

EMISSIONSPROSPEKT ZUR AKTIENZEICHNUNG

1. Einleitung

Dieser Emissionsprospekt gemäss Art. 652a des Schweizerischen Obligationenrechts (OR) der iQ Power AG, Zug (nachfolgend auch "Gesellschaft") enthält die gesetzlich notwendigen Angaben für die Durchführung der genehmigten Aktienkapitalerhöhung auf der Basis des Beschlusses der ausserordentlichen Generalversammlung vom 21. Februar 2013 sowie gemäss den Beschlüssen des Verwaltungsrates vom 21. Februar 2013 und vom 17. März 2013.

Weitere Unterlagen zur Gesellschaft können auf der Homepage der Gesellschaft unter www.iqpower.com eingesehen und heruntergeladen werden.

2. Angaben über die Gesellschaft

Firma, Sitz	iQ Power AG, Zug
Rechtsform	Aktiengesellschaft gemäss Art. 620 ff. OR
Rechtsdomizil	Metalstrasse 9, 6304 Zug
Kontakt details	Telefon: +41-41-768 03 63 Email: info@iqpower.com Web: www.iqpower.com
Zweck	Handel mit Produkten, Komponenten und Systemen zur Energieversorgung, Energiespeicherung, Energieerzeugung und zum Energiemanagement sowie direkter oder indirekter Erwerb, Verkauf und Verwaltung von Beteiligungen an Unternehmen im In- und Ausland sowie Durchführung von Finanzgeschäften; Tätigkeit aller mit dem Gesellschaftszweck direkt oder indirekt zusammenhängenden oder diesen fördernde Geschäfte; Errichtung von Zweigniederlassungen oder Tochtergesellschaften im In- und Ausland; kann Grundstücke und Immaterialgüterrechte erwerben, verwalten und veräussern.
Publikationsorgan	Schweizerisches Handelsamtsblatt (SHAB)
Information der Aktionäre	Die Mitteilungen an die Aktionäre erfolgen in schriftlicher Form an die im Aktienbuch verzeichneten Adressen

Firmennummer	CH-170.3.027.783-9
Datum der Eintragung	10.11.2004 (Sitzverlegung aus Kanada)
Geschäftsjahr	entspricht dem Kalenderjahr
Statutendatum	21.02.2013
Verwaltungsrat	Präsident: Dr. Raymond Wicki, von Escholzmatt, in Bolligen Mitglieder: Won-Lak Choi, Staatsangehöriger der Republik Korea, in Gyonggi (Kor) Björn Dettmar, deutscher Staatsangehöriger, in Hirschberg (BRD)
Geschäftsführung	Geschäftsführer: Charles R. Sullivan, deutscher Staatsangehöriger, in Zug
Revisionsstelle	BDO AG (CH-400.9.009.282-0), in Baden

3. Aktienkapital

Bisheriges Aktienkapital	Das im Handelsregister eingetragene Aktienkapital beträgt derzeit CHF 15'506'348.28 und ist eingeteilt in 456'878'276 Namenaktien mit einem Nennwert von je CHF 0.03 (Stammaktien) und 180'000'000 Stimmrechts- und Vorzugsnamenaktien (mit Vorzugsrechten gemäss Art. 3c der Statuten) mit einem Nennwert von je CHF 0.01.
Liberierung	CHF 15'506'348.28
Stimmrechte	Jede Aktie berechtigt zu einer Stimme. Jeder Aktionär kann sich in der Generalversammlung durch einen Dritten, der sich durch eine schriftliche Vollmacht ausweist, vertreten lassen.
Vorrechte einzelner Kategorien von Aktien	Gemäss Art. 3c der Statuten berechtigen die Stimmrechts- und Vorzugsnamenaktien mit einem Nennwert von je CHF 0.01 zum Bezug einer dreifachen Vorzugsdividendenzahlung.
Genussscheine	Es bestehen keine Genussscheine.

4. **Genehmigtes Aktienkapital**

An der ausserordentlichen Generalversammlung vom 21. Februar 2013 wurde ein genehmigtes Kapital von insgesamt maximal CHF 7'753'174.14 beschlossen.

Die entsprechende Bestimmung in den Statuten lautet wie folgt:

Art. 3a **Genehmigtes Kapital**

Der Verwaltungsrat ist ermächtigt, jederzeit bis zum 21. Februar 2015 das Aktienkapital im Maximalbetrag von CHF 450'000.00 durch Ausgabe von höchstens 15'000'000 vollständig zu liberierenden Namenaktien mit einem Nennwert von je CHF 0.03 (Stammaktien) zu erhöhen. Erhöhungen auf dem Wege der Festübernahme sowie Erhöhungen in Teilbeträgen sind gestattet. Der jeweilige Ausgabebetrag, der Zeitpunkt der Dividendenberechtigung und die Art der Einlagen werden vom Verwaltungsrat bestimmt.

Der Verwaltungsrat ist ermächtigt, jederzeit bis zum 21. Februar 2015 das Aktienkapital im Maximalbetrag von CHF 7'303'174.14 durch Ausgabe von höchstens 730'317'414 vollständig zu liberierenden Stimmrechts- und Vorzugsnamenaktien (mit Vorzugsrechten gemäss Art. 3c) mit einem Nennwert von je CHF 0.01 zu erhöhen. Erhöhungen auf dem Wege der Festübernahme sowie Erhöhungen in Teilbeträgen sind gestattet. Der jeweilige Ausgabebetrag, der Zeitpunkt der Dividendenberechtigung und die Art der Einlagen werden vom Verwaltungsrat bestimmt.

Der Verwaltungsrat ist berechtigt, das Bezugsrecht der Aktionäre auszuschliessen und Dritten zuzuweisen, wenn solche neuen Aktien (1) für die Übernahme von Unternehmen durch Aktientausch, (2) zur Finanzierung des Erwerbes von Unternehmen, Unternehmensteilen oder Beteiligungen oder von neuen Investitionsvorhaben der Gesellschaft, (3) für die Beteiligung von Mitarbeitern oder (4) für die Ausgabe von Aktien im Rahmen einer internationalen Platzierung verwendet werden sollen. Aktien, für welche Bezugsrechte eingeräumt, aber nicht ausgeübt werden, sind zu Marktbedingungen zu veräussern.

5. **Bedingtes Aktienkapital**

Das bedingte Kapital wurde an der ausserordentlichen Generalversammlung vom 21. Februar 2013 auf maximal CHF 7'753'174.12 erhöht.

Die entsprechende Bestimmung in den Statuten lautet wie folgt:

Art. 3b **Bedingtes Kapital**

Das Aktienkapital der Gesellschaft wird im Maximalbetrag von CHF 3'753'174.12 erhöht durch die Ausgabe von höchstens 125'105'804 vollständig zu liberierenden Namenaktien mit einem Nennwert von je CHF 0.03 (Stammaktien), davon

1. *bis zu einem Betrag von CHF 400'000.02 durch Ausübung von Optionsrechten, die den Aktionären zugeteilt werden;*

2. a) *bis zu einem Betrag von CHF 14'325.00 durch Ausübung von bereits eingeräumten Optionsrechten;*
- b) *bis zu einem Betrag von CHF 409'770.36 durch Ausübung von Optionsrechten, die den Mitarbeitern, Mitgliedern des Verwaltungsrates der Gesellschaft oder von Konzerngesellschaften sowie wichtigen externen, die Gesellschaft beratenden Personen gewährt werden;*
- c) *bis zu einem Betrag von CHF 2'929'078.74 durch Ausübung von Wandelrechten, die in Verbindung mit Anlehens- oder ähnlichen Obligationen der Gesellschaft eingeräumt werden. Die Wandelbedingungen sind durch den Verwaltungsrat festzulegen.*

Das Vorwegzeichnungsrecht der Aktionäre kann bei Wandelanleihen bezüglich höchstens 60'969'292 Namenaktien mit einem Nennwert von je CHF 0.03 (Stammaktien) durch Beschluss des Verwaltungsrates ausgeschlossen werden (1) zur Finanzierung des Erwerbs von Unternehmen oder Beteiligungen oder von neuen Investitionsvorhaben der Gesellschaft oder (2) zur Emission der Wandelanleihen auf internationalen Kapitalmärkten oder (3) zur Erhaltung der wirtschaftlichen Selbständigkeit der Gesellschaft.

Soweit das Vorwegzeichnungsrecht der Aktionäre ausgeschlossen ist, sind Struktur, Laufzeit und Betrag der Anleihe sowie die Wandelbedingungen durch den Verwaltungsrat entsprechend den Marktbedingungen im Zeitpunkt der Begebung festzulegen.

Die Wandelrechte haben eine Ausübungsfrist von maximal zehn Jahren ab Begebung der betreffenden Anleihe.

Das Bezugsrecht der Aktionäre ist beim bedingten Kapital gemäss dieser Ziffer 2 ausgeschlossen.

Das Aktienkapital der Gesellschaft wird im Maximalbetrag von CHF 4'000'000.00 erhöht durch die Ausgabe von höchstens 400'000'000 vollständig zu liberierenden Stimmrechts- und Vorzugsnamenaktien (mit Vorzugsrechten gemäss Art. 3c) mit einem Nennwert von je CHF 0.01 durch Ausübung von Optionsrechten, die den Aktionären zugeteilt werden.

6. Geschäftsabschlüsse

Der geprüfte Einzelabschluss per 31.12.2011 der iQ Power AG sowie der Revisionsbericht zum Jahresabschluss per 31.12.2011 sind in Anhang 1 zu diesem Emissionsprospekt abgebildet.

Der geprüfte Konzernabschluss per 31.12.2011 der iQ Power Gruppe sowie der Revisionsbericht zum Konzernabschluss per 31.12.2011 sind in Anhang 2 zu diesem Emissionsprospekt abgebildet.

Der ungeprüfte Konzernzwischenabschluss per 30.09.2012 der iQ Power Gruppe ist in Anhang 3 zu diesem Emissionsprospekt abgebildet.

7. Dividenden

Die iQ Power AG hat seit ihrer Sitzverlegung in die Schweiz im Jahr 2004 noch keine Dividenden ausbezahlt.

8. Beschluss des Verwaltungsrates

Auf der ausserordentlichen Generalversammlung vom 21. Februar 2013 wurde der Verwaltungsrat ermächtigt, bis zum 21. Februar 2015 das Aktienkapital im Maximalbetrag von CHF 450'000.00 durch Ausgabe von höchstens 15'000'000 vollständig zu liberierenden Namenaktien mit einem Nennwert von je CHF 0.03 (Stammaktien) sowie im Maximalbetrag von CHF 7'303'174.14 durch Ausgabe von höchstens 730'317'414 vollständig zu liberierenden Stimmrechts- und Vorzugsnamenaktien (mit Vorzugsrechten gemäss Art. 3c der Statuten) mit einem Nennwert von je CHF 0.01 zu erhöhen.

Der Verwaltungsrat hat von dieser Ermächtigung Gebrauch gemacht und mit Beschlüssen vom 21. Februar 2013 und vom 17. März 2013 beschlossen, in einer ersten Tranche das Aktienkapital im Maximalbetrag von CHF 1'900'000.00 durch Ausgabe von höchstens 190'000'000 vollständig zu liberierenden Stimmrechts- und Vorzugsnamenaktien (mit Vorzugsrechten gemäss Art. 3c der Statuten) mit einem Nennwert von je CHF 0.01 zu erhöhen. In diesen Beschlüssen hat er auch die Ausgabebedingungen für die angebotenen Aktien festgelegt.

9. Das Angebot

Im Einzelnen lauten die vom Verwaltungsrat am 21. Februar 2013 und 17. März 2013 festgelegten Bedingungen des Angebots wie folgt:

9.1 Zusammenfassung

Aufgrund der statutarischen Ermächtigung in Art. 3a Abs. 2 der Statuten hat der Verwaltungsrat der iQ Power AG am 21. Februar 2013 und 17. März 2013 beschlossen, das Aktienkapital im Maximalbetrag von CHF 1'900'000.00 durch Ausgabe von höchstens 190'000'000 vollständig zu liberierenden Stimmrechts- und Vorzugsnamenaktien (mit Vorzugsrechten gemäss Art. 3c der Statuten) mit einem Nennwert von je CHF 0.01 zu erhöhen (nachfolgend "Neue Stimmrechts- und Vorzugsnamenaktien"). Der Verwaltungsrat der Gesellschaft wird den Feststellungsbeschluss über die Kapitalerhöhung voraussichtlich am 15. April 2013 fassen und die Kapitalerhöhung voraussichtlich am 17. April 2013 in das Handelsregister des Kantons Zug, Schweiz eintragen. Die Neuen Stimmrechts- und Vorzugsnamenaktien sind ab dem 1. Januar 2012 voll dividendenberechtigt.

Das Bezugsrecht für die Neuen Stimmrechts- und Vorzugsnamenaktien im Rahmen der genehmigten Kapitalerhöhung wird den Aktionären formell zugunsten der biw Bank für Investments und Wertpapiere AG, Hausbroicher Str. 222, 47877 Willich (nachfolgend "biw AG") entzogen. Das Bezugsrecht der Aktionäre (mit Ausnahme der in den Vereinigten Staaten von Amerika, Kanada, Japan, Australien sowie weiteren Ländern mit Verkaufsrestriktionen ansässigen Aktionäre) wird jedoch dadurch indirekt gewahrt, dass

die biw AG zur Zeichnung und Übernahme der Neuen Stimmrechts- und Vorzugsnamenaktien zum Nennwert von CHF 0.01 je Aktie mit der Verpflichtung zugelassen wird, Neuen Stimmrechts- und Vorzugsnamenaktien den Aktionären im Verhältnis 2,73 zu 1 für Namenaktien mit einem Nennwert von je CHF 0.03 (Stammaktien) (ISIN CH0020609688) und 8,17 zu 1 für Stimmrechts- und Vorzugsnamenaktien mit einem Nennwert von je CHF 0.01 (ISIN CH0199540599) zu einem Bezugspreis von EUR 0.01275 je Neuer Stimmrechts- und Vorzugsnamenaktie in der Zeit vom 22. März 2013 bis 8. April 2013 (jeweils einschliesslich) nach Massgabe der Bestimmungen in diesem Emissionsprospekt zum Bezug anzubieten, wobei der Verwaltungsrat das Recht hat, die Bezugsfrist angemessen zu verlängern. Die bisherigen Aktionäre haben ein (indirektes) Bezugsrecht auf die Neuen Stimmrechts- und Vorzugsnamenaktien nach Maßgabe des Nennwerts ihrer bisherigen Kapitalbeteiligung. Die Zahlung des Bezugspreises für die Neuen Stimmrechts- und Vorzugsnamenaktien hat durch Überweisung des entsprechenden Betrages zu erfolgen.

Die angebotenen Neuen Stimmrechts- und Vorzugsnamenaktien können über die Depotbanken der Aktionäre bei der biw AG bezogen werden. Die Bezugsrechte werden für die in Girosammelverwahrung gehaltenen Aktien der Gesellschaft voraussichtlich nach dem Stand vom 21. März 2013 nach Börsenschluss durch die Clearstream Banking AG, Frankfurt den Depotbanken automatisch eingebucht.

Allfällige auf Grund des indirekten Bezugsangebotes nicht bezogene Neue Stimmrechts- und Vorzugsnamenaktien wird der Verwaltungsrat der Gesellschaft zu denselben Bedingungen während der Bezugsfrist interessierten Aktionären zur Ausübung von Überbezugsrechten anbieten. Allfällige nicht von Altaktionären bezogene Neue Stimmrechts- und Vorzugsnamenaktien können Dritinteressenten im Rahmen einer Privatplatzierung ebenfalls zu denselben Bedingungen angeboten werden.

Für jede zugeteilte Neue Stimmrechts- und Vorzugsnamenaktie gewährt die Gesellschaft dem betreffenden Aktionär sodann ein Gratis-Optionsrecht (nachfolgend „Optionsrecht“), welches zum Bezug einer weiteren Stimmrechts- und Vorzugsnamenaktie mit einem Nennwert von je CHF 0.01 berechtigt. Die für die Bedienung der ausgeübten Optionsrechte benötigten Aktien stehen der Gesellschaft in Form von bedingtem Aktienkapital gemäss Art. 3b Abs. 2 der Statuten zur Verfügung. Der Ausgabebetrag der durch Ausübung der Optionsrechte gezeichneten Stimmrechts- und Vorzugsnamenaktien mit einem Nennwert von je CHF 0.01 beträgt EUR 0.014 pro Stimmrechts- und Vorzugsnamenaktie.

Die Optionsbedingungen, welche einen integrierenden Bestandteil dieses Emissionsprospektes bilden, sind in Anhang 4 enthalten und können über die Internetseite der Gesellschaft abgerufen werden (www.iqpower.com). Zentrale Bezugsstelle für die Ausübung der Optionsrechte ist die Bank Frey & Co. AG, Zürich.

9.2 Besondere Eigenschaften der Neuen Stimmrechts- und Vorzugsnamenaktien

Da gemäss Art. 11 der Statuten der Gesellschaft jede Aktie zu einer Stimme berechtigt, werden die Neuen Stimmrechts- und Vorzugsnamenaktien (mit einem Nominalwert von

CHF 0.01) den bestehenden Namenaktien der Gesellschaft (Stammaktien) (mit einem Nominalwert von CHF 0.03) betreffend Stimmrecht grundsätzlich gleichgestellt.

Die Bemessung des Stimmrechts nach dem Prinzip „eine Aktie = eine Stimme“ ist jedoch gemäss Art. 693 Abs. 3 OR nicht anwendbar für (d.h., die Neuen Stimmrechts- und Vorzugsnamenaktien haben für diese Beschlüsse nur 1/3 der Stimmkraft der Stammaktien):

1. die Wahl der Revisionsstelle;
2. die Ernennung von Sachverständigen zur Prüfung der Geschäftsführung oder einzelner Teile;
3. die Beschlussfassung über die Einleitung einer Sonderprüfung;
4. die Beschlussfassung über die Anhebung einer Verantwortlichkeitsklage.

Gemäss Art. 704 Abs. 1 OR ist zudem ein Beschluss der Generalversammlung, der mindestens zwei Drittel der vertretenen Stimmen und die absolute Mehrheit der vertretenen Aktiennennwerte (d.h., die Neuen Stimmrechts- und Vorzugsnamenaktien haben für die Erreichung der absoluten Mehrheit der Aktiennennwerte nur 1/3 der Stimmkraft der Stammaktien) auf sich vereinigt, erforderlich für folgende wichtigen Beschlüsse:

1. die Änderung des Gesellschaftszweckes;
2. die Einführung von Stimmrechtsaktien;
3. die Beschränkung der Übertragbarkeit von Namenaktien;
4. eine genehmigte oder eine bedingte Kapitalerhöhung oder die Schaffung von Vorratskapital gemäss Artikel 12 des Bankengesetzes vom 8. November 1934;
5. die Kapitalerhöhung aus Eigenkapital, gegen Sacheinlage oder zwecks Sachübernahme und die Gewährung von besonderen Vorteilen;
6. die Einschränkung oder Aufhebung des Bezugsrechtes;
7. die Verlegung des Sitzes der Gesellschaft;
8. die Auflösung der Gesellschaft.

Da sich das Dividendenrecht nach dem einbezahlten nominellen Kapital berechnet und die Neuen Stimmrechts- und Vorzugsnamenaktien einen dreimal tieferen Nominalwert aufweisen als die Stammaktien, werden die Neuen Stimmrechts- und Vorzugsnamenaktien mit Vorzugsrechten gemäss Art. 3c der Statuten der Gesellschaft ausgestaltet. Entsprechend haben die Neuen Stimmrechts- und Vorzugsnamenaktien gegenüber den Stammaktien ein dreifaches Dividendenrecht. Dadurch wird erreicht, dass eine Neue Stimmrechts- und Vorzugsnamenaktie eine gleich hohe Dividende erhalten wird wie eine Stammaktie.

9.3 Umfang der Kapitalerhöhung

Aufgrund der statutarischen Ermächtigung in Art. 3a Abs. 2 der Statuten hat der Verwaltungsrat am 21. Februar 2013 und am 17. März 2013 beschlossen, das Aktienkapital der Gesellschaft um maximal CHF 1'900'000.00 durch Ausgabe von bis zu 190'000'000 Neuen Stimmrechts- und Vorzugsnamenaktien zu erhöhen.

Die Neuen Stimmrechts- und Vorzugsnamenaktien sind ab dem 1. Januar 2012 voll dividendenberechtigt.

9.4 Bezugspreis und Zahl der Neuen Stimmrechts- und Vorzugsnamenaktien

Der Bezugspreis je Neuer Stimmrechts- und Vorzugsnamenaktie beträgt EUR 0.01275.

Die Zahl der platzierten Neuen Stimmrechts- und Vorzugsnamenaktien wird nach Ende der Bezugsfrist voraussichtlich am 15. April 2013 durch den Verwaltungsrat der Gesellschaft festgelegt und voraussichtlich am selben Tag durch Ad-hoc Mitteilung und auf der Internetseite der Gesellschaft unter www.iqpower.com veröffentlicht.

9.5 Indirektes Bezugsrecht / Bezugsverhältnis

Die bisherigen Aktionäre haben ein (indirektes) Bezugsrecht auf die Neuen Stimmrechts- und Vorzugsnamenaktien nach Massgabe des Nennwerts ihrer bisherigen Kapitalbeteiligung.

Das Bezugsrechtsverhältnis beträgt 2,73 zu 1 für Namenaktien mit einem Nennwert von je CHF 0.03 (Stammaktien) (ISIN CH0020609688) und 8,17 zu 1 für Stimmrechts- und Vorzugsnamenaktien mit einem Nennwert von je CHF 0.01 (ISIN CH0199540599). Dies bedeutet, dass 2,73 Stammaktien bzw. 8,17 Stimmrechts- und Vorzugsnamenaktien zur Zeichnung von einer Neuen Stimmrechts- und Vorzugsnamenaktie berechtigen. Das Bezugsrechtsverhältnis ergibt sich aus dem im Handelsregister eingetragenen Nennwert sämtlicher Aktien der Gesellschaft von CHF 15'506'348.28, geteilt durch die maximal zur Verfügung stehende Anzahl Neuer Stimmrechts- und Vorzugsnamenaktien (sowie geteilt durch den Nennwert der jeweiligen Aktienkategorie), welche im Beschluss des Verwaltungsrates vom 21. Februar 2013 auf 190'000'000 Neue Stimmrechts- und Vorzugsnamenaktien festgelegt wurde.

Da nur ganze Aktien ausgegeben werden können, wird jeweils auf ganze Aktien abgerundet, womit das Bezugsrecht für Spitzen ausgeschlossen ist.

Massgeblich für die Berechnung der Anzahl der den Aktionären zustehenden Bezugsrechte ist deren Bestand an Stammaktien und Stimmrechts- und Vorzugsnamenaktien am 21. März 2013 nach Börsenschluss. Zu diesem Zeitpunkt werden die Bezugsrechte für die Stammaktien (WKN: A1T64D / ISIN: CH0209306528) und für die Stimmrechts- und Vorzugsnamenaktien (WKN: A1T64E / ISIN: CH0209306544) von den in Girosammelverwahrung gehaltenen Aktienbeständen im Umfang des bestehenden Bezugsrechts abgetrennt.

9.6 Bezugsrechtshandel

Ein börslicher Handel für die (indirekten) Bezugsrechte im Zusammenhang mit dem indirekten Bezugsangebot der Neuen Stimmrechts- und Vorzugsnamenaktien findet nicht statt.

9.7 Ausübung des indirekten Bezugsrechts und Verwertung nicht bezogener Neuen Stimmrechts- und Vorzugsnamenaktien

Die Bezugsfrist, in der die Aktionäre das Bezugsrecht indirekt ausüben können, wird voraussichtlich den Zeitraum vom 22. März 2013 bis am 8. April 2013 (jeweils einschliesslich) während der üblichen Schalterstunden umfassen, wobei der Verwaltungsrat das Recht hat, die Bezugsfrist angemessen zu verlängern. Nicht fristgemäß ausgeübte indirekte Bezugsrechte verfallen und werden für die in Girosammelverwahrung gehaltenen Namenaktien nach Ablauf der Bezugsfrist durch die Clearstream Banking AG, Frankfurt, wertlos ausgebucht. Vom Beginn der Bezugsfrist an werden die Stammaktien und Stimmrechts- und Vorzugsnamenaktien der Gesellschaft „ex-Bezugsrecht“ notiert. Als Bezugsrechtsnachweis für die in Girosammelverwahrung gehaltenen Stammaktien und Stimmrechts- und Vorzugsnamenaktien gelten die Bezugsrechte. Die indirekten Bezugsrechte für die in Streifbandverwahrung gehaltenen Stammaktien, d.h. die in Einzelkunden verbrieften Stammaktien, werden den betreffenden Aktionären von der IQ Power AG gegen Nachweis ihrer Aktionärsstellung gewährt. Die ausgeübten Bezugsrechte sind spätestens mit Ablauf der Bezugsfrist am 8. April 2013 auf das bei der Clearstream Banking AG, Frankfurt, geführte Konto 1155 der biw AG zu übertragen. Ausgeübte Bezugsrechte können nur berücksichtigt werden, wenn bis zu diesem Zeitpunkt auch der Bezugspreis auf dem genannten Konto der biw AG gutgeschrieben ist.

Der Verwaltungsrat ist ermächtigt, allfällige auf Grund des indirekten Bezugsangebotes nicht bezogene Neue Stimmrechts- und Vorzugsnamenaktien zu denselben Bedingungen während der Bezugsfrist interessierten Aktionären zur Ausübung von Überbezugsrechten anzubieten. Allfällige nicht von Aktionären bezogene Neue Stimmrechts- und Vorzugsnamenaktien können Drittinteressenten im Rahmen einer Privatplatzierung ebenfalls zu denselben Bedingungen angeboten werden.

9.8 Ausübung von Überbezugsrechten

Den Aktionären wird daher ferner das Recht eingeräumt, über den auf ihren Bestand nach Maßgabe des Bezugsverhältnisses (siehe Ziffer 9.5 hiervor) entfallenden gesetzlichen Bezug hinaus innerhalb der Bezugsfrist eine weitere verbindliche Bezugsorder gegen Bareinlage auf eine unbeschränkte Anzahl von im Rahmen des indirekten Bezugsangebotes nicht bezogene Neue Stimmrechts- und Vorzugsnamenaktien anzumelden (Überbezug).

Ein Rechtsanspruch auf Zuteilung im Überbezug besteht nicht. Sollten die von den Aktionären angemeldeten Überbezugsorders die verfügbare Anzahl Neuer Stimmrechts- und Vorzugsnamenaktien übersteigen, werden die Überbezugsrechte quotaal gekürzt und es erfolgt eine im Verhältnis zur Überzeichnung reduzierte Zuteilung der Neuen

Stimmrechts- und Vorzugsnamenaktien. Auch aus dem Überbezugsrecht können nur volle Aktienstückzahlen den Aktionären zugeteilt werden.

9.9 Veröffentlichung des indirekten Bezugsangebots

Das indirekte Bezugsangebot wird voraussichtlich am 19. März 2013 auf der Internetseite der Gesellschaft unter www.iqpower.com sowie im deutschen Bundesanzeiger veröffentlicht werden. Ausserdem erfolgt voraussichtlich die Mitteilung über das indirekte Bezugsangebot am 19. März 2013 mittels eines Schreibens der Depotbanken an die Aktionäre.

9.10 Abrechnung und Lieferung

Die Neuen Stimmrechts- und Vorzugsnamenaktien werden den Aktionären als Bucheffekten zur Verfügung gestellt. Der Bezugspreis für die Neuen Stimmrechts- und Vorzugsnamenaktien ist von den Erwerbern bis spätestens am 8. April 2013 zu entrichten.

Die Depotbanken werden gebeten, die Bezugs- und Überbezugsmeldungen der Aktionäre bis spätestens zum 8. April 2013 bei der biw AG aufzugeben und den Bezugspreis aus dem gesetzlichen Bezug und dem Überbezug ebenfalls bis spätestens zum 8. April 2013, auf das Konto Nr. 9855018846, BLZ: 101 308 00, BIC: BIWBDE33XXX, IBAN: DE95 1013 0800 9855 0188 46, bei der biw AG, Konto „iQ Power Kapitalerhöhung“, einzuzahlen.

Für den Bezug wird die übliche Bankprovision berechnet. Entscheidend für die Einhaltung der Frist ist jeweils der Eingang der Bezugsrechte sowie des Bezugspreises bei der genannten Stelle.

Für den Fall, dass das zur Bedienung des Überbezugs verbleibende Aktienkontingent nicht ausreicht, um sämtliche Überbezugs- und Zeichnungswünsche zu bedienen, erhalten die Aktionäre bzw. die Investoren den Betrag zurückbezahlt, der für die Zahlung des Bezugspreises für die im Rahmen des Überbezugsrechts bezogenen aber schliesslich nicht zugeteilten Neuen Stimmrechts- und Vorzugsnamenaktien nicht benötigt wird.

Die Lieferung der Neuen Stimmrechts- und Vorzugsnamenaktien erfolgt erst nach Eintragung der Kapitalerhöhung im Handelsregister. Die Neuen Stimmrechts- und Vorzugsnamenaktien werden in einer Globalurkunde verbrieft, die bei der Clearstream Banking AG, Frankfurt, hinterlegt wird. Die Neuen Stimmrechts- und Vorzugsnamenaktien werden den Aktionären als Bucheffekten zur Verfügung gestellt und nach Einbeziehung in die Girosammelverwahrung durch die Clearstream Banking AG, Frankfurt in die Depots der Erwerber eingebucht.

Gleichzeitig werden den Erwerbern der Neuen Stimmrechts- und Vorzugsnamenaktien die jeweilige Anzahl Optionsrechte direkt dem Depot bei ihrer Depotbank gutgeschrieben.

9.11 Verkaufsbeschränkungen

Die Neuen Stimmrechts- und Vorzugsnamenaktien sind nicht und werden auch nicht nach den Vorschriften des Securities Act in der jeweils gültigen Fassung oder bei den Wertpapieraufsichtsbehörden der Einzelstaaten der Vereinigten Staaten von Amerika registriert und dürfen, ausser in Ausnahmefällen auf Grund einer Befreiung von den Registrierungserfordernissen des Securities Act, in den Vereinigten Staaten von Amerika weder direkt noch indirekt angeboten, verkauft oder dorthin geliefert werden.

Dieser Prospekt stellt in keinem Rechtsgebiet und in keiner Rechtsordnung, in dem/der ein solches Angebot rechtswidrig wäre, ein Angebot zum Erwerb oder Bezug von Wertpapieren dar. Dieser Prospekt darf nicht in die Vereinigten Staaten von Amerika, nach Kanada, Japan oder Australien versandt werden.

Die Annahme des indirekten Bezugsangebotes ausserhalb der Bundesrepublik Deutschland und der Schweiz kann Beschränkungen unterliegen. Personen, die das Angebot ausserhalb der Bundesrepublik Deutschland und der Schweiz annehmen wollen, werden aufgefordert, sich über ausserhalb der Bundesrepublik Deutschland oder der Schweiz bestehende Beschränkungen zu informieren und diese zu beachten.

9.12 Gründe für das Angebot / Verwendung des Emissionserlöses

Der aus der Kapitalerhöhung erzielte Nettoemissionserlös wird zur Tilgung von Verbindlichkeiten genutzt und stärkt die Vermögensbasis der Gesellschaft, wodurch die Bonität und Liquidität der iQ Power AG verbessert werden. Zudem wird die strategische Neuausrichtung der Gesellschaft durch Investitionen in ein Werkzeugprogramm zur Herstellung der neuen Konstruktion „iQP-2“ (Durchmischungseinheit aus passiven Mischelementen für nasse Batterien) forciert. Detaillierte Informationen können diesbezüglich unter www.iqpower.com eingesehen werden.

9.13 Verwässerung

Bei vollständiger Ausübung der zugeteilten Bezugsrechte wird ein Aktionär, der nicht in einem Land ansässig ist, in dem Verkaufsbeschränkungen gelten, nach Durchführung des indirekten Bezugsrechtsangebots mit gleichem prozentualem Anteil an der Gesellschaft beteiligt bleiben. Sofern ein Aktionär sein Bezugsrecht nicht ausübt, würde sich sein Kapitalanteil an der Gesellschaft um maximal 11% verwässern, wenn sämtliche Neuen Stimmrechts- und Vorzugsnamenaktien gezeichnet werden (ohne Berücksichtigung der Optionsrechte).

9.14 Börsenzulassung

Die Stammaktien der iQ Power AG sind zum Börsenhandel im Regulierten Markt (General Standard) der Frankfurter Wertpapierbörse zugelassen und werden an diesem Markt notiert (ISIN: CH0020609688, WKN: A0DQVL). Die Stammaktien der Gesellschaft sind sodann in den Handel im Freiverkehr der Börsen Berlin-Bremen, München, Düsseldorf und Stuttgart einbezogen. Seit dem Delisting der Aktien an der Nasdaq OTC Bulletin Board werden die Stammaktien der Gesellschaft in den USA nur noch am

Pinksheets Electronic OTC Markets (Pink OTC Markets, Inc.) notiert. Zulassungen zu einem weiteren organisierten Markt liegen nicht vor.

Die Stimmrechts- und Vorzugsnamenaktien der iQ Power AG sollen in den Freien Handel der Hamburg-Hannover Wertpapierbörse eingeführt werden (ISIN: CH0199540599, WKN: A1J7TW).

Die Neuen Stimmrechts- und Vorzugsnamenaktien erhalten die Wertpapier-Kennnummer: A1J7TW / ISIN: CH0199540599. Die Gesellschaft beabsichtigt, die Neuen Stimmrechts- und Vorzugsnamenaktien aufgrund der Befreiungstatbestände des deutschen Wertpapierprospektgesetzes (WpPG) ohne Veröffentlichung eines Wertpapierprospektes gemäss WpPG in den Freien Handel der Hamburg-Hannover Wertpapierbörse einzuführen. Sollte eine solche Befreiung von der Pflicht zur Veröffentlichung eines Wertpapierprospektes gemäss WpPG nicht gewährt werden, wird sich die Einführung in den Freien Handel nach hinten verschieben. In diesem Falle werden den Aktionären voraussichtlich nicht börsenzugelassene Stimmrechts- und Vorzugsnamenaktien mit einer gesonderten WKN / ISIN in die Depots eingebucht.

9.15 Zeitplan

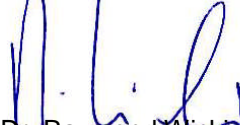
Für das Angebot und dessen Durchführung ist folgender Zeitplan vorgesehen:

18. März 2013	Veröffentlichung des Emissionsprospekts auf der Internetseite der Gesellschaft
19. März 2013	Hinweisbekanntmachung betreffend die Veröffentlichung des Prospekts sowie Veröffentlichung des indirekten Bezugsangebotes im deutschen Bundesanzeiger und mittels Schreiben an die Aktionäre der Gesellschaft
22. März 2013	Beginn der Ausübungsfrist für das indirekte Bezugsangebot
8. April 2013	Ende der Ausübungsfrist für das indirekte Bezugsangebot
12. April 2013	Zuteilung des Überbezugs und der Privatplatzierung
15. April 2013	Feststellungsbeschluss des Verwaltungsrates der Gesellschaft über die Durchführung der Kapitalerhöhung
15. April 2013	Veröffentlichung der Zahl der Neuen Stimmrechts- und Vorzugsnamenaktien durch Ad-hoc Mitteilung und auf der Internetseite der Gesellschaft
17. April 2013	Voraussichtliche Eintragung der Kapitalerhöhung im Handelsregister des Kantons Zug (Schweiz)

Die Einhaltung des Zeitplans kann nicht garantiert werden und der Verwaltungsrat hat das Recht, die Angebotsdauer angemessen zu verlängern.

Zug, 18. März 2013

Für den Verwaltungsrat:

A handwritten signature in blue ink, appearing to read 'R. Wiek', is written over the text 'Für den Verwaltungsrat:'.

Dr. Raymond Wiek, Präsident

- Anhang 1: Einzelabschluss per 31.12.2011 der iQ Power AG (inkl. Revisionsbericht zum Jahresabschluss per 31.12.2011)
- Anhang 2 Konzernabschluss per 31.12.2011 der iQ Power AG (inkl. Revisionsbericht zum Konzernabschluss per 31.12.2011)
- Anhang 3: Konzernzwischenabschluss per 30.09.2012 der iQ Power Gruppe
- Anhang 4: Optionsbedingungen für bis zu 190'000'000 Optionsrechte



iQ Power AG, Zug

*Statutory financial statements for the
year ending 31 December 2011*

Balance Sheet of iQ Power AG

CHF 1,000	Notes	31 December 2011	31 December 2010
Assets			
Cash and cash equivalents		238	72
Accounts receivable, trade			
Third parties		0	0
Group companies		5.728	2.769
Accounts receivable, other			
Third parties		25	127
Prepayments to suppliers			
Associates		0	2.638
Third parties		0	93
Prepaid expenses		0	13
Short term financial assets		479	528
Current assets		6.470	6.240
Loans to Group companies	4.2	971	1.000
Investments in Subsidiaries	2.4	6.371	7.193
Property, plant and equipment		201	3.228
Other long-term financial assets		15	15
Long term assets		7.558	11.436
Total Assets		14.028	17.676
Liabilities			
Accounts payable, trade			
Third parties		1.131	746
Accounts payable, other			
Third parties		167	77
Accrued expenses		137	206
Short term loans		136	0
Convertible bond	2.7	1.528	153
Current Liabilities		3.099	1.182
Borrowing from shareholder		555	0
Non-Current Liabilities		555	0
Share capital		13.706	12.071
Legal reserves			
Reserves from capital contributions (Agio), gross		76.142	73.532
Offset against accumulated deficit		-64.600	-64.600
Reserves from capital contributions (Agio), net		11.542	8.932
Accumulated deficit		-14.874	-4.509
Shareholders' Equity	2.6	10.374	16.494
Total liabilities and shareholders' equity		14.028	17.676

See accompanying notes to the financial statements.

Income Statement of iQ Power AG

	2011	2010
CHF 1,000		
Revenues		
Revenues from sales of services	704	788
Revenues from sales of products	0	58
Cost of sales	0	-50
Gross Margin	704	796
Employees benefit expenses	-534	-947
Depreciation and amortisation	-157	-85
Financing cost	-246	-491
Professional Fees	-638	-749
Management Fees	-436	-543
Investor Relations	-170	-268
Other expense	-415	-300
Other income	0	396
Restructuring expenses / Impairment charges on -		
investments group	-5.058	0
tools and others	-3.044	0
Reversal of impairment charges		
loans to associates	0	179
Total operating expense, net	-10.698	-2.808
Operating Margin	-9.994	-2.012
Financial income	65	74
Financial expense	-65	-18
Currency translation result	-371	-2.520
Total financial result	-371	-2.464
Loss before tax	-10.365	-4.476
Tax expenses	0	-33
Net loss for the year	-10.365	-4.509
Accumulated Deficit		
Beginning of the year	-4.509	-10.176
Appropriation of accumulated deficit	0	10.176
Accumulated Deficit		
End of the year	-14.874	-4.509

See accompanying notes to the financial statements.

Notes to the annual accounts of iQ Power AG

1. General Information

iQ Power AG ('the company') is the parent company of the iQ Power Group ('group') and holds investments in affiliates and associates, as disclosed in Note 2.4. iQ Power AG provides central management and financing functions for the group.

The iQ Power Group AG ('the company') and its subsidiaries (together 'the group') develop and sell integrated solutions for the management of electrical energy by means of batteries and electronic systems. The range of products and services includes hardware and software products as well as engineering services. Technology licences round off the overall portfolio.

The company has its registered office in Zug (Switzerland). The company is a joint-stock company, organised under the laws of Switzerland. Its shares are listed and traded in the regulated market (General Standard) at the Frankfurt stock exchange.

2. Information required by Art. 663b Code of Obligations ('CO')

2011	2010
CHF 1,000	CHF 1,000

2.1 Contingent liabilities not reported in the balance sheet

There are investigations ongoing by the BaFin regarding potential violations in connection with adhoc publication requirement as well as potential insider trading activities. At this stage it is not possible to establish any estimated penalty exposure.

The company declared joint commitment for a credit facility through factoring of EUR 1.8 million of its 100% subsidiary iQ Power GmbH, Germany, in favour of Dresdner Factoring AG, Germany. Credit insurance coverage is arranged by Euler Hermes.

2.2 Value of leasing liabilities not reported in the balance sheet

0

0

2.3 Risk Management

The Board of Directors is actively involved in the group's risk assessment and risk management processes. Significant business- and financial risks are discussed regularly with management. Additionally, the board actively monitors the implementation of actions decided to avoid or reduce risks.

2.4 Investments in affiliated and associated companies

Overview on shareholdings in affiliated and associated companies as per 31 December 2011

Name	Business	Capital (000) Ownership %	Bookvalue CHF 1,000
iQ Power Licensing AG	Intellectual property	CHF 100 100%	100
iQ Power GmbH	Sales	EUR 25 100%	2.337
iQ Power Technik GmbH	R&D	EUR 25 100%	0
Interbat d.o.o.	Sales	EUR 7,5 100%	1.302
iQ Power Deutschland GmbH i. l.	n/a - in liquidation	EUR 51 100%	0
iQ Power Asia Inc.	Production	KRW 1.936 30,6%	2.632
Smart Battery Inc.	Production	USD 25 20%	0
Total bookvalue 2011			6.371
Total bookvalue 2010			7.193

2.5 Treasury shares

	Number of shares	Aquisition value CHF 1,000	Proceeds CHF 1,000
Position 31 December 2010	694.695	0	0
Sale of treasury shares	-450.000	0	0
Position 31 December 2011	244.695	0	0

2.6 Share capital and options

	Number of shares	Share capital CHF 1,000	Capital surplus paid-in CHF 1,000
Balance brought forward 31 December 2009	348.736.049	10.462	12.985
Appropriation of loss carried forward			-10.176
Issue of new shares in reporting period	34.873.604	1.046	4.151
Conversions of convertibel bond, of which 18,770,595 shares were not registered at 31 December 2010	18.770.595	563	1.972
Balance on 31 December 2010	402.380.248	12.071	8.932

Issue of new shares in reporting period	40.000.000	1.200	1.144
Conversions of convertible bond, of which 14,498,028 shares were not registered at 31 December 2011	14.498.028	435	1.466
Balance on 31 December 2011	456.878.276	13.706	11.542

As per 31 December 2011, the share capital of the Company is CHF 13,706,348.28 and is divided into 456,878,276 registered shares with a par value of CHF 0.03 per share. The share capital is fully paid in. 14,498,028 of these shares have not yet been registered at the register of commerce.

	2011 CHF 1,000	2010 CHF 1,000
Authorized capital	6.853	4.185
Conditional capital	6.853	5.231

Authorized capital

The Board of Directors shall be authorized to increase the share capital any time until 25 October 2013 by a maximum amount of CHF 6,853,174.14 through the issuance of a maximum of 228,439,138 fully paid in registered shares with a par value of CHF 0.03 each. Increases by firm underwriting procedure and increases in partial amounts are permitted. The respective issue amount, the time of dividend entitlement and the kind of contribution to be made for the new shares shall be determined by the Board of Directors.

Conditional Capital

The share capital of the Company may be increased by a maximum amount of CHF 6,853,174.14 by issuing a maximum of 228,439,138 fully paid in registered shares with a par value of CHF 0.03 each, whereby

- 1.) up to a maximum amount of CHF 2,100,000.00 through the exercise of option rights granted to shareholders
2. a) up to a maximum amount of CHF 14'325.00 through the exercise of already granted option rights;
2. b) up to a maximum amount of CHF 409,770.36 through the exercise of option rights granted to employees and members of the Board of Directors of the Company and of affiliated companies;
2. c) up to a maximum amount of CHF 4,329,078.78 through the exercise of conversion rights granted in connection with bonds or similar debt instruments of the Company. The conditions of such conversion rights shall be determined by the Board of Directors.

2.7 Convertible bond

	liability CHF 1,000	interest rate %	maturity date
Convertible bond 2010, 1. tranche	106	3,0	31.12.2013
Convertible bond 2010, 2. tranche	753	3,0	31.12.2013
Convertible bond 2011	670	8,0	31.12.2016

As security for the convertible bond the company has pledged the 30,6% of the shares of iQ Power Asia Inc..

3. Information required by Art. 663 and Art. 663c Swiss Code of Obligation ('CO')

3.1 Remuneration of the Board of Directors and management

in CHF 1,000	Basic remuneration (amount)	Bonus (amount)	Share-based payments (amount)	Stock options (number)	Other remuneration (amount)	Total 2011
Board of Directors (VR)						
Raymond Wicki, VR-President	22	0	0	0	0	22
Lee, Tae-Soo, VR	11	0	0	0	0	11
Choi, Won-Lak, VR	11	0	0	0	0	11
Sialm, Philipp, VR	11	0	0	0	0	11
Dettmar, Björn,	11	0	0	0	0	11
Total Board of Directors	66	0	0	0	0	66
Senior Management (GL)						
Charles R. Sullivan, CEO *)	287	65	0	0	0	352
Total Senior Management	287	65	0	0	0	352

*) Charles R. Sullivan is also a member of the Board of Directors, without further compensation.

in CHF 1,000	Basic remuneration (amount)	Bonus (amount)	Share-based payments (amount)	Stock options (number)	Other remuneration (amount)	Total 2010
Board of Directors (VR)						
Raymond Wicki, VR-President	30	0	0	500.000	0	30
Lee, Tae-Soo, VR	15	0	0	500.000	0	15
Choi, Won-Lak, VR	15	0	0	500.000	0	15
Sialm, Philipp, VR	15	0	0	500.000	0	15
Dettmar, Björn,	15	0	0	500.000	0	15
Total Board of Directors	90	0	0	2.500.000	0	90
Senior Management (GL)						
Charles R. Sullivan, CEO *)	283	283	0	500.000	0	566
Total Senior Management	283	283	0	500.000	0	566

*) Charles R. Sullivan is also a member of the Board of Directors, without further compensation.

The amounts shown in the tables are benefits effectively paid in 2011 and 2010 respectively - with the exception of the share-based payments. The number of share options corresponds to the options actually allotted in the course of the fiscal year. No loans were granted to members of the Board of Directors and the senior management. Employees receive part of their remuneration in the form of share options within the framework of a stock ownership plan.

In the year of 2010 a new option plan with total volume of 10,000,000 options was approved.

Options granted in the years 2000 and 2001 are subject to anti-dilution protection in case of issuing new shares. The option exercise price shall be restated to eliminate the dilution effect. The table below shows the calculation of this effect to stock based compensation.

Date of valuation	31. Dez 10	31. Dez 10
Date of expiration	27. Jun 11	17. Dez 13
Closing price of shares on day of revaluation	€ 0,14	€ 0,14
Exercise price	€ 0,0374	€ 0,0420
Volatility	*	87,49%
Risk-free interest rate	*	0,56%
Market value of options at day of revaluation	*	€ 0,100
Vesting period	*	none

* expired during 2011

The expense of this effect in the amount of TEUR 11 is recognized in the consolidated Financial statement under stock based compensation. The revaluation of options has no impact to the statutory financial statements of iQ Power AG.

3.2 Significant Shareholdings

As per 31 December 2011, the individual members of the Board of Directors and the senior management (including related parties) held the following numbers of shares and options in the company.

	Shares	Options with remaining life till:				Total
		2012	2013	2014	2016	
Raymond Wicki, VR-President	11.000	0	0	360.000	100.000	460.000
Charles R. Sullivan, CEO	525.000	0	0	0	600.000	600.000
Lee, Tae-Soo, VR	0	0	0	0	0	0
Choi, Won-Lak, VR	0	0	0	0	0	0
Sialm, Philipp, VR	0	0	0	0	0	0
Dettmar, Björn,	235.000	0	0	0	0	0
Total	771.000	0	0	360.000	700.000	1.060.000

As per 31 December 2010, the individual members of the Board of Directors and the senior management (including related parties) held the following numbers of shares and options in the company.

	Shares	Options with remaining life till:				Total
		2011	2013	2014	2016	
Raymond Wicki, VR-President	11.000	500.000	0	360.000	100.000	960.000
Charles R. Sullivan, CEO	75.000	500.000	0	0	600.000	1.100.000
Lee, Tae-Soo, VR	0	500.000	0	0	0	500.000
Choi, Won-Lak, VR	0	500.000	0	0	0	500.000
Sialm, Philipp, VR	0	500.000	0	0	0	500.000
Dettmar, Björn,	235.000	500.000	0	0	0	500.000
Total	321.000	3.000.000	0	360.000	700.000	4.060.000

According to the information available to the Board of Directors the following shareholders held shares entitling them to more than 3% of the total voting rights

Name	2011 interest in capital	2010
KG Power Inc.	28,8%	24,2%

4. Miscellaneous information

4.1 Basis for the annual accounts

The annual accounts of iQ Power AG have been compiled according to the rules and regulations laid down in the Swiss Code of Obligations. The exchange rate from Euro (EUR) to Swiss Francs (CHF) was as follows:

a) Figures in the balance sheet, b) not included	period-end exchange rate
b) Shareholdings in Switzerland and equity capital	historic exchange rate
c) Income and expenditure, d) below not included	average exchange rate
d) Value adjustments in the balance sheet on items with historic values	historic exchange rate

Gains/losses from foreign exchange obtained in foreign exchange transactions are recorded in the profit and loss account. Foreign exchange differences from the conversion of EUR (reporting currency) into CHF are recorded in the profit and loss account. This does not apply to unrealised exchange rate gains, which are treated as accrued items in the balance sheet.

4.2 Loans to affiliated companies

Name	Loan to affiliated company	Impairment of loan	Net Position
in CHF 1,000			
iQ Power Licensing AG	11.294	-10.323	971
iQ Power Deutschland GmbH i. I.	12.633	-12.633	0
Total 2011	23.927	-22.956	971
Total 2010	24.648	-23.648	1.000

The loans to affiliated companies are fully subordinated to other liabilities to all other third parties.

4.3 Amendments to the financial statements 2011

The Board of Directors approved on 8 May 2012 the amendments to its financial statements authorized for issue and issued 27 April 2012.

In note " 2.6 share capital and options " figures for authorized capital and conditional capital have been amended to the exact figures as at 31 December 2011.

	amended figures CHF 1,000	former figures CHF 1,000
Authorized capital	6.853	2.985
Conditional capital	6.853	4.233

In note " 2.7 convertible bond " amended the pledge of shares in iQ Power Asia Inc. for security for the convertible bond.

	2011 CHF 1,000	2010 CHF 1,000
Movements in retained earnings / accumulated deficit		
Accumulated deficit at the beginning of the year	-4.509	-10.176
appropriation of accumulated deficit resolved by annual general meeting		
offset against additional paid-in capital	0	10.176
Net loss for the period	-10.365	-4.509
	<hr/>	<hr/>
Accumulated deficit at the disposal of the annual general meeting	-14.874	-4.509
	<hr/> <hr/>	<hr/> <hr/>
	Proposal of the board of directors	Resolution of the general meeting
	2011 CHF 1,000	2010 CHF 1,000
offset against additional paid-in capital	0	0
to be carried forward	-14.874	-4.509
	<hr/>	<hr/>
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Report of the statutory auditor
to the general meeting of
iQ Power AG
Zug

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of iQ Power AG, which comprise the balance sheet, income statement and notes (pages 74 to 83), for the year ended 31 December 2011.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements for the year ended 31 December 2011 comply with Swiss law and the company's articles of incorporation.

Emphasis of matter

We draw your attention to Note 4.3 to the financial statements which describes the restatement and reissuance of the financial statements due to amendments in the disclosures relating to Note 2.6 share capital and options and Note 2.7 convertible bond. We issued our original auditor's report dated 27 April 2012 on the previously issued financial statements. Due to the restatement described in Note 4.3, we provide this new auditor's report on the reissued financial statements.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

We draw your attention to the fact that the accumulated deficit exceeds one half of the share capital and legal reserves (Article 725 paragraph 1 of the Swiss Code of Obligations).

PricewaterhouseCoopers AG

A handwritten signature in blue ink, appearing to read 'C. Kessler', written over a light blue horizontal line.

Christian Kessler
Audit expert
Auditor in charge

A handwritten signature in blue ink, appearing to read 'R. Leu', written over a light blue horizontal line.

Roger Leu
Audit expert

Zurich, 8 May 2012



iQ Power AG, Zug

*Consolidated annual financial statements for the
year ending 31 December 2011*

Consolidated balance sheets

in EUR 1,000	Note	31 December 2011	31 December 2010
Assets			
Cash and cash equivalents	6	395	570
Accounts receivables and other current assets	7	2.078	2.007
Receivables from associated companies	7	146	500
Inventories	8	2.944	1.367
Prepayments to suppliers	9	35	5.211
Short-term financial assets	10	395	1.094
Current assets		5.993	10.749
Property, plant and equipment	11	387	2.843
Intangible assets	12	1.147	1.169
Participation in affiliates	13	2.168	0
Other long-term financial assets	14	28	41
Non-current assets		3.730	4.053
Total assets		9.723	14.802
Liabilities and Shareholders' Equity			
Accounts payables and other current liabilities	15	4.740	4.227
Accrued expenses	15	507	548
Convertible bond	16	1.209	105
Current liabilities		6.456	4.880
Borrowing from shareholder	17	475	0
Non-current liabilities		475	0
Share capital		9.344	8.026
Additional paid-in capital and other reserves		12.520	10.128
Treasury shares		-5	-14
Accumulated deficit		-19.067	-8.218
Shareholders' equity	18	2.792	9.922
Total liabilities and shareholders' equity		9.723	14.802

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

in EUR 1,000, except per share data	Note	Jan.-Dec. 2011	Jan.-Dec. 2010
Revenues	21	10.841	9.284
Cost of sales		-10.415	-8.793
Gross Margin		426	491
Research and Development (R&D) expenses	23	-432	-679
Research and Development grants		0	213
Marketing and Sales expense		-821	-1.012
General and Administrative expense		-3.260	-3.443
Write down of Inventories		0	-92
Restructuring expense	24	-6.568	0
Total Operating expense	24	-11.081	-5.013
Operating Margin		-10.655	-4.522
Financial income	25	86	56
Financial expense	25	-280	-125
Results from associated companies	13	0	129
Loss before income tax		-10.849	-4.462
Income tax	26	0	-24
Net loss after income tax		-10.849	-4.486
Other comprehensive income for the year, net of tax		0	0
Total comprehensive income for the year		-10.849	-4.486
Owners of the parent company (100%)		-10.849	-4.486
Non controlling interests		0	0
		-10.849	-4.486
Loss per share for loss attributable to the ordinary equity holders of the company:			
- Basic and diluted loss per share	27	-0,03	-0,01

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows in EUR 1,000	Jan.-Dec. 2011	Jan.-Dec. 2010
Net loss	-10.849	-4.486
Changes from:		
Financial result - net	194	69
Depreciation, amortisation and impairment	204	105
Stock based compensation	141	672
Restructuring expenses	6.568	0
Currency exchange (gains)/losses from operational activities	0	77
Increase / (decrease) in valuation adjustments	0	-8
Expense on issuance of convertible bond/liability component	136	171
Cash-Flow from operating activities before changes in working capital	-3.606	-3.400
(Increase) / decrease in inventories	-1.741	-1.173
(Increase) / decrease in receivables and other current assets	-2.943	-1.463
(Increase) / decrease in prepayments to suppliers	2.848	-5.211
Increase / (decrease) in payables and other current liabilities	513	2.343
Increase / (decrease) in accruals	-41	96
Cash-Flow from operating activities	-4.970	-8.808
Interest paid	-99	-122
Expense on issuance of convertible bond/liability component	-136	-171
Net cash used in operating activities	-5.205	-9.101
Interest received	26	57
Investments in long term financial assets	0	-29
Investments in property, plant and equipment	-76	-371
Investments in intangible assets	0	-37
Investments in short-term loans given to third party	0	-300
Repayments received from loans to associated companies	0	129
Repayments received from short-term loans given to third party	0	303
Repayments received from long-term financial asset investments	13	0
Net cash used in investing activities	-37	-248
Free Cash Flow	-5.242	-9.349
Proceeds from convertible bond / liability component	2.582	1.776
Proceeds from convertible bond / equity component, net	91	338
Proceeds from borrowings	475	0
Proceeds from issuance of shares, net	1.920	3.488
Net cash from financing activities	5.068	5.602
Net decrease / increase in cash and cash equivalents	-174	-3.747
Exchange losses on cash and cash equivalents	-1	-64
Cash and cash equivalents at the beginning of the period	570	4.381
Cash and cash equivalents at the end of the period	395	570

The above consolidated statement of cash flows income should be read in conjunction with the accompanying notes.

Consolidated Statement of changes in equity

in EUR 1,000 except number of shares	Number of registered shares	Share capital	Additional paid-in capital and other reserves	Treasury shares	Accum. deficit	Shareholders equity
Balance at 1 January 2010	348.736.049	6.828	11.905	-14	-10.483	8.236
Net loss					-4.486	-4.486
Other comprehensive income					0	0
Total comprehensive income					-4.486	-4.486
Netting of accum. deficit per AGM			-6.751		6.751	0
Issue of shares - gross	34.873.604	763	3.004			3.767
Expense on issue of shares			-279			-279
Issue of convertible bond			374			374
Expense on issue of convertible bond			-36			-36
Conversion of convertible bond	18.770.595	435	1.239			1.674
Stock based compensation			672			672
Balance at 31 December 2010	402.380.248	8.026	10.128	-14	-8.218	9.922
Balance at 1 January 2011	402.380.248	8.026	10.128	-14	-8.218	9.922
Net loss					-10.849	-10.849
Other comprehensive income					0	0
Total comprehensive income					-10.849	-10.849
Issue of convertible bond			120			120
Expense on issue of convertible bond			-29			-29
Conversion of convertible bond	14.498.028	337	1.230			1.567
Issue of shares	40.000.000	981	939			1.920
Stock based compensation			141			141
Sale of treasury shares			-9	9		0
Balance at 31 December 2011	456.878.276	9.344	12.520	-5	-19.067	2.792

The above consolidated statement of cash flows income should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1. General Information

The iQ Power Group AG ('the company') and its subsidiaries (together 'the group') develop and sell integrated solutions for the management of electrical energy by means of batteries and electronic systems. The range of products and services includes hardware and software products as well as engineering services. Technology licences round off the overall portfolio.

The company has its registered office in Zug (Switzerland). The company is a joint-stock company, organised under the laws of Switzerland. Its shares are listed and traded in the regulated market (General Standard) at the Frankfurt stock exchange.

These consolidated financial statements have been authorized for issue by the board of directors on 8 May 2012 and will be recommended for approval at the annual meeting of shareholders.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation

The consolidated financial statements of iQ Power AG have been prepared in accordance with International Financial Reporting Standards, IFRIC Interpretations and Swiss law.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.1.1. Going concern

As a result of the suspension of the insolvency proceedings of iQ Power AG by the Kantonsgericht Zug on 29 May 2009 and funding activities undertaken in the years 2009, 2010 and 2011 the group has improved both its short-term and medium-term liquidity position to expand on working capital financing. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current financing. After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. The expectations of management are based on several critical success factors that will determine the viability and profitability of iQ Power. Given the new strategic direction of the company to focus mainly on Licensing business, which resulted from the incomplete placement of the Convertible Bond from November 2011, it will be critical that the Licensees, especially in the large markets of North America and Asia successfully implement their announced sales plans. Another critical success factor will be the reduction of funding needs resulting from withdrawal from the capital intensive production and distribution business in Europe. Also critical for the short-term viability and profitability of iQ Power is the completion of funding of the outstanding subscribed Convertible Bonds.

2.1.2. *Changes in accounting policy and disclosure*

- (a) *New and amended standard adopted by iQ Power Group*
 There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 that have a material impact on iQ Power Group.
- (b) *New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted*

IAS 19, 'Employee benefits' was amended in June 2011. The impact on the group will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in OCI as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The group is yet to assess the full impact of the amendments and intends to adopt IAS 19 no later than the accounting period beginning on or after 1 January 2013.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015.

IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The group is yet to assess IFRS13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on iQ Power Group.

2.2. Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(b) Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) *Associates*

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

2.3. Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') which is currently the Euro (EUR) for all subsidiaries. The consolidated financial statements are presented in EUR, which is the company's functional and the group's presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the income statement within 'financial income or expense'.

(c) *Group companies*

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

Currently all group companies' functional currency is the EUR, therefore no translation is necessary.

2.4. Cash and Cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.5. Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.6. Financial assets

2.6.1. Classification

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'accounts receivable and other current assets' and 'cash and cash equivalents' in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.6.2. Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the income statement as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

2.7. Impairment of financial assets

(a) Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties;
- or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio.

The group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(b) Assets classified as available-for-sale

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the group uses the criteria refer to (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the separate consolidated income statement. Impairment losses recognised in the separate consolidated income statement on equity instruments are not reversed through the separate consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the separate consolidated income statement. There are no assets classified as available for sale as of 31 December 2011.

2.8. Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge).

The group currently does not have any hedging activities.

2.9. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10. Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Normal annual depreciation on property, plant and equipment has been calculated over the estimated useful lives, as follows:

- Furniture and fixtures 4-12 years, straight-line method
- Tools 4-6 years, based on production output
- Machinery and vehicles 4-6 years, straight-line method
- EDP 3-5 years, straight-line method
- Structural alterations of rented properties up to 10 years, straight-line method

In order to better reflect the consumption of tools, in 2010 management has decided to change depreciation method for tools from straight-line method to depreciation based on planned output of iQ Power batteries over a period of 4-6 years. The change on estimates was established up from 1 January 2010. This method was unchanged in 2011 for calculation of normal annual depreciation.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.12). At 31 December 2011 as a result of the strategic decisions made iQ Power Group recognized write down provisions to recoverable amounts for tools (see details to restructuring expenses in note 24).

2.11. Intangible assets

(a) Development costs

Costs directly attributable to development activities relating to the development of new products or to improve existing products and processes are recognised as intangible assets, provided that the product or process is technically and economically feasible and that the Group disposes of sufficient resources to complete the development.

Directly attributable costs capitalized as part of the development costs include direct material- and external project costs, as well as labour costs.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

In order to better reflect the consumption of capitalized development costs, in 2010 management has decided to change depreciation method for capitalized development costs from straight-line method to depreciation based on planned output incl. licensing business of iQ Power batteries over a period of 5 years. The change on estimates was established up from 1 January 2010. This method was unchanged in 2011 for calculation of normal annual amortization.

(b) Software and licences

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to five years.

2.12. Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

At 31 December 2011 as a result of the strategic decisions made iQ Power Group recognized write down provisions to recoverable amounts for tools and inventory (specific electronic parts) (see details to restructuring expenses in note 24).

2.13. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.15. Compound financial instruments / Convertible bond

Compound financial instruments issued by the group comprise a convertible bond that can be converted to share capital at the option of the holder.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.16. Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.17. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18. Employee benefits

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The defined benefit obligation is periodically estimated by independent actuaries. There is only one employee under the defined benefit plan.

2.19. Government grants

Grants from the government are recognised at their fair value if there is reasonable assurance that the grant will be received and the group will comply with all conditions.

The research activities of the Group are supported by EU promotion programmes. The amounts due are deferred and recognised in the income statement over the period necessary to match the costs they are intended to compensate.

2.20. Share based payments

The group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the group.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and additional paid-in capital when the options are exercised.

2.21. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.22. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, incl. income from licence fees, in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods – wholesale

The group sells a range of automotive batteries and related products in the wholesale market. Sales of goods are recognised when a group entity has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products.

If iQ Power products are sold with volume discounts; or if customers have a right to return faulty products in the wholesale market, sales are recorded based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases.

(b) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(c) Income from licence fees

Income from licence fees is recognised on an accruals basis in accordance with the substance of the relevant agreements.

2.23. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases of property, plant and equipment, where the group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Currently the group does not have any finance leases.

3. Financial risk management

3.1. Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by management under policies approved by the board of directors. The board provides written principles for overall risk management.

(a) Market risk

(i) Foreign exchange risk

The Group operates in Switzerland, Germany and Slovenia. Functional currency of the Group and its subsidiaries is the Euro. Accounts receivable and liabilities are also outstanding in other currencies, at marginal amounts however. Based on the limited exposure to the Swiss Franc as of 31 December 2011 the management is not aware of any substantial exchange rate risk.

(ii) Price risk

The group is not exposed to equity securities price risks because the group currently holds no such investments.

(iii) Cash flow and fair value interest rate risk

The group currently is not exposed to interest rate risks, as the group currently holds, other than cash, no substantial investments which would be impacted by a fluctuation of interest rates.

(b) Credit risk

Credit risk is managed on group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, loans and prepayments to third parties, as well as credit exposures to wholesale customers, including outstanding receivables, when the counterparty to a transaction is unable or unwilling to fulfil its obligations.

To counteract this risk, the credit rating of business partners is constantly monitored. Based on standard policies, necessary value adjustments are carried out by the group companies and verified by central functions. In addition to that, regular management reviews are carried out to ensure that potential risks are discovered in time and that necessary measures are initiated in order to minimise risk.

Maximum credit risk

in EUR 1.000		2011		2010	
Item in the annual financial statement	Category	Carrying value	Maximum risk	Carrying value	Maximum risk
Cash and cash equivalents	Cash	395	395	570	570
Trade accounts receivable and other current assets (incl. Associated companies)	R/L	2,224	2,224	2,507	2,507
Prepayments to suppliers	R/L	35	35	5,211	5,211
Short term financial assets	R/L	395	395	1,094	1,094
Long term financial assets	R/L	28	28	41	41
Total		3,077	3,077	9,423	9,423

R/L: Receivables and loans

(c) Liquidity risk

Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times so that the group is able to pay back liabilities coming due in time.

During 2011, the Company was able to obtain extensive financing through the issuance of new shares and convertible bonds. These liquid funds are used to absorb additional ramp up expense, investment in operating capital, such as inventory and trade receivables, but also to invest in Participations in affiliates.

Management expects that the normal budgeted licence volume income can be financed by existing liquidity and the operating cashflow resulting from product revenue. Nevertheless, if Management succeeds in acquiring substantial additional sales contracts, additional financing will be necessary. The liquidity planning of management are based on several critical success factors that will determine the viability and profitability of iQ Power. Given the new strategic direction of the company to focus mainly on Licensing business, which resulted from the incomplete placement of the Convertible Bond from November 2011, it will be critical that the Licensees, especially in the large markets of North America and Asia successfully implement their announced sales plans. Another critical success factor will be the reduction of funding needs resulting from withdrawal from the capital intensive production and distribution business in Europe. Also critical for the short-term viability and profitability of iQ Power is the completion of funding of the outstanding subscribed Convertible Bonds.

3.2. Capital risks management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience where applicable and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the group only started with selling activities in Q3 2009 the basis for historical experience is still limited. The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below. Also strategic decisions (see further details on subsequent events note 29) incurred critical accounting judgements.

Specific areas containing judgement and estimates are

(a) Capitalized development costs

Judgment has to be made mainly regarding the estimated useful life and the future cash-flows of the development costs.

(b) Deferred tax assets

Judgment mainly relates to the amount of tax assets recoverable against taxable profits in the future. As the group has a history of losses, management followed the general presumption of IAS 12 and will only start capitalizing tax assets once the group respectively the legal entities have proven to be able to generate taxable profits.

(c) Provisions and contingent liabilities

Management uses their best knowledge to assess the provisions and contingent liabilities. Nevertheless it is in the nature of these positions to contain substantial uncertainty about the timing and amount of any potential cash outflow in the future.

5. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CEO of the group. The company is still currently commercialising and developing its technology. Until 31 December 2011, revenues have been limited to sales and licence fees of automotive batteries. iQ Power considers its business as per balance sheet date as one uniform, operative segment.

6. Cash and cash equivalents

in EUR 1,000	2011	2010
Cash and cash equivalents	395	570

Cash and cash equivalents are held in different currencies (EUR, CHF and USD).

7. Accounts receivables and other current assets

in EUR 1,000	2011	2010
Trade receivables - 3rd parties	2.023	1.870
Receivables from associates	3.092	500
./.Provision for impairment of receivables	-3.069	-30
Trade receivables - net	2.046	2.340
Deferred expenses	22	24
Tax receivables	20	37
Government grants	82	82
Other receivables	54	24
Total accounts receivables and other current assets	2.224	2.507

The fair value of the receivables equals their book value.

Expiration analysis of trade receivables

On 31 December 2011, TEUR 2.169 were not past due (2010: TEUR 2.370), thereof TEUR 123 (2010: TEUR 30) have been fully impaired. TEUR 2.946 were past due (2010: TEUR 0) and have been fully impaired against one single customer. Without this individual risk the Group did not have significant trade receivables of the category "past due but impaired" neither on 31 December 2011 nor at 31 December 2010. Trade accounts receivables from prior years have been fully written off as uncollectable during 2011.

The other classes within trade and other receivables do not contain impaired assets.

Movements on the group provision for impairment of trade receivables are as follows:

	2011	2010
Balance brought forward on January 1	30	764
Receivables written-off	0	-764
Provision for receivables impaired	3.039	30
Balance on 31 December	3.069	30

8. Inventories

in EUR 1,000	2011	2010
Raw material	954	661
Semi-finished products	360	192
Finished Goods	1.630	606
Write down to recoverable amount	0	-92
Total	2.944	1.367

The cost of inventories recognized as expense and included in cost of sales amount to TEUR 10.130 (2010: TEUR 8.444).

Movement of valuation adjustment on inventory

	2011	2010
Balance brought forward on January 1	-92	0
Additional write down of inventory	0	-92
Scrapping of written-off products	92	0
Balance on 31 December	0	-92

9. Prepayments to suppliers

in EUR 1,000	2011	2010
Supplier A	0	3.027
Supplier iQ Power Asia	0	2.110
Supplier B	0	74
Supplier C	35	0
Balance on 31 December	35	5.211

10. Short term financial assets

in EUR 1,000	2011	2010
GSB, China	1.262	1.262
Akubat, Slovenia	0	673
iQ Industrie GmbH, Germany	395	372
Other short term loans to shareholders	0	49
./. Provision for impairment on short term financial assets	-1.262	-1.262
Total	395	1.094

Changes to the valuation adjustment on short term financial assets

	2011	2010
Balance brought forward on January 1	-1.262	-1.262
Balance on 31 December	-1.262	-1.262

The loan to General Storage Batteries Ltd. Tayuan, China ('GSB') was granted in two tranches. It was provided to finance the start-up of production for iQ Power and for the time being limited to a period ending on 30 June 2009. The interest rate is 6.0%, payable at term. Due to the fact that GSB did not settle the loan per the contract, management judged the cash collection to be difficult and not possible within short term. Management therefore decided in 2009 to record a 100% impairment on this position.

The short term financing provided to iQ Industrie GmbH, Germany, is a strategic financial investment. Additions of TEUR 150 were made in 2010; TEUR 22 for accumulated interests has been allocated to the short term financial assets. In a first step, the Company did provide through its investment, the generation of external financing through equity injection, obtaining full security and control rights. The Company has still the right to convert the provided financing into equity and - depending on the economic and strategic prospects in the segment of industry batteries - obtain an equity interest in this company. There are no obligations to convert this loan. In 2011 additional interest has been allocated to the loan. Interest components have been paid back to iQ Power in 2012.

11. Property, plant and equipment

	Facility improvements	Office and IT equipment	Machinery, tools, furniture, vehicle	Prepayments on tools	Total 2011
in EUR 1,000					
Cost					
Balance at 1 January 2011	41	2	3.243	2	3.288
Additions	0	0	76	0	76
Transfer	0	0	2	-2	0
Disposals	0	0	0	0	0
Balance at 31 December 2011	41	2	3.321	0	3.364
Accumulated depreciation					
Balance at 1 January 2011	3	1	441	0	445
Annual depreciation	4	1	182	0	187
Impairment charges	0	0	2.345	0	2.345
Disposals	0	0	0	0	0
Balance at 31 December 2011	7	2	2.968	0	2.977
Net book value	34	0	353	0	387
Thereof owned by entities in Switzerland					166

The impairment charge of TEUR 2.345 has been recognized in restructuring expenses (see note 24).

	Facility improvements	Office and IT equipment	Machinery, tools, furniture, vehicle	Prepayments on tools	Total 2010
in EUR 1,000					
Cost					
Balance at 1 January 2010	14	2	2.901	0	2.917
Additions	27	0	342	2	371
Transfer	0	0	0	0	0
Disposals	0	0	0	0	0
Balance at 31 December 2010	41	2	3.243	2	3.288
Accumulated depreciation					
Balance at 1 January 2010	0	0	350	0	350
Annual depreciation	3	1	91	0	95
Disposals	0	0	0	0	0
Balance at 31 December 2010	3	1	441	0	445
Net book value	38	1	2.802	2	2.843
Thereof owned by entities in Switzerland					2.581

12. Intangible assets

in EUR 1,000	Internally generated development costs	Software and Licenses	Total 2011
Cost			
Balance at 1 January 2011	1.592	38	1.630
Additions	0	0	0
Disposals	0	0	0
Balance at 31 December 2011	1.592	38	1.630
Accumulated amortization			
Balance at 1 January 2011	459	2	461
Annual amortization	11	11	22
Disposals	0	0	0
Balance at 31 December 2011	470	13	483
Net book value	1.122	25	1.147
Thereof owned by entities in Switzerland			1.123

in EUR 1,000	Internally generated development costs	Software and Licenses	Total 2010
Cost			
Balance at 1 January 2010	1.592	1	1.593
Additions	0	37	37
Disposals	0	0	0
Balance at 31 December 2010	1.592	38	1.630
Accumulated amortization			
Balance at 1 January 2010	451	0	451
Annual amortization	8	2	10
Disposals	0	0	0
Balance at 31 December 2010	459	2	461
Net book value	1.133	36	1.169
Thereof owned by entities in Switzerland			1.141

The internally generated development costs primarily cover own internal costs as well as a portion of third-party costs incurred in relation with the development of the iQ batteries. The development of the battery was concluded effective 31 December 2008.

13. Investment in affiliates

in EUR 1,000	2011	2010
Loans granted to affiliates		
iQ Power Asia Inc.	0	556
Impairment of loans	0	-556
Book value at 1 January	0	0
Revaluation / Result from associated companies	0	129
Repayment received	0	-129
Transfer debt to equity participation	0	427
Transfer accumulated impairment	0	-427
Total net	0	0

In 2010 iQ Power AG participated at a capital increase of iQ Power Asia Inc in order to keep its 32% share of iQ Power Asia Inc. The capital contribution by iQ Power AG was made by converting a fully impaired loan to iQ Power Asia Inc in the amount of TEUR 427 to equity (investment in associates). As the net equity of iQ Power Asia Inc. as per 31 December 2010 still was negative, the amount transferred from loan to investment in associates remained impaired. The remainder of the loan in the amount of TEUR 129 was paid back by iQ power Asia Inc, resulting in a gain in the same amount, included in the income statement line item 'result from associated companies'.

in EUR 1,000	2011	2010
participations in affiliates		
iQ Power Asia Inc. / 30,6%	2.168	0
Smart Battery Inc. / 20%	0	0
Akubat d.o.o. / 36.86%	0	0
Total net	2.168	0

The subsidiary iQ Power Asia Inc. in Korea, in which iQ Power AG owns an equity interest of 30,6 percent, has completed its expansion capital financing in 2011. The company received fresh funds in the amount of \$19 million from concluded capital increase. iQ Power AG participated in this corporate action consistent with its 30,6-percent shareholding in iQ Power Asia Inc.

The joint venture company Smart Battery Inc. will manufacture and sell high-quality starter batteries for the automotive market in the United States, as well as for the markets in Canada and Mexico. iQ Power will provide under license the battery technology that it has developed and in return has acquired a 20 percent equity interest in Smart Battery Inc. iQ Power Group will receive licensing fees for each battery sold. The company did not have to provide any of its own capital.

The short term financing provided to Akubat d.o.o., Slovenia, was dedicated to finance its supply chain for deliveries to iQ Power. In 2010 a repayment of TEUR 224 has been collected by iQ Power. The residual amount of TEUR 673 was swapped (debt-to-equity) to a 36.86% participation in Akubat d.o.o. at 2 March 2011. As at 31 December 2011 participation was fully impaired. Expenses for provision for impairment are included as restructuring expenses in profit and loss account.

14. Other long term financial assets

in EUR 1,000	2011	2010
Rental guarantee and customs deposits	28	41
Total	28	59

15. Accounts payable and other current liabilities

in EUR 1,000	2011	2010
Trade payables and other current liabilities	4.740	4.227
Accruals for vacation, bonuses and retirement obligations per IAS 19	153	190
Other accruals	354	358
Convertible bond (see also note 16)	1.209	105
Total current liabilities	6.456	4.880
Borrowing from shareholder (see also note 17)	475	0
Total non-current liabilities	475	0
Total liabilities	6.931	4.880

Maturity analysis of financial liabilities

in EUR 1,000	2011	2010
Trade payables and other current liabilities	4.740	4.227
Convertible bond (see also note 16)	1.209	105
Borrowing from shareholder	475	0
Total	6.424	4.332
due in		
0-1 Month	5.175	2.160
1-3 Months	0	1.470
3-12 Months	0	597
1-3 Years	1.249	105
Total	6.424	4.332

16. Convertible bond

iQ Power AG offered a new convertible bond 2011 based on the resolutions of 21 September 2011 and 14 November 2011. The initial offering size was total a maximum of EUR 5.6 million. The convertible bonds was available in denominations of EUR 5,000 or multiples thereof. This resulted in a total of 1,120 convertible bonds. The Convertible Bond has not been fully placed at this time. Unless the Convertible Bond is fully placed, there will be no acquisition of the battery manufacturing and recycling plant in Bosnia Herzegovina, and therefore the equity amount of the factory will not be available as security. This is not a change as the security was pre-conditional in the original bond prospectus. On 16 March 2012, iQ Power AG announced changes in the still ongoing offering of the convertible bond. As a compensation for the loss of this security, the conversion price of EUR 0.048 is reduced to EUR 0.036, whereby the total volume of the convertible bond is reduced to a maximum of EUR 4.2 million (previously: EUR 5.6 million). Signatories of the convertible bonds that have been drawn at a conversion price of EUR 0.048 will receive an adjusted offer. Convertible bonds may be converted at any time up to and including 31 December 2016 in accordance with the conversion terms and conditions. The interest on the convertible bond is 8% per year and will be calculated semiannually as at 30 June and 31 December (the first time as at 30 June 2012) and is projected to be paid out within 20 bank working days after the respective date the interest is due. There will be no early redemption of the convertible bonds by the company. Following the end of the term on 31 December 2016, all bonds that were not converted will be repaid by not later than 20 January 2017. All creditors holding convertible bonds will be granted a put option that authorizes the holder to demand repayment of the convertible bonds by iQ Power AG on 31 December 2013, 31 December 2014 and 31 December 2015. Additionally, the redemption of the convertible bonds may be requested due to a delisting from the regulated market, in the case of a change of control, or the carrying out of a future capitalization measure in which the issue price per share is less than EUR 0.045.

The convertible bonds from 2010 offering size had a total maximum of EUR 6.45 million and was originally divided into three tranches of up to EUR 2.15 million each. The convertible bonds have been available in denominations of EUR 500 or multiples thereof, and have been issued at face value. The conversion price was EUR 0.108 per share. Accordingly, one convertible bond of EUR 500 can be converted into 4,629 registered shares of the company with a nominal value of CHF 0.03 each.

The entire first and second tranches of a total of 4,300 convertible bonds each in denominations of EUR 500 have been successfully placed in 2010 and 2011. As a result, the company received gross cash proceeds of EUR 4.30 million in total.

The third tranche was not placed as a result of the decline in share price of iQ Power during 2011.

All convertible bonds can be converted up to and including 31 October 2013 with an effective date being the last bank workday in Switzerland of each first calendar month of a quarter, and additionally with effect as at 15 December 2010 and 15 December 2011. The interest on the convertible bond is 3% per year and will be calculated as at the end of the year and paid by no later than 15 January of the following year. At the end of the term of the convertible bond (31 December 2013), the interest will be calculated as at that time, and all bonds that were not converted will be repaid. Interest payments and the repayments of bonds that were not converted will be rendered by not later than 10 January 2014. There will be no early redemption of the convertible bonds by the company.

in EUR 1,000	Shares	Equity	Loan
Total per 1 January 2010		0	0
Issue of convertible bond		374	1.776
Conversions into shares in 2010	18.770.595	1.674	-1.674
Interest liability component in 2010			3
Total per 31 December 2010		2.048	105

Total per 1 January 2011		2.048	105
Issue of convertible bond		120	2.030
Conversions into shares in 2011	14.498.028	1.567	-1.567
Interest liability component in 2011			89
Payments received on advance subscription on convertible bond rights December 2011			552
Total per 31 December 2011		3.735	1.209

17. Borrowing from KG Power

KG Power has extended iQ Power Group a bullet loan over a period of five years ; the interest rate is 7% p.a.

in EUR 1,000

Total per 1 January 2011		0
Payments received, net		457
Accrued interest liability		18
Total per 31 December 2011		475

18. Shareholder's equity

Share capital as per 31 December 2011	par value in CHF	Number of shares	Total in 1,000 CHF	Total in 1,000 EUR
Registered shares	0,03	456.878.276	13.706	9.344
Treasury shares	0,03	-244.695	-7	-5
Total		456.633.581	13.699	9.339

In 2011 the company sold 450,000 treasury shares. In 2010 no transactions with treasury shares have been made.

Movement of shares issued	par value in CHF	Number of shares	Total in 1,000 CHF	Total in 1,000 EUR
Total of shares issued as per 31 December 2009		348.736.049	10.462	6.828
04.08.2010 Issue of new shares	0,03	34.873.604	1.046	763
31.12.2010 Conversions of convertible bond, of which 18,770,595 shares were not registered at 31 December 2010	0,03	18.770.595	563	435
Total of shares issued as per 31 December 2010		402.380.248	12.071	8.026
Issue of new shares	0,03	40.000.000	1.200	337
Conversions of convertible bond	0,03	14.498.028	435	981
Total of shares issued as per 31 December 2011		456.878.276	13.706	9.344

Authorized capital

The Board of Directors shall be authorized to increase the share capital any time until 25 October 2013 by a maximum amount of CHF 6,853,174.14 through the issuance of a maximum of 228,439,138 fully paid in registered shares with a par value of CHF 0.03 each. Increases by firm underwriting procedure and increases in partial amounts are permitted. The respective issue amount, the time of dividend entitlement and the kind of contribution to be made for the new shares shall be determined by the Board of Directors.

Conditional capital

The share capital of the Company may be increased by a maximum amount of CHF 6,853,174.14 by issuing a maximum of 228,439,138 fully paid in registered shares with a par value of CHF 0.03 each, whereby

- 1.) up to a maximum amount of CHF 2,100,000.00 through the exercise of option rights granted to shareholders
2. a) up to a maximum amount of CHF 14'325.00 through the exercise of already granted option rights;

2. b) up to a maximum amount of CHF 409,770.36 through the exercise of option rights granted to employees and members of the board of directors of the company and of affiliated companies and for external consultants;

2. c) up to a maximum amount of CHF 4,329,078.78 through the exercise of conversion rights granted in connection with bonds or similar debt instruments of the Company. The conditions of such conversion rights shall be determined by the Board of Directors.

19. Rent and leasing obligations

The obligations under operating-lease contracts primarily relate to rent for office space in Germany and production facility and equipment in Slovenia.

Obligations under non-terminable operating-lease contracts:

in EUR 1,000	2011	2010
Year of maturity		
0-1 Year	687	63
1-5 Years	1.176	32
> 5 Years	0	0
Total	1.863	95

20. Contingent liabilities

The group has contingent liabilities in respect of investigations by the BaFin in connection with potential violations of adhoc publications as well as potential insider trading activities. Situation has not changed, as reported in prior years.

21. Revenues

in EUR 1,000	2011	2010
Licence revenues	145	500
Revenues from sales of products	10.533	8.753
Revenues from sales of services	163	31
Total	10.841	9.284
Thereof revenues to customers in Switzerland	0	42
Thereof revenues to customers in other countries	10.841	9.242
Major customers with a significant share of total revenue		
in % of total revenues	2011	2010
Customer A	24%	25%
Customer B	23%	14%
Customer C	6%	11%
Total share of revenue	53%	50%

22. Employee benefits

in EUR 1,000	2011	2010
Payroll, incl. social and fringe benefits	1.563	1.746
Stock based compensation	141	672
Total	1.704	2.418

Employee stock option programs

In December 1998, the first employee shareholding plan was introduced. All employees of the iQ Power Group received stock options in addition to their wage. The options issued entitle employees to buy one iQ Power share per option. The individual employee option plans included different vesting periods of varying, individual design. All options issued are covered by conditional capital. The option plans have laid out as 'equity settled' plans.

Changes in number of outstanding employee stock options:

	2011	2010
	Quantity	Quantity
per 1. January	15.558.500	5.563.500
average strike price	0,32	0,72
issued	0	10.000.000
average strike price	0,0000	0,0980
exercised	0	0
average strike price	0,00	0,00
canceled or expired	-3.608.500	-5.000
average strike price	0,81	0,72
as per 31 December	11.950.000	15.558.500
average strike price	0,17	0,32
of which exercisable	11.950.000	5.558.500
average strike price	0,17	0,72

The fair value, calculated with the aid of the "Black Scholes option price model" for options which are exercisable under the employee shareholding plan and which were issued in 2010, was EUR 0.098. The calculation was carried out on the basis of cumulative volatility factors of 253%, an expected dividend of 0% and an expected remaining life of 1.0 year as well as risk-free Eurobond interest rates of 0.69% . In 2011 no further plans have been installed.

Outstanding employee stock options per stock option plan

					2011	2010
					31 December	31 December
Plan	Issued in	Expiry date	price in	€	Quantity	Quantity
2001	2001	16.01.2011	0,0392		0	33.250
2001	2001	27.06.2011	0,0392		0	154.250
2003	2003	09.07.2011	0,0441		0	175.000
2003	2003	17.12.2013	0,0441		110.000	110.000
2005	2005	09.07.2011	0,4500		0	656.000
2005	2005	01.12.2014	0,4500		1.040.000	1.040.000
2006-A	2006	09.07.2011	1,8000		0	120.000
2006-A	2007	09.07.2011	2,0000		0	660.000
2006-A	2007	01.03.2016	2,0000		100.000	100.000
A 2007	2007	09.07.2011	0,6000		0	1.810.000
A 2007	2007	15.11.2016	0,6000		700.000	700.000
2010	2010	31.01.2021	0,0980		10.000.000	10.000.000
Total					11.950.000	15.558.500

The stock options granted up to 2001 and 2002, based upon the stock option plan 1998, are subject to anti-dilution protection. The strike price was amended accordingly by board resolution.

Retirement Plan

The retirement benefit plans of the subsidiaries in Germany and Slovenia are defined contribution plans.

iQ Power AG runs a pension plan for its employees in Switzerland, partly with features of a defined benefits plan. The risks of the plan are substantially reinsured with an insurance company.

As still only one employee participated in this plan at year end 2011 (year end 2010: 1 employee), management decided to treat the plan as a defined contribution plan. The treatment as defined benefit plan would not have had a material effect on the consolidated financial statements.

The employer's contributions for the above described plans amounted to TEUR 263 (2010: TEUR 189).

23. Research and Development expenses

in EUR 1,000	2011	2010
Internal research and development expense	432	679
Product development cost capitalized as intangible asset	0	0
Total research and development expenses, net	432	679

24. Expenditures by type of expenses

in EUR 1,000	2011	2010
Depreciation of property, plant and equipment and intangible assets, without depreciation for machinery, tools and product development	112	83
Personnel expenses	1.704	2.418
Travel and car fleet expenses	174	240
Professional Fees	1.136	609
Other external services	467	927
Advertising expenses	84	243
Consumption of goods for R&D and test purpose	0	2
Facility rental and ancillary cost	140	174
Other expenditures	524	408
Bad debts	172	30
Restructuring expense (see below)	6.568	0
Grants for R&D	0	-213
Write down of inventories	0	92
Total	11.081	5.013

Restructuring expenses

in EUR 1,000	2011	2010
Impairment charges investment/loans/receivables Akubat d.o.o., Slovenia	3.899	0
Impairment charges tools	2.345	0
Impairment charges electronic parts and other	324	0
Total	6.568	0

25. Financial results

in EUR 1,000	2011	2010
Currency exchange gains	60	10
Currency exchange losses	-91	-87
Interest income	26	46
Interest expense	-100	-35
Amortisation of convertible bond	-89	-3
Total	-194	-69

26. Tax on Profits/Losses

Tax loss carried forward

in EUR 1,000	2011	2010
Interbat d.o.o.	-4.644	-75
iQ Power GmbH	-5.476	-3.523
iQ Power Technik GmbH	-588	-270
iQ Power Licensing AG	-8.683	-8.925
iQ Power AG	-36.333	-32.300
Total	-55.724	-45.093

Deferred Taxes from losses carried forward

in EUR 1,000	Tax rate	2011	2010
Interbat d.o.o.	20,0%	929	15
iQ Power GmbH	31,6%	1.730	1.113
iQ Power Technik GmbH	31,6%	186	85
iQ Power Licensing AG	16,0%	1.389	1.785
iQ Power AG	16,0%	5.813	6.460
Total		10.047	9.458
Valuation adjustment		-10.047	-9.458
Total capitalized deferred tax assets from losses carried forward		0	0

Reconciliation of the average effective tax rate and the actually used tax rate

	2011	2010
average tax rate	18,0%	21,0%
Effect of not capitalized deferred taxes	-18,0%	-21,0%
other effects	0,0%	0,5%
applied tax rate	0,0%	0,5%

In Switzerland, losses carried forward expire after 7 years; in Germany and Slovenia, losses may be carried forward without any limitation.

This results in the following ageing profile:

Deferred taxes from losses with remaining life of:	2011	2010
2 years	1.409	607
3 years	1.639	1.761
4 years	1.690	2.049
5 years	1.185	2.113
6 years	186	1.481
7 years	1.093	233
unlimited	2.845	1.214
Total	10.047	9.458

27. Loss per share

The loss per share is determined on the basis of the consolidated loss of the Group and the average number of shares issued. The diluted loss per share is calculated with the 'treasury stock method', accounting for the diluting effect of outstanding options. For the years ended 31 December 2011 and 2010, there were no differences in the weighted-average number of Ordinary Shares used for basic and diluted net loss per Ordinary Share as the effect of all potentially dilutive Ordinary Shares outstanding was anti-dilutive. As at 31 December 2011, there were 12.0 million (2010: 15.6 million) options and 0.2 million treasury shares (2010 0.7 million) outstanding that could potentially have a dilutive impact in the future but were anti-dilutive in 2011 and 2010.

	2011	2010
Issued shares (numbers)	456.878.276	402.380.248
average issued shares (numbers)	423.253.769	362.639.307
Loss (TEUR)	-10.849	-4.486
Undiluted loss per share (EUR)	0,03	0,01

28. Related party transactions

Compensation to members of the Board of Directors and to executive Management

in EUR 1,000		Short-term benefits (incl. employer pension contributions)	Severance pay	Earnings from exercise of options	Stock based compensation
Board of Directors and executive management	2011	352	0	0	0
	2010	480	0	0	202

Option holdings - as per 31 December

		Options
Board of Directors and executive management	2011	1.060.000
	2010	4.060.000

For further details, please refer to note 3. in statutory financial accounts of iQ Power AG.

Balance sheet positions to related parties

in EUR 1,000		2011	2010
Prepayments to suppliers	associate	0	2.110
Inventory / Finished goods	associate	1.108	0
Accounts receivables	associate	3.092	500
Bad debts provision	associate	-2.946	0
Short term financial assets	shareholder	0	49
Trade payables	associate	-1.108	0
Borrowings	shareholder	-475	0
Total		-329	2.659

Material transactions with related parties

in EUR 1,000		2011	2010
purchase of services	shareholder	0	-141
sale of goods	associate	540	0
purchase of goods	associate	-4.273	0
Sales of services	associate	278	500
purchase of services	associate	-168	-40
operating lease payments	associate	-448	0
restructuring expenses	associate	-3.899	0
Total		-7.970	319

29. Subsequent events

iQ Power announced in mid March 2012 the base for the strategic and structural reorganization and development of the Group. Main drivers behind the new measures are, 1-inability with the current operations to take advantage of the significant expansion of European production capacities and 2-the inability to take-over the lead battery manufacturing and recycling plant in Bosnia Herzegovina due to failure to completely place the Convertible Bond. Impacts on the net asset position as at 31 December 2011 have been accrued as fair value provisions with restructuring expenses of EUR 6,568 (see note 24).

The restructuring of the iQ Power Group as well as the associated concentration on the license model paves the way to profitability with a lower sales volume in a short to medium term. Also, the financing of the iQ Power AG is put on a solid basis by continuous royalties. The forecasts of the royalties of the Korean licensee amount to over 50,000 € per month starting in the 3rd Quarter of 2012 with a significantly increasing trend up to € 200,000 per month within a reasonable time thereafter. Due to delays, the first license revenue from North America is expected for the 3rd Quarter of 2012. The operation in Europe will continue to be a further source of royalty income after a grace period until end of 2013.

Final results from the ongoing negotiations regarding disposition of the European operations are expected for sometime in May.

On 16 March 2012, iQ Power AG announced changes in the still ongoing offering of the convertible bond. The conversion price of EUR 0.048 is reduced to EUR 0.036. Signatories of the convertible bonds that have been drawn at a conversion price of EUR 0.048 will receive an adjusted offer.

30. Amendments to the consolidated financial statements 2011

The Board of Directors approved on 8 May 2012 the amendments to its financial statements authorized for issue and issued 27 April 2012.

In note " 13. investment in affiliates " the participation in iQ Power Asia Inc. has been amended to the exact figure as at 31 December 2011 which amounts to 30,6% (former figure: 32%). The participation in Akubat d.o.o. has been amended to the exact figure as at 31 December 2011 which amounts to 36,86% (former figure: 38,86%).

In note " 16. convertible bond " the explanations to the bond conditions have been amended. Correct explanations is:

The Convertible Bond has not been fully placed at this time. Unless the Convertible Bond is fully placed, there will be no acquisition of the battery manufacturing and recycling plant in Bosnia Herzegovina, and therefore the equity amount of the factory will not be available as security. This is not a change as the security was pre-conditional in the original bond prospectus.

As security for the convertible bond the 30,6% of shares in iQ Power Asia Inc. are still pledged.

In note " 18. shareholder's equity " figures for authorized capital and conditional capital have been amended to the exact figures as at 31 December 2011.

	amended figures CHF 1,000	former figures CHF 1,000
Authorized capital	6.853	2.985
Conditional capital	6.853	4.233



Report of the statutory auditor
to the general meeting of
iQ Power AG
Zug

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of iQ Power AG, which comprise the balance sheet, statement of comprehensive income, statement of cash flows, statement of changes in equity and notes (pages 30 to 70), for the year ended 31 December 2011.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2011 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Emphasis of matter

We draw your attention to Note 30 to the consolidated financial statements which describes the re-statement and reissuance of the consolidated financial statements due to amendments in the disclosures relating to Note 13 investments in affiliates, Note 16 convertible bond and Note 18 shareholder's equity. We issued our original auditor's report dated 27 April 2012 on the previously issued consolidated financial statements. Due to the restatement described in Note 30, we provide this new auditor's report on the reissued consolidated financial statements.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

A handwritten signature in blue ink, appearing to read 'C. Kessler'.

Christian Kessler
Audit expert
Auditor in charge

A handwritten signature in blue ink, appearing to read 'R. Leu'.

Roger Leu
Audit expert

Zurich, 8 May 2012



iQ Power AG
Zwischenbericht
(ungeprüft)
30. September 2012

Konzernbilanz

in EUR 1.000

	30. September 2012	31. Dezember 2011
Aktiva		
Flüssige Mittel	344	395
Forderungen aus Lieferungen und Leistungen und sonstige Forderungen	124	2.078
Forderungen gegen assoziierte Unternehmen	221	146
Vorräte	0	2.944
Vorauszahlungen an Lieferanten	0	35
Kurzfristige Finanzanlagen	352	395
Umlaufvermögen	1.041	5.993
Sachanlagen	135	387
Immaterielle Vermögenswerte	1.123	1.147
Beteiligungen an assoziierten Unternehmen	2.118	2.168
Beteiligungen	450	0
Sonstige langfristige Finanzanlagen	12	28
Anlagevermögen	3.888	3.730
Summe Aktiva	4.929	9.723
Passiva		
Verbindlichkeiten aus Lieferungen und Leistungen und sonstige Verbindlichkeiten	1.035	4.740
Antizipative Passiva	165	507
Wandelschuldverschreibung	1.120	1.209
Kurzfristige Verbindlichkeiten	2.320	6.456
Darlehen von Gesellschaftern	1.219	475
Langfristige Verbindlichkeiten	1.219	475
Aktienkapital	9.706	9.344
Zusätzliche eingezahltes Kapital und sonstige Rücklagen	12.658	12.520
Eigene Aktien	-5	-5
Bilanzverlust	-20.969	-19.067
Eigenkapital	1.390	2.792
Summe Passiva	4.929	9.723

Konzern-Gesamtergebnisrechnung

in EUR 1.000	Jan.-Sep. 2012	Jan.-Sep. 2011
Umsatzerlöse	2.238	7.680
Umsatzkosten	-2.039	-7.219
Bruttoergebnis vom Umsatz	199	461
Forschungs- und Entwicklungskosten	-85	-314
Vertriebskosten	-101	-593
Allgemeine Verwaltungskosten	-1.488	-2.356
Restrukturierungsaufwendungen	-346	0
Operatives Ergebnis	-1.821	-2.802
Finanzerträge	1	19
Finanzaufwendungen	-82	-90
Verlust vor Ertragsteuern	-1.902	-2.873
Ertragsteuern	0	0
Verlust nach Ertragsteuern	-1.902	-2.873
Im Eigenkapital direkt erfasste Wertänderungen, nach Steuern	0	0
Gesamtergebnis	-1.902	-2.873
Aktionäre der iQ Power AG (100%)	-1.902	-2.873
Minderheitsgesellschafter	0	0
	-1.902	-2.873

Konzern-Kapitalflussrechnung

in EUR 1.000

	Jan.-Sep. 2012	Jan.-Sep. 2011
Verlust nach Steuern	-1.902	-2.873
Veränderungen aus:		
Finanzergebnis, netto	81	71
Abschreibungen, Amortisation, Wertminderungen	49	146
Antizipierte Restrukturierungsaufwendungen	70	0
Aktienbasierte Vergütung	0	141
Wechselkursgewinne / -verluste aus operativer Tätigkeit	6	27
Ausgaben aus der Begebung von Wandelschuldverschreibungen / Schuldkomponenten	79	136
Betrieblicher Cashflow vor Änderungen des Nettoumlaufvermögens	-1.617	-2.352
(Zunahme)/Abnahme Vorräten	2.944	-1.409
(Zunahme)/Abnahme Forderungen	1.879	-241
(Zunahme)/Abnahme Vorauszahlungen an Lieferanten	35	-481
Zunahme/(Abnahme) Verbindlichkeiten	-3.839	821
Zunahme/(Abnahme) antizipative Passiva	-342	131
Operativer Cashflow	-940	-3.531
Zinsauszahlungen	-66	-6
Ausgaben aus der Begebung von Wandelschuldverschreibungen / Schuldkomponenten	-79	-136
Cashflow aus laufender Geschäftstätigkeit	-1.085	-3.673
Zinseinzahlungen	1	2
Investitionen in Beteiligungen	0	-273
Investitionen in Sachanlagen	0	-48
Investitionen in Immaterielle Vermögenswerte	0	-1
Erhaltene Rückzahlungen aus langfristigen Finanzanlagen	16	0
Erhaltene Rückzahlungen aus kurzfristigen Finanzanlagen	43	0
Cashflow aus Investitionstätigkeit	60	-324
Free Cash Flow	-1.025	-3.997
Erlöse aus Wandelschuldverschreibungen / Schuldkomponenten	131	2.030
Erlöse aus Wandelschuldverschreibungen / Eigenkapitalkomponenten	115	91
Darlehensaufnahmen von Gesellschaftern	728	359
Nettoerlöse aus der Ausgabe von Aktien	0	1.920
Cashflow aus Finanzierungstätigkeit	974	4.400
Nettoveränderung flüssige Mittel	-51	403
Währungsdifferenzen	0	-8
Flüssige Mittel zu Beginn des Berichtszeitraums	395	570
Flüssige Mittel am Ende des Berichtszeitraums	344	965

Konzern-Eigenkapitalveränderungsrechnung

Januar – September 2011						
in EUR 1.000, außer Anzahl Aktien	Anzahl Aktien	Aktienkapital	Kapitalrücklage und Agio	Eigene Aktien	Bilanzverlust	Eigenkapital
Stand am 1.1.2011	402.380.248	8.026	10.128	-14	-8.218	9.922
Fehlbetrag 1.1.-30.9.2011					-2.873	-2.873
Sonstiges Ergebnis 1.1.-30.9.2011					0	0
Gesamtergebnis 1.1.-30.9.2011					-2.873	-2.873
Ausgabe Wandelschuldverschreibung			120			120
Kosten Ausgabe Wandelschuldverschreibung			-29			-29
Wandelung von Wandelschuldverschreibungen	14.498.028	337	1.230			1.567
Ausgabe neue Aktien	40.000.000	981	939			1.920
Aktienbasierte Vergütung			141			141
Stand am 30.9.2011	456.878.276	9.344	12.529	-14	-11.091	10.768
Januar – September 2012						
in EUR 1.000, außer Anzahl Aktien	Anzahl Aktien	Aktienkapital	Kapitalrücklage und Agio	Eigene Aktien	Bilanzverlust	Eigenkapital
Stand am 1.1.2012	456.878.276	9.344	12.520	-5	-19.067	2.792
Fehlbetrag 1.1.-30.9.2012					-1.902	-1.902
Sonstiges Ergebnis 1.1.-30.9.2012					0	0
Gesamtergebnis 1.1.-30.9.2012					-1.902	-1.902
Ausgabe Wandelschuldverschreibungen			130			130
Kosten Ausgaben Wandelschuldverschreibungen			-15			-15
Wandelung von Wandelschuldverschreibungen	12.075.268	362	23			385
Stand am 30.9.2012	468.953.544	9.706	12.658	-5	-20.969	1.390

Optionsbedingungen

für

bis zu 190'000'000 Optionsrechte

Präambel

Mit Datum vom 21. Februar 2013 und vom 17. März 2013 hat der Verwaltungsrat der iQ Power AG, Zug (nachfolgend "Gesellschaft"), unter Bezugnahme auf Artikel 3b Abs. 2 der Statuten über das bedingte Kapital beschlossen, insgesamt 190'000'000 Optionsrechte (nachfolgend "Optionsrechte") an diejenigen Personen zuzuteilen, welche im Rahmen der genehmigten Kapitalerhöhung über bis zu 190'000'000 Stimmrechts- und Vorzugsnamenaktien gemäss dem Emissionsprospekt vom 18. März 2013 Aktien gezeichnet haben.

Die Optionsrechte berechtigen zum Bezug von neuen Stimmrechts- und Vorzugsnamenaktien der Gesellschaft nach Massgabe der nachfolgenden Optionsbedingungen. Bei vollständiger Ausübung der Optionsrechte werden somit maximal 190'000'000 neue Stimmrechts- und Vorzugsnamenaktien der Gesellschaft ausgegeben.

1. Zuteilung und Lieferung der Optionsrechte

Jedem Aktionär wird für jede im Rahmen des Angebots gemäss Emissionsprospekt vom 18. März 2013 gezeichnete Stimmrechts- und Vorzugsnamenaktie der Gesellschaft ein Gratis-Optionsrecht zugeteilt. Die Gesellschaft nimmt die Einbuchung der Optionsrechte über die Depotbanken zeitgleich mit der Einbuchung der Stimmrechts- und Vorzugsnamenaktien aus der Kapitalerhöhung gemäss dem Emissionsprospekt vom 18. März 2013 vor.

2. Form der Optionen

Die Optionsrechte werden in einer Globalurkunde auf Dauer verbrieft und bei der SIX SIS AG hinterlegt.

Den Optionsinhabern steht kein Recht auf Aushändigung einer Einzelurkunde für die Optionsrechte zu.

3. Optionsrecht

3.1 Die Inhaber der Optionsrechte sind berechtigt, nach Massgabe der nachstehenden Bedingungen, Stimmrechts- und Vorzugsnamenaktien der Gesellschaft mit einem Nennwert von je CHF 0.01 zu erwerben.

3.2 Die Optionsrechte sind grundsätzlich frei übertragbar. Ein börsenrechtlicher Handel der Optionsrechte findet jedoch nicht statt.

4. Ausübungsverhältnis / Bezugspreis

Ein Optionsrecht berechtigt zum Bezug von einer Stimmrechts- und Vorzugsnamenaktie der Gesellschaft mit einem Nennwert von je CHF 0.01 zu einem Bezugspreis von EUR 0.014 je Stimmrechts- und Vorzugsnamenaktie während des Ausübungszeitraums.

5. Ausübung / Verfall

5.1 Die Optionsrechte können während einem von der Gesellschaft noch gemäss Ziffer 11 dieser Optionsbedingungen mitzuteilenden Zeitraum, spätestens jedoch in der Zeit vom 21. April 2014 bis einschliesslich 2. Mai 2014, mit Wirkung zum 5. Mai 2014 ausgeübt werden (nachfolgend "Ausübungszeitraum").

5.2 Zur Ausübung der betreffenden Anzahl Optionsrechte muss deren Inhaber an einem Bankarbeitstag in der Schweiz innerhalb des Ausübungszeitraumes

a) eine unwiderrufliche schriftliche Erklärung (nachfolgend "Optionsausübungserklärung") unter Benutzung der bei der Gesellschaft erhältlichen Vordrucke (www.iqpower.com) direkt bei der Gesellschaft oder der in Ziff. 7 genannten Bezugsstelle abgeben;

b) den entsprechenden vollständigen Bezugspreis für die mittels Ausübung der betreffenden Anzahl Optionsrechte gezeichneten Stimmrechts- und Vorzugsnamenaktien der Gesellschaft auf das in der Optionsausübungserklärung aufgeführte Konto bei der Bank Frey & Co. AG, Zürich, zahlen; und

c) die betreffende Anzahl Optionsrechte mittels Depot-Gutschrift einreichen.

Die Ausübung der betreffenden Anzahl Optionsrechte wird nur wirksam, wenn sämtliche vorstehend genannten Bedingungen eingetreten sind und insbesondere der Bezugspreis bei der Bezugsstelle eingegangen ist.

5.3 Die aufgrund der Ausübung der Optionsrechte auszugebenden Stimmrechts- und Vorzugsnamenaktien der Gesellschaft werden von der Bezugsstelle innert 14 Tagen nach dem Ende des Ausübungszeitraums mittels Gutschrift durch die Clearstream Banking AG der jeweiligen Depotbank zur Verfügung gestellt.

5.4 Optionsrechte, die nicht bis zum 2. Mai 2014 wirksam ausgeübt werden, verfallen entschädigungslos.

6. Dividendenberechtigung

Nach der wirksamen Ausübung der Optionsrechte gemäss vorstehender Ziff. 5 stehen dem jeweiligen Optionsinhaber sämtliche Aktionärsrechte für die betreffende Anzahl

Stimmrechts- und Vorzugsnamenaktien der Gesellschaft uneingeschränkt zu, wobei neue Stimmrechts- und Vorzugsnamenaktie, die infolge Ausübung der Optionsrechte durch den betreffenden Optionsinhaber ausgegeben werden, ab dem 1. Januar 2013 dividendenberechtigt sind.

7. Bezugsstelle

Bezugsstelle ist bis zur Bekanntgabe einer anderen Bezugsstelle durch die Gesellschaft die Bank Frey & Co. AG, Zürich. Die Bezugsstelle handelt ausschliesslich als Erfüllungsgehilfin der Gesellschaft und hat keinerlei Pflichten gegenüber den Optionsinhabern.

8. Wegbedingung des Verwässerungsschutzes

Die Inhaber der Optionsrechte geniessen aufgrund der Tatsache, dass ihnen die Optionsrechte unentgeltlich eingeräumt worden sind, keinen Schutz davor, dass ihre Optionsrechte durch eine allfällige künftige Erhöhung des Aktienkapitals der Gesellschaft, durch die Ausgabe neuer Wandel- und Optionsrechte durch die Gesellschaft oder auf andere Weise beeinträchtigt werden (Kapital- und/oder Stimmrechtsverwässerung). Insbesondere haben die Inhaber der Optionsrechte keinen Anspruch darauf, dass der Bezugspreis gemäss Ziff. 4 vorstehend gesenkt wird, oder dass ihnen auf andere Weise ein Ausgleich durch die Gesellschaft gewährt wird.

9. Ausgaberestriktionen

Die Optionsrechte werden nur denjenigen Personen eingeräumt, welche im Rahmen der genehmigten Kapitalerhöhung über bis zu 190'000'000 Stimmrechts- und Vorzugsnamenaktien gemäss dem Emissionsprospekt der Gesellschaft vom 18. März 2013 Aktien gezeichnet und zugeteilt erhalten haben. Entsprechend gelten die betreffenden Verkaufsbeschränkungen des Emissionsprospektes auch für die Ausgabe der Optionsrechte (siehe Ziff. 9.11 des Emissionsprospektes).

Diese Optionsbedingungen stellen somit in keinem Rechtsgebiet und in keiner Rechtsordnung, in dem/der ein solches Angebot rechtswidrig wäre, ein Angebot zum Erwerb oder Bezug von Wertpapieren dar. Diese Optionsbedingungen dürfen nicht in die Vereinigten Staaten von Amerika, nach Kanada, Japan oder Australien versandt werden.

10. Steuern, Kosten und Bankgebühren

Sämtliche Steuern, Kosten und Bankgebühren, welche im Zusammenhang mit der Ausgabe oder der Ausübung der Optionsrechte nach Massgabe der anwendbaren Rechtsordnung zu entrichten sind bzw. anfallen, gehen vollumfänglich zulasten des jeweiligen Optionsinhabers. Eine allfällige zu entrichtende Emissionsabgabe bei der Ausübung der Optionsrechte geht zulasten der Gesellschaft.

Die Abklärungen und Verantwortung für allfällige steuerliche Konsequenzen für den Optionsinhaber im Zusammenhang mit der Ausgabe oder der Ausübung der Optionsrechte obliegen ausschliesslich dem Optionsinhaber.

11. Bekanntmachungen

Bekanntmachungen, welche die Optionsrechte betreffen, werden auf der Internetseite der Gesellschaft (www.iqpower.com) und im "Schweizerischen Handelsamtsblatt", Schweiz veröffentlicht.

12. Salvatorische Klausel

Sollte eine Bestimmung dieser Optionsbedingungen ganz oder teilweise ungültig, unwirksam oder undurchführbar sein oder werden, so bleiben die übrigen Bestimmungen hiervon unberührt. Anstelle der ungültigen, unwirksamen oder undurchführbaren Bestimmungen soll, soweit rechtlich möglich, eine dem Sinn und Zweck dieser Optionsbedingungen zum Zeitpunkt der Begebung der Optionsrechte entsprechende, rechtlich gültige Regelung gelten.

13. Gerichtsstand, Anwendbares Recht

- 13.1 Auf diese Optionsbedingungen ist ausschliesslich Schweizer Recht, unter Ausschluss des Bundesgesetzes über das Internationale Privatrecht (IPRG), anwendbar.
- 13.2 Für sämtliche Rechtsstreitigkeiten im Zusammenhang mit diesen Optionsbedingungen sind ausschliesslich die ordentlichen Gerichte am Sitz der Gesellschaft zuständig.