

PNE WIND AG

Annual Report 2010



At a glance

Brief profile

- PNE WIND AG with registered office in Cuxhaven plans and realises wind farm projects both on the high seas (offshore) as well as on land (onshore)
- Key competence: Development, projecting, realisation, financing and also repowering of wind farms as well as their operation and sale with subsequent service
- 2010 focus on the achievement of construction maturity for the "Gode Wind II" offshore wind farm as well as the construction and completion of four onshore wind farms in Germany
- Since establishment in 1995 construction of 97 onshore wind farms with 563 wind power turbines (total nominal output: 804 MW), of which two successful repowering projects
- Offshore business and repowering will be the growth drivers in the long established German home market during the next few years
- Expansion of value added through selective operation of own wind farms as an independent power producer (IPP)
- Strong expansion in selected target markets and development of employee infrastructure abroad
- With these many years of success, PNE WIND AG is one of the most experienced wind power projectors worldwide!

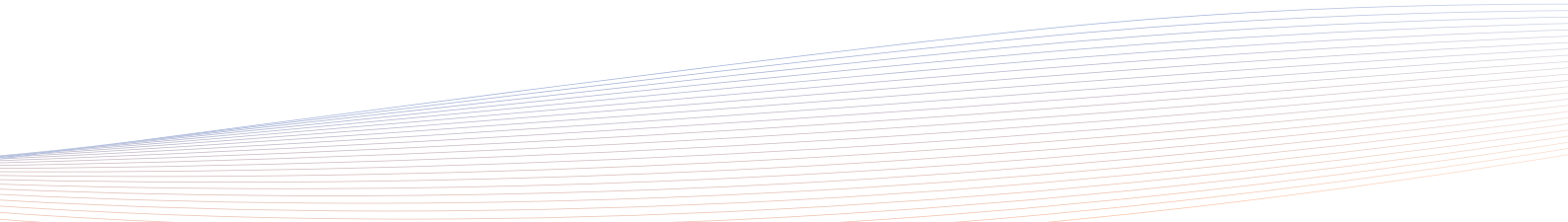
PNE WIND AG – Consolidated key data

in million EUR	2010	2009	2008
Total aggregate output	80.0	133.6	112.5
Revenues	65.6	137.3	74.6
Earnings before interest and taxes (EBIT)	9.5	14.7	23.5
Earnings before taxes (EBT)	5.4	9.9	19.7
Consolidated net income	7.9	10.1	17.1
Equity	81.7	70.5	54.6
Equity ratio (in %)	40.8	40.0	20.6
Balance sheet total	200.2	176.4	265.8

Stock market data	
WKN	A0JBPG
ISIN	DE000A0JBPG2
Number of shares as at December 31, 2010	45,775,826
Market capitalisation as at March 4, 2011	EUR 79.42 million
Free Float	100%
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

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An aerial photograph of a large offshore supply vessel, identified by the number 'WB 5' on its red hull. The vessel is positioned in the lower right quadrant of the frame, moving through dark blue water. On its deck, a large white wind turbine blade with red and white segments is being transported. The deck is cluttered with various pieces of equipment, including yellow and blue containers, and several crew members can be seen working. The background is a vast expanse of dark blue ocean under a clear sky.

Full speed ahead with offshore wind power

„PNE Wind AG is currently working on six of its own offshore projects, of which two have already been approved by the BSH. On the basis of this product pipeline we see extremely great growth potential for our Company.“

Martin Billhardt, Chairman of the Board of Management



PNE WIND AG close-up

Highlights 2010

"Gode Wind I" again completely in the ownership of PNE WIND AG

- Repurchase of 90% of the shares from the previous project partner
- Excellent positioning in the offshore sector, since "Gode Wind I" has already been approved by the BSH (Federal Office of Shipping and Hydrographics)
- Due to the direct proximity to "Gode Wind II" synergies can be used during the future realisation of the project

Project pipeline assured in the offshore wind power market segment

Positive result published for the fiscal year 2009

- Achievement of EBIT of euro 14.7 million and net income of euro 10.1 million
- Forecast 2010 to 2012: cumulative EBIT of euro 42 to 54 million
- Result will be influenced positively by the sale of shares in two offshore wind farm projects to DONG Energy Power
- Successful development impacted by completion of onshore wind farms with a total nominal output of 121.8 MW and the sale to EnBW Energie Baden-Württemberg

Offshore business strengthens development of PNE WIND AG

Development of the offshore wind farms is progressing

- Energy Bankers in Paris (now "Green Giraffe Energy Bankers") was given a mandate as financial advisor for "Gode Wind II", in order to support PNE WIND AG in respect of the acquisition of the third party portion of the project financing
- Start of the necessary seabed foundations inspection of the sites of all the planned 84 wind power turbines as well as the transformer station of the "Gode Wind II" offshore wind farm

Offshore gives dynamic thrust to PNE WIND AG

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Setting the course for the future of the Company

- PNE WIND AG issues a convertible bond and undertakes a capital increase
- The financial investor, Luxempart S.A., announces a 15% participation through subscribing to the capital increase and convertible bond
- EBIT of euro 10.2 million in the first quarter 2010 (prior year: euro 7.2 million)
- Positive influence on the development of the results in the first quarter 2010 from the consolidation of the "Gode Wind I" offshore wind farm project
- Completion of "Görike" onshore wind farm in Brandenburg and delivery to EnBW Erneuerbare Energien GmbH
- Engagement of partners for the technical development and financing of the "Gode Wind II" offshore wind farm

Key investor strengthens corporate foundation

Expansion of international business activity

- Successful placement of the convertible bond and capital increase assures financing of further growth: gross issue proceeds of euro 28.5 million
- Additional joint venture agreed in Bulgaria

Financing assured for future growth

Progress both onshore and offshore

- Successful completion of the seabed foundations investigation for the "Gode Wind II" offshore wind farm
- Start of the realisation of "Gode Wind II" expected for 2012
- "Schulenburg" onshore wind farm completed and delivered to EnBW Erneuerbare Energien GmbH

Excellent positioning in the offshore segment

Successful half year and second repowering

- EBIT of euro 8.2 million achieved (after euro 8.0 million in the prior year period)
- Board of Management confirms forecast that cumulative EBIT for 2010 to 2012 would amount at least to between euro 42 to 54 million
- Decisive progress with the realisation of "Gode Wind II" and strengthened financial and equity basis form the solid foundation for further expansion both at home and abroad
- Change in the Supervisory Board: Horst Kunkel and Alfred Mehrtens resign from their positions and are replaced with Alain Huberty and Jacquot Schwertzer, both from Luxempart S.A.
- Second repowering successfully completed with the "Görike" onshore wind farm

Achievement of targets at half year and strong starting position taken in the repowering sector

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Implementation of the operating business on schedule

- "Elze" onshore wind farm completed and delivered to EnBW in accordance with contract
- Successful continuation of the cooperation with EnBW Erneuerbare Energien GmbH

Onshore wind farms are developed reliably

Successful business development in onshore and offshore sectors

- Operating business influenced by successfully completed onshore wind farm projects, which were delivered to EnBW Erneuerbare Energien GmbH
- PNE WIND AG takes over the operating management of these wind farms for ten years
- "Oldendorf" onshore wind farm completed and delivered to the purchaser, EnBW, in accordance with the contract

PNE WIND AG continues to have strong tail wind



Martin Billhardt
Chairman of the Board of Management PNE WIND AG

Foreword

Dear Shareholders,

What were the major developments during 2010? We have continuously completed wind farms in Germany (onshore) and delivered them to the purchaser and abroad we have progressed substantially with the development of the first wind farms; in the offshore sector the construction maturity of the "Gode Wind II" wind farm is close to being achieved.

During the fiscal year 2010 we continued to be active successfully in the onshore sector; we completed and delivered to the purchasers wind farms with a combined total output of 32 MW and were also able to prove our expertise yet again as a result of a successful repowering. Furthermore we were able to prove in the case of numerous wind farms the required qualifications for systems services and thus assure the related bonus.

In addition, in spite of a difficult market environment, the successful implementation of capital measures assured us of an important key investor with Luxempart S.A. and guaranteed the future financing of growth through the placement of a capital increase and a convertible bond with a total volume of euro 28.5 million. As a result we consider ourselves to be in an excellent starting position in the future in our core business of onshore and offshore wind farm projecting, in order to exploit optimally the further growth of the sector which is forecasted by the experts.

The fiscal year 2010 was also characterised for us by the further development of our offshore projects. At the beginning of the year we were thus able to repurchase 90% of the shares in PNE Gode Wind I GmbH which did not belong to us beforehand. As a result, all the project rights in "Gode Wind I" are now again in the hands of PNE WIND AG. This offshore wind

farm is directly adjacent to "Gode Wind II" where we are currently working intensively to attain construction maturity and in which respect we have already undertaken decisive steps in respect of its realisation. In both projects together up to 161 offshore wind power turbines can be erected. Furthermore, we continue to be active as a service provider for the Danish power supplier, DONG Energy, with regard to the development of two offshore wind farms, which, like our own approved projects, are situated at a first-class site off the German coast in the North Sea.

In July we were able to successfully complete the necessary investigation of the seabed foundations of "Gode Wind II". The sites of all the 84 wind power turbines as well as the transformer station were investigated. In this connection we completed 84 pressure probes with an average depth of 48 metres as well as 11 additional drillings to obtain soil samples. In addition, we were able during the past year to gain important partners for the technical implementation, including DRAKA Norsk Kabel AS, ALSTOM Grid GmbH (formerly AREVA Energietechnik GmbH) and K2 Management A/S. Furthermore PNE WIND AG concluded important cooperation agreements with Green Giraffe Energy Bankers (formally Energy Bankers à Paris) as well as Augusta & Co. for the financing of the third party and equity portions of "Gode Wind II". We are thus confident that we shall register additional positive developments in this project within the first half year 2011.

We are also very satisfied with the current cooperation with customers such as DONG Energy in respect of our offshore activities and with EnBW Erneuerbare Energien GmbH with regard to our onshore wind farms. We were

thus able to deliver an additional four wind farms to EnBW in accordance with the contract. Moreover, we shall take over the operation of the wind farms for the next ten years on behalf of the purchaser. The "Görike" wind farm is one of these successful projects, which has been sold. With this project PNE WIND AG was for a second time able to implement successfully a repowering. This emphasises that our expertise can be transferred as required by the market to all segments of wind farm projecting. Experts see great potential in Germany in this segment during the next few years and PNE WIND AG with two successful reference projects is in an extremely good position.

The major basis for the success of PNE WIND AG is our personnel with its outstanding expertise. Therefore, we would like to use this opportunity and express our special thanks for their outstanding and constant commitment.

Due to this commitment PNE WIND AG developed very satisfactorily during the fiscal year 2010. With an operating profit (EBIT) of euro 9.5 million (prior year: euro 14.7 million) we were able to achieve a strong result. For this reason we wish to emphasise not only our existing EBIT forecast of euro 42 to 54 million for the period 2010 to 2012. In addition, we expect that the cumulative EBIT for the period 2011 to 2013 will amount to at least euro 60 to 72 million. In particular the offshore

wind farm sector should in the future make a decisive contribution to EBIT. The forecast also shows the potential that we can convert the created project values in the offshore segment into earnings and cash flows in the medium term.

Overall, we are very confident that we shall be able to continue the positive development of our Company. We should therefore like to thank you also on behalf of our employees for your trust and confidence in PNE WIND AG!

With best regards



Martin Billhardt
- Chairman of the Board of Management
PNE WIND AG -

Report of the Supervisory Board

Dear Shareholders,

PNE WIND AG achieved major steps in setting the course for the further development of the Company and the Group during the fiscal year 2010.

The Supervisory Board met for a total of eight ordinary meetings during the fiscal year 2010, namely on January 12, February 11, March 17, April 12, May 18, May 19, August 23 and December 6, 2010. Furthermore, one extraordinary meeting was held on April 16, 2010. 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 members of the Supervisory Board, Horst Kunkel and Alfred Mehrrens, resigned from their positions with effect as from August 31, 2010. With a resolution of the district court of Tostedt on August 11, 2010, Alain Huberty and Jacquot Schwertzer were then appointed with effect as at September 1, 2010, as new members of the Supervisory Board on the application of the Board of Management and with the approval of the Supervisory Board. Both are members of the Management Committee and Alain Huberty is in addition Executive Director and General Secretary of Luxempart S.A.

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 five meetings during the fiscal year 2010 on March 17, April 13, May 18, August 17 and December 7, 2010. 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 8, 2010. The object of this meeting was to discuss 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 2010 were:

- the reporting and discussions concerning the financial statements as at December 31, 2009
- 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 2011
- 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 November 29, 2010 and the Supervisory Board on December 6, 2010 resolved to declare their compliance with the recommendations of the German Corporate Governance Code in its version of May 26, 2010 with the exception of the following Regulation whereby

1. 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) due to the conditions of the current contracts.

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 2011 with the Corporate Governance Code with the exception of the above-mentioned Regulation. The Supervisory Board intends, however, to include in the Board of Management contracts the recommendations of the German Corporate Governance Code, for which one exception has been made above,

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 Wirtschaftsprüfungsgesellschaft, Hamburg branch, who were elected by the general meeting of shareholders as auditors on May 19, 2010; an unqualified auditors' opinion was issued.

The Supervisory Board placed the commission for the audit for the fiscal year 2010 on November 22, 2010. 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 subject of "development of the foreign participations and wind farm projects" as a major emphasis 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 meeting on the financial statements

on March 16, 2011. The documents were comprehensively examined and discussed at the meeting of the Audit Committee on March 15, 2011, as well as at the meeting on the financial statements 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 meeting on the financial statements. Representatives of the auditors participated both at the meeting of the Audit Committee as well as at the meeting on the financial statements 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, 2010 as well as the consolidated financial statements drawn up as at December 31, 2010. 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 outstanding commitment and responsible and successful work during the fiscal year 2010.

Cuxhaven, March 16, 2011

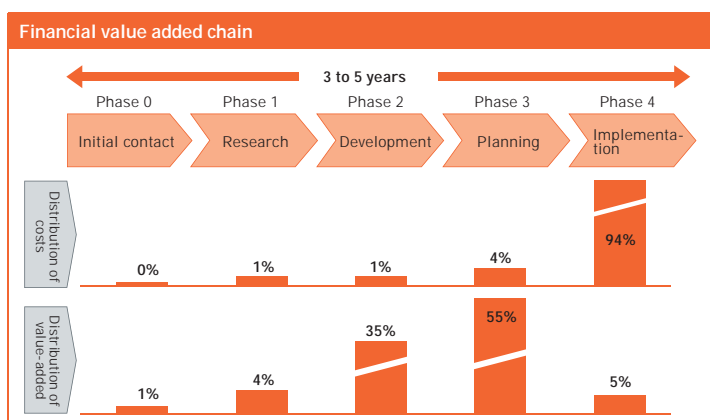
Dieter K. Kuprian
- Chairman of the Supervisory Board -

Profile of PNE WIND AG

How does the business of a wind farm projector function?

In some points the business model of a wind farm projector is different from many others. Our task thus consists primarily in the planning and the management of the construction of a wind farm. The main target of our activities is to sell the project to an investor at attractive terms. In this respect PNE WIND AG generates above all revenues from the creation of the project rights, i.e. the rights to construct a wind farm at a certain site. There is mainly a period of three to five years between the start of the planning and the coming on stream of a wind farm.

Five phases can be defined for the projecting of a wind farm. Everything starts with the first contact with decision makers and landowners, then there follow the investigation and development and then finally the planning. A total of 95% of the value added takes place during these first four project phases. At the same time these phases are less cost-intensive; only about 6% of the total costs are incurred by these first four project steps as is shown in our graph. On the other hand only about 5% of the total value of a wind farm project is generated during the actual implementation, i.e. the development of the



Due to the costs for the wind power turbines and the necessary infrastructure, approximately 94% of the costs and the revenues are incurred at this stage!

The cash flows from a purchaser of a wind farm to PNE WIND AG are also different. Frequently a prepayment is agreed and the greater part of the purchase price paid after completion and delivery of the wind farm. It is, however, also possible that certain milestones are determined. As soon as one of the fixed targets is achieved, the payment of the next instalment by the purchaser is due.

An alternative to the sale of a "turnkey" wind farm is the sale of the project rights generated by PNE WIND AG. In this manner it is possible to sell the wind farm following the issue of the permit completely to the investor, i.e. prior to the start of construction.

Whether a turnkey construction or the sale of project rights, depending on what alternative the investor prefers, there are consequences for the bookkeeping and the corporate valuation: should the project be sold prior to its actual construction, there results a comparatively low financial expense for PNE WIND AG. The reason: the low costs for projecting up to this period. If, on the other hand, the wind farm is sold to the investor as a turnkey project, which is ready for operation, the necessary financing expense for the Company is correspondingly higher.

Both models include advantages for PNE WIND AG. In the event of an early sale the financing costs are relatively low for us as projectors, since the expenses for the cost-intensive phase are borne by the purchaser (i.e. the investor). A sale only the permit indeed leads to substantially

lower revenue, nevertheless this reduces simultaneously the costs incurred during the projecting. If, on the other hand, the wind farm is only sold after completion, the increased value is reflected in a higher achievable price. Whatever type of transaction represents the more advantageous alternative in an individual case depends – apart from the preferences of the investor – on a series of different factors. In this connection the earnings data such as operating or pre-tax income (EBIT or EBT) are much more appropriate for evaluating the operating business development of PNE WIND AG than data such as revenue and total aggregate output.

Stabilisation of the business activity through selective own operation of wind farms

Wind farm projecting is accordingly a very cyclical business and therefore the development of a project can extend over a period of three to five years. For this reason the decision was taken in 2009 to establish PNE WIND AG in the market as a so-called “independent power producer” (IPP), i.e. as generator of electricity and operator of wind farms independent of any group in addition to its core activities of projecting. As a result, we achieve regular revenues, achieve an increased diversification of risk and thus stabilise our business results.

The “Altenbruch II” offshore reference field (taken into operation in May 2009) lies in the administrative district of Cuxhaven. Due to its proximity to the coast average wind speeds of approximately 8.0 m/s are attained at a hub heights of 105 metres. Furthermore, offshore wind power turbines can be tested in practice at this site and important knowledge gained for operations. The total nominal output of the nine wind power turbines amounts to 25.8 MW. With its own operations PNE WIND AG earns constant and stable cash flows and thus broadens its revenue basis.

Offshore wind farms

Promising future energy from the sea

The knowledge for reducing quickly the output of climatic pollutants and for sparing the limited resources of fossil energies is the driving force for the rapid expansion of renewable energies throughout the world. In this respect wind power has been given a key function, since its utilisation is already technically mature and especially cost-favourable. Experts are thus in agreement that the future of electricity generation in the wind power sector also lies on the sea. Finally, due to the higher wind speeds and the constant wind conditions substantially more energy can be generated at sea than on land. In addition, on the continent there are not unlimited areas of land available for wind farms.

Offshore wind farms are equally an opportunity and a challenge for the wind power branch. According to a Greenpeace study more than one half of the national electricity consumption in Germany alone could be covered by wind power from offshore wind farms. PNE WIND AG is thus actively using the opportunities which are offered in this business. As a specialist for the projecting of wind farms it has been developing offshore wind farms off the German coast already since 1999. Three of the projects developed by PNE WIND AG in the North Sea have already been

EBIT
Earnings Before Interest and Taxes, a key economic performance figure, which represents the profit before taxes, interest and extraordinary result (also known as operating profit) and which shows the profitability of a company independent of its capital structure.

IPP
Independent Power Producer, an independent producer of electricity, which with the help of its own equipment produces electrical energy (e.g. wind, solar or biomass energy) and feeds this into the electricity network.

Megawatt (MW)
The performance unit named after James Watt (W). A million watts correspond to a megawatt (MW). A watt is generally the physical unit for the output of energy in time.

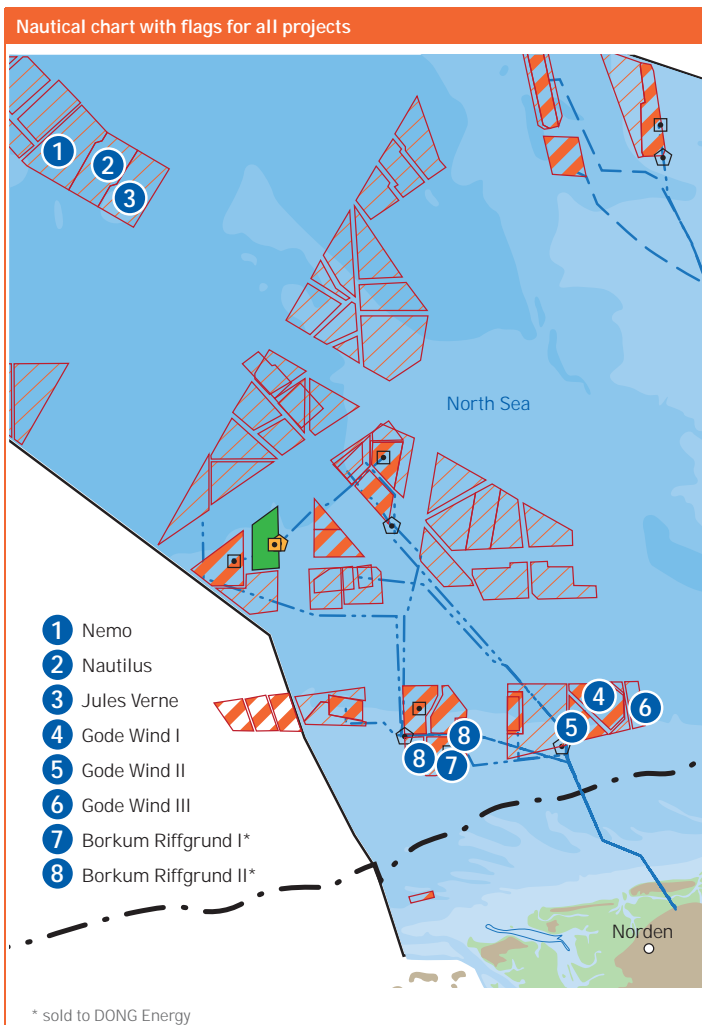
Offshore
“Offshore” is the term used for electricity generation from wind power at sea.

BSH
Federal Office
for Shipping and
Hydrographics, a German
Federal authority, which
is part of the Federal
Ministry of Transport,
Construction and Urban
Development with offices
in Hamburg and Rostock;
this office is responsible
inter alia for tasks
such as environmental
protection in maritime
transport, surveys in
the North Sea and the
Baltic, development in
the German Exclusive
Economic Zone as well
as approval processes for
offshore wind farms and
pipelines.

approved by the Federal Office for Shipping and Hydrographics (BSH): the “Gode Wind I and II” wind farms as well as the “Borkum Riffgrund I” project, which has already been sold. In 2011 “Gode Wind II” will attain construction maturity as the first of our offshore wind farms.

PNE WIND AG has had the approval from the BSH since July 2009 for the “Gode Wind II” offshore wind farm. Since then our experts have been working intensively on the implementation of this project. For example, they are selecting the suitable wind power turbines, foundations, transformer stations and other components, in order to enable an attractive return for the subsequent purchasers, i.e. financial investors or power suppliers. The target of the projecting work of PNE WIND AD is to prepare “Gode Wind II” as quickly as possible for the investor, so that he can start the construction immediately after his taking over the project.

In order to attain construction maturity numerous qualified companies have been included in 2010 in the technical development of this offshore wind farm. As a result we are cooperating in this project with the wind power turbine manufacturer Vestas as well as K2 Management A/S from Denmark, a management company, which is very experienced in the technical development and implementation of offshore projects. Furthermore, additional specialised partners have been included in the project development such as MT Højgaard A/S (foundations), DRAKA Norsk Kabel AS (internal wind farm cabling) and ALSTOM Grid GmbH (transformer stations). In addition, within the context of the project financing Green Giraffe Energy Bankers are active as financial advisor and Augusta & Co. as equity placement advisor, in order to support PNE WIND AG with the acquisition of the third party financing portion as well as with the equity.



AS (internal wind farm cabling) and ALSTOM Grid GmbH (transformer stations). In addition, within the context of the project financing Green Giraffe Energy Bankers are active as financial advisor and Augusta & Co. as equity placement advisor, in order to support PNE WIND AG with the acquisition of the third party financing portion as well as with the equity.

A major step towards the preparation for the start of construction was the seabed foundation investigation of the project area approximately 40 km north of the island of Norderney, which was carried out in 2010. During a period of about 10 weeks, from March to May 2010, the sites of all the 84 wind power turbines planned for “Gode Wind II” were investigated as well as the site of the transformer station. The investigations were carried out with a special ship in accordance with the “seabed foundation investigation” standard of the BSH. In this respect 84 pressure probes with an average test depth of 48 metres under the seabed were carried out as well as an additional 11 drillings in order to extract soil samples.

The investigation was undertaken by Fugro Consult GmbH and was also accompanied professionally by two representatives of the foundation construction engineers, Steinfeld und Partner GbR, which also drew up the investigation concept.

In parallel with this we are developing the "Gode Wind I" offshore wind farm. This project, which has also been approved by the Federal Office for Shipping and Hydrographics (BSH), is situated in the immediate neighbourhood of "Gode Wind II". The construction of 77 wind power turbines is foreseen for this farm. "Gode Wind I" should attain construction maturity in about one year following the "Gode Wind II" project.

In addition, in 2010 the approval procedures were introduced at the BSH for three further offshore wind farms. These are the "Jules Verne", "Nautilus" and "Nemo" projects, which are situated in the central area of the North Sea. Preliminary investigations have already been undertaken in these project areas. In order to obtain the approval of the BSH additional comprehensive analyses are required, which have already been started. These include several years of a specialised nature protection investigation programme, in which inter alia the effects of the wind farm are determined on the marine environment (fish, birds, marine mammals and other living creatures in and on the seabed) and conflict solutions are drawn up. Furthermore, studies are required regarding the safety and ease of shipping traffic. These projects are the basis for the continuing medium and long term development of the offshore sector of PNE WIND AG.

The perspectives for offshore wind power in the Exclusive Economic Zone of the Federal Republic of Germany (EEZ) are enormous, particularly since the Federal government has set as its objective the achievement of the installation up to 2030 of 25,000 MW in offshore wind power off the German coasts.

The Federal Republic intends to accelerate the realisation of German offshore wind farms. In its energy concept, which was resolved in September 2010 it thus determined to institute a support programme through the Kreditanstalt für Wiederaufbau (KfW), out of which the first ten German offshore wind farms will be supported by up to euro 500 million each.

PNE WIND AG can benefit from experiences abroad, since offshore wind farms are already in operation off Denmark, Sweden, Ireland, the United Kingdom and the Netherlands. We are managing the technical development of our "Gode Wind II" project jointly with partners, who have already participated in the construction of offshore wind farms.

The development and sale of the offshore projects will in the future make a substantial contribution to the achievement of the corporate objectives.

EEZ
Exclusive Economic Zone: the area beyond the coastal sea, the extent of which is up to 200 nautical miles from the basic line of the coastal sea (so-called 200 nautical mile zone).

KfW
Kreditanstalt für Wiederaufbau, a support bank of the German economy, the task of which is the realisation of public contracts (financing of energy saving technologies and communal infrastructures, the support of medium-sized industry and entrepreneurs, the granting of loans to small and medium-sized companies as well as financing of infrastructure projects).

Offshore projects – national

Project	Phase	Situation	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	84	252	302	420
4	4	North Sea	77	231	277	385
5	1	Baltic	76	228	273	380
6	3	North Sea	80	240	288	400
7	3	North Sea	80	240	288	400
8	3	North Sea	80	240	288	400
Total:			650	1,950	2,339	3,250
Phase 1 = Project search phase Phase 2 = Application phase under preparation			Phase 3 = Application conference completed Phase 4 = Permit granted			

* "Borkum Riffgrund I+II": PNE WINW AG active as service provider

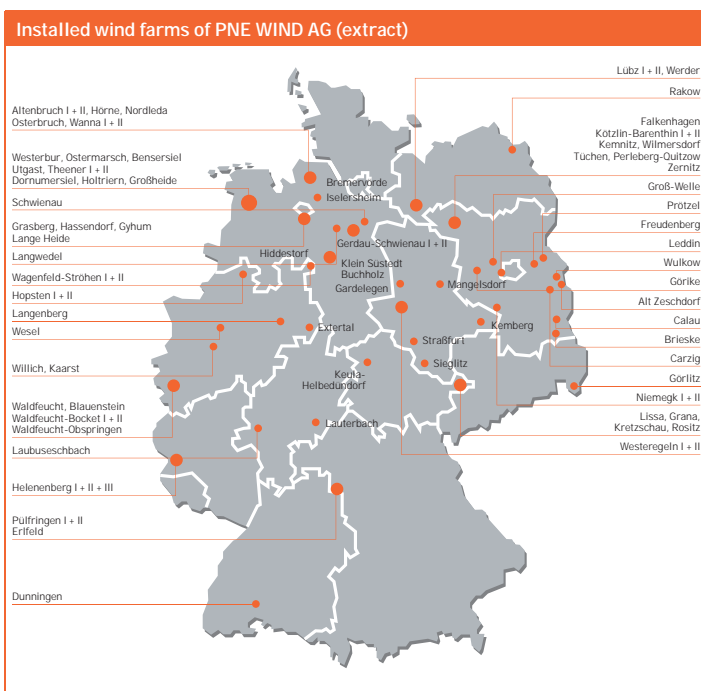
Onshore
"Onshore" is the term used for the generation of electricity at wind farms on land.

Onshore

Upward international thrust for PNE WIND AG

Since 1995 we have in the meantime been active successfully in the market with our business model not only at home but also abroad. We can therefore rely on a comprehensive range of knowledge, for example, with regard to the acquisition of sites, wind analysis as well as the construction of wind farms. Moreover, during the past few years we have built up a comprehensive network with national and international decision makers in politics and in the economy, which assists us excellently in planning and realisation. The wind farms projected by PNE WIND AG

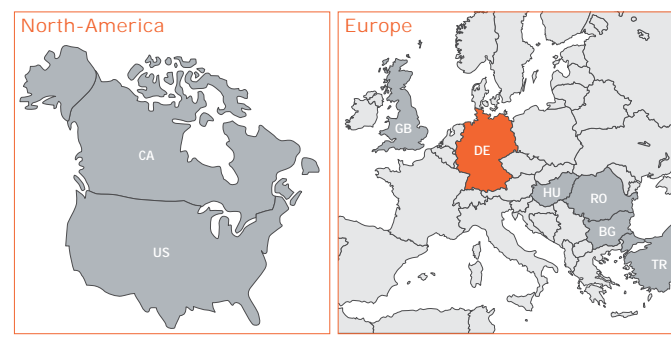
in Germany are thus distributed throughout the whole country, whereby we also intend in the future to consolidate and expand our nationally core position. Since areas with good wind conditions for new wind farm projects will become increasingly more difficult to find, the Company has now already developed the lucrative repowering sector. In its study, "Onshore Wind Power – Repowering Potential in Germany", the auditing company, KMPG sees up to 2020 an additional construction potential of up to 8,570 MW. As a result of the successful conclusion of the second repowering project with the "Görike" wind farm ("Alt Zeschdorf" was already implemented during the fiscal year 2009), PNE WIND AG considers in this respect that it is in a good starting position, in order to participate in the future market development. In this respect a particular advantage is our access to already existing



wind farm areas, resulting from our longterm activity in the market and giving us access to 300 wind power turbines under our operational management. In addition, our varied contacts over many years in the wind power branch are having a positive effect.

Furthermore, the international importance of wind power is growing, since an increasingly larger number of countries wish to use this natural resource for their energy mix and in this respect rely frequently on Germany for know-how. We shall therefore in the future apply our expertise gained in the domestic German market increasingly abroad, in order to expand our business success internationally. Thanks to the export of our expert knowledge we have been able to establish various joint ventures during the past few years and have in addition promoted the development of subsidiaries abroad.

International activities – presence in foreign markets



Joint Venture
When two or more companies join forces for a joint project, then one talks of a joint venture.

Projects international

Project	Country	Number of projects	MW up to	Areas already secured (in ha)
1	USA	24	1,835	5,671
2	Canada	7	525	7,857
3	UK	14	408	5,172
4	Turkey	3	204	–
5	Hungary	2	84	477
6	Romania	3	244	333
7	Bulgaria	9	425	966
Total:		62	3,725	20,476

We are currently represented in seven foreign growth markets, either through joint ventures with local partners or with our own subsidiaries. Projects with a total nominal output of up to 3,725 MW are currently being processed within these companies. Furthermore, PNE WIND AG is regularly investigating additional markets of the future. An investment abroad must in this respect fulfil clearly defined requirements as from the start:

- *Credit-worthiness and political stability of the country*
Since an investment abroad is always exposed to risk, the corresponding country must have sufficient credit-worthiness as well as high political reliability in order to be considered as a site.
- *Political support of renewable energies*
The potential country should have a long term calculable remuneration system, similar to the German EEG (Renewable Energies Law), in order to guarantee long term determinable income.

EEG
Renewable Energies Law, which determines the extent and promotion of regenerative energies.

- *Local cooperation partners*

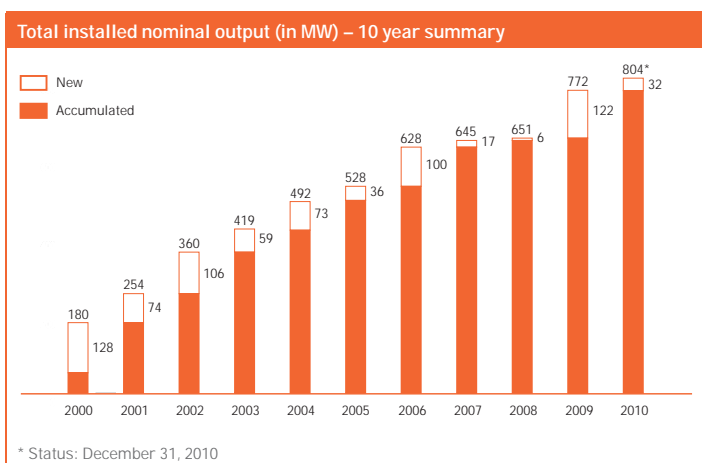
Cooperation with local partners with good networks is a basic prerequisite for us in respect of an engagement and is also a guarantee for success.

Our strategy

A guaranteed supply of energy is the basic prerequisite for a modern economy. In the next few years governments worldwide intend to transform renewable energies increasingly into one of the main pillars of electricity generation. Already today renewable energies cover 17% of the electricity requirements in Germany, of which according to estimates of the Federal Association of Energy and Water (BDEW) 6.2% came from wind power turbines in 2010. As a result wind power represents already today one of the pillars for the energy mix of the future. In contrast with other currently used fossil or atomic fuels, wind power guarantees a sure, sustainable and environmentally friendly means of electricity generation in the longer term.

As a growing company which is operating in one of the worldwide largest growth markets we thus consider our objective to be the successful development of our business activity in the clearly defined market of the future of “projecting of wind farms”. With our ecologically correct and economically meaningful product we intend to grow further in order to create a real value added for our shareholders. At the same time a real contribution should be made for the protection of the climate and thus a long term sure supply of electricity. Finally at PNE WIND AG we are striving for a sustainable correlation between economic success and ecological responsibility. Thus PNE WIND AG already today stands for wind power projecting out of passion, and we shall devote our energy during the next few years to the implementation of successful wind farm projects in the offshore, onshore and repowering sectors both at home and abroad.

Our long term success record proves that we understand our business as wind farm projectors: as at the end of the fiscal year 2010 we have since our establishment in 1995 constructed a total of 97 wind farms. In total, 563 wind power turbines with a gross nominal output of 804 MW were installed under our management. With this comprehensive experience PNE WIND AG is thus one of the most successful projectors of wind farms.



For a wind farm projector an indicator for revenues which are achievable in the future is the extent of the so-called pipeline, i.e. the number of projects under process. Due to the broad range of our project processing we are in this respect well equipped for the future. For example, our experts are currently working in the onshore sector both at home and abroad on the development of wind farms with a total gross nominal output of approximately 5,000 MW.

In addition there are our offshore wind farm projects in the North Sea and the Baltic with up to 2,400 MW. PNE WIND AG already has approvals from the Federal Office of Shipping and Hydrographics (BSH) for wind farms with over 1,000 MW.

To show our excellent track record in the future just like in the past few years, we are planning to expand in the medium term the project pipeline of PNE WIND AG in the onshore sector to up to 10,000 MW. In the offshore sector we intend to increase the number of wind farms being process to a total of 5,000 MW. On this basis we expect to be able to prove our profitability in the future and expand further in the longer term!





Operations management

Following the completion and the start of operation of a wind farm PNE WIND AG does not leave its customers alone; indeed, for us the relationship with and the satisfaction of the customer constitutes high growth potential for the future. For this reason we assure that the wind farm runs smoothly! Our operations management team thus currently monitors about 300 wind power turbines on behalf of the customers. The target is to recognise problems as early as possible and thus to avoid or to minimise damage and expensive down times. Maintenance of the equipment must also naturally be carried out regularly. We assure that this scheduled work takes place in the most optimal manner. Thereby we enable an efficient operation of the wind farm for our customers thus achieving the optimal economical operation. Furthermore, the service of PNE WIND AG can also be used for the commercial operations. We then, for example, take over the complete bookkeeping procedures for the owners. Our customers thus save time and money, since we have many years of experience available in this area.






Frontiers

- Continental shelf/EEZ
- — 12 mile zone/coast waters
- - - International frontier

Offshore wind parks

-  projected
-  under construction
-  approved
-  in operation

Platforms

-  Transformer station, in operation
-  Transformer station, under construction
-  Transformer station, projected
-  Converter platform, under construction
-  Converter platform, projected

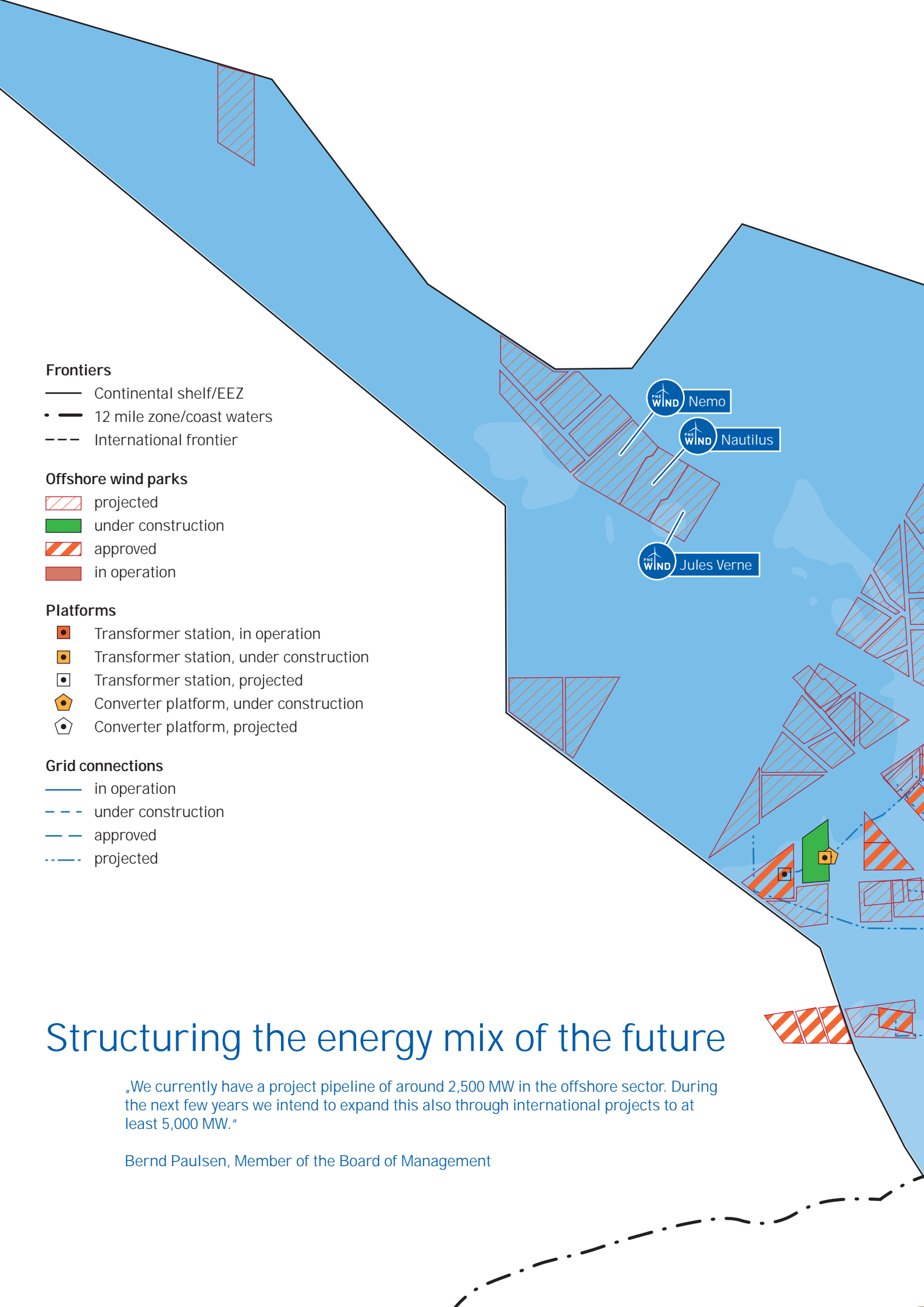
Grid connections

- in operation
- - - under construction
- - - approved
- - - projected

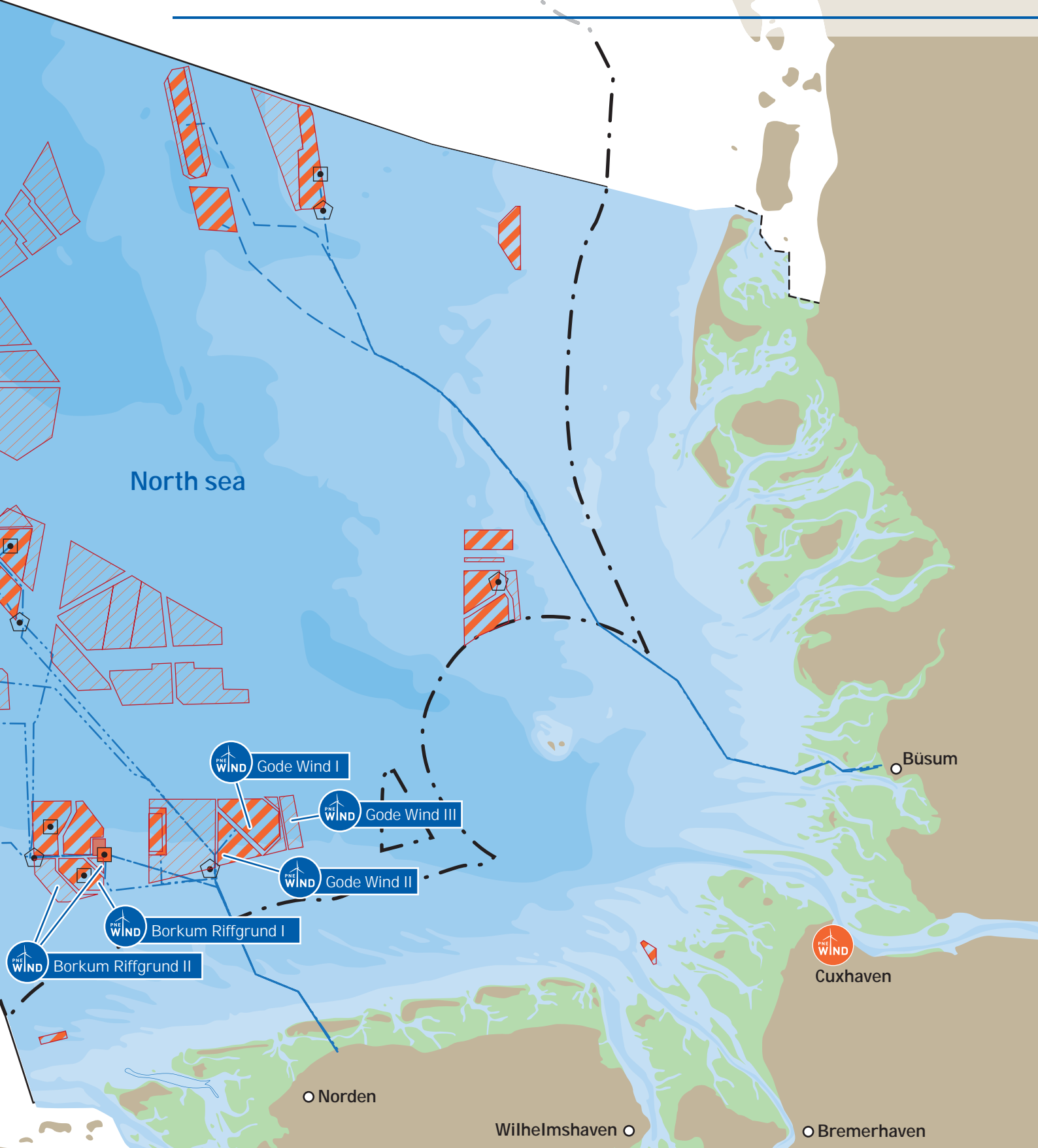
Structuring the energy mix of the future

„We currently have a project pipeline of around 2,500 MW in the offshore sector. During the next few years we intend to expand this also through international projects to at least 5,000 MW.“

Bernd Paulsen, Member of the Board of Management

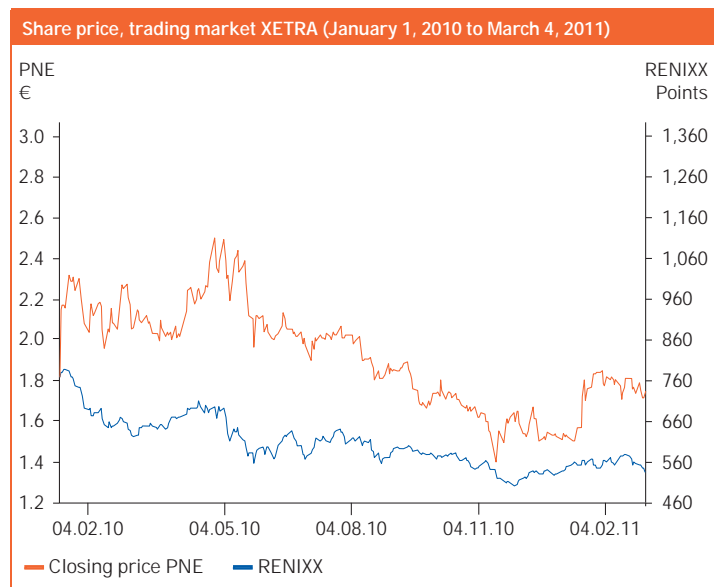


Stock market news of PNE WIND AG



Stock market news of PNE WIND AG

Share



The share of PNE WIND AG started the fiscal year 2010 at a price of euro 1.82. Following the publication of the 2009 annual report the share achieved in April its annual high at euro 2.50. Subsequently the attitude in the market for the renewable energies sector registered a marked deterioration, which was reflected in a constant decline in the international Renewable Energy Industrial Index (RENEIXX). This index is composed of the 30 worldwide largest companies of the branch.

At first the share of PNE WIND AG was able to detach itself successfully from this branch trend and was listed on May 3 at euro 2.49, i.e. slightly below the annual high. Following

a setback in July the stock price consolidated above the euro 2 mark, until in August the share could no longer detach itself from the trend in the branch. Influenced by a profit warning of a wind power turbines manufacturer in the third quarter, which, however, had absolutely no influence on the business of PNE WIND AG, the price of the share registered a slight downward trend up to the end of the period under report; as a result on December 31, 2010 the price amounted to euro 1.52 as was thus at the low point for 2010.

In January the share had to suffer additional declines but was mainly able to defend the important line of euro 1.50; as from January 12, 2011 a rally started, which resulted in a first high of euro 1.85 on February 1. Since then the share price has mainly stagnated.

Shareholder structure

As at the end of the period under report no investor controlled more than 3% of the voting shares of PNE WIND AG. In accordance with the definition of Deutsche Börse AG 100% of the shares were thus in the free float.

On the basis of the capital measures carried out in May/ June 2010 a change within the shareholder structure is nevertheless possible in the future. With regard to the capital increase and the convertible bond which was also offered, the shares not subscribed by the existing shareholders of PNE WIND AG were offered to the financial investor Luxempart S.A. from Luxemburg. In accordance with a contractual agreement this investor acquired shares and bonds not subscribed by the existing shareholders. Of the total of 1,249,500 shares placed during the capital increase 927,114 shares were bought by Luxempart S.A. With regard to the convertible bond Luxempart S.A. subscribed to bonds in an amount of euro 16.87 million. There is, however, the possibility of converting these bonds into shares at any time. Following the conversion of the bonds and due to the shares held by it, Luxempart S.A. would hold 15% of the shares in PNE WIND AG and would thus be the largest single shareholder of the Company.

RENEIXX
Renewable Energy Industrial Index, a global share index for renewable energies, which includes the 30 worldwide leading stock market listed companies from the sector of regenerative energy. The RENEIXX is published by the International Economic Forum of Regenerative Energies (IWER). The calculation of the index is based on the principle of a performance index and is updated every 60 seconds.

Convertible bond
An interest-bearing security which gives the holder the right to convert into shares at a previously determined price during the conversion period.

Supervisory Board

The members of the Supervisory Board, Horst Kunkel and Alfred Mehrstens resigned their positions with effect as at August 31, 2010. With a resolution of the district court of Tostedt on August 11, 2010 on the application of the Board of Management and with the agreement of the Supervisory Board Alain Huberty and Jacquot Schwertzer were then appointed as new members of the Supervisory Board with effect as from September 1, 2010. Both are members of the Management Committee and Alain Huberty is in addition Executive Director and General Secretary of Luxempart S.A.

General Meeting of Shareholders

The ordinary general meeting of shareholders for the fiscal year 2009 was held on May 19, 2010 in Cuxhaven. All the proposals by the Company's Boards were approved with a presence of approximately 10.5% of the shares issued.

In detail, the Board of Management and the Supervisory Board were granted discharge with an approval rate of 91.3% and 90.9% respectively. Approval of 63.75% was also given for the resolution for the approval of the remuneration system for the members of the Board of Management, which had to be given on the basis of the new legal regulations for the appropriateness of management remuneration of July 31, 2009 ("VorstAG"). The auditing company, Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, which is situated in Hamburg, was also elected as auditors for the fiscal year 2010 with 98.13% of the votes. Furthermore, approval with a large majority was given for each of the three necessary changes to the articles of association concerning the convocation and the participation in the general meeting of shareholders in respect of the adjustment to the law of the shareholders' guideline (ARUG), the term of office of the members of the Supervisory Board as well as the new form of the corporate name.

The next ordinary General Meeting of Shareholders shall be held on May 18, 2011.

Capital measures

PNE WIND AG is a very solidly financed company. In order to strengthen this basis further, to be able to use decisively future market opportunities and to enable the entry of a potential major shareholder, the Company carried out successfully in May/June 2010 two capital measures. In spite of the difficult market environment a capital increase consisting of 1,249,500 new shares from authorised capital was on the one hand fully placed on the market at a subscription price of euro 2.00 per share. Furthermore, a convertible bond was offered, which was subscribed in a volume of euro 26 million. Based on these two capital measures PNE WIND AG obtained funds in the amount of approximately euro 28.5 million (gross). Subscription rights were granted to the existing shareholders for the two issues.

The share capital of PNE WIND AG thus increased to euro 45,775,826 as a result of the full placement of the capital increase. The transactions were carried out by Close Brother Seydler Bank AG, Frankfurt am Main, as sole lead manager and sole book runner as well as by VEM Aktienbank AG, Munich, as the central clearance agency.

VorstAG
Law for the Appropriateness of the Remuneration of Members of the Board of Management, which includes clear standards for the Supervisory Board for the determination of the remuneration of the Board of Management and strengthens the incentives for the sustainable development of the company.

ARUG
Law for the Implementation of the Guideline for Shareholders' Rights, the objective of which is the improvement of the flow of information for the shareholders of stock market listed companies, the simplification of the exercising of voting rights as well as the countering of abusive shareholder complaints.

Investor relations

Prime Standard
Stock market segment of the Frankfurt Stock Exchange with the highest transparency standards.

Ad-hoc-announcement
Obligation of the issuer of securities, i.e. a stock market listed company in the official market, to announce and publish immediately information which is relevant to the share price.

Open, specific and punctual: PNE WIND AG communicates in this manner with its shareholders. Since we are a company, which is listed in the Prime Standard at the Frankfurt Stock Exchange, we follow comprehensively the strict publication obligations. Apart from the publication of complete annual, half-year and quarterly reports there is also the immediate announcement of information which might affect the price through ad hoc announcements. What is important for us in this respect is to distribute the prepared information in a comprehensive, transparent and logical manner. We also inform the interested public as well as our numerous private investors in addition about the current course of business through the continuous publication of Corporate News.

For the further strengthening of the investors' confidence and the constant broadening of the investor basis the Board of Management is concentrating on a lively exchange with the financial community. We thus present ourselves regularly at selected events and capital market conferences both at home and abroad. In this respect the Board of Management of PNE WIND AG conducts personally the direct discussions with investors and analysts. Furthermore, we maintain regular contact with the financial press both in Germany and abroad. Moreover, our communications policy also includes the half-yearly shareholders' letter which is drawn up for our shareholders.

Financial calendar

May 9, 2011	Report of the 1st quarter 2011
May 18, 2011	General Meeting of Shareholders
August 8, 2011	Half year financial report 2011
November 7, 2011	Report of the 3rd quarter 2011

Additional information

On the website www.pnewind.com you will find extensive information on PNE WIND AG as well as on current data concerning the share in the section "investors' relations". Here you can also download annual and quarterly reports, press announcements as well as background information on PNE WIND AG. In addition persons who are interested can register themselves on the distribution list of PNE WIND AG, in order to be kept up to date on the developments at the Company.

Corporate governance report

a. Declaration of compliance

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

The Corporate Governance Code is a legal guideline for the management and supervision of stock market listed companies in Germany. It includes the internationally and 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.

The Board of Management declared on November 29, 2010 and the Supervisory Board of PNE WIND AG on December 6, 2010 in accordance with Section 161 (AktG) that they complied with the Corporate Governance Code with the exception of the regulation:

1. that there is no compensation CAP in the event of premature termination of the activity as a member of the Board of Management without a special reason (regulation 4.2.3); this corresponds to the conditions of the current contracts of the members of the Board of Management.

The Board of Management and the Supervisory Board also declared in accordance with Section 161 of the German Stock Corporation Law (AktG) that they shall comply also in the future with the Corporate Governance Code with the exception of the above-mentioned regulations.

This declaration of compliance is in respect of the German Corporate Governance Code in its version of May 26, 2010.

b. Remuneration report

The remuneration report is included in the Management Report on page 53 of this annual report.

c. Directors' dealings

On June 28, 2010 the obligation of Sidlaw GmbH, a legal entity closely related with the Chairman of the Board of Management, Martin Billhardt, became effective with regard to the purchase outside of the stock exchange of a total of 370,000 shares of PNE WIND AG at euro 2.20 per share certificate. The transaction in an amount of euro 814,000 was carried out shortly thereafter.

As at December 31, 2010 400,000 shares were thus attributable to the Chairman of the Board of Management, Martin Billhardt. In addition, the member of the Board of Management, Bernd Paulsen, held 2,500 shares.

Mr. Jacquot Schwertzer, member of the Supervisory Board, held 5,704 shares as at December 31, 2010.

Constant wind power on the high seas

„Offshore wind power offers enormous opportunities for the future supply of energy. And PNE is well equipped in the face of the competition; indeed, we already have obtained three permits. No other projector is thus close to us.“

Thorsten Fastenau, General Manager Offshore





Group management report

Group management report

Combined management and Group management report of PNE WIND AG, Cuxhaven, for the fiscal year 2010

1. Market/general economic conditions

Following the difficult economic recession in 2009, a marked economic recovery was registered worldwide in 2010. The market for wind power also recovered; it will, however, according to current estimates of the Verband Deutscher Maschinen- und Anlagenhersteller (VDMA), register a slight decline due to setbacks in the American market. In 2011 the market should then again grow substantially. Although as a result of the financial crisis there is still a changed attitude on the part of the banks with regard to the granting of loans, financing for wind farm projects is nevertheless still being concluded successfully. Thus in Germany a total of 754 wind power turbines (WPT) with a nominal output of approximately 1,551 MW were constructed and put into operation on land (onshore) during 2010 (source: DEWI). Thus, as at December 31, 2010 there were in total 21,607 WPT in operation in Germany with a total output of 27,214 MW. However, the long winter at the beginning of the year led to delays in the construction of wind farms.

In the medium to longer term PNE WIND AG expects for the German wind power market additional positive effects through the start-up of repowering. In this respect old wind power turbines are replaced by modern ones. Thus up to the end of 2010 a total of 779 old wind power turbines with a total output of 311 MW had been dismantled within the framework of repowering and replaced by 431 modern turbines with 896 MW (source: DEWI). In 2010 alone 116 wind power turbines with a nominal output of 55.7 MW were replaced by 80 modern turbines with a nominal output of 183 MW. The expected operating life of a WPT determines the time of its dismantling, and this is normally assumed today to be 20 years. According to a study of the auditing company KPMG, more than 6,000 MW in nominal output would be dismantled without repowering up to 2020.

The construction of offshore wind farms is viewed as an additional growth driver for both the national as well as the international wind power market. The hitherto record year of 2009 of the European offshore wind power industry with the construction of 577 MW was again substantially exceeded in 2010: offshore wind power turbines with a nominal output of 883 MW were constructed. For 2011 the European Wind Energy Association (EWEA) is forecasting further new construction of 1,000 to 1,500 MW. The German market for offshore wind farms will also be expanded. The necessary infrastructure has to a large extent been provided for in the ports. PNE WIND AG is in a good position in this sector with its own offshore projects, which have already been approved, namely "Gode Wind I and II" as well as the development of additional offshore wind farms. The sector is also gaining importance from a general economic standpoint: if according to estimates of the EWEA the revenues earned by the offshore wind power industry through-out Europe amounted in the prior year to about euro 1.5 billion, the European association is expecting an amount of already euro 2.6 billion for 2010.

To date there is only one offshore wind farm on the network in German waters, namely the "Alpha Ventus" offshore test field. Three German offshore wind farms are currently under construction in the North Sea and the Baltic. An additional 25 projects have already been approved by the Federal Office for Shipping and Hydrographics (BSH) as well as the provincial authorities. Offshore wind power in Germany thus has a substantial expansion potential. The initiative started at the

beginning of 2010 by nine neighbouring states for the construction of a high tension network in the North Sea represents an important perspective, since, finally, the sustainable use of wind power at sea requires a high performance electricity network. In the long term this joint initiative represents a marked thrust for offshore wind power.

Reasons for the continuing growth of the wind power market are attributable to the increasing shortage of fossil fuels as well as to the ecological necessities. The Federal Republic of Germany has thus set for itself particularly ambitious targets. Up to the year 2020 it is planned to reduce the emission of greenhouse gases by 40% in comparison with 1990. At the end of 2009 the Federal Government emphasised this objective in its coalition agreement and re-confirmed this in its energy concept which was submitted in September 2010. In accordance with this the objective is maintained to expand the share of renewable energies in electricity generation from about 16% currently to 35% up to the year 2020 and to 80% up to the year 2050. In this respect particular importance is given to wind power as the technologically most advanced and efficient technology for the regenerative production of electricity. The Government sees enormous growth potential particularly in the offshore sector. Neither the European nor the German climate objectives can be achieved without an expansion of offshore wind power. For this reason further positive effects can be expected from this development on the German wind industry.¹ In addition, the Federal Office for the Environment confirmed with a study that the electricity requirements in Germany can be covered by 100% from renewable energies up to the year 2050. In this respect wind power is playing a major role.²

In total the market for wind power turbines is growing at a sustainable rate. Many established manufacturers of wind power turbines have expanded their production capacities internationally, in order to be able to satisfy the growing demand. At the same time new companies are entering the market above all from India, China and South Korea. As a result the number of suppliers of wind power turbines is increasing, whereby downward pressure can be expected on the price development.

For the future industry experts are expecting a continuation of the growth path which has developed. The International Energy Association (IEA) reckons with a continuous expansion of wind power during the next few years. As a result, the general economic conditions for PNE WIND AG can continue on the whole to be considered as positive.

2. General political conditions

The general political conditions for the further expansion of wind power for the generation of electricity continue to remain positive internationally. Numerous states are maintaining firmly their policy for the expansion of renewable energies. For example, within the context of its "Crown Estate" procedure the United Kingdom thus issued tender offers for offshore wind farms where a nominal output of approximately 32,000 MW should be installed. The US government set the course for a comprehensive expansion of the electricity networks with an investment volume of about 3 billion US dollar, in order to expand these networks for the increased feed-in of electricity from renewable energies, in particular wind power.

¹ Federal Ministry of the Environment, 2010

² Energy target 2050: 100% electricity from renewable sources / UBA, July 2010

The general political conditions also continue to be positive in the Federal Republic of Germany. In its energy concept submitted at the end of 2010 the Federal Government thus confirms the further expansion of wind power and determines that wind energy will play a decisive role in the generation of electricity in 2050. In order to promote in the short term the further expansion in particular of offshore wind farms, the Federal Government decided on an "offshore wind power" credit programme with a volume totalling euro 5 billion. The Renewable Energies Law (EEG) remains the basis for the expansion of wind power, the routine amendment of which will take place in 2011. The EEG regulates also the priority feed-in of electricity from renewable energies and the payments to be made for this both for electricity from wind power turbines on land (onshore) as well as at sea (offshore).

For electricity from offshore wind farms an initial payment of 15 cents/KWH will be paid in accordance with the Renewable Energies Law (EEG), subject to these wind farms being put into operation by the end of 2015. The amount of the payment thus lies at the usual international level.

The payment for electricity from wind power turbines (WPT) on land amounts in 2011 to 9.02 cents/KWH. For electricity from wind power turbines, which are equipped with a technology which stabilises the electricity network, a "system service bonus" of 0.49 cents/KWH is paid in addition. Insofar as the wind power turbines are constructed within the framework of repowering, i.e. the replacement of old WPT by modern and more efficient WPT, a "repowering bonus" in the amount of 0.49 cents/KWH is also due. As a result there is a sure basis for the long term yield calculation of wind farm projects in Germany. The degression, i.e. the annual reduction of the payment rates, amounts to 1% and is attributable only to the payment for electricity from wind power turbines, which were constructed following the corresponding construction date.

The Board of Management sees in the national and international legal conditions the prerequisites for a continuation of the positive business development in Germany during the next few years.

3. Corporate structure

The corporate structure changed during the fiscal year 2010 versus December 31, 2009.

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

1. PNE-BCP WIND Inc, Saskatoon, Canada (75% shareholding through PNE WIND Ausland GmbH, Cuxhaven)
2. PNE WIND PARK Dobrudzha OOD, Stara Zagora, Bulgaria (51% shareholding through PNE WIND Ausland GmbH, Cuxhaven)
3. PNE WIND Bulgaria EOOD, Sofia, Bulgaria (100% shareholding through PNE WIND Ausland GmbH, Cuxhaven)
4. PNE Gode Wind I GmbH, Cuxhaven (100% shareholding through PNE WIND AG, Cuxhaven)
5. PNE WIND Jules Verne GmbH, Cuxhaven (100% shareholding through PNE WIND AG, Cuxhaven)
6. PNE WIND Nautilus GmbH, Cuxhaven (100% shareholding through PNE WIND AG, Cuxhaven)
7. PNE WIND Nemo GmbH, Cuxhaven (100% shareholding through PNE WIND AG, Cuxhaven)

The events No. 1, 2, 3, 5, 6 and 7 had no material effects on the earnings, financial and asset situation. The effects from the inclusion in the consolidation of PNE Gode Wind I are described in section 5 "summary of business activity".

The following equity shares in consolidated companies were increased during the period under report in 2010:

- PNE WIND GM Hungary Kft., Puztahencse, Hungary, from 79 % to 100 %

This event did not result in any material effects on the earnings, financial and asset situation.

During the period under report the following companies were deconsolidated:

- Plambeck Neue Energien Windpark Fonds CVI GmbH & Co. KG, Cuxhaven

As a result of the deconsolidation of the company, assets in the total amount of euro 2.0 million and liabilities in the amount of euro 2.0 million were eliminated. Up to the date of the deconsolidation (end of the 1st quarter 2010) the company reported sales of euro 0.1 million and EBIT of 0.0 million.

During the period under report the following companies were renamed:

- PNE WIND Yambol OOD into PNE WIND Straldja-Kamenec OOD, Nessebar, Bulgaria
- PNE WIND Bulgaria OOD into PNE WIND BE Development OOD, Nessebar, Bulgaria

4. Organisation and employees

During the fiscal year 2010 there were in the Group of PNE WIND AG 154 employees including members of the Board of Management (prior year: 133) on an annual average. The employees of the subsidiaries are included in this number. Of these employees (including members of the Board of Management) an annual average of 101 (as at December 31, 2009: 90) were working at PNE WIND AG. A total of 53 employees were working on average at PNE Biomasse AG (18 employees) and at PNE WIND Betriebsführungs GmbH (21 employees) as well as at the foreign subsidiaries (14 employees). PNE WIND AG reacted with the moderate increase in the number of employees to the expansion of the business activity and at the same time consolidated the personnel basis for the continuation of the existing growth path.

The members of the Supervisory Board, Horst Kunkel and Alfred Mehrtens resigned from their positions with effect as at August 31, 2010. With a resolution of the district court of Tostedt on August 11, 2010 Alain Huberty and Jacquot Schwetzer were then appointed with effect as at September 1, 2010 as new members of the Supervisory Board on the application of the Board of Management and with the approval of the Supervisory Board. Both are members of the Management Committee and Alain Huberty is in addition Executive Director and General Secretary of Luxempart S.A., Leudelange, Luxembourg, which in June 2010 subscribed to bonds from the convertible loan of PNE WIND AG in the amount of euro 16.87 million as well as to shares from a capital increase from authorised capital. The total investment volume of Luxempart S.A. amounts to approximately euro 18.7 million. On the conversion of the bonds and also due to the shares held, Luxempart S.A. would thus have an approximate shareholding of 15 % in PNE WIND AG and would thus also be the largest single shareholder of the Company.

5. Summary of business activity

Wind power segment

Sub-segment onshore wind power

During the fiscal year 2010 PNE WIND AG successfully continued the operating business in the onshore wind power sector in Germany. Four wind farms, "Görike" in Brandenburg, "Schulenburg", "Elze" and "Oldendorf" (all three in Lower Saxony) with a joint nominal output of 31.2 MW were completed, put into operation and delivered to the purchaser, EnBW Erneuerbare Energien GmbH. PNE WIND AG had already concluded a purchase contract with this company in December 2009 in respect of seven onshore wind farms. This package also includes the Leddin II wind farm in Brandenburg, which was completed and put into operation in December 2009 and delivered during the first quarter 2010.

As at December 31, 2010 wind farm projects with a total installed output of 1,300 MW in various stages of project development were being worked on by PNE WIND AG in Germany onshore. The permits necessary for the start of construction were obtained for two of these projects with a nominal output of 16 MW as at December 31, 2010. Additional permits for onshore wind farm projects in Germany are expected shortly.

The development could also be carried out continuously abroad. In total, as at the date of the statement of financial position of December 31, 2010 wind farm projects were being worked on in Hungary, Romania, Bulgaria, Turkey, the United Kingdom, Canada and in the USA, in which wind power turbines can be constructed with a nominal output of up to 3,725 MW. During the period under report the activities were expanded above all in the United Kingdom and Bulgaria.

The establishment of a joint venture was agreed in Bulgaria with the PNE WIND PARK Dobrudzha OOD, within which a Bulgarian wind farm project was included with a nominal output totalling 150 MW. 51% of the shares in the joint venture are held by PNE WIND AG through PNE WIND Ausland GmbH, and 49% are held by Dobrudzha OOD wind farm. The wind farm project is located in the very windy Dobrudzha region in the North East of Bulgaria. In the joint venture PNE WIND AG will be responsible for the selection and the purchase of the wind power turbines, the project financing and sales as well as for the subsequent commercial and technical operation of the wind farm. The wind farm is currently in a very early phase of development.

The activities in the Canadian wind power market were also intensified during the period under report. The subsidiary, PNE WIND Ausland GmbH established with the Canadian BCP Renewable Energy Ltd. a joint company in order to develop wind farm projects in Canada. Already in 2009 there was an agreement in respect of cooperation with regard to the development of the Canadian wind power market. This successful cooperation has now been further consolidated with the establishment of the joint company in which PNE WIND Ausland holds 75% of the shares. The operating cooperation on the Canadian market takes place through PNE WIND USA Inc. In Canada more than 7,857 hectares of land area could already be secured, which are suitable for the construction of wind farms with up to a nominal output of 525 MW.

In the USA there is marked progress in the development of a planned wind farm with 30 MW in Belle Fourche (South Dakota), which PNE WIND USA is developing together with the joint venture

partner, Renewable Solutions. Approvals have already been obtained for this project. The start of construction is planned for 2012. There is also marked progress in the development of a wind farm project with 30 MW near Solon (Iowa).

In Scotland, where PNE WIND UK opened an office in Edinburgh, PNE WIND was selected by the state Forestry Commission as the preferred partner for the development of wind farms in forest areas in the central region of Scotland. PNE WIND AG now has time until October 2011 to identify suitable sites for this in the national Scottish forest in the administrative regions of Argyll, Bute, West Dunbartonshire, Stirling, Perth and Kinross as well as Angus. Following this the Forestry Commission and PNE WIND AG will jointly decide on how many wind power turbines should be included in the planning process and, in the event of a positive decision, the determination of the construction and operational phases. The area in Central Scotland administered by the Forestry Commission consists of an area of about 1,000 square kilometres and offers space for wind farms with an estimated development potential of 100 to 200 MW nominal output.

There are thus also attractive market and growth perspectives for PNE WIND AG abroad. For this reason the Board of Management is confident that they can progress further the growth of the Company through the internationalisation of wind farm projecting.

Sub-segment offshore wind power

In the offshore sector PNE WIND AG was able to progress further during the period under report with regard to the technical development and in particular in respect of the already approved "Gode Wind I and II" offshore wind farm projects.

For the "Gode Wind II" offshore wind farm a further important step was concluded with the investigation of the seabed foundations. During the period from March to May 2010 84 penetration tests were completed including the sites of all the 84 planned wind power turbines as well as the site for the transformer station. The investigations were carried out with a special ship corresponding to the "seabed foundations investigation" standard of the Federal Office for Shipping and Hydrographics (BSH).

Additional partners could be gained during the fiscal year 2010 for the "Gode Wind II" offshore wind farm. Mandates were thus granted to Green Giraffe Energy Bankers (formerly: Energy Bankers à Paris, EBAP) in order to support PNE WIND AG in the acquisition of the third party financing portion. Augusta & Co. was retained as equity placement advisor for the search for equity for the project financing from investment banks and public financial institutions. Moreover, development partnerships were concluded with the companies MT Højgaard A/S (foundations), DRAKA Norsk Kabel AS (internal farm cabling) and ALSTOM Grid GmbH (transformer stations). Prior to this K2 Managements A/S from Denmark, which is a very experienced management company in the technical development and implementation of offshore projects, was already able to be engaged. Already since 2009 PNE WIND AG is working with the manufacturer of wind power turbines, Vestas, in the technical development of "Gode Wind II". NW Assekuranz, which belongs to Lampe & Schwarz, was mandated in respect of questions regarding insurance and Watson, Farley & Williams as legal advisor.

During the fiscal year 2010 PNE WIND AG acquired all the shares of the "Gode Wind I" offshore wind farm project. The project rights are owned by the project company, PNE Gode Wind I GmbH in which PNE WIND AG had a 10% participation in the fiscal year 2009. PNE WIND AG re-acquired the remaining 90% of the shares of Gode Wind I GmbH on February 10, 2010. Currently technical development is being intensified for this already approved offshore project, so that construction maturity can also be achieved for this wind farm in the North Sea.

In accordance with the (changed) IFRS 3 accounting standards to be applied for the first time in the fiscal year 2010, all shares from the corporate merger must be revalued at applicable market value as at the date of acquisition, including the minority shareholding of 10% already held by PNE WIND AG. In this case this led to an income from the revaluation of the existing shares.

The applicable market values of the identifiable assets and liabilities of PNE Gode Wind I GmbH, Cuxhaven, as at the time of acquisition are stated as follows:

in TEUR	Stated at acquisition cost	Book value
Project rights	17,433	0
Property, plant and equipment	3,721	3,721
Accounts receivable	6	6
Liquid assets and short term capital securities	88	88
Other provisions	33	33
Liabilities to shareholders	0	469
Other liabilities	64	64
Deferred tax liabilities	249	25
Underlying market value of net assets	20,902	3,224
Acquisition costs of the corporate merger	11,417	
Income from the first consolidation (bargain purchase)	9,485	
Income from the revaluation of existing shares	1,759	
Total	11,244	

PNE Gode Wind I, Cuxhaven, is fully consolidated within the Group.

	TEUR
Outflow of funds due to corporate acquisition	5,000
Inclusion of a short term purchase price liability	4,327
Fair value of the existing shares	2,090
Acquisition costs of the corporate merger	11,417
Liquidity acquired with the subsidiary	-88
Income from the revaluation of existing shares	-1,759
Actual outflow of funds / liabilities	9,570

As at the date of the statement of financial position of December 31, 2010 the offshore sector of PNE WIND AG in total was working on six of its own offshore wind farm projects in the North Sea and the Baltic in various stages of project development. Apart from the "Gode Wind I and II" projects, which

have already been approved by the Federal Office for Shipping and Hydrographics (BSH), the other own offshore projects are in the planning and application stage. According to the current planning status a total of up to 476 wind power turbines can be constructed in these wind farms. What is 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 realistic planned nominal output of the offshore projects, which we are developing and advising, amounts to approximately 2,400 MW.

For the "Borkum Riffgrund I and II" offshore wind farm projects, which were sold completely in 2009 to the Danish power supplier DONG Energy Power, it has been agreed with DONG Energy Power that PNE WIND AG shall continue to work on the development and that it shall thus be active as a service provider for DONG Energy Power. DONG Energy Power A/S has announced that it wishes to construct the "Borkum Riffgrund I" wind park project in the short term. For this reason the second part of the purchase price for the shares in PNE2 Riff I GmbH was capitalised as at December 31, 2010 in the amount of euro 6.4 million.

Segment electricity generation

The electricity generation segment combined all activities of the Group companies, which are engaged directly in the production of electricity from renewable energy. This sector also includes the "Altenbruch II" and "Laubuseschbach" wind farms operated by PNE WIND AG itself as well as PNE Biomasse AG, which in accordance with a business supply contract provides the personnel for the timber biomass power plant in "Silbitz", which is also included in this segment. Furthermore, the segment also includes shares in limited partnerships, in which future onshore wind farm projects should be implemented.

Until the successful sale of wind farms and their delivery to the operators the electricity generation segment includes the current revenues of these wind farms within the context of the segment reporting.

The electricity generation segment thus continued to develop during the fiscal year 2010, even though the results of the "Altenbruch II" and "Laubuseschbach" wind farms operated by ourselves were negatively affected from an operational point of view due to the less favourable wind conditions during 2010.

6. Revenues and earnings situation

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

During the fiscal year 2010 the PNE WIND AG Group achieved in accordance with IFRS total aggregate output of euro 80.0 million (prior year: euro 133.6 million). Of this euro 65.6 million were attributable to sales (prior year: euro 137.3 million), euro 1.7 million to changes in inventory (prior year: euro -8.4 million), to other capitalised additions to assets euro 0.0 million (prior year: euro 0.2 million) as well as euro 12.7 million (prior year: euro 4.5 million) to other operating income. The other operating income includes an amount of euro 11.2 million from the first consolidation of PNE Gode Wind I GmbH and the (changed) corporate valuation connected thereto in accordance with IFRS 3.

Of the total aggregate output of the Group an amount of euro 79.2 million (prior year: euro 139.8 million) was attributable to PNE WIND AG. The total aggregate output of PNE WIND AG consisted of sales in the amount of euro 71.9 million (prior year: euro 185.9 million), changes in inventories in the amount of euro -0.8 million (prior year: euro -54.5 million) and of other operating income of euro 8.1 million (prior year: euro 8.4 million). The major portion of sales at PNE WIND AG was attributable to the implementation of the "Elze", "Görike", "Oldendorf" and "Schulenburg" wind farms. The other operating income of PNE WIND AG consisted primarily of the second purchase price receivable from the sale of the participation in PNE2 Riff I GmbH in 2009 (euro 6.4 million), the release of write-downs (euro 0.3 million), the release of provisions (euro 0.2 million) and rental income and other income such as credits, transfer of accounts, release of investment subsidies and income from the use of vehicles. At the subsidiaries consolidated in the Group sales during the fiscal year 2010 were attributable mainly to management fees and service commissions in the amount of euro 3.8 million (prior year: euro 4.0 million) and payments for the use of transformer stations in the amount of euro 1.6 million (prior year: euro 1.3 million).

In comparison with the prior year the change in the operating business activity of the Group is also reflected in the expense items. Due to the lower number of wind farms completed the cost of materials declined from euro 95.6 million to approximately euro 42.7 million. The personnel expenses amounted in the fiscal year 2010 to euro 10.2 million and thus increased in comparison with the amount of the prior year (euro 8.9 million). The reason for this is primarily the increase in the number of employees in the Group to 159 people as at December 31, 2010 (December 31, 2009: 140 employees).

The other operating expenses within the Group in the amount of euro 12.7 million (prior year: euro 10.3 million) include primarily expenses from the write-down of receivables or other assets amounting to euro 0.3 million (prior year: euro 0.6 million), legal and consulting costs euro 2.5 million (prior year: 2.1 million), advertising and travel expenses euro 1.2 million (prior year: euro 1.2 million), repair and maintenance expense at "Altenbruch II" and "Silbitz" euro 0.5 million (prior year: euro 0.7 million) as well as rental and leasing expenses euro 1.2 million (prior year: euro 1.4 million).

Depreciation changed from euro 4.1 million in the prior year to euro 5.0 million during the current fiscal year. The reasons for the increase in the depreciation are the depreciation incurred during the full year 2010 of the "Altenbruch II" wind farm which has been operated by us since May 2009 as well as the timber biomass power plant, Holzheizkraftwerk Silbitz GmbH & Co. KG, which was consolidated for the first time during the third quarter 2009.

During the prior year the sale of the two offshore companies, PNE2 Riff I GmbH and PNE2 Riff II GmbH resulted on the consolidated level to sales of approximately euro 10.7 million and an EBIT contribution to the Group of about euro 10.1 million. In the fiscal year 2010 a second price instalment from the sale of the participation in PNE2 Riff I GmbH in the amount of euro 6.4 million was booked. This second purchase price instalment led to an EBIT contribution to the Group of around euro 6.4 million.

At PNE WIND AG and in the Group there was income from taxes in the amount of euro 1.6 million from the release of tax provisions, which were set up in the fiscal year 2008 on the basis of the tax audit for the years 2001 to 2005. The tax office agreed with the view of the Company in the fiscal year 2010 in respect of the disputed items; as a result no use of the tax provisions was expected.

During the fiscal year 2010 operating income (EBIT) at the consolidated level was achieved in the amount of euro 9.5 million (prior year: euro 14.7 million) and a result from ordinary activities (EBT) in the amount of euro 5.4 million (prior year: euro 9.9 million). The consolidated result after minority interests amounted to euro 7.9 million (prior year: euro 10.1 million). The undiluted consolidated earnings per share amounted to euro 0.17 (prior year: euro 0.24) and the diluted consolidated earnings per share to euro 0.16 (prior year: euro 0.24).

PNE WIND AG reported for the fiscal year 2010 operating profit (EBIT) of euro 4.0 million (prior year: euro 2.9 million) and a result from ordinary activities of euro 3.2 million (prior year: euro 2.7 million).

In the individual accounts of PNE WIND AG personnel expenses for the fiscal year 2010 amounted to euro 7.3 million (prior year: euro 6.8 million).

Due to the positive business result and a capital increase in cash of PNE WIND AG undertaken during the fiscal year the retained loss at the Group level improved during the period under report to euro -8.2 million (prior year: euro -16.1 million). As at December 31, 2010 the retained earnings of PNE WIND AG amounted to euro 4.1 million (prior year: euro 0.0 million). The net income of PNE WIND AG amounted to euro 4.1 million (prior year: euro 2.3 million). The undiluted earnings per share of the individual company amounted to euro 0.09 (prior year: euro 0.05) and the diluted earnings per share of the individual company amounted to euro 0.09 (prior year: euro 0.05).

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

7. Financial situation/liquidity

The statement of cash flow gives details on the liquidity situation and the financial situation of the Group. As at December 31, 2010 the Group companies had available liquidity including credit lines for project bridge financing in the amount of euro 49.6 million, of which euro 0.2 million is placed as collateral at banks (prior year: euro 67.6 million, of which euro 0.9 million was placed as collateral).

There were no overdraft credit lines in the Group as at December 31, 2010.

The cash flow from ordinary activities reported in the statement of cash flow in the amount of euro -7.7 million (prior year: euro 85.6 million) was influenced mainly by the effects of the first consolidation of PNE Gode Wind I within the Group as well as the capitalisation of the 2nd purchase price instalment from the sale of the participation in PNE2 Riff I GmbH. Non-cash effective income of approximately euro 10.8 million resulted from the consolidation, which was eliminated in drawing up the cash flow and thus led primarily to the negative cash flow from ordinary activities.

With regard to the cash flow from investing activities investments were made during the period under report in consolidated fixed assets in the amount of euro 16.6 million (prior year: euro 35.7 million). In this respect the largest part of the investments was attributable to the purchase of the shares in PNE Gode Wind I GmbH (euro 5.0 million) and the further development of offshore projects in the amount of euro 11.0 million. The purchase of the shares in PNE Gode Wind I GmbH as well as the further development of the "Gode Wind II" offshore wind farm project and other offshore projects were financed from own funds.

During the period under report the cash flow from financing activities in the amount of euro 21.9 million (prior year: euro -48.7 million) was influenced primarily by the capital increase in cash in the amount of euro 2.5 million, the issue of convertible bonds in the amount of euro 26 million as well as the repayment and the disposal of loan liabilities in the amount of euro -6.8 million.

On May 18, 2010 the Board of Management and the Supervisory Board resolved to issue a convertible bond for a nominal amount of up to euro 29.5 million as well as a capital increase from authorised capital in the amount of up to 1,249,500 new shares. The convertible bonds were issued at a price of 100%. The conversion price of any shares acquired through exercise of the conversion right is euro 2.20. The subscription price for one new share from the capital increase amounted to euro 2.00.

The existing shareholders received a subscription right for both issues. Shares which were not subscribed to by these shareholders were offered to Luxempart S.A. In accordance with a contractual agreement this financial investor with registered office in Luxembourg declared that it was prepared to acquire in certain volumes the shares from the capital increase not subscribed to by the shareholders as well as the bonds not subscribed to by shareholders. The subscription period lasted from May 27, 2010 to June 10, 2010. Trading of the subscription rights was not foreseen. New shares not subscribed to by shareholders as well as convertible bonds subscribed to by neither the shareholders nor Luxempart S.A. were offered to selected investors by means of a private placement.

The capital increase was subscribed in its full volume of 1,249,500 shares, of which 927,114 were subscribed by Luxempart. As a result the share capital of PNE WIND AG increased within the context of this capital increase to euro 45,774,466. The convertible bond was subscribed in a volume of euro 26,000,000, whereby Luxempart S.A. subscribed to bonds in a volume of euro 16.87 million. As a result the total investment volume of Luxempart S.A. amounted to approximately euro 18.7 million. From these capital measures PNE WIND AG obtained funds in the amount of approximately euro 28.5 million gross. The transaction costs amounted to roughly euro 0.5 million.

With the funds obtained within the context of these two capital measures PNE WIND AG has undertaken the further expansion of its operating business. Particular emphasis will be given to the development and projecting of wind farms on the high seas (offshore) as well as on land both in Germany and abroad.

During the period under report a further 1,360 new shares were created through the conversion of bonds from the convertible bond 2009/2014 in a nominal volume of euro 3,400. As at the date of the statement of financial position of December 31, 2010 the share capital of the Company thus amounted to euro 45,775,826.

As at the date of the statement of financial position of December 31, 2010 the Company has available liquid assets in the total amount of euro 39.2 million (prior year: euro 41.5 million).

The statement of cash flow of PNE WIND AG gives information on the situation of the liquidity and the financial situation of the Company. As at December 31, 2010 PNE WIND AG had liquidity available in the amount of euro 34.9 million of which euro 0.2 million pledged to banks (prior year: euro 39.2 million, of which euro 0.2 million pledged to banks).

8. Situation of statement of financial position

a) Group

Assets in EUR million (differences from rounding off possible)	31.12.2010	31.12.2009
Intangible assets	40.0	22.9
Property, plant and equipment	85.2	76.2
Long term financial assets	0.2	0.6
Deferred taxes	1.0	1.8
Inventories	12.8	10.6
Receivables and other assets	21.7	22.8
Cash and cash equivalents	39.2	41.5
Total assets	200.2	176.4

At the date of the statement of financial position the consolidated total assets of PNE WIND AG amounted in total to euro 200.2 million. This amount thus increased by about 14 % in comparison with December 31, 2009. The reason for this change was mainly the purchase of the shares and the first consolidation of PNE Gode Wind I GmbH, which contributed to the increase in intangible assets and property, plant and equipment. As a result of this transaction the liquid funds declined; nevertheless this effect was overcompensated by the capital measures. The long term assets increased in total from approximately euro 101.5 million at the year end 2009 to their current level of euro 126.4 million. As at December 31, 2010 the intangible assets totalled euro 40.0 million, representing an increase of about euro 17.1 million in comparison with the amount of euro 22.9 as at December 31, 2009. By far the most important items in this respect are the intangible assets for the wind farm projecting segment in the amount of euro 20 million as well as the project rights in the amount of euro 17.4 million added during the first consolidation of PNE Gode Wind I GmbH. During the same period property, plant and equipment increased by roughly euro 9.0 million to euro 85.2 million (December 31, 2009: euro 76.2 million). These include primarily land and buildings (euro 14.7 million), transformer stations either owned or under construction (euro 8.3 million), equipment under construction from the "Gode Wind I" (euro 3.8 million) and "Gode Wind II" (euro 10.1 million) projects and the additional "Nautilus",

“Nemo” and “Jules Verne” offshore projects (euro 2.7 million) as well as technical equipment and machinery of the “Altenbruch II” wind farm project (euro 35.7 million) and the timber biomass power plant “Silbitz” (euro 7.1 million including land and buildings in the amount of euro 3.2 million).

During the period under report short term assets decreased from euro 74.9 million (December 31, 2009) to euro 73.7 million as at December 31, 2010. Receivables and other assets declined from approximately euro 22.8 million (December 31, 2009) to roughly euro 21.7 million. Of these euro 11.7 million are attributable to trade receivables (December 31, 2009: euro 3.6 million). Receivables from long term construction contracts in the amount of euro 1.3 million declined versus December 31, 2009 (euro 17.1 million). The other assets increased from euro 0.7 million (December 31, 2009) to euro 7.2 million as at December 31, 2010 due to the capitalised 2nd purchase price receivable from the sale of the participation in Riff I.

The work in process included in the inventories increased from euro 8.7 million (December 31, 2009) to euro 10.4 million.

As at December 31, 2010 cash and cash equivalents amounted to 39.2 million (December 31, 2009: euro 41.5 million).

Liabilities in EUR million	31.12.2010	31.12.2009
Shareholders' equity	81.7	70.5
Deferred subsidies from public authorities	1.2	1.2
Provisions	2.6	4.1
Long term liabilities	76.2	32.9
Short term liabilities	30.5	59.3
Deferred revenues	8.0	8.4
Total liabilities and shareholders' equity	200.2	176.4

On the liability side consolidated shareholders' equity increased from euro 70.5 million (December 31, 2009) to euro 81.7 million as at December 31, 2010. This increase was due to the positive result of the Group in the fiscal year 2010 as well as the capital increase carried out during the period under report. As at December 31, 2010 the equity ratio of the Group amounted to approximately 41% (December 31, 2009: roughly 40%) and the third party debt ratio to approximately 59% (December 31, 2009: roughly 60%). Long term liabilities increased substantially from euro 32.9 million to euro 76.2 million mainly due to the reclassification of the short term project bridge financing which had been used for the “Altenbruch II” wind farm project into long term project financing during the first quarter 2010 as well as the issue of convertible bonds. This item consists mainly of financial liabilities in the amount of euro 75.3 million. These include the liabilities versus the holders of the convertible bonds in the amount of euro 28.1 million (part of the convertible loan is stated as equity in accordance with IFRS) as well as long term liabilities to banks in the amount of euro 40.4 million. The main items of the loan liabilities are the project financing for the “Altenbruch II” wind farm (euro 30.5 million) and the timber biomass power plant “Silbitz” (euro 4.7 million) as well as the financing of the building of the Company at the registered office in Cuxhaven (euro 4.3 million).

PNE WIND AG had undertaken in a contract to the limited partners of the operating company of HKW Silbitz that it would acquire their limited partnership shares at the beginning of 2017 at a price of 110% of the nominal amount. Due to this undertaking other financial liabilities include a discounted purchase price liability as at December 31, 2010 in the amount of euro 4.6 million. Furthermore, PNE WIND AG had offered the limited partners of HKW Silbitz GmbH & Co. KG a distribution guarantee until 2016, which is included in the provisions at a discounted amount of euro 1.5 million.

During the period under report the short term liabilities declined from euro 59.3 million (December 31, 2009) to euro 30.5 million. The reason for this reduction was above all the reclassification of the short term project bridge financing which had been used for the "Altenbruch II" wind farm project into long term project financing during the first quarter 2010. Taking the liquid funds into consideration, the net indebtedness thus amounted to euro 35.8 million as at the end of the period under report (December 31, 2009: euro 15.5 million).

b) PNE WIND AG

Assets in EUR million	31.12.2010	31.12.2009
Intangible assets	0.2	0.2
Property, plant and equipment	14.7	15.3
Financial assets	26.7	18.1
Inventories	6.7	14.0
Receivables and other assets	42.9	8.9
Liquid funds	34.9	39.2
Bilanzsumme	126.1	95.7

Fixed assets consist of intangible assets in the amount of euro 0.2 million (prior year: euro 0.2 million), property, plant and equipment in the amount of euro 14.7 million (prior year: euro 15.3 million) and financial assets in the amount of euro 26.7 million (prior year: euro 18.1 million). Versus December 31, 2009 the financial assets have increased by euro 8.6 million primarily as a result of the buy-back of the shares of PNE Gode Wind I GmbH.

The current assets are composed of work in process in the amount of euro 5.0 million (prior year: euro 9.3 million), prepayments made in the amount of euro 1.7 million (prior year: euro 4.7 million) and receivables and other assets in the amount of euro 42.9 million (prior year: euro 8.9 million). Of these euro 9.6 million are attributable to trade receivables (prior year: euro 1.0 million), receivables from affiliates in the amount of euro 26.5 million (prior year: euro 7.0 million) and euro 6.8 million (prior year: euro 0.6 million) in respect of other assets (mainly the receivable from the second purchase price instalment for the shares in PNE2 Riff I GmbH in the amount of euro 6.4 million and sales tax receivables).

Cash at the individual company amounted to euro 34.9 million as at December 31, 2010 (prior year: euro 39.2 million).

Liabilities in EUR million	31.12.2010	31.12.2009
Shareholders' equity	69.5	62.9
Special item for investment subsidies	1.2	1.2
Provisions	8.6	9.7
Liabilities	46.7	21.6
Deferred items	0.1	0.1
Total liabilities and shareholders' equity	126.1	95.7

As at the date of the statement of financial position of December 31, 2010 the shareholders' equity of PNE WIND AG in accordance with the accounting regulations of the German Commercial Code (HGB) amounted to euro 69.5 million (prior year: euro 62.9 million). The equity ratio of PNE WIND AG amounted as at December 31, 2010 to 55% (December 31, 2009: 66%) and the third party financing ratio to 45% (December 31, 2009: 34%).

As at December 31, 2010 the total number of shares issued by PNE WIND AG amounted to 45,775,826. The increase versus the prior year is attributable to the conversion of convertible bonds and a capital increase in cash during the course of 2010.

The main items on the liability side are the liabilities in the amount of euro 46.7 million (prior year: euro 21.6 million). These are broken down primarily into the convertible bond 2009/2014 in the amount of euro 3.8 million and the convertible bond 2010/2014 in the amount of euro 26.0 million (in the prior year only the convertible bond 2004 / 2009 in the amount of euro 3.9 million), liabilities to banks of euro 4.9 million (prior year euro 6.5 million), prepayments received on orders of euro 0.0 million (prior year: euro 1.7 million) and trade accounts payable in the amount of euro 3.8 million (prior year: euro 2.2 million).

The provisions include a provision for pending losses in the amount of euro 1.4 million (December 31, 2009: euro 1.6 million). This was set up with regard to a timber delivery contract for the timber biomass power plant "Silbitz". In this contract PNE WIND AG had undertaken to deliver timber at fixed conditions, which could lead to losses. The other major provisions are attributable to outstanding invoices in connection with wind farm projects in the amount of euro 1.7 million (December 31, 2009: euro 1.4 million), a distribution guarantee to the limited partners of HKW Silbitz GmbH & Co. KG, which is included in the statement of financial position at a discounted amount of euro 1.5 million (December 31, 2009: euro 1.0 million) as well as provisions for variable remuneration of the members of the Board of Management and senior executives in the amount of euro 1.3 million (December 31, 2009: euro 1.1 million).

9. Transactions with closely related companies and persons

During the fiscal year 2010 there were the following transactions with closely related persons:

PNE WIND AG had concluded consulting contracts for the provision of EDP services with net. security InformationsTechnologien GmbH, whose managing shareholder is the member of the Supervisory Board, Mr. Rafael Vazquez Gonzales. During the fiscal year 2010 transactions were effected in this respect with a net volume of euro 201,510.32. These business transactions were undertaken on an arm's length basis.

10. Sales and marketing

The sales of wind farm projects which are constructed on land continue to be based on the direct sale to individual and large investors. PNE WIND AG had positive experiences with such direct sales during the past few years and will thus continue to follow this proven course. Cooperation with strong partners continues to be foreseen for the realisation of offshore wind farm projects.

11. Development and innovation

During the period under report there were no research and development activities in the Group of PNE WIND AG.

12. Major events subsequent to the period under report

No material events have occurred since the end of the period under report.

13. Intangible assets

The successful development of wind farm projects onshore and offshore is based primarily on the knowledge and experience of employees of many years standing as well as on the reliable cooperation with other participating partners. Creativity is frequently required for the solution of the many complex problems during the development phase of a wind farm. In this respect we can rely on a large number of employees, who do not only have excellent expertise in the branch but also, moreover, maintain very good networks. As a result it is guaranteed that one can rely on a high degree of professional competence in all phases and areas of the development, realisation and marketing of wind farm projects. Furthermore we give great importance to the fact that the potential of our employees can be used optimally through an effective internal organisation and a high degree of self-responsibility. Regular evaluations of the employees and their tasks enable us to constantly adjust in a performance-related manner specially tailored requirement profiles to the corresponding tasks. In this way high standards can be achieved and maintained in the most varied areas of tasks. Our expertise in the market should be strengthened further through the assurance of the qualifications of our employees and the constant optimisation of the processes.

We know about the great importance of experienced partners also within the context of international expansion. We therefore respect our policy of only entering new markets if we

can do this jointly with local partners who have good networks in such markets. In this respect the principle also applies of professionally qualified cooperation based on trust with the project partners and other participants.

In order to document more firmly in the market this focussing on the core business of wind farm projecting and the competence connected therewith, the new corporate name "PNE WIND AG" will be developed increasingly into a brand within the context of continuous marketing. Our objective is to document nationally and internationally our "passion for energy" even more intensively to the outside and thus to increase the value of the brand.

14. Report of opportunities and risks

General factors

As a result of its business activities the Group and the individual consolidated companies are 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, possible complaints in respect of permits already granted, 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 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, in its energy concept submitted at the end of 2010 the Federal Government announced that it would make available through the Kreditanstalt für Wiederaufbau (KfW) euro 5 billion for the first 10 German offshore wind farm projects.

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 to date only announced that it intends to construct the "Borkum Riffgrund I" offshore project. With regard to the "Borkum Riffgrund II" offshore project no decision has yet been taken as to whether it is intended to construct this project. One cannot assume with any certainty that the final decision will be taken to realise the "Borkum Riffgrund II" project. Non-construction of the "Borkum Riffgrund II" project would have substantial effects on the asset, financial and earnings situation of PNE WIND AG.

As also with other wind farm projects PNE WIND AG will look for a strong financial partner or other financing possibilities for the "Gode Wind I" project, in which PNE WIND AG holds all the shares since February 2010, as well as for "Gode Wind II". However, in this respect it cannot be assumed with certainty that the financing will actually be assured. Major progress could, however, be achieved in April 2010 for the financing of the "Gode Wind II" project. Mandates were granted to Green Giraffe Energy Bankers (formerly: Energy Bankers à Paris, EBAP) as a financial advisor as well as to Augusta & Co. as the equity placement advisor for this project. Since then indications of interest have been received from several European banks with regard to the financing of the wind farm. Following the end of the period under report in February 2011 a delivery contract for 84 wind power turbines could be concluded with Vestas. Furthermore, preliminary contracts were concluded for the delivery of monopile foundations with MT Højgaard A/S, for the delivery of the internal wind farm cabling with Draka Norsk Kabel AS and for the delivery of the wind farm transformer station with ALSTOM Grid GmbH.

Due to this progress as well as 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 for obtaining 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 as well as with other suppliers (e.g. foundations) 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.

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 by January 1, 2012 on the basis of an experience report, which the Federal German Government must submit to the German Parliament in 2011. Nevertheless the Federal Government confirmed its commitment to the further expansion of wind power in its recently submitted energy concept, whereby wind power will play a decisive role in the generation of electricity in 2050.

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. These include also risks from cases not yet legally concluded, such as the case concerning SSP Technology A/S, for which an appeal has been launched by SSP Technology Holding ApS.

Tax risks

PNE WIND AG and its subsidiaries are currently active in eight 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 in 2008 and 2010, insofar as these had an effect on taxes on income.

Opportunities

As projector 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 dangerous climate emissions as well as the requirement for secure sources of energy. In this respect PNE WIND AG has been available from its many years of activity in the market the prerequisites 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 AG 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-efficient and potentially successful strategy. Joint ventures were therefore established in accordance with this model for wind farm projects in Hungary, Bulgaria, Turkey, Romania and the United Kingdom. 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 "Alt Zeschdorf" and "Görike" wind farms PNE WIND AG was already able to conclude successfully its first repowering projects. 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 through the whole process up to the approval by the Federal Office for Shipping and Hydrographics. Two of these approved projects are completely in the ownership of the Company. 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 PNE WIND AG.

Finally, the growth 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. As at date of the statement of financial position of December 31, 2010, 299 wind power turbines were under 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 coming fiscal years according to the estimates of the Board of Management.

15. 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.

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

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 orientated 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.

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 2010 to the management and corporate structure. Due to the particular importance of exemplary action in all business areas, executive employees were trained during 2010 specifically with regard to questions of compliance.

Finally it should be noted that neither the ICS nor the RMS can give absolute security with regard to the achievement of the corresponding objectives. Like all measurement decisions, also those for the development of appropriate systems can in principle be wrong. Controls can be ineffectual as a result of simple mistakes or errors in individual cases or changes of environmental variables can be recognised at a late stage in spite of corresponding monitoring.

In particular the following individual risks are currently being monitored intensively within the context of the risk management process:

- Possible claims from the financing and prospectus liability of older wind farms for which the durations have not yet expired.
- Possible technical risks which may arise from our own operation of wind farms and which could influence negatively the results expected therefrom.
- Financial risks, which could arise from the claim made against PNE WIND AG for the reversal of the sale of 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 arm projecting.
- Particular importance is given to the compliance with the regulations of the German Corporate Governance Code in its correspondingly valid version. Risks could also arise, however, from the non-compliance of the regulations and the internal guidelines by individuals. Possible risks relating to the Law on the Appropriateness of Remuneration of the Board of Management (VorstAG) are regularly monitored in this connection.

16. 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".

17. Supplementary information in accordance with Section 289 IV and Section 315 Paragraph 4 of the German Commercial Code (HGB) (Acquisition Guideline law)

Capital structure

As at December 31, 2010 PNE WIND AG had issued 45,775,826 registered shares with a nominal share in the share capital of euro 1.00 each. As at December 31, 2010 shares in the free float (holdings of less than 3% of the share capital) amounted 100%. Direct or indirect participations exceeding the value of 10% 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.

Shareholders' 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 annual general meeting of the May 14, 2009 authorized the Board of Management of the Company to purchase up to May 13, 2014 shares with a proportional share in the share capital of up to euro 4,126,700.00. During the year under report the possibility of acquiring own shares was not used.

The Board of Management is also authorised by a resolution of the general meeting of shareholders of May 14, 2009 to issue up to May 13, 2014 with the approval of the Supervisory Board convertible and/or Option bonds on one or several occasions in a total nominal amount of up to euro 100,000,000.00 with a maximum maturity of 20 years. At the same time the share capital of the Company was increased conditionally by up to euro 15,000,000 (conditional capital 2009/I). The Board of Management has made use of this authorisation twice to date: on June 18, 2009 the Board of Management with the approval of the Supervisory Board resolved to issue a convertible bond with a total nominal value of up to euro 37,500,000.00 (convertible bond 2009/2014). On the basis of this resolution a total of 38,500 units of bearer bonds with equal rights were issued with a nominal value of euro 100.00 each. The bonds from the convertible bond 2009/2014 grant conversion rights to a total of up to 1,540,000 registered no par value shares of the Company.

By means of a further use of this authorisation of May 14, 2009 the Board of Management with the approval of the Supervisory Board also resolved on May 18, 2010 to issue a convertible bond in a total nominal amount of up to euro 29,500,000.00 (convertible bond 2010/2014). On the basis of this resolution a total of 260,000 units of bearer bonds with equal rights were issued with a nominal value of euro 100.00 each. The bonds from the convertible bond 2010/2014 grant conversion rights to a total of up to 11,818,181 registered no par value shares of the Company. The conditional capital was thus partially used in the total amount of euro 13,358,181.00.

Following the issue of the two convertible bonds the Board of Management can still issue through the use of the authorisation of the general meeting of shareholders of May 14, 2009 on one or several occasions convertible and/or option bonds in the total nominal amount of euro 70,150,000.00, which can grant conversion rights to up to 1,641,819 shares from the conditional capital 2009/I. The general meeting of shareholders of June 11, 2008 also authorised the Board of Management with the approval of the Supervisory Board to increase the share capital on one or several occasions by up to a total of euro 20,623,338.00 through the issue of new registered no par value shares against contribution in kind or in cash (authorised capital 2008/I). With the resolution of the Board of Management of June 18, 2009 the authorised capital 2008/I was used by means of a capital increase against contribution in cash for the first time in the amount of euro 3,250,000.00, and 3,250,000 new shares were issued. Through a further use of the authorisation of June 11, 2008 the Board of Management also resolved with the approval of the Supervisory Board on May 18, 2010 a capital increase against contribution in cash in the amount of euro 1,249,500.00 and on this basis 1,249,500 new shares were issued through the use of the authorised capital 2008/I.

Following this use on two occasions of the authorisation of the general meeting of shareholders of June 11, 2008 the authorised capital 2008/I still amounted to euro 16,123,838.00 as at December 31, 2010.

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 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 members of the Board of Management have the right to their fixed salary for the remainder of their terms 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 members of the Board of Management, should they exercise their special right of resignation, have 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.

18. Remuneration report

The remuneration of the Board of Management and the Supervisory Board amounted together to euro 1,605,463.26 (prior year: euro 1,537,372.94) during the fiscal year 2010.

The fixed remuneration paid to the Supervisory Board during the fiscal year 2010 amounted to euro 220,000.00 (prior year: euro 202,500.00). 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 111,600.00 in respect of variable remuneration. The total remuneration of the Supervisory Board during the fiscal year 2010 amounted to euro 331,600.00 (prior year: euro 367,500.00). 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 2010 the members of the Board of Management received total remuneration (or corresponding provisions were set up) in the amount of euro 1,273,863.26, which is distributed as follows:

Martin Billhardt: fixed remuneration of euro 295,171.77, variable remuneration of euro 390,000.00 and other remuneration of euro 144,166.67. Total remuneration thus amounted to euro 829,338.44 (prior year: euro 786,984.17).

Bernd Paulsen: fixed remuneration of euro 179,524.82, variable remuneration of euro 150,000.00 and other remuneration of euro 115,000.00. Total remuneration thus amounted to euro 444,524.82 (prior year: euro 382,888.77).

The remuneration of the members of the Board of Management is composed of a fixed and a variable salary portion. The fixed portion consists of a fixed salary and ancillary benefits (contributions for health insurance and pension contributions) as well as monetary advantages through the use of a company car. It is paid monthly. The variable portion of the salary of the members of the Board of Management is divided into short term and long term parts. The short term part is based on the achievement of certain targets within the current fiscal year and the long term part is based on the attainment of objectives over several years. The long term portion of the variable remuneration amounts to 60% and the short term portion to 40% of the possible variable salary. The Supervisory Board agrees the short and long term targets with the Board of Management. The short term targets are based on key planning data for the next fiscal year, such as, for example, the implementation of the planned wind farm projects during the fiscal year. Should a short term target not be achieved 100% the share of this target will not be paid out with regard to the short term variable remuneration or only in part in relationship with the degree of attainment of such target. The long term objectives should support the future economic development of the Company; currently only one long term objective has been defined, which is based on the expected EBIT to be earned during the next three years. The variable salary portion linked to objectives covering several years is in each case paid out at the end of a fiscal year; however, it is subject to repayment in the event of the long term objective not being attained over several years or will be offset against other claims due. In the event of a particularly outstanding service in respect of a past fiscal year the Supervisory Board can in addition grant a bonus payment, even if there is no contractual claim for this. Stock options have not been granted to the members of the Board of Management.

19. 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 be economically meaningful. Above all, wind power benefits from this, since due to the many decades of technical development it is already especially effective and cheap for the assurance of future electricity generation.

The global effects of climate change, the limited resources of fossil fuel and the uncertain supply sources for oil and gas: these continue to be some of the very good reasons for the sustainable expansion of renewable energies. For this reason PNE WIND AG is acting in a growth market of the future, which also offers substantial opportunities for the further development of the Company in the years to come.

We are taking these perspectives into consideration in our corporate strategy. In the short to medium term we view the projecting of wind farms in Germany onshore as a key pillar of our corporate development. The large number of projects, on which we are currently working in Germany as well as abroad, is the basis of this development. During the next few years projects

which we are today developing intensively will reach construction maturity and the wind farms will be able to be built. We expect a positive and long term growing effect on our business model from the increasing replacement of smaller old wind power turbines by more efficient equipment. Older equipment will gradually be replaced within the context of this "repowering". With a currently installed nominal output of more than 27,000 MW in Germany we thus expect a continuously growing market with attractive growth opportunities for our Company. We have already carried out successfully two initial repowering projects. An advantage for PNE WIND AG is that we remain linked in the long term with many of the wind farms developed by us also during the operational phase by means of technical and commercial operations management.

However, other areas carefully developed by us should also turn into major pillars. Following years of intensive planning and preliminary work the offshore projects developed by us off the German coast are nearing the stage of final decision with regard to their realisation. This is true above all for the "Gode Wind I and II" offshore wind farms which have already been approved. The offshore sector should already in the short to medium term bring additional positive effects for the development of our Company.

Intensive preliminary work by us should also pay off for us abroad. Already in the short term we are expecting in the USA the start of construction of the first wind farms developed by our subsidiary there. In the short to medium term other projects in other countries will also be so far developed that their construction and marketing can be started. From these we intend to generate growing sales and earnings in the future. Already today we are working on projects in seven European and North American countries in which wind power turbines with up to 3,725 MW of nominal output can be constructed. Alone in the USA an additional 2,500 MW will be added in the medium term. If all these projects can be constructed in cooperation with investors and partners, this would constitute an investment volume in excess of euro 7 billion. This illustrates the dimension of the potential international development of the Company. Moreover, we are constantly examining whether the general conditions in other countries can be structured in such a way for wind farm projects, that also there the market introduction can be meaningful for PNE WIND AG. Our careful expansion strategy abroad is therefore starting to bear fruit.

PNE WIND AG is in an excellent situation onshore and offshore and both nationally and internationally. We are therefore very confident that we shall also in the future be able to use the opportunities of the "wind" growth market. We should like to emphasise our profit forecast: the Board of Management continues to be of the opinion the positive development will continue during the next few years and that the cumulative EBIT of the Group during the fiscal years 2011 to 2013 will amount to at least euro 60 to 72 million (the previous forecast was between euro 42 and 54 million for the three-year period from 2010 to 2012). Moreover, a continuing positive development of the results is expected also for the annual reports of PNE WIND AG during this period. It is very difficult to estimate fixed forecasts for the individual years due to the operating activity of the Company and the resulting short term fluctuations of results within two periods. The forecast of the EBIT over the period of the next three years reflects, however, the positive expectations of the Company. Key prerequisites for this further positive development are the planned contributions from the business abroad and offshore.

Cuxhaven, March 15, 2011

PNE WIND AG, Board of Management

Onshore and offshore, nationally and internationally

„Our employees have experience in the successful projecting of all types of wind farm projects also internationally. PNE WIND AG is thus well equipped for participating in the international development of the wind sector.“

Roland Stanze, General Manager and Head of Business Development





Consolidated financial statements

Consolidated statement of comprehensive income (IFRS)

of PNE WIND AG for the period from January 1 to December 31, 2010

All figures in TEUR (differences from rounding off possible)		Notes	2010	2009
1.	Revenues	V.16./VII.1.	65,589	137,302
2.	Increase (prior year: decrease) in finished goods and work in process		1,742	-8,403
3.	Other capitalised contributions		0	159
4.	Other operating income	VII.2.	12,704	4,530
5.	Total aggregate output		80,035	133,588
6.	Cost of materials		-42,667	-95,562
7.	Personnel expenses	VII.3.	-10,220	-8,910
8.	Amortisation of intangible assets and depreciation of property, plant and equipment	V.3./VI.1./VI.2.	-4,953	-4,068
9.	Other operating expenses	VII.4.	-12,653	-10,317
10.	Impairment expense - goodwill	V.3./VI.1.	-39	-35
11.	Operating result		9,504	14,696
12.	Income from participations		0	39
13.	Other interest and similar income	VII.5.	485	480
14.	Expenses from assumption of losses		-6	-24
15.	Interest and similar expenses	VII.6.	-4,626	-5,248
16.	Result of ordinary operations		5,358	9,943
17.	Taxes on income	VII.7.	1,813	211
18.	Other taxes		-59	-52
19.	Consolidated net income before minority interests		7,112	10,102
20.	Minority interests	VI.7.	-783	0
21.	Consolidated net income		7,895	10,102
Other comprehensive income				
22.	Foreign currency translation differences		-66	15
23.	Others		0	0
24.	Other comprehensive income for the period (net of tax)		-66	15
25.	Total comprehensive income for the period		7,046	10,117
Consolidated profit / loss for the period attributable to:				
	Owners of the parent company		7,895	10,102
	Non-controlling interests		-783	0
			7,112	10,102
Total comprehensive income for the period attributable to:				
	Owners of the parent company		7,830	10,117
	Non-controlling interests		-783	0
			7,046	10,117
	Weighted average of shares in circulation (undiluted) (in thousands)	VII.9	45,186	42,761
	Undiluted earnings per share from continuing operations (in EUR)		0.17	0.24
	Weighted average of shares in circulation (diluted) (in thousands)	VII.9	53,173	42,761
	Diluted earnings per share from continuing operations (in EUR)		0.16	0.24

Consolidated statement of financial position (IFRS)

of PNE WIND AG, Cuxhaven, as at December 31, 2010

Assets

All figures in TEUR (differences from rounding off possible)		Notes	Status as at 31.12.2010	Status as at 31.12.2009
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		19,684	2,476
	2. Goodwill		20,340	20,379
			40,024	22,855
II.	Property, plant and equipment	V.2./V.3./VI.2.		
	1. Land and buildings including buildings on third-party land		17,914	18,510
	2. Technical equipment and machinery		49,641	53,102
	3. Other plant and machinery, fixtures and fittings		627	693
	4. Prepayments and plant under construction		17,029	3,952
			85,211	76,257
III.	Long term financial assets	VI.3.		
	1. Participations		50	381
	2. Other loans		0	73
	3. Other long term loan receivables		136	116
			186	570
IV.	Deferred tax assets	V.5./VII.7.	1,027	1,873
B. Current assets				
I.	Inventories	V.7./VI.4.	12,846	10,572
II.	Receivables and other assets	V.9./VI.5.		
	1. Trade receivables		12,981	20,721
	2. Other short term loan receivables		2	145
	3. Receivables from associated companies		0	64
	4. Other assets		7,197	685
			20,180	21,615
III.	Tax receivables		1,501	1,193
IV.	Cash and cash equivalents	V.10.	39,176	41,500
			200,153	176,435

Liabilities

All figures in TEUR (differences from rounding off possible)		Notes	Status as at 31.12.2010	Status as at 31.12.2009
A.	Shareholders' equity	VI.6.		
I.	Capital subscribed		45,776	44,525
II.	Capital reserve		44,874	42,037
III.	Retained earnings			
	1. Legal reserve		5	5
	2. Other retained earnings		46	46
			51	51
IV.	Foreign exchange reserve		-32	34
V.	Retained consolidated loss		-8,244	-16,140
VI.	Minority interests	VI.7.	-737	0
			81,688	70,507
B.	Long term liabilities			
I.	Other provisions	V.12./VI.10.	1,300	955
II.	Deferred subsidies from public authorities	VI.8.	1,184	1,231
III.	Long term financial liabilities	V.13./VI.11		
	1. Participation certificate capital		882	900
	2. Bonds		28,097	3,645
	3. Liabilities to banks		40,375	20,979
	4. Other financial liabilities		5,280	4,813
	5. Liabilities from leasing contracts		714	820
			75,348	31,157
IV.	Deferred tax liabilities	V.5./VII.7	865	1,669
C.	Current liabilities			
I.	Provisions for taxes	VI.9.	58	1,929
II.	Other provisions	V.12./VI.10	1,193	1,244
III.	Short term financial liabilities	V.13./VI.11		
	1. Bonds		0	0
	2. Liabilities to banks		6,545	32,412
	3. Other financial liabilities		3,931	6,998
	4. Liabilities from leasing contracts		106	106
			10,582	39,516
IV.	Trade payables	V.13.	7,989	5,577
V.	Other liabilities	V.13./VI.12		
	1. Deferred revenues		8,025	8,417
	2. Deferred liabilities		2,513	12,444
	3. Other liabilities		7,049	1,482
			17,585	22,343
VI.	Tax liabilities		2,360	307
			200,153	176,435

Consolidated statement of cash flows (IFRS)

of PNE WIND AG, Cuxhaven, for the fiscal year 2010

All figures in TEUR (differences from rounding off possible)	Notes	2010	2009
Consolidated net result		7,112	10,102
+ Amortisation and depreciation of intangible assets and property, plant and equipment		4,992	4,103
+/- Increase/decrease in provisions	VI.9./VI.10	-1,574	-1,758
+/- Non-cash effective income and expenses		-10,725	-11,118
+/- Increase of inventories and other assets	V.7./VI.4.	-8,061	93,339
+/- Decrease/increase of trade receivables and stage of completion accounting	V.9./VI.5.	7,399	41,912
+/- Increase/decrease of trade liabilities and other liabilities	VI.8./VII.11.-12.	-6,800	-50,947
Cash flow from operating activities		-7,657	85,633
+ Inflow of funds from disposal of items of property, plant, equipment and intangible assets		0	2,318
- Outflow of funds for investments in property, plant, equipment and intangible assets	VI.1.-2.	-11,603	-35,736
+ Inflow of funds from disposal of financial assets		0	1
- Outflow of funds from disposal of financial assets		0	-90
+ Inflow of funds from disposal of consolidated units	VIII.3.	0	8,000
- Outflow of funds for investments in consolidated units		-5,000	0
Cash flow from investing activities		-16,603	-25,507
+ Additional inflow of funds from shareholders	VI.6.	2,500	6,175
+ Additional inflow of funds from minority interests		26,000	3,850
+ Inflow of funds from financial loans	VI.11.	343	8,087
- Outflow of funds from the repayment of financial loans	VI.11.	-6,813	-50,077
- Outflow of funds from the repayment of bonds	VI.11.	0	-16,433
- Outflow of funds for capital increase expenses		-180	-259
Cash flow from financing activities		21,850	-48,657
Cash effective change in liquid funds		-2,410	11,469
+ Change in liquid funds due to changes in scope of consolidation		86	717
+ Liquid funds at the beginning of the period	V.10./VIII.1.	41,500	29,314
Liquid funds at the end of the period*	V.10./VIII.1.	39,176	41,500
* of which are pledged to a bank as security guaranteed credit lines		190	903

Consolidated statement of changes in equity (IFRS)

of PNE WIND AG, Cuxhaven, for the fiscal year 2010

All figures in TEUR (differences from rounding off possible)	Capital subscribed	Capital reserve	Profit reserves	Foreign exchange reserve	Retained loss	Shareholders equity before minority	Minority interests	Total shareholders' equity
Status as at January 1, 2009	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 items	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
Consolidated net result 2010	0	0	0	0	7,895	7,895	-783	7,112
Capital increase in cash	1,250	1,090	0	0	0	2,340	0	2,340
Equity portion of convertible bond 2010/2014	0	1,745	0	0	0	1,745	0	1,745
Conversion of convertible bond 2009/2014	1	2	0	0	0	3	0	3
Other items	0	0	0	-66	0	-66	47	-19
Status as at December 31, 2010	45,776	44,874	51	-32	-8,244	82,425	-737	81,688

Consolidated schedule of fixed assets (IFRS)

of PNE WIND AG for the fiscal year 2010

All figures in TEUR (differences from rounding off possible)	Acquisition and manufacturing cost						Status as at 31.12.2010
	Status as at 1.1.2010	Changes in consolidated	Additions	Reclassifications	Disposals	Exchange Differences	
I. Intangible assets							
1. Franchises, trademarks and similar rights as well as licences to such rights	4,614	17,433	12	0	0	0	22,059
2. Goodwill	104,540	0	0	0	0	0	104,540
	109,154	17,433	12	0	0	0	126,600
II. Property, plant and equipment							
1. Land and buildings including buildings on third party land	22,081	0	0	-43	0	3	22,041
2. Technical equipment and machinery	69,106	0	451	43	0	6	69,606
3. Other equipment, fixtures and furnishings	2,147	0	134	0	2	1	2,280
4. Prepayments and plant under construction	3,962	2,073	11,003	0	0	0	17,038
	97,296	2,073	11,588	0	2	10	110,965
III. Financial assets							
1. Shares in associated companies	6,160	0	0	0	0	0	6,160
2. Participations	381	-331	0	0	0	0	50
3. Other loans	73	0	0	0	73	0	0
	6,614	-331	0	0	73	0	6,210
	213,066	19,175	11,600	0	75	10	243,776

	Accumulated amortisation and depreciation						Book values		
	Status as at 1.1.2010	Changes in consolidated	Additions	Reclassifications	Disposals	Exchange Differences	Status as at 31.12.2010	Status as at 31.12.2010	Status as at 31.12.2009
	2,138	0	236	0	0	0	2,375	19,684	2,476
	84,161	0	39	0	0	0	84,200	20,340	20,379
	86,299	0	275	0	0	0	86,575	40,025	22,855
	3,570	0	556	0	0	0	4,127	17,914	18,510
	16,006	0	3,960	0	0	0	19,965	49,641	53,102
	1,455	0	201	0	2	0	1,653	627	693
	9	0	0	0	0	0	9	17,029	3,952
	21,040	0	4,716	0	2	0	25,754	85,211	76,257
	6,160	0	0	0	0	0	6,160	0	0
	0	0	0	0	0	0	0	50	381
	0	0	0	0	0	0	0	0	73
	6,160	0	0	0	0	0	6,160	50	454
	113,501	0	4,992	0	2	0	118,490	125,286	99,565

Consolidated schedule of fixed assets (IFRS)

of PNE WIND AG for the fiscal year 2009

All figures in TEUR (differences from rounding off possible)	Acquisition and manufacturing cost					Status as at 31.12.2009
	Status as at 1.1.2009	Changes in consolidated	Additions	Reclassifications	Disposals	
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 consolidated	Additions	Reclassifications	Disposals	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 segment reporting (IFRS)

of PNE WIND AG, Cuxhaven for the fiscal year 2010

All figures in TEUR (differences from rounding off possible)	Projecting of wind power turbines		Electricity generation	
	2010	2009	2010	2009
External sales	57,274	128,589	8,315	8,713
Inter-segment sales	10,237	33,243	642	0
Change in inventories	1,742	-8,404	0	0
Other capitalised contributions	0	0	0	159
Other operating income	12,782	3,755	457	1,211
Total aggregate output	82,035	157,184	9,414	10,083
Depreciation and amortisation	-1,492	-1,369	-3,500	-2,733
Operating result	7,673	10,863	1,832	3,833
Interest and similar income	1,419	833	32	14
Interest and similar expenses	-2,990	-1,743	-2,608	-3,897
Taxes on income	1,842	-10	-29	222
Investments	16,256	4,432	347	31,394
Segment assets	208,800	152,779	53,899	57,463
Segment liabilities ¹⁾	161,155	117,090	50,508	53,247
Segment equity	47,645	35,689	3,392	4,216

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 (up to 15.12.09), PNE2 Riff II GmbH (up to 15.12.09), PNE Gode Wind II GmbH, PNE Gode Wind I GmbH, PNE WIND Ausland GmbH, PNE WIND GM Hungary Kft., PNE WIND Straldja-Kamenec OOD, PNE WIND Bulgaria EOOD, PNE WIND BE Development 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, PNE BCP WIND Inc., PNE WIND PARK Dobrudzha OOD, PNE WIND Jules Verne GmbH, PNE WIND Nemo GmbH, PNE WIND Nautilus GmbH

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, HKW Silbitz GmbH & Co. KG, PNE WP Fonds LX GmbH & Co. KG (up to 31.03.09), PNE WP Fonds LXXVIII GmbH & Co. KG (up to 31.03.09), PNE WP Fonds LXXXIX GmbH & Co. KG (up to 31.03.09), PNE WP Fonds LXXII GmbH & Co. KG (up to 31.03.09), PNE WP Fonds CI GmbH & Co. KG (up to 31.03.09), PNE WP Fonds CIV GmbH & Co. KG (up to 30.04.09), PNE WP Fonds CVI GmbH & Co. KG (up to 31.03.10)

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

	Consolidation		PNE WIND AG Group	
	2010	2009	2010	2009
	0	0	65,589	137,302
	-10,879	-33,243	0	0
	0	0	1,742	-8,403
	0	0	0	159
	-535	-436	12,704	4,530
	-11,414	-33,679	80,035	133,588
	0	0	-4,992	-4,103
	0	0	9,504	14,696
	-966	-367	485	480
	966	367	-4,632	-5,272
	0	0	1,813	211
	0	0	16,603	35,826
	-62,547	-33,807	200,153	176,435
	-93,198	-64,409	118,465	105,928
	30,651	30,602	81,688	70,507

List of the companies included in the consolidated financial statements and list of shareholdings

of PNE WIND AG, Cuxhaven as at December 31, 2010

Company	Participation %	Net income TEUR	Equity TEUR	Date of first consolidation
I. List of the companies included in the consolidated financial statements				
1 PNE WIND Betriebsführungs GmbH, Cuxhaven	100.0	144	447	31.12.1998
2 PNE Biomasse AG, Cuxhaven	100.0	-5	-22	23.04.2000
3 PNE Biomasse GmbH, Cuxhaven	100.0	2	55	01.12.2000
4 PNE WIND Grundstücks GmbH, Cuxhaven	100.0	12	83	01.12.2000
5 PNE WIND Altenbruch II GmbH & Co. KG, Cuxhaven	100.0	118	3,994	08.11.2001
6 PNE WIND Netzprojekt GmbH, Cuxhaven	100.0	75	387	01.01.2002
7 PNE WIND Laubuseschbach GmbH & Co. KG, Cuxhaven	100.0	-119	-255	29.12.2004
8 PNE Gode Wind II GmbH, Cuxhaven	100.0	-29	605	13.08.2007
9 PNE WIND GM Hungary Kft., Pusztahencse, Ungarn	100.0	-51	-33	28.09.2007
10 PNE WIND Ausland GmbH, Cuxhaven	100.0	-111	-293	16.11.2007
11 PNE WIND Yenilenebilir Enerjiler Ltd., Istanbul, Türkei	99.0	-87	-218	27.02.2008
12 PNE WIND UK Ltd., Eastbourne, Großbritannien	67.5	-586	-921	02.07.2008
13 NH North Hungarian Windfarm Kft., Gödöllő, Ungarn	100.0	-87	-83	07.08.2008
14 Plambeck GM Windfarm Pusztahencse Kft., Pusztahencse, Ungarn	100.0	-2	-4	07.08.2008
15 PNE WIND Straldja-Kamenec OOD (before PNE WIND Yambol OOD), Nessebar, Bulgarien	70.0	-22	-36	15.08.2008
16 PNE WIND BE Development OOD (before PNE WIND Bulgaria OOD), Nessebar, Bulgarien	80.0	-51	-241	15.08.2008
17 PNE WIND USA Inc., Delaware, USA	100.0	-1,558	-2,553	27.10.2008
18 S.C. PNE WIND Romania S.R.L., Bukarest, Rumänien	80.0	-222	-289	27.11.2008
19 HKW Silbitz GmbH & Co. KG, Cuxhaven	0.0	-598	-59	01.07.2009
20 PNE WIND Renewable Solutions LLC, Delaware, USA	75.0	-178	-122	01.10.2009
21 Underwood Windfarm LLC, Minnesota, USA	75.0	-94	-97	01.10.2009
22 Butte Windfarm LCC, Minnesota, USA	75.0	-655	-677	01.10.2009
23 PNE-BCP WIND Inc., Saskatoon, Kanada	75.0	-119	-117	26.01.2010
24 PNE Gode Wind I GmbH, Cuxhaven	100.0	-20	3,230	10.02.2010
25 PNE WIND PARK Dobrudzha OOD, Stara Zagora, Bulgarien	51.0	-70	-70	26.03.2010
26 PNE WIND Jules Verne GmbH, Cuxhaven	100.0	-15	1,146	30.06.2010
27 PNE WIND Nemo GmbH, Cuxhaven	100.0	-15	1,146	30.06.2010
28 PNE WIND Nautilus GmbH, Cuxhaven	100.0	-15	1,146	30.06.2010
29 PNE WIND Bulgaria EOOD, Sofia, Bulgarien	100.0	-13	-13	09.11.2010

(Continued on next page)

Company	Participation %	Net income TEUR	Equity TEUR	Date of first consolidation
II. Non-consolidated companies due to minor significance				
1 Plambeck Neue Energien Windpark Fonds VI GmbH & Co. KG, Cuxhaven	100.0	-5	-61	
2 Plambeck Neue Energien Windpark Fonds LXXXVIII GmbH & Co. KG, Cuxhaven	100.0	-3	-1	
3 Plambeck Neue Energien Windpark Fonds XCI GmbH & Co. KG, Cuxhaven	100.0	-5	-21	
4 Plambeck Neue Energien Windpark Fonds XCII GmbH & Co. KG, Cuxhaven	100.0	-4	-21	
5 Plambeck Neue Energien Windpark Fonds CIII GmbH & Co. KG, Cuxhaven	100.0	-1	-4	
6 Plambeck Neue Energien Windpark Fonds CV GmbH & Co. KG, Cuxhaven	100.0	-1	-1	
7 PNE WIND Park I GmbH & Co. KG, Cuxhaven	100.0	0	3	
8 PNE WIND Park II GmbH & Co. KG, Cuxhaven	100.0	0	2	
9 Netzanschluss Genthin GbR, Nielebock	52.0	-25	10	
10 Windkraft Stade GmbH & Co. Frischer Wind KG, Cuxhaven	50.0	-4	0	
11 Windkraft Stade GmbH, Cuxhaven	50.0	-3	21	
12 Windpark Altenbruch GmbH, Cuxhaven	50.0	17	75	
13 Cherokee Chilocco WIND FARM LCC, Delaware, USA	100.0	0	0	
14 Pilger Wind Farm Inc., Saskatoon, Kananda	75.0	0	0	
15 Climax Wind Farm Inc., Saskatoon, Kananda	75.0	0	0	
16 Watson Wind Farm Inc., Saskatoon, Kananda	75.0	0	0	
17 Wadena Wind Farm Inc., Saskatoon, Kananda	75.0	0	0	
18 Eston Wind Farm Inc., Saskatoon, Kananda	75.0	0	0	
19 Whiska Wind Farm Inc., Saskatoon, Kananda	75.0	0	0	
III. Other companies				
1 Windpark Offshore Testfeld GmbH & Co. KG, Cuxhaven	33.3	-2	26	

Notes

to the consolidated financial statements of PNE WIND AG, Cuxhaven, for the fiscal year 2010

I. Commercial register and object of the Company

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 as well as the acquisition of shareholders' equity for wind farm operating companies.

II. Discontinuation of operations

In the fiscal year 2010 no business units were discontinued.

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. 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) as they must be applied in the EU. 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:

	Coming into force	Date of EU endorsements
Changes of standards		
Change to IFRS 1: additional exception for first-time users	01.01.2010	23.06.2010
Change to IFRS 2	01.01.2010	23.03.2010
IFRS 3: corporate mergers: new version	01.07.2009	03.06.2009
Change to IAS 27: consolidated and individual statements	01.07.2009	03.06.2009
Change to IAS 39: appropriate underlying businesses	01.07.2009	15.09.2009
Annual improvements to various standards (2009)	01.01.2010	23.03.2010
New interpretations		
IFRIC 12: service concessions	01.01.2010	25.03.2009
IFRIC 15: agreements on the construction of buildings	01.01.2010	22.07.2009
IFRIC 16: hedging of a net investment in foreign business operations	01.07.2009	04.06.2009
IFRIC 17: dividends in kind to owners	01.11.2009	26.11.2009
IFRIC 18: transfer of assets through a customer	01.11.2009	27.11.2009

IFRS 3 Corporate mergers / IAS 27 consolidated and individual statements

IFRS 3 (amended) introduces major changes with regard to the capitalisation of corporate mergers, which take place following the date of the application. These result in effects on the valuation of shares already held without a controlling interest, the inclusion in the statement of financial position of the transaction costs, the first time statement and the subsequent valuation of a conditional consideration as well as subsequent acquisitions of companies. These new regulations have an effect on the amount of goodwill stated, the result of the period under report, in which a corporate merger takes place, as well as on future results.

The new IAS 27 prescribes that a change in the level of the participation, which does not involve the loss of control, is to be capitalised as a shareholders' equity transaction. Neither goodwill nor a profit or loss can thus result from such a transaction. Furthermore, changes have also been made regarding the distribution of losses to the shareholders of the parent company and the shares without controlling influence as well as the regulations for the capitalisation of transactions, which lead to a loss of control.

The new regulations from IFRS 3 (amended) and IAS 27 (amended) will have effects on the acquisition and the loss of control in subsidiaries and transactions with shares without controlling influence.

Change of IAS 39 financial instruments:

Statement and valuation: appropriate underlying businesses

The change specifies how the principles included in IAS 39 are to be applied for the setting up of hedging relationships for the designation of a unilateral risk in an underlying business as well as the designation of inflation risks as an underlying business. It has, however, no influence on the transactions stated in the consolidated financial statements.

Annual improvements 2009:

Within the context of the Annual Improvements Process project IASB published in April 2009 the second collective standard "Improvements to IFRSs". In this respect a total of fifteen smaller changes were made to ten existing standards and to two interpretations. Insofar as there are no specific regulations to the contrary in an individual case, the changes must be applied to fiscal years which begin at or after January 1, 2010; premature application is permitted. The individual changes have no material influence on the asset, financial and earnings situation in the consolidated financial statements.

The other new accounting regulations and interpretations have neither a material influence on the presentation of the asset, financial and earnings situation of the Group nor do they have to be applied on the basis of the business model of PNE WIND AG.

Moreover, additional new standards or interpretations have been published or changed by IASB or IFRIC, for which the obligatory date of application lies in the future or which have not yet been recognised by the European Commission for the purpose of application:

Standard / interpretation	Coming into force	Date of EU endorsement	Expected date of application
Change IFRS 7 <i>financial instruments: notes</i>	01.07.2011	outstanding	01.01.2012
IFRS 9 <i>financial instruments: classification and valuation of financial instruments</i>	01.01.2013	outstanding	
Change IAS 12 <i>taxes on income</i>	01.01.2012	outstanding	01.01.2012
Change IAS 24 <i>notes on relationships with closely related companies and persons</i>	01.01.2011	19.07.2010	01.01.2011
Change IAS 32 <i>financial instruments: presentation</i>	01.02.2010	23.12.2009	01.01.2011
Change IFRIC 14: <i>IAS 19 – limitation of a performance-related asset</i>	01.01.2011	19.07.2010	01.01.2011
IFRIC 19 <i>repayment of financial liabilities through equity instruments</i>	01.07.2010	23.07.2010	01.01.2011
Annual improvements to various standards (2010)	01.07.2010	18.02.2011	01.01.2011

The expected time of application represents in this respect the beginning of the fiscal year of PNE WIND AG, in which the new accounting regulation must be applied for the first time.

IFRS 9 financial instruments: classification and valuation of financial instruments should in future replace IAS 39. In this respect the four possible categories of financial assets in accordance with IAS 39 are reduced to two groups of categories of financial instruments. On the one hand financial assets should be capitalised at acquisition cost and on the other at underlying fair value. The classification into one of the categories depends on the business model pursued by the company as well as taking into consideration the individual characteristics of an instrument. Under certain conditions it is also possible to capitalise equity instruments at fair value without any effect on the profit and loss. Whilst the basic classification of financial obligations of IAS 39 is maintained for capitalisation at acquisition cost or at fair market value, IFRS 9 includes for the capitalisation of financial liabilities the regulation that changes in the fair market value of certain financial instruments are to be stated in the total result on the basis of their own risk of creditworthiness. Furthermore, the exception of IAS 39 was eliminated in IFRS 9; in this respect the obligation not to value derivative financial instruments in respect of non-listed equity instruments at fair value.

Additional major accounting regulations of IFRS 9, which are currently being developed in the standard setting process, of the IASB, concern the capitalisation of liabilities, the capitalisation of hedging relationships as well as the capitalisation of write-downs. These topics have not yet fully completed the stages of the standards setting process. In the opinion of the IASB the changes in IFRS 9 should be applied obligatorily for fiscal years as from January 1, 2013. Premature application is nevertheless possible. The EU endorsement process should, however, only begin when comprehensive changes to the capitalisation and valuation of financial assets and financial liabilities are concluded in further project stages of the IASB. The date for application of the amendments of IFRS as well as the final effects for the capitalisation cannot therefore in this respect be forecasted reliably.

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 euro (EUR) unless otherwise stated and in principle in thousands of euro (TEUR). Due to this rounding it can therefore be possible with regard to presentations in these notes to the consolidated financial statements as per IFRS that individual figures may not add up exactly to the stated sum.

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.

The consolidated financial statements and the Group management report, which were drawn up by the Board of Management as at December 31, 2010, were released for submission to the Supervisory Board at the Board of Management meeting on March 3, 2011.

The consolidated financial statements as at December 31, 2010 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.

Apart from the corporate merger with Gode Wind I GmbH, Cuxhaven, 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 %age holding):

- PNE-BCP WIND Inc., Saskatoon, Canada (26.01.2010/75%)
- PNE WIND PARK Dobrudzha OOD, Stara Zagora, Bulgaria (26.03.2010/51%)
- PNE WIND Jules Verne GmbH, Cuxhaven (30.06.2010/100%)
- PNE WIND Nemo GmbH, Cuxhaven (30.06.2010/100%)
- PNE WIND Nautilus GmbH, Cuxhaven (30.06.2010/100%)
- PNE WIND Bulgaria EOOD, Sofia, Bulgaria (9.11.2010/100%)

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.

Thereafter, the scope of consolidation as at December 31, 2010 comprised apart from PNE WIND AG the other companies listed under "list of companies included in the scope of consolidation".

Companies, which were not included in the scope of consolidation as at December 31, 2010, are included in the "list of companies included in the scope of consolidation" under point II "companies not included in the consolidation due to lack of material importance".

2. Mergers and divestments of companies

The following participations in consolidated companies were increased during the fiscal year 2010:

- PNE WIND GM Hungary Kft., Puztahencse, Hungary, from 79% to 100%

This event did not result in any material effects on the earnings, financial and asset situation.

First consolidation PNE Gode Wind I GmbH

PNE WIND AG was able to acquire 90% of the shares in PNE Gode Wind I GmbH on February 10, 2010. The acquisition costs of the corporate merger amounted in total to TEUR 11,417. This included the purchase price in the amount of EUR 1 for 90% of the shares. Since the shares of the previous owner were pledged to The Royal Bank of Scotland N.V. (RBS), Amsterdam, Netherlands, PNE WIND AG had, moreover, to make payments in the amount of up to TEUR 9,327 (cash value) for their release. The company holds the project rights for the construction of the "Gode Wind I" offshore wind farm in the North Sea. As a result of the acquisition the continuation of the project itself could be assured and its use favourably integrated in house. The project rights continue to be included as intangible assets in the project company, PNE Gode Wind I GmbH, in which PNE WIND AG had a 10% participation during the fiscal year 2009. Prior to the acquisition of the remaining shares, this participation had a fair market value of approximately EUR 2 million.

The transaction is classified as a corporate merger, since this concerned the transfer of a business operation within the meaning of IFRS 3.

The identifiable assets and liabilities of the company stated within the framework of the first consolidation amounted on February 10, 2010 to (each for 100%):

in EUR million	Book value	Fair value
Goodwill	0.0	0.0
Intangible assets	0.0	17.4
Property, plant and equipment	3.7	3.7
Cash and cash equivalents	0.1	0.1
Liabilities to affiliates	0.5	0.0
Deferred taxes stated as assets	0.0	0.2

Trade receivables or other receivables acquired had their full value, but in total were of no material significance. Sales did not change as a result of the inclusion of the company in the consolidated financial statements during the period under report. As a result of the inclusion EBIT increased by EUR 11.2 million; this has been stated as other operating income. Other operating income consists of the new valuation of the shares already held in the amount of EUR 1.7 million as well as the income from the acquisition in the amount of EUR 9.5 million. Within the context of the acquisition transaction costs amounted to TEUR 105, which are stated as other operating expense.

During the fiscal year 2010 one wind farm company was deconsolidated:

- Plambeck Neue Energien Windpark Fonds CVI GmbH & Co. KG, Cuxhaven

As a result of the deconsolidation of the company, assets in the total amount of EUR 2.0 million and liabilities in the amount of EUR 2.0 million were eliminated. Up to the date of the deconsolidation (end of first quarter 2010) the company reported sales of EUR 0.1 million and EBIT of EUR 0.0 million.

With regard to the effects on the consolidated result please refer to the explanations under VII. Statement of comprehensive income as well as in the segment reporting.

3. 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, 2010 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 statement of comprehensive income 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 (HB I), drawn up in accordance with the corresponding valid regulations, are restated in financial statements (HB II) 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 assumptions and estimates used are based on experience which could be gained during the past business activity of the PNE WIND Group and are focussed on the relevant publicly accessible expectations in each corresponding market. As a result the assumptions and estimates used cannot in principle deviate from general market expectations and thus in the case of future orientated amounts from visible price developments in the market. The maximum risk of a total deviation of the amount is represented by the capitalised book values of the intangible, tangible and financial assets. For a presentation of the historic development of values of the assets based on the assumptions and estimates used, please refer in particular to the schedule of fixed assets.

The actual amounts which occur as well as the development of values can, however, vary from the assumptions and estimates made. Changes are reflected in the statement of comprehensive income at the date of improved knowledge.

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.

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. Unscheduled 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 statement of comprehensive income. 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 date of the statement of financial position it is assessed whether there are indications for a need to write-down assets stated in the statement of financial position. 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 statement of comprehensive income separately under the item "impairment expense goodwill".

A correction in the statement of comprehensive income 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 statement of comprehensive income. 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 if there are indications that the book value should be reduced. A possible impairment is then charged immediately to expense as part of amortisation.

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.

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 date of the statement of financial position. 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 statement of financial position 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 date of the statement of financial position. The degree of completion of the individual contracts is determined in this case on the basis of the work completed by the date of the statement of financial position, which is compared with the total expected volume of the contract. 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 are discounted at market conditions.

10. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position include cash on hand, cash in banks and short term deposits with original maturities of less than 12 months.

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 statement of comprehensive income. 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 date of the statement of financial position. 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 date of the statement of financial position.

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 statement of comprehensive income. 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 statement of comprehensive income. A reduction in value charged earlier to the statement of comprehensive income will be corrected with effect on the statement of comprehensive income 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 date of the statement of financial position.

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 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 statement of the underlying fair value of all financial instruments included in the statement of financial position and described in these notes is based in information and input factors described above in Grade 2. Through the use of observed market parameters the valuation does not deviate from general market assumptions.

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 items of the statement of financial position.

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 statement of financial position 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 statement of financial position. A list of the contingent liabilities existing as at the date of the statement of financial position 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 statement of comprehensive income; these are released to the statement of comprehensive income according to the depreciation of the subsidised assets in question.

15. Statement of comprehensive income

The statement of comprehensive income 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.

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 date of the statement of financial position. Differences from currency conversion are booked to the statement of comprehensive income, 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 statement of comprehensive income after the net investment has taken effect. The conversion of shareholders' equity is carried out at historic rates.

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 date of the statement of financial position 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 statement of comprehensive income 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 date of the statement of financial position.

VI. Statement of financial position

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 TEUR 20,340 (prior year: TEUR 20,379) are attributable 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 item of the statement of financial position, the future cash flows were drawn up from the detailed plans for the next 3 years. For the period thereafter no growth discount was taken into consideration. The average weighted capital cost rate used for the discounting of the forecasted cash flow amounts for the detailed planning phase and for the subsequent period to 6.95 %.

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 three years. For the period thereafter a cumulative planning for the relative expected remaining life 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 4.59% for the detailed planning phase as well as for the subsequent period.

Key assumptions for the calculation of the utility values of the business units as at December 31, 2010 and as at December 31, 2009:

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 5.50%.

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

in TEUR	Projecting of wind power turbines		Electricity generation		Total	
	2010	2009	2010	2009	2010	2009
Book value of goodwill	20,000	20,000	340	379	20,340	20,379

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 TEUR 39 was effected for this wind farm.

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 TEUR 1,032 (prior year: TEUR 1,113). At the end of the financial leasing the legal ownership in the transformer station reverts to the Group. 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. The participations should not be sold in the longer term. Moreover, loan receivables in the amount of TEUR 136 (prior year: TEUR 116), are included in the item.

During the fiscal year 2010 no impairment was charged to long term financial assets.

4. Inventories

in TEUR	31.12.2010	31.12.2009
Materials and supplies	30	11
Work in process	10,438	8,702
Finished goods	139	139
Prepayments	2,239	1,720
	12,846	10,572

During the fiscal year 2010 write-downs in the amount of TEUR 562 (prior year: TEUR 933) 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 TEUR 1,224 (prior year: TEUR 2,417), 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.

Prior to being set off against prepayments received, the receivables from long term construction contracts amounted to TEUR 1,326 (prior year: TEUR 17,116). After being netted with the payments received the following net balance occurs which is shown under trade receivables:

in TEUR	31.12.2010	31.12.2009
Costs including partial profits	1,326	17,116
Prepayments received	0	0
	1,326	17,116

Trade receivables and other assets

During the fiscal year 2010 write-downs in the amount of TEUR 256 (prior year: TEUR 593) were charged to receivables and other assets. The write-downs determined are based individually on past amounts experienced in payments with the corresponding companies.

The item for write-downs developed as follows (TEUR):

31.12.2009	2,704
Additions	256
Uses (-)	0
Release (-)	331
31.12.2010	2,629

As at the date of the statement of financial position 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, 2010 the share capital of the Company amounted to EUR 44,524,966.00, divided into 44,524,966 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 2010 the Company issued 1,360 shares from the conditional capital I/2009 following the exercising of corresponding conversion rights.

On the basis of the authorisation granted by the resolution of the general meeting of shareholders of June 11, 2008 (authorised capital I/2008) an increase of the share capital by EUR 1,249,500 was

implemented. This was entered into the commercial register on June 16, 2010. As a result of the capital increase in cash the capital reserve also changed by EUR 1,090,225.16 after taking into account the transaction costs and their tax effects.

As at the date of the statement of financial position the share capital of the Company amounted to EUR 45,775,826.00, divided into 45,775,826 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 I/2008). 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;
- 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 for the first time 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.

With a further partial use of the authorisation of June 11, 2008 the Board of Management resolved on May 18, 2010 with the approval of the Supervisory Board of the same day to increase the share capital of the Company by up to EUR 1,249,500.00 and to grant the shareholders a subscription right for the new shares. On the basis of this resolution a capital increase was undertaken in the amount of EUR 1,249,500.00 and 1,249,500 new shares were issued. The authorised capital thus still amounted to EUR 16,123,838.00 as at December 31, 2010.

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 15,000,000.00.

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% 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 for the first time 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 (the "convertible loan 2009/2014") 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.

With another use of this authorisation the Board of Management resolved with the approval of the Supervisory Board of May 18, 2010 to issue a convertible bond with the total nominal amount of up to EUR 29.5 million divided into up to 295,000 bearer bonds (the "convertible bond 2010/2014"). The bonds were issued at an issue price of EUR 100.00. In the event of an effective exercise of the conversion right the conversion price amounts to EUR 2.20. The convertible bond was subscribed in a nominal amount of EUR 26,000,000. This corresponds to subscription rights

for up to 11,818,181 new shares with a proportional amount in the share capital of EUR 1.00 each. Including the first use of the authorisation of the general meeting of shareholders of May 14, 2009 the conditional capital I/2009 was thus partially used in the total amount of EUR 13,358,181.00.

7. Minority interests

Negative minority interests in the amount of TEUR 1,072 (prior year: TEUR 243) 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. Since the fiscal year 2010 the Company applies the changed regulations of IAS 27, namely that newly arising negative minority shares are stated in the statement of financial position. As at the date of the statement of financial position there was a negative share of TEUR 737.

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 TEUR 47 (prior year: TEUR 115) was released. The change between the release in the fiscal year 2010 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 2010.

10. Other provisions

The other provisions developed as follows:

in TEUR						Consol. /	
	1.1.2010	Use	Release	Additions	revlass.	31.12.2010	
Distribution guarantees "Silbitz"	955	361	0	898	0	1,492	
Court costs	674	380	37	100	0	357	
Investment subsidies	515	0	0	47	0	562	
Other	55	0	0	2	25	82	
	2,199	741	37	1,047	25	2,493	

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 1.5 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 the beginning of 2017 at a price in the amount of 110% of the nominal amount. On the basis of this commitment a discounted purchase price liability is included as at December 31, 2010 under the financial liabilities in the amount of EUR 4.6 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.

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

in TEUR	Total	Up to 1 year	1 to 5 years	More than 5 years
As at 31.12.2010				
Fixed interest				
Participation certificates	882	0	882	0
Loans	28,097	0	28,097	0
Liabilities to banks	45,561	5,186	17,674	22,701
Other financial liabilities	4,762	143	0	4,619
Liabilities from leasing contracts	820	106	425	289
Variable interest				
Liabilities to banks	1,359	1,359	0	0
Other financial liabilities	3,387	3,387	0	0
Derivatives				
Interest swap	1,063	401	607	55
	85,931	10,582	47,685	27,664
As at 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				
Interest swap	791	234	430	127
	70,673	39,516	16,872	14,285

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.

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.

In the year under report the Company repurchased 177 participation certificates in the nominal value of EUR 17,700.

Loans

The loans developed as follows:

in TEUR	31.12.2010	31.12.2009
Convertible loan 2009:		
- Status as at January1	3,645	0
- Issued/ accrued interest	39	3,645
- Withdrawn	0	0
- Converted	3	0
- Status as at December 31	3,681	3,645
Convertible loan 2010:		
- Status as at January1	0	0
- Issued/ accrued interest	24,416	0
- Withdrawn	0	0
- Converted	0	0
- Status as at December 31	24,416	0
Total	28,097	3,645

Convertible bond 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 6.)

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 the holders of a total of 34 bonds in the total nominal amount of EUR 3,400.00 exercised their conversion rights so that a total of 1,360 new registered no par value shares of PNE WIND AG were issued.

During the year under report interest of TEUR 39 was added to the book value of the convertible loan.

Convertible bond 2010/2014

Based on the authorisation resolution of the general meeting of shareholders of May 14, 2009 the Board of Management decided on May 18, 2010 with the approval of the Supervisory Board of the same date to issue up to 295,000 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 29,500,000.00. Thereafter, the Company on the basis of a resolution of the Board of Management of June 14, 2010 issued a total of 260,000 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 26,000,000.00. The convertible loan 2010/2014 was included on June 16, 2010 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 June 16, 2010 and ends on December 31, 2014. The bonds shall bear interest amounting to 6.5% of their nominal value during their whole maturity insofar as they are not repaid earlier or if the conversion right has not been 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 45.4545 registered no par value shares of the Company. The conditional capital I/2009 (see above under point 6.) serves as security for the conversion rights. The conversion right can be exercised at any time. The loan conditions include furthermore conditions for the adjustment of the conversion price in the event of capital increases, dilution protection clauses and the change of the loan conditions through the resolution of the bond creditors.

During the year under report no conversion rights were exercised by the holders of bonds from the convertible bond 2010/2014.

During the year under report interest of TEUR 181 was added to the book value of the convertible loan.

The bonds are fully convertible.

Liabilities to banks

The interest rates for the fixed interest liabilities to banks range between 2.51% and 6.85%. With regard to variable interest rate liabilities to banks the Company is exposed to the risk of interest change. During 2010 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.

Of the liabilities to banks an amount of TEUR 47,322 (prior year: TEUR 54,046) is secured by:

1. Registered mortgage in the amount of TEUR 10,007 on the property at Peter-Henlein-Str. 2-4, Cuxhaven (amount drawn down: TEUR 4,507).
2. Assignment of the rental income from the property at Peter-Henlein-Str. 2 - 4, Cuxhaven.
3. Registered mortgage in the amount of TEUR 1,100 on the property at Humphry-Davy-Str. 1, Cuxhaven (amount drawn down TEUR 389).
4. Assignment of the Granzow transformer station (amount drawn down: TEUR 299).
5. Assignment of the "Laubuseschbach" wind farm (amount drawn down: TEUR 713) 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: TEUR 35,141).
7. Assignment of all rights from contracts in connection with the timber biomass power station "Silbitz" as well as the pledge of all receivables of this timber biomass power station (amount taken down: TEUR 6,273).

As at December 31, 2010 the Group had available credit lines for project bridge financing granted in the amount of approximately EUR 10.4 million.

As at the date of the statement of financial position there were no defaults or any other disruptions to debt servicing with regard to interest or repayment.

Other financial liabilities

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 date of the statement of financial position 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 TEUR 820 (prior year: TEUR 926) 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:

in TEUR	Minimum leasing payments		Discounted cash value of minimum leasing payments	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
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	360	532	289	395
	1,220	1,392	820	926
Less:				
Future financing costs	-400	-466		
Discounted cash value of the leasing liabilities	820	926		
Amount due for repayment within twelve months (stated under short term liabilities)			106	106
Amount due for repayment after more than twelve months			714	820

An amount of TEUR 820 (prior year: TEUR 926) 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 TEUR 8,025 (prior year: TEUR 8,417) is attributable mainly to prepayments from wind farm operating companies for the use of transformer stations. The amount is released to the statement of comprehensive income during the life of the contracts (20 to 25 years).

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. The principles of risk management were not changed in comparison with the prior year.

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, if this appears to be appropriate for reasons of creditworthiness.

The maximum risk of loss is reflected primarily by the book values of the financial assets stated in the statement of financial position (including derivative financial instruments with a positive market value). As at the 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 TEUR 1,063. Since financial instruments, which are otherwise in principle with fixed interest, are used for the financing of the business operation, no further interest risk arises.

Liquidity risk

The assurance of liquidity consists of unused credit lines available to the Group (excluding project financing lines). 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. Of the total volume of credit lines available to the Group in the amount of TEUR 0 (prior year: TEUR 0), 0% (prior year: 0%) was used as at the date of the statement of financial position.

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 transactions stated in the statement of financial position and also planned 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 short term foreign currency liabilities in respect of trade payables in the Group, which from the point of view of the Company do not lead to any risks.

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 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 date of the statement of financial position.

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 date of the financial statements. In this respect it is assumed that the volume of the financial instruments as at the date of the statement of financial position 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. Other currencies relevant for the Group apart from the euro were as at the date of the statement of financial position the British pound and the US dollar.

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 on 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, 2010 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 TEUR 58 lower / higher.

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, 2010 and December 31, 2009 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.

Fair 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.

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 creditworthiness profile.

Depending on the market value on the date of the statement of financial position 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 as well as
- 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 monitoring 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 are indeed taken into consideration in the monitoring of the capital structure, but which in total, however, 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.

in TEUR	31.12.2010	31.12.2009
Financial liabilities	85,930	70,673
- Cash and cash equivalents	39,176	41,500
= Net third party debt	46,754	29,173
+ Shareholders' equity	81,688	70,507
= Total capital	128,442	99,680
Debt/equity ratio	36.40 %	29.27 %

In comparison with the prior year the unchanged strategy for the monitoring of the capital structure continued to be achieved insofar as also all external benchmarks for the assurance of liquidity were maintained.

VII. Statement of comprehensive income

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 the current operations of the "Altenbruch II" wind farm and the timber biomass power station "Silbitz".

The revenues from long term construction contracts for the fiscal year 2010 are based on four projects (see Sections V No. 8 and VI No. 5). Of these four projects three projects were completed fully in the fiscal year 2010 and delivered to the customer.

in TEUR	2010	2009
Revenues before HB II reconciliation	81,379	180,335
Revenues from stage of completion accounting	1,326	17,116
Reverse affect from stage of completion accounting	-17,116	-60,149
Share of revenues in stage of completion accounting	-15,790	-43,033
	65,589	137,302

Against this share of the revenues from stage of completion accounting there are contract costs in the amount of TEUR -12,796 (prior year: TEUR -40,728), so that versus the stage of completion accounting of the prior year (TEUR 3,500) there resulted a partial profit realisation which was TEUR 2,994 lower.

2. Other operating income

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

- Income from the first consolidation of PNE Gode Wind I GmbH in the amount of TEUR 11,244 (prior year: TEUR 0)
- The release of value adjustments on receivables and other assets contributed to other operating income in the amount of TEUR 341 (prior year: TEUR 107).
- Operating income was achieved in the amount of TEUR 0 (prior year: TEUR 94) from compensation claims.
- During the fiscal year 2010 provisions in the amount of TEUR 182 (prior year: TEUR 304) could be released, since the reasons for such provisions were no longer valid.
- Income from insurance compensation in the amount of TEUR 33 (prior year: TEUR 385)

3. Personnel expenses

The personnel expenses were composed as follows:

in TEUR	2010	2009
Wages and salaries	9,105	7,991
Social security contributions	1,115	919
	10,220	8,910
Average annual number of employees	154	133
Personnel expenses per employee	66	67

During the fiscal year 2010 an amount of TEUR 17 was included in personnel expenses for the cost of retirement benefits (defined contribution plans) (prior year: TEUR 17).

4. Other operating expenses

The other operating expenses include mainly the following items:

- Legal and consulting fees TEUR 2,496 (prior year: TEUR 2,132)
- Rental and leasing expenses TEUR 1,242 (prior year: TEUR 1,358)
- Provisions for doubtful accounts or losses on receivables TEUR 266 (prior year: TEUR 593)
- Advertising and travel expenses TEUR 1,162 (prior year: TEUR 1,153)
- Vehicle expenses TEUR 538 (prior year: TEUR 502)
- EDP expenses TEUR 408 (prior year: TEUR 272)
- Compensation for damages TEUR 22 (prior year: TEUR 422)
- Insurances and contributions TEUR 751 (prior year: TEUR 444)
- Repair / maintenance cost ("Silbitz" and "Altenbruch") TEUR 491 (prior year: TEUR 738)

5. Other interest and similar income

The interest income includes loan and overdraft interest in the amount of TEUR 476 (prior year: TEUR 106).

6. Interest and similar expenses

The interest and similar expenses include mainly interest on the convertible loans TEUR 1,185 (prior year: TEUR 37), interest on loans and overdrafts TEUR 2,494 (prior year: TEUR 3,813) and the change in value of derivative financial instruments TEUR 272 (prior year: TEUR 791). During the fiscal year interest on third party capital was capitalised in the amount of TEUR 248 (prior year: TEUR 74) at a capitalisation rate of 3.81%.

7. Taxes on income

The expenses from taxes on income are composed as follows:

in TEUR	2010	2009
Current taxes	-1,688	-9
Deferred taxes		
- from the effect of consolidations and HB II adjustments	186	-380
- from individual financial statements	-311	178
	-125	-202
	-1,813	-211

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.

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 approximately 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 date of the statement of financial position the Group had estimated tax loss carry forwards of approximately EUR 90 million (prior year: approximately EUR 80 million), which can be set off against future profits. Deferred tax claims were set up in respect of these losses in the amount of TEUR 0 (prior year: TEUR 1,873). 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 statement of comprehensive income:

in TEUR	2010	2009
Consolidated earnings before taxes	5,416	9,891
Tax rates	30.0 %	30.0 %
Income tax expense - calculated	1,625	2,967
Addition to value adjustment for tax loss carry forwards	1,389	0
Non-inclusion of deferred taxes	1,884	1,110
Use of loss carry forwards	0	-908
Tax free gains on sales	-1,824	-1,664
Other tax free income	-3,233	-1,707
Tax expense not relating to the period	-1,654	0
Other differences	0	-9
Reported tax expense	-1,813	-211

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 items of the statement of financial position:

in TEUR	Deferred taxes stated as assets	Deferred taxes stated as liabilities	Deferred taxes stated as assets	Deferred taxes stated as liabilities
	31.12.2010	31.12.2010	31.12.2009	31.12.2009
Receivables and other assets	11	398	0	1,181
Inventories	30	0	273	0
Property, plant and equipment	0	318	4	223
Financial assets	0	42	0	0
Liabilities	339	525	237	62
Other provisions	931	0	0	204
	1,311	1,283	514	1,669
Tax loss carry forwards	1,389	0	1,632	0
Other consolidation effects incl. value adjustments	-1,255	0	-273	0
	1,445	1,283	1,873	1,669
Offsettable share	-418	-418	0	0
Deferred taxes	1,027	865	1,873	1,669

8. 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.

During the fiscal year 2010 there existed no corresponding issues.

9. Earnings per share

Undiluted earnings per share

In 2010 the annual average number of registered shares amounted to a total of 45,186,354 (prior year: 42,760,683).

The undiluted earnings per share from continuing operations thus amounted per share to EUR 0.17 per share (prior year: EUR 0.24 per share).

	2010	2009
Result from discontinued operations (TEUR)	7,895	10,102
Weighted average of the shares issued	45,186,354	42,760,683
Earnings per share (in EUR)	0.17	0.24

Diluted earnings per share

The diluted earnings per share are calculated as follows:

	2010	2009
Consolidated net income before elimination of dilution effects (TEUR)	7,895	10,102
- interest expense on convertible loan (TEUR)	830	0
Result after elimination (TEUR)	8,725	10,102
Weighted average of shares issued before dilution effect	45,186	42,761
+ weighted average of convertible shares	7,987	0
Weighted average of shares issued after dilution effect	53,173	42,761
Diluted earnings per share (EUR)	0.16	0.24

VIII. Statement of cash flow

The statement of cash flow was drawn up in accordance with the indirect method.

1. Liquid assets

The liquid assets as at January 1, 2010 and December 31, 2010 correspond in each case to the following item shown in the statement of financial position: "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:

in TEUR	2010	2009
Interest income	485	480
Interest expense	2,816	3,818
Tax payments and reimbursements	55	106

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 from the purchase of the business operations of PNE Gode Wind I GmbH for a purchase price in the amount of EUR 1. Since the shares of the previous owner were pledged to The Royal Bank of Scotland N.V. (RBS), Amsterdam, Netherlands, PNE WIND AG had to make a first payment in the amount of up to TEUR 5,000 for their release. Liquid assets of TEUR 88 were also acquired with the purchase.

4. Reconciliation between amounts in the statement of cash flow and the statement of financial position

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 2010 an amount of TEUR 180 (prior year: TEUR 259) (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 2010/2014 were included proportionally.

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 and 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.

Long term assets are used regionally as follows:

in TEUR	2010	2009
Germany	124,879	99,470
Other countries	542	211
	125,421	99,681

In the segment of projecting of wind power turbines a major part of all the external sales are attributable to 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 date of the statement of financial position in connection with the granting of guarantees for:

in TEUR	31.12.2010	31.12.2009
Various wind power projects	708	0
Other	0	3
	708	3

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 won the first stage of the court case, but an appeal was lodged. This concerns the legal court case concerning 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 expenses 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 statement of financial position 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 appeal has little chances of success.

Other financial obligations exist from rental leasing contracts in the amount of TEUR 967 (prior year: TEUR 937). The maturities of the rental and leasing obligations were structured as follows:

Rental and leasing obligations	TEUR
Remaining maturity of up to one year	530
Remaining maturity 1 - 5 years	437
Remaining maturity in excess of 5 years	0
	967

Moreover, there are obligations from order commitments for wind power turbines in the amount of TEUR 37,405 (prior year: TEUR 38,245). The obligations from order commitments are fully due within one year.

Other financial liabilities in the amount of TEUR 1,710 (prior year: TEUR 0) also exist from the cooperation in respect of project development abroad.

2. 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 involve 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 seabed 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.

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

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 exceeded the threshold of 3% on December 22, 2009 and amounted on this day to 3.073% of the voting shares (1,368,349 voting shares).

Cuxhaven, January 6, 2010

Mitgeteilt von Financiere de Champlain

Die Financiere de Champlain, Paris, Frankreich, hat uns gemäß § 21 Abs. 1 WpHG mitgeteilt, dass der Anteil von Financiere de Champlain an den Stimmrechten der PNE WIND AG am 6. Januar 2010 die Schwelle von 3% unterschritten hat und an diesem Tag 2,963% (1.319.399 Stimmrechte) der Stimmrechte betrug.

Cuxhaven, 8. Januar 2010

Announced by Close Brothers Seydler Bank

1. In accordance with Section 21 Paragraph 1 of the Securities Trading Law (WpHG) Close Securities (Germany) Limited, London, United Kingdom, announced to us that their share in the voting shares of PNE WIND AG, Cuxhaven, exceeded the thresholds of 3% and 5% of the voting rights on July 14, 2009 and amounted on this day to 7.30% (3,250,000 voting rights). In accordance with Section 21 Paragraph 1, Sentence 1, No.1 of the Securities Trading Law (WpHG) 7.30% (3,250,000 voting rights) are allocable to Close Securities (Germany) Limited. In this respect allocable voting rights were held by the following companies controlled by Close Securities (Germany) Limited, whose share in the voting rights of PNE WIND AG each amounted to 3% or more:

- Close Brothers Seydler Bank AG

2. In accordance with Section 21 Paragraph 1 of the Securities Trading Law (WpHG) Close Securities Holdings Limited, London, United Kingdom, announced to us that their share in the voting shares of PNE WIND AG, Cuxhaven, exceeded the thresholds of 3% and 5% of the voting rights on July 14, 2009 and amounted on this day to 7.30% (3,250,000 voting rights). In accordance with Section 21 Paragraph 1, Sentence 1, No.1 of the Securities Trading Law (WpHG) 7.30% (3,250,000 voting rights) are allocable to Close Securities Holdings Limited. In this respect allocable voting rights were held by the following companies controlled by Close Securities Holdings Limited, whose share in the voting rights of PNE WIND AG each amounted to 3% or more:

- Close Securities (Germany) Limited
- Close Brothers Seydler Bank AG

3. In accordance with Section 21 Paragraph 1 of the Securities Trading Law (WpHG) Close Brothers Holdings Limited, London, United Kingdom, announced to us that their share in the voting shares of PNE WIND AG, Cuxhaven, exceeded the thresholds of 3% and 5% of the voting rights on July 14, 2009 and amounted on this day to 7.30% (3,250,000 voting rights).

In accordance with Section 21 Paragraph 1, Sentence 1, No.1 of the Securities Trading Law (WpHG) 7.30% (3,250,000 voting rights) are allocable to Close Brothers Holdings Limited. In this respect allocable voting rights were held by the following companies controlled by Close Brothers Holdings Limited, whose share in the voting rights of PNE WIND AG each amounted to 3% or more:

- Close Securities Holdings Limited
 - Close Securities (Germany) Limited
 - Close Brothers Seydler Bank AG
4. In accordance with Section 21 Paragraph 1 of the Securities Trading Law (WpHG) Close Brothers Group plc., London, United Kingdom, announced to us that their share in the voting shares of PNE WIND AG, Cuxhaven, exceeded the thresholds of 3% and 5% of the voting rights on July 14, 2009 and amounted on this day to 7.30% (3,250,000 voting rights). In accordance with Section 21 Paragraph 1, Sentence 1, No.1 of the Securities Trading Law (WpHG) 7.30% (3,250,000 voting rights) are allocable to Close Brothers Group plc. In this respect allocable voting rights were held by the following companies controlled by Close Brothers Group plc., whose share in the voting rights of PNE WIND AG each amounted to 3% or more:
- Close Brothers Holdings Limited
 - Close Securities Holdings Limited
 - Close Securities (Germany) Limited
 - Close Brothers Seydler Bank AG
5. In accordance with Section 21 Paragraph 1 of the Securities Trading Law (WpHG) Close Securities (Germany) Limited, London, United Kingdom, announced to us that their share in the voting rights of PNE WIND AG, Cuxhaven had fallen below the thresholds of 5% and 3% of the voting rights and amounted on this day to 0.00% (0 voting rights).
6. In accordance with Section 21 Paragraph 1 of the Securities Trading Law (WpHG) Close Securities Holdings Limited, London, United Kingdom, announced to us that their share in the voting rights of PNE WIND AG, Cuxhaven, had fallen below the thresholds of 5% and 3% of the voting rights and amounted on this day to 0.00% (0 voting rights).
7. In accordance with Section 21 Paragraph 1 of the Securities Trading Law (WpHG) Close Brothers Holdings Limited, London, United Kingdom, announced to us that their share in the voting rights of PNE WIND AG, Cuxhaven, had fallen below the thresholds of 5% and 3% of the voting rights and amounted on this day to 0.00% (0 voting rights).
8. In accordance with Section 21 Paragraph 1 of the Securities Trading Law (WpHG) Close Brothers Group plc., London, United Kingdom, announced to us that their share in the voting rights of PNE WIND AG, Cuxhaven, had fallen below the thresholds of 5% and 3% of the voting rights and amounted on this day to 0.00% (0 voting rights).

Cuxhaven, April 15, 2010

4. 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 2010 there were the following transactions with related persons:

- PNE WIND AG has 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 2010 there were transactions in an amount of EUR 201,510.32. These business transactions took place on an arm's length basis.

The remuneration and the ownership of shares of the Supervisory Board and the Board of Management are explained under Section XI.5.

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

Supervisory Board

- Mr. Dieter K. Kuprian, Berlin, banker (Chairman)
- Dr. Peter Fischer, Cuxhaven, management consultant (Deputy Chairman)
- Mr. Horst Kunkel, Bietigheim, businessman (up to August 31, 2010)
- Professor Dr. Reza Abhari, Zürich, Switzerland, university professor
- Mr. Alfred Mehrtens, Cuxhaven, farmer (up to August 31, 2010)
- Mr. Rafael Vazquez Gonzalez, Cuxhaven, businessman
- Mr. Alain Huberty, Leudelange, Luxembourg, Executive Director und General Secretary of Luxempart S.A. (since September 1, 2010)
- Herr Jacquot Schwertzer, Leudelange, Luxembourg, Member of the Management
- Committee of Luxempart S.A. (since September 1, 2010)

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

Professor Dr. Reza Abhari 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):

- First Climate AG, Switzerland

Mr. Alain Huberty 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):

- Luxempart S.A., Leudelange, Luxembourg
- Poweo S.A., Paris, France,
- Utopia S.A., Leudelange, Luxembourg,
- European United Bakeris S.A., Leudelange, Luxembourg

Mr. Jacquot Schwertzer 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):

- Poweo S.A., Paris, France
- Foyer S.A., Leudelange, Luxembourg
- Indufin Capital Partners SICAR, Leudelange, Luxembourg
- Luxempart Capital Partners SICAR, Leudelange, Luxembourg
- QUIP AG, Baesweiler

During the fiscal year 2010 the fixed remuneration of the Supervisory Board amounted to TEUR 220 (prior year: TEUR 203). The Chairman receives TEUR 14, the Deputy Chairman TEUR 10.5 and the other members of the Supervisory Board TEUR 7 as fixed compensation. Moreover, each member of the Supervisory Board receives TEUR 2.5 per meeting. Variable remuneration was paid or provisions set up during the period under report in the amount of TEUR 112 (prior year: TEUR 165). During the fiscal year 2010 the total remuneration of the Supervisory Board amounted to TEUR 332 (prior year: TEUR 368). Furthermore, the Company bears the costs of a directors and officers (D&O) insurance for all members of the Supervisory Board.

Mr. Jacquot Schwertzer, member of the Supervisory Board, held 5,704 shares as at December 31, 2010.

Board of Management

- Mr. Martin Billhardt, Cuxhaven (Chairman of the Board of Management)
- Mr. Bernd Paulsen, Schiffdorf (Member of the Board of Management).

Mr. Martin Billhardt 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):

- PNE Biomasse AG, Cuxhaven
- Deutsche Rohstoff AG, Heidelberg

The members of the Board of Management received for their activities during the fiscal year 2010 total remuneration in the amount of TEUR 1,274 (prior year: TEUR 1,170), which was broken down as follows:

in TEUR	Fixed salary	Variable salary	Other remuneration	Total remuneration
	2010	2010	2010	2010
Martin Billhardt	295	390	144	829
Bernd Paulsen	180	150	115	445
	475	540	259	1,274

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 400,000 shares were allocable to Mr. Martin Billhardt as at December 31, 2010; 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)

6. Group auditors' fees

During the fiscal year the following fees were invoiced by the auditors:

Audit of financial statements (individual and consolidated financial statements)	TEUR 198
Other auditing and valuation services	TEUR 161
Other consulting services	TEUR 0

7. 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 of the German Stock Corporation Act (AktG) the Board of Management declared on November 29, 2010 and the Supervisory Board of PNE WIND AG on December 6, 2010 that the Corporate Governance Code had been complied with except for the regulation 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); this corresponds to the current contracts of the Board of Management.

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 in the future with the exception of the above-mentioned regulation.

The declaration of compliance is attributable to the German Corporate Governance Code in its version of May 26, 2010.

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.

8. Information on employees

Average annual number of employees

	2010	2009
Wage-earning employees	15	15
Salaried employees	113	98
Executives (excluding Board of Management of PNE WIND AG)	24	18
	152	131

Cuxhaven, March 15, 2010

PNE WIND AG



Martin Billhardt
Chairman of the Board of Management



Bernd Paulsen
Member of the Board of Management

Auditors' Report

We have audited the consolidated financial statements prepared by PNE WIND AG, Cuxhaven/ Germany, – 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 2010. The preparation of the consolidated financial statements and the combined group management report in accordance with IFRS, as adopted by the EU, as well as the regulations under German commercial law complementarily applicable under § 315a (1) German Commercial Code (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/Germany, comply with IFRS, as adopted by the EU, as well as the regulations under German commercial law complementarily applicable under § 315a (1) German Commercial Code (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 15, 2011

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Reiher
Wirtschaftsprüfer
[German Public Auditor]

Signed: p.p. Feldhaus
Wirtschaftsprüfer
[German Public Auditor]

Green energy for thousands of households

„The Federal Government already gave the starting signal a long time ago and other governments are also seeing the necessity of producing green energy. Energy from wind power is receiving the highest priority and PNE WIND AG is well equipped to satisfy the rising demand.“

Martin Billhardt, Chairman of the Board of Management





PNE
WIND

Financial statements of the AG

Profit and loss account (HGB)

of PNE WIND AG, Cuxhaven, for the period from January 1 to December 31, 2010

(differences from rounding off possible)		2010 EUR	2009 TEUR
1.	Revenues	71,929,001.19	185,913
2.	Decrease/Increase in work in process	-845,196.95	-54,455
3.	Other operating income	8,116,287.26	8,377
4.	Total aggregate output	79,200,091.50	139,835
5.	Cost of purchased materials		
	a) Cost of raw materials, supplies and purchased materials	-39,615,040.17	-96,714
	b) Cost of purchased services	-19,930,448.20	-26,406
		-59,545,488.37	-123,120
6.	Personnel expenses		
	a) Wages and salaries	-6,550,857.47	-6,134
	b) Social security contributions	-744,420.53	-642
		-7,295,278.00	-6,776
7.	Amortisation and depreciation of intangible assets and items of property, plant and equipment	-740,723.68	-717
8.	Other operating expenses	-7,666,051.47	-6,302
9.	Operating result	3,952,549.98	2,920
10.	Income from participations	500.00	8
11.	Other interest and similar income	1,130,929.25	718
12.	Amortisation of financial assets	-74,000.00	0
13.	Interest and similar expenses	-1,810,946.54	-912
14.	Profit from ordinary operations	3,199,032.69	2,734
15.	Extraordinary income	0.00	0
16.	Extraordinary expenses	-658,272.58	-359
17.	Extraordinary result	-658,272.58	-359
18.	Taxes on income (prior year: taxes on income reimbursed)	1,654,083.22	0
19.	Other taxes	-50,628.21	-49
20.	Net income	4,144,215.12	2,326
21.	Increase in participation certificate capital	0.00	-410
22.	Loss carried forward	0.00	-10,573
23.	Transfer from the capital reserve	0.00	8,657
24.	Retained earnings	4,144,215.12	0
	Earnings per share (undiluted)	0.09 €	0.05 €
	Average number of shares in circulation (undiluted) (in thousands)	45,186	42,761
	Earnings per share (diluted)	0.09 €	0.05 €
	Average number of shares in circulation (diluted) (in thousands)	53,173	42,761

Balance sheet (HGB)

of PNE WIND AG, Cuxhaven, as at December 31, 2009

Assets

(differences from rounding off possible)		2010 EUR	2009 TEUR
A. Fixed assets			
I.	Intangible assets		
	Franchises, trademarks, licences and other similar rights as well as licences from such rights	169,046.42	228
		169,046.42	228
II.	Property, plant and equipment		
	1. Land and buildings including buildings on third-party land	14,010,636.76	14,498
	2. Technical equipment and machinery	124,617.54	124
	3. Other plant and machinery, fixtures and fittings	560,964.16	651
		14,696,218.46	15,273
III.	Financial assets		
	1. Participations in associate companies	25,744,104.96	16,897
	2. Participations	44,263.59	375
	3. Other loans	936,992.34	800
		26,725,360.89	18,072
	Total fixed assets	41,590,625.77	33,573
B. Current assets			
I.	Inventories		
	1. Work in process	5,027,680.59	9,283
	2. Finished goods	2,639.47	3
	3. Prepayments	1,664,500.00	4,735
		6,694,820.06	14,021
II.	Receivables and other assets		
	1. Trade receivables	9,598,410.40	1,046
	2. Receivables from associated companies	26,472,473.81	7,048
	3. Receivables from participations	0.00	63
	4. Other assets	6,765,019.77	618
		42,835,903.98	8,775
III.	Cash on hand and cash in banks	34,856,413.47	39,177
	Total current assets	84,387,137.51	61,973
	C. Deferred charges	118,696.67	124
	Total assets	126,096,459.95	95,670

Liabilities

(differences from rounding off possible)		2010 EUR	2009 TEUR
A. Shareholders' equity			
I.	Capital subscribed	45,775,826.00	44,525
	Conditional capital EUR 1,641,818.19		
II.	Capital reserves	18,734,083.88	17,483
III.	Retained earnings	4,144,215.12	0
IV.	Participation certificate capital	881,800.00	899
Total shareholders' equity		69,535,925.00	62,907
B. Special items for investment grants		1,183,957.15	1,231
C. Provisions			
1.	Provision for taxes	0.00	1,906
2.	Other taxes	8,557,285.37	7,841
		8,557,285.37	9,747
D. Liabilities			
1.	Bonds	29,846,600.00	3,850
2.	Liabilities to banks	4,896,244.72	6,533
3.	Prepayments received on orders	0.00	1,708
4.	Trade payables	3,810,229.70	2,181
5.	Liabilities to associated companies	985,410.63	564
6.	Liabilities to participations	0.00	3
7.	Other liabilities	7,159,852.38	6,817
Total liabilities		46,698,337.43	21,656
E. Deferred income		120,955.00	129
Total liabilities and shareholders' equity		126,096,459.95	95,670

Statement of cash flows (HGB)

of PNE WIND AG, Cuxhaven, for the period from
January 1 to December 31, 2010

All figures in TEUR (differences from rounding off possible)	2010	2009
Net income	4,144	2,325
+ Amortisation and depreciation of intangible assets and items of property, plant and equipment	741	717
+ Amortisation of financial assets	74	0
+ Decrease/increase in provisions	-1,190	348
+/- Other non-cash effective expenses and income	1	0
- Gain from the disposal of fixed assets	0	-5,750
+/- Decrease/increase of inventories and other assets	-21,724	130,643
+ Increase in trade receivables	-8,553	307
-/+ Decrease/Increase in trade payables and other liabilities	627	-110,743
Cash flow from operating activities	-25,880	17,847
+ Inflow of funds from disposal of items of property, plant and equipment	0	105
- Outflow of funds for investments in intangible assets and property, plant and equipment	-105	-824
+ Inflow of funds from the disposal of financial assets	0	8,000
- Outflow of funds for investments in financial assets	-5,180	-115
Cash flow from investing activities	-5,285	7,166
+ Inflow of funds from additions to shareholders' equity	2,499	6,203
+ Inflow of funds from issue of bonds	26,000	3,850
+ Inflow of funds from financial loans	0	0
- Outflow of funds from the repayment of bonds and participation certificate capital	-18	-16,480
- Outflow of funds from the repayment of financial loans	-1,637	-2,189
Cash flow from financing activities	26,844	-8,616
Cash effective change in liquid funds (≤ 3 months)	-4,321	16,397
+ Liquid funds (≤ 3 months) as at the beginning of the period	39,177	22,780
Liquid funds (≤ 3 months) as at the end of the period*	34,856	39,177
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."		
* of which are pledged to a bank as security guaranteed credit lines	180	888

Development of shareholders' equity (HGB)

of PNE WIND AG, Cuxhaven, for the fiscal year from January 1 to December 31, 2010

All figures in EUR (differences from rounding off possible)	Capital subscribed	Capital reserve	Participation certificate capital	Retained earnings / loss	Total shareholders equity
Status as at January 1, 2009	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
Capital increase in cash	3,250,000.00	2,925,000.00	0.00	0.00	6,175,000.00
Increase of participation certificate capital	0.00	0.00	409,874.30	-409,874.30	0.00
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
Convertible bond 2009 / 2014	1,360.00	2,040.00	0.00	0.00	3,400.00
Capital increase in cash	1,249,500.00	1,249,500.00	0.00	0.00	2,499,000.00
decrease of participation certificate capital	0.00	0.00	-17,700.00	0.00	-17,700.00
Transfer from the capital reserve	0.00	0.00	0.00	0.00	0.00
Net income 2010	0.00	0.00	0.00	4,144,215.12	4,144,215.12
Status as at December 31, 2010	45,775,826.00	18,734,083.88	881,800.00	4,144,215.12	69,535,925.00

Schedule of fixed assets (HGB)

of PNE WIND AG, Cuxhaven, for the fiscal year 2010

All figures in EUR (differences from rounding off possible)	Acquisition and manufacturing cost				Status as at 31.12.2010
	Status as at 1.1.2010	Additions	Reclassifi- cations	Disposals	
I. Intangible assets					
Franchises, trademarks and similar rights as well as licences to such rights	401,098.13	4,500.00	0.00	0.00	405,598.13
	401,098.13	4,500.00	0.00	0.00	405,598.13
II. Property, plant and equipment					
1. Land and buildings including buildings on third party land"	17,730,165.55	0.00	0.00	0.00	17,730,165.55
2. Technical equipment and machinery	187,224.67	11,815.50	0.00	0.00	199,040.17
3. Other plant and machinery, fixtures and fittings	1,637,342.70	88,443.57	0.00	2,250.01	1,723,536.26
4. Prepayments and plant under construction	9,350.00	0.00	0.00	0.00	9,350.00
	19,564,082.92	100,259.07	0.00	2,250.01	19,662,091.98
III. Financial assets					
1. Shares in associated companies	18,970,423.14	8,590,253.51	330,737.07	0.00	27,891,413.72
2. Participations	375,000.66	0.00	-330,737.07	0.00	44,263.59
3. Other loans	800,305.32	136,687.02	0.00	0.00	936,992.34
	20,145,729.12	8,726,940.53	0.00	0.00	28,872,669.65
	40,110,910.17	8,831,699.60	0.00	2,250.01	48,940,359.76

	Accumulated amortisation and depreciation				Book value		
	Status as at 1.1.2010	Additions	Reclassifi- cations	Disposals	Status as at 31.12.2010	Status as at 31.12.2010	Status as at 31.12.2009
	172,993.07	63,558.64	0.00	0.00	236,551.71	169,046.42	228,105.06
	172,993.07	63,558.64	0.00	0.00	236,551.71	169,046.42	228,105.06
	3,232,101.19	487,427.60	0.00	0.00	3,719,528.79	14,010,636.76	14,498,064.36
	63,551.17	10,871.46	0.00	0.00	74,422.63	124,617.54	123,673.50
	985,953.13	178,865.98	0.00	2,247.01	1,162,572.10	560,964.16	651,389.57
	9,350.00	0.00	0.00	0.00	9,350.00	0.00	0.00
	4,290,955.49	677,165.04	0.00	2,247.01	4,965,873.52	14,696,218.46	15,273,127.43
	2,073,308.76	74,000.00	0.00	0.00	2,147,308.76	25,744,104.96	16,897,114.38
	0.00	0.00	0.00	0.00	0.00	44,263.59	375,000.66
	0.00	0.00	0.00	0.00	0.00	936,992.34	800,305.32
	2,073,308.76	74,000.00	0.00	0.00	2,147,308.76	26,725,360.89	18,072,420.36
	6,537,257.32	814,723.68	0.00	2,247.01	7,349,733.99	41,590,625.77	33,573,652.85

Schedule of liabilities (HGB)

of PNE WIND AG, Cuxhaven, as at December 31, 2010

All figures in EUR (differences from rounding off possible) (Prior years in brackets)		Maturities			Total amount
		Up to one year	One to five years	More than five years	
Type of liabilities					
1.	Bonds	0.00 (0.00)	29,846,600.00 (3,850,000.00)	0.00 (0.00)	29,846,600.00 (3,850,000.00)
2.	Liabilities to banks	389,030.50 (1,639,568.90)	1,307,768.72 (1,407,210.34)	3,199,445.50 (3,486,696.10)	4,896,244.72 (6,533,475.34)
3.	Prepayments received on orders	0.00 (1,708,000.00)	0.00 (0.00)	0.00 (0.00)	0.00 (1,708,000.00)
4.	Trade liabilities	3,810,229.70 (2,181,244.80)	0.00 (0.00)	0.00 (0.00)	3,810,229.70 (2,181,244.80)
5.	Liabilities to participations	985,410.63 (564,137.21)	0.00 (0.00)	0.00 (0.00)	985,410.63 (564,137.21)
6.	Liabilities to associated companies	0.00 (3,000.00)	0.00 (0.00)	0.00 (0.00)	0.00 (3,000.00)
7.	Other liabilities	7,159,852.38 (6,816,783.93)	0.00 (0.00)	0.00 (0.00)	7,159,852.38 (6,816,783.93)
	of which from taxes: EUR 2,111,271.43 (prior year: EUR 77,000.00)				
	of which for social security EUR 0,00 (prior year: EUR 0.00)				
Total		12,344,523.21 (12,912,734.84)	31,154,368.72 (5,257,210.34)	3,199,445.50 (3,486,696.10)	46,698,337.43 (21,656,641.28)

Securities

None

1. Registered mortgage of EUR 10,007,000 on the property at Peter-Henlein-Str. 2-4, Cuxhaven.
As at 31.12.2010 EUR 4,507,000 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 31.12.2010 EUR 389,000 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 EUR 3,387,080.40 within the context of the sale of onshore projects

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/Germany, for the business year from 1 January to 31 December 2010. 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 over-all 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/Germany, 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 15, 2011

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Reiher
Wirtschaftsprüfer
[German Public Auditor]

Signed: p.p. 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



Martin Billhardt



Bernd Paulsen

Glossary

Ad hoc announcement	Obligation of the issuer of securities, i.e. a stock market listed company in the official market, to announce and publish immediately information which is relevant to the share price.
Annual Average Wind Speed	The professional term “annual average wind speed” is used to denote the average strength of the wind at a specific site. It thus reflects the earnings potential.
ARUG	Law for the Implementation of the Guideline for Shareholders’ Rights, the objective of which is the improvement of the flow of information for the shareholders of stock market listed companies, the simplification of the exercising of voting rights as well as the countering of abusive shareholder complaints.
Bonds	Bonds which are divided into many individual securities by the issuer on placement in the market and can thus be subscribed to by a large number of market participants.
BSH	Federal Office for Shipping and Hydrographics, a German Federal authority, which is part of the Federal Ministry of Transport, Construction and Urban Development with offices in Hamburg and Rostock; this office is responsible inter alia for tasks such as environmental protection in maritime transport, surveys in the North Sea and the Baltic, development in the German Exclusive Economic Zone as well as approval processes for offshore wind farms and pipelines.
Convertible bond	An interest-bearing security which gives the holder the right to convert such securities into shares at a previously determined price during the conversion period.
EBIT	Earnings Before Interest and Taxes, a key economic performance figure, which represents the profit before taxes, interest and extraordinary result (also known as operating profit) and which shows the profitability of a company independent of its capital structure.
EEG	Renewable Energies Law, which determines the extent and promotion of regenerative energies.
EEZ	Exclusive Economic Zone: the area beyond the coastal sea, the extent of which is up to 200 nautical miles from the basic line of the coastal sea (so-called 200 nautical mile zone).
Equity Placement Advisor	Consultant for the acquisition of shareholders’ equity, a financing expert, who supports companies seeking capital in the acquisition of shareholders’ equity.

Financial Advisor	Financial consultant, a financing expert, who advises companies in respect of project financing and capital acquisition.
HGB	German Commercial Code, which specifies the German accounting regulations; decisive for the capability of capital market companies in Germany to pay dividends.
International Financial Reporting Standards (IFRS)	International accounting regulations, the objective of which is the make comparable the financial statements of (mainly capital market) companies.
IPP	Independent Power Producer, an independent producer of electricity, which with the help of its own equipment produces electrical energy (e.g. wind, solar or biomass energy) and feeds this into the electricity network.
Joint Venture	When two or more companies join forces for a joint project, then one talks of a joint venture.
KfW	Kreditanstalt für Wiederaufbau, a support bank of the German economy, the task of which is the realisation of public contracts (financing of energy saving technologies and communal infrastructures, the support of medium-sized industry and entrepreneurs, the granting of loans to small and medium-sized companies as well as financing of infrastructure projects.
Limited Partner	Shareholder of a limited partnership (KG), whose liability is linked only to his investment in contrast with the general partner.
Market Value	The price which can be currently achieved on the market for a (tangible or intangible) asset, subject to the free effect of supply and demand.
Megawatt	The performance unit named after James Watt (W). A million watts correspond to a megawatt (MW). A watt is generally the physical unit for the output of energy in time.
Offshore	“Offshore” is the term used for electricity generation from wind power at sea.
Onshore	“Onshore” is the term used for the generation of electricity at wind farms on land.
Prime Standard	Stock market segment of the Frankfurt Stock Exchange with the highest transparency standards.

RENIXX

Renewable Energy Industrial Index, a global share index for renewable energies, which includes the 30 worldwide leading stock market listed companies from the sector of regenerative energy. The RENIXX is published by the International Economic Forum of Regenerative Energies (IWR). The calculation of the index is based on the principle of a performance index and is updated every 60 seconds.

Repowering

The replacement of older wind power turbines with low performance by modern and more efficient equipment is known as repowering. This exchange opens up new perspectives for the use of wind energy on land. For example, the landscape benefits from the reduction in the number of turbines, improved technologies increase the energy efficiency and positive value added and employment effects can also be achieved.

VorstAG

Law for the Appropriateness of the Remuneration of Members of the Board of Management, which includes clear standards for the Supervisory Board for the determination of the remuneration of the Board of Management and strengthens the incentives for the sustainable development of the company.

WPT

Wind power turbine, which converts the kinetic energy of the wind into electrical energy and feeds it into the electricity network.

Imprint

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Registered number: HRB 110360

March 30, 2011

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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.





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