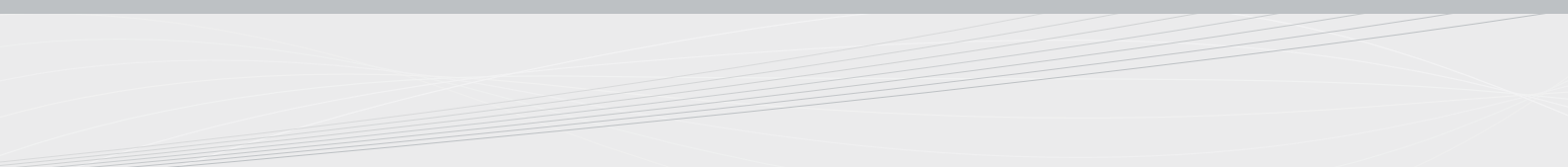


PNE WIND AG

Annual Report 2009



At a glance

PNE WIND AG – key data for the Group

in million EUR	2009	2008	2007
Total aggregate output	133.6	112.5	58.6
Revenues	137.3	74.6	50.1
Earnings before interest and taxes (EBIT)	14.7	23.5	15.6
Earnings before taxes (EBT)	9.9	19.7	11.4
Consolidated net income	10.1	17.1	11.1
Equity	70.5	54.6	41.2
Equity ratio (in %)	40.0	20.6	32.2
Balance sheet total	176.4	265.8	127.9

Key data of the share

Securities Identification Code	A0JBPG
ISIN	DE000A0JBPG2
Number of shares as at December 31, 2009	44,524,966
Market capitalisation as at December 31, 2009	EUR 81.5 million
Market segment	Prime Standard
Indices	HDax, Mid-Cap-Market-Index, CDAX Technology, ÖkoDAX
Designated Sponsors / Market makers	Commerzbank, VEM Aktienbank, Close Brothers Seydler Bank
Reuters	PNEGn
Bloomberg	PNE3

On the upward path with the wind

Corporate profile

- PNE WIND AG with headquarters in Cuxhaven plans and implements wind farm projects on land (onshore) as well as on the high seas (offshore)
- Core competence: development, projecting, implementation and financing of wind farms as well as their operation and sale with subsequent service
- Business activity in the established German market as well as strong expansion into dynamic growth markets
- Consolidation of value added through selective operation of own wind farms as an independent power producer (IPP)
- Since establishment in 1995 construction of 93 wind farms with 536 wind power turbines (total nominal output: 772 MW)
- Of which a total of 9 wind farms with 57 wind power turbines and a total nominal output of 122 MW successfully implemented in 2009
- PNE WIND AG is thus one of the most experienced wind power projectors in the world!

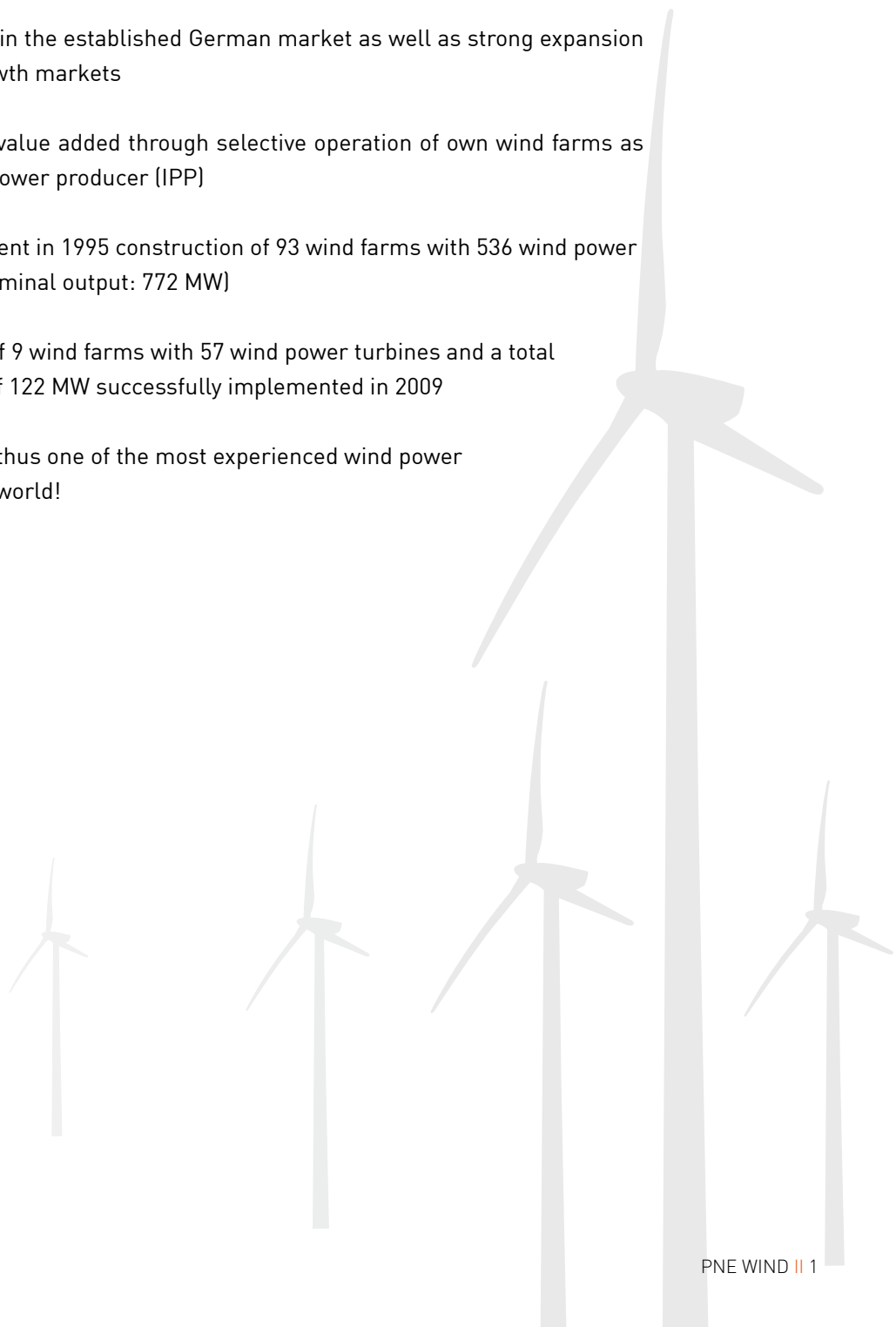






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Ecologically correct, economically sensible

"Across all business divisions, we have made operational progress. At home and abroad, onshore and offshore we were able to expand our core business of developing wind farms."

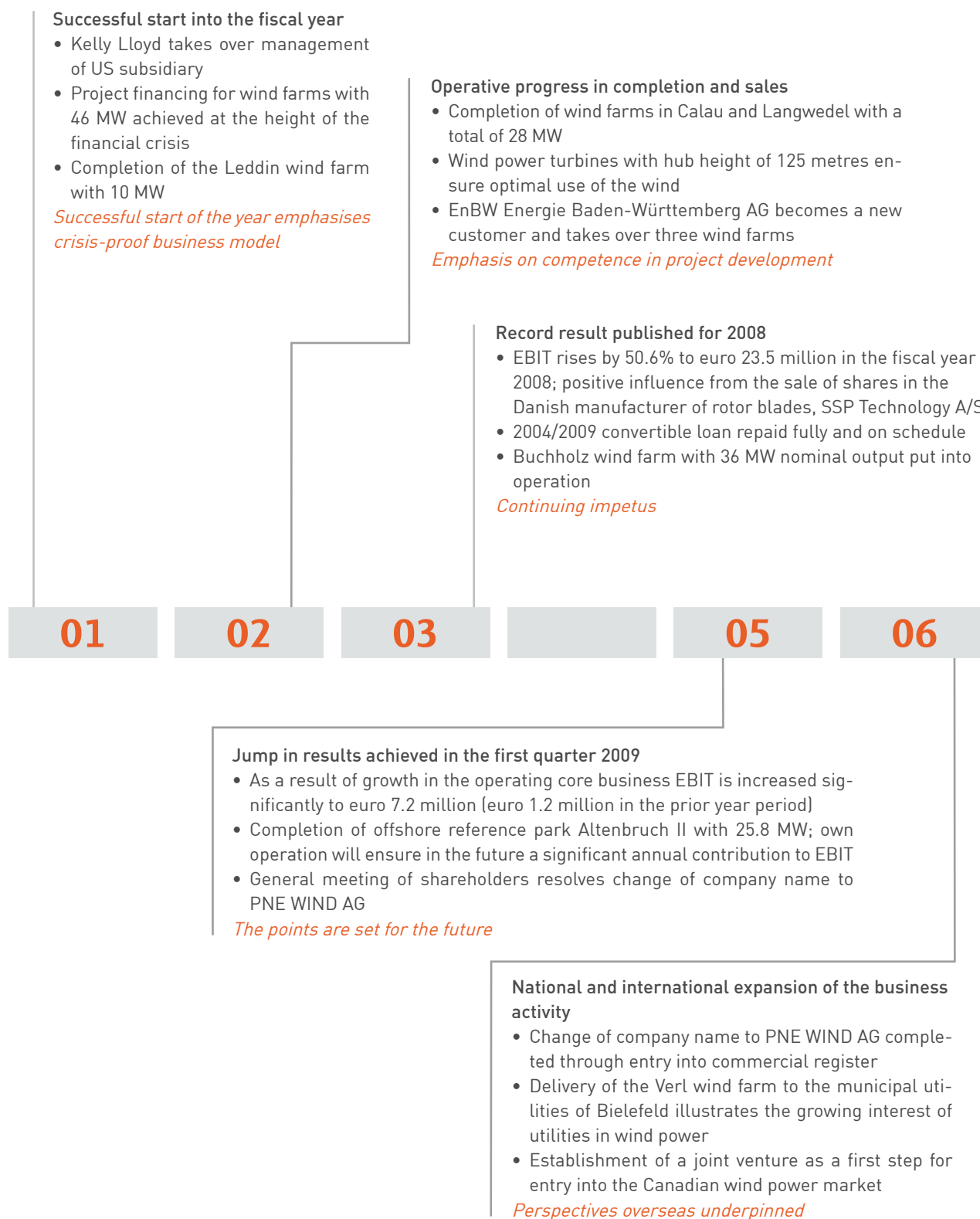
Martin Billhardt, Chairman of the Board of Management

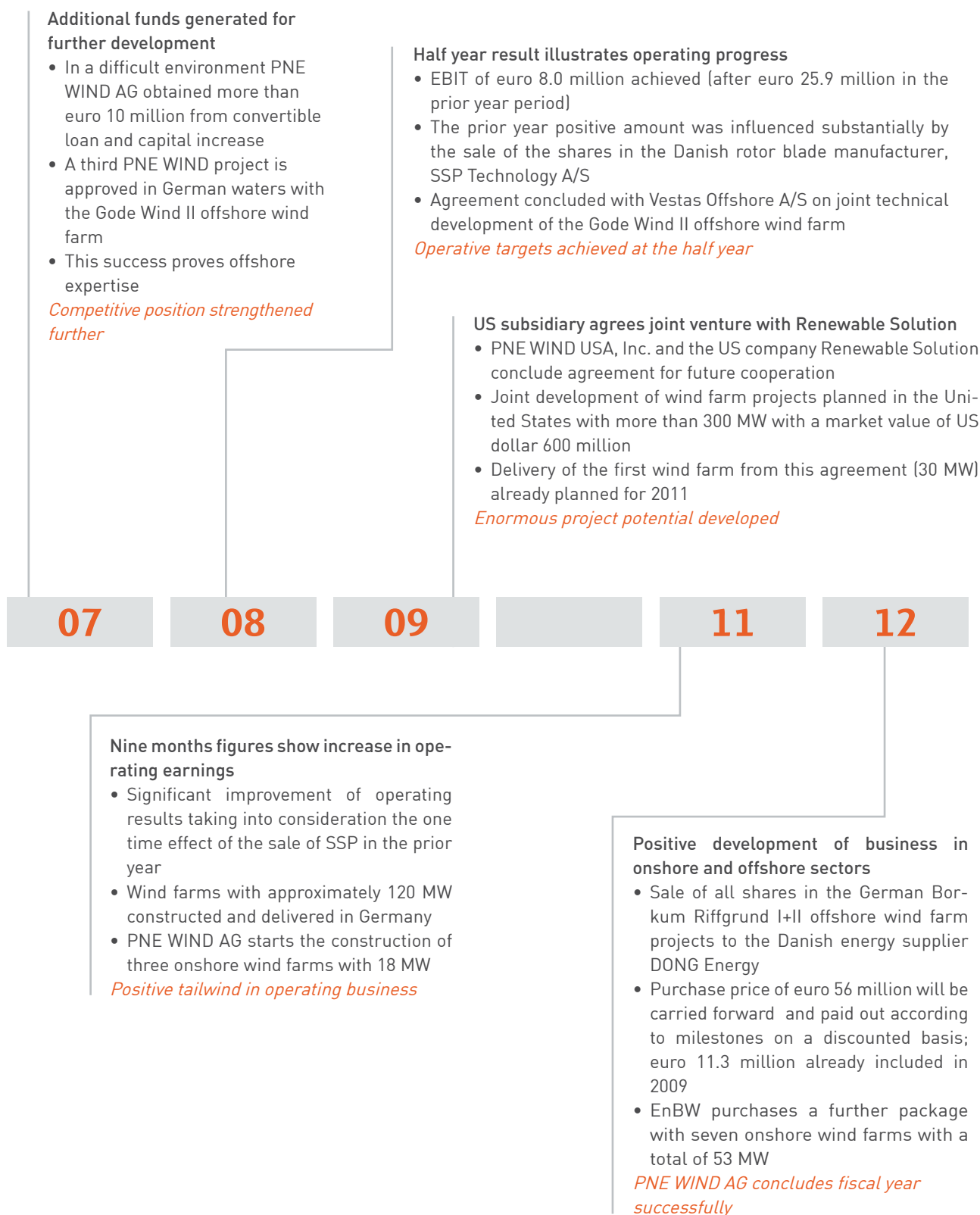


To the shareholders

To the shareholders

Highlights 2009







Altenbruch II offshore reference field

Location:

Cuxhaven district

Number of turbines:

9

Turbine types:

Vestas V90 3 MW

Vestas V80 2 MW

Siemens SWT 3.6 MW

Total nominal output:

25.8 MW

Taken into operation:

May 2009



To the shareholders

Letter to the shareholders

Dear Shareholders,



PNE WIND AG has experienced an eventful and simultaneously very successful fiscal year. We were able to conclude a record number of projects: nine onshore wind farms with a total installed nominal output of 121.8 MW were completed and eight of them delivered to the investors already in 2009. With this we have again impressively underpinned our strong market position. Since its establishment PNE WIND AG has thus projected 93 wind farms with 536 wind power turbines and a total nominal output of approximately 772 MW - an achievement, which means a leading position in Germany.

The positive course of the year also becomes clear in the business results of our Company. We were able to prove our profitability with an operating profit (EBIT) in the amount of euro 14.7 million.

Apart from the expertise and the commitment of our employees, the basis for the successful development is the financial solidity of our Company. During the past fiscal year PNE WIND AG created additional flexibility with the implementation of two capital measures. Additional funds in the amount of approximately euro 10 million could be generated from the placement of a capital increase and a convertible loan in an extremely difficult market environment. As a result we had liquidity at the balance sheet date totalling euro 41.5 million. We shall use these resources in order to continue decisively our current course of growth.

During the fiscal year 2009 we made considerable progress in this direction. We have achieved further important milestones in particular with our expansion abroad. Our subsidiary, PNE WIND USA, could thus expand its position in North America through the conclusion of a joint venture. Together with our partner, the US company Renewable Solutions, we are planning the development of wind farm projects with an installed nominal output of more than 300 MW in the Federal states of Minnesota, North Dakota and South Dakota. At the same time the basis for our market entry into Canada could be created thanks to a joint venture agreement with the Canadian BCP Renewable Energy. Wind power is right at the beginning of its development there and we expect that we can act successfully due to our



local and international competence. In total we have thus taken important steps during the fiscal year 2009 to continue to expand the revenue basis of PNE WIND AG through the gradual expansion of our foreign activities. In the future the foreign sector should develop into one of the major pillars of the Company.

Furthermore, PNE WIND AG was able to achieve a major leap in growth in the electricity generation segment with the coming on stream of the Altenbruch II offshore reference field. We are operating this wind farm ourselves as an independent power producer (IPP). We are thus stabilising our earnings situation, since we are achieving continuous revenues at this site with strong winds in the immediate neighbourhood of Cuxhaven. We are therefore expecting on average a contribution to revenues of about euro 6 million from our own operation of this wind farm as well as an increase in EBIT of approximately euro 2.8 million on an annual basis. In addition, we can test offshore equipment there under coastal conditions and thereby gain valuable knowledge for the operation of wind farms on the high seas.

We have also achieved substantial success in the offshore sector, a further attractive field of growth for our Company. We were, however, confronted in May 2009 with the insolvency of the Dutch Group Econcern N.V. due to the current economic and financial crisis. As a reminder: in November 2007 we had sold 90% of the shares in the Gode Wind I offshore wind farm for an initial payment of euro 25 million and had planned for the payment of the second purchase price instalment in 2009. This could not take place due to the insolvency of Econcern N.V. As a reaction to this development, which was fully unexpected for us, we had to first of all reduce our forecast for the fiscal year 2009. Following the end of the period under report we were, however, able to re-acquire all the project rights for a single-digit million amount after conducting negotiations with the insolvency receiver as well as the Royal Bank of Scotland, to which collateral rights had been given in the PNE Gode Wind I GmbH project company; we were thus able to exploit again an attractive earnings potential for the future.

In July 2009 an additional offshore wind farm projected by us, the Gode Wind II project, was approved by the Federal Office for Shipping and Hydrographics (BSH). We thus again proved our outstanding expertise and received as the first German wind

To the shareholders

Letter to the shareholders

farm project or the permits for three offshore projects. The wind farm is situated directly next to the Gode Wind I project, whereby considerable synergy potential could arise in the event of a joint further development. In accordance with the existing permits 160 offshore wind power turbines with a nominal output of up to 800 MW can be constructed in these two projects together. We are undertaking the technical preparation for the construction of the Gode Wind II project in cooperation with the wind power turbine manufacturer Vestas. In 2009 we also concluded the corresponding agreements for this.

Finally, at the end of the past fiscal year, we sold our shares in the Borkum Riffgrund I and II offshore wind farm projects to the Danish power supply company, DONG Energy, and were subsequently able to increase again our earnings forecast. PNE WIND AG will receive the instalment amounts in the form of milestone payments in each case on the achievement of determined project progress steps. We received already in 2009 an initial payment in the amount of approximately euro 11.3 million. In total, the remaining purchase price of approximately euro 56 million will be brought forward and discounted. The successful transaction underlines the earnings potential of our offshore activities. We view in this market of the future a key foundation stone for the further growth of our Company.

PNE WIND AG is active successfully with a focussed business model in the highly attractive sector of renewable energies. In this respect we are concentrating on our core competence, namely the projecting of wind farms on land and on the high seas, both domestically and abroad. Within this clearly defined field we are covering the whole value added chain and can thus participate on a sustainable basis in the growing market opportunities. Since the renaming of our Company in June 2009 we are documenting this clear strategic orientation also more intensively to the outside world. The addendum to our corporate logo "Passion for Energy" expresses this view of ourselves, since we are operating our business with a high level of commitment. Our highest priority is finally the sustainable compatibility between economic success and ecological responsibility.

We consider ourselves to be well equipped for the future. We are currently working wind farm projects on land with a volume of about 2,200 MW. A further 2,500 MW are in development at sea. In the future we intend to expand further the number



of these projects in development. In the medium term our target consists of the expansion of this so-called pipeline to 10,000 MW onshore and an additional 5,000 MW offshore.

We should like to thank our employees for their outstanding commitment during the past fiscal year and also you, dear Shareholders, for your continuing confidence in PNE WIND AG.

With best regards

Martin Billhardt
- Chairman of the Board of Management -

To the shareholders

Report of the Supervisory Board

Dear Shareholders,

PNE WIND achieved important successes during the fiscal year 2009.

During the fiscal year 2009 the Supervisory Board met for a total of five ordinary meetings, namely on March 12, May 13, May 14, September 16 and December 7, 2009. Furthermore, four extraordinary meetings were held on January 9, June 18, October 16 and October 29, 2009. No member of the Supervisory Board participated in less than one half of the meetings.

In accordance with the recommendation of the German Corporate Governance Code (DCGK) the Supervisory Board has a sufficient number of independent members.

The Supervisory Board has, in addition, set up a Personnel Committee, an Audit Committee and an Appointments Committee, in order to carry out its tasks more efficiently.

The Personnel Committee held one meeting during the fiscal year 2009 on March 13, 2009. Furthermore, it held a meeting on December 7, 2009. The object of the meetings was the target agreements and the incentives for the Board of Management.

The Audit Committee held a meeting on March 9, 2009. The object of this meeting was to discuss about the accounting, the risk management and the compliance as well as the relative recommendations to the Supervisory Board for the adoption of corresponding resolutions.

The Supervisory Board undertook the tasks for which it is responsible in accordance with the law, the articles of association and the internal regulations. It regularly advised the Board of Management concerning the management of the Company and supervised its activity. The Supervisory Board was directly included in all decisions of major importance for the Company. The Supervisory Board was regularly, punctually and fully informed both in writing and at its meetings and through written and oral reports of the Board of Management about the current business development and the asset, earnings and financial situation of the Company as well as about the planned business policy and the additional key questions of corporate planning, especially with regard to financial, investment and personnel planning. These various questions were discussed extensively by the Board of Management and the Supervisory Board. Furthermore, the Supervisory Board reviewed the books, documents



and the schedule of assets and also examined these. Special reports were not requested. Moreover, the Supervisory Board was given information regularly by means of individual discussions with the Board of Management.

The Supervisory Board has examined in detail and decided by means of resolutions all business matters and measures of the Board of Management requiring its consent on the basis of the regulations of the law, the articles of association and the internal regulations of the Board of Management.

The main emphasis of the activity and subjects treated by the Supervisory Board during the fiscal year 2009 were:

- the reporting and discussions concerning the financial statements as at December 31, 2008
- the reports and discussions concerning the further strategic development of the Company and the analysis of the shareholder structure
- the reports on the development of the current and planned business
- the resolution concerning the financial and investment planning 2010
- the resolution and the approval of the resolution of the Board of Management in respect of the declaration of compliance with the German Corporate Governance Code.

The Board of Management on October 26, 2009 and the Supervisory Board on December 7, 2009 resolved to declare their compliance with the recommendations of the German Corporate Governance Code in its version of June 18, 2009 with the exception of the following Regulations whereby

1. that no long term components of variable remuneration exist in 2009 with regard to the remuneration of the Board of Management (Regulation 4.2.3);
2. that no compensation CAP exists in the event of the premature termination of a Board of Management contract without a particular reason (Regulation 4.2.3);
3. that a D&O insurance should be agreed with an appropriate deductible (Regulation 3.8).

To the shareholders

Report of the Supervisory Board

The Board of Management and the Supervisory Board also declared in accordance with Section 161 of the German Stock Corporation Law (AktG) to comply also during the fiscal year 2010 with the Corporate Governance Code with the exception of the above-mentioned Regulations. The Supervisory Board intends, however, to include in future Board of Management contracts the recommendations of the German Corporate Governance Code, for which exceptions were made above under numbers 1 to 3, in order to be able to comply fully with the German Corporate Governance Code in the future.

The financial statements of PNE WIND AG, the consolidated financial statements as well as the reports on the situation of PNE WIND AG and the Group were drawn up on schedule by the Board of Management. These as well as the accounting documents were audited by the auditors, Deloitte & Touche GmbH, Hamburg branch, who were elected by the general meeting of shareholders as auditors on May 14, 2008; an unqualified auditors' opinion was issued.

The Supervisory Board placed the commission for the audit for the fiscal year 2009 on June 30, 2009. In accordance with the recommendations of the German Corporate Governance Code the Supervisory Board obtained, prior to placing this commission, a declaration of the auditors as to which professional, financial or other relationships might exist between the auditors and the Company, which might indicate doubts regarding their independence. The declaration also included the scope of other consulting services, which were provided to the Company during the past fiscal year. According to the declaration submitted to the Supervisory Board by the auditors there are no doubts regarding their independence.

The Supervisory Board requested the auditors for the fiscal year to focus in particular on the subjects of risk management and the USA as major emphases for the audit of PNE WIND AG.

The financial statements for PNE WIND AG, the consolidated financial statements, the management report of PNE WIND AG, the Group management report and the report of the auditors were made available on schedule to all members of the Supervisory Board prior to the balance sheet meeting on 17.03.2010. The documents were comprehensively examined and discussed at the meeting of the Audit Committee on 08.03.2010 as well as at the balance sheet meeting by the members of the Supervisory Board. The Chairman of the Audit Committee gave a report on the treatment of



the financial statements and the consolidated financial statements at the meeting of the Audit Committee to the full Supervisory Board at the balance sheet meeting. Representatives of the auditors participated both at the meeting of the Audit Committee as well as at the balance sheet meeting and reported on the key results of the audit. There were no objections. The Supervisory Board approved the result of the audit of the financial statements.

The Supervisory Board thus approved the financial statements of PNE WIND AG drawn up as at December 31, 2009 as well as the consolidated financial statements drawn up as at December 31, 2009. The financial statements were thus adopted. The Supervisory Board, following its own examination, approved the proposal of the Board of Management regarding the appropriation of profit.

The regulations and obstacles, which could render difficult a take-over and the exercise of control, were reviewed and evaluated by the Supervisory Board. The Supervisory Board considers these to be adequate.

The Supervisory Board wishes to thank the members of the Board of Management as well as all employees for their particular commitment and responsible and successful work during the fiscal year 2009.

Cuxhaven, March 17, 2010

Dieter K. Kuprian
– Chairman of the Supervisory Board –

To the shareholders

Corporate governance report

Declaration of compliance

Declaration of compliance of the Board of Management and the Supervisory Board in accordance with Section 161 of the German Stock Corporation Act (AktG)

with the Corporate Governance Code: the Corporate Governance Code is a legal guideline on the management and supervision of stock-market listed companies in Germany. It summarises the internationally as well as nationally recognised standards for responsible corporate management. The objective of the guideline is to promote the confidence of investors, customers, employees and the public in German corporate management.

The Board of Management declared on October 26, 2009 and the Supervisory Board of PNE WIND AG on December 7, 2009 in accordance with Section 161 of the German Stock Corporation Act (AktG) that they complied with the Corporate Governance Code with the exception of the following rules:

1. that no long term components of variable remuneration existed in 2009 with regard to the remuneration of the Board of Management (Rule 4.2.3);
2. that there existed no compensation CAP in the event of the premature termination of activity as a member of the Board of Management without a particular reason (Rule 4.2.3);
3. that a D&O insurance policy would be concluded with an appropriate deductible (Rule 3.8).

The Board of Management and the Supervisory Board also declared in accordance with Section 161 (AktG) that the Corporate Governance Code will be complied with also during the fiscal year 2010 with the exception of the above-mentioned Regulations.

This declaration of compliance concerns the German Corporate Governance Code in its version of June 18, 2009.



Remuneration report

The remuneration report is included in the management report on page 84 of this annual report.

Directors' dealings

On May 25, 2009 Sidlaw GmbH, a legal entity with a close connection with the Chairman of the Board of Management, Mr. Martin Billhardt, sold a total of 20,001 shares of PNE WIND AG. The sales price per share amounted to euro 2.70, resulting in a total transaction volume of euro 54,002.70.

As at December 31, 2009 30,000 shares were allocable to the member of the Board of Management, Mr. Martin Billhardt. Mr. Bernd Paulsen held 2,500 shares. The member of the Supervisory Board, Mr. Alfred Mehrtens, held 346 shares.

To the shareholders

Discussion with the Board of Management



Martin Billhardt, Bernd Paulsen

Question: The year 2009 was characterised by a worldwide economic crisis. What is your judgement on the development of the business of PNE WIND AG?

Martin Billhardt: Overall positive. We have achieved our operating targets in all business segments, domestically and abroad, as well as onshore and offshore.

Bernd Paulsen: 2009 was a record year for us with eight successfully concluded onshore wind farms and an installed nominal output of a total of 121.8 MW. In addition, there was Gode Wind II, which constituted already the third approval of an offshore project in Germany. Enormous tanks to our employees!

Question: What were the highlights for you?

Bernd Paulsen: Apart from the success of Gode Wind II the commissioning of the Altenbruch II offshore reference field was

certainly a milestone. In the future we shall continue to own and operate ourselves this extremely efficient wind farm, which furthermore was very sophisticated with regard to planning and implementation.

Martin Billhardt: Furthermore, we have achieved significant progress with regard to our internationalisation strategy. In particular the joint venture agreements which we have concluded on the North American continent improve our competitive position and strengthen the earnings potential of PNE WIND AG.

Question: In May 2009 PNE WIND AG issued a profit warning and reduced the forecast for the fiscal year. What were the underlying reasons for this?

Martin Billhardt: The economic crisis had considerable effects on one of our project partners. The Dutch company, Econcern N.V., whose subsidiary was our partner in



the Gode Wind I offshore project, had to file for insolvency within the context of the turbulences on the financial markets. Our planning included for 2009 further payments from the project. Since these payments would not be forthcoming, we had to correct our forecast.

Question: What is the current status regarding Gode Wind I and how will this develop?

Martin Billhardt: We were able to achieve through negotiations with the insolvency administrator and the leading banks that all the shares in the project company would again be returned to PNE WIND AG. As a result the project again belongs to us 100%.

Bernd Paulsen: This is a first class site in the North Sea, which was already approved in 2006. In addition, the neighbouring Gode Wind II project also belongs to us. In the future we shall develop the two projects jointly and thereby achieve substantial synergies.

Question: What do you expect from the fiscal year 2010?

Martin Billhardt: Success! The bases for a positive development of the business have been laid. By the year end 2009 we were thus able to sell seven additional onshore wind farms to EnBW, which will be completed and delivered during the current year. A significant contribution to sales and profit will result from this. We intend to continue to exploit decisively the opportunities in the growth market of wind power. In this respect we are also hoping for a growing contribution from our business abroad as well as from our offshore sector.

Bernd Paulsen: On the operating side it is necessary to expand continuously our substantially filled project pipeline. We have set ourselves ambitious but nevertheless achievable targets: we intend to expand our pipeline to 10,000 MW in the onshore sector and to 5,000 MW in the offshore sector. We are working on this and are currently making excellent progress.



Buchholz wind farm

Location:

Soltau-Fallingbostal district

Number of turbines:

18

Type of turbines:

Vestas V90 2 MW

Total nominal output:

36 MW

Taken into operation:

March 2009



To the shareholders

Profile of PNE WIND AG

Our aspiration

Modern economies are based on assured supplies of electricity. In this respect the main corner stones of worldwide electricity generation have to date been either finite fuels such as coal and gas or risky methods of generation such as atomic energy. For both one thing is true: they cannot guarantee a sustainable, safe and environmentally-friendly generation of electricity.

An increase in international importance for renewable energies has resulted from the effects of climate change, which are already noticeable today, the uncertainty regarding the availability of these raw materials as well as the decline in the resources of fossil fuels and the resulting increase in the raw material prices. Wind power as the technologically most advanced method for the generation of "green" electricity thus has a key role in this respect.

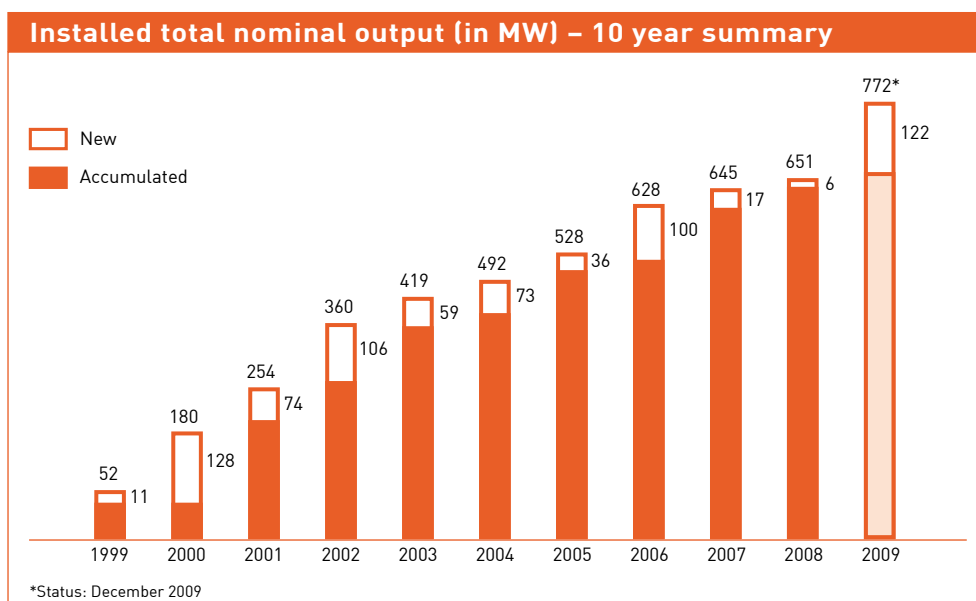
Our objective as a company thus consists of the successful expansion of our business activity in the clearly defined market of the future, namely "projecting of wind farms". With an ecologically correct and economically meaningful product, we intend to grow further and thus to create real value added for our shareholders. At the same time we wish to make an effective contribution to climate protection as well as to safe long term energy supply. The main guidelines of our action are the sustainable compatibility of economic success and ecological responsibility.

PNE WIND AG has acted successfully in this environment for many years. Since June 2009 we have documented even more strongly to the outside both our core competence as well as the increasing international orientation of our Company by the new corporate name. In addition to our corporate logo "Passion for Energy" our aspiration is also becoming particularly clear: PNE WIND AG stands for wind power projecting out of passion.



Profile of PNE WIND AG

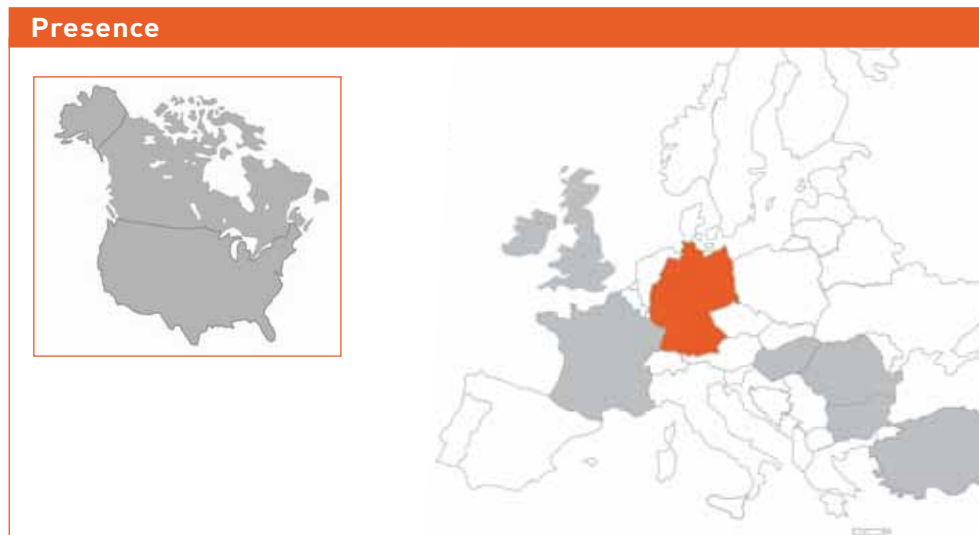
Our business activity consists of the planning and the implementation of wind farm projects on land (onshore) as well as on the high seas (offshore). In this respect development, projecting, implementation and financing represent the core competences of PNE WIND AG. Following the successful putting into operation we also provide for the operators of wind farms a comprehensive service, which includes apart from the technical also the commercial management. Apart from the sale of wind farms we have also already developed a further field of growth with our own operations for electricity generation as an "IPP" (independent power producer).



We have been active as projectors of wind farms since 1995. Our many years of success prove that we understand our business. At the end of the past fiscal year we could look back at 93 wind farms constructed by us. In this respect a total 536 wind power turbines with a total nominal output of 772 MW were installed under our management. With this PNE WIND AG is one of the most experienced projectors of wind farms worldwide!

To the shareholders

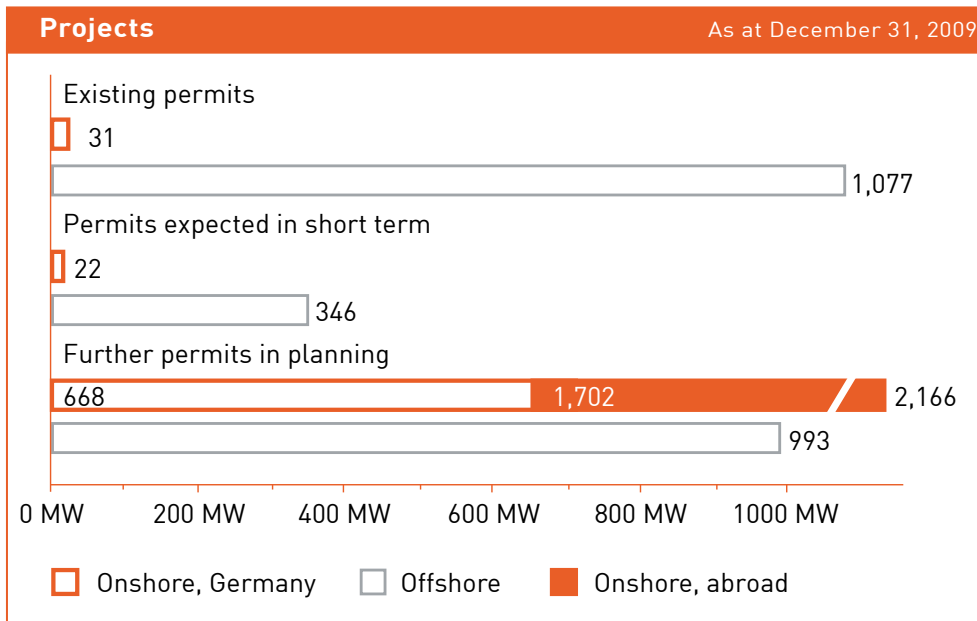
Profile of PNE WIND AG



The wind power branch is experiencing a strong tailwind worldwide. As a result market opportunities are arising, which we are exploiting decisively. PNE WIND AG is thus expanding increasingly into dynamic growth markets and is represented already through joint ventures as well as subsidiaries in Hungary, Bulgaria, Turkey, the United Kingdom, Ireland, Romania, the USA and Canada.

Apart from the national and international projecting of wind farms on land, PNE WIND AG is also developing projects on the high seas. This represents an attractive growth market, since the German as well as the European climate targets can only be achieved through an enormous expansion of offshore wind power. As the only projector to date PNE WIND AG has already been able to obtain the permits for three offshore wind farm projects and has thus also successfully proven its competence in this field. In addition, entry into promising markets abroad are also being investigated for the offshore sector, in order to participate on a sustainable basis in the international expansion of wind power on the high seas.

For a developer of wind farms the number of projects in process, the so-called pipeline, is decisive for earnings to be achieved in the future. PNE WIND AG is in a very good position: in the onshore sector we are currently working on the development of wind farms with a total nominal output of approximately 2,200 MW both domestically and abroad. With a market value of roughly euro 150,000 per MW we thus have available in the future a substantial potential for earnings.



Furthermore there are currently offshore wind farm projects under development in the North Sea and the Baltic with a total nominal output of approximately 2,400 MW. For these, permits have already been obtained from the Federal Office for Shipping and Hydrographics for wind farms with more than 1,000 MW.

In the future we do not intend to rely on our projecting successes. On the contrary, we still have many plans. In the medium term we plan to expand the project pipeline of PNE WIND AG in the onshore sector to 10,000 MW. In addition, the number of offshore projects in process will be expanded to 5,000 MW. As a result we shall also assure and further increase our potential for earnings in the future!

To the shareholders

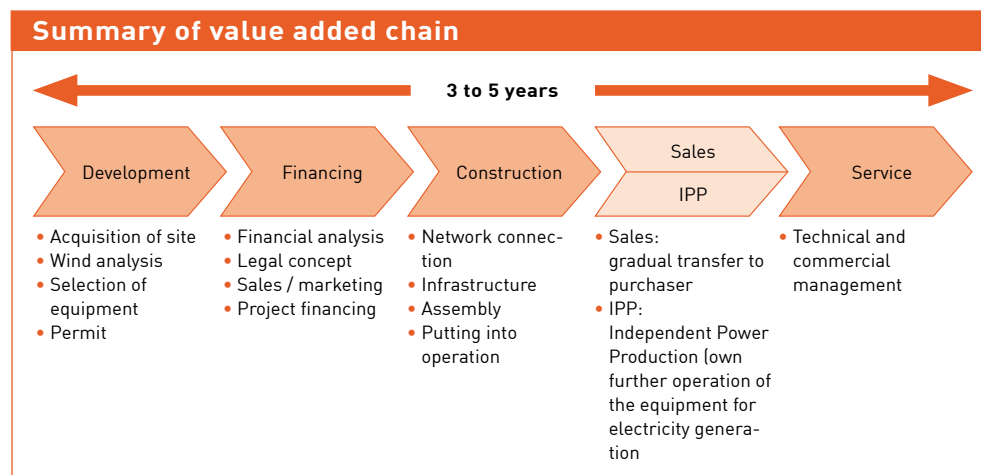
Profile of PNE WIND AG

Summary of the business activity

Onshore (Projecting domestically and abroad, IPP)

Wind farm projecting from a single source

We develop wind farms for the generation of electricity, from the first reconnaissance of the site up to the completed equipment. Our range of services includes all steps of the value added process. PNE WIND AG covers each phase of the creation of a new wind farm, from the development through financing, construction, sale and operations management.



Since 1995 PNE WIND AG has been successfully active in the market for wind power. In this respect we make an effective contribution to climate protection and are assisting with the development of a technology of the future, whereby the creation of sustainable work places is promoted both domestically and internationally. At the same time we are gaining a value added for our shareholders insofar as we understand the battle against the increasingly global scarcity of traditional energy fuels as an attractive field of business. We plan and manage the construction of a wind farm with the objective of finally delivering the project to an operator at attractive conditions.

Development

A successful project starts with the development of the corresponding site. First of all the relative locations must be acquired and the wind conditions on site subjected to a careful analysis. The result of this investigation constitutes the basis of decision



for the selection of the economically most meaningful wind power turbine (WPT). Following the completion of this preliminary work the specifications of the future wind farm are to a large extent determined. During the next stage the project can be submitted to the competent authorities for approval.

Financing

In particular in the current market environment the assurance of an appropriate financing is a key pre-requisite for the successful projecting of a wind farm. In this respect PNE WIND AG has a particular measure of expertise. The starting point for objective discussions with lenders is also in this respect a detailed description and the elaboration of reliable forecasts, in particular with regard to the financial returns to be achieved in the future. In parallel with this is the legal concept of the operating company. The sale of the project can then take place during the next phase. Depending on the structure of the transaction PNE WIND AG organises and coordinates finally the actual financing of the wind farm for the operator; this is an important key competence of our Company and simultaneously a clear competitive advantage.

Construction

The wind power turbines are constructed on site during the actual construction phase. First of all a corresponding connection of the wind farm to the network is made. At the same time the necessary infrastructure is constructed, such as, for example, the access roads and the sites for the cranes. Subsequently, the installation of the core element of the wind farm takes place with the assembly of the wind power turbines. Following completion and technical inspection the wind farm will be put into operation. As from this time the turbines will generate electricity and will thus deliver environmentally friendly power as well as continuous, calculable and attractive returns for the operator.

Sales/IPP

The wind farm is transferred finally and completely to the ownership of the operator at the latest when it is put into operation. In this respect these are mainly investors. In addition PNE WIND AG selectively acquires wind farms itself in order to generate electricity as an independent supplier (IPP= independent power producer). In May 2009 we achieved a significant jump in growth in this sector with the acquisition of the Altenbruch II offshore reference field.

To the shareholders

Profile of PNE WIND AG

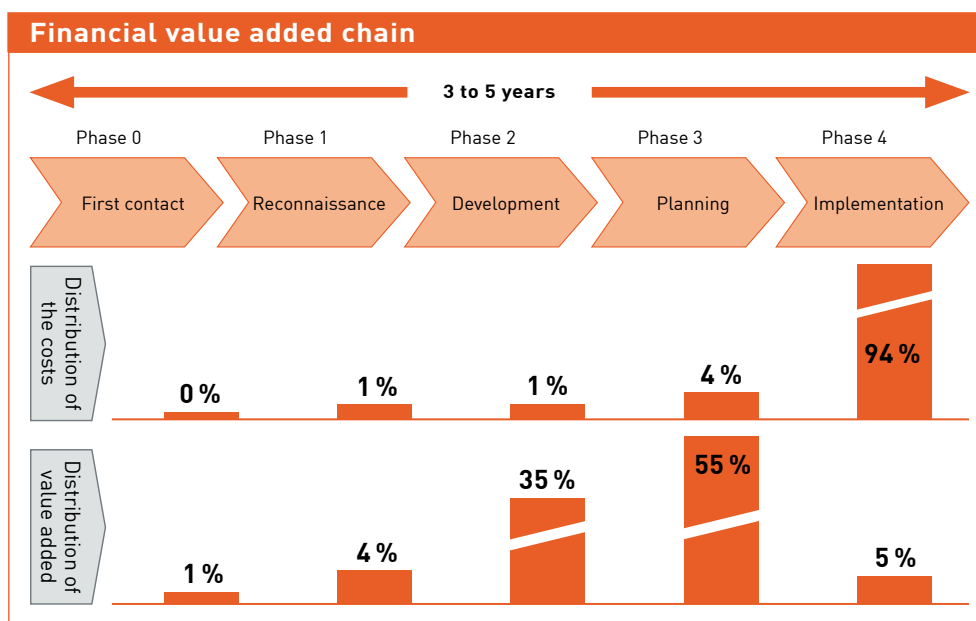
Operations management

PNE WIND AG often continues to look after the wind farms through its operations management following the completion, commissioning and delivery to the investor. In this respect our services consist of the technical and commercial operations management, namely the daily business of the wind farm operator. We thus monitor, for example, the wind power turbines in order to detect defects at an early stage and thus to avoid or minimise thereby potential downtime. In short: we assure that the windmills turn! PNE WIND AG achieves a close relationship with the customers and generates continuous revenues through this after sales service.

How does the business of a wind farm developer function?

As a wind farm developer the business model of PNE WIND AG differs in several aspects from many other branches. Our task consists of the planning and the management of the construction of a wind farm with the objective of selling the project to an investor at attractive conditions. In this respect PNE WIND AG generates revenues above all with the creation of a project right, i.e. the right for the construction of a wind farm at a specific site. In most cases a period of three to five years lies between the start of the planning and the commissioning of a wind farm.

The development of a wind farm can be broken down into five project phases. In this respect the value added is achieved primarily in the early stages. Starting with the first contact with the decision makers through initial reconnaissance and development up to the planning phase a total of 95% of the value added is achieved during the first four project phases. At the same time these phases are not cost-intensive, since only 6 percent of the total costs are attributable to the first four project stages. On the other hand only about 5 percent of the total value of a wind farm project is generated with the actual project implementation, i.e. the development of the site as well as the construction of the wind power turbines. However, 94 percent of the costs are incurred in this phase, either through the preparation of the necessary infrastructure or through the acquisition of the wind power turbines.



The services of the wind farm developer are often paid in accordance with the “milestone” principle. At the conclusion of the purchase contract between the investor and the projector the payment of the agreed purchase price is linked to individual stages of the progress of the project. When one of these pre-determined “milestones” is achieved, the purchaser is thus obligated to make the corresponding installment payment.

Apart from the sale of a “turnkey” wind farm, the sale of the project right represents an additional option. The wind farm can thus also be sold completely to the investor already following the issue of the permit (i.e. prior to its construction). From these two alternatives there are consequences for the bookkeeping treatment and the commercial valuation: if the wind farm is sold prior to its actual completion, the financial expense incurred by PNE WIND AG is comparatively low. The reason for this is the low level of cost for the projecting up to this time. Should on the other hand the wind farm be sold to the investor as a turnkey project ready for operation, the necessary financial requirement is correspondingly higher for the Company.

Specific advantages arise for PNE WIND AG in both cases. In the case of an early sale the financing costs are relatively low for us as projectors, since the expenses for the last cost-intensive project phase are borne by the purchaser (i.e. the investors).

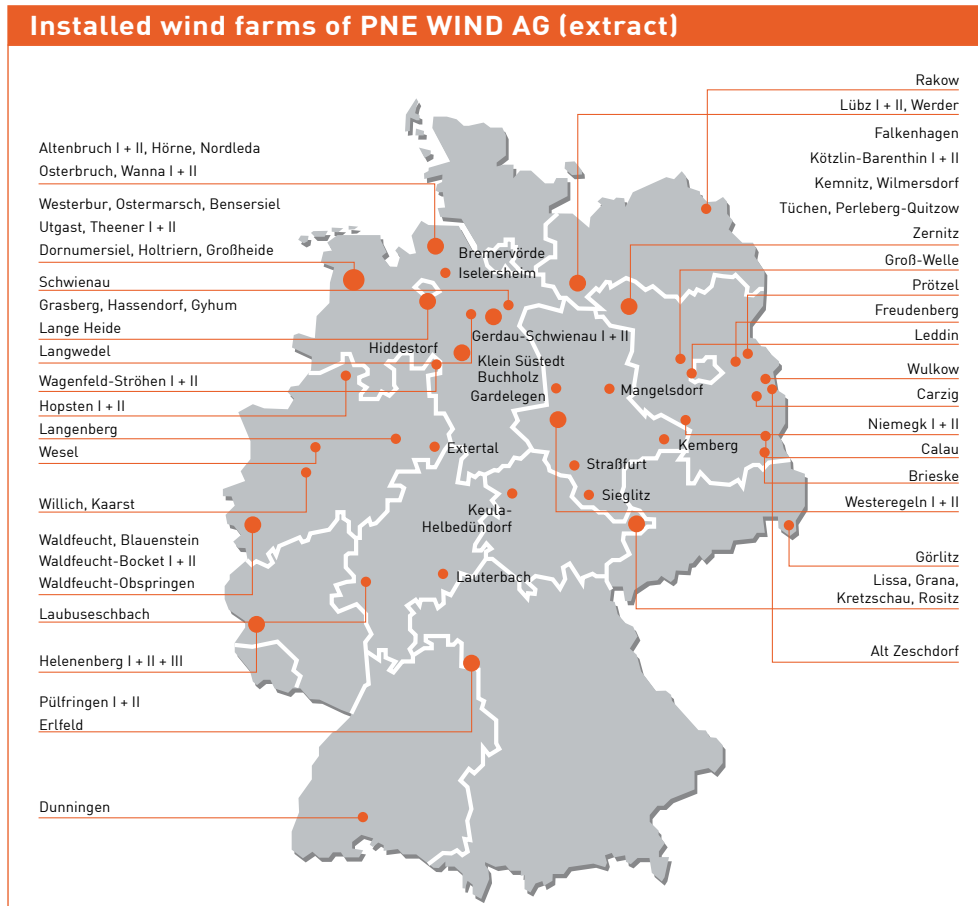
To the shareholders

Profile of PNE WIND AG

A sale following the receipt of the approval therefore certainly results in lower revenues, but this simultaneously reduces, however, the costs arising within the context of the projecting. On the other hand, if the wind farm is sold only following completion, the increase in value is reflected in a higher achievable price. The form of the transaction which represents the more advantageous alternative in individual cases depends in this respect on a series of different factors, apart from the preferences of the investor. In this respect the earnings data such as the operating profit or the earnings before taxes (EBIT and EBT) are essentially more appropriate for the evaluation of the operating development of the business of PNE WIND AG than the data for revenues and total aggregate performance.

New markets, new opportunities – strengthening of international concentration

For many years we have been successful with our business model, which has been proven and which barely depends on the economy. We show comprehensive experience in an extremely fragmented market and finally we have already been in the business since 1995. As a result we have available comprehensive know-how with regard to the acquisition of sites, wind analysis and the construction of wind farms with a correspondingly wide network of national and international decision-makers. As a result the wind farms projected by us in Germany are distributed throughout the whole Federal Republic. We intend to strengthen and expand further in the future this strong national market position. The gradual increase of so-called repowering projects will prove to be in this respect an additional growth driver for the wind power market. As a result of the age structure of wind farms in Germany we are expecting positive impulses for the wind power market from the exchange of older equipment by modern and more performant and thus more efficient equipment. With the successful completion of the Alt Zeschdorf repowering project in the fiscal year 2009 PNE WIND AG has already entered early into this market with professional experience. Due to our good market position we see in this respect further growth potential for our Company. A particular advantage is in this respect our access to already existing wind farm locations.



In addition, an increasingly growing number of countries are recognising the potential of wind power as a sure, efficient and environmentally protective supplier of electricity. From this can be seen that the international importance of our branch is growing and that PNE WIND AG has good pre-requisites to participate therein on a sustainable basis. We shall therefore use more intensively abroad in the future our know-how acquired in the German home market and thereby also expand our success to other countries.

We have already made in this way substantial progress during the past year, in particular on the North American continent. In the USA, the largest wind market of the future, the development of our subsidiary progressed swiftly and initial operative successes could be achieved: in September PNE WIND USA Inc. concluded with the US company, Renewable Solution, a joint venture agreement concerning the joint

To the shareholders

Profile of PNE WIND AG

development of wind farm projects with an installed nominal output of more than 300 MW in the federal states of Minnesota, North Dakota and South Dakota. The earnings potential becomes clear in view of the market value of these projects amounting to a total of about US dollar 600 million.

In the future we intend to strengthen our activities even further in North America. We have set for ourselves an ambitious target: in the medium term we intend to acquire there wind farms with a nominal output of up to 2,500 MW. That is an important contribution to our target of processing in the medium term up to 10,000 MW in the sector of onshore projects. With the conclusion of a further joint venture with the Canadian BCP Renewable Energy Ltd. we have in this respect made a first step into the wind market there. In Canada wind power is still at the beginning of its development and we expect also here a strong expansion during the next few years. Together with our partner we shall therefore participate in tender offers for wind farms in the Canadian province of Saskatchewan.

Projects – international

Project	Country	Number of projects	Locations already assured	MW up to	Investment volume up to
1	Hungary	2	438 ha	86	146 million EUR
2	Turkey (issue of licence)	3	---	253	430 million EUR
3	Bulgaria	10	951 ha	400	680 million EUR
4	Romania	3	200 ha	219	372 million EUR
5	France	---	---	20	36 million EUR
6	USA	5	1,200 ha	2,500*	4,000 million EUR
7	UK/Ireland	22	2,038 ha	791	1,345 million EUR
8	Canada	5	4,263 ha	330	528 million EUR
Total		50	9,090 ha	4,599 MW	7,537 million EUR

* Medium term target

We are thus already currently represented in nine growth markets, either through joint ventures with local partners or with our own subsidiaries. In total, we are currently working on projects abroad with a total nominal output of 1,701 MW.



Moreover, PNE WIND AG is continuously investigating the introduction into additional markets of the future. In this respect we set the following clearly defined requirements for an investment abroad:

- *Credit-worthiness and political stability of the country*
The country must have sufficient credit-worthiness and a high degree of political reliability in order to assure the financial protection of our investment.
- *Economic remuneration system*
Existence of a long term calculable remuneration system, which is comparable with the German EEG (Renewable Energies Law), in order to generate income which can be planned in the long term
- *Availability of local cooperation partners*
Wind power is "people's business": for this reason the cooperation with local partners with good networks is for us a guarantee for success

Regular income through selective own operation of wind farms

As a projector of wind farms our business development is subject to certain cycles and finally the development of a project requires a period of three to five years. In addition to the core business of projecting PNE WIND AG therefore also operated individual wind farms under its own ownership as a so-called "independent power Producer" (IPP), i.e. as a generator of electricity and an operator of wind farms which is independent of any groups. Thereby we achieve regular income, attain an increased diversification of risk and consolidate our business results.

With the putting into operation of the Altenbruch II offshore reference field during the first half year 2009 we have also climbed to a new level in this area of business. The attractive site in the administrative area of Cuxhaven offers a series of advantages: with wind speeds averaging approximately 8,0 m/s at a hub height of 105 m offshore wind power turbines can be tested here in practice and we are thus gaining valuable and practice-related knowledge about their operation. The nine wind power turbines with a nominal output of together 25.8 MW have an exceptionally high performance. In future we shall produce here on average about 68 million KWH per annum. Simultaneously PNE WIND AG is earning with its own operations attractive and stable cash flows and is thus broadening its basis of income.

To the shareholders

Profile of PNE WIND AG

Offshore

An important part of future electricity supply lies at sea. The operation of an offshore wind farm is particularly attractive due to the high average wind speeds, a large number of wind hours as well as the availability of large spaces. For this reason PNE WIND AG developed already at an early stage the offshore wind market as a field of growth.

Projects offshore – national

Project	Phase	Location	WPT up to	MW (3 MW/WPT)	MW (3.6 MW/WPT)	MW (5 MW/WPT)
1*	4	North Sea	77	231	277	385
2*	3	North Sea	96	288	346	480
3	4	North Sea	80	240	288	400
4	4	North Sea	80	240	288	400
5	1	Baltic	76	228	273	380
6	2	North Sea	80	240	288	400
7	2	North Sea	80	240	288	400
8	2	North Sea	80	240	288	400
Total:			649	1,946	2,336	3,245
Phase 1 = Project financing phase			Phase 3 = Application conference completed			
Phase 2 = Application conference in preparation			Phase 4 = Permit issued			

* Projects Borkum Riffgrund I + II: PNE WIND AG active as service provider

In our offshore sector we are currently working on eight projects in the North Sea and the Baltic. As the only developer to date PNE WIND AG obtained with “Gode Wind II” during the past fiscal year already the third permit for an offshore wind park developed by it in German waters. This illustrates particularly clearly our competence in this growth market. In total these projects represent a total nominal output of 2,400 MW, of which already over 1,000 MW have been approved. We are planning to expand our offshore pipeline to 5,000 MW in the medium term, in order to benefit sustainably from the growth in importance of wind power at sea and to further extend our position in the offshore sector.



The “Gode Wind II” project is situated in the North Sea about 33 kilometres north of the island of Nordeney. In total 80 wind power turbines with a total nominal output of 400 MW can be constructed there. We shall carry out the further technical development of the project until construction maturity together with the Danish manufacturer of wind power turbines, Vestas Offshore A/S. Thereby we are covering with this project a further step in the value added chain together with our competent partner. This reduces the uncertainty regarding the progress in the realisation process, accelerates the further process and thus finally increases the value of the project. As a result we extend through this step the circle of potential purchasers and create the conditions for a sale on improved terms. The beginning of the realisation for the “Gode Wind II” offshore wind farm is planned for 2011 / 2012.

In spite of a difficult economic environment PNE WIND AG was able to achieve further important steps in the offshore wind power growth market during the past fiscal year. Apart from the permit for our third offshore wind farm, there was also the sale of our shares in the “Borkum Riffgrund I and II” offshore wind farm projects to the Danish energy supply group DONG Energy in December 2009. Before, both companies each had a 50% participation in these projects. Originally a reduction of the shares of PNE WIND AG in the corresponding project companies was agreed at the beginning of the project financing as well as a corresponding increase of the shares of the project partner. Now we were able to sell our participation earlier than planned and thus also received the corresponding payment before the intended date. At the same time our partner obtains the full power of decision and thus the planning assurance, whereby positive effects should be able to be expected with regard to the speed of the further progress of the project.

The projects have already been approved (Borkum Riffgrund I) or are in a very advanced stage of the approval process (Borkum Riffgrund II). The purchase price will be paid to PNE WIND AG in instalment amounts in the form of milestone payments in each case on the achievement of pre-determined project progress steps. A first payment in the amount of approximately euro 11.3 million was already effective in the fiscal year 2009. In total, the original and already agreed purchase price of about euro 56 million has been brought forward and discounted. In the future PNE WIND AG will cooperate further in the development of these two offshore wind farm projects, and will be active as a service provider for DONG Energy; we are therefore continuing our successful cooperation with this stable partner.

To the shareholders

Profile of PNE WIND AG

Following the end of the fiscal year 2009 we were finally able to achieve a solution for the “Gode Wind I” project. PNE WIND AG had already obtained in 2006 the permit from the Federal Office for Shipping and Hydrographics (BSH) for this offshore wind farm project, which is situated approximately 38 kilometres north of the island of Juist in the North Sea. Subsequently we entered into a joint venture with Evelop, a subsidiary of the Dutch group, Econcern, regarding the further realisation of the project. Within the context of the current economic and financial crisis our partner had, however, to apply for insolvency proceedings during the past year. At that time our participation in the corresponding project company still amounted to 10 percent.

In February 2010 PNE WIND AG acquired all the shares in the “PNE Gode Wind I GmbH” project company. This solution could be achieved through negotiations with the competent insolvency receiver as well as with the Royal Bank of Scotland. In connection with the acquisition and the release of the collateral PNE WIND AG will pay a one-digit euro million amount, which could again be increased by a similar one-digit euro million amount under certain conditions. In the future PNE WIND AG will develop this project further together with the “Gode Wind II” offshore wind farm project which is situated in the direct neighbourhood. Through the joint development synergies can be expected with regard to planning and realisation with the corresponding positive effects on the profitability of the projects.

Management

We do not leave our customers alone after the completion and commissioning of a wind farm. On the contrary: we assure that the wind farm operates! For example, PNE WIND AG takes over the technical supervision of the wind power turbines (currently about 300 WPT) within the framework of the after sales service. As a result, defects are recognised at an early stage and damage as well as expensive shut-down times are avoided or minimised. Furthermore, we assure that service and maintenance of the wind power turbines are carried out regularly and, if possible, not during periods of strong wind. As a result we guarantee efficient operations of the wind farm with optimal economic returns. Furthermore, PNE WIND AG looks after the operations company of a wind farm also from a commercial point of view insofar as we undertake the complete handling of the bookkeeping for the owner. As a specialist we have proven competence in this field and thereby save both time and money for our customer.



Marketing and sales

Our service as projectors consists of the planning and realisation of wind farms. We operate only a small portion of the completed equipment ourselves. On the other hand, the major portion is sold to interested investors, who are the later operators of the farms. The objective of our marketing and sales activities is therefore the identification of potential purchasers for our wind farms.

Investors are frequently identified through tender offers. Nevertheless, we also have through our many years of activity in the international wind power market excellent contacts to the corresponding investor groups. Our personal network simplifies the direct contact and represents an important competitive advantage for PNE WIND AG.

In this respect our purchasers consist primarily of the following investor groups:

1. National and international financial investors concentrating on renewable energies
2. Infrastructure funds
3. Intermediaries who take over the further sale to retail investors
4. Local, national and international power suppliers

Suppliers

The wind power turbine constitutes the core element of a wind farm and finally it is decisive for the profitability of a project. The choice of the optimally suitable equipment for the corresponding site is decisive for the economy of the farm. The enormous expansion of wind power in the past few years has led to an increase in demand for wind power turbines, and finally wind power continues to remain attractive as an investment. The high demand promotes also the continuous technical improvement and further development of the wind power turbines.

A key success criterion in our branch is constituted by good contacts to the manufacturers of wind power turbines and the capability of acquiring in each case the equipment appropriate for the corresponding wind farm. A trustworthy cooperation is assured thanks to our many years of experience, our good contacts as well as our constant exchange with the leading manufacturers such as Vestas, Siemens, Nordex or Enercon. Furthermore, PNE WIND AG places high importance on the earliest possible conclusion of long term supply contracts so that our customers can always be able to be guaranteed the best equipment for their wind farm.



Langwedel wind farm

Location:

Gifhorn district

Number of turbines:

10

Type of turbines:

Vestas V90 2 MW

Total nominal output:

20 MW

Taken into operation:

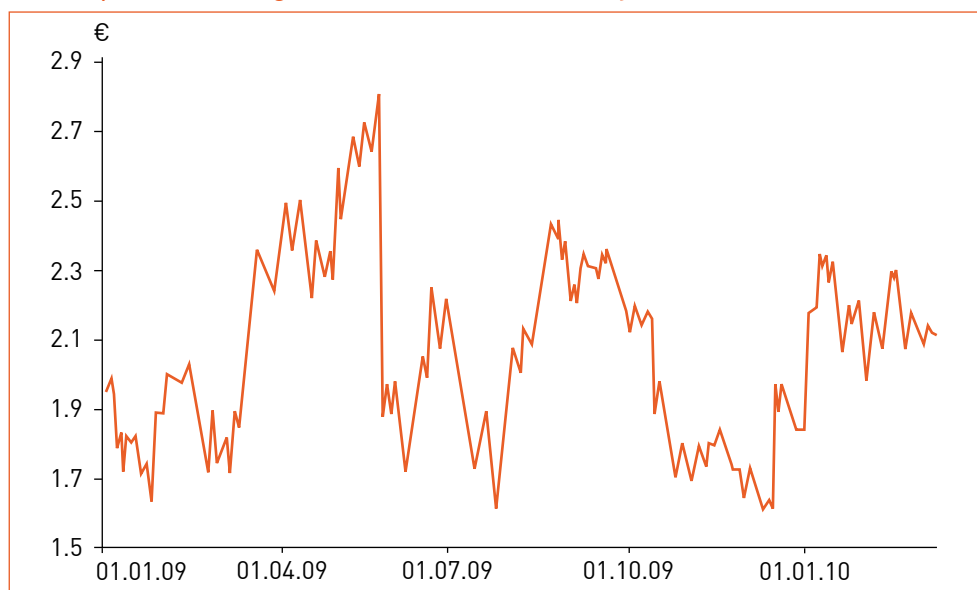
February 2009



To the shareholders

Share

Share price, trading market XETRA (January 1, 2009 to March 9, 2010)



In spite of the turbulences on the international capital markets the past fiscal year, was initially extremely positive for the share of PNE WIND AG. In January 2009 the security was listed at around euro 2.00 per share. Within the course of the first few months of the fiscal year the price rose up to a level of euro 2.70 in contrast to the general market trend. PNE WIND AG had to correct the forecast for the fiscal year 2009 after the Dutch Econcern N.V., the parent company of our partner in the "Gode Wind I" offshore project, Evelop, unexpectedly experienced payment problems at the end of May. Thereafter the security came under pressure but nevertheless stabilised itself after a comparatively short time and again resumed its upward trend.

At the end of August the price of the PNE share was around euro 2.40 and had thus partially compensated for the earlier losses. At the beginning of the fourth quarter the Company was submitted a claim for retro-activation of the sale of its participation in SSP Technology A/S. Following the publication of the corresponding ad hoc announcement the share of PNE WIND AG initially lost ground. The share price nevertheless consolidated itself in the area of euro 1.60 per share and experienced a stronger tail wind during the course of the fourth quarter. At the end of the past fiscal year the share was traded at a price of euro 1.83. This corresponded to a market capitalisation of approximately euro 81.5 million.

Following the close of the period under report the share continued this positive trend and continued to increase in value.



Key data	
Securities identification number	A0JBPG
ISIN	DE000A0JBPG2
Number of shares	44,524,966
Market capitalisation as at December 31, 2009	81.5 Mio. EUR
Free float	100 %
Market segment	Prime Standard
Indices	HDax, Mid-Cap-Market-Index, CDAX Technology, ÖkoDAX
Designated sponsors / market maker	Commerzbank, VEM Aktienbank, Close Brothers Seydler Bank
Reuters	PNEGn
Bloomberg	PNE3

Shareholder structure

PNE WIND AG has a broad and heterogeneous shareholder structure. In particular the high number of private investors serves as an anchor of stability for our Company.

The shareholder structure of PNE WIND AG diversified further during the past fiscal year. The shares of FMR LLC, Boston USA (Fidelity) as well as of Financière de Champlain fell below the legally obligatory disclosure thresholds in accordance with the announcements regarding voting shares submitted to us. Therefore currently no investor is participating in the Company with more than 3 percent of the voting shares, i.e. the obligatory disclosure threshold in accordance with the Securities Trading Law (WpHG). In accordance with the definition of Deutsche Börse AG the portion of the shares of PNE WIND AG in the free float is thus currently 100 percent. At the same time the high average trading volume of about 200,000 shares per day illustrates the high liquidity of our share.

To the shareholders

Share

General meeting of shareholders

On May 14, 2009 the ordinary general meeting of shareholders was held in Cuxhaven for the prior fiscal year. All the proposals of the administration were accepted with a presence of approximately 19.5 percent of the shares issued.

In detail, the Board of Management and the Supervisory Board obtained discharge with an approval of 94 percent in each case. In addition, the Board of Management obtained both the authorisation to acquire own shares (approval of 91.5 percent) as well as for the issue of convertible and/or option bonds (87.4 percent of the votes), whereby the requirements for the capital measures undertaken in the past fiscal year were created. Moreover, a change in the remuneration of the Supervisory Board was resolved with 84.5 percent of the voting shares represented. The change of the name of the Company into "PNE WIND AG" received an approval of 94 percent and was thus subsequently implemented in a short period of time.

The next ordinary general meeting of shareholders will be held on May 19, 2010.

Capital measures

In order to strengthen its financial basis PNE WIND AG implemented two capital measures at the beginning of the third quarter 2009. The transactions had the objective of creating additional flexibility for the acceleration of the course of growth. PNE WIND AG obtained in total an inflow of funds of more than euro 10 million through the placement of a capital increase and the issue of a convertible loan. The Company was thus able to improve its competitive position on a sustainable basis. With the help of the additional capital projects, e.g. in the offshore sector, should be further supported and the market opportunities consistently exploited.

Within the framework of the capital increase 3,250,000 new shares were placed. With a subscription price of euro 1.90 per share there resulted an issue volume of a total of about euro 6.18 million. The share capital of PNE WIND AG thus increased to euro 44,524,966. In addition, the convertible loan, which was also offered, was subscribed with a volume of euro 3.85 million. A subscription right was granted to the shareholders for both issues.



Investor relations

Transparently, comprehensively and punctually: PNE WIND AG communicates with its shareholders in accordance with these guidelines. We place particular importance on the giving understandable information as well as on the comprehensible presentation of the data. As a Company listed in the Prime Standard at the Frankfurt Stock Exchange, we follow strict publication regulations. Apart from the publication of comprehensive annual, half year and quarterly reports there are also, in addition, the immediate announcements through ad hoc announcements concerning information relevant to the share price. Through the continuous publication of corporate news we inform the interested public, and last but not least our numerous private investors, about the current development of the business of our Company. A series of analyst studies as well as the continuous contact with the financial press represents a further corner stone of our communications policy.

Furthermore, the Board of Management is interested in a stimulating exchange with the financial community in order to strengthen further the confidence of the investors as well as to achieve a continual broadening of our shareholder structure. For this purpose the Company presents itself regularly at capital market conferences both at home and abroad and the members of the Board of Management actively seek personal discussions with the investors.

Financial calendar

May 3, 2010	Report on the 1st quarter
May 19, 2010	General meeting of shareholders
August 9, 2010	Half year financial report
November 8, 2010	Report on the 3rd quarter
November 22 – 24, 2010	Analysts' conference / equity capital forum

Additional information

You will find extensive information on PNE WIND AG on our corporate website: www.pnewind.com. You have available current data on the share in the section "investor relations". You can also download here annual and quarterly reports, press announcements as well as background information on PNE WIND AG.

Using wind power economically

"In 2009, we have brought more than 122 MW of wind power to the grid. Currently we are working on three additional wind farms – our project pipeline is still well filled."

Bernd Paulsen, Member of the Managing Board



Group management report



Group management report

Combined management and Group management report of PNE WIND AG, Cuxhaven, for the fiscal year 2009

1. Market / overall general economic conditions

The past fiscal year was characterised by the most serious global recession since the world economic crisis in 1929. According to information from the International Monetary Fund (IMF), worldwide economic performance declined by -0.8% during 2009.¹ The industrial states in particular found themselves confronted with a major economic decline. The trigger for this development was above all the turbulences on the international financial markets following the insolvency of the US investment bank, "Lehman Brothers".

The effects of this worldwide economic crisis were above all substantial for Germany as a particularly export orientated economy. The Federal Statistics Office thus reckons with a decline in gross domestic product of -5.0% during the past fiscal year. In particular gross investments (-12.5%) as well as exports (-14.7%) were in steep decline in comparison with the prior year.

Everywhere in the world governments and central banks reacted to the deterioration of the economic situation with expansive monetary and fiscal policy measures. In order to provide the capital markets with sufficient liquidity the European Central Bank (ECB) lowered, for example, its base rate to a record low of 1.0%.² At the same time a series of countries put together state economic packages in the battle against the economic crisis. The economic political impulses of these expenditure programmes were often consciously linked to the specific support of renewable energies. In the USA, for example, a package of laws was adopted under the Obama administration in January 2009, which foresees the injection of about US dollar 787 billion into the economic circuit.³ Of this at least 10% should be spent on the support of the protection of the environment and US dollar 32.8 billion alone are foreseen for the expansion of renewable energies.⁴

Although the economic development is still exposed to risks, experts are assuming a phase of economic recovery for the current fiscal year. The IMF reckons for 2010 with worldwide growth of approximately 3.9%. For the following year growth of even 4.3% is expected. In Germany the council of experts for the evaluation of the overall economic development is forecasting a growth in GDP of approximately 1.6% for 2010.⁵ Simultaneously the ECB sees only a low risk of inflation so that one can expect initially a continuation of the current interest rate policy (and thus a further slackening of the general monetary conditions).

¹ International Monetary Fund, 2010

² European Central Bank, 2010

³ Congress of the USA, 2009

⁴ Environmental America, 2009

⁵ Council of Experts for the Analysis of Total Economic Development, 2009



In view of the economic consolidation during the last quarter of the past fiscal year and the indications of a slight upwards development a renewed increase can be expected for energy prices. An indicator for this is the development of the crude oil price, which almost doubled from US dollar 40 to US dollar 80 during the course of 2009.⁶ After the price decline of the fossil fuels due to the recession, the long term increase of energy prices continued. For this reason positive effects can be expected for the competitiveness of renewable energies in the future.

Notwithstanding the continuing financial and economic crisis the market for wind power also developed extremely positively during the past year. In spite of the changed attitude of the banks with regard to the issuing of loans the financing of wind farm projects still remained possible. As a result a robust growth of the global capacities could be reported for the generation of electricity from wind power. According to the information from the worldwide wind power association, the Global Wind Energy Association (GWEA) 37,466 MW nominal output was installed in wind farms during 2009.⁷ The USA with 9,922 MW and China with 13,000 MW constituted a significant share of this. The expansion in Europe was particularly strong according to the information from the European wind power association, European Wind Energy Association (EWEA).⁸ According to this association 10,163 MW nominal output of wind power were installed here during the past year. This represents a 23% increase in new installations versus the prior year. Thereby wind power turbines with 9,581 MW nominal output were constructed in Europe onshore (plus 21 % versus the prior year) and offshore wind power turbines with 582 MW nominal output (plus 56 % versus the prior year). Germany was also able to register a substantial upturn and exceeded the mark of 25,000 installed nominal output. According to information from the German Wind Power Institute (DEWI) wind farms with a nominal output totalling 1,917 MW were newly constructed and put into operation. As a result the installed nominal output increased in total to 25,777 MW as at the end of the year.⁹

PNE WIND AG expects in the medium to long term additional positive effects for the market in Germany from the start-up of repowering (i.e. the replacement of old by new wind power turbines). Initial indications for this were shown already during the past fiscal year. In 2009 wind farms with a capacity of 136 MW were repowered throughout the Federal Republic. In the prior year this had only amounted to 24 MW.

⁶ OPEC, 2010

⁷ GWEA, 2010

⁸ EWEA, 2010

⁹ DEWI, 2010

Group management report

Market / overall general economic conditions

The construction of offshore projects is also viewed as a further growth driver for both the national as well as the international wind energy market. 2009 was already a record year for the European offshore wind power industry with the additional construction of 582 MW. From this it is clear that the expansion of offshore wind power is already in full swing in Europe. This process will accelerate even further during the next few years. Experts of the EWEA thus expect that an additional ten offshore wind farms with a total output of about 1,000 MW will be connected to the grid in 2010. The amount of the prior year would thus be exceeded substantially. The sector is gaining in importance also from a financial point of view: whereas the revenues of the offshore wind industry earned throughout Europe in the prior year still amounted to approximately euro 1.5 billion, the European association expects for 2010 an amount of about euro 3 billion.

In German waters only one offshore test field, the "Alpha Ventus", is currently connected to the grid. 27 additional projects have, however, already been approved by the Federal Office for Shipping (BSH). Offshore wind power in Germany thus has substantial potential for expansion. The current initiative of nine neighbouring states to construct a high tension network in the North Sea represents a major milestone in this respect; the sustainable use of wind power at sea finally requires a high performance electricity network. In the long term this will constitute a substantial support for offshore wind power and will contribute considerably to the protection of the climate. As a result offshore wind power represents a major pillar of the future supply of electricity in Europe. From this there result market opportunities for solid, long established players with good networks.

The reasons for the strong growth of the market for wind power lie on the one hand in the increasing economic scarcity and on the other hand in the ecological necessities. The finite nature of fossil fuels is thus leading in the long term to an increase in costs for the conversion from coal, oil and gas. Renewable energies are gaining in competitiveness to the same extent as conventionally generated electricity is becoming more expensive. This is true above all for wind power, which is already particularly economical. In addition there are the effects of the change of climate which are leading to a political change in thinking with regard to energy. In spite of the results of the UN Climate Conference in Copenhagen in December 2009, which was considered as disappointing by observers, the closing document, the Copenhagen Accord, confirms the readiness in principle of the international community to limit global warming.



The European Union has already gone a step further. In January 2007 the New Energy Strategy was adopted, which foresees as an obligatory target the reduction of CO₂ emissions (in comparison with 1990) by 20 % up to 2020. The Federal Republic of Germany has even obliged itself to particularly ambitious targets. It is planned to reduce the emission of greenhouse gases by 40 % up to 2020 in comparison with 1990. The Federal Government in office since the autumn of last year confirmed this claim in its coalition agreement at the end of 2009 and reconfirmed it in its annual economic report in 2010. In accordance with this the objective is maintained of expanding the share of renewable energies in the production of electricity from currently around 16 % to 30 % up to the year 2020. In this respect wind power gains particular importance as the currently technically most advanced and efficient technology for the regenerative production of electricity: its share in the national production of electricity should increase from currently around 6 % to 15 % by the year 2020. The Government sees enormous growth potential particularly in the offshore sector. Neither the European nor the German climate targets can be achieved without the expansion of offshore wind power. As a result further positive effects are to be expected from this development on the German wind power industry.¹⁰

Overall the market for wind power turbines for the generation of electricity is thus growing strongly and on a sustainable basis. Many established manufacturers of wind power turbines have expanded their production capacities internationally, in order to satisfy the growing demand. At the same time new companies are entering the market, above all in India and China. As a result the number of suppliers of wind power turbines is growing, whereby a cushioning effect can be expected on the development of prices.

For the future industry experts expect a continuation of the course of growth which has developed. The International Energy Agency (IEA) reckons with a continuous expansion of wind power during the next few years, due to the rising costs of energy on the one hand and the decline in investment costs on the other. By 2050 the organisation expects a share of about 12 % in the worldwide generation of electricity. As a result the share of wind power in electricity generation will increase particularly strongly in the USA, Asia as well as in various European countries.¹¹ For this reason the general economic conditions for PNE WIND AG can continue to be considered to be positive in spite of the current economic challenges.

¹⁰Federal Ministry for the Environment, 2010

¹¹IEA, 2009

Group management report

General political conditions / Corporate structure

2. General political conditions

The general political conditions for the further expansion of wind power for the production of electricity continue to be viewed as very positive internationally. Although the World Climate Conference in Copenhagen did not result in any agreement for obligatory determined measures for an improved protection of the climate, numerous states are maintaining their policies for the expansion of renewable energies and are strengthening their efforts. For example, within the context of its "Crown Estate" process the United Kingdom thus invited tenders for offshore wind farms with a nominal output to be installed of about 32,000 MW. The US government set the course for a comprehensive expansion of electricity networks with an investment volume of approximately three billion US dollars, in order to extend these networks for a higher volume of feed-in of electricity from renewable energies and in particular from wind power.

For the European Union with its current 27 member states the regulatory foundation stone was already laid in June 2007 with the adoption of the New Energy Strategy for the greater expansion of renewable energies throughout Europe. This strategy, which remains unchanged, defines an overall EU reduction of CO₂ emissions by 20% from the level of 1990 up to 2020 as an obligatory target for all EU member states. In addition, the national governments are drawing up action plans in which they are defining the individual steps necessary for achieving this target. In this respect a key means for the reduction of the CO₂ emissions is the support of renewable energies.¹² The EWEA reckons that 34% of electricity must be generated from renewable sources in order to achieve the target. According to this a total of 12% of the overall European electricity requirement would have to be covered by wind power.¹³ This will result in a substantial increase in the European wind power market with correspondingly positive market opportunities for PNE WIND AG.

The general political conditions also remain positive in the Federal Republic of Germany. The new Federal Government is maintaining the national expansion targets which had been defined earlier. The key foundation stone for the expansion of wind power remains the Renewable Energies Law (EEG). It regulates inter alia the priority feed-in of electricity from renewable sources as well as the remuneration to be paid for these, both for wind power turbines on land (onshore) as well as at sea (offshore).

¹²European Commission, 2007

¹³EWEA, 2008



For electricity from offshore wind farms an initial remuneration of 15 cents / KWH will be paid, if these wind farms are put into operation up to the end of 2015. As a result the remuneration reaches the usual international level and improves clearly the long term calculable economic efficiencies of offshore wind farm projects.

The remuneration for electricity from wind power turbines (WPT) on land currently amounts to 9.1 cents / KWH. For electricity from wind power turbines, which are equipped with a technique to stabilise the electricity network, a “system service bonus” of 0.5 cents / KWH is paid in addition. Furthermore, for wind power turbines constructed within the context of repowering (replacement of old WPT’s by modern and more efficient WPT’s) a “repowering bonus” of 0.5 cents / KWH will also be due. A secure basis for the long term yield calculation thus exists for wind farm projects in Germany. The degression, i.e. the annual reduction of the remuneration tariffs, amounts to only 1% (previously 2% p.a.) since the amendment of the Renewable Energies Law (EEG).

The Board of Management of PNE WIND AG views this legal basis as the pre-requisite for a continuation of the positive development of the business in Germany during the next few years.

3. Corporate structure

During the fiscal year 2009 the corporate structure changed versus December 31, 2008.

The following six wind farms were deconsolidated during the fiscal year 2009:

1. Plambeck Neue Energien Windpark Fonds LX GmbH & Co. KG, Cuxhaven
2. Plambeck Neue Energien Windpark Fonds LXXII GmbH & Co. KG, Cuxhaven
3. Plambeck Neue Energien Windpark Fonds LXXVIII GmbH & Co. KG, Cuxhaven
4. Plambeck Neue Energien Windpark Fonds LXXXIX GmbH & Co. KG, Cuxhaven
5. Plambeck Neue Energien Windpark Fonds CI GmbH & Co. KG, Cuxhaven
6. Plambeck Neue Energien Windpark Fonds CIV GmbH & Co. KG, Cuxhaven

Group management report

Corporate structure

As a result of the deconsolidation of these companies, assets in the total amount of euro 97.5 million and liabilities in the amount of euro 99.5 million were eliminated from the balance sheet. With regard to the effects on the consolidated result, please refer to the notes under "7. Sales and earnings situation" as well as to the segment reporting.

On December 16, 2009 PNE WIND AG sold its 50 percent shareholdings in two off-shore companies. These two companies

1. PNE2 Riff I GmbH, Cuxhaven
2. PNE2 Riff II GmbH, Cuxhaven

were included in the Group consolidation on a pro-rata basis up to the time of the sale.

As a result of the deconsolidation of the companies assets in the total amount of euro 7.1 million and liabilities in the amount of euro 9.3 million were eliminated from the balance sheet. With regard to the effects on the consolidated result, please refer to the notes under "7. Sales and earning situation " as well as to the segment reporting.

On June 16, 2009 the change of the corporate name of Plambeck Neue Energien AG into PNE WIND AG, which was resolved by the ordinary general meeting of shareholders on May 14, 2009, was entered into the commercial register and therefore became legally effective. Since June 16, 2009 the corporate name of the company is therefore PNE WIND AG. Furthermore, the following companies were also renamed:

1. Plambeck Neue Energien Betriebs- und Beteiligungsgesellschaft GmbH into PNE WIND Betriebsführungs GmbH
2. Plambeck Neue Energien Netzprojekt GmbH into PNE WIND Netzprojekt GmbH
3. Plambeck Neue Energien Auslandsbeteiligung GmbH into PNE WIND Ausland GmbH
4. Plambeck New Energy USA, Inc. into PNE WIND USA Inc.
5. Plambeck Neue Energien Windpark Fonds XL GmbH & Co. KG into PNE WIND Laubuseschbach GmbH & Co. KG
6. Plambeck Neue Energien Biomasse AG into PNE Biomasse AG
7. Plambeck Neue Energien Biomasse Betriebsgesellschaft mbH into PNE Biomasse GmbH
8. Plambeck Neue Energien Grundstücks GmbH into PNE WIND Grundstücks GmbH



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9. Plambeck Neue Energien Windpark Fonds LV GmbH & Co. KG into PNE WIND Altenbruch II GmbH & Co. KG

 10. Plambeck New Energy UK Ltd. into PNE WIND UK Ltd.

 11. Plambeck New Energy Bulgaria OOD into PNE WIND Bulgaria OOD

 12. Plambeck New Energy Yambol OOD into PNE WIND Yambol OOD

 13. Plambeck Yeni Enerjiler Ltd. into PNE WIND Yenilenebilir Enerjiler Ltd.

 14. S.C. Plambeck New Energy S.R.L. into S.C. PNE WIND Romania S.R.L.
-

The following shareholdings in consolidated companies were increased during the 4th quarter 2009:

-
1. PNE WIND Yenilenebilir Enerjiler Ltd. from 80 percent to 99 percent

 2. PNE WIND Yambol OOD from 50 percent to 70 percent
-

During the fiscal year the following companies were included for the first time in the scope of consolidation:

-
1. PNE WIND Renewable Solutions LCC, Delaware, USA (75% shareholding through PNE WIND USA Inc., Delaware, USA)

 2. Butte Windfarm LCC, Minneapolis, USA (75% shareholding through PNE WIND Renewable Solutions LCC, Delaware, USA)

 3. Underwood Windfarm LCC, Minneapolis, USA (75% shareholding through PNE WIND Renewable Solutions LCC, Delaware, USA)
-

There were no major effects from these events on the earnings, financial and asset situation.

First consolidation Silbitz GmbH & Co. KG

Due to the changed opportunities / risks situation during the fiscal year PNE WIND AG has included the biomass power plant, Silbitz GmbH & Co. KG, for the first time in the scope of consolidation as a single-purpose entity as at July 1, 2009 in application of the IAS 27 and SIC 12 accounting regulations. The general partner of the company without capital participation is PNE Biomasse GmbH. On the basis of the

Group management report

DPR inspection / Organisation and employees / Summary of business activity

partnership agreement the general partner has only 9.98% of the voting rights in the general meetings of partners. The interpretation of the above-mentioned accounting regulations assumes that from an economic point of view a possibility of control over a company can exist even in the absence of a majority participation. The object of the company is the operation of a biomass power plant in Thüringen. The company produces electricity and heat from the burning of old wood.

The identifiable assets and liabilities of the company included within the framework of the first consolidation amounted on July 1, 2009 to:

Property, plant and equipment	euro 10.4 million
Receivables and other assets	euro 0.7 million
Cash and cash equivalents	euro 1.6 million
Long term financial liabilities	euro 12.7 million.
Accounts payable	euro 0.1 million
Other liabilities	euro 0.2 million

As a result of the inclusion of the company in the consolidated financial statements the revenues improved by euro 1.7 million and the EBIT by euro 0.3 million respectively during the fiscal year 2009.

4. DPR inspection

The German Inspection Authority for Accounting (DPR) submitted the consolidated financial statements as well as the Group Management Report of PNE WIND AG as at December 31, 2007 to an inspection in accordance with Section 342b Paragraph 2 Sentence 3 Number 3 of the German Commercial Code (HGB) (sampling inspection). PNE WIND AG was willing to participate in this voluntary inspection. The inspection was concluded successfully during the current fiscal year. As was announced by the DPR in its resulting conclusion, the competent chamber came to the result that there were no errors in the accounting for the fiscal year 2007.



5. Organisation and employees

In the PNE WIND AG Group an annual average of 133 people including the Board of Management (prior year: 116) were employed during the fiscal year 2009. The employees of the subsidiaries are included in this number. Of these employees (including the members of the Board of Management) 90 (as at December 31, 2009: 93) were employed at PNE WIND AG on an annual average basis. In total 43 employees were on average employed at PNE Biomasse AG (18 employees) and PNE WIND Betriebsführungs GmbH (20 employees) as well as at foreign companies (5 employees). PNE WIND AG reacted with this moderate increase in the number of employees to the increased business activity and simultaneously formed the basis for the continuation of the existing course of growth.

6. Summary of business activity

Wind power segment

Wind power onshore sub-division

During the fiscal year 2009 PNE WIND AG continued to carry out the operating business in the sector of wind power onshore in Germany. The nine wind farms Leddin, Schwienau II, Calau, Langwedel, Buchholz, Alt Zeschdorf, Altenbruch II, Gütersloh/Verl and Leddin II could be completed with a total nominal output of 121.8 MW. The Altenbruch II wind farm with a nominal output of 25.8 MW remains in the ownership of PNE WIND AG and will be operated by the Company itself. The other completed wind farms were sold to investors and transferred to them.

In total, wind farm projects in Germany onshore, with a total of 721 MW output to be installed, were being worked on by PNE WIND AG as at December 31, 2009 in various phases of project development. Of these, three projects with a nominal output to be installed of 19.2 MW were under construction as at the balance sheet date. Their completion is planned during the first half year 2010. For a further five projects with a nominal output of 31 MW the necessary permits required for the start of construction had already been obtained as at December 31, 2009. Additional permits for wind farm projects in Germany onshore are expected in the short term.

Group management report

Summary of business activity

In December 2009 PNE WIND AG was able for the second time to sell a package of several wind farms to EnBW Erneuerbare Energien GmbH. In this respect these are seven offshore wind farms with up to 38 wind power turbines and an installed nominal output of 53 MW, which will be constructed in 2010 and transferred to EnBW Erneuerbare Energien GmbH after their completion. The purchase contract consists of an investment volume of up to euro 1.7 million per MW output.

These wind farms are being constructed at sites in Lower Saxony, Brandenburg and Sachsen-Anhalt. As at December 31, 2009 the projects were in part already under construction. The wind farms will make a substantial contribution to the protection of the climate with a forecasted average annual production of 117,000 megawatt hours. PNE WIND AG will provide operational service for these wind farms during the next ten years.

With the sale of these seven wind farms PNE WIND AG was already able to conclude successfully the second wind farm transaction with EnBW Erneuerbare Energien GmbH. This shows the growing interest also on the part of energy suppliers in the fast expansion of wind power and thus its more intensive use in Germany.

The market position could also be expanded significantly abroad. In the USA during the third quarter 2009 a joint venture agreement was signed concerning the future cooperation between the PNE WIND subsidiary, PNE WIND USA Inc. and the US company, Renewable Solutions. The two joint venture partners are planning together the development of wind farm projects with an installed output of more than 300 MW in the federal states of Minnesota, North Dakota, South Dakota and Wyoming. In total, the investment volume for these wind farms is expected to amount to approximately US dollar 600 million. PNE WIND AG has budgeted for project development costs in the amount of about euro 8.5 million for the years 2009 and 2010. It is expected that the first wind farm from this agreement (30 MW) will be delivered in 2011.

Prior to this the subsidiary, PNE WIND USA Inc., had already concluded in June 2009 a general agreement for a joint venture with the Canadian company, BCP Renewable Energy Ltd. As joint venture partners the companies will participate in tender offers for wind farms in the Canadian province of Saskatchewan. Wind farm projects there are being tendered by the regional energy supplier, SaskPower.



The foundations for a further expansion of the business activity were laid through the market introduction into European growth markets, which has also taken place. There are thus attractive market and growth perspectives for PNE WIND AG in Hungary, Bulgaria, Romania, Turkey, the United Kingdom and Canada as well as in the USA. The Board of Management is therefore confident to be able to increase the corporate growth further through the internationalisation of wind farm projecting.

Wind power offshore sub-division

PNE WIND AG also made progress in the offshore sector. Following several years of preliminary work the Federal Office for Shipping and Hydrography (BSH) approved the Gode Wind II offshore wind farm on July 27, 2009. With this PNE WIND AG obtained already the third permit for an onshore wind farm project in German waters.

80 wind power turbines can be constructed in the Gode Wind II project in the North Sea about 33 kilometres north of Nordeneby. PNE WIND AG plans the implementation of this project with a strong and financially sound partner. In this respect Gode Wind II is an immediate neighbour of the Gode Wind I offshore wind farm project, which has already been approved. According to the permits obtained a total of 160 offshore wind power turbines with a nominal output of up to 800 MW may be constructed in the two projects. The technical preparation for the construction of the Gode Wind II project is taking place in cooperation with the wind power turbine manufacturer, Vestas. We plan the start the realisation of the Gode Wind II offshore wind farm in 2012 / 2013.

As at the end of the fiscal year 2009 the offshore sector of PNE WIND AG was working in total on six offshore wind farm projects in the North Sea and the Baltic in various phases of project development. According to the current planning status a total of up to 476 wind power turbines can be constructed in these wind farms. Decisive for the exact number is also the nominal output of the equipment to be selected, which will amount to between 3 and 5 MW. In total, the planned realistic nominal output of the offshore projects lies around 2,400 MW.

On December 16, 2009 PNE WIND AG sold its shares in the "Borkum Riffgrund I and II" offshore wind farm projects to the Danish energy supplier DONG Energy Power. Prior to this the two companies each had a participation of 50 percent in these projects. The purchase price will be paid to PNE WIND AG in instalments in the form of

Group management report

Summary of business activity / Sales and earnings situation

milestone payments, each due on the achievement of determined project progress steps. PNE WIND AG received already at the conclusion of the contract an initial payment in the amount of approximately euro 11.3 million, including the repayment of costs already incurred as well as loans. In total the remaining purchase price of euro 56 million, which has already been agreed, will be brought forward and paid in discounted amounts in the following years.

The "Borkum Riffgrund I" project with up to 77 wind power turbines and nominal output of 277 MW has already been approved. "Borkum Riffgrund II" with up to 96 wind power turbines is currently in the approval process. It has been agreed with DONG Energy that PNE WIND AG will also continue to cooperate in the development of these two offshore wind farm projects in the North Sea and to be active for DONG Energy as a service provider.

The additional offshore projects are currently in the planning and application stage.

Electricity generation segment

All activities of Group companies which are directly involved with the production of electricity from renewable energies are combined in the electricity generation segment. This sector thus also includes the Altenbruch II and Laubuseschbach wind farms, which are operated by PNE WIND itself, as well as PNE Biomasse AG, which in accordance with the agency agreement provides the personnel for the timber biomass power plant in Silbitz, and which is also included in this segment. Moreover, the segment includes shares in limited partnerships in which future onshore wind farm projects should be implemented. Since it was put into operation in May 2009 the Altenbruch II wind farm has already contributed revenues, which has led to a clear strengthening of this segment during the fiscal year 2009.

Within the context of the segment reporting current revenues are included in the electricity generation segment up to the successful sale of wind farms and their delivery to the operators. During the fiscal year 2009 the total of these revenues amounted to a share of consolidated revenues of euro 2.3 million. Until the deconsolidation these companies contributed to EBIT an amount of euro 1.6 million to the Group.

The electricity generation segment has thus continued to develop further during the fiscal year 2009.



7. Sales and earnings situation

The data presented below were drawn up and presented in accordance with IFRS for the Group and for PNE WIND AG as well as its subsidiaries in accordance with the German Commercial Code (HGB).

In accordance with IFRS the PNE WIND AG Group achieved during the fiscal year 2009 a total aggregate operating performance of euro 133.6 million (prior year: euro 112.5 million). Of this euro 137.3 million was attributable to sales (prior year: euro 74.6 million), euro -8.4 million to changes in inventory (prior year: euro 3.6 million), euro 0.2 million to other capitalised additions to assets (prior year: euro 1.6 million) as well as euro 4.5 million (prior year: euro 32.7 million) to other operating income. The reduction of the other operating income resulted primarily from the sale of the participation in SSP Technology A/S in 2008, whereby the amount of the prior year was positively influenced by euro 27.1 million. This item also includes income from the release of provisions and value adjustments. If the total aggregate operating performance of the year 2008 is adjusted for the one-time effect of the sale of the shares of SSP Technology A/S, then there was an increase of approximately euro 48.2 million in comparison with the prior year on the basis of the increase in project implementation. An improvement after adjustments in the total aggregate operating performance of more than 56% could thus be achieved in comparison with the fiscal year 2008.

Of the total aggregate operating performance in the Group euro 139.8 million (prior year: 60.1 million) was attributable to PNE WIND AG. The total aggregate operating performance of PNE WIND AG consists of sales in the amount of euro 185.9 million (prior year: euro 12.9 million), changes in inventory in the amount of euro -54.5 million (prior year: euro 45.4 million) and from other operating income in the amount of euro 8.4 million (prior year: euro 1.8 million). The main revenues at PNE WIND AG resulted from the implementation of the Leddin, Schwienau II, Calau, Langwedel, Buchholz, Alt Zeschdorf, Altenbruch II and Gütersloh/Verl wind farms. The other operating income included primarily the net sales price for the two Riff I and II offshore projects (euro 5.8 million), the release of value adjustments (euro 0.9 million), the release of provisions (euro 0.3 million) and other income comprising credits, transferred costs, release of investment grants and income from the use of vehicles. The consolidated subsidiaries reported for the fiscal year 2009 revenues from management fees and services rendered in the amount of euro 4.0 million (prior year: euro 5.1 million), and fees for the use of transformer stations in the amount of euro 1.3 million (prior year: euro 2.0 million).

Group management report

Sales and earnings situation

In comparison with the prior year the expanded operating business activity of the Company was also reflected in the expense items. Due to the strong increase in the number of implemented wind farms the cost of materials increased from euro 70.3 million to approximately euro 95.6 million. Personnel expenses amounted in 2009 to euro 8.9 million and thus increased in comparison with the prior year period (euro 7.3 million). The reason for this is primarily the number of employees in the Group which increased to 140 as at December 31, 2009 (December 31, 2008: 123 employees).

The other operating expenses amounted in the Group to euro 10.3 million (prior year: euro 10.1 million) and consisted primarily of expenses from value adjustments on receivables or other assets in the amount of euro 0.6 million (prior year: euro 0.7 million), legal and consulting expenses of euro 2.1 million (prior year: euro 2.1 million), advertising and travel expenses of euro 1.2 million (prior year: euro 0.6 million), compensation payments of euro 0.4 million (prior year: euro 0.2 million) as well as rental and leasing expenses of euro 1.4 million (prior year: euro 1.3 million).

Depreciation changed by euro 0.4 million versus the prior year period due to the limited partnerships included in the Group up to deconsolidation. The changes in depreciation versus the prior year period also include in addition the amount of euro 1.8 million in respect of the Altenbruch II wind farm, which has been operated by the Group since 2009 as well as the amount of euro 0.4 million in respect of the timber biomass power plant, which was consolidated for the first time in the third quarter.

Until the deconsolidation of the six wind farm companies during the first half year these six companies contributed euro 2.3 million to sales and euro 1.6 million to the EBIT of the Group.

The sale of the two offshore companies resulted at a Group level to revenues of approximately euro 10.7 million (this item was not included in the consolidated other operating income) and to a contribution to consolidated EBIT of approximately euro 10.1 million. The sales and the EBIT contribution resulting therefrom include the income from the sale as well as the consolidation effects.

During the fiscal year 2009 the Group achieved an operating profit (EBIT) of euro 14.7 million (prior year: euro 23.5 million) and a result from operating activities (EBT) in the amount of euro 9.9 million (prior year: euro 19.7 million). Consolidated net in-



come before minorities amounted to euro 10.1 million (prior year: euro 17.1 million). The undiluted consolidated earnings per share from continuing operations amounted to euro 0.24 (prior year: euro 0.44) and the diluted consolidated earnings per share from continuing operations to euro 0.24 (prior year: euro 0.41).

PNE WIND AG reported for the fiscal year 2009 an operating profit (EBIT) of euro 2.9 million (prior year: euro 14.4 million) and a result from operating activities of euro 2.7 million (prior year: euro 14.1 million).

In the individual financial statements of PNE WIND AG personnel expenses amounted to euro 6.8 million (prior year: euro 5.7 million) during the fiscal year 2009.

Due to the positive business result, a capital increase in cash of PNE WIND AG undertaken during the fiscal year and the release from the capital reserve in order to compensate the retained loss at PNE WIND AG, the retained loss in the Group improved during the period under report to euro -16.1 million (prior year: euro -34.5 million). The retain earnings / loss at PNE WIND AG amounted to euro 0.0 million (prior year: euro -10.6 million). The net income of PNE WIND AG amounted to euro 2.3 million (prior year: euro 11.0 million). The undiluted earnings per share of the individual company amounted to euro 0.05 (prior year: euro 0.27) and the diluted earnings per share of the individual company amounted to euro 0.05 (prior year: euro 0.26).

The results of the Group and of PNE WIND AG corresponded to the expectations of the Board of Management.

8. Financial situation / liquidity

The consolidated statement of cash flow gives information on the liquidity situation and the financial condition of the Group. As at December 31, 2009 the Group companies had available liquidity including credit lines for project financing in the amount of euro 67.6 million, which was pledged for an amount of euro 0.9 million to banks (prior year: euro 50.0 million, of which euro 1.0 million was pledged).

As at December 31, 2009 the Group had no overdraft credit lines.

Group management report

Financial situation / liquidity

The cash flow from current operating activities shown in the statement of cash flow in the amount of euro 85.6 million (prior year: euro -83.2 million) was primarily influenced by the reduction of receivables and liabilities from long term construction projects as well as the reduction of prepayments made as a result of the wind farm projects completed in the fiscal year 2009.

With regard to cash flow from investment activities, investments were made for consolidated property, plant and equipment during the period under report in the amount of euro 35.7 million (prior year: euro 6.0 million). In this respect the largest portion of the investments were attributable to the implementation of the Altenbruch II wind farm project (euro 31.4 million) as well as the further development of the offshore projects (euro 0.8 million). The implementation of the Altenbruch II wind farm project was financed through own funds as well as through third party debt, whilst the investment costs for the Gode Wind II project and the other offshore projects were financed through own funds. Inflow of funds in the cash flow from investment activities (totalling euro 10.3 million) arose primarily as a result of the sale of the shares in the two offshore companies PNE2 Riff I GmbH and PNE2 Riff II GmbH in the amount of euro 8.0 million. Furthermore, there was also inflow of funds from the sale of a transformer station in connection with the sale of the Buchholz wind farm. This event led to inflow of funds for the Group in the amount of euro 1.8 million. In the prior year inflow of funds in the amount of euro 31.8 million were achieved from the sale of the shares in SSP Technology A/S, which was included in cash flow from investing activities.

During the period under report the cash flow from financing activities in the amount of euro -48.7 million (prior year: euro 71.4 million) was influenced mainly by the repayment and the elimination of loan liabilities in connection with the deconsolidation of the six wind farm companies in the amount of euro -46.2 million. The first consolidation of the biomass power plant Silbitz GmbH & Co. KG resulted in an inflow in loan liabilities in the amount of euro 8.6 million. There was an opposite effect from the project financing for the Altenbruch II wind farm, which was taken over for our own operations in May in the amount of euro 6.1 million as well as from the interim project financing for the Leddin II wind farm in the amount of euro 2.0 million. Furthermore, during the period under report the convertible loan 2004/2009 was fully repaid on schedule. This resulted in a scheduled outflow of funds in the amount of euro 16.4 million.



On June 18, 2009 the Board of Management and the Supervisory Board resolved to issue a convertible loan of up to a nominal amount of euro 37.5 million as well as a capital increase from authorised capital in the amount of up to 10% of the share capital at that time. The convertible loans were issued at a price of 100% The conversion price of each share acquired in the future through the exercise of the conversion right amounts to euro 2.50. The subscription price for the new share from the capital increase amounted to euro 1.90.

The existing shareholders received a subscription right for both issues. The subscription period was from June 24, 2009 to July 8, 2009. Trading of subscription rights was not foreseen. Convertible loans as well as shares not subscribed by shareholders were offered to selected investors within the context of a private placement.

The capital increase was subscribed in the amount of 3,250,000 shares (euro 6.175 million). As a result, the share capital of the Company increased to euro 44,524,966. The convertible loan was subscribed in the amount of euro 3,850,000. As a result, the cash flow from financing activities was in total positively influenced by approximately euro 10.0 million.

The objective of both capital measures was the financing of the further growth in the core business of wind farm projecting. Additional flexibility was created through this inflow of funds, in order to accelerate the corporate strategy for development and the financing of domestic and foreign wind farm projects both on land (onshore) as well as on the high seas (offshore).

In total, the transaction costs for these capital measures amounted to euro 0.4 million.

As at the balance sheet date of December 31, 2009 the Company had liquidity in the total amount of euro 41.5 million (prior year: euro 29.3 million).

Group management report

Asset situation

9. Asset situation

a) Group

Assets (in EUR million)	31.12.2009	31.12.2008
Intangible assets	22.9	20.5
Property, plant and equipment	76.2	44.2
Long term financial assets	0.6	1.2
Deferred taxes	1.8	1.6
Inventories	10.6	88.0
Receivables and other assets	22.8	81.0
Cash and cash equivalents	41.5	29.3
Balance sheet total	176.4	265.8

At the balance sheet date the consolidated balance sheet total of PNE WIND AG amounted in total to euro 176.4 million. As a result, the amount declined by approximately 34% in comparison with December 31, 2008. The reason for this reduction was the successful deliveries of onshore wind farms during the period under report. At the same time the long term assets increased from approximately euro 67.5 million at the year end 2008 to the current amount of euro 101.5 million. As at December 31, 2009 the intangible assets totalled euro 22.9 million, representing an increase of approximately euro 2.4 million in comparison with the amount of euro 20.5 million as at December 31, 2008. In this respect by far the largest portion of this item is attributable to the goodwill of the wind power projection segment in the amount of euro 20.0 million. During the same period property, plant and equipment increased by about euro 32.0 million to euro 76.2 million (December 31, 2008: euro 44.2 million). This includes primarily land and buildings (euro 15.2 million), transformer stations owned or under construction (euro 8.9 million), plant under construction from the Gode Wind II project (euro 2.3 million) as well as the technical equipment and machinery of the Altenbruch II wind farm project (euro 38.2 million) and of the biomass power station Silbitz (euro 7.8 million including land and buildings in the amount of euro 3.3 million).

With regard to the current assets there was a significant reduction during the period under report from approximately euro 198.3 million (December 31, 2008) to euro 74.9 million as at December 31, 2009. This reduction is attributable primarily to the high number of completed projects which have been delivered to the investors. This



development becomes clear when observing the receivables and other assets. These declined from approximately euro 81.0 million (December 31, 2008) to roughly now euro 22.8 million. Of this euro 3.6 million are in respect of accounts receivable (December 31, 2008: euro 2.8 million). The decline of receivables from long term construction projects in the amount of euro 17.1 million (as per December 31, 2008: euro 60.1 million) results in this respect mainly from the lower number of projects in current order completion as at the balance sheet date of December 31, 2009.

Due to the completed and invoiced projects, which were not yet in the long term construction projects, the unfinished goods included in the inventories declined from euro 17.1 million (December 31, 2008) to euro 8.7 million as well as the prepayments paid, which declined significantly from the amount of euro 70.7 million (December 31, 2008) to euro 1.7 million.

As at December 31, 2009 cash and cash equivalents amounted to euro 41.5 million (as per December 31, 2008: euro 29.3 million).

Liabilities (in EUR million)	31.12.2009	31.12.2008
Shareholders' equity	70.5	54.6
Deferred grants from public authorities	1.2	1.3
Provisions	4.1	7.3
Long term liabilities	32.9	83.5
Short term liabilities	59.3	108.9
Deferred sales	8.4	10.2
Balance sheet total	176.4	265.8

On the liability side the consolidated shareholders' equity increased from euro 54.6 million (December 31, 2008) to euro 70.5 million as at December 31, 2009. The reason for this increase was the positive net income of the Group during the fiscal year 2009 as well as the capital increase in cash undertaken also in the fiscal year (euro 6.2 million). The equity ratio of the Group amounted as at December 31, 2009 to roughly 40% (as per December 31, 2008: roughly 21%) and the liability ratio to approximately 60% (as per December 31, 2008: roughly 79%). As a result of the completion, delivery and deconsolidation of wind farm projects during the fiscal year 2009 the long term liabilities declined significantly from euro 83.5 million to appro-

Group management report

Asset situation

ximately euro 32.9 million. This position consists mainly of financial liabilities in the amount of euro 31.2 million. These include liabilities to banks with a volume of euro 21.0 million. These liabilities to banks are attributable mainly to project financing for the Altenbruch II wind farm (euro 8.9 million) and of the biomass power plant Silbitz (euro 6.2 million) as well as the financing of the building of the Company at the registered office in Cuxhaven (euro 4.9 million). On the other hand the other financial liabilities declined to euro 4.8 million (December 31, 2008: euro 60.9 million). These were primarily financing funds from Babcock & Brown in the amount of euro 53.0 million, which were booked as at December 31, 2008 and which were paid to the limited partnerships within the Group as a prepayment for wind farm projects, which were planned or in implementation, and paid on the basis of the general contract. With the implementation of the projects and the delivery of the limited partnership shares to Babcock & Brown the business partner assumes the obligations from these loans. PNE WIND AG committed itself contractually to the limited partners participating in the operating company of the biomass power station Silbitz to buy back their limited partnership shares at the beginning of 2017 at a price in the amount of 110% of the nominal value. Due to this commitment a discounted purchase price liability is included under the other financial liabilities as at December 31, 2009 in the amount of euro 4.3 million.

During the period under report the short term liabilities declined from euro 108.9 million (December 31, 2008) to euro 59.3 million. The reason for this decline was above all the use of interim project financing for the projects in implementation as at the year end 2008, which were then taken over by the investors on the completion of the projects and the transfer of the limited partnership shares. Furthermore, the full repayment of the convertible loan 2004/2009 in March 2009 contributed with an amount of euro 16.5 million to the reduction of the short term liabilities. In addition, the accounts payable declined by euro 4.7 million from euro 10.3 million (December 31, 2008) to euro 5.6 million as at December 31, 2009. Taking the liquidity into consideration the net indebtedness at the end of the period under report thus amounted to euro 15.5 million (December 31, 2008: euro 74 million).

PNE WIND AG offered the limited partners of the biomass power station Silbitz GmbH & Co. KG a distribution guarantee up to 2016, which is included in the provisions with a discounted amount of euro 1.0 million.



b) PNE WIND AG

Assets (in EUR million)	31.12.2009	31.12.2008
Intangible assets	0.2	0.1
Property, plant and equipment	15.3	15.5
Financial assets	18.1	20.1
Inventories	14.0	138.6
Receivables and other assets	8.9	15.3
Liquid funds	39.2	22.8
Balance sheet total	95.7	212.4

The inventories in the amount of euro 14.0 million (prior year: euro 138.6 million) are one of the most important items on the asset side of the individual balance sheet of PNE WIND AG. The current assets consist of work in process in the amount of euro 9.3 million (prior year: euro 63.7 million), prepayments made in the amount of euro 4.7 million (prior year: euro 74.8 million) and receivables and other assets in the amount of euro 8.9 million (prior year: euro 15.3 million). Of these euro 1.0 million are attributable to accounts receivable (prior year: euro 1.4 million), receivables from affiliated companies in the amount of euro 7.0 million (prior year: euro 8.1 million) and euro 0.6 million (prior year: euro 3.0 million) to other assets (mainly sales tax receivable).

As at December 31, 2009 the liquid assets in the individual company amounted to 39.2 million (prior year: euro 22.8 million).

Liabilities (in EUR million)	31.12.2009	31.12.2008
Shareholders' equity	62.9	54.4
Special item for investment grants	1.2	1.3
Provisions	9.7	9.4
Liabilities	21.6	147.1
Deferred items	0.1	0.2
Balance sheet total	95.7	212.4

The shareholders' equity of PNE WIND AG in accordance with HGB accounting principles amounted to euro 62.9 million (prior year: euro 54.4 million) as at the balance sheet date of December 31, 2009. The equity ratio of PNE WIND AG amounted as at December 31, 2009 to approximately 66 % (as per December 31, 2008: roughly 26 %) and the liability ratio to about 34 % (as per December 31, 2008: roughly 74 %).

Group management report

Asset situation / Transactions with closely related companies and persons / Sales and marketing / Development and innovations

As at December 31, 2009 the total number of shares of PNE WIND AG issued amounted to 44,524,966. The increase from the prior year resulted from the conversion of convertible loans and a capital increase in cash undertaken during the course of 2009.

The major items on the liabilities side concerned the liabilities in the amount of euro 21.6 million (prior year: euro 147.1 million). These are broken down primarily into the convertible loan 2009/2014 in the amount of euro 3.9 million (prior year: the convertible loan 2004/2009 in the amount of euro 16.5 million), liabilities to banks in the amount of euro 6.5 million (prior year: euro 8.7 million), prepayments received on orders in the amount of euro 1.7 million (prior year: euro 110.8 million) and accounts payable in the amount of euro 2.2 million (prior year: euro 8.4 million). The reduction of the prepayments received was attributable primarily to the wind farm projects implemented during the fiscal year.

The provisions include mainly a provision for pending losses in the amount of euro 1.6 million (as per 31.12.2008: euro 1.7 million). These were set up as a precautionary measure with regard to the timber delivery contract for the biomass power plant Silbitz. PNE WIND AG had undertaken in this contract to deliver timber at fixed conditions, which could lead to losses.

10. Transactions with closely related companies and persons

During the fiscal year 2009 the following transactions took place with closely related persons:

PNE WIND AG and PNE WIND Betriebsführungs GmbH have concluded consulting contracts for the provision of EDP services with net.curity Informationstechnologien GmbH, whose managing shareholder is the member of the Supervisory Board, Mr. Rafael Vazquez Gonzales. During the fiscal year 2009 transactions were effected in this respect with a net volume of euro 149,073.47 and euro 42,230.80. These business transactions were undertaken on an arm's length basis.

The Company had granted an interest-bearing loan (euro 175,000) to the Chairman of the Board of Management, Mr. Martin Billhardt. This loan bore interest at the rate of 3 percent over 3 months Euribor. Mr. Martin Billhardt repaid his loan including interest during the period under report. This business transaction was undertaken on an arm's length basis.



11. Sales and marketing

The sales of wind farm projects, which are constructed on land, continue to be based on direct sales to individual and large investors. PNE WIND AG has made positive experiences with these direct sales during the past few years and will continue to pursue this proven sales channel. With regard to the realisation of the offshore wind farm projects, the Company will continue to rely on strong partners.

12. Development and innovations

Research and development activities did not take place in the PNE WIND AG Group.

13. Major events following the end of the period under report

The following major events have occurred following the end of the period under report, which would have effects on the financial, asset and earnings situation of PNE WIND AG:

The Dutch Group, Econcern, whose subsidiary, Evelop, was hitherto the partner in the Gode Wind I GmbH project company, filed unexpectedly for insolvency in May 2009. The project rights continue to be held by the Gode Wind I GmbH project company, in which PNE WIND AG had a 10 percent participation in the fiscal year 2009. PNE WIND AG acquired the remaining 90% of the shares in Gode Wind I GmbH on February 11, 2010. The acquisition costs include the cost price in the amount of euro 1. Since the shares of the previous owner were pledged to The Royal Bank of Scotland N.V., Amsterdam, Netherlands (RBS), PNE WIND AG must continue to make payments for their release.

The assets and liabilities acquired as well as the effect on the profit and loss account are presented in a preliminary manner as follows:

Purchase price and possible future subsequent purchase price	euro -9.7 million
Assets	euro 3.5 million
Liabilities	euro -0.6 million
Market value to be stated	euro 17.1 million
Income from first consolidation (bargain purchase)	euro 10.3 million

Group management report

Major events following the end of the period under report / Intangible corporate values / Report of opportunities and risks

14. Intangible corporate values

The successful development of wind farm projects onshore and offshore is based primarily on the knowledge and the experience of employees of many years standing as well as a trustful cooperation with all parties involved. Creativity is often required for the solution of many complex problems during the development phase of a wind farm. In this respect we can rely on the capabilities of a large number of employees, who not only have an excellent expertise in the branch but who, moreover, have extremely good networks. It can therefore be assured that one can rely on a high level of specialised competence in all phases and areas of the development, realisation and marketing of wind farm projects. Furthermore, we place high importance on the fact that the potential of our employees can be optimally exploited through an effective internal organisation and a high level of autonomy. Regular evaluations of the employees and their tasks enable us to always adjust specially tailored requirement profiles to the various tasks in a performance related manner. In this way high standards can be achieved and maintained in the various areas of tasks. Our expertise in the market should be strengthened further through the assurance of the qualification of our employees and the continuous optimisation of the processes.

Within the context of international expansion we also know about the major importance of experienced partners. This has resulted in our principle that we only enter new markets if we can undertake this jointly with local partners who have good networks there. We also apply this principle of specially qualified cooperation based on trust with the project partners and other parties.

The new corporate name "PNE WIND AG" is being increasingly developed into a brand within the context of our continuous marketing, in order to document more strongly in the market this focus on the core business of wind farm projecting and its related competence. The target is to document our "passion for energy" more intensively on the outside both nationally and internationally and to increase thereby the value of the brand.



15. Report of opportunities and risks

General factors

As a result of its business activities PNE WIND AG is exposed to risks which are inseparable from its entrepreneurial activities. Through our internal risk management system we are minimising the risks associated with our business activity and invest only if a corresponding value added can be created for the Company while maintaining a manageable risk. Risk management is a continuous process. An evaluation of the determined risks is made based on the analysis of the core processes. A risk report is submitted regularly to the Board of Management and to the Supervisory Board.

Risks from operating activities

A major risk is the approval risk of projects. In the event of time delays with regard to permits, this can lead to postponements in the flow of liquidity, higher prepayment requirements as well as the loss of the planned recuperation of the funds. Furthermore, projects in such cases can become uneconomical, which can lead to the write-off of work in process which has already been capitalised. Apart from the inventories, this risk can also have an effect on the value of the receivables. Should the Gode Wind I and II offshore projects not be able to be realised, this may result in fixed assets requiring to be written off. The operating opportunities in the projecting of wind farms can, however, only be realised if such entrepreneurial risks are accepted.

Time delays can occur in the implementation of the projects also due to the uncertain date of the issuing of approvals, the availability at the right time of wind power turbines or the availability at the right time of other necessary preconditions and components for the construction of a wind farm. Through comprehensive project controlling we attempt to take these complex requirements into consideration at the right time.

The number of suitable sites in Germany for the construction of wind power turbines is limited. This can result in the future in an increase in the competition for these sites and thus also the acquisition costs for these sites.

Within the framework of project realisation the Company must rely on being able to cover its capital requirements resulting from the liabilities arising in the future or which may become due in the future. Furthermore, additional capital requirements

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Report of opportunities and risks

might arise if and insofar as PNE WIND AG should be required to honour guarantees which it has granted or other comparable commitments or should any other of the risks described in this paragraph occur.

A risk for the future development is attributable to the areas of financing and the sale of wind farm projects, as is the case with all companies which project wind farms. In order to meet this risk PNE WIND AG has already since several years selected the sales channel of "individual and large investors". Negative effects from rising rates of interest on the project marketing, cannot, however, be excluded, since rising interest rates lead to higher project costs.

Risks in respect of project realisation could result from a continuation of the financial crisis and the reticence resulting therefrom on the part of the banks with regard to project financing. Nevertheless, the Kreditanstalt für Wiederaufbau (KfW), which is active in project financing, announced in January 2009 in agreement with the Federal German Government that it would extend the financial volume for project financing to up to euro 50 million per project and to extend the durations up to 15 years.

Financing risks also exist on the part of our partner companies with regard to offshore wind farm projects. According to the progress of the project payments are still due to PNE WIND AG for the Borkum Riffgrund I and II projects. The purchaser of the project shares, the Danish DONG Energy Power, has, however, not yet made any financing decision to date. One cannot assume with any certainty that the final decision will be taken to realise these projects. A failure of the projects would have substantial effects on the asset, financial and earnings situation of PNE WIND AG.

As in the case of other wind farm projects, PNE WIND AG will seek a strong financial project partner or create other financing possibilities for the Gode Wind I and II projects, in which PNE WIND AG again holds all the shares since February 2010. In this respect it can also not be assumed with certainty that the financing will actually be secured. Due to the improved general legal conditions since 2009 for offshore wind farms in the German Exclusive Economic Zone and well as the favourable location of the projects with regard to the relative distance from land and the depth of the water, PNE WIND AG continues to expect, however, the opportunities for realisation of the approved offshore projects to be high.



For all the offshore wind farms projected by PNE WIND AG in the offshore wind power sector it is of great importance to obtain a strong capital investor, since the completion of an offshore wind farm requires high investment costs.

A supplier risk exists in the wind power turbine sector due to the growing worldwide demand in relation to the available capacities. In spite of the swift expansion of capacities at the manufacturers of wind power turbines, delivery bottlenecks cannot be excluded in the event of further increases in international demand. Such delivery bottlenecks could lead to delays in the realisation of wind power projects. The Company therefore places great importance on the conclusion at the earliest possible moment of delivery contracts with reputable manufacturers of wind power turbines and the agreement for delivery on schedule. In this respect PNE WIND AG has concluded corresponding contracts.

Medium or long term currency risks could arise in respect of projects in the international sector. In the operating field foreign currency risks result primarily from the fact that planned transactions are undertaken in a currency other than the euro. With regard to investments foreign currency risks may arise mainly from the acquisitions or divestments of foreign companies.

With regard to the risk of long term loan obligations and the interest payments resulting from this, hedging transactions (SWAPs) are concluded in individual cases, which could lead to an additional strain on the liquidity of the Company in the event of negative interest development.

Financial risks could also arise from the lawsuit issued against PNE WIND AG for the reversal of the sale of the shares in the Danish SSP Technology A/S. PNE WIND AG has been issued a lawsuit by SSP Technology Holding ApS, which acquired from PNE WIND AG its 67.26% participation in SSP Technology A/S in July 2008, after entering into a share purchase agreement concluded with Ventizz Ltd. The lawsuit pending at the District Court in Stade demands primarily the reversal of the sale of the majority shareholding in SSP Technology A/S, which was previously held by PNE WIND AG, whereby apart from the repayment of the purchase price of approximately EUR 34.54 million, PNE WIND AG should also reimburse an additional EUR 19.74 million of other costs of the plaintiff, i.e. a total of EUR 54.28 million. The reasons for the claim being made are above all the apparent defects in the corporate planning for SSP Technology A/S which was presented at the time within the context of the contract

Group management report

Report of opportunities and risks

negotiations. In the form of assistance the plaintiff is demanding through the lawsuit a payment of approximately EUR 8.64 million due to the apparent violation of a guarantee concerning the balance sheet of SSP Technology A/S, which was agreed in the share purchase agreement concluded in June 2008. The Board of Management of PNE WIND AG is of the firm opinion that the lawsuit is fully unfounded and that there are thus little chances of success. This corresponds also to the initial preliminary evaluation of the legal consultants and accountants who have been retained by PNE WIND AG. In accordance with the current status a provision with effect on the profit and loss account has been set up only for court expenses.

Additional individual risk areas, which are currently being observed intensively by the Company, are listed under point 16 of the management report "Description of key characteristics of the ICS/RMS of the parent company and the total Group".

Political risks/market risks

Incalculable risks can also affect the market from outside. These include in particular a sudden change in the general legal conditions in Germany. Deterioration is, however, not to be feared in the medium term, since the Renewable Energies Law (EEG) was amended on January 1, 2009 and entered into force. The next amendment is expected in 2012 on the basis of an experience report, which the Federal German Government must submit to the German Parliament by up to December 31, 2011. The political risks and the market risks abroad could have effects on the planned project implementations during the next few years. PNE WIND AG and its subsidiaries are intensively observing the current market developments abroad, in order to recognise at an early stage possible changes in the market situation or the political landscape and to introduce any measures at the right time.

Legal risks

All recognisable risks are reviewed constantly and are taken into consideration in this report as well as in the corporate planning. The Board of Management considers the risks to be fairly clear and thus assumes that they will have no material influence on the development of the Company.



Tax risks

PNE WIND AG and its subsidiaries are currently active in 9 countries in the world and are thus subject to many different tax laws and regulations. Changes in tax laws and regulations could lead to higher tax expenses and to higher tax payments. Furthermore, changes in the tax laws and regulations could also have an influence on our tax receivables and tax liabilities as well as on deferred taxes carried as assets and liabilities. We are operating in countries with complex tax regulations which could be interpreted in different ways. Future interpretations and development of tax laws and regulations could have an influence on our tax liabilities, profitability and our business operations. In order to minimise these risks, we are working continuously throughout the Group with specific tax consultants from the relative countries and are analysing the current tax situation.

The last external audit of corporation, trade and value added tax of the major domestic companies of the PNE WIND AG Group covered the tax periods from January 1, 2002 up to and including December 31, 2005. Any differences determined were taken into account in the annual report and the consolidated financial statements 2008, insofar as these had an effect on taxes on income.

Opportunities

As a project manager of onshore and offshore wind farms PNE WIND AG is active in an attractive growth market. Independent studies assume high rates of growth for wind power during the next few years due to the finite state of fossil fuels, the pressure for the reduction of CO₂ emissions as well as the requirement for secure sources of energy. In this respect PNE WIND AG has available from its many years of activity in the market the pre-requisites in order to benefit in the long term from this development.

The activities abroad offer special opportunities for the Company. PNE WIND AG has thus already expanded its business activity into attractive growth markets. In this respect this expansion has taken place primarily in countries with stable political general conditions and with reliable support regulations comparable with the German Renewable Energies Law (EEG). In order to take into consideration sufficiently the corresponding local conditions, the market introduction always takes place in cooperation with a local partner, whereby PNE WIND assures its necessary management and controlling rights by means of a significant participation. This type of internationalisation has already proven itself during the past few years as a cost-ef-

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efficient and potentially successful strategy. Joint ventures were therefore established in accordance with this model for wind farm projects in Hungary, Bulgaria, Turkey, Romania, the United Kingdom and Ireland. The subsidiary established in the USA as well as the joint venture established by this company in Canada is also based on this strategy. In the future PNE WIND AG will thus also pursue this policy for selective foreign expansion and take advantage decisively of existing market opportunities. For this purpose a continuous observation takes place with regard to the European and North American wind power markets as well as a careful analysis of corresponding market introduction opportunities.

Apart from the perspectives of internationalisation the established German market continues to offer a range of opportunities. During the next few years an increased level of replacement can be expected in respect of obsolete wind power turbines by more modern and more efficient equipment (so-called repowering). As a result of this an increase in the market size can be expected for wind power turbines. With the confirmation of the Alt Zeschdorf wind farm PNE WIND AG was already able to conclude successfully in the fiscal year 2009 its first repowering project. Due to the many years of experience of PNE WIND AG, its comprehensive network as well as the proven expertise of the employees, the Company is now in a favourable position to participate on a sustainable basis in this process.

In addition, there is the planned expansion of German offshore wind power. In this respect the country, which otherwise was considered a pioneer with regard to wind power, is still in the initial phase. The ambitious climate objectives of the Federal German Government and the necessity for increasing the security of supply require the accelerated expansion of wind farms on the high seas. In this respect PNE WIND AG is distinguished by the fact that it has already carried out three offshore wind farm projects up to the approval by the Federal Office for Shipping and Hydrographics. In view of the stronger increase in importance of offshore wind power, positive effects can be expected also in this respect for the further business development of the Company.

Finally, the expansion of the wind power sector in Germany offers increased opportunities in the area of the provision of services. PNE WIND AG considers itself to be a reliable partner of the operators of wind farms and often looks after these following the transfer with regard to technical and commercial operating management. With



the expansion of wind power projecting there is thus the possibility of an increase in the after-sales business, whereby this could lead to correspondingly favourable effects of the sales and earnings situation of the Company.

Overall, a positive development of the Company can thus be expected in the fiscal year 2010 according to the estimates of the Board of Management.

16. Description of the key characteristics of ICS/RMS of the parent company and the total Group

Internal control system (ICS)

The target of the methods and measures set up by us is to assure the assets of the Company and to increase the operating efficiency. The reliability of the accounting and reporting systems as well as the compliance with the internal guidelines and legal regulations should be guaranteed by the internal control system (ICS) which has been installed.

Within the context of the implementation of the ICS we have subjected the individual functional departments of the Company and of the Group to a detailed analysis and evaluated accordingly the probability and the possibility of the occurrence of any damage.

We have organised the structure of the individual units based on the knowledge gained and on the evaluations made. Moreover, we have adapted the processes to the knowledge obtained. For example, we pay attention to a consistent separation of incompatible activities and in addition we have introduced appropriate control ranges. Furthermore we place a high value on the non-overlapping of responsibilities, with the stipulation that tasks, competence and responsibility are combined. Simultaneously, we have integrated controls into the work processes.

The key above-mentioned characteristics of the ICS are applied in all functional areas of the parent company and the total Group. The implementation of the organisational structural and process controls in the area of the internal control system ensures the integrity of the data in the accounting process which are included in the financial reports.

Group management report

Description of the key characteristics of ICS

Apart from the controls implemented in the system the individual functional departments are also monitored by managers.

Finally, it must be pointed out that neither the ICS nor the RMS can give absolute assurance with regard to the achievement of the corresponding objectives. Like all evaluation decisions those for the set-up of appropriate systems can also in principle have errors. Controls cannot function in individual cases in view of simple errors or defects, or changes of variable environmental factors can only be recognised at a later stage in spite of corresponding supervision.

Within the framework of the risk management process in particular the following individual risks are being intensively monitored:

- Possible claims from the financing and prospectus liability of older wind farm projects where the maturities have not yet expired.
- Possible technical risks arising from the own operation of wind farms and the resulting negative effects thereof.
- Financial risks which could arise from the lawsuit against PNE WIND AG with regard to the reversal of the sale of the shares in the Danish SSP Technology A/S.
- Possible risks which could arise from changes in laws and regulations for our operating business in wind farm projecting.
- Every effort has been made to place a high value on the compliance with the regulations of the German Corporate Governance Code in its correspondingly valid version. Risks can, however, arise through the non-compliance with the regulations and the internal guidelines on the part of individuals. The possible risks from the "Law for the Appropriateness of the Remuneration of the Board of Management (VorstAG)" are regularly monitored in this connection.

Risk management (RMS)

The risk policy of the Group and of the Company forms part of the corporate strategy and is aimed at assuring the substance of the Group as well as the Company and simultaneously to increase their value systematically and continuously.



The risk strategy is based on a valuation of the risks as well as the opportunities related thereto. In the areas of key competence of the Group and of the Company we focus on appropriate, visible and controllable risks if they simultaneously lead to an appropriate income or are unavoidable. In certain cases we transfer risks in supporting processes to other risk areas. Other risks, which have no connection with key and/or support processes are on the other hand avoided insofar as this may be possible.

The Group has formulated the general conditions for a qualified and future oriented risk management in the "Risk Management Handbook". This handbook regulates the specific processes in risk management. It aims for the systematic identification, evaluation, control and documentation of risks. In this respect and taking into consideration clearly defined categories, it identifies the risks of the divisions, the operating units, the important associated companies as well as the central departments and evaluates them with regard to the likelihood of their occurring and the possible level of damage. The reporting is controlled by value limits defined by management.

It is also the task of the persons responsible to develop and possibly to initiate measures for the avoidance, reduction and securing of risks. The key risks as well as the counter-measures introduced are monitored at regular intervals. The central risk management reports regularly on the identified risks to the Board of Management and the Supervisory Board. In addition to the regular reporting there is also an obligation for spontaneous internal Group reporting for risks which arise unexpectedly. The risk management enables the Board of Management to recognise risks at an early stage and to introduce counter-measures.

The key characteristics of the risk management system described above are applied throughout the Group. With regard to the processes in accounting this means that the identified risks are examined and evaluated in the corresponding financial reports especially with regard to their possible effects on the reporting. Through this, important information is generated at an early stage about potentially possible fair value changes of assets and liabilities, pending losses of value are identified and important information is gained for the assessment of the necessity for the setting up / release of provisions.

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Description of the key characteristics of ICS / Management declaration / Supplementary information

The appropriateness and the efficiency of the risk management as well as the control systems pertaining thereto are controlled and amended accordingly at the level of the Board of Management at regular intervals. The risk management of the Group was also adjusted during the fiscal year 2009 to the management and corporate structure.

17. Management declaration (Section 289a of the German Commercial Code (HGB))

The management declaration in accordance with Section 289a of the German Commercial Code (HGB) is published on our internet site www.pnewind.com in the Investor Relations section under "Corporate Governance".

18. Supplementary information in accordance with Section 289 IV of the German Commercial Code (HGB) (Acquisition Guideline law)

Capital structure

As at December 31, 2009 PNE WIND AG had issued 44,524,966 registered shares with a nominal share in the share capital of euro 1.00 each. As at December 31, 2009 shares in the free float (holdings of less than 3 percent of the share capital) amounted around 97 percent. Direct or indirect participations exceeding the value of 10 percent of the voting shares were not disclosed.

There are no limitations concerning the voting rights or the transfer of shares. Shares with special rights giving a control function do not exist. A control of voting rights through the participation of employees in the capital also does not exist.

Shareholder rights and obligations

The shareholders have rights with regard to assets and administration.

In accordance with Section 58 Paragraph 4 of the German Stock Corporation Law (AktG) the rights to assets include the participation in the profits and in accordance with Section 271 AktG in the proceeds from liquidation and also in accordance with Section 186 AktG the subscription rights to shares in the event of capital increases.

The rights to administration include the right to participate in the general meeting of shareholders and the right to speak at this meeting, to ask questions and to make proposals and also to exercise the voting rights.



Each share grants the right to one vote at the general meeting of shareholders. The general meeting of shareholders elects the members of the Supervisory Board, which must be elected by it, as well as the auditors; it also resolves the discharge of the members of the Board of Management and the Supervisory Board, changes in the articles of association and capital measures, authorisations and the acquisition of treasury shares as well as possibly the implementation of special audits, the premature dismissal of members of the Supervisory Board as well as the liquidation of the Company.

Legal regulations and conditions of the articles of association on the appointment and dismissal of members of the Board of Management and the change in the articles of association

The appointment and the dismissal of members of the Board of Management are regulated in Sections 84 and 85 AktG. In accordance with these the members of the Board of Management are appointed by the Supervisory Board for a maximum period of 5 years. Re-election is permissible for a maximum period of up to 5 years.

Authorisation of the Board of Management in particular in respect of the possibility of issuing or repurchasing shares

The Board of Management is authorised to acquire shares with a proportionate amount in the share capital of up to euro 4,126,700.00.

Within the framework of the convertible bond 2009/2014 PNE WIND AG has issued bonds with convertible rights for up to 1,540,000 registered no par value shares.

The authorised capital was again resolved by the general meeting of shareholders on June 11, 2008 within the legally defined amount up to euro 20,623,338.00. In July 2009 this was used within the framework of a capital increase in cash in the amount of euro 3,250,000 for the issue of new shares. The authorised capital as at December 31, 2009 thus amounted to euro 17,373,338.00.

Key agreements prevailing under the condition of a change of control resulting from an acquisition offer

PNE WIND AG has concluded no key agreements which would prevail under the condition of a change of control resulting from an acquisition offer. In the event of a change of control at the Company, the members of the Board of Management have a special right of resignation, which they can exercise during the two months following

Group management report

Supplementary information / Remuneration report

the start of the change of control (excluding the month in which the change of control occurred) within a period of fourteen days as at the end of the corresponding month. A change of ownership giving right to a special right of resignation occurs, if a third party announces to the Company in accordance with Section 21 of the Securities Trading Law (WpHG), that it has reached or exceeded a participation of 50% of the voting shares of the Company. In the event of exercising the special right of resignation, the member of the Board of Management has the right to his fixed salary for the remainder of his term of office in accordance with Section 5 Paragraph 1; this shall be paid out at the end of the contract in one amount which shall not be discounted. In the event that the change of control should take place within the context of a public offering, the member of the Board of Management, should he exercise his special right of resignation, has also the right to a special bonus in the amount of 50% of the bonus, which would have been expected up to the end of the contract. Depending in each case on the market capitalisation, the increase in value in this respect must be calculated on the basis of the difference between the acquisition price first offered by the offerer and the possibly higher decisive acquisition price made for the implementation of the offer; in total the special bonus may not, however, be higher than the fixed annual salary in accordance with Section 5 Paragraph 1.

19. Remuneration report

The remuneration of the Board of Management and the Supervisory Board amounted together to euro 1,537,372.94 during the fiscal year 2009.

The fixed remuneration paid to the Supervisory Board during the fiscal year 2009 amounted to euro 202,500.00 (prior year: euro 113,000.00). The Chairman receives euro 14,000.00, the Deputy Chairman euro 10,500.00 and the other members of the Supervisory Board euro 7,000.00 as fixed remuneration. In addition, each member of the Supervisory Board receives euro 2,500 per meeting. A provision was set up during the year under report in the amount of euro 165,000.00 in respect of variable remuneration. The total remuneration of the Supervisory Board during the fiscal year 2009 amounted to euro 367,500.00 (prior year: euro 180,000.00). In addition, the company bears the costs of personal damages liability insurance for all members of the Supervisory Board.

For their activity during the fiscal year 2009 the members of the Board of Management received total remuneration (or corresponding provisions were set up) in the amount of euro 1,169,872.94, which is distributed as follows:



Martin Billhardt: fixed remuneration of euro 289,317.50, variable remuneration of euro 390,000.00 and other remuneration of euro 107,666.67. Total remuneration thus amounted to euro 786,984.17.

Bernd Paulsen: fixed remuneration of euro 182,680.44, variable remuneration of euro 150,000.00 and other remuneration of euro 50,208.33. Total remuneration thus amounted to euro 382,888.77

Long term orientated and sustainable incentives were integrated into the remuneration system with changes in the contracts of the members of the Board of Management, which came into effect at the beginning of the fiscal year 2010. PNE WIND AG thus reacted to the changed requirements of the remuneration structure, without causing any corresponding increase in the remuneration.

20. Outlook

The expansion of renewable energies is a subject which is being discussed worldwide. An increasing number of states are emphasising the urgent necessity of this change in energy supply and are creating general conditions with which the ecologically correct expansion can also become ecologically meaningful. Wind power is benefiting above all from this, since as a result of many decades of technical development it already contributes particularly effectively and inexpensively to the safeguard of future electricity production.

The global effects of climate change, the finite nature of fossil fuels, insecure procurement sources for oil and gas: there are many good reasons for continuing to speak for the expansion of renewable energies. In view of this PNE WIND AG is operating in a growth market of the future, which also offers in the future considerable opportunities for the further development of the Company.

We take these perspectives into consideration in our corporate planning. For the short to medium term we consider that the projecting of wind farms in Germany onshore will be a major pillar of the development of the Company. The large number of projects, on which we are currently working in Germany, is currently the basis of this development. During the next few years projects which we are today developing intensively will become ready for construction and as a result the corresponding wind farms can be constructed. Our well-filled project pipeline in Germany is thus a key foundation stone for the future development of PNE WIND AG.

Group management report

Outlook

We expect a positive and long term growth effect on our business model from the increasing exchange of smaller, obsolete wind power turbines through more performant and efficient equipment. Older wind power turbines are gradually being replaced within the context of this “repowering”. With a currently installed nominal output of 25,000 MW in Germany we therefore expect continuing growth in this market with attractive growth opportunities for our Company. In 2009 we have already implemented successfully an initial repowering project. An advantage for PNE WIND AG is that we are connected with many of the wind farms developed by us during the operational phase through the technical and commercial management and are thus involved also in the planning for their future operation.

However, other areas carefully developed by us should also develop into major pillars. Following years of intensive planning and preliminary work the offshore projects developed by us off the German coastline are nearing the final decisions for their construction. This is the case above all for the already approved Gode Wind I and II offshore wind farms. The offshore sector should already in the short to medium term provide additional positive effects for the development of the Company.

Intensive preliminary work should also provide benefits for us abroad. Already in 2010 / beginning of 2011 we expect the construction in the USA of the first wind farm which has been jointly developed by our subsidiary there. In the short to medium term other foreign projects in development should have made sufficient progress so that we can start with their construction and marketing. From this we will generate growing revenues and income in the future. Already we are working today on projects in nine European countries and in North America, in which wind power turbines with up to 2,100 MW can be constructed. An additional 2,500 MW should be added in the medium term in the USA alone. If all these projects can be constructed this would involve an investment volume substantially in excess of euro 7 billion. This indicates the dimension of the possible further international development of the Company. Furthermore, we are also constantly investigating whether the general conditions for the development of wind farm projects in additional countries can be structured in such a manner that an entry into the market there would be meaningful for PNE WIND AG. Our careful expansion strategy abroad is thus beginning to bear fruit.

PNE WIND AG has an optimal onshore and offshore position both nationally and internationally. For this reason we are very confident that we shall be able to exploit in the future the opportunities in the growing “wind” market.



The Board of Management is of the opinion that the positive development of the Group and of PNE WIND AG will also continue in the following years and that the EBIT of the Group during the next three years will lie on average at least in the range of euro 14 to 18 million. Firm forecasts are difficult to estimate for the individual years due to the operating business activity of the Company and the related short term fluctuations of earnings within two periods. The average expectations for EBIT during the next three years reflect, however, the positive expectations of the Company. The key requirements for this further positive development are the planned contributions from the foreign and offshore business.

Cuxhaven, March 10, 2010
PNE WIND AG, Board of Management

Martin Billhardt

Bernd Paulsen

Tailwind for the future

"With Gode Wind II, we have received the third approval for an offshore wind farm in German waters – no other wind farm developer was granted this many."

Thorsten Fastenau, General Manager Offshore



A photograph of an offshore wind farm. In the foreground on the left, a large wind turbine is shown in silhouette against a clear blue sky. The sea is visible in the lower half of the frame, with sunlight reflecting off the water's surface. In the distance, another wind turbine is visible on the horizon, and a third one is partially visible on the right edge. The overall scene is bright and clear.

Consolidated financial statements

Consolidated financial statements

Consolidated statement of comprehensive income (IFRS) of PNE WIND AG for the period from January 1 to December 31, 2009

All figures in EUR 000 (differences from rounding off possible)			
	Notes	2009	2008
1. Revenues	V.16./VII.1.	137,302	74,603
2. Decrease (prior year: increase) in finished goods and work in process		-8,403	3,599
3. Other capitalised contributions		159	1,586
4. Other operating income	VII.2.	4,530	32,702
5. Total aggregate output		133,588	112,489
6. Cost of materials		-95,562	-70,258
7. Personnel expenses	VII.3.	-8,910	-7,255
8. Amortisation of intangible assets and depreciation of property, plant and equipment	V.3./VI.1./VI.2.	-4,068	-1,366
9. Other operating expenses	VII.4.	-10,317	-10,069
10. Impairment expense - goodwill	V.3./VI.1.	-35	0
11. Operating result		14,696	23,541
12. Income from participations		39	16
13. Other interest and similar income		480	1,583
14. Expenses from assumption of losses		-24	-26
15. Interest and similar expenses	VII.5.	-5,248	-5,416
16. Result of ordinary operations		9,943	19,698
17. Taxes on income	VII.6.	211	-1,352
18. Other taxes		-52	-127
19. Consolidated net income (continuing operations)		10,102	18,220
20. Result from discontinued operations	VII.7.	0	-1,170
21. Consolidated net income before minority interests		10,102	17,050
22. Minority interests	VI.7.	0	0
23. Consolidated net income after minority interests		10,102	17,050
Other comprehensive income			
24. Foreign currency translation differences		15	19
25. Others		0	490
26. Other comprehensive income for the period (net of tax)		15	509
27. Total comprehensive income for the period		10,117	17,559

Continued on the next page



All figures in EUR 000 (differences from rounding off possible)		Notes	2009	2008
Consolidated profit/loss for the period attributable to:				
Owners of the parent company			10,102	17,050
Non-controlling interests			0	0
			10,102	17,050
Total comprehensive income for the period attributable to:				
Owners of the parent company			10,117	17,559
Non-controlling interests			0	0
			10,117	17,559
Weighted average of shares in circulation (undiluted) (in thousands)	VII.8		42,761	41,257
Undiluted earnings per share from continuing operations (in EUR)			0,24	0,44
Weighted average of shares in circulation (diluted) (in thousands)	VII.8		42,761	46,393
Diluted earnings per share from continuing operations (in EUR)			0,24	0,41

Consolidated financial statements

Consolidated statement of financial position (IFRS) of PNE WIND AG, Cuxhaven, as at December 31, 2009

Assets		Notes	Status as at	Status as at
All figures in EUR 000			31.12.2009	31.12.2008
(differences from rounding off possible)				
A. Long term assets				
I.	Intangible assets	V.1./V.3./VI.1.		
	1. Franchises, trademarks, licences and other similar rights as well as licences from such rights		2,476	133
	2. Goodwill		20,379	20,414
			22,855	20,547
II.	Property, plant and equipment	V.2./V.3./VI.2.		
	1. Land and buildings including buildings on third-party land		18,510	15,891
	2. Technical equipment and machinery		53,102	12,487
	3. Other plant and machinery, fixtures and fittings		693	379
	4. Prepayments and plant under construction		3,952	15,445
			76,257	44,203
III.	Long term financial assets	VI.3.		
	1. Participations		381	365
	2. Other loans		73	771
	3. Other long term loan receivables		116	65
			570	1,201
IV.	Deferred tax assets	V.5./VII.6.	1,873	1,632
B. Current assets				
I.	Inventories	V.7./VI.4.	10,572	87,977
II.	Receivables and other assets	V.9./VI.5.		
	1. Trade receivables		20,721	62,938
	2. Other short term loan receivables		145	289
	3. Receivables from associated companies		64	1,359
	4. Other assets		685	2,699
			21,615	67,284
III.	Tax receivables		1,193	13,621
IV.	Cash and cash equivalents	V.10.	41,500	29,314
			176,435	265,779



Liabilities				
All figures in EUR 000				
<i>(differences from rounding off possible)</i>				
	Notes	Status as at	Status as at	
		31.12.2009	31.12.2008	
A. Shareholders' equity	VI.6.			
I. Capital subscribed		44,525	41,267	
II. Capital reserve		42,037	47,785	
III. Retained earnings				
1. Legal reserve		5	5	
2. Other retained earnings		46	46	
		51	51	
IV. Foreign exchange reserve		34	19	
V. Retained consolidated loss		-16,140	-34,484	
VI. Minority interests	VI.7.	0	0	
		70,507	54,639	
B. Long term liabilities				
I. Other provisions	V.12./VI.10.	955	2,357	
II. Deferred subsidies from public authorities	VI.8.	1,231	1,346	
III. Long term financial liabilities	V.13./VI.11			
1. Participation certificate capital		900	490	
2. Bonds		3,645	0	
3. Liabilities to banks		20,979	19,548	
4. Other financial liabilities		4,813	60,908	
5. Liabilities from leasing contracts		820	927	
		31,157	81,873	
IV. Deferred tax liabilities	V.5./VII.6.	1,669	1,632	
C. Current liabilities				
I. Provisions for taxes	VI.9.	1,929	1,491	
II. Other provisions	V.12./VI.10.	1,244	3,415	
III. Short term financial liabilities	V.13./VI.11.			
1. Bonds		0	16,461	
2. Liabilities to banks		32,412	67,258	
3. Other financial liabilities		6,998	670	
4. Liabilities from leasing contracts		106	106	
		39,516	84,495	
IV. Trade payables	V.13.	5,577	10,285	
V. Other liabilities	V.13./VI.12.			
1. Deferred revenues		8,417	10,190	
2. Deferred liabilities		12,444	11,329	
2. Other liabilities		1,482	2,569	
		22,343	24,088	
VI. Tax liabilities		307	159	
		176,435	265,779	

Consolidated financial statements

Consolidated statement of cash flows (IFRS) of PNE WIND AG, Cuxhaven, for the fiscal year 2009

All figures in EUR 000 (differences from rounding off possible)		Notes	2009	2008
Consolidated net result			10,102	17,050
+	Amortisation and depreciation of intangible assets and property, plant and equipment		4,103	1,366
+/-	Increase / decrease in provisions	VI.9./VI.10	-1,758	7,433
+/-	Non-cash effective income and expenses		-11,118	0
-	Gain from the disposal of fixed assets and from final consolidation	VII.7.	0	-26,130
+/-	Increase of inventories and other assets	V.7./VI.4.	93,339	-77,371
+/-	Decrease / increase of trade receivables and stage of completion accounting	V.8./VI.5.	41,912	-53,653
+/-	Increase / decrease of trade liabilities and other liabilities	VI.8./VII.11.-12.	-50,947	48,125
Cash flow from operating activities			85,633	-83,180
+	Inflow of funds from disposal of items of property, plant, equipment and intangible assets		2,318	160
-	Outflow of funds for investments in property, plant, equipment and intangible assets	VI.1.-2.	-35,736	-6,023
+	Inflow of funds from disposal of financial assets		1	0
-	Outflow of funds from disposal of financial assets		-90	0
+	Inflow of funds from disposal of consolidated units	VIII.3.	8,000	31,750
-	Outflow of funds for investments in consolidated units		0	-152
Cash flow from investing activities			-25,507	25,735
+	Additional inflow of funds from shareholders	VI.6.	6,175	0
+	Additional inflow of funds from minority interests		3,850	0
+	Inflow of funds from financial loans	VI.11.	8,087	75,302
-	Outflow of funds from the repayment of financial loans	VI.11.	-50,077	-801
-	Outflow of funds from the repayment of bonds	VI.11.	-16,433	-3,109
-	Outflow of funds for capital increase expenses		-259	0
Cash flow from financing activities			-48,657	71,392
Cash effective change in liquid funds			11,469	13,947
+	Change in liquid funds due to changes in scope of consolidation		717	-374
+	Liquid funds at the beginning of the period	V.10./VIII.1.	29,314	15,741
Liquid funds at the end of the period		V.10./VIII.1.	41,500	29,314

Consolidated financial statements

Consolidated statement of changes in equity (IFRS) of PNE WIND AG, Cuxhaven, for the fiscal year 2009



All figures in EUR 000 (differences from rounding off possible)	Capital sub- scribed	Capital reserve	Retained earnings	Foreign exchange reserve	Retained consolidated loss	Equity before minority	Minority interests *)	Total equity
Status as at January 1, 2008	41,247	47,999	51	0	-49,809	39,488	1,688	41,176
Consolidated net result 2008	0	0	0	0	17,050	17,050	0	17,050
Conversion of convertible bond	21	51	0	0	0	71	0	71
Redemption of convertible bond	0	-264	0	0	-1,058	-1,323	0	-1,323
Disposal of minority interests	0	0	0	0	0	0	-1,688	-1,688
Other changes	0	0	0	19	-666	-647	0	-647
Status as at December 31, 2008	41,267	47,785	51	19	-34,484	54,639	0	54,639
Consolidated net result 2009	0	0	0	0	10,102	10,102	0	10,102
Capital increase in cash	3,250	2,672	0	0	0	5,922	0	5,922
Equity portion of convertible bond 2009/2014	0	217	0	0	0	217	0	217
Redemption of convertible bond	8	20	0	0	0	27	0	27
Transfer from the capital reserve	0	-8,657	0	0	8,657	0	0	0
Other changes	0	0	0	15	-415	-400	0	-400
Status as at December 31, 2009	44,525	42,037	51	34	-16,140	70,507	0	70,507

*) In accordance with IAS 27.35 a set-off against the shareholders' equity of the majority shareholders must be undertaken in the event of the loss allocable to the minority shareholders being in excess of the shareholders' equity allocable to them..

Consolidated financial statements

Consolidated schedule of fixed assets (IFRS) of PNE WIND AG for the fiscal year 2009

All figures in EUR 000 (differences from rounding off possible)	Acquisition and manufacturing cost					Status as at 31.12.2009
	Status as at 1.1.2009	Changes in consoli- dated	Addi- tions	Reclassifi- cations	Dispo- sals	
I. Intangible assets						
1. Franchises, trademarks and similar rights as well as licences to such rights	401	4,065	213	0	65	4,614
2. Goodwill	104,540	0	0	0	0	104,540
	104,941	4,065	213	0	65	109,154
II. Property, plant and equipment						
1. Land and buildings including buildings on third party land	18,515	3,785	168	0	387	22,081
2. Technical equipment and machinery	16,680	13,743	31,348	8,759	1,424	69,106
3. Other plant and machinery, fixtures and fittings	2,376	41	498	0	768	2,147
4. Prepayments and plant under construction	15,455	-5,331	3,509	-8,759	912	3,962
	53,026	12,238	35,523	0	3,491	97,296
III. Financial assets						
1. Shares in associated companies	6,323	0	0	0	163	6,160
2. Participations	365	0	17	0	1	381
3. Other loans	771	-771	73	0	0	73
	7,459	-771	90	0	164	6,614
	165,426	15,533	35,826	0	3,719	213,066



Accumulated amortisation and depreciation					Book values		
Status as at 1.1.2009	Changes in consoli- dated	Addi- tions	Reclassi- fications	Dispo- sals	Status as at 31.12.2009	Status as at 31.12.2009	Status as at 31.12.2008
268	1,810	125	0	65	2,138	2,476	133
84,126	0	35	0	0	84,161	20,379	20,414
84,394	1,810	160	0	65	86,299	22,855	20,547
2,623	454	517	0	24	3,570	18,510	15,891
4,193	8,967	2,869	0	23	16,006	53,102	12,487
1,997	28	180	0	750	1,455	693	379
9	0	377	0	377	9	3,952	15,446
8,822	9,449	3,943	0	1,174	21,040	76,257	44,203
6,323	0	0	0	163	6,160	0	0
0	0	0	0	0	0	381	365
0	0	0	0	0	0	73	771
6,323	0	0	0	163	6,160	454	1,136
99,540	11,258	4,103	0	1,400	113,501	99,565	65,886

Consolidated financial statements

Consolidated schedule of fixed assets (IFRS) of PNE WIND AG for the fiscal year 2008

All figures in EUR 000 (differences from rounding off possible)	Status as at 1.1.2008	Additions	Acquisition and manufacturing cost			Status as at 31.12.2008
			Reclassi- fications	Disposals		
I. Intangible assets						
1. Franchises, trademarks and similar rights as well as licences to such rights	2,053	50	0	1,702	401	
2. Goodwill	107,903	0	0	3,363	104,540	
	109,956	50	0	5,065	104,941	
II. Property, plant and equipment						
1. Land and buildings including buildings on third party land	20,635	1,171	45	3,336	18,515	
2. Technical equipment and machinery	14,497	1,054	1,868	738	16,680	
3. Other plant and machinery, fixtures and fittings	2,555	72	0	251	2,376	
4. Prepayments and plant under construction	9,289	8,680	-1,913	601	15,455	
	46,976	10,976	0	4,926	53,026	
III. Financial assets						
1. Shares in associated companies	6,323	0	0	0	6,323	
2. Participations	365	0	0	0	365	
3. Other loans	756	37	0	22	771	
	7,445	37	0	22	7,459	
	164,377	11,063	0	10,014	165,426	



Accumulated amortisation and depreciation				Book values	
Status as at 1.1.2008	Additions	Disposals	Status as at 31.12.2008	Status as at 31.12.2008	Status as at 31.12.2007
1,505	27	1,265	268	133	548
84,126	0	0	84,126	20,414	23,777
85,632	27	1,265	84,394	20,547	24,325
2,156	467	0	2,623	15,891	18,479
3,788	735	329	4,193	12,487	10,710
1,902	137	42	1,997	379	653
9	0	0	9	15,445	9,279
7,855	1,339	371	8,822	44,203	39,121
6,323	0	0	6,323	0	0
0	0	0	0	365	365
0	0	0	0	771	756
6,323	0	0	6,323	1,136	1,121
99,810	1,366	1,636	99,540	65,886	64,568

Consolidated financial statements

Consolidated segment reporting (IFRS) of PNE WIND AG, Cuxhaven for the fiscal year 2009

All figures in EUR 000 (differences from rounding off possible)	Projecting of wind power turbines		Electricity generation	
	2009	2008	2009	2008
External sales	128,589	74,005	8,713	598
Inter-segment sales	33,243	2,484	0	264
Change in inventories	-8,404	4,720	0	0
Other capitalised contributions	0	0	159	1,586
Other operating income	3,755	4,523	1,211	2,424
Total aggregate output	157,184	85,733	10,083	4,872
Depreciation and amortisation	-1,369	-1,229	-2,733	-137
Operating result	10,863	-4,402	3,833	1,813
Interest and similar income	833	1,932	14	172
Interest and similar expenses	-1,743	-3,077	-3,897	-2,886
Taxes on income	-10	-1,719	222	-19
Investments	4,432	3,919	31,394	2,104
Segment assets	152,779	270,970	57,463	140,233
Segment liabilities ¹⁾	117,090	246,220	53,247	139,054
Segment equity	35,689	24,750	4,216	1,179

The following companies are included in the individual segments:

Projecting of wind power turbines	PNE WIND AG, PNE WIND Betriebsführungs GmbH, PNE WIND Netzprojekt GmbH, PNE2 Riff I GmbH (until 15.12.09), PNE2 Riff II GmbH (until 15.12.09), PNE Gode Wind II GmbH, PNE WIND AuslandsGmbH, PNE WIND GM New Energy Hungary Kft., PNE WIND Yambol OOD, PNE WIND Bulgary OOD, PNE WIND Yenienerbilir Enerjiler Ltd., PNE WIND UK Ltd., NH North Hungarian Windfarm Kft., Plambeck GM Windfarm Pusztahencse Kft., PNE WIND USA Inc., PNE WIND Renewable Solutions LCC, PNE WIND Romania S.R.L., Underwood Windfarm LCC, Butte Windfarm LCC
Discontinued operations ¹⁾	SSP Technology A/S is included in this segment (the shares in the company were sold in 2008)

¹⁾ The deferred subsidies from the public authorities were included under segment liabilities



	Discontinued operations		Consolidation		PNE WIND AG Group	
	2009	2008	2009	2008	2009	2008
	0	0	0	0	137,302	74,603
	0	0	-33,243	-2,748	0	0
	0	-1,052	0	-69	-8,403	3,599
	0	0	0	0	159	1,586
	0	27,089	-436	-1,335	4,530	32,702
	0	26,037	-33,679	-4,152	133,588	112,489
	0	0	0	0	-4,103	-1,366
	0	26,037	0	93	14,696	23,541
	0	0	-367	-521	480	1,583
	0	0	367	521	-5,272	-5,442
	0	0	0	386	211	-1,352
	0	0	0	0	35,826	6,023
	0	0	-33,807	-145,424	176,435	265,779
	0	0	-64,409	-174,134	105,928	211,140
	0	0	30,602	28,710	70,507	54,639

Electricity generation

PNE Biomasse AG, PNE Biomasse GmbH, PNE WIND Grundstücks GmbH, PNE WIND Laubuseschbach GmbH & Co. KG, PNE WIND Altenbruch II GmbH & Co. KG, PNE WP Fonds LX GmbH & Co. KG (until 31.03.09), PNE WP Fonds LXXVIII GmbH & Co. KG (until 31.03.09), PNE WP Fonds LXXXIX GmbH & Co. KG (until 31.03.09), PNE WP Fonds LXXII GmbH & Co. KG (until 31.03.09), PNE WP Fonds CI GmbH & Co. KG (until 31.03.09), PNE WP Fonds CIV GmbH & Co. KG (until 30.04.09), PNE WP Fonds CVI GmbH & Co. KG

Consolidated financial statements

List of the companies included in the consolidated financial statements and list of shareholdings of PNE WIND AG, Cuxhaven as at December 31, 2009

Company	Participation %	Net income EUR '000	Equity EUR '000	Date of first consolidation
I. List of the companies included in the consolidated financial statements				
1 PNE WIND Betriebsführungs GmbH (before Plambeck Neue Energien Betriebs- und Beteiligungsgesellschaft mbH), Cuxhaven	100.0	-279	303	31.12.1998
2 PNE Biomasse AG (before Plambeck Neue Energien Biomasse AG), Cuxhaven, Germany	100.0	55	-17	23.04.2000
3 PNE Biomasse GmbH (before Plambeck Neue Energien Biomasse Betriebsgesellschaft mbH), Cuxhaven	100.0	2	52	1.12.2000
4 PNE WIND Grundstücks GmbH (before Plambeck Neue Energien Grundstücks GmbH), Cuxhaven	100.0	42	70	1.12.2000
5 PNE WIND Altenbruch II GmbH & Co. KG (before Plambeck Neue Energien Windpark Fonds LV GmbH & Co. KG), Cuxhaven	100.0	-105	3,876	8.11.2001
6 PNE WIND Netzprojekt GmbH (before Plambeck Neue Energien Netzprojekt GmbH), Cuxhaven	100.0	463	312	1.1.2002
7 PNE WIND Laubuseschbach GmbH & Co. KG (before Plambeck Neue Energien Windpark Fonds XL GmbH & Co. KG), Cuxhaven	100.0	-99	-137	29.12.2004
8 PNE Gode Wind II GmbH, Cuxhaven, Germany	100.0	-23	634	13.8.2007
9 PNE WIND GM Hungary Kft. (before Plambeck GM New Energy Hungary Kft.), Pusztahencse, Hungary	79.0	-85	-76	28.9.2007
10 PNE WIND Ausland GmbH (before Plambeck Neue Energien Auslandsbeteiligungs GmbH), Cuxhaven	100.0	-127	-182	16.11.2007
11 PNE WIND Yenilenebilir Enerjiler Ltd. (before Plambeck Yeni Enerjiler Ltd.), Istanbul, Turkey	99.0	-177	-178	27.2.2008
12 PNE WIND UK Ltd. (before Plambeck New Energy UK Ltd.), Eastbourne, Great Britain	67.5	-267	-319	2.7.2008
13 NH North Hungarian Windfarm Kft., Gödöllő, Hungary	100.0	-70	-74	7.8.2008
14 Plambeck GM Windfarm Pusztahencse Kft., Pusztahencse, Hungary	79.0	-3	-3	7.8.2008
15 PNE WIND Yambol OOD (before Plambeck New Energy Yambol OOD), Nessebar, Bulgaria	70.0	-13	-13	15.8.2008
16 PNE WIND Bulgaria OOD (before Plambeck New Energy Bulgaria OOD), Nessebar, Bulgaria	80.0	-185	-190	15.8.2008
17 PNE WIND USA Inc. (before Plambeck New Energy USA Inc.), Delaware, USA	100.0	-961	-927	27.10.2008
18 S.C. PNE WIND Romania S.R.L. (before Plambeck New Energy S.R.L.), Bukarest, Romania	80.0	-169	-171	27.11.2008
19 HKW Silbitz GmbH & Co. KG, Cuxhaven	0.0	34 ¹⁾	546	1.7.2009



Company	Participation %	Net income EUR '000	Equity EUR '000	Date of first consolidation
20 Plambeck Neue Energien Windpark Fonds CVI GmbH & Co. KG, Cuxhaven	100.0	-4	-1	1.10.2009
21 PNE WIND Renewable Solutions LLC, Delaware, USA	75.0	-46	-45	1.10.2009
22 Underwood Windfarm LLC, Minneapolis, USA	75.0	-4	-4	1.10.2009
23 Butte Windfarm LCC, Minneapolis, USA	75.0	-24	-23	1.10.2009
II. Non-consolidated companies due to minor significance				
1 Windpark Altenbruch GmbH, Cuxhaven	50.0	-3	55	
2 PNE WIND Oldendorf GmbH & Co. KG, Cuxhaven	100.0	-2	1	
3 Plambeck Neue Energien Windpark Fonds VI GmbH & Co. KG, Cuxhaven	100.0	-5	-58	
4 Netzanschluss Genthin GbR, Nielebock	52.0	-47	10	
5 Plambeck Neue Energien Windpark Fonds LXXXV GmbH & Co. KG, Cuxhaven	100.0	-3	-38	
6 Plambeck Neue Energien Windpark Fonds LXXXVIII GmbH & Co. KG, Cuxhaven	100.0	-2	3	
7 Plambeck Neue Energien Windpark Fonds XCI GmbH & Co. KG, Cuxhaven	100.0	-5	-18	
8 Plambeck Neue Energien Windpark Fonds XCII GmbH & Co. KG, Cuxhaven	100.0	-5	-18	
9 Plambeck Neue Energien Windpark Fonds XCIX GmbH & Co. KG, Cuxhaven	100.0	-4	-16	
10 Plambeck Neue Energien Windpark Fonds CIII GmbH & Co. KG, Cuxhaven	100.0	-2	3	
11 Plambeck Neue Energien Windpark Fonds CV GmbH & Co. KG, Cuxhaven	100.0	-2	0	
12 Plambeck Neue Energien Windpark Fonds CVII GmbH & Co. KG, Cuxhaven	100.0	-2	0	
13 Windkraft Stade GmbH, Cuxhaven	50.0	-1	24	
14 Windkraft Stade GmbH & Co. Frischer Wind KG, Cuxhaven	50.0	-3	3	
III. Other companies				
1 Windpark Offshore Testfeld GmbH & Co. KG, Cuxhaven	33.3	-1	27	

¹⁾ Net income since date of first consolidation

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Notes to the consolidated financial statements of PNE WIND AG, Cuxhaven, for the fiscal year 2009

I. Commercial register and object of the Company

On June 16, 2009 the change of corporate name from Plambeck Neue Energien AG into PNE WIND AG, which was resolved by the ordinary general meeting of shareholders on May 14, 2009, was entered into the commercial register and thereby became effective. Since June 16, 2009 the Company thus bears the name of PNE WIND AG.

PNE WIND AG (hereinafter also referred to as „the Company“) has its registered offices at Peter-Henlein-Strasse 2-4, Cuxhaven, Germany. The Company is entered under the number HRB 110360 in the commercial register at the District Court of Tostedt. The fiscal year is the calendar year.

During the year under report the business activities of the Company consisted primarily of the projecting, construction and the operation of wind farms and transformer stations for the generation of electricity, the servicing of wind power turbines and the acquisition of shareholders' equity for wind farm operating companies.

II. Discontinuation of operations

In the fiscal year 2009 no business units were discontinued.

In accordance with the regulations of IFRS 5 the consolidated financial statements must show “continuing operations” and “discontinued operations” separately. The presentation of this separation is also shown within the context of the segment reporting.

In the prior year SSP Technology A/S, Kirkeby, Denmark was included in the segment of “discontinued operations”.

III. General accounting principles

1. Going concern

The accounting is carried out on a going concern basis. The combined management and Group management report of the Company specifies the risks, which could possibly endanger the continuing existence of the Company.



2. DPR audit

The German Audit Authority for Accounting (DPR) submitted the consolidated financial statements as well as the Group Management Report of PNE WIND AG as at December 31, 2007 to an audit in accordance with Section 342b Paragraph 2 Sentence 3 Number 3 of the German Commercial Code (HGB) (random audit). PNE WIND AG participated willingly in this voluntary audit. The audit was concluded successfully during the fiscal year. As was announced by the DPR in its resulting conclusion, the competent chamber came to the result that there were no errors in the accounting for the fiscal year 2007.

3. Consolidated financial statements

The consolidated financial statements of PNE WIND AG are drawn up in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB). New standards adopted by IASB are in principle applied as from the time of their becoming effective as must be taken into consideration in the EU.

During the fiscal year the Group has applied the new and revised IFRS standards and interpretations listed below. The application of these new or amended IFRS standards and interpretations resulted in no effects on the consolidated financial statements with the exception of the application of IAS 1. They do, however, require the provision of additional information.

Amendment to IFRS 7 - "Financial Instruments: Disclosures"

In March 2009 the IASB published amendments to IFRS 7 "Financial Instruments Disclosures". The amendments stipulate more comprehensive disclosures regarding the financial instruments included at fair value on the basis of a fair value hierarchy, which concerns the closeness to the market of the data used for the valuation of the fair values. The amended regulations also stipulate additional quantitative and qualitative disclosures on liquidity risks. The amended regulations become effective for fiscal years which start on or after January 1, 2009.

Amendment to IAS 23 "Borrowing Cost":

On March 29, 2007 the IASB issued amendments to IAS 23, "Borrowing Cost". The amended regulations stipulate an obligation to capitalise borrowing costs allocated

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Notes to the consolidated financial statements

directly to the acquisition, construction or the production of a qualified asset. The amendment is to be applied for the first time to assets, for which the acquisition, construction or production started on or after January 1, 2009.

Amendment to IAS 1 "Presentation of Financial Statements":

In September 2007 the IASB published amendments to IAS 1, "Presentation of Financial Statements". The updated regulations stipulate a separate presentation of the changes in shareholders' equity, which result from transactions with the owners of the company. Other changes in shareholders' equity can be shown in one single sum. An account of total results is introduced with the amended regulations, which by choice can be presented in one or in two interlinked schedules. The amended regulations become effective for fiscal years which start on or after January 1, 2009. PNE WIND has decided on the presentation of the account of total results in one schedule. Furthermore, the schedule of changes in shareholders' equity has been adjusted. This resulted only in changes in the presentation but not, however, to any changes on the valuation methods of the asset, financial and earnings situation.

Amendment to IFRS 3 and IAS 27

In January 2008 the IASB published an updated IFRS 3, Business Combinations and IAS 27, „Consolidated and Separate Financial Statements“. Whilst in IFRS 3 the application of the equity method for corporate mergers is further developed, IAS 27 contains amended regulations for the presentation of minority interests as well as for the presentation of the accounts in the event of the loss of controlling interest of a subsidiary. IFRS 3 stipulates for the acquiring company a right of choice to be exercised within the framework of each corporate merger to value the minority interest either at fair value at the time of the acquisition or at the fair value of the corresponding identifiable assets and liabilities of the acquired company. In the case of a gradual acquisition of a company the identifiable assets and liabilities of the company acquired will be valued at fair value at the time at which the acquirer achieves controlling influence. A profit or a loss with an effect of the profit and loss account will be recorded in the amount of the difference between the fair value of the shares held hitherto in the acquired company and its book value. Furthermore, IAS 27 demands the recording without effect on the profit and loss account of the effects of all transactions with the owners of minority interests in the shareholders' equity, if the controlling relationships do not change. On the other hand if transactions lead to a loss of the possibility to control, the profit or loss resulting from this must be



recorded with effect on the profit and loss account. The profit or loss also includes effects on the basis of a new valuation at fair value of the shares retained in the participation. Moreover IFRS 3 determines that all considerations transferred within the framework of a corporate merger including conditional considerations at the time of the acquisition shall be valued and stated at fair value. Transaction costs, which arise for the acquiring company in connection with the corporate merger, shall be stated not as a part of the acquisition cost of the transaction but as expense. This shall not be applicable if they are in connection with the issue of bonds or shares. In this case they shall be capitalised in accordance with IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 3 and IAS 27 become effective for corporate mergers in the fiscal years which start on or after July 1, 2009.

Amendment to IFRS 1 and IAS 27:

In May 2008 the IASB issued amendments to IFRS 1 and 27. The amended regulations allow companies in future to no longer determine retrospectively the acquisition costs of a participation in the individual financial statements during the first-time application of IFRS. The acquisition costs can be determined on the basis of fair value or book value, as is permitted in accordance with the national accounting regulations previously applied. In addition, the distributions of these companies from profit reserves, which were set up prior to the acquisition of the shares must be stated in the profit and loss account. Should the distributions of one year exceed the total result of that year, an impairment test must be applied. The amended regulations come into force for fiscal years which start on or before January 1, 2009.

Improvements to IFRS:

Within the context of the annual improvement project the IASB issued on April 16, 2009 amendments to existing IFRS. The amended regulations are in respect of the specification of existing IFRS regulations as well as the elimination of inconsistencies between existing IFRS. The amendments are to be applied for fiscal years which start on or after January 1, 2009, insofar as there are no differences stipulated in the standards.

Other amendments of standards or interpretations implemented in 2009 have no relevance for PNE WIND AG.

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Notes to the consolidated financial statements

Further standards and interpretations published, which in part still require adoption by the EU, have according to current expectations, no major effects on the presentation of transactions and business events included.

These consolidated financial statements are drawn up in EUR (EUR) unless otherwise stated.

The consolidated financial statements correspond to the requirements of Section 315 of the German Commercial Code (HGB).

The consolidated financial statements are based on standard accounting and valuation principles in comparison with the prior year. The statement of obligations from construction contracts in the amount of EUR 9,082,000 (prior year: EUR 7,862,000) are now carried out under other deferred liabilities and no longer under short term provisions.

The consolidated financial statements and the Group management report, which were drawn up by the Board of Management as at December 31, 2009, were released for submission to the Supervisory Board at the Board of Management meeting on March 3, 2010.

The consolidated financial statements as at December 31, 2009 are transmitted electronically to the operator of the electronic Bundesanzeiger.

IV. Consolidation principles

1. Scope of consolidation

All companies over which the Group parent company exercises control are included in the consolidated financial statements on the basis of full consolidation. Exercise of control is assumed as soon as the parent company holds more than 50 % of the voting shares of the subsidiary or can determine the financing and business policy of a subsidiary or can appoint a majority of the supervisory board or administrative council of a subsidiary. Moreover, wind farm operating companies, which are controlled from an economic point of view either by the parent company or its subsidiaries, are included in the scope of consolidation.



During the year under report the following newly established companies were included for the first time in the scope of consolidation (in parentheses: date of first consolidation and percentage holding).

- PNE WIND Renewable Solutions, LLC, USA (01.10.09 / 75%)
- Underwood Windfarm LCC, USA (01.10.09 / 75%)
- Butte WindfarmLCC, USA (01.10.09 / 75%)

The object of the companies is the projecting and realisation of wind farms in the relative country. The core of the operating activity is the reconnaissance of suitable sites for wind farms as well as their subsequent projecting and realisation.

The book values or market values stated within the context of the first consolidation of the identifiable assets and liabilities of the companies were insignificant for the asset, financial and earnings situation on the date of the first consolidation.

During the fiscal year 100% of the shares in the following company were included for the first time in the consolidation:

- Plambeck Neue Energien Windpark Fonds GmbH & Co. KG, Cuxhaven (01.10.09)

The object of the company is the construction and the operation of wind power turbines as well as the sale of the electrical power produced.

The book values or market values stated within the context of the first consolidation of the identifiable assets and liabilities of the companies were insignificant for the asset, financial and earnings situation on the date of the first consolidation.

Thereafter, the scope of consolidation as at December 31, 2009 comprised apart from PNE WIND AG the other companies listed under "List of companies included in the scope of consolidation".

14 wind farm operating companies were not included in the scope of consolidation, since these are inventory companies with no active business operations.

Consolidated financial statements

Notes to the consolidated financial statements

2. Mergers and divestments of companies

The following participations in consolidated companies were increased during the 4th quarter 2009:

1. PNE WIND Yenilenebilir Enerjiler Ltd. from 80 to 99 percent
2. PNE WIND Yambol OOD from 50 to 70 percent

PNE WIND Yenilenebilir Enerjiler Ltd. was already fully consolidated as at December 31, 2008 and included in the scope of consolidation. PNE WIND Yambol OOD was hitherto included in the Group on a pro rata basis. Due to the lack of importance of the hidden reserves and the insignificance of the company for the total Group, no price allocation was undertaken.

First consolidation Silbitz GmbH & Co. KG

Due to the changed opportunities / risks situation during the fiscal year PNE WIND AG has included the biomass power plant, Silbitz GmbH & Co. KG, for the first time in the scope of consolidation as a single-purpose entity as at July 1, 2009 in application of the IAS 27 and SIC 12 accounting regulations. The general partner of the company without capital participation is PNE Biomasse Betriebsgesellschaft mbH. On the basis of the partnership agreement the general partner has only 9.98% of the voting rights in the general meetings of partners. The interpretation of the above-mentioned accounting regulations assumes that from an economic point of view a possibility of control over a company can exist even in the absence of a majority participation. The object of the company is the operation of a biomass power plant in Thüringen. The company produces electricity and heat from the burning of old wood. The identifiable assets and liabilities of the company stated within the framework of the first consolidation amounted on July 1, 2009 to:

Property, plant and equipment	EUR 10.4 million
Receivables and other assets	EUR 0.7 million
Cash and cash equivalents	EUR 1.6 million
Long term financial liabilities	EUR 12.7 million
Accounts payable	EUR 0.1 million
Other liabilities	EUR 0.2 million



As a result of the inclusion of the company in the consolidated financial statements the revenues increased by EUR 1.7 million during the period under report. Through the inclusion in the scope of consolidation the EBIT increased by EUR 307,000.

During the fiscal year 2009 six wind farm companies were deconsolidated:

1. Plambeck Neue Energien Windpark Fonds LX GmbH & Co. KG, Cuxhaven
2. Plambeck Neue Energien Windpark Fonds LXXII GmbH & Co. KG, Cuxhaven
3. Plambeck Neue Energien Windpark Fonds LXXVIII GmbH & Co. KG, Cuxhaven
4. Plambeck Neue Energien Windpark Fonds LXXXIX GmbH & Co. KG, Cuxhaven
5. Plambeck Neue Energien Windpark Fonds CI GmbH & Co. KG, Cuxhaven
6. Plambeck Neue Energien Windpark Fonds CIV GmbH & Co. KG, Cuxhaven

As a result of the deconsolidation, assets totalling EUR 97.5 million as well as liabilities in the amount of EUR 99.5 million were eliminated from the balance sheet.

The companies, PNE2 Riff I GmbH and PNE2 Riff II GmbH, which were previously included on a pro rata basis, were deconsolidated as at December 16, 2009 within the context of their sale.

With regard to the effects on the consolidated result please refer to the explanations under VII. "Profit and loss account" as well as in the segment reporting.

3. Change of corporate name

The following companies were also renamed within the context of the change of corporate name of PNE WIND AG:

1. Plambeck Neue Energien Betriebs- und Beteiligungsgesellschaft GmbH into PNE WIND Betriebsführungs GmbH
2. Plambeck Neue Energien Netzprojekt GmbH into PNE WIND Netzprojekt GmbH
3. Plambeck Neue Energien Auslandsbeteiligungsgesellschaft GmbH into PNE WIND Ausland GmbH
4. Plambeck New Energy USA, Inc. into PNE WIND USA Inc.
5. Plambeck Neue Energien Windpark Fonds XL GmbH & Co. KG into PNE WIND Laubuseschbach GmbH & Co. KG
6. Plambeck Neue Energien Biomasse AG into PNE Biomasse AG

Consolidated financial statements

Notes to the consolidated financial statements

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7. Plambeck Neue Energien Biomasse Betriebsgesellschaft mbH into PNE Biomasse GmbH

 8. Plambeck Neue Energien Grundstücks GmbH into PNE WIND Grundstücks GmbH

 9. Plambeck Neue Energien Windpark Fonds LV GmbH & Co. KG into PNE WIND Altenbruch II GmbH & Co. KG

 10. Plambeck New Energy UK Ltd. into PNE WIND UK Ltd.

 11. Plambeck New Energy Bulgaria OOD into PNE WIND Bulgaria OOD

 12. Plambeck New Energy Yambol OOD into PNE WIND Yambol OOD

 13. Plambeck Yeni Enerjiler Ltd. into PNE WIND Yenilenebilir Enerjiler Ltd.

 14. S.C. Plambeck New Energy S.R.L. into S.C. PNE WIND Romania S.R.L.

 15. Plambeck GM New Energy Hungary Kft. into PNE WIND GM Hungary Kft.
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4. Methods of consolidation

The basis for the consolidated financial statements are the annual financial statements of the companies included in the consolidation, partly audited by the auditors and drawn up as at December 31, 2009 in accordance with uniform accounting and valuation methods.

The capital consolidation of the subsidiaries is undertaken in accordance with the net book value method by setting off the acquisition costs of the merger against the parent company's pro rata share of the shareholders' equity at the date of acquisition. The shareholders' equity is determined as the balance of the applicable fair market value of the assets and liabilities at the date of acquisition (full new valuation). The Company includes companies, over which joint control is exercised together with other companies, on a pro rata basis with regard to the portion of the participation held.

Significant internal Group sales, expenses and earnings as well as receivables and liabilities between the companies to be consolidated are eliminated. Inter-Group profits are eliminated and taken into consideration in the deferred taxes, insofar as they are insignificant.

Should the share in participations of companies already consolidated (without gain or loss of control) be increased or decreased, this is effected without influence on the profit and loss account through a credit or a charge to the minority interests within the shareholders' equity.



V. Accounting and valuation principles

The accounting takes place at all companies of the Group originally in accordance with the legal national regulations as well as the complementary generally accepted accounting principles.

The financial statements of all consolidated companies are included on the basis of standard accounting and valuation methods. The financial statements (HB1), drawn up in accordance with the corresponding valid regulations, are restated in financial statements (HB 2) in conformity with IFRS. The accounting and valuation regulations were applied in the same way as in the prior year.

The drawing up of the consolidated financial statements taking the explanations of IASB into account requires for some items that assumptions should be made and estimates used, which could have an effect on the amount and the presentation of assets and liabilities, income and expenses as well as contingent liabilities.

Assumptions and estimates are attributable in particular to the determination of the economic lives of property, plant and equipment, the accounting and valuation of provisions, the possibility of realising future tax credits for deferred taxes, the determination of the degree of completion for receivables from long term construction contracts as well as the determination of the cash flows, growth rates and discount factors in connection with impairment tests of the goodwill.

The actual values can deviate from the assumptions and estimates made. Changes are reflected in the profit and loss account when better knowledge is available.

1. Intangible assets

Concessions, trade marks and licences are stated at their cost of acquisition and ancillary acquisition costs. On the basis of the finite time period over which they will be used, they are reduced by scheduled amortisation using the straight-line method over the duration of their expected economic life; this is usually two to four years. If appropriate, extraordinary amortisation is charged, which is reversed should the relative reasons have no permanent validity. Unscheduled corrections to valuations (reductions and increases) were not necessary during the year under report.

Consolidated financial statements

Notes to the consolidated financial statements

In accordance with IFRS 3 goodwill resulting from the capital consolidation is no longer amortised according to a schedule over the expected economic life. Insofar as it may be necessary, extraordinary amortisation is effected in accordance with IAS 36 ("Impairment Only Approach").

2. Property, plant and equipment

Property, plant and equipment are included at their acquisition or manufacturing cost in accordance with IAS 16 less the scheduled straight-line depreciation. Un-scheduled depreciation in accordance with IAS 36 was not necessary.

Items of property, plant and equipment are depreciated in accordance with their useful economic lives as follows:

	Years
Buildings, including buildings on third party land	20 to 50
Technical plant and machinery	5 to 20
Other plant and machinery, fixtures and fittings	3 to 10

Significant residual values did not have to be taken into consideration when calculating the level of depreciation.

Assets, which are rented or leased and in respect of which both the economic risk as well as the economic use is attributable to the relative Group company ("finance lease"), are capitalised in accordance with IAS 17 and reduced by scheduled or, if appropriate, unscheduled depreciation over the expected economic life of the leased item. The payment obligation is entered as a liability in the amount corresponding to the lower of the fair value of the item involved and the discounted cash value of all future leasing payments. The leasing payments are thus distributed to interest expenses and changes in liabilities so that constant interest payments of the remaining liability can be achieved. Interest expense is included immediately in the profit and lost account.

Rental payments with regard to operating leases are charged on a straight-line basis to the result for the period over the life of the corresponding lease agreements.

All third party capital costs were charged to the profit and loss account. The third party capital costs allocated directly to the acquisition, construction or production of a qualified asset are capitalised.



3. Impairment of intangible assets and property, plant and equipment

At each balance sheet date it is assessed whether there are indications for a need to write-down assets stated in the balance sheet. Should such indications be recognisable or if an annual test of the asset is required, the fair market value of the asset is estimated in order to establish the amount of the impairment expense required. If the determination of the value of individual assets is not possible, assets which are used in connection with each other are combined into cash generating units, at the level of which cash flows can be estimated. In this respect the amount determined is the higher value between the fair market value of an asset or a cash generating unit less the sales costs and the utility value. For the determination of the utility value the estimated future payment streams from this asset or the cash generating unit are discounted to the discounted cash value on the basis of a risk-adjusted pre-tax discount factor. Write-downs on goodwill are included in the profit and loss account separately under the item "impairment expense goodwill".

A correction in the profit and loss account of an impairment undertaken in earlier years for an asset is carried out (with the exception of goodwill) if there are indications that the impairment no longer exists or could be reduced. The revaluation is included as income in the profit and loss account. The increase of value or reduction of an impairment of an asset will, however, only be included insofar as it does not exceed the book value which would have resulted taking into consideration the effect of amortisation if no impairment would have been undertaken in the prior years. Revaluations or amortisation, which is undertaken within the framework of impairment examinations on goodwill, may not be undertaken.

Goodwill is tested at least once per annum for impairment as at December 31 or otherwise, if there are indications that the book value should be reduced. A possible impairment is then charged immediately to expense.

In order to establish a possible requirement for impairment of goodwill as well as intangible assets with an infinite period of utility the book value of the cash generating unit to which the goodwill is allocated must be compared with the fair market value of the cash generating unit.

For the divestment of a subsidiary the allocable amount of goodwill is included in the calculation of the profit or loss from the divestment.

Consolidated financial statements

Notes to the consolidated financial statements

4. Long term financial assets

The long term financial assets are stated at acquisition cost or, if appropriate, at a lower fair market value less unscheduled amortisation, since these are investments in shareholders' equity instruments for which no listed market price is available. For this reason a reliable valuation at the market price is not possible. Non-interest-bearing loans, as well as those with low rates of interest, are stated at their discounted cash value.

5. Deferred taxes

Deferred taxes are stated in accordance with the liability method in accordance with IAS 12 with regard to temporary differences between the tax balance sheet and the consolidated financial statements. No deferred taxes are shown for the amortisation of goodwill from the capital consolidation, which is not deductible from a tax point of view.

Deferred tax claims and deferred tax obligations are calculated on the basis of the laws and regulations valid as per the balance sheet date. The deferred taxes on valuation corrections are determined in principle on the basis of the tax rates prevailing in the specific country for the individual Group companies.

An asset item for tax loss carry forwards is set up to the extent to which it is likely that future taxable income might be available for netting.

Deferred taxes stated as assets and liabilities are included at a net amount in the consolidated balance sheet insofar as a claimable right exists to set off actual tax liabilities and the deferred taxes are attributable to the same tax item and the same tax authority.

6. Discontinued operations and divisions

Items of fixed assets and groups of assets for disposal, the sale of which is planned within 12 months, are included in a separate item in accordance with IFRS 5. Valuation is carried out at acquisition cost or at the lowest appropriate value less sales expenses.

7. Inventories

Inventories are stated in principle at the lowest of acquisition or manufacturing cost and the net divestment value. The manufacturing costs include individual material



costs, individual manufacturing costs as well as appropriate portions of production overhead costs. Moreover, the third party capital costs allocated directly to the acquisition or the manufacture of a qualified asset are capitalised. The net divestment value is the estimated sales price less estimated costs up to completion and the estimated selling costs which can be achieved in a normal business transaction.

8. Accounting for long term construction contracts

Stage of completion accounting is carried out in accordance with the provisions of IAS 11 with regard to long term construction contracts for the construction of wind farms. In this respect the contribution to profit expected from a construction contract is estimated on the basis of the foreseeable contract income and costs, and income and expenses are stated according to the progress of the work at the balance sheet date. The degree of completion of the individual contracts is determined in this case on the basis of the work completed by the balance sheet date. Work carried out by sub-contractors is taken into consideration for the determination of the degree of completion. In total the degree of completion is determined on an individual project basis on the basis of the work completed.

Insofar as the total of order costs incurred and profits stated exceed the prepayments, the construction contracts are capitalised under future receivables from long term construction contracts as an integral part of the “trade receivables” item. A negative balance is shown under “accounts payable”.

An expected overall loss from a construction contract is included immediately as an expense.

9. Receivables and other assets

Trade receivables and other assets are stated at acquisition cost less any required provision for doubtful accounts.

Receivables with a remaining maturity of more than one year discounted at market conditions.

10. Cash and cash equivalents

Cash and cash equivalents in the balance sheet include cash on hand, cash in banks and short term deposits with original maturities of less than twelve months.

Consolidated financial statements

Notes to the consolidated financial statements

11. Financial instruments

Financial instruments are divided in principle into the following categories in accordance with IAS 39:

- Financial assets held for trading
- Financial investments held until maturity
- Credits and receivables issued by the Company
- Financial assets available for sale

Financial assets with fixed or determinable payments and fixed maturities which the Company intends to hold and can hold until maturity, except for credits and receivables issued by the Company, are classified as financial investments to be held until maturity. Financial assets, which were mainly acquired in order to achieve a profit from the short term development of the value, are classified as financial assets held for trading. Derivative financial instruments are also classified as financial instruments held for trading unless these are derivatives which were designated as a hedging instrument and are effective as such. Profits and losses from financial assets, which are held for trading, are booked to the profit and loss account. All other financial assets, apart from credits and receivables issued by the Company, are classified as financial assets available for sale.

Financial investments to be held until maturity are capitalised under long term assets unless they are due within 12 months as from the balance sheet date. Financial assets held for trading are capitalised under short term assets. Financial assets available for sale are shown as short term assets if the management has the intention to realise these within 12 months as from the balance sheet date.

Purchases or sales of financial assets are capitalised by the trading day accounting method, i.e. on the day on which the Company has undertaken the obligation to purchase or sell.

In the case of the first time statement of a financial asset this shall be entered at acquisition cost. This is based on the fair value of the service rendered and, with the exception of financial assets held for trading, the transaction costs.



Changes in the fair market value of financial assets held for trading are stated in the profit and loss account. The fair market value of a financial instrument is the amount which can be achieved in business transactions between willing and independent contractual partners under current market conditions. The applicable fair market value corresponds to the market or the stock market price insofar as the financial instruments to be valued are traded on an active market. Insofar as no active market exists for a financial instrument, the applicable fair market value is calculated by means of suitable financial mathematical methods such as, for example, the recognised option price models or the discounting of future payment streams with the market interest rate.

Financial investments held until maturity are valued at their relevant acquisition cost through application of the effective interest method. If it is probable that a reduction in value might occur in the case of financial assets capitalised at relative acquisition costs, this would be registered in the profit and loss account. A reduction in value charged earlier to the profit and loss account will be corrected with effect on the profit and loss account if the following partial improvement in value (or reduction of the impairment) is attributable to an event occurring after the original impairment. An increase in value will, however, only be booked insofar as it does not exceed the amount of the relative acquisition cost which would have occurred if the impairment had not taken place.

Receivables and credits issued by the Company, which are not held for trading purposes, are stated at the lower of the relative acquisition cost or the market value as at the balance sheet date.

Financial assets available for sale are capitalised at market value. Unrealised gains and losses are shown in the item "income and expenses included directly in shareholders' equity" less the tax portion in the shareholders' equity. The release to profit and loss of the item "income and expenses included directly in shareholders' equity" takes place either on sale or if impairment occurs.

Financial instruments to be stated at market value can be classified and allocated to (value) grades depending on the importance of the factors and information used for their valuation. The classification of a financial instrument into a grade takes place according to the importance of its input factors for the total valuation and more

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specifically according to the lowest grade whose input is significant for the valuation as a whole. The valuation grades are broken down hierarchically in accordance with their input factors:

Grade 1	the prices for identical assets or liabilities listed on active markets (assumed unchanged)
Grade 2	input factors which are not listed prices applied in grade 1, but which can be observed for the asset or the liability either directly (i.e. as price) or indirectly (i.e. derived from prices).
Grade 3	factors not based on observed market data for the valuation of the asset or the liability (non-observed input factors).

The financial instruments stated in the consolidated balance sheet are all based on information and input factors of those described in grade 2.

Further financial instruments included are not based on prices listed on markets nor on comparable transactions, which can be used for a reliable determination of their value; in this case they are stated at their (historical) acquisition cost.

For details please see the explanations to the various balance sheet items.

12. Provisions

Provisions are set up for all external obligations insofar as it is most probable that they may be claimed and that the level of the provisions can be estimated in a reliable manner. In addition, provisions for pending losses for so-called onerous contracts are set up in accordance with the regulations of IAS 37.

With regard to the valuation of the provisions, the most probable value must be stated, and, in the event of a range of different values, the expected value. The determination and valuation takes place insofar as possible on the basis of contractual agreements; otherwise the calculations are based on experience from the past as well as on estimates of the Board of Management.

Long term provisions are stated at the discounted cash value and the discounting takes place at market interest rates, which correspond to the risk and the period up to fulfilment.



The Group has a very small volume of pension plans in the form of defined contribution plans. Payments for these defined contribution rights are stated as expense on maturity.

13. Liabilities

The liabilities are in principle stated at their relative acquisition cost. Liabilities from financial leasing are stated in the balance sheet at the beginning of the leasing contract with the discounted cash value of the future leasing instalments during the non-terminable basic rental period.

Liabilities with a remaining maturity of more than one year bear interest in principle at market conditions.

Contingent liabilities are not stated in the balance sheet. A list of the contingent liabilities existing as at the balance sheet date is shown in Section XI.1.

14. Subsidies from the public authorities

Subsidies from the public authorities are stated in a separate item at the time of the inflow at nominal amount with no effect on the profit and loss account; these are released to the profit and loss account according to the depreciation of the subsidised assets in question.

15. Profit and loss account

The profit and loss account is presented in accordance with the cost of production method.

16. Revenues / recognition of profits

Sales are recognised as income at the time of delivery or the provision of the service at the customer's premises. The realisation of revenues for long term construction contracts is explained in Section V.8.

Interest income is deferred for the corresponding periods taking the effective interest method into consideration.

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17. Foreign currency conversion

The relative items stated in the financial statements of the individual companies of the Group are valued on the basis of the corresponding functional currency. The consolidated financial statements are drawn up in euro, which is the currency of report and the functional currency of the Company.

Transactions in foreign currency were converted at the current exchange rate on the day of the transaction into the corresponding functional currency. Monetary receivables and liabilities in foreign currency are converted at the exchange rate applicable at the balance sheet date. Differences from currency conversion are booked to the profit and loss account, where they are stated under "other operating income" or "other operating expenses". Non-monetary assets and liabilities, which were valued at historical acquisition or manufacturing cost in a foreign currency, are converted at the rate prevailing on the date of the business transaction.

In the case of foreign exchange differences from items to be received or to be paid from or to a foreign business operation, the fulfilment of which is neither planned nor expected, and which are part of a net investment in a foreign business operation and which are included in the reserve for foreign exchange differences are stated in the profit and loss account after the net investment has taken effect.

For the drawing up of consolidated financial statements the assets and the liabilities of the foreign business operations of the Group are converted to euro (EUR) whereby the exchange rates valid on the balance sheet date are applied. Income and expenses are converted at the average rates for the period. The exchange differences arising are included as part of shareholders' equity in the reserve for foreign exchange differences. These amounts are included in the profit and loss account on the sale of a foreign business operation.

Goodwill arising from the acquisition of a foreign business operation as well as adjustments to the market values to be applied are treated as assets or liabilities of the foreign business operation and converted at the rate valid on the balance sheet date.



VI. Balance sheet

With regard to the composition and development of the individual items of fixed assets, please refer to the schedule of fixed assets. With regard to the restrictions on items of the fixed assets please refer to the schedule of liabilities.

1. Intangible assets

The intangible assets amounting to euro 20,379,000 (prior year: euro 20,414,000) are attributable primarily to goodwill arising from the first consolidation of subsidiaries included in the consolidated financial statements.

Impairment of goodwill

The goodwill acquired within the framework of corporate mergers is subjected to an impairment test for the cash generating units.

The future achievable amount is defined as the discounted cash value of future cash flows (utility value).

For the testing of the carrying value of the goodwill of the cash generating unit, projecting of wind power turbines, which represents a major portion of this balance sheet item, the future cash flows were drawn up from the detailed plans for the next 3 years. For the period thereafter a growth rate of 1 % was applied. The average weighted capital cost rate used for the discounting of the forecasted cash flow amounts for the detailed planning phase to 8.41 % and 7.41 % for the subsequent period.

For the testing of the carrying value of the goodwill of the cash generating unit, electricity generation, the future cash flows were drawn up from the detailed planning for the next 3 years. For the period thereafter a cumulative planning up to 2026 was applied as a basis. The average weighted capital cost rate used for the discounting of the forecasted cash flow amounts to 5.03 % for the detailed planning phase as well as for the subsequent period.

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Key assumptions for the calculation of the utility values of the business units as at December 31, 2009 and as at December 31, 2008:

Projecting of wind power turbines

Planned gross profit margins: the gross profit margins are established on the basis of the average gross profit margin ranges, which were achieved during the prior fiscal years and increased in consideration of the expected increase in efficiency.

For the establishment of the future cash flow the expected operating costs are deducted from the gross profits thus calculated. Financing costs and taxes are not taken into consideration. The remaining amount thereafter represents the starting point for the discounting.

Average weighted capital cost rate: the calculation of own capital costs takes place through the application of the capital asset pricing model (CAPM). The costs of third party capital before taxes were stated at an interest rate of 6.50 %.

Book values of the goodwill allocated to the relative cash generating units:

All figures in EUR 000 (differences from rounding off possible)	Projecting of wind power turbines		Electricity generation		Total	
	2009	2008	2009	2008	2009	2008
Book value of goodwill	20,000	20,000	379	414	20,379	20,414

The attainable amount of CGU Laubuseschbach (electricity generation) was below the book value of the CGU, so that an unscheduled amortisation in the amount of EUR 35,000 was effected.

2. Property, plant and equipment

Technical equipment and machinery includes a transformer station acquired on the basis of financial leasing, which is capitalised at its relative acquisition cost in the amount of euro 1,113,000 (prior year: euro 1,194,000). The corresponding minimal leasing obligations as well as the discounted cash values of the minimum leasing obligations are included under the financial liabilities.



3. Long term financial assets

The long term financial assets include, apart from the participations of the Company, those shares in companies which are not included in the consolidated financial statements within the framework of full consolidation due to their low significance as well as a loan issued in the amount of EUR 0 (prior year: EUR 771,000), which bore interest in part at only 1 %. The loan was thus discounted over its maturity at market conditions and is shown at its discounted cash value. Due to the consolidation of HKW Silbitz GmbH & Co. KG the loan is no longer shown. Moreover, loan receivables in the amount of EUR 116,000 (prior year: EUR 65,000), are included in the item.

During the fiscal year 2009 no impairment was charged to long term financial assets.

4. Inventories

All figures in EUR 000 (differences from rounding off possible)	31.12.2009	31.12.2008
Materials and supplies	11	0
Materials and supplies	8,702	17,067
Finished goods	139	166
Prepayments	1,720	70,744
	10,572	87,977

During the fiscal year 2009 write-downs in the amount of EUR 933,000 (prior year EUR 1,495,000) were charged with regard to inventories and booked as expense. The expense is included in the changes in inventory levels.

The work in process includes assets in the amount of EUR 2,417,000 (prior year: EUR 1,943,000), which are expected to be realised or fulfilled after a period in excess of twelve months.

5. Receivables and other assets

Receivables from long term construction projects

The receivables from long term construction contracts and trade receivables are attributable primarily to receivables from wind farm companies in respect of the construction of wind farms.

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Prior to being set off against prepayments received, the receivables from long term construction contracts amounted to EUR 17,116,000 (prior year: EUR 60,149,000). After being netted with the payments received the following net balance occurs which is shown under trade receivables.

All figures in EUR 000 (differences from rounding off possible)	31.12.2009	31.12.2008
Costs incurred including partial profits	17,116	60,149
Prepayments received	0	0
	17,116	60,149

Trade receivables and other assets

During the fiscal year 2008 write-downs in the amount of EUR 593,000 (prior year: EUR 667,000) were charged to receivables and other assets.

As at the balance sheet date no significant amounts were overdue in respect of the accounts receivable and other assets. Retention of title was agreed with regard to the trade receivables within the scope of normal business practice; beyond this no further collateral was agreed for the accounts receivable and other assets.

6. Shareholders' equity

Capital subscribed

As at January 1, 2009 the share capital of the Company amounted to EUR 41,247,368.00, divided into 41,247,368 no par value registered shares with a proportional share in the share capital of EUR 1.00 per share. The share capital of the Company has changed as follows during the period under report:

During the fiscal year 2009 the Company issued 7,598 shares from the conditional capital III following the exercising of corresponding conversion rights. Thereafter the share capital amounted to EUR 41,274,966,00.

On the basis of the authorisation granted by the resolution of the general meeting of shareholders of June 11, 2008 (authorised capital 2008/I) an increase of the share capital by EUR 3,250,000 was implemented. This was entered into the commercial register on July 14, 2009. As a result of the capital increase in cash the capital reserve also changed by EUR 2,671,649.96 after taking into account the transaction costs and their tax effects.



As at the balance sheet date the share capital of the Company amounted to euro 44,524,966.00, divided into 44,524,966 registered shares with a proportional share in the share capital of EUR 1.00 per share.

Authorised capital

The general meeting of shareholders created a new authorised capital on June 11, 2008 after eliminating the hitherto approved authorised capital in the amount which was not yet used. The Board of Management was authorised with the approval of the Supervisory Board to increase the share capital of the Company up to June 10, 2013 through the issue of new registered no par value shares for contributions in kind or in cash and on one or on several occasions up to a total of EUR 20,623,338.00 (authorised capital). The Board of Management was furthermore authorised, subject to the approval of the Supervisory Board, to:

- exclude the subscription rights of the shareholders up to an amount which does not exceed 10 % of the existing share capital at the time of the exercising of this authorisation, in order to issue new shares against contribution in cash in an amount, which is not significantly lower than the stock market price of the shares of the same type already listed on the stock market. The shares, which are acquired on the basis of an authorisation of the general meeting of shareholders in accordance with Section 71 Paragraph 1 Sentence 8 of the German Stock Corporation Act and which are sold under the exclusion of the subscription rights in accordance with Section 186 Paragraph 3 Sentence 4 of the German Stock Corporation Act shall be taken into consideration with regard to this 10 % limit. Furthermore, this limitation is also applicable to shares which were or are issued to serve convertible or option loans insofar as the bonds are issued with the exclusion of the subscription rights in application of Section 186 Paragraph 3 Sentence 4 of the German Stock Corporation Act;
- exclude the subscription rights of the shareholders for the purpose of acquiring property, plant and equipment, in particular through the acquisition of companies or participations in companies or through the acquisition of other economic assets, if the acquisition or the participation is in the best interests of the company and will be effected through the issue of shares;

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- exclude the subscription rights of the shareholders insofar as it is necessary to grant a subscription right for new shares to the holders of convertible and/or option loans which have been issued by the Company or its subsidiaries, to the extent that they would have these rights following their exercise of the conversion or option right.

Insofar as the Board of Management does not make any use of the above-mentioned authorisations, the subscription rights of the shareholders can only be excluded for the rounding off of fractional amounts.

The authorised capital was registered in the commercial register of the Company on August 8, 2008.

On June 18, 2009 the Board of Management resolved with the approval of the Supervisory Board of the same day to increase the share capital of the Company through the use of the authorised capital by up to 4,127,496.00 and to grant the shareholders a subscription right for the new shares. On the basis of this resolution a capital increase in the volume of EUR 3,250,000 was implemented and 3,250,000 new shares were issued. The authorised capital thus amounted on December 31, 2009 to EUR 17,373,338.00.

Conditional capital I

The conditional capital I was eliminated through a resolution of the general meeting of shareholders of May 17, 2006. This was registered in the Commercial Register of the Company on June 23, 2006

Conditional capital II

The conditional capital II created by a resolution of the general meeting of shareholders of June 15; 2001 was eliminated in its full amount, since the subscription rights for shares no longer existed from this conditional capital, through a resolution of the Supervisory Board of March 26, 2009 changing the version of the articles of association. This was entered into the commercial register on May 5, 2009.



Conditional capital III

The conditional capital II created by a resolution of the general meeting of shareholders of November 4, 2003 was eliminated in its full amount, since the subscription rights for shares no longer existed from this conditional capital, through a resolution of the Supervisory Board of March 26, 2009 changing the version of the articles of association. This was entered into the commercial register on May 5, 2009.

Conditional capital I/2009

The general meeting of shareholders of May 14, 2009 resolved a new conditional increase of the share capital of the Company by up to EUR 15,000,000:

The share capital is increased conditionally by a further amount of up to EUR 15,000,000.00, divided into, up to 15,000,000 registered no par value shares, each with a proportional share in the share capital of EUR 1.00 (conditional capital I/2009). The conditional capital increase will only be implemented insofar as the holders of option or convertible rights from option or convertible loans make use of their option or convertible rights, which are issued and guaranteed by the Company or a company owned one hundred percent directly or indirectly by the Company on the basis of the authorisation resolution of the general meeting of shareholders of May 14, 2009 up to May 13, 2014. The new shares are entitled to profit sharing as from the beginning of the fiscal year in which they are issued through the exercise of conversion or option rights. Subject to the approval of the Supervisory Board the Board of Management is authorised to determine the further details of the implementation of the conditional capital increase.

The Board of Management made use of this authorisation with a resolution of June 18, 2009 and with the approval of the Supervisory Board of June 18, 2009 and resolved the issue of a convertible loan with nominal value of up to EUR 37.5 million. The convertible loan was issued at a price of 100%. The conversion price amounted to EUR 2.50 for each share to be acquired in the future through exercise of the conversion right. The convertible loan was subscribed in the nominal amount of EUR 3,850,000. This corresponds to subscription rights of up to 1.54 million new shares with a proportional share in the share capital of EUR 1.00. As a result the conditional capital was partially used in the amount of EUR 1,540,000.

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7. Minority interests

Negative minority interests in the amount of EUR 243,000 (prior year: EUR 36,000) result from the capital consolidation of the wind farm operating companies and the participations abroad as well as the results of the current and past fiscal years. In accordance with IAS 27 minority interests may not be shown at a negative value in the balance sheet but must be netted off against the retained earnings to the charge of the parent company. Future positive shares in results will be transferred in favour of the parent company until the previous charge of the consolidated retained earnings is compensated by the negative minority interests. The amended regulations of IAS 27 and IFRS 3 with regard to the statement of negative minority interest are applicable for the Company only as from the fiscal year 2010.

8. Deferred subsidies from the public authorities

Since 2000 the Company has received investment grants in the total amount of EUR 1,746,000 for the construction of an office building as well as for the extension of the building as well as for fixtures and fittings.

The release of the investment grants are based on the useful life of the underlying assets. During the year under report a total amount of EUR 115,000 (prior year EUR 47,000) was released. The change between the release in the fiscal year 2009 and the prior year is attributable to an assessment based on the audit undertaken by the tax office in Cuxhaven for the years 2002 – 2005.

9. Provision for taxes

The provision for taxes include current taxes on income as well as other operating taxes, which were set up for the past fiscal years as well as for the fiscal year 2009.

10. Other provisions

The order costs, which were to date stated under other provisions, within the context of stage of completion accounting and well as the provisions for outstanding invoices were allocated to the liabilities of the Group as at 31.12.2009. The table of provisions was supplemented by the column “consolidation scope / reclassification” due to the reclassifications and the change in the scope of consolidation.



The other provisions developed as follows:

All figures in EUR 000 (differences due to rounding possible)						Consolidated
	01.01. 2009	Use	Release	Disposal	Addition	31.12. 2009
Contract costs within scope of stage of completion accounting	7,862	0	0	0	-7,862	0
Pending losses from timber delivery contract	1,714	0	0	0	-1,714	0
Distribution guarantees Silbitz	1,129	272	0	98	0	955
Compromise NWE GmbH	306	0	0	0	-306	0
Court costs	478	121	0	319	-2	674
Investment grant	400	0	0	115	0	515
Other pending losses	198	0	198	0	0	0
Other	1,547	0	0	28	-1,520	55
	13,634	393	198	560	-11,404	2,199

The interest on the distribution guarantee is included in the uses in an insignificant volume and the other provisions concern short term provisions.

The provision for distribution guarantees in respect of Silbitz concerns a guarantee of PNE WIND AG. PNE WIND AG has offered the limited partners of HKW Silbitz GmbH & Co. KG a distribution guarantee, which is included in the provisions at a discounted amount of EUR 1.0 million. Furthermore, PNE WIND AG has given a contractual commitment to the limited partners participating in the operating company of HKW Silbitz that it would reacquire their limited partnership shares at beginning of 2017 at a price in the amount of 110 percent of the nominal amount. On the basis of this commitment a discounted purchase price liability is included as at December 31, 2009 under the financial liabilities in the amount of EUR 4.3 million.

11. Financial liabilities

These are attributable to issued participation certificate capital, convertible bonds, liabilities to banks, other financial liabilities and liabilities from leasing contracts.

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The financial liabilities had the following remaining maturities and are structured as follows with regard to interest rate agreements:

All figures in EUR 000 (differences due to rounding possible)	Total	Up to 1 year	1 to 5 years	More than 5 years
Per 31.12.2009				
Fixed interest				
Participation certificates	900	0	900	0
Loans	3,645	0	3,645	0
Liabilities to banks	27,033	6,054	11,472	9,507
Other financial liabilities	4,256	0	0	4,256
Liabilities from leasing contracts	926	106	425	395
Variable interest				
Liabilities to banks	26,357	26,357	0	0
Other financial liabilities	6,765	6,765	0	0
Derivatives				
Interestswap	791	234	430	127
	70,673	39,516	16,872	14,285
Per 31.12.2008				
Fixed interest				
Participation certificates	490	0	0	490
Loans	16,461	16,461	0	0
Liabilities to banks	86,806	67,258	7,436	12,112
Other financial liabilities	53,406	375	0	53,031
Liabilities from leasing contracts	1,033	106	425	502
Variable interest				
Liabilities to banks	1	1	0	0
Other financial liabilities	8,172	295	7,877	0
	166,369	84,496	15,738	66,135

Participation certificates

Through a resolution of the general meeting of shareholders of November 4, 2003 the Board of Management was authorised, subject to the approval of the Supervisory Board, to issue participation certificates on one or several occasions up to September 30, 2008. The maturity of the participation certificates may amount to up to 20 years. The total nominal amount of the participation certificates issued may not exceed EUR 100,000,000.00. The participation certificates issued on the basis of this authorisation may not include any conversion or option rights in respect of shares of



PNE WIND AG. The participation certificates can only be issued in euro. The shareholders shall be granted the legal subscription rights. The participation certificates can also be offered to a third party, in particular to a bank or a bank consortium, with the obligation that they offer these to the shareholders for subscription. The Board of Management was, however, authorised, subject to the approval of the Supervisory Board, to exclude the subscription rights of the shareholders in the case of fractional amounts.

The Board of Management has partially used this authorisation and issued participation certificates on March 18, 2004 with the approval of the Supervisory Board of March 24, 2004. During the period under report no participation certificates were issued.

The participation certificates have the following major features: the participation certificates issued are bearer instruments and are divided into participation certificates with a nominal value of EUR 100.00 each, which all have equal rights. The holders of the participation certificates shall receive a distribution for each fiscal year within the term of the certificates, which shall have priority over the profit share of the shareholders of the issuer; this shall be determined as follows: a) distribution amount of 7% of the nominal value of the participation certificates and b) a profit-related return of up to 3% of the nominal value of the participation certificates. As a result of the profit-related return the distribution can increase to up to 10% of the nominal value of the participation certificates, depending on the amount of the result earned by the issuer. The basis for the calculation of the profit-related return is the net income in accordance with Article 275, Paragraph 2, No. 20 of the German Commercial Code (HGB) plus taxes on income (Article 275, Paragraph 2, No. 18 of the German Commercial Code) as reported in the annual financial statements of PNE WIND AG drawn up in accordance with the regulations of the German Commercial Code for the corresponding past fiscal year.

The holders of the participation certificates shall not have a claim to a distribution insofar as the net result earned by the issuer during the past fiscal year, increased by profit carry forwards and reduced by loss carry forwards and additions to the legal reserves, is not sufficient for such a distribution. Should this not be sufficient, such loss amounts shall increase the distribution in the following year or, if appropriate, in subsequent following years, insofar as the net result of the following year or the following years, corrected as per Sentence 1, should be sufficient. The obligation for subsequent payment shall exist only during the term of the participation certificates. The participation certificates shall have rights to distributions as from April 1, 2004.

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The term of the participation certificates shall end on December 31, 2014. Subject to the conditions with regard to the participation in losses, the participation certificates shall be repaid at nominal value at the end of their term or following the coming into effect of the notice of their withdrawal.

If a loss for the year is reported or the share capital of the issuer is reduced in order to cover losses, the repayment claim of each holder of participation certificates shall be reduced by his corresponding share in the loss for the year, which is calculated on the basis of the relationship of his repayment claim to the shareholders' equity (including participation certificates). The claims from the participation certificates shall be junior to the claims of all other creditors of the issuer, who are not themselves junior in ranking.

In accordance with the regulations of IAS 32 the participation certificates shall be stated as third party capital.

As a result of the improved economic situation the repayment claim of the participation certificates increased to EUR 900,000 during the year under report.

Loans

The loans developed as follows:

All figures in EUR 000 (differences due to rounding possible)	31.12.2009	31.12.2008
Convertible loan 2004:		
- Status as at January 1	16,461	18,319
- Issued / accrued interest	20	1,286
- Withdrawn	16,453	3,073
- Converted	28	71
- Status as at December 31	0	16,461
Convertible loan 2009:		
- Status as at January 1	0	0
- Issued / accrued interest	3,645	0
- Withdrawn	0	0
- Converted	0	0
- Status as at December 31	3,645	0
Total	3,645	16,461



Convertible loan 2004

On the basis of the authorisation resolution of the extraordinary general meeting of shareholders of November 4, 2003 the Company issued as a result of the resolution of the Board of Management of February 11, 2004 with the approval of the Supervisory Board of February 12, 2004 a total of 9,400,000 bearer convertible bonds with equal rights and with a nominal value of EUR 2.50 each in a nominal total amount of EUR 23,500,000.00. The listing of the above-mentioned bond as a unit listing was cancelled as at November 19 of the prior year and was continued as a percentage listing as at November 22 of the prior year. These bonds shall be documented by a permanent bearer global certificate for their whole term. The term of the convertible bonds commenced on March 15, 2004 and shall end on March 14, 2009. The convertible bonds shall bear interest on the basis of their nominal value at a rate of 6 % p.a. during their whole term insofar as they are not repaid earlier or that the conversion right has been effectively exercised. Each bond holder has in accordance with the conditions of the bond the irrevocable right to convert his convertible bonds within the exercise period into no par value registered voting shares of PNE WIND AG. Each bond gives the right to convert into one no par value registered share of the Company. The conditional capital III (see above under Point 3) shall guarantee the conversion rights. The conversion right can be exercised within certain exercise periods, which are determined in each case after the ordinary general meeting of shareholders. Furthermore there is an exercise period at the end of the term. The conditions of the bond also include regulations concerning the adjustment of the conversion price in the case of capital increases as well as dilution protection clauses.

The general meeting of shareholders of July 26, 2005 authorised the Board of Management to grant a special conversion right under certain conditions to the holders of the bonds from the 6% convertible debenture of 2004/2009. In accordance with the special conversion right to be granted the holders of the bonds should be able to convert their debentures at the existing conversion price at a time still to be determined into shares of the Company notwithstanding the capital reduction. To date the Board of Management has not made use of this authorisation.

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In the fiscal year 2006 a total of 326,158 subscription shares were issued from the conditional capital III on the basis of corresponding exercising of conversion rights from the 6% convertible bond 2004/2009. In the fiscal year 2007 a total of 45,925 subscription shares were issued from the conditional capital III on the basis of corresponding exercising of conversion rights from the 6% convertible bond 2004/2009. Due to the corresponding exercise of conversion rights from the 6% convertible bond 2004/2009 20,691 subscription shares were issued from the conditional capital III during the fiscal year 2008. As at December 31, 2008 the conditional capital III still amounted to EUR 9,007,226.00. As at December 31, 2008 conversion rights still existed versus the Company from the 6% convertible bond 2004/2009 with regard to the subscription for up to 5,284,824 new shares. During the fiscal year 2009 a total of 7,598 subscription shares were issued from the conditional capital III on the basis of the corresponding exercise of conversion rights from the 6% convertible loan 2004/2009. At the end of the maturity of the convertible loan 2004/2009 on March 14, 2009 there were still convertible loans in the total nominal amount of EUR 16,301,015.00, for which no conversion rights has been exercised. The convertible loans held by third party creditors at the end of the maturity were repaid on schedule at the nominal amount by the Company on March 16, 2009. The conditional capital II was cancelled in its still outstanding amount through a resolution of the Supervisory Board on March 26, 2009 which changed the version of the articles of association, since following the end of the maturity of the convertible loan 2004/2009 there were no longer any effective subscription rights to shares from this conditional capital. This was entered in the commercial register on May 5, 2009.

During the year under report interest of EUR 20,000 was added to the book value of the convertible loan.

Convertible loan 2009/2014

Based on the authorisation resolution of the general meeting of shareholders of May 14, 2009 the Board of Management decided on June 18, 2009 with the approval of the Supervisory Board of the same date to issue up to 375,000 units of bearer bonds, which all have equal rights, with a nominal value of EUR 100.00 each and thus with a total nominal value of up to EUR 37,500,000.00. Thereafter, the Company on the basis of a resolution of the Board of Management of July 10, 2009 issued a total of 38,500 units of bearer bonds, which all have equal rights, with a nominal value of EUR 100.00 each and thus with a total nominal value of up to EUR 3,850,000.00. The convertible loan 2009 was included on July 17, 2009 in the over-the-counter market at the Frankfurt Stock Exchange. The bonds are documented for their whole maturity through a permanent bearer global certificate. The maturity of the bonds began on July 17, 2009 and ends on July 17, 2014. The bonds shall bear interest amounting to 7% of their nominal value during their whole maturity insofar as they are not repaid



earlier or if the conversion right is effectively exercised. In accordance with the loan conditions each bond holder has the irrevocable right to exchange his or her bonds into registered no par value shares with voting rights of PNE WIND AG. Subject to any possible adjustment of the conversion price each bond gives the entitlement for exchange into 40 registered no par value shares of the Company. The conditional capital I/2009 (see above under point 4.) serves as security for the conversion rights. The conversion right can be exercised within certain periods, which are in each case following the ordinary general meeting of shareholders. There is furthermore also an exercise period at the end of the maturity. The loan conditions include furthermore conditions for the adjustment of the conversion price in the event of capital increases as well as dilution protection clauses.

During the year under report interest of EUR 18,000 was added to the book value of the convertible loan.

Liabilities to banks

The interest rates for the fixed interest liabilities to banks range between 2.04 % and 6.8%. With regard to variable interest rate liabilities to banks the Company is exposed to the risk of interest change. During 2009 the interest rates for these amounted to up to 14.0% (overdraft interest rate). The variable interest rates are adjusted at intervals of less than one year. The liabilities to banks have maturities up to 2026.

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Of the liabilities to banks an amount of EUR 54,046,000 (prior year: EUR 86,796,000) is secured by:

1. Registered mortgage in the amount of EUR 10,007,000 on the property at Peter-Henlein-Str. 2-4, Cuxhaven (amount drawn down: EUR 5,997,000).
2. Assignment of the rental income from the property at Peter-Henlein-Str. 2 - 4, Cuxhaven.
3. Registered mortgage in the amount of EUR 1,100,000 on the property at Humphry-Davy-Str. 1, Cuxhaven (amount drawn down EUR 536,000).
4. Assignment of the Granzow transformer station (amount drawn down: EUR 456,000).
5. Assignment of the Laubuseschbach wind farm (amount drawn down: EUR 863,000) as well as pledge of all receivables of this wind farm.
6. Pledge of all rights from contracts in connection with the Altenbruch II project as well as the pledge of all receivables of this wind farm (amount taken down: EUR 36,357,000).
7. Assignment of all rights from contracts in connection with the Leddin project as well as the pledge of all receivables of this wind farm (amount taken down EUR 1,986,000).
8. Assignment of all rights from contracts in connection with the biomass power station as well as the pledge of all receivables of this biomass power station (amount taken down EUR 7,851,000).

As at December 31, 2009 the Group had available credit lines for project bridge financing granted in the amount of approximately EUR 26.1 million.

As at the balance sheet date there were no defaults or any other disruptions to debt servicing with regard to interest or repayment.

Other financial liabilities

The other financial liabilities include variable interest-bearing loan liabilities towards EnBW Erneuerbare Energien GmbH, Stuttgart, which were granted to PNE WIND AG in connection with the implementation of onshore wind farms for EnBW. The variable interest rate is established at the completion and delivery of the wind farm projects on the basis of the corresponding current three month EURIBOR.

As at the balance sheet date there were no defaults or any other disruptions to debt servicing with regard to interest or repayment.

Liabilities from leasing contracts

The Group has concluded financial leasing contracts and lease purchase agreements for various items of other plant and machinery, fixtures and fittings. The contracts include no extension options, purchase options or price adjustment clauses.



The net book values of the assets from financial leasing in the amount of EUR 926,000 (prior year: EUR 1,033,000) are attributable fully to technical equipment and machinery.

The future minimum leasing payments from financial leases and lease purchase agreements can be reconciled as follows to their discounted cash value:

All figures in EUR 000 (differences due to rounding possible)	Minimum leasing payments		Discounted cash value of minimum leasing payments	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Liabilities from financial leasing contracts:				
With a maturity of up to one year	172	172	106	106
With a maturity of more than one year and up to five years	688	688	425	425
With a maturity of more than five years	532	704	395	502
	1,392	1,564	926	1,033
Less:				
Future financing costs	-466	-531		
Discounted cash value of the leasing liabilities	926	1,033		
Amount due for repayment within twelve months (stated under short term liabilities)				
			106	106
Amount due for repayment after more than twelve months				
			820	927

An amount of EUR 926,000 (prior year: EUR 1,033,000) of the liabilities to leasing companies is secured through the pledge of the legal ownership in the Kletzke transformer station.

12. Other liabilities

Deferred sales

The item in the amount of EUR 8,417,000 (prior year: EUR 10,190,000) is attributable mainly to prepayments from wind farm operating companies for the use of transformer stations. The amount is released to the profit and loss account during the life of the contracts (20 to 25 years).

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13. Financial instruments and principles of risk management

Apart from the risk of losses from customers and liquidity risks the assets, liabilities and planned transactions of the Group are also exposed to risks from the change in foreign exchange rates and interest rates. The objective of the financial risk management is to limit these risks through the current operating and financially orientated activities.

With regard to the risk from market prices derivative hedging instruments are used in accordance with the estimate of the risk. Derivative financial instruments are used exclusively as hedging instruments, i.e. they are not used for trading or other speculative purposes.

The main elements of the financial policy are fixed by the Board of Management and are monitored by the Supervisory Board. The implementation of the financial policy as well as the current risk management is the responsibility of the financial and controlling department. Certain transactions require the prior approval of the Board of Management which, moreover, is regularly informed of the scope and the amount of the current risk exposure.

Risk categories within the meaning of IFRS 7

Credit risk

From its operating business and from certain financing activities the Company is exposed to the risk of loss from a customer. The risk of losses from financial assets is met by appropriate provisions for doubtful accounts and consideration of the existing collateral. In order to reduce the risk of losses on receivables in the case of original financial instruments, various security measures are taken, such as e.g. the obtaining of securities and guarantees.

The maximum risk of loss is reflected primarily by the book values of the financial assets stated in the balance sheet (including derivative financial instruments with a positive market value). As at the balance sheet date of the financial statements there were no key agreements reducing the maximum risk of loss (such as e.g. netting arrangements).

Interest risk

There is currently a hedge of the risk of interest rate change with regard to changes in the market level for interest payments for existing and expected variable interest bearing liabilities to banks within PNE WIND Altenbruch II GmbH & Co. KG, for which this company is liable due to a loan agreement within the framework of a commitment for a KfW support credit. The market value of this derivative is included under other financial liabilities in an amount of EUR 791,000.



Liquidity risk

The assurance of liquidity consists of unused credit lines available to the Group. In order to assure the capacity to pay at any time as well as the financial flexibility of the Group, a revolving liquidity planning has been set up, which presents the inflow and outflow of funds both with regard the short as well as to the medium and longer terms.

The analysis of the maturities of the financial liabilities with contractual maturities is shown under "11. Financial liabilities".

Market risk

With regard to market price risks, the Company is exposed to currency risks, interest rate risks as well as other price risks.

Currency risks

The foreign currency rate risks of the Company are attributable primarily to the operating activity and investments. The risks of foreign currency are hedged insofar as they have a major influence on the cash flow of the Company.

In the operating sector the foreign exchange risks are attributable primarily to the fact that the planned transactions are processed in a currency other than in the functional currency (EUR).

Foreign currency risks in the financial area are attributable to financial liabilities in foreign currency as well as to loans in foreign currency, which are granted to Group companies for financing. As at the end of the year there were no significant foreign currency liabilities in the Group.

In total there were no significant foreign currency items.

Foreign currency risks in the investment sector result mainly from the acquisition and sale of participations to foreign companies.

In order to guard against key foreign exchange risks the Company uses currency derivatives in the form of forward exchange deals and currency options trading. Through these currency derivatives the payments are ensured up to a maximum of one year in advance. As at the balance sheet date of the financial statements the Company was not exposed to any key currency rate risks in the operating area. For this reason no hedging transactions had been concluded as at the balance sheet date.

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In accordance with IFRS 7 the Company draws up a sensitivity analysis in respect of the market price risks by means of which the effects of hypothetical changes of relevant risk variables on the result and shareholders' equity can be established. The periodic effects can be ascertained by relating the hypothetical changes of the risk variables to the volume of the financial instruments as at the balance sheet date of the financial statements. In this respect it is assumed that the volume as at the balance sheet date of the financial instruments is representative for the full year.

The currency sensitivity analyses are in principle based on the following assumptions:

- Major original financial instruments (securities, receivables, liquid funds and liabilities) are valued either directly in the functional currency or are converted into the functional currency through the use of derivatives. Currency rate changes therefore do not have any effects on the result or the shareholders' equity.
- Interest income and expenses from financial instruments are also either stated directly in the functional currency or converted into the functional currency through derivatives. For this reason no effects can arise in this respect with regard to the amounts involved.

Due to the low level of assets and liabilities stated in foreign currency the Group is not exposed to any significant currency risk.

At the date of the balance sheet there were no other currencies relevant for the Group.

Interest risks

The Company is exposed to interest rate risks primarily in the Eurozone. Taking the actual and the planned debt structure into account the Company uses in principle interest derivatives (interest swaps, interest caps), in order to counteract interest rate changes.

In accordance with IFRS 7 interest rate risks are presented by means of sensitivity analyses. These represent the effects of changes in the market interest rates on interest payments, interest income and expenses, other items included in the result as well as eventually the shareholders' equity. The interest rate sensitivity analyses are based on the following assumptions:



- Market interest rate changes of original financial instruments with a fixed rate of interest only have an effect on the result, if these are valued in accordance with the current market value. According to this all financial instruments with a fixed rate of interest, which are valued at acquisition cost, are not exposed to the risks of change in the interest rate within the meaning of IFRS 7.
- Changes in market interest rates have an effect on the interest result of original financial instruments with variable rates of interest, whose interest payments are not designed as basic transactions within the framework of cash flow hedges against interest changes, and are thus taken into consideration in the sensitivity calculations in respect of the result.
- Market interest rate changes of interest derivatives, which are not integrated into a hedging relationship in accordance with IAS 39, have an effect of the interest result (valuation result from the adjustment of the financial assets to the stated market value) and are thus taken into consideration in the sensitivity calculations in respect of the result.

If the market rate level as at December 31, 2009 had been 100 basis points higher (lower), only insignificant effects would have occurred with regard to a new valuation reserve in the shareholders' equity. Furthermore, the interest result would have been EUR 450,000 lower (higher) (prior year: EUR 82,000).

Other price risks

Within the framework of the presentation of market risks IFRS 7 also requires information on how hypothetical changes in other price risk variables can have an effect on the prices of financial instruments. In particular, stock market prices or indices are included in risk variables.

As at December 31, 2009 and December 31, 2008 the Company had no key financial instruments in its portfolio exposed to other price risks.

Risk concentration

Beyond the general (capital) market risks there is no significant risk concentration from the point of view of the management.

Market values

The financial instruments of the Group not stated at market value include above all cash equivalents, trade receivables, trade accounts payable and other liabilities, overdrafts and long term loans.

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The book value of the cash equivalents as well as the overdrafts are very close to their market value due to the short duration of these financial instruments. With regard to receivables and payables, which are based on normal trade credit conditions, the book value based on historic acquisition cost also corresponds very closely to their market value.

The market value of the long term liabilities is based on the currently available interest rates for third party capital drawn down with the same maturity and credit-worthiness profile.

Depending on the market value on the balance sheet date derivative financial instruments are stated as other assets (positive market value) or as other liabilities (negative market value).

Capital management

The aims of the capital management of the Company are:

- The ensuring of the continuation of the Company
- The guaranteeing of an adequate yield on shareholders' equity
- The maintenance of an optimal capital structure which keeps the capital costs as low as possible

In order to maintain or to change the capital structure the Company issues new shares according to its requirements and takes down liabilities or sells assets in order to repay liabilities.

The supervision of the capital structure takes place on the basis of the debt / equity ratio, calculated on the basis of the relationship between net third party capital to total capital. The net third party capital consists of the short and long term financial liabilities (liabilities to banks, participation certificates / convertible loans, liabilities to leasing companies, other financial liabilities) less cash and cash equivalents. The total capital consists of the shareholders' equity and the net third party capital.

Individual companies of the electricity generation segment are subject to instructions from banks with regard to their liquidity reserves, which in total have no significant effects on the capital structure and their availability at Group level.



The strategy of the Company consists of maintaining a debt / equity ratio of 80% in order to guarantee continued access to third party capital at acceptable cost and by maintaining a good credit rating.

All figures in EUR 000		
<i>(differences due to rounding possible)</i>		
	31.12.2009	31.12.2008
Financial liabilities	70,673	166,368
./. Cash and cash equivalents	41,500	29,314
= Net third party debt	29,173	137,054
+ Shareholders' equity	70,507	54,639
= Total capital	99,680	191,693
Debt / equity ratio	29.27%	71.50%

VII. Profit and loss account

1. Revenues

Revenues are broken down according to product and service areas within the Group. During the period under report revenues were earned primarily from the projecting of wind power turbines, management and servicing of wind power turbines as well as revenues for the use of transformer stations. In the electricity generation division revenues were achieved mainly from the sale of electricity from current operations of wind farms and the biomass power station Silbitz.

The revenues from long term construction contracts for the fiscal year 2009 are based on 6 projects (see Sections V No. 8 and VI No. 5). Of these six projects three projects were completed fully in the fiscal year 2009 and delivered to the customer.

All figures in EUR 000		
<i>(differences due to rounding possible)</i>		
	2009	2008
Revenues before HB II reconciliation	180,335	18,029
Revenues from stage of completion accounting	17,116	60,149
Reverse affect from stage of completion accounting	-60,149	-3,575
Share of revenues in stage of completion accounting	-43,033	56,574
	137,302	74,603

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Against this share of the revenues from stage of completion accounting there are contract costs in the amount of EUR -40,728,000 (prior year: 51,071,000), so that versus the stage of completion accounting of the prior year (EUR 5,503,000) there resulted a partial profit realisation which was EUR 2,305,000 lower.

2. Other operating income

The other operating income includes mainly the following one-time effects:

- The release of value adjustments on receivables and other assets contributed to other operating income in the amount of EUR 107,000 (prior year: EUR 1,033,000).
- Operating income was achieved in the amount of EUR 94,000 (prior year: EUR 286,000) from compensation claims.
- During the fiscal year 2009 provisions and other liabilities in the amount of EUR 304,000 (prior year: EUR 204,000) could be released, since the reasons for such liabilities and provisions were no longer valid.
- Other operating income in the amount of EUR 2,000 (prior year: EUR 157,000) arose in 2009 from the redemption of convertible bonds.
- Income from insurance compensation in the amount of EUR 385,000 (prior year: EUR 0)

3. Personnel expenses

The personnel expenses were composed as follows:

All figures in EUR 000 (differences due to rounding possible)	2009	2008
Wages and salaries	7,991	6,504
Social security contributions	919	751
	8,910	7,255
Average annual No. of employees	133	116
Personnel expenses per employee	67	63

During the fiscal year 2009 an amount of EUR 17,000 was included in personnel expenses for the cost of retirement benefits (defined contribution plans) (prior year: EUR 17,000).



4. Other operating expenses

The other operating expenses include mainly the following items:

- Legal and consulting fees EUR 2,132,000 (prior year: EUR 2,136,000)
- Rental and leasing expenses EUR 1,358,000 (prior year: EUR 1,345,000)
- Provisions for doubtful accounts or losses on receivables EUR 593,000 (prior year: EUR 667,000)
- Advertising and travel expenses EUR 1,153,000 (prior year: EUR 633,000)
- Vehicle expenses EUR 502,000 (prior year: EUR 404,000)
- EDP expenses EUR 272,000 (prior year: EUR 286,000)
- Compensation for damages EUR 422,000 (prior year: EUR 191,000)
- Insurances and contributions EUR 444,000 (prior year: EUR 254,000)

5. Interest and similar expenses

The interest and similar expenses include mainly interest on the convertible loans EUR 37,000 (prior year: EUR 989,000) and interest on loans and overdrafts EUR 3,813,000, (prior year: EUR 3,620,000). During the fiscal year interest on third party capital was capitalised in the amount of EUR 74,000.

6. Taxes on income

The expenses from taxes on income are composed as follows:

All figures in EUR 000 (differences due to rounding possible)	2009	2008
Current taxes	-9	1,737
Deferred taxes		
- from the effect of consolidations and HB II adjustments	-380	2,272
- from individual financial statements	178	-2,657
	-202	-385
	-211	1,352

Corporation tax plus the solidarity surcharge and trade tax for the domestic companies and comparable taxes on income at the foreign companies are stated under current taxes.

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For the domestic companies the corporation tax amounted to 15% and the solidarity surcharge also remained unchanged at 5.5%. Taking the trade taxes into account the total tax liability for the domestic companies amounted to the unchanged amount of 30%.

The tax rates, which are specific for the individual countries are applied in respect of the foreign companies.

There were no major changes in tax expense due to the change in any national tax rates.

On the balance sheet date the Group had estimated tax loss carry forwards of approximately EUR 80 million (prior year: approximately EUR 90 million), which can be set off against future profits. Deferred tax claims were set up in respect of these losses in the amount of EUR 1,873,000 (prior year: EUR 1,632,000). Due to the loss situation in the recent past deferred tax claims are only capitalised in the amount which can certainly be realised through positive differences in the result in the future. The losses can be carried forward for an unlimited period of time.

The following table shows the reconciliation between the calculated tax expenses to those reported in the consolidated profit and loss account:

All figures in EUR 000 (differences due to rounding possible)	2009	2008
Consolidated earnings before taxes	9,891	18,402
Tax rates	30.0%	30.0%
Income tax expense - calculated	2,967	5,521
Addition to value adjustment for tax loss carry forwards	0	-1,632
Non-inclusion of deferred taxes	1,110	3,588
Use of loss carry forward	-908	0
Tax-free capital gains	-1,664	-7,811
Other tax free income	-1,707	0
Tax expense not relating to the period	0	1,687
Other differences	-9	-1
Reported tax expense	-211	1,352

The deferred taxes on valuation corrections are determined on the basis of specific country tax rates. Since all items involving deferred taxes are domestic, an unchanged average tax rate of 30.0% (prior year: 30.0%) has been assumed.



Deferred taxes existed as a result of differences in valuation in the following balance sheet items:

All figures in EUR 000 (differences due to rounding possible)				
	Assets		Assets	
	31.12.2009	Liabilities	31.12.2008	Liabilities
Receivables and other assets	0	1,181	19	18,045
Inventories	273	0	15,282	0
Property, plant, equipment and intangible assets	4	223	0	223
Financial assets	0	0	231	0
Liabilities	237	62	0	6
Other provisions	0	204	4,502	1,231
	514	1,669	20,034	19,505
Tax loss carry forwards	1,632	0	1,632	0
Other consolidation effects incl. value adjustments	-273	0	-2,209	-48
	1,873	1,669	19,457	19,457
Offsettable share	0	0	-17,825	-17,825
Deferred taxes	1,873	1,669	1,632	1,632

7. Result from discontinued operations

A discontinued operation is a part of a company which is either sold or closed down. A part of a company constitutes a division and its corresponding cash flow, which from an operating standpoint can be clearly separated from the rest of the company for the purposes of accounting.

The result from discontinued operations concerns in 2008 the discontinued "rotor blade projecting division".

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The result from discontinued operations stated separately in the profit and loss account is broken down as follows:

All figures in EUR 000 (differences due to rounding possible)	2009	2008
Revenues	0	11,288
Change in inventories	0	-697
Cost of materials	0	-5,989
Personnel expenses	0	-4,225
Depreciation and amortisation	0	-118
Other operating expenses	0	-970
Interest and similar income	0	17
Interest and similar expenses	0	-328
Earnings before tax of discontinued operations	0	-1,022
Taxes on income of discontinued operations	0	-148
Net income from discontinued operations	0	-1,170

8. Earnings per share

Undiluted earnings per share

In 2008 the annual average number of registered shares amounted to a total of 42,760,683 (prior year: 41,257,079).

The undiluted earnings per share from continuing operations thus amounted per share to EUR 0.24 per share (prior year: EUR 0.44 per share).

	2009	2008
Consolidated net income (continuing operations) (EUR 000)	10,102	18,220
Weighted average of shares issued	42,760,683	41,257,079
Earnings per share (EUR)	0.24	0.44

The undiluted earnings per share from discontinued operations amounted to EUR 0.00 per share (prior year: EUR -0.03 pre share).

	2009	2008
Result from discontinued operations (EUR 000)	0	-1,170
Weighted average of the shares issued	42,760,683	41,257,079
Earnings per share (in EUR)	0.00	-0.03



Diluted earnings per share

Within the context of the calculations for the diluted earnings per share the interest expenses for the convertible loan 2009/2014 were not taken into consideration, since no conversion was to be expected as at the balance sheet date due to the agreement conditions in connection with the share price.

The diluted earnings per share from continuing operations are calculated as follows:

	2009	2008
Consolidated net income before elimination of dilution effects (EUR 000)	10,102	18,220
- interest expense on convertible loan (EUR 000)	0	989
Result after elimination (EUR 000)	10,102	19,209
Weighted average of shares issued before dilution effect	42,760,683	41,257,079
+ weighted average of convertible shares	0	5,136,219
Weighted average of shares issued after dilution effect	42,760,683	46,393,298
Diluted earnings per share (EUR)	0.24	0.41

The diluted earnings per share from discontinued operations are calculated as follows:

	2009	2008
Consolidated net result before elimination of dilution effects (EUR 000)	0	-1,170
- Interest expenses on convertible bond (EUR 000)	0	989
Result after elimination (EUR 000)	0	-181
Weighted average of shares issued before dilution effects	42,760,683	41,257,079
+ weighted average of convertible shares	0	5,136,219
Weighted average of shares issued after dilution effects	42,760,683	46,393,298
Diluted earnings per share (EUR)	0.00	0.00

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VIII. Statement of cash flow

1. Liquid assets

The liquid assets as at January 1, 2009 and December 31, 2009 correspond in each case to the following item shown in the balance sheet: „Cash and cash equivalents“.

2. Explanation of the individual cash flows

The cash flows from operating activities shown in the cash flow statement include the following amounts for interest and tax payments:

All figures in EUR 000 (differences due to rounding possible)	2009	2008
Interest income	480	1,584
Interest expense	3,818	3,701
Tax payments and reimbursements	106	110

3. Payments received from sale of divisions and payments effected within the framework of corporate mergers and establishment of companies

During the fiscal year payments were made in the amount of EUR 8,000,000 from the sale of units consolidated on a pro rata basis. These concern the sale of the shares in the following companies:

- PNE2 Riff I GmbH, Cuxhaven: EUR 6,600,000
- PNE2 Riff II GmbH, Cuxhaven: EUR 1,400,000

4. Reconciliation between amounts in the statement of cash flow and the balance sheet

The statement of cash flow shows how the liquid assets have changed during the course of the year under report due to the inflow and outflow of funds. In accordance with IAS 7 funds flow is classified according to operating, investing and financing activities. In this respect the effects of the changes of the scope of consolidation are eliminated.



IX. Schedule of shareholders' equity

Transaction costs

During the fiscal year an amount of EUR 259,000 (prior year: EUR 0) (after deferred taxation) was deducted directly from shareholders' equity (capital reserve) as transaction costs. Apart from the capital increase in cash the transaction costs of the shareholders' equity components of the convertible loan 2009/2014 were proportionally stated.

X. Segment reporting

The operating business activities of the Company, which were mainly focussed on Germany, included in the year under report primarily the projecting, construction and operation of wind farms and transformer stations for the generation of electricity, the service of wind power turbines and the search for shareholders' equity for wind power operating companies. In addition, an environmentally friendly production of electricity is also undertaken at economically sustainable conditions.

The internal organisation and management structure as well as the internal reporting to the Board of Management and the Supervisory Board form the basis for the determination of the segment reporting format of PNE WIND AG. As a result, a categorisation is made into the two sectors of projecting of wind power turbines, generation of electricity.

The business relationships between the companies of the PNE WIND Group are based in principle on prices, which are also agreed with third parties. The internal reporting, which is underlying the segment reporting is based exclusively on data of the IFRS accounting of the Group, which is explained in these consolidated financial statements. Both onshore as well as offshore wind power turbines are projected in accordance with a standardised process.

The business activities of the foreign units are in a project status where only future revenues can be expected; as a result the segmented revenues are earned geographically primarily in Germany.

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Long term assets are used regionally as follows:

EUR 000	2009	2008
Germany	99,470	65,950
Other countries	211	0
	99,681	65,950

In the segment of projecting of wind power turbines a major part of all the external sales are attributable in total to three customers with whom long term and sustainable business relationships are maintained. The electricity produced in the electricity generation segment is fed into the public network.

XI. Supplementary information

1. Contingent liabilities and other financial obligations

Contingent liabilities exist at the balance sheet date in connection with the granting of guarantees for:

All figures in EUR 000 [differences due to rounding possible]	31.12.2009	31.12.2008
Silbitz biomass power station	0	9,341
Various wind power projects	0	429
Other	3	3
	3	9,773

The contingent liabilities in respect of Silbitz are no longer shown as a result of the consolidation.

Contingent liabilities exist in the Group primarily due to the financial risks, which could also arise from the lawsuit issued against PNE WIND AG for the reversal of the sale of the shares in the Danish SSP Technology A/S. PNE WIND AG has been issued a lawsuit by SSP Technology Holding ApS, which acquired from PNE WIND AG its 67.26% participation in SSP Technology A/S in July 2008, after entering into a share purchase agreement concluded with Ventizz Ltd. The lawsuit pending at the District Court in Stade demands primarily the reversal of the sale of the majority shareholding in SSP Technology A/S, which was previously held by PNE WIND AG, whereby



apart from the repayment of the purchase price of approximately EUR 34.54 million, PNE WIND AG should also reimburse an additional EUR 19.74 million of other costs of the plaintiff, i.e. a total of EUR 54.28 million. The reasons for the claim being made are above all the apparent defects in the corporate planning for SSP Technology A/S which was presented at the time within the context of the contract negotiations. In the form of assistance the plaintiff is demanding through the lawsuit a payment of approximately EUR 8.64 million due to the apparent violation of a guarantee concerning the balance sheet of SSP Technology A/S, which was agreed in the share purchase agreement concluded in June 2008. The Board of Management of PNE WIND AG is of the firm opinion that the lawsuit is fully unfounded and that there are thus little chances of success. This corresponds also to the initial preliminary evaluation of the legal consultants and accountants who have been retained by PNE WIND AG. In accordance with the current status a provision with effect on the profit and loss account has been set up only for court expenses.

Other financial obligations exist from rental leasing contracts in the amount of EUR 937,000 (prior year: EUR 734,000). The maturities of the rental and leasing obligations were structured as follows:

Rental and leasing obligations	EUR 000
Remaining maturity of up to 1 year	524
Remaining maturity 1 - 5 years	413
Remaining maturity in excess of 5 years	0
	937

Moreover, there are obligations from order commitments for wind power turbines in the amount of EUR 38,245,000 (prior year: EUR 39,844,000). The obligations from order commitments are fully due within one year.

2. Significant events following the balance sheet date

On February 11, 2010 PNE WIND AG acquired the remaining 90% of the shares of Gode Wind I GmbH. The acquisition cost includes the purchase price of EUR 1. Since the shares of the former shareholder were pledged to the Royal Bank of Scotland N.V., Amsterdam, Netherlands (RBS), PNE WIND AG must still make further payments for their release.

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The assets and liabilities acquired as well as the effect on the profit and loss account are presented as follows in a preliminary manner:

Purchase price and possible future subsequent purchase price	EUR -9.7 million
Assets	EUR 3.5 million
Liabilities	EUR -0.6 million
Market value to be stated	EUR 17.1 million
Income from first consolidation (bargain price)	EUR 10.3 million

3. Assumptions of management concerning future developments and other valuation uncertainties

PNE WIND AG is currently working on six offshore wind farm projects which are in different stages of development. The project areas lie within the Exclusive Economic Zone (EEZ) of the Federal Republic of Germany in the North Sea. The development of these projects until they are ready for approval are connected with not inconsiderable expenses for numerous ecological tests as well as safety analyses. A permit from the Federal Office for Shipping and Hydrographics (BSH) in Hamburg is, however, not obtainable without this preliminary work. Also following the approval further cost-intensive investigations, for example of the sea-bed at the corresponding site of an offshore wind power turbine, are necessary for the preparation of the technical construction maturity of these projects. Should an offshore wind farm project not be able to be sold or realised this would have effects on the asset, financial and earnings situation of the Group. Should projects not be realised in which PNE WIND AG is active as a service provider for the project development, there is the risk that already agreed milestone payments will not be made. As a result these risks are being continuously assessed. They cannot be excluded completely. Nevertheless, the objectives formulated in the Renewable Energies Law (EEG) for the expansion of renewable energies in Germany as well as the multi-national planning for the construction of a high tension electricity network in the North Sea indicate the expectations for the comprehensive expansion of offshore wind power. The development plan for the EEZ in the North Sea, which was put in force by the Federal Government in September 2009 contributes further to the security of the planning. This increases the planning security for projects not yet approved by the BSH and strengthens the value of the projects already permitted.



4. Announcements in accordance with Article 21 Paragraph 1 Securities Trading Law (WpHG)

In accordance with the disclosure obligations as per Section 21 Paragraph 1 of the Securities Trading Law (WpHG) the following announcements were submitted to us, which were published in accordance with Section 26 Paragraph 1:

Announced by Financière de Champlain:

In accordance with Section 21 Paragraph 1 of the Securities Trading Law (WpHG) Financière de Champlain, Paris, France, announced to us that the share of Financière de Champlain in the voting shares of PNE WIND AG fell below the threshold of 3 percent on March 30, 2009 and amounted on this day to 2.81 percent of the voting shares (1,159,808 voting shares). *Cuxhaven, June 5, 2009*

Announced by Financiere de Champlain:

In accordance with Section 21 Paragraph 1 of the Securities Trading Law (WpHG) Financière de Champlain, Paris, France, announced to us that the share of Financière de Champlain in the voting shares of PNE WIND AG fell below the threshold of 3 percent on March 20, 2009 (not March 30, 2009) and amounted on this day to 2.81 percent of the voting shares (1,159,808 voting shares). *Cuxhaven, June 8, 2009*

Announced by Close Brothers Seydler Bank AG:

In accordance with Section 21 Paragraph 1 of the Securities Trading Law (WpHG) Close Brothers Seydler Bank AG, Frankfurt am Main, Germany informed us that the share of Close Brothers Seydler Bank AG in the voting rights of PNE WIND AG exceeded the thresholds of 3 percent and 5 percent on July 14, 2009 and amounted on this day to 7.3 percent (3,250,000 voting rights) of the voting rights. *Cuxhaven, July 21, 2009*

Announced by Close Brothers Seydler Bank AG:

In accordance with Section 21 Paragraph 1 of the Securities Trading Law (WpHG) Close Brothers Seydler Bank AG, Frankfurt am Main, Germany informed us that the share of Close Brothers Seydler Bank AG in the voting rights of PNE WIND AG fell below the thresholds of 3 percent and 5 percent on July 21, 2009 and amounted on this day to 0.0 percent (0 voting rights) of the voting rights. *Cuxhaven, July 21, 2009*

Announced by FMR LLC:

In accordance with Section 21 Paragraph 1 of the Securities Trading Law (WpHG) FMR LLC, Boston, Massachusetts, USA, informed us that the share of FMR LLC in the voting shares of PNE WIND AG had fallen below the threshold of 5 percent on August 27, 2009 and amounted on this day to 4.83 percent (2,152,081 voting rights) of the voting rights.

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In accordance with Section 22 (1) 1 No. 6 of the Security Trading Law (WpHG) in connection with Section 22 (1) 2 WpHG the voting rights in PNE WIND AG are allocable to FMR LLC.

The voting rights are allocable to FMR LLC through Fidelity Commonwealth Trust, which holds more than 3 percent of the voting rights in PNE WIND AG.

Cuxhaven, September 3, 2009

Announced by Fidelity Management & Research Company:

In accordance with Section 21 Paragraph 1 of the Securities Trading Law (WpHG) Fidelity Management & Research Company, Boston, Massachusetts, USA informed us that the share of Fidelity Management & Research Company in the voting shares of PNE WIND AG had fallen below the threshold of 5 percent on August 27, 2009 and amounted on this day to 4.83 percent (2,152,081 voting rights) of the voting rights.

In accordance with Section 22 (1) 1 No. 6 of the Security Trading Law (WpHG) in connection with Section 22 (1) 2 WpHG the voting rights in PNE WIND AG are allocable to Fidelity Management & Research Company.

The voting rights are allocable to Fidelity Management & Research Company through Fidelity Commonwealth Trust, which holds more than 3 percent of the voting rights in PNE WIND AG.

Cuxhaven, September 3, 2009

Announced by Fidelity Commonwealth Trust:

In accordance with Section 21 Paragraph 1 of the Securities Trading Law (WpHG) Fidelity Commonwealth Trust, Boston, Massachusetts, USA informed us that the share of Fidelity Management & Research Company in the voting shares of PNE WIND AG had fallen below the threshold of 5 percent on August 27, 2009 and amounted on this day to 4.83 percent (2,152,081 voting rights) of the voting rights.

Cuxhaven, , September 3, 2009

Announced by FMR LLC:

In accordance with Section 21 Paragraph 1 of the Securities Trading Law (WpHG) FMR LLC, Boston, Massachusetts, USA, informed us that the share of FMR LLC in the voting shares of PNE WIND AG had fallen below the threshold of 3 percent on August 27, 2009 and amounted on this day to 2.93 percent (1,306,371 voting rights) of the voting rights.

In accordance with Section 22 (1) 1 No. 6 of the Security Trading Law (WpHG) in connection with Section 22 (1) 2 WpHG the voting rights in PNE WIND AG are allocable to FMR LLC.

Cuxhaven, October 2, 2009



Announced by Fidelity Management & Research Company:

In accordance with Section 21 Paragraph 1 of the Securities Trading Law (WpHG) Fidelity Management & Research Company, Boston, Massachusetts, USA, informed us that the share of Fidelity Management & Research Company in the voting shares of PNE WIND AG had fallen below the threshold of 3 percent on September 28, 2009 and amounted on this day to 2.93 percent (1,306,371 voting rights) of the voting rights.

The voting rights are allocable to Fidelity Management & Research Company Trust, which holds more than 3 percent of the voting rights in PNE WIND AG.

Cuxhaven, October 6, 2009

Announced by Fidelity Commonwealth Trust:

In accordance with Section 21 Paragraph 1 of the Securities Trading Law (WpHG) Fidelity Commonwealth Trust, Boston, Massachusetts, USA, informed us that the share of Fidelity Commonwealth Trust in the voting shares of PNE WIND AG had fallen below the threshold of 3 percent on August 27, 2009 and amounted on this day to 2.93 percent (1,306,371 voting rights) of the voting rights.

Cuxhaven, October 6, 2009

5. Relationships to related companies and persons

With regard to the financial statements of PNE WIND AG and its subsidiaries included in the consolidated financial statements please consult the schedule of participations.

During the fiscal year 2009 there were the following transactions with related persons.

- PNE WIND AG and PNE WIND Betriebs und- Beteiligungsgesellschaft GmbH have concluded consulting contracts for the provision of EDP services with net. curity InformationsTechnologien GmbH, whose managing shareholder, Mr. Rafael Vazquez Gonzalez, is a member of the Supervisory Board. During the fiscal year 2008 there were transactions in an amount of EUR 149,000 net as well as EUR 42,000 respectively. These business transactions took place on an arm's length basis.

The Company had granted an interest-bearing loan (EUR 175,000) to the Chairman of the Board of Management, Mr. Martin Billhardt. The loan bore interest at a rate of 3 percent over 3 months Euribor. Mr. Martin Billhardt repaid his loan including interest during the period under report. This business transaction took place on an arm's length basis.

Consolidated financial statements

Notes to the consolidated financial statements

The remuneration and the ownership of shares of the Supervisory Board and the Board of Management are explained under Section XII.6.

6. Information on the Supervisory Board and the Board of Management

Supervisory Board

Mr. Dieter K. Kuprian, Berlin, banker (Chairman)

Mr. Dr. Peter Fischer, Cuxhaven, management consultant, (Deputy Chairman)

Mr. Horst Kunkel, Bietigheim, businessman

Professor Reza Abhari, Zürich, Switzerland, university professor

Mr. Alfred Mehrtens, Cuxhaven, farmer

Mr. Rafael Vazquez Gonzalez, Cuxhaven, businessman

Mr. Dieter K. Kuprian is or was a member of the Supervisory Board or a member of another controlling body of the following companies within the meaning of Section 125 Paragraph 1 Sentence 3 of the German Stock Corporation Act (AktG):

ERLAU AG, Aalen/Unterkochen

Intersoft Consulting Services GmbH, Hamburg

RUD Ketten Rieger & Dietz GmbH & Co. KG, Aalen

Mr. Horst Kunkel is or was a member of the supervisory board or a member of another controlling body of the following companies within the meaning of Section 125 Paragraph 1 Sentence 3 of the German Stock Corporation Act (AktG):

Betz Holding GmbH & Co. KG, Reutlingen

Albatros Industrieprodukte GmbH & Co. KG, Berlin

Röcker Verwaltungsgesellschaft mbH, Woringen

Professor Dr. Reza Abhari is and was a member of the supervisory board or a member of another controlling body of the following companies within the meaning of Section 125 Paragraph 1 Sentence 3 of the German Stock Corporation Act (AktG):

First Climate AG, Schweiz

During the fiscal year 2009 the fixed remuneration of the Supervisory Board amounted to EUR 202,500 (prior year: EUR 113,000). The Chairman receives EUR 14,000, the Deputy Chairman EUR 10,500 and the other members of the Supervisory Board EUR 7,000 as fixed compensation. Moreover, each member of the Supervisory Board received EUR 2,500 per meeting. Variable remuneration was paid or provisions set up during the period under report in the amount of EUR 165,000 (prior year:



EUR 67,000). During the fiscal year 2009 the total remuneration of the Supervisory Board amounted to EUR 367,500 (prior year; EUR 180,000). Furthermore, the Company bears the costs of a directors and officers (D&O) insurance for all members of the Supervisory Board.

Of the members of the Supervisory Board of the Company Mr. Alfred Mehrstens held as at December 31, 2009, 346 shares of the Company.

Board of Management

Herr Martin Billhardt, Cuxhaven (Chairman of the Board of Management)
Herr Bernd Paulsen, Fahrdorf

Mr. Martin Billhardt is and was a member of the supervisory board or a member of another controlling body of the following companies within the meaning of Section 125 Paragraph 1 Sentence 3 of the German Stock Corporation Act (AktG):

PNE Biomasse AG, Cuxhaven
Deutsche Rohstoff AG, Heidelberg

The members of the Board of Management received for their activities during the fiscal year 2009 total remuneration in the amount of EUR 1,170,000 (prior year: EUR 2,109,000), which was broken down as follows:

All figures in EUR 000 (differences from rounding off possible)	Fixed salary	Variable salary	Other remun- eration salary	Total remun- eration
	2009	2009	2009	2009
Martin Billhardt	289	390	108	787
Bernd Paulsen	183	150	50	383
	472	540	158	1,170

Furthermore, the Company bears the costs of a directors and officers (D&O) insurance for all members of the Board of management.

With regard to the members of the Board of Management 30,000 shares were allocable to Mr. Martin Billhardt as at December 31, 2009; furthermore Mr. Bernd Paulsen held 2,500 shares of the Company.

Additional information for German parent companies in the consolidated financial statements as per IFRS in accordance with Section 315a of the German Commercial Code (HGB

Consolidated financial statements

Notes to the consolidated financial statements

7. Group auditors' fees

During the fiscal year the following expenses were incurred with regard to auditors' fees:

Audit of financial statements (individual and consolidated financial statements)	EUR 167,000
Other auditing and valuation services	EUR 12,000
Other consulting services	EUR 31,000

8. German Corporate Governance Code

The Corporate Governance Code is a legal guideline for the controlling and supervision of stock market listed companies in Germany. It combines internationally as well as nationally recognised standards for responsible management. The objective of the guideline is to promote the confidence of investors, customers, employees and the public in German management.

In accordance with Section 161 AktG the Board of Management and the Supervisory Board have issued the declaration of compliance and made this generally accessible in the internet.

In accordance with Section 161 of the German Stock Corporation Act (AktG) the Board of Management declared on October 26, 2009 and the Supervisory Board of PNE WIND AG on December 07, 2009 that the Corporate Governance Code had been complied with except for the following regulations:

1. that no long term variable remuneration elements exist in 2009 with regard to the remuneration of the Board of Management (Regulation 4.2.3);
2. that no compensation CAP exists in the event of premature termination of a Board of Management contract without a particular reason (Regulation 4.2.3);
3. that a D&O insurance should be agreed with an appropriate deductible (Regulation 3.8).

The Board of Management and the Supervisory Board furthermore declare in accordance with Section 161 AktG that the Corporate Governance Code will also be complied with during the fiscal year 2010 with the exception of the above-mentioned regulations.



The declaration of compliance is attributable to the German Corporate Governance Code in its version of June 18, 2009.

The Corporate Governance report is included in the annual report and on the homepage of PNE WIND AG under www.pne.com in the Investor Relations section under Corporate Governance.

9. Information on employees

Average annual number of employees

	2009	2008
Wage-earning employees	15	69
Salaried employees	98	91
Executives (excluding Board of Management of PNEWIND AG)	18	21
	131	181

Cuxhaven, March 10, 2010

PNE WIND AG

Martin Billhardt
Chairman of the Board of Management

Bernd Paulsen
Member of the Board of Management

Consolidated financial statements

Auditors' Report

We have audited the consolidated financial statements prepared by PNE WIND AG, Cuxhaven, – comprising the statement of financial position, the statement of comprehensive income, the cash flow statement, the statement of changes in equity, the notes to the consolidated financial statements and the segment reporting – and the report on the position of the Company and the Group for the business year from 1 January to 31 December 2009. The preparation of the consolidated financial statements and the combined group management report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB are the responsibility of the Parent Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB („German Commercial Code“) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.



In our opinion, based on the findings of our audit, the consolidated financial statements of PNE WIND AG, Cuxhaven, comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, March 10 2010

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Reiher
Wirtschaftsprüfer
[German Public Auditor]

ppa. Feldhaus
Wirtschaftsprüfer
[German Public Auditor]



Statement made by the legal representatives



To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

PNE WIND AG, The Board of Management

A handwritten signature in black ink, appearing to read 'Billhardt', written in a cursive style.

Martin Billhardt

A handwritten signature in black ink, appearing to read 'Paulsen', written in a cursive style.

Bernd Paulsen



A fresh breeze for sustainable power supply

"Exchanging old wind energy turbines for new, high-performance systems – the so-called Repowering – can lead to an increase in the efficiency of wind power. We have already stepped on the field."

Roland Stanze, General Manager Business Development

Financial statements of the AG



Financial statements of the AG

Profit and loss account (HGB) of PNE WIND AG, Cuxhaven,
for the period from January 1 to December 31, 2009



All figures in EUR 000 (differences from rounding off possible)		
	2009	2008
1. Revenues	185,912,688.66	12,836
2. Decrease/Increase in work in process	-54,454,584.75	45,449
3. Other operating income	8,377,029.77	1,806
4. Total aggregate output	139,835,133.68	60,091
5. Cost of purchased materials		
a) Cost of raw materials, supplies and purchased materials	-96,714,496.16	-44,266
b) Cost of purchased services	-26,406,090.37	-13,759
	-123,120,586.53	-58,025
6. Personnel expenses		
a) Wages and salaries	-6,134,200.75	-5,192
b) Social security contributions	-641,474.79	-540
	-6,775,675.54	-5,732
7. Amortisation and depreciation of intangible assets and items of property, plant and equipment	-717,498.25	-629
8. Other operating expenses	-6,302,067.08	-7,393
9. Operating result	2,919,306.28	-11,688
10. Income from participations	8,000.00	26,775
11. Other interest and similar income	718,389.82	1,835
12. Amortisation of financial assets	0.00	650
13. Interest and similar expenses	-912,128.18	-2,160
14. Profit from ordinary operations	2,733,567.92	14,112
15. Extraordinary income	0.00	27,255
16. Extraordinary expenses	-358,749.04	-28,638
17. Extraordinary result	-358,749.04	-1,383
18. Taxes on income (prior year: taxes on income reimbursed)	242.72	-1,630
19. Other taxes	-49,351.03	-124
20. Net income	2,325,710.57	10,975
21. Increase in participation certificate capital	-409,874.30	-490
22. Loss carried forward	-10,573,295.10	-21,058
23. Transfer from the capital reserve	8,657,458.83	0
24. Retained loss	0.00	-10,573
Earnings per share (undiluted)	0.05 €	0.27 €
Average number of shares in circulation (undiluted) (in thousands)	42,761	41,257
Earnings per share (diluted)	0.05 €	0.26 €
Average number of shares in circulation (diluted) (in thousands)	42,761	46,393

Financial statements of the AG

Balance sheet (HGB) of PNE WIND AG, Cuxhaven, as at December 31, 2009

Assets			
All figures in EUR 000			
(differences from rounding off possible)		2009	2008
A. Fixed assets			
I.	Intangible assets		
	Franchises, trademarks, licences and other similar rights as well as licences from such rights	228,105.06	70
		228,105.06	70
II.	Property, plant and equipment		
	1. Land and buildings including buildings on third-party land	14,498,064.36	15,034
	2. Technical equipment and machinery	123,673.50	119
	3. Other plant and machinery, fixtures and fittings	651,389.57	364
		15,273,127.43	15,517
III.	Financial assets		
	1. Participations in associate companies	16,897,114.38	16,897
	2. Participations	375,000.66	2,422
	3. Other loans	800,305.32	771
		18,072,420.36	20,090
	Total fixed assets	33,573,652.85	35,677
B. Current assets			
I.	Inventories		
	1. Work in process	9,283,311.67	63,738
	2. Finished goods	2,739.16	5
	3. Prepayments	4,734,762.50	74,848
		14,020,813.33	138,591
II.	Receivables and other assets		
	1. Trade receivables	1,045,576.50	1,353
	2. Receivables from associated companies	7,048,350.23	8,070
	3. Receivables from participations	63,440.64	2,545
	4. Other assets	617,991.98	2,986
		8,775,359.35	14,954
III.	Cash on hand and cash in banks	39,176,960.92	22,780
	Total current assets	61,973,133.60	176,325
C. Deferred charges		123,611.12	355
Total assets		95,670,397.57	212,357



Liabilities		
All figures in EUR 000		
<i>(differences from rounding off possible)</i>		
	2009	2008
A. Shareholders' equity		
I. Capital subscribed	44,524,966.00	41,267
Conditional capital EUR 13,460,000.00		
II. Capital reserves	17,482,543.88	23,194
III. Retained losses	0.00	-10,573
IV. Participation certificate capital	899,500.00	490
Total shareholders' equity	62,907,009.88	54,378
B. Special items for investment grants	1,230,925.58	1,346
C. Provisions		
1. Provision for taxes	1,906,143.39	2,042
2. Other taxes	7,840,996.44	7,357
	9,747,139.83	9,399
D. Liabilities		
1. Bonds	3,850,000.00	16,480
2. Liabilities to banks	6,533,475.34	8,723
3. Prepayments received on orders	1,708,000.00	110,808
4. Trade payables	2,181,244.80	8,378
5. Liabilities to associated companies	564,137.21	1,279
6. Liabilities to participations	3,000.00	0
7. Other liabilities	6,816,783.93	1,430
Total liabilities	21,656,641.28	147,098
E. Deferred income	128,681.00	136
Total liabilities and shareholders' equity	95,670,397.57	212,357

Financial statements of the AG

Statement of cash flows (HGB) of PNE WIND AG, Cuxhaven, for the period from January 1 to December 31, 2009

All figures in EUR 000 (differences from rounding off possible)	2009	2008
Net income	2,325	10,975
+ Amortisation and depreciation of intangible assets and items of property, plant and equipment	717	629
+ Amortisation of financial assets	0	650
+ Increase in provisions	348	1,844
+/- Other non-cash effective expenses and income	0	-158
- Gain from the disposal of fixed assets	-5,750	-25,000
+/- Decrease / increase of inventories and other assets	130,643	-106,584
+ Increase in trade receivables	307	2,337
-/+ Decrease / Increase in trade payables and other liabilities	-110,743	100,430
Cash flow from operating activities	17,847	-14,877
+ Inflow of funds from disposal of items of property, plant and equipment	105	23
- Outflow of funds for investments in intangible assets and property, plant and equipment	-824	-923
+ Inflow of funds from the disposal of financial assets	8,000	31,750
- Outflow of funds for investments in financial assets	-115	-1,790
Cash flow from investing activities	7,166	29,060
+ Inflow of funds from additions to shareholders' equity	6,203	0
+ Inflow of funds from issue of bonds	3,850	0
+ Inflow of funds from financial loans	0	762
- Outflow of funds from the repayment of bonds	-16,480	-3,180
- Outflow of funds from the repayment of financial loans	-2,189	-539
Cash flow from financing activities	-8,616	-2,957
Cash effective change in liquid funds (≤ 3 months)	16,397	11,226
+ Liquid funds (≤ 3 months) as at the beginning of the period	22,780	11,554
Liquid funds (≤ 3 months) as at the end of the period	39,177	22,780

Supplementary note: the value of the liquid funds as at 31,12 corresponds to the balance sheet item "cash on hand and cash in banks, etc."

Financial statements of the AG

Development of shareholders' equity (HGB) of PNE WIND AG,
Cuxhaven, for the fiscal year from January 1 to December 31, 2009



	Capital subscribed	Capital reserve	Participation certificate capital	Retained earnings / loss	Total shareholders equity
	Euro	Euro	Euro	Euro	Euro
Status as at January 1, 2008	41,246,677.00	23,137,209.21	1.00	-21,058,531.02	43,325,356.19
Convertible bond 2004/2009	20,691.00	56,899.00	0.00	0.00	77,590.00
Increase of participation certificate capital	0.00	0.00	489,624.70	-489,624.70	0.00
Capital increase in cash	0.00	0.00	0.00	0.00	0.00
Net income 2008	0.00	0.00	0.00	10,974,860.62	10,974,860.62
Status as at December 31, 2008	41,267,368.00	23,194,108.21	489,625.70	-10,573,295.10	54,377,806.81
Convertible bond 2004/2009	7,598.00	20,894.50	0.00	0.00	28,492.50
Increase of participation certificate capital	0.00	0.00	409,874.30	-409,874.30	0.00
Capital increase in cash	3,250,000.00	2,925,000.00	0.00	0.00	6,175,000.00
Transfer from the capital reserve	0.00	-8,657,458.83	0.00	8,657,458.83	0.00
Net income 2009	0.00	0.00	0.00	2,325,710.57	2,325,710.57
Status as at December 31, 2009	44,524,966.00	17,482,543.88	899,500.00	0.00	62,907,009.88

Financial statements of the AG

Schedule of fixed assets (HGB) of PNE WIND AG, Cuxhaven, for the fiscal year 2009

	Acquisition and manufacturing cost				
	Status as at 1.1.2009	Additions	Reclassifi- cations	Disposals	Status as at 31.12.2009
	EUR	EUR	EUR	EUR	EUR
I. Intangible assets					
Franchises, trademarks and similar rights as well as licences to such rights	257,674.85	208,086.50	0.00	64,663.22	401,098.13
	257,674.85	208,086.50	0.00	64,663.22	401,098.13
II. Property, plant and equipment					
1. Land and buildings including buildings on third party land"	17,801,397.07	126,347.67	0.00	197,579.19	17,730,165.55
2. Technical equipment and machinery	172,784.67	14,470.00	-30.00	0.00	187,224.67
3. Other plant and machinery, fixtures and fittings	1,922,068.23	475,210.10	0.00	759,935.63	1,637,342.70
4. Prepayments and plant under construction	9,350.00	0.00	0.00	0.00	9,350.00
	19,905,599.97	616,027.77	-30.00	957,514.82	19,564,082.92
III. Financial assets					
1. Shares in associated companies	19,133,364.38	0.00	0.00	162,941.24	18,970,423.14
2. Participations	2,422,000.66	115,500.00	0.00	2,162,500.00	375,000.66
3. Other loans	770,697.49	29,607.83	0.00	0.00	800,305.32
	22,326,062.53	145,107.83	0.00	2,325,441.24	20,145,729.12
	42,489,337.35	969,222.10	-30.00	3,347,619.28	40,110,910.17



Accumulated amortisation and depreciation					Book values	
Status as at 1.1.2009	Additions	Reclassifi- cations	Disposals	Status as at 31.12.2009	Status as at 31.12.2009	Status as at 31.12.2008
EUR	EUR	EUR	EUR	EUR	EUR	EUR
187,640.80	49,092.92	0.00	63,740.65	172,993.07	228,105.06	70,034.05
187,640.80	49,092.92	0.00	63,740.65	172,993.07	228,105.06	70,034.05
2,767,579.50	488,047.43	0.00	23,525.74	3,232,101.19	14,498,064.36	15,033,817.57
53,388.97	10,192.20	-30.00	0.00	63,551.17	123,673.50	119,395.70
1,557,660.98	170,165.70	0.00	741,873.55	985,953.13	651,389.57	364,407.25
9,350.00	0.00	0.00	0.00	9,350.00	0.00	0.00
4,387,979.45	668,405.33	-30.00	765,399.29	4,290,955.49	15,273,127.43	15,517,620.52
2,236,250.00	0.00	0.00	162,941.24	2,073,308.76	16,897,114.38	16,897,114.38
0.00	0.00	0.00	0.00	0.00	375,000.66	2,422,000.66
0.00	0.00	0.00	0.00	0.00	800,305.32	770,697.49
2,236,250.00	0.00	0.00	162,941.24	2,073,308.76	18,072,420.36	20,089,812.53
6,811,870.25	717,498.25	-30.00	992,081.18	6,537,257.32	33,573,652.85	35,677,467.10

Financial statements of the AG

Schedule of liabilities (HGB) of PNE WIND AG, Cuxhaven, as at December 31, 2009

Type of liabilities	Maturities				Total amount
	Up to one year	One to five years	More than five years		
	EUR	EUR	EUR	EUR	
1. Bonds	0.00 (-16,480,437.50)	3,850,000.00 0.00	0.00 0.00	3,850,000.00 (-16,480,437.50)	
2. Liabilities to banks	1,639,568.90 (504,762.67)	1,407,210.34 (2,203,492.82)	3,486,696.10 (6,014,541.89)	6,533,475.34 (8,722,797.38)	
3. Prepayments received on orders	1,708,000.00 (110,807,761.66)	0.00 (0.00)	0.00 (0.00)	1,708,000.00 (110,807,761.66)	
4. Trade liabilities	2,181,244.80 (8,378,340.99)	0.00 (0.00)	0.00 (0.00)	2,181,244.80 (8,378,340.99)	
5. Liabilities to participations	564,137.21 (1,279,012.65)	0.00 (0.00)	0.00 (0.00)	564,137.21 (1,279,012.65)	
6. Liabilities to associated companies	3,000.00 (0.00)	0.00 (0.00)	0.00 (0.00)	3,000.00 (0.00)	
7. Other liabilities	6,816,783.93 (1,430,053.10)	0.00 (0.00)	0.00 (0.00)	6,816,783.93 (1,430,053.10)	
of which from taxes: EUR 76,878.89 (prior year: EUR 66,000)					
of which for social security EUR 0,00 (prior year: EUR 0.00)					
Total	12,912,734.84 (138,880,368.57)	5,257,210.34 (2,203,492.82)	3,486,696.10 (6,014,541.89)	21,656,641.28 (147,098,403.28)	



Securities

None

1. Registered mortgage of EUR 10,007,000 on the property at Peter-Henlein-Str. 2-4, Cuxhaven.
As at 31.12.2009 EUR 5,997,000 had been drawn down
2. Assignment of the rental income from the property at Peter-Henlein-Str. 2-4, Cuxhaven.
3. Registered mortgage of EUR 1,100,000 on the property at Humphry-Davy-Str. 1, Cuxhaven.
As at 31.12.2009 EUR 536,000 had been drawn down

None

As is usual in the branch, retention of title exists with regard to items delivered.

None

None

Pledge of limited partnership shares for the granting of a loan of € 6,617,000 within the context of the sale of onshore projects.

Financial statements of the AG

Auditors' Report

We have audited the annual financial statements – comprising the balance sheet, the income statement and the notes to the financial statements – together with the bookkeeping system, and the report on the position of the Company and the Group of PNE WIND AG, Cuxhaven, for the business year from 1 January to 31 December 2009. The maintenance of the books and records and the preparation of annual financial statements and combined management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and on the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB („German Commercial Code“) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements of PNE WIND AG, Cuxhaven, comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Hamburg, March 10, 2010

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Reiher	ppa. Feldhaus
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Statement made by the legal representatives



To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of PNE WIND AG, and the management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

PNE WIND AG, The Board of Management

A handwritten signature in black ink, appearing to read 'Billhardt', written over a horizontal line.

Martin Billhardt

A handwritten signature in black ink, appearing to read 'Paulsen', written over a horizontal line.

Bernd Paulsen

Glossary

BSH:	Abbreviation for Federal Office for Shipping and Hydrographics in Hamburg
EEG:	Renewable Energies Law, which defines the type and scope of the promotion of regenerative energy
HGB:	German Commercial Code, which defines the German accounting principles; decisive for the capability for the distribution of dividends for stock market listed companies in Germany
International Financial Reporting Standards (IFRS):	International Financial Reporting Standards, the objective of which is the comparability of financial statements of (mainly stock market listed) companies
IPP	Independent Power Producer
Joint Venture:	Joint enterprise owned by two or more companies
Limited partner:	Partner in a limited partnership (KG), who is liable up to the limit of his capital contribution, in contrast with the general partner
Megawatt:	One million watts (physical unit for the performance, corresponds to work per time)
Offshore:	Off the coast, on the sea
Onshore:	On land
Prime Standard:	Stock market segment of the Frankfurt Stock Exchange with the highest transparency standards
Repowering:	Exchange of older wind power turbines with new modern and thus more efficient equipment
Convertible bond:	Interest-bearing security, which gives the bearer the right to convert during a conversion period into shares at a previously determined ratio
Wind frequency:	Expression for the wind strength in a region Expression for the wind strength in a region



PNE WIND AG

Peter-Henlein-Straße 2-4
27472 Cuxhaven
Germany

Telephone: + 49 (0) 47 21-718-06
Fax: + 49 (0) 47 21-718-444
E-Mail: info@pnewind.com

www.pnewind.com

Board of Management: Martin Billhardt (Chairman), Bernd Paulsen
Court of registry: Tostedt
Registered number: HRB 110360

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Editing, typesetting and layout:
cometis AG
Unter den Eichen 7
65195 Wiesbaden

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This annual report includes statements concerning the future, which are subject to risks and uncertainties. They are estimations of the Board of Management of PNE WIND AG and reflect their current views with regard to future events. Such expressions concerning forecasts can be recognised with terms such as “expect”, “estimate”, “intend”, “can”, “will” and similar terms relating to the Company. Factors, which can have an effect or influence are, for example (without all being included): the development of the wind power market, competitive influences including price changes, regulatory measures and risks with the integration of newly acquired companies and participations. Should these or other risks and uncertainty factors take effect or should the assumptions underlying the forecasts prove to be incorrect, the results of PNE WIND AG could vary from those, which are expressed or implied in these forecasts. The Company assumes no obligation to update such expressions or forecasts.





PNE WIND AG
Peter-Henlein-Straße 2-4
27472 Cuxhaven
Germany

Telephone: + 49 (0) 47 21-718-06
Fax: + 49 (0) 47 21-718-444
E-Mail: info@pnewind.com
www.pnewind.com