

PNE WIND AG

ANNUAL REPORT 2013

Basis for the future



Overview

The operating business of PNE WIND AG was characterised during the fiscal year 2013 by progress in the development of projects both in Germany and abroad as well as by the acquisition of a majority shareholding in WKN AG. The offshore sector could be strengthened by the acquisition of three offshore projects, which were already in the development stage.

PNE WIND AG completed or started the construction of five wind farm projects with a nominal output of 35 MW in 2013. These are the "Zernitz II", "Langwedel II", "Göricke Söllenthin", "Söllenthin II" und "Calau IIA" wind farms. Furthermore, at the beginning of 2014 construction permits had been granted for additional wind farms with a nominal output of 58 MW. Construction has, in part, already begun.

WKN AG, in which the PNE WIND Group has a majority shareholding, fully completed the "Ebersgrün" wind farm with a nominal output of 8.2 MW in 2013. At the beginning of 2014, construction permits had been granted for three wind farm projects with a nominal output of 41 MW. In September 2013, WKN AG was able to sell the rights to a wind farm project in France with a nominal output of 12 MW.

In order to finance the acquisition of the majority stake in WKN AG, PNE WIND AG placed a corporate bond during the first half year 2013, which was subscribed in an amount of euro 66.3 million. In the third quarter, the bond was increased to euro 100 million.

In view of our well-filled project pipeline, which is the basis for our future earnings, we expect for the PNE WIND Group including WKN AG a cumulative EBIT of euro 110 to 130 million during the three year period from 2014 to 2016.

At a glance

PNE WIND AG group figures

In million EUR	2013	2012	2011
Total aggregate output	162.1	94.3	53.9
Revenues	144.0	84.4	48.6
Operating profit (EBIT)	45.0	20.4	0.1
Result from ordinary activities (EBT)	35.8	15.1	-4.9
Net income	40.7	17.0	-3.9
Equity	150.6	84.6	74.7
Equity ratio, in %	34.6	47.5	38.8
Balance sheet total	434.9	182.5	193.3
Earnings per share (undiluted), in euro	0.86	0.37	-0.09
Average number of shares, in euro million	47.2	45.8	45.8

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“2013 marks the most successful year in the corporate history of PNE WIND AG. At the same time, we have set the operational course for a successful future of the Group.”

PNE WIND AG, Board of Management

PNE WIND AG close-up

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Division Managers
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Foreword



Martin Billhardt, Chairman of the Board of Management

Dear Shareholders,

2013 marks the most successful year in the corporate history of PNE WIND AG. Our operational successes are the basis for a successful future and at the same time have helped us achieve the highest level of earnings ever recorded in our history. We have achieved an undiluted earnings per share of euro 0.86 at the Group level and euro 0.78 at PNE WIND AG. This positive development should also come as a benefit to our shareholders and we propose at this year's Annual General Meeting to increase the dividend payment to euro 0.10 plus a special dividend of euro 0.05 for each share entitled to dividends.

As planned, we have achieved our EBIT forecast of euro 60 to 72 million for the fiscal years 2011 to 2013. During these three years, the Group earned a cumulative EBIT of euro 65.5 million. In 2013, Group sales totalled euro 144.0 million and an EBIT of euro 45.0 million was achieved. PNE WIND AG reported an EBIT of euro 40.8 million in 2013.

With the acquisition of the 83 percent stake in WKN AG in 2013, we have created significant growth possibilities for the PNE WIND Group. Having won six new international markets

our business model is now based on an even broader foundation and our dependence on individual markets has also been reduced.

The PNE WIND Group has progressed into a new corporate dimension with the integration of the WKN AG employees, projects and ideas. Although we remain two separate companies from the external perspective, we complement each other perfectly, utilise synergies and thus unite the best of both of our companies.

In the offshore sector, we could significantly expand the number of our own projects. With the acquisition of the "Atlantis" I to III wind farm projects from BARD Engineering GmbH in 2013 we doubled our own development pipeline to include a total of six offshore wind farms. We aim to apply our know-how gained from our many years of experience in this area to these projects. Our offshore competence and the intrinsic value that our projects create can be seen with DONG Energy Power building the "Borkum Riffgrund I" offshore project as well as taking the decision to construct the "Gode Wind" 1 and 2 projects. These projects were all developed and sold by us to DONG.

The majority acquisition of WKN AG and the purchase of the offshore projects were made possible with the successful completion of the largest capital measure in the history of our Company. We have not only expanded our Group financing with the corporate bond totalling euro 100 million, but we have also secured additional capital for the continuous expansion of our project development business both onshore and offshore.

From an operations point of view, we are satisfied with our successes and we are in an excellent position for the years to come. As a Group, we completed or had onshore

projects under construction with a total nominal capacity of 43 MW at the end of 2013 in Germany. In France, WKN AG was able to sell a project with a nominal capacity of 12 MW.

We had construction permits on hand for an additional 100 MW at the beginning of 2014 in Germany. These wind farms are already partly under construction and should be realised during the next few months. These projects can be realised quickly thanks to the euro 200 million in debt financing that had already been arranged by six German and European banks. In 2013, we achieved progress and developed projects decisively further in several foreign markets such as in the United Kingdom, the USA, France, Italy, South Africa and Poland. In total, we are currently working on onshore projects at home and abroad with a total nominal output of up to 4,800 MW. This pipeline illustrates our substantial growth potential.

With conviction, we maintain our course to further the expansion of wind power. Even if the current political discussions may indicate something else: wind power is and will remain the backbone of the energy revolution. No other renewable energy technology can compete from a cost point of view so closely with fossil fuels, which we might add have also been subsidised for decades.

Although it has not yet been decided what changes will be incorporated in the German Renewable Energies Law (EEG), we should not be nervous about the various proposals being proposed. The German Government's target of 6,500 MW of offshore wind power by 2020 is an opportunity and the declining feed-in rates for the onshore sector are nothing new, since this digression has always been firmly anchored in the EEG. What will be decisive is that the

reductions need to take place in a manner to protect what has been built up in the past years and not to endanger investments in projects which have already been substantially developed.

Thanks in part to the WKN AG acquisition, our wind farm development pipeline for onshore and offshore projects is well-filled and promises continuous returns through the implementation of various projects over the coming years.

In view of our project pipeline, we face the future with optimism and for the Group, including WKN AG, we expect a cumulative EBIT of euro 110 to 130 million during the fiscal years 2014 to 2016.

For us and you, as our Shareholders, 2013 was an exciting year. We, and on the behalf of our employees, would like to thank you very much for your confidence and look forward to you remaining with us in the future!

Yours sincerely,



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

Report of the Supervisory Board



Dieter K. Kuprian, Chairman of the Supervisory Board

Dear Shareholders,

During the fiscal year 2013, PNE WIND AG achieved significant progress for the further development of the Company and the Group. This included above all the acquisition of the majority shareholding in WKN AG, which resulted in the Group's business activities being expanded to include a total of 14 countries. Positive developments were also reported in the offshore sector, with DONG Energy taking the investment decision for the "Gode Wind" 1 and 2 projects and our acquisition of three additional offshore projects.

During the fiscal year 2013, the Supervisory Board met for a total of six ordinary meetings on March 20, May 21, May 22, August 22, September 17 and December 9, 2013. Furthermore, four extraordinary meetings were held on March 12, April 18, September 2 and December 23, 2013. 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.

Rafael Vazquez Gonzales was re-elected as a member of the Supervisory Board by the general meeting of shareholders, held on May 22, 2013 in Cuxhaven. JUDr. Olaf Aden and Dr. Christian Rolfs were newly elected to the Supervisory Board. The election is in each case in respect of the period up to the end of the ordinary general meeting of shareholders, which will resolve the discharge for the fiscal year 2013.

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

During the fiscal year 2013, the Personnel Committee held three meetings on March 20, May 21 and December 9, 2013. The topics of these meetings were the extension of the contracts of the members of the Board of Management, Jörg Klowat, who is in charge of finance, and Markus Lesser. Furthermore, the achievement of the targets of the incentive agreements for 2012 as well as the new target agreements for 2013 for the Board of Management were discussed.

The Audit Committee met for four meetings on March 12, March 19, August 8 and November 20, 2013. The topics of these meetings were the audit of the annual financial statements as at December 31, 2012, the discussion of the half year report and the quarterly reports of 2013 and 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 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 and examined the books, documents and the schedule of assets. 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 2013 were:

- the reporting and discussions concerning the financial statements as at December 31, 2012
- the acquisition of the majority shareholding in WKN AG

- 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 issuing of the declaration of compliance with the German Corporate Governance Code by the Board of Management.

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, who were elected by the general meeting of shareholders as auditors on May 22, 2013; an unqualified auditors' opinion was issued.

The Supervisory Board placed the commission for the audit for the fiscal year 2013 on August 13, 2013. 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 2013 to focus during the audit of PNE WIND AG in particular on the subject of "the valuation of the capitalised inventories in the foreign companies and joint ventures of the Group" as well as the first consolidation of WKN AG.

The financial statements for PNE WIND AG, the consolidated financial statements, the management report of PNE WIND AG, the Group management report and the report of the auditors were made available on schedule to all members of the Supervisory Board prior to the meeting on the financial statements on March 19, 2014. The documents were comprehensively examined and discussed at the meeting of the Audit Committee on March 18, 2014 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 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, 2013 as well as the consolidated financial statements drawn up as at December 31, 2013. 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 2013.

Cuxhaven, March 19, 2014

Dieter K. Kuprian

Chairman of the Supervisory Board

Supervisory Board



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

Prof. Reza Abhari, Dr. Peter Fischer (Deputy Chairman), Dieter K. Kuprian (Chairman),
Dr. Christian Rolfs, JUDr. Olaf Aden, Rafael Vazquez Gonzalez

Board of Management and Division Managers



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
(until December 31, 2013)

Portrait of the PNE WIND Group

The PNE WIND Group consists mainly of PNE WIND AG, Cuxhaven, and WKN AG, Husum. The companies together with their subsidiaries and joint ventures develop wind farm projects in 14 countries in Europe, South Africa and North America. The companies are able to build upon two decades in this industry experience and the knowhow of its valued employees. Their international activities complement each other perfectly and since mid-2013, the two companies are active independently in the market under the PNE WIND Group. In addition to developing wind farm projects on land (onshore), PNE WIND AG is also developing wind farm projects at sea (offshore).

How does the business of a wind farm developer function?

As a project developer, the PNE WIND Group is actively involved in all stages of the development of a wind farm: from the identification of a suitable site to the realization and operation of the wind power turbines. Our development activities therefore include the financing, the construction, the sale and the operating of onshore wind farms. For offshore wind farms, we develop them up to the point where they are ready to construct and then sell them prior to construction.

At the beginning of the development stage, the PNE WIND Group is focused on identifying new sites which have a strong wind resource and are located near electricity transmission lines. Only when there is the possibility for a grid connection, can it be assured that the power produced at the wind farm can be transported to where it is needed.

Stakeholder participation and analysis

During this stage, we conduct in-depth discussions with the land owners with the objective to secure an option to sign a long term leasing agreement, which should extend for a period of up to 25 years. Once this has been concluded, our experts are able to begin with the site analyses, and environmental and economic investigations which are necessary to be awarded the permits needed to construct the wind farm. During this process negotiations with wind turbine manufacturers are held to ensure that the suitable equipment can be acquired at attractive conditions for each wind farm in planning.

Financing an important determining factor

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 with a high level of certainty the amount of energy which will be generated by the wind farm when completed. Taking cost estimates submitted from our suppliers into our financial planning model, we are able to calculate at an early stage whether the wind farm in planning 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 individual components of the project design are reexamined to determine whether the economics of the project can be improved.

Once the wind farms are constructed and commissioned, the projects are as a general rule sold. Our main customers are both utilities as well as infrastructure funds, which have high levels of expertise in the wind sector. Per the customer’s requirements, the PNE WIND Group can either be given the contract for both the construction as well as for the subsequent operation of the completed wind farm the other hand or the customer can chose to simply purchase the project rights from us and then take over the further development steps.

In the onshore sector we primarily develop wind farms on a “turnkey basis” for our customers and hand them over after the projects are fully commissioned. Offshore projects, on the other hand, are primarily developed by us up to the “ready to construct” stage and then 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 onshore wind farm development.

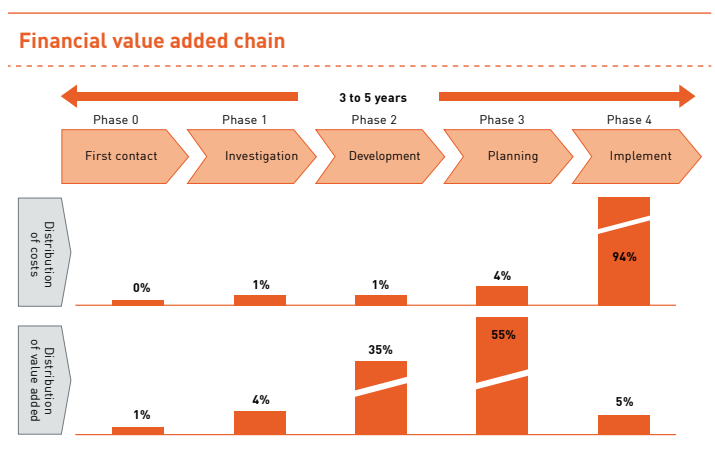
We stay with the parks after commissioning

Following the commissioning of the wind farm, we offer the owners technical and commercial operational management. In this respect our team assures the smooth operation of the wind farm following the sale. By monitoring the performance of each turbine we are able to identify problems at an early stage. Early identification of problems helps to minimize damage and expensive shutdown times.

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 illustrate the risk profile of the PNE WIND Group. With the completion of each of the planning phases, the amount of our investment increases and at the same time so does the likelihood that the project in planning will be successfully completed. The amount of capital invested in the beginning phases is substantially lower than the amount of capital invested in the construction phases.

We finance our development 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 of the important preliminary investigations regarding feasibility and economic efficiency have been concluded which greatly improve the chances that the project will be successfully concluded.



The PNE WIND Group achieves the greater part of its value creation in the stages of project development through permitting and up to the point of being ready to construct. In the case of an onshore project approximately 95 percent 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 obtained in the final phase of the development of a wind farm and this part only contributes marginally to the value created by the PNE WIND Group, even though this stage requires by far the highest level of investments.

In which markets does PNE WIND Group operate?

The PNE WIND Group is active primarily in the German market and also has business activities in Europe, North America and South Africa. Whilst in our domestic market we are active in both the onshore and offshore wind markets, our international focus is currently on the onshore market.

Projects of PNE WIND Group onshore and offshore

Wind power generation at sea

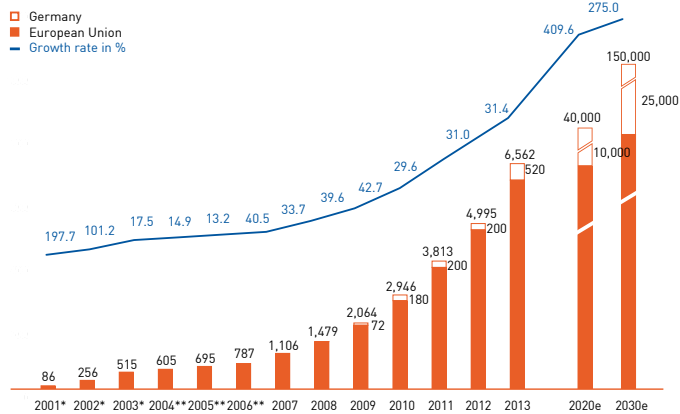
Apart from the construction of onshore wind farms the development and realization of offshore projects is becoming increasingly important. This is a development which offers substantial growth potential to PNE WIND Group.

After years of planning and investments in the necessary infrastructure, the offshore wind sector is now positioned for substantial growth. As at December 31, 2013 offshore wind power turbines with a total capacity of 6,562 MW were already operational in European waters. Additional wind farms were under construction at year end. These wind farms represent the first of many to come with the European Union members aiming to have up to 150,000 MW installed offshore by 2030, of which 15,000 MW are to be located off the German coast.

In Germany, as at December 31, 2013 116 wind power turbines with a total output of 520 MW were connected to the grid network and an additional 8 projects were under construction. The PNE WIND Group has been engaged

successfully in the projecting of offshore wind farms since 1999 and it sees additional perspectives resulting from this business area. Four of the offshore projects developed by us are permitted and three of which are currently under construction.

EU offshore – installed total nominal output (in MW)



*EU 15, **EU 25
Quelle: GWEC (Global Wind Energy Council), November 2013; EWEA (The European Wind Energy Association), 2014; DEWI, January 2014

Gode Wind is construction ready

The PNE WIND Group has been developing offshore wind projects in the German North Sea for over 15 years and our pioneering work is paying off. Important steps have been taken to implement the "Gode Wind" I and II offshore wind farm projects which were sold to the Danish energy company DONG Energy A/S. After DONG Energy A/S has taken the final investment decision these projects which we developed are now under construction.

First power from the "Borkum Riffgrund" projects expected in 2014

The "Borkum Riffgrund" offshore wind farm projects are also being developed consistently by us. Although, these projects have already been sold to DONG Energy A/S, PNE WIND AG continues to participate in the project development as a service provider. Construction on the project started in 2013 and the first power generated from the wind turbines should be fed into the electricity grid in 2014.

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 group is acting as a service provider in the project development. The project area is approximately 180 kilometers North West of Helgoland.

Own offshore projects

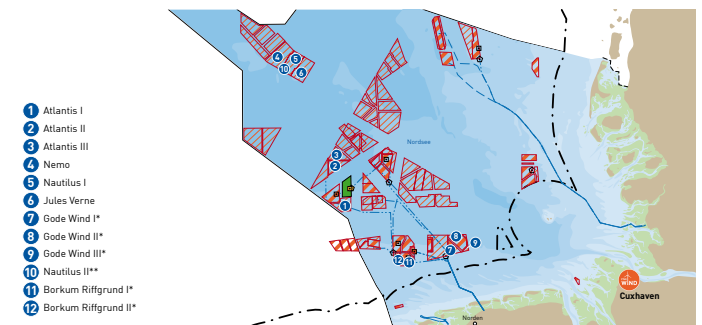
The PNE WIND Group is developing additional offshore projects which have not yet been sold. Currently the projects, "Atlantis" I-III, "Nemo", "Nautilus", and "Jules Verne" are in the approval process. According to current planning, 80 wind power turbines per site could be permitted and installed. The projects are also located in the North Sea.

In the offshore sector, the PNE WIND Group is working on six own wind farm projects and is active as a service provider for a further six offshore projects. According to the current planning, wind power turbines with a nominal capacity of 2,400 MW could be constructed in our own wind farms.

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 300,000 MW of total installed output, wind power generated on land represents an important contribution to the worldwide energy mix approximately one third the total installed capacity is located in the European Union and these turbines produce sufficient electricity to cover over 6.0 percent of the European electricity requirements.

Nautical chart with flags for all projects



* sold to DONG Energy

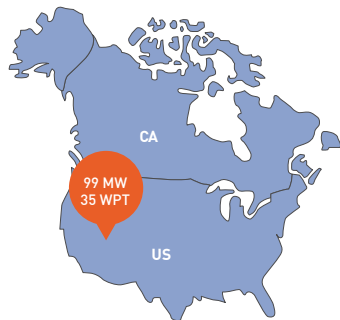
** sold to Ventizz portfolio company SSP Technology Holding ApS, which develops offshore projects in cooperation with Hochtief AG

Realised wind farm projects in Germany



Realised wind farm projects - international

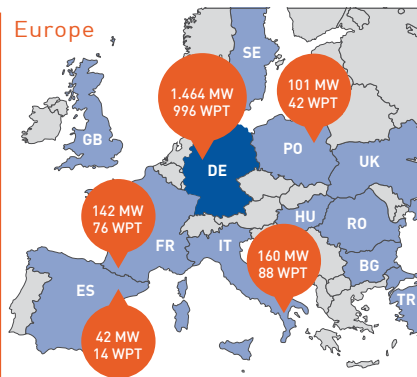
North America



Africa



Europe



Projects in Germany

In Germany, more than 33,700 MW of onshore wind power output are in operation. Wind power is by far the most important renewable energy: approximately 30 percent of "green electricity" comes from wind power. In total, renewable energies are already responsible for more than one quarter of electricity production in Germany. 8 percent of the total German electricity production is thus covered by wind power. Opportunities to expand the amount of wind power presents itself with the planned shutdown of the German nuclear power stations, which in 2013 had a share of about 15.4 percent in electricity production and will be replaced step by step by wind power.

Over 20 years experience in realizing wind farms

PNE WIND AG and WKN AG have been active in the German onshore market since 1995 and 1990 respectively. 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 projects. Furthermore, through our contacts we have built up a network, which eases the planning, approval and realization of our wind farms. With the inclusion of WKN AG in the PNE WIND Group, we have been able to expand our network further. In the areas of purchasing and sales, we work particularly close with our WKN AG colleagues together to create synergies.

The majority of the wind farms developed by PNE WIND AG are in the North and the centre of Germany. With the stronger wind resource in these locations it was more possible with the first generation turbines to economically develop wind farms here than in the South which has a much lower wind resource. However, new turbine designs now enable us to develop sites in an economically efficient manner, which would have been unprofitable a few years ago due to the lower prevailing wind conditions. With some turbines in the North of Germany being in operation for more than 15 years, new possibilities arise with the successive replacement of older machines with more modern and efficient turbines. This practice known as repowering is taking place on an increasing basis.

Repowering provides further growth opportunities

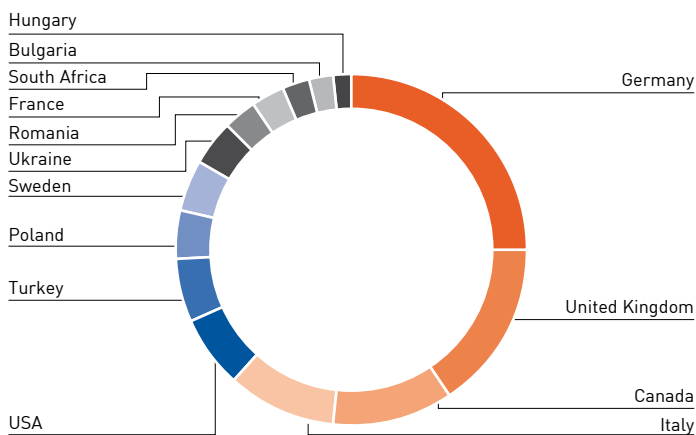
The PNE WIND Group has already successfully concluded numerous repowering projects. Our technical and commercial wind farm management services which are currently monitoring 675 wind power turbines for our various customers have not only build up expertise in this business segment but also provide direct access wind farms which will need to be repowered in the coming years. Current estimates assume that the potential for repowering in Germany will amount to up to 1,000 MW per annum. This is an opportunity, which we intend to capitalize on.

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 rapidly 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, some 79 countries worldwide have commercial wind power installations, with 24 of them already having more than 1,000 MW of nominal output in operation.

Onshore projects – international



International activities strengthened with WKN AG acquisition

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, PNE WIND AG has established subsidiaries and joint ventures in North America, the United Kingdom and Southeast Europe and together with WKN AG our international opportunities have grown further.

In addition to Germany and Great Britain, WKN is also focused on Italy, France, Poland, South Africa, Sweden and Ukraine. These countries represent markets in which PNE WIND AG was

not previously active and were added to our portfolio in a single transaction.

The PNE WIND Group has now expanded its activities to encompass a total of 14 countries. This not only helps us capitalize on the potential of new promising markets in the short term, but also improves our independency. Current debates, taking place not only Germany, show that government support schemes which are important and necessary for the development of renewable energies are often subject to sometimes purely politically motivated attacks. Being active in an ever growing number of markets, helps reduces our exposure to individual markets.

Overall, the PNE WIND Group is currently developing onshore projects in the international markets with a nominal capacity of up to 3,500 MW. The project pipeline is in various stages of development and the figure illustrates that roughly 75 percent of our pipeline is located outside of Germany.

The PNE WIND Group regularly reviews expanding into additional new markets. An investment abroad must fulfill from the start clearly defined requirements:

- 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 Group as a reliable service provider – technical and commercial operational management of wind farms

PNE WIND Group does not leave its customers alone following the completion and commissioning of the wind farm. A strong performing project is central to maintaining a good relationship with our customers, which not only assures customer satisfaction but also greatly improves the likelihood that we will be chosen to repower the projects when necessary, an activity which provides the Group with few business opportunities.

For this reason we take every measure to assure that our wind farms perform. Our operations management team currently looks after approx 675 wind power turbines for our customers and we are focused on the early identification of problems to minimize damage and expensive shutdown times. Maintenance of the equipment must be carried out regularly and scheduled work takes place in a manner to enable an efficient operation of the wind farm for our customers. The services of the PNE WIND Group cover the commercial operations of the wind farm and we offer complete bookkeeping services. We have many years of experience gained here and our customers can rely on our services to save time and money. In the beginning of 2014, the operations and management operations of PNE WIND AG and WKN AG were brought under the umbrella of „Energy Consult GmbH“ with the goal to take advantage of synergies which can be achieved in this area.

Selective own operation of own wind farms

Wind farm development extends over a period of three to five years and the positive results of our work are typically first recognized when the wind farm is constructed. The operation of wind farms differs from development work in that operational wind farms produce regular and constant revenue streams. These factors help spread our risks and reduce the volatility in our financial results. Our largest project is the “Altenbruch II” (25.8 MW/start of operations May 2009) wind farm situated next of our headquarters in Cuxhaven. The wind farm is used as an offshore reference site due to its proximity to the North Sea with wind speeds comparable to offshore conditions (8.0 m/s at a cone height of 105 meters).

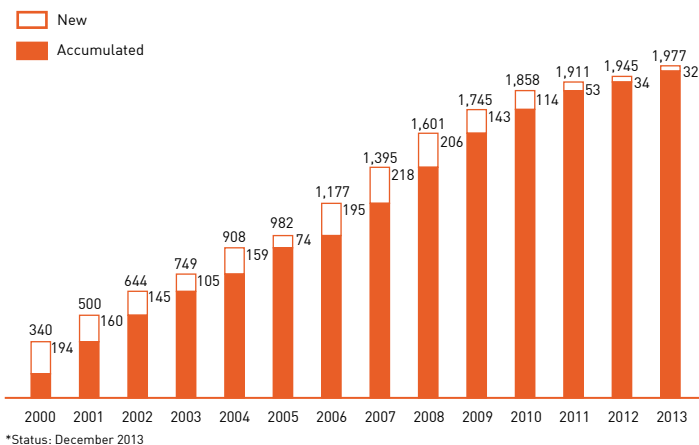
Our strategy

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 over 25 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.

The PNE WIND Group intends to expand its wind farm development activities in the future in order to make a real contribution to climate protection and at the same time create value for our shareholders. In this respect, we see a sustainable correlation between our economic success and

ecological responsibility. PNE WIND Group 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.

Installed nominal output of PNE WIND Group (in MW)



Our long term success record proves we understand our business as a wind farm developer. By the end of 2013, PNE WIND AG and WKN AG have completed a total of 190 wind farms onshore with a nominal output of approx 2,000 MW since the companies were formed. In the offshore sector, we have also sold six projects, of which three are under construction. With this comprehensive experience the PNE WIND Group has established itself as one of the most successful wind farm developers.

Our well-filled onshore and offshore project pipeline underlines the scope of our business activities and also forms the basis for future revenues and earnings. With a large number of

projects in development we are well equipped for the coming years.

Our successful development remains dependent on a stable economic and political environment, which creates reliable general conditions for us and our customers.

WKN AG is part of PNE WIND Group

With the closing of the acquisition of 83 percent of WKN AG in July 2013, the PNE WIND Group has entered into a new league. As with PNE WIND AG, WKN AG is focused on the development of onshore wind farms on a turnkey basis. With approx. 90 projects and a total installed nominal capacity of 1,161 MW completed, the company's 200 plus employees form a strong team with experience and knowhow gained over the past decades.

New markets, great potential

What makes WKN AG so valuable for the PNE WIND Group is among others, the countries where the company is active. In addition to Germany and the UK, WKN AG is focused on Italy, France, Poland, South Africa, Sweden and Ukraine. These countries represent markets where PNE WIND AG is not active.

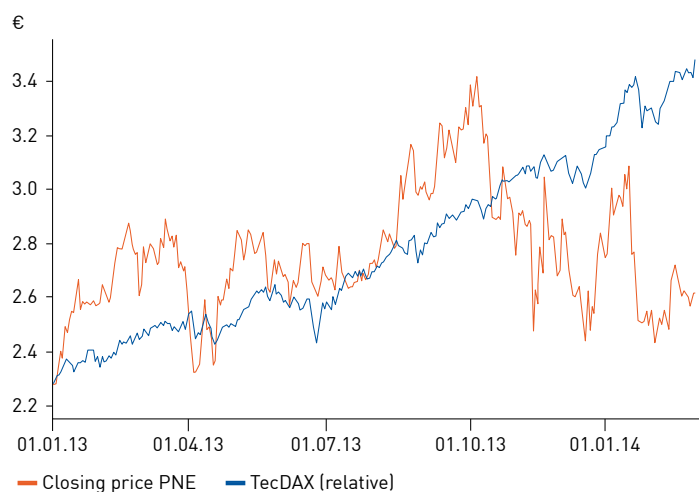
With WKN AG, the PNE WIND Group has now expanded its activities to encompass a total of 14 countries. This not only helps us capitalize on the potential of new promising markets in the short term, but also improves our market independency.

In addition to the technical know-how and extensive experience of WKN AG, it is also the future that makes this acquisition so exciting for us. The company has an international development pipeline with approx. 1,700 MW of nominal capacity which is to be developed, built and sold in the coming years. Including PNE WIND AG's 3,200 MW of onshore projects, the PNE WIND Group pipeline holds promises of consistent sales and earnings.

Although PNE WIND AG and WKN AG remain two separate brands under the umbrella of the PNE WIND Group, certain activities such as purchasing and sales and our operations and management service under energyconsult have been reorganized to capitalize on the two companies respective strengths. In terms of staff, Mr. Roland Stanze, PNE WIND AG's former General Manager and Head of Business Development has been as of January 1, 2014 a member of the WKN AG Management Board and as of July 1, 2014 will take over responsibility as CFO. We are delighted also in the interest of our shareholders, to an exciting and successful cooperation.

Capital market information

Share price, XETRA trading sector (January 1, 2013 to February 28, 2014)



Share

The PNE WIND AG share started the fiscal year 2013 at a price of euro 2.24 and was approximately 21 percent higher than the first trading day of 2012. In this respect the share price continued its upward trend, which started during the summer of 2012. On January 2 and 3, 2013, the stock price was at euro 2.28, representing the low point of the 2013.

After a slight pullback during the months of March and April 2013, when the stock was priced at euro 2.32, the security increased substantially in value. Driven by positive corporate news in connection with the acquisition of WKN AG, the placement of a corporate bond, and other operational successes the PNE share price

reached new highs in the autumn of 2013 on large trading volumes. The stock achieved its annual high of euro 3.42 on October 4, 2013.

On the back of uncertainties arising from potential changes in renewable energy policy, which were triggered by discussions within the new German government coalition, the stock came under pressure. In mid-December the stock gained support at the euro 2.44 level and increased with positive announcements so that on December 30, 2013, the last trading day of the period under report, the share registered a price of euro 2.80. During the full year 2013, the stock increased by 25 percent in value and taking into account the higher number of shares resulting from the conversion of convertible bonds, the closing price represents a market capitalisation of euro 153.6 million.

The high liquidity of the stock and the increased market capitalisation reflect the higher interest on the part of the investors. During the past fiscal year the trading volumes of the PNE share grew significantly. On the basis of this development the shares of PNE WIND AG were listed from July 1 to December 31, 2013 in the RENIXX World, the share index of the worldwide leading companies in the renewable energy sector.

Information on bonds

PNE WIND AG issued convertible loans both in 2009 and 2010, which reach maturity in July and at the end of December 2014 respectively. During the period under report, these bonds traded at prices significantly in excess of 100 percent. During the period under report, bonds from 2009 were converted into 4,160 shares and bonds from 2010 into 9,068,419 shares. As at December 31, 2013, the value of the convertible bonds still outstanding total a volume of euro 9.9 million.

- / Share
- / Information on bonds
- / General Meeting of shareholders
- / Shareholder structure

The corporate bond issued in May 2013, which was first subscribed in a volume of euro 66.3 million and then increased to euro 100 million in September, is listed since its first introduction at the Frankfurt Stock Exchange and has traded in a range of between 96 and 105 percent up to the end of the period under report. The equity ratio in accordance with the securities prospectus of this bond amounted to approximately 42.1 percent as at December 31, 2013.

The participation certificates of PNE WIND AG were traded with very small volumes during the period under report.

General meeting of shareholders

The ordinary general meeting of shareholders was held on May 22, 2013 in Cuxhaven. On this occasion the shareholders resolved with a large majority to distribute a dividend also in this year. In this respect they followed the proposal of the Board of Management and the Supervisory Board to pay out a dividend of euro 0.08 as well as a special dividend in the amount of euro 0.02 per share with entitlement to dividends.

The election of existing and new members of the Supervisory Board was also marked by a high rate of approval: the terms of office of Rafael Vazquez Gonzalez, Jacquot Schwertzer and Alain Huberty ended following the general meeting of shareholders. Mr. Schwertzer and Mr. Huberty did not offer themselves as candidates for a further term of office. Their places were taken by JUDr. Olaf Aden and Dr. Christian Rolfs, who were elected to the Board for a period of one year with a large majority. Mr. Rafael Vazquez Gonzalez was also elected again to the Supervisory Board for a further year by a large majority.

The general meeting of shareholders also voted for the discharge of the Board of management and the Supervisory Board with a majority of over 96 percent in each case. Resolutions were also made regarding a new structure for the remuneration of the Supervisory Board, an authorised capital of up to euro 22.8 million as well as the authorisation to repurchase own shares.

Shareholder structure

As at December 31, 2013 the total number of shares issued by PNE WIND AG amounted to 54,858,448. The increase in the total number of shares versus December 31, 2012 (45,785,869) resulted from the conversion of convertible bonds during the course of the fiscal year 2013.

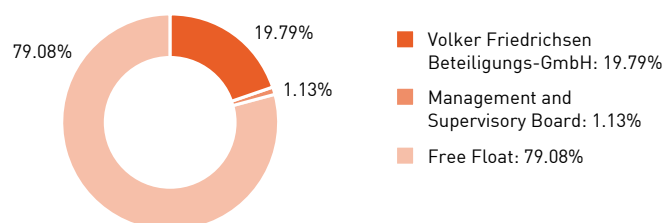
The Volker Friedrichsen Beteiligungs-GmbH informed PNE WIND AG that it had acquired a package of 168,680 convertible bonds from the bond issued by PNE WIND AG in 2010 and that they had exercised on August 7, 2013 the conversion rights for 7,667,265 shares from this convertible

bond. As a result the financial liabilities of PNE WIND AG were reduced by euro 16.9 million and the interest payments by euro 1.5 million up to the end of the maturity of the convertible bonds. The Volker Friedrichsen Beteiligungs-GmbH holds a 20 percent stake in PNE WIND AG.

As at December 31, 2013 the members of the Board of Management held the following shares of the Company: Mr. Martin Billhardt 410,000 shares, Mr. Jörg Klowat 110,000 shares and Mr. Markus Lesser 55,500 shares. Of the members of the Supervisory Board, Mr. Dieter K. Kuprian held 10,000 shares, JUDr. Olaf Aden 15,000 shares and Dr. Christian Rolfs 20,000 shares of the Company. The Board of management and the Supervisory Board hold together 1.13 percent of PNE shares outstanding.

In accordance with the definition of Deutsche Börse AG the other shares were in the free float.

Shareholder structure (as at December 31, 2013)



Key share data (as at December 31, 2013)

WKN	A0JBPG
ISIN	DE000A0JBPG2
Number of shares	54,858,448
Market capitalisation	euro 153.6 million
Market segment	Prime Standard
Indices	CDAX Technology, ÖkoDAX
Designated Sponsors	Commerzbank, VEM Aktienbank, Close Brothers Seydler Bank
Reuters	PNEGn
Bloomberg	PNE3

- / Key share data
- / Financial calendar
- / Additional information

Financial calendar

May 14, 2014	Publication 1st quarter 2014 report
June 4, 2014	General meeting of shareholders
August 13, 2014	Publication half year financial report 2014
November 12, 2014	Publication 3rd quarter 2014 report
November 2014	Analysts' conference / Frankfurt

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.

How a wind farm is constructed

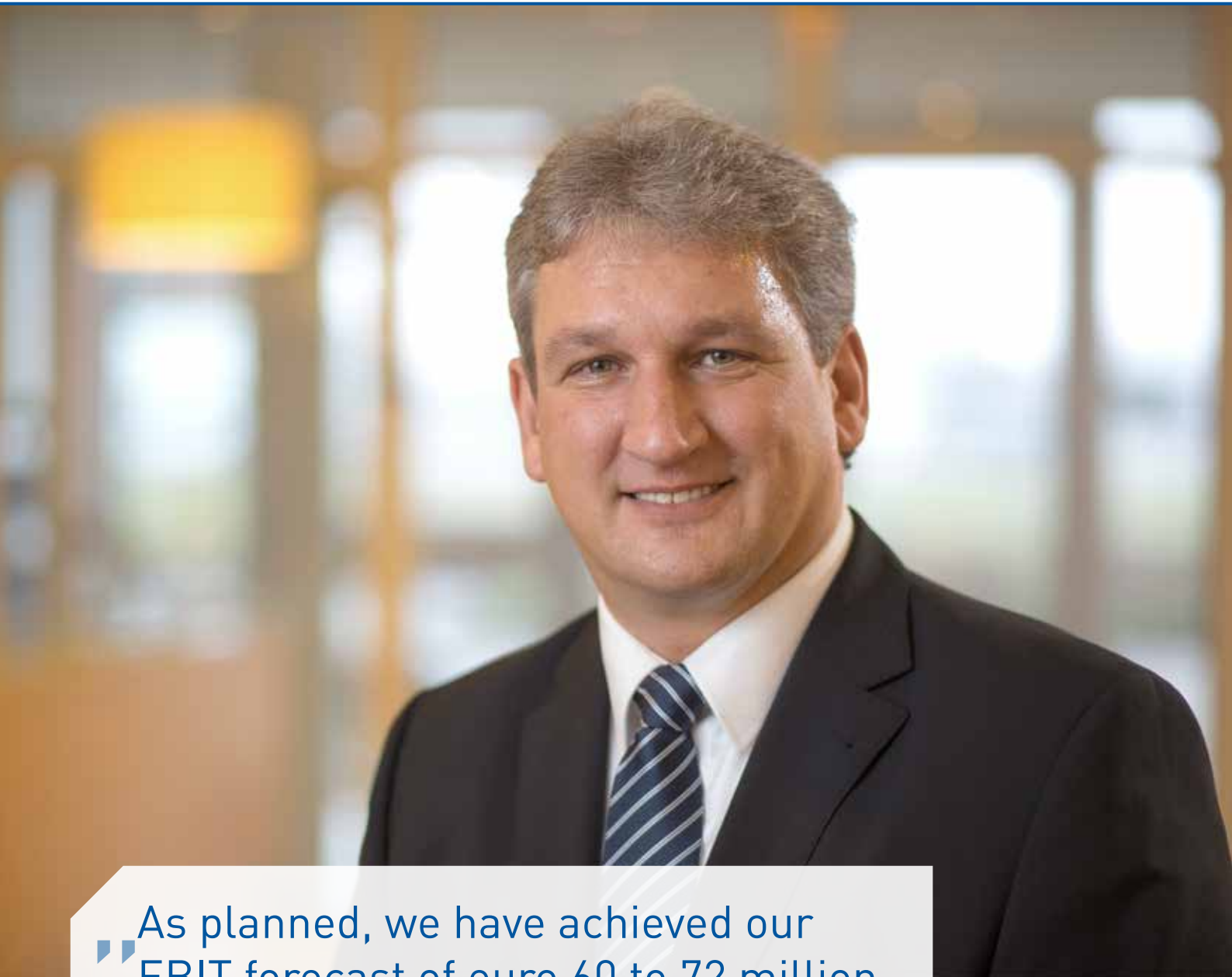
The construction of a wind farm takes place at the end of many years of development, when our work as a developer is almost finished. Nevertheless the construction of the wind turbines is the most evident and spectacular phase of the whole development process. This step is the visible result of our painstaking preparations. For those on site the construction of the massive equipment is something very special and only here in the final steps can the real dimensions of the wind turbines be seen.

For this reason we arranged for Peter Sierigk to photograph the construction phase of our "Calau II A" wind farm. The pictures from the site in Brandenburg clearly show the dimensions of the Vestas V112 3.0 MW wind power turbines with their 140 metre high towers as well as provide insight on the precise work which is necessary to erect the heavy steel towers with each weighing several tons. Since the rotor blades of the turbines are turning well above the trees tops in a forested area to fully utilise the prevailing wind there, the construction was a particular challenge with us only being able to assemble the tower sections and machinery under very weak wind conditions.

Thanks to the mild winter of 2013/2014, the five turbines each with rotors with a diameter of 112 metres were erected in only five months. The wind farm with a nominal output of 15.4 MW can now provide ecologically friendly wind power to cover the needs of about 13,000 four-person households.







“As planned, we have achieved our EBIT forecast of euro 60 to 72 million for the fiscal years 2011 to 2013. During these three years, the Group earned a cumulative EBIT of euro 65.5 million.”

Jörg Klowat | CFO

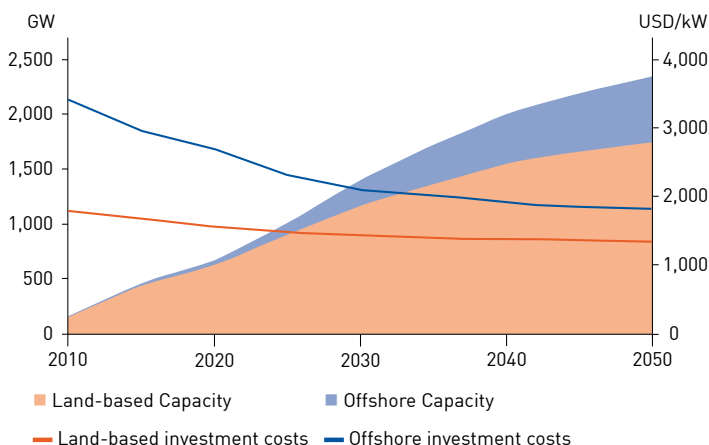
Combined management and Group management report

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Combined management and Group management report of PNE WIND AG, Cuxhaven, for the fiscal year 2013

1. Market/overall general economic conditions

Global land-based and offshore wind power deployment of capacity and costs



Wind power has undergone a major transformation and has emerged as a mainstream power supplier. The amount of new capacity installed each year now ranks at the top for all types of power generation in some of the world's leading economies. Since 2000, cumulative installed capacity has grown at an average rate of 24 percent per year (percent/yr) and in 2013 alone over 35,467 MW wind power capacity was added around the world, bringing total installed capacity to 318,137 MW. Annual investment volumes totaling tens of billions of Euros coupled with a strong growth outlook has beckoned international conglomerates to enter the sector, which in turn drives further

innovation. Energy storage solutions and investments in electricity grid systems will further unlock the potential of industry.

Improvements to the wind turbine technology have boosted energy yields and reduced operation and maintenance (O&M) costs. These developments have lowered the cost to produce energy from wind and in some markets it is already competitive on a stand-alone basis.

The International Energy Association has taken technology developments into its forecasts and projects that the amount of wind in the global electricity power mix, will rise from up 2.5 percent today to 15-18 percent by 2050.¹ Countries such as Denmark with 29.9 percent, Spain with 17.8 percent, Portugal with 20 percent and Germany with 24.7 percent illustrate that wind power can make up a very substantial portion of the power mix, without triggering supply interruptions as many challengers to the industry have prophesized.

Wind power and is no longer just a single market phoneme and to reach the EIA targets approximately 2,300 GW to 2,800 GW will need to be installed worldwide by 2050. These figures illustrate the opportunity which lies before the PNE WIND-Group and to be best positioned within the global wind energy market, the PNE WIND-Group focuses its activities on the development, construction and sale of wind farms in Germany, the United Kingdom, France, Poland, Italy, Sweden, Romania, Bulgaria, Hungary, Turkey, Canada, the United States, Ukraine and South Africa.

¹IEA: Technology Roadmap Wind Energy, 2013 edition

Cumulatively, the 14 countries where the Group is active represented 64 percent of the total number of newly installed capacity in 2013 and 82 percent of the total installed capacity on a global basis. To meet the demand for wind farms today and in the coming years, the PNE WIND-Group invests in its project pipeline which comprises of 9,544 MW (onshore: 4,800 MW & offshore: 4,744 MW) of projects in various stages of development.

Country	2011 MW	2012 MW	2013 MW	Installed nominal output MW
World	40,564	44,799	35,467	318,137
Europe	9,664	12,102	11,159	117,289
Bulgaria	28	158	7	681
France	830	814	631	8,254
Germany	2,007	2,439	2,998	33,730
Hungary	34	0	0	329
Italy	1,090	1,239	444	8,551
Poland	436	880	894	3,390
Romania	520	923	695	2,599
Sweden	754	846	724	4,470
United Kingdom	1,298	2,064	1,883	10,531
Turkey	477	506	646	2,956
Ukraine	66	125	95	371
North America				
USA	6,647	13,124	1,084	61,091
Canada	1,267	935	1,599	7,803

The installation rates presented here primarily illustrate onshore wind farms but offshore installations are making up a growing number of projects completed each year.

The construction of offshore wind farms is considered to be an essential growth driver for the wind power market. According to data from the European Wind Energy Association (EWEA) the European offshore market in 2013 registered additional construction of a total of 1,567 MW. With this already a total of 6,562 MW is being fed into the European electricity grid from wind power turbines.² In the high seas off the German North Sea and Baltic coasts, 116 offshore wind power turbines with a nominal output of 520 MW are now in operation. Grid connections for an additional 103 wind turbines with 395 MW of nominal capacity were under construction at the end of 2013.³

2. General political conditions

In a number of markets in which the PNE WIND-Group operates there has been strong growth while others exhibited somewhat of a slowdown due primarily to regulatory uncertainty. Although producing electricity from the wind has matured and costs have fallen, it remains dependent on government policy in many markets to ensure that it has access to the electricity market and be able to compete against conventional energy production, whose generation costs are often masked

²The European offshore wind industry – key trend and statistics 2013

³ Deutsche WindGuard: Status of the offshore wind energy development 2013, January 2014

by subsidies. Unlike renewable energy, the actual generation cost of conventional electricity is not directly reflected in its selling price and continued political support remains necessary to level the playing field.

EU targets

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 targets for all member states so that by 2020 the EU will achieve a share of 20 percent of its power from renewable sources.

It remains the responsibility of each member state to translate the EU targets policy into national policy.

Germany

The German wind power market continued to register substantial growth in 2013. According to the annual study by the German WindGuard, on behalf of the German Wind Energy Association (BWE) and the Association of German Machine and Plant Manufacturers (VDMA), wind power turbines with a nominal output of 2,998 MW (2012: 2,439 MW) were newly installed in Germany in 2013, bringing total installed capacity to 33,730 MW.

According to draft legislation presented in February 2014, the government aims to expand the amount of electricity produced from renewable energies from the current level of approx. 25 percent to 40-45 percent by 2025 and 55-60 percent by 2035. These new targets are roughly in line with the National Renewable Energy Allocation Plan which foresees renewable energy making up 38.6 percent of the electricity sector and wind representing 45,750 MW of nominal capacity by 2020.

Of particular importance for the further development of wind energy is the legal framework established in the Renewable Energy Law (EEG). The EEG sets the electricity tariff for wind energy and also stipulates that power generated from renewable energy has priority access to the electricity grid.

During 2013, there have been active political discussions about amending the EEG sooner than originally planned. The new coalition government has proposed an accelerated timeline, having set a timeline which foresees an amendment taking place in the summer of 2014 and becoming in force August 2014.

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. BWE estimates the market for repowering measures to be 1,000 MW per annum during the next few decades.

United Kingdom

The United Kingdom wind power market again registered substantial growth in 2013. According to the EWEA, wind power turbines with an output of 1,883 MW (2012: 2,064 MW) were newly installed in the United Kingdom in 2013, bringing total installed capacity to 10,531 MW.

According to the UK's National Renewable Energy Allocation Plan, the government aims to produce 30 percent of the country's electricity requirements from renewable resources by 2020, up from 9 percent in 2010. To reach the 2020 target, 28,000 MW of wind power should be installed.

The main policy support mechanism for renewable energy is promoted through the „Renewables Obligation“ programme which applies for projects installed prior to March 2017. Over the course of 2013, there have been political developments to further support renewable energy. As part of the Electricity Market Reform a new contracts-for-difference (CFD) model for renewable energy projects has been presented as a draft. The CfDs provide a “strike price” for the electricity produced from projects completed by 2018/19.

France

The French wind power market registered a slow-down in 2013 in comparison to 2012. According to the EWEA, wind power turbines with an output of 631 MW (2012: 814 MW) were newly installed in France in 2013, bringing total installed capacity to 8,254 MW.

According to France's National Renewable Energy Allocation Plan, the government aims to produce 27 percent of the country's electricity requirements from renewable resources by 2020, up from 15.5 percent in 2010. To reach the 2020 target, 25,000 MW of wind power should be installed.

The main policy support mechanism for renewable energy is promoted through a price regulation system based on a feed-in tariff. The French government is planning to implement an energy transition bill early 2014. Recent announcements state the bill will include a carbon tax and a levy on nuclear power to help fund renewable energy.

Italy

The Italian wind power market registered a slow-down in 2013 compared to 2012. According to the EWEA, wind power turbines with an output of 444 MW (2012: 1,239 MW) were newly installed in Italy in 2013, bringing total installed capacity to 8,551 MW.

According to Italy's National Renewable Energy Allocation Plan, the government aims to produce 26.4 percent of the country's electricity requirements from renewable resources by 2020, up from 18.7 percent in 2010. To reach the 2020 target, 12,680 MW of wind power should be installed.

The main policy support mechanisms in Italy have shifted from a green certificate system to a feed-in tariff system and finally a competitive auction for grid connection capacity. The Decree 6 July 2012 established a maximum of euro 5.8 billion in public funds which can be used to support renewable energy plants and as of December 31, 2012, the annual cost reached approx. euro 3.7 billion.⁴

Sweden

The Swedish wind power market witnessed continued investments in the sector in 2013. According to the EWEA, wind power turbines with an output of 724 MW (2012: 846 MW) were newly installed in Sweden in 2013, bringing total installed capacity to 4,470 MW.

According to Sweden's National Renewable Energy Allocation Plan, the government aims to produce 63 percent of the country's electricity requirements from renewable resources by 2020, up from 54.9 percent in 2010. To reach the 2020 target, 4,547 MW of wind power should be installed.

The main policy support mechanism in Sweden is based on renewable electricity certificates which are tradable in both Sweden and Norway.

Romania

The Romania wind power market registered a slow-down in 2013 compared to 2012. According to the EWEA, wind power turbines with an output of 695 MW (2012: 923 MW) were newly installed in Romania in 2013, bringing total installed capacity to 2,599 MW.

According to Romania's National Renewable Energy Allocation Plan, the government aims to produce 42.6 percent of the country's electricity requirements from renewable resources by 2020, up from 27.5 percent in 2010. To reach the 2020 target, 4,000 MW of wind power should be installed.

Currently within Romania as well as between Romania and the EU Commission there are considerable political discussions about changes in the remuneration system for renewable energy. During the reporting period an Emergency Ordinance was published and entered into force as of July 1, 2013. The Romanian Parliament has decided but the president did not sign it until now.

Hungary

The Hungarian wind power market witnessed no further growth in 2013. According to the EWEA, wind power turbines with an output of 0 MW (2012: 0 MW) were newly installed in Hungary in 2013, leaving total installed capacity unchanged at 329 MW.

According to Hungary's National Renewable Energy Allocation Plan, the government aims to produce 10.9 percent of the country's electricity requirements from renewable resources by 2020, up from 6.7 percent in 2010. To reach the 2020 target, 750 MW of wind power should be installed.

⁴ENELGreen annual report pg 36

The main policy support mechanism in Hungary is based on a feed-in tariff system. In spite of this program, the development of wind power in Hungary has been limited by insufficient electricity grid capacity.

Bulgaria

The Bulgarian wind power market witnessed a substantial slowdown in 2013. According to the EWEA, wind power turbines with an output of 7 MW (2012: 158 MW) were newly installed in Bulgaria in 2013, bringing total installed capacity to 681 MW.

According to Bulgaria's National Renewable Energy Allocation Plan, the government aims to produce 20.6 percent of the country's energy requirements from renewable resources by 2020, up from 10.6 percent in 2010. To reach the 2020 target, 1,256 MW of wind power should be installed.

The main policy support mechanism in Bulgaria is based on a feed-in tariff system. In 2012, the Bulgarian government substantially reduced the payments for electricity produced from wind farms under this program.

Turkey

The Turkish wind power market recorded significant growth in 2013. According to the EWEA, wind power turbines with an output of 646 MW (2012: 506 MW) were newly installed in Turkey in 2013, bringing total installed capacity to 2,956 MW.

The Turkish government intends to increase the proportion of renewable energies within the total electricity production mix to 30 percent by 2023 up from 9 percent in 2010. Total installed wind capacity would then be approx. 20,000 MW.

The main policy support mechanism in Turkey is based on a feed-in tariff system. Additionally, there was a licensing procedure for grid capacity introduced in 2013, whereby an auction system is used for individual connection points.

North America

The US wind power market slowed down dramatically with the late extension of the PTC in 2012. According to the AWEA, wind power turbines with a nominal output of 1,084 MW (2012: 13,131 MW) were newly installed in the USA in 2013, bringing total installed capacity to 61,091 MW.

In the USA, the federal support policy was prolonged at the end of 2012. Projects, which were under construction at the end of 2013 and are completed by the end of 2015, are eligible to claim the Production Tax Credit (PTC). Many individual states have enacted Renewable Portfolio Standards which require a certain percentage of electricity to be sourced from renewable energy plants.

Poland

The Polish wind power market witnessed continued investments in 2013. According to the EWEA, wind power turbines with an output of 894 MW (2012: 880 MW) were newly installed in Poland in 2013, bringing total installed capacity to 3,390 MW.

According to Poland's National Renewable Energy Allocation Plan, the government aims to produce 15 percent of the country's electricity requirements from renewable resources by 2020. To reach the 2020 target, 6,650 MW of wind power should be installed.

In Poland the otherwise positive market environment is likely to remain clouded until there is clarity about the future regulatory framework. Currently there are uncertainties arising from proposed amendments to the feed-in system. Until now, renewable energies have been promoted in Poland by tax subsidizes and a green certificate system.

South Africa

The South African Integrated Resource Plan (IRP), promulgated in May 2010 by the national energy authority DoE, calls for an 18 GW renewable energy programme over the next 20 years. Wind energy is targeted to account for 8,400 MW of nominal capacity.

The government has initiated a competitive tender system in which preferred bidders are selected. In the last round, 17 renewable energy projects with 1.5 GW of capacity were chosen. The projects included seven onshore wind farms totaling 787 MW.

Ukraine

The Ukrainian wind power market witnessed continued investments in 2013. According to the EWEA, wind power turbines with a nominal output of 95 MW (2012: 125 MW) were newly installed in Ukraine in 2013, bringing total installed capacity to 371 MW.

The Ukrainian government is aiming to tap its strong potential to develop renewable energy and thereby decrease the country's dependence on imported natural gas and oil. In 2009, a new feed-in tariff scheme was introduced by the adoption of the Green Tariff Law, and sets a guaranteed minimum feed-in tariff for electricity produced from wind, small hydro, biomass and solar energy.

The continued development of our activities in the Ukraine is dependent upon a stabilization of the political environment.

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.

3. Corporate structure

During the fiscal year 2013 the corporate structure changed versus December 31, 2012.

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

- PNE WIND Atlantis I GmbH, Cuxhaven (100 percent),
- PNE WIND Atlantis II GmbH, Cuxhaven (100 percent),
- PNE WIND Atlantis III GmbH, Cuxhaven (100 percent),
- PNE WIND Park I GmbH & Co. KG, Cuxhaven (100 percent),
- PNE WIND Park VI GmbH & Co. KG, Cuxhaven (100 percent),
- PNE WIND Park VII GmbH & Co. KG, Cuxhaven (100 percent),
- PNE WIND Park Altdöbern A GmbH & Co. KG, Cuxhaven (100 percent),
- PNE WIND Park Altdöbern B GmbH & Co. KG, Cuxhaven (100 percent),
- PNE WIND Park Altdöbern C GmbH & Co. KG, Cuxhaven (100 percent),
- PNE WIND Park Großräschen A GmbH & Co. KG, Cuxhaven (100 percent),
- PNE WIND Park Großräschen B GmbH & Co. KG, Cuxhaven (100 percent),
- PNE WIND Infrastruktur Chransdorf-West GmbH & Co. KG, Cuxhaven (100 percent),
- PNE WIND Infrastruktur Chransdorf Verwaltungs GmbH, Cuxhaven (100 percent),
- PNE WIND Park Calau II A GmbH & Co. KG, Cuxhaven (100 percent),
- PNE WIND Park Calau II B GmbH & Co. KG, Cuxhaven (100 percent),
- PNE WIND Park Calau II C GmbH & Co. KG, Cuxhaven (100 percent),
- PNE WIND Park Calau II D GmbH & Co. KG, Cuxhaven (100 percent),
- PNE WIND Park III GmbH & Co. KG, Cuxhaven (100 percent),
- PNE WIND Infrastruktur Calau II GmbH, Cuxhaven (100 percent),
- PNE WIND Park Köhlen I GmbH & Co. KG, Cuxhaven (100 percent),
- PNE WIND Park Köhlen II GmbH & Co. KG, Cuxhaven (100 percent),
- PNE WIND Park Kührstedt-Alfstedt A GmbH & Co. KG Cuxhaven, (100 percent),
- PNE WIND Park Kührstedt-Alfstedt B GmbH & Co. KG Cuxhaven, (100 percent),
- energy consult GmbH, Cuxhaven, (100 percent).

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

Moreover, a contract was signed on April 19, 2013 by PNE WIND AG regarding the purchase of 53.42 percent of the shares of WKN AG, Husum, which is specialised in the development of wind farms, from the former majority shareholder, Volker Beteiligungs-GmbH. This contract was subject to various conditions, which were finally fulfilled in July. In July PNE WIND AG also increased its shareholding in WKN AG to 82.75 percent, in which within the context of a joint selling right 29.33 percent of the WKN shares were acquired from Siemens Project Ventures GmbH.

The following companies of the WKN AG Group were included in the scope of consolidation of PNE WIND AG for the first time:

- WKN AG, Husum (82.75 percent),
 - Windkraft Nord USA, Inc., San Diego/California, USA (100 percent),
 - WKN Italia S.R.L., Catania/Sicily, Italy (100 percent),
 - Aero Sol S.R.L., Catania/ Sicily, Italy (90 percent),
 - Aero-Tanna S.R.L., Catania/Sicily, Italy (100 percent),
 - ATS Energies S.R.L., Torremaggiore/Foggia, Italy (70 percent),
 - WKN Basilicata Development S.R.L., Potenza/Basilicata, Italy (70 percent),
 - WKN France S.A.S.U., Basse-Goulaine, France (100 percent),
 - Parc Eolien de Crampon S.A.S.U., Basse-Goulaine, France (100 percent),
 - TOV WKN Ukraine, Kiev, Ukraine (100 percent),
 - Ukrainische Windenergie Management GmbH, Husum (100 percent),
 - New Energy Association International GmbH, Husum (100 percent),
 - Sevivon Sp. z o.o., Koszalin, Poland (80 percent),
 - VKS Vindkraft Sverige AB, Motala, Sweden (80 percent),
 - WKN Windcurrent SA (Pty) Ltd., Wilderness, South Africa (80 percent),
 - NordStrom New Energy GmbH, Husum (100 percent),
 - BGZ Solarpark Passauer Land GmbH & Co. KG, Husum (100 percent),
 - WKN Windkraft Nord GmbH & Co. Windpark Ebersgrün KG, Husum (100 percent),
 - NordStrom Solar GmbH, Husum (100 percent),
 - NordStrom Bioenergie GmbH, Husum (100 percent),
 - BGZ Fondsverwaltung GmbH, Husum (100 percent),
 - WKN Picardie Verte II S.A.S.U., Basse-Goulaine, France (100 percent).

With the inclusion of the above companies two other associated companies were included at equity in the Group for the first time:

- Innovative Wind Concepts GmbH, Husum, Germany (50 percent),
- Societa' Energetica Sarda s.r.l., Villaurbana/Sardinia, Italy (50 percent).

The effects of these events on the earnings, financial and asset situation are described in chapter 6 of the economic report (a) revenues and earnings situation, (b) financial situation/liquidity and (c) asset situation of the management and Group management report as well as in the notes to the consolidated financial statements (scope of consolidation).

During the period under report the number of shares increased in the following companies, which are included in the scope of consolidation:

- PNE WIND UK Ltd., Eastbourne, United Kingdom (from 67.5 percent to 90 percent)
- PNE WIND Straldja-Kamenec EOOD, Bulgaria (from 70 percent to 100 percent)

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

During the period under report the following companies were deconsolidated as a result of their divestment during the fiscal year:

- PNE WIND Park II GmbH & Co. KG, Cuxhaven,
- PNE WIND Park Calau II A GmbH & Co. KG, Cuxhaven,
- WKN Picardie Verte II S.A.S.U., Basse-Goulaine, France.

As a result of the deconsolidation of PNE WIND Park II GmbH & Co. KG assets in the total amount of euro 11.8 million and liabilities in the amount of euro 11.8 million were eliminated.

As a result of the deconsolidation of PNE WIND Park Calau II A GmbH & Co. KG assets in the total amount of euro 28.7 million and liabilities in the amount of euro 28.7 million were eliminated.

As a result of the deconsolidation of WKN Picardie Verte II S.A.S.U. assets in the total amount of euro 1.1 million and liabilities in the amount of euro 2.7 million were eliminated.

4. Organisation and employees

During the fiscal year 2013 there were in the PNE WIND AG Group on an annual average basis 303 employees including members of the Board of Management (prior year: 184). The employees of the subsidiaries are included in this number. Of these employees (including members of the Board of Management and trainees) an annual average of 135 (prior year: 121) were working at PNE WIND AG. As at December 31, 2013 411 persons were employed in the Group including the members of the Board of Management (as at December 31, 2012: 192 persons). A total of 272 employees were at WKN AG (196 employees), the domestic subsidiaries (55 employees) and at the foreign subsidiaries (21 employees). The number of employees in the Group almost doubled with the acquisition of 82.75 percent of the shares in WKN AG, Husum and the companies belonging thereto. The personnel basis for the continuation of the historic growth path (including the acquisition of WKN AG) has now been attained with the current number of employees.

On May 22, 2013 the Supervisory Board of PNE WIND AG resolved to extend the contracts of Jörg Klowat (member of the Board of Management – finance) and of Markus Lesser (member of the Board of Management – operations) by three years in each case.

Jörg Klowat has been with PNE WIND AG since 1999 and has been responsible since April 1, 2011 as member of the Board of Management responsible for finance and accounting, controlling as well as risk management (CFO). His contract has been extended until March 31, 2017.

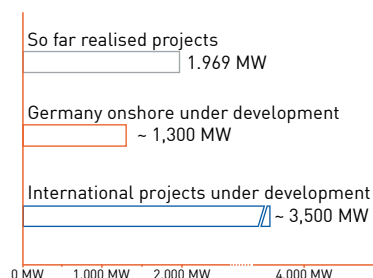
Since 2000 Markus Lesser has gained experience in the sector of renewable energies and has been since May 1, 2011 the member of the Board of Management at PNE WIND AG in charge of the operating business (COO) and is responsible for project development as well as the realisation and operation of onshore and offshore wind farms both in Germany and abroad. His contract was extended until December 31, 2016.

5. Summary of business activity

During the fiscal year 2013 the PNE WIND Group (PNE WIND AG and WKN AG) continued its operating business of wind farm projecting both onshore and offshore in Germany and abroad.

The development of the individual segments:

Projects onshore



Segment: projecting of wind power turbines

Sub-segment onshore wind power

During the fiscal year 2013 the development and realisation of wind farm projects on land were carried out continuously both in Germany as well as in the foreign markets in which PNE WIND AG is active through subsidiaries or joint ventures.

Germany:

In the segment of "onshore wind power Germany" PNE WIND AG completed a total of eleven wind power turbines and a nominal output of approximately 24 MW during the fiscal year 2013. These wind farms include in the "Zernitz II", "Langwedel II", "Göricke Söllenthin" and "Calau II A" wind farms. The "Calau II A" wind farm was constructed using wind power turbines of the new multi-megawatt generation with a total height of up to 197 metres and rotor blades measuring 112 metres for the first time. A further 11 MW were under construction as at December 31, 2013. These concerned an extension of the "Göricke Söllenthin" wind farm with one wind power turbine as well as three wind power turbines in the "Calau IIA" wind farm. Furthermore, as at the end of the fiscal year PNE WIND AG already had construction permits for additional wind farms with 22 wind power turbines and a nominal output of approximately 58 MW.

PNE WIND AG plans to begin with the construction of these projects in the short term. These wind farm projects, for which the financing and the delivery of the wind power turbines have already been secured, should be completed and put into operation during 2014.

Permits are expected to be granted in the short term for further wind farms, which were still in the permitting process at the end of the fiscal year 2013. In total there is a volume of wind farms under construction, approved or shortly prior to obtaining the relevant permits with approximately 160 MW. The necessary third party financing for these wind farms amounting to over euro 200 million has already been secured with six German and European banks.

In order to be able to realise wind farm projects in Germany quickly after obtaining the relevant permits, PNE WIND AG has since the end of 2012 signed contracts for wind power turbines (WPT) with a total nominal output of more than 180 MW, of which a part has already been realised. The contracts with the established German manufacturers, Enercon, Senvion (formerly Repower) and Nordex as well as the established Danish manufacturer, Vestas concern wind farm projects which are in the approval stage or have already been approved. Long term maintenance contracts were also concluded in part with the manufacturers of these wind power turbines.

Germany also continues to remain a core market for the WKN Group. WKN AG, which is majority owned by PNE WIND AG, completed the "Ebersgrün" wind farm with four wind power turbines and a nominal output of 8.2 MW in 2013. At the end of the fiscal year there were construction permits for three wind farm projects with 14 wind power turbines and a nominal output of 41 MW. These wind farm projects developed by WKN AG were sold in 2013 and should be constructed and put into operation in 2014. Further wind farm projects with a nominal output of 27 MW were in the approval process at the end of the fiscal year. It is expected that these wind farms will be constructed during 2014. Purchase contracts for the wind power turbines have already been signed with Vestas Deutschland GmbH.

A contract for the sale of a participation was concluded for a 12 MW project which was partly developed by WKN AG. On the basis of this contract WKN AG will receive milestone payments, which are dependent on the further progress of the project.

In total, the PNE WIND Group (PNE WIND AG and WKN AG) was working at the end of the fiscal year 2013 in Germany on onshore wind farm projects with a nominal output of approximately 1,300 MW in various stages of project development.

The core business of project development was also continuously carried out by the PNE WIND Group abroad.

United Kingdom:

PNE WIND UK Limited is planning during the next few years substantial investments in wind farm projects in the United Kingdom, which are currently being developed with a nominal output in excess of 750 MW. These include projects which are being developed independently by PNE WIND AG as well as projects which are being worked on jointly with the Scottish Forestry Commission. The cooperation with the Scottish Forestry Commission was continuously carried out intensively for the development of wind farm areas in Central Scotland. Sites for up to 13 wind farm projects have been identified in the Scottish National Forest in the counties of Argyll and Bute, West Dunbartonshire, Stirling, Perth and Kinross as well as in Angus. In January 2013 PNE WIND UK and the Scottish Forestry Commission agreed on a contractual framework for joint future project developments and companies. In addition these negotiations included the fixed time periods for the further development of the selected planned projects. The first project sites reached the next stage in planning during the third quarter 2013. PNE WIND is developing these in close cooperation with the Forestry Commission and the relevant local municipalities.

Independent of the cooperation with the Forestry Commission PNE WIND UK is also developing additional wind farms in the United Kingdom. The permit for the "Tralorg" (20 MW) project has been applied for from the Scottish Energy Minister and was granted in February 2014 after the end of the period under report.

The permit from the local approving authority (Highland Council) could be obtained during the second quarter 2013 for a project of the WKN Group with a planned nominal output of 66 MW. It is necessary as a second step to obtain the permit for the project from the Scottish Energy Minister. The decision is expected at the beginning of 2014. The project has been named as a showcase example on the basis of its positive cooperation with the municipalities in a study undertaken by the government (Scottish Government Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments).

USA:

In the USA the electricity prices are very low due to the current gas prices. Nevertheless, according to estimates of the International Energy Authority (IEA) electricity prices will increase in the medium term and that a further extension of wind power can be expected in the USA. On the basis of this outlook, PNE WIND USA is focused on the development of its project portfolio. The wind farm projects which have already been worked on are being developed further intensively and economically optimised, in order to be able to market them profitably as soon as possible. During the fourth quarter 2013 PNE WIND USA started with the construction of the "Chilocco" wind farm project in the US state of Oklahoma. Wind power turbines with a nominal output of up to 153 MW can be constructed in several project phases.

In the USA the WKN Group has a project in the state of Montana with a nominal output of up to 396 MW.

Hungary:

In Hungary two wind farm projects developed by our subsidiaries have already been approved. 32 wind power turbines with a nominal output of 78 MW can be constructed in these wind farms. With these permitted wind farms the subsidiaries will participate in the next tender for grid connections to the high voltage electricity distribution systems or realise the value created through the sale of the projects.

Bulgaria:

PNE WIND AG continued the development of wind farms in Bulgaria. However, the general political and economic conditions are currently poor due to a significant reduction in the feed-in payments in 2012. This makes it difficult to construct and operate wind farm projects there profitably. For this reason the existing project pipeline in Bulgaria continues to be analysed with regard to its profitability and thus to its later implementation.

Romania:

The development of wind farms in Romania was continued by PNE WIND AG. However, possible changes in the feed-in payments, which are currently being discussed, are leading to uncertainties. In Romania wind farm projects are currently being developed in an advanced stage by PNE WIND AG with a nominal output of up to 157 MW. For two projects with a total nominal output of 102 MW the permits have been granted, the grid connections have been secured and the technical construction maturity has been achieved.

Turkey:

In Turkey PNE WIND AG is currently developing wind farm projects with more than 300 MW of nominal output to be installed in preparation for the next licence application round decided on by the government, which is a prerequisite for the realisation of such projects.

France:

The WKN Group sold in September 2013 the rights to a project with a nominal output of 12 MW to KGAL GmbH & Co. KG, an investment manager for long term fixed capital investments. In this respect a turbine delivery contract with ENERCON as well as a grid connection contract was transferred to the operating company. On the basis of the contracts which were concluded WKN France SAS is responsible for the construction management for the whole project including the cabling infrastructure, transformer station, roads and crane sites.. It has been contractually agreed that this project would be put into operation by July 31, 2014.

Italy:

In Italy the "VIA" (environmental permit) could be obtained in September for a project with a nominal output of 40 MW. Once the grid connection situation has been clarified and the construction permit (Autorisatione Unica) granted, WKN AG intends to participate with this project in the tender process which is expected in 2014. In December 2013 a further project was granted the environmental permit for 18 wind power turbines and is in a good position for participating in the auction in 2014.

In principle quite long project development periods of five to seven years must be expected in Italy, since the bureaucratic obstacles frequently delay the projects.

Poland:

In October 2013 the construction permit could be obtained for a project with a nominal output of 32.2 MW. The marketing of the project can take place as soon as there is clarification regarding the new regulations in respect of the Polish feed-in payments, which are currently under discussion.

Sweden:

The WKN Group is currently developing four wind farm projects in Sweden, which are still in an early development stage.

South Africa:

At the beginning of 2013 the WKN Group obtained the construction permit for a 100 MW project. On the basis of preliminary contracts with banks and investors the project was included successfully in August 2013 in the tender process. The decision whether this project will obtain the status of a "preferred bidders" is expected in 2014. By obtaining the status of "preferred bidder" the contracts as well as the power purchase contract ("PPA") can be negotiated and the project brought to a financial close.

A further project with a nominal output of approximately 30 MW is expected to participate in the tender process, which is scheduled for 2014, after obtaining the construction permit.

Currently sites as well as projects for the further extension of the project pipeline are being evaluated.

Ukraine:

In the Ukraine the WKN Group is currently working on several wind farm projects, which are still in an early stage of development.

Total activities in the international markets:

In total the PNE WIND Group, through subsidiaries and joint ventures, was developing as at December 31, 2013, international projects in various phases of a multiple year development process with more than 3,500 MW of nominal output. On the basis of the Group's business development, the Board of Management is confident to achieve further growth and to be able to diversify its business through the internationalisation of its wind farm development business.

Projects offshore – national

Project	Total MW (up to)
Gode Wind I*	324
Gode Wind II*	504
Gode Wind III**	90
Nemo	480
Jules Vernes	480
Nautilus	480
Nautilus II*	560
Borkum Riffgrund I*	277
Borkum Riffgrund II*	349
Atlantis I	400
Atlantis II	400
Atlantis III	400
Total:	4,744

* PNE WIND AG acts as service provider

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

Segment offshore wind power

"Atlantis" projects

The business activities of PNE WIND AG in the offshore sector were significantly expanded during the fiscal year 2013: three offshore projects were acquired from BARD Engineering GmbH through the subsidiaries "Atlantis" I to III, in order to participate in the further expansion of offshore wind power in Germany. The projects were developed to such an extent by the previous owners that they are now in the planning permit process at the Federal Office for Shipping and Hydrographics (BSH). PNE WIND AG intends to develop the acquired projects further through the approval stage up to the point of construction maturity. On the basis our experience and knowhow in the offshore sector, PNE WIND AG has the proven ability to create and realise the value of such projects.

The PNE WIND subsidiaries "Atlantis" I to III paid on the conclusion of the purchase contract a total purchase price of euro 17 million. Additional variable instalment payments, which could amount to significantly more than the fixed payment, will be due to the seller as the projects reach defined points in their development or have been sold.

According to current planning, up to 240 wind turbines with 5 MW of nominal capacity each could be built in the three acquired offshore wind farm projects. The project areas are located in the German Exclusive Economic Zone (EEZ) in the North Sea.

"Gode Wind" projects

In August 2012 the offshore wind farms, "Gode Wind" 1 to 3 were sold to the Danish energy group, DONG Energy Power A/S (DONG Energy). The shares in the "Gode Wind" 1 and 2 were transferred 100 percent to DONG Energy. PNE WIND AG received for the shares and the project development costs incurred an immediate payment in the amount of euro 57 million in August 2012. Milestone payments booked in 2012 in the amount of euro 27 million were received on schedule in the first quarter 2013 after the completion and submission of an expert study. In November 2013 DONG Energy announced that it had decided to construct and finance the "Gode Wind" 1 and 2 offshore wind farms. With this decision, PNE WIND AG received a further milestone payment in the amount of euro 45 million. The construction of the "Gode Wind" projects should begin during the first half of 2015. It is planned to put them into operation in 2016.

On the achievement of predefined project development steps, milestone payments totalling up to euro 25 million are expected to be received. A milestone payment will be triggered with the Federal Maritime and Hydrographic Agency approval for the "Gode Wind 3" project. From this transaction with DONG Energy, the only milestone which was linked to a fixed time period was the expected approval for "Gode Wind 3" project from the Federal Maritime and Hydrographic Agency. Since the approval has not yet been granted, this payment has been reduced to up to euro 10 million. The shares in the "Gode Wind 3" project are still held by PNE WIND AG, but will be transferred to the purchaser, DONG Energy, when the permit is granted by the BSH. The balance of euro 15 million, derived from the payment expected from "Gode Wind 3" and the total payments of upto euro 25 million, will be paid when the decision is taken by DONG Energy to construct and finance of the second phase of "Gode Wind 2" (current project name: "Gode Wind 4").

Within the context of the transaction PNE WIND AG will support DONG Energy as a service provider for at least five years in respect of the realisation of the project as from the conclusion of the contract. The volume of this service provider contract amounts to up to euro 8.5 million during the period 2012 to 2017.

"Nemo", "Nautilus" and "Jules Verne" projects

During the period under report, work was continuously undertaken on the other offshore projects of PNE WIND AG in the North Sea. The "Nemo", "Nautilus" and "Jules Verne" projects are currently being developed to the point of ready to construct. These offshore projects are located 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 planning, 80 offshore wind energy turbines are planned to be approved in each of the project areas.

"Borkum Riffgrund" projects

The "Borkum Riffgrund I" offshore wind farm project, which was previously sold to DONG Energy and PNE WIND AG continues to act as a service provider, developed positively. After DONG Energy made its investment decision for the "Borkum Riffgrund I" offshore wind farm, construction started during the period under report. The first wind power turbines are scheduled to be put into operation in 2014. The DoWin alpha transformer station which is necessary for the 800 MW grid connection and is being designed by ABB on behalf of TenneT should be completed in 2014. BSH granted the construction permit for the neighbouring "Borkum Riffgrund II" offshore project in December 2011. DONG Energy has delayed this project, since the grid operator TenneT had not yet given a specific date for the grid connection. DONG Energy has not yet made a final investment decision for "Borkum Riffgrund II".

"Nautilus II" project

The "Nautilus II" offshore wind farm project, which has been 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 active as project developer until the permit is issued. 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 located in the North Sea within the Exclusive Economic Zone of the Federal Republic of Germany about 180 kilometres North West of Helgoland.

Total offshore

In total, PNE WIND AG was working as at December 31, 2013 on 12 offshore projects, of which six are fully owned by the company. For the remaining six, PNE WIND is active as a service provider. Three of the projects, which were developed and sold by PNE WIND AG are already under construction: "Borkum Riffgrund I" as well as "Gode Wind" 1 and 2. According to the current planning a total of up to 480 wind power turbines can be constructed in our own offshore wind farms. Decisive for the exact number is the nominal output of the turbines to be selected, which can amount to between 3 and 7 MW. In total, the planned nominal output of our six own offshore projects amounts to up to 2,640 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 includes our "Altenbruch II" and "Laubuseschbach" wind farms operated by PNE WIND AG and the "Passauer Land" solar farm, which has been operated by WKN Group since 2006. The solar park is located in Bavaria with a nominal output of 3.3 MWp. The segment also included PNE Biomasse AG, which in accordance with a business supply contract provides the personnel for the timber biomass power plant in Silbitz. Furthermore, the segment also includes shares in limited partnerships, in which future onshore wind farm projects are to be implemented.

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

The electricity generation segment achieved in the fiscal year 2013 an EBIT of euro 2.3 million (prior year: euro 2.5 million).

6. Economic report

a. 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.

The figures shown in the text and in the tables were rounded, and small rounding differences are possible.

As a result of the major effects of the first-time inclusion of the WKN Group in the consolidation, the notes for the Group are only comparable with the prior year to a limited extent.

PNE WIND AG Group achieved in the fiscal year 2013 in accordance with IFRS a total performance of euro 162.1 million (prior year: euro 94.3 million). Of this euro 144.0 million was attributable to sales (prior year: 84.4 million), euro 14.8 million to changes in inventory (prior year: euro 8.4 million) and euro 3.2 million (prior year: euro 1.5 million) to other operating income.

Of the total Group performance, euro 96.7 million (prior year: euro 80.3 million) was attributable to PNE WIND AG. The total performance of PNE WIND AG is composed of sales in the amount of euro 45.8 million (prior year: euro 24.8 million), changes in inventory in the amount of euro 4.6 million (prior year: euro 3.6 million) and other operating income of euro 46.2 million (prior year: euro 51.8 million). The major portion of the sales at PNE WIND AG was attributable to the sale/implementation of the "Zernitz II", "Langwedel II", and "Calau II" onshore projects as well as service invoices for the offshore projects developed by the Group. The other operating income at PNE WIND AG is primarily attributable to milestone payments from the sale of participations in PNE Gode Wind I GmbH and PNE Gode Wind II GmbH

(in total about euro 45.0 million) in 2012, compensation claims received (euro 0.5 million), the release of provisions (euro 0.1 million), rental income and other income such as credits, transfer of accounts, release of investment subsidies and income from the use of vehicles. The revenues stated at the level of the individual accounts of PNE WIND AG from milestone payments in respect of "Gode Wind I" and "Gode Wind II", are stated as sales revenues at the Group level, since from the Group's point of view the sales and the resulting milestone payments are considered in accordance with IFRS 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).

The activities of the Group in project development in Germany and abroad and also both onshore and offshore are reflected by the expense items. Due to the further development of onshore and offshore projects and the implementation of onshore projects the cost of materials in the Group increased from euro 44.6 million to euro 71.9 million. During the fiscal year 2013 personnel expenses amounted to euro 21.6 million and thus increased in comparison with the amount of the prior year (euro 13.5 million). The change is due primarily to the consolidation of WKN AG (personnel expenses of euro 6.8 million/196 employees as at December 31, 2013) since inclusion in the scope of consolidation. As at December 31, 2013 the number of employees in the Group totaled 411 (December 31, 2012: 192 employees).

The other operating expenses within the Group in the amount of euro 17.3 million (prior year: euro 10.3 million) include primarily expenses from legal and consulting costs, advertising and travel expenses as well as rental and leasing costs. A major reason for the increase in other operating expenses was attributable to the legal and consulting expenses etc. in the amount of euro 1.8 million in connection with the acquisition of the shares in WKN AG. The other operating expenses, which are also directly connected with the placement of the bond (sales commissions, legal and consulting expenses etc.), amount to euro 5.1 million and in accordance with IFRS guidelines (IAS 39) are netted in the statement of financial position with the bond liabilities at the date of the inflow of liquidity from the bond. The recording as an expense takes place over the maturity of the bond as interest expense (since the bond was issued, interest expense of euro 0.4 million has been recorded). A further reason for the increase of the other operating expenses versus the prior year is the inclusion of WKN AG within the Group (expenses in the amount of euro 4.5 million since the date of first consolidation).

Consolidated key data

in euro million	2013	2012
Total aggregate output	162.1	94.3
Revenues	144.0	84.4
Earnings before interest and taxes (EBIT)	45.0	20.4
Earnings before taxes (EBT)	35.8	15.1
Consolidated net income	40.7	17.0

The other operating expenses within the Group in the amount of euro 17.3 million (prior year: euro 10.3 million) include primarily expenses from the write-down of receivables or other assets amounting to euro 0.2 million (prior year: euro 0.1 million), legal and consulting costs of euro 4.7 million (prior year: 2.7 million), advertising and travel expenses of euro 2.1 million (prior year: euro 1.3 million), insurances and contributions of euro 1.3 million (prior year: euro 0.7 million), repair and maintenance expense mainly at "Altenbruch II" and "Silbitz" of euro 1.0 million (prior year: euro 0.7 million) as well as rental and leasing expenses of euro 1.5 million (prior year: euro 1.2 million).

Depreciation increased to euro 6.2 million versus the prior year period (euro 5.3 million). Depreciation was incurred primarily at the "Altenbruch II" wind farm, which is operated for own account, the "Passauer Land" solar farm and at the "Silbitz" timber biomass power plant.

During the fiscal year 2013, operating income (EBIT) amounted to euro 45.0 million (prior year: euro 20.4 million) and earnings before tax (EBT) amounted to euro 35.8 million (prior year: euro 15.1 million) at the consolidated level. The consolidated net income after minority interests amounted to euro 40.7 million (prior year: euro 17.0 million). The undiluted consolidated earnings per share amounted to euro 0.86 (prior year: euro 0.37) and the diluted consolidated earnings per share to euro 0.81 (prior year: euro 0.31).

PNE WIND AG reported for the fiscal year 2013 an operating profit (EBIT) of euro 40.8 million (prior year: euro 35.5 million) and a result from ordinary activities of euro 36.7 million (prior year: euro 34.5 million).

In the individual accounts, PNE WIND AG personnel expenses for the fiscal year 2013 amounted to euro 11.3 million (prior year: euro 10.0 million).

Due to the positive business result, the retained earnings at the Group level increased during the period under report to euro 35.2 million (prior year: euro 0.6 million). As at December 31, 2013 the retained earnings of PNE WIND AG amounted to euro 67.6 million (prior year: euro 34.3 million). The net income of PNE WIND AG amounted to euro 36.6 million (prior year: euro 34.4 million). The undiluted earnings per share of PNE WIND AG amounted to euro 0.78 (prior year: euro 0.75) and the diluted earnings per share amounted to euro 0.73 (prior year euro 0.61).

With regard to the subsidiaries consolidated in the Group the major portion of revenues achieved in the fiscal year 2013 was in respect of management remuneration and service payments in the amount of euro 3.0 million (prior year: euro 3.2 million), payments for the use of transformer stations in the amount of euro 1.3 million (prior year: euro 1.2 million) and proceeds from the sale of electricity in the electricity generation sector in the amount of euro 10.6 million (prior year: euro 10.3 million). Since the date of acquisition the consolidated group of WKN AG contributed euro 29.6 million to Group sales and euro 1.1 million to Group EBIT. If the acquisition of the shares had taken place at the beginning of the year the contribution to revenues would have amounted to euro 43.7 million and the contribution to EBIT would have amounted to euro 4.1 million.

Taking into consideration the costs incurred within the context of the acquisition of the shares in WKN AG and the preliminary work in project development, which will be paid back in the medium to longer term, the results of the Group and of PNE WIND AG correspond to the expectations of the Board of Management.

b. Financial situation/liquidity

The figures shown in the text and in the tables were rounded from a commercial point of view, and as a result small rounding differences are possible.

The statement of cash flow gives information on the liquidity situation and the financial situation of the Group. As at December 31, 2013 the Group companies had available liquidity in the amount of euro 199.0 million including the syndicated working capital lines available to WKN AG (see explanation below) as well as credit lines for interim project financing, of which an amount of euro 1.1 million is pledged to banks (prior year: euro 54.2 million, of which euro 0.5 million pledged).

The liquidity available is broken down as follows

- Cash and cash equivalents in the amount of euro 77.4 million,
- Free syndicated working capital lines in the amount of euro 14.6 million and
- Interim project financing available in the amount of euro 107.0 million.

Furthermore, PNE WIND AG has available a guarantee credit for guarantee and contract fulfilment obligations in the amount of euro 3 million and WKN AG has such credits in the amount of euro 15 million.

Explanation:

The WKN Group is financed mainly by a syndicated working capital credit amounting to a total of euro 29 million as well as a working capital loan in the amount of euro 6 million as a base financing. As a result of an early prolongation of the syndicated loan, which took place in September 2013, this credit now has a maturity up to June 30, 2016. Furthermore, at the WKN AG level there are additional working capital credit lines in the amount of euro 0.6 million.

The cash flow from ordinary activities shown in the statement of cash flows in the amount of euro -1.0 million (prior year: euro -25.2 million) was primarily attributable to

- the positive annual Group result,
- the decline in receivables is due to the milestone payment received from DONG Energy which was booked in 2012 in the amount of euro 27 million and the increase in receivables from long term production contracts in the amount of euro 21 million as well as the inclusion of the WKN Group in the consolidation (see notes: "scope of consolidation"),

Cash Flow

in euro million	2013	2012
Cash flow from ordinary business activity	-1.0	-25.2
Cash flow from investing activities	-61.3	39.6
Cash flow from financing activities	95.6	-2.8
Liquid funds at the end of the period	77.4	36.6

- The expenses for the further development and additional purchases for the product pipeline, which is reflected in the inventories. The inventories changed primarily due to the purchase of the offshore project rights for “Atlantis” I – III in the amount of euro 26 million (purchase price and future purchase price obligations – see explanations below), prepayments made in 2013 in the amount of approximately euro 13 million and the inclusion of the WKN Group in the consolidation (see notes: “scope of consolidation”).
- The increase in accounts payable as well as other liabilities and the provisions. In the item for provisions there is included the provision for future liabilities (see explanation below) in the amount of euro 9.0 million in respect of the purchase of the offshore project rights for “Atlantis” I – III. Furthermore, the inclusion of the WKN Group also had an effect on this item (see notes: “scope of consolidation”).

Explanation:

The amount of variable purchase price elements from the acquisition of offshore projects is estimated at the date of the first inclusion in the accounts and is recorded both in the inventories as well as in the provisions. The capitalisation of changes to the fair market value of the variable purchase price elements, which do not represent any write-downs during the period of valuation, must be valued in accordance with IAS 39 “financial instruments” or IAS 37 “provisions, contingent liabilities and contingent receivables”. The Group includes the changes in the variable purchase price elements from the acquisition of offshore wind farms correspondingly in the inventories.

In the cash flow from investing activities payments received and payments made for investments in the property, plant and equipment of the Group are included in the amount of euro -61.3 million (prior year: euro 39.6 million). The following had a particular effect on the cash flow

- the expenses in the fiscal year 2013 in the amount of euro -58.8 million for the acquisition of the shares of 82.75 percent in WKN AG (see notes: “scope of consolidation”) and the expenses in the amount of euro -0.6 million for the increase in the shareholding in our subsidiary PNE WIND UK Ltd (from 67,5 percent to 90 percent).
- the payments received in the prior year period 2012 of euro 52.1 million in respect of the sale of the “Gode Wind I” and “Gode Wind II” projects.

During the period under report the cash flow from financing activities in the amount of euro 95.6 million (prior year: euro 2.8 million) was influenced primarily by

- the inflow of cash from the bond issued in May and September in the amount of euro 100.0 million less direct transaction costs in the amount of euro -5.1 million in connection with the bond.
- the repurchase of own shares for euro -9.2 million and the sale of own shares for euro 2.8 million. The issue of the remaining own shares in the amount of euro 8.2 million, which was used as part of the purchase price for the WKN shares, is not shown as inflow of funds in accordance with IFRS.

- the dividend payment to the shareholders in the amount of euro -4.2 million.
- the repayment and disposal of credit liabilities in the amount of euro -5.1 million as well as the taking down of bank credits for the financing of the "Zernitz II" (euro 6.7 million), "Görrike-Söllenthin" (euro 6.9 million) and "Calau II A" (euro 14.7 million) wind farm projects.

During the period under report 9,072,579 new shares were issued following the conversion of convertible bonds. From the bonds converted, the nominal value of the 2009/2014 bond was euro 10,400.00 and the nominal value of the 2010/2014 bond was euro 19,950,600.00. As at December 31, 2013 the subscribed capital of the Company amounted to euro 54,858,448.00.

As at December 31, 2013 the Group had available cash in the amount of euro 77.4 million (prior year: euro 36.6 million).

As at December 31, 2013 PNE WIND AG had cash in the amount of euro 67.2 million, which was pledged to banks in the amount of euro 1.1 million (prior year: euro 32.8 million, of which euro 0.5 million was pledged).

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

c. Situation of statement of financial position

The figures shown in the text and in the tables were rounded from, and rounding differences are possible.

a) Group

Assets (in EUR million)	31.12.2013	31.12.2012
Total long term assets	150.1	83.4
Intangible assets	56.3	22.1
Property, plant and equipment	76.1	60.1
Long term financial assets	8.6	0.2
Deferred taxes	9.1	1.0
Assets designated for sale	0.8	1.3
Total short term assets	284.0	97.8
Inventories	145.9	28.0
Receivables and other assets	59.5	31.4
Tax receivables	1.2	1.8
Cash and cash equivalents	77.4	36.6
Total assets	434.9	182.5

At the date of the statement of financial position the consolidated total assets of PNE WIND AG amounted to euro 434.9 million. This amount increased by 138.3 percent in comparison with December 31, 2012. The change in the structure of the statement of financial position and in the total assets was attributable primarily to the purchase of 82.75 percent of the shares in WKN AG and thus the resulting first-time consolidation into the consolidated financial statements of PNE WIND AG.

The changes in the long and short term assets are due primarily to the consolidation of WKN AG (see notes: "scope of consolidation").

The long term assets increased in total from euro 83.4 million at the end of 2012 to euro 150.1 million. As at December 31, 2013 the intangible assets totalled euro 56.3 million and changed by euro 34.2 million versus the amount as at December 31, 2012. By far the most important element of this item is the goodwill of the wind power projecting segment in the amount of euro 51.8 million (of which projecting of wind power euro 20.0 million and WKN euro 31.5 million). In the same period property, plant and equipment increased by euro 16.0 million to euro 76.1 million (December 31, 2012: euro 60.1 million). These include primarily land and buildings (euro 17.8 million without the land and buildings of "Silbitz"), transformer stations owned (euro 8.5 million), as well as the technical equipment and machinery of the "Altenbruch II" wind farm project (euro 28.8 million), the "Passauer Land" solar farm (euro 10.4 million) and the Silbitz timber biomass power plant (euro 5.6 million including land and buildings in the amount of euro 3.0 million).

The item "assets designated for sale" shows the plant under construction of the "Gode Wind 3" offshore project. The change versus December 31, 2012 is attributable to the sale in the first quarter of 2013 of the shares in New Energy Developments Ltd., which were held by us on a short term basis as at the end of 2012.

During the period under report, short term assets increased from euro 97.8 million (December 31, 2012) to euro 284.0 million as at December 31, 2013. This increase is attributable mainly to the funds inflow from the bond (euro 94.9 million net was received after deduction of the direct bond expenses) and the build-up of the inventories by euro 117.9 million. In comparison with the inflow of funds from the bond, the costs for the purchase of the shares in WKN AG (euro 66.9 million including the expenses in the amount of euro 8.2 million for the acquisition of 3.1 million own shares as an integral part of the purchase price) had a contrary effect. Of the short term assets euro 34.4 million are attributable to receivables (December 31, 2012: euro 30.2 million).

The work in process shown in the inventories increased from euro 24.6 million (December 31, 2012) to euro 129.2 million. The increase in work in process is attributable mainly to the consolidation of WKN AG and the purchases of the three "Atlantis I – III" offshore projects. The "Nemo", "Nautilus" and "Jules Verne" offshore projects (euro 8.7 million) as well as "Atlantis I – III" (euro 26.6 million) are included in the work in process for a total amount of euro 35.3 million.

As at December 31, 2013 cash and cash equivalents amounted to 77.4 million (December 31, 2012: euro 36.6 million).

Liabilities (in EUR million)	31.12.2013	31.12.2012
Shareholders' equity	150.6	86.6
Deferred subsidies from public authorities	1.0	1.1
Provisions	12.1	1.7
Long term liabilities	174.4	67.8
Short term liabilities	85.7	18.3
Deferred revenues	11.1	7.0
Liabilities in connection with assets designated for sale	0.0	0.0
Total liabilities and shareholders' equity	434.9	182.5

The changes in the long and short term liabilities are attributable mainly to the inclusion of WKN AG (see notes: "scope of consolidation").

On the liability side consolidated shareholders' equity increased from euro 86.6 million (December 31, 2012) to euro 150.6 million as at December 31, 2013. This development was due mainly to the sale of own shares acquired in 2012 (effect: euro 1.5 million), the conversion of bonds (third party capital) into shareholders' equity (effect: euro 19.7 million) and to the positive result of the Group. As at December 31, 2013 the equity ratio of the group amounted to approximately 35 percent (as at December 31, 2012: approximately 47 percent) and the third party capital ratio to roughly 65 percent (as at December 31, 2012: roughly 53 percent). The long term liabilities increased from euro 67.8 million at the end of 2012 to euro 174.4 million mainly due to the bond whilst maintaining scheduled debt repayments. This item consists mainly of financial liabilities in the amount of euro 172.5 million. These liabilities include those towards convertible bond creditors in the amount of euro 9.8 million (a part of the convertible bond is shown as shareholders' equity in accordance with IFRS) as well as the liability in respect of the corporate bond issued in May and September 2013 (see next paragraph) in the net amount of euro 95.3 million. The gross proceeds from the bond amounted to euro 100.0 million; in accordance with IFRS the expenses directly connected with the bond in the amount of euro 5.1 million were netted with the liability in respect of the bond. The inclusion of these expenses takes place over the maturity of the bond as interest expense (since the issue of the loan interest expense of euro 0.4 million has been recorded). Moreover, long term liabilities to banks are included in the amount of euro 60.8 million. The liabilities to banks include mainly

- the syndicated working capital credit line of WKN AG (euro 15.0 million, of which long term euro 15.0 million – see description below),
- finite working capital loan of WKN AG (euro 6.0 million, of which long term euro 6.0 million),
- the project financing of the "Passauer Land" solar farm (euro 6.9 million, of which long term euro 6.0 million),
- the project financing of the "Altenbruch II" wind farm (euro 25.4 million, of which long term euro 21.8 million),

Development of short and long term liabilities

in euro million	2013	2012	2011
Liabilities			
short term	85.7	18.3	34.3
long term	174.4	67.8	72.9

- the project financing of the timber biomass power plant, "Silbitz" (euro 3.3 million, of which long term euro 2.7 million),
- the financing of the buildings of the companies of PNE WIND AG at the corporate headquarters in Cuxhaven and of WKN AG in Husum (euro 5.2 million, of which long term euro 4.6 million)

Explanation:

Loan liabilities due in the short term from the take-down of the syndicated working capital credit line of WKN AG in the amount of euro 15.0 million, which are essentially taken down as short term money market credits, were classified as long term in accordance with IAS 1.73, since within the context of a long term syndicated credit there exists a claim for the refinancing of these liabilities, and the Group intends to make use of this possibility.

In May 2013 PNE WIND AG issued a corporate bond with a maturity of 5 years, which was subscribed in a volume of euro 66.3 million by institutional and private investors. This loan was increased to euro 100.0 million in September 2013. The bond (WKN: A1R074/ISIN: DE000A1R0741) has been traded on the Frankfurt Stock Exchange since May 15, 2013.

On December 31, 2013 the total number of shares issued by PNE WIND AG amounted to 54,858,448. The increase versus December 31, 2012 (45,785,869 shares) resulted from the conversion of convertible bonds during the fiscal year 2013. Following the transfer of shares within the context of the acquisition of the shares of WKN AG, PNE WIND AG sold 1,052,491 own shares outside of the stock market to Close Brothers Seydler Bank AG for placement with institutional investors and achieved euro 2.8 million in proceeds. The background to the decision of the Board of Management to sell the own shares was due in particular to the fact that the remaining own shares would not be required for payment of acquisitions in the near future following the completion of the acquisition of the majority participation in WKN AG.

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 5.9 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 0.7 million.

During the fiscal year 2013 the short term liabilities increased from euro 18.3 million (December 31, 2012) to euro 85.7 million. The trade accounts payable increased from euro 4.7 million (December 31, 2012) to euro 12.1 million. The short term liabilities increased mainly due to the change in the short term financial liabilities, which include short term credit liabilities, from euro 8.2 million (December 31, 2012) to euro 39.0 million. This change was mainly attributable to short term interim project financing with maturities of less than one year, and which are transferred to the investors after the wind farms are delivered. Taking into consideration the liquid funds, the net indebtedness on December 31, 2013 was thus euro 134.1 million (December 31, 2012: euro 39.3 million) in accordance with DVFA – German Association for

Financial Analysis and Asset Management. Due to the maturity of less than a year, which must be applied, the convertible bond 2009/2014 (euro 3.8 million) and the remaining purchase price instalment to Siemens for the shares in WKN AG (euro 10 million) are included in short term liabilities and contribute to the change in the short term liabilities versus December 31, 2012.

b) PNE WIND AG

Assets (in EUR million)	31.12.2013	31.12.2012
Intangible assets	0.1	0.1
Property, plant and equipment	12.7	13.1
Financial assets	100.2	21.7
Inventories	35.2	9.7
Receivables and other assets	108.9	68.2
Liquid funds	67.2	32.8
Total assets	324.3	145.6

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 12.7 million (prior year: euro 13.1 million) and financial assets in the amount of euro 100.2 million (prior year: euro 21.7 million). The change in property, plant and equipment and intangible assets is based primarily on scheduled depreciation and amortisation charged. The fixed assets increased primarily as a result of the purchase of 82.75 percent of the shares of WKN AG.

Short term assets are composed of inventories in the amount of euro 35.2 million (prior year: euro 9.7 million), of which work in process in the amount of euro 11.0 million (prior year: euro 6.4 million), prepayments made in the amount of euro 24.2 million (prior year: euro 3.2 million) and receivables and other assets in the amount of euro 108.9 million (prior year: euro 68.2 million). Of the receivables and other assets the amount of euro 4.2 million is attributable to trade receivables (prior year: euro 1.1 million), receivables from associated companies in the amount of euro 100.7 million (prior year: euro 39.5 million) and euro 2.7 million (prior year: 27.5 million) to other assets. Prepayments made increased versus the prior year due to the higher number of project implementations. The increase in receivables from associated companies is attributable primarily to the granting of a loan for the purchase of the three "Atlantis I – III" offshore projects to the project companies belonging to the Group as well as the granting of loans the onshore project companies belonging to the Group for the implementation of wind farm projects.

Cash at the individual company amounted to euro 67.2 million as at December 31, 2013 (prior year: euro 32.8 million).

Liabilities (in EUR million)	31.12.2013	31.12.2012
Shareholders' equity	153.1	99.0
Special item for investment subsidies	1.0	1.1
Provisions	7.0	6.3
Liabilities	163.0	39.1
Deferred items	0.2	0.1
Total liabilities and shareholders' equity	324.3	145.6

As at the date of the statement of financial position on December 31, 2013 the shareholders' equity of PNE WIND AG in accordance with the accounting regulations of the German Commercial Code (HGB) amounted to euro 153.1 million (prior year: euro 99.0 million). The equity ratio of PNE WIND AG amounted as at December 31, 2013 to approx. 47 percent (December 31, 2012: approx. 68 percent) and the third party financing ratio to approx. 53 percent (December 31, 2012: approx. 32 percent).

As at December 31, 2013, the total number of shares issued by PNE WIND AG amounted to 54,858,448. The increase versus December 31, 2012 (45,785,869) is attributable to the conversion of convertible bonds during the course of 2013.

The main items on the liability side are the liabilities in the amount of euro 163.0 million (prior year: euro 39.1 million). These are broken down primarily into the corporate bond in the amount of euro 100.0 million, which was issued in 2013, the convertible bond 2009/2014 in the amount of euro 3.8 million (prior year: euro 3.8 million), the convertible bond 2010/2014 in the amount of euro 6.0 million (prior year: euro 26.0 million), liabilities to banks in the amount of euro 3.0 million (prior year: euro 3.2 million), prepayments received on orders in the amount of euro 26.4 million (prior year: euro 1.4 million) and trade payables in the amount of euro 2.1 million (prior year: 1.5 million).

The provisions include a provision for pending losses in the amount of euro 0.7 million (as per December 31, 2012: 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 1.6 million (as per December 31, 2012: euro 0.6 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 0.7 million (as per December 31, 2012: euro 1.0 million) as well as provisions for variable remuneration of the members of the Board of Management and senior executives in the amount of euro 2.1 million (as per December 31, 2012: euro 1.7 million).

- / Economic report
- / Transactions with closely related companies and persons
- / Sales and marketing
- / Development and innovations
- / Major events subsequent to the period under report
- / Intangible assets/sustainable development

7. Transactions with closely related companies and persons

During the fiscal year 2013 there were the following transactions with closely related persons:

PNE WIND AG concluded consulting contracts for the provision of EDP services with net.curity InformationsTechnologien GmbH, whose managing shareholder, Mr. Rafael Vazquez Gonzales, is a member of the Supervisory Board. During the fiscal year 2013 transactions were effected in this respect with a net volume of euro 310,875.14 (prior year euro 241,544.03). This amount includes a sum of euro 68,179.44 (prior year: euro 14,125.32) for investments by PNE WIND AG in software and hardware equipment. These business transactions were undertaken on an arm's length basis. As at December 31, 2013 there existed a liability from this transaction in the amount of TEUR 9 (prior year: TEUR 2).

net.curity InformationsTechnologien GmbH is responsible for the functioning of the electronic data processing of PNE WIND AG including maintenance and repair of the equipment as well as for the updating of the programmes. Moreover, it provides the necessary server and hard disk capacities as well as the technical service for the Company's website and communications capabilities.

8. Sales and marketing

The sale of wind farm projects continues to be based on direct sales to large and individual investors. PNE WIND AG has had positive experiences with such direct sales during the past few years and will continue to follow this proven course.

9. Development and innovations

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

10. Major events subsequent to the period under report

No significant events took place since the end of the period under report, which have an effect on the asset, financial and earnings situation.

11. Intangible assets/sustainable development

The successful development of wind farm projects onshore and offshore is based primarily on the knowledge and experience of employees of many years standing as well as on cooperation based on confidence with other participating partners. Creativity is frequently required for the solution of the many complex problems during the development phase of a wind farm. The value of a wind farm project, from which the commercial success of PNE WIND AG depends, is created primarily in the planning phase up to the approval. In this respect we can rely on the competence and experience of our employees who do not only have excellent expertise in the branch but also, moreover, maintain very good networks.

As a result it is 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.

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
-

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.

12. 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.

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, such as, for example, compensation for use of sites which would reduce the targeted profit contribution.

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,

Selected risks from operating activities

- (Non-) approval of projects
 - Delay of project implementation
 - Increasing competition for wind farm locations
 - Funding of new wind farm projects
 - Realisation of (Offshore-) wind farm projects
 - Delivery of wind energy plants
 - Mid- and long term: currency risks
 - Change of legal requirements in Germany and abroad
 - Termination of the bond prior to the scheduled maturity
-

cannot, however, be excluded, since rising interest rates lead to higher project costs. In addition, rising capital market interest rates can simultaneously lead to declining sales prices, since the requirements of the individual and large investors for a return on the project may increase in this case.

The financing available to WKN AG is subject in part to variable interest rates, which are mainly linked to the 3 month EURIBOR or the EONIA. Apart from a small partial amount of TEUR 630 from a payment swap, WKN AG has not hedged against rising interest rates.

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" 3. 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 projects will be realised. A failure of these projects would have no major effects on the short or medium term 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 or are expected beyond the short to medium term planning period.

Liquidity risks for the financing of the operating business during the course of the year exist in particular if the closings of project sales are delayed.

Refinancing risks can occur taking into account the many years required for project development, when the two participation certificate issues of WKN AG expire in December 2014 and when the KfW loan to WKN AG is due in June 2016.

Risks could arise for the planned implementation periods for the "Nemo", "Jules Verne" and "Nautilus" as well as the "Atlantis I - III" 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 Company.

From the issue of the 2013/2018 bond and the covenants concerning the equity ratio included in the bond conditions increased interest payments could arise or there could be a termination right on the part of the bond subscriber prior to the scheduled maturity in the event of a breach of the covenant. Increased interest payments on the bond would have no significant effects on the future asset, financial and earnings situation of PNE WIND AG. A termination of the bond by the subscribers prior to the scheduled maturity of the bond would have substantial effects in the future short and medium term on the future asset, financial and earnings situation of PNE WIND AG.

Risks from the majority shareholding in WKN AG

The purchase price paid by PNE WIND for the acquisition of the total participation in WKN AG could prove to have been too high and could result in a high outflow of funds as well as downward pressure on results due to write-offs.

The assumptions made by PNE WIND regarding the facts and the business development of WKN AG may prove to have been too optimistic and/or PNE WIND could have estimated risks in connection with the business activity of the WKN Group wrongly or too optimistically.

WKN AG is an independent company within the PNE WIND Group, on whose business activity no direct influence can be taken on the part of PNE WIND. For this reason as well as due to the fact that the WKN Group has third party shareholders, there could be difficulties with the implementation of the strategy to acquire the total participation in WKN AG and the use of synergy effects could prove to be difficult.

The WKN Group could in the future not be in a position to cover its financing requirements, in particular in the event of the maturity of larger third party liabilities. This could lead to increased expenses and guarantee obligations on the part of PNE WIND AG.

Apart from the projecting of wind power turbines, the WKN Group is also to a small extent active in the area of the projecting of photovoltaic equipment. This results in PNE WIND being subject to various risks in connection with the development and projecting of photovoltaic farms.

There are risks for the WKN Group in connection with the operation of the Passauer Land photovoltaic farm, such as too high earnings expectations, too low estimates of the operating costs and thus also a possible additional requirement for liquidity.

From the taking down of the syndicated loan in the amount of euro 29 million and also from the covenant included in the loan contract regarding the maintenance of an equity ratio, an interest cover ratio or a gearing factor, there is the risk of increased interest rates in the event of a breach of the covenant or the right of the banks to terminate the syndicated loan prior to scheduled maturity (2016). Increased interest payments for the taking down of the loan would have no significant effects on the future asset, financial and earnings situation of the PNE Group. A termination of the syndicated loan by the banks prior to the scheduled maturity date could have substantial effects on the future short and medium term asset, financial and earnings situation of WKN AG and thus also on PNE WIND AG, depending on the relative amount of the syndicated loan taken down.

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. In Germany deterioration from the point of view of the Company can be expected to a certain extent, since in the Federal Republic changes in the Renewable Energies Law (EEG) are planned due to a significant increase in the EEG reallocation charge. The current planning of the Federal Government foresees an earlier amendment of the Renewable Energies Law (EEG) and a coming into force of the new law on August 1, 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 as an early stage as possible to 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. This includes also the court case which has not yet been concluded concerning the estimation of the French feed-in tariff as a subsidy by the EU Commission. In this connection a final judgement by the highest French court is required. The judgement is expected in the spring of 2014 and an amended version of the law on the feed-in tariff should follow with a valid notification to the EU Commission in the summer of 2014.

Tax risks

PNE WIND AG and its subsidiaries Group companies are currently active in 14 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 and that of WKN AG and its subsidiaries for the period up to December 31, 2006. In the case of external audits there is the risk that the results of the external audit can have effects on the asset, financial and earnings situation of the company in the future annual and consolidated accounts.

Opportunities

As a developer of onshore and offshore wind farms the PNE WIND Group 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 the companies in the PNE WIND Group have available from its many years of activity in the market the prerequisites in order to benefit in the long term from this development.

The activities abroad offer special opportunities for the Company. The PNE WIND Group has thus already expanded its business activity into attractive growth markets. In this respect the expansion is taking place primarily in countries with stable political general conditions and reliable feed-in and promotion regulations or also in countries with comparably high market potential. In order to take into consideration sufficiently the corresponding local conditions, the market introduction always takes place in cooperation with a local partner, whereby the companies of the PNE WIND Group assures its necessary management and controlling rights by means of a significant participation and essentially on the other hand finance mainly completely the project development work. 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 as well as by WKN in all the international markets in which it is active. The subsidiaries of PNE WIND AG established in the USA and Hungary will also follow this strategy. In the future PNE WIND AG will thus also pursue this policy for selective foreign expansion and take advantage decisively of existing market opportunities. For this purpose a continuous observation takes place with regard to other wind power markets as well as a careful analysis of corresponding market introduction opportunities.

Apart from the perspectives of internationalisation, the established German market continues to offer a range of opportunities. During the next few years an increased level of replacement can be expected in respect of obsolete wind power turbines by more modern and more efficient equipment (so-called repowering). With the "Alt Zeschdorf", "Görike", "Kemberg II" and "Langwedel 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. The repowering of existing wind farms in Germany is also part of the business strategy for WKN. In view of the fact that three repowering projects have already been carried by WKN, the company has also shown its corresponding experience in this business segment.

Prospects

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

In addition, there is the planned expansion of German offshore wind power. In this respect Germany, which otherwise was considered a pioneer with regard to wind power, is still in the initial phase. The ambitious climate objectives of the Federal German Government and the necessity for increasing the security of supply require the accelerated expansion of wind farms on the high seas. In this respect PNE WIND AG is distinguished by the fact that it has already carried out four offshore wind farm projects through the whole process up to the approval by the Federal Office for Shipping and Hydrographics, of which three are currently under construction. Six further own offshore projects as well as two additional 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 major 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. 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.

13. Controlling system

The controlling of the PNE WIND Group is based on regular discussions between the Board of Management and the corporate units; meetings of the Board of Management take place regularly. The internal controlling system covers all areas of the Company. As a result short reaction times can be guaranteed to changes in all areas and at all decision levels of the PNE WIND Group. Any changes with significant effect on the results are reported immediately to the Board of Management.

The starting point for the controlling of the overall Group and the corporate units is the targets set by the Board of Management, which are derived from the vision, mission and the overall strategy of the PNE WIND Group. A key instrument for the implementation of the targets and objectives is the totality of the internal regulations of the PNE WIND Group.

The corporate units report monthly on the current developments and deviations from the targets. Moreover, early operating indicators are continuously analysed.

A regular exchange takes place between the Board of Management and the business divisions in which an overview is given of the corresponding market situation. Furthermore, during the course of the year major topics are also discussed such as the determination of the strategy and its systematic implementation within the context of the annual and medium term planning as well as the target agreements and their achievement.

The controlling of the activities of our operating units takes place on the basis of the stated controlling key data; in this respect the EBIT result is given high importance, since this is in our opinion the appropriate data for the judgement of the earnings power of the PNE WIND Group. On the basis of the controlling EBIT data a comparison is made in the PNE WIND Group between the annual and the forecasted development of the business.

14. 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 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 the Group controlling department. 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.

The individual risks are classified as part of internal risk reporting within the Group on the basis of the likelihood and potential impact.

The key Classification of probability

Probability	Description
0 % to 5 %	Very low
6 % to 20 %	Low
21 % to 50 %	Middle
51 % to 100 %	High

Classification according to the degree of influence

Expected impact in T €	Degree of impact
T€ 0 to T€ 250	Low
>T€ 250 to T€ 1,000	Moderate
>T€ 1,000 to T€ 2,000	Considerable
>T€ 2,000 to T€ 40,000	Very high

The risk classification of High, Middle and Low results from the combination of the expected probability and the degree of influence.

Impact				
Very high	Middle	High	High	High
Considerable	Middle	Middle	High	High
Moderate	Low	Middle	Middle	High
Low	Low	Low	Middle	Middle
Probability	Very low	Low	Middle	High

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 2013 to the management and corporate structure. Due to the particular importance of exemplary action in all business areas, executive employees were trained during 2013 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.

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

The management declaration is published on our internet page www.pnewind.com in the section "Investor Relations" under Corporate Governance and can be downloaded from there.

- / Description of the key characteristics of ICS/
RMS of the parent company and the total Group
- / Management declaration (Section 289a of the German Commercial Code (HGB))
- / Supplementary information in accordance with Section 289 Paragraph 4 and
Section 315 Paragraph 4 of the German Commercial Code (HGB) (Acquisition
Guideline law)

16. 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, 2013 PNE WIND AG had issued 54,858,448 registered shares with a nominal share in the share capital of euro 1.00 each. As at December 31, 2013 shares in the free float (holdings of less than 3 percent of the share capital) amounted to approximately 80 percent. A direct participation, which exceeded the amount of 10 percent of the voting shares, was announced by the Volker Friedrichsen Beteiligungs-GmbH, Schwabstedt, with approximately 19.81 percent.

Other 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. In accordance

with Section 6, paragraph 1 of the articles of association the Supervisory Board determines the number of the members of the Board of Management. In addition it can appoint a Chairman of the Board of management as well as his deputy.

A change in the articles of association requires a resolution of the general meeting of shareholders in accordance with Section 179 of the German Stock Corporation Law (AktG). In accordance with Section 15 Paragraph 2 of the articles of association resolutions of the general meeting of shareholders, insofar as there are no contrary legal regulations, May be taken with the simple majority of the votes cast and, insofar as the law specifies a majority of the capital apart from the majority of the votes cast, with the simple majority of the subscribed capital represented at the time of the resolution. In accordance with Section 179, paragraph 2 of the German Stock Corporation Law (AktG) a resolution of the general meeting of shareholders concerning a change in the articles of association requires a majority consisting of at least three quarters of the subscribed capital represented at the time of the resolution. The articles of association can determine another capital majority, but, however, only a larger majority for a change in the object of the Company.

According to Section 10, Paragraph 7 of the articles of association, the Supervisory Board is authorised to make changes to the articles of association when there is only a question of formulation. Furthermore the Supervisory Board is authorised in accordance with Section 5 of the articles of association to adjust the use of a conditional capital as well as the carrying out of a capital increase in accordance with these articles and, in the event that the authorised capital is not fully used up to May 21, 2018, to adjust this after the end of the authorisation period.

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.

After the Company made use for the first time in 2012 of the authorisation to acquire own shares, which had been resolved by the general meeting of shareholders on May 14, 2009 and acquired a total of 672,955 shares, the Company continued the buy-back of shares further during the year under report. In total an additional 3,453,745 own shares were acquired during the first twelve calendar weeks of 2013 via the stock market within the context of the authorisation with the result that the authorisation was fully used. For this reason, the authorisation by the Annual General Meeting on May 14, 2009 to purchase own shares was canceled by the Annual General Meeting of May 22, 2013. At the same time the Board of Management was again authorised to purchase up to May 21, 2018 own shares in the Company in a volume of up to 10 percent of the equity capital existing at the time of the resolution. The acquisition shall take place at the choice of the Board of Management either via the stock market or via a public purchase offer or via a public announcement to the shareholders for a sales offer. In the case of acquisition via the stock market the acquisition 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).

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.

Up to December 31, 2013 the Company made no use of the authorisation to acquire own shares which was granted by the resolution of the general meeting of shareholders of May 22, 2013.

The Board of Management is also authorised by a resolution of the general meeting of shareholders of May 14, 2009 to issue up to May 13, 2014 with the approval of the Supervisory Board convertible and/or option bonds on one or several occasions in a total nominal amount of up to euro 100,000,000.00 with a maximum maturity of 20 years. At the same time the share capital of the Company was increased conditionally by up to euro 15,000,000 (conditional capital 2009/1). 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 EUR 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 unchanged in the total amount of euro 13,358,181.00 as at December 31, 2013.

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.

Moreover, the general meeting of shareholders of May 15, 2012 authorised the Board of Management to issue up to May 14, 2017 with the authorisation of the Supervisory Board on one or several occasions convertible and/or option bonds with a total nominal value of up to euro 50,000,000 with a maximum term of 20 years. At the same time the equity capital of the Company was increased conditionally by up to a further euro 7,750,000.00 (Conditional Capital II/2012).

Up to December 31, 2013 no use was made of this authorisation.

Furthermore, with a resolution of the general meeting of shareholders of May 22, 2013 the existing authorised capital, which was not used by the Company in the year under report, was cancelled in its not yet used volume and at the same time a new authorised capital was created. The Board of Management was thus authorised to increase with the approval of the Supervisory Board the equity capital of the Company up to May 21, 2018 by up to a total of euro 22,800,000.00 through the issue of new registered no par value shares against contribution in kind or in cash on one or several occasions (Authorised Capital).

Up to December 31, 2013 no use was made of the authorised capital.

Key agreements prevailing under the condition of a change of control resulting from an acquisition offer as well as compensation agreements of the Company, which have been concluded for the event of a take-over offer with the members of the Board of Management or employees

Corporate bond 2013/2018

If a change in control should occur, each bond creditor has the right in accordance with the conditions of the bond to demand from PNE WIND AG as the issuer the prior repayment of his loan. In this connection it is deemed that a change of control has occurred if the issuer is informed

that an individual or a group of individuals acting together as a group within the meaning of Section 2, paragraph 5 of the Securities and Corporation Acquisition Law have become the legal and economic owners of such a number of shares of the issuer, which represent 30 percent or more of the voting rights of the issuer.

Other agreements

Furthermore, neither PNE WIND AG nor the companies included in the consolidated financial statements have concluded any additional significant agreements which are subject to the condition of a change in control as a result of 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.

17. Remuneration report

The remuneration of the Board of Management and the Supervisory Board amounted together to TEUR 3,696 (prior year: TEUR 2,802) during the fiscal year 2013.

The fixed remuneration paid to the Supervisory Board during the fiscal year 2013 amounted to TEUR 241 (prior year: TEUR 208). The Chairman receives TEUR 21, the Deputy Chairman TEUR 15.8 and the other members of the Supervisory Board TEUR 10.5 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 655 (prior year: TEUR 240) in respect of variable remuneration. The variable remuneration determined in the articles of association is calculated for the fiscal year 2013 on the basis of the average Group EBIT for the years 2011 to 2013. The corresponding EBIT of the past 3 years amounted to TEUR 70 (2011), TEUR 20,445 (2012) and TEUR 44,983 (2013). An average EBIT of TEUR 21,833 thus results for the years 2011 to 2013. As variable remuneration the Chairman of the Supervisory Board receives 0.8 percent, the Deputy Chairman of the Supervisory Board 0.6 percent and each other member of the Supervisory

board 0.4 percent of this average EBIT. The total remuneration of the Supervisory Board during the fiscal year 2013 amounted to TEUR 896 (prior year: TEUR 448). 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 2013 the members of the Board of Management received total remuneration or corresponding provisions were set up in the amount of TEUR 2,800, which is distributed as follows:

Martin Billhardt fixed remuneration of TEUR 402, variable remuneration of TEUR 720 and other remuneration of TEUR 315. Total remuneration thus amounted to TEUR 1,437 (prior year: TEUR 1,401).

Jörg Klowat: fixed remuneration of TEUR 246 variable remuneration of TEUR 240, and other remuneration of TEUR 188. Total remuneration thus amounted to TEUR 674 (prior year: TEUR 505).

Markus Lesser: fixed remuneration of TEUR 246, variable remuneration of TEUR 260 and other remuneration of TEUR 183. Total remuneration thus amounted to TEUR 689 (prior year: TEUR 448).

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.

18. Outlook/Forecast

The projecting and realisation of wind farms is the core business of the companies of the PNE WIND Group. Through PNE WIND AG and WKN AG as well as the subsidiaries and joint ventures of these companies, the group is active in Germany as well as in 13 international markets. Whilst exclusively wind farms on land (onshore) have been developed to date abroad, development at sea (offshore) is also the case in Germany. The objective is in this respect to expand as fast as possible the use of wind power for the generation of electricity. The expansion of renewable energies is a subject which is being discussed worldwide. An increasing number of states are emphasising the urgent necessity of a change in energy supply in favour of renewable energies and are creating general conditions, with which the correct ecological expansion can also be economically meaningful. Above all wind power is benefitting, since it is already contributing particularly effectively and economically to the guaranteeing of future electricity generation due to its technical development.

We take these perspectives into account in our corporate strategy.

The basis of our future corporate success is the large number of onshore projects with a nominal output of 4,800 MW, which are currently being worked on by the PNE WIND Group in Germany as well as in 13 foreign markets. During the next few years projects, which are being developed intensively today, will reach construction maturity, be implemented and thereby contribute to revenues and earnings.

We are expecting an increasing positive and long term growth effect on our business model from the increasing replacement of smaller and obsolete wind power turbines by more efficient units with higher performance. Older equipment is gradually being replaced within the context of the repowering. With a currently installed nominal output of significantly more than 30,000 MW in Germany we expect a continuously growing market with attractive growth opportunities for our Company.

The PNE WIND Group is in a good position both onshore and offshore as well as nationally and internationally. We are very confident that we can make use of the future opportunities presented by the "wind" growth market.

PNE WIND AG expects for the three year period from 2014 to 2016 continued positive results on an EBIT basis from its operations. Together with results of our holding companies, which are active both in Germany and abroad, the combined earnings will make up the majority of the expected group EBIT. Having recorded a cumulative EBIT of euro 65.5 million for the three year period from 2011 to 2013, we have fulfilled PNE WIND AG's 2011-13 guidance of euro 60 to 72 million. For the fiscal years 2014 to 2016, we expect for the PNE WIND-Group including WKN AG a cumulative EBIT of euro 110 to 130 million.

Cuxhaven, March 18, 2014

PNE WIND AG, Board of Management

Outlook

- Wind farm projecting is central to company development in Germany and abroad
 - Project which are currently under development as basis for future company successes
 - Repowering as business area with long term and growing income prospects
 - Cumulative EBIT forecast for the fiscal years 2011 to 2013 of euro 60 to 72 million fulfilled
 - New EBIT forecast 2014 to 2016 of cumulative euro 110 to 130 million
-



“The PNE WIND Group projects wind farms in 14 countries. By this, we have diversified our risks. Also the offshore sector has been strengthened through the acquisition of three projects.”

Markus Lesser | COO

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Consolidated statement of comprehensive income (IFRS)

of PNE WIND AG for the period from January 1 to December 31, 2013

All figures in TEUR (differences due to rounding possible)		Notes	2013	2012
1.	Revenues	VI.1.	144,040	84,395
2.	Increase in finished goods and work in process		14,789	8,415
3.	Other operating income	VII.2.	3,223	1,477
4.	Total aggregate output		162,053	94,286
5.	Cost of materials		-71,895	-44,601
6.	Personnel expenses	VI.3.	-21,615	-13,525
7.	Amortisation of intangible assets and depreciation of property, plant and equipment	IV.3./V.1./ V.2.	-6,196	-5,347
8.	Other operating expenses	VI.4.	-17,336	-10,340
9.	Impairment expense - goodwill	IV.3./V.1.	-28	-28
10.	Operating result		44,983	20,445
11.	Income from participations		202	0
12.	Other interest and similar income	VI.5.	1,283	343
13.	Expenses from assumption of losses		-42	-1
14.	Interest and similar expenses	VI.6.	-10,617	-5,659
15.	Result of ordinary operations		35,808	15,129
16.	Taxes on income	VI.7.	2,833	251
17.	Other taxes		-92	-90
18.	Consolidated net loss before minority interests		38,549	15,290
19.	Minority interests	V.8.	-2,130	-1,687
20.	Consolidated net loss / income		40,679	16,977
Other comprehensive income / items that may be reclassified in the future in the profit and loss account				
21.	Foreign currency translation differences		-507	-72
22.	Others		0	0
23.	Other comprehensive income for the period (net of tax)		-507	-72
24.	Total comprehensive income for the period		38,042	15,219
Consolidated profit / loss for the period attributable to:				
	Owners of the parent company		40,679	16,977
	Non-controlling interests		-2,130	-1,687
			38,549	15,290
Total comprehensive income for the period attributable to:				
	Owners of the parent company		40,172	16,905
	Non-controlling interests		-2,130	-1,687
			38,042	15,219
	Weighted average of shares in circulation (undiluted) (in thousands)	VI.8	47,201	45,764
	Undiluted earnings per share from continuing operations in EUR		0.86	0.37
	Weighted average of shares in circulation (diluted) (in thousands)	VI.8	51,476	59,119
	Diluted earnings per share from continuing operations in EUR		0.81	0.31

Consolidated statement of financial position

of PNE WIND AG, Cuxhaven, as at December 31, 2013

Assets

All figures in TEUR (differences due to rounding possible)		Notes	Status as at 31.12.2013	Status as at 31.12.2012
A. Long term assets				
I.	Intangible assets	IV.1./IV.3./V.1.		
	1. Franchises, trademarks, licences and other similar rights as well as licences from such rights		4,545	1,836
	2. Goodwill		51,798	20,282
			56,343	22,118
II.	Property, plant and equipment	IV.2./IV.3./V.2.		
	1. Land and buildings including buildings on third-party land		20,849	16,310
	2. Technical equipment and machinery		52,124	43,286
	3. Other plant and machinery, fixtures and fittings		2,865	461
	4. Prepayments and plant under construction		251	20
			76,089	60,077
III.	Long term financial assets	IV.4./V.3.		
	1. Shares in affiliated companies		1,079	0
	2. Shares in associates		5,957	0
	3. Participations		612	63
	4. Other loans		719	0
	5. Other long term loan receivables		238	185
			8,605	247
IV.	Deferred tax assets	IV.5./VI.7.	9,150	976
B. Assets held for sale			753	1,272
C. Current assets				
I.	Inventories	IV.7./V.5.	145,860	28,046
II.	Receivables and other assets	IV.9./V.6.		
	1. Trade receivables		34,371	30,233
	2. Other short term loan receivables		8,638	60
	3. Receivables from affiliated companies		3,736	0
	4. Receivables from associated companies and from other investments		3,099	4
	5. Other assets		9,692	1,061
			59,536	31,357
III.	Tax receivables		1,202	1,826
IV.	Cash and cash equivalents	IV.10.	77,402	36,586
			434,941	182,505

Liabilities

All figures in TEUR (differences due to rounding possible)		Notes	Status as at 31.12.2013	Status as at 31.12.2012
A.	Shareholders' equity	V.7.		
I.	Capital subscribed		54,858	45,786
II.	Capital reserve		55,546	44,886
III.	Treasury shares		0	-1,510
IV.	Retained earnings			
	1. Legal reserve		5	5
	2. Other retained earnings		46	46
			51	51
V.	Foreign exchange reserve		-712	-205
VI.	Retained consolidated profit		35,173	581
VII.	Minority interests	V.8.	5,693	-2,994
			150,609	86,595
B.	Long term liabilities			
I.	Other provisions	IV.12./V.11.	9,457	647
II.	Deferred subsidies from public authorities	IV.14./V.9.	1,043	1,090
III.	Long term financial liabilities	IV.13./V.12.		
	1. Participation certificate capital		3,061	843
	2. Bonds		101,182	28,898
	3. Liabilities to banks		60,810	30,126
	4. Other financial liabilities		7,028	7,100
	5. Liabilities from leasing contracts		394	502
			172,475	67,469
IV.	Deferred tax liabilities	IV.5./VI.7.	1,913	370
C.	Current liabilities			
I.	Provisions for taxes	V.10.	1,919	191
II.	Other provisions	IV.12./V.11.	735	901
III.	Short term financial liabilities	IV.13./V.12.		
	1. Bonds		3,836	0
	2. Liabilities to banks		24,529	7,627
	3. Other financial liabilities		10,507	507
	4. Liabilities from leasing contracts		106	106
			38,979	8,241
IV.	Other liabilities	IV.13./V.13.		
	1. Trade payables		12,093	4,696
	2. Liabilities to affiliated companies		539	0
	3. Liabilities to associated companies and to other investments		1,239	135
	4. Deferred revenues		11,122	7,040
	5. Deferred liabilities		17,700	2,208
	6. Other liabilities		15,109	2,693
			57,803	16,772
V.	Tax liabilities		0	221
D.	Liabilities held for sale		8	9
			434,941	182,505

Consolidated statement of cash flows (IFRS)

of PNE WIND AG, Cuxhaven, for the fiscal year 2013

All figures in TEUR (differences due to rounding possible)	Notes	2013	2012
Consolidated net result		38,549	15,290
-/+ Income tax benefit and expense	VI.7.	-2,833	-251
+/- Interest income and expense	VI.5./VI.6.	9,334	5,315
-/+ Income tax received		-2,091	-88
+/- Amortisation and depreciation of intangible assets and property, plant and equipment		6,224	5,375
+/- Increase/decrease in provisions	V.11.	10,535	75
-/+ Non-cash effective income/expenses		-480	-261
- Profit from the disposal of fixed assets and from final consolidation	III.2.	0	-18,312
+/- Increase of inventories and other assets	IV.7./V.5.	-106,266	-12,408
+/- Decrease/increase of trade receivables and stage of completion accounting	IV.8./IV.9./V.3./V.6.	11,980	-10,453
+/- Increase/decrease of trade liabilities and other liabilities	IV.13./V.12./V.13.	43,573	-7,326
- Interest paid		-9,970	-2,468
+ Interest received		458	342
Cash flow from operating activities		-987	-25,170
+ Inflow of funds from intangible assets		231	0
+ Inflow of funds from disposal of items of property, plant, equipment and intangible assets		234	50
- Outflow of funds for investments in property, plant, equipment and intangible assets	V.1.-2.	-3,334	-12,498
+ Inflow of funds from disposal of financial assets		1,175	1
- Outflow of funds from disposal of financial assets		-261	-15
+ Inflow of funds from disposal of consolidated units	III.3.	0	52,075
- Outflow of funds for investments in consolidated units		-59,369	0
Cash flow from investing activities		-61,323	39,612
+ Additional inflow of funds from shareholders/Proceeds from the sale of treasury shares	V.7.	2,758	18
+ Inflow of funds from the issue of bonds		100,000	0
+ Inflow of funds from financial loans	V.12.	31,302	11,257
- Outflow of funds from the redemption of financial loans	V.12.	-14,956	-5,097
- Outflow of funds from bond transaction costs		-5,144	0
- Outflow of funds from the buyback of own shares	V.7.	-9,241	-1,510
- Outflow of funds for dividend		-4,166	-1,831
- Outflow of funds from participation certificates		-5,000	0
Cash flow from financing activities		95,553	2,837
Cash effective change in liquid funds		33,243	17,279
+ Change in liquid funds due to changes in scope of consolidation		7,574	-141
+ Liquid funds at the beginning of the period	IV.10./VII.1.	36,586	19,447
Liquid funds at the end of the period*	IV.10./VII.1.	77,403	36,585
* of which are pledged to a bank as security guaranteed credit lines	V.12.	1,052	459

Consolidated statement of change in equity (IFRS)

of PNE WIND AG, Cuxhaven, for the fiscal year 2013

All figures in TEUR (differences due to rounding possible)	Capital subscribed	Capital reserve	Treasury shares	Profit reserves	Foreign exchange reserve	Retained loss	shareholders equity before minority	Minority interests	Total shareholders' equity
Status as at January 1, 2012	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
Conversion of convertible bond 2010/2014	8	9	0	0	0	0	17	0	17
Purchase of treasury shares	0	0	-1,510	0	0	0	-1,510	0	-1,510
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 net result 2013	0	0	0	0	0	40,679	40,679	-2,130	38,549
Dividend	0	0	0	0	0	-4,166	-4,166	0	-4,166
Purchase of treasury shares	0	0	-9,241	0	0	0	-9,241	0	-9,241
Sale of treasury shares	0	0	10,750	0	0	0	10,750	0	10,750
Conversion of convertible bond 2009/2014	4	6	0	0	0	0	10	0	10
Conversion of convertible bond 2010/2014	9,068	10,654	0	0	0	0	19,722	0	19,722
Minorities arising from the first consolidation of WKN AG	0	0	0	0	0	0	0	9,442	9,442
Minorities changes from the investment increase at the PNE WIND UK	0	0	0	0	0	-1,334	-1,334	1,334	0
Other items	0	0	0	0	-507	-587	-1,094	41	-1,053
Status as at December 31, 2013	54,858	55,546	0	51	-712	35,173	144,916	5,693	150,609

Consolidated schedule of fixed assets (IFRS)

of PNE WIND AG for the fiscal year 2013

All figures in TEUR (differences due to rounding possible)	Status as at 1.1.2013	Changes in consolidated	Acquisition and manufacturing cost				Exchange Differences	Status as at 31.12.2013
			Additions	Re- classifications	Disposals			
I. Intangible assets								
1. Franchises, trademarks and similar rights as well as licences to such rights	4,681	3,202	311	0	900	-6	7,288	
2. Goodwill	104,540	31,544	0	0	0	-2	136,083	
	109,221	34,746	311	0	900	-8	143,370	
II. Property, plant and equipment								
1. Land and buildings including buildings on third party land	21,325	4,998	235	0	81	0	26,477	
2. Technical equipment and machinery	71,394	10,660	2,400	490	104	-85	84,754	
3. Other equipment, fixtures and furnishings	2,391	2,551	413	87	458	-12	4,973	
4. Prepayments and plant under construction	20	638	178	-577	0	-7	251	
	95,129	18,847	3,225	0	643	-104	116,455	
III. Financial assets								
1. Shares in affiliated companies	6,160	1,078	17	0	16	0	7,239	
2. Shares in associates	0	5,761	228	0	32	0	5,957	
3. Participations	63	1,688	21	0	1,160	0	612	
4. Other loans	0	715	3	0	0	0	719	
	6,223	9,241	270	0	1,207	0	14,527	
	210,574	62,834	3,806	0	2,750	-112	274,352	

	Accumulated amortisation and depreciation				Book values		
	Status as at 1.1.2013	Additions	Disposals	Exchange Differences	Status as at 31.12.2013	Status as at 31.12.2013	Status as at 31.12.2013
	2,845	448	545	-6	2,742	4,546	1,836
	84,258	28	0	-2	84,285	51,798	20,282
	87,103	476	545	-7	87,027	56,343	22,118
	5,014	614	0	0	5,628	20,849	16,311
	28,109	4,600	36	-43	32,630	52,124	43,285
	1,930	533	350	-6	2,108	2,865	461
	0	0	0	0	0	251	20
	35,053	5,747	386	-49	40,365	76,090	60,076
	6,160	0	0	0	6,160	1,079	0
	0	0	0	0	0	5,957	0
	0	0	0	0	0	612	63
	0	0	0	0	0	719	0
	6,160	0	0	0	6,160	8,367	63
	128,316	6,224	931	-56	133,553	140,799	82,258

Consolidated schedule of fixed assets (IFRS)

of PNE WIND AG for the fiscal year 2012

All figures in TEUR (differences due to rounding possible)	Status as at 1.1.2012	Changes in consolidated	Acquisition and manufacturing cost				Exchange Differences	Status as at 31.12.2012
			Additions	Re- classifications	Disposals			
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 affiliated 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	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	10	0	2,845	1,836	19,487
	84,230	0	28	0	0	84,258	20,282	20,310
	86,845	0	267	10	0	87,103	22,118	39,796
	4,501	0	513	0	0	5,014	16,311	16,775
	23,975	0	4,169	27	-8	28,109	43,285	46,993
	1,782	0	206	58	0	1,930	461	550
	9	-220	220	9	0	0	20	29,488
	30,268	-220	5,108	95	-8	35,053	60,076	93,806
	6,160	0	0	0	0	6,160	0	0
	0	0	0	0	0	0	63	48
	0	0	0	0	0	0	0	0
	6,160	0	0	0	0	6,160	63	48
	123,273	-220	5,375	105	-8	128,316	82,258	133,650

Consolidated segment reporting (IFRS)

of PNE WIND AG, Cuxhaven, for the fiscal year 2013

All figures in TEUR (differences due to rounding possible)	Projecting of wind power turbines		Electricity generation	
	2013	2012	2013	2012
External sales	133,427	74,072	10,614	10,323
Inter-segment sales	13,980	7,723	740	739
Change in inventories	8,798	8,023	0	0
Other operating income	3,308	1,510	16	184
Total aggregate output	159,513	91,329	11,370	11,246
Depreciation and amortisation	-2,310	-1,641	-3,913	-3,734
Operating result	47,567	19,198	2,343	2,505
Interest and similar income	4,045	2,679	610	26
Interest and similar expenses	-11,370	-5,042	-2,620	-2,978
Taxes on income	1,626	-208	-275	80
Investments	3,945	756	258	11,742
Segment assets	541,166	230,329	88,247	51,716
Segment liabilities ¹¹	426,012	176,319	85,150	54,631
Segment equity	115,154	54,010	3,096	-2,915

The following companies are included in the individual segments:

Projecting of wind power turbines PNE WIND AG, PNE WIND Betriebsführungs GmbH, PNE WIND Netzprojekt GmbH, PNE Gode Wind I GmbH (until 14.08.2012), PNE Gode Wind II GmbH (until 14.08.2012), PNE Gode Wind III GmbH, PNE WIND Jules Verne GmbH, PNE WIND Nemo GmbH, PNE WIND Nautilus GmbH, PNE WIND GM Hungary Kft., PNE WIND Ausland GmbH, PNE WIND Straldja-Kamenec OOD, PNE WIND Bulgaria EOOD, PNE WIND BE Development OOD, PNE WIND Ventus Praventsi OOD, PNE WIND Yenilenebilir Enerjila Ltd., PNE WIND UK Ltd., NH North Hungarian Windfarm Kft., PNE WIND NEH/I Kft., PNE WIND PARK Dobrudzha OOD, PNE WIND USA Inc., PNE WIND Central States LLC (formerly PNE WIND Renewable Solutions LLC), PNE WIND DEVELOPMENT LLC, Underwood Windfarm LLC, Butte Windfarm LLC, Chilocco WIND FARM LLC, PNE-BCP WIND Inc., PNE WIND Romania S.R.L., PNE WIND Romania Energy Holding S.R.L., EVN WINDPOWER DEVELOPMENT & CONSTRUCTION S.R.L., S.C. PNE WIND MVI SRL, PNE WIND Pusztahencse Kft., Wind Kapital Invest Verwaltungs GmbH, Wind Kapital Invest GmbH & Co. KG, PNE WIND Verwaltungs GmbH, PNE WIND Atlantis I GmbH, PNE WIND Atlantis II GmbH, PNE WIND Atlantis III GmbH, WKN AG, Windkraft Nord USA Inc., WKN Italia S.R.L., Aero Sol S.R.L., Aero-Tanna S.R.L., ATS Energia S.R.L., WKN Basilicata Development S.R.L., WKN France S.A.S.U., Parc Eolien de Crampon S.A.S.U., TOV WKN Ukraine, Ukrainische Windenergie Management GmbH, New Energy Association International GmbH, Sevion Sp. z o.o., VKS Windkraft Sverige AB, WKN Windcurrent SA (Pty) Ltd., NordStrom New Energy GmbH, WKN Windkraft Nord GmbH & Co., WKN Picardie Verte II S.A.S.U. (until 30.09.2013), BGZ Fondsverwaltung GmbH, energy consult GmbH

Electricity generation PNE Biomasse GmbH, PNE WIND Laubuseschbach GmbH & Co. KG, PNE WIND Altenbruch II GmbH & Co. KG, PNE WIND Grundstücks GmbH, Holzheizkraftwerk Silbitz GmbH & Co. KG, PNE WIND Park II GmbH & Co. KG (until 18.07.13), Plambeck Neue Energien Windpark Fonds CV GmbH & Co. KG (until 31.03.2012), PNE WIND Park I GmbH & Co. KG, PNE WIND Park VI GmbH & Co. KG, PNE WIND Park VII GmbH & Co. KG, PNE WIND Park Altdöbern A GmbH & Co. KG, PNE WIND Park Altdöbern B GmbH & Co. KG, PNE WIND Park Altdöbern C GmbH & Co. KG, PNE WIND Park Großräschen A GmbH & Co. KG, PNE WIND Park Großräschen B GmbH & Co. KG, PNE WIND Infrastruktur Chransdorf-West GmbH & Co. KG, PNE WIND Infrastruktur Chransdorf Verwaltung GmbH, PNE WIND Park Calau II A GmbH & Co. KG (until 22.12.2013), PNE WIND Park Calau II B GmbH & Co. KG, PNE WIND Park Calau II C GmbH & Co. KG, PNE WIND Park Calau II D GmbH & Co. KG, PNE WIND Park III GmbH & Co. KG, PNE WIND Infrastruktur Calau II GmbH, PNE WIND Park Köhlen I GmbH & Co. KG, PNE WIND Park Köhlen II GmbH & Co. KG, PNE WIND Park Kührstedt-Alfstedt A GmbH & Co. KG, PNE WIND Park Kührstedt-Alfstedt B GmbH & Co. KG, NordStrom Solar GmbH, NordStrom Bioenergie GmbH, BGZ Solarpark Passauer Land GmbH & Co. KG, Kommanditgesellschaften

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

	Consolidation		PNE WIND AG Group	
	2013	2012	2013	2012
	0	0	144,040	84,395
	-14,720	-8,462	0	0
	5,991	391	14,789	8,415
	-101	-217	3,223	1,477
	-8,831	-8,288	162,053	94,286
	0	0	-6,224	-5,375
	-4,927	-1,258	44,983	20,445
	-3,372	-2,362	1,283	343
	3,372	2,362	-10,617	-5,659
	1,482	378	2,833	251
	0	0	4,203	12,498
	-194,472	-99,540	434,941	182,505
	-226,831	-135,040	284,332	95,910
	32,358	35,500	150,609	86,595

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

of PNE WIND AG, Cuxhaven as at December 31, 2013

Company	Headquarter	Participation (%)	Equity TEUR	Net income TEUR	Date of first consolidation	
I. List of the companies included in the consolidated financial statements						
1	PNE WIND Betriebsführungs GmbH	Cuxhaven	100.00	633	106 ¹⁾	31.12.1998
2	PNE Biomasse GmbH	Cuxhaven	100.00	-482	26 ¹⁾	23.04.2000
3	PNE WIND Netzprojekt GmbH	Cuxhaven	100.00	778	-56 ¹⁾	01.01.2002
4	PNE WIND Laubuseschbach GmbH & Co. KG	Cuxhaven	100.00	134	-107 ¹⁾	29.12.2004
5	PNE WIND Grundstücks GmbH	Cuxhaven	100.00	79	6 ¹⁾	01.12.2000
6	PNE Gode Wind III GmbH	Cuxhaven	100.00	431	-22 ¹⁾	07.06.2011
7	PNE WIND Jules Verne GmbH	Cuxhaven	100.00	1,087	-20 ¹⁾	30.06.2010
8	PNE WIND Nemo GmbH	Cuxhaven	100.00	1,087	-20 ¹⁾	30.06.2010
9	PNE WIND Nautilus GmbH	Cuxhaven	100.00	1,087	-20 ¹⁾	30.06.2010
10	PNE WIND Ausland GmbH	Cuxhaven	100.00	-3,087	-282 ¹⁾	16.11.2007
11	PNE WIND Atlantis I GmbH	Cuxhaven	100.00	16	-9 ¹⁾	18.06.2013
12	PNE WIND Atlantis II GmbH	Cuxhaven	100.00	16	-9 ¹⁾	18.06.2013
13	PNE WIND Atlantis III GmbH	Cuxhaven	100.00	16	-9 ¹⁾	18.06.2013
14	Wind Kapital Invest Verwaltungs GmbH	Cuxhaven	100.00	88	-3 ¹⁾	16.07.2011
15	Wind Kapital Invest GmbH & Co. KG	Cuxhaven	100.00	7	-6 ¹⁾	16.07.2011
16	PNE WIND Verwaltungs GmbH	Cuxhaven	100.00	32	12 ¹⁾	21.11.2012
17	energy consult GmbH	Cuxhaven	100.00	21	-4 ¹⁾	11.12.2013
18	PNE WIND Altenbruch II GmbH & Co. KG	Cuxhaven	100.00	6,893	761 ¹⁾	08.11.2001
19	PNE WIND Park I GmbH & Co. KG	Cuxhaven	100.00	-10	-9 ²⁾	01.04.2013
20	PNE WIND Park III GmbH & Co. KG	Cuxhaven	100.00	-9	-9 ²⁾	01.04.2013
21	PNE WIND Park VI GmbH & Co. KG	Cuxhaven	100.00	-1	-4 ²⁾	01.04.2013
22	PNE WIND Park VII GmbH & Co. KG	Cuxhaven	100.00	0	-3 ²⁾	01.04.2013
23	PNE WIND Park VIII GmbH & Co. KG	Cuxhaven	100.00	0	-2 ²⁾	01.04.2013
24	PNE WIND Park Altdöbern A GmbH & Co. KG	Cuxhaven	100.00	-2	-4 ²⁾	01.04.2013
25	PNE WIND Park Altdöbern B GmbH & Co. KG	Cuxhaven	100.00	0	-3 ²⁾	01.04.2013
26	PNE WIND Park Altdöbern C GmbH & Co. KG	Cuxhaven	100.00	0	-3 ²⁾	01.04.2013
27	PNE WIND Park Großräschen A GmbH & Co. KG	Cuxhaven	100.00	-2	-4 ²⁾	01.04.2013
28	PNE WIND Park Großräschen B GmbH & Co. KG	Cuxhaven	100.00	0	-3 ²⁾	01.04.2013
29	PNE WIND Park Köhlen I GmbH & Co. KG	Cuxhaven	100.00	-4	-6 ²⁾	01.04.2013
30	PNE WIND Park Köhlen II GmbH & Co. KG	Cuxhaven	100.00	-4	-6 ²⁾	01.04.2013
31	PNE WIND Park Kührstedt-Alfstedt A GmbH & Co. KG	Cuxhaven	100.00	0	-2 ²⁾	01.04.2013
32	PNE WIND Park Kührstedt-Alfstedt B GmbH & Co. KG	Cuxhaven	100.00	0	-2 ²⁾	01.04.2013
33	PNE WIND Park Calau II B GmbH & Co. KG	Cuxhaven	100.00	0	-2 ²⁾	01.04.2013
34	PNE WIND Park Calau II C GmbH & Co. KG	Cuxhaven	100.00	-4	-6 ²⁾	01.04.2013
35	PNE WIND Park Calau II D GmbH & Co. KG	Cuxhaven	100.00	-4	-6 ²⁾	01.04.2013

Company	Headquarter	Participation (%)	Equity TEUR	Net income TEUR	Date of first consolidation
36 PNE WIND Infrastruktur Chransdorf-West GmbH & Co. KG	Cuxhaven	100.00	0	-3 ²⁾	01.04.2013
37 PNE WIND Infrastruktur Chransdorf Verwaltungs GmbH	Cuxhaven	100.00	23	-2 ²⁾	01.04.2013
38 PNE WIND Infrastruktur Calau II GmbH	Cuxhaven	100.00	24	-1 ²⁾	01.04.2013
39 PNE WIND USA Inc.	Chicago, USA	100.00	-5,176	-1,147 ¹⁾	27.10.2008
40 PNE WIND DEVELOPMENT LLC	Chicago, USA	100.00	-491	-39 ¹⁾	29.07.2011
41 Chilocco WIND FARM LLC	Chicago, USA	100.00	-394	0 ¹⁾	01.10.2012
42 PNE WIND Central States LLC (formerly PNE WIND Renewable Solutions LLC), Minnesota, USA)	Minnesota, USA	100.00	-867	-74 ¹⁾	01.10.2009
43 Underwood Windfarm LLC	Minnesota, USA	100.00	-211	-5 ¹⁾	01.10.2009
44 Butte Windfarm LLC	Minnesota, USA	100.00	-827	-9 ¹⁾	01.10.2009
45 PNE BCP WIND INC.	Saskatoon, Canada	75.00	-444	-81 ¹⁾	26.01.2010
46 PNE WIND UK Ltd.	Eastbourne, United Kingdom	90.00	-9,303	-3,472 ¹⁾	02.07.2008
47 PNE WIND GM Hungary Kft.	Budapest, Hungary	100.00	-20	-44 ¹⁾	28.09.2007
48 PNE WIND Pusztahencse Kft.	Budapest, Hungary	100.00	-3	-5 ¹⁾	07.08.2008
49 NH North Hungarian Windfarm Kft.	Budapest, Hungary	100.00	-56	-59 ¹⁾	07.08.2008
50 PNE WIND NEH/I Windfarm Kft.	Budapest, Hungary	100.00	-3	-4 ¹⁾	13.09.2011
51 PNE WIND Yenilenebilir Enerjiler Ltd.	Istanbul, Turkey	100.00	-1,288	-782 ¹⁾	27.02.2008
52 S.C. PNE WIND Romania Energy Holding S.R.L	Bucharest, Romania	80.00	-202	-159 ¹⁾	10.05.2012
53 S.C. PNE WIND Romania S.R.L (formerly S.C. PNE WIND POA S.R.L.)	Bucharest, Romania	100.00	-1,748	-361 ¹⁾	27.11.2008
54 S.C. PNE WIND MVI S.R.L	Bucharest, Romania	100.00	-63	-61 ¹⁾	31.08.2012
55 S.C. EVN WINDPOWER DEVELOPMENT & CONSTRUCTION S.R.L.	Bucharest, Romania	100.00	-5	-89 ¹⁾	14.11.2012
56 PNE WIND Bulgaria EOOD	Sofia, Bulgaria	100.00	-227	-47 ¹⁾	09.11.2010
57 PNE WIND BE Development OOD	Sofia, Bulgaria	80.00	-549	-24 ¹⁾	15.08.2008
58 PNE WIND Straldja-Kamenec EOOD	Sofia, Bulgaria	100.00	-265	-23 ¹⁾	15.08.2008
59 PNE WIND PARK Dobrudzha OOD	Sofia, Bulgaria	51.00	-935	-115 ¹⁾	26.03.2010
60 PNE WIND Ventus Praventsi OOD	Sofia, Bulgaria	75.00	-407	-52 ¹⁾	21.01.2011
61 WKN AG	Husum	82.75	83,244	7,500 ¹⁾	04.07.2013
62 Windkraft Nord USA, Inc.	San Diego, USA	100.00	6,404	844 ¹⁾	04.07.2013
63 WKN Italia s.r.l.	Catania/ Sicily, Italy	100.00	199	-174 ¹⁾	04.07.2013

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Company	Headquarter	Participation (%)	Equity TEUR	Net income TEUR	Date of first consolidation
64 Aero Sol s.r.l.	Catania/ Sicily, Italy	89.75	743	-146 ¹⁾	04.07.2013
65 Aero-Tanna s.r.l.	Catania/ Sicily, Italy	100.00	777	-27 ¹⁾	04.07.2013
66 ATS Energia s.r.l.	Torremaggiore/ Foggia, Italy	70.00	370	-219 ¹⁾	04.07.2013
67 WKN Basilicata Development s.r.l.	Potenza/ Basilicata, Italy	70.00	7	-13 ¹⁾	04.07.2013
68 WKN France S.A.S.U.	Basse-Goulaine, France	100.00	-4,497	-1,150 ¹⁾	04.07.2013
69 TOV WKN Ukraine	Kiev, Ukraine	100.00	-1,780	-632 ¹⁾	04.07.2013
70 Ukrainische Windenergie Management GmbH	Husum	100.00	-138	-15 ¹⁾	04.07.2013
71 New Energy Association International GmbH	Husum	100.00	9	-3 ¹⁾	04.07.2013
72 Sevivon Sp. z o.o.	Koszalin, Poland	80.00	-3,265	-1,709 ¹⁾	04.07.2013
73 VKS Vindkraft Sverige AB	Motala, Sweden	80.00	5	-586 ¹⁾	04.07.2013
74 WKN Windcurrent SA (Pty) Ltd.	Wilderness, South Africa	80.00	-662	-906 ¹⁾	04.07.2013
75 NordStrom New Energy GmbH	Husum	100.00	823	0 ⁵⁾	04.07.2013
76 BGZ Solarpark Passauer Land GmbH & Co. KG	Husum	100.00	484	-325 ¹⁾	04.07.2013
77 WKN Windkraft Nord GmbH & Co. Windpark Ebersgrün KG	Husum	100.00	20	274 ¹⁾	04.07.2013
78 NordStrom Solar GmbH	Husum	100.00	712	68 ¹⁾	04.07.2013
79 NordStrom Bioenergie GmbH	Husum	100.00	-951	8 ¹⁾	04.07.2013
80 BGZ Fondsverwaltung GmbH	Husum	100.00	207	0 ⁵⁾	04.07.2013

II. List of the associated companies included in the consolidated financial statements

1 Innovative Wind Concepts GmbH	Husum	50.00	6,545	-51 ³⁾	04.07.2013
2 Societa' Energetica Sarda s.r.l.	Villaurbana/ Sardinia, Italy	50.00	11	6 ¹⁾	04.07.2013

III. Non-consolidated companies due to minor significance

1 Plambeck Neue Energien Windpark Fonds CIII GmbH & Co. KG	Cuxhaven	100.00	-9	-2 ²⁾	
2 Pilger Wind Farm Inc.	Saskatoon, Canada	100.00	0	0 ¹⁾	
3 Climax Wind Farm Inc.	Saskatoon, Canada	100.00	0	0 ¹⁾	
4 Watson Wind Farm Inc.	Saskatoon, Canada	100.00	0	0 ¹⁾	
5 Wadena Wind Farm Inc.	Saskatoon, Canada	100.00	0	0 ¹⁾	
6 Eston Wind Farm Inc.	Saskatoon, Canada	100.00	0	0 ¹⁾	
7 Whiska Wind Farm Inc.	Saskatoon, Canada	100.00	0	0 ¹⁾	

Company	Headquarter	Participation (%)	Equity TEUR	Net income TEUR	Date of first consolidation
8 Altercannoch LLP	Edinburgh, United Kingdom	100.00	0	0 ²⁾	
9 Polquhairn Wind Farm LLP	Edinburgh, United Kingdom	100.00	0	0 ²⁾	
10 Netzanschluss Genthin GbR	Nielebock	52.00	10	-4 ²⁾	
11 ATS Energia PE Casalvecchio s.r.l.	Torremaggiore/ Foggia, Italy	70.00	9	-2 ³⁾	
12 ATS Solar Dragonara s.r.l.	Torremaggiore/ Foggia, Italy	70.00	6	-2 ³⁾	
13 Santa Maria di Olivola s.r.l.	Torremaggiore/ Foggia, Italy	70.00	7	-2 ³⁾	
14 Santa Vittoria s.r.l.	Torremaggiore/ Foggia, Italy	70.00	7	-2 ³⁾	
15 San Cataldo s.r.l.	Torremaggiore/ Foggia, Italy	70.00	7	-2 ³⁾	
16 Santa Marta s.r.l.	Torremaggiore/ Foggia, Italy	70.00	5	-2 ³⁾	
17 San Giacomo s.r.l.	Torremaggiore/ Foggia, Italy	70.00	5	-2 ³⁾	
18 San Lorenzo s.r.l.	Torremaggiore/ Foggia, Italy	70.00	7	-2 ³⁾	
19 San Giorgio s.r.l.	Torremaggiore/ Foggia, Italy	70.00	7	-2 ³⁾	
20 ATS 4 s.r.l.	Torremaggiore/ Foggia, Italy	70.00	7	-2 ³⁾	
21 ATS 5 s.r.l.	Torremaggiore/ Foggia, Italy	70.00	7	-2 ³⁾	
22 ATS Energia PE Sant'Agata s.r.l.	Torremaggiore/ Foggia, Italy	52.00	9	-2 ³⁾	
23 ATS Energia PE Fiorentino s.r.l.	Torremaggiore/ Foggia, Italy	52.00	9	-2 ³⁾	
24 ATS Energia PE Florio s.r.l.	Torremaggiore/ Foggia, Italy	52.00	8	-2 ³⁾	
25 ATS Energia PE Valle s.r.l.	Torremaggiore/ Foggia, Italy	52.00	9	-2 ³⁾	
26 WKN PE Piombino s.r.l.	Catania/ Sicily, Italy	74.90	9	-4 ³⁾	
27 WKN Solar PE 1 s.r.l.	Catania/ Sicily, Italy	100.00	11	-2 ³⁾	
28 WKN PE Uno s.r.l.	Catania/ Sicily, Italy	100.00	11	-2 ³⁾	
29 WKN PE Quattro s.r.l.	Catania/ Sicily, Italy	100.00	11	-2 ³⁾	
30 WKN Basilicata Development PE1 s.r.l.	Catania/ Sicily, Italy	70.00	n/s	n/s ⁴⁾	
31 WKN Basilicata Development PE2 s.r.l.	Catania/ Sicily, Italy	70.00	n/s	n/s ⁴⁾	
32 WKN Basilicata Development PE3 s.r.l.	Catania/ Sicily, Italy	70.00	n/s	n/s ⁴⁾	

(Continued on next page)

Company	Headquarter	Participation (%)	Equity TEUR	Net income TEUR	Date of first consolidation
33 WKN Basilicata Development PE4 s.r.l.	Catania / Sicily, Italy	70.00	n/s	n/s ⁶¹	
34 Parc Eolien de Crampon S.A.S.U.	Basse-Goulaine, France	100.00	4	41 ¹¹	
35 Parc Eolien de Puchot S.A.S.U.	Basse-Goulaine, France	100.00	-28	-19 ³¹	
36 Parc Eolien des Courtibeaux S.A.S.U.	Basse-Goulaine, France	100.00	n/s	n/s ⁶¹	
37 Parc Eolien des Grands Champs S.A.S.U.	Basse-Goulaine, France	100.00	n/s	n/s ⁶¹	
38 SAS la Haie Perron	Basse-Goulaine, France	100.00	n/s	n/s ⁶¹	
39 Parc Eolien de Haie de Useroles S.A.S.U.	Basse-Goulaine, France	100.00	n/s	n/s ⁶¹	
40 SAS Parc Eolien de la Tardoire	Basse-Goulaine, France	100.00	n/s	n/s ⁸¹	
41 TOV Perekopaska VES	Filatovka, Autonomous Republic of Crimea, Ukraine	100.00	n/s	n/s ⁶¹	
42 TOV Dzhankoyska VES	Yasnopolyanske, Ukraine	100.00	n/s	n/s ⁶¹	
43 TOV Tatarbunarska VES	Tatarbunary, Ukraine	100.00	n/s	n/s ⁶¹	
44 TOV Ovid Wind Holding	Kiev, Ukraine	100.00	n/s	n/s ⁶¹	
45 TOV Ovid Wind	Ovidiopol, Ukraine	100.00	n/s	n/s ⁶¹	
46 TOV Ovid Wind II	Ovidiopol, Ukraine	99.00	n/s	n/s ⁶¹	
47 Windfarm Polska III Sp. z o.o.	Koszalin, Poland	60.00	-299	-133 ³¹	
48 Windfarm Polska IV Sp. z o.o.	Koszalin, Poland	80.00	-31	-13 ³¹	
49 Windfarm Polska V Sp. z o.o.	Koszalin, Poland	58.00	-25	-7 ³¹	
50 Windfarm Polska VI Sp. z o.o.	Koszalin, Poland	80.00	-43	-21 ³¹	
51 Windfarm Polska VII Sp. z o.o.	Koszalin, Poland	80.00	-22	-6 ³¹	
52 Windfarm Polska VIII Sp. z o.o.	Koszalin, Poland	80.00	-1	-2 ³¹	
53 Windfarm Polska IX Sp. z o.o.	Koszalin, Poland	80.00	-1	-2 ³¹	
54 Windfarm Zomar Sp. z o.o.	Koszalin, Poland	57.00	-4	-10 ³¹	
55 WKN Sallachy Ltd.	Glasgow, United Kingdom	100.00	-38	-19 ³¹	
56 Vindpark Hultema i Motala AB	Motala, Sweden	80.00	n/s	n/s ⁶¹	
57 Vindpark Målarberget i Norberg AB	Motala, Sweden	80.00	n/s	n/s ⁶¹	
58 Vindpark Norrberget i Sala AB	Motala, Sweden	80.00	n/s	n/s ⁶¹	
59 Vindpark Näshult i Högsby AB	Motala, Sweden	80.00	n/s	n/s ⁶¹	
60 Vindpark Laxåskogen i Låxa AB	Motala, Sweden	80.00	n/s	n/s ⁶¹	

Company	Headquarter	Participation [%]	Equity TEUR	Net income TEUR	Date of first consolidation
61 Banna Ba Pifhu Wind Farm (Pty) Ltd.	Wilderness, South Africa	80.00	n/s	n/s ⁶¹	
62 Ubuntu Wind Farm (Pty) Ltd.	Wilderness, South Africa	80.00	-44	-6 ¹¹	
63 Broadland Solar PV Park (Pty) Ltd.	Wilderness, South Africa	80.00	n/s	n/s ⁶¹	
64 WKN Turkey GmbH	Husum	100.00	13	-3 ¹¹	
65 WKN Windkraft Nord Beteiligungs-GmbH	Husum	100.00	40	14 ³¹	
66 Windpark Meerhof Verwaltungsgesellschaft mbH	Husum	100.00	10	-1 ³¹	
67 Zukunftsenergien Beteiligungs-GmbH	Husum	100.00	8	-2 ¹¹	
68 WKN Windkraft Nord GmbH & Co. Windpark Daberkow KG	Husum	100.00	n/s	n/s ⁶¹	
69 WKN Windkraft Nord GmbH & Co. Windpark Steffenhagen KG	Husum	100.00	n/s	n/s ⁶¹	
70 WKN Windkraft Nord GmbH & Co. Windpark Plauerhagen KG	Husum	100.00	n/s	n/s ⁶¹	
71 WKN Windkraft Nord GmbH & Co. Windpark Pronsfeld KG	Husum	100.00	n/s	n/s ⁶¹	
72 WKN Windkraft Nord GmbH & Co. Windpark Fichtenberg KG	Husum	100.00	n/s	n/s ⁶¹	
73 WKN Windkraft Nord GmbH & Co. Windpark Neuruppin KG	Husum	100.00	n/s	n/s ⁶¹	
74 WKN Windkraft Nord GmbH & Co. WEA Schönhagen XI KG	Husum	100.00	n/s	n/s ⁶¹	
75 WKN Windkraft Nord GmbH & Co. Windpark Immenrode KG	Husum	100.00	n/s	n/s ⁶¹	
76 WKN Windkraft Nord GmbH & Co. Windpark Oelsig II KG	Husum	100.00	n/s	n/s ⁶¹	
77 WKN Windkraft Nord GmbH & Co. Windpark Weinstraße KG	Husum	100.00	n/s	n/s ⁶¹	
78 WKN Windkraft Nord GmbH & Co. Windpark Weinstraße II KG	Husum	100.00	n/s	n/s ⁶¹	
79 Windpark Altenboitzen GmbH & Co. KG	Husum	100.00	n/s	n/s ⁶¹	
80 WKN Windpark Beerfelde GmbH & Co. KG	Husum	100.00	n/s	n/s ⁶¹	
81 WKN Windpark Kirchheilingen GmbH & Co. KG	Husum	100.00	n/s	n/s ⁶¹	
82 WKN Windkraft Nord GmbH & Co. Windpark VIII KG	Husum	100.00	n/s	n/s ⁶¹	
83 WKN GmbH & Co. Windpark 36, 40-44 KG	Husum	100.00	n/s	n/s ⁶¹	
84 WKN Windkraft Nord GmbH & Co. Windpark Kleinbüllesheim KG	Husum	100.00	n/s	n/s ⁶¹	
85 WKN Windkraft Nord GmbH & Co. Windpark Westerengel KG	Husum	100.00	n/s	n/s ⁶¹	
86 Windpark Rositz GmbH & Co. KG	Husum	100.00	n/s	n/s ⁶¹	
87 WKN GmbH & Co. Windpark Looft III KG	Bütow	100.00	n/s	n/s ⁶¹	
88 WKN Windkraft Nord GmbH & Co. Windpark Kublank KG	Husum	100.00	n/s	n/s ⁶¹	
89 WKN Windkraft Nord GmbH & Co. Windpark Wipperdorf KG	Husum	100.00	n/s	n/s ⁶¹	

(Continued on next page)

Company	Headquarter	Participation (%)	Equity TEUR	Net income TEUR	Date of first consolidation
90 WKN Windpark Hedendorf GmbH & Co. KG	Husum	100.00	n/s	n/s ⁶⁾	
91 WKN Windkraft Nord GmbH & Co. Windpark Kannawurf KG	Husum	100.00	n/s	n/s ⁶⁾	
92 Windpark Brilon GmbH & Co. KG	Husum	100.00	n/s	n/s ⁶⁾	
93 Infrastruktur Engel GmbH & Co. KG	Husum	100.00	n/s	n/s ⁶⁾	
94 WKN Windpark Groß Niendorf GmbH & Co. KG	Husum	100.00	n/s	n/s ⁶⁾	
95 WKN Windpark Groß Oesingen GmbH & Co. KG	Husum	100.00	n/s	n/s ⁶⁾	
96 WKN Windpark Großbrennbach GmbH & Co. KG	Husum	100.00	n/s	n/s ⁶⁾	
97 WKN Windpark Hamwarde GmbH & Co. KG	Husum	100.00	n/s	n/s ⁶⁾	
98 WKN GmbH & Co. Windpark Looft II KG	Husum	100.00	n/s	n/s ⁶⁾	
99 WKN Windpark Lüttau GmbH & Co. KG	Husum	100.00	n/s	n/s ⁶⁾	
100 WKN Windkraft Nord GmbH & Co. Windpark Kirchengel KG	Husum	100.00	n/s	n/s ⁶⁾	
101 Windpark 56-59 GmbH & Co. KG	Husum	100.00	n/s	n/s ⁶⁾	
102 BGZ Solardach 2 GmbH & Co. KG	Husum	100.00	n/s	n/s ⁶⁾	
103 BGZ Solardach 3 GmbH & Co. KG	Husum	100.00	n/s	n/s ⁶⁾	
104 NordStrom Beteiligungsgesellschaft mbH	Husum	100.00	64	6 ³⁾	
105 NordStrom Bioenergie Beteiligungsgesellschaft mbH	Husum	100.00	22	-1 ³⁾	
106 NordStrom Bioenergie Biokohle Produktionsgesellschaft Dortmund GmbH & Co. KG	Husum	100.00	-2	0 ³⁾	
107 REE GmbH	Husum	100.00	45	20 ³⁾	
108 GREENWIND GmbH	Husum	100.00	37	7 ³⁾	
109 ATS Solar s.r.l.	Torremaggiore/ Foggia, Italy	70.00	8	-1 ¹⁾	
110 ATS Solar Figurella s.r.l.	Torremaggiore/ Foggia, Italy	70.00	8	-2 ³⁾	
111 WEG Windenergie-Entwicklungsgesellschaft mbH	Husum	100.00	7	-3 ³⁾	
112 EWEG Europäische Windenergie-Entwicklungsgesellschaft mbH	Husum	100.00	19	-3 ³⁾	
113 WKN Montana II LLC	San Diego, USA	100.00	n/s	n/s ⁷⁾	

IV. Non-consolidated associated companies due to minor significance

1 Windpark Altenbruch GmbH	Cuxhaven	50.00	36	26 ²⁾	
2 Windpark Infrastruktur Kührstedt-Alfstedt GmbH & Co. KG	Kührstedt	50.00	1	-3 ²⁾	
3 Windpark Köhlen GmbH	Oldenburg	50.00	-23	-42 ²⁾	
4 Elbe-Weser-Windkraft GmbH	Cuxhaven	50.00	19	1 ²⁾	
5 Windkraft Stade GmbH & Co. Frischer Wind KG	Cuxhaven	50.00	15	-9 ²⁾	
6 PNE WIND Park Kührstedt Alfstedt GmbH & Co. KG	Cuxhaven	50.00	1	-3 ²⁾	
7 UNS-Windpark Kührstedt Alfstedt GmbH & Co. KG	Cuxhaven	50.00	1	-3 ²⁾	
8 Windpark Infrastruktur Oberndorf Intern GmbH & Co. KG	Oberndorf	50.00	-11	-13 ²⁾	
9 GOO Infrastruktur GmbH & Co. KG	Cuxhaven	23.08	33	-6 ²⁾	

Company	Headquarter	Participation (%)	Equity TEUR	Net income TEUR	Date of first consolidation
10 GOO Geschäftsführungs GmbH	Cuxhaven	23.08	24	-2 ²⁾	
11 Windfarm Polska II Sp. z o.o.	Koszalin, Poland	40.00	-134	-56 ³⁾	
12 WKN Windkraft Nord GmbH & Co. Windpark Milda KG	Husum	50.00	10	-1 ³⁾	
13 EVN Energieversorgung Nord GmbH & Co. KG	Husum	50.00	-203	-21 ³⁾	
14 Biomasse Energie Versorgung Ratekau (BEVR) GmbH	Scharbeutz	50.00	54	3 ³⁾	
15 Biomasse Energie Versorgung Ratekau (BEVR) GmbH & Co. KG	Scharbeutz	37.50	-106	50 ³⁾	

1) per the financial statements as at December 31, 2013

2) per the provisional financial statements as at December 31, 2013

3) per the financial statements as at December 31, 2012

4) per the financial statements as at September 30, 2013

5) after profit transfer to WKN AG

6) not have a recording of the operating business

7) included in the result of Windkraft Nord USA Inc.

8) included in the result of Windkraft Nord USA Inc.

Notes to the consolidated financial statements of PNE WIND AG, Cuxhaven, for the fiscal year 2013

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, 2013, were released at the meeting of the Board of Management on March 10, 2014 for submission to the Supervisory Board.

The consolidated financial statements as at December 31, 2013 are transmitted electronically to the operator of the electronic Bundesanzeiger.

During the fiscal year 2013 the Group has applied the following IFRS standards:

	Date of EU endorsement	Application obligation in EU
Change of standards		
IFRS 13: Determination of fair market value	December 11, 2012	January 1, 2013
Changes to IFRS 1: Severe Hyperinflation and changes to IFRS 1: elimination of fixed dates for first-time users	December 11, 2012	January 1, 2013
Changes to IFRS 1: loans from public authorities with interest rates not based on market level	March 4, 2013	1. Januar 2013
Changes to IFRS 7: netting of financial assets and liabilities	December 13, 2012	January 1, 2013
Changes to IAS 1: Presentation of the accounts	June 5, 2012	July 1, 2012
Changes to IAS 12: deferred taxes: realisation of underlying assets	December 11, 2012	January 1, 2013
Changes to IAS 19: pension benefit payments to employees	June 5, 2012	January 1, 2013
IFRIC 20: waste disposal costs in the production phase of an open-air mine	December 11, 2012	January 1, 2013
Annual improvements project: "improvements to IFRSs 2009-2011 cycle"	March 27, 2013	January 1, 2013

IFRS 13 "Determination of fair value"

The Group applied IFRS 13 for the first time in the current year. IFRS 13 defines standard guidelines for the valuation of fair value and the relevant notes in a single IFRS. The area of application of IFRS 13 is very broadly termed and concerns both financial assets as well as non-financial assets, if another IFRS requires or allows valuation at fair value or requires notes to the determination of the valuation at fair value. Exceptions to this occur can be applied in the case of share based remuneration transactions in the area of applications of IFRS 2 "share based remuneration transactions", leasing transactions in the area of applications of IFRS 17 "leasing relationships" as well as valuations which have some similarity with fair value, but which are nevertheless not fair values, such as, for example, the net sales value in IAS 2 "inventories" or the valuation of useful life in IAS 36 "reduction in value of assets".

IFRS 13 defines the fair value as the price at which an asset can be sold or a liability transferred at current market conditions on the date of the valuation on the main or most advantageous market on an arm's length basis. The fair value in accordance with IFRS 13 concerns the price for a disposal. In this respect it is not important whether this price is directly observable or whether it is estimated through another valuation method. Furthermore IFRS 13 specifies considerable obligations for the notes.

IFRS 13 should be applied as from January 1, 2013. Furthermore, certain transitory regulations are foreseen for units liable for reporting, whereby the obligation for notes specified in the standard are not to be shown as comparative values for periods prior to the first-time application of the standard.

There were only insignificant effects from the application of this standard in the notes.

Changes to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"

The changes are in principle to be applied for fiscal years starting on July 1, 2011 or later. As a result of the acceptance process of the European Union, first application is also allowed as from January 1, 2013.

There were no effects on the application of this standard.

Changes to IFRS 7 "financial instruments – notes": netting of financial assets and liabilities

The IASB has reviewed the regulations for the netting of financial assets and financial liabilities and published the results on December 16, 2011 in the form of changes to IFRS 7. IFRS 7 now includes new obligations for the notes in connection with certain netting agreements. The changes to IFRS 7 are to be applied retrospectively for fiscal years, which start on or after January 1, 2013. Effects from these changes occur with regard to obligations for the notes in the event that a netting agreement exists.

There were no effects from the change to this standard.

Changes to IFRS 1 with regard to "loans from public authorities with interest rate not based on market level"

The change was published on March 13, 2012 and grants the same simplifications for first-time applications as the existing users in respect of the accounting for loans from public authorities. The regulation must be applied for the first time for fiscal years which start on or after January 1, 2013.

This change had no effect on the financial reporting of the Group.

Changes to IAS 1 "presentation of the accounts"

The International Accounting Standards Board (IASB) issued changes to IAS 1 on June 16, 2011. With the changes new regulations are introduced with regard to the presentation of the other comprehensive result. The changes specify the possibility of a choice of one or two presentations for the individual user. Only the presentation of the other comprehensive result was changed substantially so that sub-totals are required for the items, which might possibly at a later date be reclassified into the statement of comprehensive income as well as for items for which this is not the case. The changes are to be applied for periods under report which start on or after July 1, 2012.

From these changes there are from time to time effects on the presentation the total consolidated comprehensive result.

Change to IAS 12 “deferred taxes: realisation of underlying assets”

The change was adopted on December 20, 2010 and is in principle to be applied as from January 1, 2012. As a result of the acceptance process of the European Union, first application is also allowed as from January 1, 2013.

This change had no effect on the financial reporting of the Group.

IAS 19 “pension benefit payments to employees”

IASB issued the final version of the changes to IAS 19 on June 16, 2011. The changes introduce new regulations regarding the accounting for payments to employees. The changes are to be applied for periods under report which start on or after January 1, 2013. Prior application is permissible.

This change has no effect on the financial reporting of the Group.

IFRIC 20 “waste disposal costs in the production phase of an open-air mine”

IFRIC 20 discusses when and how various types of uses can be capitalised in respect of waste disposal activities. The interpretation comes into force for fiscal years which start on or after January 1, 2013.

There have been absolutely no effects for the Group.

Annual improvement process IFRS 2009-2011

Within the context of its process to carry out smaller improvements to standards and interpretations on an annual basis (annual-improvements to IFRSs 2009-2011 cycle) IASB has published changes. Five standards are primarily effected by the changes (IFRS 1, IAS 1, IAS 16, IAS 32 und IAS 34), from which numerous subsequent changes result.

The changes have to be applied retroactively for the period under report of a fiscal year which starts on or after January 1, 2013 and have little or no relevance for the Group.

During the fiscal year 2013 the following new or changed accounting regulations, which have already been adopted by IASB and have in part not yet been accepted by the EU, were not taken into consideration, since there is no obligation for application:

Standard/ Interpretation	Date of EU endorsement	Application obligation in the EU
IFRS 9: New standard "financial instruments": Classification and valuation of financial instruments	Not yet accepted	January 1, 2017
Change to IFRS 7 and IFRS 9: Obligation first date of application and notes on transition	Not yet accepted	January 1, 2017
Changes to IFRS 9, IFRS 7 and IAS 39 – Accounting for security relationships	Not yet accepted	January 1, 2017
IFRS 14: New standard "regulatory deferred item"	Not yet accepted	January 1, 2016
IFRS 10: New standard "consolidated accounts"	December 11, 2012	January 1, 2014
IFRS 11: New standard "joint agreements"	December 11, 2012	January 1, 2014
IFRS 12: New standard "notes on participations in other companies"	December 11, 2012	January 1, 2014
New standard IAS 27 "separate individual accounts"	December 11, 2012	January 1, 2014
Transitional guidelines: consolidated accounts joint agreements to changes to IFRS 10, IFRS 11 and IFRS 12	April 4, 2013	January 1, 2014
Investment companies: changes to IFRS 10, IFRS 12 and IAS 27	November 20, 2013	January 1, 2014
New standard IAS 28 "shares in associated companies and joint ventures"	December 11, 2012	January 1, 2014
Change to IAS 19: defined benefit schemes: employee contributions (changes to IAS 19 "benefits to employees")	Not yet accepted	July 1, 2014
Change to IAS 32: netting of financial assets and financial liabilities	December 13, 2012	January 1, 2014
Change to IAS 36: write-down of assets – clarification of the required notes	December 19, 2013	January 1, 2014
Change to IAS 39: renewal of derivatives and continuation of hedge accounting	December 19, 2013	January 1, 2014
IFRIC 21: New interpretation "contributions"	Not yet accepted	January 1, 2014
Annual improvement project: "improvements to IFRSs 2010-2012 cycle"	Not yet accepted	July 1, 2014
Annual improvement project: "improvements to IFRSs 2011-2013 cycle"	Not yet accepted	July 1, 2014

The application obligation in the EU represents the date on which the new accounting regulations will be taken into consideration for the first time.

IFRS 9 "Financial instruments"

A new standard, which was adopted on November 12, 2009. Changes to IFRS 9, IFRS 7 and IAS 39 obligatory first date of application and notes on the transition as well as changes to IFRS 9, IFRS 7 and IAS 39 accounting for security relationships were published in connection with the new standard. The standard with its changes is in respect of the classification and valuation of financial assets and will probably have an influence on the accounting for the financial assets of the Group. The standard must be applied obligatorily as from January 1, 2017. A prior application is permissible, subject to its acceptance by the EU.

The exact effects, which will result from IFRS 9, are currently being examined by the Group.

On May 2011 IASB published a package of a total of five new standards for the consolidated accounting; their key contents are described as follows:

IFRS 10 "consolidated accounts"

This is a new standard, which was adopted in May 2011. The objective of IFRS 10 is the preparation of principles for the presentation and drawing up of consolidated accounts when a parent company controls one or several companies. The standard replaces the consolidation guidelines of the existing IAS 27 "Consolidated and individual accounts" and SIC-12 "consolidation – special purpose vehicle". IFRS 10 is to be applied for fiscal years, which start on or after January 1, 2014.

It is not expected that the application of the new standard will lead to a change in the scope of consolidation of the Group.

IFRS 11 "Joint agreements"

This is a new standard, which was adopted on May 12, 2011. The key principle of IFRS 11 is the regulation that a party to the joint agreement must determine the type of the joint agreement in which it is involved through valuation of its rights and obligations and account for these rights and obligations according to the type of the joint agreement. The standard replaces IAS 31 "shares in joint ventures" and SIC-13 "jointly managed units – non-monetary investments by partner companies". IFRS 11 is to be applied for fiscal years, which start on or after January 1, 2014.

It is not expected that the new standard will result in a change in the accounting for joint ventures.

IFRS 12 "Notes on participations in other companies"

This is a new standard, which was adopted on May 12, 2011. The objective of IFRS 12 is to specify the notes on information, which puts end-users in the position to value the core elements of the participation in other units and to enable them to judge the risks linked thereto as well as the effects of these participations on their asset, financial and earnings situation. IFRS 12 is to be applied for fiscal years which start on or after January 1, 2014.

Additional obligations for the notes are expected.

IAS 27 "Separate accounts"

This is a new revised standard, which was adopted on May 12, 2011. IAS 27 (amended in 2011) has the objective of setting standards which are to be applied in respect of accounting for participations in subsidiaries, associate companies and joint ventures, if a company decides to do this (or must do so due to local regulations), for the presentation of individual accounts (or non-consolidated accounts). IAS 27 (2011) replaces together with IFRS 10 "consolidated accounts" the previous version IAS 27 (2008) - "consolidated and separate accounts" including the SIC 12 interpretation "consolidation – special purpose vehicles". IAS 27 (2011) is to be applied for fiscal years which start on or after January 1, 2014.

Since the companies of the Group do not draw up any individual accounts in accordance with IFRS, the amended standard will have no effects on the accounting.

IAS 28 "Shares in associated companies and joint ventures"

This is a new revised standard, which was adopted on May 12, 2011. The objective of IAS 28 (revised 2011) is to define the accounting for participations in associated companies and to specify the regulations regarding the application of the equity method when participations in associated companies and joint ventures should be capitalised. IAS 28 (2011) replaces together with IFRS 12 "notes on participations in other companies" the previous version IAS 28 (2008) "shares in associated companies". IAS 28 (2011) is to be applied for fiscal years which start on or after January 1, 2014.

It is not expected that the new standard will lead to a change in the accounting for joint ventures and associated companies.

Investment companies

In an earlier period a company can only apply jointly for premature application the above-mentioned standards IFRS 10 "consolidated financial accounts" IFRS 11 "joint agreements", IFRS 12 "notes on participations in other companies", IAS 27 "separate accounts (amended 2011)" and IAS 28 "shares in associated companies and joint ventures (changed 2011)".

It is not expected that there will be any effects on the financial reporting of the Group.

Changes to IFRS 7 in respect of the application of IFRS 9

On December 16, 2011 IASB issued "obligatory dates for the coming into force and the transitory notes" (changes to IFRS 9 and IFRS 7), an explanation with which the obligatory date of the coming into force of IFRS 9 was postponed to periods under report which start on or after January 1, 2017 as well as the simplifications with regard to the new presentation of the comparative periods and the corresponding notes in IFRS 7, which were changed. The changes to IFRS 7 are to be applied when a company applies IFRS 9 for the first time (January 1, 2017 or earlier in the event of a prior application of IFRS 9).

It is not expected that there will be any effects on the financial reporting of the Group.

IAS 32 "Financial instruments: presentation"

IASB has revised the regulations for the netting of financial assets and financial liabilities and has published the results on December 16, 2011 in the form of changes to IAS 32, Financial instruments: presentation, as well as to IFRS 7, financial instruments: notes. The prerequisites for netting formulated in IAS 32 were in principle maintained and only confirmed through additional application guidelines (application guidance). The additional guidelines must be applied retrospectively for fiscal years which start on or after January 1, 2014.

It is not expected that there will be any effects on the financial reporting of the Group.

Transitional guideline

Changes to IFRS 10 “consolidated accounts”, IFRS 11 “joint agreements” and IFRS 12 “notes on shares in other companies – transitional regulations”. These changes clarify the transitional guidelines in IFRS 10 and grant additional simplification in all three standards. As in the case of IFRS 10, IFRS 11 and IFRS 12 these changes will come into force for periods under report which start on or after January 1, 2014*.

It is not expected that there will be any effects on the financial reporting of the Group.

Changes to IAS 19 “pension benefit payments to employees”

On November 21, 2013 IASB issued additional changes to IAS 19. These changes clarify the regulations which relate to the classification of employee contributions or contributions of third parties related to the period of service to the contribution periods. Moreover, a simplified solution is granted for the capitalisation practice if the amount of the contributions is independent of the number of years of service. The changes come into force for years under report which start on or after January 1, 2014. Prior application is permissible.

It is not expected that there will be any effects on the financial reporting of the Group.

Changes to IAS 36, “write-down of assets”

IAS 36 was changed with regard to the achievable amount for non-financial assets (clarification if the notes required). The change is to be applied for periods under report which start on or after January 1, 2014.

It is not expected that there will be any effects on the financial reporting of the Group.

Change to IAS 39, “financial instruments: inclusion and valuation”

IAS 39 was changed with regard to the renewal of derivatives and the continuation of hedge accounting, whereby derivatives under certain circumstances may continue to be designated as hedging instruments in continuing hedging relationships in spite of a renewal. The date of first application is January 1, 2014, whereby prior application is permissible.

It is not assumed that these changes will result in any effects on the inclusion and capitalisation of derivative financial instruments.

IFRIC 21 “Levies”

The interpretation gives guidelines on when a liability for a levy is to be included which has to be paid to a government. The interpretation is also valid for levies which are included in accordance with IAS 37, “provisions, contingent liabilities and contingent receivables”, as well as for levies, where the date and the amount are known. The interpretation is to be applied for the first time for periods under report, which start on or after January 1, 2014.

It is not expected that there will be any significant effects on the financial reporting of the Group.

*Postponement of the obligatory date of application for EU companies to January 1, 2014.

IFRS 14 "Regulatory deferred items"

The objective of IFRS 14 is to define the financial report regulations for regulatory deferred items, which arise when a company delivers or provides goods or services which are subject to price regulation. With the standard a company which is a first user of IFRS will be allowed to continue with some limited restrictions to account for regulatory deferred items as it had done so earlier in accordance with the accounting principles applied for its accounts. This is valid both for the first IFRS accounts as well as for subsequent accounts. Regulatory deferred items and changes in them must be shown separately in the presentation of the financial situation and in the statement of comprehensive income or in the other comprehensive result. Furthermore certain notes are specified. The changes are to be applied for fiscal years, which start on or after January 1, 2016. An EU endorsement has not yet been issued.

It is assumed that there will be no changes in the Group as a result of this new standard.

Annual improvement process IFRS 2010-2012

IASB has published changes within the context of its process for the carrying out or small improvements of standards and interpretations (annual-improvements to IFRSs 2010-2012 cycle). Eight standards (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38 and IAS 34) are affected by the changes.

The changes are to be applied for periods under report of a fiscal year which start on or after July 1, 2014 and only have little or no relevance for the Group.

Annual improvement process IFRS 2011-2013

IASB has published changes within the context of its process for the carrying out of small improvements of standards and interpretations (annual-improvements to IFRSs 2011-2013 Cycle). Four standards (IFRS 1, IFRS 3, IFRS 13, IAS 40) are affected by the changes. The changes are to be applied obligatorily and retroactively for periods under report of a fiscal year, which start on or after July 1, 2014, and only have little or no relevance for the Group.

In 2013 the Group applied no new standard or interpretation or change to a standard in a prior manner.

III. Principles of consolidation

1. Scope of consolidation

All companies over which the Group parent company exercises control are included in consolidated financial statements on the basis of full consolidation. Exercise of control is assumed as soon as the parent company holds more than 50 percent 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 Atlantis I GmbH, Cuxhaven (100 percent, first consolidation on June 18, 2013) (Established),
2. PNE WIND Atlantis II GmbH, Cuxhaven (100 percent, first consolidation on June 18, 2013) (Established)
3. PNE WIND Atlantis III GmbH, Cuxhaven (100 percent, first consolidation on June 18, 2013) (Established)
4. PNE WIND Park I GmbH & Co. KG, Cuxhaven (100 percent, first consolidation on April 1, 2013) (Established)
5. PNE WIND Park VI GmbH & Co. KG, Cuxhaven (100 percent, first consolidation on April 1, 2013) (Established)
6. PNE WIND Park VII GmbH & Co. KG, Cuxhaven (100 percent, first consolidation on April 1, 2013) (Established)
7. PNE WIND Park Altdöbern A GmbH & Co. KG, Cuxhaven (100 percent, first consolidation on April 1, 2013) (Established)
8. PNE WIND Park Altdöbern B GmbH & Co. KG, Cuxhaven (100 percent, first consolidation on April 1, 2013) (Established)
9. PNE WIND Park Altdöbern C GmbH & Co. KG, Cuxhaven (100 percent, first consolidation on April 1, 2013) (Established)
10. PNE WIND Park Großräschen A GmbH & Co. KG, Cuxhaven (100 percent, first consolidation on April 1, 2013) (Established)
11. PNE WIND Park Großräschen B GmbH & Co. KG, Cuxhaven (100 percent, first consolidation on April 1, 2013) (Established)
12. PNE WIND Infrastruktur Chransdorf-West GmbH & Co. KG, Cuxhaven (100 percent, first consolidation on April 1, 2013) (Established)
13. PNE WIND Infrastruktur Chransdorf Verwaltungs GmbH, Cuxhaven (100 percent, first consolidation on April 1, 2013) (Established)
14. PNE WIND Park Calau II A GmbH & Co. KG, Cuxhaven (100 percent, first consolidation on April 1, 2013) (Established)

15. PNE WIND Park Calau II B GmbH & Co. KG, Cuxhaven (100 percent, first consolidation on April 1, 2013) (Established)
16. PNE WIND Park Calau II C GmbH & Co. KG, Cuxhaven (100 percent, first consolidation on April 1, 2013) (Established)
17. PNE WIND Park Calau II D GmbH & Co. KG, Cuxhaven (100 percent, first consolidation on April 1, 2013) (Established)
18. PNE WIND Park III GmbH & Co. KG, Cuxhaven (100 percent, first consolidation on April 1, 2013) (Established)
19. PNE WIND Infrastruktur Calau II GmbH, Cuxhaven (100 percent, first consolidation on April 1, 2013) (Established)
20. PNE WIND Park Köhlen I GmbH & Co. KG, Cuxhaven (100 percent, first consolidation on April 1, 2013) (Established)
21. PNE WIND Park Köhlen II GmbH & Co. KG, Cuxhaven (100 percent, first consolidation on April 1, 2013) (Established)
22. PNE WIND Park Kührstedt-Alfstedt A GmbH & Co. KG Cuxhaven, (100 percent, first consolidation on April 1, 2013) (Established)
23. PNE WIND Park Kührstedt-Alfstedt B GmbH & Co. KG Cuxhaven, (100 percent, first consolidation on April 1, 2013) (Established)
24. energy consult GmbH, Cuxhaven, (100 percent, first consolidation on December 11, 2013)

The object of companies No. 1 – 23 is the construction and operation of wind power turbines in the form of wind farms and the sale of the electricity generated.

The object of company No. 24 is the operation, service and consulting of projects in the area of renewable energies, in particular of wind farm projects.

The book values and fair market values of the identifiable assets and liabilities of companies No. 1 - 24 were at the date of first consolidation of immaterial significance for the asset, financial and earnings situation of the Group.

During the fiscal year 2013 there was a further corporate merger, which is described in detail below.

PNE WIND AG acquired a total of 82.75 percent of the shares in WKN AG, with registered office in Husum, Germany within the framework of two share purchase contracts. Control was acquired on July 4, 2013 following the fulfilment of various suspensive conditions.

The following companies of the WKN AG Group were included for the first time in the scope of consolidation of PNE WIND AG on July 4, 2013:

- WKN AG, Husum (82.75 percent, first consolidation on July 4, 2013),
 - Windkraft Nord USA, Inc., San Diego/California, USA (100 percent),
 - WKN Italia S.R.L., Catania/Sicily, Italy (100 percent),
 - Aero Sol S.R.L., Catania/ Sicily, Italy (90 percent),
 - Aero-Tanna S.R.L., Catania/ Sicily, Italy (100 percent),
 - ATS Energia S.R.L., Torremaggiore/Foggia, Italy (70 percent),
 - WKN Basilicata Development S.R.L., Potenza/Basilicata, Italy (70 percent),
 - WKN France S.A.S.U., Basse-Goulaine, France (100 percent),
 - Parc Eolien de Crampon S.A.S.U., Basse-Goulaine, France (100 percent),
 - TOV WKN Ukraine, Kiev, Ukraine (100 percent),
 - Ukrainische Windenergie Management GmbH, Husum (100 percent),
 - New Energy Association International GmbH, Husum (100 percent),
 - Sevivon Sp. z o.o., Koszalin, Poland (80 percent),
 - VKS Vindkraft Sverige AB, Motala, Sweden (80 percent),
 - WKN Windcurrent SA (Pty) Ltd., Wilderness, South Africa (80 percent),
 - NordStrom New Energy GmbH, Husum (100 percent),
 - BGZ Solarpark Passauer Land GmbH & Co. KG, Husum (100 percent),
 - WKN Windkraft Nord GmbH & Co. Windpark Ebersgrün KG, Husum (100 percent),
 - NordStrom Solar GmbH, Husum (100 percent),
 - NordStrom Bioenergie GmbH, Husum (100 percent),
 - BGZ Fondsverwaltung GmbH, Husum (100 percent),
 - WKN Picardie Verte II S.A.S.U., Basse-Goulaine, France (100 percent)

Together with the inclusion of the above mentioned companies, two associated companies were also included in the Group for the first time “at equity”:

- Innovative Wind Concepts GmbH, Husum, Germany (50 percent),
- Societa' Energetica Sarda s.r.l., Villaurbana/Sardinia, Italy (50 percent).

The fiscal year end for Innovative Wind Concepts GmbH has been September 30 since the establishment of the company. For the purpose of the accounting on an at equity basis the data as at September 30 was used. There were no significant business events between the date of the fiscal accounts and December 31, 2013.

WKN AG is one of the leading developers of turnkey renewable energy projects in Europe and in the USA. Through subsidiaries and joint ventures WKN AG is represented worldwide in over eight countries in Europe, South America and in the USA.

PNE WIND AG and WKN AG have both been active since about 20 years in the projecting of wind farms both in Germany as well as internationally. In this respect the markets, in which wind farm projects are developed, complement each other, and synergies can be achieved through joint purchasing and sales activities.

During the fiscal year the transaction costs for the acquisition of the shares in WKN AG amounted to a total of TEUR 1,836. The amount of TEUR 1,836 was recorded in the fiscal year 2013 under "other operating expenses".

The purchase price for the shares in WKN AG amounted to a total of TEUR 76,839. This was composed of a cash component 1 in the amount of TEUR 41,496, a cash component 2 in the amount of TEUR 17,267 and a cash component 3 in the amount of TEUR 9,899. Furthermore, 3,074,209 own shares were issued with the total value of TEUR 8,177.

A partial amount of TEUR 4,000 from cash component 1 was paid by PNE WIND AG into an escrow account (security retention). From this PNE WIND AG has access to purchase price adjustments in the event of certain issues arising. Currently no such issues are identifiable.

The nominal amount of the cash component 3 amounts to TEUR 10,000 and is postponed until June 30, 2014. As collateral for this 8,797,500 shares of WKN AG were pledged.

From the acquisition of the shares in WKN AG there resulted from the preliminary purchase price allocation goodwill of TEUR 31,544. The calculation is as follows:

	in TEUR
Purchase price for 82.75 percent of the shares of WKN AG	76,839
less fair market value of the assets and liabilities acquired (100 percent)	-54,737
Minority interests (17,25 percent)	9,442
Goodwill	31,544

The goodwill is based on synergies, which can be achieved through joint purchasing and sales activities. The goodwill is not deductible for tax purposes.

The minority interests are determined as follows:

	in TEUR
Share of minorities (book values retained)	12,641
Share of minorities (adjustment to market values)	-2,701
Share of minorities (deferred taxes)	-498
Total	9,442

The following assets and liabilities were acquired with the acquisition of the shares of WKN AG. The assets and liabilities acquired are shown below with the fair market value at the date of acquisition.

All figures in TEUR	At acquisition assessed	Book value
Goodwill	0	9,753
Operating contracts	1,524	0
Other property, plant and equipment	20,525	20,525
Financial assets	9,250	9,241
Inventories	61,370	67,139
Other short term assets	24,921	24,921
Liquidity	9,768	9,768
Deferred taxes stated as assets	5,255	4,785
Provisions	5,411	5,411
Liabilities to banks	59,125	57,453
Other liabilities	8,603	8,603
Deferred taxes	4,737	1,383
Fair market/book value of the net assets	54,737	73,282

The determination of the fair values took place on the basis of capital-orientated processes. In this respect the cash values were derived from future services or cash flows.

The value of the operating contracts was determined through the direct cash flow forecast method. With the direct cash flow forecast method the directly allocable cash flows relating to an asset are discounted over its useful economic life at the risk adjusted capitalisation interest rate specific to such asset.

The projects included in the inventories were valued in accordance with the residual value method. This method determines the cash value of the payment surpluses which can probably be gained from the asset in the future. These payment surpluses are reduced by taxes on income and capital costs (charges dependent of sales) for the determination of the "infrastructure" of the company required for the payment surpluses (so-called "contributory asset charges") and discounted at the risk-adjusted capitalisation interest rate specific for the asset.

The valuation of the amortised cost of the liabilities towards banks took place on the basis of the discounted cash flow method of the inherent costs.

The first consolidation in accordance with IFRS 3 "mergers of companies" took place on July 4, 2013 through application of the acquisition method in accordance with the partial goodwill method.

Since the date of acquisition the shares acquired in WKN AG have contributed euro 29.6 million to the Group sales and euro 1.1 million to the Group EBIT. If the acquisition had taken place at the beginning of the year, the contributions to sales and EBIT would have been euro 43.7 million and euro 4.1 million respectively.

The acquisition of the shares in WKN AG resulted in the following outflow of funds during the fiscal year:

	in TEUR
Acquisition cost of shares	76,839
Inclusion of a short term purchase price liability	-9,899
Fair value of own shares transferred as portion of purchase price	-8,177
Portion of purchase price in cash	58,763
Cash acquired through purchase of shares	-9,768
Actual outflow of funds	48,995

The receivables acquired within the framework of the transaction (which are composed primarily of trade receivables) have a fair market value of TEUR 15,997 and a gross contract value of TEUR 15,997. The best estimation of the contractual inflow of payments, which are not expected to be collected, was undertaken at the time of the acquisition; these are assumed to amount to TEUR 0.

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

1. PNE WIND UK Ltd., Eastbourne, United Kingdom (from 67.5 percent to 90 percent)
2. PNE WIND Straldja-Kamenec EOOD, Bulgaria (from 70 percent to 100 percent).

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, 2013 comprised, apart from PNE WIND AG, the other companies included under "list of companies included in the scope of consolidation" under Point I "list of companies included in the scope of consolidation" and under Point II "list of associated companies included in the scope of consolidation".

Companies, which were not included in the scope of consolidation as at December 31, 2013, are included in the "list of companies included in the consolidated annual accounts and list of ownership share" under Point III "companies not included in the scope of consolidation due to lack of material importance" and Point IV "associated companies not included in the scope of consolidation due to lack of material importance".

2. Divestment of companies

During the fiscal year 2013 the following companies were deconsolidated:

1. PNE WIND Park II GmbH & Co. KG, Cuxhaven,
2. PNE WIND Park Calau II A GmbH & Co. KG, Cuxhaven,
3. WKN Picardie Verte II S.A.S.U., Basse-Goulaine, France

As a result of the deconsolidation of PNE WIND Park II GmbH & Co. KG assets in the amount of a total of euro 11.8 million, which consisted mainly of the capitalised work in process of the project, as well liabilities for the financing of the wind farm in the amount of euro 11.8 million were eliminated. The amount received for the sale of the company amounted to TEUR 3. No significant cash and cash equivalents were eliminated within the framework of the deconsolidation.

As a result of the deconsolidation of WIND Park Calau II A GmbH & Co. KG assets in the amount of a total of euro 28.7 million, which consisted mainly of the capitalised work in process of the project, as well liabilities for the financing of the wind farm in the amount of euro 28.7 million were eliminated. The amount received for the sale of the company amounted to TEUR 3. The cash and cash equivalents eliminated within the framework of the transaction amounted to euro 2.1 million.

As a result of the deconsolidation of WKN Picardie Verte II S.A.S.U. assets in the amount of a total of euro 1.1 million, which consisted mainly of the capitalised work in process of the project, as well liabilities for the financing of the wind farm in the amount of euro 2.7 million were eliminated. The amount received for the sale of the company amounted to TEUR 1,050. No significant cash and cash equivalents were eliminated within the framework of the deconsolidation.

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, 2013 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).

Investments in associated companies are valued according to the equity method when the Group exercises significant influence with an ownership interest of between 20 percent and 50 percent. For investments using the at equity method, the book value corresponding to the Group's equity share is increased or decreased annually. Upon the initial consolidation of investments using the equity method, differences resulting from the initial consolidation are treated according to the principles of full consolidation. Subsequent changes to the pro rata equity arising from items – including impairment losses recognized on goodwill – are reflected in equity-method income/loss. Intercompany profits and losses for these companies were not material.

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 in principle 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. If the fair value of non-listed equity capital instruments can not be reliably determined, the shares are valued at acquisition cost (less possible amortisation).

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

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

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

12. Provisions

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

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

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

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.8.

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

17. Foreign currency conversion

The relative items stated in the financial statements of the individual companies of the Group are valued on the basis of the corresponding functional currency. The consolidated financial statements are drawn up in euro, which is the currency of report and the functional currency of the 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 51,798 (prior year: TEUR 20,282) 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 first time since the acquisition dated July 4, 2013 the valuation was undertaken of the goodwill of the cash generating unit projecting of wind power turbines WKN. In this respect 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 before taxes used for the discounting of the forecasted cash flow amounts for the detailed planning phase and for the subsequent period was 9.48 percent.

For the testing of the carrying value of the goodwill of the cash generating unit, projecting of wind power turbines PNE, 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 before taxes used for the discounting of the forecasted cash flow amounts for the detailed planning phase and for the subsequent period was 10.63 percent (prior year: 9.46 percent).

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 before taxes used for the discounting of the forecasted cash flow amounts to 6.72 percent (prior year: 5.87 percent) 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, 2013 and as at December 31, 2012:

Projecting of wind power turbines WKN and PNE

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 4.10 percent (prior year: 3.28 percent).

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

All figures in TEUR	Projecting of wind power turbines PNE		Projecting of wind power turbines WKN		Electricity generation		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Book values of goodwill	20,000	20,000	31,544	0	254	282	51,798	20,282

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 788 (prior year: TEUR 869). At the end of the financial lease 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

Apart from the participations of the Company in associated companies in the amount of TEUR 5,957 (prior year: TEUR 0), the long term financial assets include the shares in companies, which are not included on a fully consolidated basis in the consolidated financial statements due to their lack of significance, in the amount of TEUR 1,079 (prior year: TEUR 0). The participations should not be sold in the longer term, moreover, this item includes loans in the amount of TEUR 719 (prior year: TEUR 0) and other loan receivables in the amount of TEUR 238 (prior year: TEUR 185).

During the fiscal year no write-downs were carried out in respect of long term financial assets.

For the categorization and valuation of financial assets see Section V.6.

4. Assets and liabilities designated for sale

This item includes TEUR 753 (prior year: TEUR 622) of project work of PNE Gode Wind III GmbH, which has already been sold subject to the fulfilment of certain conditions.

In the prior year a participation was also included, which was acquired at the end of 2012 and which the Group planned to sell. The sale was concluded on March 7, 2013, when control of the company was transferred to the purchaser. The participation was included in the segment of projecting of wind power turbines. The sales proceeds for the participation in the amount of TEUR 624 represented fully an inflow of funds. There was no significant profit or loss.

5. Inventories

All figures in TEUR	31.12.2013	31.12.2012
Materials and supplies	112	103
Work in process	129,163	24,641
Finished goods	3	113
Prepayments	16,582	3,189
	145,860	28,046

During the fiscal year 2013 inventories were write down in the amount of TEUR 3,704 (prior year: TEUR 462) to their net sale value and these charges were booked as expense. The expense is included in the changes in inventories.

In total costs incurred for inventory were charged to the statement of comprehensive income in the amount of TEUR 14,789 (prior year: TEUR 12,515).

The work in process includes assets in the amount of TEUR 85,663 (prior year: TEUR 14,110), which are expected to be realised 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 38,368 (prior year: TEUR 0). After being netted with the payments received the following net balance occurs which is shown under trade receivables.

All figures in TEUR	31.12.2013	31.12.2012
Costs including partial profits	38,368	0
Prepayments received	-17,063	0
	21,305	0

Trade receivables

During the fiscal year 2013 write-downs in the amount of TEUR 126 (prior year: TEUR 10) were charged to receivables and other assets. The write-downs are based individual experiences with past payments amounts with the corresponding companies.

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

All figures in TEUR	31.12.2013	31.12.2012
1.1.	608	1.662
Additions	126	10
Uses (-)	309	438
Release (-)	99	626
31.12.	326	608

The total receivables written down amounted to TEUR 681 (prior year: TEUR 1,062) as at December 31, 2013.

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

Other short term loan receivables

The other short term loan receivables include loans issued by WKN AG to wind farm project companies which have been sold.

Receivables from affiliated companies, associated companies and those where a participation relationship exists

Under receivables from affiliated companies, associated companies and those in which a participating interest exists, other short-term financial receivables are reported.

The following table shows the carrying amounts and fair values of financial assets according to specific categories.

All figures in TEUR		Total	Fair Value
As at 31.12.2013			
Short term financial assets			
Cash and cash equivalents	LaR	77,402	77,402
Trade receivables	LaR	34,371	34,371
Other short term loan receivables	LaR	8,638	8,638
Receivables from affiliated companies	LaR	3,736	3,736
Receivables from associated companies and from other investments	LaR	3,099	3,099
Long term financial assets			
Shares in affiliated companies	AfS	1,079	-
Shares in associates	AfS	5,957	-
Participations	AfS	612	-
Other loans	LaR	719	719
Other long term loan receivables	LaR	238	238
		135,851	128,203
Total loans and receivables		128,203	128,203
Total financial assets available for sale		7,648	-
As at 31.12.2012			
Short term financial assets			
Cash and cash equivalents	LaR	36,586	36,586
Trade receivables	LaR	30,233	30,233
Receivables from associated companies and from other investments	LaR	4	4
Assets designated for sale	AfS	650	-
Long term financial assets			
Shares in affiliated companies	AfS	63	-
Other long term loan receivables	LaR	185	185
		67,721	67,008
Total loans and receivables		67,008	67,008
Total financial assets available for sale		713	-
LaR = loans and receivables AfS = financial assets available for sale			

The available-for-sale financial assets include unquoted equity instruments whose fair value cannot be reliably determined and therefore have been valued at cost in the amount of TEUR 7,648 as at December 31, 2013 (December 31, 2012: TEUR 713). As at the balance sheet date there was no intention of selling the financial assets. There were no net gains or losses attributable.

Loans and receivables are recorded at their book value as at the balance sheet date and represent their approximate fair values. The net effects under the category – loans and receivables – are recorded in the amount of TEUR 126 (previous year: TEUR 616) as write-offs and are recognized in other operating income and expenses item. In the financial result the amount of TEUR 169 (previous year: TEUR 177) is reported as interest income.

Other assets

Other assets include primarily sales tax receivables.

7. Shareholders' equity

Capital subscribed

As at January 1, 2013 the share capital of the Company amounted to EUR 45,785,869.00 (prior year: EUR 45,777,960.00), divided into 45,785,869 (prior year: 45,777,960) 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 2013 the Company issued 9,072,579 (prior year: 7,909) 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 54,858,448.00 (prior year: TEUR 45,785,869.00), divided into 54,858,448 (prior year: 45,785,869), registered shares with a proportional share in the share capital of EUR 1.00 per share.

Authorised capital

On May 22, 2013 the general meeting of shareholders eliminated the existing authorised capital, which the Company had not used in the year under report, in the amount which was not yet utilised and at the same time created a new authorised capital. The Board of Management is authorised with the approval of the Supervisory Board to increase the share capital of the Company up to May 21, 2018 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 euro 20,800,000.00 (authorised capital). The Board of Management is 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 percent 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 percent 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 in the partial amount of up to euro 9,000,000.00 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 July 16, 2013.

No use was made of the authorised capital during the year under report 2013. The authorised capital thus amounted to euro 22,800,000.00 as at December 31, 2013.

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 euro 15,000,000:

The share capital is increased conditionally by a further amount of up to euro 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 euro 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 euro 37.5 million. The convertible loan was issued at a price of 100 percent. The conversion price amounted to euro 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 euro 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 euro 1.00. As a result the conditional capital was partially used in the amount of euro 1,540,000.00.

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 euro 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 euro 100.00. In the event of an effective exercise of the conversion right the conversion price amounts to euro 2.20. The convertible bond was subscribed in a nominal amount of euro 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 euro 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 euro 13,358,181.00.

Conditional capital II/2012

On May 15, 2012 the general meeting of shareholders resolved a conditional increase in the capital subscribed by a further amount up to euro 7,750,000.00.

The share capital is increased conditionally by a further amount of up to euro 7,750,000.00, divided into up to 7,750,000 registered no par value shares, each with a proportional share in the share capital of euro 1.00 (conditional capital II/2012). 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 15, 2012 up to May 14, 2017. 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.

As at December 31, 2013 the Board of Management had made no use of this authorisation.

Capital reserve

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

Own shares

After PNE WIND AG had acquired in 2012 a total of 672,955 own shares within the context of a share buy-back programme, the Company continued the share buy-back programme started in 2012 in the period from January to the middle/end of March 2013 and acquired in total a further 3,453,745 own shares (representing a share of the capital subscribed at that time of approximately 7.50 percent) each with a proportional share in the share capital of euro 1.00. The average price of the own shares acquired during the year under report amounted to euro 2.67 per share. The basis of the share buy-back programme was the resolution for the authorisation by the general meeting of shareholders of May 14, 2009, which had authorised the Board of Management to acquire up to 4,126,700 shares up to May 13, 2014. The share buy-back programme was concluded on March 22, 2013 after full use had been made of the authorisation.

During the further course of 2013, PNE WIND AG then resold or transferred all the 4,126,700 shares which it had acquired in the share buy-back programme.

In June 2013 the Company transferred in this respect part of the shares acquired to the Volker Friedrichsen Beteiligungs-GmbH as payment for the acquisition of the majority participation in the amount of 54 percent in WKN AG, Husum. Through the transfer of a total of 3,074,209 own shares (representing approximately 6.61 percent of the capital subscribed at that time) a part of the purchase price was paid in the amount of euro 8.2 million. The basis of the transfer was the resolution of the general meeting of shareholders of May 14, 2009, through which the Board of Management was authorised to transfer the own shares acquired in another manner than through a sale on the stock market or through an offer to shareholders, provided that the transfer of shares to third parties takes place as a payment within the context of an acquisition of participations in companies.

The 1,052,491 own shares still remaining with PNE WIND AG after this transfer (representing approximately 2.26 percent of the capital subscribed at that time) were sold in July 2013 completely to Close Brothers Seydler Bank AG for placement with institutional investors. The sales proceeds achieved thereby amounted to approximately euro 2.75 million.

As at December 31, 2013 the Company held no own shares.

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 payment in 2013, dividends (euro 0.10 per share) from the Group result of statement of financial position were 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 4,166 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 euro 67,562,315.21 a ten percent dividend as well as a five percent special dividend for each share with dividend entitlement rights on the nominal amount for the fiscal year 2013. 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 -3,527 (prior year: TEUR -3,076) result from the capital consolidation of WKN AG, 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 positive share of TEUR 5,693 (prior year: TEUR -2,994).

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 includes current taxes on income, which were set up for the past fiscal years as well as for the fiscal year 2013.

11. Other provisions

The other provisions developed as follows:

All figures in TEUR	1.1.2013	Use	Release	Addition	31.12.2013
Variable purchase installment					
Atlantis I - III	0	0	0	9,040	9,040
Distribution guarantees Silbitz	993	356	0	49	686
Legal costs	439	114	108	103	320
Other	115	0	0	32	147
	1,547	470	108	9,224	10,193

The interest on the distribution guarantee and the variable purchase price instalments for Atlantis I – III is included in the additions 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 euro 0.7 million. Furthermore, PNE WIND AG has given a contractual commitment to the limited partners participating in the operating company of HKW Silbitz that it would reacquire their limited partnership shares at the beginning of 2017 at a price in the amount of 110 percent of the nominal amount. On the basis of this commitment a discounted purchase price liability is included as at December 31, 2013 under the financial liabilities in the amount of approximately euro 5.9 million (prior year: euro 5.4 million).

The high variable purchase price instalments from the acquisition of offshore projects is estimated at the date of first recording and included as provisions in the inventories. The accounting for changes in the fair market value of the variable purchase price instalments, which represent no corrections during the valuation period, is to be valued in accordance with IAS 39 “financial instruments” or IAS 37 “provisions, contingent liabilities and contingent receivables”. The Group records the change of the variable purchase price instalments from the acquisition of the offshore wind farms variable purchase price instalments in the inventories. As at December 31, 2013 a discounted purchase price instalment is recorded in the amount of euro 9.0 million (prior year: euro 0.0 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:

All figures in TEUR	Category as per IAS 39	Total	up to 1 year	1 to 5 years	more than 5 years	Fair Value
As per 31.12.2013						
Trade receivables	FLAC	12,093	12,093	0	0	12,093
Fixed interest						
Participation certificates	FLAC	3,061	0	3,061	0	3,061
Bonds	FLAC	105,018	3,836	101,182	0	114,513
Liabilities to banks	FLAC	70,326	24,529	30,904	14,893	78,089
Other financial liabilities	FLAC	15,575	9,921	5,654	0	16,601
Liabilities from leasing contracts	FLAC	500	106	394	0	500
Variable interest						
Liabilities to banks	FLAC	15,013	0	15,013	0	15,215
Other financial liabilities	FLAC	0	0	0	0	0
Derivatives						
Interest swaps	FLHfT	1,960	586	1,374	0	1,960
		223,546	51,071	157,582	14,893	242,032
As per 31.12.2012						
Trade receivables	FLAC	4,696	4,696	0	0	4,696
Fixed interest						
Participation certificates	FLAC	843	0	843	0	843
Bonds	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
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 (Grade 2). In the current fiscal year no reclassifications were undertaken between the hierarchical grades.

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.

The determination of the fair value of the loans is based on listed prices as at the date of the statement of financial position.

It has been assumed in the case of the trade accounts payable and the other financial liabilities that the fair values correspond to the book values of these financial instruments in view of the short term maturities. The book values of the participation certificates and the liabilities from leasing relationships also correspond primarily to fair value due to their short term maturities or overall insignificant amounts.

The net results of the financial liabilities at acquisition cost consist exclusively of interest in the amount of TEUR 8,444 (prior year: TEUR 4,249), which is included in financing expense.

The net result of the financial liabilities available for trading is attributable to the subsequent valuation at fair value in the amount of TEUR 616 (prior year: TEUR -492).

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 euro 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 percent of the nominal value of the participation certificates and b) a profit-related return of up to 3 percent of the nominal value of the participation certificates. As a result of the profit-related return the distribution can increase to up to 10 percent 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 of PNE WIND AG as at December 31, 2013 amounted to euro 842,800.00. Moreover the liabilities from the participation certificate capital of WKN AG as at December 31, 2013 amounted to TEUR 2,218. The maturity of the participation certificates of WKN AG also expire on December 31, 2014.

During the year under report the Company did not repurchase any participation certificates.

The number of participation certificates of PNE WIND AG outstanding as at December 31, 2013 amounted to 8,428 (prior year: 8,428).

Loans

The bond developed as follows:

All figures in TEUR	31.12.2013	31.12.2012
Convertible bond 2009:		
- Status as at January 1	3,769	3,723
- Accrued Interest	51	46
- Converted	10	0
- Status as at December 31	3,810	3,769
Convertible bond 2010:		
- Status as at January 1	25,129	24,761
- Accrued Interest	745	385
- Converted	19,951	17
- Status as at December 31	5,923	25,129
Bond 2013:		
- Status as at January 1	0	0
- Issued	94,856	0
- Accrued Interest	429	0
- Status as at December 31	95,285	0
Total	105,018	28,898

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 euro 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 euro 100.00 each and thus with a total nominal value of up to euro 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 percent 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 2009/1 (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 bond conditions include furthermore conditions for the adjustment of the conversion price in the event of capital increases as well as dilution protection clauses.

During the year under report holders of a total of 104 bonds (prior year: 0) exercised their conversion rights in the total nominal value of euro 10,400.00 (prior year: EUR 0), so that a total of 4,160 (prior year: 0) new registered no par value shares of PNE WIND AG were issued.

During the year under report accrued interest of TEUR 51 (prior year: TEUR 46) 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 euro 100.00 each and thus with a total nominal value of up to euro 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 euro 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 percent 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 holders of a total of 199,506 (prior year: 174) bonds exercised their conversion rights in the total nominal value of euro 19,950,600.00 (prior year: euro 17.400.00), so that a total of 9,068,419 (prior year: 7,909) new registered no par value shares of PNE WIND AG were issued.

During the year under report accrued interest of TEUR 745 (prior year: TEUR 385) was added to the book value of the convertible loan.

Both bonds are fully convertible.

Corporate bond 2013/2018

In May 2013 PNE WIND AG issued a corporate loan in the amount of euro 66,338,000.00 in order to finance measures for external and internal growth and in particular for the financing of the acquisition of the corporate acquisition of WKN AG, Husum as well as for general business purposes. Within the context of a private placement this corporate loan was increased in September 2013 to an amount of euro 100 million. The bonds from this corporate bond are admitted to the regulated market at the Frankfurt Stock Exchange and participate since September 2013 in the Prime Standard for corporate bonds.

The bonds will bear interest with effect from May 14, 2013 (inclusive) up to June 1, 2018 (exclusive) in the amount of 8 percent. With the exception of the first interest period, interest is payable half-yearly in arrears on June 1 and December 1 of each year. The first interest payment was due on December 1, 2013 and covered the period from May 14, 2013 to December 1, 2013.

PNE WIND AG is obliged to repay the bonds at their nominal amount on June 1, 2018, insofar as they have not yet been fully or partially repaid, repurchased or cancelled.

In the event of a change of control each bond creditor has the right in accordance with the conditions of the loan to demand from PNE WIND AG as the issuer the prior repayment of his bonds. In this connection a change of control takes place when the issuer learns that an individual or a group of persons acting together as a group within the meaning of Section 2, Paragraph 5 of the Securities and Acquisitions Law have become the legal and economic owners of such a number of shares of the issuer which 30 percent or more of the of the voting rights

Liabilities to banks

The interest rates for the fixed interest liabilities to banks range between 2.83 percent and 6.6 percent. With regard to variable interest rate liabilities to banks the Company is exposed to the risk of interest change. During 2013 as in 2012 the interest rates for these amounted to up to 14.00 percent (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 2029.

Of the liabilities to banks an amount of TEUR 53,409 (prior year: TEUR 38,036) is secured by:

1. Registered mortgage in the amount of TEUR 3,170 on the property at Peter-Henlein-Str. 2-4, Cuxhaven (amount drawn down: TEUR 3,000) (prior year TEUR 3,214).
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 218) (prior year: TEUR 390) 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 25,610) (prior year: TEUR 28,929).
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 3,384) (prior year: TEUR 4,061).

6. Assignment of all rights from contracts in connection with the Görricke Söllenthin project as well as the pledge of all receivables of this wind farm (amount drawn down: TEUR 6,954) (prior year: TEUR 0).
7. Pledge of bank balances in the amount of TEUR 1.052 (prior year: TEUR 459).
8. Assignment of all rights from contracts in connection with the Passauer Land project as well as the pledge of all receivables of this solar farm (amount drawn down: TEUR 6,855) (prior year: TEUR 0).
9. Assignment of limited partnerships on the amount of TEUR 4,699 on connection with current wind farm projects (amount drawn down: TEUR 3,915 (prior year: TEUR 0))
10. Registered mortgage in the amount of TEUR 4,697 on the property at Otto-Hahn-Str. 12-16, Husum (amount drawn down: TEUR 2,260 (prior year: TEUR 0))
11. Assignment of all rights from contracts in connection with the solar plant 2 + 3 projects as well as the pledge of all receivables from these solar plants (amount drawn down: TEUR 161 (prior year: TEUR 0))

As at December 31, 2013 the Group had available credit lines for project bridge financing granted in the amount of approximately EUR 107.0 million (prior year: EUR 17.6 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, 2013 in the amount of approximately euro 5.9 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.

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 788 (prior year: TEUR 869) are attributable fully to technical equipment and machinery.

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

All figures in TEUR	Minimal leasing payments		Discounted value Minimal leasing payments	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
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	532	704	394	502
With a maturity of more than five years	0	0	0	0
	704	876	500	608
Less:				
Future financing costs	-204	-268		
Discounted cash value of the leasing liabilities	500	608		
Amount due for repayment within 12 months (short term liabilities)			106	106
Amount due for repayment after more than twelve months			394	502

The liabilities to leasing companies is secured in the amount of TEUR 500 (prior year: TEUR 608) through the pledge of the legal ownership in the Kletzke transformer station.

13. Other liabilities

Deferred sales

The item in the amount of TEUR 11,122 (prior year: TEUR 7,040) 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).

Other liabilities

The other liabilities include primarily sales tax liabilities in the amount of EUR 10 million.

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 for the risk of interest rate change with regard to changes in the market level for interest payments for existing and expected variable interest bearing liabilities to banks within PNE WIND Altenbruch II GmbH & Co. KG, for which this company is liable due to a loan agreement within the framework of a commitment for a KfW support credit. The market value of this derivative is included under other financial liabilities in an amount of TEUR 1,636. Furthermore, an interest hedge transaction exists for interest change risks at WKN AG. The derivative serves to hedge the interest change risks in the 3 – month EURIBOR and is used for the hedging of variable interest loans and also serves for the hedging of interest change risks from the variable interest working capital requirements at WKN AG. The inclusion in the accounts takes place in each case as a valuation unit. The fair value of these derivatives is included at an amount of TEUR 324 in other financial liabilities. Since financial instruments in the form of project financing, 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, 2013 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 170 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, 2013 and December 31, 2012 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 70 percent in order to guarantee continued access to third party capital at acceptable cost and by maintaining a good credit rating.

All figures in TEUR	31.12.2013	31.12.2012
Financial liabilities	211,453	75,845
./. Cash and cash equivalents	77,402	36,586
= Net third party debt	134,051	39,259
+ Shareholders' equity	150,609	86,595
= Total capital	284,660	125,854
Debt / equity ratio	47.09 %	31.19 %

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

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, the Passauer Land solar farm and the timber biomass power station Silbitz.

The revenues from long term construction contracts for the fiscal year 2013 are based on two projects (see Sections IV No. 8 and V No. 6).

All figures in TEUR	2013	2012
Revenues before HB II reconciliation	118,921	95,828
Revenues from stage of completion accounting	25,119	0
Reverse affect from stage of completion accounting	0	-11,433
Share of revenues in stage of completion accounting	25,119	-11,433
	144,040	84,395

Against this share of the revenues from stage of completion accounting there are contract costs in the amount of TEUR 23,870 (prior year: TEUR 11,393), so that versus the stage of completion accounting of the prior year (TEUR 0) there resulted a partial profit realisation which was TEUR 1,249 higher.

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 326 (prior year: TEUR 627).
- Due to unfulfilled contractual undertakings the Company received in the fiscal year 2013 a compensation payment of TEUR 500 (prior year: TEUR 0)
- During the fiscal year 2013 provisions in the amount of TEUR 442 (prior year: TEUR 85) could be released, since the reasons for such provisions were no longer valid.

3. Personnel expenses

The personnel expenses were composed as follows:

All figures in TEUR	2013	2012
Wages and salaries	18,976	12,138
Social security contributions	2,639	1,387
	21,615	13,525
Average annual number of employees	303	184
Personnel expenses per employee	71	74

During the fiscal year 2013 an amount of TEUR 100 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 2013 to TEUR 753 (prior year: TEUR 495).

4. Other operating expenses

The other operating expenses include mainly the following items:

- Legal and consulting fees TEUR 4,731 (prior year: TEUR 2,662)
- Rental and leasing expenses TEUR 1,493 (prior year: TEUR 1,231)
- Provisions for doubtful accounts or losses on receivables TEUR 125 (prior year: TEUR 11)
- Advertising and travel expenses TEUR 2,054 (prior year: TEUR 1,276)
- Vehicle expenses TEUR 1,331 (prior year: TEUR 661)
- EDP expenses TEUR 372 (prior year: TEUR 371)
- Insurances and contributions TEUR 870 (prior year: TEUR 682)
- Repair/maintenance cost (primarily Silbitz and Altenbruch) TEUR 1,013 (prior year: TEUR 707)

5. Other interest and similar income

The interest income includes loan and current account interest in the amount of TEUR 169 (prior year: TEUR 177) as well as the change in the value of derivative financial instruments in the amount of TEUR 683 (prior year: TEUR 0).

6. Interest and similar expenses

Interest and similar expenses include mainly the interest on the 2013/2018 loan of TEUR 4,131, convertible loans with TEUR 1,435 (prior year TEUR 1,958), interest on loans and overdrafts of TEUR 2,878 (prior year: TEUR 2,091) and the change in value of derivative financial instruments of TEUR 67 (prior year: TEUR 492). During the fiscal year 2013 interest on third party capital was capitalised in the amount of TEUR 536 (prior year: TEUR 153), at a capitalisation rate of 3.23 percent (prior year: 3.49 percent).

7. Taxes on income

The expenses from taxes on income are composed as follows:

All figures in TEUR	2013	2012
Current taxes	3,281	75
Deferred taxes		
- from the effect of consolidations and HB II adjustments	-3,417	-76
- from individual financial statements	-2,697	-250
	-6,114	-326
	-2,833	-251

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

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 110 million (prior year: approximately EUR 109 million) as well as approximately EUR 18 million abroad (prior year: approximately EUR 11 million), which can be set off against future profits. A deferred tax claim on these losses was recorded in the amount of TEUR 1,026 (prior year: TEUR 0) and netted fully with the deferred taxes included as liabilities. In view of the loss situation in the past (abroad) as well as near tax exemption on 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:

All figures in TEUR	2013	2012
Consolidated earnings before taxes	35,716	16,726
Tax rates	30.0%	30.0%
Income tax expense - calculated	10,715	5,018
Difference in tax rate	86	4,980
Amortisation of non-tax deductible goodwill	-184	0
Tax refund due to losses	10	0
Non-inclusion of deferred taxes	3,299	5,730
Use of tax loss carry-forwards	-10	-21
Tax free gains on sales and other tax free income	-18,870	-15,871
Permanent differences	386	15
Tax expense/income not relating to the period	39	17
Other non-deductible expenses	1,362	-104
Other consolidation effects	334	-15
Reported tax expense	-2,833	-251

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 percent (prior year: 30 percent) has been assumed.

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

All figures in TEUR	Deferred taxes (assets)	Deferred taxes (liabilities)	Deferred taxes (assets)	Deferred taxes (liabilities)
	31.12.2013		31.12.2012	
Receivables and other assets	5,327	1,667	76	1
Inventories	5,577	1,092	0	0
Property, plant and equipment	2,444	0	0	98
Intangible assets	455	1,305	0	0
Other assets	0	0	0	0
Financial assets	0	0	0	0
Liabilities	184	6,572	382	278
Other provisions	2,479	0	570	0
	16,466	10,636	1,028	377
Tax loss carry forwards	1,389	0	1,389	0
Other consolidation effects incl. value adjustments	636	618	-1,162	272
	18,491	11,254	1,255	649
Offsettable share	-9,341	-9,341	-279	-279
Deferred taxes	9,150	1,913	976	370

8. Earnings per share

Undiluted earnings per share

In 2013 the annual average number of registered shares amounted to a total of 47,201 thousand (prior year: 45,764 thousand).

The undiluted earnings per share from continuing operations thus amounted per share to euro 0.86 per share (prior year: euro 0.37 per share).

	2013	2012
Consolidated net profit (TEUR)	40,679	16,977
Weighted average of shares issued (000)	47,201	45,764
Earnings per share (in EUR)	0.86	0.37

Diluted earnings per share

The diluted earnings per share are calculated as follows:

	2013	2012
Consolidated net income before elimination of dilution effects (TEUR)	40,679	16,977
- interest expense on convertible bond (TEUR)	1,005	1,371
Result after elimination (TEUR)	41,684	18,348
Weighted average of shares (undiluted) (000)	47,201	45,764
+ weighted average of convertible shares	4,275	13,355
Weighted average number of shares (diluted) (000)	51,476	59,119
Diluted earnings per share (EUR)	0.81	0.31

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 cash 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 2013 no transaction costs were incurred as in the prior year.

IX. Segment reporting

The operating business activities of the Company were mainly focussed on Germany during the year under report and primarily included the projecting, construction and operation of wind farms and transformer stations for the generation of electricity as well as servicing of wind power turbines and obtaining shareholder equity for wind power operating companies. The production of electricity in an environmentally friendly way was undertaken on 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 amounts in the business segment, "Projecting of Wind Power Turbines" include total aggregate performance of euro 102.4 million (prior year: euro 18.0 million), revenues of euro 85.6 million (prior year: euro 8.6 million), operating result of euro 22.5 million (prior year: euro -1.1 million), a share of assets of euro 393.2 million (prior year: euro 153.1 million) and a share of shareholders' equity of euro 93.9 million (prior year: euro 44.6 million) in the sub-segment wind power onshore Germany. In addition, wind power onshore international includes total aggregate performance of euro 9.8 million (prior year: euro 4.7 million), revenues of euro 1.3 million (prior year: euro 0.0 million), operating result of euro -15.8 million (prior year: euro -9.0 million), a share in segment assets of euro 120.2 million (prior year: euro 41.6 million) and a share in shareholders' equity of euro 26.5 million (prior year: euro -20.9 million).

The revenues with third party customers and the segment assets of the "Projecting of Wind Power Turbines" and "Electricity Generation" segments are attributable mainly to Germany. In the "Projecting of Wind Power Turbines" segment, sales were realised with third party customers, which amounted to more than 10 percent of the total sales. During the year under report sales of euro 43 million were generated with one customer and euro 28 million with one other customer. No other single customer contributed 10 percent or more to consolidated sales. In the prior year revenues with one customer generated euro 61 million.

Long term assets are attributable regionally as follows:

All figures in TEUR	31.12.2013	31.12.2012
Germany	138,261	81,810
Other countries	2,776	632
	141,037	82,442

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 grid network.

The share of the result for the period of the associated companies which are included at equity in the amount of TEUR -32 is included in the expenses from absorption of losses of the wind power segment.

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:

All figures in TEUR	31.12.2013	31.12.2012
Various wind power projects	16,814	568
Other	68	65
	16,882	633

Other financial obligations exist from rental and leasing contracts in the amount of TEUR 1,516 (prior year: TEUR 753). The maturities of the rental and leasing obligations were structured as follows:

Rental and leasing obligations	2013	2012
Maturity up to one year	597	333
Maturity of 1 – 5 years	919	420
Maturity in excess of 5 years	0	0
	1,516	753

Moreover, there are obligations from order commitments for wind power turbines in the net amount of TEUR 195,696 (prior year: TEUR 162,423). The obligations from order commitments are fully due within one year.

Other financial liabilities in the amount of TEUR 405 (prior year: TEUR 366) also exist from the cooperation in respect of project development abroad.

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

The companies of the PNE WIND Group are developing projects in 14 countries. In this respect the MW capacity is distributed 25 percent to the German market and 75 percent to the other 13 foreign markets. The PNE WIND Group has thus achieved a broad diversification of risk. The dependence on developments in individual markets has been reduced. Negative changes in individual countries can be compensated by other markets. The project implementation can be increased significantly in Germany in 2014. Corresponding permits for wind farm projects have been obtained. In the future the German wind farm projects must be adjusted to the changing general conditions of the Renewable Energies Law (EEG). Onshore wind farm projects have also already been approved abroad, including the United Kingdom, the USA, France and Poland. In the offshore sector PNE WIND AG is currently working on twelve offshore wind farm projects in various stages of development and in six of them as a service provider. Six offshore projects are being developed as our own account. The development of these projects up to issuance of a permit are subject to not insignificant expenses for the numerous ecological as well as safety analyses. However, without this preliminary work a permit cannot be obtained from the Federal Office for Shipping and Hydrographics (BSH) in Hamburg. After the granting of the permits, additional cost-intensive studies, such as the examination of the sea bed floor where the foundations of each offshore wind

power turbine site is located, are necessary to reach construction maturity. If an offshore wind farm project cannot 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 acting as a service provider, there exists the risk that milestone payments, which have been agreed, may not take place. These risks are being assessed continuously but they cannot be completely excluded.

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

During the fiscal year 2013 the following announcements were made which concern the Company in accordance with Article 21 Paragraph 1 of the Securities Trading Law (WpHG):

Announced by Mr. Volker Friedrichsen:

Mr. Volker Friedrichsen, Germany, announced to us in accordance with Article 21 Paragraph 1 of the Securities Trading Law (WpHG), that his share in the voting rights of PNE WIND AG on July 4, 2013 exceeded the threshold of 3 percent and 5 percent and amounted on this day to 6.61 percent (3,074,209 voting rights) of the voting rights, which were allocated to him through the Volker Friedrichsen Beteiligungs-GmbH in accordance with Section 22, Paragraph 1, Sentence 1, No. 1 WpHG.

Furthermore, the Volker Friedrichsen Beteiligungs-GmbH, Schwabstedt, Germany, announced to us that its share in the voting rights of PNE WIND AG on July 4, 2013 exceeded the threshold of 3 percent and 5 percent and amounted on this day to 6.61 percent (3,074,209 voting rights) of the voting rights.

Cuxhaven, July 15, 2013

Announced by Mr. Volker Friedrichsen:

Mr. Volker Friedrichsen, Germany, announced to us in accordance with Article 21 Paragraph 1 of the Securities Trading Law (WpHG), that his share in the voting rights of PNE WIND AG on August 6, 2013 exceeded the threshold of 10 percent and 15 percent and amounted on this day to 19.81 percent (10,741,474 voting rights) of the voting rights, which were allocated to him through the Volker Friedrichsen Beteiligungs-GmbH in accordance with Section 22, Paragraph 1, Sentence 1, No. 1 WpHG.

Furthermore, the Volker Friedrichsen Beteiligungs-GmbH, Schwabstedt, Germany, announced to us that its share in the voting rights of PNE WIND AG on August 6, 2013 exceeded the threshold of 10 percent and 15 percent and amounted on this day to 19.81 percent (10,741,474 voting rights) of the voting rights.

Cuxhaven, August 8, 2013

Announced by the Baden-Württembergischen Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte as well as by the LBBW Asset Management Investmentgesellschaft mbH:

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 had fallen below the threshold of 3 percent on August 8, 2013 and amounted on this day to 2.95 percent of the voting rights (1,600,000 voting rights).

Moreover, 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 LBBW Asset Management Investmentgesellschaft mbH in the voting rights of PNE WIND AG had fallen below the threshold of 3 percent on August 8, 2013 and amounted on this day to 2.95 percent of the voting rights (1,600,000 voting rights), which were allocated to them in accordance with Section 22, Paragraph 1, Sentence 1, No. 6 of the Securities Trading Law (WpHG). These concerned the voting rights of the Baden-Württembergischen Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte.

Cuxhaven, August 12, 2013

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 2013 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 2013 there were transactions in an amount of EUR 310,875.14 (prior year: EUR 241,544.03). In this amount there is a sum of EUR 68,179.44 net (prior year: EUR 14,125.32) for software and hardware equipment. These business transactions took place on an arm's length basis. As at December 31, 2013 there were liabilities from this transaction in the amount of TEUR 9 (prior year: TEUR 2).

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, independent 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. (up to May 22, 2013)
- Herr Jacquot Schwertzer, Leudelange, Luxembourg, Member of the Management Committee of Luxempart S.A. (up to May 22, 2013)
- JUdr. Olaf Aden, lawyer at the partnership of Aden & Kleemann, Wiesmoor (since May 22, 2013)
- Dr. Christian Rolfs, Weilheim an der Teck, Chairman of the Management (CEO) of SÜDDEKOR GmbH, Laichingen (since May 22, 2013)

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):

- WKN AG, Husum
- ERLAU AG, Aalen/Unterkochen
- Intersoft Consulting Services GmbH, Hamburg
- RUD Ketten Rieger & Dietz GmbH & Co. KG, Aalen

Dr. Peter Fischer 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):

- WKN AG, Husum
- 2D Holding GmbH, Laichingen

Dr. Christian Rolfs 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):

- Helmut Willich GmbH & Co. KG, Bremen, Member of the Advisory Board
- Sueddekor LLC, Agawam, Massachusetts, USA, (up to October 1, 2013)
- TTS Tooltechnic Systems Holding AG, Wendlingen (since January 1, 2014)

During the fiscal year 2013 the fixed remuneration of the Supervisory Board amounted to TEUR 241 (prior year: TEUR 208). The Chairman receives TEUR 21, the Deputy Chairman TEUR 15.8 and the other members of the Supervisory Board TEUR 10.5 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 655 (prior year: TEUR 240). The variable remuneration determined in the articles of association is calculated for the fiscal year 2013 on the basis of the average Group EBIT for the years 2011 to 2013. The corresponding EBIT of the past 3 years amounted to TEUR 70 (2011), TEUR 20,445 (2012) and TEUR 44,983 (2013). An average EBIT of TEUR 21,833 thus results for the years 2011 to 2013. As variable remuneration the Chairman of the Supervisory Board receives 0.8 percent, the Deputy Chairman of the Supervisory Board 0.6 percent and each other member of the Supervisory board 0.4 percent of this average EBIT. The total remuneration of the Supervisory Board during the fiscal year 2013 amounted to TEUR 896 (prior year: TEUR 448). In addition, the company bears the costs of personal damages liability insurance for all members of the Supervisory Board.

Of the members of the Supervisory Board Mr. Dieter Kuprian held 10,000 (prior year: 10,000) shares, Dr. Christian Rolfs 20,000 (prior year: 0) shares and JUDr. Olaf Aden 15,000 (prior year: 0) shares as at December 31, 2013.

Board of Management

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

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

- WKN AG, Husum
- Deutsche Rohstoff AG, Heidelberg
- 2D Holding GmbH, Laichingen

Mr. Markus Lesser 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):

- RenCon GmbH, Kaarst

The members of the Board of Management received for their activities during the fiscal year 2013 total remuneration in the amount of TEUR 2,800 (prior year: TEUR 2,354), which was broken down as follows:

All figures in TEUR	Fixed salary	Variable salary	Other remuneration	Total remuneration
	2013	2013	2013	2013
Martin Billhardt	402	720	315	1,437
Jörg Klowat	246	240	188	674
Markus Lesser	246	260	183	689
	894	1,220	686	2,800

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: 410,000 shares) were allocable to Mr. Martin Billhardt as at December 31, 2013; furthermore Mr. Jörg Klowat held 110,000 shares (prior year: 110,000 shares) and Mr. Markus Lesser held 55,500 shares (prior year: 55,500 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 2013 the following fees were invoiced by the auditors:

Audit of financial statements (individual and consolidated)	TEUR 390 ¹⁾
Other validation services	TEUR 874 ²⁾
Other services	TEUR 197
	TEUR 1,461

¹⁾ Of which for the prior fiscal year: TEUR 0

²⁾ The other validation services include insurance fees in connection with the issuing of comfort letters in the amount of TEUR 654.

7. German Corporate Governance Code

Corporate Governance Code is a legal guideline for the monitoring and supervision of stock market listed companies in Germany. It summarises the internationally and nationally recognised standards for responsible management. The objective of the guideline is to support the confidence of investors, customers, employees and the public in German management. Once every year the Board of management and the Supervisory Board must issue a declaration, in which they declare to what an extent they have complied with the rules of the Corporate Governance Code.

The last declaration of compliance was issued with the following text on August 22, 2013:

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

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*. This declaration is in respect of the period from August 28, 2012 (the date of the last declaration of compliance) up to June 9, 2013 (the day preceding the announcement of the new version of the Code) with regard to the German Corporate Governance Code in the version of May 15, 2012. With regard to the Corporate Governance compliance of PNE WIND AG since June 10, 2013 (the date of the announcement of the new version of the Code) the declaration of compliance is in respect of the recommendations of the German Corporate Governance Code in its new version of May 13, 2013:

1. Consideration of the relationship between the remuneration of the members of the Board of Management and the remuneration of the senior executives and the personnel (No. 4.2.2. of the Code)

In the new version of the Code of May 13, 2013 the recommendation is included that the Supervisory Board should take into consideration the relationship of the remuneration of the members of the Board of Management to the remuneration of the senior executives and the personnel in total also with regard to its past development. With regard to the conclusion of current Board of Management contracts finalised prior to the coming into force of this recommendation in accordance with the specifications of the German Equity Law (AktG), the Supervisory Board should ensure that the total remuneration granted to the members of the Board of Management does not exceed the usual remuneration level without good cause. In this respect it should also examine the “vertical” appropriateness of the remuneration of the members of the Board of Management insofar as it also takes into consideration the wage and salary structure within the PNE WIND Group when determining the level of the remuneration of the Board of Management. Insofar as the Code in its new version of May 13, 2013 specifies the examination of the vertical appropriateness of the remuneration of the Board of Management, which is already required by the German Equity Law, and defines in greater detail the comparison of significant comparative groups as well as the historical standard of the comparison, a deviation is nevertheless declared for reasons of prudence. In examining the vertical appropriateness the Supervisory Board made no differentiation between the comparative groups of the Code recommendation (which at the time had not yet come into force) and also carried out no analysis of the historical development of the wage and salary structure. The Supervisory Board thus has the intention with regard to the new drafting of a contract for a member of the Board of management to examine the vertical appropriateness of the remuneration of the Board of Management on the basis of the key and historical criteria specified by the new recommendation of the Code.

2. Agreement of maximum monetary limits (No. 4.2.3 of the Code)

The new version of the Code of May 13, 2013 includes the recommendation that the remuneration of the members of the Board of Management in total and also with regard to their variable remuneration elements should comply with maximum monetary limits. The current contracts with the members of the Board of Management of PNE WIND AG were all concluded prior to this recommendation taking effect. The contracts of the members of the Board of Management do in fact include maximum monetary limits for the fixed and variable remuneration as well as possibilities for limitations in the event of extraordinary developments. However, a fixed upper limit for the total remuneration of the Board of Management has not yet been included in the management contracts. Nevertheless the Supervisory Board intends to agree in the event of a new drafting of a contract for the Board of Management to maximum monetary limits in accordance with No. 4.2.3. of the Code recommendation.

3. Determination of the performance-related remuneration of the members of the Supervisory Board on sustainable long-term development (No. 5.4.6 of the Code).

No. 5.4.6 of the Code now specifies that a type of performance-related remuneration should be based on a sustainable development of the company. In accordance with the specifications of the statutes which are valid following the coming into force of this recommendation of the Code, the members of the Supervisory Board should receive total remuneration which consists of both fixed and variable elements. To date the statutes did not specify a performance-based remuneration, which also contains elements related to the long term success of the company and thus also a sustainable development of the company; on the other hand the performance-based remuneration was related exclusively to the results of the prior fiscal year. In order to comply with the recommendation of the Code through focussing in the future on variable remuneration for the Supervisory Board based on the sustainable development of the company, the ordinary general meeting of the Company resolved on May 22, 2013 to change the specification in the articles of association as from the fiscal year commencing on January 1, 2013 in such a way that the basis of measurement for the variable remuneration is no longer the operating result for the past fiscal year but that the average operating result for the past three fiscal years shall be decisive. In this way the Supervisory Board will be motivated to concentrate its activities on the medium-term and thus sustainable success of the Company. The corresponding change in the articles of association was entered in the trade register on July 16, 2013. Since then the Company complies fully with the recommendation of No. 5.4.6.

4. 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.

Since then the half year financial reports subsequent to this specific half year financial report were again made available to the public in accordance with the specified period of 45 days. This period of 45 days will also be maintained in the future insofar as special circumstances should not be appropriate for a new deviation.

Cuxhaven, August 22, 2013

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

8. Information on employees

Average annual number of employees

	2013	2012
Wage earning employees	27	25
Salaried employees	230	128
Executives (excluding Board of management of PNE WIND AG)	44	28
	301	181

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

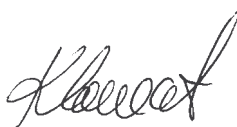
No events have occurred since the end of the period under report which have significant effects on the earnings, financial and asset situation.

Cuxhaven, March 18, 2014

PNE WIND AG



Martin Billhardt
Board of Management



Jörg Klowat
Board of Management



Markus Lesser
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 2013. 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, 18 March 2014

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Reiher)	(ppa. Wendlandt)
Wirtschaftsprüfer	Wirtschaftsprüfer

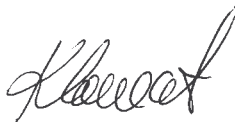
Statement made by the legal representatives

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



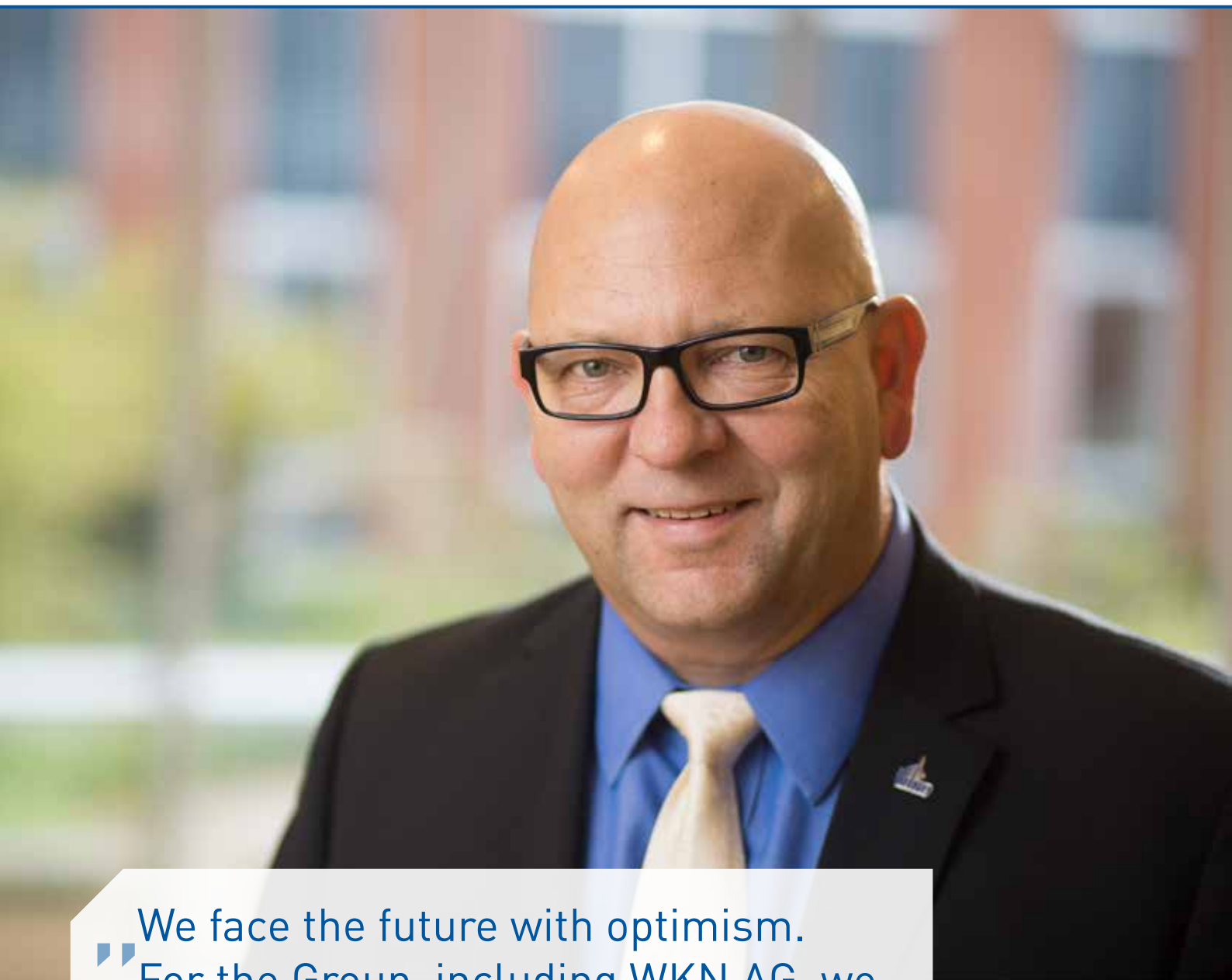
Martin Billhardt



Jörg Klowat



Markus Lesser



“ We face the future with optimism.
For the Group, including WKN AG, we
expect a cumulative EBIT of euro 110
to 130 million during the fiscal years
2014 to 2016. ”

Martin Billhardt | CEO

Financial statements of the AG

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Profit and loss account (HGB)

of PNE WIND AG, Cuxhaven, for the period from January 1 to December 31, 2013

(differences from rounding off possible)		2013 EUR	2012 TEUR
1.	Revenues	45,843,752.51	24,811
2.	Decrease/Increase in work in process	4,619,279.90	3,627
3.	Other operating income	46,189,469.77	51,849
4.	Total aggregate output	96,652,502.18	80,287
5.	Cost of purchased materials		
	a) Cost of raw materials, supplies and purchased materials	-18,281,996.15	-13,526
	b) Cost of purchased services	-12,990,099.71	-14,469
		-31,272,095.86	-27,995
6.	Personnel expenses		
	a) Wages and salaries	-10,236,179.12	-9,109
	b) Social security contributions	-1,018,662.06	-878
		-11,254,841.18	-9,987
7.	Amortisation and depreciation of intangible assets and items of property, plant and equipment	-669,680.68	-660
8.	Other operating expenses	-12,653,379.88	-6,105
9.	Operating result	40,802,504.58	35,539
10.	Income from participations	16,000.00	0
11.	Other interest and similar income	2,337,054.53	1,800
12.	Amortisation of financial assets	-56,000.00	0
13.	Interest and similar expenses	-6,396,570.53	-2,841
14.	Profit from ordinary operations	36,702,988.58	34,499
15.	Extraordinary income	43,026.99	0
16.	Extraordinary expenses	-109,619.63	0
17.	Extraordinary result	-66,592.64	0
18.	Taxes on income (prior year: taxes on income reimbursed)	6.08	11
19.	Other taxes	-51,511.55	-76
20.	Net income	36,584,890.47	34,433
21.	Profit carried forward	34,306,577.94	2,542
22.	Dividend	-4,165,916.90	-1,831
23.	Take out for repurchase of treasury shares	836,763.70	-837
24.	Retained earnings	67,562,315.21	34,307
	Earnings per share (undiluted)	0.78 €	0.75 €
	Average number of shares in circulation (undiluted) (in thousands)	47,201	45,764
	Earnings per share (diluted)	0.73 €	0.61 €
	Average number of shares in circulation (diluted) (in thousands)	51,476	59,119

Balance sheet (HGB)

of PNE WIND AG, Cuxhaven, as at December 31, 2013

Assets

(differences from rounding off possible)		2013 EUR	2012 TEUR
A. Fixed assets			
I.	Intangible assets		
	Acquire by purchase franchises, trademarks, licences and other similar rights as well as licences from such rights	86,078.73	87
		86,078.73	87
II.	Property, plant and equipment		
	1. Land and buildings including buildings on third-party land	12,173,082.68	12,595
	2. Technical equipment and machinery	209,756.77	163
	3. Other plant and machinery, fixtures and fittings	271,893.54	354
		12,654,732.99	13,112
III.	Financial assets		
	1. Participations in associated companies	98,667,582.98	20,242
	2. Loans to associated companies	1,451,677.90	1,439
	3. Participations	69,825.78	57
		100,189,086.66	21,738
	Total fixed assets	112,929,898.38	34,937
B. Current assets			
I.	Inventories		
	1. Work in process	11,040,382.32	6,421
	2. Finished goods	2,201.50	113
	3. Prepayments	24,207,813.80	3,189
		35,250,397.62	9,723
II.	Receivables and other assets		
	1. Trade receivables	4,195,608.23	1,062
	2. Receivables from associated companies	100,568,251.59	39,509
	3. Receivables from participations	1,215,339.81	0
	4. Other assets	2,719,696.68	27,466
		108,698,896.31	68,037
III.	Cash on hand and cash in banks	67,235,928.81	32,764
	Total current assets	211,185,222.74	110,524
	C. Deferred charges	195,420.97	170
	Total assets	324,310,542.09	145,631

Liabilities

(differences from rounding off possible)		2013 EUR	2012 TEUR
A. Shareholders' equity			
I.	Capital issued/subscribed		
	capital subscribed	54,858,448.00	45,786
	treasury shares	0.00	-673
	Conditional capital EUR 9,391,819.00	54,858,448.00	45,113
II.	Capital reserves	29,839,539.63	18,746
III.	Retained earnings	67,562,315.21	34,307
IV.	Participation certificate capital	842,800.00	843
Total shareholders' equity		153,103,102.84	99,009
B. Special items for investment grants			
		1,043,051.86	1,090
C. Provisions			
	Other taxes	7,028,724.34	6,321
		7,028,724.34	6,321
D. Liabilities			
1.	Bonds	109,863,500.00	29,825
2.	Liabilities to banks	3,000,000.00	3,214
3.	Prepayments received on orders	26,432,000.00	1,415
4.	Trade payables	2,112,970.57	1,496
5.	Liabilities to associated companies	3,541,525.83	1,003
6.	Other liabilities	18,087,889.65	2,152
Total liabilities		163,037,886.05	39,105
E. Deferred income			
		97,777.00	106
Total liabilities and shareholders' equity		324,310,542.09	145,631

Statement of cash flows (HGB)

of PNE WIND AG, Cuxhaven, for the period from January 1 to December 31, 2013

All figures in TEUR (differences from rounding off possible)	2013	2012
Net income	36,584	34,433
+ Amortisation and depreciation of intangible assets and items of property, plant and equipment	670	660
+ Amortisation of financial assets	56	0
+/- Decrease/Increase in provisions	707	-698
+/- Other non-cash effective expenses and income	-183	2
- Gain from the disposal of fixed assets	0	-50,645
+/- Decrease/increase of inventories and other assets	-63,093	11,258
-/+ Decrease/increase in trade receivables	-3,134	1,760
-/+ Decrease/Increase in trade payables and other liabilities	44,257	-5,156
Cash flow from operating activities	15,864	-8,386
+ Inflow of funds from disposal of items of property, plant and equipment	8	0
- Outflow of funds for investments in intangible assets and property, plant and equipment	-220	-204
+ Inflow of funds from the disposal of financial assets	0	29,803
- Outflow of funds for investments in financial assets	-70,317	-40
Cash flow from investing activities	-70,529	29,559
+ Inflow of funds from additions to shareholders' equity/ sale of treasury shares	2,758	0
+ Inflow of funds from issue of bonds	100,000	17
+ Inflow of funds from financial loans	3,000	0
- Payments to shareholder	-4,166	-1,831
- Outflow of funds from the repayment of bonds and participation certificate capital	0	0
- Outflow of funds from the repurchase of treasury shares	-9,241	-1,510
- Outflow of funds from the repayment of financial loans	-3,214	-1,068
Cash flow from financing activities	89,137	-4,392
Cash effective change in liquid funds (< = 3 months)	34,472	16,781
+ Liquid funds (< = 3 months as at the beginning of the period)	32,764	15,983
Liquid funds (< = 3 months as at the end of the period*	67,236	32,764
Supplementary note: the value of the liquid funds as at 31.12 corresponds to the balance sheet item „cash on hand and cash in banks, etc.		
* of which are pledged to a bank as security guaranteed credit lines	1,052	459

Development of shareholders' equity (HGB)

of PNE WIND AG, Cuxhaven, for the fiscal year from
January 1 to December 31, 2013

All figures in EUR (differences from rounding off possible)	Capital issued/ subscribed	Capital reserve	Participation certificate capital	Retained earnings / loss	Total shareholders equity
Status as at January 1, 2012	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
Convertible bond 2010/2014	9,068,419.00	10,882,102.80	0.00	0.00	19,950,521.80
Convertible bond 2009/2014	4,160.00	6,240.00	0.00	0.00	10,400.00
Dividend	0.00	0.00	0.00	-4,165,916.90	-4,165,916.90
Purchase of treasury shares	-3,453,745.00	0.00	0.00	-5,787,006.12	-9,240,751.12
Sale of treasury shares	4,126,700.00	205,061.35	0.00	6,623,769.82	10,955,531.17
Net income 2013	0.00	0.00	0.00	36,584,890.47	36,584,890.47
Status as at December 31, 2013	54,858,448.00	29,839,539.63	842,800.00	67,562,315.21	153,103,102.84

Schedule of fixed assets (HGB)

of PNE WIND AG, Cuxhaven, for the fiscal year 2013

All figures in EUR (differences from rounding off possible)	Acquisition and manufacturing cost			
	Status as at 1.1.2013	Additions	Disposals	Status as at 31.12.2013
I. Intangible assets				
Acquire by purchase franchises, trademarks and similar rights as well as licences to such rights	431,673.97	64,359.08	24,810.32	471,222.73
	431,673.97	64,359.08	24,810.32	471,222.73
II. Property, plant and equipment				
1. Land and buildings including buildings on third party land	16,978,788.52	0.00	0.00	16,978,788.52
2. Technical equipment and machinery	251,129.51	64,823.00	4,998.00	310,954.51
3. Other plant and machinery, fixtures and fittings	1,735,894.85	90,570.29	118,403.52	1,708,061.62
4. Prepayments and plant under construction	0.00	0.00	0.00	0.00
	18,965,812.88	155,393.29	123,401.52	18,997,804.65
III. Financial assets				
1. Shares in associated companies	23,104,988.50	78,481,549.79	0.00	101,586,538.29
3. Loans to associated companies	1,438,575.70	13,102.20	0.00	1,451,677.90
2. Participations	57,325.78	12,500.00	0.00	69,825.78
	24,600,889.98	78,507,151.99	0.00	103,108,041.97
	43,998,376.83	78,726,904.36	148,211.84	122,577,069.35

Accumulated amortisation and depreciation				Book values		
Status as at 1.1.2013	Additions	Disposals	Status as at 31.12.2013	Status as at 31.12.2013	Status as at 31.12.2012	
344,526.60	65,426.72	24,809.32	385,144.00	86,078.73	87,147.37	
344,526.60	65,426.72	24,809.32	385,144.00	86,078.73	87,147.37	
4,383,726.78	421,979.06	0,00	4,805,705.84	12,173,082.68	12,595,061.74	
88,511.13	17,684.61	4,998.00	101,197.74	209,756.77	162,618.38	
1,381,553.55	164,590.29	109,975.76	1,436,168.08	271,893.54	354,341.30	
0.00	0.00	0.00	0.00	0.00	0.00	
5,853,791.46	604,253.96	114,973.76	6,343,071.66	12,654,732.99	13,112,021.42	
2,862,955.31	56,000.00	0.00	2,918,955.31	98,667,582.98	20,242,033.19	
0.00	0.00	0.00	0.00	1,451,677.90	1,438,575.70	
0.00	0.00	0.00	0.00	69,825.78	57,325.78	
2,862,955.31	56,000.00	0.00	2,918,955.31	100,189,086.66	21,737,934.67	
9,061,273.37	725,680.68	139,783.08	9,647,170.97	112,929,898.38	34,937,103.46	

Schedule of liabilities (HGB)

of PNE WIND AG, Cuxhaven, as at December 31, 2013

All figures in EUR (differences from rounding off possible) (Prior years in brackets)		Maturities			Total amount
		Up to one year	One to five years	More than five years	
Type of liabilities					
1.	Bonds	3,836,200.00 (0.00)	106,027,300.00 (29,824,500.00)	0.00 (0.00)	109,863,500.00 (29,824,500.00)
2.	Liabilities to banks	121,943.84 (1,605,943.24)	532,717.29 (1,608,122.15)	2,345,338.87 (0.00)	3,000,000.00 (3,214,065.39)
3.	Prepayments received on orders	26,432,000.00 (1,414,534.00)	0.00 (0.00)	0.00 (0.00)	26,432,000.00 (1,414,534.00)
4.	Trade liabilities	2,112,970.57 (1,496,345.73)	0.00 (0.00)	0.00 (0.00)	2,112,970.57 (1,496,345.73)
5.	Liabilities to participations	3,541,525.83 (1,003,200.07)	0.00 (0.00)	0.00 (0.00)	3,541,525.83 (1,003,200.07)
6.	Other liabilities	18,087,889.65 (2,152,745.48)	0.00 (0.00)	0.00 (0.00)	18,087,889.65 (2,152,745.48)
	of which from taxes: EUR 6,742,342.78 (prior year: TEUR 195)				
	of which for social security: EUR 5,721.26 (prior year: EUR 0.00)				
Total		54,132,529.89 (7,672,768.52)	106,560,017.29 (31,432,622.15)	2,345,338.87 (0.00)	163,037,886.05 (39,105,390.67)

Securities

None

1. Registered mortgage of TEUR 3,170 on the property at Peter-Henlein-Str. 2-4, Cuxhaven. As at 31.12.2013 TEUR 3,000 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 2013. 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, 18 March 2014

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Reiher)	(ppa. Wendlandt)
Wirtschaftsprüfer	Wirtschaftsprüfer

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

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).
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.
Joint Venture	When two or more companies join forces for a joint project, then one talks of a joint venture.
KfW	Kreditanstalt für Wiederaufbau, a support bank of the German economy, the task of which is the realisation of public contracts (financing of energy saving technologies and communal infrastructures, the support of medium-sized industry and entrepreneurs, the granting of loans to small and medium-sized companies as well as financing of infrastructure projects).

Limited Partner	Shareholder of a limited partnership (KG), whose liability is linked only to his investment in contrast with the general partner.
Market Value	The price which can be currently achieved on the market for a (tangible or intangible) asset, subject to the free effect of supply and demand.
Megawatt	The performance unit named after James Watt (W). A million watts correspond to a megawatt (MW). A watt is generally the physical unit for the output of energy in time.
Offshore	“Offshore” is the term used for electricity generation from wind power at sea.
Onshore	“Onshore” is the term used for the generation of electricity at wind farms on land.
Prime Standard	Stock market segment of the Frankfurt Stock Exchange with the highest transparency standards.
RENIXX	Renewable Energy Industrial Index, a global share index for renewable energies, which includes the 30 worldwide leading stock market listed companies from the sector of regenerative energy. The RENIXX is published by the International Economic Forum of Regenerative Energies (IWR). The calculation of the index is based on the principle of a performance index and is updated every 60 seconds.
Repowering	The replacement of older wind power turbines with low performance by modern and more efficient equipment is known as repowering. This exchange opens up new perspectives for the use of wind energy on land. For example, the landscape benefits from the reduction in the number of turbines, improved technologies increase the energy efficiency and positive value added and employment effects can also be achieved.
VorstAG	Law for the Appropriateness of the Remuneration of Members of the Board of Management, which includes clear standards for the Supervisory Board for the determination of the remuneration of the Board of Management and strengthens the incentives for the sustainable development of the company.
WPT	Wind power turbine, which converts the kinetic energy of the wind into electrical energy and feeds it into the electricity network.

Imprint

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



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