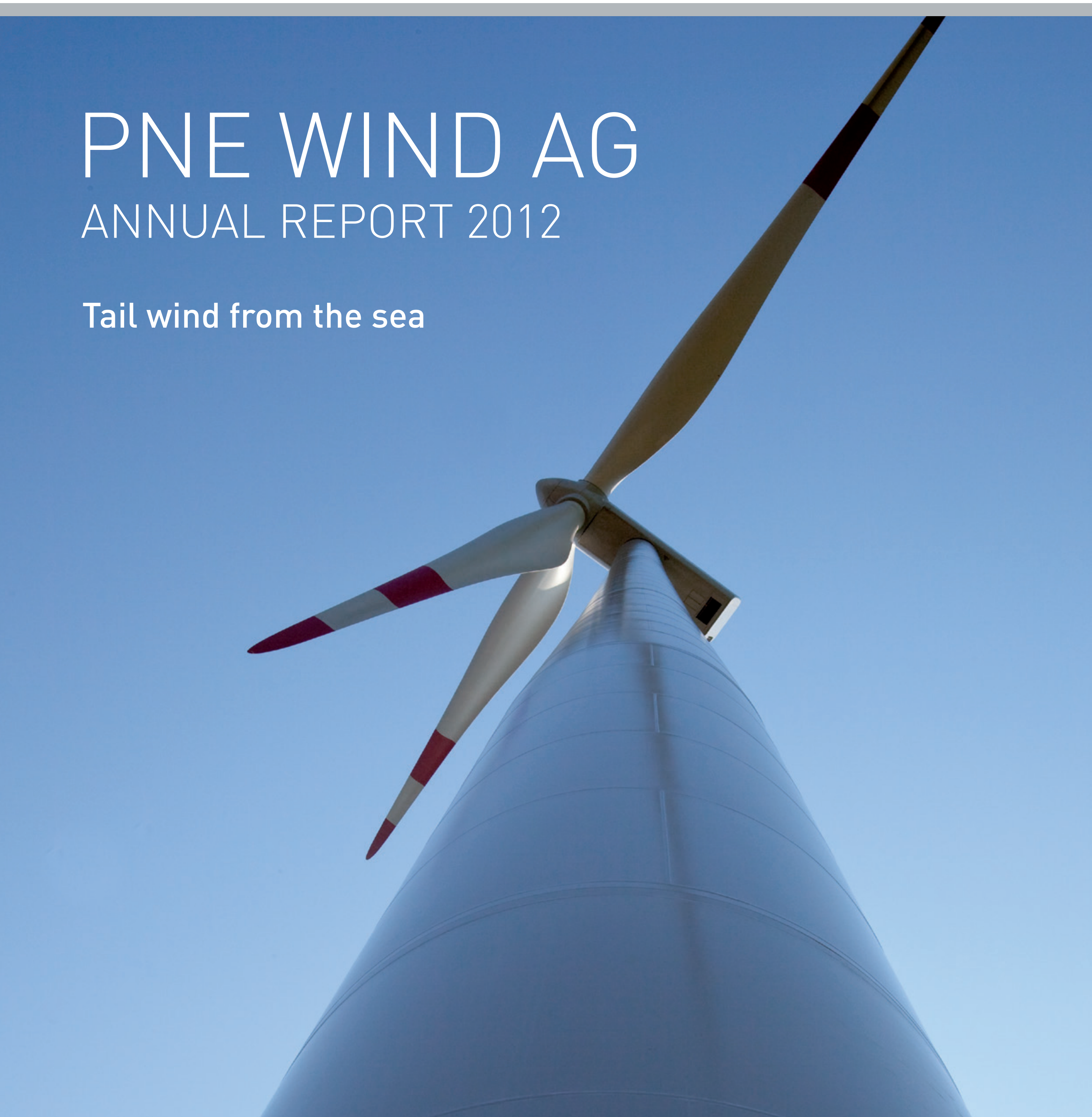
PNE WIND AG

ANNUAL REPORT 2012

Tail wind from the sea



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 2012 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	2012	2011	2010
Total aggregate output	94.3	53.9	80.0
Revenues	84.4	48.6	65.6
Earnings before interest and taxes (EBIT)	20.4	0.1	9.5
Earnings before taxes (EBT)	15.1	-4.9	5.4
Consolidated net income	17.0	-3.9	7.9
Equity	86.6	74.7	81.7
Equity ratio (in %)	47.5	38.8	40.8
Balance sheet total	182.5	192.3	200.2

Stock market data	
WKN	A0JBPG
ISIN	DE000A0JBPG2
Number of shares	45,785,889
Market capitalisation as at December 31, 2011	€ 102.6 million
Free Float	96.94 %
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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“We proudly look back on a successful financial year 2012, where we have decisively developed our business onshore and offshore at home and abroad.”

PNE WIND AG, Board of Management

PNE WIND AG at a glance

Forword

Martin Billhardt, Chairman of the Board of Management

Dear Shareholders,

We look back on a very successful and eventful year. We closed the period under report with a group consolidated earnings per share in the amount of euro 0.37. This is a success which we wish to share with you, our shareholders. For this reason, we are proposing to the Annual General Meeting of shareholders a dividend distribution of euro 0.08 per share as well as a special dividend of euro 0.02 per share.

In 2012, our offshore division contributed a special portion of our business success. Since 1999, we have been developing offshore wind farm projects and this concentrated and pioneering undertaking, paid off with the sale of the "Gode Wind" I, II and III offshore wind farm projects to the Danish DONG Energy A/S in August 2012. Having now acquired five projects from us, DONG Energy has emphasised its confidence in PNE WIND AGs expert knowledge and ability to develop complex offshore wind farm projects.

For the shares in our "Gode Wind" I and II project companies as well as costs incurred by us during the course of the development, we received the first payment of euro 57 million in 2012. Following a further milestone payment received in January 2013 to the amount of euro 25 million for the completion and on time delivery of a construction site report, we expect to receive an additional euro 75 million from this sale.

Apart from the milestones already received, the issuance of the permit for the "Gode Wind" III project by the Federal Office for Shipping and Hydrographics (BSH) and subsequent transfer of the shares to DONG Energy will trigger an additional payment. Furthermore when DONG Energy reaches the final investment decisions for the "Gode Wind" I and II wind farms further milestones will become due. For the five year period following the sale of the "Gode Wind" projects, PNE WIND AG will support DONG Energy in the realisation of the projects as a service provider. The service contract amounts to at least euro 5 million and is budgeted for euro 8.5 million. With this sales transaction, we have substantially strengthened the financial basis of our Company for the future.

Tailwinds are not only being felt offshore but also in our onshore operations. In addition to the successfully concluded "Kemberg II" repowering project, the "Zernitz II" wind farm in Germany with 6 MW is nearing completion. Additional projects, in particular in Germany and in the United Kingdom, will follow shortly.

There is also movement in our large development backlog extending over several countries: At the moment our team is putting together a portfolio of wind farms with approximately 180 MW of nominal output.

We have an excellent position in the wind market with our well balanced and comprehensive pipeline of onshore and offshore projects, a view which was confirmed to us once again during the past year in discussions with power suppliers, insurers and financial investors. In Germany alone, we are developing onshore wind farms with approximately 1,100 MW of nominal output. In addition to these, we have a further 2,000 MW in development abroad. Offshore, our three own projects “Nemo”, “Nautilus I” and “Jules Verne” in the North Sea, each with approximately 80 turbine per site, offer great potential.

Besides the many organic growth opportunities which we are presented with, we have in the meantime reached a size where acquisitions may offer substantial value creating opportunities. In this respect we are investigating several options, but always subject to the prerequisite that they would generate a real benefit for our Company. Such an acquisition could be financed from our financial structure which has been strengthened from our past performance, or by taking an additional step onto the bond markets.

In this regard, PNE WIND AG intends to issue a corporate bond in the first half of 2013 amounting to euro 100 million on the Prime Standard segment of the Deutsche Börse (German Stock Exchange). PNE WIND AG intends to use the proceeds to fund both organic and inorganic future growth. To this extent, the planned issuance of the corporate bond is in connection with exclusive talks, which PNE WIND AG is currently conducting, for the possible acquisition of over 50 % of the shares in a company. The target company is primarily active in the development of onshore wind farms in Germany and abroad. The initial price indication for 100 % of the shares amounts to euro 100 million. PNE WIND AG is currently conducting Due Diligence.

The expansion of the on and offshore wind project pipeline in Germany and abroad through project acquisition as well as providing interim financing for the equity proportion of our German wind farm projects are further options for the proceeds of the planned corporate bond. Currently PNE WIND AG has wind farms with a nominal output of approximately 180 MW that are in the approval process which are due to be realised in the near future. By providing the equity portion of the wind farm projects, PNE WIND AG could then sell fully constructed wind farms to potential investors after commissioning.

In order to create additional options, we instituted a share buyback programme in December 2012 with the intent to buy back up to 4,126,700 of our own shares via the stock market. The shares may, in particular, be sold through a placement with selected investors or used as capital in a potential acquisition.

During the fiscal year 2012, the positive developments are reflected in our results and we achieved sales of approximately euro 84.4 million and earnings before interest and taxes (EBIT) in the amount of euro 20.4 million. This clearly illustrates the qualities of our business model: through the sale of the project rights in the “Gode Wind” family we have earned substantial profits.

As a result of our proven success, we confirm our cumulative EBIT guidance of euro 60 to 72 million for the three fiscal years 2011 to 2013. On the basis of our well-filled pipeline and high earnings expectations arising from our in the future work, we forecast for the next two following fiscal years 2014 and 2015 a cumulative EBIT of euro 60 to 72 million.

We would like to thank you, also on behalf of our employees, for all of your support and hope that you will accompany us on our exciting path in the future.

Martin Billhardt

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

Report of the Supervisory Board

Dieter K. Kuprian, Chairman of the Supervisory Board

Dear Shareholders,

During the fiscal year 2012 PNE WIND AG again achieved significant progress for the further development of the Company and the Group. This was true in particular for the offshore sector and the international activities.

During the fiscal year 2012 the Supervisory Board met for a total of seven ordinary meeting, namely on February 8, March 14, May 14, May 15, August 28, October 22 and December 3, 2012. Furthermore, three extraordinary meetings were held, namely on February 27, March 24 and June 18, 2012. 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.

Dieter K. Kuprian, Dr. Peter Fischer and Prof. Dr. Reza Abhari were re-elected as members of the Supervisory Board by the general meeting of shareholders, which was held in Cuxhaven on May 15, 2012. The election took place in respect of the period as from the end of the ordinary general meeting of shareholders, which resolved the discharge for the fiscal year 2012, up to the end of the ordinary general meeting of shareholders, which shall resolve the discharge for the fiscal year 2016.

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

During the fiscal year 2012 the Personnel Committee held three meetings, namely on March 14, May 14 and August 28, 2012. The topics of these meetings were the extension of the contract of the Chairman of the Board of Management, Martin Billhardt as well as the target agreements and the incentives for the Board of Management.

The Audit Committee met for three meetings, namely on March 13, March 24 and August 27, 2012. The topics of these meetings were the discussions concerning 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 of the Board of Management requiring its consent on the basis of the regulations of the law, the articles of association and the internal regulations of the Board of Management.

The main emphases of the activity and subjects treated by the Supervisory Board during the fiscal year 2012 were:

- the reporting and discussions concerning the financial statements as at December 31, 2011
- 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 on 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 declared on August 27, 2012 and the Supervisory Board of PNE WIND AG on August 28, 2012 in accordance with Section 161 of the German Stock Corporation law (AktG) that that they have complied with and will comply with the recommendations of the Government Commission of the German Corporate Governance Code, which was announced by the Federal Ministry of Justice in the official section of the Bundesanzeiger (version of May 15, 2012) since August 24, 2011, the date of the declaration of the prior year, with the exception of the following rules:

1. Agreement of a compensation CAP (No. 4.2.3 of the Code)

   The Code recommends that a CAP should be agreed with regard to compensation in the contracts of the members of the Board of Management, which in the event of a premature termination of the activity of a member of the Board of Management for no specific reason is to be paid to the corresponding member of the Board of Management. No such provision was included in the old contracts concluded with the members of the Board of Management of PNE WIND AG prior to the coming into force of this recommendation. In the meantime, however, the corresponding recommendation of the Code is taken into consideration in the contracts of the members of Board of Management, which are currently valid.

2. Focussing of the success related compensation of the members of the Supervisory Board to a sustainable development of the company (No. 5.4.6 of the Code)

   The members of the Supervisory Board receive a total remuneration which contains fixed and variable portions, as has been determined in the articles of association by the general meeting of shareholders. A success related remuneration including elements of the long term corporate success was not foreseen in this respect by the general meeting of shareholders: instead, the success related remuneration depends exclusively on the results of the corresponding last fiscal year.

3. Public access to interim reports within 45 days following the end of the period under report (No. 7.1.2 of the Code)

   By way of exception PNE WIND AG made its half year financial report 2012 available to the public only after more than 45 days following the end of the period under report, in order to still take into consideration key foreseeable events following the end of the period under report and thus to be able to give a clearer picture of the real situation of the company with the half year financial report. However, as with the interim reports preceding this half year financial report the recommended period of 45 days would again be maintained for future interim reports, insofar as special circumstances should not be appropriate for a new deviation.

The financial statements of PNE WIND AG, the consolidated financial statements as well as the management reports of PNE WIND AG and the Group were drawn up on schedule by the Board of Management. These as well as the accounting documents were audited by the auditors, Deloitte & Touche Wirtschaftsprüfungsgesellschaft GmbH, Hamburg branch, who were elected by the general meeting of shareholders as auditors on May 15, 2012; an unqualified auditors' opinion was issued.

The Supervisory Board placed the commission for the audit for the fiscal year 2012 on October 22, 2012. In accordance with the recommendations of the German Corporate Governance Code the Supervisory Board obtained, prior to placing this commission, a declaration of the auditors as to which professional, financial or other relationships might exist between the auditors and the Company, which might indicate doubts regarding their independence. The declaration also included the scope of other consulting services, which were provided to the Company during the past fiscal year. According to the declaration submitted to the Supervisory Board by the auditors there are no doubts regarding their independence.

The Supervisory Board requested the auditors for the fiscal year 2012 to focus during the audit of PNE WIND AG in particular on the subject of "presentation in the statement of financial position of the sale of the "Gode Wind I - III" offshore projects".

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 12, 2013. The documents were comprehensively examined and discussed at the meeting of the Audit Committee on March 12, 2013 as well as at the meeting on the financial statements by the members of the Supervisory Board. The Chairman of the Audit Committee gave a report on the treatment of the financial statements and the consolidated financial statements at the meeting of the Audit Committee to the full Supervisory Board at the meeting on the financial statements. Representatives of the auditors participated both at the meeting of the Audit Committee as well as at the meeting on the financial statements and reported on the key results of the audit. There were no objections. The Supervisory Board approved the result of the audit of the financial statements.

The Supervisory Board thus approved the financial statements of PNE WIND AG drawn up as at December 31, 2012 as well as the consolidated financial statements drawn up as at December 31, 2012. The financial statements were thus adopted. The Supervisory Board, following its own examination, approved the proposal of the Board of Management regarding the appropriation of profit.

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

The Supervisory Board wishes to thank the members of the Board of Management as well as all employees for their outstanding commitment and responsible and successful work during the fiscal year 2012.

Cuxhaven, March 12, 2013

Dieter K. Kuprian

Chairman of the Supervisory Board

Supervisory Board

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

Board of Management and Division Manager

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 Klowat

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

Thorsten Fastenau

Head of Offshore Wind

Roland Stanze

Head of Business Development

Portrait of PNE WIND AG

How does the business of a wind farm developer function?

As a project developer, PNE WIND AG is actively involved in all stages of the development of a wind farm: from the identification of a suitable site and up to the construction and operation of the wind power turbines. Apart from the development our business this includes the financing, the construction the sale as well as the operating of wind farms both on land (onshore) as well as at sea (offshore).

At the beginning of the development stage, PNE WIND AG first of all identifies new sites. Important selection criteria are in this respect the highest wind resource possible as well as the existing possibility of a network connection. For only in such a way can it be assured that the wind power to be produced in the future can be transported to where it is required. During this stage PNE WIND AG conducts detailed discussions with the land owners. In this respect the objective is an option in on a long term leasing contract, which should extend for over a period up to 25 years. Once this has been concluded PNE WIND AG is able to begin with the further site analyses, environmental and economic investigations as well as the negotiations for the delivery of suitable wind power turbines. In order to ensure that the suitable equipment can be acquired at attractive conditions for each planned wind farm, the suppliers are actively engaged at an early stage in the development process.

By the time the financing stage has started, the most important income-related aspects of the project have been defined. Detailed wind measurements, which are carried out directly at the planned site, allow us to forecast the future energy generation of the wind farm very exactly. Taking cost estimates submitted from our suppliers into our financial planning, we are able to calculate already at an early stage whether the wind farm at the planned site and with the defined specifications can be operated profitably. If this is the case, the financial planning is concluded and the marketing and sales process is started. If this is not the case, the project design is again re-examined with regard to its economic efficiency.

Once the wind farm is completely constructed and taken on stream, it is as a general rule sold. Our main customers are both power suppliers as well as infrastructure funds, which have varying degrees of expertise in the wind sector. Independent of this PNE WIND AG can on the one hand be given the contract both for the construction as well as for the subsequent operation of the completed wind farm. On the other hand the customer can, however, also acquire the project rights of the completely developed wind farm and take over the further steps himself.

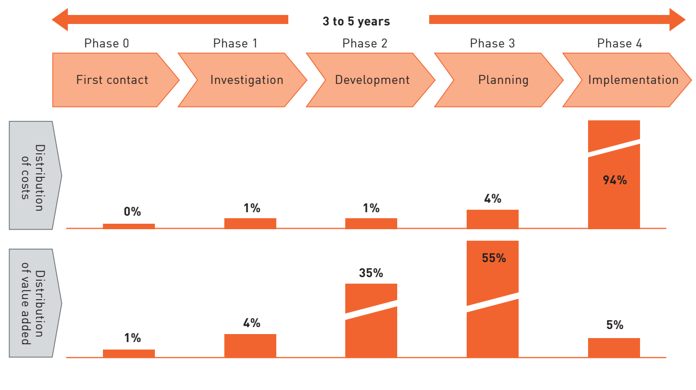
In the onshore sector we develop mainly "turnkey" wind farms for our customers. On the other hand offshore projects are mainly developed up to construction maturity and thus sold prior to construction. The main reason for this is the substantially higher investment cost and the longer development periods for offshore projects in comparison with wind farm development on land.

Should a wind farm be taken on stream, we offer the owners technical and commercial operational management. In this respect our team assures the smooth operation of the wind farm. In this respect our employees monitor the performance of each individual wind power turbine and thus enable the identification of problems at an early stage and to minimize damage and expensive shutdown times. In this sector our team is currently monitoring about 250 wind power turbines.

How do we create value and where do costs arise in our business model?

The distribution of the value creation and the costs of our project work reflect the risk profile of PNE WIND AG. The chance that the proposed project will be successfully completed increases with each of the five planning phases. Furthermore, the amount of our investment increases with the stage of realization of the project: the development of the site is still relatively cheap, whilst the construction of a wind farm involves substantial expense.

Financial value added chain



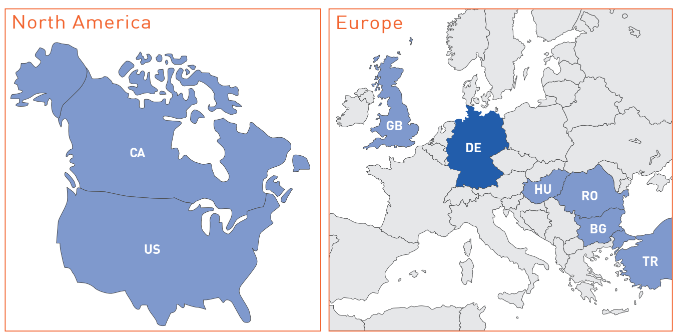
We finance our activities from our own funds and we aim to keep costs as low as possible in the initial planning stages (phases 0 to 2), as there are substantial risks which may prevent the project from being developed successfully. As our wind farm projects move though the development process the chances of success improve, which in turn enhances the value of the project. By the time the project has reached the planning stage (phase 3) all the important preliminary investigations regarding feasibility and economic efficiency have already been concluded, so that by this stage the great majority of the wind farms will be realized.

PNE WIND AG achieves the greater part of its value added in the stages of project development up to the approval as well as the attainment of construction maturity. In the case of an onshore project approximately 95 of the value is created during the first four stages (phases 0 to 3), whilst only about 5 percent is attributable to the actual construction. Lower margins are thus obtained in the final phase of the development of a wind farm, for which reason this part only contributes immaterially to the value added of PNE WIND AG, even though in this stage by far the greatest investments are required.

In which markets does PNE WIND AG operate?

PNE WIND AG is active primarily in the German market and also has business activities in North America, UK, and in several countries in Southeast Europe. Whilst in our home market we are active in both the onshore and offshore wind markets, our international focus is currently on the onshore market.

International activities – presence in foreign markets

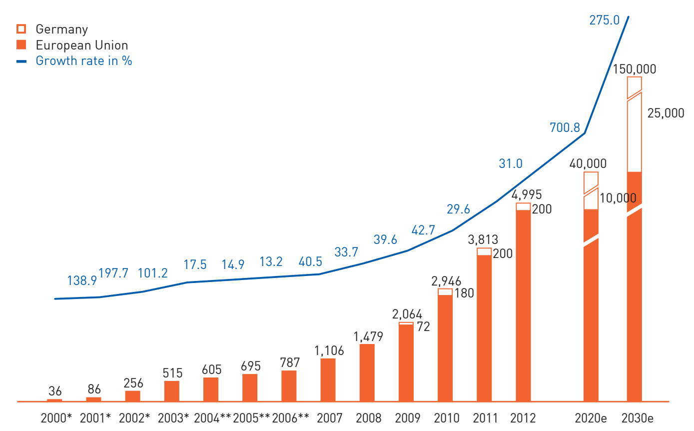


Projects of PNE WIND AG onshore and offshore

Wind power generation at sea

Apart from the construction of onshore wind farms the development and realization of offshore projects is becoming increasingly important. This is a development which offers substantial growth potential to PNE WIND AG.

EU Offshore – Installierte Gesamtnennleistung (in MW)

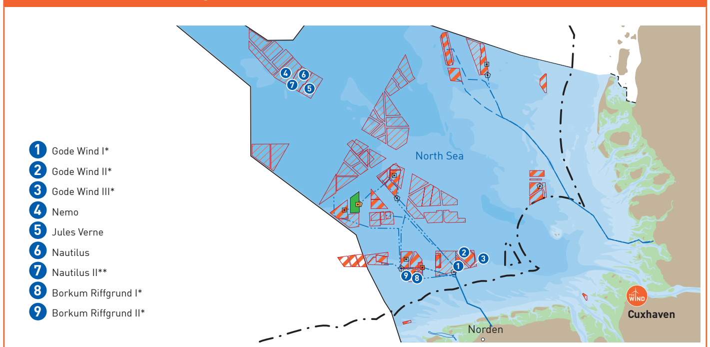


*EU 15, **EU 25
Source: GWEC (Global Wind Energy Council), November 2012; EWEA (The European Wind Energy Association), 2012, DEWI, December 2012

After years of planning and investments in the necessary infrastructure, the offshore wind sector is now positioned for substantial growth. As at December 31, 2012 offshore wind power turbines with a total capacity of 4,993 MW were already connected to the power network in European waters. Additional wind farms were under construction at the date of the statement of financial position. These wind farms represent the first of many to come with the European Union members aiming to have up to 150,000 MWs installed offshore by 2030, of which 20,000-25,000 MWs are to be located off the German coast.

In Germany, as at the date of the statement of financial position on December 31, 2012 68 wind power turbines with a total output of 280 MW were on the network. At the end of 2012, approximately an additional 1,700 MW was under construction. For PNE WIND AG, which has been engaged successfully since 1999 in the projecting of offshore wind farms, additional perspectives result from this development. Four of the offshore projects developed by us have already obtained permits and three were completely developed up to construction maturity.

Nautical chart with flags for all projects



* sold to DONG Energy
** sold to Ventizz portfolio company SSP Technology Holding ApS, which develops offshore projects in cooperation with Hochtief AG

PNE WIND AG has been developing offshore wind projects in the German North Sea since 1999 and our pioneering work is paying off. In August 2012 we completed the sale of our offshore wind projects "Gode Wind" I, II, and III with DONG Energy A/S of Denmark. All three of the "Gode Wind" projects are approximately 40 kilometres from the German North Sea coast. For the "Gode Wind" I and II wind farms we have also been able to obtain the unconditional grid connection commitment from the grid network company TenneT with a fixed date for its completion. The two wind farms will be connected through Cluster DolWin beta which is scheduled for completion in 2015. "Gode Wind III" is still in the approval phase with the objective of obtaining the permit swiftly.

The "Borkum Riffgrund" offshore wind farm projects are also being developed consistently by us. Although, these projects have already been sold to the Danish energy group, DONG Energy A/S, PNE WIND AG continues to participate in the project development as a service provider. DONG Energy has already made the final investment decision for "Borkum Riffgrund I" and construction is expected to start in 2013. The first wind power turbines should feed in wind power to the network in 2014. The 800 MW transformer station, DolWin1, which assures the network connection of the wind farm, will be supplied by ABB and will be taken into operation in 2013 by the transmission operator, Tenne T. For the neighbouring "Borkum Riffgrund II" project, we obtained the building permit from the Federal Office for Shipping and Hydrographics (BSH) in December 2011.

The "Nautilus II" wind farm project is still in the planning and application stage. The project rights were sold in November 2011 to the Ventizz portfolio company, SSP Technology Holding ApS. PNE WIND AG is acting as a service provider in the project development until the construction permit is issued by the Federal Office for Shipping and Hydrographics (BSH). The project is currently planned for 80 wind power turbines sites with a nominal output of up to 7 MW per turbine. The project area is approximately 180 kilometres North West of Helgoland.

Furthermore, PNE WIND AG is developing additional offshore projects which belong to the Company. Currently the projects "Nemo", "Nautilus", and "Jules Verne" are in the approval process. According to current planning, 80 wind power turbines per site could be permitted and installed. The projects are also located in the North Sea approximately 180 kilometres north west of Helgoland.

In the offshore sector, PNE WIND AG is thus working on three own wind farm projects and is active as a service provider for a further six offshore projects. According to the current planning, a total of 240 wind power turbines can be constructed in our own wind farms. Decisive for the exact number is the nominal output of the turbine to be chosen, which can amount to between 3 and 7 MW.

The potential for offshore wind power in the Exclusive Economic Zone of the Federal Republic of Germany (EEZ) is enormous and the Federal Government is also taking further steps to accelerate the pace of development. In addition to the existing feed-in tariff for offshore wind farms, the Government has set up a programme which is being implemented by the Kreditanstalt für Wiederaufbau (KfW), from which the first ten German offshore wind farms will be supported by up to euro 500 million each. Furthermore, the German Parliament and the Federal Council issued new laws at the end of 2012 which came into force at the beginning of 2013 and which regulate the questions of liability concerning the network connection of offshore wind farms and thus create additional investment security.

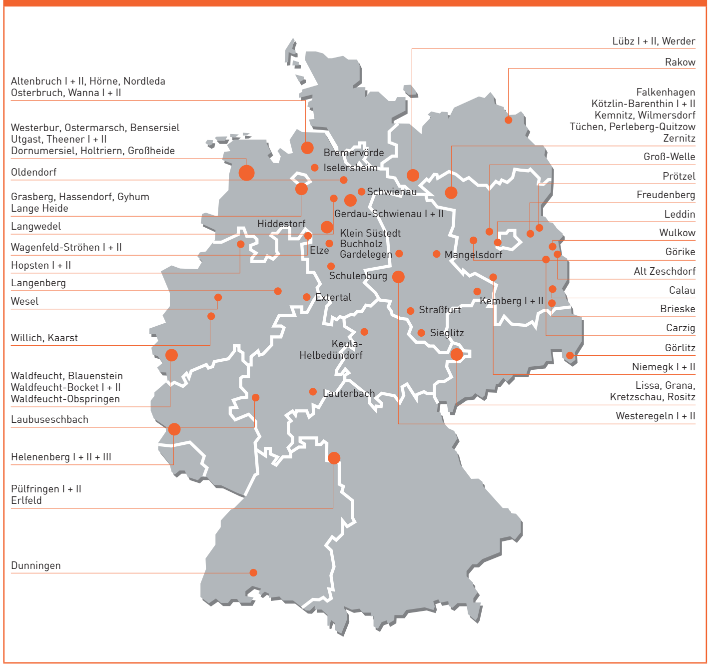
What PNE WIND AG considers to be positive is that, despite all the negative headlines about rising energy costs, the German Government and Parliament are maintaining their renewable energy policy. During the past year additional important steps were thus taken to achieve the long term energy targets.

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

Wind power generation on land – in Germany and the world

Onshore wind power has developed into a reliable and efficient source of electricity production during the last few decades. With over 260,000 MW of total installed output, wind power generated on land represents an important contribution to the worldwide energy mix. Around the world, the power produced from these wind farms represents a significant portion of the total power mix in certain markets. In 2012, the benchmark of 100,000 MW of installed wind power output was exceeded in the European Union. This assures enough energy to cover 6.3 % of the European electricity requirements.

Installed wind farms of PNE WIND AG (extract)



Projects in Germany

In Germany there are in the meantime more than 30,000 MW of onshore wind power output in operation. Wind power is by far the most important renewable energy: 40 percent of "green electricity" comes from wind power. In total, renewable energies are already responsible for one fifth of electricity production in Germany. 8 percent of the total German electricity production is thus covered by wind power. This development shows clearly which important steps have thus already been taken in order to achieve the target of the Federal Government, namely 30 percent electricity generation from renewable energies by the year 2020. Additional potential also results from the gradual shutdown of the German atomic power stations. These had in 2012 a share of about 18 percent in electricity production and this must also be replaced step by step by wind power.

PNE WIND AG has been active in the German onshore market since 1995. During this time we have acquired considerable know-how in all stages of wind farm development from the identification of new sites up to the construction of the wind farms. Furthermore, through our contacts we have built up a network, which assists us decisively with the planning, approval and realization of our wind farms.

The greater part of the wind farms developed by PNE WIND AG are in the North and the Centre of Germany, since earlier it was possible to use the power of the wind here more economically than in the South. However, new developments in turbine design enable sites to be used in an economically efficient manner, which were a few years ago still unprofitable due to the weak prevailing wind conditions. In addition, the long operational life of some wind power turbines in the North of Germany is already offering new possibilities. Such equipment, which has already been in operation for more than 15 years, is thus being replaced increasingly by more modern and efficient turbines.

PNE WIND AG has already successfully concluded three such repowering projects with the "Görike", "Alt Zeschdorf" and "Kemberg II" wind farms. Due to our comprehensive experience as well as the fact that we are currently monitoring about 250 wind power turbines for various customers in technical and commercial management, we have an access to this market segment. Current estimates assume that the potential for repowering in Germany amounts to up to 1,000 MW per annum. This is an opportunity, which we shall also use increasingly in the future.

International projects

While the development of wind farms was at one time strictly a European development with Germany taking the lead, markets outside of Europe have also developed further in the meantime.

An increasing number of countries have chosen to utilize the wind as a natural resource and are relying more and more on German know-how to enable this development. Today, about 75 countries worldwide have commercial wind power installations, with 22 of them already having more than 1,000 MW of nominal output in operation. This volume of installed capacity can only be reached if the relative market fulfills all of the necessary requirements for the successful development of wind power projects.

We shall continue to apply abroad our comprehensive experience gained in our domestic market, in order to expand our business success internationally. During the past few years we have established subsidiaries and joint ventures in North America, the United Kingdom and Southeast Europe.

We consider our international expansion to be a key part of our risk diversification strategy, as our operations abroad reduce our dependency on a single market.

PNE WIND AG is currently represented in seven foreign growth markets, either through joint ventures with local partners or with our own subsidiaries. Projects with a total nominal output of up to 2,000 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 fulfill from the start clearly defined requirements:

Projects onshore – international

Country	Number of projects	MW up to
USA	10	352
Canada	7	575
UK	21	591
Turkey	2	93
Hungary	2	78
Romania	2	143
Bulgaria	7	248
Total:	**51**	**2,080**

- *Credit-worthiness and political stability of the country*
  An investment abroad is always exposed to certain risks. Therefore the country must have a 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.

PNE WIND AG as a reliable service provider – technical and commercial operational management of wind farms

PNE WIND AG does not leave its customers alone following the completion and the coming on stream of a wind farm. After all, a good relationship with the customer as well as his satisfaction assures us high growth potential, also with regard to possible future repowering projects. For this reason we assure that the wind farm runs! Our operations management team thus currently looks after about 250 wind power turbines on behalf of its customers. The target is to recognize problems as early as possible and thus to avoid or to minimize damage and expensive shutdown 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 thus achieved. Furthermore, the service of PNE WIND AG can also be used for the commercial operations. For example, we then 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.

PNE WIND AG as an independent power producer – selective own operation of wind farms

Wind farm development is a cyclical business with the development of a project extending over a period of three to five years and the result can be booked only at the end of this period. For this reason, the decision was taken in 2009 that PNE WIND AG could, apart from the core business of "projecting", also be active as the operator of wind farms, i. e. as a so-called "independent power producer" (IPP). From our own wind farms, we achieve a regular earnings, achieve greater diversification of risk and stabilise our financial 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 and average wind speeds comparable to conditions on the high seas (8.0 m/s at a cone height of 105 metres). For this reason offshore wind power turbines can be tested at this site and important knowledge gained for their operation.

Our strategy

A secure supply of energy is the basic prerequisite for a modern economy. Governments worldwide intend to expand renewable energies into one of the main pillars of electricity generation. Already today renewable energies cover 20 percent of the electricity requirements in Germany, of which 8 percent come from wind power turbines. In contrast to nuclear and fossil fuels, wind energy represents a secure, sustainable and environmentally friendly means of electricity generation.

PNE WIND AG intends to expand its wind farm development activities in the future in order to make a real contribution to climate protection on the one hand and on the other hand to increase real value for our shareholders. In this respect we see a sustainable correlation between our economic success and ecological responsibility. PNE WIND AG stands out for its passion for wind power projecting. We shall also continue to devote our energy to the successful implementation of offshore and onshore wind farm projects at home and abroad.

Our long term success record proves that we understand our business as a wind farm developer. Since our establishment in 1995, PNE WIND AG had by 2012 constructed a total of 98 wind farms onshore with 568 wind turbines and a gross nominal output of 814 MW. In the offshore sector, we have also sold six projects which will produce up to 2,139 MWs when they are completed. With this comprehensive experience PNE WIND AG has established itself as one of the most successful developers of wind farms.

Our well-filled project pipeline is proof of our many facets of business activity and is also an indicator for future revenues and earnings. With a large number of projects in development we are well equipped for the future.

Our successful development remains dependent on a stable economic and political environment, which creates reliable general conditions for us and our customers. With the steps undertaken during the past year and its clear commitment to its energy targets, we are confident that the Federal Government and the market are overall on the best way to structure the change in energy policy in a positive manner.

Capital market information

Share price, trading sector XETRA (January 1, 2012 to March 4, 2013)

Share

The share of PNE WIND AG started the fiscal year 2012 at a price of euro 1.85. Following the announcement on the planned sale of the "Gode Wind II" offshore project during the last trading days of 2011 the share price had already increased substantially. As a result there was some slight profit taking and the price then settled at a level of euro 1.80.

During the spring the news about the preliminary breakdown of the sale of "Gode Wind II" had a negative effect on the share price of PNE WIND AG. The share thus closed at euro 1.70 on March 30, 2012. During the course of the summer the share price moved in a range of between euro 1.70 and 1.54 and followed the market development on the Frankfurt Stock Exchange for lack of any positive news. On July 26, 2012 the share of PNE WIND AG fell through the mark of euro 1.50 and also as a result of technical sales reactions was listed on August 13, 2012 at its annual low of euro 1.35.

With the announcement of the sale of the "Gode Wind I to III" offshore projects to DONG Energy the shares started a rally, as a result of which they gained almost 60 percent in value within a few weeks. On September 25, 2012 they were thus listed at euro 2.16. After some small profit taking the news on December 3, 2012 on the share buy-back programme started a new sustainable upwards movement of the shares, which led to the annual high of euro 2.28 on December 10, 2012. On December 28, 2012, the last trading day of the fiscal year the share was listed at euro 2.24 and thus an amount of approximately 21 percent over the opening price at the beginning of the fiscal year. This corresponded to a market capitalisation of euro 102.6 million.

Following the end of the period under report the share of PNE WIND AG was able to continue its upward trend and on March 4, 2013 a price of euro 2.78 was achieved.

At the end of June 2012 PNE WIND AG announced that the total number of voting rights had increased from 45,777,960 to 45,785,869. The reason for this was the exchange of conversion rights by the holders of conversion bonds. In this connection the exchange resulted in a total of 7,909 additional registered no par value shares.

Share buy-back programme

On December 3, 2012 the Board of Management of PNE WIND AG decided to buy back during the period from December 4, 2012 up to probably June 30, 2013 own shares in an amount of up to 4,126,700 shares through the stock market, representing a portion of approximately nine percent of the current share capital. The repurchased shares can be used for all purposes specified in the authorisation resolution of the general meeting of shareholders of 2009. These include in particular the withdrawal of the shares, the sale of the shares against cash close to the stock market price, (e.g. through a placement with selected investors) as well as the use of the shares for the payment of acquisitions within the context of the purchase of companies or participations in companies. The purchase price of the shares (excluding ancillary purchase price expenses) may not be more than ten percent higher or lower than the average XETRA closing price at the Frankfurt Stock market during the prior five stock market trading days prior to the purchase. As at December 28, 2012, a total of 672,955 shares were bought back at a price of euro 1,509,718.70. This represented an average price of euro 2.24. The repurchase of own shares was also continued in 2013.

Shareholder structure

At the end of the period under report as at December 31, 2012 the Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte held 3.06 percent of the voting rights of PNE WIND AG through the LBBW Asset Management Investmentgesellschaft mbH. In accordance with the definition of Deutsche Börse AG the remaining 96.94 percent of the shares were 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. In this respect the shares subscribed in the capital increase and in the convertible bond, which was also placed and which were not taken up by the existing shareholders of PNE WIND AG, were offered to the financial investor Luxempart S.A. from Luxembourg. In accordance with a contractual agreement this investor acquired shares and bonds which were not subscribed by the existing shareholders. Of the total of 1,249,500 shares placed in the capital increase 927,114 were subscribed by Luxempart S.A. With regard to the convertible loan, Luxempart S.A. subscribed to bonds in a volume of approximately euro 16.87 million. There is the possibility that these bonds can be converted at any time into shares. Following conversion of the bonds as well as in view of the shares held, Luxempart S.A. would thus have a participation of approximately 15 percent in PNE WIND AG and would therefore be the largest shareholder of the Company.

General meeting of shareholders

The ordinary general meeting of shareholders was held on May 15, 2012 in Cuxhaven. During this meeting the shareholders of PNE WIND AG resolved with a large majority to distribute also for this year a dividend in the amount of euro 0.04 per share. The shareholders thus followed the proposal of the Board of Management and the Supervisory Board.

There was also a high level of approval for the re-election of individual members of the Supervisory Board: the Chairman, Dieter K. Kuprian as well as Dr. Peter Fischer and Professor Dr. Reza Abhari were confirmed for an additional five years in their offices. Their mandates would only have expired in 2013. This measure was taken in order to support the development of the Company through personal continuity in the Supervisory Board.

The general meeting of shareholders also voted on the discharge of the Board of Management and the Supervisory Board with a majority of over 95 percent in each case. Furthermore, the general meeting of shareholders also resolved a further authorisation for the Board of Management in respect of the issue of convertible and / or option bonds and the creation of further conditional capital for this as well as a corresponding change in the articles of association.

The next ordinary general meeting of shareholders will be held on May 22, 2013.

Investor relations

PNE WIND AG communicates openly, specifically and punctually with its shareholders. Since we are a company listed on the Prime Standard on the Frankfurt Stock Exchange, we follow completely the strict publication obligations. Apart from the publication of comprehensive annual, half-yearly and quarterly reports, we also publish immediately information which is relevant to the share price through as hoc announcements. In this respect it is decisive for us to present the information prepared in an coherent, transparent and comprehensible manner. In addition, we also inform the public as well as our many private investors through the publication of Corporate News in respect of important business developments.

In order to strengthen further the confidence of the investors as well as the further broadening of the investor basis, the Board of Management engages in a lively exchange with the financial community and continues to present the Company at many capital market conferences both at home and abroad. Our active communications policy is rounded off by our letter to the shareholders which appears twice per annum.

Directors' dealings

On September 17, 2012 all members of the Board of Management and of the Supervisory Board each acquired 10,000 shares at a price of euro 1.899 and thus underlined their commitment to the Company. Members of the Board of Management and the Supervisory Board thus hold together approx. 1.30 percent of the PNE shares.

Financial calendar 2013

May 13, 2013	Report on the 1st quarter
May 22, 2013	General meeting of shareholders
August 12, 2013	Half year financial report
November 11, 2013	Report on the 3rd quarter

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.

> PNE WIND AG grew profitably during the fiscal year 2012. We have increased our EBIT substantially to euro 20.4 million and thus laid the foundation for further operating success.

Jörg Klowat | CFO

Combined management and Group management report

Combined management and Group management report
of PNE WIND AG, Cuxhaven, for the fiscal year 2012

1. Market / overall general economic conditions

PNE WIND AG is active as a developer of wind farms on land (onshore) as well as at sea (offshore) in Germany, south East Europe, the United Kingdom and North America. The core competence in this respect is focused on the development, projecting, financing and realisation of wind farms. The wind farm projects developed by PNE WIND AG are sold as a general rule either following the final completion or already after the issuing of the permit. Following the delivery to the purchasers and the future operators the technical and commercial operations including the regular maintenance are also part of the range of services provided by PNE WIND AG.

Investments continued to be made in the sector of renewable energies in spite of the difficult economic environment and a restrained investment climate during the course of the calendar year 2012, which was triggered by the European governmental debt crisis. Projects in wind power are of a long term nature due to the size of the investment volumes and the assured regular income streams and were thus for this reason not directly influenced by current market movements.

An upward trend can therefore be observed in our core markets in respect of the construction of wind farms, as is shown in the following table regarding the new construction of nominal wind power output in markets in which PNE WIND AG is active.

Country	Additions 2011	Additions 2012	Percent	Installed nominal output
Germany	2,007	2,439	21.5 %	31,332
United Kingdom	1,298	1,897	46.1 %	8,445
Romania	520	923	77.5 %	1,905
Bulgaria	28	168	500.0 %	684
Turkey	477	506	6.1 %	2,312
USA	6,647	13,124	92.7 %	60,007

In 2012 the German wind power market again registered substantial growth. According to current estimates of the German Wind Power Institute (DEWI) 1,008 (2011: 895) wind power turbines with an output of 2,439 (2011: 2,007) megawatts (MW) were newly installed in Germany. In total, 23,040 wind power turbines with a total output of 31,332 MW were in operation in Germany at the end of 2012.

Current data from the Federal Association of Energy and Water power (BDEW) illustrates that the consistent support of renewable energies is bearing fruit: as a result the share of renewable energies in German electricity consumption attained in 2012 23 percent (2011: about 21 percent). Within renewable energies wind power continues to be an important component: it contributed 7.3 percent of electricity production.[1]

The construction of offshore wind farms, i.e. wind farms in the open sea, is considered to be an essential growth driver for the national as well as for the international wind power market. According to data from the European Wind power Association (EWEA) the European offshore market in 2012 registered additional construction of a total of 1,166 MW. With this already a total of 4,993 MW is being fed into the European electricity grid from wind power turbines. 68 offshore wind power turbines with a nominal output of 280.3 MW are now in operation on the high seas off the German North Sea and Baltic coasts. Additional wind farms are currently under construction of which six offshore projects off the German coast with over 350 wind power turbines and approximately 1,700 MW nominal output.[2] This illustrates that the expansion of offshore energy in Europe is already going ahead 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.[3] The long term objectives of the Federal government foresee that wind power at sea could assure approximately 15 percent of electricity in Germany. The Federal government therefore expects that up to the year 2030 approximately 20,000 to 25,000 MW of offshore wind power can be constructed.

PNE WIND AG has brought four offshore projects through the approval process of the Federal Office for Shipping and Hydrographics (BSH) and sold them successfully. One of them is the "Borkum Riffgrund I" project. The preparations for the construction of this offshore wind farm are already underway. Construction is expected in 2013 and the first wind power turbines should be put into operation in 2014.

In total, the offshore sector of PNE WIND AG was working on three own wind farm projects at the end of 2012 and is active as a service provider for six other offshore projects, which include also the "Gode Wind III" project, the shares of which are still held by PNE WIND AG but which will be transferred to the purchaser, DONG Energy, when the BSH permit for this project is issued. According to current planning the realistic nominal output of these offshore projects will be up to 3.579 MW. In view of this PNE WIND AG is one of the leading developers in Germany.

An important perspective for the future development of offshore wind power is the initiative of nine neighbouring states started at the beginning of 2010 for the construction of a high voltage network in the North Sea. This is currently being supported with great effort by the Federal Government, in order to accelerate the construction of the network connections to the mainland. Finally, the sustainable use of wind power at sea requires a high performance power network. In the longer term this joint initiative represents a clear support for offshore wind power.

On land there are perspectives which go beyond the development of new wind farm sites: within this repowering older wind power turbines with lower performance are replaced with new higher performance equipment. According to estimates of the Federal Association of Wind Power (BWE) a substantial increase in repowering can be expected in the medium to longer term. According

[1] BDEW Energieinfo, January 2013
[2] Deutsche WindGuard January 2013
[3] WAB, 2011

to data from the German WindGuard 252 wind power turbines with a total output of 179 MW were replaced in 2012 by 161 modern turbines with a total output of 432 MW.[4] BWE estimates that the market for repowering measures at 1,000 MW per annum during the next few decades.[5] PNE WIND AG has also already used its own competence in this area successfully 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 objectives of the Federal Government is also promoting the growth of the wind power market. Up to the year 2020 the emissions of greenhouse gases is thus planned to be 40 percent lower than in 1990. The Federal Government underlined this target in its coalition agreement at the end of 2009 and confirmed this again in its energy concept, which was presented in September 2010. According to this the target will be maintained to expand the share of renewable energies in the production of electricity from the current level of about 23 percent to 35 percent up to the year 2020 and to 80 percent by 2050. Moreover, the Federal Environmental Office has shown in a study that electricity requirements in Germany can be covered 100 percent by 2050 by renewable energies.[6] Wind power is gaining particular importance in this respect as the technologically most advanced and efficient means of renewable electricity generation.

In total the market for wind power turbines for the generation of electricity is sustainable. The European Wind Power Association EWEA announced that in the EU the benchmark of 100 GW of installed nominal output had been exceeded in September. The worldwide Wind Power Association WWEA also announced that the installed output overall had exceeded the level of 250 GW. Many established manufacturers of wind power turbines have expanded their production capacities internationally, in order to be able to meet the growing demand. At the same time new companies are penetrating the market above all from India, China and South Korea. As a result the number of suppliers of wind power turbines is increasing, whereby a moderating effect has occurred with regard to prices. This development is thus positive for the purchasers of wind power turbines.

Industry experts expect a continuation of the current growth path in the future. The International Energy Agency (IEA) reckons with a continuous expansion of wind power during the coming years. By 2035 the installed wind power output should increase worldwide by up to 400 percent in comparison with 2010.[7] The targets of the IEA can, however, only be achieved if stable general conditions are assured for the expansion of wind power; this was the case in 2012 in the most important markets of PNE WIND AG.

For this reason the general economic conditions for PNE WIND AG can overall be considered to be positive.

[4] Deutsche WindGuard, January 2013
[5] BWE Repowering, 2012
[6] Energy target 2050: 100 percent electricity from renewable sources / UBA, July 2010
[7] IEA, 2012

2. General political conditions

Wind power continues to be dependent on support measures in order to compete with traditional means of producing energy, since these are considerably subsidised, which in part does not takes place openly and therefore does not have an effect on the prices. The political support by governments is therefore an instrument in order to achieve the advancement of the realisation of wind farms both in Germany and internationally.

Great importance for the development of wind power in Germany can be attributed to the Renewable Energies Law (EEG), which was amended with effect as from January 1, 2012. The general conditions assure continuous development of wind power in Germany on land and above all at sea. Nevertheless, a possible short term change in the legal regulations is currently being discussed in the Federal Republic of Germany.

Subsequent to the coming into force of the law, the following conditions are valid for electricity from wind power in Germany:

The feed-in payment for electricity from newly constructed wind power turbines (WPT) on land amounts as from 2013 to 8.80 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 0.47 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 0.49 cents/KWH is due. The wind power turbines to be replaced must have been put into operation prior to January 1, 2002 and the limitation of the nominal output of the new equipment (to date a maximum of five times greater) has been eliminated. On this basis 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 1.5 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. In the longer term the payment will amount to 15 cents/KWH.

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 an amount totalling euro 5 billion, which is being put into effect by the Kreditanstalt für Wiederaufbau (KfW).

Furthermore, the EEG also specifies the priority for feed-in of electricity from renewable energies and well as the corresponding payment to be made 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 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.

Internationally PNE WIND AG is present in the markets of North America, the United Kingdom, Bulgaria, Romania, Hungary and Turkey.

USA

In the USA the support policy was prolonged on the national level and projects, which are completed in 2013, can claim the so-called Production Tax Credit (PTC) in the amount of USD 0,022 per kilowatt hour for ten years following the coming into operation of the wind farm. For projects, which are still under construction at the end of 2013, there are transitional periods, provided that they are completed by December 31, 2014.

EU targets

The support for electricity production from renewable energies is one of the highest priorities in the European Union (EU) for reasons of the security and the diversification of power supply as well as climate protection and the economic and social aspects. The 2009/28/EG guideline on renewable energy includes ambitious targets for all member states so that by 2020 the EU will achieve a share of 20 percent of its power from renewable sources.

United Kingdom

The expansion of wind power continues to be supported strongly in the United Kingdom and thus also in Scotland. In order to achieve the EU targets the United Kingdom has an obligation to produce 15 percent of its energy requirements from renewable energies up to 2020. In order to achieve this target the Government has introduced the "Renewable Obligation Programme". Since the introduction of this programme in 2002 the share of renewable energies has risen from 1.8 percent to 9.4 percent in 2011. In order to achieve the target for 2020, 28,000 MW of wind power must be installed (Target of National Renewable Energy Action Plan (NREAP)).

Romania

The Romanian wind power market is currently benefitting from the directives of the European Union for investments in renewable energies. The EU approval of the Romanian laws has removed uncertainty about the political attitude and opened up the way for continuous investments. Wind farm operators sell their electricity at market spot prices and also receive two green certificates for every Megawatt hour (MWH) produced as from coming into operation until 2017. As from 2018 only one certificate will be issued per MWH. This certificate has a guaranteed value of between euro 27 / MWH and euro 55 / MWH by 2025 (depending on inflation). In order to achieve the EU target of 2020 a total of 4,000 MW of installed output is required. (Target: National Renewable Energy Action Plan (NREAP)).

Hungary

The support of electricity from renewable energies takes place in Hungary through a price regulation in the form of a feed-in payment (FiT). In spite of this FiT the further development of wind power in Hungary is limited by the insufficient feed-in capacity of the electrical grid. The tender offer for 410 MW, which was expected at the beginning of 2012, did not take place. In order to achieve the EU target for 2020, 750 MW of installed output of wind power is required (Target National Renewable Energy Action Plan (NREAP)).

Bulgaria

As at the end of June 2012 the Bulgarian Government reduced substantially the feed-in payments for electricity from wind power. This change had a considerable effect on the economic efficiency of wind farm projects. In view of the current Bulgarian laws a fulfilment of the EU directives on climate change is not possible.

Turkey

On December 29, 2010 a new law on renewable energies was passed by the Parliament and signed by the President on January 8, 2011. The feed-in regulations are specified in this law. The target is to increase the share of renewable energies in the total consumption of energy to 30 percent by 2023 (2010: approx. 9 percent), both including hydroelectric power.

We monitor constantly the general political conditions in all countries in which PNE WIND AG is active, in order to be able to react very quickly to changes.

In view of the national and international legal conditions the Board of Management of PNE WIND AG considers that the prerequisites exist for a continuous positive business development during the coming years.

3. Corporate structure

During the fiscal year 2012 the corporate structure changed versus December 31, 2011.

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

- PNE WIND Romania Energy Holding SRL, Bucharest, Romania (80 percent share through PNE WIND Ausland GmbH, Cuxhaven),
- S.C. PNE WIND MVI SRL, Bucharest, Romania (99.9 percent share through PNE WIND Romania Energy Holding SRL, Bucharest, und 0.1 percent through PNE WIND Ausland GmbH, Cuxhaven)
- S.C. EVN WINDPOWER DEVELOPMENT & CONSTRUCTION S.R.L., Bucharest, Romania (99 percent share via PNE WIND Romania Energy Holding SRL, Bucharest, and 1 percent via PNE WIND Ausland GmbH, Cuxhaven),
- Chilocco WIND FARM LLC, Chicago, USA (100 percent share via PNE WIND USA Inc., Chicago, USA),

- PNE WIND Verwaltungs GmbH, Cuxhaven (100 percent share via PNE WIND AG, Cuxhaven),
- PNE WIND Park II GmbH & Co. KG, Cuxhaven (100 percent share via PNE WIND AG, Cuxhaven)

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

During the fiscal year 2012 the shares were increased in the following companies, which are included in the scope of consolidation:

- PNE WIND Renewable Solutions LLC, Minnesota, USA (from 75.0 percent to 100 percent, held through PNE WIND USA Inc., Chicago, USA),
- Underwood Windfarm LLC, Minnesota, USA (from 75.0 percent to 100 percent, held through PNE WIND Renewable Solutions LLC, Minnesota, USA),
- Butte Windfarm LLC, Minnesota, USA (from 75.0 percent to 100 percent, held through PNE WIND Renewable Solutions LLC, Minnesota, USA)

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

During the fiscal year 2012 the following companies were deconsolidated:

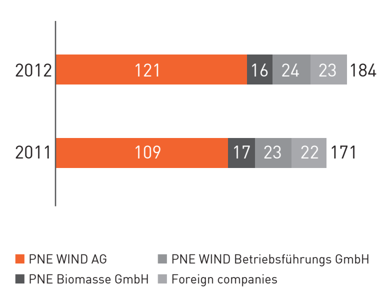
- Plambeck Neue Energien Windpark Fonds CV GmbH & Co. KG, Cuxhaven,
- PNE Gode Wind I GmbH, Cuxhaven,
- PNE Gode Wind II GmbH, Cuxhaven.

As a result of the deconsolidation of Plambeck Neue Energien Windpark Fonds CV GmbH & Co. KG assets and liabilities in the total amount of euro 18.3 million and euro 18.6 million respectively were eliminated.

As a result of the deconsolidation of PNE Gode Wind I GmbH assets and liabilities in the total amount of euro 27.0 million and euro 5.0 million respectively were eliminated at the Group level.

As a result of the deconsolidation of PNE Gode Wind II GmbH assets and liabilities in the total amount of euro 17.1 million and euro 0.2 million respectively were eliminated at the Group level.

Employee development*



* on annual average basis

4. Organisation und employees

During the fiscal year 2012 there were in the PNE WIND AG Group on an annual average basis 184 employees including members of the Board of Management (prior year: 171). The employees of the subsidiaries are included in this number. Of these employees (including members of the Board of Management) an annual average of 121 (prior year: 109) were working at PNE WIND AG. On average a total of 63 employees were working at other Group companies. These were attributable to PNE Biomasse AG (16 employees), PNE WIND Betriebsführungs GmbH (24 employees) as well as to the foreign companies (23 employees). As at December 31, 2012 192 persons were employed in the Group including the members of the Board of Management (December 31, 2011: 180 persons). 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

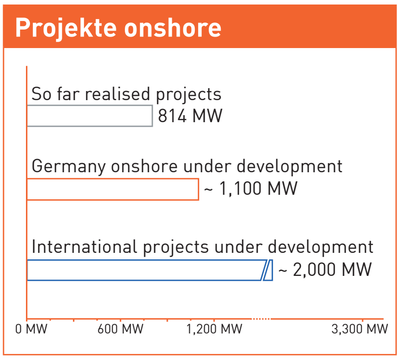
During the fiscal year 2012 PNE WIND AG continued to be active in its operating business of wind farm projecting and achieved positive business results above all in the "offshore wind power" sector. In August 2012 the "Gode Wind I to III" offshore wind farm projects could be sold to the Danish power supplier, DONG Energy. In this respect the sale of the "Gode Wind III" project is subject to the prerequisite of the receipt of the BSH permit. This resulted in August in a payment of euro 57 million. Additional payments of up to euro 100 million will follow subject to the achievement of determined phases of progress in the project development, whereby one or these project progress steps was already achieved in January 2013, which led to a payment of euro 25 million. Furthermore, PNE WIND AG, as a service provider, continues to be active in the further development of these three offshore projects and receives payments in this regard of up to euro 8.5 million.

There was also a positive development in the "onshore wind power" sector. A wind farm with a 10 MW nominal output was completed in 2012. The construction of an additional wind farm was started during the third quarter.

The development of the individual segments:

Segment: projecting of wind power turbines

Sub-segment onshore wind power



Project development was carried out continuously during 2012. The "Kemberg II" wind farm with a nominal output of 10 MW was completed in the first quarter. This was the third successfully realised repowering project of PNE WIND AG. In the third quarter 2012 the construction of the "Zernitz II" wind farm with a nominal output of 6 MW was started and was still under construction at the end of the fiscal year. The rights to the "Rositz II" wind farm project, which has been approved for construction, were sold in the third quarter 2012. The necessary permits for the start of construction were available at the end of the year for two projects with a nominal output of 14 MW. Permits for additional wind farm projects onshore in Germany are expected shortly. In total PNE WIND AG was working at the end of the period under report on wind farm projects in the various phases of project development with a nominal output of up to 1,100 MW in Germany onshore.

The core business of project development was also carried out continuously abroad.

United Kingdom:

PNE WIND UK Limited plans substantial investments during the next few years in the United Kingdom in wind farm projects in the United Kingdom, which are currently being developed with a nominal output to be installed of up to 590 MW. PNE WIND UK has also been selected by the Scottish Forestry Commission as the favoured partner for the development of wind farm areas in Central Scotland. In this respect PNE WIND UK is looking for suitable sites in the Scottish National forest in the counties of Argyll and Bute, West Dunbartonshire, Stirling, Perth and Kinross as well as Angus. In January 2013 PNE WIND UK and the Scottish forestry Commission agreed on a contractual structure for their future joint project development and companies. At the same time a fixed time scale was determined in this respect with the Forestry Commission for the further developments of the selected project planning.

Independent of the cooperation with the Forestry Commission additional wind farm projects are being developed in the United Kingdom, of which four have already reached the stage of citizens' information and public project discussion. These concern the wind farm projects of Brunta Hill (20 MW), Tralorg (20 MW), Kennoxhead (60 MW) and Hill of Braco (20 MW).

USA:

In the USA electricity prices are very low due to the current reductions in connection with the reduced gas prices. Nevertheless, according to estimates by the International Energy Authority (IEA) it can be assumed that electricity prices will rise in the medium term and that a further expansion of wind power is to be expected in the USA. Due to this perspective the focus of PNE WIND USA is being placed increasingly on the development of the existing projects in hand. The wind farm projects already worked on hitherto are being developed further intensively and optimised economically, in order to be able to market them profitably as soon as possible. Key planning progress was achieved with the Chilocco project, which is being developed in Oklahoma with a nominal output of 70 MW.

Hungary:

In Hungary two of the wind farm projects developed by our subsidiary, PNE WIND GM Hungary Kft, have already been approved. 32 wind power turbines with a nominal output of 78 KW can be constructed in these. The second of the permits was issued in January 2012. With these approved wind farms PNE WIND GM Hungary Kft will participate in the next tender offer for network connections to the high voltage network in Hungary or realise the value added already achieved through a sale of the project.

Other foreign activities:

The development of wind farms continued in Bulgaria. However, following a substantial reduction of the feed-in payments, the general political and economic conditions in Bulgaria are currently poor. This makes it difficult to construct and to operate there wind farm projects profitably. The existing project pipeline in Bulgaria is therefore currently being reanalysed with regard to its profitability and the possibility of its implementation at a later stage. In order to avoid the risks of this revaluation, the company depreciated the asset values of these projects in Bulgaria to a minimum already as at June 30, 2012. At the Group level this resulted in a write-down of the prior year inventory in the amount of approximately euro 1.0 million.

In contrast to this the Romanian wind power market is benefiting from the approval of the EU for investments in renewable energies. The installed nominal output of wind power turbines increased in 2012 by 923 MW to more than 1,900 MW, as is estimated by the European Wind Power Association EWEA.. PNE WIND AG is currently working in Romania on wind power projects with a nominal output of up to 157 MW in an advanced stage of development, of which the technical construction maturity can be achieved in the short term for the first project.

In Turkey we are waiting for the next tender offer for wind power projects by the Government, which is a prerequisite for the realisation of such projects.

In total wind farm projects with a nominal output of about 2,000 MW were being worked on in various stages of development lasting several years by the subsidiaries and joint ventures with which PNE WIND AG is active on foreign markets as at December 31, 2012.

There thus results for PNE WIND AG attractive development opportunities in the onshore sector in Germany, as well as in South East Europe, the United Kingdom, Canada and the USA in spite of constant changes in the markets. For this reason the Board of Management is confident that we shall be able to diversify the business and achieve further corporate growth through the internationalisation of wind farm projecting.

Sub-segment offshore wind power

In August 2012 the “Gode Wind I to III” offshore wind farms were sold to the Danish power supply group, DONG Energy. 100 percent of the shares in the “Gode Wind I and II” projects were transferred to DONG Energy. PNE WIND AG received in August 2012 an immediate payment in the amount of about euro 57 million for the shares and the project development costs incurred. Following the achievement of determined stages of project progress it is expected that additional important payments will be made up to 2015 in respect of the sale of these projects in the cumulative amount of about euro 100 million. One of these project stages was attained at the beginning of 2013 with the completion of an expert report. The partial payment in respect of this in the amount of euro 25 million was made in January 2013. Additional key project stages will be achieved with the approval of the BSH for the “Gode Wind III” project as well as the investment decisions (FID) of DONG Energy for the “Gode Wind I and II” projects. The shares in the “Gode Wind III” project are still held by PNE WIND AG but will be transferred to the purchaser, DONG Energy, once the BSH permit is issued.

Projects offshore – national

Project	Total MW (up to)
Gode Wind I*	332
Gode Wind II*	516
Gode Wind III**	105
Nemo	480
Jules Vernes	480
Nautilus	480
Nautilus II*	560
Borkum Riffgrund I*	277
Borkum Riffgrund II*	349
Total:	**3,579**

* PNE WIND AG acts as service provider
** PNE acts as service provider and project still held by PNE WIND AG

Within the context of the transaction PNE WIND AG will moreover support DONG Energy for at least five years as from the conclusion of the contract as a service provider for the realisation of the projects. The volume of this service contract amounts to up to euro 8.5 million.

PNE WIND AG obtained the unconditional access agreement for the network connection from the competent transmission network operator, Tenne T for “Gode Wind I and II”. Tenne T, following a tender offer, gave the order for the construction and delivery of the network connection components. The network connection of over 45 kilometres to the coast is carried out through a 900 MW transformer station of Clusters DolWin beta, which should be delivered by ABB and put into operation in 2015.

All three offshore wind farm projects, “Gode Wind I to III” are in the North Sea about 38 to 40 kilometres north of the island of Nordeney. The “Gode Wind I and II” wind farms have already been approved by the BSH and have been developed to construction maturity. The "Gode Wind III" offshore wind farm is still in the development phase and is being currently pursued with the objective of obtaining very shortly the permit of the BSH.

Continuous work was also carried out during the period under report on additional offshore projects of PNE WIND AG in the North Sea. Currently the "Nemo", "Nautilus" and "Jules Verne" projects are being developed to construction maturity. All these offshore projects are in the North Sea within the German Exclusive Economic Zone (EEZ) about 180 kilometres North West of the island of Helgoland. According to the current state of planning 80 sites each for wind power turbines can be planned and approved.

A positive development was also registered by the "Borkum Riffgrund I" offshore wind farm project, which was sold a few years ago to the Danish power supply group, DONG Energy Power A/S, and in which PNE WIND AG continues to participate as a service provider. Subsequent to DONG Energy Power A/S taking the investment decision for "Borkum Riffgrund I", the preparations started for the construction of the offshore wind farm. The start of the construction shall be in 2013 and first wind turbines shall be taken in operation in 2014. DolWin alpha transformer station required for the network connection will be designed by ABB on behalf of Tenne T for a performance of 800 MW and should be constructed in 2013. In December 2011 the BSH issued the construction permit for the neighbouring offshore project, "Borkum Riffgrund II". DONG Energy has currently delayed this project, since the network operator Tenne T has not given any specific date for access to grid connection for this project. For this reason DONG Energy has not yet made any definitive investment decision for "Borkum Riffgrund II".

The "Nautilus II" offshore project developed by PNE WIND AG is still in the planning and application stage. Following the sale of the project in November 2011, PNE WIND AG remains initially active as project developer until the attainment of the permit. The project is planned for up to 80 offshore wind power turbines with a nominal output of up to 7 MW each. 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.

In total PNE WIND AG was working as at December 31, 2012 on nine wind farm projects in the offshore sector on own account and as a service provider. According to the current planning situation a total of up to 240 wind power turbines can be constructed in our own offshore wind farms. Decisive for the exact number is also the nominal output of the equipment to be selected which can amount to between 3 and 7 MW. Overall the realistic planned nominal output of the own offshore projects lies at about 1,440 MW.

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, which is also included in this segment. Furthermore, the segment also includes shares in limited partnerships, in which future onshore wind farm projects should be implemented.

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

The electricity generation sector achieved during the fiscal year 2012 EBIT of about euro 2.5 million and thus substantially improved on the EBIT of the prior year (about euro 1.8 million). The main reason for this was the improved availability of HKW Silbitz in 2012 versus 2011. During the year 2011 there was a longer shutdown due to turbine damage and the generator, which led to a negative EBIT effect in 2011 of approximately euro 1.1 million.

6. Revenues and earnings

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.

Consolidated key data

in euro million	2012	2011
Total aggregate output	94.3	53.9
Revenues	84.4	48.6
Earnings before interest and taxes (EBIT)	20.4	0.1
Earnings before taxes (EBT)	15.1	-4.9
Consolidated net income	17.0	-3.9

PNE WIND AG Group achieved in 2012 in accordance with IFRS total aggregate output of euro 94.3 million (prior year: euro 53.9 million). Of this euro 84.4 million was attributable to sales (prior year: 48.6 million), euro 8.4 million to changes in inventory (prior year: euro 2.2 million) and euro 1.5 million (prior year: euro 3.1 million) to other operating income.

Of the total aggregate output in the Group euro 80.3 million (prior year: euro 31.1 million) was attributable to PNE WIND AG. The total aggregate output of PNE WIND AG is composed of sales in the amount of euro 24.8 million (prior year: euro 18.0 million), changes in inventory in the amount of euro 3.6 million (prior year: euro -1.8 million) and other operating income of euro 51.8 million (prior year: euro 14.9 million). The main sales at PNE WIND AG are attributable to the sale/implementation of the "Kemberg II" onshore project as well as service invoices for the offshore projects developed by the Group. The other operating income at PNE WIND AG is attributable primarily to the sale of the participations in PNE Gode Wind I GmbH and PNE Gode Wind II GmbH (in total about euro 50.6 million), the release of write-downs (euro 0.6 million), the release of provisions (euro 0.1 million), rental income 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 "Gode Wind I" and "Gode Wind II", which are reported at the level of the individual accounts of PNE WIND AG, are stated as sales 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 presented as the sale of participations at the level of PNE WIND AG in accordance with the German Commercial Code (HGB).

With regard to the subsidiaries consolidated in the Group the major portion of sales revenues achieved was in respect of management remuneration and service payments in the amount of euro 3.2 million (prior year: euro 3.6 million), payments for the use of transformer stations in the amount of euro 1.2 million (prior year: euro 3.6 million since in 2011 one time additional sales could be achieved from services for SDL capability studies for onshore projects) and proceeds from the sale of electricity in the amount of euro 10.0 million (prior year: euro 9.1 million).

The cost of materials in the Group increased due to the further development of projects as well as in connection with the sale of the "Gode Wind" projects from euro 28.7 million to approximately euro 44.6 million. The personnel expenses amounted in the fiscal year 2012 to euro 13.5 million and thus increased in comparison with the amount in the prior year period (euro 11.5 million). A reason for this is the increased number of employees in the Group as at December 31, 2012 to 192 (December 31, 2011: 180 employees) and also the variable compensation provided for in 2012 in respect of the successful development of the business in 2012 versus 2011.

The other operating expenses within the Group in the amount of euro 10.4 million (prior year: euro 8.5 million) include primarily expenses from the write-down of receivables or other assets amounting to euro 0.1 million (prior year: euro 0.1 million), legal and consulting costs euro 2.7 million (prior year: 2.0 million), advertising and travel expenses euro 1.3 million (prior year: euro 1.3 million), insurances and contributions euro 0.7 million (prior year: euro 0.7 million), repair and maintenance expense mainly at "Altenbruch II" and "Silbitz" euro 0.7 million (prior year: euro 1.1 million) as well as rental and leasing expenses euro 1.2 million (prior year: euro 1.5 million).

Depreciation of euro 5.3 million remained at the level of the prior year (prior year: euro 5.1 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 2012 at the Group and at the company 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, the subsidiaries of PNE WIND AG have considerable tax loss carry forwards in Germany (approximately euro 109 million) and abroad (approximately euro 11 million) which were or 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 2012 operating income (EBIT) at the consolidated level was achieved in the amount of euro 20.4 million (prior year: euro 0.1 million) and a result from ordinary activities (EBT) in the amount of euro 15.1 million (prior year: euro -4.9 million). The consolidated result after minority interests amounted to euro 17.0 million (prior year: euro -3.9 million). The undiluted consolidated earnings per share amounted to euro 0.37 (prior year: euro -0.09) and the diluted consolidated earnings per share to euro 0.31 (prior year: euro -0.04).

PNE WIND AG reported for the fiscal year 2012 operating profit (EBIT) of euro 35.5 million (prior year: euro 1.7 million) and a result from ordinary activities of euro 34.5 million (prior year: euro 0.3 million).

In the individual accounts of PNE WIND AG personnel expenses for the fiscal year 2012 amounted to euro 10.0 million (prior year: euro 8.1 million).

Due to the positive business result the retained earnings at the Group level increased during the period under report to euro 0.6 million (prior year: euro -14.0 million). As at December 31, 2012 the retained earnings of PNE WIND AG amounted to euro 34.3 million (prior year: euro 2.5 million). The net income of PNE WIND AG amounted to euro 34.4 million (prior year: euro 0.2 million). The undiluted earnings per share of the individual company amounted to euro 0.75 (prior year: euro 0.00) and the diluted earnings per share of the individual company amounted to euro 0.61 (prior year euro 0.03).

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 2012. As at December 31, 2012 the Group companies had available liquidity including credit lines for project bridge financing in the amount of euro 54.2 million (prior year euro 39.3 million, of which euro 1.0 million was pledged), of which euro 0.5 million is pledged to banks.

There were no overdraft credit lines in the Group as at December 31, 2012.

Cash flow

in euro million	2012	2011
Cash flow from ordinary business activity	-25.2	-1.4
Cash flow from investing activities	39.6	-14.1
Cash flow from financing activities	-2.8	-4.2
Liquid funds at the end of the period	36.6	19.4

The cash flow shown in the statement of cash flows from ordinary business activity in the amount of euro -25.2 million (prior year: euro -1.4 million) was attributable mainly to the decline in receivables for long term construction projects due to the completion and delivery of the "Kemberg II" wind farm project (approximately euro 8.9 million as per December 31, 2011) and the statement of the milestone and other receivables due from DONG Energy from the sale of the "Gode Wind I" and "Gode Wind II" projects (approximately euro 27 million as at December 31, 2012) as well as the receipt of the payment for the receivable capitalised as at December 31, 2011 in respect of the sale of the participation in PNE2 Riff II GmbH (approximately euro 6.0 million). Furthermore, the cash flow was also influenced by the reclassification of the item "gain from disposal of items of fixed assets" (euro -18.3 million) into cash flow from investing activities ("payments from the sale of consolidated units").

The cash flow from investing activities at the end of the period under report was influenced mainly by investments in consolidated fixed assets in the amount of euro 12.5 million (prior year: euro 16.8 million). In this respect the major portion was attributable to the implementation of the "Kemberg II" wind farm project (approximately euro 11.7 million). The financing of the investments was undertaken through own funds and through third party financing in respect of the "Kemberg II" project. Payments received by the Group of about euro 52.1 million net resulted from the sale of the "Gode Wind I" and "Gode Wind II" projects (after deduction of euro 5 million subsequent costs from the repurchase of 90 percent of the shares in "Gode Wind I" from the Royal Bank of Scotland in 2010).

During the period under report the cash flow from financing activities in the amount of euro 2.8 million (prior year: euro -4.2 million) was influenced primarily by the taking down of bank loans for the financing of the "Kemberg II" wind farm project (euro 9.8 million) and "Zernitz II" (approximately euro 1.4 million), the repayment and the elimination of credit liabilities in the amount of euro -5.1 million, the dividend payment in May 2012 (approximately euro -1.8 million) and the repurchase of own shares (approximately euro -1.5 million).

During the period under report an additional 7,909 new shares were issued as a result of the conversion of bonds from the convertible loan 2010/2014 in the nominal amount of 17,400. As a result the share capital of the Company amounted as at the date of the statement of financial position on December 31, 2012 to euro 45,785,869.

As at the date of the statement of financial position of December 31, 2012 the Company has available liquid assets in the total amount of euro 36.6 million (prior year: euro 19.4 million).

As at December 31, 2012 the Group had available liquidity in the amount of euro 32.8 million (prior year: euro 16.0 million, of which euro 1.0 million was pledged), which is pledged in the amount of euro 0.5 million to banks.

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 in the statement of cash flows following this management report.

8. Situation of statement of financial position

a) Group

Assets (in EUR million)	31.12.2012	31.12.2011
Intangible assets	22.1	39.8
Property, plant and equipment	60.1	93.8
Long term financial assets	0.2	0.2
Deferred taxes	1.0	0.7
Assets designated for sale	1.3	0.0
Inventories	28.0	14.1
Receivables and other assets	33.2	24.3
Cash and cash equivalents	36.6	19.4
Total assets	**182.5**	**192.3**

At the date of the statement of financial position the consolidated total assets of PNE WIND AG amounted in total to euro 182.5 million. This amount thus declined by about 5 percent in comparison with December 31, 2011. Long term assets decreased in total from approximately euro 134.5 million at the end of 2011 to euro 83.4 million. The change is attributable mainly to the sale of the "Gode Wind I" and "Gode Wind II" projects. The "Gode Wind III" project or its assets as well as the participation in New Energy Developments Ltd., Eastbourne, United Kingdom are stated as assets designated for sale.

As at December 31, 2012 intangible assets totalled euro 22.1 million and thus changed by euro 17.7 million from their amount of euro 39.8 million as at December 31, 2011. By far the most important element of this item is the goodwill of the wind power projecting segment in the amount of euro 20.0 million. The project rights stated in the fiscal year 2010 with the first consolidation of PNE Gode Wind I GmbH in the amount of euro 17.4 million were eliminated in the Group with the sale of "Gode Wind I". During the same period property, plant and equipment decreased by approximately euro 33.7 million to euro 60.1 million (December 31, 2011: euro 93.8 million). These include primarily land and buildings (euro 13.2 million without the land and buildings of "Silbitz"), transformer stations owned (euro 7.2 million), as well as the technical equipment and machinery of the Altenbruch II wind farm project (euro 31.3 million) and the Silbitz timber biomass power plant (euro 6.2 million including land and buildings in the amount of euro 3.1 million). The plant under construction stated in this item in the prior year in respect of the "Gode Wind I" and "Gode Wind II" offshore wind farm projects was eliminated from the consolidated statement of financial position with the sale of the companies. The "Nemo", "Nautilus" and "Jules Verne" offshore projects are stated under inventories. Furthermore, the plant under construction relating to the "Gode Wind III" offshore project (euro 0.6 million) which was included in this item in the prior year is now stated in the item "assets designated for sale".

During the period under report short term assets increased from euro 57.8 million (December 31, 2011) to euro 97.8 million as at December 31, 2012. This increase is attributable mainly to the receipt of the payment of euro 57 million and further trade receivables in the amount of approximately euro 27 million, for which payment is due in early 2013, in respect of the sale of the "Gode Wind I" and "Gode Wind II" projects. Receivables and other assets increased from approximately euro 24.3 million (December 31, 2011) to roughly euro 33.2 million. Of these euro 30.2 million are in respect of trade receivables (December 31, 2011: euro 21.1 million).

Work in process shown under inventories increased from euro 12.6 million (December 31, 2011) to euro 24.6 million. The work in process in the amount of euro 24.6 million includes the "Nemo", "Nautilus" and "Jules Verne" offshore projects with an amount totalling euro 8.1 million.

As at December 31, 2012 cash and cash equivalents amounted to 36.6 million (December 31, 2011: euro 19.4 million).

Liabilities (in EUR million)	31.12.2012	31.12.2011
Shareholders' equity	86.6	74.7
Deferred subsidies from public authorities	1.1	1.1
Provisions	1.7	1.9
Long term liabilities	67.8	72.9
Short term liabilities	18.3	34.3
Deferred revenues	7.0	7.4
Liabilities in connection with assets designated for sale	0.0	0.0
Total liabilities and shareholders' equity	**182.5**	**192.3**

On the liability side consolidated shareholders' equity increased from euro 74.7 million (December 31, 2011) to euro 86.6 million as at December 31, 2012. This development was due to the positive result of the Group. As at December 31, 2012 the equity ratio of the Group amounted to approximately 47 percent (December 31, 2011: roughly 39 percent) and the third party debt ratio to approximately 53 percent (December 31, 2011: roughly 61 percent).The shareholders' equity includes 672,955 own shares in an amount of approximately euro 1.5 million, which the Company acquired in December 2012 within the context of its share buyback programme. Mainly as a result of scheduled repayments long term liabilities changed from euro 72.9 million to approximately euro 67.8 million. This item consists mainly of financial liabilities in the amount of euro 67.5 million. These include liabilities to convertible loan creditors in the amount of euro 28.9 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 30.1 million. Above all the credit liabilities include the project financing of the "Altenbruch II" wind farm (euro 28.7 million, of which euro 25.0 million long term) and the Silbitz timber biomass power plant (HKW) (euro 4.0 million, of which euro 3.3 million long term) as well as the financing of the building of the Company at the registered office in Cuxhaven (euro 3.2 million, of which euro 1.6 million long term).

Development of short and long term liabilities

in euro million	2012	2011	2010
Liabilities			
short term	18.3	34.3	30.5
long term	67.8	72.9	76.2

As at December 31, 2012 the total number of shares issued by PNE WIND AG amounted to 45,785,869. The increase versus December 31, 2011 (45,777,960) is attributable to the conversion of convertible bonds during the course of 2012.

PNE WIND AG has undertaken in a contract to the limited partners of the operating company of HKW Silbitz that it would acquire their limited partnership shares at the beginning of 2017 at a price of 110 percent of the nominal amount. Due to this undertaking other financial liabilities include a discounted purchase price liability as at December 31, 2012 in the amount of euro 5.4 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 1.0 million.

During the fiscal year 2012 the short term liabilities declined from euro 34.3 million (December 31, 2011) to euro 18.3 million. Above all liabilities from long term construction projects changed from euro 6.9 million to euro 0.0 million and accounts payable from euro 6.5 million (December 31, 2011) to euro 4.7 million. Taking liquidity into consideration the net debt thus amounted as at December 31, 2012 to euro 30.9 million (December 31, 2011 euro 54.4 million).

b) PNE WIND AG

Assets (in EUR million)	31.12.2012	31.12.2011
Intangible assets	0.1	0.1
Property, plant and equipment	13.1	13.5
Financial assets	21.7	27.3
Inventories	9.7	8.3
Receivables and other assets	68.2	56.2
Liquid funds	32.8	16.0
Total assets	**145.6**	**121.4**

Fixed assets consist of intangible assets in the amount of euro 0.1 million (prior year: euro 0.1 million), property, plant and equipment in the amount of euro 13.1 million (prior year: euro 13.5 million) and financial assets in the amount of euro 21.7 million (prior year: euro 27.3 million). The change in property, plant and equipment and intangible assets is based primarily on scheduled depreciation and amortisation charged. The financial assets declined versus December 31, 2011 by euro 6.1 million mainly as a result of the sale of the shares in the associated companies PNE Gode Wind I GmbH and PNE Gode Wind II GmbH.

The short term assets are composed of work in process in the amount of euro 6.4 million (prior year: euro 3.3 million), prepayments made in the amount of euro 3.2 million (prior year: euro 5.0 million) and receivables and other assets in the amount of euro 68.2 million (prior year: euro 56.2 million). Of these euro 1.1 million are attributable to trade receivables (prior year: euro 2.8 million), receivables from affiliates in the amount of euro 39.5 million (prior year: euro 46.7 million) and euro 27.5 million (prior year: euro 6.3 million) in respect of other assets. The changes in other assets are attributable primarily to a milestone receivable and other receivables from the sale of the project companies PNE Gode Wind I GmbH and PNE Gode Wind II GmbH (approximately euro 27 million) as well as in the case of receivables from associated companies the repayment of loans granted at the sale by the two Gode Wind companies.

Cash at the individual company amounted to euro 32.8 million as at December 31, 2012 (prior year: euro 16.0 million).

Liabilities (in EUR million)	31.12.2012	31.12.2011
Shareholders' equity	99.0	67.9
Special item for investment subsidies	1.1	1.1
Provisions	6.3	7.0
Liabilities	39.1	45.3
Deferred items	0.1	0.1
Total liabilities and shareholders' equity	**145.6**	**121.4**

As at the date of the statement of financial position on December 31, 2012 the shareholders' equity of PNE WIND AG in accordance with the accounting regulations of the German Commercial Code (HGB) amounted to euro 99.0 million (prior year: euro 67.9 million). The shareholders' equity includes 672,955 own shares, which the Company acquired in December 2012. The equity ratio of PNE WIND AG amounted as at December 31, 2012 to approximately 68 percent (December 31, 2011: 56 percent) and the third party financing ratio to 32 percent (December 31, 2011: 44 percent).

As at December 31, 2012 the total number of shares issued by PNE WIND AG amounted to 45,785,869, of which 672,955 shares were in the ownership of PNE WIND AG (own shares). The increase versus December 31, 2011 (45,777,960) is attributable to the conversion of convertible bonds during the course of 2012.

The main items on the liability side are the liabilities in the amount of euro 39.1 million (prior year: euro 45.3 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 3.2 million (prior year euro 4.3 million), prepayments received on orders of euro 1.4 million (prior year: euro 2.5 million) and trade accounts payable in the amount of euro 1.5 million (prior year: euro 1.6 million).

The provisions include a provision for pending losses in the amount of euro 0.9 million (December 31, 2011: euro 1.2 million). This was set up with regard to a timber delivery contract for the timber biomass power plant Silbitz. In this contract PNE WIND AG had undertaken to deliver timber at fixed conditions, which could lead to losses. The other major provisions are attributable to outstanding invoices in connection with wind farm projects in the amount of euro 0.6 million (December 31, 2011: euro 1.5 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 1.0 million (December 31, 2011: euro 1.3 million) as well as provisions for variable remuneration of the members of the Board of Management and senior executives in the amount of euro 1.7 million (December 31, 2011: euro 1.0 million).

9. Transactions with closely related companies and persons

During the fiscal year 2012 there were the following transactions with closely related persons:

PNE WIND AG had concluded consulting contracts for the provision of EDP services with net. curity InformationsTechnologien GmbH, whose managing shareholder is the member of the Supervisory Board, Mr. Rafael Vazquez Gonzales. During the fiscal year 2012 transactions were effected in this respect with a net volume of euro 241,544.03. These business transactions were undertaken on an arm's length basis.

10. Sales and marketing

The sale of wind farm projects continues to be based on direct sales to large and individual 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.

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

At the end of January 2013 PNE WIND AG received a further milestone payment in the amount of euro 25 million from the sale of the "Gode Wind I to III" offshore wind farm projects. The prerequisite for this was the completion and delivery of a construction site study for the Danish power supplier, DONG Energy, as purchaser of the offshore projects. This receivable, which was capitalised by PNE WIND AG in the 3rd quarter 2012 was now paid on schedule by Dong Energy after prior examination of the construction site study.

Within the context of a share buyback programme PNE WIND AG has acquired own shares since December 4, 2012. As at February 8, 2013 the share of PNE WIND AG in its own shares exceeded the threshold of 5 percent and amounted on this day to 5.32 percent of the voting rights (2,437,363 voting rights).

PNE WIND AG is aiming to place probably during the first half year 2013 a corporate bond in the amount of euro 100 million on the Prime Standard of the German Stock Market.

The objective of this measure is the financing of the non-organic and organic growth of PNE WIND AG in the future. The planned corporate bond is in part also related to the discussions which PNE WIND AG is currently conducting in respect of the possible acquisition of more than 50 percent of the shares in a company. The target company is active primarily in the development and projecting of onshore wind farms both in Germany and abroad. The price indication for 100 percent of the company's shares amounts to euro 100 million.

Further possible uses for the funds from the bond are the expansion of the onshore and offshore pipeline by means of project purchases both at home and abroad as well as the bridge financing of the equity share of the German wind farm projects amounting to approximately 180 MW of nominal output, which are currently in the approval process and which will shortly be implemented. In this way wind farms, which are already fully constructed and taken into operation, can be offered to potential investors for purchase.

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.

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

As a result it is assured 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 place great importance on 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 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 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.

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

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", "Nautilus II" as well as "Gode Wind" I to III. 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 of the "Gode Wind" I to III would have substantial effects in the future short to medium term on the asset, financial and earnings situation of PNE WIND AG, since PNE WIND AG would no longer receive planned payments in the future. A failure of the "Borkum Riffgrund II" and "Nautilus II" projects would have no material effects on the future asset, financial and earnings situation of PNE WIND AG, even if the planned payments were not to be received, since these represent either an amount of only a few millions ("Borkum Riffgrund II") or are expected beyond the short to medium term planning period ("Nautilus II").

Risks could arise for the planned implementation periods for the "Nemo", "Jules Verne" and "Nautilus" offshore wind farm projects due to time delays in the planning and construction of the network connections. A delay or a non-consideration of the projects with regard to the network connections would have effects on the future asset, financial and earnings situation of PNE WIND AG.

For all the offshore wind farms projected by PNE WIND AG in the offshore wind power segment it is of great importance to find a strong capital investor, since the realisation of an offshore wind farm requires very 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 excluded from the point of view of the Company in Germany, since currently possible changes are being actively discussed in the Federal Republic as a result of the significant increase in the renewable energies reallocation charge of the Renewable Energies Law (EEG). The next amendment is expected on the basis of an experience report, which the Federal German Government must submit to the German Parliament in 2014.

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.

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.

The last external audit of corporation, trade and value added tax of the major domestic companies of the PNE WIND AG Group covered the tax periods from January 1, 2006 up to and including December 31, 2010. Any consequences from this were taken into account in the statement of comprehensive income as at December 31, 2012 insofar as they had any effect on taxes on income. 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 developer 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 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.

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

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.

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 process up to the approval by the Federal Office for Shipping and Hydrographics. Three further own offshore projects as well as two projects, where PNE WIND AG is active as a service provider, are currently being developed in order to obtain the permits swiftly. 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, 2012, 250 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.

Key characteristics of the accounting related internal control and risk management system

The objective of the internal control and risk management system with regard to the (Group) accounting process is to assure that the accounting is carried out in a standard manner and in compliance with the legal regulations, the principles of orderly accounting as well as in accordance with the International Financial Reporting Standards (IFRS) and Group internal guidelines, so that the recipients of the consolidated and individual financial statements have at their disposal pertinent and reliable information. PNE WIND AG has set up an accounting related internal control and risk management system for this, which comprises all relevant guidelines, processes and measures.

The internal consists of the control and audit departments.

The Board of Management and the Supervisory Board (in this respect in particular the Audit Committee) are an integral part of the internal monitoring system with audit measures independent of the process.

The Group accounting department serves as the central contact point for special, specific questions and complex capitalisation matters. If necessary, external experts (auditors, qualified experts etc.) can be involved.

Moreover, the accounting related controls are carried out by Group controlling. All items and key accounts of the statement of comprehensive income and the statement of financial position of the consolidated accounts and the companies included in the scope of consolidation are monitored at regular stages with regard to their correctness and plausibility. The controls are carried out either monthly or on a quarterly basis, depending on how the accounting related data are drawn up by the accounting department.

The accounting related risk management system is an integral part of the risk management of the Group. The risks relevant for the correctness of the accounting related data are monitored by the person responsible for risks for the risk area of finance and are identified, documented and assessed quarterly by the risk management committee. Suitable measures have been set up by the risk management of the Group for the monitoring and risk optimisation of accounting related risks.

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 2012 to the management and corporate structure. Due to the particular importance of exemplary action in all business areas, executive employees were trained during 2012 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)

Introduction

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.

German Corporate Governance Code

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 15, 2012. 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.

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 last declaration of compliance was issued on August 28, 2012 with the following text:

„The Board of Management and the Supervisory Board of PNE WIND AG declare that they have complied and will comply with the recommendations of the Government Commission of the German Corporate Governance Code, which was announced by the Federal Ministry of Justice in the official section of the Bundesanzeiger (version of May 15, 2012) since August 24, 2011, the date of the declaration of the prior year, with the exception of the following rules:

1. Agreement of a compensation CAP (No. 4.2.3 of the Code)

The Code recommends that a CAP should be agreed with regard to compensation in the contracts of the members of the Board of Management, which in the event of a premature termination of the activity of a member of the Board of Management is to be paid for no specific reason to the corresponding member of the Board of Management. No such provision was included in the old contracts concluded with the members of the Board of Management of PNE WIND AG prior to the coming into force of this recommendation. In the meantime, however, the corresponding recommendation of the Code is taken into consideration in the contracts of the members of Board of Management, which are currently valid.

2. Focussing of the success related compensation of the members of the Supervisory Board to a sustainable development of the company (No. 5.4.6 of the Code)

The members of the Supervisory Board receive a total remuneration which contains fixed and variable portions, as has been determined in the articles of association by the general meeting of shareholders. A success related remuneration including elements of the long term corporate success was not in this respect foreseen by the general meeting of shareholders; instead, the success related remuneration depends exclusively on the results of the corresponding last fiscal year.

3. Public access to interim reports within 45 days following the end of the period under report (No. 7.1.2 of the Code)

By way of exception PNE WIND AG made its half year financial report 2012 available to the public only after more than 45 days following the end of the period under report, in order to still take into consideration key foreseeable events following the end of the period under report and thus to be able to give a clear picture of the real situation of the company with the half year financial report.

However, as with the interim reports preceding this half year financial report the recommended period of 45 days would again be maintained for future interim reports, insofar as special circumstances should not be appropriate for a new deviation.

Cuxhaven, August 28, 2012"

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 members 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 term of office of the members of the Board of Management ends for the Chairman of the Board of Management, Mr. Billhardt, on April 30, 2018, for Mr. Klowat on March 31, 2014 and for Mr. Lesser on December 31, 2013.

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 terms of office of the members of the Supervisory Board Dieter K. Kuprian, Dr. Peter Fischer and Prof. Reza Abhari end following the ordinary general meeting of shareholders in 2017. The term of office of the members of the Supervisory Board, Alain Huberty, Jacquot Schwertzer and Rafael Vazquez Gonzalez ends following the ordinary general meeting of shareholders in 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 Nominations Committee has the task of proposing suitable candidates for the shareholders in the case of new elections to the Supervisory Board.

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 410,000 shares were attributable as at December 31, 2012 to the Chairman of the Board of Management, Mr. Martin Billhardt; furthermore, Mr. Jörg Klowat held 110,000 shares and Mr. Markus Lesser 55,500 shares of the Company. Of the members of the Supervisory Board Mr. Dieter K. Kuprian held 10,000 shares of the Company and Mr. Jacquot Schwertzer 5,704 shares of the Company. The Board of Management and the Supervisory Board thus hold together about 1.30 percent of the PNE WIND AG 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 2012 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 and Touche issued a so-called declaration of independence on March 8, 2012 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 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 situation

As at December 31, 2012 PNE WIND AG had issued 45,785,869 registered shares with a nominal share in the share capital of euro 1.00 each. As at December 31, 2012 shares in the free float (holdings of less than 3 percent of the share capital) amounted to more than 96 percent. Direct or indirect participations exceeding the value of 10 percent of the voting shares were not disclosed.

Limitations concerning the voting rights or the transfer of shares are not specified in the articles of association and exist only in legally determined cases. 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.If purchased on the stock market the purchase price per share may not be more or less than 10 percent of the average XETRA closing price on the Frankfurt Stock market during the five stock market days preceding the purchase (or, insofar as this authorisation is based on the XETRA closing price, the closing price determined in a successor system in lieu of the XETRA system). On the basis of a public purchase offer the purchase price per share may not be more or less than 10 percent of the average XETRA closing price on the Frankfurt Stock market during the last five days prior to the first-time publication of the offer.

The Board of Management is authorised to withdraw in part or totally the own shares acquired under this authorisation without any further resolution by the general meeting of shareholders.

The Board of Management is furthermore authorised to use the own shares acquired in another way than through sale on the stock market or through an offer to all shareholders, if on the one hand the shares are transferred to third parties as payment within the context of the acquisition of companies or participations in companies or if the shares are transferred to third parties as a payment within the context of payment for the acquisition of sites for the expansion of the business activity. The Board of Management is furthermore authorised to use the own shares acquired in another way than through sale on the stock market or through an offer to all shareholders, if the transfer to third parties takes place against payment of a cash purchase price and if the sales price per share is not materially lower than the average XETRA closing price at the Frankfurt Stock Exchange during the five stock market trading days preceding the corresponding sale.

During the period under report the Company made use for the first time of the authorisation to purchase own shares, which was granted by the resolution of the general meeting of shareholders of May 14, 2009. Up to December 31, 2012 672,955 own shares were purchased through the stock market within the context of this authorisation.

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. No use was made during the year under report. The conditional capital was thus partially used in the total amount of euro 13,358,181.00 as at December 31, 2012.

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. During the year under report no use was made of the conditional capital 2008/I.

Following this use on two occasions of the authorisation of the general meeting of shareholders of June 11, 2008 the authorised capital 2008/I still amounted to euro 16,123,838.00 as at December 31, 2012.

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 2,802 (prior year: TEUR 2,017) during the fiscal year 2012.

The fixed remuneration paid to the Supervisory Board during the fiscal year 2012 amounted to TEUR 208 (prior year: TEUR 193). 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 240 (prior year: TEUR 1) in respect of variable remuneration. The total remuneration of the Supervisory Board during the fiscal year 2012 amounted to TEUR 448 (prior year: TEUR 194). 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 2012 the members of the Board of Management received total remuneration (or corresponding provisions were set up) in the amount of TEUR 2,354, which is distributed as follows:

Martin Billhardt fixed remuneration of TEUR 356, variable remuneration of TEUR 720 and other remuneration of TEUR 325. Total remuneration thus amounted to TEUR 1,401 (prior year: TEUR 685).

Jörg Klowat: fixed remuneration of TEUR 199, variable remuneration of TEUR 175, and other remuneration of TEUR 131. Total remuneration thus amounted to TEUR 505 (prior year. TEUR 310).

Markus Lesser: fixed remuneration of TEUR 213, variable remuneration of TEUR 117 and other remuneration of TEUR 118. Total remuneration thus amounted to TEUR 448 (prior year. TEUR 222).

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 percent and the short term portion to 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.

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 exclusively wind farms on land (onshore) are 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 states are emphasising the urgent necessity of a change in energy supply including renewable energies and are creating general conditions with which the ecologically correct expansion can also become economically meaningful. Above all wind power is benefiting from this, since following decades of technical development it already contributes especially effectively and cheaply to the assurance of future electricity production.

We are taking this outlook into consideration in our corporate strategy. In the short to medium term we see in the projecting of wind farms in Germany a major factor for our corporate development. In this respect the offshore projects will become particularly important in the near future.

Following years of intensive planning and preliminary work the "Gode Wind I to III" offshore wind farms could sold to the Danish energy supplier, DONG Energy, on August 14, 2012. 100 percent of the shares in the "Gode Wind I and II" projects have already been transferred to DONG Energy. For this we have already received a payment in the amount of approximately euro 57 million, which also includes the reimbursement of preliminary work and the repayment of credits. On the attainment of pre-determined project stages we shall in addition receive significant milestone payments during the next few years from these project sales in a cumulative amount of approximately euro 100 million. A key project stage was achieved with the completion of an expert report for DONG Energy, so that in 2013 a milestone payment in the amount of euro 25 million was paid. Additional major project stages will be attained with the approval of the BSH for the "Gode Wind III" project as well as with the project decisions (FID) of DONG Energy for the "Gode Wind I and II" projects. Moreover, it was agreed within the context of the transaction that PNE WIND AG will support DONG Energy for at least five years as from the conclusion of the contract as a service provider for the realisation of the projects with a contractual value of up to euro 8.5 million.

The Borkum Riffgrund I and II" offshore projects, which were also developed by us, have also made progress. DONG Energy plans to start construction of "Borkum Riffgrund I" in 2013 and at the end of 2011 the Federal Office for Shipping and Hydrographics issued the permit for "Borkum Riffgrund II". We are of the opinion that the "Borkum Riffgrund II" offshore project will be constructed in spite of the current postponement by DONG Energy, which will provide us with additional milestone payments, which will be correspondingly delayed. A reason for this assumption is the change in the Energy Economic law in December 2012, whereby the liability of the competent transmission network operator is further limited in the event of a shutdown in the offshore network connection, which led to a growing interest on the part of investors in participations in the network connection. The capital strength of DONG Energy is shown by its leading position in the offshore market as well as in its capability to develop new financial constructions and to bring new partners into the market. The offshore sector is a major pillar of our Company and gives positive effects for our corporate development.

The large number of onshore projects, which are currently being worked on by us in Germany and abroad, is the basis of future corporate success. During the coming years projects, which we are today developing intensively, will reach construction maturity and will be built, thus contributing both sales and results.

Furthermore, we are expecting a positive and long term increasing effect on our business model in Germany from the growing exchange of smaller and obsolete wind power turbines by more

Forecasts

- Wind farm projecting is central to company development in Germany and abroad
- Sale of "Gode Wind" projects important milestone for long term earnings in the future
- 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 million reconfirmed
- New EBIT forecast 2014 to 2015 of cumulative euro 60 to 72 million
- Basis: Returns from offshore and onshore project in Germany and abroad

performant and efficient equipment. Older turbines are gradually being replaced within the context of this repowering. With a currently installed nominal output of more than 30,000 MW in Germany we therefore expect the continuation of a growing market with attractive growth opportunities for our Company. We have already carried out three repowering projects successfully. An advantage for PNE WIND AG is also that we remain linked also during the operational phase with many of the wind farms developed by us through our long term technical and commercial operations management.

The success of our project development in our international markets is dependent on the current market conditions. In the United Kingdom we have developed four additional wind farm projects to such a stage that they are now being publicly examined. Furthermore, we are continuing to cooperate closely successfully with the Scottish Forestry Commission. In Hungary two of our wind farms have already been approved. In the USA we have adjusted our strategy in order to be prepared for possible changes in the support programmes. Major planning progress was achieved with regard to the Chilocco project, which is being developed in Oklahoma with a nominal output of 70 MW.

We are putting together a portfolio of wind farms with about 180 MW of nominal output to be installed. In the medium term additional projects should also be developed in these as well as in other countries to such a stage that we can start with their construction and marketing. From this we intend to generate increasing revenues and cash flow in the future. Even if negative developments cannot be excluded, such as the current reduction of the feed-in prices in Bulgaria, we remain convinced about our foreign activities.

Moreover, we are constantly investigating whether the general conditions for wind farm projects are structured in other countries in such a way that a market introduction of PNE WIND AG might be meaningful there.

At PNE WIND AG, both onshore as well as offshore, we have a good position both nationally and internationally. For this reason we are very confident that we shall be able to use the opportunities of the "wind" growth market also in the future. The Board of Management is moreover of the opinion that the EBIT forecast of euro 60 to 72 million will be achieved for the three year period from 2011 to 2013. For the following two year period 2014 to 2015 the Board of Management is expecting EBIT of euro 60 to 72 million. The opportunities on the national and international markets both onshore and offshore are the basis for our capability to distribute dividends and the necessary investments in projects during the next few years. During the next few fiscal years the EBIT of the Group will consist of income from the offshore projects as well as from the earnings from onshore wind farms both at home and abroad. Moreover, a continuation of the positive annual results is expected for

PNE WIND AG during the next few years. It is extremely difficult to elaborate fixed forecasts for the individual years due to the operating business activity of the Company and the short term fluctuations relating thereto. The EBIT forecast for the period up to the end of 2015 nevertheless reflects the confident expectations for the continuing positive earnings situation of the Company.

Cuxhaven, March 12, 2013
PNE WIND AG, Board of Management

"The sale of our "Gode Wind" projects to DONG Energy was the operating highlight in 2012. We are now using the payments received to develop further our comprehensive pipeline."

Markus Lesser | COO

Consolidated financial statements

Consolidated statement of comprehensive income (IFRS)

of PNE WIND AG for the period from January 1 to December 31, 2012

All figures in TEUR (differences from rounding off possible)		**Notes**	**2012**	**2011**
1.	Revenues	V.16./VI.1.	84,395	48,638
2.	Increase in finished goods and work in process		8,415	2,164
3.	Other operating income	VII.2.	1,477	3,059
4.	**Total aggregate output**		**94,286**	**53,860**
5.	Cost of materials		-44,601	-28,717
6.	Personnel expenses	VI.3.	-13,525	-11,450
7.	Amortisation of intangible assets and depreciation of property, plant and equipment	IV.3./V.1./ V.2.	-5,347	-5,126
8.	Other operating expenses	VI.4.	-10,340	-8,467
9.	Impairment expense - goodwill	IV.3./V.1.	-28	-30
10.	**Operating result**		**20,445**	**70**
11.	Income from participations		0	3
12.	Other interest and simlilar income	VI.5.	343	876
13.	Expenses from assumption of losses		-1	0
14.	Interest and similar expenses	VI.6.	-5,659	-5,827
15.	**Result of ordinary operations**		**15,129**	**-4,878**
16.	Taxes on income	VI.7.	251	-125
17.	Other taxes		-90	-52
18.	**Consolidated net loss/income before minority interests**		**15,290**	**-5,056**
19.	Minority interests	V.8.	-1,687	-1,135
20.	**Consolidated net loss/income**		**16,977**	**-3,920**
Other comprehensive income				
21.	Foreign currency translation differences		-72	-101
22.	Others		0	0
23.	**Other comprehensive income for the period (net of tax)**		**-72**	**-101**
24.	**Total comprehensive income for the period**		**15,219**	**-5,157**
Consolidated profit/loss for the period attributable to:				
	Owners of the parent company		16,977	-3,920
	Non-controlling interests		-1,687	-1,135
			15,290	**-5,056**
Total comprehensive income for the period attributable to:				
	Owners of the parent company		16,905	-4,022
	Non-controlling interests		-1,687	-1,135
			15,219	**-5,157**
	Weighted average of shares in circulation (undiluted) (in thousands)	VI.8	45.764	45.777
	Undiluted earnings per share from continuing operations in EUR		0,37	-0,09
	Weighted average of shares in circulation (diluted) (in thousands)	VI.8	59,119	59,132
	Diluted earnings per share from continuing operations in EUR		0.31	-0.04

Consolidated statement of financial position (IFRS)

of PNE WIND AG, Cuxhaven, as at December 31, 2012

Assets

All figures in TEUR (differences from rounding off possible)		Notes	Status as at 31.12.2012	Status as at 31.12.2011
A.	**Intangible assets**			
I.	Immaterielle Vermögenswerte	IV.1./IV.3/V.1.		
	1. Franchises, trademarks, licences and other similar rights as well as licences from such rights		1,836	19,487
	2. Goodwill		20,282	20,310
			22,118	**39,797**
II.	Property, plant and equipment	IV.2./IV.3./V.2.		
	1. Land and buildings including buildings on third-party land		16,310	16,775
	2. Technical equipment and machinery		43,286	46,990
	3. Other plant and machinery, fixtures and fittings		461	550
	4. Prepayments and plant under construction		20	29,488
			60,077	**93,803**
III.	Long term financial assets	IV.4./V.3.		
	1. Participations		63	48
	2. Other loans		0	0
	3. Other long term loan receivables		185	198
			247	**246**
IV.	Deferred tax assets	IV.5./VI.7.	976	652
B.	**Assets held for sale**	**IV.6./V.4.**	**1,272**	**0**
C.	**Current assets**			
I.	Inventories	IV.7./V.5.	28,046	14,096
II.	Receivables and other assets	IV.9./V.6.		
	1. Trade receivables		30,233	21,105
	2. Other short term loan receivables		60	0
	3. Receivables from associated companies		4	79
	4. Other assets		2,887	3,102
			33,184	**24,286**
III.	Cash and cash equivalents	IV.10.	36,586	19,447
			182,505	**192,327**

Liabilities

All figures in TEUR (differences from rounding off possible)		Notes	Status as at 31.12.2012	Status as at 31.12.2011
A.	**Shareholders' equity**	V.7.		
I.	Capital subscribed		45,786	45,778
II.	Capital reserve		44,886	44,877
III.	Treasury shares		-1,510	0
IV.	Retained earnings			
	1. Legal reserve		5	5
	2. Other retained earnings		46	46
			51	**51**
V.	Foreign exchange reserve		-205	-133
VI.	Retained consolidated profit/loss		581	-13,998
VII.	Minority interests	V.8.	-2,994	-1,872
			86,595	**74,702**
B.	**Long term liabilities**			
I.	Other provisions	IV.12./V.11.	647	933
II.	Deferred subsidies from public authorities	IV.14./V.9.	1,090	1,137
III.	Long term financial liabilities	IV.13.V.12.		
	1. Participation certificate capital		843	843
	2. Bonds		28,898	28,484
	3. Liabilities to banks		30,126	36,280
	4. Other financial liabilities		7,100	6,291
	5. Liabilities from leasing contracts		502	608
			67,469	**72,506**
IV.	Deferred tax liabilities	IV.5./VI.7.	370	372
C.	**Current liabilities**			
I.	Provisions for taxes	V.10.	191	215
II.	Other provisions	IV.12./V.11.	901	791
III.	Short term financial liabilities	IV.13./V.12.		
	1. Bonds		0	0
	2. Liabilities to banks		7,627	8,228
	3. Other financial liabilities		643	3,921
	4. Liabilities from leasing contracts		106	106
			8,376	**12,255**
IV.	Trade payables	IV.13.	4,696	6,522
V.	Other liabilities	IV.13./V.13.		
	1. Deferred revenues		7,040	7,396
	2. Deferred liabilities		2,208	8,044
	3. Other liabilities		2,914	7,452
			12,162	**22,892**
D.	**Liabilities held for sale**		**9**	**0**
			182,505	**192,327**

Consolidated statement of cash flows (IFRS)

of PNE WIND AG, Cuxhaven, for the fiscal year 2012

All figures in TEUR (differences from rounding off possible)		**Notes**	**2012**	**2011**
Consolidated net result			15,290	-5,056
-/+	Income tax benefit and expense	VI.7.	-251	125
+/-	Interest income and expense	VI.5./VI.6.	5,315	4,951
+/-	Income tax received		-88	-33
+	Amortisation and depreciation of intangible assets and property, plant and equipment		5,375	5,156
+/-	Increase/decrease in provisions	V.11.	75	-611
-/+	Non-cash effective income/expenses		-261	493
-	Profit from the disposal of fixed assets and from final consolidation	III.2.	-18,312	0
+/-	Increase of inventories and other assets	IV.7./V.5.	-12,408	4,582
+/-	Decrease/increase of trade receivables and stage of completion accounting	IV.8./IV.9./V.3./V.6.	-10,453	-7,776
+/-	Increase/decrease of trade liabilities and other liabilities	IV.13./V.12./V.13.	-7,326	-1,173
-	Interest paid		-2,468	-2,470
+	Interest received		342	436
Cash flow from operating activities			**-25,170**	**-1,376**
+	Inflow of funds from disposal of items of property, plant, equipment and intangible assets		50	1,826
-	Outflow of funds for investments in property, plant, equipment and intangible assets	V.1.-2.	-12,498	-15,469
+	Inflow of funds from disposal of financial assets		1	903
-	Outflow of funds from disposal of financial assets		-15	-1,375
+	Inflow of funds from disposal of consolidated units	III.3.	52,075	0
Cash flow from investing activities			**39,612**	**-14,115**
+	Additional inflow of funds from shareholders	V.7.	18	5
+	Inflow of funds from financial loans	V.12.	11,257	3,038
-	Outflow of funds from the repayment of financial loans	V.12.	-5,097	-5,450
-	Outflow of funds from the purchase of treasury shares	V.7.	-1,510	0
-	Payments to shareholder		-1,831	-1,831
Cash flow from financing activities			**2,837**	**-4,238**
Cash effective change in liquid funds			17,279	-19,729
+	Change in liquid funds due to changes in scope of consolidation		-141	0
+	Liquid funds at the beginning of the period	IV.10./VII.1.	19,447	39,176
Liquid funds at the end of the period*		**IV.10./VII.1.**	**36,585**	**19,447**
* of which are pledged to a bank as security guaranteed credit lines		V.12.	459	979

Consolidated statement of changes in equity (IFRS)

of PNE WIND AG, Cuxhaven, for the fiscal year 2012

All figures in TEUR (differences from rounding off possible)	Capital subscribed	Capital reserve	Treasury shares	Profit reserves	Foreign exchange reserve	Retained loss	shareholders equity before minority	Minority interests	Total share-holders' equity
Status as at January 1, 2011	45,776	44,874	0	51	-32	-8,244	82,425	-737	81,688
Consolidated net result 2011	0	0	0	0	0	-3,920	-3,920	-1,135	-5,055
Dividend	0	0	0	0	0	-1,831	-1,831	0	-1,831
Conversion of convertible bond 2010/2014	2	3	0	0	0	0	5	0	5
Other items	0	0	0	0	-101	-3	-104	0	-104
Status as at December 31, 2011	**45,778**	**44,877**	**0**	**51**	**-133**	**-13,998**	**76,574**	**-1,872**	**74,702**
Consolidated net result 2012	0	0	0	0	0	16,977	16,977	-1,687	15,290
Dividend	0	0	0	0	0	-1,831	-1,831	0	-1,831
Purchase of treasury shares	0	0	-1,510	0	0	0	-1,510	0	-1,510
Conversion of convertible bond 2010/2014	8	9	0	0	0	0	17	0	17
Other items	0	0	0	0	-72	-567	-639	564	-75
Status as at December 31, 2012	**45,786**	**44,886**	**-1,510**	**51**	**-205**	**581**	**89,589**	**-2,994**	**86,595**

Consolidated schedule of fixed assets (IFRS)

of PNE WIND AG for the fiscal year 2012

All figures in TEUR (differences from rounding off possible)		Acquisition and manufacturing cost						
		Status as at 1.1.2012	Changes in consolidated	Additions	Re-classifi-cations	Disposals	Exchange Differences	Status as at 31.12.2012
I.	**Intangible assets**							
	1. Franchises, trademarks and similar rights as well as licences to such rights	22,101	-17,433	20	0	10	1	4,681
	2. Goodwill	104,540	0	0	0	0	0	104,540
		126,641	-17,433	20	0	10	1	109,221
II.	**Property, plant and equipment**							
	1. Land and buildings including buildings on third party land	21,276	30	48	0	29	-1	21,325
	2. Technical equipment and machinery	70,968	6	517	0	88	-9	71,394
	3. Other equipment, fixtures and furnishings	2,332	0	126	0	69	-1	2,391
	4. Prepayments and plant under construction	29,497	-40,996	15,375	-3,848	9	0	20
		124,073	-40,959	16,067	-3,848	196	-10	95,129
III.	**Financial assets**							
	1. Shares in associated companies	6,160	0	0	0	0	0	6,160
	2. Participations	48	0	15	0	1	0	63
	3. Other loans	0	0	0	0	0	0	0
		6,208	0	15	0	1	0	6,223
		256,923	**-58,392**	**16,103**	**-3,848**	**207**	**-9**	**210,574**

	Accumulated amortisation and depreciation							Book values	
	Status as at 1.1.2012	Changes in consolidated	Additions	Re-classifi-cations	Disposals	Exchange Differences	Status as at 31.12.2012	Status as at 31.12.2012	Status as at 31.12.2011
	2,614	0	239	0	10	0	2,845	1,836	19,487
	84,230	0	28	0	0	0	84,258	20,282	20,310
	86,845	0	267	0	10	0	87,103	22,118	39,796
	4,501	0	513	0	0	0	5,014	16,311	16,775
	23,975	0	4,169	0	27	-8	28,109	43,285	46,993
	1,782	0	206	0	58	0	1,930	461	550
	9	-220	220	0	9	0	0	20	29,488
	30,268	-220	5,108	0	95	-8	35,053	60,076	93,806
	6,160	0	0	0	0	0	6,160	0	0
	0	0	0	0	0	0	0	63	48
	0	0	0	0	0	0	0	0	0
	6,160	0	0	0	0	0	6,160	63	48
	123,273	**-220**	**5,375**	**0**	**105**	**-8**	**128,316**	**82,258**	**133,650**

Consolidated schedule of fixed assets (IFRS)

of PNE WIND AG for the fiscal year 2011

All figures in TEUR (differences from rounding off possible)		**Acquisition and manufacturing cost**						
		Status as at 1.1.2011	**Changes in consolidated**	**Additions**	**Re-classifi-cations**	**Disposals**	**Exchange Differences**	**Status as at 31.12.2011**
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-classifi-cations	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 segment reporting (IFRS)

of PNE WIND AG, Cuxhaven, for the fiscal year 2012

All figures in TEUR (differences from rounding off possible)	**Projecting of wind power turbines**		**Electricity generation**	
	2012	**2011**	**2012**	**2011**
External sales	74,072	39,550	10,323	9,088
Inter-segment sales	7,723	9,157	739	722
Change in inventories	8,023	2,164	0	0
Other operating income	1,510	2,623	184	888
Total aggregate output	91,329	53,493	11,246	10,699
Depreciation and amortisation	-1,641	-1,655	-3,734	-3,502
Operating result	19,198	-1,728	2,505	1,798
Interest and similar income	2,679	2,705	26	474
Interest and similar expenses	-5,042	-4,315	-2,978	-3,814
Taxes on income	-208	-250	80	125
Investments	756	11,775	11,742	5,835
Segment assets	230,329	221,155	51,716	58,270
Segment liabilities[1]	176,319	186,319	54,631	60,584
Segment equity	54,010	34,835	-2,915	-2,314

The following companies are uncluded in the individual segments:

Projecting of wind power turbines: PNE WIND AG, PNE WIND Betriebsführungs GmbH, PNE WIND Netzprojekt GmbH, PNE WIND GM Hungary Kft., PNE WIND Ausland GmbH, PNE WIND Yenienerbilir Enerjiler Ltd., PNE WIND UK Ltd., NH North Hungarian Windfarm Kft., PNE WIND Pusztahencse Kft., PNE WIND Straldja-Kamenec OOD, PNE WIND BE Development OOD, PNE WIND USA Inc. S.C. PNE WIND POA S.R.L. (former S.C. PNE WIND Romania S.R.L.), PNE WIND Renewable Solutions LLC, 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, PNE WIND Bulgaria EOOD, PNE WIND Ventus Praventsi OOD, Wind Kapital Invest Verwaltungs GmbH, Wind Kapital Invest GmbH & Co. KG, PNE WIND DEVELOPMENT LLC, PNE WIND NEH/I Kft., S.C. PNE WIND Romania Energy Holding S.R.L., S.C. PNE WND MVI S.R.L., Chilocco WIND FARM LLC., S.C. EVN WINDPOWER DEVELOPMENT & CONSTRUCTION S.R.L., PNE WIND Verwaltungs GmbH, PNE Gode Wind III GmbH, PNE WIND Nautilus II GmbH (until 07.11.11), PNE Gode Wind I GmbH (until 14.08.12), PNE Gode Wind II GmbH (until 14.08.12),

Electricity generation: PNE Biomasse GmbH, PNE WIND Grundstücks GmbH, PNE WIND Altenbruch II GmbH & Co. KG, PNE WIND Laubuseschbach GmbH & Co. KG, HKW Silbitz GmbH & Co. KG, PNE WIND Park II GmbH & Co. KG, PNE Windpark Fonds CV GmbH (until 31.03.12)

[1] The deferred subsidies from the public authorities were included under segment liabilities.

	Consolidation		PNE WIND AG Group	
	2012	2011	2012	2011
	0	0	84,395	48,638
	-8,462	-9,878	0	0
	391	0	8,415	2,164
	-217	-453	1,477	3,059
	-8,288	-10,332	94,286	53,860
	0	0	-5,375	-5,156
	-1,258	0	20,445	70
	-2,362	-2,302	343	876
	2,362	2,302	-5,659	-5,827
	378	0	251	-125
	0	0	12,498	17,610
	-99,540	-87,097	182,505	192,327
	-135,040	-129,278	95,910	117,625
	35,500	42,181	86,595	74,702

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

of PNE WIND AG, Cuxhaven as at December 31, 2012

	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	100.00	-38	527	31.12.1998
2	PNE Biomasse GmbH, Cuxhaven	100.00	-229	-507	23.04.2000
3	PNE WIND Grundstücks GmbH, Cuxhaven	100.00	21	73	01.12.2000
4	PNE WIND Altenbruch II GmbH & Co. KG, Cuxhaven	100.00	856	6,132	08.11.2001
5	PNE WIND Netzprojekt GmbH, Cuxhaven	100.00	-65	834	01.01.2002
6	PNE WIND Laubuseschbach GmbH & Co. KG, Cuxhaven	100.00	-42	241	29.12.2004
7	PNE WIND GM Hungary Kft., Pusztahencse, Hungary	100.00	-56	-13	28.09.2007
8	PNE WIND Ausland GmbH, Cuxhaven	100.00	-2,804	-2,416	16.11.2007
9	PNE WIND Yenilenebilir Enerjiler Ltd., Istanbul, Turkey	99.00	-313	-760	27.02.2008
10	PNE WIND UK Ltd. , Eastbourne, United Kingdom	67.50	-3,128	-5,914	02.07.2008
11	NH North Hungarian Windfarm Kft., Gödöllö, Hungary	100.00	-68	-64	07.08.2008
12	PNE WIND Pusztahencse Kft., Pusztahencse, Hungary	100.00	-5	-3	07.08.2008
13	PNE WIND Straldja-Kamenec OOD, Sofia, Bulgaria	70.00	-165	-241	15.08.2008
14	PNE WIND BE Development OOD, Sofia, Bulgaria	80.00	-230	-525	15.08.2008
15	PNE WIND USA Inc., Chicago, USA	100.00	-885	-4,237	27.10.2008
16	S.C. PNE WIND POA S.R.L. (vormals S.C. PNE WIND Romania S.R.L.), Bukarest, Rumania	100.00	-668	-1,400	27.11.2008
17	HKW Silbitz GmbH & Co. KG, Cuxhaven	0.00	-442	-2,207	01.07.2009
18	PNE WIND Renewable Solutions LLC, Minnesota, USA	100.00	14	-829	01.10.2009
19	Underwood Windfarm LLC, Minnesota, USA	100.00	-38	-215	01.10.2009
20	Butte Windfarm LLC, Minnesota, USA	100.00	-155	-853	01.10.2009
21	PNE-BCP WIND Inc., Saskatoon, Canada	75.00	-98	-411	26.01.2010
22	PNE WIND PARK Dobrudzha OOD, Sofia, Bulgaria	51.00	-604	-820	26.03.2010
23	PNE WIND Jules Verne GmbH, Cuxhaven	100.00	-20	1,107	30.06.2010
24	PNE WIND Nemo GmbH, Cuxhaven	100.00	-20	1,107	30.06.2010
25	PNE WIND Nautilus GmbH, Cuxhaven	100.00	-20	1,107	30.06.2010
26	PNE WIND Bulgaria EOOD, Sofia, Bulgaria	100.00	-89	-180	09.11.2010
27	PNE WIND Ventus Praventsi OOD, Sofia, Bulgaria	75.00	-332	-355	21.01.2011
28	PNE Gode Wind III GmbH, Cuxhaven	100.00	-26	452	07.06.2011
29	Wind Kapital Invest Verwaltungs GmbH, Cuxhaven	100.00	-4	91	16.07.2011
30	Wind Kapital Invest GmbH & Co. KG, Cuxhaven	100.00	-6	13	16.07.2011
31	PNE WIND DEVELOPMENT LLC, Chicago, USA	100.00	3	-472	29.07.2011
32	PNE WIND NEH/I Kft., Gödöllö, Hungary	100.00	-4	-2	13.09.2011
33	S.C. PNE WIND Romania Energy Holding S.R.L., Bukarest, Rumania	80.00	-47	-45	10.05.2012
34	S.C. PNE WIND MVI S.R.L., Bukarest, Rumania	100.00	-5	-3	31.08.2012
35	Chilocco WIND FARM LLC, Chicago, USA	100.00	-420	-410	01.10.2012
36	PNE WIND Park II GmbH & Co. KG, Cuxhaven	100.00	-3	-3	01.10.2012
37	S.C. EVN WINDPOWER DEVELOPMENT & CONSTRUCTION S.R.L., Bukarest, Rumania	100.00	75	79	14.11.2012
38	PNE WIND Verwaltungs GmbH, Cuxhaven	100.00	-5	20	21.11.2012

(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	100.00	-3	-66	
2	Plambeck Neue Energien Windpark Fonds LXXXVIII GmbH & Co. KG, Cuxhaven	100.00	-3	-8	
3	Plambeck Neue Energien Windpark Fonds XCI GmbH & Co. KG, Cuxhaven	100.00	-2	-26	
4	Plambeck Neue Energien Windpark Fonds CIII GmbH & Co. KG, Cuxhaven	100.00	-2	-7	
5	PNE WIND Park I GmbH & Co. KG, Cuxhaven	100.00	-1	-2	
6	PNE WIND Park III GmbH & Co. KG, Cuxhaven	100.00	-2	-1	
7	PNE WIND Park IV GmbH & Co. KG, Cuxhaven	100.00	-2	1	
8	PNE WIND Park V GmbH & Co. KG, Cuxhaven	100.00	-2	1	
9	PNE WIND Park VI GmbH & Co. KG, Cuxhaven	100.00	0	2	
10	Netzanschluss Genthin GbR, Nielebock	52.00	-1	10	
11	Pilger Wind Farm Inc., Saskatoon, Canada	100.00	0	0	
12	Climax Wind Farm Inc., Saskatoon, Canada	100.00	0	0	
13	Watson Wind Farm Inc., Saskatoon, Canada	100.00	0	0	
14	Wadena Wind Farm Inc., Saskatoon, Canada	100.00	0	0	
15	Eston Wind Farm Inc., Saskatoon, Canada	100.00	0	0	
16	Whiska Wind Farm Inc., Saskatoon, Canada	100.00	0	0	
III.	**Non-consolidated associated companies due to minor significance**				
1	Windkraft Stade GmbH & Co. Frischer Wind KG, Cuxhaven	50.00	0	24	
2	Elbe-Weser-Windkraft GmbH (vormals Windkraft Stade GmbH), Cuxhaven	50.00	-3	17	
3	Windpark Altenbruch GmbH, Cuxhaven	50.00	5	50	
4	New Energy Developments Ltd., Eastbourne, United Kingdom	50.00	0	15	

Notes to the consolidated financial statements

of PNE WIND AG, Cuxhaven, for the fiscal year 2012

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. 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.

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 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, 2012, were released at the meeting of the Board of Management on March 5, 2013 for submission to the Supervisory Board.

The consolidated financial statements as at December 31, 2012 are transmitted electronically to the operator of the electronic Bundesanzeiger.

During the fiscal year 2012 the Group has applied the following IFRS standards:

	Date of EU endorsement	Application obligation in the EU
Change of standards:		
Change to IFRS 7: details - transfer of financial assets	22.11.2011	01.07.2011

Change to IFRS 7 details – transfer of financial assets

The change concerns additional requirements for details regarding the transfer of financial assets, for which a complete or partial charge-off has failed or where a continuing engagement must be capitalised.

No effects resulted from the application of this standard.

During the fiscal year 2012 the following new or changed accounting regulations were not applied since an obligation for application had not yet been issued; these had already been adopted by the IASB, but had in part not yet been endorsed by the EU:

Standard / interpretation	Date of EU endorsement	Application obligation in the EU
IFRS 9: Financial instruments – classification and valuation of financial assets	Open	Open
Changes to IFRS 9 and IFRS 7: Coming into force of IFRS 9 and transitional details	Open	Open
IFRS 10: Consolidated accounts	11.12.2012	01.01.2014
IFRS 11: Joint agreements	11.12.2012	01.01.2014
IFRS 12: Details on shares in other companies	11.12.2012	01.01.2014
IFRS 13: Valuation at fair value	11.12.2012	01.01.2013
Change to IAS 27: Consolidated and individual accounts	11.12.2012	01.01.2014
Change to IAS 28: Shares in associated companies	11.12.2012	01.01.2014
Changes to IFRS 10, IFRS 11 and IFRS 12: Consolidated accounts, joint agreements and details on participations in other companies: transitional guidelines	planned Q1 2013	01.01.2014
Change to IAS 1: Presentation of the accounts – presentation of the items of other income	05.06.2012	01.07.2012
Change to IAS 19: Benefit payments to employees	05.06.2012	01.01.2013
Change to IFRS 1: Excessive high inflation and withdrawal of a fixed transitional date for first-time appliers	11.12.2012	01.01.2013
Change to IFRS 7: Financial instruments: details – netting of financial assets and financial liabilities	13.12.2012	01.01.2013
Change to IAS 32 – Netting of financial assets and financial liabilities	13.12.2012	01.01.2014
Change to 12: Deferred taxes – realisation of underlying assets	11.12.2012	01.01.2013
Change to IFRS 1: Loans from public authorities	planned Q1 2013	01.01.2013
IFRIC 20: Waste costs in the production stage of an open air mine	11.12.2012	01.01.2013
Changes to IFRS 10, IFRS 12 and IFRS 27: Investment companies	planned Q1 2013	01.01.2014
AIP 2009-2011: Annual improvement project	planned Q1 2013	01.01.2013

The obligation for application is the EU represents the date at which the new accounting regulations are expected to be taken into consideration for the first time at PNE WIND AG.

IFRS 9 Financial instruments

IFRS 9 should fully replace the previous IAS 39 "Financial instruments: presentation and valuation". IFRS 9 "Financial instruments – classification and valuation of financial assets" was first published in November 2009. According to the methodology of IFRS 9 financial assets are to be valued either at acquisition cost or at fair value. The allocation to one of the two valuation categories depends on whether a company controls its financial instruments (business model) and on the type of the contractually agreed cash flows from the financial instruments. This standard was complemented by the regulations published in October 2010 concerning the capitalisation of financial liabilities as well as the charge-off of financial assets and liabilities. The obligatory first-time application of IFRS 9 was postponed in December 2011 by the IASB of January 1, 2013 to fiscal years, which start on or after January 1, 2015.

Due to the postponement of the date of first application to January 1, 2015 as well as the lack of the recommendation for adoption by the EU, the Group has not yet undertaken any detailed examination of the possible effects of IFRS 9.

Further published standards and interpretations, which in part still require the recommendation for adoption by the EU, have according to current estimates no material effects on the capitalisation of existing transactions and business events.

New and changed standards concerning consolidation, joint agreements and details on participations

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 definition of the existence of a parent company/subsidiary relationship and the subsequent inclusion into the scope of consolidation. The standard includes comprehensive application guidelines for the definition of a controlling relationship. The new standard replaces completely SIC-12 "Consolidation – single purpose company" as well as in part IAS 27 "Consolidated and individual accounts".

IFRS 11 Joint agreements

IFRS 11 regulates the capitalisation of situations in which a company exercises joint management (joint venture) or a joint activity (joint operation). In future only the equity method is permissible for the capitalisation of joint ventures/operations. The pro-rata consolidation which was applicable hitherto will be abolished. The new standard replaces IAS 31 "Shares in joint ventures" and SIC-13 "Jointly managed companies – non-monetary investments through partner companies".

IFRS 12 Details on shares in other companies

IFRS 12 combines all details in the notes in one standard, which a company with shares or an investment in another company must fulfil; 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 previous regulations to the details in the notes in IAS 27, IAS 28, IAS 31 and SIC-12.

Change to IAS 27 Consolidated and individual accounts

As a result of the new rules specified in IFRS 10, the new IAS 27 includes only rules, which are only relevant for separate individual accounts drawn up in accordance with IFRS.

Change to IAS 28 Shares in associated companies

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

Changes to IFRS 10, IFRS 11 and IFRS 12: Consolidated accounts, joint agreements and details on participations in other companies: transitional guidelines

This changed standard permits simplifications with regard to the first-time application of IFRS 10, IFRS 11 and IFRS 12.

The Group is currently examining which effects the first application and the changes of the new and changed standards will have on consolidation, joint agreements and details on participations in future Group accounts and assumes that there will be no material effects.

IFRS 13 Valuation at fair value

In May 2011 IASB published the new standard, IFRS 13 "Valuation at fair value". IFRS 13 includes a definition of fair value as well as rules how this is to be established, if other IFRS rules prescribe value at fair value as a standard. The standard itself does not include any instructions with regard to the cases in which fair value must be established. With the exception of the explicitly excluded standards in IFRS 13, this defines standard details for the notes for all assets and liabilities, which must be valued at fair value as well as for all assets and liabilities for which the indication of the fair value is required as details in the notes; in this respect 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 extended details to the notes.

The following changes will from today's point of view have no effect on the consolidated accounts:

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

In June 2011 IASB published changes to IAS 1 "Presentation of the accounts" under the heading "Presentation of the items of other result". The changes require a division of the items presented in other comprehensive income into items, which will at a later date be reclassified in the statement of comprehensive income (so-called recycling) and such items where this is not the case.

Changes to IAS 19 Pension benefit payments to employees

In June 2011 IASB published changes to IAS 19 "payments to employees". The changes concern primarily the abolishment of the postponed inclusion of actuarial profits and losses (so-called corridor method) in favour of an immediate inclusion in other comprehensive income within shareholders' equity, the presentation of changes in net liabilities/assets from performance-related pension plans as well as the inclusion of a net expense or income from the net liabilities or net assets of a pension plan. Moreover, additional details in the notes are required on the characteristics of the pension plans as well as the risks for the company pertaining thereto.

Change to IFRS 1: Excessively high inflation and withdrawal of a fixed date for first-time application

The change specifies that a company, which draws up IFRS accounts for the first time after a phase of "extremely high inflation", will have a further exception with regard to the otherwise obligatory condition for a recto active application of all IFRS.

Moreover, IFRS 1 included hitherto the rule whereby on the occasion of first-time application the charge-off regulations of IAS 39 had to be applied prospectively for all transactions which occurred on or after January 1, 2004. The fixed date of "January 1, 2004" has now been replaced by "the date of the transition to IFRS", so that the first-time users only have to apply the charge-off regulations of IAS 39 prospectively to transactions following the date of adoption of IFRS.

Change to IAS 32: Netting of financial assets and financial liabilities and IFRS 7: Financial instruments: details – netting of financial assets and financial liabilities

IASB has published a change in the application instructions included in IAS 32 "Financial instruments: presentation", in order to clarify some prerequisites for the netting of financial assets and financial liabilities in the statement of financial position. In principle the changes leave the current netting model in accordance with IAS 32 unchanged.

The changed requirements for details demand more comprehensive information than at the present time and in particular the scope of the quantitative information has been extended. Apart from financial instruments, which are netted in the statement of financial position in accordance with IAS 32, the new obligations for details concern also financial instruments which are only the object of certain intercompany settlement agreements, and do not depend on the question whether a netting has actually taken place in the statement of financial position.

Change to IAS 12: Deferred taxes – realisation of underlying assets

The valuation of deferred tax liabilities and deferred tax claims depend on whether the book value of an asset is realised through use or through sale. Through the change to IAS 12 there is an obligatory rule of exception for buildings held as a financial investment. This rule of exception is also valid for buildings which are presented as a financial investment for the first time within the context of the acquisition of a company, if these should also be presented at fair value within the context of a subsequent valuation.

IFRS 1 Loans from the public sector

This change introduces a new exception for the basically retrospective application of IFRS for a first time application. The regulation of IAS 20.10A, according to which public loans, which are granted at an interest rate lower than the market rate, must be included in accordance with the regulations of IAS 39 (or in future of IFRS 9) and must therefore be valued at their fair value; this must be applied to prospectively low interest rate public loans which are granted on or after the adoption date. With regard to the public loans existing already at the time of adoption the valuation can thus be effected on the basis of the currently existing accounting rules for the IFRS opening statement of financial position.

IFRIC 20: Waste disposal costs in the production stage of an above ground mine

IFRIC 20 concerns the question of the presentation and the valuation of costs incurred during the operations for the removal of waste at above-ground mines. The capitalisation of the costs incurred during the production phase depends on the advantages the company may obtain from the removal of the waste.

Change to IFRS 10, IFRS 12 and IFRS 27: Investment companies

With this change IFRS 10 includes a definition of the term “investment company”.

In order to be considered as an investment company a company must fulfil three criteria and have in addition four further typical qualities. An investment company does not consolidate its subsidiaries unless the subsidiary provides exclusively services for the investment activity. An investment company capitalises its subsidiaries in accordance with IFRS 9 (or AS 39) with effect on the statement of comprehensive income at fair value. The parent company of an investment company, which itself does not fulfil the criteria of an investment company, must consolidate the investment company and its subsidiaries. Thus the valuation at fair value undertaken by the subsidiary cannot be maintained.

AIP 2009-2011: Annual improvement project (2009-2011)

In June 2011 IASB published the fourth annual collective standard as a draft for the effecting of necessary changes to five standards. With these changes lack of clarification should be removed with regard to existing IFRS. The adoption of the final standard by the EU is expected during the 1st quarter 2013. Insofar as there are no further instructions below the proposed changes are to be applied prospectively as from January 1, 2013. Clarifications are being made in in following areas

- Requirements for voluntary comparative information (IAS1)
- Classification of maintenance equipment as inventory or fixed assets (IAS 16)
- Income tax consequences from the distribution to the owners of a shareholders’ equity instrument and from transaction costs from a shareholders’ equity transaction (IAS 32 and IAS 12)
- Details on segment information in an interim report (IAS 34)

III. 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 companies were included for the first time in the scope of consolidation (in parentheses: date of first consolidation and percentage holding):

1. PNE WIND Romania Energy Holding SRL, Bucharest, Romania (80 percent shares via PNE WIND Ausland GmbH, Cuxhaven, first consolidation as at May 10, 2012) (Established)
2. S.C. PNE WIND MVI SRL, Bucharest, Romania (99.9 percent share via PNE WIND Romania Energy Holding SRL, Bucharest, and 0.1 percent via PNE WIND Ausland GmbH, Cuxhaven, first consolidation as at August 31, 2012) (Established)
3. S.C. EVN WINDPOWER DEVELOPMENT & CONSTRUCTION S.R.L., Bucharest, Romania (99 percent share via PNE WIND Romania Energy Holding SRL, and 1 percent via PNE WIND Ausland GmbH, Cuxhaven, first consolidation as at November 14, 2012) (Acquisition)
4. Chilocco WIND FARM LRCR, Chicago, USA (100 percent share via PNE WIND USA Inc., Chicago, USA, date of first consolidation: October 1, 2012) (not consolidated in the prior periods due to immaterial effect)
5. PNE WIND Verwaltungs GmbH, Cuxhaven (100 percent share via PNE WIND AG, Cuxhaven, date of first consolidation: November 21, 2012) (Established)
6. PNE WIND Park II GmbH & Co. KG, Cuxhaven (100 percent share via PNE WIND AG, Cuxhaven, date of first consolidation: October 1, 2012) (not consolidated in the prior periods due to immaterial effect).

The object of the companies No. 1 – 4 is the projecting and realisation of wind farms in the corresponding 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 company No. 5 is the planning and realisation of projects in the area of renewable energies, in particular of wind farms and the assumption of the management of limited partnerships, which operate such projects, insofar as the Company acts as limited partner in the corresponding limited partnership.

The object of the company No. 6 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.

Company No. 3 was acquired with the objective of implementing a project. The transaction is classified as a corporate merger, since it represents the transfer of business operations within the meaning of IFRS 3.

The identifiable assets and liabilities of the company presented within the context of the first consolidation were of immaterial significance for the asset, financial and earnings situation of the Group.

Trade receivables and other receivables acquired were included at full value but were in total immaterial. Revenues did not change due to the inclusion of the company into the scope of consolidation during the period under report. EBIT did not change materially due to the inclusion into the scope of consolidation. No material transaction costs were incurred within the context of the acquisition.

The amount presented at the date of the acquisition of the non-controlled part of the company amounts to TEUR 8.

The book value and fair value of the identified assets and liabilities of companies 1 – 6 were at the time of the first consolidation immaterial for the asset, financial and earnings situation of the Company.

During the period under report the shares in the following companies included in the scope of consolidation were increased:

1. PNE WIND Renewable Solutions LLC, Minnesota, USA (from 75.0 percent to 100 percent, held by PNE WIND USA Inc., Chicago, USA),
2. Underwood Windfarm LLC, Minnesota, USA (from 75.0 percent to 100 percent, held through PNE WIND Renewable Solutions LLC, Minnesota, USA),
3. Butte Windfarm LLC, Minnesota, USA (from 75.0 percent to 100 percent, held through PNE WIND Renewable Solutions LLC, Minnesota, USA).

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

Thereafter, the scope of consolidation as at December 31, 2012 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, 2012, are included in the “list of companies included in the consolidated annual accounts and list of ownership share” under Point II “companies not included in the scope of consolidation due to lack of material importance”.

2. Divestment of companies

During the fiscal year 2012 the following companies were deconsolidated:

1. Plambeck Neue Energien Windpark Fonds CV GmbH & Co. KG, Cuxhaven,
2. PNE Gode Wind I GmbH, Cuxhaven,
3. PNE Gode Wind II GmbH, Cuxhaven.

Through the deconsolidation of Plambeck Neue Energien Windpark Fonds CV GmbH & Co. KG assets in the amount of a total of euro 18.3 million, which were attributable mainly to the capitalised services of the company and liabilities for the financing of the wind farm in the amount of euro 18.6 million were eliminated. The funds received for the sale of the company amounted to TEUR 3. No material cash balances were eliminated within the scope of the deconsolidation.

PNE WIND AG sold its offshore wind farms "Gode Wind I – III" to the Danish power supplier DONG Energy. The shares in the "Gode Wind I and II" projects have already been transferred 100 percent to DONG Energy. PNE WIND AG has already received an immediate payment in the amount of approximately euro 57 million for the shares and the project development costs incurred. Following the achievement of determined project progress stages additional major partial payments for the sale of the projects are expected to be received up to 2015 in the cumulative amount of about euro 100 million. Major project progress stages include the investment decisions for the offshore projects "Gode Wind I and II". The shares in "Gode Wind III" will be transferred to the purchaser when the permit for this wind farm project is issued by the Federal Office for Shipping and Hydrographics (BSH).

Through the deconsolidation of Gode Wind I GmbH assets in the total amount of euro 27.0 million and liabilities in the amount of euro 5.0 million were eliminated at Group level.

Through the deconsolidation of Gode Wind II GmbH assets in the total amount of euro 17.1 million and liabilities in the amount of euro 0.2 million were eliminated at Group level.

The cash and cash equivalents of the "Gode Wind I and II" projects, which were eliminated within the context of the transaction amounted to TEUR 141.

With regard to the effects on the Group result please refer to the explanations under Point VI in the statement of comprehensive income as well as in the segment reporting.

3. Methods of consolidation

The basis for the consolidated financial statements are the annual financial statements of the companies included in the consolidation, partly audited by the auditors and drawn up as at December 31, 2012 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. Intercompany 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.

IV. 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 in particular to the schedule of fixed assets.

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

1. Intangible assets

Concessions, trademarks 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. Their expected economic life 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 statement of comprehensive income.

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. Non-interest-bearing loans, as well as those with low rates of interest, are stated at their discounted cash value.

5. Deferred taxes

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

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

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

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

6. Discontinued operations and divisions

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

7. Inventories

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

8. Accounting for long term construction contracts

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

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

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

9. Receivables and other assets

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

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

10. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position include cash on hand, cash in banks and short term deposits with original maturities of less than three 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 is 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 their acquisition cost. Insofar as there is impairment, this will be determined as a difference between the book value and the fair market value of the expected future cash flow.

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 fair value can be classified and allocated to (value) grades depending on the importance of the factors and information used for their valuation. The classification of a financial instrument into a grade takes place according to the importance of its input factors for the total valuation and more specifically according to the lowest grade whose input is significant for the valuation as a whole. The valuation grades are broken down hierarchically in accordance with their input factors:

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

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

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

For details please see the explanations to the various items of the statement of financial position.

12. Provisions

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

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

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

Apart from legal pension obligations, 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 X.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.6.

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 parent 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.

V. 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 20,282 (prior year: TEUR 20,310) 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 fair value less cost to sell.

For the testing of the carrying value of the goodwill of the cash generating unit, projecting of wind power turbines, which represents a major portion of this item of the statement of financial position, the future cash flows were drawn up from the detailed plans for the next 3 years. For the period thereafter no growth discount was taken into consideration. The average weighted capital cost rate used for the discounting of the forecasted cash flow amounts for the detailed planning phase and for the subsequent period to 6.64 % (prior year: 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 average weighted capital cost rate used for the discounting of the forecasted cash flow amounts to 4.07 % (prior year: 3.8 %) for the detailed planning phase as well as for the subsequent period.

Key assumptions for the calculation of the fair value less cost to sell of the business units as at December 31, 2012 and as at December 31, 2011:

Projecting of wind power turbines

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

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

Average weighted capital cost rate: the calculation of own capital costs takes place through the application of the capital asset pricing model (CAPM). The costs of third party capital before taxes were stated at an interest rate of 3.28 %.

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

in TEUR	Projecting of wind power turbines		Electricity generation		Total	
	2012	2011	2012	2011	2012	2011
Book values of goodwill	20,000	20,000	282	310	20,282	20,310

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 28 was effected for this wind farm.

2. Property, plant and equipment

Technical equipment and machinery includes a transformer station (Kletzke transformer station) acquired on the basis of financial leasing, which is capitalised at acquisition cost in the amount of TEUR 869 (prior year: TEUR 950). 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 185 (prior year: TEUR 198), are included in the item.

During the fiscal year 2012 no impairment was carried out on long term financial assets.

4. Assets and liabilities designated for sale

The Group intends to sell on a participation acquired at the end of 2012 at the beginning of the following year. The participation is included in the item "assets designated for sale" with a book value of TEUR 650. Furthermore, the item includes an amount of TEUR 622 with regard to project service costs relating to the sale of PNE Gode Wind III GmbH under postponed conditions (see Tz IV.6).

5. Inventories

in TEUR	31.12.2012	31.12.2011
Materials and supplies	103	66
Work in process	24,641	12,588
Finsished goods	113	3
Prepayments	3,189	1,439
	28,046	**14,096**

During the fiscal year 2012 write-downs in the amount of TEUR 462 (prior year: TEUR 1.297) to the net sale value were charged with regard to inventories and booked as expense. The expense is included in the changes in inventory levels.

In total costs incurred for inventory were charged to the statement of comprehensive income in the amount of TEUR 12,515 (prior year: 3,447).

The work in process includes assets in the amount of TEUR 14,110 (prior year: TEUR 6.980), which are expected to be realised or fulfilled after a period in excess of twelve months.

6. 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 0 (prior year: TEUR 11,433). After being netted with the payments received the following net balance occurs which is shown under trade receivables:

in TEUR	31.12.2012	31.12.2011
Costs including partial profits	0	11,433
Prepayments received	0	-2,511
	0	**8,922**

Trade receivables

During the fiscal year 2012 write-downs in the amount of TEUR 10 (prior year: TEUR 30) 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):

in TEUR	2012	2011
1.1.	1,662	1,905
Additions	10	30
Uses (-)	438	0
Release (-)	626	273
31.12.	608	1,662

The total written down receivables amounted to TEUR 1,557 (prior year: TEUR 2,619) as at December 31, 2012.

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.

Apart from trade receivables, loan receivables and liquid funds are also included under financial assets. All these items are categorised as credits and receivables as per IAS 39 and are primarily due in the short term. For this reason the book values as at the date of the statement of financial position correspond very closely with the fair values. Net results included in the category credits and receivables amount to TEUR 616 (prior year: TEUR 243) for impairments, which were included in other operating income and expense as well as an amount of TEUR 177 (prior year: TEUR 425) for interest income which is stated in the financial result.

7. Shareholders' equity

Capital subscribed

As at January 1, 2012 the share capital of the Company amounted to EUR 45,777,960.00 (prior year: EUR 45,775,826.00), divided into 45,777,960 (prior year: 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 2012 the Company issued 7,909 (prior year: 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 45,785,869.00 (prior year: TEUR 45,777,960), divided into 45,785,869 (prior year: 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 Sentence 8 of the German Stock Corporation Act and which are sold under the exclusion of the subscription rights in accordance with Section 186 Paragraph 3 Sentence 4 of the German Stock Corporation Act shall be taken into consideration with regard to this 10 % limit. Furthermore, this limitation is also applicable to shares which were or are issued to serve convertible or option loans insofar as the bonds are issued with the exclusion of the subscription rights in application of Section 186 Paragraph 3 Sentence 4 of the German Stock Corporation Act;
- exclude the subscription rights of the shareholders for the purpose of acquiring property, plant and equipment, in particular through the acquisition of companies or participations in companies or through the acquisition of other economic assets, if the acquisition or the participation is in the best interests of the company and will be effected through the issue of shares;

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

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

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

On June 18, 2009 the Board of Management resolved for the first time with the approval of the Supervisory Board of the same day to increase the share capital of the Company through the use of the authorised capital by up to 4,127,496.00 and to grant the shareholders a subscription right for the new shares. On the basis of this resolution a capital increase in the volume of EUR 3,250,000.00 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 amounted thereafter to EUR 16,123,838.00 as at December 31, 2010.

During the year under report 2012 no use was made of the authorised capital. The authorised capital as at December 31, 2012 therefore remained at EUR 16,123,838.00.

Conditional capital 2009/I

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 2009/I). 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 2009/I was thus partially used in the total amount of EUR 13,358,181.00.

Capital reserve

The premium paid on the shares issued and the equity share of the convertible bond are included in the capital reserve.

Own shares

Own shares result from the share buy-back programme of PNE WIND AG. The Board of Management is making use with the share buy-back programme of the authorisation resolution of the general meeting of May 14, 2009. This resolution authorises the Board of Management up to May 13, 2014 to buy back own shares with a volume of up to 4,126,700. During the period from December 4, 2012 to probably June 30, 2013 the Board of Management is thus buying back own shares through the stock market with a volume of up to 4,126,700 shares corresponding to a share of approximately 9 percent of the current subscribed capital of the Company. As at December 31, 2012 the Company held 672,955 own shares with a nominal value of EUR 1.00 each. This corresponds to a share of about 1.5% of the capital subscribed.

Foreign currency reserve

The foreign currency reserve includes exchange differences from the conversion of the functional currency of foreign business units into the currency of report of the Group.

Group result of statement of financial position

Profits and losses are accumulated in the Group result of statement of financial position. Within the context of the dividend distribution in 2012, dividends (EUR 0.04 per share) from the Group result of statement of financial position were as in the prior year taken from the retained profits in the statement of financial position presented in the accounts of PNE WIND AG drawn up in accordance with the German Commercial Code in the amount of TEUR 1,831 and distributed to the shareholders. The Board of Management proposes to distribute from the retained profits in the statement of financial position of the parent company in the amount of EUR 34,306,577.94 an eight percent dividend as well as a two percent special dividend for each share with profit sharing rights at a nominal amount for the fiscal year 2012. The remaining retained profits in the statement of financial position should be carried forward for new account.

8. Minority interests

Negative minority interests in the amount of TEUR 3,076 (prior year: TEUR 2,207) 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 2,994 (prior year: TEUR 1,872).

9. 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 as well as for the extension of the building as well as for fixtures and fittings.

The release of the investment grants are based on the useful life of the underlying assets. During the year under report a total amount of TEUR 47 (prior year TEUR 47) was released.

10. Provision for taxes

The provision for taxes include current taxes on income, which were set up for the past fiscal years as well as for the fiscal year 2012.

11. Other provisions

The other provisions developed as follows:

in TEUR	1.1.2012	Use	Release	Additions	Consolidation / Reclass.	31.12.2012
Distribution guarantees Silbitz	1,276	361	0	80	0	995
Court costs	334	139	43	286	0	438
Other	114	0	0	25	-25	114
	1,724	**500**	**43**	**391**	**-25**	**1,547**

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 1.0 million. Furthermore, PNE WIND AG has given a contractual commitment to the limited partners participating in the operating company of HKW Silbitz that it would reacquire their limited partnership shares at be 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, 2012 under the financial liabilities in the amount of approximately EUR 5.4 million (prior year: EUR 5.0 million).

12. 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	Category as per IAS 39	Total	up to 1 year	1 to 5 years	more than 5 years	Fair Value
As at 31.12.2012						
Accounts payable	FLAC	4,696	4,696	0	0	4,696
Fixed interest						
Participation certificates	FLAC	843	0	843	0	843
Loans	FLAC	28,898	0	28,898	0	22,737
Liabilities to banks	FLAC	36,975	6,849	16,465	13,661	38,618
Other financial liabilities	FLAC	5,570	133	5,437	0	6,103
Liabilities from leasing contracts	FLAC	608	106	502	0	608
Variable interest						
Liabilities to banks	FLAC	779	779	0	0	779
Other financial liabilities	FLAC	0	0	0	0	0
Derivatives						
Interest swaps	FLHfT	2,171	508	1,428	235	2,171
		80,540	**13,071**	**53,573**	**13,896**	**76,555**
As at 31.12.2011						
Accounts payable	FLAC	6,522	6,522	0	0	6,522
Fixed interest						
Participation certificates	FLAC	843	0	843	0	843
Loans	FLAC	28,484	0	28,484	0	24,318
Liabilities to banks	FLAC	43,316	7,036	16,232	20,048	45,422
Other financial liabilities	FLAC	5,146	135	0	5,011	5,766
Liabilities from leasing contracts	FLAC	714	106	425	183	714
Variable interest						
Liabilities to banks	FLAC	1,192	1,192	0	0	1,168
Other financial liabilities	FLAC	3,387	3,387	0	0	3,387
Derivatives						
Interest swaps	FLHfT	1,679	399	1,079	201	1,679
		91,283	**18,777**	**47,063**	**25,443**	**89,819**

FLHfT = available for sale
FLAC = financial liabilities at acquisition cost

The fair values of the financial instruments listed in the tables were determined on the basis of the market information available as at the date of the statement of financial position and the following methods and assumptions presented below. The fair value is determined in agreement with generally accepted valuation models based on discounted cash flow analyses and making use of current observed market prices for similar instruments. With regard to the determination of the fair values of the liabilities to banks and the other financial liabilities current interest rates are applied at which similar loans with identical maturities could have been taken down as at the date of the statement of financial position.

It has been assumed that in the case of the accounts payable and the other financial liabilities the fair values correspond to the book values of these financial instruments in view of the short term maturities.

The net results of the financial liabilities at acquisition cost consist exclusively of interest in the amount of TEUR 4,249 (prior year: TEUR 4,629), which is included in financing expense.

The net result of the financial liabilities available for sale is attributable to the subsequent valuation at fair value in the amount of TEUR 492 (prior year: TEUR 1,056).

Participation certificates

Through a resolution of the general meeting of shareholders of November 4, 2003 the Board of Management was authorised, subject to the approval of the Supervisory Board, to issue participation certificates on one or several occasions up to September 30, 2008. The maturity of the participation certificates may amount to up to 20 years. The total nominal amount of the participation certificates issued may not exceed EUR 100,000,000.00. The participation certificates issued on the basis of this authorisation may not include any conversion or option rights in respect of shares of PNE WIND AG. The participation certificates can only be issued in euro. The shareholders shall be granted the legal subscription rights. The participation certificates can also be offered to a third party, in particular to a bank or a bank consortium, with the obligation that they offer these to the shareholders for subscription. The Board of Management was, however, authorised, subject to the approval of the Supervisory Board, to exclude the subscription rights of the shareholders in the case of fractional amounts.

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

The participation certificates have the following major features: the participation certificates issued are bearer instruments and are divided into participation certificates with a nominal value of EUR 100.00 each, which all have equal rights. The holders of the participation certificates shall receive a distribution for each fiscal year within the term of the certificates, which shall have priority over the profit share of the shareholders of the issuer; this shall be determined as follows: a) distribution amount of 7% of the nominal value of the participation certificates and b) a profit-related return of up to 3% of the nominal value of the participation certificates. As a result of the profit-related return the distribution can increase to up to 10% of the nominal value of the participation certificates, depending on the amount of the result earned by the issuer. The basis for the calculation of the profit-related return is the net income in accordance with

Article 275, Paragraph 2, No. 20 of the German Commercial Code (HGB) plus taxes on income (Article 275, Paragraph 2, No. 18 of the German Commercial Code) as reported in the annual financial statements of PNE WIND AG drawn up in accordance with the regulations of the German Commercial Code for the corresponding past fiscal year.

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

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

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

In accordance with the regulations of IAS 32 the participation certificates shall be stated as third party capital. The liability from the participation certificate capital as at December 31, 2012 amounted to EUR 842,800.00.

During the year under report the Company did not repurchase any participation certificates. In the prior year 390 participation certificates with a nominal value of TEUR 39 were repurchased.

The number of participation certificates outstanding as at December 31, 2012 amounted to 8,428 (prior year: 8,428).

Loans

The loans developed as follows:

in TEUR	2012	2011
Convertible loan 2009:		
- Status as at January 1	3,723	3,681
- Issued/accrued interest	46	42
- Converted	0	0
Status as at December 31	**3,769**	**3,723**
Convertible loan 2010:		
- Status as at January 1	24,761	24,416
- Issued/accrued interest	385	350
- Converted	17	5
- Status as at December 31	**25,129**	**24,761**
Total	**28,898**	**28,484**

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 2009/I (see above under point 7.) 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.

Neither during the year under report nor in the prior year were any conversion rights exercised by the holders of the convertible bonds 2009/2014.

During the year under report interest of TEUR 46 (prior year: 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 7.) 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 174 (prior year 47) bonds in the total nominal amount of EUR 17,400.00 (prior year: EUR 4,700.00) exercised their conversion rights so that a total of 7,909 (prior year: 2,134) new registered no par value shares of PNE WIND AG were issued.

During the year under report interest of TEUR 385 (prior year: 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 as in the prior year 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 2012 as in 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 2022.

Of the liabilities to banks an amount of TEUR 38,036 (prior year: TEUR 44,782) 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 3,214) (prior year TEUR 4,282)
2. Assignment of the rental income from the property at Peter-Henlein-Str. 2 - 4, Cuxhaven
3. Assignment of the Laubuseschbach wind farm (amount drawn down: TEUR 390) (prior year: TEUR 556) as well as pledge of all receivables of this wind farm

4. 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 28,929) (prior year: TEUR 32,034)
5. Assignment of all rights from contracts in connection with the timber biomass power station Silbitz as well as the pledge of all receivables of this timber biomass power station (amount drawn down: TEUR 4,061) (prior year: TEUR 4,738)
6. Assignment of all rights from contracts in connection with the Zernitz II project as well as the pledge of all receivables of this wind farm (amount drawn down: TEUR 1,442) (prior year: TEUR 0)
7. Pledge of bank balances in the amount of TEUR 459 (prior year: TEUR 979)

As at December 31, 2012 the Group had available credit lines for project bridge financing granted in the amount of approximately EUR 17.6 million (prior year: 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

The other financial liabilities include a contractual undertaking from PNE WIND AG to the limited partners owning the operating company HKW Silbitz, whose limited partnership shares will be acquired back at the beginning of 2017 for a price in the amount of 110 percent of the nominal amount. Due to this undertaking a discounted purchase price liability is included in the other financial liabilities as at December 31, 2012 in the amount of approximately euro 5.4 million.

The loan stated in the prior year to EnBW Erneuerbare Energien GmbH, Stuttgart, was repaid in 2012.

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 869 (prior year: TEUR 950) 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	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
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	502	425
With a maturity of more than five years	16	188	0	183
	876	**1.048**	**608**	**714**
Less:				
Future financing costs	-268	-334		
Discounted cash value of the leasing liabilities	**608**	**714**		
Amount due for repayment within twelve months (stated under short term liabilities)			106	106
Amount due for repayment after more than twelve months			502	608

The liabilities to leasing companies is secured in the amount of TEUR 608 (prior year: TEUR 714) through the pledge of the legal ownership in the Kletzke transformer station.

13. Other liabilities

Deferred sales

The item in the amount of TEUR 7,040 (prior year: TEUR 7,396) 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).

14. 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 Group 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 2,171. 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

In order to assure the permanent capability to pay as well as the financial flexibility of the Group, a revolving liquidity planning is drawn up, which shows the inflow and outflow of liquidity both in the short as well as in the medium and long terms.

The analysis of the maturities of the financial liabilities with contractual maturities Is shown under "12. Financial liabilities".

Market risk

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

Currency risks

The foreign currency rate risks of the Group 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 Group 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 Group 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 Group 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.

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

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

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

- Market interest rate changes of interest derivatives, which are not integrated into a hedging relationship in accordance with IAS 39, have an effect of the interest result (valuation result from the adjustment of the financial assets to the stated market value) and are thus taken into consideration in the sensitivity calculations in respect of the result.

If the market rate level as at December 31, 2012 had been 100 basis points higher or lower, no effects would have occurred with regard to a new valuation reserve in the shareholders' equity. Furthermore, the interest result would have been TEUR 30 lower/higher.

Other price risks

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

As at December 31, 2012 and December 31, 2011 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 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 (in the case of positive market value) or as other liabilities (in the case of 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 indeed taken into consideration in the monitoring of the capital structure, but which in total, however, have no significant effects on the capital structure and their availability at Group level.

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

in TEUR	31.12.2012	31.12.2011
Financial liabilities	75,845	84,761
./. Cash and cash equivalents	36,586	19,447
= Net third party debt	**39,259**	**65,314**
+ Shareholders' equity	86,595	74,702
= Total capital	**125,854**	**140,016**
Debt/equity ratio	**31.19%**	**46.65%**

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.

VI. 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 2012 are based on one project (see Sections IV No. 8 and V No. 6).

in TEUR	2012	2011
Revenues before HB II reconciliation	95,828	39,032
Revenues from stage of completion accounting	0	10,932
Reverse affect from stage of completion accounting	-11,433	-1,326
Share of revenues in stage of completion accounting	**84,395**	**48,638**

Against this share of the revenues from stage of completion accounting there are contract costs in the amount of TEUR 11,393 (prior year: TEUR -10,074), so that versus the stage of completion accounting of the prior year (TEUR 40) there resulted a partial profit realisation which was TEUR 40 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 627 (prior year: TEUR 572).
- During the fiscal year 2012 provisions in the amount of TEUR 85 (prior year: TEUR 700) 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	2012	2011
Wages and salaries	12,138	10,213
Social security contributions	1,387	1,237
	13,525	**11,450**
Average annual No. of employees	184	171
Personnel expenses per employee	74	67

During the fiscal year 2012 an amount of TEUR 17 was included in personnel expenses for the cost of retirement benefits (defined contribution plans) (prior year: TEUR 17).

The expenses for contribution based pension plans in accordance with IAS 19 amounted in the fiscal year 2012 to TEUR 495 (prior year: TEUR 585).

4. Other operating expenses

The other operating expenses include mainly the following items:

- Legal and consulting fees TEUR 2,662 (prior year: TEUR 1,975)
- Rental and leasing expenses TEUR 1,231 (prior year: TEUR 1,455)
- Provisions for doubtful accounts or losses on receivables TEUR 11 (prior year: TEUR 60)
- Advertising and travel expenses, TEUR 1.276 (prior year: TEUR 1,279)
- Vehicle expenses TEUR 661 (prior year: TEUR 534)

- EDP expenses TEUR 371 (prior year: TEUR 416)
- Insurances and contributions TEUR 682 (prior year: TEUR 653)
- Repair / maintenance cost (primarily Silbitz and Altenbruch) TEUR 707 (prior year: TEUR 1,065)

5. Other interest and similar income

The interest income includes loan and current account interest in the amount of TEUR 177 (prior year: TEUR 425).

6. Interest and similar expenses

Interest and similar expenses include mainly interest on the convertible loans TEUR 1,958 (prior year TEUR 1,959), interest on loans and overdrafts TEUR 2,091 (prior year: TEUR 2,341) and the change in value of derivative financial instruments TEUR 492 (prior year: TEUR 1,056). During the fiscal year 2012 interest on third party capital was capitalised in the amount of TEUR 153 (prior year: TEUR 697), at a capitalisation rate of 3.49 % (prior year: 4.41 %).

7. Taxes on income

The expenses from taxes on income are composed as follows:

in TEUR	2012	2011
Current taxes	75	244
Deferred taxes		
- from the effect of consolidations and HB II adjustments	-76	5
- from individual financial statements	-250	-124
	-326	**-119**
	-251	**125**

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 domestic tax loss carry forwards of approximately EUR 109 million (prior year: approximately EUR 102 million) as well as approximately EUE 11 million abroad (prior year: approximately EUR 7 million), which can be set off against future profits. In view of the loss situation in the past as well as the extensive tax freedom in respect of the sale of shares in capital companies in Germany, only deferred tax claims on tax loss carried forward are capitalised in the amount, which can be realised in the future through taxable results. The domestic losses can be carried forward for an unlimited period. With regard to the considerable losses in the USA and in the UK, the use of losses in the USA is limited to 20 years, whilst in the UK they are valid for an unlimited period.

The following table shows the reconciliation between the calculated tax expenses to those reported in the consolidated statement of comprehensive income:

in TEUR	2012	2011
Consolidated earnings before taxes	16,726	-4,930
Tax rates	30.0 %	30.0 %
Income tax expense - calculated	5,018	-1,479
Addition to value adjustment for tax loss carry forwards	4,980	0
Non-inclusion of deferred taxes	5,730	5,148
Use of loss carry forwards	-21	-418
Tax free gains on sales and other tax free income	-15,871	-3,139
Tax expense not relating to the period	17	29
Other differences	-104	-16
Reported tax expense	**-251**	**125**

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 %) has been assumed.

Deferred taxes existed as a result of differences in valuation in the following items of the statement of financial position:

in TEUR	Deferred taxes stated as assets	Deferred taxes stated as liabilities	Deferred taxes stated as assets	Deferred taxes stated as liabilities
	31.12.2012		31.12.2011	
Receivables and other assets	76	1	0	2,677
Inventories	0	0	1,352	0
Property, plant and equipment	0	98	608	307
Financial assets	0	0	0	0
Liabilities	382	278	504	1,161
Other provisions	570	0	2,421	0
	1,028	**377**	**4,885**	**4,145**
Tax loss carry forwards	1,389	0	1,389	0
Other consolidation effects incl. value adjustments	-1,162	272	-1,849	0
	1,255	**649**	**4,425**	**4,145**
Offsettable share	-279	-279	-3,773	-3,773
Deferred taxes	**976**	**370**	**652**	**372**

8. Earnings per share

Undiluted earnings per share

In 2012 the annual average number of registered shares amounted to a total of 45,764,115 (prior year: 45,777,149).

The undiluted earnings per share from continuing operations thus amounted per share to EUR 0.37 per share (prior year: EUR -0.09 per share).

	2012	2011
Consolidated net profit (TEUR)	16,977	-3,920
Weighted average of the sharess issued	45,764,115	45,777,149
Earnings per share (in EUR)	**0.37**	**-0.09**

Diluted earnings per share

The diluted earnings per share are calculated as follows:

	2012	2011
Consolidated net income before elimination of dilution effects (TEUR)	16,977	-3,920
- interest expense on convertible loan (TEUR)	1,371	1,371
Result after elimination (TEUR)	**18,348**	**-2,549**
Weighted average of shares issued before dilution effect (000)	45,764	45,777
+ weighted average of convertible shares	13,355	13,355
Weighted average of shares issued after dilution effect (000)	**59,119**	**59,132**
Diluted earnings per share (EUR)	**0.31**	**-0.04**

VII. Statement of cash flow

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

1. Liquid assets

The liquid assets correspond to the item shown in the statement of financial position: „cash and cash equivalents".

2. 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.

VIII. Schedule of shareholders' equity

Transaction costs

During the fiscal year 2012 no transaction costs were incurred as in the prior year.

IX. 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 18.0 million (prior year: euro 28.9 million), sales revenues of euro 8.6 million (prior year: euro 25.2 million), operating result of euro -1.1 million (prior year: euro 1.8 million), a share in segment assets of euro 153.1 million (prior year: euro 153.8 million) and a share in shareholders' equity of euro 44.6 million (prior year: euro 33.4 million) in the sub-segment wind power onshore Germany. In addition, wind power onshore abroad includes total aggregate output of euro 4.7 million (prior year: euro 3.2 million), sales revenues of euro 0.0 million (prior year: euro 0.0 million), operating result of euro -9.0 million (prior year: euro -4.9 million), a share in segment assets of euro 41.6 million (prior year: euro 27.7 million) and a share in shareholders' equity of euro -20.9 million (prior year: euro -11.4 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. During the year under report sales of euro 61 million (prior year: euro 13 million) were generated with one customer. No other single customer contributed 10 % or more to consolidated sales.

Long term assets are attributable regionally as follows:

in TEUR	2012	2011
Germany	81,810	133,163
Other countries	632	682
	82,442	**133,845**

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.

X. 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	31.12.2012	31.12.2011
Various wind power projects	568	784
Other	65	65
	633	**849**

Other financial obligations exist from rental leasing contracts in the amount of TEUR 753 (prior year: TEUR 1,036). The maturities of the rental and leasing obligations were structured as follows:

Rental and leasing obligations	2012	2011
Remaining maturity of up to one year	333	487
Remaining maturity 1 - 5 years	420	549
Remaining maturity in excess of 5 years	0	0
	753	**1,036**

Moreover, there are obligations from order commitments for wind power turbines in the net amount of TEUR 162,423 (prior year: TEUR 34,818). The obligations from order commitments are fully due within one year.

Other financial liabilities in the amount of TEUR 366 (prior year: TEUR 1,673) 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 six of which as a consultant), which are in different stages of development. The projects in which we work as a service provider include also "Gode Wind III" whose shares are still with PNE WIND AG, but which will be transferred to DONG Energy once the BSH approval has been obtained. The project areas lie within the Exclusive Economic Zone (EEZ) of the Federal Republic of Germany in the North Sea. The developments of these projects up to approval maturity involves considerable expenses for numerous ecological investigations as well as safety analyses. Without this preliminary work a permit from the Federal Office for Shipping and Hydrographics cannot, however, be obtained. 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 2012 the following announcements were made which concern the Company in accordance with Article 21 Paragraph 1 of the Securities Trading Law (WpHG):

Announced by the Baden-Württembergischen Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte:

The Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte, Tübingen, Germany, announced to us in accordance with Article 21 Paragraph 1 of the Securities Trading Law (WpHG), that the share of the Baden-Württembergischen Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte in the voting rights of PNE WIND AG exceeded the threshold of 3 % on February 20, 2012 and amounted on this day to 3.06 percent of the voting rights (1,400,000 voting rights).

Cuxhaven, February 20, 2012

Announced by LBBW Asset Management Investmentgesellschaft mbH:

LBBW Asset Management Investmentgesellschaft mbH, Stuttgart, Germany, announced to us in accordance with Article 21 Paragraph 1 of the Securities Trading Law (WpHG), that the share of the LBBW Asset Management Investmentgesellschaft mbH in the voting rights of PNE WIND AG exceeded the threshold of 3 % on February 20, 2012 and amounted on this day to 3.06 percent of the voting rights (1,400,000 voting rights). Of these 3.06 percent (1,400,000 voting rights) are to be allocated to LBBW Asset Management Investmentgesellschaft mbH in accordance with Article 21 Paragraph 1 No. 6 of the Securities Trading Law (WpHG)These concern in this respect the voting rights of the Baden-Württembergischen Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte, whose share of voting rights in PNE WIND AG amounts to more than 3 percent.

Cuxhaven, February 20, 2012

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 2012 there were the following transactions with related persons and companies:

- 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 2012 there were transactions in an amount of EUR 241,544.03 (prior year: EUR 229,370.51). These business transactions took place on an arm's length basis. As at December 31, 2012 there were liabilities from this transaction in the amount of TEUR 0 (prior year: TEUR 0).
- Costs in the amount of TEUR 150 (prior year: TEUR 0) were transferred onwards for the associated company New Energy Developments Ltd. As at December 31, 2012 liabilities from this transaction amounted to TEUR 4 (prior year: TEUR 0).

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

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

Supervisory Board

- Mr. Dieter K. Kuprian, Berlin, corporate consultant, general manager of GFM Gesellschaft für Mittelstandsberatung mbH, Berlin (Chairman)
- Dr. Peter Fischer, Cuxhaven, management consultant, (Deputy Chairman)
- Professor Dr. 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 and 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

Dr. Peter Fischer 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):

- 2D Holding GmbH, Laichingen

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

- First Climate AG, 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 Direct Energy S.A., Paris, France
- 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):

- Luxempart Capital Partners SICAR., Leudelange, Luxembourg
- Poweo Direct Energy S.A., Paris, France
- Foyer S.A., Leudelange, Luxembourg
- Indufin Capital Partners SICAR, Leudelange, Luxembourg
- QUIP AG, Baesweiler
- Banque Internationale a Luxembourg, Luxemburg, Luxembourg
- TRIEF Corporation WINVEST Sicar, Oranje Nassau Sicar (Luxembourg subsidiaries of the WENDEL Group, Paris), Luxembourg, Luxembourg
- SOCIPAR SA, Luxemburg, Luxembourg
- Algebra Gesellschaft für Beteiligungen mbH, Düsseldorf

During the fiscal year 2012 the fixed remuneration of the Supervisory Board amounted to TEUR 208 (prior year: TEUR 193. 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 240 (prior year: TEUR 1). During the fiscal year 2012 the total remuneration of the Supervisory Board amounted to TEUR 448 (prior year; TEUR 194). Furthermore, the Company bears the costs of a directors and officers (D&O) insurance for all members of the Supervisory Board.

Of the members of the Supervisory Board Mr. Dieter Kuprian held 10,000 (prior year: 0) shares and Mr. Jacquot Schwertzer 5,704 (prior year: 5,704) shares as at December 31, 2012.

Board of Management

- Herr Martin Billhardt, Cuxhaven (CEO)
- Herr Jörg Klowat, Cuxhaven, (CFO)
- Herr Markus Lesser, Kaarst, (COO)

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
- 2D Holding GmbH, Laichingen

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
- Waverock GmbH (in Gründung), Bonn

The members of the Board of Management received for their activities during the fiscal year 2012 total remuneration in the amount of TEUR 2,354 (prior year: TEUR 1,823), which was broken down as follows:

in TEUR	Fixed salary 2012	Variable salary 2012	Other remuneration 2012	Total remuneration 2012
Martin Billhardt	356	720	325	1,401
Jörg Klowat	199	175	131	505
Markus Lesser	213	117	118	448
	768	**1.012**	**574**	**2,354**

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 410,000 shares (prior year: 400,000 shares)were allocable to Mr. Martin Billhardt as at December 31, 2012; furthermore Mr. Jörg Klowat held 110,000 shares (prior year:100,000 shares) and Mr. Markus Lesser 55,500 shares (prior year: 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 of financial statements (individual and consolidated financial statements)	TEUR 247[1)]
Validation services	TEUR 53
Other services	TEUR 15

[1)] Of which for the prior fiscal year: TEUR 40

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. Once every year the Board of management and the Supervisory Board must make a declaration in which they announce insofar the regulations of the Corporate Governance Code have been complied with.

The last declaration of compliance was issued on August 28, 2012 with the following text:

„The Board of Management and the Supervisory Board of PNE WIND AG declare that they have complied and will comply with the recommendations of the Government Commission of the German Corporate Governance Code, which was announced by the Federal Ministry of Justice in the official section of the Bundesanzeiger (version of May 15, 2012) since August 24, 2011, the date of the declaration of the prior year, with the exception of the following rules:

1. Agreement of a compensation CAP (No. 4.2.3 of the Code)

The Code recommends that a CAP should be agreed with regard to compensation in the contracts of the members of the Board of Management, which in the event of a premature for no important reason of the activity of a member of the Board of Management is to be paid to the corresponding member of the Board of Management. No such provision was included in the old contracts concluded with the members of the Board of Management of PNE WIND AG prior to the coming into force of this recommendation. In the meantime, however, the corresponding recommendation of the Code is taken into consideration in the contracts of the members of Board of Management, which are currently valid.

2. Focussing of the success related compensation of the members of the Supervisory Board to a sustainable development of the company (No. 5.4.6 of the Code)

The members of the Supervisory Board receive a total remuneration which contains fixed and variable portions, as has been determined in the articles of association by the general meeting of shareholders. A success related remuneration including elements of the long term corporate success was not in this respect foreseen by the general meeting of shareholders: instead, the success related remuneration depends exclusively on the results of the corresponding last fiscal year.

3. Public access to interim reports within 45 days following the end of the period under report (No. 7.1.2 of the Code)

By way of exception PNE WIND AG made its half year financial report 2012 available to the public only after more than 45 days following the end of the period under report, in order to take into consideration key foreseeable events following the end of the period under report and thus to be able to give a clear picture of the real situation of the company with the half year financial report. However, as with the interim reports preceding this half year financial report the recommended period of 45 days would again be maintained for future interim reports, insofar as no special circumstances would be appropriate for a new deviation.

Cuxhaven, August 28, 2012"

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

8. Information on employees

Average annual number of employees

	2012	2011
Wage-earning employees	25	25
Salaried employees	128	119
Executives (excluding Board of Management of PNEWIND AG)	28	24
	181	**168**

9. Events following the date of the statement of financial position

At the end of January 2013 PNE WIND AG received a further milestone payment in the amount of euro 25 million from the sale of the "Gode Wind I to III" offshore wind farm projects. The prerequisite for this was the completion and delivery of a construction site study for the Danish power supplier, DONG Energy as purchaser of the offshore projects. This receivable, which was capitalised by PNE WIND AG in the 3rd quarter 2012 was now paid on schedule by Dong Energy after prior examination of the construction site study.

Since December 4, 2012 PNE WIND AG has purchased own shares within the context of a share buyback programme. On February 8, 2013 the share of PNE WIND AG in its own shares exceeded the threshold of 5 percent and amounted on this day to 5.32 percent (2,437,363 voting shares) voting shares.

PNE WIND AG is aiming to place probably during the first half year 2013 a corporate bond in the amount of euro 100 million on the Prime Standard of the German Stock Market.

The objective of this measure is the financing of the non-organic and organic growth of PNE WIND AG in the future. The planned corporate bond is in part also related to the discussions which PNE WIND AG is currently conducting in respect of the possible acquisition of more than 50 percent of the shares in a company. The target company is active primarily in the development and projecting of onshore wind farms both in Germany and abroad. The price indication for 100 percent of the company's shares amounts to euro 100 million.

Further possible uses for the funds from the bond are the expansion of the onshore and offshore pipeline by means of project purchases both at home and abroad as well as the bridge financing of the equity share of the German wind farm projects amounting to approximately 180 MW of nominal output, which are currently in the approval process and which will shortly be implemented. In this way wind farms, which are already fully constructed and taken into operation, can be offered to potential investors for purchase.

Cuxhaven, March 12, 2013

PNE WIND AG

Martin Billhardt	Jörg Klowat	Markus Lesser
Chairman of the Board of Management	Member of the Board of Management	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 group management report combined with the management report for the business year from 1 January to 31 December 2012. 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 Board of 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 the Board of 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/Germany, 12 March 2013

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Reiher)	(ppa. Wendlandt)
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 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

> “We confirm again this year our current three year forecast. For the period 2014 to 2015 we are expecting EBIT of between euro 60 and 72 million.”

Martin Billhardt | CEO

Financial statements of the AG

Profit and loss account (HGB)

of PNE WIND AG, Cuxhaven, for the period from January 1 to December 31, 2012

(differences from rounding off possible)		2012 EUR	2011 TEUR
1.	Revenues	24,810,613.79	17,981
2.	Decrease/Increase in work in process	3,627,300.74	-1,775
3.	Other operating income	51,848,688.57	14,898
4.	**Total aggregate output**	**80,286,603.10**	**31,104**
5.	Cost of purchased materials		
	a) Cost of raw materials, supplies and purchased materials	-13,526,468.99	-813
	b) Cost of purchased services	-14,468,775.45	-12,659
		-27,995,244.44	**-13,472**
6.	Personnel expenses		
	a) Wages and salaries	-9,109,243.75	-7,294
	b) Social security contributions	-878,051.71	-778
		-9,987,295.46	**-8,072**
7.	Amortisation and depreciation of intangible assets and items of property, plant and equipment	-659,596.98	-771
8.	Other operating expenses	-6,105,038.96	-7,132
9.	**Operating result**	**35,539,427.26**	**1,657**
10.	Other interest and similar income	1,800,080.64	1,983
11.	Amortisation of financial assets	0.00	-716
12.	Interest and similar expenses	-2,840,998.26	-2,649
13.	**Profit from ordinary operations**	**34,498,509.64**	**275**
14.	Taxes on income (prior year: taxes on income reimbursed)	10,794.52	0
15.	Other taxes	-76,469.66	-46
16.	**Net income**	**34,432,834.50**	**229**
17.	Profit carried forward	2,541,625.54	4,144
18.	Dividend	-1,831,118.40	0
19.	Take out for repurchase of treasury shares	-836,763.70	0
20.	**Retained earnings**	**34,306,577.94**	**2,542**
	Earnings per share (undiluted)	0.75 €	0.00 €
	Average number of shares in circulation (undiluted) (in thousands)	45,764	45,777
	Earnings per share (diluted)	0.61 €	0.03 €
	Average number of shares in circulation (diluted) (in thousands)	59,119	59,132

Balance sheet (HGB)

of PNE WIND AG, Cuxhaven, as at December 31, 2012

Assets

(differences from rounding off possible)		2012 EUR	2011 TEUR
A. Fixed assets			
I.	Intangible assets		
	Acquire by purchase franchises, trademarks, licences and other similar rights as well as licences from such rights	87,147.37	129
		87,147.37	**129**
II.	Property, plant and equipment		
	1. Land and buildings including buildings on third-party land	12,595,061.74	13,002
	2. Technical equipment and machinery	162,618.38	88
	3. Other plant and machinery, fixtures and fittings	354,341.30	436
		13,112,021.42	**13,526**
III.	Financial assets		
	1. Participations in associated companies	20,242,033.19	25,864
	2. Loans to associated companies	1,438,575.70	1,442
	3. Participations	57,325.78	42
		21,737,934.67	**27,348**
Total fixed assets		**34,937,103.46**	**41,003**
B. Current assets			
I.	Inventories		
	1. Work in process	6,421,102.42	3,253
	2. Finished goods	112,671.45	3
	3. Prepayments	3,189,189.11	5,037
		9,722,962.98	**8,293**
II.	Receivables and other assets		
	1. Trade receivables	1,061,867.52	2,822
	2. Receivables from associated companies	39,508,811.99	46,744
	3. Other assets	27,465,989.32	6,268
		68,036,668.83	**55,834**
III.	Cash on hand and cash in banks	32,764,049.92	15,983
Total current assets		**110,523,681.73**	**80,110**
C. Deferred charges		**169,928.12**	**330**
Total assets		**145,630,713.31**	**121,443**

Liabilities

(differences from rounding off possible)	2012 EUR	2011 TEUR
A. Shareholders' equity		
I. Capital issued / subscribed		
thereof capital subscribed	45,785,869.00	45,778
thereof treasury shares	-672,955.00	0
Conditional capital EUR 1,641,819.00	45,112,914.00	45,778
II. Capital reserves	18,746,135.48	18,737
III. Retained earnings	34,306,577.94	2,542
IV. Participation certificate capital	842,800.00	843
Total shareholders' equity	**99,008,427.42**	**67,900**
B. Special items for investment grants	**1,090,020.29**	**1,137**
C. Provisions		
Other taxes	6,321,371.93	7,019
	6,321,371.93	**7,019**
D. Liabilities		
1. Bonds	29,824,500.00	29,842
2. Liabilities to banks	3,214,065.39	4,282
3. Prepayments received on orders	1,414,534.00	2,511
4. Trade payables	1,496,345.73	1,610
5. Liabilities to associated companies	1,003,200.07	1,284
6. Other liabilities	2,152,745.48	5,745
Total liabilities	**39,105,390.67**	**45,274**
E. Deferred income	**105,503.00**	**113**
Total liabilities and shareholders' equity	**145,630,713.31**	**121,443**

Statement of cash flows (HGB)

of PNE WIND AG, Cuxhaven, for the period from January 1 to December 31, 2012

	All figures in TEUR (differences from rounding off possible)	**2012**	**2011**
	Net income	34,433	228
+	Amortisation and depreciation of intangible assets and items of property, plant and equipment	660	771
+	Amortisation of financial assets	0	716
-	Decrease / Increase in provisions	-698	-1,538
+/-	Other non-cash effective expenses and income	2	475
-	Gain from the disposal of fixed assets	-50,645	0
+/-	Decrease / increase of inventories and other assets	11,258	-22,089
+	Increase in trade receivables	1,760	6,230
-/+	Decrease / Increasein trade payables and other liabilities	-5,156	-865
	Cash flow from operating activities	**-8,386**	**-16,071**
+	Inflow of funds from disposal of items of property, plant and equipment	0	425
-	Outlow of funds for investments in intangible assets and property, plant and equipment	-204	-126
+	Inflow of funds from the disposal of financial assets	29,803	903
-	Outflow of funds for investments in financial assets	-40	-1,525
	Cash flow from investing activities	**29,559**	**-323**
+	Inflow of funds from issue of bonds	0	0
+	Payments to shareholder	17	5
+	Outflow of funds from the repayment of bonds and participation certificate capital	0	0
-	Outflow of funds from the repurchase of treasury shares	-1,831	-1,831
-	Outflow of funds from the repayment of financial loans	0	-39
-	Cash flow from financing activities	-1,510	0
-	Auszahlungen aus der Tilgung von Finanzkrediten	-1,068	-614
	Cash Flow aus der Finanzierungstätigkeit	**-4,392**	**-2,479**
	Cash effective change in liquid funds (< = 3 months)	**16,781**	**-18,873**
+	**Liquid funds (< = 3 months as at the beginning of the period**	**15,983**	**34,856**
	Liquid funds (< = 3 months as at the end of the period*	**32,764**	**15,983**
	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 credt lines	459	979

Development of shareholders' equity (HGB)

of PNE WIND AG, Cuxhaven, for the fiscal year from January 1 to December 31, 2012

All figures in TEUR (differences from rounding off possible)	**Capital issued / subscribed**	**Capital reserve**	**Participation certificate capital**	**Retained earnings / loss**	**Total shareholders equity**
Status as at January 1, 2011	**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
Increase 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**
Convertible bond 2010/2014	7,909.00	9,490.80	0.00	0.00	17,399.80
Dividend	0.00	0.00	0.00	-1,831,118.40	-1,831,118.40
Purchase of treasury shares	-672,955.00	0.00	0.00	-836,763.70	-1,509,718.70
Net income 2012	0.00	0.00	0.00	34,432,834.50	34,432,834.50
Status as at December 31, 2012	**45,112,914.00**	**18,746,135.48**	**842,800.00**	**34,306,577.94**	**99,008,427.42**

Schedule of fixed assets (HGB)

of PNE WIND AG, Cuxhaven, for the fiscal year 2012

All figures in TEUR (differences from rounding off possible)	Acquisition and manufacturing cost Status as at 1.1.2012	Additions	Disposals	Status as at 31.12.2012
I. Intangible assets				
Acquire by purchase franchises, trademarks and similar rights as well as licences to such rights	426,112.33	15,630.72	10,069.08	431,673.97
	426,112.33	**15,630.72**	**10,069.08**	**431,673.97**
II. Property, plant and equipment				
1. Land and buildings including buildings on third party land	16,963,889.12	14,899.40	0.00	16,978,788.52
2. Technical equipment and machinery	166,414.51	84,715.00	0.00	251,129.51
3. Other plant and machinery, fixtures and fittings	1,696,164.96	88,872.98	49,143.09	1,735,894.85
4. Prepayments and plant under construction	9,350.00	0.00	9,350.00	0.00
	18,835,818.59	**188,487.38**	**58,493.09**	**18,965,812.88**
III. Financial assets				
1. Shares in associated companies	28,727,060.27	483,997.98	6,106,069.75	23,104,988.50
3. Loans to associated companies	1,441,550.06	0.00	2,974.36	1,438,575.70
2. Participations	42,075.78	15,250.00	0.00	57,325.78
	30,210,686.11	**499,247.98**	**6,109,044.11**	**24,600,889.98**
	49,472,617.03	**703,366.08**	**6,177,606.28**	**43,998,376.83**

	Accumulated amortisation and depreciation				Book values	
	Status as at 1.1.2012	Additions	Disposals	Status as at 31.12.2012	Status as at 31.12.2012	Status as at 31.12.2011
	297,218.96	57,376.72	10,069.08	344,526.60	87,147.37	128,893.37
	297,218.96	**57,376.72**	**10,069.08**	**344,526.60**	**87,147.37**	**128,893.37**
	3,962,312.09	421,414.69	0.00	4,383,726.78	12,595,061.74	13,001,577.03
	78,211.17	10,299.96	0.00	88,511.13	162,618.38	88,203.34
	1,260,182.77	170,505.61	49,134.83	1,381,553.55	354,341.30	435,982.19
	9,350.00	0.00	9,350.00	0.00	0.00	0.00
	5,310,056.03	**602,220.26**	**58,484.83**	**5,853,791.46**	**13,112,021.42**	**13,525,762.56**
	2,862,955.31	0.00	0.00	2,862,955.31	20,242,033.19	25,864,104.96
	0.00	0.00	0.00	0.00	1,438,575.70	1,441,550.06
	0.00	0.00	0.00	0.00	57,325.78	42,075.78
	2,862,955.31	**0.00**	**0.00**	**2,862,955.31**	**21,737,934.67**	**27,347,730.80**
	8,470,230.30	**659,596.98**	**68,553.91**	**9,061,273.37**	**34,937,103.46**	**41,002,386.73**

Schedule of liabilities (HGB)

of PNE WIND AG, Cuxhaven, as at December 31, 2012

All figures in TEUR (differences from rounding off possible) (Prior years in brackets)		**Maturities**		
Type of liabilities	**Up to one year**	**One to five years**	**More than five years**	**Total amount**
1. Bonds	0.00 (0.00)	29,824,500.00 (29,841,900.00)	0.00 (0.00)	29,824,500.00 (29,841,900.00)
2. Liabilities to banks	1,605,943.24 (245,230.58)	1,608,122.15 (1,138,256.60)	0.00 (2,898,632.39)	3,214,065.39 (4,282,119.57)
3. Prepayments received on orders	1,414,534.00 (2,511,250.00)	0.00 (0.00)	0.00 (0.00)	1,414,534.00 (2,511,250.00)
4. Trade liabilities	1,496,345.73 (1,609,891.43)	0.00 (0.00)	0.00 (0.00)	1,496,345.73 (1,609,891.43)
5. Liabilities to participations	1,003,200.07 (1,284,492.05)	0.00 (0.00)	0.00 (0.00)	1,003,200.07 (1,284,492.05)
6. Other liabilities	2,152,745.48 (5,744,764.92)	0.00 (0.00)	0.00 (0.00)	2,152,745.48 (5,744,764.92)
of which from taxes: EUR 194,919.88 (prior year: TEUR 399)				
of which for social security: EUR 0,00 (prior year: EUR 0.00)				
Total	**7,672,768.52** **(11,395,628.98)**	**31,432,622.15** **(30,980,156.60)**	**0.00** **(2,898,632.39)**	**39,105,390.67** **(45,274,417.97)**

		Securities
		None
	1.	Registered mortgage of TEUR 10,007 on the property at Peter-Henlein-Str. 2-4, Cuxhaven. As at 31.12.2012 TEUR 3,214 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

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 combined management report of PNE WIND AG, Cuxhaven/Germany, for the business year from 1 January to 31 December 2012. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's Board of 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 the Board of 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/Germany, 12 March 2013

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Reiher)	(ppa. Wendlandt)
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 a 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 if 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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