordance with IAS 28. Please see "Segment reporting" for a breakdown of the income from equity investments.

Taxes on income include current and deferred taxes.

— Foreign currency translation

Transactions in foreign currencies are translated to euros using the exchange rate applicable on the date of the transaction.

Assets and liabilities of Altira Heliad AG, Zurich, Switzerland, existing as at the balance sheet date are translated into euros at the exchange rate applicable on that date. Income and expenses shown in Swiss francs are translated into the currency of presentation, the euro, at the average exchange rate. The resulting translation differences are recognised in equity with no effect on profit or loss

— Material assumptions and estimates

The assumptions and estimates used in preparing the consolidated financial statements mainly relate to the determination of the recoverable amount in connection with impairment tests, as well as the recognition and measurement of deferred taxes and provisions.

A revaluation of the following items in the next financial year may require major adjustments of reported assets and provisions:

in EURk	2010	2009
Investments	21,237	17,559
Current securities	12,085	10,667
Other provisions	3,871	5,523

6. Notes to the consolidated income statement

— 6.1 Revenue

The revenue relates to commission income, compensation for assuming management activities, variable investment consulting fees and remuneration for providing contractually agreed services for investment vehicles managed by Group companies.

— 6.2 Proceeds from the sale of securities and investments

The proceeds from the sale of securities and investments relate to the following items:

in EURk	2010	2009
Proceeds from the sale of current financial instruments current securities		
Securities categorised as "available-for-sale financial assets"	639	0
Securities categorised as "held-for-trading"	2,231	490
	2,870	490

— 6.3 Other operating income

The other operating income is comprised of EUR 2,741k in income from the fair value measurement of securities and investments (previous year: EUR 1,749k), and EUR 2,351k in miscellaneous other operating income (previous year: EUR 2,382k).

The other operating income of the previous year comprised EUR 8,497k in income from exchange of the equity interest in Altira Immobilien GmbH, one of the companies in the reporting entity, for shares in Magnat Real Estate AG, Frankfurt am Main.

The income from the measurement of securities and investments includes the following items:

in EURk	2010	2009
Income from the revaluation of non-current financial instruments		
Financial assets at "fair value through profit or loss"	1,601	525
Loans at "fair value through profit or loss"	288	0
Income from the revaluation of non-current financial instruments		
Securities, "held-for-trading"	852	1,224
	2,741	1,749

— 6.4 Carrying amount of disposed investments and securities

The carrying amount of disposed investments and securities relates to the following items:

in EURk	2010	2009
Current securities categorised as "available-for-sale financial assets"	415	0
Current securities categorised as "held-for-trading"	2,108	383
Reversal of the revaluation reserve from the disposal of securities categorised as "available-for-sale financial assets" through profit or loss	362	0
	2,885	383

The reversal of the revaluation reserve for financial instruments from the disposal of securities through profit or loss results from the disposal of securities in the "available-for-sale financial assets" category.

— 6.5 Expenses for purchased services

Expenses for purchased services primarily relate to investment consulting fees and sales commissions.

— 6.6 Personnel expenses

The personnel expenses include the compensation paid to the members of the Management Board and senior management of Group companies, and remuneration paid to employees.

The employees of the Group are insured under the statutory old-age pension scheme, with current contribution payments recognised as an expense at the time of payment. No other pension commitments exist.

in EURk	2010	2009
Wages and salaries	9,037	9,102
Social security	674	796
Other personnel expenses	366	147
	10,077	10,045

The other personnel expenses item includes the formation of a provision for the future Management Board bonus entitlement that accrues when the write-ups of investments already recognised under IFRS as at the end of the reporting year are also realised under the HGB (*German Commercial Code*).

— 6.7 Other Operating Expenses

The other operating expenses are comprised of the following items:

in EURk	2010	2009
Marketing and travel expenses	1,616	1,502
Occupancy costs	869	694
Outside services	705	818
Deconsolidation of Altira Immofinanz GmbH	0	3,218
Other	2,819	4,216
	6,009	10,448

— 6.8 Income from equity investments

Income from equity investments consists of EUR 150k (previous year: EUR 227k) in gains from the measurement and distributions of associated companies, and EUR 386k (previous year: EUR 44k) in current income from other dividends received.

— 6.9 Write-downs of investments and securities

The write-downs of investments and securities is made up of the following items:

in EURk	2010	2009
Write-downs of non-current financial instruments		
Financial assets at "fair value through profit or loss"	198	4,887
Equity investments	0	40
Loans at "fair value through profit or loss"	309	293
Impairment of securities categorised as "available-for-sale financial assets"	1,431	0
Write-downs of current financial instruments		
Securities, "held-for-trading"	460	1,351
Impairment of securities categorised as "available-for-sale financial assets"	801	0
	3,199	6,571

— 6.10 Depreciation, amortisation and write-downs of property, plant and equipment and intangible assets

The depreciation, amortisation and write-downs of property, plant and equipment and intangible assets consists exclusively of depreciation.

— 6.11 Interest and similar income and expenses

The interest and similar income and expenses is made up primarily of the interest on bank balances and current account liabilities.

— 6.12 Taxes on income

Taxes on income are composed of current and deferred taxes. The current taxes on income correspond to the anticipated tax liability resulting from the taxable income from the current period.

in EURk	2010	2009
Effective taxes	-140	461
Formation of deferred tax liabilities	-426	-714
Reversal of deferred tax liabilities	450	717
Formation of deferred tax assets	103	0
Reversal of deferred tax assets	0	-185
	-13	279

The reconciliation of the theoretically anticipated corporate tax burden with the amount actually recognised in the consolidated financial statements is performed as follows:

in EURk	2010	2009
Consolidated pre-tax profit	1,200	1,116
Theoretical tax rate as a percentage	31.93	31.93
Theoretical tax expense	-383	-356
Adjustment of the theoretical tax expense based on:		
Tax reduction due to tax-exempt income	645	641
Tax increase due to non-deductible expenses	-275	-6
Taxes on income	-13	279
Tax rate as a percentage	1.10	-25.00

The theoretical corporate tax rate is made up of corporate income tax, the solidarity surcharge, and trade tax. As part of the business tax reform, the corporate income tax was cut to 15 percent plus the solidarity surcharge as of the 2008 assessment period, while the deductibility of trade tax is lost, and the trade tax rate is reduced to 3.5 percent. The 460 percent tax factor applied in Frankfurt am Main therefore results in a tax burden of 31.925 percent. This percentage rate has been used to calculate deferred taxes.

7. Notes to the consolidated balance sheet

— 7.1 Intangible assets and property, plant and equipment

The composition of the changes in intangible assets and property, plant and equipment is presented in the statement of changes in fixed assets, in the appendix to the Notes.

The intangible assets consist primarily of acquired software licenses.

The useful life of the intangible assets and property, plant and equipment is between 3 and 20 years.

— 7.2 Goodwill

The reported goodwill results from the initial consolidation at the time of the respective company combination. Goodwill is tested for impairment annually in accordance with IFRS 3. No write-downs were necessary due to existing impairment.

For the changes in carrying amount of goodwill, please see the statement of changes in fixed assets in the appendix to the Notes.

— 7.3 Investments

Investments are made up of the following items:

in EURk	2010	2009
Investments in associated companies	176	26
Equity investments	2,909	1,440
Non-current securities	17,366	15,585
Loans	786	508
	21,237	17,559

In accordance with IAS 28, shares of associated companies are measured using the equity method. Write-ups of EUR 174k (previous year: EUR 142k) and write-downs of EUR 24k (previous year: EUR 49k) were performed during the reporting year. In addition, current income of EUR 0k (previous year: 134) was received. The gains from associated companies thus amounted to EUR 150k (previous year: EUR 277k).

For equity investments measured using the equity method, please see the list of shareholdings in the appendix to the Notes.

The shares reported under equity investments are carried in the "available-for-sale financial assets" and "fair value through profit or loss" categories. One equity investment categorised as "available-for-sale financial assets" was written up by EUR 1,469k (previous year: EUR 192k) during the reporting year. The write-up was recognised directly in equity in the revaluation reserve for financial instruments. In the previous year, two equity investments categorised as "fair value through profit or loss" were written up by a total of EUR 40k.

EUR 769k (previous year: EUR 458k) of the amount reported under loans relates to loans for indeterminate terms to a private equity fund of funds, measured at fair value. The remaining EUR 17k (previous year: EUR 50k) of the amount reported under loans was measured at amortised cost and also has an indeterminate term.

The non-current securities consist of the following holdings:

in EURk	2010	2009
Securities at "fair value through profit or loss"	13,237	11,756
Securities categorised as "available-for-sale financial assets"	4,129	3,829
	17,366	15,585

7.4 Deferred tax assets and liabilities

The deferred tax assets were primarily formed due to the formation of a provision for a future Management Board bonus entitlement accruing in a future period when write-ups of investments already recognised under IFRS as at 31 December 2010 are also realised in the separate financial statements prepared in accordance with the provisions of the German Commercial Code. A tax rate of 31.925 percent was applied. The deferred tax liabilities were formed based on write-ups of securities.

— 7.5 Securities

The current securities are categorised as “held-for-trading” and “available-for-sale financial assets”:

in EURk	2010	2009
Securities “held-for-trading”	3,772	4,469
Securities categorised as “available-for-sale financial assets”	8,313	6,198
	12,085	10,667

— 7.6 Receivables and other assets

The receivables and other assets have a term of up to one year and are carried at nominal value.

The other assets are comprised of the following items:

in EURk	2010	2009
Loans	2,624	2,882
Input tax receivables	105	1,861
Income tax receivables	3,946	3,721
Other	932	630
	7,607	9,094

— 7.7 Bank balances

The bank balances are exactly equal to the cash funds.

— 7.8 Equity

— Subscribed capital

The Company has share capital of EUR 4,538,670 that is divided into 4,538,670 no-par value ordinary shares with a notional par value of EUR 1.00.

The ordinary General Meeting of 2 July 2009 resolved to cancel the EUR 1,059k of Authorised Capital 2006 still remaining under § 5 paragraph 2 of the articles of association and to provide the Company with new authorised capital of EUR 2,269k (Authorised Capital 2009/I). The Management Board was authorised to increase the share capital, with the consent of the Supervisory Board, by a total of up to EUR 2,269k on or before 30 June 2014 by issuing one or more tranches of new no-par value ordinary shares against cash or in-kind contributions. The Management Board was authorised to decide, with the consent of the Supervisory Board, on the exclusion of shareholder preemption rights.

There also still exists EUR 2,119k of Contingent Capital 2007/I created in order to provide option and/or conversion rights to holders of warrant-linked and convertible bonds. However, no warrant-linked or convertible bonds have been issued to date. The Company therefore did not exercise its option of performing a contingent capital increase of up to EUR 2,199k (Contingent Capital 2007/I) during the reporting year.

The ordinary General Meeting of 10 August 2010 also authorised the Company to acquire its own shares. The Company was authorised to acquire up to a total of 10 percent of the share capital existing at the time of the resolution over a five-year period starting as of the date of the resolution.

— Revaluation reserve for financial instruments

The revaluation reserve for financial instruments is made up of the changes in the value of financial assets categorised as “available-for-sale” and recognised directly in equity, and all adjustments to deferred taxes and provisions in connection with the measurement of those assets.

— Minority interest

Outside shareholders hold interests in the following fully consolidated Group companies:

Subsidiaries	Minority interest in %
Altira CFC Management GmbH	25.00
Frontier Capital Partners GmbH	25.10
VCH Vermögensverwaltung AG	25.50

— 7.9 Tax provisions and other provisions

Tax provisions consist of anticipated payments of corporate income tax, solidarity surcharges, and trade tax.

The other provisions are made up of the following items:

in EURk	1/1/2010	Utilisation	Reversal	Addition	31/12/2010
Bonus	2,373	2,035	338	1,509	1,509
Provision for future Management Board bonus entitlement	298	0	0	675	973
Other personnel provisions	196	174	16	112	118
Annual financial statements and auditing	197	125	40	166	198
Provision for share-based payment entitlements	91	0	77	0	14
Provision for call options	200	200	0	0	0
Other	2,168	559	796	246	1,059
	5,523	3,093	1,267	2,708	3,871

The provision for bonuses concerns mainly the Management Board's contractual entitlement to a performance bonus based on the consolidated net profit calculated in accordance with the HGB (German Commercial Code).

The provision for future bonus entitlements relates to future Management Board bonus entitlements accruing in a future period when write-ups of investments already recognised under IFRS as at 31 December 2010 are also realised in accordance with the German Commercial Code.

The other personnel provisions concern provisions for vacation entitlements, contributions to the occupational health and safety association (Berufsgenossenschaft), and permanent disability contributions.

The provision for call options relates to a provision for an issued option that was exercised in the first quarter of financial year 2010.

The other provisions relate to obligations from loss offsets with initial fund subscribers, provisions for travel expenses, ancillary leasing costs and other obligations.

— 7.10 Liabilities

The reported liabilities have a term of up to one year and are carried at nominal value or the amount at which they are likely to be claimed.

Liabilities to banks involve current account liabilities.

Trade payables mainly relate to liabilities deriving from sales commissions and sub-consulting agreements in the Public Markets segment. The other liabilities consist of the following items:

in EURk	2010	2009
Rent subsidy	211	399
Value-added tax owed	59	139
Wage tax and church tax	636	115
Social security liabilities	59	1
Liabilities from options	624	0
Other	1,046	489
	2,635	1,143

The liabilities from options relate to a call option granted during the year. A binomial model was used to calculate the fair value of the call option. The option entitles the holder to purchase shares from Altira AG's holdings until 30 December 2012. The granting of the option did not result in any cash flows.

The other liabilities are primarily tax liabilities.

— 7.11 Other disclosures on financial instruments

The following tables show the reconciliation of the carrying amounts of financial instruments to the balance sheet by category, for the balance sheet dates 31 December 2010 and 31 December 2009:

31 December 2010

in EURk	Measured at fair value	Measured at amortised cost	Outside the scope of IFRS 7	Carrying amount
Non-current assets				
Investments in associated companies			176	176
Equity investments, measured at cost in accordance with IAS 39.46 c)		131		131
Equity investments categorised as "available-for-sale financial assets", measured using active market prices	2,779			2,779
Securities categorised as "available-for-sale financial assets", measured using active market prices	4,129			4,129
Securities categorised at "fair value through profit or loss", measured using active market prices	4,195			4,195
Securities categorised at "fair value through profit or loss", measured at cost in accordance with IAS 39.46 c)		4,425		4,425
Securities categorised at "fair value through profit or loss", measured using input data not based on observable market data	4,616			4,616
Loans	769	17		786
Total investments	16,488	4,573	176	21,237
Current assets				
Securities, "held-for-trading", measured at active market prices	3,659			3,659
Securities categorised as "available-for-sale financial assets", measured using active market prices	8,313			8,313
Securities categorised at "fair value through profit or loss", measured using input data not based on observable market data	113			113
Trade receivables		6,000		6,000
Receivables from companies in which an equity interest is held		1,218		1,218
Other assets		7,607		7,607
Bank balances		11,583		11,583
Total current assets	12,085	26,408	0	38,493

31 December 2009

in EURk	Measured at fair value	Measured at amortised cost	Outside the scope of IFRS 7	Carrying amount
Non-current assets				
Investments in associated companies			26	26
Equity investments, measured at cost in accordance with IAS 39.46 c)		130		130
Equity investments categorised as "available-for-sale financial assets", measured using active market prices	1,310			1,310
Securities categorised as "available-for-sale financial assets", measured using active market prices	3,829			3,829
Securities categorised at "fair value through profit or loss", measured using active market prices	629			629
Securities categorised at "fair value through profit or loss", measured at cost in accordance with IAS 39.46 c)		4,525		4,525
Securities categorised at "fair value through profit or loss", measured using input data not based on observable market data	6,602			6,602
Loans	458	50		508
Total investments	12,828	4,705	26	17,559
Current assets				
Securities, "held-for-trading", measured at active market prices	4,356			4,356
Securities categorised as "available-for-sale financial assets", measured using active market prices	6,198			6,198
Securities categorised at "fair value through profit or loss", measured using input data not based on observable market data	113			113
Trade receivables		6,197		6,197
Receivables from companies in which an equity interest is held		248		248
Other assets		9,094		9,094
Bank balances		15,333		15,333
Total current assets	10,667	30,872	0	41,539

The current and non-current securities holdings of the Altira Group consist of the following:

in EURk	2010	2009
Listed shares	16,456	10,474
Unlisted shares	9,054	11,239
Investment fund units	3,412	4,053
Fixed-interest securities	357	208
Certificates	172	277
	29,451	26,251

Equity investments and securities that had a stock exchange price available as at the balance sheet date and were regularly traded on a stock exchange or for which a regular price quotation was available during the reporting period were measured using this price as at the reporting date. The stock exchange listed financial instruments had a carrying amount of EUR 23,076k as at the reporting date (previous year EUR 16,322k). Measurement of the listed financial instruments resulted in write-ups of EUR 2,332k through profit or loss during the reporting year (previous year: 1,749k) and write-downs of EUR 2,890k (previous year EUR 2,114k).

The unlisted non-current investments and current securities had a carrying amount of EUR 12,925k as at the reporting date (previous year: EUR 11,904k). Measurement of the unlisted financial instruments resulted in write-ups of EUR 410k through profit or loss during the reporting year (previous year: EUR 0) and write-downs of EUR 309k (previous year EUR 4,456k).

The unlisted financial instruments reported at fair value were measured using measurement procedures based on the net asset value of the financial instruments concerned that is attributable to the Altira Group.

In order to present market risks, IFRS 7 requires a sensitivity analysis which shows the effect on profit and equity of hypothetical changes in market prices. A 10 percent change in the value of the Altira Group's holdings of listed shares would result in a change in value of EUR 1,646k (previous year: EUR 1,047k) of which EUR 402k (previous year: EUR 44k) would be recognised in profit or loss, and EUR 1,244k (previous year: EUR 1,003k) would be accounted for using the revaluation reserve for financial instruments. A 10 percent change in the fair value of holdings of unlisted shares would result in a change in value of EUR 905k (previous year: EUR 1,124k) recognised in profit or loss. A 10 percent change in the value of investment fund units would result in a change in value of EUR 341k (previous year: EUR 405k) recognised in profit or loss.

Since the business operations of the Altira Group are primarily focused on the euro currency area, the currency risk is limited to individual investments. For instance, Altira holds shares of ADC African Development Corporation GmbH & Co. KGaA (ADC), Frankfurt am Main. ADC primarily invests in African companies that provide financial services and other services.

Because the Altira Group is almost completely equity-financed, the direct interest rate risk is limited to its fixed-interest securities holdings. The fair value of these securities was EUR 357k as at the balance sheet date (previous year: EUR 208k).

In extreme cases, the value of financial assets can fall to zero if the issuer's business performance is unfavourable.

Liquidity planning ensures that sufficient liquidity is maintained to cover financial obligations at any time.

The current liabilities reported have a term of up to one year. Since the liquid assets reported provide excess cover of approximately EUR 2.6 million for current liabilities, the Altira Group is exposed to only minor liquidity risks.

Due to changes in market conditions, write-downs of EUR 92k in the interim financial statements (previous year: EUR 418k) were corrected by write-ups, and write-ups of EUR 93k (previous year: EUR 194k) were similarly corrected by write-downs.

Gains or losses on financial instruments included in the IAS 39 valuation categories comprise net valuation adjustments and gains or losses on disposal:

in EURk	2010	2009
Securities at "fair value through profit or loss" (non-current assets)		
Measurement gain or loss	1,382	-4,695
Gain or loss on disposal	0	0
	1,382	-4,695
Securities, held-for-trading (current assets)		
Measurement gain or loss	392	-127
Gain or loss on disposal	123	107
	515	-20
Securities categorised as "available-for-sale financial assets" (non-current assets)		
Measurement gain or loss (impairment)	-1,431	0
Gain or loss on disposal	0	0
	-1,431	0
Securities categorised as "available-for-sale financial assets" (current assets)		
Measurement gain or loss (impairment)	-801	0
Gain or loss on disposal	-138	0
	-939	0
	-473	-4,715

The following write-ups and write-downs of financial instruments categorised as “available-for-sale financial assets” were recognised directly in equity in the revaluation reserve for financial instruments during the reporting year:

in EURk	2010	2009
Write-up of non-current securities	301	325
Write-up of equity investments	1,469	192
Impairment of current securities	-1,664	-465
Write-up of current securities	679	0
	785	52

The maximum impairment risk on bonds measures at fair value amounts to EUR 769k (previous year: EUR 468k).

8. Other disclosures

— 8.1 Disclosures concerning the cash flow statement

The cash flow statement recognises cash flows in accordance with IAS 7 in order to present information on movements of the Company's cash and cash equivalents. The cash flows are broken down into operating, investing and financing activities. The indirect presentation format is used.

During the reporting year, there were cash inflows from interest income in the amount of EUR 310k (previous year: EUR 324k) and cash outflows for interest expenses in the amount of EUR 21k (previous year: EUR 1k). The Company paid income taxes of EUR 1,021 (previous year: EUR 1,388k).

The cash funds (cash and cash equivalents) at the beginning and end of the period consist of bank balances.

— 8.2 Disclosures concerning the segment reports

The Altira Group focuses on alternative investment strategies, in the private equity sector in particular, for both institutional and retail investors. It concentrates on the following areas of specialisation

- German Medium-Sized Companies & Restructuring
- Renewable Energies & Commodities
- Africa

Altira Group investment teams make their own independent investment decisions and use their own brands in the market. At the same time, they use the institutional infrastructure of the Group, which provides services in areas such as risk management, finance/controllership, legal, marketing and sales support, and IT.

The segment reporting of the Altira Group is based on the internal reporting structure and is divided into the Holding Company, Private Markets and Public Markets segments. The Altira Group investment teams are allocated to either the Private Markets or Public Markets segment.

The business activities in the Real Estate segment were discontinued upon disposal of the investment in R-QUADRAT Immobilien GmbH in financial year 2009. The Real Estate segment therefore appeared in the reports for the last time in reporting year 2009.

The revenues of the Altira Group are primarily earned in Germany.

The description of the segments is as follows:

— Holding Company

The Holding Company segment is responsible for management and development of the Group, and for providing centralised management and administrative services, for which it receives payments for allocated expenses from the other segments and from investment vehicles and funds managed by the Group. In addition, Altira also invests equity in funds that are managed by the Group. The income and expenses from these investment activities are allocated to the Holding Company segment.

— Private Markets

The Private Markets segment is comprised of the activities of the Altira Group in the area of unlisted investments. These include the private equity market, restructuring funds, climate protection investments and development investments in Africa. The Altira Group participates as a founding shareholder in capital management companies or acquires equity interests in existing capital management companies focused on particular Private Markets segments. As at 31 December 2010 the Group's main private equity management companies are Altira Heliad Management GmbH, Altira eolutions Management GmbH, Altira ADC Management GmbH, ADC Business Development Services and Altira Renewables Management GmbH.

The Private Markets segment provided EUR 4,332k (previous year: EUR 3,862k) in revenue from external clients that each provided more than 10% of total revenue.

— Public Markets

This area involves the management of financial products and portfolios that invest in liquid assets or listed assets. These include, in particular, the investment funds of VCH Vermögensverwaltung AG and the funds of funds of Patriarch Multi-Manager GmbH. The revenues of the Public Markets segment mainly relate to management fees and performance fees for management of VCH investment funds.

— Real Estate

All Altira Group activities relating to the management of real estate assets were combined in the Real Estate segment.

The investment in an associated company that is measured using the equity method and had a carrying amount of EUR 176k as at 31 December 2010 (previous year: EUR 26k) was allocated to the Holding Company segment.

Any transfer prices between business segments are determined on an arm's length basis on normal market terms.

— 8.3 Earnings per share

Earnings per share are calculated by dividing the net income for the year attributable to the shareholders of Altira AG by the time-weighted average number of shares:

	2010	2009
Net income for the period in EURk	1,056	1,314
Shares in circulation	4,538,670	4,538,670
Diluted and undiluted earnings per share in EUR	0.23	0.29

No dividend payment is planned for financial year 2010.

— 8.4 Contingent liabilities and other financial obligations

As of the balance sheet date, Altira AG has issued the following letters of comfort:

1. a letter in the amount of EUR 550,000.00 in favour of Altira ADC Management GmbH, Frankfurt am Main (Altira ADC Management GmbH is a subsidiary and therefore included in the reporting entity)
2. a letter in the amount of EUR 150,000.00 in favour of Greenland Management GmbH, Frankfurt am Main.

Altira is liable for up to EUR 60k under guarantees issued for its subsidiary Patriarch Multi-Manager GmbH.

Lease commitments of EUR 482k result from a 5-year fixed-term lease with a remaining term of approximately one year. A bank guarantee for EUR 132k was furnished as rental security.

In addition, Altira AG assumed a loan commitment of EUR 4,999,950 for the ClearSight Turnaround Fund I, L.P., St. Peter Port, Guernsey, of which EUR 3,891,208 remains undrawn as at the reporting date.

There were no other contingent liabilities or other financial obligations not shown in the balance sheet or the income statement as at the balance sheet date.

— 8.5 Related parties

As at the balance sheet date 31 December 2010, Angermayer, Brumm & Lange Unternehmensgruppe GmbH (ABL), Frankfurt am Main, held approximately 61.7 percent of the share capital of Altira AG. Therefore, ABL and all companies over which ABL or the shareholders of ABL have a significant influence are treated as related parties.

Since ABL held approximately 45 percent of the shares of Aragon AG, Wiesbaden, on the balance sheet date, Aragon AG and its subsidiaries are related parties.

The companies managed by the Altira Group and organised in the legal form of a GmbH & Co. KGaA are classified as other related parties.

The Altira Group received fees of EUR 4,176k (previous year: EUR 8,531k) during the reporting year from companies organised in the legal form of a GmbH & Co. KGaA and managed by Group companies for assuming responsibility for their management and administration. Altira AG also charged fees of EUR 784 k (previous year: EUR 332k) for contractual services to companies organised in the legal form of a GmbH & Co. KGaA.

In addition, the Altira Group received fees and cost allocations of EUR 124k (previous year: EUR 188k) for other services from Aragon AG and subsidiaries of Aragon AG and paid an amount of EUR 10k (previous year: EUR 23k) to Aragon AG.

Altira AG recharged expenses amounting to EUR 45k (previous year: EUR 0) to ABL and received refunds of EUR 1k (previous year: EUR 0).

Via equity interests, the shareholders of ABL, or ABL itself, have a significant influence over Silvia Quandt&Cie AG (SQ), Frankfurt am Main, and biw Bank für Investments und Wertpapiere AG (biw), Willich. Altira AG received EUR 20k from biw during the year for services provided and paid biw EUR 180k. Altira AG received EUR 78k from SQ during the year for services provided and paid SQ EUR 65k.

A 20% equity investment allows Altira Group to exert a significant influence on Seyes GmbH, Bayreuth. Altira Group paid Seyes GmbH EUR 196k for IT services during the year (previous year: EUR 152k).

Total trade receivables from related companies and people as at the balance sheet date amounted to EUR 1,556k (previous year: EUR 598) and trade payables amounted to EUR 57k (previous year: EUR 14k).

There is one loan receivable owed to a company, over which ABL has significant influence, amounting to EUR 2,365k. The interest rate stands at 5 percent. The loan receivable is disclosed under other fund assets.

Altira AG also has bank balances of EUR 106k with biw (previous year: EUR 1k).

The compensation of the members of the Management Board consists of the following:

in EURk	2010	2009
Non-performance-based components	945	793
Performance-based components	698	250
Formation of a provision for performance-based components	583	1,342

In addition, during the reporting year a total of EUR 1,106k was paid out from provisions formed in the previous year for performance-based compensation (previous year: EUR 1,434k). The total compensation paid to the members of the Management Board during the reporting year amounted to EUR 2,749k (previous year: EUR 2,477k).

In addition, the consolidated financial statements also include a provision of EUR 973k (previous year: EUR 298k) for future Management Board entitlements to performance-based compensation, which accrue when the write-ups of investments already recognised under IFRS are also realised under the German Commercial Code (HGB). This amount will not be due for payment, however, until the corresponding profits recognised under IFRS are also realised under HGB.

Altira AG is not obligated under § 314 paragraph 1 paragraph 6 letter a sentence 5 et seq. HGB to disclose the pay of each individual member of the Management Board because it is not a listed corporation within the meaning of § 3 paragraph 2 AktG (German Companies Act).

The members of the Supervisory Board received compensation of EUR 50k during the reporting year (previous year: EUR 75k) and a further EUR 25k are disclosed under payables. A liability of EUR 75k (previous year: EUR 75k) for Supervisory Board compensation also existed as at the balance sheet date.

— 8.6 Share-based payments

Altira AG introduced a “virtual share option plan” in financial year 2008. When exercising their share options, the selected employees who are plan participants receive a cash payment linked to share performance. This plan was classified according to the provisions of IFRS 2 as a cash-settled share-based payment plan. No right to delivery of the company’s shares exists.

The liability for the cash settlement is measured at fair value as at the time the options are granted using a binomial model and a Monte Carlo simulation and remeasured on each balance sheet date and the settlement date. The fair value is apportioned in profit or loss over the period until the first possible date of exercise by recognising a corresponding obligation. Changes to fair value are recognised through profit or loss.

There were no cancellations of or amendments to the plan during financial years 2009 or 2010. The options were issued in four tranches and are subject to the following main terms:

- The payout amount of tranche 1 options is equal to the difference between the final share value and the exercise price. The final value corresponds to the placement price per share in connection with the performance of the capital increase. The payout amount of tranche 2 corresponds to the difference between market price and exercise price. The market price is calculated as the volume-weighted average price of a share of the company between 01/01/2013 and 30/06/2013. The payout amounts of tranches 3 and 4 equal the difference between the final value and the exercise price. The final value is the arithmetic mean of the final prices of shares of the company on the 20 stock exchange dealing days preceding the exercise date.
- Options may only be exercised at the end of their term during a defined exercise period. For tranche 1, 3 and 4 options, the exercise period is 1 year. Tranche 2 options are exercised automatically at the end of their term.
- If the option holder is no longer an employee of the company after he was granted options and before the vesting date of the respective option tranches, all granted options that have not yet vested lapse.
- The vesting of the options takes place on different dates during their term (vesting in instalments):

Year	Number
2008	3,000
2009	17,000
2010	16,000
2011	24,000
2012	24,000
2013	44,000

The following changes in the number of share appreciation rights occurred during the current and previous financial years:

in EURk	31/12/2010	31/12/2009
Options outstanding at the beginning of the 2010 reporting period	124,000	128,000
Options granted during the reporting period	0	0
Options forfeited during the reporting period	106,000	4,000
Options exercised the reporting period	0	0
Options expired during the reporting period	0	0
Options outstanding at the end of the reporting period	18,000	124,000
Exercisable options at the end of the reporting period	0	0

The options in tranche 2 were forfeited without replacement in financial year 2009 and the options in tranche 1 were forfeited without replacement in financial year 2010. 6,000 options in tranche 4 were also forfeited without replacement in financial year 2010. The weighted average expected residual term for the share appreciation rights outstanding as at 31 December 2010 is 3.67 years (31/12/2009: 4.23 years).

The exercise price for the options in tranche 3 outstanding at the end of the reporting period was EUR 31.00, and EUR 35.00 for the options in tranche 4. The fair value of share appreciation rights are calculated at the moment of granting using a binomial model or a Monte Carlo simulation taking into consideration the terms under which the instruments were granted. The expenses for the services received or a liability to pay for these services are recognised over the vesting schedule. The liability is recalculated on every reporting date as well as the settlement date. Changes to fair value are recognised through profit or loss.

The weighted average fair value of the options was EUR 0.92 as at 31 December 2010 (31 December 2009: EUR 1.26).

The valuation as at 31 December 2009 was based on the following parameters:

Parameters	Tranche 1	Tranche 3	Tranche 4
Dividend yield in %	0.83	0.83	0.83
Expected volatility in %	51.28	49.78	49.78
Risk-free interest rate in %	2.29	2.44	2.44
Term of the options in years	4.13	4.67	4.67
Share price on the valuation date in EUR	12.79	12.79	12.79
Model used	Binomial	Binomial	Binomial

The valuation as at 31/12/2010 was based on the following parameters:

Parameters	Tranche 3	Tranche 4
Dividend yield in %	1.00	1.00
Expected volatility in %	41.45	41.45
Risk-free interest rate in %	1.46	1.46
Term of the options in years	3.67	3.67
Share price on the valuation date in EUR	12.75	12.75
Model used	Binomial	Binomial

As part of the valuation, the maximum term of the options was modelled using the binomial model and Monte Carlo simulation and, if applicable, the possibility of an early exercise was taken into consideration when calculating the value of the options.

Because of the still recent stock exchange listing, there was no historic company share price data available for an estimate of the volatility as at 31 December 2009 that was appropriate to the term of the options. Instead, the future volatility during the expected term of the share options was derived based on the historic volatilities of a peer group of comparable companies over an appropriate term. An estimate of the historical volatility of the Company appropriate

for the term of the options became available on 31 December 2010. The expected volatility used is based on the assumption that it is possible to project future trends based on historic volatilities. Actual volatility may vary from the assumptions made. The risk-free interest rates were derived from market data, with a residual term corresponding to the expected term of the options being valued. The expected dividend yield was calculated based on historic dividend payments, taking into consideration management expectations of future developments.

Income of EUR 77k (previous year: income of EUR 12k) was recognised during the reporting year for a reversal of the provision for share appreciation rights.

As at 31 December 2010, the carrying amount of the liability arising from stock appreciation rights was EUR 14k (31 December 2009: EUR 91k). No further stock appreciation rights were exercisable as at the balance sheet date.

— 8.7 Shareholdings

A list of all shareholdings where the Altira Group holds 20 percent or more of the voting rights is provided in an appendix to the notes to the consolidated financial statements.

The Altira Group holds an interest in excess of 5 percent of the voting rights in the following large corporations:

- Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main
- MAGNAT Real Estate AG, Frankfurt am Main

— 8.8 Events after the balance sheet date

The “Deutscher Solarfonds Stabilität 2010” fund was launched in financial year 2010, and a first closing of EUR 77.5 million took place in November 2010. The final closing of EUR 112.5 million for the solar fund took place in February 2011. VCH Africa and the VCH Commodity Alpha fund were also launched in March 2011. VCH Africa is a pan-African equity fund. VCH Commodity Alpha uses commodity derivatives to invest in commodities.

— 8.9 Disclosures concerning capital management

The management of the Altira Group aims to achieve an appropriate return on the capital employed. Altira AG invests equity in asset management companies in order to continuously expand its revenue base by means of the management fees earned. The amount of the management fees is largely determined by the volume of the respective assets under management and the return earned. In addition, Altira AG invests equity in funds managed by these management companies in order to profit directly from the investment performance of these funds.

— 8.10 Disclosures concerning risk management

The Altira Group's risk management system identifies and avoids, or limits, the significant risks resulting from the Group's business operations. The risk management system also assists in the identification and exploitation of opportunities, thereby contributing to the further development and greater success of the Group.

Risks were assigned systematically to 3 risk groups:

1. Strategic risks

- Changes in the capital market environment, which represents the underlying business foundation for a corporate group operating in the asset management area
- Market environment and positioning of competitors
- Human resources

2. Financial risks

- Price change risks (possible negative performance of securities and equity investments held in the portfolio and performance of vehicles managed by the investment teams)
- Liquidity risk
- Legal risks
- Risks due to tax law changes

3. Operational risks

- Financial accounting and controlling
- Cash flows
- IT security

For each area of potential risk, risk management consists of early risk identification, information and communication, and risk response, in the form of the determination and implementation of appropriate countermeasures.

Price change risks mainly result from potential negative changes in the capital market environment as a whole as well as in the performance of individual shares and the fair values of equity investments and securities held in the Company's own portfolio and managed portfolios. In individual cases, Altira manages these price change risks by entering into hedge transactions.

Leverage certificates were used to hedge market risks in the mutual fund area in financial year 2010.

— 8.11 Employees

Group companies had an average of 69 employees over the year (previous year: 78) – not including the members of the Management Board and senior management of the Group companies – of whom 29 were women (previous year: 35) and 40 men (previous year: 43).

— 8.12 Auditor

In financial year 2010, the auditing company engaged to audit the consolidated financial statements charged EUR 65k (previous year: EUR 60k) for auditing services, EUR 5k (previous year: EUR 3k) for other certification services, and EUR 3k (previous year: EUR 3k) for other services, including value-added taxes.

A provision of EUR 70k (previous year: EUR 60k) was formed for auditing the consolidated financial statements as at 31 December 2010.

— 8.13 Management Board and Supervisory Board

— Management Board

Michael Rieder, CEO, Frankfurt am Main,
Diplom-Kaufmann

David Zimmer, CFO, Bonn,
MBA, attorney

Peter Brumm, Business Development, Frankfurt am Main,
Diplom-Kaufmann

Andreas Lange, CIO, Frankfurt am Main,
Diplom-Kaufmann

Christian Angermayer, Business Development and Investor Relations, Frankfurt am Main,
entrepreneur

— Supervisory Board

Robert Depner (Chairman of the Supervisory Board), Bergisch Gladbach,
Member of the Management Board of VCH Vermögensverwaltung AG

Axel-Günter Benkner (Deputy Chairman of the Supervisory Board), Nidderau,
independent business consultant

Peter E. Merian, Binningen, Switzerland,
independent business consultant

Information on Management Board and Supervisory Board compensation is provided in the
“Related parties” section.

STATEMENT OF CHANGES IN FIXED ASSETS 2010

Cost				
in EURk	As at 01/01/10	Additions	Disposals	As at 31/12/10
I. Intangible assets				
Computer software and licences	593	43	1	635
Goodwill	885	0	0	885
	1,478	43	1	1,520
II. Property, plant and equipment				
Other equipment, operating and office equipment	1,461	281	569	1,173
III. Investments				
1. Equity investments in associated companies	25	0	0	25
2. Equity investments	1,287	1	0	1,288
3. Non-current securities	20,136	317	241	20,212
4. Loans	801	372	73	1,100
	22,249	690	314	22,625
	25,188	1,014	884	25,318

Valuation adjustments reduction in carrying amount (-), increase in carrying amount(+)						Carrying amount		
As at 01/01/10	Write-downs	Write-ups through the revaluation reserve for financial instruments	Write-ups	Disposals	As at 31/12/10	As at 31/12/10	As at 31/12/09	
-345	-105	0	0	0	-450	185	248	
0	0	0	0	0	0	885	885	
-345	-105	0	0	0	-450	1,070	1,133	
-724	-184	0	0	284	-624	549	737	
1	-24	0	174	0	151	176	26	
153	-290	1,758	0	0	1,621	2,909	1,440	
-4,551	-197	301	1,601	0	-2,846	17,366	15,585	
-293	-309	0	288	0	-314	786	508	
-4,690	-820	2,059	2,063	0	-1,388	21,237	17,559	
-5,759	-1,109	2,059	2,063	284	-2,462	22,856	19,429	

STATEMENT OF CHANGES IN FIXED ASSETS 2009

(As a comparison)

Cost				
in EURk	As at 01/01/09	Additions	Disposals	As at 31/12/09
I. Intangible assets				
Computer software and licences	429	166	2	593
Goodwill	880	10	5	885
	1,309	176	7	1,478
II. Property, plant and equipment				
Other equipment, operating and office equipment	1,320	174	33	1,461
III. Investments				
1. Equity investments in associated companies	2,688	0	2,663	25
2. Equity investments	135	1,162	10	1,287
3. Non-current securities	19,399	1,757	1,020	20,136
4. Loans	986	0	185	801
	23,208	2,919	3,878	22,249
	25,837	3,269	3,918	25,188

	Valuation adjustments reduction in carrying amount (-), increase in carrying amount(+)				Carrying amount		
	As at 01/01/09	Write-downs	Write-ups	Disposals	As at 31/12/09	As at 31/12/09	As at 31/12/08
	-262	-83	0	0	-345	248	167
	0	0	0	0	0	885	880
	-262	-83	0	0	-345	1,133	1,047
	-531	-222	0	29	-724	737	789
	327	-49	142	-419	1	26	3,015
	0	-40	193	0	153	1,440	135
	-2,405	-6,050	3,249	655	-4,551	15,585	16,994
	0	-293	0	0	-293	508	986
	-2,078	-6,432	3,584	236	-4,690	17,559	21,130
	-2,871	-6,737	3,584	265	-5,759	19,429	22,966

LIST OF SHAREHOLDINGS

(Equity investments where the Altira Group holds 20% or more of the voting rights)

as at 31 December 2010

Company name	Headquarters	Shareholding in %	Consolidation method used
ADC Business Development Services	Republic of Mauritius	100.00	Full consolidation
Altira ADC Management GmbH	Frankfurt am Main	100.00	Full consolidation
Altira Advisory GmbH	Frankfurt am Main	100.00	Full consolidation
Altira CFC Management GmbH	Dortmund	75.00	Full consolidation
Altira eolutions Management GmbH	Frankfurt am Main	100.00	Full consolidation
Altira Heliad AG	Zurich (Switzerland)	100.00	Full consolidation
Altira Heliad Management GmbH	Frankfurt am Main	100.00	Full consolidation
Altira Renewables Komplementär GmbH	Frankfurt am Main	100.00	Full consolidation
Altira Renewables Management GmbH	Frankfurt am Main	100.00	Full consolidation
Altira TIG Management GmbH	Frankfurt am Main	100.00	Full consolidation
Clearsight Investments AG	Zurich (Switzerland)	40.00	Equity method
Frontier Capital Partners GmbH	Frankfurt am Main	74.90	Full consolidation
Patriarch MultiManager GmbH	Frankfurt am Main	100.00	Full consolidation
VCH Investment Group AG	Frankfurt am Main	100.00	Full consolidation
VCH Vermögensverwaltungs AG	Cologne	74.50	Full consolidation
ACQ 2. Beteiligungs GmbH	Frankfurt am Main	100.00	-
Greenland Management GmbH	Frankfurt am Main	50.20	-
Greenland Real Investments GmbH & Co. KGaA	Frankfurt am Main	50.00	-
Seyes GmbH	Bayreuth	20.00	-
SophistiCapital AG	Bayreuth	50.20	-

AUDITOR'S REPORT

We have audited the consolidated financial statements, comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements, prepared by Altira Aktiengesellschaft, Frankfurt am Main, for the financial year from 1 January to 31 December 2010 as well as the Group management report. The preparation of the consolidated financial statements and the Group management report in accordance with the IFRS as adopted by the EU and the supplementary provisions of German commercial law required under § 315a paragraph 1 of the German Commercial Code (HGB) is the responsibility of Company management. Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted principles of financial statement auditing issued by the Institut der Wirtschaftsprüfer (IDW). These 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 conveyed by the consolidated financial statements in accordance with applicable accounting principles and by the Group management report be detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations regarding possible misstatements were taken into account when determining audit procedures. The effectiveness of the internal accounting control system and evidence supporting the disclosures in the consolidated financial statements and Group management report are examined primarily on a sampling basis within the framework of the audit. The audit includes an assessment of the annual financial statements of the companies included in the consolidated financial statements, determination of the companies included in the reporting entity, an evaluation of the accounting and consolidation policies used and the significant estimates made by management, as well as an evaluation of the overall presentation of the consolidated financial statements and Group management report. We believe that our audit provides a sufficiently certain basis for our opinion.

Our audit did not result in any qualifications.

In our opinion, based on the knowledge gained during the audit, the consolidated financial statements satisfy IFRS requirements as adopted by the EU and the supplementary provisions of German commercial law applicable under § 315a paragraph 1 HGB and convey a true and fair view of the Group's net assets, financial position and results of operations in accordance with those requirements. The Group management report is consistent with the consolidated financial statements and conveys a suitable overall view of the position of the Group and a suitable presentation of the opportunities and risks of future development.

Berlin, 25. May 2011
Verhülsdonk & Partner GmbH
Auditors and Tax Consultants

Konrad Pochhammer, Auditor
Dr. Steffen Görlitz, Auditor

Altira Group

Altira Aktiengesellschaft

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Andreas Lange, Peter Brumm, Christian Angermayer

Supervisory Board

Robert Depner (Chairman), Axel-Günter Benkner,
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The German version is legally binding.



