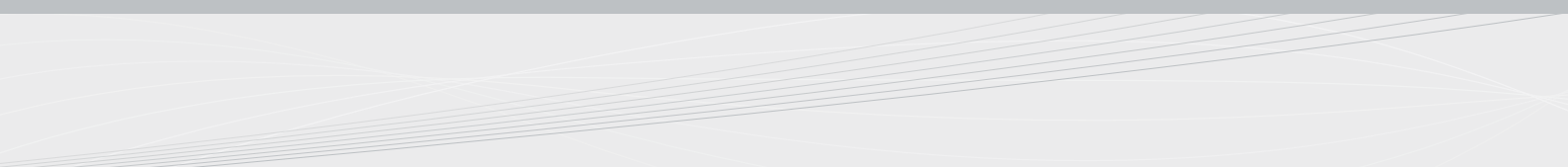


PNE WIND AG

Annual Report 2011



At a glance

Summary 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)
- Core competence: development, projecting, realisation and financing of wind farms as well as their operation and sale with subsequent technical and commercial management
- Focus in 2011 on the further development of offshore projects as well as onshore projects in Germany and abroad
- Since its establishment in 1995 construction of 98 onshore wind farms with 568 wind power turbines (total nominal output 814 MW), of which three successful repowering projects
- Outlook in Germany: conclusions of onshore and offshore projects
- International outlook: greater expansion into selected target markets and development of corporate structure abroad
- Consolidation of position as one of the most experienced wind farm projectors

PNE WIND AG Consolidated key data

In million EUR	2011	2010	2009
Total aggregate output	53.9	80.0	133.6
Revenues	48.6	65.6	137.3
Earnings before interest and taxes (EBIT)	0.1	9.5	14.7
Earnings before taxes (EBT)	-4.9	5.4	9.9
Consolidated net income	-3.9	7.9	10.1
Equity	74.7	81.7	70.5
Equity ratio (in %)	38.8	40.8	40.0
Balance sheet total	192.3	200.2	176.4

Stock market data	
WKN	A0JBPG
ISIN	DE000A0JBPG2
Number of shares as at December 31, 2011	45,777,960
Market capitalisation as at December 31, 2011	€ 84.7 million
Free Float	100%
Market segment	Prime Standard
Indices	CDAX Technology, ÖkoDAX
Designated Sponsors	Commerzbank, VEM Aktienbank, Close Brothers Seydler Bank
Reuters	PNEGn
Bloomberg	PNE3

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Highlights 2011

- PNE WIND UK is selected as the favoured partner of the Forestry Commission of Scotland (FCS) for the development of wind farms in Central Scotland
- PNE WIND AG concludes agreements with the suppliers of important components for the "Gode Wind II" offshore wind farm

- Approval of the "Borkum Riffgrund II" offshore project



- PNE WIND AG distributes dividend in the amount of 4 cents per share

- PNE WIND AG sells "Nautilus II" offshore project to SSP Technology Holding ApS and agrees further cooperation for project development



Martin Billhardt
Chairman of the Board of Management PNE WIND AG

Foreword

Dear Shareholders,

2011 presented important new challenges for PNE WIND AG: the natural and environmental catastrophe in Japan, the German abandonment of nuclear power as well as the decisive progress in the development of offshore wind farms had an effect on the fiscal year. In June the Federal Government decided, also as a reaction to the nuclear reactor disaster in Fukushima, to shut down all German nuclear power stations by 2022. Simultaneously, the share of renewable energies in the generation of electricity should be increased to 35 percent by 2020 at the latest. In this respect a decisive role will be played by wind power both on land (onshore) and at sea (offshore). As a projector of wind farms we have an excellent position in this area, as is proved impressively above all by our progress in the development of offshore wind farms.

We achieved particular success in respect of our "Gode Wind II" project, which we developed further in a decisive manner during the course of the fiscal year. This included the conclusion of the contract with Vestas for the delivery of 84 wind power turbines and the firm commitment for the network connection by the network operator, TenneT. Our project work lasting several years is thus bearing fruit. Now we are focused on reselling the project in the near future, now that the first buyer was not able to fulfil its commitments.

In addition, we were also able to achieve major progress with two further offshore projects: the "Borkum Riffgrund II" offshore wind farm, which we had already sold to DONG Energy in 2009, obtained its permit at the end of 2011 from the Federal Office for Shipping and Hydrographics (BSH). As a result of the permit being granted, we shall receive a further

payment from DONG Energy during the first half year 2012. In total, four offshore projects developed by us in German waters have now been approved, thus constituting a further proof of our comprehensive competence in the development of wind farms at sea.

Moreover, the sale of the "Nautilus II" project to the Ventizz portfolio company, SSP Technology Holding ApS, also illustrates that we have created sustainable value in respect of project areas on the high seas. Thereby we are also assuring for the future additional revenues and profit contributions for PNE WIND AG.

During the past year we also developed our business abroad substantially, so that our Company is now positioned on an even broader base. We have pushed ahead with our international expansion strategy of developing new markets with experienced partners. We were selected as a partner for privileged cooperation by the state-owned Forestry Commission of Scotland. The objective of this cooperation is to find suitable wind farm areas in forestry regions in Central Scotland and to develop wind farm projects there. In order to project these wind farms on site, we have opened a new branch in Edinburgh, Scotland. We are using this as a basis for the development of the local market of PNE WIND UK.

Moreover, our subsidiary, PNE WIND USA, has already secured sites for the development of wind farms with up to 352 MW output. Two wind farms in Hungary with a total nominal output of 78 MW are approved. We are thus able to use profitably the know-how, which we have gained in our home market, also in the foreign markets of South East Europe, the United Kingdom, the USA and Canada.

At the same time our team is continuing to work intensively on onshore wind farms in Germany. We are developing currently in our home market wind farms in which more than 1,100 MW can be installed. In 2011 we started with the construction of the "Kemberg II" wind farm, which was completed in March 2012 and put into operation. This wind farm has a nominal output of 10 MW. It also represents a contribution to repowering, since it replaces five older wind power turbines, which were taken out of operation. We have thus completed a further repowering project.

We are of the opinion that a bright outlook is developing for us both nationally and internationally due to the positive development of the market. We confirm our cumulative EBIT guidance for the fiscal years 2011 to 2013 of euro 60 to 72 million. These results will consist of further income from offshore projects as well as various onshore wind farms both in Germany and abroad, which will provide for us additional growth potential also in the future. The approved offshore wind farm "Gode Wind I" will now be placed to equity investors.

As our shareholders, you are the basis of our success. We are very satisfied that we have been able to allow you to participate directly during the past year in our positive business development. We shall therefore propose to the general meeting of shareholders in May that a dividend in the amount of euro 0.04 per share should be distributed.

We would therefore like to thank you, also in the name of our employees for the confidence which you have placed in us, and we hope that you will also maintain this confidence in the future and accompany us in our further development.

Yours sincerely



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

Report of the Supervisory Board

Dear Shareholders,

PNE WIND AG again achieved important steps in setting the course for the further development of the Company and the Group during the fiscal year 2011. This was true in particular for the offshore sector and the international activities.

The Supervisory Board met for a total of six ordinary meetings during the fiscal year 2011, namely on March 16, May 17, May 18, August 24, August 25 and December 7, 2011. Furthermore, one extraordinary meeting was held on January 10, 2011. 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 (DCGC) the Supervisory Board has a sufficient number of independent members.

Dr. Peter Fischer, Rafael Vazquez Gonzalez, Alain Huberty and Jacquot Schwertzer were re-elected as members of the Supervisory Board by the general meeting of shareholders, which was held on May 18, 2011 in Cuxhaven. The election took place in respect of the period up to the end of the ordinary general meeting of shareholders, which shall resolve the discharge for the fiscal year 2012.

In order to assure the efficient handling of its tasks, the Supervisory Board has also set up a Personnel Committee, an Audit Committee as well as an Appointments Committee.

The Personnel Committee held four meetings during the fiscal year 2011 on January 7, January 9, March 16 and May 17, 2011. The topics of these meetings were the reorganisation of the Board of Management as well as the target agreements and the incentives for the Board of Management.

The Audit Committee held meetings on February 9, March 15 and August 3, 2011. The object of these meetings was to discuss the accounting, the risk management and 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 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 topics discussed by the Supervisory Board during the fiscal year 2011 were:

- The reporting and discussions concerning the financial statements as at December 31, 2010
- 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 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 August 24, 2011 and the Supervisory Board of PNE WIND AG on August 24, 2011 resolved in accordance with Section 161 of the German Stock Corporation Law (AktG) to declare their compliance with the German Corporate Governance Code with the exception of the following Rule

1. that no compensation CAP exists in the event of the premature termination of a Board of Management contract without a particular reason (Rule 4.2.3), since this is not included in the current contracts with 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) to comply also in the future with the Corporate Governance Code with the exception of the above-mentioned Regulation.

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

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, together with the accounting documents, were audited by the auditors, Deloitte & Touche GmbH, Hamburg branch, who were elected by the general meeting of shareholders as auditors on May 18, 2011; an unqualified auditors' opinion was issued.

The Supervisory Board placed the commission for the audit for the fiscal year 2011 on October 11, 2011. In accordance with the recommendations of the German Corporate Governance Code the Supervisory Board obtained, prior to placing this audit commission, a declaration from 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 2011 to focus in particular on the subject of "presentation in the accounts of the sale of offshore 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 24, 2012. The documents were comprehensively examined and discussed at the meeting of the Audit Committee on March 24, 2012 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 in 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, 2011 as well as the consolidated financial statements drawn up as at December 31, 2011. 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 profits.

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 considered these to be adequate.

The Supervisory Board wishes to thank the members of the Board of Management as well as all employees of PNE WIND AG for their outstanding commitment and responsible and successful work during the fiscal year 2011.

Cuxhaven, March 24, 2012

Dieter K. Kuprian
Chairman of the Supervisory Board

Board of Management and Supervisory Board



Martin Billhardt
CEO

- Experience in the branch since 1995
- Chairman of the Board of Management since June 2008
- Responsibilities: strategy, investor relations, acquisition, sales, personnel, legal, participation



Jörg Klawat
CFO

- Active since 1999 at PNE WIND AG
- Member of the Board of Management for finance since April 2011
- Responsibilities: finance and accounting, controlling as well as risk management



Markus Lesser
COO

- Active since over 10 years in the area of projecting of renewable energies
- Member of the Board of Management for the operating business since May 2011
- Responsibilities: Project development as well as realisation of onshore and offshore wind farms



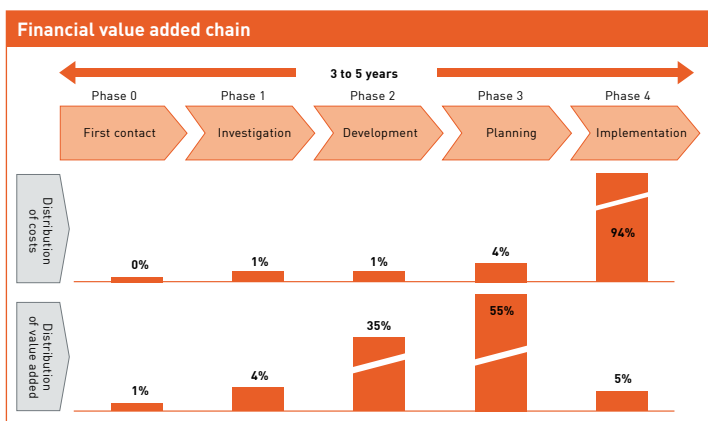
Members of the Supervisory Board (from left to right):

Jacquot Schwertzer, Prof. Reza Abhari, Dr. Peter Fischer (Deputy Chairman), Dieter K. Kuprian (Chairman), Alain Huberty, Rafael Vazquez Gonzalez

Portrait of PNE WIND AG

How does the business of a wind farm projector function?

The business model of a wind farm projector constitutes many particularities in comparison with other companies. Our task consists mainly in the planning and management within the context of the construction of wind farms. The main target of our activities is to sell the projects to an investor at attractive conditions. PNE WIND AG generates value added above all in the creation of the project rights, i. e. the rights for the construction and the putting into operation of a wind farm at a particular site. Between the start of the planning and the putting into operation of a wind farm there is mainly a time lag of between three to five years.



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 is the investigation and development and finally the planning up to the approval stage. We show our competence as a project developer during these first four project stages. A total of 95 percent of the value added takes place in this respect. At the same time these phases are less cost-intensive; only about 6 percent 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 percent of the total value of a wind farm project is generated during the actual realisation of the project, i. e. the development of the site and the construction of the wind power turbines. Due to the costs for the wind power turbines and the necessary infrastructure, approximately 94 percent 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 set. 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 achieved by PNE WIND AG. In this manner it is possible to sell the wind farm following the receipt 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 is comparatively low financial expense for PNE WIND AG. The reason for this is the low level of 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, not only the necessary financing expense but also the revenues for the Company are correspondingly higher, since the costs for infrastructure and equipment must be prefunded by PNE WIND AG.

Both models offer advantages for PNE WIND AG. In the event of an early sale the financing costs are relatively low, since the expenses for the cost-intensive phase are borne by the purchaser (i. e. the investor). A sale of only the permit indeed leads to substantially lower revenues; 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, which vary from project to project. 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 revenues or total aggregate output.

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

Wind farm projecting is a very cyclical business and, indeed, the development of a project extends over a period of between three to five years and the result is booked only at the end of this process. For this reason the decision was taken in 2009 that PNE WIND AG should be active in individual cases also as an operator of wind farms, i. e. as a so-called "Independent Power Producer" (IPP), in addition to its core activities of "projecting". We achieve regular revenues from our own wind farms and thus achieve an increased diversification of risk and also a stabilisation of our business results.

An example for this is the "Altenbruch II" wind farm situated in the administrative district of Cuxhaven (25.8 MW/start of operations: May 2009), which is used as an offshore reference site. Due to its proximity to the North Sea coast average wind speeds of approximately 8.0 m/s are attained at a cone height of 105 metres, i.e. comparable to conditions on the high seas. For this reason offshore wind power turbines can be tested in practice at this site and important knowledge gained for their operation.

Offshore wind farms

Future of electricity generation on the high seas

The knowledge of the necessity to reduce quickly the output of harmful substances for the climate and to save the limited resources of fossil fuels is the driving force for the rapid expansion of renewable energies throughout the world. In this respect wind power has a key function in this energy mix of the future, since its utilisation is already technically mature and in particular cost-favourable. Experts are thus in agreement that the future of electricity generation in the wind power sector lies both on land as well as at sea. Finally, due to the higher wind speeds and the constant wind conditions, substantially more energy can be generated at sea than on land.

Offshore wind farms are equally an opportunity and a challenge. 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

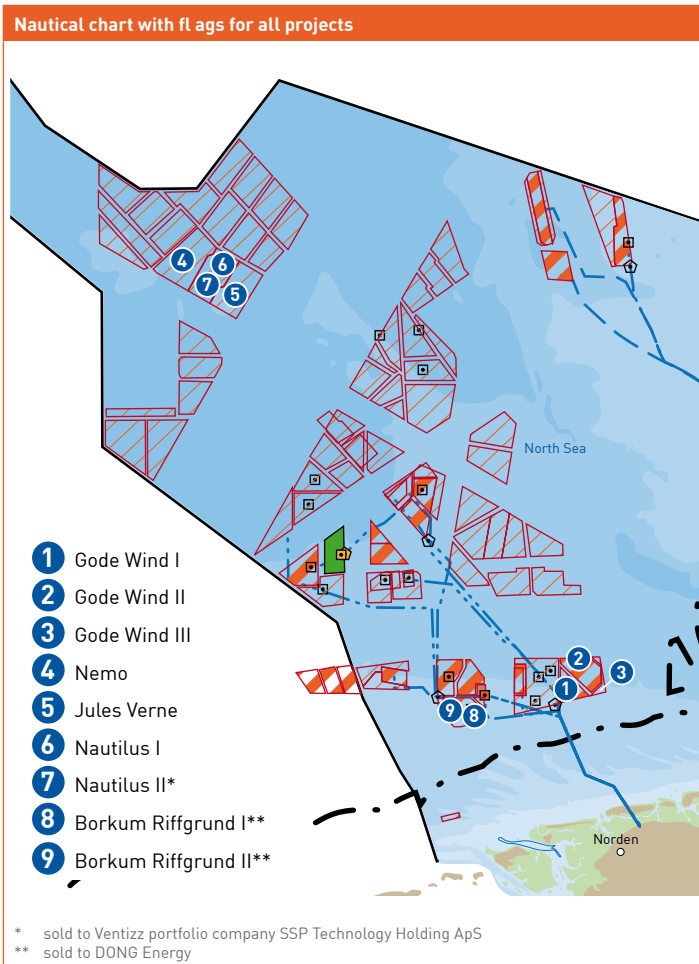
are offered in this business. As a specialist for the projecting of wind farms it has been developing offshore wind farms off the German coast already since 1999. Four of the projects developed by PNE WIND AG in the North Sea have already been approved by the Federal Office for Shipping and Hydrographics (BSH): the "Gode Wind I and II" wind farms as well as the "Borkum Riffgrund I and II" projects, which have already been sold.

The offshore wind farm "Gode Wind II", is particularly far advanced in its development. This wind farm is prepared to such a large degree that the investor can start the construction process shortly after taking over the project.

In order to attain construction maturity, qualified suppliers and consultants for the components were included already 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 with 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 advisors and Augusta & Co. as equity placement advisors.

In 2011 we obtained from TenneT, the competent transmission network operator, the firm commitment for the network connection on the basis of an exact time schedule.



In parallel with this we are developing additional wind farms in the North Sea. These include "Gode Wind I". This project, which has also been approved by the BSH, is situated in the immediate neighbourhood of "Gode Wind II". It is planned to construct 54 wind power turbines here. "Gode Wind I" should also achieve construction maturity quickly. An extension in this project area is foreseen with the "Gode Wind III" offshore wind farm, which is also planned by us and which will again offer space for an additional 15 wind power turbines.

Furthermore, there are additional offshore wind farms developed by us with approval processes at the BSH. These are the projects, "Jules Verne", "Nautilus I", "Nemo" as well as "Nautilus II", which has already been sold. The main preliminary surveys have already been concluded in these project areas in the middle of the North Sea. In order to obtain the approval of the BSH, comprehensive analyses are necessary. These include several years of a specialised nature protection survey programme, in which inter alia the effects of the wind farm are determined on the marine environment (fish, birds, marine mammals and other life in and on the seabed) and conflict solutions are drawn up. Furthermore, studies are required regarding the safety and ease of shipping traffic.

The outlook for offshore wind power in the Exclusive Economic Zone of the Federal Republic of Germany (EEZ) is enormous, particularly since the Federal government has set as its objective the achievement of the installation by up to 2030 of 20,000 to 25,000 MW in offshore wind power off the German coasts. The Federal Republic intends to accelerate the realisation of German offshore wind farms and has thus set up 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.

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

Offshore projects – national

Project	Phase	Situation	WEA up to	Total MW up to	Nominal output per turbine
Gode Wind I	4	North Sea	54 REpower	324	6.0 MW
Gode Wind II	4	North Sea	84 Vestas	252	3.0 MW
Gode Wind III	1	North Sea	15 Vestas	105	7.0 MW**
Nemo	2	North Sea	80	480	6.0 MW**
Jules Vernes	2	North Sea	80	480	6.0 MW**
Nautilus I	2	North Sea	80	480	6.0 MW**
Nautilus II*	2	North Sea	80	560	7.0 MW**
Borkum Riffgrund I*	4	North Sea	77 Siemens	277	3.6 MW
Borkum Riffgrund II*	4	North Sea	97 Siemens	349	3.6 MW
Total:			647	3,307	
Phase 1 = Project search phase Phase 2 = Application conference completed			Phase 3 = Discussions completed Phase 4 = Permit granted		

* PNE WIND AG active as service provider

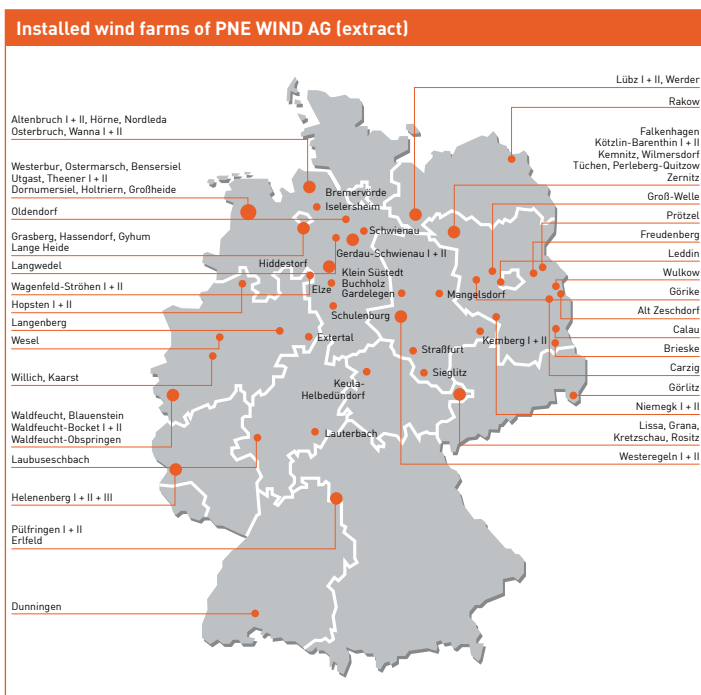
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Onshore

Upward international thrust for PNE WIND AG

Since 1995 we have been active successfully in the market with our business model and in the meantime 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 analyses 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 greatly in planning and realisation.

The wind farms projected by PNE WIND AG in Germany are thus distributed throughout the whole country, for which reason we also intend in the future to consolidate and expand our national core position. Since areas with good wind conditions for new wind farm projects will become increasingly more difficult to find, the Company has now developed at an early stage the lucrative repowering sector. As a result of the successful conclusion of three repowering projects to date with the "Görike", "Alt Zeschdorf" and "Kemberg II" wind farms, PNE WIND AG now considers itself to be in a very good starting position in order to participate in the market development. In this respect a particular advantage is our access to already existing wind farm areas, since we have had a market presence for many years and have approximately 300 wind power turbines under operational management. Our varied contacts of many years' standing in the wind power branch are having a positive effect.



In addition, 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. During the past few years we have therefore been able to establish various subsidiaries and joint venture projects.

International projects

Country	Number of projects	MW up to
USA	10	352
Canada	7	575
UK	21	591
Turkey	2	93
Hungary	2	84
Romania	2	143
Bulgaria	7	248
Total:	51	2,086

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 2,086 MW are currently being worked on within these companies. Furthermore, PNE WIND AG is regularly investigating additional markets of the future. An investment abroad must in this respect fulfil from the start clearly defined requirements:

- *Credit-worthiness and political stability of the country*

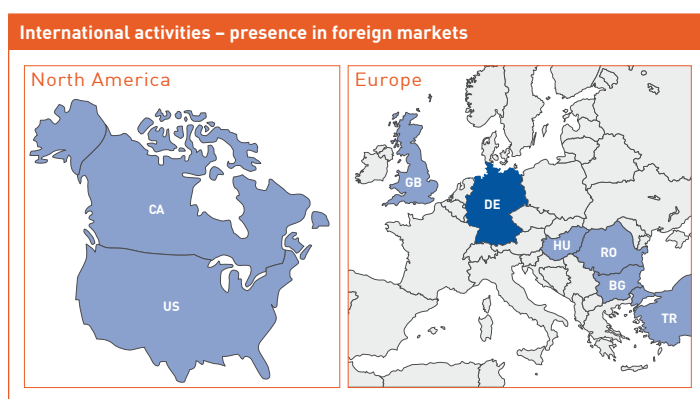
Since an investment abroad is always exposed to risk, the corresponding country must have sufficient credit-worthiness as well as high political reliability in order to be considered as a site.

- *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 planned income.

- *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 secure supply of energy is the basic pre-requisite for a modern economy. In the next few years governments worldwide intend to expand renewable energies increasingly into one of the main pillars of electricity generation. Already today renewable energies cover 20 percent of the electricity requirements in Germany, of which, according to estimates of the Federal Association of Energy and Water (BDEW), 8 percent came from wind power turbines in 2011. 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 fuels, a secure, sustainable and environmentally friendly means of electricity generation is guaranteed in the longer term.

As a company which is active in this worldwide market 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 secure 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 in this respect 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 2011 we have since our establishment in 1995 constructed a total of 98 wind farms. In total, 568 wind power turbines with a gross nominal output of 814 MW were installed under our management. With this comprehensive experience PNE WIND AG is thus one of the most successful projectors of wind farms.

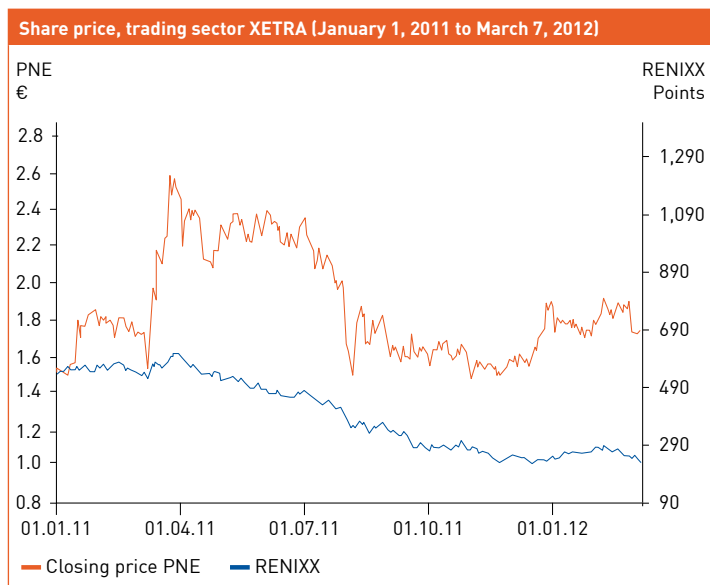
For a wind farm projector an indicator for revenues, which are achievable in the future, is the extent of the number of projects being worked on. Due to the broad range of our project processing we are in this respect well equipped for the future. For example, our experts are currently working in the onshore sector both at home and abroad on the development of wind farms with a total nominal output of approximately 3,200 MW. Additional output will also be included, both nationally and internationally.

In addition, there are our offshore wind farm projects with a total nominal output of up to 3,307 MW. PNE WIND AG has already obtained approvals from the Federal Office of Shipping and Hydrographics (BSH) for wind farms with over 1,000 MW.

Operations management

PNE WIND AG does not leave its customers alone following the completion and the coming on stream of a wind farm; 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. Our operations management team thus currently looks after about 300 wind power turbines on behalf of its 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. In addition, optimal economical operation is achieved. 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.

Stock market news of PNE WIND AG



Share

The share of PNE WIND AG commenced the fiscal year 2011 with an opening price of euro 1.52. As from the middle of January the share price started to rise and reached a preliminary high of euro 1.85. Subsequently, the share moved sideways before the dramatic events in Japan concerning the reactor catastrophe in Fukushima put the equity markets under pressure around the world and also the share of PNE WIND AG.

As a result of the subsequent discussion about the abandonment of atomic power in Germany and the long term support for renewable energies resulting therefrom, the shares from this segment were given increased focus

from the investors. The share of PNE WIND AG was also able to benefit substantially from this development: in less than three weeks the shares increased by almost 70 percent and attained an annual high of euro 2.59 on March 28. Thereafter, the share started to decline somewhat.

The debt crises of European states as well as the USA resulted at the beginning of the third quarter 2011 in increasing pressure on equities and it was also not possible for PNE WIND AG to dissociate itself from the overall negative underlying atmosphere on the stock markets. In parallel with the worldwide leading indices the share price declined sharply and registered on November 4 its annual low of euro 1.48.

At the end of the year 2011 the share of PNE WIND AG was listed at euro 1.85. This represented a market capitalisation of euro 84.7 million. In spite of in part turbulent general conditions the share registered a price increase of 21.7 percent during the fiscal year 2011.

Shareholder structure

As at December 31, 2011 no investor controlled more than 3 percent of the voting shares of PNE WIND AG. In accordance with the definition of Deutsche Börse AG 100 percent of the shares were thus in the free float.

On the basis of the two 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 to 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 to by the existing shareholders. Of the total of 1,249,500 shares placed during the capital increase 927,114 shares were subscribed to 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. could thus have an approximate 15 percent participation in PNE WIND AG and would therefore be the largest single shareholder of the Company.

General meeting of shareholders

The ordinary general meeting of shareholders was held on May 18, 2011 in Cuxhaven. The distribution of a dividend for the fiscal year 2010 was resolved in the amount of euro 0.04 per voting share. Moreover, the general meeting of shareholders also voted for all other resolutions including the re-election of the members of the Supervisory Board hitherto in office with a majority in each case of over 90 percent. The exact voting results are published on the internet page www.pnewind.com in the section Investor Relations under "General Meetings of Shareholders".

The next ordinary General Meeting of Shareholders shall be held on May 15, 2012.

Investor Relations

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-yearly 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 base the Board of Management is concentrating on a lively exchange with the financial community. The Board of Management thus presented itself again during the fiscal year 2011 at numerous capital market conferences both at home and abroad. In this respect the Board of Management of PNE WIND AG seeks personal discussions with investors and analysts. Furthermore, we maintain regular contact with the financial press. Moreover, our active communications policy also includes our shareholders' letter which is published twice per annum.

Financial calendar

May 7, 2012	Report on the 1st quarter 2012
May 15, 2012	General meeting of shareholders
August 6, 2012	Half year financial report 2012
November 5, 2012	Report of the 3rd quarter 2012

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. Remuneration report

The remuneration report is included in the management report on page 66 of this annual report.

b. Management declaration in accordance with Section 289a of the German Commercial Code (HGB)

Corporate Governance represents nationally and internationally recognised standards of good and responsible management. Key aspects of good Corporate Governance are efficient cooperation between the Board of Management and the Supervisory Board, attention to the interests of shareholders, openness as well as transparency of corporate communications. The Board of Management and the Supervisory Board of PNE WIND AG traditionally focus on these standards.

In 2002 the first German Corporate Governance Code (hereinafter referred to as "Code") was introduced in Germany by the Government Commission of the same name. As a general rule the Code is reviewed once per annum with regard to national and international developments and amended if and when required. The last amendments were resolved by the Government Commission on May 26, 2010. The Code can be downloaded in the internet under www.corporate-governance-code.de in its corresponding valid version.

The recommendations and suggestions of the Code, which cover all branches and companies, are not obligatory; however, the Board of Management and the Supervisory Board must each year in accordance with Section 161 of the German Stock Corporation Law (AktG) and Section 285 No. 16 of the German Commercial Code (HGB) declare within the context of the annual report whether they have complied with or will comply with the recommendations of the Code or with which recommendations they have not complied or will not comply (so-called declaration of compliance). The most recent declaration of compliance issued by the Board of Management and the Supervisory Board of PNE WIND AG is stated fully below. Apart from the recommendations, the Code also includes suggestions, for which compliance is also not obligatory; a declaration concerning any deviations from suggestions is also not mandatory. PNE WIND AG does not deviate in any significant manner from these suggestions; the Board of Management declared on August 24, 2011 and the Supervisory Board of PNE WIND AG on August 24, 2011 that they complied with the Corporate Governance Code with the exception of the Rule whereby there is no compensation CAP in the event of premature termination of activity as a member of the Board of Management without a special reason (Rule 4.2.3); this is attributable to the conditions of the current contracts of the members of the Board of Management.

For the Board of Management and the Supervisory Board the recommendations and suggestions of the Code are, just like the legal regulations, an integral part of their activity for the Company. They review their compliance with these standards at regular intervals so that an appropriate adherence to these standards is guaranteed for the shareholders, the employees and last but not least for the Company itself.

Declaration of compliance 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 August 24, 2011 and the Supervisory Board of PNE WIND AG on August 24, 2011 in accordance with Section 161 of the German Stock Corporation Law (AktG) that they complied with the Corporate Governance Code with the exception of the Rule:

1. that there is no compensation CAP in the event of premature termination of activity as a member of the Board of Management without a special reason (Rule 4.2.3); this is attributable 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 Rule.

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

Manner of operation of the Board of Management and the Supervisory Board

PNE WIND AG is a German Stock Corporation established under German law. A basic principle of the German Stock Corporation Law is the dual management system with the statutory bodies of Board of Management and Supervisory Board, which both have their own different competences. The Board of Management and the Supervisory Board of PNE WIND AG cooperate closely and with mutual confidence in the management and monitoring of the Company.

The Supervisory Board appoints the members of the Board of Management and can appoint a member as Chairman of the Board of Management. The Board of Management of PNE WIND AG currently consists of the following members, whose cooperation and distribution of responsibilities is specified in the internal regulations of the Board of Management:

- Martin Billhardt, Chairman of the Board of Management (CEO), Responsibilities: strategy, investor relations, acquisition, sales, personnel, legal, participations
- Jörg Klowat, Member of the Board of Management (CFO), Responsibilities: finance and accounting, controlling, risk management
- Markus Lesser, Member of the Board of Management (COO), Responsibilities: project development and project implementation onshore and offshore

The current periods of office of the members of the Board of Management expire on April 30, 2013 for the Chairman of the Board of Management, Mr. Billhardt, on March 31, 2014 for Mr. Klowat and on December 31, 2013 for Mr. Lesser.

The Board of Management manages the Company under its own responsibility and in this respect must apply due prudence of good and responsible management.

The Supervisory Board consults and supervises the Board of Management with regard to the management of the Company. With regard to significant business transactions such as, for example, major investment transactions or changes in the corporate structure, the Board of Management requires the prior approval of the Supervisory Board. The list of the business transactions subject to such approval is included in the internal regulations of the Board of Management.

The Board of Management informs the Supervisory Board at regular intervals in writing and at the meetings of the Supervisory Board in written and oral reports about the development of the business and the situation of the Company. In addition, the Board of Management reports to the Supervisory Board in writing about exceptional events. Moreover, the Chairman of the Supervisory Board is regularly informed by the Board of Management in individual discussions.

In accordance with the law and the articles of association the Supervisory Board is composed of six members who are elected by the general meeting of shareholders. It elects from these members a Chairman and a Deputy Chairman. The Supervisory Board currently consists of the following members:

- Dieter K. Kuprian (Chairman)
- Dr. Peter Fischer (Deputy Chairman)
- Alain Huberty
- Jacquot Schwertzer
- Prof. Dr. Reza Abhari
- Rafael Vazquez

The period of office of all members of the Supervisory Board expires at the end of the ordinary general meeting of shareholders of the year 2013.

From among its members the Supervisory Board has formed the following three Committees:

- a Personnel Committee, currently consisting of:
 - Dieter K. Kuprian (Chairman)
 - Dr. Peter Fischer
 - Jacquot Schwertzer
- an Audit Committee, currently consisting of:
 - Prof. Dr. Reza Abhari (Chairman)
 - Alain Huberty
 - Dieter K. Kuprian
- an Appointments Committee, currently consisting of:
 - Dieter K. Kuprian (Chairman)
 - Prof. Dr. Reza Abhari (Deputy Chairman)
 - Dr. Peter Fischer
 - Jacquot Schwertzer

The Committees prepare the resolutions of the Supervisory Board as well as the topics, which are to be discussed at the full Board meetings. Moreover, to a legally permissible extent, the

Supervisory Board has transferred powers of decision to the Committees. The distribution of tasks and competences is specified in the internal regulations of the Supervisory Board. Through this it is guaranteed that the total Supervisory Board is informed about the knowledge and decisions of the Committees.

The Personnel Committee prepares the personnel decisions of the Supervisory Board, in particular the appointment, dismissal and the prolongation of the appointments of members of the Board of Management. Furthermore, it prepares the resolutions of the Supervisory Board concerning the determination (including the possible reduction) of the total remuneration of the Board of Management.

The Audit Committee is competent for the monitoring of the accounting process and the supervision of the effectiveness of the internal controlling, risk management and audit systems. It is also involved in the audit as well as questions of compliance. The Chairman of the Audit Committee is an independent financial expert and has on the basis of his professional experience the legal requirements for independent financial experts with regard to specific knowledge and experience in the areas of accounting and audit.

The Appointments Committee only meets on a case by case basis and has the task in the event of new elections to the Supervisory Board of proposing suitable candidates for the shareholders.

Remuneration of the Board of Management and the Supervisory Board

The principles of the remuneration systems and the amount of the remuneration of the Board of Management and the Supervisory Board are published each year in the remuneration report, which is an integral part of the management report.

Share transactions of the Board of Management and Supervisory Board

Section 15a of the Securities Trading Law (WpHG) obliges the members of the Board of Management and the Supervisory Board of PNE WIND AG as well as other persons, who have regular access to insider information and are authorised to make major corporate decisions, to disclose transactions in respect of PNE shares (so-called directors' dealings), insofar as the total amount of such transactions exceeds the sum of euro 5,000 in a calendar year. This obligation also applies to individuals and legal entities, which are closely connected with one of the above-mentioned persons. PNE WIND AG must publish immediately the information received and also include this on its internet page.

With regard to the members of the Board of Management of the Company 400,000 shares were attributable as at December 31, 2011 to Mr. Martin Billhardt; furthermore, Mr. Jörg Klowat held 100,000 shares and Mr. Markus Lesser 45,500 shares of the Company. Of the members of the Supervisory Board Mr. Jacquot Schwertzer holds 5,704 shares of the Company. The Board of Management and the Supervisory Board thus hold together 1.20 percent of the PNE shares.

Accounting and audit

The consolidated financial statements as well as the consolidated interim statements of PNE WIND AG are drawn up by the Board of Management on the basis of the International Financial Reporting Standards (IFRS), as they must be applied in the European Union. The annual report of

PNE WIND AG is drawn up in accordance with the regulations of the German Commercial Code (HGB). The consolidated accounts and the annual report are audited by the auditors as well as by the Supervisory Board. The half year financial report is subject to a review by the auditors. The consolidated interim financial statements at the end of the 1st and the 3rd quarters are neither audited not subject to a review by the auditors. They are, however, discussed between the Board of Management and the Audit Committee prior to publication.

The 2011 general meeting of shareholders elected Deloitte & Touche Wirtschaftsprüfungsgesellschaft, Hamburg as the auditors for the consolidated financial statements and the annual accounts. Prior to the election Deloitte and Touche issued a so-called declaration of independence on March 4, 2011 as is recommended by the German Corporate Governance Code. On the basis of this there were and are no doubts regarding the independence of Deloitte and Touche as auditors.

According to contractual agreements with the auditors, the Supervisory Board shall be informed immediately regarding

- Reasons for exclusion or conflict of interests, which may occur during the audit,
- Findings or events, which may result during the course of the audit and which are significant for the tasks of the Supervisory Board, as well as
- Determinations which indicate an error in the declarations given by the Board of Management and the Supervisory Board in respect of the German Corporate Governance Code.

Transparent corporate communications

Open and transparent corporate communications are a key integral part of good Corporate Governance. Apart from clear and comprehensible content, this aspect requires also equal access for all target groups to the information of the Company. PNE WIND AG places great importance on the internet as a medium, which is independent of place and time, as well as on freely accessible information. Accordingly, a visit to the internet page of PNE WIND AG (www.pnewind.com) gives access for the interested public to a wide variety of well-structured information concerning the whole Company. For example, in the "Investor Relations" section comprehensive financial and economic information can be downloaded on PNE WIND AG, such as, e.g., annual and interim reports as well as ad hoc and press announcements. All information is available at the same time in both German and English.

The planned dates of the major recurring events, i.e. the publication of the annual report and the interim reports as well as the date of the general meeting of shareholders, are combined in a financial calendar. This will be published in good time and included in the internet page of PNE WIND AG.

Cuxhaven, March 24, 2012

PNE WIND AG,
Board of Management



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Combined management and Group management report

of PNE WIND AG, Cuxhaven, for the fiscal year 2011



1. Market/general economic conditions

PNE WIND AG is active as a project developer of wind farms on land (onshore) as well as on the high seas (offshore) in Germany, South-East Europe, the United Kingdom and in North America. In this respect the core competence is based on the development, projecting, financing and realisation of wind farms as well as on their operation. Wind farm projects developed by PNE WIND AG are sold as a general rule either following full completion or already following the receipt of the corresponding building permit. After delivery to the customer, the range of services of PNE WIND AG offers includes the technical and commercial operation which includes regular maintenance. On a selective basis, the Company also operates wind farms for its own account. Such is the position of the Company in the world market for wind power.

During the second half of the fiscal year 2011 the German economy became increasingly burdened by the European government debt crisis. As a result of the growing uncertainties on the financial markets Europe is threatened by a new banking crisis, which could have significant effects on the real economy. According to current figures from the German Federal Office for Statistics, German gross domestic product (GDP) increased by 3.0 percent during the past year. Despite solid full year growth, the first preliminary estimates of the economic development in the fourth quarter 2011 showed a decline of 0.25 percent which indicates a deterioration of the economic situation.¹

Current figures on the development of the German economy confirm this trend. As a result the Federal Government in its Annual Economic Report 2012 is forecasting for the current year growth of only 0.7 percent. The European debt crisis is becoming noticeable in particular with regard to exports; according to current estimates these will only increase moderately and also remain lower than imports. However, the decisive pre-requisite for these forecasts will be how the EU succeeds in mastering the political and economic challenges of the government debt crisis and in organising effective solutions for the current risks.²

During the second half of 2011 the difficult economic environment had an increasing effect on the equity shares in the wind power branch, since the general atmosphere for investment was restrained as a result of the turbulences on the financial markets. Nevertheless, projects in

¹ Federal Office for Statistics, 2012

² Federal Government, Annual Economic Report, 2012

the wind power industry are of a long term nature due to the size of the investment volumes and the assured regular returns, for which reason these are not directly influenced by current movements in the market.

For this reason an upward trend can be observed with regard to the construction of wind farms in Germany. Following a slight decline in newly installed output in 2010, installation rates increased again in 2011. The German Wind Power Institute (DEWI) determined that 895 wind power turbines were newly constructed in 2011 with a nominal output of 2,007 MW.³ Above all, the natural and ensuing nuclear catastrophe in Japan in March led to increased interest in ecological power, and this gave the wind power branch a new dynamic upthrust. The abandonment of atomic power should now take place faster than originally intended. According to current plans the last German atomic power station should leave the network in 2022. Moreover, the Federal Government has set as its target the reduction by the year 2050 of greenhouse gas emissions by 80 percent in comparison with 1990. The expansion of renewable energy sources is the central instrument for the achievement of this target. Current figures also prove that the consistent promotion of renewable energies is bearing fruit: according to the Federal Association of Energy and Water Power the share of renewable energies in the German electricity mix in 2011 amounted to approximately 20 percent. It was thus higher than the share of atomic power, which made a contribution of 18 percent to gross German electricity generation. Wind power also continues to be an important pillar within renewable energies: it has expanded its share from 6 to approximately 8 percent.⁴

The construction of offshore wind farms is viewed as a key growth driver for both the national as well as the international wind power market. According to data from the European Wind Power Association (EWEA) the European offshore market registered in 2011 additional growth totalling 866 MW. 235 new offshore wind power turbines were constructed which are distributed in total over nine wind farms. As a result a total of 3,813 MW from 1,371 wind power turbines are already being fed into the European power network. An additional nine wind farms are currently under construction, which will represent an additional 2,375 MW of output.⁵ This illustrates that the expansion of offshore wind power in Europe is already running at full speed. The German market for offshore wind farms will also grow. In this respect the Wind Power Agency (WAB) expects newly installed output of up to 4,500 MW by 2017.⁶ The targets of the Federal Government foresee that in the longer term wind power at sea could assure approximately 15 percent of Germany's electricity consumption. The Federal Government thus expects that by 2030 roughly 20,000 to 25,000 MW of offshore wind power could be constructed. The necessary infrastructure has to a large extent been constructed in the ports. With four permits already issued PNE WIND AG is one of the leading project developers in Germany in the offshore sector.

To date only three offshore wind farms are on the network in German waters. Two additional ones are currently under construction in the North Sea and in the Baltic. In addition, 27 projects have been approved by the Federal Office for Shipping and Hydrographics (BSH) as well as

³ DEWI, January, 2012

⁴ BWE press announcement, July 2011

⁵ EWEA, 2012-03-07 WAB, 2011

⁶ WAB, 2011

by the provincial authorities. Offshore wind power thus has substantial expansion potential in Germany. In this respect an important perspective is constituted by the initiative started at the beginning of 2010 by nine neighbouring states to construct a high voltage network in the North Sea. The sustainable use of wind power at sea requires finally a high performance electricity grid network. In the long term this joint initiative represents a substantial support for offshore wind power. Moreover, the expansion of wind power at sea is being supported by a special credit programme of the Kreditanstalt für Wiederaufbau (KfW) in the amount of euro 5 billion. The Federal Government plans to support a total of ten offshore wind farms with this financing.

Perspectives for the development of new wind farm sites on land are arising in respect of repowering, i. e. the replacement of older low-output wind power turbines with stronger and more efficient new turbines. According to the forecasts of the BWE substantial growth can be expected with repowering in the medium and longer term. According to data from DEWI 170 wind power turbines with a total output of 123 MW were replaced by 95 modern turbines with a total of 238 MW in 2011.⁷ BWE is estimating the market for repowering measures at 1,000 MW per annum during the next few decades, i. e. corresponding to annual sales of approximately euro 1.5 billion.⁸ PNE WIND AG has also used its own competence successfully already several times in this sector and expects additional positive effects in this business segment in the medium to longer term.

Furthermore the shortage of fossil fuels as well as the ambitious climate targets of the Federal Republic are underpinning the growth of the wind power market. It is thus planned to reduce by 2020 the emission of greenhouse gases by 40 percent in comparison with the year 1990. The Federal Government confirmed this objective in its coalition agreement at the end of 2009 and re-confirmed this in its energy concept, which it submitted in September 2010. In accordance with this the target is maintained to expand the share of renewable energies in the generation of electricity from currently around 20 percent to 35 percent by the year 2020 and to 80 percent by 2050. Currently the technologically most advanced and efficient means of generating electricity is wind power and is thus gaining particular importance. The Government sees enormous growth potential in particular in the offshore sector. Moreover, in a study the Federal Office for the Environment maintains that electricity requirements in Germany can be covered by the year 2050 by up to 100 percent from renewable energies. Wind power also has a key role in this scenario with regard to the energy mix of the future.⁹

In total the market for wind power turbines for the generation of electricity is developing on a sustainable basis. Many established manufacturers of wind power turbines have expanded their production capacities internationally, in order to satisfy growing demand. Simultaneously, 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 with regard to price development.

⁷ DEWI, January 2012

⁸ BWE Repowering, 2012

⁹ Energy target 2050: 100 percent electricity from renewable sources/UBA, July 2010

With regard to the future industrial experts expect a continuation of the current growth path. The International Energy Agency (IEA) expects a continuous expansion of wind power during the next few years. By 2035 wind output installed worldwide should increase by up to 400 percent in comparison with 2010.¹⁰ As a result, the general political conditions for PNE WIND AG continue to be viewed overall as positive.

2. General political conditions

During 2011 there was a change in the general political conditions for the further expansion of renewable energies in Germany. On June 30, 2011 the German Bundestag resolved the amendment of the Renewable Energies Law (EEG). With the amendment to the law, which came into force on January 1, 2012, the conditions have changed for the payment of onshore and offshore wind-generated electricity, but also the guidelines for the repowering of older wind power turbines. The new general conditions assure a continuous development of wind power in Germany both on land and above all at sea.

After the coming into force of the law the following conditions are valid in respect of electricity from wind power in Germany:

The payment for electricity from newly constructed wind power turbines (WPT) on land amounts as from 2012 to 8.93 cents/kWh. For electricity from wind power turbines, which are equipped with a technology which stabilises the power network, an additional "system service bonus" of 0.48 cents/kWh is paid. Insofar as the wind power turbines are constructed within the context of repowering, i. e. the replacement of old WPT's by modern and more efficient WPT's, a "repowering bonus" of an additional 0.50 cents/KWh is due. Furthermore, the requirements for repowering projects were newly defined. The wind power turbines to be replaced now must have been put into operation prior to January 1, 2002 and the limitation of the nominal output of the new equipment (to date five times greater) has been eliminated. There is therefore a secure basis for the long term return calculations for wind farm projects in Germany. The degression, i. e. the annual reduction of the feed-in rates for newly constructed wind power turbines, currently amounts to 1 percent and will rise as from 2013 to 1.5 percent.

There are two alternative possibilities for the payment of electricity from offshore wind farms. On the one hand a start-up payment of 15 cents/KWh can be claimed for a period of 12 years. For offshore wind farms, which are put into operation prior to January 1, 2018, the operator can alternatively decide on a payment of 19 cents/KWh for a period of 8 years. In both models the period for the start-up payment depends on the distance of the offshore wind farm from the coastline as well as the depth of the water at the site of the wind farm.

¹⁰ IEA, 2012

In order to promote in the short term the further expansion of offshore wind farms, an “offshore wind power” credit programme was also introduced with a volume totalling euro 5 billion, which is being put into effect by the Kreditanstalt für Wiederaufbau (KfW).

Furthermore, the EEG also specifies the priority feed-in of electricity from renewable energies and the payment to be made for this both for electricity from wind power turbines on land (onshore) as well as at sea (offshore). In order to review regularly and punctually the effects of the law, the Federal Government must in future submit a monitoring report annually and provide the Bundestag by December 31, 2014 the next experience report on the effects of the Renewable Energies Law.

We are observing constantly the general political conditions in all countries in which PNE WIND AG is active in order to be able to react to changes in the short term.

The Board of Management of PNE WIND AG considers the national and international legal bases as the pre-requisites for a continuation of the positive business development during the next few years.

3. Corporate structure

The corporate structure changed during the fiscal year 2011 versus December 31, 2010.

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

- PNE WIND Ventus Praventsi OOD, Sofia, Bulgaria
- PNE WIND Nautilus II GmbH, Cuxhaven
- PNE Gode Wind III GmbH, Cuxhaven
- Wind Kapital Invest Verwaltungs GmbH, Cuxhaven
- Wind Kapital Invest GmbH & Co. KG, Cuxhaven
- PNE WIND NEH/I Kft., Gödöllő, Hungary
- PNE WIND DEVELOPMENT LLC, Delaware, USA
- Plambeck Neue Energien Windpark Fonds CV GmbH & Co. KG, Cuxhaven

With effect as from January 1, 2011 (0.00 hours) PNE Biomasse GmbH (absorbed company), Cuxhaven, was merged into PNE Biomasse AG (acquiring company), Cuxhaven. PNE Biomasse AG was renamed in 2011 into PNE Biomasse GmbH, Cuxhaven through a change in legal form (trade register entry: March 31, 2011).

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

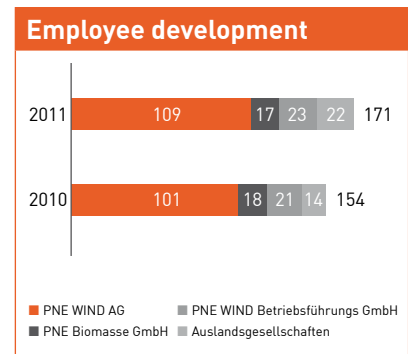
In the fiscal year 2011 the following companies were deconsolidated:

- PNE WIND Nautilus II GmbH, Cuxhaven

The deconsolidation of PNE Nautilus II GmbH only had an insignificant effect of the consolidated accounts of PNE WIND AG.

4. Organisation and employees

During the fiscal year 2011 there were in the PNE WIND AG Group 171 employees including members of the Board of Management (prior year: 154) 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 109 (as at December 31, 2010: 101) were working at PNE WIND AG. On average a total of 62 employees were working at other Group companies. These were attributable to PNE Biomasse AG (17 employees), PNE WIND Betriebsführungs GmbH (23 employees) as well as to the foreign companies (22 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.



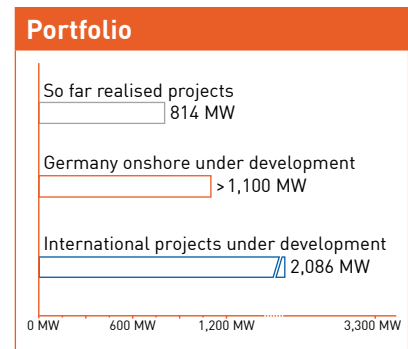
5. Summary of business activity

Wind power segment

Sub-segment onshore wind power

During the fiscal year 2011 PNE WIND AG successfully continued the operating business in the onshore wind power sector in Germany. In total, onshore wind farm projects with an installed output of more than 1,100 MW were being worked on in various phases of project development by PNE WIND AG in Germany as at December 31, 2011. The construction of a wind farm with 10 MW output was started in 2011 and completion and putting into operation took place during the first quarter 2012. The permits required prior to the start of construction were obtained for a further two projects with a nominal output of 16 MW. Additional permits for wind farm projects onshore in Germany are expected shortly.

Furthermore, intensive work was undertaken in order to equip numerous wind power turbines with advanced power electronics which will allow the turbines to contribute to the stability of the power network. An additional systems service bonus is paid and therefore the business activity resulted in positive EBIT contributions within the Group.



Satisfactory progress was achieved in the development and marketing of wind farm projects above all in the United Kingdom, the USA and in Hungary.

United Kingdom:

PNE WIND UK Limited plans comprehensive investments in the United Kingdom during the next few years. The very promising targets of the Scottish Government for the expansion of renewable energies have led to PNE WIND UK's establishing a new office in Edinburgh, Scotland.

Furthermore PNE WIND UK was selected as the favoured partner by the Scottish Forestry Commission for the development of wind farm areas in Central Scotland. PNE WIND UK is identifying in this respect suitable sites in the Scottish national forest in the administrative regions of Argyll and Bute, West Dunbartonshire, Stirling, Perth and Kinross as well as Angus. Subsequently, the Forestry Commission and PNE WIND UK will jointly decide on the number of turbines to be included in the planning process as well as in, the construction and operational phases in the case of a positive decision.

The area in Central Scotland administered by the Forestry Commission consists of 1,000 square kilometres and offers space for wind farms with an estimated development potential of 100 to 200 MW nominal output. The average annual wind speed in this area lies between 6.5 and 8.5 m/s (Source: UK Wind Speed Database NOABL at 45 metres).

USA:

The subsidiary, PNE WIND USA, is amending its marketing strategy as a reaction to the development of the market for wind power and the currently low demand for electricity in the USA as well as the still outstanding prolongation of the tax rules for wind power. Since it is assumed that there will in future be further expansion of wind power in the USA, PNE WIND USA is focussing on the strengthening of the wind project pipeline. The wind farm projects, on which work has already been carried out, are being developed further intensively and optimised economically, in order to be able to market them profitably as soon as possible. Construction maturity was already achieved for the Belle Fourche project. Significant planning progress was also achieved with regard to other projects.

Hungary:

The first permit for a wind farm project could be achieved in 2011 in Hungary. The project is located near the Pacs power plant site in the Central Danube area. 18 wind power turbines with a nominal output totalling 36 MW can be constructed in this wind farm. The planning for the network connection for this wind farm has been completed. In January 2012 a further wind farm with 14 wind power turbines and a nominal output of 42 MW was approved. With these approved wind farms PNE WIND GM Hungary Kft, a 100 percent subsidiary of PNE WIND AG, will participate in the next tender offer for network connections to the high voltage network in Hungary.

Other foreign activities:

The development of wind farms was continued in Romania and Bulgaria. However, the general political and economic conditions in these countries are currently not optimal, so that we are aiming at realisation in the medium term. In Turkey we are awaiting the next tender offer for wind power projects from the government, which is a pre-requisite for the realisation of such projects.

In total, the subsidiaries and joint ventures, with which PNE WIND AG is active on foreign markets, were working as at December 31, 2011 on wind farm projects with a nominal output of more than 2000 MW in various phases of project development.

PNE WIND AG continues to see attractive market and growth opportunities in the onshore sector in Germany as well as in Hungary, Bulgaria, Romania, Turkey, the United Kingdom, Canada and the USA. For this reason the Board of Management is confident to be able to achieve further sustainable growth of the Company through the internationalisation of wind farm development.

Sub-segment offshore wind power

In the offshore sector, our activities developed very satisfactorily in 2011. This was true above all for the "Gode Wind II" project, which has made major progress in its development. For the project, PNE WIND AG has secured the necessary building permit from the Federal Office for Shipping and Hydrographics (BSH) and negotiated a supply contract for the delivery of 84 offshore wind power turbines with a nominal output of 252 MW. At the end of June 2011, PNE WIND AG obtained the unconditional commitment for the network connection from the transmission network operator, TenneT. Following the conclusion of the tender carried out by TenneT for the network connection components the grid connection is currently under construction. Prior to this PNE WIND AG had submitted the necessary documentation and thus fulfilled all of the four criteria from the position paper of the Federal Network Agency for the obtaining of the unconditional commitment of the network connection. With this progress the key pre-requisites in the project development were achieved in order to be able to start with the implementation of the "Gode Wind II" off-shore wind farm.

Projects offshore – national

Project	Total MW (up to)
Gode Wind I	324
Gode Wind II	252
Gode Wind III	105
Nemo	480
Jules Vernes	480
Nautilus	480
Nautilus II*	560
Borkum Riffgrund I*	277
Borkum Riffgrund II*	349
Total:	3,307

* PNE WIND AG acts as service provider

Since March 2011 the following documentation exists for the construction of "Gode Wind II":

- Delivery contract for 84 Vestas wind power turbines of the V112 type
- Preliminary contract for the delivery of 84 monopile foundations from MT Højgaard A/S
- Preliminary contract for the delivery of internal farm cabling from Draka Norsk Kabel AS
- Preliminary contract for the delivery of the wind farm transformer station from ALSTOM Grid GmbH

"Gode Wind I" offers space for 54 offshore wind power turbines, which are planned to be provided by REpower. PNE WIND AG is responsible for the other components such as the transformer station, the foundations as well as the wind farm cabling. Furthermore, PNE WIND AG will undertake the wind farm design and the financing strategy as well as the inclusion of additional project partners. "Gode Wind I" has already obtained all the necessary approvals from the German authorities.

"Gode Wind III" is still in a very early stage of development. In this project it is expected that up to 15 wind power turbines can be constructed. It is planned as a reference project for the 7 MW wind power turbines developed by Vestas.

The "Borkum Riffgrund I and II" offshore wind farm projects also developed positively. These were sold to the Danish energy group, DONG Energy Power A/S in 2009 and PNE WIND AG continues to be active in their development as a service provider company. Following an investment decision for "Borkum Riffgrund I" on the part of DONG Energy Power A/S, preparations have now started for the construction of the offshore wind farm. During the first quarter 2011 PNE WIND AG was able to book a further milestone receivable in the amount of euro 6.7 million from these projects and payment was received during the second quarter. An additional milestone receivable in the amount of euro 6.0 million was booked at the end of 2011 following the granting of the permit for "Borkum Riffgrund II" by the Federal Office for Shipping and Hydrographics (BSH).

The rights to the "Nautilus II" offshore wind farm project were sold in November 2011. The purchaser is SSP Technology Holding ApS. This offshore project is planned in the North Sea and is still in the planning and approval stage. SSP Technology Holding ApS, a company of the Ventizz Capital Funds IV, has taken over all the shares of the project company, PNE WIND Nautilus II GmbH. PNE WIND AG will develop further this offshore project as a service provider until the receipt of the permit and participate in the successful achievement of fixed stages in the project development. The "Nautilus II" offshore wind farm project is planned for 80 wind power turbines with a nominal output of up to 7 MW per turbine. The project area is in the North Sea within the Exclusive Economic Zone of the Federal Republic of Germany approximately 180 kilometres north west of Helgoland. It is expected that the building permit from the BSH will be received in 2013.

In total, the offshore sector of PNE WIND AG was working on six own wind farm projects as at December 31, 2011 in various stages of project development and is active as a service provider for further three off-shore projects. Its own projects "Gode Wind I and II" have already been approved by the Federal Office for Shipping and Hydrographics (BSH). The other four own offshore projects are in the planning and application stage. According to the current planning status a total of 393 wind power turbines can be constructed in our own wind farms. Decisive for the exact number is inter alia the nominal output of the equipment to be chosen, which can amount to between 3 and 7 MW. In total the planned realistic nominal output of the six own offshore projects can amount to up to 2,141 MW and up to 1,186 MW for the projects where we are acting as a consultant.

Segment electricity generation

The electricity generation segment combines 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 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. Furthermore, the segment also includes shares in limited partnerships, in which future onshore wind farm projects should be implemented.

Until the successful sale of the wind farms and their delivery takes place, the electricity generated is recorded as revenues within the context of the segment reporting.

During the fiscal year 2011 the electricity generation segment was able to report the same level of EBIT as in the prior year (approx. euro 1.8 million) even though the shut down of the timber biomass power plant "Silbitz" due to damage to the turbine and the generators resulted in a negative EBIT effect in the amount of euro -1.1 million versus the prior year EBIT of "Silbitz". The negative effect at the timber biomass power plant was compensated by the positive operating result of the "Altenbruch II" wind farm, which is operated for our own account. As a result of the wind conditions during 2011 in comparison with 2010 the "Altenbruch II" wind farm achieved an EBIT, which was euro 1.1 million higher than in the prior year. During 2011 the wind conditions amounted, depending on the site, to between 90 and 100 percent of the long-term average value.

Consolidated key data

in euro million	2011	2010
Total aggregate output	53.9	80.0
Revenues	48.6	65.6
Earnings before interest and taxes (EBIT)	0.1	9.5
Earnings before taxes (EBT)	-4.9	5.4
Consolidated net income	-3.9	7.9

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 2011 the PNE WIND AG Group achieved in accordance with IFRS total aggregate performance of euro 53.9 million (prior year: euro 80.0 million). Of this euro 48.6 million were attributable to sales (prior year: euro 65.6 million), euro 2.2 million to changes in inventory (prior year: euro 1.7 million) as well as euro 3.1 million (prior year: euro 12.7 million) to other operating income.

Of the total aggregate performance of the Group an amount of euro 31.1 million (prior year: euro 79.2 million) was attributable to PNE WIND AG. The total aggregate output of PNE WIND AG consisted of sales in the amount of euro 18.0 million (prior year: euro 71.9 million), changes in inventories in the amount of euro -1.8 million (prior year: euro -0.8 million) and of other operating income of euro 14.9 million (prior year: euro 8.1 million). The major portion of sales at PNE WIND AG was attributable to service provider revenues for offshore projects developed within the Group, services within the context of SDL capability studies for onshore projects as well as the implementation of the "Kemberg II" wind farm. The other operating income at PNE WIND AG consists primarily of the additional purchase price receivables from the sale of participations in PNE2 Riff I GmbH and PNE2 Riff II GmbH from 2009 (totalling euro 12.6 million), the release of write-downs (euro 0.9 million), the release of provisions (euro 0.7 million), rental and other income such as, for example, credits, transfer of accounts, release of investment subsidies and income from the use of vehicles. The sales proceeds for "Riff I and II", which are reported at the level of the individual accounts of PNE WIND AG, are stated as revenues at the Group level, since from the Group's point of view the sale is considered as a sale of a project within the context of the operating business, whereas the sale of the shares in the companies are considered as the sale of participations at the level of the individual company, PNE WIND AG in accordance with the German Commercial Code (HGB).

With regard to the subsidiaries consolidated in the Group the major portion of revenues achieved were in respect to management remuneration and service payments in the amount of euro 3.6 million (prior year: euro 3.8 million), payments for the use of transformer stations and services for SDL capability studies for onshore projects in the amount of euro 3.6 million (prior year: euro 1.6 million) and proceeds from the sale of electricity in the amount of euro 9.1 million (prior year: euro 8.3 million) in the fiscal year 2011.

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 42.7 million to approximately euro 28.7 million. The

personnel expenses amounted in the fiscal year 2011 to euro 11.5 million and thus increased in comparison with the amount of the prior year (euro 10.2 million). The reason for this is primarily the increase in the number of employees in the Group to 180 people as at December 31, 2011 (December 31, 2010: 159 employees).

The other operating expenses within the Group in the amount of euro 8.5 million (prior year: euro 12.7 million) include primarily expenses from the write-down of receivables or other assets amounting to euro 0.1 million (prior year: euro 0.3 million), legal and consulting costs euro 2.0 million (prior year: 2.5 million), advertising and travel expenses euro 1.5 million (prior year: euro 1.2 million), repair and maintenance expense mainly at "Altenbruch II" and "Silbitz" euro 1.1 million (prior year: euro 0.5 million) as well as rental and leasing expenses euro 1.5 million (prior year: euro 1.2 million). The lower other operating expense versus the prior year are attributable primarily to declining preliminary costs abroad (approximately euro 0.9 million) and the non-incurrence of capital acquisition costs (approximately euro 0.6 million).

Depreciation of euro 5.1 million remained at the level of the prior year (prior year: euro 5.0 million). Depreciation was incurred primarily at the "Altenbruch II" wind farm, which is operated for own account as well as at the "Silbitz" timber biomass power plant.

Only a low level of taxes on income was incurred during the fiscal year 2011 at the Group and corporate level of PNE WIND AG. This was attributable primarily to the realisation of sales gains at PNE WIND AG as well as to other tax free income. Furthermore, PNE WIND AG has considerable tax loss carry forwards (approximately euro 102 million) which could be set off against current earnings. Furthermore there are no major differences either at the level of the individual accounts or at the consolidated level between the commercial/IFRS and tax statements of financial position, so that deferred taxes were also incurred only to a limited extent.

During the fiscal year 2011 operating income (EBIT) at the consolidated level was achieved in the amount of euro 0.1 million (prior year: euro 9.5 million) and a result from ordinary activities (EBT) in the amount of euro -4.9 million (prior year: euro 5.4 million). The consolidated result after minority interests amounted to euro -3.9 million (prior year: euro 7.9 million). The undiluted consolidated earnings per share amounted to euro -0.09 (prior year: euro 0.17) and the diluted consolidated earnings per share to euro -0.04 (prior year: euro 0.16).

PNE WIND AG reported for the fiscal year 2011 operating profit (EBIT) of euro 1.7 million (prior year: euro 4.0 million) and a result from ordinary activities of euro 0.3 million (prior year: euro 3.2 million).

In the individual accounts of PNE WIND AG personnel expenses for the fiscal year 2011 amounted to euro 8.1 million (prior year: euro 7.3 million).

Due to the negative business result the retained earnings at the Group level decreased during the period under report to euro -14.0 million (prior year: euro -8.2 million). As at December 31, 2011 the retained earnings of PNE WIND AG amounted to euro 2.5 million (prior year: euro 4.1 million). The net income of PNE WIND AG amounted to euro 0.2 million (prior year: euro 4.1 million). The undiluted earnings per share of the individual company amounted to euro 0.00 (prior year: euro 0.09) and the diluted earnings per share of the individual company amounted to euro 0.03 (prior year euro 0.09).

In light of expenses arising from our project development activities in Germany and abroad as well as the payment received in connection to the "Borkum Riffgrund I and II" offshore projects, the results of the Group and of PNE WIND AG correspond to the expectations of the Board of Management.

7. Financial situation/liquidity

The liquidity situation and the financial position of the Group developed positively during the fiscal year 2011. As at December 31, 2011 the Group companies had available liquidity including credit lines for project bridge financing in the amount of euro 39.3 million (prior year euro 49.6 million, of which euro 0.2 million was pledged), of which euro 1.0 million is pledged to banks.

Cash flow

in euro million	2011	2010
Cash flow from ordinary business activity	-1.4	-7.7
Cash flow from investing activities	-14.1	-16.6
Cash flow from financing activities	-4.2	21.9
Liquid funds at the end of the period	19.4	39.2

There were no overdraft credit lines in the Group as at December 31, 2011.

The cash flow from ordinary business activity represented in the statement of cash flows in the amount of euro -1.4 million (prior year: euro -7.7 million) was affected primarily by the amount due from DONG Energy in connection to the building permit for the "Borkum Riffgrund II" offshore project being issued.

Cash flow from investing activities at the end of the period under report amounted to euro -14.1 million (prior year: euro -16.6 million). During the period under report investments were carried out in the amount of euro 16.8 million (prior year: euro 16.6 million). In this respect the major portion was attributable to the further development of offshore projects in the amount of euro 9.7 million. The financing of the investments was undertaken by the use of own funds.

During the period under report the cash flow from financing activities in the amount of euro -4.2 million (prior year: euro 21.9 million) was characterised primarily by the repayment and disposal of credit liabilities in the amount of euro -5.5 million with the simultaneous taking down of bridge financing for the "Kemberg II" project in the amount of euro 3.0 million and the dividend distributed for the fiscal year 2010 in the amount of euro 1.8 million.

During the period under report an additional 2,134 new shares were issued as a result of the conversion of bonds from the convertible loan 2010/2014 in the nominal amount of 4,700. As a result the share capital of the Company amounted as at the date of the statement of financial position on December 31, 2011 to euro 45,777,960.

As at the date of the statement of financial position of December 31, 2011 the Company has available liquid assets in the total amount of euro 19.4 million (prior year: euro 39.2 million).

As at December 31, 2011 PNE WIND AG had available liquidity in the amount of euro 16.0 million of which euro 1.0 million was pledged to banks (prior year: euro 34.9 million, of which euro 0.2 million was pledged).

Additional information on the liquidity situation and the financial position of the Group as well as of PNE WIND AG can be found in the corresponding tables on the statement of cash flows following this management report.

8. Situation of statement of financial position

a) Group

Assets (in EUR million)	31.12.2011	31.12.2010
Intangible assets	39.8	40.0
Property, plant and equipment	93.8	85.2
Long term financial assets	0.2	0.2
Deferred taxes	0.7	1.0
Inventories	14.1	12.8
Receivables and other assets	24.3	21.7
Cash and cash equivalents	19.4	39.2
Total assets	192.3	200.2

At the date of the statement of financial position the consolidated total assets of PNE WIND AG amounted in total to euro 192.3 million. This amount thus decreased by about 4 percent in comparison with December 31, 2010. Long term assets increased in total from approximately euro 126.4 million at the end of 2010 to euro 134.5 million. As at December 31, 2011 intangible assets totalled euro 39.8 million and thus changed very little from their amount of euro 40.0 million as at December 31, 2010. By far the most important elements of this item is the goodwill of the wind power projecting segment in the amount of euro 20.0 million and the project rights in the amount of euro 17.4 million included during the fiscal year 2010 with the first consolidation of PNE Gode Wind I GmbH. During the same period property, plant and equipment increased by euro 8.6 million to euro 93.8 million (December 31, 2010: euro 85.2 million). These include primarily land and buildings (euro 13.6 million), transformer stations owned (euro 7.7 million), plant under construction from the "Gode Wind I" project (euro 6.7 million), the "Gode Wind II" project (euro 13.8 million) and the other "Nautilus", "Nemo" and "Jules Verne" offshore projects (euro 3.9 million), the onshore "Kemberg II" project (euro 5.2 million) as well as the technical equipment and machinery of the "Altenbruch II" wind farm project (euro 33.9 million) and the "Silbitz" timber biomass power plant (euro 6.9 million including land and buildings in the amount of euro 3.2 million).

During the period under report short term assets decreased from euro 73.7 million (December 31, 2010) to euro 57.8 million as at December 31, 2011. Receivables and other assets increased from euro 21.7 million (December 31, 2010) to euro 24.3 million. Of these euro 12.2 million are attributable to trade receivables (December 31, 2010: euro 11.7 million). This increase is attributable primarily to the receivables from the sale of the participation in PNE2 Riff II GmbH (approximately euro 6.0 million). Receivables from long term construction contracts in the amount of euro 8.9 million increased versus December 31, 2010 (euro 1.3 million).

The work in process included in the inventories increased from euro 10.4 million (December 31, 2010) to euro 12.6 million.

As at December 31, 2011 cash and cash equivalents amounted to 19.4 million (December 31, 2010: euro 39.2 million).

Liabilities (in EUR million)	31.12.2011	31.12.2010
Shareholders' equity	74.7	81.7
Deferred subsidies from public authorities	1.1	1.2
Provisions	1.9	2.6
Long term liabilities	72.9	76.2
Short term liabilities	34.3	30.5
Deferred revenues	7.4	8.0
Total liabilities and shareholders' equity	192.3	200.2

On the liability side consolidated shareholders' equity decreased from euro 81.7 million (December 31, 2010) to euro 74.7 million as at December 31, 2011. This development was due to the negative result of the Group. As at December 31, 2011 the equity ratio of the Group amounted to approximately 39 percent (December 31, 2010: roughly 41 percent) and the third party debt ratio to approximately 61 percent (December 31, 2010: roughly 59 percent). Mainly as a result of scheduled repayments long term liabilities declined from euro 76.2 million to approximately euro 72.9 million. This item consists mainly of financial liabilities in the amount of euro 72.5 million. These include liabilities to convertible loan creditors in the amount of euro 28.5 million (a portion of the convertible loan is presented as shareholders' equity in accordance with IFRS) and liabilities to banks in the amount of euro 36.3 million. Above all, the credit liabilities include the project financing of the "Altenbruch II" wind farm (euro 27.9 million) and the "Silbitz" timber biomass power plant (euro 4.0 million) as well as the financing of the building of the Company at the registered office in Cuxhaven (euro 4.0 million).

As at December 31, 2011 the total number of shares issued by PNE WIND AG amounted to 45,777,960. The increase versus December 31, 2010 (45,775,826) is attributable to the conversion of convertible bonds during the course of 2011.

PNE WIND AG has undertaken in a contract with the limited partners of the operating company of the "Silbitz" power plant that it would acquire their limited partnership shares at the beginning of 2017 at a price of 110 percent of the nominal amount. Due to this undertaking other financial liabilities include a discounted purchase price liability as at December 31, 2011 in the amount of euro 5.0 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 1.3 million.

Development of short and long term liabilities

in euro million	2011	2010	2009
Liabilities			
short term	34.3	30.5	59.3
long term	72.9	76.2	32.9

During the fiscal year 2011 the short term liabilities increased slightly from euro 30.5 million (December 31, 2010) to euro 34.3 million. Although accounts payable declined from euro 8.0 million (December 31, 2010) to euro 6.5 million and tax liabilities from euro 2.4 million (December 31, 2010) to euro 0.5 million, short term liabilities nevertheless increased, since mainly liabilities from long term construction projects increased during the same period from euro 0.2 million (December 31, 2010) to euro 6.9 million. Taking liquidity into consideration the net debt thus amounted as at December 31, 2011 to euro 54.4 million (December 31, 2010: euro 36.7 million).

b) PNE WIND AG

Assets (in EUR million)	31.12.2011	31.12.2010
Intangible assets	0.1	0.2
Property, plant and equipment	13.5	14.7
Financial assets	27.3	26.7
Inventories	8.3	6.7
Receivables and other assets	56.2	42.9
Liquid funds	16.0	34.9
Total assets	121.4	126.1

Fixed assets consist of intangible assets in the amount of euro 0.1 million (prior year: euro 0.2 million), property, plant and equipment in the amount of euro 13.5 million (prior year: euro 14.7 million) and financial assets in the amount of euro 27.3 million (prior year: euro 26.7 million). The change in property, plant and equipment are based primarily on scheduled depreciation charges. Versus December 31, 2010 the financial assets increased only slightly by euro 0.6 million due mainly to the increase of the loans to associated companies by euro 0.5 million.

The current assets are composed of work in process in the amount of euro 3.3 million (prior year: euro 5.0 million), prepayments made in the amount of euro 5.0 million

(prior year: euro 1.7 million) and receivables and other assets in the amount of euro 56.2 million (prior year: euro 42.9 million). Of these euro 2.8 million are attributable to trade receivables (prior year: euro 9.6 million), euro 46.7 million are attributable to receivables from affiliates (prior year: euro 26.5 million), and euro 6.3 million are in respect of other assets (prior year: euro 6.8 million). The other assets include the receivable from the sale of the participation in PNE2 Riff II GmbH from the year 2009 for the receipt of the building permit from the BSH in the amount of approximately euro 6.0 million.

Cash at the individual company amounted to euro 16.0 million as at December 31, 2011 (prior year: euro 34.9 million).

Liabilities (in EUR million)	31.12.2011	31.12.2010
Shareholders' equity	67.9	69.5
Special item for investment subsidies	1.1	1.2
Provisions	7.0	8.6
Liabilities	45.3	46.7
Deferred items	0.1	0.1
Total liabilities and shareholders' equity	121.4	126.1

As at the date of the statement of financial position on December 31, 2011 the shareholders' equity of PNE WIND AG in accordance with the accounting regulations of the German Commercial Code (HGB) amounted to euro 67.9 million (prior year: euro 69.5 million). The equity ratio of PNE WIND AG amounted as at December 31, 2011 to approximately 56 percent (December 31, 2010: 55 percent) and the third party financing ratio to 44 percent (December 31, 2010: 45 percent).

As at December 31, 2011 the total number of shares issued by PNE WIND AG amounted to 45,777,960. The increase versus December 31, 2010 (45,775,826) is attributable to the conversion of convertible bonds during the course of 2011.

The main items on the liability side are the liabilities in the amount of euro 45.3 million (prior year: euro 46.7 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, liabilities to banks of euro 4.3 million (prior year: euro 4.9 million), prepayments received on orders of euro 2.5 million (prior year: euro 0.0 million) and trade accounts payable in the amount of euro 1.6 million (prior year: euro 3.8 million).

The provisions include a provision for pending losses in the amount of euro 1.2 million (December 31, 2010: euro 1.4 million). This was set up with regard to a timber delivery contract for the timber biomass power plant in Silbitz. In this contract PNE WIND AG agreed 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 1.5 million

(December 31, 2010: euro 1.7 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 1.3 million (December 31, 2010: euro 1.5 million) as well as provisions for variable remuneration of the members of the Board of Management and senior executives in the amount of euro 1.0 million (December 31, 2010: euro 1.3 million).

9. Transactions with closely related companies and persons

During the fiscal year 2011 there were the following transactions with closely related persons:

PNE WIND AG had concluded consulting contracts for the provision of EDP services with neturity InformationsTechnologien GmbH, whose managing shareholder is the member of the Supervisory Board, Mr. Rafael Vazquez Gonzales. During the fiscal year 2011 transactions were effected in this respect with a net volume of euro 229,370.51. 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

In March 2012 PNE WIND AG did not receive the first and the second payment from the sale of the "Gode Wind II" offshore wind farm project in the amount of euro 45.0 million. The prerequisites for the transfer of the shares was not fulfilled as per balance sheet date by the purchaser, HYSSING Vermögensverwaltungsgesellschaft mbH, which is held by the Danish Brancor Capital Partners APS. As a result the PNE WIND Gode Wind II GmbH is 100 percent owned by PNE WIND AG.

On February 20, 2012 LBBW Asset Management Investmentgesellschaft mbH, Stuttgart informed the Company in accordance with Section 21 Paragraph 1 of the Securities Trading Law (WpHG) that the voting share of LBBW Asset Management Investmentgesellschaft mbH in the voting shares of PNE WIND AG had exceeded on February 20, 2012 through all its special asset holdings the threshold of 3 percent and amounted on this day to 3.06 percent

(1,400,000 voting shares). According to Section 22 Paragraph 1 Sentence 1 No. 6 of the Securities Trading Law (WpHG) 3.06 percent (1,400,000 voting shares) are allocable to LBBW Asset Management Investmentgesellschaft mbH, In this respect these represent voting rights of the Baden-Württembergischen Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte, whose share of voting rights in PNE WIND AG amount to more than 3 percent.

Core competences

- Good network in the industry
- Expertise through qualified employees
- Longstanding experience of wind farm project development
- International expansion with experienced local partners
- Promoting young talent with apprenticeships
- PNE WIND AG as a brand in the core business of wind farm projecting
- Contribution to energy transition through sustainable and economical power generation in the future

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 cooperation based on confidence with other participating partners. Creativity is frequently required for the solution of the many complex problems during the development phase of a wind farm. The value of a wind farm project, from which the commercial success of PNE WIND AG depends, is created primarily in the planning phase up to the approval. In this respect we can rely on the competence and experience of our 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.

From practice we have implemented many years of experience in project development into processes, which have enabled us to conclude successfully in a specific and intensive manner all phases of projecting from the acquisition of the site up to the turnkey construction.

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.

It is also important to maintain the network of partners and supporters of our business model which we have built up over many years. Since wind farm projecting is based on general political conditions these are closely linked with the activities of the branch associations and are used to maintain constant dialogue.

With the training and qualification of young people we are assuring training places and are assuming social responsibilities. As a general rule the young employees remain with the Company after training.

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.

We are making a substantial contribution to the reduction of damaging climatic gases with the wind farms projected and operated by us. Alone the "Altenbruch II" wind farm avoids the annual emission of approximately 38,000 tons of carbon dioxide, 197 tons of sulphur dioxide and 49 tons of nitric oxide. However, the generation of electricity from wind power does not only make positive contributions to the environment but also contributes to saving the limited reserves of fossil fuels, since these are far too valuable just to be burned. From an economic point of view there is a positive effect that the generation of electricity is decentralised and thus the imports of expensive fuels are reduced and avoided. Value added is created where electricity is generated from wind power. As a result the wind farms projected and operated by ourselves are assuring generation of electricity in the future in an ecologically meaningful and economically correct manner.

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

Selected risks

- (Non-) approval of projects
- Delay of project implementation
- Increasing competition for wind farm locations
- Funding of new wind farm projects
- Delivery of new wind engery plants
- Mid- and long term: currency risks
- Change of legal requirements in Germany and abroad
- Legal risks
- Possible changes of tax legislation in Germany and abroad

also have an effect on the value of the receivables. Should the 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 and the commitments for network connections, 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 such sites.

Within the context 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 financial crisis and the reticence resulting therefrom on the part of the banks with regard to project financing. Nevertheless, the Kreditanstalt für Wiederaufbau (KfW) is implementing the programme resolved by the Federal Government whereby euro 5 billion will be made available for the first ten German offshore wind farm projects.

Financing risks also exist on the part of our partner companies with regard to offshore wind farm projects. Depending on the progress of the project, payments are still due to PNE WIND AG for the "Borkum Riffgrund II" and "Nautilus II" projects. The purchasers of the project shares have to date made no decision as to whether they wish to construct the projects. It can therefore not be assumed with certainty that the final decisions will be taken to realise the projects. A failure of one or several projects would have substantial effects on the future asset, financial and earnings situation of PNE WIND AG, since PNE WIND AG would no longer receive planned payments in the future.

For the “Gode Wind I and II” projects, in which PNE WIND AG holds all of the shares, PNE WIND AG will, as with all other wind farm projects, seek a strong financial project partner or create other financing possibilities. Also in this case it cannot be assumed with certainty that the financing will actually be secured.

Due to the improved general legal conditions since 2009 for offshore wind farms in the German Exclusive Economic Zone and well as the favourable location of the projects with regard to the relative distance from land and the depth of the water, PNE WIND AG continues to expect the opportunities for realisation of the approved offshore projects to be high.

For all the offshore wind farms projected by PNE WIND AG in the offshore wind power sector it is of great importance to secure 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.

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. It is planned to undertake the hedging of key foreign exchange transactions with third parties outside the Group through currency hedging transactions.

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 or in the foreign markets. Deterioration is, however, not to be feared in the medium term in Germany, since the Renewable Energies Law (EEG) was amended at the end of June 2011 by the German Parliament and entered into force on January 1, 2012. The next amendment is expected in 2015 on the basis of an experience

report, which the Federal German Government must submit to the German Parliament in 2014. Thus there will exist in the next few years planning security for onshore and offshore wind farm projects as well as for the repowering of wind farms.

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 negative influence on the development of the Company. These include also risks from cases not yet legally concluded.

In 2011 the risk from the proceedings concerning SSP Technology A/S was eliminated, since SSP Technology Holding ApS, a company of the Ventizz Group, retracted its appeal against the pre-emption judgement of the District Court of Stade on October 7, 2010; as a result this judgement thus came into force.

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 these areas 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.

Currently an external audit of corporation, trade and value added tax of the major domestic companies of the PNE WIND AG Group is covering the tax periods from January 1, 2006 up to and including December 31, 2010. In the case of external audits there is always the risk that the results of the external audit can have effects on the asset, financial and earnings situation of a company in future annual and consolidated accounts.

Opportunities

As a 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 available from its many years of activity in the market the pre-requisites in order to benefit in the long term from this development.

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

Prospects

- Long-term growth path of renewable energies due to limitation of fossil energy sources
- High growth potential into attractive foreign markets
- Great demand of repowering in the next years
- Offshore wind farms as central pillar of energy transition
- Growing number of wind farms creates additional demand for technical and commercial management

In addition, there is the planned expansion of German offshore wind power. In this respect Germany, 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 four offshore wind farm projects through the whole approval process by the Federal Office for Shipping and Hydrographics. Two of these approved projects are completely in the ownership of the Company and five others are currently being developed. 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 December 31, 2011, 289 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 secure 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 work 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 securing the substance of the Group as well as the Company and simultaneously at increasing 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 the 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 the consolidated 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 2011 to the management and corporate structure. Due to the particular importance of exemplary action in all business areas, executive employees were trained during 2011 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 maturities 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.
- Possible risks which could arise from changes in laws and regulations for our operating business in wind farm 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))

Corporate Governance constitutes the nationally and internationally recognised standards for good and responsible management. Efficient cooperation between the Board of Management and the Supervisory Board, attention to the interests of shareholders as well as openness and transparency of corporate communications are key aspect of good Corporate Governance. The Board of Management and the Supervisory Board both adhere traditionally to these standards.

In 2002 the first German Corporate Governance Code (hereinafter referred to as "Code") was introduced in Germany by the Government Commission of the same name. As a general rule the Code is reviewed and if necessary amended in respect of national and international developments. The last amendments were resolved by the Government Commission on May 26, 2010. The Code can be downloaded in its currently valid version in the internet under www.corporate-governance-code.de.

The recommendations and suggestions of the Code, which cover all branches and companies, are not obligatory, but the Board of Management and the Supervisory Board must, however, declare each year within the context of the annual report in accordance with Sections 161 of the German Stock Corporation Law (AktG) and 285 No.16 of the German Commercial Code (HGB) whether they complied or will comply with the recommendations of the Code and which recommendations were not or will not be complied with. This takes place in a so-called "statement of compliance". Below you will find the full statement of compliance last issued by the Board of Management and the Supervisory Board of PNE WIND AG. Apart from the recommendations the Code also includes suggestions, the application of which are also not obligatory; a declaration concerning any deviations from recommendations is also not specified. In this respect PNE WIND AG does not deviate substantially from these recommendations: the Board of Management resolved on August 24, 2011 and the Supervisory Board on August 24, 2011 to comply with the recommendations of the German Corporate Governance Code in its version of May 26, 2010 with the exception of the Rule that there shall be no compensation CAP in the event of premature termination of the activities of a member of the Board of Management without any special reason (rule 4.2.3), since this is not foreseen in the Board of Management contracts.

For the Board of Management and the Supervisory Board of PNE WIND AG the recommendations and suggestions of the Code are, like the legal regulations, an integral part of their activity for the Company. They review their adherence to these standards at regular intervals so that an appropriate adherence to these standards is guaranteed for the shareholders, the employees and last but not least for the Company itself.

Declaration of compliance in accordance with Section 161 of the German Stock Corporation Law (AktG)

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.

The Board of Management on August 24, 2011 and the Supervisory Board of PNE WIND AG on August 24, 2011 resolved in accordance with Section 161 of the German Stock Corporation Law (AktG) to declare their compliance with the German Corporate Governance Code with the exception of the following Rule:

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) since this is not foreseen in the current contracts of the Board of Management.

The Board of Management and the Supervisory Board furthermore declare in accordance with Section 161 of the German Stock Corporation Law (AktG) that the Corporate Governance Code will also be complied with in the future with the exception of the above-mentioned Rule.

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

Manner of operation of Board of Management and Supervisory Board

PNE WIND AG is a German Stock Corporation established under German law. A basic principle of the German Stock Corporation Law is the dual management system with the statutory bodies of Board of Management and Supervisory Board, which both have their own different competences. The Board of Management and the Supervisory Board of PNE WIND AG cooperate closely and with full mutual confidence in the control and monitoring of the Company.

The Supervisory Board appoints the members of the Board of Management and can appoint one of its member as Chairman of the Board of Management. The Board of Management of PNE WIND AG currently consists of the following members, whose cooperation and distribution of responsibilities is specified in the internal regulations of the Board of Management:

- Martin Billhardt, Chairman of the Board of Management (CEO), Responsibilities: strategy, investors relations, acquisition, sales, personnel, legal, participations
- Jörg Klowat, Member of the Board of Management (CFO), Responsibilities: finance and accounting, controlling, risk management
- Markus Lesser, Member of the Board of Management (COO), Responsibilities: project development and realisation of onshore and offshore projects

The current periods of office of the members of the Board of Management expire on April 30, 2013 for the Chairman of the Board of Management, Mr. Billhardt, on March 31, 2014 for Mr. Klowat and on December 31, 2013 for Mr. Lesser.

The Board of Management manages the Company under its own responsibility and in this respect must apply the due prudence of good and responsible management.

The Supervisory Board consults and supervises the Board of Management with regard to the management of the Company. With regard to significant business transactions such as, for example, major investment transactions or changes in the corporate structure, the Board of Management requires the prior approval of the Supervisory Board. The list of the business transactions subject to such approval is included in the internal regulations of the Board of Management.

The Board of Management informs the Supervisory Board at regular intervals in writing and at the meetings of the Supervisory Board in written and oral reports about the development of the business and the situation of the Company. In addition, the Board of Management reports to the Supervisory Board in writing about exceptional events. Moreover, the Chairman of the Supervisory Board is regularly informed by the Board of Management in individual discussions.

In accordance with the law and the articles of association the Supervisory board is composed of six members, who are elected by the general meeting of shareholders. It elects from these members a Chairman and a Deputy Chairman. The Supervisory Board currently consists of the following members:

- Dieter K. Kuprian (Chairman)
- Dr. Peter Fischer (Deputy Chairman)
- Alain Huberty
- Jacquot Schwertzer
- Prof. Reza Abhari
- Rafael Vazquez Gonzalez

The period of office of all members of the Supervisory Board expires at the end of the ordinary general meeting of shareholders of the year 2013.

From among its members the Supervisory Board has formed the following three Committees:

1. Personnel Committee

Kuprian, Dieter K. (Chairman)
Dr. Fischer, Peter
Schwertzer, Jacquot

2. Audit Committee

Prof. Abhari, Reza (Chairman)
Huberty, Alain
Kuprian, Dieter K.

3. Appointments Committee

Kuprian, Dieter K. (Chairman)
Prof. Abhari, Reza (Deputy Chairman)
Dr. Fischer, Peter
Schwertzer, Jacquot

The Committees prepare the resolutions of the Supervisory Board as well as the topics, which are to be discussed at the full Board meetings. Moreover, to a legally permissible extent, the Supervisory Board has transferred powers of decision to the Committees. The distribution of tasks and competences is specified in the internal regulations of the Supervisory Board. Through this it is guaranteed that the total Supervisory Board is informed about the knowledge and decisions of the Committees.

The Personnel Committee prepares the personnel decisions of the Supervisory Board, in particular the appointment, dismissal and the prolongation of the appointment of members of the Board of Management. Furthermore, it prepares the resolutions of the Supervisory Board concerning the determination (including eventual reduction) of the total remuneration of the Board of Management.

The Audit Committee is competent for the monitoring of the accounting process and the supervision of the effectiveness of the internal controlling, risk management and audit systems. It is also involved in the audit as well as questions of compliance. The Chairman of the Audit Committee is an independent financial expert and has on the basis of his professional experience the legal requirements for independent financial experts with regard to specific knowledge and experience in the areas of accounting and audit.

The Appointments Committee only meets on a case by case basis and has the task in the event of new elections to the Supervisory Board of proposing to the Supervisory Board suitable candidates for the shareholders.

Remuneration of the Board of Management and the Supervisory Board

The principles of the remuneration systems and the amount of the remuneration of the Board of Management and the Supervisory Board are published each year in the remuneration report, which is an integral part of the management report.

Share transactions of the Board of Management and Supervisory Board

Section 15a of the Securities Trading Law (WpHG) obliges the members of the Board of Management and the Supervisory Board of PNE WIND AG as well as other persons, who have regular access to insider information and are authorised to make major corporate decisions, to announce transactions in respect of PNE shares (so-called directors' dealings), insofar as the total amount of such transactions exceeds the sum of euro 5,000 in a calendar year. This obligation also applies to individuals and legal entities, which are closely connected with one of the above-mentioned persons. PNE WIND AG must publish immediately the information received and also includes this on its internet page.

Of the members of the Board of Management of the Company 400,000 shares were attributable as at December 31, 2011 to the Chairman of the Board of Management, Mr. Martin Billhardt; furthermore, Mr. Jörg Klowat, the member responsible for finance, held 100,000 shares and Mr. Markus Lesser, the member responsible for the operating business, held 45,500 shares of the Company. Of the members of the Supervisory Board Mr. Jacquot Schwertzer holds 5,704 shares of the Company. The Board of Management and the Supervisory Board thus hold together 1.20 percent of the PNE shares.

Accounting and audit

The consolidated financial statements as well as the consolidated interim statements of PNE WIND AG are drawn up by the Board of Management on the basis of the International Financial Reporting Standards (IFRS), as they must be applied in the European Union. The annual report of PNE WIND AG is drawn up in accordance with the regulations of the German Commercial Code (HGB). The consolidated accounts and the annual report are audited by the auditors as well as by the Supervisory Board. The half year financial report is subject to a review by the auditors. The consolidated interim financial statements at the end of the 1st and the 3rd quarters are neither audited nor subject to a review by the auditors. They are, however, discussed between the Board of Management and the Audit Committee prior to publication.

The 2011 general meeting of shareholders elected Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Hamburg as the auditors for the consolidated financial statements and the annual report. Prior to the election Deloitte & Touche issued a so-called declaration of independence on March 4, 2011 as is recommended by the German Corporate Governance Code. On the basis of this there were and are no doubts regarding the independence of Deloitte & Touche as auditors.

According to contractual agreements with the auditors, the Supervisory Board shall be informed immediately regarding

- Reasons for exclusion or conflict of interests, which may occur during the audit,
- Findings or events, which may result during the course of the audit and which are significant for the tasks of the Supervisory Board, as well as
- Determinations which indicate an error in the declarations given by the Board of Management and the Supervisory Board in respect of the German Corporate Governance Code.

Transparent corporate communications

Open and transparent corporate communications are a key integral part of good corporate governance. Apart from clear and comprehensible content, this aspect requires also equal access of all target groups to the information of the Company. PNE WIND AG places great importance on the internet as a medium independent of place and time as well as freely accessible information. Accordingly, a visit to the internet page of PNE WIND AG (www.pnewind.com) gives access for the interested public to a wide variety of well structured information concerning the whole Company. For example, in the "Investor Relations" section comprehensive financial and economic information can be downloaded on PNE WIND AG, such as, e.g., annual and interim reports as well as ad hoc and press announcements. All information is available at the same time in both German and English.

The planned dates of the major repeating events, i.e. the publication of the annual report and the interim reports as well as the date of the general meeting of shareholders, are combined in a financial calendar. This will be published in good time and included in the internet page of PNE WIND AG.

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

Capital structure

As at December 31, 2011 PNE WIND AG had issued 45,777,960 registered shares with a nominal share in the share capital of euro 1.00 each. As at December 31, 2011 shares in the free float (holdings of less than 3 percent of the share capital) amounted 100 percent. Direct or indirect participations exceeding the value of 10 percent of the voting shares were not disclosed.

There are no limitations concerning the voting rights or the transfer of shares. Shares with special rights giving a controlling 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, who 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 of the German Stock Corporation Law (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 15,000,000.00 (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.

In accordance with this 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 16,123,838.000 as at December 31, 2011.

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 percent 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 percent 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 TEUR 2,017 (prior year: TEUR 1,605) during the fiscal year 2011.

The fixed remuneration paid to the Supervisory Board during the fiscal year 2011 amounted to TEUR 193 (prior year: TEUR 220). The Chairman receives TEUR 14, the Deputy Chairman

TEUR 10.5 and the other members of the Supervisory Board TEUR 7 as fixed remuneration. In addition, each member of the Supervisory Board receives TEUR 2.5 per meeting. A provision was set up during the year under report in the amount of TEUR 1 (prior year: TEUR 112) in respect of variable remuneration. The total remuneration of the Supervisory Board during the fiscal year 2011 amounted to TEUR 194 (prior year: TEUR 332). 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 2011 the members of the Board of Management received total remuneration (or corresponding provisions were set up) in the amount of TEUR 1,823, which is distributed as follows:

Martin Billhardt: fixed remuneration of TEUR 297, variable remuneration of TEUR 234 and other remuneration of TEUR 154. Total remuneration thus amounted to TEUR 685 (prior year: TEUR 829).

Jörg Klowat: fixed remuneration of TEUR 146, variable remuneration of TEUR 164, and other remuneration of TEUR 0. Total remuneration thus amounted to TEUR 310 (prior year: TEUR 0).

Markus Lesser: fixed remuneration of TEUR 141, variable remuneration of TEUR 81, and other remuneration of TEUR 0. Total remuneration thus amounted to TEUR 222 (prior year: TEUR 0).

Bernd Paulsen: fixed remuneration of TEUR 51, variable remuneration of TEUR 0, and other remuneration of TEUR 555. Total remuneration thus amounted to TEUR 606 (prior year: TEUR 445).

Mr. Paulsen, who left the Board of Management during the fiscal year, received remuneration claims accruing to him up to the end of his contract in the amount of TEUR 555 in respect of his prior activity in the Board of Management up to the date of his departure. All fixed and variable salary claims as were settled with this payment.

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 55-60 percent and the short term portion to 40-45 percent 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 percent 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.

Forecasts

- Wind farm projecting is central to company development in Germany and abroad
- Project which are currently under development as basis for future company successes
- Repowering as business area with long term and growing income prospects
- Extension of business activities abroad
- Cumulative EBIT forecast for the fiscal years 2011 to 2013 of euro 60 to 72 reconfirmed
- Basis: Returns from offshore and onshore project in Germany and abroad

19. Outlook

The projecting and realisation of wind farms is the core business of PNE WIND AG. The Company is active in Germany, the USA, Canada, the United Kingdom, Hungary, Romania, Bulgaria and Turkey. Whilst abroad wind farms on land (onshore) are exclusively developed, in Germany they are in addition also developed at sea. The target in this respect is to expand the use of wind power for the generation of electricity swiftly. The expansion of renewable energies is a topic discussed worldwide. An increasing number of governments are emphasising the urgent necessity of a change in energy supply to include more renewable energy and are creating general conditions with which the ecologically correct expansion can also be economically meaningful. Above all wind power is benefiting from this. Having benefited from decades of technical development wind power already contributes effectively and cheaply to the current and future electricity production.

We are taking this backdrop into consideration when forming our corporate strategy. In the short to medium term we see the projecting of wind farms in Germany as a major factor for our corporate development with offshore projects being particularly important in the coming years. Following years of intensive planning and preliminary work the wind farm projects developed by us off the German coast will be realised. This is true above all for the approved "Gode Wind I and II" offshore wind farms, as well as the "Borkum Riffgrund I and II" projects, which we sold in 2009 to DONG Energy. DONG Energy intends to start the construction of "Borkum Riffgrund I" already in 2012. This would then be the first realisation of an offshore wind farm developed by PNE WIND AG. The offshore sector is a major pillar of our Company and gives positive effects for our corporate development.

The large number of projects which we are currently working on in both Germany and abroad is the basis of our future corporate success. Within the next few years projects, which we are developing intensively today in Germany and abroad, will reach construction maturity and will be able to be completed.

Furthermore, we are expecting a positive long term effect on our business model from the growing exchange of smaller and older wind power turbines with more efficient and higher performance equipment. Older wind power turbines are gradually being replaced within the context of repowering. With a currently installed nominal output of more than 27,000 MW in Germany we expect a continually growing market with attractive opportunities for our Company. We have already successfully completed three repowering projects. An advantage for PNE WIND AG is the fact that we have remained involved with the wind farms developed by us through our technical and commercial operational service.

Intensive preliminary work is also beginning to come to fruition abroad. Project development is progressing in the USA. In the United Kingdom we are working very closely with the Forestry Commission of Scotland. In Hungary the first two of our wind farms have been approved. In the medium term many other additional projects in these and other countries will also be so far developed that we can start with their construction and marketing. In the future we intend to generate growing sales and cash flow from these activities. Our prudent expansion strategy abroad is therefore starting to bear fruit.

If all of these projects could be constructed in cooperation with investors and partners, this would constitute an investment volume of more than euro 7 billion. This illustrates the size of the potential corporate development. Moreover, we are constantly investigating whether the general conditions for wind farm projects can be structured in other additional markets.

PNE WIND AG is in a good position both onshore and offshore as well as nationally and internationally. For this reason we are very confident to be able to realise the opportunities of the growing wind market in the future. The Management Board reconfirms its cumulative EBIT forecast of euro 60 to 72 million for the three year period from 2011 to 2013 based on our conviction that positive developments will continue during the next few years. The outlook for the national and international markets onshore and offshore are the basis for our capability to pay dividends and to make the necessary investments in projects during the next few years. The consolidated EBIT will be driven by revenues arising from offshore projects as well as results from onshore wind farms both in Germany and abroad. Moreover, continuing positive net profits are also expected for PNE WIND during the next few years. It is difficult to provide fixed forecasts for the individual years due to the operating activity of the Company and short term earnings fluctuations related thereto. However, our EBIT forecast till the end of 2013 reflects the reliable expectations for the further positive earnings situation of the Company.





Cuxhaven, March 24, 2012

PNE WIND AG, Board of Management






Frontiers

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

Offshore wind parks

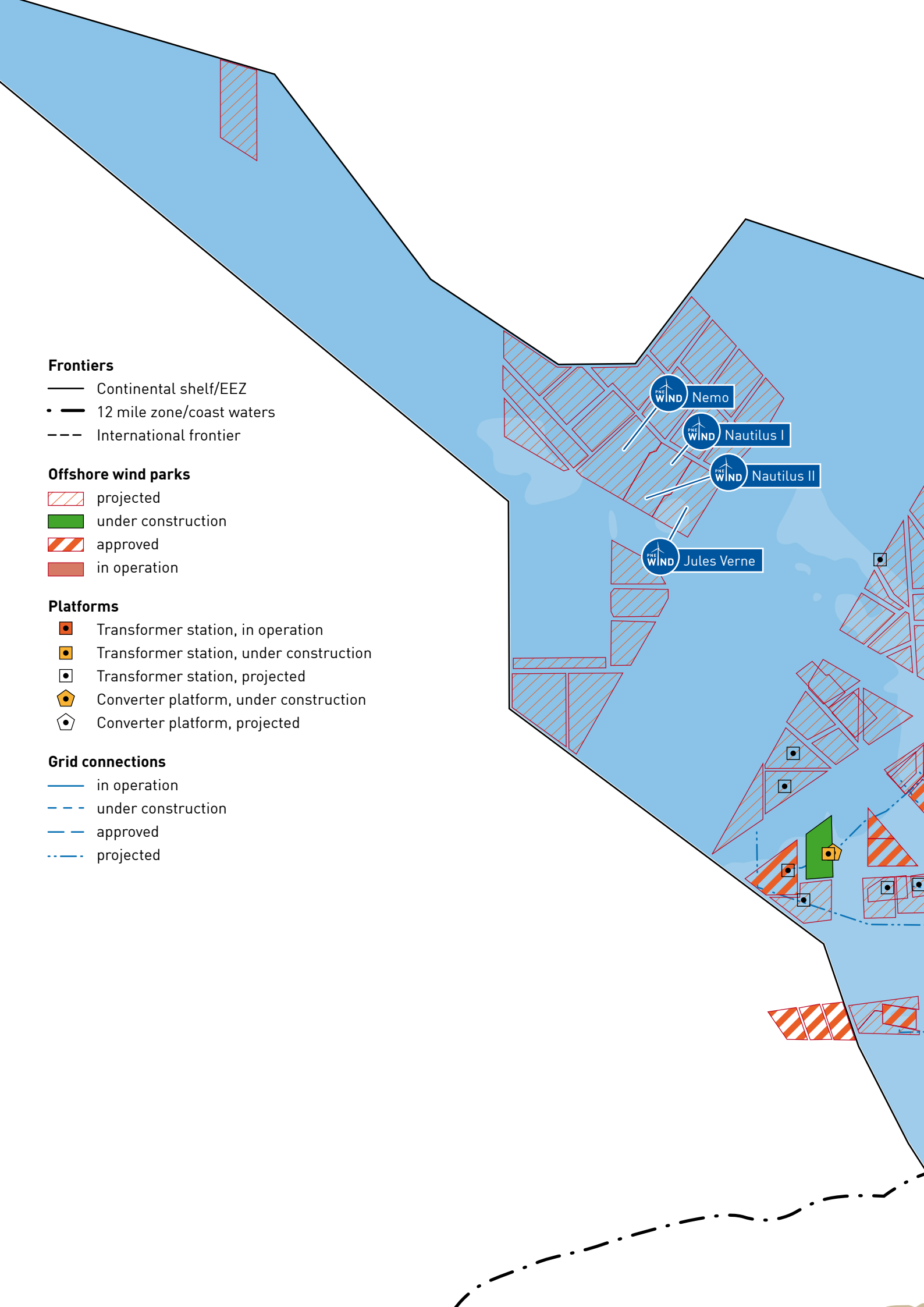
-  projected
-  under construction
-  approved
-  in operation

Platforms

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

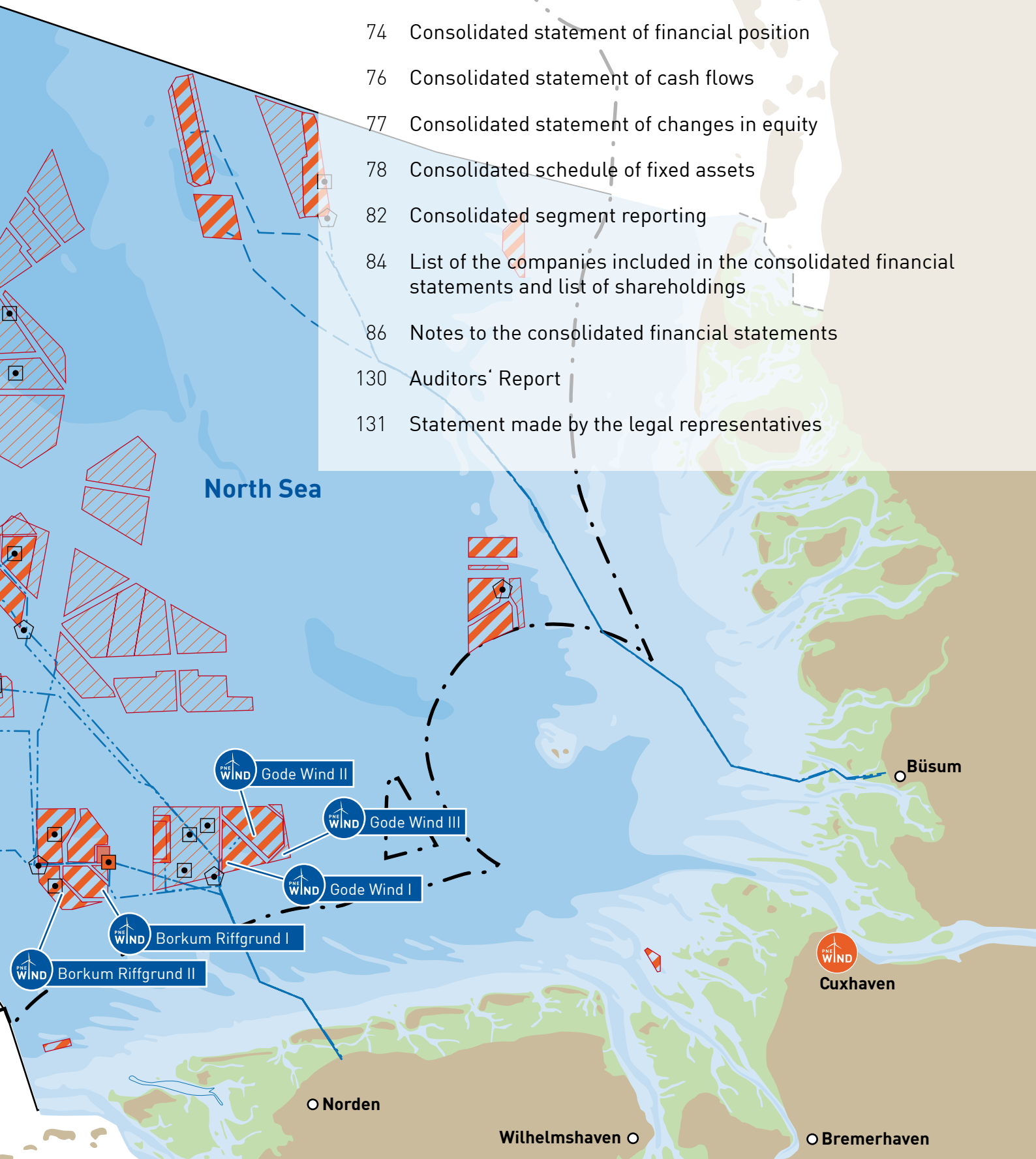
Grid connections

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



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Consolidated statement of comprehensive income (IFRS) of PNE WIND AG for the period from January 1 to December 31, 2011

All figures in TEUR (differences from rounding off possible)		Notes	2011	2010
1.	Revenues	V.16./VII.1.	48,638	65,589
2.	Increase in finished goods and work in process		2,164	1,742
3.	Other operating income	VII.2.	3,059	12,704
4.	Total aggregate output		53,860	80,035
5.	Cost of materials		-28,717	-42,667
6.	Personnel expenses	VII.3.	-11,450	-10,220
7.	Amortisation of intangible assets and depreciation of property, plant and equipment	V.3./VI.1./VI.2.	-5,126	-4,953
8.	Other operating expenses	VII.4.	-8,467	-12,653
9.	Impairment expense – goodwill	V.3./VI.1.	-30	-39
10.	Operating result		70	9,504
11.	Income from participations		3	0
12.	Other interest and similar income		876	485
13.	Expenses from assumption of losses		0	-6
14.	Interest and similar expenses	VII.5.	-5,827	-4,626
15.	Result of ordinary operations		-4,878	5,358
16.	Taxes on income	VII.6.	-125	1,813
17.	Other taxes		-52	-59
18.	Consolidated net income /loss before minority interests		-5,056	7,112
19.	Minority interests	VI.7.	-1,135	-783
20.	Consolidated net income /loss		-3,920	7,895
Other comprehensive income				
21.	Foreign currency translation differences		-101	-66
22.	Others		0	0
23.	Other comprehensive income for the period (net of tax)		-101	-66
24.	Total comprehensive income for the period		-5,157	7,046
Consolidated profit / loss for the period attributable to:				
	Owners of the parent company		-3,920	7,895
	Non-controlling interests		-1,135	-783
			-5,056	7,112
Total comprehensive income for the period attributable to:				
	Owners of the parent company		-4,022	7,830
	Non-controlling interests		-1,135	-783
			-5,157	7,046
	Weighted average of shares in circulation (undiluted) (in thousands)	VII.8.	45,777	45,186
	Undiluted earnings per share from continuing operations in EUR		-0.09	0.17
	Weighted average of shares in circulation (diluted) (in thousands)	VII.8.	59,132	53,173
	Diluted earnings per share from continuing operations in EUR		-0.04	0.16

Consolidated statement of financial position (IFRS)

of PNE WIND AG, Cuxhaven, as at December 31, 2011

Assets

All figures in TEUR (differences from rounding off possible)		Notes	Status as at 31.12.2011	Status as at 31.12.2010
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		19,487	19,684
	2. Goodwill		20,310	20,340
			39,797	40,024
II.	Property, plant and equipment	V.2./V.3./VI.2.		
	1. Land and buildings including buildings on third-party land		16,775	17,914
	2. Technical equipment and machinery		46,990	49,641
	3. Other plant and machinery, fixtures and fittings		550	627
	4. Prepayments and plant under construction		29,488	17,029
			93,803	85,211
III.	Long term financial assets	VI.3.		
	1. Participations		48	50
	2. Other loans		0	0
	3. Other long term loan receivables		198	136
			246	186
IV.	Deferred tax assets	V.5./VII.6.	652	1,027
B. Current assets				
I.	Inventories	V.7./VI.4.	14,096	12,846
II.	Receivables and other assets	V.9./VI.5.		
	1. Trade receivables		21,105	12,981
	2. Other short term loan receivables		0	2
	3. Receivables from associated companies		79	0
	4. Other assets		1,293	7,197
			22,477	20,179
III.	Tax receivables		1,809	1,501
IV.	Cash and cash equivalents	V.10.	19,447	39,176
			192,327	200,153

Liabilities

All figures in TEUR (differences from rounding off possible)		Notes	Status as at 31.12.2011	Status as at 31.12.2010
A. Shareholders' equity		VI.6.		
I.	Capital subscribed		45,778	45,776
II.	Capital reserve		44,877	44,874
III.	Retained earnings			
	1. Legal reserve		5	5
	2. Other retained earnings		46	46
			51	51
IV.	Foreign exchange reserve		-133	-32
V.	Retained consolidated loss		-13,998	-8,244
VI.	Minority interests	VI.7.	-1,872	-737
			74,702	81,688
B. Long term liabilities				
I.	Other provisions	V.12./VI.10.	933	1,300
II.	Deferred subsidies from public authorities	VI.8.	1,137	1,184
III.	Long term financial liabilities	V.13./VI.11.		
	1. Participation certificate capital		843	882
	2. Bonds		28,484	28,097
	3. Liabilities to banks		36,280	40,375
	4. Other financial liabilities		6,291	5,280
	5. Liabilities from leasing contracts		608	714
			72,506	75,349
IV.	Deferred tax liabilities	V.5./VII.6.	372	865
C. Current liabilities				
I.	Provisions for taxes	VI.9.	215	58
II.	Other provisions	V.12./VI.10.	791	1,193
III.	Short term financial liabilities	V.13./VI.11.		
	1. Bonds		0	0
	2. Liabilities to banks		8,228	6,545
	3. Other financial liabilities		3,921	3,931
	4. Liabilities from leasing contracts		106	106
			12,255	10,582
IV.	Trade payables	V.13.	6,522	7,989
V.	Other liabilities	V.13./VI.12.		
	1. Deferred revenues		7,396	8,025
	2. Deferred liabilities		8,044	2,513
	3. Other liabilities		6,919	7,049
			22,358	17,585
VI.	Tax liabilities		534	2,360
			192,327	200,153

Consolidated statement of cash flows (IFRS)

of PNE WIND AG, Cuxhaven, for the fiscal year 2011

All figures in TEUR (differences from rounding off possible)	Notes	2011	2010
Consolidated net result		-5,056	7,112
+ Amortisation and depreciation of intangible assets and property, plant and equipment		5,156	4,992
+/- Increase/decrease in provisions	VI.9./VI.10.	-611	-1,574
- Non-cash effective income		493	-10,725
+/- Increase of inventories and other assets	V.7./VI.4.	4,582	-8,061
+/- Decrease/increase of trade receivables and stage of completion accounting	V.8./VI.5.	-8,124	7,399
+/- Increase/decrease of trade liabilities and other liabilities	VI.8./VII.11.-12.	2,184	-6,800
Cash flow from operating activities		-1,376	-7,657
+ Inflow of funds from disposal of items of property, plant, equipment and intangible assets		1,826	0
- Outflow of funds for investments in property, plant, equipment and intangible assets	VI.1.-2.	-15,469	-11,603
+ Inflow of funds from disposal of financial assets		903	0
- Outflow of funds from disposal of financial assets		-1,375	0
- Outflow of funds for investments in consolidated units		0	-5,000
Cash flow from investing activities		-14,115	-16,603
+ Additional inflow of funds from shareholders	VI.6.	5	2,500
+ Additional inflow of funds from minority interests		0	26,000
+ Inflow of funds from financial loans	VI.11.	3,038	343
- Outflow of funds from the repayment of financial loans	VI.11.	-5,450	-6,813
- Payments to shareholder		-1,831	0
- Outflow of funds for capital increase expenses		0	-180
Cash flow from financing activities		-4,238	21,850
Cash effective change in liquid funds		-19,729	-2,410
+ Change in liquid funds due to changes in scope of consolidation		0	86
+ Liquid funds at the beginning of the period	V.10./VIII.1.	39,176	41,500
Liquid funds at the end of the period*	V.10./VIII.1.	19,447	39,176
* of which are pledged to a bank as security guaranteed credit lines		979	190

Consolidated statement of changes in equity (IFRS)

of PNE WIND AG, Cuxhaven, for the fiscal year 2011

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, 2010	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 net result 2011	0	0	0	0	-3,920	-3,920	-1,135	-5,055
Dividend	0	0	0	0	-1,831	-1,831	0	-1,831
Conversion of convertible bond 2010/2014	2	3	0	0	0	5	0	5
Other items	0	0	0	-101	-3	-104	0	-104
Status as at December 31, 2011	45,778	44,877	51	-133	-13,998	76,574	-1,872	74,702

Consolidated schedule of fixed assets (IFRS)

of PNE WIND AG, Cuxhaven, for the fiscal year 2011

All figures in TEUR (differences from rounding off possible)	Status as at 1.1.2011	Acquisition and manufacturing cost					Exchange Differences	Status as at 31.12.2011
		Changes in consolidated	Additions	Re-classifi- cations	Disposals			
I. Intangible assets								
1. Franchises, trademarks and similar rights as well as licences to such rights	22,059	0	43	0	0	-1	22,101	
2. Goodwill	104,540	0	0	0	0	0	104,540	
	126,600	0	43	0	0	-1	126,641	
II. Property, plant and equipment								
1. Land and buildings including buildings on third party land	22,041	0	2	0	766	0	21,276	
2. Technical equipment and machinery	69,606	0	1,316	115	77	7	70,968	
3. Other equipment, fixtures and furnishings	2,280	0	185	0	134	1	2,332	
4. Prepayments and plant under construction	17,038	-2	13,926	-115	1,350	0	29,497	
	110,965	-2	15,429	0	2,327	8	124,073	
III. Financial assets								
1. Shares in associated companies	6,160	0	1,375	0	1,375	0	6,160	
2. Participations	50	0	0	0	3	0	48	
3. Other loans	0	0	0	0	0	0	0	
	6,210	0	1,375	0	1,378	0	6,208	
	243,776	-2	16,847	0	3,705	8	256,923	

	Accumulated amortisation and depreciation						Book values		
	Status as at 1.1.2011	Changes in consolidated	Additions	Re-classifications	Disposals	Exchange Differences	Status as at 31.12.2011	Status as at 31.12.2011	Status as at 31.12.2010
	2,375	0	240	0	0	0	2,614	19,487	19,684
	84,200	0	30	0	0	0	84,230	20,310	20,340
	86,575	0	270	0	0	0	86,845	39,796	40,025
	4,127	0	602	0	228	0	4,501	16,775	17,914
	19,965	0	4,023	0	21	11	23,978	46,990	49,643
	1,653	0	261	0	132	0	1,782	550	627
	9	0	0	0	0	0	9	29,488	17,029
	25,754	0	4,886	0	381	11	30,271	93,803	85,211
	6,160	0	0	0	0	0	6,160	0	0
	0	0	0	0	0	0	0	48	50
	0	0	0	0	0	0	0	0	0
	6,160	0	0	0	0	0	6,160	48	50
	118,490	0	5,156	0	381	11	123,276	133,647	125,286

Consolidated schedule of fixed assets (IFRS)

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

All figures in TEUR (differences from rounding off possible)	Status as at 1.1.2010	Changes in consolidated	Acquisition and manufacturing cost				Exchange Differences	Status as at 31.12.2010
			Additions	Re-classifi- cations*	Disposals			
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	Re-classifications*	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 segment reporting (IFRS)

of PNE WIND AG, Cuxhaven, for the fiscal year 2011

All figures in TEUR (differences from rounding off possible)	Projecting of wind power turbines		Electricity generation	
	2011	2010	2011	2010
External sales	39,550	57,274	9,088	8,315
Inter-segment sales	9,157	10,237	722	642
Change in inventories	2,164	1,742	0	0
Other operating income	2,623	12,782	888	457
Total aggregate output	53,493	82,035	10,699	9,414
Depreciation and amortisation	-1,655	-1,492	-3,502	-3,500
Operating result	-1,728	7,673	1,798	1,832
Interest and similar income	2,705	1,419	474	32
Interest and similar expenses	-4,315	-2,990	-3,814	-2,608
Taxes on income	-250	1,842	125	-29
Investments	11,775	16,256	5,835	347
Segment assets	221,155	208,800	58,270	53,899
Segment liabilities ¹¹	186,319	161,155	60,584	50,508
Segment equity	34,835	47,645	-2,314	3,392

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, PNE Gode Wind I GmbH, PNE Gode Wind III GmbH, PNE WIND Ausland GmbH, PNE WIND Ventus Praventsi OOD, 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 DEVELOPMENT LLC, PNE WIND UK Ltd., NH North Hungarian Windfarm Kft., PNE WIND Pusztahencse Kft., PNE WIND USA Inc., PNE WIND Renewable Solutions LLC, PNE WIND Romania S.R.L., PNE WIND NEH/I Kft. Underwood Windfarm LLC, Butte Windfarm LLC, PNE BCP WIND Inc., PNE WIND PARK Dobrudzha OOD, PNE WIND Jules Verne GmbH, PNE WIND Nemo GmbH, PNE WIND Nautilus GmbH Wind Kapital Invest Verwaltungs GmbH, Wind Kapital Invest GmbH & Co. KG, PNE Gode Wind II GmbH, PNE WIND Nautilus II GmbH (until 07.11.2011)

Electricity generation: PNE Biomasse GmbH, PNE WIND Grundstücks GmbH, PNE WIND Laubeschbach GmbH & Co. KG, PNE WIND Altenbruch II GmbH & Co. KG, HKW Silbitz GmbH & Co. KG, PNE WP Fonds CVI GmbH & Co. KG (until 31.03.10), Plambeck Neue Energien Windpark Fonds CV GmbH & Co. KG,

¹¹ The deferred subsidies from the public authorities were included under segment liabilities.

	Consolidation		PNE WIND AG Group	
	2011	2010	2011	2010
	0	0	48,638	65,589
	-9,878	-10,879	0	0
	0	0	2,164	1,742
	-453	-535	3,059	12,704
	-10,332	-11,414	53,860	80,035
	0	0	-5,156	-4,992
	0	0	70	9,504
	-2,302	-966	876	485
	2,302	966	-5,827	-4,632
	0	0	-125	1,813
	0	0	17,610	16,603
	-87,097	-62,547	192,327	200,153
	-129,278	-93,198	117,625	118,465
	42,181	30,651	74,702	81,688

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

of PNE WIND AG, Cuxhaven, as at December 31, 2011

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	118	565	31.12.1998
2 PNE Biomasse GmbH (vormals PNE Biomasse AG) , Cuxhaven	100.0	-311	-279	23.04.2000
3 PNE WIND Grundstücks GmbH , Cuxhaven	100.0	-30	52	01.12.2000
4 PNE WIND Altenbruch II GmbH & Co. KG , Cuxhaven	100.0	1,282	5,276	08.11.2001
5 PNE WIND Netzprojekt GmbH , Cuxhaven	100.0	513	900	01.01.2002
6 PNE WIND Laubuseschbach GmbH & Co. KG , Cuxhaven	100.0	-147	284	29.12.2004
7 PNE Gode Wind II GmbH, Cuxhaven	100.0	-22	583	13.08.2007
8 PNE WIND GM Hungary Kft. , Pusztahencse, Ungarn	100.0	-130	-96	28.09.2007
9 PNE WIND Ausland GmbH , Cuxhaven	100.0	-95	-388	16.11.2007
10 PNE WIND Yenilenebilir Enerjiler Ltd. , Istanbul, Türkei	99.0	-265	-435	27.02.2008
11 PNE WIND UK Ltd. , Eastbourne, Großbritannien	67.5	-1,750	-2,746	02.07.2008
12 NH North Hungarian Windfarm Kft., Gödöllő, Ungarn	100.0	-194	-172	07.08.2008
13 PNE WIND Pusztahencse Kft. (vormals Plambeck GM Windfarm Pusztahencse Kft.), Pusztahencse, Ungarn	100.0	-6	-4	07.08.2008
14 PNE WIND Straldja-Kamenec OOD, Sofia, Bulgarien	70.0	-41	-76	15.08.2008
15 PNE WIND BE Development OOD , Sofia, Bulgarien	80.0	-54	-295	15.08.2008
16 PNE WIND USA Inc. , Delaware, USA	100.0	-760	-3,443	27.10.2008
17 S.C. PNE WIND Romania S.R.L. , Bukarest, Rumänien	80.0	-471	-749	27.11.2008
18 HKW Silbitz GmbH & Co. KG, Cuxhaven	0.0	-1,704	-1,765	01.07.2009
19 PNE WIND Renewable Solutions LLC, Delaware, USA	75.0	-684	-863	01.10.2009
20 Underwood Windfarm LLC, Minnesota, USA	75.0	-76	-181	01.10.2009
21 Butte Windfarm LLC, Minnesota, USA	75.0	-21	-716	01.10.2009
22 PNE Gode Wind I GmbH, Cuxhaven	100.0	-17	3,213	10.02.2010
23 PNE-BCP WIND Inc., Saskatoon, Kanada	75.0	-189	-313	26.01.2010
24 PNE WIND PARK Dobrudzha OOD, Sofia, Bulgarien	51.0	-146	-216	26.03.2010
25 PNE WIND Jules Verne GmbH, Cuxhaven	100.0	-20	1,127	30.06.2010
26 PNE WIND Nemo GmbH, Cuxhaven	100.0	-20	1,127	30.06.2010
27 PNE WIND Nautilus GmbH, Cuxhaven	100.0	-20	1,127	30.06.2010
28 PNE WIND Bulgaria EOOD, Sofia, Bulgarien	100.0	-78	-91	09.11.2010
29 Plambeck Neue Energien Windpark Fonds CV GmbH & Co. KG, Cuxhaven	100.0	-3	-7	01.01.2011
30 PNE WIND Ventus Praventsi OOD, Sofia, Bulgarien	75.0	-23	-23	21.01.2011
31 PNE Gode Wind III GmbH, Cuxhaven	100.0	-5	20	07.06.2011
32 Wind Kapital Invest Verwaltungs GmbH, Cuxhaven	100.0	-5	95	16.07.2011
33 Wind Kapital Invest GmbH & Co. KG, Cuxhaven	100.0	-6	19	16.07.2011
34 PNE WIND DEVELOPMENT LLC, Delaware, USA	100.0	-449	-485	29.07.2011
35 PNE WIND NEH/I Kft., Gödöllő, Ungarn	100.0	-1	1	13.09.2011

(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	-3	-66	
2 Plambeck Neue Energien Windpark Fonds LXXXVIII GmbH & Co. KG, Cuxhaven	100.0	-3	-3	
3 Plambeck Neue Energien Windpark Fonds XCI GmbH & Co. KG, Cuxhaven	100.0	-3	-24	
4 Plambeck Neue Energien Windpark Fonds XCII GmbH & Co. KG, Cuxhaven	100.0	-3	-25	
5 Plambeck Neue Energien Windpark Fonds CIII GmbH & Co. KG, Cuxhaven	100.0	-2	-6	
6 PNE WIND Park I GmbH & Co. KG, Cuxhaven	100.0	-2	-1	
7 PNE WIND Park II GmbH & Co. KG, Cuxhaven	100.0	-2	-3	
8 PNE WIND Park III GmbH & Co. KG, Cuxhaven	100.0	0	2	
9 Netzanschluss Genthin GbR, Nielebock	52.0	-8	10	
10 Windkraft Stade GmbH & Co. Frischer Wind KG, Cuxhaven	50.0	-8	-7	
11 Windkraft Stade GmbH, Cuxhaven	50.0	-2	20	
12 Windpark Altenbruch GmbH, Cuxhaven	50.0	1	52	
13 Cherokee Chilocco WIND FARM LLC, Delaware, USA	100.0	0	0	
14 Pilger Wind Farm Inc., Saskatoon, Canada	75.0	0	0	
15 Climax Wind Farm Inc., Saskatoon, Canada	75.0	0	0	
16 Watson Wind Farm Inc., Saskatoon, Canada	75.0	0	0	
17 Wadena Wind Farm Inc., Saskatoon, Canada	75.0	0	0	
18 Eston Wind Farm Inc., Saskatoon, Canada	75.0	0	0	
19 Whiska Wind Farm Inc., Saskatoon, Canada	75.0	0	0	
IV. Other companies				
1 Windpark Offshore Testfeld GmbH & Co. KG, Cuxhaven	33.3	-1	24	

Notes to the consolidated financial statements of PNE WIND AG, Cuxhaven, for the fiscal year 2011

I. Commercial register and object of the Company

PNE WIND AG (hereinafter also referred to as “the Company”) has its registered office 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 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

During the fiscal year 2011 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 should be applied in the EU. New standards adopted by IASB are in principle applied as from the time of their becoming effective and when they should be taken into consideration in the EU.

During the fiscal year 2011 the Group has applied the new and revised IFRS standards and interpretations listed below:

	Coming into force	Date of EU endorsements
Change of standards:		
Change to IFRS 1: Limited exception for first time users of comparative data as per IFRS	01.07.2010	22.06.2010
Change to IAS 24: Details on closely related companies and persons	01.01.2011	19.07.2010
Change to IAS 32: Classification of subscription rights	01.02.2010	23.12.2009
Annual improvements to various standards (2010)	01.01.2010	18.02.2011
Annual improvements to IFRS 3 (2010)	01.07.2010	18.02.2011
Changes to IAS 27 (2008)	01.07.2010	03.06.2009
New interpretations		
Changes to IFRIC 14: Prepayments within context of minimum endowment obligations	01.01.2011	19.07.2010
IFRIC 19: Repayment of financial liabilities through equity instruments	01.07.2010	23.07.2010

IAS 24 Details on relationships with closely related companies and persons (2009)

In the amended version of IAS 24 the definition of closely related companies and persons was basically changed in order to increase the degree of comprehension and to remove existing inconsistencies. According to this in respect of the future determination of closely related companies and persons the inclusion will in future be limited in the case of decisive influence or joint management not to the two companies under consideration, but extended in each case to the total group. Apart from this change in definition, there is also an extension of the transactions requiring disclosure, since pending transactions are now also to be considered as business events subject to disclosure.

IAS 32 Financial instruments: classification of subscription rights

The change to IAS 32 concerns the clarification and the classification of subscription rights as equity or third party capital. It has been newly resolved that certain subscription rights of the issuer denominated in foreign currencies shall now be stated as equity and no longer as a liability. This change includes only such subscription rights, which are offered at a previously fixed amount in foreign currency proportionally to all existing owners of equity securities of the same class.

Annual improvements 2011

Within the framework of the Annual Improvements Process Project IASB published in May 2010 the third annual collective standard for the application of smaller changes. These include changes to six standards and one interpretation. There results in this respect a significant influence on the asset, financial and earnings situation as presented in the consolidated financial statements due to the following changes

- IFRS 7: Financial instruments – details on the type and extent of risks from financial instruments
- IAS 1: Presentation of the annual accounts – clarification of the changes in shareholders' equity
- IAS 34: Interim reporting – details in the notes on significant events and business transactions
- IFRIC 13: Customer loyalty programmes – determination of the market values

Annual improvements - IFRS 3 corporate mergers

The annual improvements concerning IFRS 3 (amended) include significant changes regarding the valuation of non-controlling shareholdings, the statement of non-replaced and voluntarily replaced remuneration premiums based on the proportional shareholding as well as transitional rules concerning still open conditional payment obligations, which result from corporate acquisitions and which took place prior to IFRS 3 taking effect (amended 2008) as at July 1, 2010. This results in effects on the valuation of shares of non-controlling shareholders at the time of the acquisition of control, the presentation of shareholding-based remuneration premiums of the acquired company, which the acquirer has to replace within the framework of a corporate merger as well as on the treatment of still open conditional payment obligations.

IFRIC 14 - Prepayments within the context of minimum endowment obligations

The changes to the interpretation IFRIC 14, which represents an interpretation of IAS 19 "Payments to Employees", concern the rules for the presentation of pension plans. The changes undertaken concern the prior payments made in the special case of the fulfilment of the minimum

endowment obligation. It is clarified that the future benefits resulting therefrom require the accounting criteria of an asset insofar as these are to be considered as available. Retrospective application is required.

IFRIC 19 – Repayment of financial liabilities by equity instruments

The interpretation IFRIC 19 offers assistance in the accounting treatment of financial liabilities, which are replaced in part or in full by the issue of equity instruments within the context of subsequent negotiations with the existing lenders. Such equity instruments which are issued are to be considered as "paid compensation" and as a result the basic financial liability must be fully or partially eliminated from the accounts. The equity instruments are to be valued at their underlying market value or with the underlying market value of the repaid liability, insofar as these cannot be determined reliably.

With regard to the other new accounting rules and interpretations there will be neither a significant influence on the presentation of the asset, financial and earnings situation of the Group nor does the business model of PNE WIND AG require their application.

During the fiscal year 2011 the following new or amended accounting norms, which were already decided by the IASB but not yet adopted by the EU, were not taken into consideration, since there was not yet any obligation for application:

New standards / interpretations	Coming into force	Date of EU endorsements	Expected date of application
IFRS 9: <i>Financial instruments</i>	01.01.2015	Open	Open
IFRS 10: <i>Consolidated accounts</i>	01.01.2013	Open	Open
IFRS 11: <i>Joint agreements</i>	01.01.2013	Open	Open
IFRS 12: <i>Details on participations in other companies</i>	01.01.2013	Open	Open
IFRS 13: <i>Valuation at underlying market value</i>	01.01.2013	Open	Open
IFRIC 20: <i>Presentation of mining waste removal in above-ground mining</i>	01.01.2013	Open	Open

New standards / interpretations	Coming into force	Date of EU endorsements	Expected date of application
Change to IFRS 7: <i>Financial instruments: details – transfer of financial assets</i>	01.07.2011	22.11.2011	01.01.2012
Change to IAS 1: <i>Presentation of the accounts – presentation of the items of other comprehensive result</i>	01.07.2012	Open	Open
Change to IAS 12: <i>Deferred taxes – realisation of underlying assets</i>	01.01.2012	Open	Open
Change to IAS 19: <i>Payment to employees</i>	01.01.2013	Open	Open
Change to IAS 27: <i>Consolidated and individual accounts</i>	01.01.2013	Open	Open
Change to IAS 28: <i>Participations in associated companies</i>	01.01.2013	Open	Open
Change to IFRS 1: <i>Significant high inflation</i>	01.07.2011	Open	Open
Change to IFRS 1: <i>Cancellation of references to the fixed implementation date for first time application of IFRS</i>	01.07.2011	Open	Open
Change to IFRS 7: <i>Netting regulations</i>	01.01.2013	Open	Open
Change to IAS 32: <i>Netting regulations</i>	01.01.2014	Open	Open

The expected date of application in this respect represents the beginning of the fiscal year of PNE WIND AG in which the new accounting regulations are to be taken into consideration for the first time.

In May 2011 the IASB published three new standards for the accounting of corporate relationships: IFRS 10 consolidated accounts; IFRS 11 joint agreements and IFRS 12 details on participations in other companies. At the same time subsequent changes on the basis of new regulations were made to the existing standards IAS 27 and IAS 28.

IFRS 10 Consolidated accounts

IFRS 10 introduces a standard definition for the meaning of control for all companies and thus creates a standard basis for the determination of the existence of a parent–subsidiary relationship and the corresponding inclusion within the scope of consolidation. The standard contains comprehensive application guidelines for the determination of a controlling relationship. The new standard replaces SIC-12 “Consolidation – Specific Companies” in full as well as IAS 27 “Consolidated and Individual Accounts” in part.

IFRS 11 Joint agreements

IFRS 11 specifies the accounting for circumstances in which a company exercises joint management through a joint venture company or a joint operation. In future only the equity method is permissible for the presentation of joint venture companies. The hitherto alternatively applicable method of proportional participation has been abolished. The new standard replaces IAS 31 “Participations in Joint Ventures” and SIC-13 “Jointly Managed Companies – Non-Monetary Investment by Partner Companies”.

IFRS 12 Details on participations in other companies

IFRS 12 combines all details in the notes into one standard which a company must fulfil with a participation or an investment in another company; these include shares in subsidiaries, shares in associated companies, shares in joint arrangements as well as shares in structured companies. The new standard replaces the hitherto valid regulations for details in the notes in IAS 27, IAS 28, IAS 31 and SIC-12.

Change to IAS 27 Consolidated and individual accounts

According to the new announcement of IFRS 10 the changed IAS 27 includes only regulations, which are relevant for separate individual accounts drawn up in accordance with IFRS.

Change to IAS 28 Participations in associated companies

The amended IAS 28 specifies the accounting procedures for participations in associate companies as well as the requirements for the application of the equity method in the presentation of shares in associated companies and in joint ventures.

The Group is currently analysing the effects of the first application of IFRS 10, IFRS 11 and IFRS 12 on the consolidated accounts. A final decision cannot be made, since the standards have not yet been adopted by the EU.

IFRS 9 Financial instruments

IFRS 9 should replace fully the currently valid IAS 39 “Financial Instruments: Statement and Valuation”. IFRS 9 “Financial Instruments – Classification and Valuation of Financial Assets” was first of all published in November 2009. In accordance with the methodology of IFRS 9 financial assets are to be valued either at acquisition cost or at underlying market value. The allocation to one of the two valuation categories depends on how a company controls its financial instruments (its business model) as well as on the type of the contractually agreed cash flows of the financial assets. The standard was completed by the regulations published in October 2010 regarding the statement of financial liabilities as well as the elimination of financial assets and liabilities. The obligatory date for the first application of IFRS 9 was postponed by the IASB in December 2011 from January 1, 2013 to fiscal years, which start on or after January 1, 2015.

Due to the postponement of the date of the first application to January 1, 2015 and the still outstanding recommendation for acceptance by the EU, the Group has not yet undertaken any detailed analysis regarding the possible effects of IFRS 9.

Additional published standards and interpretations, which in part still require acceptance by the EU, have according to current estimates no significant effect on the statement of any transactions and business events.

IFRS 13 Valuation at market value

In May 2011 the IASB published the new standard IFRS 13 “Valuation at Market Value”. IFRS 13 contains a definition of the market value as well as regulations concerning how this should be established when other IFRS regulations prescribe valuation at market value as a measure. The standard itself does not include any rules concerning in which cases market value should be applied. With the exception of the standards excluded explicitly in IFRS 13, IFRS 13 defines standard details in the notes for all assets and liabilities which are valued at market value as well as for all assets and liabilities for which the details of the underlying market value are required to be included in the notes; in this case the obligations for details are extended in particular with regard to non-financial assets.

The Group currently expects that the application of the new standard will lead to more extensive details in the notes, insofar as it is accepted by the EU in this form.

Change to IAS 19 Payments to employees

In June 2011 the IASB published changes to IAS 19 “Benefits to Employees”. The changes concern mainly the abolishment of the postponed establishment of actuarial gains and losses (so-called corridor method) in favour of the immediate establishment in other comprehensive result within the shareholders’ equity, the presentation of changes in net liabilities/assets from performance based pension plans as well as the statement of the net interest expense or income from the net liabilities or net assets of a pension plan. Furthermore, additional details in the notes are required with regard to the characteristics of the pension plans and the risks inherent therein for the Company.

At the current time the Group cannot make any final judgement concerning what effects the application of the changes to IAS 19 might have, since the changes have not yet been adopted by the EU. The first application will, however, lead to additional details in the notes.

Change to IFRS 7 Details – transfer of financial assets

The change concerns additional requirement for notes in respect of transfers of financial assets where a complete or partial elimination has not taken place or where a continuing involvement must be stated.

Change to IAS 1 Presentation of the accounts – presentation of the items in other comprehensive result

In June 2011 the IASB published changes to IAS 1 “Presentation of the Financial Statements” under the title “Presentation of the Items in Other Comprehensive Result”. The changes require a division of the items included in OCI (Other Comprehensive Income) into items, which will be reclassified at a later stage into the statement of comprehensive income (so-called recycling) and into such items where this will not be the case. These consolidated financial statements are drawn up in euro (EUR) unless otherwise stated and in principle are rounded into 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 Group does not consider at the present time that the first application of the other accounting regulations will have a significant influence on the presentation of the consolidated financial statements insofar as they are adopted by the EU in this form.

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 Group management report, which were drawn up by the Board of Management as at December 31, 2011, were released at the meeting of the Board of Management on March 24, 2012 for submission to the Supervisory Board.

The consolidated financial statements as at December 31, 2011 are transmitted electronically to the operator of the electronic Bundesanzeiger.

IV. Principles of consolidation

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 board of a subsidiary. Moreover, wind farm operating companies, which are controlled from an economic point of view either by the parent company or its subsidiaries, are included in the scope of consolidation.

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

1. PNE WIND Ventus Praventsi OOD, Sofia, Bulgaria (75 percent shareholding through PNE WIND Ausland GmbH, Cuxhaven; first consolidation: January 21, 2011),
2. PNE WIND Nautilus II GmbH, Cuxhaven (100 percent shareholding through PNE WIND AG, Cuxhaven; first consolidation: June 7, 2011),
3. PNE Gode Wind III GmbH, Cuxhaven (100 percent shareholding through PNE WIND AG, Cuxhaven; first consolidation: June 7, 2011),
4. PNE WIND NEH/I Kft. Gödöllő, Hungary (100 percent shareholding through NH North Hungarian Windfarm Kft., Gödöllő, Hungary; first consolidation: September 13, 2011),
5. PNE WIND DEVELOPMENT LLC, Delaware, USA (100 percent shareholding through PNE WIND USA Inc., Delaware, USA; first consolidation: July 29, 2011),
6. Wind Kapital Invest Verwaltungs GmbH, Cuxhaven (100 percent shareholding through PNE WIND AG, Cuxhaven; first consolidation: July 16, 2011),
7. Wind Kapital Invest GmbH & Co. KG, Cuxhaven (100 percent shareholding through PNE WIND AG, Cuxhaven; first consolidation: July 16, 2011),
8. Plambeck Neue Energien Windpark Fonds CV GmbH & Co. KG, Cuxhaven (100 percent shareholding through PNE WIND AG, Cuxhaven; first consolidation: January 1, 2011).

The object of the companies No. 1 – 5 is the projecting and realisation of wind farms in the relative country. The core of the operating activity is the identification of suitable sites for wind farms as well as their subsequent projecting and realisation.

The object of the company No. 6 is the consulting, projecting, construction and the operation of equipment for environmental and energy technology, in particular wind farms as well as the personal liability as general partner in Wind Kapital Invest GmbH & Co. KG.

The object of the company No. 7 is the acquisition of existing wind farms and their operating companies and the participation in these as well as the optimisation of wind power turbines (repowering), the construction and operation of wind power turbines in the form of wind farms as well as the sale of the generated electric energy.

The object of the company No. 8 is the construction and operation of wind power turbines in the form of wind farms as well as the sale of the generated electric energy.

The book values or the underlying market values stated at acquisition of the identifiable assets and liabilities of the Company 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, 2011 comprised apart from PNE WIND AG the other companies included under "list of companies included in the scope of consolidation".

Companies, which were not included in the scope of consolidation as at December 31, 2011, are included in the "list of companies included in the consolidated annual accounts" under Point III "companies not included in the scope of consolidation due to lack of material importance".

2. Mergers and divestments of companies

During the fiscal year 2011 the following company was deconsolidated:

- PNE WIND Nautilus II GmbH, Cuxhaven

The deconsolidation of PNE Nautilus II GmbH only had a minimal effect on the consolidated financial statements of PNE WIND AG.

With regard to the effects on the consolidated result please refer to the explanations under VII - statement of comprehensive income as well as the segment report.

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, 2011 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).

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 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 stated 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 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. Such 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 loss account.

Lease 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.

Third party capital costs are in principle 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 of amortisation, which was undertaken within the framework of impairment examinations on goodwill, may not be undertaken.

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

There were no gains or loss resulting from impairments or reversals of impairments.

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 twelve 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 stated 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 on 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 are 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. The conversion of shareholders' equity is carried out at historic rates.

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 20,310 (prior year: TEUR 20,340) 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 weighted average capital cost rate used for the discounting of the forecasted cash flow amounts for the detailed planning phase and for the subsequent period to 7.16%.

For the testing of the carrying value of the goodwill of the cash generating unit, electricity generation, the future cash flows were drawn up from the detailed planning for the next 3 years. For the period thereafter a cumulative planning for the relative expected remaining life up to 2026 was applied as a basis. The weighted average capital cost rate used for the discounting of the forecasted cash flow amounts to 3.80% 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, 2011 and as at December 31, 2010:

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 efficiency gains.

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.

Weighted average 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 3.62%.

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

in TEUR	Projecting of wind power turbines		Electricity generation		Total	
	2011	2010	2011	2010	2011	2010
Book values of goodwill	20,000	20,000	310	340	20,310	20,340

The achievable amount of the cash generating unit Laubuseschbach (electricity generation) was below the book value of the cash generating unit, so that an unscheduled amortisation in the amount of TEUR 30 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 acquisition cost in the amount of TEUR 950 (prior year: TEUR 1,032). 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 198 (prior year: TEUR 136), are included in the item.

During the fiscal year 2011 no impairment was charged to long term financial assets.

4. Inventories

in TEUR	31.12.2011	31.12.2010
Materials and supplies	66	30
Work in process	12,588	10,438
Finished goods	3	139
Prepayments	1,439	2,239
	14,096	12,846

During the fiscal year 2011 write-downs in the amount of TEUR 1,297 (prior year: TEUR 562) 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 6,980 (prior year: TEUR 1,224), 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 11,433 (prior year: TEUR 1,326). After being netted with the prepayments the following net balance occurs which is shown under trade receivables:

in TEUR	31.12.2011	31.12.2010
Costs including partial profits	11,433	1,326
Prepayments received	-2,511	0
	8,922	1,326

Trade receivables and other assets

During the fiscal year 2011 write-downs in the amount of TEUR 30 (prior year: TEUR 256) 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):

31.12.2010	1,905
Additions	30
Uses (-)	0
Release (-)	273
31.12.2011	1,662

The total written down receivables amounted to TEUR 2,619 as at December 31, 2011.

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, 2011 the share capital of the Company amounted to EUR 45,775,826.00, divided into 45,775,826 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 2011 the Company issued 2,134 shares from the conditional capital 2009/I following the exercising of corresponding conversion rights.

As at the date of the statement of financial position the share capital of the Company amounted to EUR 45,777,960.00, divided into 45,777,960 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 2008/I). 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 date 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 No. 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 3,250,000.00 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.

During the year under report 2011 no use was made of the authorised capital. The authorised capital as at December 31 therefore remained at EUR 16,123,838.00.

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 percent directly or indirectly by the Company on the basis of the authorisation resolution of the general meeting of shareholders of May 14, 2009 up to May 13, 2014. The new shares are entitled to profit sharing as from the beginning of the fiscal year in which they are issued through the exercise of conversion or option rights. Subject to the approval of the Supervisory Board the Board of Management is authorised to determine the further details of the implementation of the conditional capital increase.

The Board of Management made use of this authorisation 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 2,207 (prior year: TEUR 1,072) 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. As at the date of the statement of financial position there was a share of TEUR 1,872 (prior year: TEUR 737).

8. Deferred subsidies from the public authorities

Since 2000 the Company has received investment grants in the total amount of TEUR 1,746 for the construction of an office building and its extension 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 47) was released.

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 2011.

10. Other provisions

The other provisions developed as follows:

in TEUR						Consol. /
	01.01.2011	Use	Release	Additions	reclass.	31.12.2011
Distribution guarantees Silbitz	1,492	359	0	143	0	1,276
Court costs	357	120	35	132	0	334
Investment subsidies	562	0	562	0	0	0
Other	82	0	0	32	0	114
	2,493	479	597	307	0	1,724

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 approximately EUR 1.3 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 percent of the nominal amount. On the basis of this commitment a discounted purchase price liability is included as at December 31, 2011 under the financial liabilities in the amount of approximately EUR 5.0 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 31.12.2011				
Fixed interest				
Participation certificates	843	0	843	0
Loans	28,484	0	28,484	0
Liabilities to banks	43,316	7,036	16,232	20,048
Other financial liabilities	5,146	135	0	5,011
Liabilities from leasing contracts	714	106	425	183
Variable interest				
Liabilities to banks	1,192	1,192	0	0
Other financial liabilities	3,387	3,387	0	0
Derivatives				
Interest swap	1,679	399	1,079	201
	84,761	12,255	47,063	25,443
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

The book values of the financial liabilities stated correspond roughly to the fair market value.

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 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. The liability from the participation certificate capital as at December 31, 2011 amounted to EUR 842,800.00.

In the year under report the Company repurchased 390 participation certificates in the nominal value of EUR 39,000.00.

Loans

The loans developed as follows:

in TEUR	31.12.2011	31.12.2010
Convertible loan 2009:		
- Status as at January 1	3,681	3,645
- Issued/accrued interest	42	39
- Converted	0	3
- Status as at December 31	3,723	3,681
Convertible loan 2010:		
- Status as at January 1	24,416	0
- Issued/accrued interest	350	24,416
- Converted	5	0
- Status as at December 31	24,761	24,416
Total	28,484	28,097

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 1/2009 (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 no conversion rights were exercised by the holders of the convertible bonds 2009/2014.

During the year under report interest of TEUR 42 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 the holders of a total of 47 bonds in the total nominal amount of EUR 4,700.00 exercised their conversion rights so that a total of 2,134 new registered no par value shares of PNE WIND AG were issued.

During the year under report interest of TEUR 350 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 2.89 % and 5.95 %. With regard to variable interest rate liabilities to banks the Company is exposed to the risk of interest change. During 2011 the interest rates for these amounted to up to 14.00 % (current account 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 44,782 (prior year: TEUR 47,322) 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 4,282).
2. Assignment of the rental income from the property at Peter-Henlein-Str. 2-4, Cuxhaven.
3. Assignment of the Granzow transformer station (amount drawn down: TEUR 134)

4. Assignment of the Laubuseschbach wind farm (amount drawn down: TEUR 556) as well as pledge of all receivables of this wind farm.
5. 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 drawn down: TEUR 32,034).
6. Assignment of all rights from contracts in connection with the timber biomass power station as well as the pledge of all receivables of this timber biomass power station (amount drawn down: TEUR 4,738).
7. Assignment of all rights from contracts in connection with the Kemberg II project as well as the pledge of all receivables of this wind farm (amount drawn down: TEUR 3,038)

As at December 31, 2011 the Group had available credit lines for project bridge financing granted in the amount of approximately EUR 19.9 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 714 (prior year: TEUR 820) 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	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
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	188	360	183	289
	1,048	1,220	714	820
Less:				
Future financing costs	-334	-400		
Discounted cash value of the leasing liabilities	714	820		
Amount due for repayment within twelve months (stated under short term liabilities)			106	106
Amount due for repayment after more than twelve months			608	714

An amount of TEUR 714 (prior year: TEUR 820) 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 7,396 (prior year: TEUR 8,025) 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 1,679. 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 interest rate, 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 interest rates, whose interest payments are not designed as basic transactions within the framework of cash flow hedges against interest changes, and are thus taken into consideration in the sensitivity calculations in respect of the result.
- Market interest rate changes of interest derivatives, which are not integrated into a hedging relationship in accordance with IAS 39, have an effect of the interest result (valuation result from the adjustment of the financial assets to the stated market value) and are thus taken into consideration in the sensitivity calculations in respect of the result.

If the market rate level as at December 31, 2011 had been 100 basis points higher or 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 63 lower or 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, 2011 and December 31, 2010 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 is 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
- 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 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 below 80% in order to guarantee continued access to third party capital at acceptable cost and by maintaining a good credit rating.

in TEUR	31.12.2011	31.12.2010
Financial liabilities	84,761	85,930
- Cash and cash equivalents	19,377	39,176
= Net third party debt	65,384	46,754
+ Shareholders' equity	74,702	81,688
= Total capital	140,086	128,442
Debt / equity ratio	46.67 %	36.40 %

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. Sales

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 2011 are based on one project (see Sections V. No. 8 and VI. No. 5).

in TEUR	2011	2010
Revenues before HB II reconciliation	39,032	81,379
Revenues from stage of completion accounting	10,932	1,326
Reverse affect from stage of completion accounting	-1,326	-17,116
Share of revenues in stage of completion accounting	9,606	-15,790
	48,638	65,589

Against this share of the revenues from stage of completion accounting there are contract costs in the amount of TEUR -10,074 (prior year: TEUR -12,796), so that versus the stage of completion accounting of the prior year (TEUR 507) there resulted a partial profit realisation which was TEUR 468 lower.

2. Other operating income

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

- The release of value adjustments on receivables and other assets contributed to other operating income in the amount of TEUR 572 (prior year: TEUR 341).
- During the fiscal year 2011 provisions in the amount of TEUR 700 (prior year: TEUR 182) could be released, since the reasons for such provisions were no longer valid.

3. Personnel expenses

The personnel expenses were composed as follows:

in TEUR	2011	2010
Wages and salaries	10,213	9,105
Social security contributions	1,237	1,115
	11,450	10,220
Average annual No. of employees	171	154
Personnel expenses per employee	67	66

During the fiscal year 2011 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 1,975 (prior year: TEUR 2,496)
- Rental and leasing expenses TEUR 1,455 (prior year: TEUR 1,242)
- Provisions for doubtful accounts or losses on receivables TEUR 60 (prior year: TEUR 266)
- Advertising and travel expenses TEUR 1,279 (prior year: TEUR 1,162)
- Vehicle expenses TEUR 534 (prior year: TEUR 538)
- EDP expenses TEUR 416 (prior year: TEUR 408)
- Insurances and contributions TEUR 653 (prior year: TEUR 751)
- Repair/maintenance cost (primarily Silbitz and Altenbruch) TEUR 1,065 (prior year: TEUR 491)

5. Other interest and similar income

The interest income includes loan and overdraft interest in the amount of TEUR 425 (prior year: TEUR 476) as well as the change in value of derivative financial instruments: TEUR 440 (prior year: TEUR 0).

6. Interest and similar expenses

Interest and similar expenses include mainly interest on the convertible loans TEUR 1,959 (prior year TEUR 1,185), interest on loans and overdrafts TEUR 2,341 (prior year: TEUR 2,494) and the change in value of derivative financial instruments TEUR 1,056 (prior year: TEUR 272). During the fiscal year 2011 interest on third party capital was capitalised in the amount of TEUR 697 (prior year: TEUR 248), at a capitalisation rate of 4.41 %.

7. Taxes on income

The expenses from taxes on income are composed as follows:

in TEUR	2011	2010
Current taxes	244	-1,688
Deferred taxes		
- from the effect of consolidations and HB II adjustments	5	186
- from individual financial statements	-124	-311
	-119	-125
	125	-1,813

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 102 million (prior year: approximately EUR 90 million), which can be set off against future profits. Deferred tax claims were set up in respect of these losses in the amount of TEUR 0 (prior year: TEUR 0). 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	2011	2010
Consolidated earnings before taxes	-4,930	5,416
Tax rates	30.0 %	30.0 %
Income tax expense - calculated	-1,479	1,625
Addition to value adjustment for tax loss carry forwards	0	1,389
Non-inclusion of deferred taxes	5,148	1,884
Use of loss carry forwards	-418	0
Tax free gains on sales and other tax free income	-3,139	-5,057
Tax expense not relating to the period	29	-1,654
Other differences	-16	0
Reported tax expense	125	-1,813

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	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Receivables and other assets	0	2,677	11	398
Inventories	1,352	0	30	0
Property, plant and equipment	608	307	0	318
Financial assets	0	0	0	42
Liabilities	504	1,161	339	525
Other provisions	2,421	0	931	0
	4,885	4,145	1,311	1,283
Tax loss carry forwards	1,389	0	1,389	0
Other consolidation effects incl. value adjustments	-1,849	0	-1,255	0
	4,425	4,145	1,445	1,283
Offsettable share	-3,773	-3,773	-418	-418
Deferred taxes	652	372	1,027	865

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 2011 there existed no corresponding items.

9. Earnings per share

Undiluted earnings per share

In 2011 the annual average number of registered shares amounted to a total of 45,777,149 (prior year: 45,186,354).

The undiluted earnings per share from continuing operations thus amounted per share to EUR -0.09 per share (prior year: EUR 0.17 per share).

	2011	2010
Consolidated net profit (in TEUR)	-3,920	7,895
Weighted average of the shares issued	45,777,149	45,186,354
Earnings per share (in EUR)	-0.09	0.17

Diluted earnings per share

The diluted earnings per share are calculated as follows:

	2011	2010
Consolidated net income before elimination of dilution effects (in TEUR)	-3,920	7,895
- interest expense on convertible loan (in TEUR)	1,371	830
Result after elimination (in TEUR)	-2,549	8,725
Weighted average of shares issued before dilution effect (in thousands)	45,777	45,186
+ weighted average of convertible shares (in thousands)	13,355	7,967
Weighted average of shares issued after dilution effect (in thousands)	59,132	53,153
Diluted earnings per share (in EUR)	-0.04	0.16

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, 2011 and December 31, 2011 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	2011	2010
Interest income	436	485
Interest expense	2,470	2,816
Tax payments and reimbursements	33	55

3. 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 2011 an amount of TEUR 0 (prior year: TEUR 180) (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 in the prior year.

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.

The amounts in the business segment projecting of wind power turbines include in respect of the sub-segment wind power onshore Germany total aggregate performance of euro 28.9 million (prior year: euro 55.9 million), sales revenues of euro 25.2 million (prior year: euro 55.7 million), operating result of euro 1.8 million (prior year: euro 10.2 million), a share in segment assets of euro 153.8 million (prior year: euro 153.6 million) and a share in shareholders' equity of euro 33.4 million (prior year: euro 33.3 million). In addition, wind power onshore abroad includes total aggregate output of euro 3.2 million (prior year: euro 2.1 million), sales revenues of euro 0.0 million (prior year: euro 0.0 million), operating result of euro -4.9 million (prior year: euro -3.8 million), a share in segment assets of euro 27.7 million (prior year: euro 16.1 million) and a share in shareholders' equity of euro -11.4 million (prior year: euro -5.8 million).

The sales revenues with third party customers and the segment assets of the "projecting of wind power turbines" and "electricity generation" segments are attributable to Germany. In the "projecting of wind power turbines" segment sales are realised with third party customers, which amount to more than 10% of the total sales.

Long term assets are attributable regionally as follows:

in TEUR	2011	2010
Germany	133,163	124,879
Other countries	682	542
	133,845	125,421

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	31.12.2011	31.12.2010
Various wind power projects	784	708
Other	65	0
	849	708

Other financial obligations exist from rental leasing contracts in the amount of TEUR 1,036 (prior year: TEUR 967). The maturities of the rental and leasing obligations were structured as follows:

Rental and leasing obligations	TEUR
Remaining maturity of up to one year	487
Remaining maturity 1 - 5 years	549
Remaining maturity in excess of 5 years	0
	1,036

Moreover, there are obligations from order commitments for wind power turbines in the net amount of TEUR 34,818 (prior year: TEUR 37,405). The obligations from order commitments are fully due within one year.

Other financial liabilities in the amount of TEUR 1,673 (prior year: TEUR 1,710) 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 nine offshore wind farm projects (in three of which as a consultant), 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)

During the fiscal year 2011 there were no announcements in accordance with Section 21 Paragraph 1 of the Securities Trading Law (WpHG) which concerned the Company.

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 2011 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 2011 there were transactions in an amount of EUR 229,370.51. 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, corporate consultant/managing director of GFM Gesellschaft für Mittelstandsberatung mbH, Berlin (Chairman)
- Dr. Peter Fischer, Cuxhaven, self-employed corporate consultant (Deputy Chairman)
- Professor Reza Abhari, Zürich, Switzerland, university professor at ETH Zürich
- Mr. Rafael Vazquez Gonzalez, Cuxhaven, general manager of net.curity InformationsTechnologien GmbH
- Mr. Alain Huberty, Leudelange, Luxembourg, Executive Director und General Secretary of Luxempart S.A.
- Mr. Jacquot Schwertzer, Leudelange, Luxembourg, Member of the Management, Committee of Luxempart S.A.

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

- First Climate AG, Bad Vilbel, Switzerland

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

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

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

- 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
- Utopia S.A., Leudelange, Luxembourg

During the fiscal year 2011 the fixed remuneration of the Supervisory Board amounted to TEUR 193 (prior year: TEUR 220). 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 1 (prior year: TEUR 112). During the fiscal year 2011 the total remuneration of the Supervisory Board amounted to TEUR 194 (prior year: TEUR 332). 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, 2011.

Board of Management

- Mr. Martin Billhardt, Cuxhaven (CEO)
- Mr. Bernd Paulsen, Schiffdorf (COO) (till March 31, 2011)
- Mr. Jörg Klowat, Cuxhaven, (CFO) (since April 1, 2011)
- Mr. Markus Lesser, Kaarst, (COO) (since May 1, 2011)

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

- Deutsche Rohstoff AG, Heidelberg
- PNE Biomasse AG, Cuxhaven (till March 31, 2011)

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

- PNE Biomasse AG, Cuxhaven (till March 31, 2011)

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

- RenCon GmbH, Kaarst

The members of the Board of Management received for their activities during the fiscal year 2011 total remuneration in the amount of TEUR 1,823 (prior year: TEUR 1,274), which was broken down as follows:

in TEUR	Fixed salary	Variable salary	Other remuneration	Total remuneration
	2011	2011	2011	2011
Martin Billhardt	297	234	154	685
Bernd Paulsen	51	0	555	606
Jörg Klowat	146	164	0	310
Markus Lesser	141	81	0	222
	635	479	709	1,823

Mr. Paulsen, who left the Board of Management during the fiscal year received at the time of his departure the remuneration due to him for his activity as a member of the Board of Management up to the end of his contract in the amount of TEUR 555. With this payment all fixed and variable salary claims were settled.

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, 2011; furthermore Mr. Jörg Klowat held 100,000 shares and Mr. Markus Lesser 45,500 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 2011 the following fees were invoiced by the auditors:

Audit fees	TEUR 186
Other assessment services	TEUR 21
Other services	TEUR 16

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 and the Supervisory Board of PNE WIND AG declared on August 24, 2011 in each case that the Corporate Governance Code had been complied with except for the Rule that: no compensation CAP exists in the event of premature termination of a Board of Management contract without a particular reason (Rule 4.2.3); this is not included in 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-mention Rule.

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 home page of PNE WIND AG under www.pnewind.com in the Investor Relations section under Corporate Governance.

8. Information on employees

Average annual number of employees

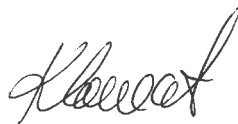
	2011	2010
Wage-earning employees	25	15
Salaried employees	119	113
Executives (excluding Board of Management of PNEWIND AG)	24	24
	168	152

Cuxhaven, March 24, 2012

PNE WIND AG



Martin Billhardt
Chairman of the
Board of Management



Jörg Klowat
Member of the
Board of Management



Markus Lesser
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 comprehensive income, the statement of financial position, the cash flow statement, the statement of changes in equity, the segment reporting and the notes to the consolidated financial statements – and the report on the position of the Company and the Group for the business year from 1 January to 31 December 2011. 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, 24 March 2012

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Reiher
Wirtschaftsprüfer
[German Public Auditor]

Signed: p.p. Wendlandt
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



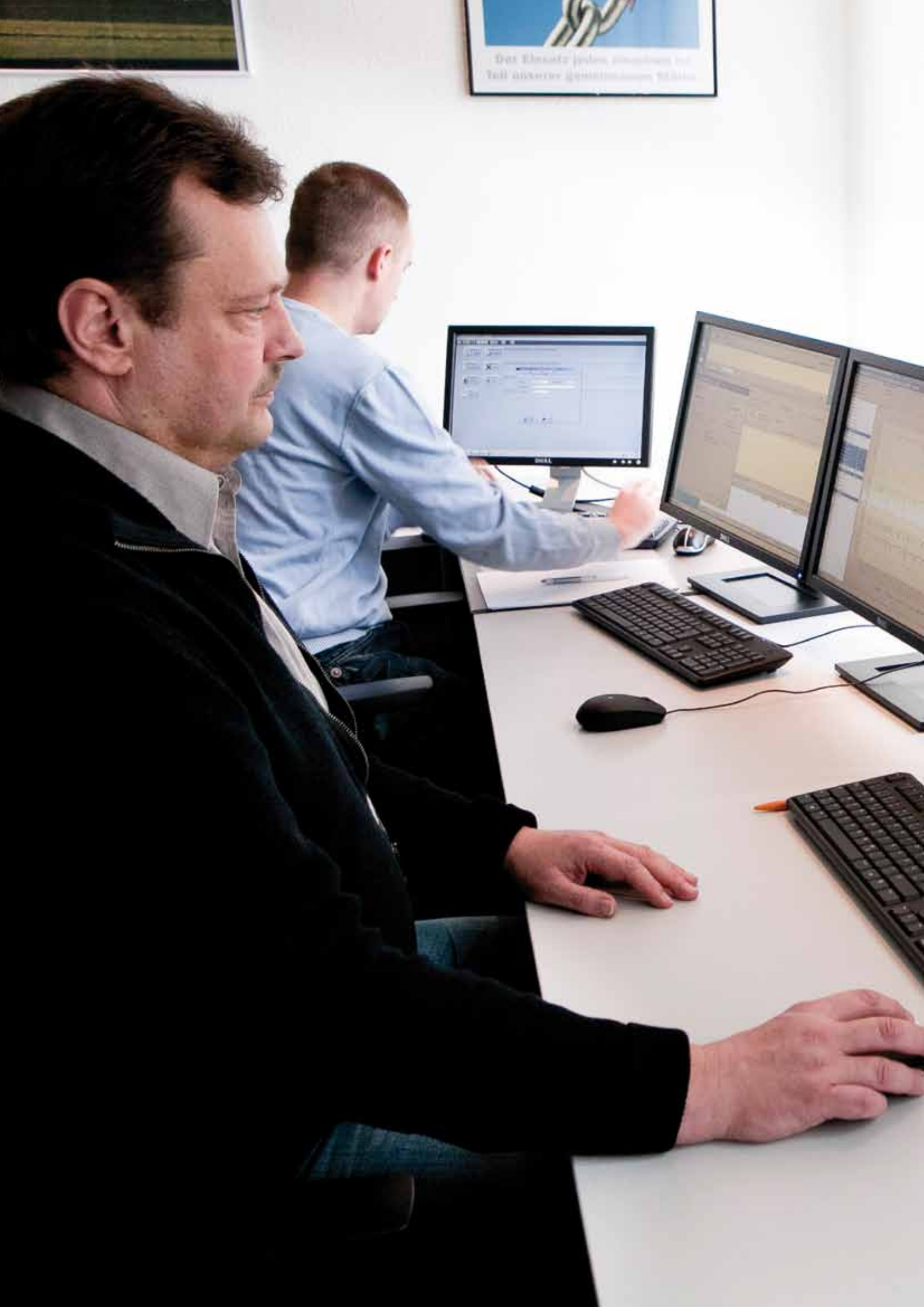
Martin Billhardt



Jörg Klowat



Markus Lesser



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Profit and loss account (HGB)

of PNE WIND AG, Cuxhaven, for the period from January 1 to December 31, 2011

(differences from rounding off possible)		2011 EUR	2010 TEUR
1.	Revenues	17,980,963.20	71,929
2.	Decrease/Increase in work in process	-1,774,880.93	-845
3.	Other operating income	14,897,635.62	8,116
4.	Total aggregate output	31,103,717.89	79,200
5.	Cost of purchased materials		
	a) Cost of raw materials, supplies and purchased materials	-812,883.19	-39,615
	b) Cost of purchased services	-12,658,829.06	-19,930
		-13,471,712.25	-59,545
6.	Personnel expenses		
	a) Wages and salaries	-7,293,875.05	-6,551
	b) Social security contributions	-778,574.25	-744
		-8,072,449.30	-7,295
7.	Amortisation and depreciation of intangible assets and items of property, plant and equipment	-771,088.37	-741
8.	Other operating expenses	-7,131,627.03	-7,666
9.	Operating result	1,656,840.94	3,953
10.	Income from participations	250.00	1
11.	Other interest and similar income	1,982,387.37	1,131
12.	Amortisation of financial assets	-715,646.55	-74
13.	Interest and similar expenses	-2,648,991.24	-1,811
14.	Profit from ordinary operations	274,840.52	3,199
15.	Extraordinary income	0.00	0
16.	Extraordinary expenses	0.00	-658
17.	Extraordinary result	0.00	-658
18.	Taxes on income (prior year: taxes on income reimbursed)	0.31	1,654
19.	Other taxes	-46,397.37	-51
20.	Net income	228,443.46	4,144
	Earnings per share (undiluted)	0.00 €	0.09 €
	Average number of shares in circulation (undiluted) (in thousands)	45,777	45,186
	Earnings per share (diluted)	0.03 €	0.09 €
	Average number of shares in circulation (diluted) (in thousands)	59,132	53,173

Balance sheet (HGB)

of PNE WIND AG, Cuxhaven, as at December 31, 2011

Assets

(differences from rounding off possible)		2011 EUR	2010 TEUR
A. Fixed assets			
I.	Intangible assets		
	Franchises, trademarks, licences and other similar rights as well as licences from such rights	128,893.37	169
		128,893.37	169
II.	Property, plant and equipment		
	1. Land and buildings including buildings on third-party land	13,001,577.03	14,011
	2. Technical equipment and machinery	88,203.34	125
	3. Other plant and machinery, fixtures and fittings	435,982.19	561
		13,525,762.56	14,697
III.	Financial assets		
	1. Participations in associated companies	25,864,104.96	25,744
	2. Loans to associated companies	1,441,550.06	937
	3. Participations	42,075.78	44
		27,347,730.80	26,725
	Total fixed assets	41,002,386.73	41,591
B. Current assets			
I.	Inventories		
	1. Work in process	3,252,799.66	5,028
	2. Finished goods	3,191.47	3
	3. Prepayments	5,036,769.54	1,664
		8,292,760.67	6,695
II.	Receivables and other assets		
	1. Trade receivables	2,821,970.38	9,598
	2. Receivables from associated companies	46,744,256.47	26,473
	3. Receivables from participations	0.00	0
	4. Other assets	6,267,789.71	6,765
		55,834,016.56	42,835
III.	Cash on hand and cash in banks	15,983,461.49	34,856
	Total current assets	80,110,238.72	84,387
	C. Deferred charges	330,056.66	118
	Total assets	121,442,682.11	126,096

Liabilities

(differences from rounding off possible)		2011 EUR	2010 TEUR
A. Shareholders' equity			
I.	Capital subscribed	45,777,960.00	45,776
	Conditional capital EUR 1,641,819.00		
II.	Capital reserves	18,736,644.68	18,734
III.	Retained earnings	2,541,625.54	4,144
IV.	Participation certificate capital	842,800.00	882
Total shareholders' equity		67,899,030.22	69,536
B. Special items for investment grants		1,136,988.72	1,184
C. Provisions			
1.	Other taxes	7,019,016.20	8,557
		7,019,016.20	8,557
D. Liabilities			
1.	Bonds	29,841,900.00	29,847
2.	Liabilities to banks	4,282,119.57	4,896
3.	Prepayments received on orders	2,511,250.00	0
4.	Trade payables	1,609,891.43	3,810
5.	Liabilities to associated companies	1,284,492.05	985
6.	Other liabilities	5,744,764.92	7,160
Total liabilities		45,274,417.97	46,698
E. Deferred income		113,229.00	121
Total liabilities and shareholders' equity		121,442,682.11	126,096

Statement of cash flows (HGB)

of PNE WIND AG, Cuxhaven, for the period from January 1 to December 31, 2011

All figures in TEUR (differences from rounding off possible)	2011	2010
Net income	228	4,144
+ Amortisation and depreciation of intangible assets and items of property, plant and equipment	771	741
+ Amortisation of financial assets	716	74
-/+ Decrease/increase in provisions	-1,538	-1,190
+/- Other non-cash effective expenses and income	475	1
+/- Decrease/increase of inventories and other assets	-22,089	-21,724
+ Increase in trade receivables	6,230	-8,553
-/+ Decrease/increase in trade payables and other liabilities	-865	627
Cash flow from operating activities	-16,071	-25,880
+ Inflow of funds from disposal of items of property, plant and equipment	425	0
- Outflow of funds for investments in intangible assets and property, plant and equipment	-126	-105
+ Inflow of funds from the disposal of financial assets	903	0
- Outflow of funds for investments in financial assets	-1,525	-5,180
Cash flow from investing activities	-323	-5,285
+ Inflow of funds from additions to shareholders' equity	0	2,499
+ Inflow of funds from issue of bonds	5	26,000
+ Inflow of funds from financial loans	0	0
- Payments to shareholder	-1,831	0
- Outflow of funds from the repayment of bonds and participation certificate capital	-39	-18
- Outflow of funds from the repayment of financial loans	-614	-1,637
Cash flow from financing activities	-2,479	26,844
Cash effective change in liquid funds (≤ 3 months)	-18,873	-4,321
+ Liquid funds (≤ 3 months as at the beginning of the period)	34,856	39,177
Liquid funds (≤ 3 months as at the end of the period)*	15,983	34,856
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	979	180

Development of shareholders' equity (HGB)

of PNE WIND AG, Cuxhaven, for the fiscal year from January 1 to December 31, 2011

All figures in TEUR (differences from rounding off possible)	Capital suscribed	Capital reserve	Participation certificate capital	Retained earnings / loss	Total shareholders' equity
Status as at January 1, 2010	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
Increase of participation certificate capital	0.00	0.00	-17,700.00	0.00	-17,700.00
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
Convertible bond 2010/2014	2,134.00	2,560.80	0.00	0.00	4,694.80
Decrease of participation certificate capital	0.00	0.00	-39,000.00	0.00	-39,000.00
Dividend	0.00	0.00	0.00	-1,831,033.04	-1,831,033.04
Net income 2011	0.00	0.00	0.00	228,443.46	228,443.46
Status as at December 31, 2011	45,777,960.00	18,736,644.68	842,800.00	2,541,625.54	67,899,030.22

Schedule of fixed assets (HGB)

of PNE WIND AG, Cuxhaven, for the fiscal year 2011

All figures in TEUR (differences from rounding off possible)	Acquisition and manufacturing cost					Status as at 31.12.2011
	Status as at 1.1.2011	Additions	Re-classifica- tions	Disposals	Status as at 31.12.2011	
I. Intangible assets						
Franchises, trademarks and similar rights as well as licences to such rights	405,598.13	20,514.20	0.00	0.00	426,112.33	
	405,598.13	20,514.20	0.00	0.00	426,112.33	
II. Property, plant and equipment						
1. Land and buildings including buildings on third party land	17,730,165.55	0.00	0.00	766,276.43	16,963,889.12	
2. Technical equipment and machinery	199,040.17	0.00	0.00	32,625.66	166,414.51	
3. Other plant and machinery, fixtures and fittings	1,723,536.26	105,323.80	0.00	132,695.10	1,696,164.96	
4. Prepayments and plant under construction	9,350.00	0.00	0.00	0.00	9,350.00	
	19,662,091.98	105,323.80	0.00	931,597.19	18,835,818.59	
III. Financial assets						
1. Shares in associated companies	27,891,413.72	2,210,646.55	0.00	1,375,000.00	28,727,060.27	
2. Loans to associated companies	936,992.34	504,557.72	0.00	0.00	1,441,550.06	
3. Participations	44,263.59	312.19	0.00	2,500.00	42,075.78	
	28,872,669.65	2,715,516.46	0.00	1,377,500.00	30,210,686.11	
	48,940,359.76	2,841,354.46	0.00	2,309,097.19	49,472,617.03	

	Accumulated amortisation and depreciation				Book values		
	Status as at 1.1.2011	Additions	Re-classifica- tions	Disposals	Status as at 31.12.2011	Status as at 31.12.2011	Status as at 31.12.2010
	236,551.71	60,667.25	0.00	0.00	297,218.96	128,893.37	169,046.42
	236,551.71	60,667.25	0.00	0.00	297,218.96	128,893.37	169,046.42
	3,719,528.79	470,726.84	0.00	227,943.54	3,962,312.09	13,001,577.03	14,010,636.76
	74,422.63	10,755.53	0.00	6,966.99	78,211.17	88,203.34	124,617.54
	1,162,572.10	228,938.75	0.00	131,328.08	1,260,182.77	435,982.19	560,964.16
	9,350.00	0.00	0.00	0.00	9,350.00	0.00	0.00
	4,965,873.52	710,421.12	0.00	366,238.61	5,310,056.03	13,525,762.56	14,696,218.46
	2,147,308.76	715,646.55	0.00	0.00	2,862,955.31	25,864,104.96	25,744,104.96
	0.00	0.00	0.00	0.00	0.00	1,441,550.06	936,992.34
	0.00	0.00	0.00	0.00	0.00	42,075.78	44,263.59
	2,147,308.76	715,646.55	0.00	0.00	2,862,955.31	27,347,730.80	26,725,360.89
	7,349,733.99	1,486,734.92	0.00	366,238.61	8,470,230.30	41,002,386.73	41,590,625.77

Schedule of liabilities (HGB)

of PNE WIND AG, Cuxhaven, as at December 31, 2011

Type of liabilities	Maturities			Total amount
	Up to one year	One to five years	More than five years	
1. Bonds	0.00 (0.00)	29,841,900.00 (29,846,600.00)	0.00 (0.00)	29,841,900.00 (29,846,600.00)
2. Liabilities to banks	245,230.58 (389,030.50)	1,138,256.60 (1,307,768.72)	2,898,632.39 (3,199,445.50)	4,282,119.57 (4,896,244.72)
3. Prepayments received on orders	2,511,250.00 (0.00)	0.00 (0.00)	0.00 (0.00)	2,511,250.00 (0.00)
4. Trade liabilities	1,609,891.43 (3,810,229.70)	0.00 (0.00)	0.00 (0.00)	1,609,891.43 (3,810,229.70)
5. Liabilities to participations	1,284,492.05 (985,410.63)	0.00 (0.00)	0.00 (0.00)	1,284,492.05 (985,410.63)
6. Other liabilities	5,744,764.92 (7,159,852.38)	0.00 (0.00)	0.00 (0.00)	5,744,764.92 (7,159,852.38)
of which from taxes: EUR 399,439.48 (prior year: EUR 2,111,000.00)				
of which for social security EUR 0,00 (prior year: EUR 0.00)				
Total	11,395,628.98 (12,344,523.21)	30,980,156.60 (31,154,368.72)	2,898,632.39 (3,199,445.50)	45,274,417.97 (46,698,337.43)

Securities

None

1. Registered mortgage of TEUR 10,007 on the property at Peter-Henlein-Str. 2-4, Cuxhaven. As at 31.12.2011 TEUR 4,282 had been drawn down
2. Assignment of the rental income from the property at Peter-Henlein-Str. 2-4, Cuxhaven.

None

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

None

Pledge of limited partnership shares for the granting of a loan of TEUR 3,387 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 2011. The maintenance of the books and records and the preparation of annual financial statements and combined management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and on the management report based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements of PNE WIND AG, Cuxhaven/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, 24 March 2012

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Reiher	Signed: p.p. Wendlandt
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Statement made by the legal representatives

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

PNE WIND AG, The Board of Management



Martin Billhardt



Jörg Klowat



Markus Lesser

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.
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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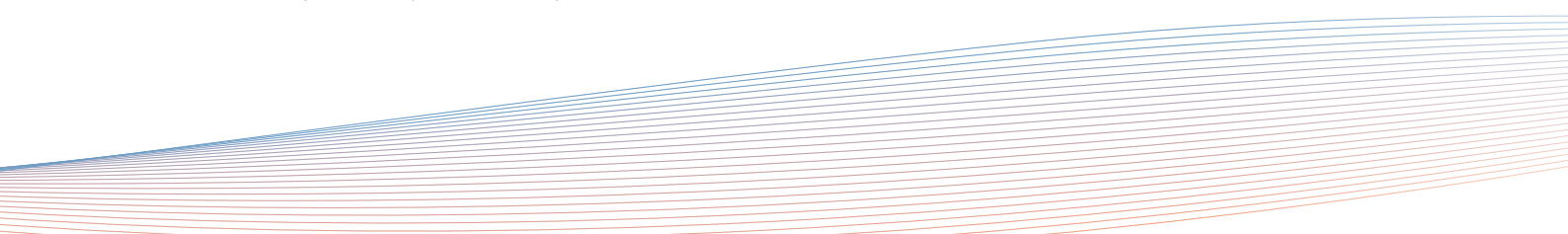
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This annual report includes statements concerning the future, which are subject to risks and uncertainties. They are estimations of the Board of Management of PNE WIND AG and reflect their current views with regard to future events. Such expressions 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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