



**WINDPOWER**  
**Annual Report 2015**

## OVERVIEW

The PNE WIND Group continues to make a successful contribution to the "Energiewende" and therefore to the expansion of safe and climate-friendly energy generation. In the last year, wind farms with a total nominal capacity of approx. 90.5 MW were commissioned and additional wind farms with approx. 50.4 MW on nominal capacity are currently under construction.

The majority of the wind farms completed in 2015 were transferred internally within the Group to the Wind Farm-Portfolio. At the end of 2015, the wind farms "Chrandsdorf" with 57.6 MW and "Waldfeucht" with 9.0 MW were bundled in the Wind Farm-Portfolio. The wind farms that are already sold "Looft" with 10 MW, "Siebenbäumen" with 6.0 MW and "Nentzelsrode" with 4.6 MW were put into operation. The solar project "Passauer Land", which has been held for the past few years, was sold.

The wind farms "Apensen II" and "Köhlen" with a total nominal output of 27.3 MW are currently under

construction and are intended to strengthen the internally held Wind Farm-Portfolio. The "Westerengel" wind farm with 23.1 MW was sold to an investor at the end of 2015.

Internationally, the PNE WIND Group also reported successes in 2015. The sale of its UK subsidiary PNE WIND UK Ltd. and the projects developed by it marked a further operational success in the second quarter of 2015. The total purchase price amounted to up to GBP 103 million (approx. euro 141.5 million as at the transaction date). The first instalment totalling GBP 40.1 million was received in 2015 and the remaining amount will become due when certain development milestones have been achieved.

In the 2015 fiscal year, the PNE WIND Group generated a consolidated EBIT of euro 9.8 million and an earnings per share of EUR 0.05.

## AT A GLANCE

### PNE WIND AG group figures

In million EUR	2015	2014	2013
Total aggregate output	233.3	233.9	160.6
Revenues	109.5	211.3	144.0
Operating profit (EBIT)	9.8	2.7	43.6
Result from ordinary activities (EBT)	-5.0	-15.2	34.4
Net income	3.5	-13.0	37.6
Equity as at December 31	165.9	160.2	147.2
Equity ratio as at December 31 (%)	34.0	38.4	34.1
Balance sheet total as at December 31	488.3	416.8	431.6
Basic earnings per share (euro)	0.05	-0.22	0.80
Average number of shares (million)	74.9	58.6	47.2

## DESCRIPTION TO FRONT COVER

With the wind farms "Calau" (cover page) and "Chrandsdorf", PNE WIND set new standards for the development of wind energy in forested regions. The 57.6 MW "Chrandsdorf" wind farm was commissioned in 2015 and became the largest onshore project in our corporate history.

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## Protecting the climate is the motivating factor behind our daily work

Climate change alters the world in which we live. It has a wide variety of effects on the environment, nature, society and the economy and, thus, on our everyday lives. The consequences of climate change can already be felt. Intense rainfall, long periods of drought, heat waves and storms. These extreme weather phenomena are occurring more frequently worldwide while glaciers are melting away and sea levels are rising. To prevent a dangerous and lasting change in the global climate, greater use of renewable energy sources is an indispensable solution to avoiding emissions.

As a wind farm developer, PNE WIND makes an important contribution here. We have completed more than 200 onshore wind farms with a nominal capacity of 2,340 MW. The commissioned wind farms feed power into the electricity grids and supply environmentally friendly electricity from wind to cover the requirements of approx. 1,000,000 households. In this way, we are making a substantial contribution to sustainable, ecological electricity generation.



## PNE WIND CLOSE UP

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# FOREWORD

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Dear Shareholders

The 2015 fiscal year was a challenging, but also a successful time for PNE WIND. In operational terms, we were able to achieve significant successes. In particular, the sale of our subsidiary PNE WIND UK and the completion of the "Chrandsdorf" wind farm in Brandenburg – with 57.6 MW representing the single largest project in the Company's history – were important milestones on the way to achieving our established goals.

In economic terms, the past financial year developed positively. It is particularly noteworthy that despite the high level of investments in our own wind farms, positive earnings could be generated. As at December 31, 2015, the Group achieved a total performance of euro 233.3 million (prior year: euro 233.9 million) and an operating profit (EBIT) of euro 9.8 million (prior year: euro 2.7 million). The undiluted earnings per share amounted to euro 0.05 (prior year: euro -0.22).

In 2015, the Group also created value which, however, is not readily apparent in these figures. This is related to the establishment of our Wind Farm-Portfolio. With these company-owned projects, the sale of wind farms to external third parties - and accordingly the earnings in the Group out of these projects - has been postponed. The earnings before tax - eliminated at the Group level - which have accrued from the build out of the Wind Farm-Portfolio since 2014 up to December 31, 2015 amounted to euro 30.6 million (of which euro 24.9 million in 2015). In the short term, the balance sheet total will continue to increase up to the complete or partial sale of the Wind Farm-Portfolio. On the asset side, this leads to the increase in fixed assets and on the liability side, to an increase in financial liabilities to banks - project level financing.

According to the accounting principles of the German Commercial Code (HGB), PNE WIND AG recorded a net income of euro 10.3 million (prior year: euro 4.0 million) and the retained earnings amounted to euro 70.5 million on December 31, 2015. On the basis of these positive results of PNE WIND AG, the Board of Management and the Supervisory Board intend to submit a proposal to the general meeting of shareholders on May 25, 2016 to distribute a dividend of euro 0.04 per eligible share. In this way, we are continuing the dividend policy pursued over the last few years.

## Operational progress - onshore and offshore

The operational business of the PNE WIND Group in the 2015 fiscal year was characterised by the number of projects realised in Germany and the continued progress in the development of projects in Germany and abroad. In 2015, wind farms with a nominal output of approx. 90.5 MW were completed. Further wind farm projects with a capacity of 50.4 MW are currently under construction.

We also obtained planning permission for additional projects during the last few months so that we can start construction on these wind farms soon. In this way, the PNE WIND Group will make a substantial contribution to the successful "Energiewende" and the expansion of safe, resource-saving and climate-friendly power generation.

A majority of the nominal capacity completed in 2015 was brought into the Group's own portfolio. Wind farms with a capacity of approx. 66.6 MW were bundled there at the turn of the year. This includes the "Chrandsdorf" wind farm in Brandenburg, which was completed in 2015 and the "Waldfeucht/Selfkant" repowering project, in which old wind power turbines were replaced after 17 years of operation by new turbines.

Abroad, the PNE WIND Group achieved a significant operational success with the sale of the British subsidiary PNE WIND UK Ltd. and the project pipeline developed by it. The purchase price for 100% of the shares in the company, including the repayment of the shareholder loans to PNE WIND Ausland GmbH, totals up to GBP 103 million (euro 141.5 million as at the transaction date) and GBP 40.1 million (euro 54.8 million as at the transaction date) was paid immediately (of which PNE WIND received GBP 38.3 million / euro 52.8 million). Our special thanks goes to the PNE WIND UK team, which worked in close cooperation with PNE WIND Cuxhaven and continues to work on these projects on behalf of the purchaser.

However, in Great Britain we also suffered a surprising setback. Contrary to our expectations, planning permission for the "Sallachy" wind farm project was not granted by the Scottish Energy Minister. The project was an essential component of the consolidated EBIT forecast for fiscal 2015, which consequently had to be adjusted in November of last year. However, WKN has not abandoned this project and is currently reviewing various solutions in order to still obtain the planning permission.

At the end of 2015, the companies of the PNE WIND Group were working on onshore projects with more than 4,900 MW of nominal output in various phases of a multiple year development process in Germany and in the international markets.

## Personnel changes

Following the general meeting of shareholders in June 2015, which ended without results, the Board of Management and the Supervisory Board have been working intensively to find a solution to the conflicts between the individual stakeholders. In the interest of the Company and to pacify the conflict situation, the administration unanimously resolved to make a fresh start both in the Supervisory Board and with regard to the position of the CEO. Based on this decision, Markus Lesser assumed the position of interim CEO following the resignation of Martin Billhardt, the former CEO. In following, the Supervisory Board appointed Per Hornung Pedersen as CEO of the Company as of December 1, 2015. He will assume the function of CEO on an interim basis up to the general meeting of shareholders on May 25, 2016. For a short interim period, COO Markus Lesser and CFO Jörg Klowat made up the entire board and with the addition of Mr. Pedersen, the board is now again comprised of three board members, which represents a long standing practice at PNE WIND.

Since the general meeting of shareholders in October 2015, the Supervisory Board has also been made up of new members. Since then, Mr. Alexis Fries has held the position of Chairman of the Supervisory Board. Mr. Wilken Freiherr von Hodenberg was elected as Deputy Chairman by the Supervisory Board. The other members of the Supervisory Board are Dr. Andreas Beyer, Christoph Groß, Andreas Rohardt and Per Hornung Pedersen. The Supervisory Board mandate of Mr. Pedersen is suspended for the duration of his function on the Board of Management.

At the end of February 2016, PNE WIND AG and Volker Friedrichsen Beteiligungs-GmbH consensually ended the ongoing arbitration proceedings by way of a settlement. Upon the advice of the arbitration court, the parties came to an agreement that the retained portion of the purchase price of euro 4.0 million, which was agreed in connection



with the purchase of the shares in WKN AG, should be paid half to PNE WIND AG and half to Volker Friedrichsen Beteiligungs-GmbH.

### Outlook

The fiscal year 2015 was a year of ups and downs for PNE WIND. But headwinds also provide opportunities for a wind farm developer. We have met the challenges and have emerged as a strengthened and united company. The new Supervisory Board together with the Board of Management has initiated important strategic measures and built up a trusting relationship. On this foundation, we are again able to fully concentrate on our core business.

The outlook for 2016 is positive: the companies of the PNE WIND Group, PNE WIND AG and WKN AG, have received planning permission for further wind farms in Germany and abroad, which means that their construction or sales process can be started soon. Recently, WKN announced the conclusion of a framework sales agreement regarding projects in France and Poland. In addition to a well-filled onshore and offshore project pipeline, the investments into the portfolio of the Company's own wind farms will pay off during this year.

On the basis of this potential, the Board of Management expects to achieve an EBIT in the area of up to euro 100 million for the 2016 financial year.

This result primarily depends on the placement of the onshore projects bundled in the Wind Farm-Portfolio with a total nominal capacity of up to 150 MW and the expected additional earnings.

We appreciate the confidence you - our dear shareholders - have placed in us in 2015. We would like to express our very sincere gratitude - also on behalf of our employees - for your support. Please maintain your confidence in us in the future!

Kind regards



Per Hornung Pedersen

Jörg Klowat

Markus Lesser

# REPORT OF THE SUPERVISORY BOARD

Dear Shareholders

During the fiscal year 2015, PNE WIND AG paved the way for the further development of the Company and the Group as well as continuing to strengthen its operational business. This applies above all to the sale of the British subsidiary PNE WIND UK and the project pipeline developed by it as well as to the expansion of the business model by establishing a Wind Farm-Portfolio, in which completed wind farms are bundled. In operational terms, PNE WIND AG and the Group can look back on a highly successful year in view of the number of wind farm projects realised and sold. Following the annual general meeting on June 16, 2015, which ended without results, an overall solution was agreed upon which called for a fresh start with the Company's Supervisory Board members and CEO.

During the fiscal year 2015, the Supervisory Board met for a total of eleven ordinary meetings on February 13, March 27, May 6, June 15, July 29, August 14, September 12, September 13, October 22, October 23 and November 6, 2015. Furthermore, six telephone conferences were held on May 13, May 17, June 3, November 24, November 30 (morning) and November 30 (afternoon), 2015 for the adoption of Supervisory Board resolutions by phone. No member of the Supervisory Board participated in less than one half of the meetings. Before October 23, 2015, the meetings and telephone conferences took place with the composition of the Supervisory Board on those dates, and thereafter with the Supervisory Board members elected at the annual general meeting on October 23, 2015.

In accordance with the recommendation of the German Corporate Governance Code (GCGC), the Supervisory Board has a sufficient number of independent members. In the opinion of the Supervisory Board, all Supervisory Board members in office since October 23, 2015 are independent.

Alexis Fries, Andreas Rohardt, Christoph Groß, Dr. Andreas Beyer, Per Hornung Pedersen and Wilken Freiherr von Hodenberg were newly elected to the Supervisory Board



by the general meeting of shareholders held on October 23, 2015. The Supervisory Board members Alexis Fries, Christoph Groß and Wilken Freiherr von Hodenberg each were elected for the period up to the end of the ordinary general meeting which will resolve the discharge for the 2016 fiscal year, while the Supervisory Board members Andreas Rohardt, Dr. Andreas Beyer and Per Hornung Pedersen each were elected for the period up to the end of the ordinary general meeting which resolves the discharge for the 2015 fiscal year. Dieter K. Kuprian, Dr. Peter Fischer, Prof. Dr. Reza Abhari, Astrid Zielke, Volker Friedrichsen and Peter Baron von le Fort retired from the Supervisory Board at the end of the general meeting of shareholders held on October 23, 2015. The general meeting of shareholders held on October 23, 2015 resolved the discharge of the Supervisory Board members for the 2014 fiscal year. At the meeting of November 30, 2015, the Supervisory Board decided that the Supervisory Board member Per Hornung Pedersen, in accordance with Section 105 (2) AktG, would be elected on an interim basis to the Board of Management for the period from December 1, 2015 to the date of the general meeting of shareholders on May 25, 2016. He will assume the function of CEO, and his Supervisory Board mandate will be suspended for the duration of his Management Board function.

In order to ensure the efficient handling of its tasks, the Supervisory Board has set up a Personnel Committee, an Appointments Committee and an Audit Committee, both in its composition as at October 23, 2015 and thereafter.

During the fiscal year 2015, the Personnel Committee held four meetings on January 26, February 16, March 10 and September 13, 2015. The topics of these meetings were the 2015 target agreements for the members of the Board of Management and the new personnel direction of the Board of Management in the context of the overall solution for a fresh start of the Company's Supervisory Board and CEO, which was agreed prior to the general meeting of shareholders on October 23, 2015.

The Appointments Committee held seven meetings in fiscal year 2015 on January 27, February 4, February 11, March 9, April 13, July 2 and September 13, 2015. The topic of the meeting on September 13, 2015 was the election of the new Supervisory Board members, since the Supervisory Board members in office at that time had announced their intention to resign from the Supervisory Board at the end of the general meeting of shareholders on October 23, 2015.

The Audit Committee met in three meetings on March 26, August 4 and November 6, 2015. The topics of these meetings were the audit of the annual financial statements as at December 31, 2014, the discussion of the half year financial report and the quarterly reports of 2015 as well as the related recommendations to the Supervisory Board for the adoption of relevant 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 activities. The Supervisory Board was directly included in all decisions of major importance for the Company, in particular the discussions regarding the overall solution for a fresh start at the Supervisory Board and CEO. The Supervisory Board was punctually and fully informed in writing and at its meetings 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, additional key questions of corporate planning, especially with regard to financial, investment and personnel planning, and about the general meeting of shareholders of June 16, 2015, which ended without results. These various topics 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. Particular emphasis was given to future liquidity planning and the financing structure of PNE WIND AG and the Group. 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 2015 were:

- the reports and discussions concerning the annual and the consolidated financial statements as at December 31, 2014,
- the support of the capital increase of PNE WIND AG, the expansion of the new Wind Farm-Portfolio model initiated in 2014, the sale of the British subsidiary PNE WIND UK and the project pipeline developed by it,

- finding an amicable overall solution after the general meeting of shareholders of June 16, 2015, which ended without results, devising the new personnel direction of the Supervisory Board and for the position of the CEO and making preparations for the general meeting of shareholders on October 23, 2015,
- the reports on the development of the current and planned business,
- the reports and discussions concerning the further strategic development of the Company and the analysis of the shareholder structure,
- the resolution on the issuing of the declaration of compliance with the German Corporate Governance Code and the determination of the target figures for the proportion of women on the Supervisory Board and the Board of Management.

In the context of these main topics, the Supervisory Board granted its consent on May 13, 2015 to increase the Company's share capital using the authorised capital by issuing 4,578,500 new no-par value registered shares with a notional value of euro 1.00 per share against contributions in cash by excluding the subscription rights. The main reason for this capital increase was the planned and already initiated strategic expansion of the business model, which provides for initially bundling a large number of already completed projects in a subsidiary of PNE WIND AG in order to sell the shares in this YieldCo subsidiary, wholly or partly, later to investors, thus realising additional earnings potential.

The Supervisory Board also dealt intensively with the sale of the Company's entire project pipeline in Great Britain. The shares in the British subsidiary PNE WIND UK and thus the entire project pipeline were sold to Brookfield on June 12, 2015. The total purchase price amounted to up to GBP 103 million (approx. euro 141.3 million as of transaction date), of which GBP 40.1 million (approx.

euro 54.8 million as of transaction date) were paid immediately, and the remaining amount is to be paid in the form of milestone payments of up to GBP 63 million (approx. euro 86.4 million as of transaction date) by 2021.

Following the general meeting on June 16, 2015, which ended without effective resolutions, the Supervisory Board concentrated on finding a solution to the conflict that characterised the general meeting of June 16. The existing conflicts between individual parties had significantly impeded the work in the Supervisory Board and cooperation with the Board of Management. This conflict also affected how the Company was viewed from external stakeholders. Against this backdrop, the Supervisory Board worked to find an overall solution to this conflict.

At its meeting on July 29, 2015, the Supervisory Board openly discussed the various possibilities. No resolutions were passed at this meeting. Another Supervisory Board meeting took place on August 14, 2015. Talks between the then Chairman of the Supervisory Board Dieter K. Kuprian and the then CEO Martin Billhardt revealed that Mr. Billhardt would not hinder a fresh start. Mr. Kuprian and Mr. Billhardt came to an agreement that a personnel-related fresh start, both in the Supervisory Board and regarding the position of the CEO, was necessary in order to pacify the conflicts in the interest of the Company. All members of the Supervisory Board in office declared at the Supervisory Board meeting on August 14, 2015 their willingness to resign from the Supervisory Board as of the end of the general meeting of shareholders on October 23, 2015. Mr. Billhardt agreed with the Supervisory Board on a consensual retirement from the Board of Management as of September 30, 2015. A corresponding ad-hoc disclosure was published on August 14, 2015.

At its meeting of September 13, the Supervisory Board adopted its proposals for agenda items 1 to 12 of the general meeting of shareholders on October 23, 2015 and, in particular, it reviewed the amended dividend proposal of the Board of Management and submitted a proposal for the appropriation of profits on this basis (agenda item

2 of the general meeting of shareholders on October 23, 2015). The Supervisory Board's proposals for candidates for election to the Supervisory Board were based on the recommendations of the Appointments Committee. In its discussions on election recommendations, the Supervisory Board made sure that the proposed candidates would be able to dedicate the time required in accordance with the recommendation of the German Corporate Governance Code (GCGC). In addition, the Supervisory Board adopted its declaration of compliance and established the target figures for the proportion of women on the Supervisory Board and the Board of Management of the Company. Furthermore, it appointed Mr. Lesser as the provisional CEO and resolved on additional management board matters, in particular the changed distribution of tasks following the retirement of Mr. Billhardt.

After the general meeting of shareholders on October 23, 2015, the Supervisory Board continued its work with its new members. Particular emphasis was given to future liquidity planning and the financing structure of PNE WIND AG and of the Group. At its meeting of November 30, 2015, the Supervisory Board also decided to appoint the Supervisory Board member Per Hornung Pedersen, in accordance with Section 105 (2) AktG, on an interim basis to the Board of Management as CEO for the period from December 1, 2015 to the date of the Company's general meeting of shareholders on May 25, 2016. For a short interim period, COO Markus Lesser and CFO Jörg Klawat made up the entire board and with the addition of Mr. Pedersen, the board is now again comprised of three board members, which represents a long-standing practice at PNE WIND. The Supervisory Board mandate of Per Hornung Pedersen is suspended for the duration of his Management Board function

The annual financial statements of PNE WIND AG, the consolidated financial statements as well as the management report of PNE WIND AG and the Group were drawn up on schedule by the Board of Management. These, as well as the financial statements,

were audited by the auditors, Deloitte & Touche Wirtschaftsprüfungsgesellschaft GmbH, Hamburg, and the auditors issued an unqualified audit opinion on the financial statements and the consolidated financial statements. Deloitte & Touche was elected as auditors by the general meeting of shareholders on October 23, 2015.

In addition, the Board of Management prepared a report on the Company's relationships with affiliated companies and submitted this report together with the auditors' report to the Supervisory Board. The auditors issued the following note on the report:

"In accordance with our due audit and assessment, we herewith confirm that

1. the disclosures made in the report are correct,
2. regarding the measures set forth in the report, no circumstances exist that support a significantly different assessment than that made by the Board of Management."

The Supervisory Board placed the commission for the audit of the 2015 annual financial statements on November 9, 2015. In accordance with the recommendations of the German Corporate Governance Code (GCGC), 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 bring about concerns 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.

For the fiscal year 2015, the Supervisory Board requested the auditors to focus in particular on the following topics in the audit of PNE WIND AG's annual financial statements:

- valuation of financial assets and of goodwill,
- valuation of work in progress,
- disclosures regarding transactions with related persons, and
- revenue recognition.

The financial statements for PNE WIND AG, the consolidated financial statements, the management report of PNE WIND AG, the Group management report, the report on relationships with affiliated companies and the reports 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 22, 2016. The documents were comprehensively examined and discussed at the meeting of the Audit Committee on March 21, 2016 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 as well as of the report on the relationships with affiliated companies, including the audit report, by 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 audits. There were no objections. The Supervisory Board, after its own examination of the annual financial statements, the consolidated financial statements, the management report, the Group management report and the report on relationships with affiliated companies (including the final declaration of the Board of Management) and on the basis of the recommendations of the Audit Committee, consented to the result of the audits by the auditors.

The Supervisory Board approved the financial statements of PNE WIND AG drawn up as at December 31, 2015 as well as the consolidated financial statements drawn up as at December 31, 2015. 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. In addition, the Supervisory Board consents to the final declaration of the Board of Management in the report on the relationships with affiliated companies.

The regulations and obstacles, which could render an external take-over and the exercise of control difficult, 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 of PNE WIND AG for their outstanding commitment and responsible and successful work during the fiscal year 2015.

Cuxhaven, March 22, 2016



Alexis Fries

Chairman of the Supervisory Board

## PORTRAIT OF THE PNE WIND GROUP

With more than 200 onshore wind farms realised, six offshore projects sold and a project pipeline of approx. 7,500 MW, the PNE WIND Group is one of the leading, listed companies active in the development and realisation of onshore and offshore wind farms. In 2015 alone, we completed wind farms with a capacity of approx. 90.5 MW, started construction on approx. 50.4 MW, sold our entire project pipeline in Great Britain as well as projects in France and Poland already with planning permission but not yet constructed.

The Group is comprised of PNE WIND AG, Cuxhaven, and WKN AG, Husum, representing two strong partners, both of which have more than two decades of industry experience. The Group, with its subsidiaries and joint ventures, is currently represented in various countries in Central and Southern Europe, Scandinavia, South Africa and in North America. Having a broad exposure to the international wind energy markets, the Group's experienced employees are continuously working on developing and expanding its comprehensive project pipeline and realising the wind farms in development.

In addition to wind farm development, the PNE WIND Group offers commercial and technical operating management services for onshore wind farms under the brand "energy consult" - for both wind farms developed by us and for other wind farms.

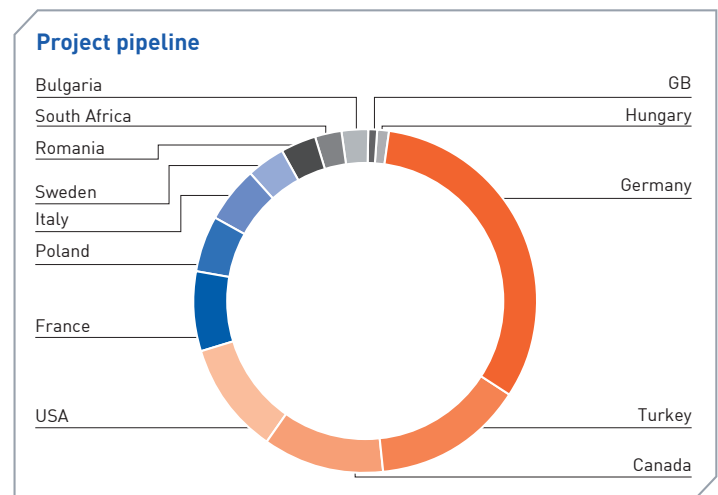
Whether offshore or onshore, at home or abroad: The PNE WIND Group develops wind power projects out of passion!

### Our projects - onshore and offshore Wind power generation on land, in Germany and the world

Onshore wind power has developed into a reliable and efficient source of electricity production over the last few decades. An increasing number of countries have chosen to utilise wind power as a natural energy resource and are relying more and more on German know-how.

With more than 434,856 MW<sup>1</sup> of total installed output, wind power generated on land represents an important contribution to the worldwide energy mix. Approximately one third of global wind power capacity is located in Europe. These turbines produce enough electricity to cover over ten percent of Europe's electricity requirements. In Germany, more than 32 percent of gross electricity consumption was covered by "green energy" in 2015 - approx. one third of which comes from wind power.<sup>2</sup>

The PNE WIND Group contributed a major part to this development. With the projects successfully completed in 2015, the nominal capacity of all onshore wind farms ever realised by PNE WIND has increased to approx. 2,340 MW.



<sup>1</sup> Global Wind Energy Council (GWEC) | <sup>2</sup> Arbeitsgemeinschaft Energiebilanzen (AGEB)

The activities in Germany and abroad have contributed to this positive development. Via subsidiaries and joint ventures, PNE WIND and WKN are active on three continents and are currently developing onshore projects with a nominal capacity of more than 4,500 MW. This illustrates that our international activities are concentrated on the right regions.

We regularly review new target markets in order to diversify risks and to acquire new growth opportunities. To expand abroad, the investment criteria must be clearly defined and fulfilled from the start:

- Political support of renewable energies  
An investment abroad is always accompanied by a certain degree of risk. The relevant country should have a high level of political stability in order to be regarded as a potential location.
- Local cooperation partners  
Cooperation with local partners who have a good network is a basic prerequisite for us in respect of a successful engagement abroad.

## Wind energy at sea, in Germany and worldwide

Offshore locations are characterised by constant wind conditions and high average wind speeds. Wind power turbines installed at sea achieve a higher degree of utilisation than land-based installations. However certain aspects such as erection, grid connection, operation - in the event of large distances to the coast - and high water depths are much more complicated. As one of the pioneers in the development of offshore wind farms, PNE WIND AG has many years of experience in this field. With six offshore projects sold and six internal projects that are being currently developed, we are one of the leading offshore project developers.

The use of offshore wind energy at the global level is at very different stages. In this connection, Europe has a pioneering role with offshore wind farms and in addition to the individual countries; the European Union has also provided a relevant framework for the development of offshore wind farms. Offshore wind farms with a total capacity of approx. 11,000 MW<sup>3</sup> are already operational in European waters and additional offshore wind farms will be connected to the grid in the next few years. At the end of 2015, 792 offshore wind power turbines with a total nominal capacity of 3,295 MW<sup>4</sup> were in operation in German territorial waters.

PNE WIND has contributed to this success: Six offshore projects developed by us were sold in the last few years. One of these wind farms started operation in 2015, and two other wind farms are currently under construction.

PNE WIND AG sees numerous future perspectives in this business area. In the offshore sector, the company is working on six own projects and is active as a service provider for a further six projects. According to current plans, wind power turbines with a total nominal capacity of approximately 2,640 MW can be constructed in our own offshore wind farms. PNE WIND intends to benefit in the long term from this considerable potential for growth.

<sup>3</sup> European Wind Energy Association (EWEA) | <sup>4</sup> Deutsche WindGuard



## Our business model

Our dedicated teams of project developers are active in all phases of planning, construction and operation of a wind farm: from identifying a suitable location to project development, construction and to servicing of the wind power turbines after commissioning.

### *Analysis and dialogue*

At the beginning of the development stage, our teams are focused on identifying suitable wind farm sites. Important selection criteria are a strong wind resource and good grid connection opportunities. Only when there is a grid connection, can it be ensured that the power produced can be transported to where it is needed.

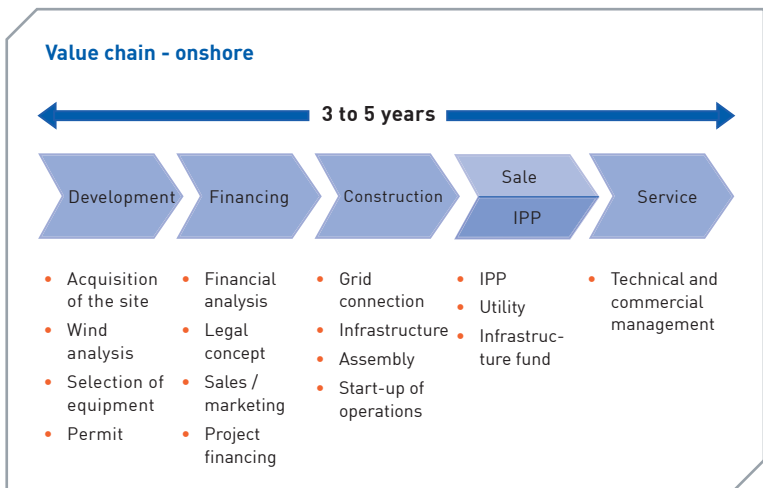
In the next stage, we hold discussions with local landowners. Our objective is to secure an option for a long-term lease agreement for a period of up to 25 years. Once this process has been concluded, our experts are able to start site surveys as well as environmental studies and financial evaluations. These are necessary to obtain a planning permission for the construction and operation of a wind farm.

In a project-related permit process, the project is reviewed in respect of all relevant permitting criteria, especially under the construction, the emission control and the environmental protection laws.

### *Financing, construction, marketing*

By the time the financing stage has been reached, the most important financial aspects have already been clearly defined. Detailed wind measurements, which are carried out directly on site and at the relevant height, allow us to forecast with a high level of certainty the amount of electricity which will be generated by the wind farm. Revenues, i.e. remuneration received per kilowatt hour of electricity fed into the grid by the wind farm, are also predictable. By taking into account the total investment and operation costs, we are able to assess at an early stage whether the wind farm can be operated profitably at that particular site. If this is the case, the financial planning can be concluded and the sales and construction activities can be started.

This stage is different in the onshore and the offshore sectors. 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 are primarily developed by us up to the ready-to-construct stage and are then sold prior to construction. The main reasons for this are the significantly higher investment costs and the longer development periods for offshore projects as compared to project development on land.

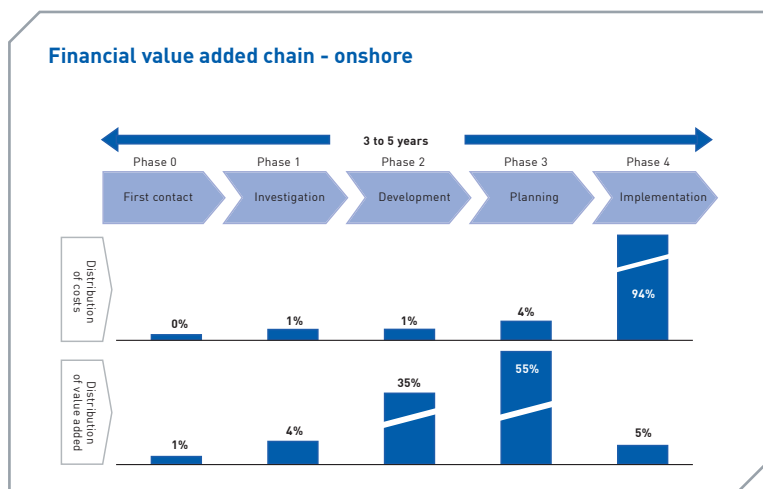


### How do we create value and where do costs arise?

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 likelihood that the planned project will be realised increases. The amount of our investment also increases with each project phase. The amount of capital invested in the project development phase is substantially lower than the amount of capital invested in the construction phases.

Our development activities typically last three to five years and we finance these stages from our own funds. We aim to keep costs as low as possible in the initial planning stages (phases 0 to 2). As the project moves through the development process, the likelihood of realisation and the value of the project increase. Nearly all of the preliminary investigations regarding feasibility and economic viability have been finalised by the time the project has reached the planning stage (phase 3) and the chances that the project will be successfully realised have improved greatly.

The PNE WIND Group achieves the greatest part of its value creation in the stages of project development through approval and up to the point of construction. 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 construction stage. Although this stage contributes only marginally to the value created by the PNE WIND Group, it is related to the highest level of investments and turnover.



### Our extended competences

In addition to the development and realisation of wind farm projects in Germany and abroad, the PNE WIND Group also offers technical and commercial operating management services for wind farms and for repowering.

### *energy consult as a reliable service provider*

The PNE WIND Group does not abandon its customers after the completion and commissioning of a wind farm. Customer loyalty and satisfaction are important factors for possible follow-up projects and the resulting growth potential. For this reason, we take care that our wind farms perform in an optimum manner. The operations management team of energy consult GmbH currently looks after approx. 750 wind turbines with a nominal capacity of 1,370 MW on behalf of its customers. The objective is to identify problems early on in order to avoid damage and expensive shut-down times and to optimise the wind farms output.

The energy consult team monitors the wind power turbines around the clock in order to detect and eliminate any operational malfunctions as fast as possible. The turbines are regularly inspected in detail on site. In this way, defects can be identified early on and it is also possible to evaluate and improve the quality of service companies. We have personal contacts for every customer and the technical plant managers are not only the communication interface for the wind farm, but they also regularly analyse operational data for potential optimisation.

In addition, energy consult provides services for commercial wind farm management. The team also offers the whole range of financial accounting services for wind farm owners. With its many years of experience in this field, energy consult can help wind farm owners save time and money.

### *Management of transformer stations as a new business field*

energy consult pursues an integrated approach in the wind farm management sector. This means that they offer management both of wind power turbines and transformer stations. The combination of these two services leads to synergy effects during operation. In the context of operational management of transformer stations, energy consult performs monitoring, inspection and maintenance for the transformer station.

### *Additional services provided by energy consult*

energy consult offers additional services in the wind power sector apart from the technical and commercial operational management of wind farms:

- DGUV V3 inspections
- Commissioning studies
- Recurring inspections
- Grid connection planning for new wind farms
- Rotor imbalance and vibration measurements

## Our strategy

Wind power stands for safe, sustainable, cost-effective and environmentally friendly electricity generation. The PNE WIND Group is committed to combining economic success and ecological responsibility. We want to make an important contribution to climate protection while creating at the same time attractive opportunities to invest in wind farms.

Renewable energies have become one of the central pillars of future electricity production worldwide. The expansion of wind energy plays an important role in the different national energy policies and offers long-term growth perspectives for the wind power sector. The PNE WIND Group - as one of Germany's leading project development companies - wants to benefit from this development, today and in the future.

The broad range of services offered sets the PNE WIND Group apart from other providers in the market. The company offers services covering the entire value chain ranging from the development, planning, realisation, financing, operation, sales and repowering for wind farms in Germany and abroad all from one source. We are able to hand over commissioned turnkey projects to our customers.

However, it is not always necessary that wind farms are constructed on a turnkey basis. We also sell project rights which we did in 2015 in Great Britain and just recently in France and Poland.

The PNE WIND Group is particularly proud of its many years of project experience at home and abroad. We have been active in this industry for about 25 years and more than 200 onshore wind farms with a nominal capacity of approx. 2,340 MW have been realised. The commissioned wind farms feed their environmentally friendly electricity into power grids and make a significant contribution to sustainable, ecological power generation.

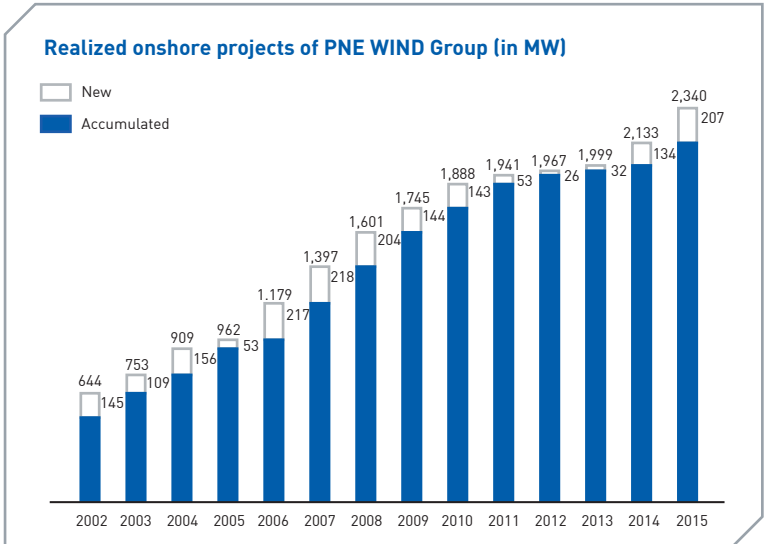
In the offshore sector, the projects developed by us are sold and realised subsequently by our customers. We have already sold six offshore projects. The first project was commissioned in 2015 and since its completion, the offshore wind farm "Borkum Riffgrund I" with a nominal capacity of 312 MW produces sufficient electricity to supply 320,000 households with CO<sub>2</sub>-free electricity.

Our customers include energy suppliers, infrastructure funds, municipal utilities and insurance companies view us as a reliable and competent partner.

A further pillar of our corporate strategy is the expansion of our business model. Through the establishment of a Wind Farm-Portfolio, we are creating a new business segment until its divestment - entire or portion. In this subsidiary, we are bundling onshore wind farms that were developed and completed by us with a nominal capacity of up to 150 MW. At the end of 2015, wind farms with a nominal capacity of approx. 66.6 MW were in operation and 27.3 MW are under construction. Planning permissions for additional wind farms have already been issued so that construction can be started at short notice.

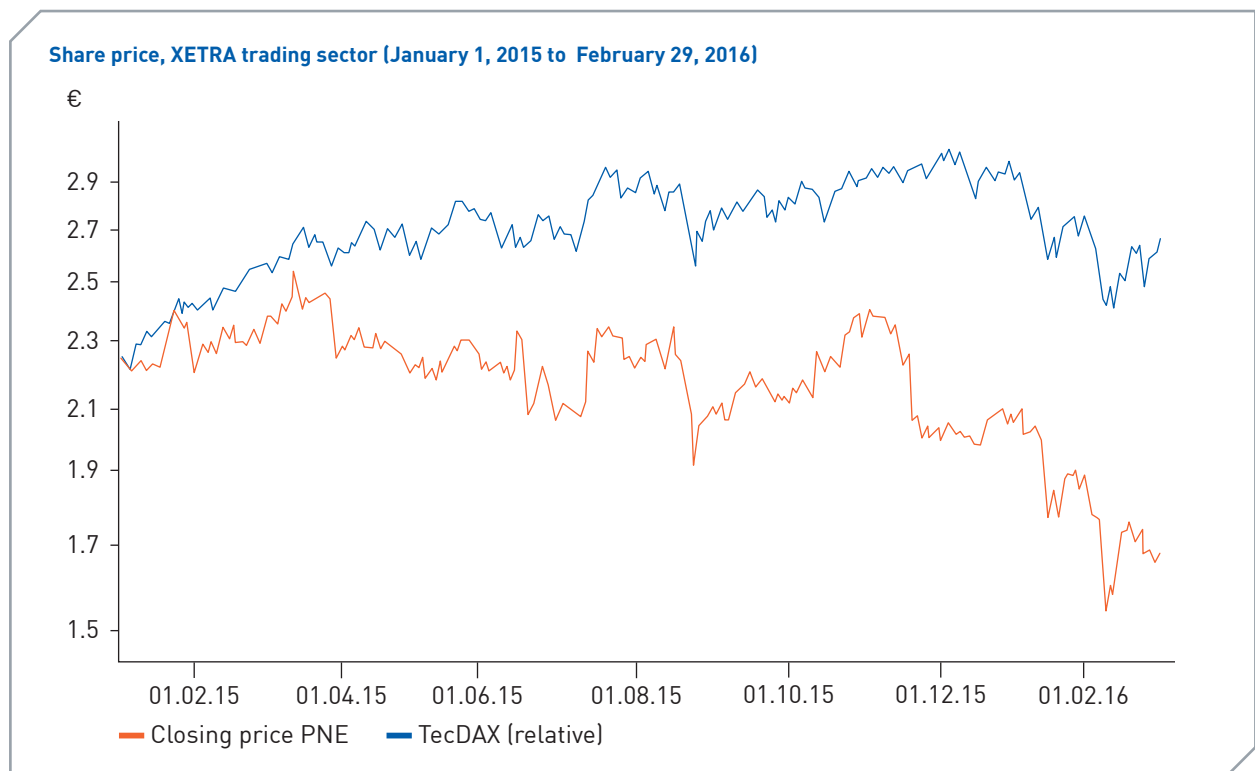
The successful development of our business requires a stable political environment offering reliable regulatory conditions for us and our customers. Therefore, we highly appreciate the new climate agreement adopted at the world climate conference in Paris in December 2015. We are active internationally in order to diversify our country risk and to open up further growth opportunities. We closely follow regulatory changes everywhere and concentrate on markets in which opportunities and risks are well balanced.

The global demand for wind energy is consistently growing. With our more than 20 years of industry experience, our committed and well-established teams and our well filled project pipeline, the PNE WIND Group is in an excellent position to benefit from the growth opportunities over the years to come.



# CAPITAL MARKET INFORMATION

## Share



PNE WIND AG's shares began the 2015 financial year with a price of euro 2.20. In the first quarter of 2015, the stock increased gradually after a subdued start so that on March 12, 2015, the highest share price during the year was achieved at euro 2.55. Although a milestone in international development was achieved with the sale of the entire project pipeline in the United Kingdom in the second quarter, the shares traded lower. On June 30, 2015, the stock closed at euro 2.05.

At the beginning of the second half of 2015, the stock traded higher and on July 21 it reached the highest level in the third quarter at euro 2.35. In following, the stock price fell again against a backdrop of a generally weak capital market environment and reached its lowest point of the year at euro 1.93 at the end of August. In the third quarter, PNE WIND announced the commissioning of the "Chrandsdorf" wind farm and the general meeting of shareholders on October 23, 2015 resolved to appoint a new Supervisory Board and to distribute a dividend. The share price increased in the following months and the stock closed at euro 2.41 on November 2, 2015. At the end of the year, the share price fell to euro 2.07 following a reduction in full year guidance with the UK project "Sallachy" not being granted planning permission.

On December 30, 2015, the last trading day of the reporting period, the PNE WIND AG shares traded at euro 2.07. This corresponds to a market capitalisation of euro 158.5 million.

## Bonds and participation certificates

The 2013/18 corporate bond issued by PNE WIND AG has a volume of euro 100 million and it primarily traded over 100 percent during the reporting period. The equity ratio according to the definition in the 2013 bond prospectus was 41.3 percent as at December 31, 2015.

The 2014/19 convertible bond had a nominal value of euro 6.6 million as at December 31, 2015. In the reporting period, bonds were converted into 1,995 shares. The convertible bonds issued in 2010 matured at the end of 2014. Outstanding bonds in the amount of euro 1.8 million were repaid on schedule in January 2015.

The PNE WIND AG participation certificates in the amount of euro 0.8 million matured at the end of 2014 and were repaid on schedule in July 2015.

## General Meeting of Shareholders

PNE WIND AG held two general meeting of shareholders in 2015. While the first meeting on June 16 ended without results, the meeting on October 23 was successfully finished.

As proposed by the management, Mr. Alexis Fries, Mr. Andreas Beyer, Mr. Christoph Groß, Mr. Per Hornung Pedersen, Mr. Andreas M. Rohardt and Mr. Wilken Freiherr von Hodenberg were elected to the Supervisory Board. At the constituent meeting of the Supervisory Board, Mr. Fries was elected Chairman and Mr. Wilken Freiherr von Hodenberg was elected Deputy Chairman of the Supervisory Board.

The new Supervisory Board members have comprehensive experience in their specialist fields and industries - including energy consulting, wind energy, general consulting, participation and capital markets. In this composition, the future Supervisory Board will set the foundations for the joint, successful development of the enterprise, both in strategic and in operational terms.

The previous Supervisory Board members Mr. Dieter K. Kuprian, Dr. Peter Fischer, Prof. Dr. Reza Abhari, Mr. Volker Friedrichsen, Ms. Astrid Zielke and Mr. Peter Baron von le Fort resigned their mandates at the end of the general meeting of shareholders on October 23.

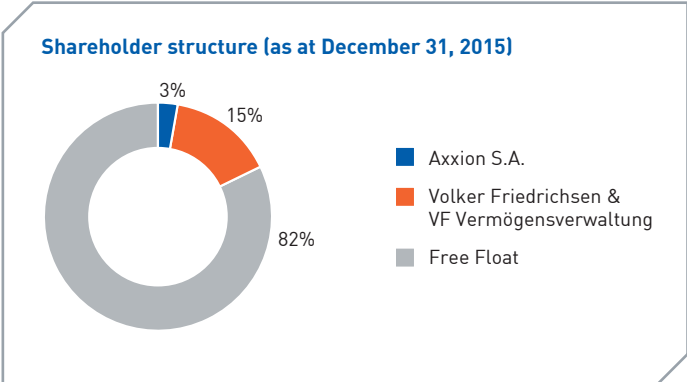
By a large majority, the shareholders voted in favour of the proposal of the Board of Management and Supervisory Board to distribute a dividend of euro 0.04 per eligible share for the 2014 fiscal year.

The shareholders also voted with a large majority in favour of the resolutions on changes to the Supervisory Board remuneration policy, the appointment of Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, as auditors of the annual and consolidated financial statements, the control and profit transfer agreements, and on the appointment of a special auditor in connection with remuneration and expenses of the members of corporate bodies.

The shareholders also agreed to discharge from their responsibility the current members of the Board of Management, Markus Lesser and Jörg Klowat, with a clear majority of 85 percent. Former CEO Martin Billhardt was not discharged from responsibility. The shareholders voted to discharge the previous Supervisory Board members from responsibility.

### Shareholder structure

At the end of the reporting period on December 31, 2015, the total number of shares issued by PNE WIND AG amounted to 76,555,434. The increase in the number of shares compared to December 31, 2014 (71,974,939) is the result of the May 2015 capital increase with 4,578,500 new shares and the conversion of the 2014/19 convertible bonds. The new shares under the capital increase in May 2015 were issued at a price of euro 2.065 per share and generated gross proceeds of euro 9,454,602.50.



Of the members of the Board of Management, Mr. Jörg Klowat held 100,000 shares and Mr. Markus Lesser held 24,000 shares on December 31, 2015. Of the members of the Supervisory Board, Mr. Andreas Beyer held 41,000 shares, Mr. Andreas Rohardt held one share and Mr. Wilken Freiherr von Hodenberg held 500 shares of the Company on December 31, 2015.

On December 31, 2015, Mr. Volker Friedrichsen, the Volker Friedrichsen Beteiligungs GmbH and the VF Vermögensverwaltung held together more than 15 percent of the share capital. Axxion S.A. held more than 3 percent of the shares. Nearly 82 percent of the outstanding shares were regarded as free float.



- | Shareholder structure
- | Key share data
- | Financial calendar
- | Additional information

## Key share data (as at December 31, 2015)

WKN	A0JBPG
ISIN	DE000A0JBPG2
Number of shares	76,555,434
Market capitalisation	euro 158.5 million
Marktsegment	Prime Standard
Indizes	CDAX Technology, ÖkoDAX
Designated Sponsors	Commerzbank, Dero bank, Oddo Seydler Bank
Reuters	PNEGn
Bloomberg	PNE3

## Financial calendar

May 11, 2016	Publication of financial report Q1 2016
May 25, 2016	Annual general meeting
August 11, 2016	Publication of financial report Q2 2016
November 9, 2016	Publication of financial report Q3 2016
November 21-23, 2016	Analysts' conference, Frankfurt

## Additional information

On the website [www.pnewind.com](http://www.pnewind.com), you will find extensive information on PNE WIND AG as well as current data concerning the share in the section "Investor Relations". Here you can also download annual and quarterly reports, press announcements as well as background information on PNE WIND AG.



## Wind – a domestic energy source generating value locally

Wind – this means using domestic energy sources. Wherever the wind blows, energy can be obtained and electricity generated in an environmentally friendly manner. No fossil fuels need to be imported and no climate-damaging emissions are released. Electricity from wind can be consumed where it is generated - in the region. And this is also where the value created from planning, construction and operation of wind farms remains. The funds are generated here and stay for the most part in the regional economic cycle. The windy regions benefit from this. Importing fossil fuels has the opposite effect and the price paid is extracted from the local economy.

Energy cooperatives and community wind farms understood this early on. They have taken advantage of the economic benefits for the region and have also made their contribution to the generation of ecologically correct energy. We also ensure that our wind farms generate local added value.



## 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 2015

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## 1. Market/overall general economic conditions

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 continuously. In 2015, 63,690 MW of wind power capacity was added around the world, bringing total installed capacity to 434,856 MW<sup>1</sup>. Annual investment volumes totalling tens of billions of euro 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 this industry.

The German wind power market registered growth again in 2015: At the end of 2015, wind power turbines with a total nominal capacity of 44,946 MW were in operation - of which 41,651 MW onshore and a further 3,295 MW offshore. 1,368 wind power turbines (2014: 1,766) with a nominal capacity of 3,731 MW (2014: 4.750 MW) were newly installed onshore and a further 546 turbines (2014: 142) with approx. 2,282 MW (2014: 529 MW) nominal capacity were installed offshore. At the same time, 253 older wind power turbines with a nominal capacity of 195 MW were dismantled. The figures are from the annual study prepared by Deutsche WindGuard on behalf of the German Wind Energy Association (BWE) and the Association of the German Machine and Plant Manufacturers (VDMA Power).

The construction of offshore wind farms is considered to be an essential driver of growth for the wind power market. Wind power from offshore installations in Germany is expected to rise to approx. 6,500 MW by 2020 and 15,000 MW by 2030.

Wind power capacity also expanded at the European level. According to data from the European Wind Energy Association (EWEA), installed nominal capacity increased to 141,579 MW (previous year: 129,060 MW). Of the newly capacity installed, 9,766 MW were attributable to onshore and 3,034 MW to offshore wind farms.<sup>2</sup> Older wind power turbines with a nominal capacity of 281 MW were dismantled.

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

These developments provide evidence of the opportunities ahead for the PNE WIND Group. In order to be in an optimum position in the global wind power markets, the Group has specialised in the development, construction and sale of wind farms in selected core markets.

<sup>1</sup>World Wind Energy Association (WWEA) | <sup>2</sup>EWEA: Wind in Power / 2015 European Statistics

## 2. General political conditions

The markets in which the PNE WIND Group operates are changing. There has been strong growth in a number of markets, while others registered a decline due primarily to uncertainty regarding the general political conditions. Although generating 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 to make it able to compete against conventional energy production, whose generation costs are often masked by subsidies. Unlike renewable energy, the actual generation cost of conventional electricity, including the cost of environmental pollution or dismantling and the cost of final storage of nuclear waste, is not directly reflected in its selling price and continued political support for renewable energy remains necessary to level the playing field.

A further stimulus to the expansion of renewable energies is expected from the World Climate Conference, which agreed in Paris at the end of 2015 to limit the rise in average global temperature to a maximum of 2 degrees Celsius. Achieve this goal will only be possible through the increased expansion of renewable energies.

### **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 diversification of the power supply and climate protection as well as the economic and social aspects. The 2009/28/EC directive on the promotion of the use of energy from renewable sources includes ambitious targets for all member states so that by 2020 the EU will achieve a share of 20 percent of its energy from renewable sources.

In October 2014, the European Union consented to a new policy framework for climate and energy for the period between 2020 and 2030. This builds on the current policy framework adopted for the period up to 2020 and takes into account the EU's longer term goal of reducing greenhouse gas emissions by 80-95 percent by 2050 compared to 1990. A key point of the new policy framework is to increase the share of renewable energy to 27 percent of energy consumption by 2030.

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

### **Germany:**

Of particular importance for the further development of wind energy is the legal framework established in the Renewable Energy Sources Act (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. The previously fixed remuneration for feeding wind power to the grid will be changed to a tendering system in 2017. At present, this change is being intensely discussed by politicians and associations. The detailed framework conditions have not yet been defined.

The federal government aims to expand the amount of electricity produced from renewable energies from the current level of approx. 32 percent to 40-45 percent by 2025 and 55-60 percent by 2035. The government's future annual expansion target for onshore wind power is 2,000 MW.

**Bulgaria:**

In 2012, the government substantially reduced the payments for electricity produced from wind farms and this has impaired the development of wind power projects since then. Another amendment to the law was adopted in 2015, which stipulates that newly erected wind power turbines can only sell electricity on the free market.

**France:**

With the Energy Transition for Green Growth Act promulgated in 2015, the French government and parliament affirmed their ambitious goals beyond 2020. The objective is to increase the share of renewable energy sources to 32 percent by 2030 and to reduce the share of nuclear power from 75 to 50 percent by 2025. The main policy support mechanism in France is a system based on feed-in tariffs.

**United Kingdom:**

As part of the Electricity Market Reform, a new contracts-for-difference (CfD) model for renewable energy projects was introduced in 2014. CfDs are long-term contracts between the renewable energy generator and a Government-owned counterparty. Under the CfD system, top-up payments are to be made to electricity producers when the market price for electricity is under the fixed strike price. In this way, the economic viability of the projects should be ensured. After the election in June 2015, the British government postponed the planned next round of CfDs to 2016.

**Italy:**

Italy uses a competitive auction system for grid connection capacity. In accordance with the 2012 decree, up to 500 MW should be allocated annually. A new decree regarding the future expansion of the use of renewable energy sources was announced by the government in January 2015 and it is still expected.

**Poland:**

The Polish Renewable Energies Act will be revised from July 1, 2016 and a tender procedure should be introduced. The Act was adopted in March 2015, but the original effective date set for the beginning of 2016 was postponed by six months.

**Romania:**

The proposed regulatory changes outlined in the "Emergency Ordinance" of July 2013 became law in 2014. The main elements include reductions in the number of Green Certificates to be issued to the energy producers, which results in less favourable conditions for wind farm projects.

There have been considerable political discussions within Romania as well as between Romania and the EU Commission about positive changes in the remuneration system for renewable energy for some time now.

#### **Sweden:**

The main policy support mechanism in Sweden is based on a quota system with green certificates, which are tradable in both Sweden and Norway. The current Swedish Government formulated the objective of generating 100 percent of Sweden's energy from renewable energy sources in the long term.

#### **South Africa:**

The government has introduced a competitive tender system under the Renewable Energy Independent Power Producer Programme (REIPPP), in which preferred bidders are selected.

#### **Turkey:**

The wind energy market 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. The auction is expected to take place in 2016.

#### **Hungary:**

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

#### **USA / Canada:**

The USA uses the system of Production Tax Credits (PTC). At the end of 2015, this scheme was again extended to the end of 2019 and is valid retrospectively from the beginning of 2015, i.e. for a total of five years. Accordingly, the support scheme will be available but is subject to an annual reduction of 20 percent within this period.

#### **Assessment:**

As a whole, the international markets are undergoing changes which require the PNE WIND Group to adapt its activities accordingly in order to minimise the risks. While the regulatory conditions in Hungary, Bulgaria and Romania have deteriorated in the past few years, they have improved significantly in France. The Board of Management is confident that it will be able to promote positive business developments by specialisation and internationalisation.

### 3. Corporate structure

During the fiscal year 2015, the corporate structure changed versus December 31, 2014 due to the first-time inclusion of companies, the change of shareholdings in companies and the deconsolidation of companies sold. For detailed information, please refer to the Chapter "Scope of Consolidation" in the notes to the consolidated financial statements.

### 4. Organisation and employees

During the fiscal year 2015, there were 390 employees in the PNE WIND AG Group on an annual average basis, including members of the Board of Management (prior year: 413). The employees of the subsidiaries are included in this number. Of these employees (including the members of the Board of Management and trainees) there were 145 (prior year: 141) employees working at PNE WIND AG on an annual average.

As at December 31, 2015, 379 persons were employed in the Group, including the members of the Board of Management (as at December 31, 2014: 412 persons). Of these, 234 employees were active in PNE WIND AG subsidiaries (185 employees in German and 49 employees in international subsidiaries).

The decline in the number of personnel is due mainly to the sale of PNE WIND UK Ltd. and organisational adjustments to changing market conditions. The existing number of staff is reviewed regularly in order to be prepared for the Group's future developments.



## 5. Summary of business activity

During the 2015 fiscal year, the PNE WIND Group, with PNE WIND AG and WKN AG, continued its operational core business of wind farm project development both onshore and offshore in Germany and abroad. In the second quarter, the subsidiary PNE WIND UK Ltd., including its entire project pipeline in development, was sold.

The development of the individual segments:

### Segment: projecting of wind power turbines

#### *Wind power onshore sub-division*

During the fiscal year 2015, the development and realisation of onshore wind farm projects 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.

Overview of the onshore project activities of the PNE WIND Group per December 31, 2015 in MW:

Country	I-II	III	IV	Total MW
Germany	1,372	135	60	1,567
Bulgaria	121	0	0	121
United Kingdom	43	0	0	43
Italy	242	14	0	256
France	260	109	0	369
Poland	233	52	0	285
Romania	55	102	0	157
South Africa	100	30	0	130
Sweden	99	86	0	185
Turkey	700	0	0	700
Hungary	0	42	0	42
USA	337	180	0	517
Canada	555	0	0	555
<b>Total</b>	<b>4,117</b>	<b>750</b>	<b>60</b>	<b>4,927</b>

Phase I – II = Exploration & Development

Phase III = Planning

Phase IV = Implementation

**Germany:**

PNE WIND has again made a substantial contribution to the "Energiewende" and the expansion of safe, resource-saving and climate-friendly power generation. Wind farms with a total nominal capacity of 90.5 MW, including one repowering project, were commissioned during the fiscal year 2015. These were the "Chrandsdorf" wind farms (Brandenburg, 57.6 MW), the "Waldfeucht-Selkant" repowering project (North Rhine-Westphalia, 12.2 MW), the wind farms "Looft" (Schleswig-Holstein, 10 MW) and "Siebenbäumen" (Schleswig-Holstein, 6.0 MW) as well as two wind power turbines in the "Nentzelsrode" wind farm (Thuringia, 4.6 MW).

Further projects, with a total nominal output of approx. 50.4 MW, were under construction as at December 31, 2015. Furthermore, as at December 31, 2015, the Company has obtained planning permissions for wind farms to be completed in 2016.

Another project with a capacity of 9.6 MW was sold to an investor in the context of a sale of project rights, after the planning permission had been issued.

A majority of the nominal capacity commissioned in 2015 was brought into the Group's own Wind Farm-Portfolio. Wind farms with a capacity of approx. 66.6 MW were bundled here at the turn of the year. 27.3 MW of the wind farms under construction are intended for the Wind Farm-Portfolio and a wind farm with 23.1 MW was sold to an investor.

At the end of the 2015 fiscal year, the PNE WIND Group was working on onshore wind farm projects in Germany with a nominal output of more than 1,500 MW in various phases of project development.

PNE WIND AG maintains close relationships with various renowned manufacturers of wind energy systems in order to be able to promptly realise onshore wind farm projects in Germany after their approval. For projects which have already been constructed, maintenance contracts – some of them long term – were concluded with the manufacturers Enercon, Senvion (formerly Repower), Nordex and Vestas.

The PNE WIND Group also carried out its core business of project development continuously abroad.

**Bulgaria:**

The general political and economic conditions in Bulgaria are currently still poor. This makes it difficult to construct and operate wind farm projects there profitably. For the wind farm projects in development, PNE WIND AG is keeping costs as low as possible to maintain the project rights on hand and therefore maintain the possibility to successfully market the projects.

**France:**

In fiscal 2015, WKN received construction and operating permits for wind farms developed by it in France. At the end of the year, the WKN Group held construction permits for a capacity of 64 MW and operating permits for a capacity of 31.6 MW. From the 64 MW of projects, wind farms with 35.2 MW are currently subject to objection proceedings, the objection period has started for wind farms with 21.6 MW and one project with 7.2 MW will be redesigned to a capacity of 9 MW. The prospects of obtaining the planning permissions for these projects are high despite the objections filed.

During the New Year 2015/2016, the WKN Group concluded a framework agreement regarding the future sale of French wind farm projects with 50 MW of nominal capacity with John Laing Investments Ltd.

In addition, further projects with 45 MW of total nominal output were in the approval process as at December 31, 2015. Currently, the official review is taking place.

**United Kingdom:**

The shares in the British subsidiary PNE WIND UK Ltd. and thus the entire project pipeline which was developed by it were sold in June 2015. The purchase price for 100% of the shares in the company, including the repayment of the shareholder loans to PNE WIND Ausland GmbH, totals up to GBP 103 million (euro 141.5 million as at the transaction date) and GBP 40.1 million (euro 54.8 million as at the transaction date) was paid immediately (of which PNE WIND received GBP 38.3 million / euro 52.8 million). The remaining amount will be paid as milestone payments of up to GBP 63 million (euro 86.4 million as at the transaction date) up to 2021. The previous employees of PNE WIND UK were taken over by the purchaser. The buyer also has an option to purchase the "Sallachy" project till June 30, 2016.

The extensive investments required during the development of the UK projects - which have resulted in planning permissions being granted as well as a Contract for Difference (CfD is basis for the UK support system) being awarded for a ready-to-build project - are now paying off.

WKN's "Sallachy" project with a planned nominal capacity of up to 66 MW was surprisingly refused by the Energy Minister in November 2015, despite broad support by communities and politicians in the Scottish and the British parliaments. The WKN Group is currently reviewing the options for continuing this project, among them includes the possibility to reduce the nominal capacity to 43 MW. For a project of this size, the decision on the planning permission can be made by the local council, which gave a positive recommendation in the first procedure. Therefore, the likelihood of obtaining the permission is estimated to be higher.

**Italy:**

In Italy, WKN was granted planning permission for a project with a nominal output of 14 MW. Other projects are in early stages of the project planning process. For two projects - each with 13 wind power turbines - the environmental permits have been issued and the decision by the competent authority on planning permission is expected.

These projects are being prepared for participation in a tendering procedure so that companies of the WKN Group can participate with one or more projects. Due to the slow progress of previous tenders, it can be expected that numerous wind farm projects will take part in the upcoming tenders. This impairs the marketing of the projects.

Environmental permission for an additional 38 MW project was granted in 2013. An agreement with the grid operator and other project developers with regard to the grid connection was outstanding for the required planning permission. This agreement was reached in the fourth quarter of 2015. The project is now being prepared for the planning permission process.

**Poland:**

In Poland, WKN has received planning permission for a project with a nominal output of 42 MW. The plan is to participate with this project in the first tendering round in 2016. At the end of 2015, WKN concluded an option agreement with John Laing Investments Ltd., which intends to acquire the project after the successful participation in the tender. Projects with approx. 285 MW of nominal output are currently being developed by WKN in Poland.

**Romania:**

The development of wind farms in Romania was continued by PNE WIND AG with limited costs. Changes in the remuneration system led to uncertainties in 2013 and 2014. Since the presidential election in November 2014 and the victory of the EU-friendly candidate, a revision of the renewable energies legislation is expected. In Romania, wind farm projects with a nominal output of up to 157 MW are currently being developed at an advanced stage by PNE WIND AG. The planning permission has been granted for two of these projects with a total nominal output of 102 MW. The sale of the projects is, however, proving to be difficult due to regulatory uncertainty.

**Sweden:**

The WKN Group is currently developing four wind farm projects in Sweden with a nominal output of up to 185 MW. The applications for the environmental permits for these projects were submitted in 2013/14 and the permits for 26 wind turbines were issued in the reporting period, but are currently in the objection period.

**South Africa:**

Since 2014, the WKN Group has participated several times in tender procedures with the project "Banna Ba Pifhu" (30 MW) without success. In September 2015, the project was sold under a conditional sales contract (Conditional SPA) to an investor, who participated in the November 2015 tender with this project.

The "Ubuntu" project is being redesigned currently so that it can participate in a coming tender round.

**Turkey:**

In Turkey, PNE WIND AG is currently developing wind farm projects with up to 700 MW of nominal output. In April 2014, PNE WIND and STEAG GmbH agreed to develop wind farm projects together in Turkey going forward. In April 2015, PNE WIND sold 50 percent of its shares in PNE WIND Yenilibr Enerjiler Ltd. to STEAG and together with STEAG applied for pre-licences for six projects with a maximum output of 230 MW. In this round, 3,000 MW of wind capacity were provided by the national grid operator TEİAŞ. Currently, preparations for the next tender round (up to 2,000 MW) are being made.

**Ukraine:**

Due to the still extremely difficult political situation in Ukraine, project development activities were stopped in 2014 and market exit took place in 2015.

**Hungary:**

In Hungary, two wind farm projects developed by PNE WIND AG's subsidiaries had already been granted planning permission. However, the Hungarian government has been blocking the further expansion of wind energy for some time now. Because of the construction of a military radar system in the meantime, a planning permission for a wind farm with 36 MW could not be extended. Therefore, the Hungarian subsidiary has reduced its activities and is waiting to participate with one wind farm (42 MW) with planning permission in tenders for grid connections to the high voltage electricity distribution system.

### **USA/Canada:**

During the fourth quarter of 2013, PNE WIND USA started the initial construction and development activities for the "Chilocco" wind farm project in the US state of Oklahoma. Wind power turbines with a nominal output of up to 150 MW can be constructed in several project phases.

The PTC regulation was extended and applies to the end of 2019. In view of this new positive development, several individual phases of the "Chilocco" project will be consolidated into one phase and reorganised accordingly. The objective is to improve the developers margin by improving the economics of the wind farm.

In the USA, WKN has a project in Montana, in which wind power turbines with a nominal output of up to 165 MW can be erected.

In Canada, PNE WIND AG is currently working on seven wind farm projects, which are still at an early stage of development.

### **Total activities in the international markets:**

As at December 31, 2015, the PNE WIND Group, through subsidiaries and joint ventures, was working on international projects in various phases of a multiple year development process with approx. 3,360 MW of nominal output.

#### *Expansion of the business activity*

Since 2015, completed wind farm projects have been bundled in a portfolio of wind farms which reliably produce electricity at various sites and generate sustainable earnings through the guaranteed feed-in tariffs.

This Wind Farm-Portfolio will include mainly German wind farms developed by PNE WIND with a total nominal output of up to 150 MW. Wind farms with a nominal capacity of 93.9 MW were already commissioned or are under construction. Planning permits have been applied for additional projects. Once operational, the wind farms will be placed successively in the portfolio.

PNE WIND AG expects to benefit in multiple ways from the expansion of its business model: The Company anticipates that the portfolio of bundled and completed wind farms can be sold under more attractive conditions than projects that are sold on an individual basis. The reason for this is that investors can purchase wind farms with measurable earnings. This and the diversification over several wind farms will minimise the project risks.

PNE WIND AG also plans to generate additional revenue through the management of the portfolio and by providing commercial and technical management services for the wind farms in the portfolio.

Moreover, PNE WIND Group will establish an additional sales channel for future projects. The retained earnings of the Wind Farm-Portfolio can also be used to expand the portfolio and if the Group decides to keep a minority stake in the company, PNE WIND AG would also participate on its long term success.

Thus, we intend to expand our business model and to sustainably benefit from this as a Group. By doing this, we have accepted that this undertaking means increasing investments (liquid funds invested by PNE WIND AG in Wind Farm-Portfolio companies since 2014 total euro 57.4 million as at December 31, 2015) and a temporal shift of our earnings from 2014 and 2015 to 2016. Due to the initiation of the model, the sale of wind farms to external third parties - and accordingly the earnings out of these projects, will be postponed, but the benefits which will be achieved will more than compensate for the deferral of earnings. The accrued earnings before tax, which have been eliminated at the Group level, since 2014 to December 31, 2015 amount to euro 30.6 million (of which euro 24.9 million in 2015). The PNE WIND Group is broadening its foundations for the future and aims to create considerable value with this strategic expansion.

The following table and explanations show the current status of the portfolio wind farms, which are commissioned, under construction or approved:

Project	Location	Status	Planned nominal output in MW	Scheduled completion
Chransdorf	Brandenburg	Commissioned	57.6	
Waldfeucht-Selkant	Nordrhein-Westfalen	Commissioned	9.0	
Apensen II	Niedersachsen	Under construction	6.0	First half of 2016
Köhlen	Niedersachsen	Under construction	21.3	Second half of 2016
Holzthaleben	Thüringen	Planning Permission	4.8	Second half of 2016

#### *Chransdorf wind farm*

The "Chransdorf" wind farm is located in a forest area between the municipalities of Großräschen and Altdöbern in Brandenburg.

The project received planning permission pursuant to the Federal Emission Control Act (BlmSchG) in 2014 and was commissioned in the third quarter of 2015. 24 wind power turbines (Nordex N117/2400) with hub heights of 141 metres were erected in this wind farm. The total nominal output of the wind farm is 57.6 MW.

#### *Waldfeucht-Selkant wind farm*

The wind farm was built and commissioned in the fourth quarter of 2015.

In the "Waldfeucht/Selkant" wind farm near Heinsberg (North Rhine-Westphalia), wind power turbines planned by PNE WIND and commissioned in 1999 were replaced in this repowering project. Four wind power turbines with a total nominal output of 12.0 MW were constructed there. Three of these turbines (9.0 MW) were placed into the Wind Farm-Portfolio.

### *Apensen II wind farm*

Construction of the wind farm began in the third quarter of 2015.

At the "Apensen II" wind farm, two Nordex N117/3000 turbines with hub heights of 141 metres will be erected. The total nominal output of the wind farm is 6.0 MW. The wind farm is expected to be completed in the middle of 2016.

### *Köhlen wind farm*

Construction of the wind farm began in September 2015.

At the "Köhlen" wind farm, seven Enercon E101 turbines with hub heights of 149 metres will be erected for PNE WIND AG. Each turbine has a nominal output of 3.05 MW. The wind farm is expected to be completed in the fourth quarter of 2016.

### *Holzthaleben wind farm*

The project received final planning permission pursuant to the Federal Emission Control Act (BlmSchG) in 2015.

At the "Holzthaleben" wind farm, two Nordex N117 turbines with hub heights of 143 metres will be erected for PNE WIND AG. Each turbine has a nominal output of 2.4 MW. The wind farm is expected to be completed in the fourth quarter of 2016.

### *Wind power offshore sub-division*

PNE WIND AG: Overview of the offshore project activities per December 31, 2015:

Project	Zone	Phase	WEA	Total MW
<b>Own projects</b>				
Nemo	4	2	80	480
Jules Verne	4	2	80	480
Nautilus I	4	2	80	480
Atlantis I	2	3	80	400
Atlantis II	3	2	80	400
Atlantis III	3	2	80	400
<b>Total</b>			<b>480</b>	<b>2,640</b>
<b>Sold projects</b>				
Borkum Riffgrund I	1	8	78	312
Borkum Riffgrund II	1	5	56	448
Gode Wind 1 & 2	1	7 / 7	55 + 42	582
Gode Wind 3 & 4	1	3 / 4	15 + 42	342
HTOD5 (Nautilus II)	4	2	68	476
<b>Total</b>			<b>356</b>	<b>2,160</b>

Phase 1 = Project identification  
Phase 2 = Application conference  
Phase 3 = Hearing  
Phase 4 = Approval granted  
Phase 5 = Grid connection  
Phase 6 = Investment decisions  
Phase 7 = Under construction  
Phase 8 = In Operation

In March 2015, the German Federal Maritime and Hydrographic Agency (BSH) informed offshore wind farm developers that no procedure for the granting of plan approvals will be continued for the projects in the zones 3, 4 and 5 in the North Sea until further notice. This includes approx. 40 wind farms in development, including the offshore wind farms "Nemo", "Nautilus I", "Nautilus II / HTOD5", "Jules Verne" and "Atlantis" II and III, which are being developed by PNE WIND AG. The projects which are being affected are mainly situated over 100 kilometres off the coast. PNE WIND is conducting discussions with the BSH and other parties which are affected and is examining further procedures. The project "Atlantis I" is situated in Zone 2 and is therefore not directly affected. The realisation of "Atlantis I" depends - as do all offshore projects - on a grid connection and the implementation period which is currently being discussed. In connection with the amendment of the EEG, tenders are being discussed as a way to determine the level of subsidy support.

"Borkum Riffgrund" projects:

The "Borkum Riffgrund I" offshore wind farm project, which was previously sold to the Danish energy group DONG Energy, developed positively. Construction of this wind farm started in 2013 and now all 78 turbines have been installed and are in operation.

The BSH granted the construction permit for the neighbouring "Borkum Riffgrund II" offshore project in December 2011, and PNE WIND AG continued to work on this project as a service provider. In 2013, the transmission grid operator TenneT awarded the contract for the construction of the DolWin3 transformer station, which will connect the wind farms in the North Sea to the high-voltage grid on land, to Alstom. This grid connection is expected to be completed in 2017. The initial steps towards construction of the wind farm were made by DONG Energy in 2015 with a turbine supply agreement being signed with MHI-Vestas.

On the achievement of predefined project development steps in the offshore wind farm project "Borkum Riffgrund II", milestone payments will be made by DONG Energy to PNE WIND AG. Further important project phases are the final investment decision and commissioning of the project.

"Gode Wind" projects:

In August 2012, the offshore wind farms "Gode Wind" 1 to 3 were sold to the DONG Energy - the projects have since been split into "Gode Wind" 1 to 4. The shares in the "Gode Wind" 1, 2 and 4 projects were already transferred 100 percent to DONG Energy. At the beginning of 2015, DONG Energy started building "Gode Wind" 1 and 2 at sea and has already installed about half of the turbines. The full commissioning of these projects is expected to be completed in 2016.

On the achievement of predefined project development steps, milestone payments totalling up to euro 25 million are expected to be received. The next milestone payment will be triggered with BSH approval for the "Gode Wind 3" project. The hearing for this project took place in September 2014. A further important project step is the final investment decision to construct and finance the second phase of "Gode Wind 2" (current project name: "Gode Wind 4").

Within the context of this transaction, PNE WIND AG will support DONG Energy as a service provider during realisation of the projects at least up to 2017. The volume of this service provider contract amounts to up to euro 8.5 million during the period 2012 to 2017.

"Atlantis" projects:

Three offshore projects were acquired in 2013 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 project approval documentation



has been reworked by PNE WIND AG and adapted to other application parameters (e.g. turbine and foundation structures) and the current planning procedure requirements. PNE WIND AG intends to develop the acquired projects further through the planning procedure stage up to the point of construction maturity. On the basis of 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 made a first purchase price payment on the conclusion of the purchase contract. Additional variable instalments were agreed with the seller, which become due at predefined points in their development or when the projects are sold.

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

PNE WIND AG is currently pursuing judicial measures to ensure that a timely grid connection for the most advanced project “Atlantis I” is secured. Within this context, reference is made to the revision of the 2015/25 offshore grid development plan (O-NEP), the result of which can be expected in autumn 2016.

#### “Nemo”, “Nautilus” and “Jules Verne” projects

The “Nemo”, “Nautilus I” and “Jules Verne” projects are located in the North Sea within the German Exclusive Economic Zone (EEZ) about 180 kilometres North West of the Helgoland archipelago. According to the current state of planning, 80 offshore wind energy systems are anticipated to be approved in each of the project areas. The development of these offshore projects continues depending on the network connection regime determined by the German government. Since the government has reduced its targets for the expansion of offshore wind power, these projects are scheduled for approval on a long-term basis only and are still at an early planning stage.

#### “HTOD5” project (previously “Nautilus II”)

The “Nautilus II” offshore wind farm project, which is being developed by PNE WIND AG and has in the meantime been renamed “HTOD5”, is still at the planning and application stage. Following the sale of the project in November 2011 to Ventizz/HOCHTIEF, PNE WIND AG will remain active as project developer until the BSH approval is granted. The project is planned for up to 68 offshore wind power turbines with a nominal output of up to 7 MW each, depending on the grid connection scheme stipulated by the German government. 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. Since the government has reduced its targets for the expansion of offshore wind power, this project is scheduled for approval on a long-term basis only and is still at an early planning stage

#### Total offshore:

In total, PNE WIND AG was working as at December 31, 2015 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. The “Borkum Riffgrund I” project, which was developed and sold by PNE WIND AG, with 78 wind turbines and a nominal capacity of 312 MW was taken into operation in the third quarter of 2015. The already sold “Gode Wind” 1 and 2 projects are currently under construction.

According to the current planning level, 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 8 MW. In total, the planned nominal output of our own six offshore projects amounts to up to 2,640 MW.

### Electricity generation segment

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, the commissioned Wind Farm-Portfolio projects "Chrandsdorf" and "Waldfeucht-Selfkant" as well as the PNE Biomasse GmbH 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. Moreover, the PV solar project, BGZ Solarpark Passauer Land GmbH & Co. KG, belonged to the electricity generation segment, until it was sold in third quarter of 2015.

#### Consolidated key data

in euro million	2015	2014
Total aggregate output	233.3	233.9
Revenues	109.5	211.3
Earnings before interest and taxes (EBIT)	9.8	2.7
Earnings before taxes (EBT)	-5.0	-15.2
Consolidated net income	3.5	-13.0

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

In the fiscal year 2015, the electricity generation segment achieved an EBIT of euro 7.6 million (prior year: euro 2.0 million).

## 6. Economic report

The figures shown below were determined 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.

### a. Revenues and earnings

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

In the 2015 fiscal year, the PNE WIND AG Group achieved a total aggregate output of euro 233.3 million (prior year: euro 233.9 million) in accordance with IFRS. Of this, euro 109.5 million was attributable to revenues (prior year: euro 211.3 million), euro 116.1 million to changes in inventories (prior year: euro 19.1 million) and euro 7.7 million (prior year: million 3.6 million) to other operating income. The decrease in revenues compared to the 2014 fiscal year is mainly due to the Group's development of internally held wind farms (Wind Farm-Portfolio projects). Since these are inter-company transactions, they are eliminated in the Group and the contributed services are recognised under change in inventories. Contributed services amounting to euro 114.7 million from the "Chrandsdorf" and "Waldfeucht-Selfkant" projects are recognised under change in inventories following the commissioning of the project and sale to PNE WIND YieldCo Deutschland GmbH.

#### Explanation:

Since the company-owned wind farms will be operated by the Company itself regardless of their current or future shareholder structure and will be used to generate electricity, the wind farms are classified as fixed assets from the date of sale within the Group in accordance with IAS 16. The reclassification from Group inventories to Group fixed assets was carried out without impacting the income statement and led to no reduction in the change of inventory position.

Euro 149.9 million (previous year: euro 157.2 million) of the total aggregate output in the Group was attributable to PNE WIND AG. The total aggregate output of PNE WIND AG consists of revenues in the amount of euro 151.2 million (prior year: euro 158.2 million), changes in inventories of euro -2.2 million (prior year: euro -1.7 million) and other operating income of euro 0.9 million (prior year: 0.7 million). At PNE WIND AG, significant revenues resulted from the sale or realisation of the onshore projects in the wind farms "Chransdorf" ("Altdöbern" A, B and C, "Großräschen" A and B) and "Waldfeucht-Selfkant". The other operating income of PNE WIND AG consisted primarily of the reversal of provisions, rental income and other income such as credit notes, expenses charged on, reversal of the investment subsidy and income from the private use of company cars.

The activities of the Group in project development in Germany and abroad and also both onshore and offshore are reflected in the expense items. The share of cost of materials in the Group's total aggregate output amounts to euro 154.9 million (prior year: euro 170.5 million). In comparison to the previous year, the cost of materials ratio for the Group is lower due to the sale of PNE WIND UK. This transaction generated sales which were not accompanied by any, or only a very low cost of materials.

In the separate financial statements of PNE WIND AG, the cost of materials amounted to euro 118.2 million in the fiscal year (prior year: euro 124.6 million).

In the 2015 fiscal year, the personnel expenses amounted to euro 29.3 million in the Group and thus increased compared to the amount of the prior year period (euro 27.0 million). The increase in personnel expenses was primarily the result of the termination agreement with the former CEO of PNE WIND AG. The number of employees in the Group as at December 31, 2015 decreased to 379 (December 31, 2014: 412 employees). The main reason for the lower number of employees in the Group is the sale of PNE WIND UK Ltd. and the resulting staff reduction from the PNE WIND Group.

In the separate financial statements of PNE WIND AG, the personnel expenses totalled euro 13.3 million in the 2015 fiscal year (prior year: euro 10.8 million). The number of employees as at December 31, 2015 at PNE WIND AG increased to 145 (December 31, 2014: 142 employees).

The other operating expenses in the Group totalling euro 29.5 million (prior year: euro 25.2 million) are attributable primarily to impairment losses on receivables and other assets of euro 3.8 million (prior year: euro 3.8 million), legal and consulting costs of euro 9.0 million (prior year: euro 5.7 million), advertising and travel expenses of euro 3.2 million (prior year: euro 2.8 million), insurance and contributions of euro 1.2 million (prior year: euro 1.1 million), repair and

maintenance expenses mainly for "Altenbruch II" and "Silbitz" of euro 1.3 million (prior year: euro 1.4 million), as well as rental and leasing expenses of euro 2.5 million (prior year: euro 1.7 million). The increase in other operating expenses is mainly attributable to legal and consulting fees in connection with the sale of PNE WIND UK Ltd., the sale of shares in our Turkish projects, the realisation of the Company's own projects, the grid connection for the "Atlantis I" offshore project, the WKN arbitration suit and the WKN audit review of the financial statements for the 2012 and 2013 fiscal years.

In the separate financial statements of PNE WIND AG, the other operating expenses totalled euro 8.8 million in the 2015 fiscal year (prior year: euro 9.5 million).

Depreciation increased to euro 9.9 million versus the prior year period (euro 8.5 million). Depreciation was incurred primarily at the "Altenbruch II" wind farm, which is operated for our own account, the "Silbitz" timber biomass power plant and "Chransdorf" and "Waldfeucht-Selfkant" Wind Farm-Portfolio projects. The increase over the previous year resulted in particular from current depreciation charges arising from the newly added Wind Farm-Portfolio projects.

Interest expenses in the Group increased from euro 14.9 million in the prior year to euro 16.4 million. Interest and similar expenses increased primarily due to the project financing of the Group's portfolio projects "Chransdorf" and "Waldfeucht-Selfkant".

In fiscal 2015, operating profit (EBIT) amounted to euro 9.8 million (prior year: euro 2.7 million) and earnings before tax (EBT) amounted to euro -5.0 million (prior year: euro -15.2 million) at the consolidated level. The consolidated net income after minority interests amounted to euro 3.5 million (prior year: euro -13.0 million). The basic earnings per share for the Group amounted to euro 0.05 (prior year: euro -0.22) and the diluted earnings per share for the Group amounted to euro 0.05 (prior year: euro -0.21).

At PNE WIND AG, operating profit (EBIT) amounted to euro 8.9 million (prior year: euro 11.6 million) and the result from ordinary activities (EBT) amounted to euro 11.5 million (prior year: euro 6.5 million) in the 2015 fiscal year.

In spite of the positive business results, retained earnings at the Group level increased only moderately to euro 10.9 million in the reporting period (prior year: euro 10.7 million), since a dividend of euro 3.1 million was distributed from the available retained earnings. As at December 31, 2015, the retained earnings of PNE WIND AG totalled euro 70.5 million (prior year: euro 63.3 million). The net income of PNE WIND AG amounted to euro 10.3 million (prior year: euro 4.0 million). The basic earnings per share of PNE WIND AG amounted to euro 0.14 (prior year: euro 0.07) and the diluted earnings per share amounted to euro 0.14 (prior year: euro 0.07).

With regard to the subsidiaries consolidated in the Group, the major portion of revenues achieved in the 2015 fiscal year was in respect of management remuneration and service payments in the amount of euro 5.5 million (prior year: euro 4.9 million), payments for the use of transformer stations in the amount of euro 2.7 million (prior year: euro 1.7 million)

and proceeds from the sale of electricity in the electricity generation segment in the amount of euro 18.1 million (prior year: euro 11.7 million). The subgroup of WKN AG was included in the Group of PNE WIND AG in accordance with IFRS with the following values (before consolidation effects):

WKN subgroup	01.01. – 31.12.2015 Euro million	01.01. – 31.12.2014 Euro million
Revenues	45.6	67.7
Total aggregate output	57.5	79.3
Personnel expenses	11.2	11.7
Other operating expenses	14.3	12.0
EBIT	-0.5	-6.2
Employees on December 31	166 MA	189 MA

The 2015 results of the Group reflect, among other things, the continued investments needed to develop the onshore and offshore project pipeline in Germany, which have delivered results, in particular in the United Kingdom. The preliminary work for domestic projects which are at the realisation stage are consolidated within the Group and the company-owned Wind Farm-Portfolio projects have not yet delivered results at the Group level. The accrued earnings before tax, which have been eliminated at the Group level, since 2014 to December 31, 2015 amount to approx. euro 30.6 million (of which about euro 24.9 million in 2015).

#### Anticipated development of the Group:

The forecasts and other statements concerning the expected development of the Group for the fiscal years 2014 to 2016 have not substantially changed since the expectations from December 31, 2014. Since the UK project "Sallachy" was not issued a planning permission, the management board now expects to achieve the lower end of its three guidance of euro 110-130 million for the fiscal years 2014-2016. PNE WIND AG expects to realise continued positive EBIT results from its operational business in the three fiscal years from 2014 to 2016. Together with our domestic and foreign investment results, this will constitute the major part of our cumulative Group EBIT. For 2016, an EBIT in the area of up to euro 100 million is expected and achievement of this is primarily dependent on the successful sale of the Wind Farm-Portfolio projects and the additional economic earnings expected to be generated.

## b. Financial situation/liquidity

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

The statement of cash flow provides information on the liquidity situation and the financial situation of the Group. As at December 31, 2015, the Group companies had available liquidity in the amount of euro 174.6 million including the syndicated working capital lines available to WKN AG (see explanation below) and credit lines for interim project financing, of which an amount of euro 3.1 million is pledged to banks (prior year: euro 209.3 million, of which euro 2.9 million pledged).

The liquidity available is broken down as follows:

- cash and cash equivalents in the amount of euro 86.1 million,
- free syndicated working capital lines in the amount of euro 3.1 million and
- interim project financing available in the amount of euro 85.4 million.

Furthermore, PNE WIND AG has a credit facility available for guarantee and contract fulfilment obligations in the amount of euro 3.0 million (amount drawn euro 3.0 million) and WKN AG has credit facilities in the amount of euro 1.4 million (amount drawn euro 1.4 million).

### Cash Flow

in euro million	2015	2014
Cash flow from ordinary business activity	-102.5	-29.5
Cash flow from investing activities	20.1	-4.9
Cash flow from financing activities	101.9	34.0
Liquid funds at the end of the period	86.1	72.2

### Explanation:

The WKN Group is financed mainly by a syndicated working capital loan amounting to a total of euro 20 million as well as a working capital loan, repayable at maturity, in the amount of euro 6 million as base financing. The syndicated loans and working capital loans have a term to June 30, 2016. Furthermore, there are additional working capital credit lines in the amount of euro 0.1 million at the level of WKN AG.

The syndicated loan agreement includes covenants to meet financial performance indicators, which, if not adhered to, give the lenders the right to terminate the agreement. As at December 31, 2015, WKN AG and PNE WIND had met all financial performance indicators.

The cash flow from ordinary activities shown in the statement of cash flows amounts to euro -102.5 million (prior year: euro -29.5 million) and was primarily attributable to

- the Group result of the fiscal year,
- the expenses in connection with the implementation of the "Chransdorf" and "Waldfeucht-Selfkant" Wind Farm Portfolio projects, with the development of the project pipeline and with the wind farm projects under construction, which are reflected in the inventories and were primarily financed by interim project level financing (see Cash flow from financing activities),
- the profit from the disposal of fixed assets – PNE WIND UK Ltd. – and the deconsolidation – in accordance with accounting standards this is not included in the cash flow from operating activities but rather in the cash flow from investing activities.

The cash flow from investing activities in the reporting period includes payments made for investments in property, plant and equipment of the Group as well as payments received for the sale of consolidated entities totalling euro 20.1 million (prior year: euro -4.9 million). The investments in property, plant and equipment related mainly to transformer stations for the wind farm projects being constructed. The cash flow from investing activities in the 2015 fiscal year included divestments totalling euro 23.2 million. This is attributable primarily to the sale of shares in PNE WIND UK Ltd.

During the reporting period, the cash flow from financing activities in the amount of euro 101.9 million (prior year: euro 34.0 million) was influenced primarily by

- the repayment and disposal of credit liabilities in the amount of euro -11.0 million,
- the payment of the dividend in the amount of euro -3.1 million,
- the taking of bank loans in the amount of euro 108.7 million - mainly for the project financing of the wind farm projects under construction and the project financing of the "Chransdorf" and "Waldfeucht-Selfkant" Wind Farm-Portfolio projects
- the May 2015 capital increase with gross proceeds of euro 9.5 million.

Following the conversion of 2014/2019 convertible bonds with a nominal value of euro 6,583.50, new shares totalling 1,995 were issued in the reporting period. As at December 31, 2015, the share capital of PNE WIND AG amounted to euro 76,555,434.00.

As at December 31, 2015, the Group had liquid funds in the amount of euro 86.1 million (prior year: euro 72.2 million).

PNE WIND AG had cash in the amount of euro 59.6 million, of which euro 3.1 million was pledged to banks as at December 31, 2015 (prior year: euro 59.5 million, of which euro 2.9 was pledged).

The financing of PNE WIND AG was carried out with the previously issued corporate bond amounting to euro 100 million and convertible bond. During the fiscal year, a capital increase resulted in a net inflow of euro 9.1 million (after the reduction of costs associated with the transaction).

The financial situation of PNE WIND AG in fiscal 2015 was marked by the positive cash flow from operating activities amounting to euro 38.5 million resulting from a reduction in receivables from affiliated companies and a reduction in inventories. These cash inflows were used in particular to finance the negative cash flow from investing activities amounting to euro 33.9 million and the negative cash flow from financing activities in the amount of euro 4.5 million. The cash flow from investing activities primarily arose from equity payments into PNE WIND YieldCo Germany GmbH.

### c. Statement of financial position

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

#### a) Group

Assets (in EUR million)	31.12.2015	31.12.2014
<b>Total long term assets</b>	<b>251.1</b>	<b>149.9</b>
Intangible assets	63.1	63.9
Property, plant and equipment	167.4	73.7
Long term financial assets	3.2	2.0
Deferred taxes	17.4	10.3
<b>Assets held for sale</b>	<b>1.1</b>	<b>1.0</b>
<b>Total short term assets</b>	<b>236.1</b>	<b>265.9</b>
Inventories	121.2	152.4
Receivables and other assets	27.3	40.1
Tax receivables	1.5	1.2
Cash and cash equivalents	86.1	72.2
<b>Total assets</b>	<b>488.3</b>	<b>416.8</b>

On the reporting date, the consolidated total assets of PNE WIND AG amounted to euro 488.3 million. This is an increase of 17.1 percent in comparison with December 31, 2014.

Total long term assets increased from euro 149.9 million at the end of 2014 to euro 251.1 million. As at December 31, 2015, intangible assets totalled euro 63.1 million, representing a similar amount recorded on December 31, 2014. The most important element of this item is the goodwill of the segment "Projecting of wind power turbines" in the amount of euro 60.2 million (of which projecting of wind power turbines PNE is valued at euro 20.0 million and projecting of wind power turbines WKN is valued at euro 40.2 million). In the same period, property, plant and equipment increased by euro 93.7 million to euro 167.4 million (December 31, 2014: euro 73.7 million). This item primarily includes land and buildings (euro 16.7 million without the land and buildings of "Silbitz"), transformer stations owned or under construction (euro 11.2 million) and the technical equipment and machinery of the Wind Farm-Portfolio projects "Chrandsdorf" and "Waldfeucht-Selfkant" (euro 107.1 million), the "Altenbruch II" wind farm project (euro 23.7 million) and the Silbitz timber biomass power plant (euro 4.4 million including land and buildings in the amount of euro 2.9 million). The change in the item "Property, plant and equipment" is mainly due to the reclassification of the Wind Farm-Portfolio projects "Chrandsdorf" and "Waldfeucht-Selfkant" from the "Inventories" item to "Property, plant and equipment".

#### Explanation

Since the company-owned wind farms/portfolio projects will be operated by the Company regardless of their current or future shareholder structure and will be used to generate electricity, the wind farms are classified as fixed assets from the date of sale in the Group in accordance with IAS 16. The wind farms are reclassified from Group inventories to Group fixed assets.

The item "assets held for sale" includes plant under construction of the "Gode Wind 3" offshore project.



During the period under report, short term assets decreased from euro 265.9 million as at December 31, 2014 to euro 236.1 million on December 31, 2015. This change is mainly attributable to the decrease in inventories (euro -31.2 million) and the increase in cash and cash equivalents (euro +13.9 million). Of the short term assets, euro 8.0 million is attributable to trade receivables (December 31, 2014: euro 20.1 million).

The work in progress shown in the inventories decreased from euro 130.5 million as at December 31, 2014 to euro 114.2 million. The decrease in work in progress is mainly attributable to the completion of the “Chrandsdorf” and “Waldfeucht-Selkant” Wind Farm-Portfolio projects and the associated reclassification of inventories to the item “Property, plant and equipment” (see note to fixed assets), the deconsolidation of the inventory position of PNE WIND UK Ltd. following the sales transaction, as well as the work in progress attributable to the onshore projects under construction in Germany and the further development of the onshore and offshore project pipelines in Germany and abroad.

Work in progress is divided as follows

- offshore projects “Nemo”, “Nautilus”, “Jules Verne” (euro 10.6 million),
- offshore projects “Atlantis I – III” (euro 31.9 million),
- onshore projects planned for the Wind Farm-Portfolio (euro 11.8 million),
- onshore projects in Germany (euro 12.7 million),
- onshore projects in Poland (euro 12.4 million),
- onshore projects in Italy (euro 14.0 million),
- onshore projects in France (euro 8.0 million),
- onshore projects in Sweden (euro 4.0 million),
- onshore projects in Romania (euro 1.7 million),
- onshore projects in the USA (euro 2.6 million),
- an onshore WKN project in the United Kingdom (euro 2.6 million) and
- onshore projects in South Africa (euro 2.0 million).

Under the inventories item, advance payments in connection with onshore projects under construction decreased by euro 14.8 million from euro 21.7 million to euro 6.9 million.

As at December 31, 2015, cash and cash equivalents amounted to euro 86.1 million (as at December 31, 2014: euro 72.2 million). The change is mainly due to the proceeds from the disposal of PNE WIND UK Ltd.

Liabilities (in EUR million)	31.12.2015	31.12.2014
Shareholders' equity	165.9	160.2
Deferred subsidies from public authorities	0.9	1.0
Provisions	15.7	13.5
Long term liabilities	227.2	151.0
Short term liabilities	68.3	79.4
Deferred revenues	10.3	11.7
Liabilities in connection with assets held for sale	0.0	0.0
<b>Total liabilities and shareholders' equity</b>	<b>488.3</b>	<b>416.8</b>

#### Development of short and long term liabilities

in EUR million	2015	2014	2013
Liabilities			
short term	68.3	79.4	85.7
long term	227.2	151.0	174.4

On the liability side, consolidated shareholders' equity increased from euro 160.2 million (December 31, 2014) to euro 165.9 million as at December 31, 2015. This development was attributable primarily to the positive result of the Group, the capital increase completed in May 2015 and the dividend payment in October 2015. The equity ratio of the Group was approx. 34 percent as at December 31, 2015 (December 31, 2014: approx. 38 percent) and the debt ratio was approx. 66 percent (as at December 31, 2014: approx. 62 percent).

The long term liabilities increased from euro 151.0 million at the end of 2014 to euro 227.2 million. This item consists mainly of financial liabilities totalling euro 223.7 million (as at December 31, 2014: euro 148.9 million). These liabilities include the corporate bond issued in May and September 2013 in the net amount of euro 97.2 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 liabilities in respect of the bond in the 2013 fiscal year. These expenses are recognised over the term of the bond in interest expense (since the issue of the bond, interest expense of euro 2.3 million has been recorded, of which euro 1.0 million was recorded in 2015). In addition, the long term financial liabilities include the 2014/2019 convertible bond issued in the 2014 fiscal year in an amount of euro 6.1 million. The expenses of euro 0.3 million related to the issue of this bond were offset against the liabilities in the 2014 fiscal year; they are recognised in "interest expense" over the term of the bond. In addition, an amount of euro 0.2 million of the convertible bond was recognised in shareholders' equity. The item also includes long term liabilities to banks in the amount of euro 112.5 million (as at December 31, 2014: euro 38.7 million).

The short and long term liabilities to banks mainly include:

- the working capital credit line of WKN AG (euro 17.0 million, of which long term euro 0.0 million – see explanation 1 below),
- working capital loans repayable at maturity of WKN AG (euro 6.0 million, of which long term euro 0.0 million),
- the project financing of the “Altenbruch II” wind farm (euro 18.7 million, of which long term euro 15.7 million),
- the project financing of the timber biomass power plant “Silbitz” (euro 2.0 million, of which long term euro 1.3 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 3.8 million, of which long term euro 3.3 million),
- the project financing of the Wind Farm-Portfolio projects “Chrandsdorf” and “Waldfeucht-Selkant” (euro 88.0 million, of which long term euro 81.2 million – see explanation 2 below),
- the interim project financing of the “Köhlen” wind farm (euro 1.9 million, of which long term euro 0.0 million – see explanation 3 below) and
- the project financing of the “Apensen II” wind farm (euro 11.1 million, of which long term euro 10.9 million).

Explanation 1:

The working capital lines of WKN AG have a term to June 30, 2016 and therefore the remaining term as of December 31, 2015 is less than one year. For this reason, they are classified under current liabilities. As at December 31, 2014, the working capital facilities of WKN with a term of more than 1 year were classified as long term in accordance with IAS 1.73 and reported under long term liabilities. As part of a long term syndicated loan facility there exists the right to refinance this facility and the Group intends to make use of this possibility.

Explanation 2:

The wind farm projects “Chrandsdorf” and “Waldfeucht-Selkant” were partly financed by public KfW loans, which have an interest rate below the market rate. The difference between the fair value and the nominal value of the loan in the amount of euro 13.1 million was set off against the acquisition or production costs of the corresponding assets (wind turbines) and is recognised over the useful life of these assets.

Explanation 3:

The project financing for several projects (e.g. the “Köhlen” project) are interim financing and will be converted into long term project financing after the wind farms are completed. Although the long term financing has been secured, the project interim financing will be reported under short term loan liabilities until the point of conversion.

On December 31, 2015, the total number of shares issued by PNE WIND AG amounted to 76,555,434. The increase in the number of shares compared to December 31, 2014 (71,974,939 units) is the result of the issuance of 1,995 new shares resulting from the conversion of convertible bonds and the issuance of 4,578,500 new shares in the context of a capital increase.

PNE WIND AG gave a contractual commitment to the limited partners participating in the operating company of the Silbitz biomass power station to repurchase their limited partnership shares at the beginning of 2017 at a price in the amount of 110 percent of the nominal value. Due to this undertaking, other financial liabilities include a discounted purchase price liability in the amount of euro 6.9 million as at December 31, 2015. Furthermore, PNE WIND AG had offered the limited partners of HKW Silbitz GmbH & Co. KG a distribution guarantee to 2016, which is included in the provisions at a discounted amount of euro 0.4 million.

In the 2015 fiscal year, the short term liabilities increased from euro 79.4 million on December 31, 2014 to euro 68.3 million. Short term financial liabilities, which include short term credit liabilities, reduced from euro 38.4 million on December 31, 2014 to euro 36.6 million. This change was attributable primarily to the redemption of the 2010/2014 convertible bond in the amount of euro 1.8 million. The trade liabilities decreased from euro 21.5 million as at December 31, 2014 to euro 16.9 million.

Taking into consideration the liquid funds, the net debt on December 31, 2015 was euro 174.2 million (December 31, 2014: euro 115.0 million) in accordance with DVFA – German Association for Financial Analysis and Asset Management.

#### *b) PNE WIND AG*

Assets (in EUR million)	31.12.2015	31.12.2014
Intangible assets	0.1	0.1
Property, plant and equipment	12.2	12.6
Financial assets	145.1	100.6
Inventories	7.6	28.7
Receivables and other assets	116.4	152.2
Liquid funds	59.6	59.5
<b>Total assets</b>	<b>341.0</b>	<b>353.7</b>

The fixed assets consist of intangible assets of euro 0.1 million (prior year: euro 0.1 million), property, plant and equipment of euro 12.2 million (prior year: euro 12.6 million) and financial assets of euro 145.1 million (prior year: euro 100.6 million). The changes in property, plant and equipment and in intangible assets are due mainly to scheduled depreciation and amortisation. The increase in financial assets is attributable primarily to the payment of equity capital to PNE WIND YieldCo Deutschland GmbH for the acquisition of the portfolio.

The current assets consist of inventories in the amount of euro 7.6 million (prior year: euro 28.7 million), of which work in progress totalling euro 7.1 million (prior year: euro 9.3 million) and pre-payments made totalling euro 0.5 million (prior year: euro 19.3 million) and receivables and other assets of euro 116.4 million (prior year: euro 152.2 million). The receivables and other assets include trade receivables in the amount of euro 1.8 million (prior year: euro 9.5 million), receivables from affiliated companies totalling euro 111.8 million (prior year: euro 139.1 million) and other assets of euro 1.3 million (prior year: euro 1.8 million). The decrease in receivables from affiliated companies is mainly due to the repayment of loans associated with the sale of PNE WIND UK.

The liquid funds amounted to euro 59.6 million as at December 31, 2015 (prior year: euro 59.5 million).

Liabilities (in EUR million)	31.12.2015	31.12.2014
Shareholder equity	205.5	188.8
Special item for investment grants	0.9	1.0
Provisions	16.2	12.4
Liabilities	118.3	151.4
Deferred income	0.1	0.1
<b>Total liabilities and shareholder equity</b>	<b>341.0</b>	<b>353.7</b>

The shareholders' equity of PNE WIND AG amounted to euro 205.5 million as at December 31, 2015 (prior year: euro 188.8 million). The equity ratio of PNE WIND AG was approx. 60 percent as at December 31, 2015 (December 31, 2014: approx. 53 percent) and the debt ratio approx. 40 percent (as at December 31, 2014: approx. 47 percent).

On December 31, 2015, the total number of shares issued by PNE WIND AG amounted to 76,555,434. The increase against December 31, 2014 (71,974,939 shares) resulted from the issue of 4,578,500 new shares in the context of the May 2015 capital increase and issuance of 1,995 shares following the conversion of convertible bonds during fiscal 2015.

The major items on the liability side are the liabilities in the amount of euro 118.3 million (prior year: euro 151.4 million). These are attributable mainly to the corporate bond issued in 2013 in the amount of euro 100.0 million and the 2014/2019 convertible bond totalling euro 6.6 million, liabilities to banks of euro 2.8 million (prior year: euro 2.9 million), prepayments received on orders totalling euro 0.0 million (prior year: euro 23.1 million) and the trade liabilities of euro 1.4 million (prior year: euro 3.0 million).

The provisions include a provision for pending losses in the amount of euro 0.3 million (as at December 31, 2014: euro 0.7 million). These were formed for reasons of prudence in respect of a timber supply contract for the Silbitz timber power plant. In this contract, PNE WIND AG had undertaken to supply timber at fixed conditions, which could lead to losses. Other significant provisions relate to outstanding invoices in respect of wind farm projects totalling euro 11.3 million (as at December 31, 2014: euro 6.7 million), a distribution guarantee to the limited partners of HKW Silbitz GmbH & Co. KG, which is recognised at a discounted amount of euro 0.4 million (as at December 2014: euro 0.7 million) as well as provisions for variable remuneration of the members of the Board of Management and senior executives in the amount of euro 1.2 million (as at December 31, 2014: euro 1.6 million).

## 7. Transactions with related companies and persons

For information about transactions with related parties, see point 4 in chapter "X. Other disclosures" in the notes to the consolidated financial statements.

## 8. Sales and marketing

The sale of onshore wind farm projects is based on direct sales to large and individual investors. PNE WIND AG has had positive experience with these direct sales for many years and will continue to follow this proven sales channel. It is also possible to sell larger project portfolios if investors are interested.

In addition, the Company is in the process of expanding its business model: At present, commissioned wind farms are bundled in a subsidiary with the aim of generating additional earnings, both through the management and by providing commercial and technical operating management services for the wind farms in the portfolio. PNE WIND AG intends to sell this subsidiary in part or completely to investors.

For the realisation of offshore wind farm projects, the Company intends to continue to work with strong partners.

## 9. Development and innovation

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

In February 2016, PNE WIND AG and Volker Friedrichsen Beteiligungs-GmbH ended the arbitration proceedings by way of a compromise. Upon the advice of the arbitration court, the parties came to an agreement that the retained portion of the purchase price in the amount of euro 4.0 million, which was agreed in connection with the purchase of the shares in WKN AG and is held in a trust account in line with the contract, should be paid half to PNE WIND AG and half to Volker Friedrichsen Beteiligungs-GmbH. Volker Friedrichsen Beteiligungs-GmbH, however, remains obliged to indemnify WKN AG from and against any subsequent tax claims in accordance with the arrangements made in the purchase contract.

## 11. Intangible assets/sustainable development

### 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 and qualification
- PNE WIND AG as a brand in the core business of wind farm projecting
- Contribution to energy transition and climate protection through sustainable and economical power generation in the future

The successful development of wind farm projects onshore and offshore is based primarily on the knowledge and experience of qualified employees of many years standing as well as on cooperation based on confidence with other participating partners. This means a particular challenge for our employees: Their creative and individual approaches are frequently required to find solutions to complex problems which arise 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 long-time employees, who not only have excellent expertise in the branch sector but also maintain very good professional networks. It is thus ensured that one can rely on a high degree of professional competence in all phases and areas of the development, realisation and marketing as well as the operation of wind farm projects.

- | Sales and marketing
- | Development and innovation
- | Major events subsequent to the period under report
- | Intangible assets/sustainable development

Furthermore, we place great importance on the fact that the potential of our employees can be used optimally through 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 further strengthened through the assurance of the qualifications of our employees and the constant optimisation of the processes.

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

We value the importance of experienced partners within the context of international expansion. Our policy is to only enter new markets if we can do this jointly with local partners who have good local networks. In this respect, the principle also applies to 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 regulatory conditions, we cooperate closely and intensely with industry associations and maintain constant dialogue.

With continuous training and qualification of young people, we ensure training places and we assume social responsibilities. As a general rule, the young employees remain with the Company after training.

In order to provide proof of the focus on the core business of wind farm project development and the competence connected with it, the corporate name "PNE WIND" will be developed increasingly into a brand by means of continuous marketing. Our objective is to document nationally and internationally our "passion for energy" even more intensively to the outside world 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 and thus to the protection of humanity, the environment and nature. The generation of electricity from wind power not only makes 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 in that the generation of electricity is decentralised and thus the import of expensive fuels is reduced and avoided. Value is added where electricity is generated from wind power. As a result, the wind farms developed and operated by us are ensuring that the future generation of electricity is done in an ecologically meaningful and economically correct manner.

## 12. Report on 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 minimise the risks associated with our business activity and invest only if a corresponding added value can be created for the Company while maintaining a manageable risk. Risk management is a continuous process. An evaluation of the 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. Unless otherwise indicated below, the assessment of the risks has not changed compared to December 31, 2014.

### 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 progress which has already been capitalised. Apart from the inventories, this risk can also have an effect on the value of receivables. If the offshore projects cannot be realised, fixed assets of up to euro 42.5 million could be written off. Furthermore, the future milestone payments under the Atlantis project purchase contract would no longer be due and the provision in the amount of euro 9.4 million would be eliminated. In the balance sheet, risks may also arise within the inventories, should wind farms in development - for national and international projects - be uneconomical or not possible to realise. The operating opportunities in the projecting of onshore and offshore wind farms can, however, only be realised if such entrepreneurial risks are taken.

Time delays can also occur in the implementation of the projects 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, the Company attempts 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 could, in the future, result 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 its ability 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 PNE WIND AG should be required to honour guarantees which it has granted or to honour other comparable commitments or should any other of the risks described in this paragraph occur.

A risk to future development is possible in 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 selected the sales target of "individual and large investors" for several years. Negative effects from rising rates of interest on the project marketing 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. WKN AG has not hedged against rising interest rates.

Risks in respect of project realisation could result from a financial crisis and the reluctance resulting therefrom on the part of the banks with regard to project financing. However, previous practice has shown that infrastructure funds, insurance companies and pension funds are highly interested in an investment in offshore wind farms.

Financing risks also exist for our partner companies (DONG Energy as well as Ventizz/Hochtief) with regard to offshore wind farm projects. Depending on the progress of the project, payments will still be due to PNE WIND AG for the "Borkum Riffgrund II", "Nautilus II / HTOD5" as well as "Gode Wind" 3 and 4 projects. The purchasers of the project shares have not yet taken a decision to construct the projects. Therefore, it cannot be assumed with certainty that the projects will be realised. A failure of these projects would have no major effect 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 closing of project sales in the context of direct sales to external investors is delayed. A risk may also occur if the planned Wind Farm-Portfolio is not able to take over any projects as is planned or if the shares in the Wind Farm-Portfolio cannot be sold wholly or partially. Although these liquidity risks are regarded as low, they could have an effect on the future asset, financial and earnings situation of PNE WIND AG and the Group.

Refinancing risks may occur in view of the many years required for project development, when the KfW loan to WKN AG expires in June 2016.

Refinancing risks may arise if WKN AG's syndicated loan agreement for working capital expires in June 2016. The syndicated loan agreement includes typical market requirements, such as the requirement to meet financial covenants and termination rights, etc. As of September 30, 2015, the financial covenants of WKN AG were met. However, due to the termination of a euro 5.0 million guarantee credit facility as of September 30, 2015, there was the general option for banks to terminate the total loan commitment, because the loan agreement includes a clause on the "Maintaining of existing guarantee credit facilities". At the end of November/beginning of December 2015, the lenders negotiated with the Boards of Management of WKN AG and of PNE WIND AG and implemented an amicable solution. It was specified in an addendum to the syndicated loan agreement that the agreement shall remain effective until June 30, 2016. In the context of the negotiations, PNE WIND AG had to issue a comfort letter in favour of the banks in the total amount of euro 26 million for the syndicated loan and the KfW loans. Should WKN AG not be able to repay the credit line (Risk Classification: High) nor be able to extend or restructure the existing credit facilities from July 1, 2016 (Risk Classification: Middle), the PNE WIND AG, pursuant to the comfort letter, will be required to repay the existing syndicated and working capital liabilities. PNE WIND AG included an amount of approx. euro 20 million in its liquidity plans as at June 30, 2016 for potential claims arising from the comfort letter. As at December 31, 2015, all key financial figures were fulfilled by the WKN AG and PNE WIND AG. Repayment of the syndicated loan agreement by PNE WIND AG at the agreed end of the syndicated loan would have significant short term effects but not on the longer term asset, financial and earnings situation of PNE WIND AG. The risk assessment has changed compared to the previous year.

Risks could arise for the planned implementation periods for the "Nemo", "Jules Verne" and "Nautilus" (Risk Classification: High) as well as the "Atlantis I – III" (Risk Classification: Middle) offshore wind farm projects due to time delays in the planning and construction of the grid connections. The March 2015 announcement by the German Federal Maritime and Hydrographics Agency (BSH) to suspend continuation of permitting procedures in the areas where the "Nemo", "Jules Verne", "Nautilus" and the "Atlantis" II and III projects are located for the time being may lead to delays or complete failure of these projects. A delay or non-consideration of the projects with regard to the grid connections would - as failure of the projects - have severe short-term effects on the earnings and assets situation due to the write-off of assets and also long-term effects on the future financial situation of PNE WIND AG. PNE WIND AG is currently pursuing judicial measures to ensure that a timely grid connection for the most advanced project "Atlantis I" is secured.

For all the offshore wind farms developed 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 a very high level of investment.

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 farm 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 sub-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 acquisition or divestment 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.

There are joint venture companies within the PNE WIND Group, which may represent risks, since they have already started or will start activities abroad in the future. There is the risk that cooperation with partners of existing joint ventures fails, for example, if a joint venture partner withdraws so that the relationships and skills of the joint venture partner regarding the relevant foreign market can no longer be leveraged or that foreign wind farm projects already commenced come to a halt or fail. Legal disputes might also arise with the joint venture partner – in particular if the projects managed by the joint venture company cannot be realised as scheduled. This may result in a depreciation of the carrying amount or the inventories of the respective joint venture company in PNE WIND Group's balance sheet. All of this may significantly complicate the activity of the Company in the relevant foreign market and, in the worst case, lead to a complete failure of the activity in this country. This may have an effect on the future results of the PNE WIND Group.

The PNE WIND Group plans and develops projects abroad and their respective configurations and projected earnings form part of the Group's planning. Should investors demand fundamental changes (e.g. a change in the number of wind power systems or in the type of wind turbine model) as a condition for their purchase of the project and no other

suitable investors are available to the PNE WIND Group, this could lead to adjustments in the value of the project and thereby to adjustments of inventories in the PNE Group's key indicators, which in turn could culminate in unplanned negative results.

PNE WIND has published consolidated EBIT guidance for 2016 and for the three year period from 2014 to 2016. These forecasts have been made on the basis of the business plans for the fiscal years 2014 to 2016 and on the basis of the 2016 to 2018 plans for the 2016 fiscal year. Should planning assumptions change over time, published forecasts for the 2014 to 2016 period (Group EBIT at lower end of euro 110 to 130 million) or for the 2016 financial year (Group EBIT in the area of up to euro 100 million) may not be reached. This could have adverse consequences for the Company or its share price.

With regard to the risk of long-term loan obligations and the related interest payments, hedging transactions (SWAPs) are concluded in individual cases, which could lead to an additional strain on the Company's liquidity in the event of a negative interest rate trend.

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 bondholders 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 bondholders prior to the scheduled maturity would have substantial effects on the future short and medium term asset, financial and earnings situation of PNE WIND AG. The credit rating for PNE WIND AG issued by Creditreform was last renewed in April 2015. A project developer could be exposed to negative changes of the rating due to the long-term project development periods if unforeseen changes in the market occur. This might have a negative impact on the refinancing costs of the Company in the future.

In the event of a change of control, bondholders have the right to early repayment in accordance with the terms and conditions of the PNE WIND AG corporate bond 2013/2018. A change of control is deemed to occur in this connection when the issuer becomes aware that a person or a group of persons acting in concert in the sense of Section 2 (5) of the German Securities Acquisition and Takeover Act (WpÜG) has become the legal or beneficial owner of shares together granting at least 30% of the issuer's voting rights. This would have a significant impact on the asset, financial and earnings situation of PNE WIND AG.

### **Risks from the majority shareholding in WKN AG**

The assumptions made by PNE WIND AG regarding the facts and the business development of WKN AG may prove to have been too optimistic and/or PNE WIND AG 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 and PNE WIND AG does not have any direct influence on WKN's business activities. For this reason and due to the fact that WKN AG has third party shareholders, there could be difficulties with the implementation of the strategy of acquiring all the shares in WKN AG and realising positive synergy effects could prove to be difficult.

The purchase of the majority shareholding in WKN AG resulted in goodwill of about euro 40.2 million upon its first-time consolidation, which has to be reviewed for impairment losses at the end of each year by way of an impairment test. If, in the future, impairments arise, this would have an impact on the asset, financial and earnings situation of the company.

### **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. The Board of Management of PNE WIND AG is of the opinion that wind farms can be economically developed and operated according to the current remuneration and legal framework.

In markets where the companies of the PNE WIND Group are active, risks related to future tendering procedures for onshore and offshore wind farms cannot be assessed at present. In Germany, for example, the political debate regarding the future structure of wind energy tenders required by the law is still ongoing and changes can be expected. PNE WIND AG closely monitors the political debate and participates actively by contributing its own position statements.

Political and market risks abroad, such as in the USA and in Romania, could affect the planned realisation of projects during the next few years. PNE WIND AG and its subsidiaries are intensively observing the current developments abroad in order to recognise as early as possible changes in the market situation or the political landscape and to introduce any measures at the right time. In the event of sudden changes in the remuneration systems and retrospective intervention by the legislator, risks for the PNE WIND Group may arise due to the project development cycles of several years.

### **Legal risks**

All recognisable risks are constantly reviewed and are taken into consideration in this report as well as in 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 also include risks from cases not yet legally concluded.

The German Financial Reporting Enforcement Panel (FREP) has informed the Company in December 2015 that the application of the percentage-of-completion (PoC) method to the revenue recognition from long-term orders as incorrect in the Group financial statements December 31, 2013. Furthermore, it finds the application of a three-year EBIT guidance as insufficient and requires an EBIT forecast for the fiscal year. Furthermore, the FREP has determined that the purchase price allocation of WKN AG at the time of initial inclusion on July 4, 2013 as incorrect. PNE WIND is not in agreement with the finding and the examination result of the FREP was rejected in January 2016. The process now proceeds to the second stage of the examination carried out by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). The contested purchase price allocation by the FREP has already been corrected by PNE WIND AG within the Consolidated Financial Statements as of December 31, 2014. Furthermore, PNE WIND AG has adjusted its guidance reporting with the publication of the Interim Financial Report as of June 30, 2015, and now provides EBIT guidance for the year. If we fail to convince BaFin that our accounting policy in connection with long-term orders is correct, PNE WIND AG may be required to make a corresponding correction. Such an adjustment would have a negative effect on the reported 2013 earnings while on the other hand would positively influence the 2014 figures to the same extent. An effect on the earnings of fiscal 2015 would not result from this adjustment.

## Tax risks

PNE WIND AG and its subsidiaries as well as other Group companies are currently active on 3 continents around the world and are thus subject to many different tax laws and regulations. Changes in these areas could lead to higher tax costs and to higher tax payments. Furthermore, changes in the tax laws and regulations could also have an influence on tax receivables and tax liabilities as well as on deferred tax assets and deferred tax liabilities. The PNE WIND Group is operating in countries with complex tax regulations, which could be interpreted in different ways. Future interpretations and developments of tax laws and regulations could have an influence on tax liabilities, profitability and business operations. In order to minimise these risks, we are working continuously throughout the Group with specific tax consultants from the relevant countries and are analysing the current tax situation.

In fiscal year 2015, an external audit of corporation, trade and value added tax of the major domestic companies of the PNE WIND AG Group, excluding WKN AG and its subsidiaries, was carried out for the tax period from January 1, 2011 up to and including December 31, 2013. The audit of PNE WIND AG and the major domestic companies, excluding WKN AG and its subsidiaries, was concluded in the fourth quarter of 2015 without any significant findings. The external audit of WKN AG began in the last quarter of 2015. In the case of external audits there is always the risk that the results of the external audit can have an effect on the asset, financial and earnings situation of a company in the future annual and consolidated financial statements.

## Opportunities

As a developer of onshore and offshore wind farms, the PNE WIND Group is active in an international growth market. Independent studies assume high rates of growth for wind power during the next few years due to the finite availability of fossil fuels, the pressure to reduce dangerous climate emissions as well as the requirement for secure sources of energy. The successful conclusion of the world climate conference in December 2015 in Paris, with the objective of limiting the rise in average global temperature to no more than 2 degrees C. versus 1990, has shown that the necessity of a "Energiewende" has been recognised throughout the world. From our many years of activity in the market, the companies of the PNE WIND Group have the prerequisites and experience needed to benefit over the long term from this development.

PNE WIND AG is continuing its ongoing further development of the business model by establishing a subsidiary in which completed and commissioned onshore wind farms with a total output of up to 150 MW are bundled, before the subsidiary is wholly or partly sold to investors, if possible by the end of 2016.

PNE WIND AG intends to benefit in multiple ways from this strategy, which has proven to be successful in the USA and the United Kingdom. The benefit for investors is that they can purchase completed projects with measurable earnings. This and the diversification over several wind farms will minimise the project risks.

In addition, PNE WIND AG can generate additional earnings through the management of the portfolio projects and by providing commercial and technical operating management services.

### Prospects

- Long-term growth path of renewable energies due to limitation of fossil energy sources
- Developing the business model by bundling wind farms
- High growth potential into attractive foreign markets, also: diversification
- Stable conditions in Germany
- 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

Moreover, an additional sales channel for other projects of the PNE WIND Group will be established, since earnings generated within the subsidiary may be used to expand the portfolio. If the Group decides to keep a minority stake in this business, PNE WIND AG would also participate in the continuing success of this business.

With this concept, PNE WIND AG is currently establishing a portfolio of wind farms in its own portfolio, which already generates significant regular income through electricity sales.

The activities abroad offer special opportunities for the Company. The PNE WIND Group has already expanded its business activity into attractive growth markets and the expansion is taking place primarily in countries with generally stable political conditions with reliable feed-in and promotion regulations or in countries with comparably high market potential. In order to sufficiently take into consideration the corresponding local conditions, the market introduction mostly takes place in cooperation with a local partner. This type of internationalisation has proved itself to be a cost-efficient and promising strategy. In the future PNE WIND AG will also pursue this policy for selective foreign expansion and decisively take advantage of existing market opportunities.

The core competence of the PNE WIND Group is in the development, financing and construction of wind projects which meet the highest of international criteria. These skills can be leveraged in other foreign markets offering potential for expansion. These markets are therefore monitored continuously and opportunities for a possible market entry are carefully examined.

In addition to the opportunities of internationalisation, the established German market for onshore wind power offers a range of perspectives. In addition, there is the planned expansion of German offshore wind power, which is already gaining momentum. The ambitious climate objectives of the Federal Government and the necessity of increasing the security of supply require the accelerated expansion of onshore and offshore wind farms. In this respect PNE WIND AG is distinguished by the fact that it has already carried out five offshore wind farm projects through the whole process up to approval by the Federal Office for Shipping and Hydrographics. One of these wind farms has already been completely built and put into operation. Two of these projects are under construction. Six further offshore projects of our own as well as six additional projects, in which PNE WIND AG is active as a service provider, are currently being developed as future projects.

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 for the operators of wind farms and following the sale of the wind farms, it often provides technical and commercial operating management services. This area is being expanded continuously in a focused manner. The Group repositioned itself in this business area with "energy consult GmbH", which serves 750 wind power turbines with about 1,370 MW of rated power as well as transformer stations and photovoltaic systems. With its headquarters in Cuxhaven and offices in Husum, energy consult GmbH offers technical operating management services in the German and international markets.

#### Assessment:

In the opinion of the Board of Management, the scope and potential of risks have not changed - except the changes specified in the above text - significantly versus December 31, 2014. From the Board of Management's perspective, the Company's future outlook has improved through the establishment of the internally held Wind Farm-Portfolio projects and the expected milestone payments. Positive Company developments can be expected in the coming fiscal years according to the estimates of the Board of Management. Existential risks are not currently visible.

### 13. Controlling system

The control 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 to changes in all areas and at all decision levels of the PNE WIND Group can be guaranteed. Any changes with a 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 are 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 internal regulations of the PNE WIND Group.

The corporate units report monthly on the current developments and deviations from the targets. 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 and EBT results are given high importance, since these are in our opinion the appropriate parameters for the judgement of the earnings power of the PNE WIND Group. In addition, the onshore and offshore project development volume in Germany and abroad is used as a non-financial controlling figure. On the basis of the EBIT (Earnings before Income and Tax), a comparison is made in the PNE WIND Group between the actual and the predicted development of the business.

## 14. Description of the key characteristics of the ICS/RMS of the parent company and the Group

### **Internal control system (ICS)**

The goal of the methods and measures set up by us is to secure the assets of the Company and to increase operating efficiency. The reliability of the accounting and reporting systems as well as compliance with the internal guidelines and legal regulations should be guaranteed by the internal control system (ICS) in place.

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 our work processes as a result of the findings 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 above-mentioned key 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 ensure that 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 control system 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 technical questions and complex reporting matters. If necessary, external experts (auditors, qualified actuaries, etc.) will be consulted.



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 intervals with regard to their correctness and plausibility. The controls are carried out either on a monthly or 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.

### 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 TEUR	Degree of impact
TEUR 0 to TEUR 250	Low
>TEUR 250 to TEUR 1,000	Moderate
>TEUR 1,000 to TEUR 2,000	Considerable
>TEUR 2,000 to TEUR 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	Classification			
	Middle	High	High	High
Very high	Middle	High	High	High
Considerable	Middle	Middle	High	High
Moderate	Low	Middle	Middle	High
Low	Low	Low	Middle	Middle
<b>Probability</b>	Very low	Low	Middle	High

It is 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. Central risk management reports regularly on the identified risks to the Board of Management and the Supervisory Board. In addition to 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 in respect of 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. Due to the particular importance of exemplary action in all business areas, executive employees are trained 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 discretionary 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 in 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 risks which may arise from the realisation of the wind farms owned by the Company and which could negatively influence the expected results.
- Possible technical risks which may arise from our own operation of wind farms and which could negatively influence the expected results.
- Possible risks which could arise from changes in laws and regulations for our operating business in wind farm projecting.
- Possible risks which may arise from the lack of electricity transmission capacities in foreign markets, e.g. in Romania.
- Particular importance is given to compliance with the regulations of the German Corporate Governance Code in its relevant valid version. Risks could also arise, however, from non-compliance with the regulations and the internal guidelines by individuals.

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

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

## 16. Report of the Board of Management on the relationships with affiliated companies

Pursuant to Section 312 AktG, the Board of Management prepared a report on the relationships with affiliated companies, which includes the following final declaration: "We declare that PNE WIND AG has at all times received appropriate consideration for all transactions referred to in this report based on the circumstances prevailing at the time of the respective transaction. Furthermore, we declare that PNE WIND AG was not disadvantaged by the measures listed in this report in the 2015 fiscal year according to the circumstances known to us at the time at which the measures were taken."

## 17. Supplementary information in accordance with Section 289 Paragraph 4 and Section 315 Paragraph 4 of the German Commercial Code (HGB) (Takeover Directive Implementation Act)

### **Capital situation**

As at December 31, 2015, PNE WIND AG had 76,555,434 registered shares with nominal value of euro 1.00 per share. As at December 31, 2015, free float shares (holdings of less than 3 percent of the share capital) amounted to approx. 82 percent. A direct participation, which exceeded the amount of 10 percent of the voting shares, was reported by Mr. Volker Friedrichsen, who was a member of the Supervisory Board up to the end of the annual general meeting on October 23, 2015, via Volker Friedrichsen Beteiligungs-GmbH, Schwabstedt, VF Vermögensverwaltung GmbH, Schwabstedt, and his own portfolio with 15 percent.

Other direct or indirect participations exceeding the value of 10 percent of the voting shares were not disclosed.

Restrictions 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. There is no control of voting rights through the participation of employees in the capital.

### **Shareholders' rights and obligations**

Shareholders have pecuniary and administrative rights.

The pecuniary rights include the right to participate in profits in accordance with Section 58 (4) AktG, to participate in liquidation proceeds in accordance with Section 271 AktG and the subscription rights on shares in the event of capital increases in accordance with Section 186 AktG.

Administrative rights include the right to attend the general meeting of shareholders and the right to speak there, to ask questions, to propose motions and to exercise voting rights.

Each share grants the holder one vote at the general meeting of shareholders. The general meeting of shareholders appoints and elects the members of the Supervisory Board and appoints the auditors; it resolves the discharge of the members of the Board of Management and the Supervisory Board, resolves amendments to the articles of association and capital measures, authorisations to purchase treasury shares and, if required, the conduct of special audits; it also resolves premature removal of Supervisory Board members and the winding-up of the Company.

### **Statutory regulations and provisions of the articles of association with regard to the appointment and removal of members of the Board of Management and amendments to the articles of association**

The appointment and removal of members of the Board of Management are governed by Sections 84 and 85 AktG. In accordance with these provisions, the Supervisory Board appoints the members of the Board of Management for a period not exceeding five years. An appointment can be renewed for a period not exceeding five 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, the Supervisory Board may appoint a Chairman and a Deputy Chairman of the Board of Management.

An amendment of the articles of association requires a resolution of the general meeting of shareholders in accordance with Section 179 AktG. Pursuant to Section 15 paragraph 2 of the articles of association, resolutions of the general

| Management declaration (Section 289a HGB)  
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meeting of shareholders are adopted with a simple majority of votes cast, unless otherwise stipulated by law, and in cases where a majority of capital is required by law in addition to a majority of votes, with a simple majority of the share capital represented during the vote. In accordance with Section 179 (2) AktG, a resolution of the general meeting of shareholders concerning an amendment to the articles of association requires a majority of at least three quarters of the share capital represented during the vote. The articles of association may specify a different capital majority; however, only a greater capital majority for an amendment to the purpose of the Company.

In accordance with Section 10, paragraph 7 of the articles of association, the Supervisory Board is authorised to make amendments to the articles of association that relate solely to their wording. Furthermore, the Supervisory Board is authorised to amend Section 5 of the articles of association in line with the relevant utilisation of a conditional capital and to amend the articles of association in line with the capital increase implemented using the authorised capital and, if the authorised capital has not been utilised in full by May 21, 2018, after the end of the relevant authorisation period.

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

The annual meeting of shareholders of May 22, 2013 authorised the Company's Board of Management to purchase up to May 21, 2018 treasury shares in a volume of up to 10 percent of the share capital existing at the time of the resolution. The acquisition shall take place at the discretion of the Board of Management either via the stock market or via a public purchase offer or via a public invitation to the shareholders to submit offers for sale. 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 Exchange during the five trading days preceding the acquisition (or, provided that this authorisation is based on the XETRA closing price, the closing price determined in a successor system replacing the XETRA system).

The Board of Management is authorised to call in, in whole or in part, the Company's own shares acquired under this authorisation without any further resolution by the general meeting of shareholders. The Board of Management is furthermore authorised to sell the Company's own shares acquired in a way other than through a sale on the stock market or through an offer to all shareholders, provided that the shares are transferred to third parties as a payment as part of the acquisition of companies or of participations in companies or provided that the shares are transferred to third parties as a payment for the acquisition of sites for the expansion of the business activity. The Company's own shares acquired can also be transferred in a way other than through a sale on the stock market or through an offer to all shareholders, provided that the shares are transferred to third parties against payment in cash at a selling price per share that is not substantially less than the average XETRA closing price at the Frankfurt Stock Exchange during the five trading days preceding the relevant sale.

Up to December 31, 2015, the Company made no use of the authorisation to acquire its own shares, which was granted by the resolution of the general meeting of shareholders of May 22, 2013.

Furthermore, the Board of Management is authorised by a resolution of the general meeting of shareholders of May 15, 2012 to issue up to May 14, 2017, 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 50,000,000.00 with a maximum term of 20 years. At the same time, the Company's share capital was increased conditionally by up to a further euro 7,750,000.00 (Conditional Capital II/2012).

On September 11, 2014, the Board of Management, with the approval of the Supervisory Board of the same day, resolved to issue a convertible bond with a total nominal amount of up to euro 25,757,000.00 (2014/2019 Convertible Bond) under the authorisation granted on May 15, 2012. On the basis of this resolution, an aggregate of 1,989,434 individual pari passu convertible bearer bonds at a nominal value of euro 3.30 each were issued, which grant conversion rights for a total of up to 1,989,434 no-par value registered shares of the Company. Taking the subscription rights granted under the 2014/2019 Convertible Bond into account, the Conditional Capital II/2012 was partially used in the amount of up to euro 1,989,434.00 by December 31, 2014. Thus, the Conditional Capital II/2012 in the remaining amount of up to euro 5,760,566.00 was still available on December 31, 2015. In the reporting period, the conversion rights arising from 1,995 convertible bonds at a total nominal amount of euro 6,583.50 were exercised and 1,995 new shares (previous year: 0) from the Conditional Capital II/2012 were issued.

Furthermore, by a resolution of the general meeting of shareholders of May 22, 2013, the Board of Management was authorised to increase the Company's share capital, with the approval of the Supervisory Board, in the period up to May 21, 2018, on one or several occasions to a total of up to euro 22,800,000.00 (Authorised Capital) by issuing new no-par value registered shares against contributions in kind or in cash. The Board of Management has made use of this authorisation twice to date.

On September 11, 2014, the Board of Management, with the approval of the Supervisory Board of the same day, resolved to increase the Company's share capital, through the use of Authorised Capital, by up to euro 22,800,000.00 by issuing up to 22,800,000 new no-par value registered shares with a notional share in the share capital of euro 1.00 per share and with a profit participation right from January 1, 2014 against a contribution in cash. A total of 13,931,195 new shares were issued on the basis of this resolution.

In addition, on May 13, 2015, the Board of Management, with the approval of the Supervisory Board of the same day, resolved to increase the Company's share capital, through the use of Authorised Capital, by 4,578,500.00 euro by issuing 4,578,500 new no-par value registered shares with a notional share in the share capital of 1.00 euro per share and with a profit participation right from January 1, 2014 against contributions in cash.

As at December 31, 2015, the Authorised Capital, following the partial utilisation, amounted to euro 4,290,305.00

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

*Corporate bond 2013/2018*

In the event of a change of control, each bondholder has the right, in accordance with the bond terms and conditions, to demand early repayment from PNE WIND AG as the issuer. In this connection, a change of control is deemed to occur if the issuer becomes aware that a person or a group of persons acting in concert in the sense of Section 2 (5) of the German Securities Acquisition and Takeover Act (WpÜG) has become the legal or beneficial owner of such a number of the issuer's shares, which represent 30 percent or more of the voting rights.

### *2014/2019 Convertible Bond*

If there is a change of control, each creditor of a convertible bond has the right, in accordance with the bond terms and conditions, to demand early repayment of convertible bonds from PNE WIND AG as the bond debtor, for which the conversion right was not exercised and which were not due for early redemption. In this connection, a change of control is deemed to occur if a person or a group of persons acting in concert gains control over the bond debtor, control meaning (i) the direct or indirect (in the sense of Section 22 of the German Securities Trading Act (WpHG)) legal or beneficial ownership of more than 30 percent of the voting rights in the bond debtor or (ii) in the event of a public offer for shares of the bond debtor, a situation in which shares already in the control of the bidder and shares for which the offer has already been accepted together grant more than 30 percent of the voting rights of the bond debtor or (iii) the sale or the transfer of all or substantially all of the assets of the bond debtor by the latter to any other person or persons.

In the event of a change of control, the conversion price for exercising the conversion rights will be adjusted within a specific period in accordance with the bond terms and conditions.

### *Other agreements*

Apart from that, neither PNE WIND AG nor the companies included in the consolidated financial statements have concluded any other significant agreements which are subject to the condition of a change of control as a result of a takeover offer. In the event of a change of control at the Company, the members of the Board of Management have a special right of termination, which they can exercise during the two months following the occurrence of the change of control (excluding the month in which the change of control occurred), with a notice period of fourteen days to the end of the relevant month. A change of control event granting a special right of termination occurs, if a third party notifies the Company in accordance with Section 21 WpHG that it has reached or exceeded a participation of 50 percent of the voting shares of the Company. If the special right of termination is exercised, the Board of Management members are entitled to their fixed salary pursuant to the relevant employment contract for the remainder of the contract term; this is to 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 occurs in the context of a public offering, two of the three members of the Board of Management, should they exercise their special right of termination, are also entitled to a special bonus of 50 percent of the management 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 bidder and the possibly higher acquisition price decisive for the implementation of the offer; in total, however, the special bonus may not be higher than the fixed annual salary in accordance with § 5 (1) of the relevant employment contract.

## 18. Remuneration report

The remuneration of the Board of Management and the Supervisory Board together amounted to TEUR 5,472 in fiscal 2015 (prior year: TEUR 3,415).

The fixed remuneration paid to the Supervisory Board during the fiscal year 2015 amounted to TEUR 398 (prior year: TEUR 219). Up to the amendment of the articles of association by the general meeting on October 23, 2015, the Chairman received 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 received TEUR 2.5 per meeting. In addition a variable payment was honoured.

After the amendment of the articles of association on October 23, 2015, the Chairman receives TEUR 120, the Deputy Chairman TEUR 90 and the other members of the Supervisory Board TEUR 60 as fixed remuneration. In addition, each member of the Supervisory Board receives TEUR 1 per meeting. The Chairman of the Audit Committee receives fixed remuneration of TEUR 30 and each other member of the Audit Committee TEUR 15 as additional remuneration. The chairpersons of other Supervisory Board committees receive additional remuneration of TEUR 20. The variable payments structures were eliminated.

For variable remuneration, a provision of TEUR 454 (prior year: TEUR 667) was formed in the year under report. The total remuneration of the Supervisory Board in the 2015 fiscal year amounted to TEUR 852 (prior year: TEUR 886). In addition, the Company bears the cost of directors' and officers' liability insurance for all members of the Supervisory Board.

in TEUR	Fixed remuneration 2015	Variable remuneration 2015	Attendance fee 2015	Total remuneration 2015
Mr. Kuprian	17.0	121.0	50.0	188.0
Mr. Dr. Fischer	12.8	91.0	45.0	148.8
Mr. Prof. Abhari	8.5	60.5	40.0	109.0
Mrs. Zielke	8.5	60.5	27.5	96.5
Mr. Baron von le Fort	8.5	60.5	27.5	96.5
Mr. Friedrichsen	8.5	60.5	22.5	91.5
Mr. Fries	30.1	0.0	4.0	34.1
Mr. Freiherr von Hodenberg	16.9	0.0	4.0	20.9
Mr. Groß	16.9	0.0	4.0	20.9
Mr. Dr. Beyer	14.1	0.0	4.0	18.1
Mr. Rohardt	11.3	0.0	4.0	15.3
Mr. Pedersen	7.9	0.0	4.0	11.9
	<b>161.0</b>	<b>454.0</b>	<b>236.5</b>	<b>851.5</b>

For their activity during the fiscal year 2015, the members of the Board of Management (including accrued liabilities for bonuses or corresponding provisions were formed) received total remuneration the amount of TEUR 4,620 (prior year: TEUR 2,529).



The values in the tables below under the heading “Benefits granted” reflect all benefits recognised as expenses in the fiscal year, which will, in part, have an effect on liquidity in the next year. The values under the heading “Allocation” impact liquidity in the relevant fiscal year and therefore relate, in part, to expenses from the previous year (e.g. provisions for variable remuneration leading to payments in the next year).

in TEUR	Benefits granted Total Management Board				Allocation Total Management Board	
	2014	2015	2015 (Min)	2015 (Max)	2014	2015
Fixed remuneration	885	844	955	955	885	844
Fringe benefits	93	87	97	97	93	87
<b>Total</b>	<b>978</b>	<b>931</b>	<b>1.052</b>	<b>1.052</b>	<b>978</b>	<b>931</b>
One-year variable remuneration	472	168	0	576	549	472
Multi-year variable compensation	577	308	0	704	671	577
For the 2012-2014 period	577	0	0	0	671	577
For the 2014-2016 period	0	308	0	704	0	0
Service costs	502	3.213	0	176	502	3.126
<b>Total</b>	<b>1.551</b>	<b>3.689</b>	<b>0</b>	<b>1.456</b>	<b>1.722</b>	<b>4.175</b>
Pension payments	0	0	0	0	0	0
<b>Total compensation</b>	<b>2.529</b>	<b>4.620</b>	<b>1.052</b>	<b>2.508</b>	<b>2.700</b>	<b>5.106</b>

The remuneration of the members of the Board of Management in 2015 is composed of a fixed and a variable salary portion. The fixed portion consists of the fixed salary and ancillary benefits (contributions to health insurance and pension fund contributions) as well as benefits in kind from the use of a company car. This portion is paid monthly. The variable portion of the salary of Board of Management members was divided into short-term and long-term parts. The short-term part was based on the attainment of certain targets in the current fiscal year, and the long-term part was based on the attainment of targets over several years. The long-term part of variable remuneration amounted to 55 % and the short-term part to 45 % 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 the implementation of the planned wind farm projects during the fiscal year. Should a short-term target not be achieved 100 %, the share of this target is not 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. In 2015, only one long-term target has been defined, which was based on the expected cumulative EBIT over a three year period. The variable salary portion linked to the targets covering several years is paid out at the end of a fiscal year; however, it is subject to repayment in the event of the long-term target not being attained over several years or it will be offset against other claims due. In the event of particularly outstanding performance in respect of a past fiscal year, the Supervisory Board may also grant the member of the Management Board a bonus payment, for which there is no contractual claim. No stock options were granted to the members of the Board of Management.

Moreover, the Company bears the cost of professional indemnity insurance for all board members.

Currently the Management Board and Supervisory Boards are holding talks on formulating a new structure for the short- and long-term targets.

The distribution of remuneration of the individual members of the Board of Management pursuant to the Corporate Governance Code is shown in the following tables.

in TEUR	Benefits granted Martin Billhardt Chief Executive Officer (CEO)				Allocation Martin Billhardt Chief Executive Officer (CEO)	
	2014	2015	2015 (Min)*	2015 (Max)*	2014	2015
Fixed remuneration	360	249	360	360	360	249
Fringe benefits	43	33	43	43	43	33
<b>Total</b>	<b>403</b>	<b>282</b>	<b>403</b>	<b>403</b>	<b>403</b>	<b>282</b>
One-year variable remuneration	275	0	0	324	324	275
Multi-year variable compensation	337	0	0	396	396	337
For the 2012-2014 period	337	0	0	0	396	337
For the 2014-2016 period	0	0	0	396	0	0
Service costs	240	3.040	0	90	240	3.040
<b>Total</b>	<b>852</b>	<b>3.040</b>	<b>0</b>	<b>810</b>	<b>960</b>	<b>3.652</b>
Pension payments	0	0	0	0	0	0
<b>Total compensation</b>	<b>1.255</b>	<b>3.322</b>	<b>403</b>	<b>1.213</b>	<b>1.363</b>	<b>3.934</b>

\* The values refer to the full 2015 fiscal year, excluding special payments in connection with the retirement of Mr. Billhardt

in TEUR	Benefits granted Jörg Klowat Chief Financial Officer (CFO)				Allocation Jörg Klowat Chief Financial Officer (CFO)	
	2014	2015	2015 (Min)	2015 (Max)	2014	2015
Fixed remuneration	285	300	300	300	285	300
Fringe benefits	28	30	30	30	28	30
<b>Total</b>	<b>313</b>	<b>330</b>	<b>330</b>	<b>330</b>	<b>313</b>	<b>330</b>
One-year variable remuneration	115	90	0	135	108	115
Multi-year variable compensation	140	165	0	165	132	140
For the 2012-2014 period	140	0	0	0	132	140
For the 2014-2016 period	0	165	0	165	0	0
Service costs	133	44	0	44	133	44
<b>Total</b>	<b>388</b>	<b>299</b>	<b>0</b>	<b>344</b>	<b>373</b>	<b>299</b>
Pension payments	0	0	0	0	0	0
<b>Total compensation</b>	<b>701</b>	<b>629</b>	<b>330</b>	<b>674</b>	<b>686</b>	<b>629</b>

in TEUR	Benefits granted Markus Lesser Chief Operating Officer (COO)				Allocation Markus Lesser Chief Operating Officer (COO)	
	2014	2015	2015 (Min)	2015 (Max)	2014	2015
Fixed remuneration	240	240	240	240	240	240
Fringe benefits	22	24	24	24	22	24
<b>Total</b>	<b>262</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>262</b>	<b>264</b>
One-year variable remuneration	82	78	0	117	117	82
Multi-year variable compensation	100	143	0	143	143	100
For the 2012-2014 period	100	0	0	0	143	100
For the 2014-2016 period	0	143	0	143	0	0
Service costs	129	129	0	42	129	42
<b>Total</b>	<b>311</b>	<b>350</b>	<b>0</b>	<b>302</b>	<b>389</b>	<b>224</b>
Pension payments	0	0	0	0	0	0
<b>Total compensation</b>	<b>573</b>	<b>614</b>	<b>264</b>	<b>566</b>	<b>651</b>	<b>488</b>

in TEUR	Benefits granted Per Hornung Pedersen Chief Executive Officer (CEO)				Allocation Per Hornung Pedersen Chief Executive Officer (CEO)	
	2014	2015	2015 (Min)	2015 (Max)	2014	2015
Fixed remuneration	0	55	55	55	0	55
Fringe benefits	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>0</b>	<b>55</b>
One-year variable remuneration	0	0	0	0	0	0
Multi-year variable compensation	0	0	0	0	0	0
For the 2012-2014 period	0	0	0	0	0	0
For the 2014-2016 period	0	0	0	0	0	0
Service costs	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Pension payments	0	0	0	0	0	0
<b>Total compensation</b>	<b>0</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>0</b>	<b>55</b>

In terms of additional compensation under the activities at subsidiaries, please refer to the information on “Relations with related companies and persons” in section X.4. of the consolidated financial statements.

## 19. Outlook / Forecast

The PNE Wind Group is an internationally operating wind power pioneer from Germany and one of the most experienced developers of onshore and offshore wind farms. The enterprise combines economic success with ecological responsibility and offers services covering the entire value added chain, ranging from the development, planning, realisation, financing, operation, marketing and repowering of onshore and offshore wind farms in Germany and abroad.

The project development and realisation of wind farms are and will remain the core business of the companies in the PNE WIND Group. In addition, it also includes the operation and management of an increasing number of wind farms.

The expansion of renewable energies is a topic which is being discussed throughout the world. The PNE WIND Group is active in a market that is growing continuously worldwide. The Company is in a good position at the international level to benefit from the huge growth potential of the global wind power market.

The successful conclusion of the world climate conference in December 2015 in Paris - with the objective of preventing a rise in average global temperature by more than 2 degrees Celsius versus 1990 and preferably limiting it to 1.5 degrees Celsius - illustrates that the "Energiewende" importance has been recognised around the world. More and more countries are stressing the urgent need to change the energy mix in favour of renewable energies and are creating framework conditions to promote their expansion on both ecologically and economically sensible terms. Wind energy will benefit from this trend and owing to its rapid technical developments, wind energy will continue to contribute to future power generation in an effective and cost efficient manner.

Europe remains one of our core markets and we welcome the new European policy framework for climate and energy for the period between 2020 and 2030. These EU regulations will bring about continuous investment in renewable energy and their portion in the electricity mix should continue to grow. To achieve the EU targets, continued investments in the onshore and offshore wind energy sector will be needed.

### Outlook

- Wind farm projecting on- and offshore is central to company development in Germany and abroad
- Reliable framework in Germany and the EU
- Additional growth potential through expansion of the business model
- National and international development pipeline as a basis for future business success
- For 2016, an EBIT in the area of up to euro 100 million is expected dependent on the successful sale of the Wind Farm-Portfolio

Since 2014, PNE WIND AG has made significant steps to expand its business model. One of them is the formation of a subsidiary in which completed internally developed wind farms are bundled. Initially, PNE WIND AG has to make considerable investments in the construction of the wind farms, but it creates valuable assets. Once they are put into operation, the wind farms generate stable returns from the sale of electricity as well as from operation and management services.

Apart from increasing the earnings potential and strengthening the Group's competitive position, the main objectives of this expanded business activity are

primarily the establishment of a Wind Farm-Portfolio, which offers stable and attractive dividends to its investors. This represents a typical win-win situation offering large potential both for PNE WIND and for the potential investors. The Company's commissioned onshore wind farms with a total output of up to 150 MW will be bundled in this portfolio, before the subsidiary is wholly or partly sold to investors, if possible by the end of 2016.

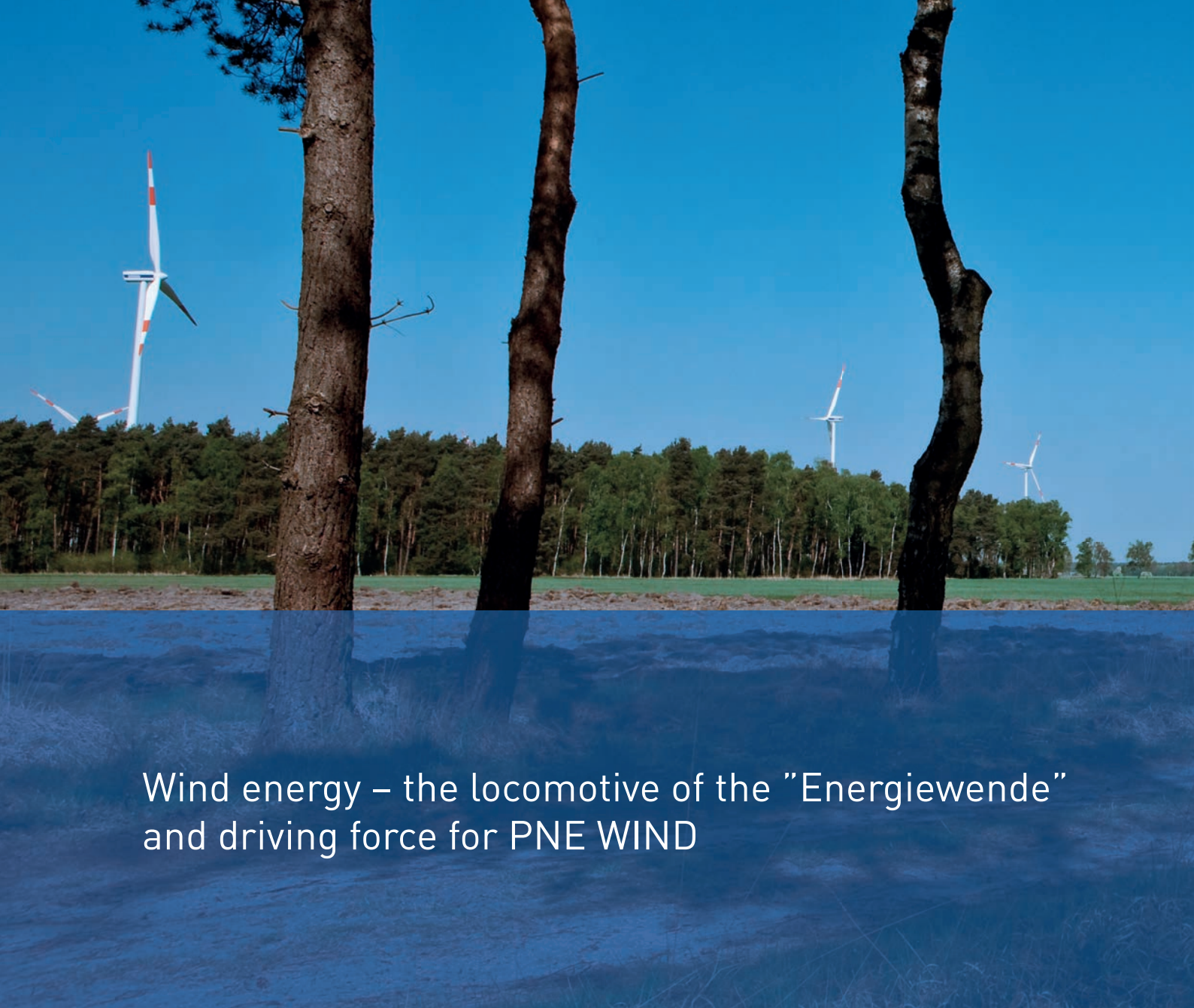
The internationalisation of our activities opens up additional growth opportunities and also means that we can spread risks more effectively. Geographic diversification gives the PNE WIND Group access to the global wind energy market. While our list of references already shows successfully realised projects in the Group with more than 2,300 MW of nominal output, our expansive onshore and offshore project pipeline, national and international, which is in various phases of project development, is the basis for our future growth.

Our passion for renewable energies and technology as well as our aim of combining economic success with ecological responsibility is what characterises the employees of the PNE WIND Group – from our trainees to the Board of Management. The PNE WIND Group is in a very good position on this basis and we are very confident of being able to capitalise on the opportunities in the growing “wind” market in the future.

The forecasts and other statements concerning the expected development of the Group for the fiscal years 2014 to 2016 have not substantially changed since the expectations from December 31, 2014. Since the UK project “Sallachy” was not issued a planning permission, the management board now expects to achieve the lower end of its three year guidance of euro 110-130 million for the fiscal years 2014-2016. PNE WIND AG expects to realise continued positive EBIT results from its operational business in the three fiscal years from 2014 to 2016. Together with our domestic and foreign investment results, this will constitute the major part of our cumulative Group EBIT. For 2016, an EBIT in the area of up to euro 100 million is expected and achievement of this is primarily dependent on the successful sale of the Wind Farm-Portfolio with up to 150 MW of projects.

Cuxhaven, March 21, 2016

PNE WIND AG, Board of Management



## Wind energy – the locomotive of the “Energiewende” and driving force for PNE WIND

Wind energy is the most important renewable energy source in the German electricity market today representing 13 percent of the energy mix. The technology has advanced rapidly over the past few years and wind power is the most cost-effective form of regenerative energies. The continuous demand for wind power is based on growing energy requirements, the prevention of CO<sub>2</sub> emissions and the security of energy supply.

In Germany, total installed capacity amounts to more than 40 Gigawatts. As one of the pioneers in the relatively new wind power industry, PNE WIND has made a significant

contribution here and gives us reason to be proud. We will not stop there! In order to achieve the government’s climate targets - renewable energies should represent 80 percent of total electricity production by 2050 - repowering is necessary. Repowering means that older wind power turbines are replaced with new and more efficient systems. PNE WIND is already benefitting from this trend and sees huge growth potential in this sector. The combination of economic success and ecological responsibility is the motivating force behind our daily work.



## CONSOLIDATED FINANCIAL STATEMENTS

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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

## of PNE WIND AG for the period from January 1 to December 31, 2015

All figures in TEUR (differences due to rounding possible)		Notes	2015	2014
1.	Revenues	VI.1.	109,524	211,268
2.	Increase in finished goods and work in process		116,096	19,078
3.	Other operating income	VI.2.	7,707	3,603
<b>4.</b>	<b>Total aggregate output</b>		<b>233,327</b>	<b>233,949</b>
5.	Cost of materials		-154,934	-170,496
6.	Personnel expenses	VI.3.	-29,254	-27,041
7.	Amortisation of intangible assets and depreciation of property, plant and equipment	IV.3./V.1./ V.2.	-9,870	-8,526
8.	Other operating expenses	VI.4.	-29,476	-25,178
9.	Impairment expense - goodwill	IV.3./V.1.	-28	-28
<b>10.</b>	<b>Operating profit</b>		<b>9,765</b>	<b>2,681</b>
11.	Income from participations		87	77
12.	Other interest and similar income	VI.5.	1,743	2,422
13.	Expenses from assumption of losses of associates		-176	-5,412
14.	Interest and similar expenses	VI.6.	-16,381	-14,934
<b>15.</b>	<b>Result of ordinary operations</b>		<b>-4,959</b>	<b>-15,166</b>
16.	Taxes on income	VI.7.	3,686	-3,024
17.	Other taxes		-117	-108
<b>18.</b>	<b>Consolidated net loss before minority interests</b>		<b>-1,389</b>	<b>-18,297</b>
19.	Minority interests	V.8.	-4,863	-5,305
<b>20.</b>	<b>Consolidated net loss /income</b>		<b>3,474</b>	<b>-12,992</b>
<b>Other comprehensive income / items that may be reclassified in the future in the profit and loss account</b>				
21.	Foreign currency translation differences		-428	365
22.	Others		0	0
<b>23.</b>	<b>Other comprehensive income for the period (net of tax)</b>		<b>-428</b>	<b>365</b>
<b>24.</b>	<b>Total comprehensive income for the period</b>		<b>-1,817</b>	<b>-17,932</b>
<b>Consolidated profit/loss for the period attributable to:</b>				
	Owners of the parent company		3,474	-12,992
	Non-controlling interests		-4,863	-5,305
			<b>-1,389</b>	<b>-18,297</b>
<b>Total comprehensive income for the period attributable to:</b>				
	Owners of the parent company		3,046	-12,626
	Non-controlling interests		-4,863	-5,305
			<b>-1,817</b>	<b>-17,932</b>
	Weighted average of shares in circulation (undiluted) (in thousands)	VI.8	74,894	58,627
	Undiluted earnings per share from continuing operations in EUR		0.05	-0.22
	Weighted average of shares in circulation (diluted) (in thousands)	VI.8	76,881	61,611
	Diluted earnings per share from continuing operations in EUR		0.05	-0.21

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

of PNE WIND AG, Cuxhaven, as at December 31, 2015

## Assets

All figures in TEUR (differences due to rounding possible)		Notes	Status as at 12/31/2015	Status as at 12/31/2014
<b>A.</b>	<b>Long term assets</b>			
I.	Intangible assets	IV.4./IV.2./V.1.		
	1. Franchises, trademarks, licences and other similar rights as well as licences from such rights		2,700	3,493
	2. Goodwill		60,405	60,433
			<b>63,105</b>	<b>63,926</b>
II.	Property, plant and equipment	IV.4./IV.3./V.2.		
	1. Land and buildings including buildings on third-party land		19,594	20,225
	2. Technical equipment and machinery		144,962	49,533
	3. Other plant and machinery, fixtures and fittings		2,773	2,927
	4. Prepayments and plant under construction		18	970
			<b>167,347</b>	<b>73,655</b>
III.	Long term financial assets	IV.5./V.3.		
	1. Shares in affiliated companies		1,357	1,083
	2. Shares in associates		650	8
	3. Participations		604	604
	4. Other loans		153	153
	5. Other long term loan receivables		439	138
			<b>3,204</b>	<b>1,986</b>
IV.	Deferred tax assets	IV.6./VI.7.	17,440	10,318
<b>B.</b>	<b>Assets held for sale</b>	<b>IV.7./V.4.</b>	<b>1,135</b>	<b>1,015</b>
<b>C.</b>	<b>Current assets</b>			
I.	Inventories	IV.8./V.5.	121,177	152,389
II.	Receivables and other assets	IV.10./V.6.		
	1. Trade receivables		7,969	20,098
	2. Other short term loan receivables		312	1,777
	3. Receivables from affiliated companies		5,110	5,392
	4. Receivables from associated companies and from other investments		2,239	1,872
	5. Other assets		11,671	11,034
			<b>27,300</b>	<b>40,173</b>
III.	Tax receivables		1,480	1,198
IV.	Cash and cash equivalents	IV.11.	86,075	72,175
			<b>488,262</b>	<b>416,834</b>

Consolidated statement of financial position (IFRS)

## Liabilities

All figures in TEUR (differences due to rounding possible)

	Notes	Status as at 12/31/2015	Status as at 12/31/2014
<b>A. Shareholders' equity</b>	V.7.		
I. Capital subscribed		76,555	71,975
II. Capital reserve		82,287	77,803
III. Retained earnings			
1. Legal reserve		5	5
2. Other retained earnings		46	46
		<b>51</b>	<b>51</b>
IV. Foreign exchange reserve		-775	-347
V. Retained consolidated profit		10,912	10,680
VI. Minority interests	V.8.	-3,102	33
		<b>165,928</b>	<b>160,195</b>
<b>B. Long term liabilities</b>			
I. Other provisions	IV.13./V.11.	9,400	9,561
II. Deferred subsidies from public authorities	IV.15./V.9.	949	996
III. Long term financial liabilities	IV.14./V.12.		
1. Bonds		103,345	102,267
2. Liabilities to banks		112,461	38,661
3. Other financial liabilities		7,769	7,643
4. Liabilities from leasing contracts		169	279
		<b>223,744</b>	<b>148,850</b>
IV. Deferred tax liabilities	IV.6./VI.7.	3,376	2,200
<b>C. Current liabilities</b>			
I. Provisions for taxes	V.10.	3,815	3,171
II. Other provisions	IV.13./V.11.	2,476	737
III. Short term financial liabilities	IV.14./V.12.		
1. Bonds		0	1,825
2. Liabilities to banks		35,857	33,115
3. Other financial liabilities		601	3,300
4. Liabilities from leasing contracts		110	110
		<b>36,568</b>	<b>38,351</b>
IV. Other liabilities	IV.14./V.13.		
1. Trade payables		16,852	21,476
2. Liabilities to affiliated companies		355	562
3. Liabilities to associated companies and to other investments		589	467
4. Deferred revenues		10,263	11,695
5. Deferred liabilities		8,006	5,532
6. Other liabilities		5,934	13,036
		<b>41,999</b>	<b>52,768</b>
V. Tax liabilities		0	0
<b>D. Liabilities held for sale</b>		<b>6</b>	<b>7</b>
		<b>488,262</b>	<b>416,834</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

## of PNE WIND AG, Cuxhaven, for the fiscal year 2015

All figures in TEUR (differences due to rounding possible)		Notes	2015	2014
Consolidated net result			-1,389	-18,297
-/+	Income tax benefit and expense	VI.7.	-3,686	3,024
-/+	Income tax received		-1,326	-2,076
-/+	Interest income and expense	VI.5./VI.6.	14,637	12,512
-	Interest paid		-13,311	-12,821
+	Interest received		828	1,484
+/-	Amortisation and depreciation of intangible assets and property, plant and equipment		9,898	8,554
+/-	Increase / decrease in provisions	V.11.	2,223	1,624
-/+	Non-cash effective income/expenses		-319	5,386
-	Profit from the disposal of fixed assets and from final consolidation	III.2.	-35,474	0
+/-	Increase of inventories and other assets	IV.8./V.5.	-67,490	-162,323
+/-	Decrease / increase of trade receivables and stage of completion accounting	IV.9./IV.10./V.3./V.6.	17,843	13,114
+/-	Increase / decrease of trade liabilities and other liabilities	IV.14./V.12./V.13.	-24,909	120,323
<b>Cash flow from operating activities</b>			<b>-102,475</b>	<b>-29,496</b>
+	Inflow of funds from intangible assets		1	0
+	Inflow of funds from disposal of items of property, plant, equipment and intangible assets		94	225
-	Outflow of funds for investments in property, plant, equipment and intangible assets	V.1.-2.	-2,903	-4,829
+	Inflow of funds from disposal of financial assets		0	5
-	Outflow of funds from disposal of financial assets		-255	-311
+	Inflow of funds from disposal of consolidated units	III.3.	23,163	0
<b>Cash flow from investing activities</b>			<b>20,100</b>	<b>-4,911</b>
+	Additional inflow of funds from shareholders	V.7.	9,454	33,435
+	Inflow of funds from the issue of bonds		0	6,565
+	Inflow of funds from financial loans	V.12.	108,711	12,049
-	Outflow of funds from the redemption of financial loans	V.12.	-10,996	-7,477
-	Outflow of funds for dividend		-3,062	-8,229
-	Outflow of funds for capital increase expenses		-396	-1,654
-	Outflow of funds from the redemption of bonds and participation certificates		-1,825	-648
<b>Cash flow from financing activities</b>			<b>101,886</b>	<b>34,041</b>
Cash effective change in liquid funds			19,512	-366
+	Change in liquid funds due to changes in scope of consolidation		-5,611	-4,861
+	Liquid funds at the beginning of the period	IV.11./VII.1.	72,175	77,402
<b>Liquid funds at the end of the period*</b>		<b>IV.11./VII.1.</b>	<b>86,076</b>	<b>72,175</b>
* of which are pledged to a bank as security guaranteed credit lines		V.12.	3,098	2,920

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

## of PNE WIND AG, Cuxhaven, for the fiscal year 2015

All figures in TEUR (differences due to rounding possible)	Capital subscribed	Capital reserve	Treasury shares	Profit reserves	Foreign exchange reserve	Retained profit	Shareholders equity before minority	Minority interests	Total shareholders' equity
<b>Status as at January 1, 2014</b>	54,858	55,546	0	51	-712	32,073	141,816	5,432	147,248
<b>Consolidated net result 2014</b>	0	0	0	0	0	-12,992	-12,992	-5,305	-18,297
Dividend	0	0	0	0	0	-8,229	-8,229	0	-8,229
Capital increase in cash	13,931	19,504	0	0	0	0	33,435	0	33,435
Capital increase expenses	0	-1,654	0	0	0	0	-1,654	0	-1,654
Conversion of convertible bond 2009/2014	1,275	1,906	0	0	0	0	3,181	0	3,181
Conversion of convertible bond 2010/2014	1,910	2,296	0	0	0	0	4,206	0	4,206
Equity portion of convertible bond 2014/2019	0	207	0	0	0	0	207	0	207
Other items	0	0	0	0	365	-173	193	-94	99
<b>Status as at December 31, 2014</b>	<b>71,975</b>	<b>77,803</b>	<b>0</b>	<b>51</b>	<b>-347</b>	<b>10,680</b>	<b>160,162</b>	<b>33</b>	<b>160,195</b>
<b>Consolidated net result 2015</b>	0	0	0	0	0	3,474	3,474	-4,863	-1,389
Dividend	0	0	0	0	0	-3,062	-3,062	0	-3,062
Capital increase in cash	4,579	4,876	0	0	0	0	9,455	0	9,455
Capital increase expenses	0	-396	0	0	0	0	-396	0	-396
Conversion of convertible bond 2010/2014	2	4	0	0	0	0	6	0	6
Other items	0	0	0	0	-428	-180	-609	1,729	1,120
<b>Status as at December 31, 2015</b>	<b>76,555</b>	<b>82,287</b>	<b>0</b>	<b>51</b>	<b>-775</b>	<b>10,912</b>	<b>169,030</b>	<b>-3,102</b>	<b>165,928</b>

# CONSOLIDATED SCHEDULE OF FIXED ASSETS (IFRS)

of PNE WIND AG for the fiscal year 2015

	Acquisition and manufacturing cost						Status as at 12/01/2015
	Status as at 01/01/2015	Changes in scope of consolidation	Additions	Re- classifica- tions	Disposals	Exchange Differences	
<b>I. Intangible assets</b>							
1. Franchises, trademarks and similar rights as well as licences to such rights	7,303	-34	229	0	26	-2	7,469
2. Goodwill	144,745	0	0	0	0	0	144,745
	152,047	-34	229	0	26	-2	152,214
<b>II. Property, plant and equipment</b>							
1. Land and buildings including buildings on third party land	26,622	0	128	0	0	0	26,749
2. Technical equipment and machinery	87,490	-10,022	9,181	102,812	51	97	189,507
3. Other equipment, fixtures and furnishings	5,445	-31	625	165	530	6	5,680
4. Prepayments and plant under construction	970	-25	202	-1,121	4	0	22
	120,527	-10,077	10,136	101,856	585	103	221,958
<b>III. Financial assets</b>							
1. Shares in affiliated companies	7,680	0	3,474	-103	3,096	0	7,954
2. Shares in associates	870	0	539	103	0	0	1,513
3. Participations	604	0	0	0	0	0	604
4. Other loans	153	0	0	0	0	0	153
	9,307	0	4,013	0	3,096	0	10,224
	<b>281,882</b>	<b>-10,112</b>	<b>14,378</b>	<b>101,856</b>	<b>3,707</b>	<b>101</b>	<b>384,396</b>

I Consolidated schedule of fixed assets (IFRS)

	Accumulated amortisation and depreciation					Book values		
	Status as at 01/01/2015	Additions	Changes in scope of consolidation	Disposals	Exchange Differences	Status as at 12/31/2015	Status as at 12/31/2015	Status as at 12/31/2014
	3,809	-28	1,015	25	-2	4,769	2,700	3,494
	84,312	0	28	0	0	84,340	60,405	60,433
	88,121	-28	1,043	25	-2	89,109	63,105	63,926
	6,396	0	759	0	0	7,155	19,594	20,226
	37,957	-683	7,218	14	67	44,545	144,962	49,534
	2,518	-9	874	478	2	2,908	2,773	2,927
	0	0	4	0	0	4	18	970
	46,872	-692	8,855	492	69	54,611	167,347	73,655
	6,597	0	0	0	0	6,597	1,357	1,083
	862	0	0	0	0	862	650	8
	0	0	0	0	0	0	604	604
	0	0	0	0	0	0	153	153
	7,459	0	0	0	0	7,459	2,765	1,848
	<b>142,453</b>	<b>-721</b>	<b>9,898</b>	<b>516</b>	<b>67</b>	<b>151,180</b>	<b>233,216</b>	<b>139,429</b>

# CONSOLIDATED SCHEDULE OF FIXED ASSETS (IFRS)

of PNE WIND AG for the fiscal year 2014

All figures in TEUR (differences due to rounding possible)	Acquisition and manufacturing cost					Status as at 12/31/2014
	Status as at 01/01/2014	Additions	Re- classifica- tions	Disposals	Exchange Differences	
<b>I. Intangible assets</b>						
1. Franchises, trademarks and similar rights as well as licences to such rights	7,288	123	0	106	-1	7,303
2. Goodwill	144,745	0	0	0	-1	144,745
	152,033	123	0	106	-2	152,047
<b>II. Property, plant and equipment</b>						
1. Land and buildings including buildings on third party land	26,477	145	0	0	0	26,622
2. Technical equipment and machinery	84,756	2,873	0	157	19	87,491
3. Other equipment, fixtures and furnishings	4,973	868	134	516	-14	5,445
4. Prepayments and plant under construction	251	985	-134	84	-49	970
	116,456	4,872	0	757	-44	120,527
<b>III. Financial assets</b>						
1. Shares in affiliated companies	7,246	436	5	8	0	7,680
2. Shares in associates	5,955	307	0	5,392	0	870
3. Participations	613	0	-5	4	0	604
4. Other loans	712	0	0	559	0	153
	14,526	744	0	5,962	0	9,307
	<b>283,015</b>	<b>5,738</b>	<b>0</b>	<b>6,826</b>	<b>-46</b>	<b>281,882</b>



I Consolidated schedule of fixed assets (IFRS)

	Accumulated amortisation and depreciation				Book values		
	Status as at 01/01/2014	Additions	Disposals	Exchange Differences	Status as at 12/31/2014	Status as at 12/31/2014	Status as at 12/31/2013
	2,742	1,147	79	-1	3,809	3,494	4,546
	84,285	28	0	-1	84,312	60,433	60,460
	87,027	1,175	79	-2	88,121	63,926	65,006
	5,628	768	0	0	6,396	20,226	20,849
	32,630	5,344	78	61	37,957	49,534	52,126
	2,108	833	413	-10	2,518	2,927	2,865
	0	0	0	0	0	970	251
	40,365	6,946	491	52	46,872	73,655	76,091
	6,247	433	83	0	6,597	1,083	999
	862	0	0	0	862	8	5,093
	0	0	0	0	0	604	613
	0	0	0	0	0	153	712
	7,109	433	83	0	7,459	1,848	7,417
	<b>134,501</b>	<b>8,554</b>	<b>653</b>	<b>50</b>	<b>142,453</b>	<b>139,429</b>	<b>148,514</b>

# CONSOLIDATED SEGMENT REPORTING (IFRS)

## of PNE WIND AG, Cuxhaven, for the fiscal year 2015

All figures in TEUR (differences due to rounding possible)	Projecting of wind power turbines		Electricity generation	
	2015	2014	2015	2014
External sales	92,191	200,317	17,333	10,951
Inter-segment sales	150,476	10,234	746	743
Change in inventories	-4,384	13,063	0	0
Other operating income	7,531	3,606	3,669	409
<b>Total aggregate output</b>	<b>245,814</b>	<b>227,220</b>	<b>21,748</b>	<b>12,103</b>
Depreciation and amortisation	-3,604	-3,991	-6,293	-4,563
<b>Operating result</b>	<b>27,034</b>	<b>159</b>	<b>7,635</b>	<b>1,970</b>
Interest and similar income	7,654	8,228	423	17
Interest and similar expenses	-17,444	-18,108	-5,270	-2,649
Taxes on income	-2,415	-2,898	-846	35
Investments	2,883	5,112	275	28
Segment assets	489,914	580,415	205,114	97,619
Segment liabilities <sup>1)</sup>	384,202	458,524	162,001	95,149
Segment equity	105,712	121,890	43,113	2,470

<sup>1)</sup> The deferred subsidies from the public authorities were included under segment liabilities.

The following companies are included in the individual segments:

Projecting of wind power turbines: PNE WIND AG, PNE WIND Betriebsführungs GmbH, PNE WIND Verwaltungs GmbH, PNE WIND Netzprojekt GmbH, PNE Gode Wind III GmbH, PNE WIND Nemo GmbH, PNE WIND Jules Verne GmbH, PNE WIND Nautilus GmbH, PNE WIND Atlantis I GmbH, PNE WIND Atlantis II GmbH, PNE WIND Atlantis III GmbH, PNE WIND Ausland GmbH, PNE WIND GM Hungary Kft., PNE WIND Pusztahencse Kft., NH North Hungarian Windfarm Kft., PNE WIND NEH/I Kft., PNE WIND Yenilenebilir Enerjila Ltd. [bis 16.4.2015], PNE WIND Development EOOD, PNE WIND Straldja-Kamenec OOD, PNE WIND PARK Dobrudzha OOD, PNE WIND Bulgaria EOOD, PNE WIND Ventus Praventsi OOD, 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 USA Inc., PNE WIND Central States LLC, PNE WIND DEVELOPMENT LLC, Underwood Windfarm LLC, Butte Windfarm LLC, Chilocco WIND FARM LLC, PNE-BCP WIND Inc., PNE WIND UK Ltd. [bis 12.6.15], Wind Kapital Invest Verwaltungs GmbH, Wind Kapital Invest GmbH & Co. KG, 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, Sevivon Sp. z o.o., VKS Vindkraft Sverige AB, WKN Windcurrent SA (Pty) Ltd., NordStrom New Energy GmbH, WKN Windkraft Nord GmbH & Co., BGZ Fondsverwaltung GmbH, energy consult GmbH

Electricity generation: PNE Biomasse GmbH, PNE WIND Grundstücks GmbH, PNE WIND Laubuseschbach GmbH & Co. KG, PNE WIND Altenbruch II GmbH & Co. KG, Holzheizkraftwerk Silbitz GmbH & Co. KG, PNE WIND Park I GmbH & Co. KG [bis 7.4.14], PNE WIND Park III GmbH & Co. KG [bis 3.6.14], PNE WIND Park VI GmbH & Co. KG [bis 23.12.14], PNE WIND Park VII GmbH & Co. KG [bis 16.12.14], 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 Großbräschen A GmbH & Co. KG, PNE WIND Park Großbräschen B GmbH & Co. KG, PNE WIND Infrastruktur Chransdorf-West GmbH & Co. KG, PNE WIND Infrastruktur Chransdorf Verwaltung GmbH, PNE WIND Park Calau II B GmbH & Co. KG, PNE WIND Park Calau II C GmbH & Co. KG [bis 30.06.14], PNE WIND Park Calau II D GmbH & Co. KG [bis 30.09.14], PNE WIND Park Köhlen I GmbH & Co. KG, PNE WIND Park Köhlen II GmbH & Co. KG, PNE WIND Park Kühnstedt-Alfstedt A GmbH & Co. KG, PNE WIND Park Kühnstedt-Alfstedt B GmbH & Co. KG, PNE WIND Park IX GmbH & Co. KG, PNE WIND Infrastruktur Calau II GmbH [bis 30.6.14], NordStrom Solar GmbH, NordStrom Bioenergie GmbH, BGZ Solarpark Passauer Land GmbH & Co. KG [bis 31.7.15], PNE WIND YieldCo Deutschland GmbH, PNE WIND YieldCo International Ltd., Kommanditgesellschaften

	Consolidation		PNE WIND AG Group	
	2015	2014	2015	2014
	0	0	109,524	211,268
	-151,222	-10,977	0	0
	120,480	6,015	116,096	19,078
	-3,494	-412	7,707	3,603
	<b>-34,235</b>	<b>-5,374</b>	<b>233,327</b>	<b>233,949</b>
	0	0	-9,898	-8,554
	<b>-24,904</b>	<b>551</b>	<b>9,765</b>	<b>2,681</b>
	-6,333	-5,823	1,743	2,422
	6,333	5,823	-16,381	-14,934
	6,948	-161	3,686	-3,024
	0	0	3,158	5,140
	-206,766	-261,200	488,262	416,834
	-223,869	-297,035	322,334	256,639
	17,103	35,835	165,928	160,195

# LIST OF THE COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND LIST OF SHAREHOLDINGS

of PNE WIND AG, Cuxhaven as at December 31, 2015

Company	Headquarter	Participation previous year %	Participation %	Equity TEUR	Net income TEUR	Date of first consolidation	
<b>I. List of the companies included in the consolidated financial statements</b>							
1	PNE WIND Betriebsführungs GmbH	Cuxhaven	100.00	100.00	1,069	-389 <sup>1)</sup>	31.12.1998
2	PNE Biomasse GmbH	Cuxhaven	100.00	100.00	-257	131 <sup>1)</sup>	23.04.2000
3	PNE WIND Netzprojekt GmbH	Cuxhaven	100.00	100.00	866	0 <sup>8)</sup>	01.01.2002
4	PNE WIND Laubuseschbach GmbH & Co. KG	Cuxhaven	100.00	100.00	21	-14 <sup>1)</sup>	29.12.2004
5	PNE WIND Grundstücks GmbH	Cuxhaven	100.00	100.00	105	10 <sup>1)</sup>	01.12.2000
6	PNE Gode Wind III GmbH	Cuxhaven	100.00	100.00	387	-22 <sup>1)</sup>	07.06.2011
7	PNE WIND Jules Verne GmbH	Cuxhaven	100,00	100,00	1,047	-20 <sup>1)</sup>	30.06.2010
8	PNE WIND Nemo GmbH	Cuxhaven	100.00	100.00	1,047	-20 <sup>1)</sup>	30.06.2010
9	PNE WIND Nautilus GmbH	Cuxhaven	100.00	100.00	1,047	-20 <sup>1)</sup>	30.06.2010
10	PNE WIND Ausland GmbH	Cuxhaven	100.00	100.00	1,112	5,536 <sup>1)</sup>	16.11.2007
11	PNE WIND Atlantis I GmbH	Cuxhaven	100.00	100.00	51	-21 <sup>1)</sup>	18.06.2013
12	PNE WIND Atlantis II GmbH	Cuxhaven	100.00	100.00	51	-21 <sup>1)</sup>	18.06.2013
13	PNE WIND Atlantis III GmbH	Cuxhaven	100.00	100.00	51	-21 <sup>1)</sup>	18.06.2013
14	Wind Kapital Invest Verwaltungs GmbH	Cuxhaven	100.00	100.00	85	-2 <sup>1)</sup>	16.07.2011
15	Wind Kapital Invest GmbH & Co. KG	Cuxhaven	100,00	100.00	-5	-6 <sup>1)</sup>	16.07.2011
16	PNE WIND Verwaltungs GmbH	Cuxhaven	100.00	100.00	46	4 <sup>1)</sup>	21.11.2012
17	energy consult GmbH	Cuxhaven	100.00	100.00	332	0 <sup>8)</sup>	11.12.2013
18	PNE WIND Altenbruch II GmbH & Co. KG	Cuxhaven	100.00	100.00	8,896	1,326 <sup>1)</sup>	08.11.2001
19	PNE WIND YieldCo Deutschland GmbH	Cuxhaven	100.00	100.00	43,939	-209 <sup>1)</sup>	01.12.2014
20	PNE WIND YieldCo Verwaltungs GmbH	Cuxhaven	0.00	100.00	21	-4 <sup>1)</sup>	14.04.2015
21	PNE WIND YieldCo International Ltd.	Eastbourne, United Kingdom	100.00	100.00	262	-9 <sup>2)</sup>	03.12.2014
22	PNE WIND Park VIII GmbH & Co. KG	Cuxhaven	100.00	100.00	-8	-5 <sup>1)</sup>	01.04.2013
23	PNE WIND Park Altdöbern A GmbH & Co. KG	Cuxhaven	100.00	100.00	5,040	43 <sup>1)</sup>	01.04.2013
24	PNE WIND Park Altdöbern B GmbH & Co. KG	Cuxhaven	100.00	100.00	9,943	393 <sup>1)</sup>	01.04.2013
25	PNE WIND Park Altdöbern C GmbH & Co. KG	Cuxhaven	100.00	100.00	10,951	286 <sup>1)</sup>	01.04.2013
26	PNE WIND Park Großräschen A GmbH & Co. KG	Cuxhaven	100.00	100.00	6,767	19 <sup>1)</sup>	01.04.2013
27	PNE WIND Park Großräschen B GmbH & Co. KG	Cuxhaven	100.00	100.00	6,760	61 <sup>1)</sup>	01.04.2013
28	PNE WIND Park Köhlen I GmbH & Co. KG	Cuxhaven	100.00	100.00	-29	-11 <sup>1)</sup>	01.04.2013
29	PNE WIND Park Kührstedt-Alfstedt A GmbH & Co. KG	Cuxhaven	100.00	100.00	-5	-2 <sup>2)</sup>	01.04.2013
30	PNE WIND Park Kührstedt-Alfstedt B GmbH & Co. KG	Cuxhaven	100.00	100.00	-5	-2 <sup>2)</sup>	01.04.2013
31	PNE WIND Park Calau II B GmbH & Co. KG	Cuxhaven	100.00	100.00	-6	-2 <sup>2)</sup>	01.04.2013
32	PNE WIND Park IX GmbH & Co. KG	Cuxhaven	100.00	100.00	5,361	41 <sup>1)</sup>	26.02.2014
33	PNE WIND Park XI GmbH & Co. KG	Cuxhaven	0.00	100.00	-2	-5 <sup>1)</sup>	01.10.2015
34	PNE WIND Infrastruktur Chransdorf-West GmbH & Co. KG	Cuxhaven	100.00	100.00	7	15 <sup>1)</sup>	01.04.2013

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

Company	Headquarter	Participation previous year %	Participation %	Equity TEUR	Net income TEUR	Date of first consolidation
35 PNE WIND Infrastruktur Chransdorf Verwaltungs GmbH	Cuxhaven	100.00	100.00	19	-3 <sup>1)</sup>	01.04.2013
36 PNE WIND USA Inc.	Chicago, USA	100.00	100.00	-5,511	412 <sup>1)</sup>	27.10.2008
37 PNE WIND DEVELOPMENT LLC	Chicago, USA	100.00	100.00	-1,036	-370 <sup>1)</sup>	29.07.2011
38 Chilocco WIND FARM LLC	Chicago, USA	100.00	100.00	-496	0 <sup>1)</sup>	01.10.2012
39 PNE WIND Central States LLC	Minnesota, USA	100.00	100.00	-1,223	-53 <sup>1)</sup>	01.10.2009
40 Underwood Windfarm LLC	Minnesota, USA	100.00	100.00	-286	-6 <sup>1)</sup>	01.10.2009
41 Butte Windfarm LLC	Minnesota, USA	100.00	100.00	-2,139	-1,086 <sup>1)</sup>	01.10.2009
42 PNE BCP WIND INC.	Saskatoon, Canada	75.00	100.00	-630	-139 <sup>1)</sup>	26.01.2010
43 PNE WIND GM Hungary Kft.	Budapest, Hungary	100.00	100.00	-420	-461 <sup>1)</sup>	28.09.2007
44 PNE WIND Pusztahencse Kft.	Budapest, Hungary	100.00	100.00	2	-8 <sup>1)</sup>	07.08.2008
45 NH North Hungarian Windfarm Kft.	Budapest, Hungary	100.00	100.00	-596	-611 <sup>1)</sup>	07.08.2008
46 PNE WIND NEH/I Windfarm Kft.	Budapest, Hungary	100.00	100.00	7	-4 <sup>1)</sup>	13.09.2011
47 PNE WIND Elektrik Üretim Ltd.	Ankara, Turkey	0.00	100.00	-1,169	-1,232 <sup>1)</sup>	20.02.2015
48 PNE WIND Batı Rüzgari Elektrik Üretim Ltd.	Ankara, Turkey	0.00	100.00	-9	-10 <sup>1)</sup>	16.09.2015
49 PNE WIND Güney Rüzgari Elektrik Üretim Ltd.	Ankara, Turkey	0.00	100.00	-23	-25 <sup>1)</sup>	16.09.2015
50 S.C. PNE WIND Romania Energy Holding S.R.L	Bukarest, Romania	80.00	80.00	-478	-155 <sup>1)</sup>	10.05.2012
51 S.C. PNE WIND Romania S.R.L	Bukarest, Romania	100.00	100.00	-2,925	-939 <sup>1)</sup>	27.11.2008
52 S.C. PNE WIND MVI S.R.L	Bukarest, Romania	100.00	100.00	-1,230	-1,224 <sup>1)</sup>	31.08.2012
53 S.C. EVN WINDPOWER DEVELOPMENT & CONSTRUCTION S.R.L.	Bukarest, Romania	100.00	100.00	-2,974	-2,649 <sup>1)</sup>	14.11.2012
54 PNE WIND Bulgaria EOOD	Sofia, Bulgaria	100.00	100.00	-280	-24 <sup>1)</sup>	09.11.2010
55 PNE WIND Development EOOD	Sofia, Bulgaria	100.00	100.00	-595	-24 <sup>1)</sup>	15.08.2008
56 PNE WIND Straldja-Kamenec EOOD	Sofia, Bulgaria	100.00	100.00	-292	-14 <sup>1)</sup>	15.08.2008
57 PNE WIND PARK Dobrudzha OOD	Sofia, Bulgaria	51.00	51.00	-1,104	-60 <sup>1)</sup>	26.03.2010
58 PNE WIND Ventus Praventsi OOD	Sofia, Bulgaria	75.00	75.00	-506	-32 <sup>1)</sup>	21.01.2011
59 HKW Silbitz GmbH & Co. KG	Silbitz	0.00	0.00	-3,354	-206 <sup>1)</sup>	01.09.2009
60 WKN AG	Husum	83.10	83.10	56,119	7,864 <sup>1)</sup>	04.07.2013
61 Windkraft Nord USA, Inc.	San Diego, USA	100.00	100.00	-829	-435 <sup>1)</sup>	04.07.2013
62 WKN Italia s.r.l.	Catania/Sizilien, Italy	100.00	100.00	-1,041	-1,103 <sup>1)</sup>	04.07.2013

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Company	Headquarter	Participation previous year %	Participation %	Equity TEUR	Net income TEUR	Date of first consolidation
63 Aero Sol s.r.l.	Catania/Sizilien, Italy	89.75	100.00	-499	-611 <sup>11</sup>	04.07.2013
64 Aero-Tanna s.r.l.	Catania/Sizilien, Italy	100.00	100.00	668	-62 <sup>11</sup>	04.07.2013
65 ATS Energia s.r.l.	Torremaggiore/Foggia, Italy	70.00	70.00	-2,734	-2,833 <sup>11</sup>	04.07.2013
66 WKN Basilicata Development s.r.l.	Potenza/Basilicata, Italy	100.00	100.00	-24	-34 <sup>11</sup>	04.07.2013
67 WKN France S.A.S.U.	Nantes, France	100.00	100.00	-6,454	-64 <sup>11</sup>	04.07.2013
68 Ukrainische Windenergie Management GmbH	Husum	100.00	100.00	-173	-18 <sup>11</sup>	04.07.2013
69 New Energy Association International GmbH	Husum	100.00	100.00	-166	-95 <sup>11</sup>	04.07.2013
70 Sevivon Sp. z o.o.	Koszalin, Poland	80.00	80.00	-10,777	-2,048 <sup>11</sup>	04.07.2013
71 VKS Vindkraft Sverige AB	Motala, Sweden	80.00	80.00	15	-1,631 <sup>11</sup>	04.07.2013
72 WKN Windcurrent SA (Pty) Ltd.	Wilderness, South Africa	80.00	80.00	-1,767	-1,459 <sup>11</sup>	04.07.2013
73 NordStrom New Energy GmbH	Husum	100.00	100.00	823	0 <sup>51</sup>	04.07.2013
74 NordStrom Solar GmbH	Husum	100.00	100.00	634	-16 <sup>11</sup>	04.07.2013
75 NordStrom Bioenergie GmbH	Husum	100.00	100.00	-974	-16 <sup>11</sup>	04.07.2013
76 BGZ Fondsverwaltung GmbH	Husum	100.00	100.00	207	0 <sup>51</sup>	04.07.2013
77 WKN Windpark Hedendorf GmbH & Co. KG	Husum	100.00	100.00	-414	-415 <sup>11</sup>	30.06.2015
78 WKN Sallachy Ltd.	Glasgow, United Kingdom	100.00	100.00	-892	-816 <sup>11</sup>	01.07.2015
79 WKN Windpark Groß Niendorf GmbH & Co. KG	Husum	100.00	100.00	12	12 <sup>11</sup>	01.07.2015

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

1	Societa' Energetica Sarda s.r.l.	Villaurbana/Sardinien, Italy	50.00	50.00	-25	-29 <sup>11</sup>	04.07.2013
2	PNE WIND Infrastruktur Calau II GmbH	Cuxhaven	25.00	25.00	22	-1 <sup>21</sup>	01.04.2013
3	PNE WIND Park III GmbH & Co. KG	Cuxhaven	25.00	25.00	14	-22 <sup>21</sup>	01.04.2013
4	PNE WIND Yenilenebilir Enerjiler Ltd.	Ankara, Turkey	100.00	50.00	-1,222	85 <sup>11</sup>	27.02.2008

## III. Non-consolidated companies due to minor significance

1	Pilger Wind Farm Inc.	Saskatoon, Canada	100.00	100.00	0	0 <sup>21</sup>	
2	Climax Wind Farm Inc.	Saskatoon, Canada	100.00	100.00	0	0 <sup>21</sup>	
3	Watson Wind Farm Inc.	Saskatoon, Canada	100.00	100.00	0	0 <sup>21</sup>	
4	Wadena Wind Farm Inc.	Saskatoon, Canada	100.00	100.00	0	0 <sup>21</sup>	
5	Eston Wind Farm Inc.	Saskatoon, Canada	100.00	100.00	0	0 <sup>21</sup>	
6	Whiska Wind Farm Inc.	Saskatoon, Canada	100.00	100.00	0	0 <sup>21</sup>	
7	Netzanschluss Genthin GbR	Nielebock	52.00	52.00	10	28 <sup>21</sup>	
8	ATS Energia PE Casalvecchio s.r.l.	Torremaggiore/Foggia, Italy	70.00	70.00	-34	-41 <sup>31</sup>	

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

Company	Headquarter	Participation previous year %	Participation %	Equity TEUR	Net income TEUR	Date of first consolidation
9 ATS Solar Dragonara s.r.l.	Torremaggiore/ Foggia, Italy	70.00	70.00	12	-3 <sup>31</sup>	
10 Santa Maria di Olivola s.r.l.	Torremaggiore/ Foggia, Italy	70.00	70.00	-17	-27 <sup>31</sup>	
11 Santa Vittoria s.r.l.	Torremaggiore/ Foggia, Italy	70.00	70.00	7	-2 <sup>31</sup>	
12 San Cataldo s.r.l.	Torremaggiore/ Foggia, Italy	70.00	70.00	-16	-26 <sup>31</sup>	
13 Santa Marta s.r.l.	Torremaggiore/ Foggia, Italy	70.00	70.00	6	-2 <sup>31</sup>	
14 San Giacomo s.r.l.	Torremaggiore/ Foggia, Italy	70.00	70.00	6	-2 <sup>31</sup>	
15 San Lorenzo s.r.l.	Torremaggiore/ Foggia, Italy	70.00	70.00	7	-3 <sup>31</sup>	
16 San Giorgio s.r.l.	Torremaggiore/ Foggia, Italy	70.00	70.00	6	-2 <sup>31</sup>	
17 ATS 4 s.r.l.	Torremaggiore/ Foggia, Italy	70.00	70.00	7	-2 <sup>31</sup>	
18 ATS 5 s.r.l.	Torremaggiore/ Foggia, Italy	70.00	70.00	-20	-29 <sup>31</sup>	
19 ATS Energia PE Sant'Agata s.r.l.	Torremaggiore/ Foggia, Italy	52.00	52.00	18	-3 <sup>31</sup>	
20 ATS Energia PE Fiorentino s.r.l.	Torremaggiore/ Foggia, Italy	52.00	52.00	1	-18 <sup>31</sup>	
21 ATS Energia PE Florio s.r.l.	Torremaggiore/ Foggia, Italy	52.00	52.00	18	-2 <sup>31</sup>	
22 ATS Energia PE Valle s.r.l.	Torremaggiore/ Foggia, Italy	52.00	52.00	16	-2 <sup>31</sup>	
23 WKN PE Piombino s.r.l.	Catania/ Sizilien, Italy	74.90	74.90	-65	-80 <sup>31</sup>	
24 WKN Solar PE 1 s.r.l.	Catania/ Sizilien, Italy	100.00	100.00	-24	-32 <sup>31</sup>	
25 WKN PE Uno s.r.l.	Catania/ Sizilien, Italy	100.00	100.00	-1	-9 <sup>31</sup>	
26 WKN PE Quattro s.r.l.	Catania/ Sizilien, Italy	100.00	100.00	0	-9 <sup>31</sup>	
27 WKN Basilicata Development PE1 s.r.l.	Catania/ Sizilien, Italy	100.00	100.00	12	-6 <sup>31</sup>	
28 WKN Basilicata Development PE2 s.r.l.	Catania/ Sizilien, Italy	70.00	70.00	18	-3 <sup>31</sup>	
29 WKN Basilicata Development PE3 s.r.l.	Catania/ Sizilien, Italy	70.00	70.00	4	-6 <sup>31</sup>	
30 WKN Basilicata Development PE4 s.r.l.	Catania/ Sizilien, Italy	70.00	70.00	3	-6 <sup>31</sup>	
31 Parc Eolien de Puchot S.A.S.U.	Nantes, France	100.00	100.00	-60	-17 <sup>31</sup>	
32 Parc Eolien des Courtibeaux S.A.S.U.	Nantes, France	100.00	100.00	-45	-14 <sup>11</sup>	
33 Parc Eolien des Grands Champs S.A.S.U.	Nantes, France	100.00	100.00	-32	-8 <sup>31</sup>	
34 SAS la Haie Perron	Nantes, France	100.00	100.00	-28	-8 <sup>31</sup>	

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Company		Headquarter	Participation previous year %	Participation %	Equity TEUR	Net income TEUR	Date of first consolidation
35	Parc Eolien de Haie de Useroles S.A.S.U.	Nantes, France	100.00	100.00	-38	-17 <sup>11</sup>	
36	SAS Parc Eolien de la Tardoire	Nantes, France	100.00	100.00	-8	-8 <sup>31</sup>	
37	SAS Parc Eolien d'Ermenonville de la Grande	Nantes, France	100.00	100.00	-8	-8 <sup>31</sup>	
38	SAS Parc Eolien des Tournevents du Cos	Nantes, France	100.00	100.00	-23	-9 <sup>11</sup>	
39	SAS Parc Eolien de Longèves	Nantes, France	100.00	100.00	k.A.	k.A. <sup>61</sup>	
40	SAS Parc Eolien de la Cote des Moulins	Nantes, France	0.00	100.00	k.A.	k.A. <sup>61</sup>	
41	SAS Parc Eolin de Dameraucourt	Nantes, France	0.00	100.00	k.A.	k.A. <sup>61</sup>	
42	SAS Parc Eolin de la Coutanciere	Nantes, France	0.00	100.00	k.A.	k.A. <sup>61</sup>	
43	Parc Eolien de Riaucourt Darmannes S.A.S.U.	Nantes, France	100.00	100.00	k.A.	k.A. <sup>61</sup>	
44	Windfarm Polska III Sp. z o.o.	Koszalin, Poland	60.00	60.00	-780	-313 <sup>31</sup>	
45	Windfarm Polska IV Sp. z o.o.	Koszalin, Poland	80.00	80.00	-149	-96 <sup>31</sup>	
46	Windfarm Polska V Sp. z o.o.	Koszalin, Poland	58.00	58.00	-58	-24 <sup>31</sup>	
47	Windfarm Polska VI Sp. z o.o.	Koszalin, Poland	80.00	100.00	-103	-36 <sup>31</sup>	
48	Windfarm Polska VII Sp. z o.o.	Koszalin, Poland	80.00	80.00	-44	-14 <sup>31</sup>	
49	Windfarm Polska VIII Sp. z o.o.	Koszalin, Poland	80.00	80.00	-15	-8 <sup>31</sup>	
50	Windfarm Polska IX Sp. z o.o.	Koszalin, Poland	80.00	80.00	-51	-40 <sup>31</sup>	
51	Windfarm Zomar Sp. z o.o.	Koszalin, Poland	57.00	74.00	-29	-15 <sup>31</sup>	
52	Windfarm Polska II Sp. z o.o.	Koszalin, Poland	100.00	100.00	-278	-78 <sup>31</sup>	
53	Vindpark Hulterna i Motala AB	Motala, Sweden	80.00	80.00	5	0 <sup>11</sup>	
54	Vindpark Målarberget i Norberg AB	Motala, Sweden	80.00	80.00	5	0 <sup>11</sup>	
55	Vindpark Norrberget i Sala AB	Motala, Sweden	80.00	80.00	5	0 <sup>11</sup>	
56	Vindpark Näshult i Högsby AB	Motala, Sweden	80.00	80.00	5	0 <sup>11</sup>	
57	Vindpark Laxåskogen i Låxa AB	Motala, Sweden	80.00	80.00	5	0 <sup>11</sup>	
58	Banna Ba Pifhu Wind Farm (Pty) Ltd.	Wilderness, South Africa	80.00	80.00	-1	-1 <sup>31</sup>	
59	Ubuntu Wind Farm (Pty) Ltd.	Wilderness, South Africa	80.00	80.00	-45	-8 <sup>31</sup>	
60	Phemba PV (RF) PTY Ltd.	Wilderness, South Africa	80.00	80.00	k.A.	k.A. <sup>61</sup>	
61	WKN Turkey GmbH	Husum	100.00	100.00	6	-2 <sup>11</sup>	
62	WKN Windkraft Nord Beteiligungs-GmbH	Husum	100.00	100.00	53	8 <sup>11</sup>	
63	Windpark Meerhof Verwaltungsgesellschaft mbH	Husum	100.00	100.00	7	-2 <sup>31</sup>	



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

Company	Headquarter	Participation previous year %	Participation %	Equity TEUR	Net income TEUR	Date of first consolidation
64 Zukunftsenergien Beteiligungs-GmbH	Husum	100.00	100.00	8	1 <sup>3)</sup>	
65 WKN Windkraft Nord GmbH & Co. Windpark Daberkow KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
66 WKN Windkraft Nord GmbH & Co. Windpark Steffenshagen KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
67 WKN Windkraft Nord GmbH & Co. Windpark Plauerhagen KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
68 WKN Windkraft Nord GmbH & Co. Windpark Pronsfeld KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
69 WKN Windkraft Nord GmbH & Co. Windpark Fichtenberg KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
70 WKN Windkraft Nord GmbH & Co. Windpark Neuruppin KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
71 WKN Windkraft Nord GmbH & Co. WEA Schönhagen XI KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
72 WKN Windkraft Nord GmbH & Co. Windpark Immenrode KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
73 WKN Windkraft Nord GmbH & Co. Windpark Oelsig II KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
74 WKN Windkraft Nord GmbH & Co. Windpark Weinstraße KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
75 WKN Windkraft Nord GmbH & Co. Windpark Weinstraße II KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
76 Windpark Altenboitzen GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
77 WKN Windpark Beerfelde GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
78 WKN Windpark Kirchheilingen GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
79 WKN Windkraft Nord GmbH & Co. Windpark VIII KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
80 WKN GmbH & Co. Windpark 40-44 KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
81 WKN Windkraft Nord GmbH & Co. Windpark Weidehof KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
82 WKN Windkraft Nord GmbH & Co. Windpark Kleinbüllesheim KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
83 Windpark Rositz GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
84 WKN Windkraft Nord GmbH & Co. Windpark Kublank KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
85 WKN Windkraft Nord GmbH & Co. Windpark Kannawurf KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
86 Windpark Brilon GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
87 WKN Windpark Groß Oesingen GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
88 WKN Windpark Großbrennbach GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
89 WKN Windpark Hamwarde GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	

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Company		Headquarter	Participation previous year %	Participation %	Equity TEUR	Net income TEUR	Date of first consolidation
90	WKN Windpark Lüttau GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
91	WKN Windkraft Nord GmbH & Co. Windpark Kirchengel KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
92	WKN Windpark Grobenehrich GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
93	WKN Windpark Christianshöhe GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
94	WKN Windpark Cornberg GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
95	WKN Windpark Wölsickendorf-Wollenberg GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
96	Solarpark Lottorf GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
97	BGZ Solardach 3 GmbH & Co. KG	Husum	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
98	NordStrom Beteiligungsgesellschaft mbH	Husum	100.00	100.00	32	4 <sup>3)</sup>	
99	NordStrom Bioenergie Beteiligungsgesellschaft mbH	Husum	100.00	100.00	21	-1 <sup>3)</sup>	
100	NordStrom Bioenergie Biokohle Produktionsgesellschaft Dortmund GmbH & Co. KG	Husum	100.00	100.00	0	0 <sup>3)</sup>	
101	REE GmbH	Husum	100.00	100.00	46	-44 <sup>3)</sup>	
102	GREENWIND GmbH	Husum	100.00	100.00	34	-20 <sup>3)</sup>	
103	ATS Solar Figurella s.r.l.	Torremaggiore/ Foggia, Italy	70.00	70.00	-32	-39 <sup>3)</sup>	
104	WEG Windenergie-Entwicklungsgesellschaft mbH	Husum	100.00	100.00	4	-2 <sup>3)</sup>	
105	EWEG Europäische Windenergie-Entwicklungsgesellschaft mbH	Husum	100.00	100.00	16	-2 <sup>3)</sup>	
106	WKN Montana II LLC	San Diego, USA	100.00	100.00	k.A.	k.A. <sup>3)</sup>	
107	IWC Projects Romania SRL	Bukarest, Romania	100.00	100.00	-1,556	-369 <sup>2)</sup>	
108	IWC Bulgaria Project EOOD	Dobrich, Bulgaria	100.00	100.00	-4,930	-216 <sup>2)</sup>	
109	IWC Bulgaria 3 EOOD	Dobrich, Bulgaria	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
110	IWC Bulgaria 4 EOOD	Dobrich, Bulgaria	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
111	IWC Bulgaria WP 5 EOOD	Dobrich, Bulgaria	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
112	IWC Bulgaria 6 EOOD	Dobrich, Bulgaria	100.00	100.00	k.A.	k.A. <sup>6)</sup>	
113	Innovative Wind Concepts GmbH	Husum	50.00	100.00	-23	-497 <sup>4)</sup>	

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

Company	Headquarter	Participation previous year %	Participation %	Equity TEUR	Net income TEUR	Date of first consolidation
<b>IV. Non-consolidated associated companies due to minor significance</b>						
1	Windpark Altenbruch GmbH	Cuxhaven	50.00	50.00	269	3 <sup>2)</sup>
2	Windpark Infrastruktur Kührstedt-Alfstedt GmbH & Co. KG	Kührstedt	50.00	50.00	-6	-4 <sup>2)</sup>
3	Windpark Köhlen GmbH	Oldenburg	50.00	50.00	-192	-134 <sup>2)</sup>
4	Elbe-Weser-Windkraft GmbH	Cuxhaven	50.00	50,00	20	1 <sup>2)</sup>
5	Windkraft Stade GmbH & Co. Frischer Wind KG	Cuxhaven	50.00	50.00	3	-9 <sup>2)</sup>
6	PNE WIND Park Kührstedt Alfstedt GmbH & Co. KG	Cuxhaven	50.00	50.00	-8	-4 <sup>2)</sup>
7	UNS-Windpark Kührstedt Alfstedt GmbH & Co. KG	Cuxhaven	50.00	50.00	-5	-3 <sup>2)</sup>
8	Windpark Infrastruktur Oberndorf Intern GmbH & Co. KG	Oberndorf	50.00	50.00	-43	-20 <sup>2)</sup>
9	Windpark Infrastrukturu Odisheim GmbH & Co. KG	Cuxhaven	50.00	50.00	-8	-4 <sup>2)</sup>
10	STEAG ve PNE WIND Rüzgar Enerjisi Üretim A.S.	Ankara	0.00	50.00	-19	-24 <sup>2)</sup>
11	GOO Infrastruktur GmbH & Co. KG	Cuxhaven	23.08	23.08	-4	-21 <sup>2)</sup>
12	GOO Geschäftsführungs GmbH	Cuxhaven	23.08	23.08	20	-2 <sup>2)</sup>
13	WKN Windkraft Nord GmbH & Co. Windpark Milda KG	Husum	50.00	50.00	15	-1 <sup>3)</sup>
14	EVN Energieversorgung Nord GmbH & Co. KG	Husum	50.00	50.00	-239	-20 <sup>3)</sup>
15	Biomasse Energie Versorgung Ratekau (BEVR) GmbH	Scharbeutz	50.00	50.00	60	3 <sup>3)</sup>
16	Biomasse Energie Versorgung Ratekau (BEVR) GmbH & Co. KG	Scharbeutz	37.50	37.50	-32	26 <sup>3)</sup>
17	Infrastruktur Engel GmbH & Co. KG	Husum	50.00	50.00	k.A.	k.A. <sup>6)</sup>

1) per the financial statements as at December 31, 2015

2) per the provisional financial statements as at December 31, 2015

3) per the financial statements as at December 31, 2014

4) per the financial statements as at September 30, 2015

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) after profit transfer to PNE WIND AG

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## of PNE WIND AG, Cuxhaven, for the fiscal year 2015

### 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 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 planning, construction and operation of wind farms and transformer stations for the generation of electricity, the servicing of wind power turbines as well as the raising of equity capital for wind farm operating companies.

### II. General accounting principles

#### 1. Going Concern

Accounting is carried out on a going concern basis. The Group management report of the Company specifies the risks that might endanger the continued existence of the Company.

#### 2. Consolidated financial statements

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

These consolidated financial statements are prepared in euro (EUR) unless otherwise stated and in principle are rounded to thousands of euro (TEUR). Due to this rounding, it is possible that individual figures may not add up exactly to the stated sum in the presentations in these IFRS consolidated financial statements.

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

The consolidated financial statements are based on uniform accounting and valuation principles. The consolidated financial statements were prepared on the basis of historical cost of acquisition or production. This does not include individual financial instruments that were valued at their fair value on the balance sheet date.

The consolidated financial statements and Group management report, prepared by the Board of Management as at December 31, 2015, were approved at the meeting of the Board of Management on March 7, 2016 for submission to the Supervisory Board.

The consolidated financial statements as at December 31, 2015 are filed with the operator of the Federal Gazette (Bundesanzeiger).

During the 2015 fiscal year, the Group applied the following new IFRS interpretations or amendments to IFRS standards for the first time. This has not resulted in any effect on the consolidated financial statements.

Standard/Interpretation	Date of EU endorsement	Application obligation in the EU
IFRIC 21: New interpretation "Levies"	June 13, 2014	June 17, 2014
Annual Improvements Project: "Improvements to IFRSs 2011-2013 Cycle"	December 18, 2014	January 1, 2015

In the fiscal year 2015, the following new or amended accounting standards, which have already been adopted by the IASB, but some of them not yet endorsed by the EU, were not taken into account, since there was no obligation to apply them:

Standard/Interpretation	Date of EU endorsement	(expected) Application obligation in the EU
IFRS 9: New standard "Financial Instruments": Classification and Measurement of Financial Instruments	Not yet endorsed	January 1, 2018
IFRS 14: New Standard "Regulatory Deferral Accounts"	Endorsement not suggested	open
IFRS 15: New Standard: "Revenue from Contracts with Customers"	Not yet endorsed	January 1, 2018
IFRS 16: New standard "Leases"	Not yet endorsed	January 1, 2019
Amendments to IAS 1, Disclosure Initiative	December 21, 2015	January 1, 2016
Amendments to IAS 19: Defined Benefit Plans: Employee Benefits (Amendments to IAS 19 "Employee Benefits")	December 17, 2014	February 1, 2015
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception	Not yet endorsed	Q2/2016
Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	November 24, 2015	January 1, 2016
Amendments to IAS 7: Disclosure Initiative - Reconciliation of liabilities from financing activities	Not yet endorsed	January 1, 2017
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	Not yet endorsed	January 1, 2017
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	December 2, 2015	January 1, 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants	November 23, 2015	January 1, 2016
Amendments to IAS 27 Equity Method in Separate Financial Statements	December 18, 2015	January 1, 2016
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	deferred by the IASB for an indefinite period	open
Annual improvements project "Improvements to IFRSs 2010-2012 Cycle"	December 17, 2014	February 1, 2015
Annual improvements project "Improvements to IFRSs 2012-2014 Cycle"	December 15, 2015	January 1, 2016

The application obligation in the EU shows the date on which the new accounting regulation is expected to be taken into account at PNE WIND AG for the first time. No new standard, no new interpretation or amendment to a standard was applied early in 2015.

#### *IFRS 9 "Financial Instruments"*

New standard adopted on November 12, 2009. "Amendments to IFRS 9, IFRS 7 and IAS 39 – Mandatory Effective Date and Transition Disclosures" and "Amendments to IFRS 9, IFRS 7 and IAS 39 – Hedge Accounting" were published in connection with the new standard. IFRS 9 includes new regulations regarding the classification and measurement of financial instruments, fundamental changes in respect of the recognition of impairment losses on financial assets and revised regulations for hedge accounting.

With regard to the measurement of financial instruments, IFRS 9 still uses the previous parameters "amortised cost" and "fair value". In future, however, the allocation of financial instruments to these measurement categories depends on two criteria: the underlying business model of the portfolio to which the financial asset is allocated and the specific characteristics of the contractually agreed cash flows.

In accordance with IFRS 9, the recognition of impairment of financial assets will be based on the future expected losses. The general approach provides for a three-phase model to determine risk provisions. Depending on the credit default risk of the counterparty, the model requires a different degree of loss allowance. A simplified process for the recognition of impairment losses applies to certain financial instruments such as trade receivables.

The regulations of IFRS 9 regarding hedge accounting are more strongly geared towards the risk management strategy of the enterprise.

The management assumes that the classification pursuant to IFRS 9 does not lead to a changed valuation as compared to IAS 39 for most of the financial instruments. In addition, no changes are expected regarding impairment losses under the "expected-loss" model pursuant to IFRS 9. As a rule, the management assumes that selective explanatory notes on financial instruments are to be widened in view of the more detailed regulations. Possible further consequences resulting from the aforementioned changes on the Group are currently being examined.

### *IFRS 15 "Revenue"*

The standard specifies how and when revenue is to be recognised. IFRS 15 supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and several revenue-related interpretations. Application of IFRS 15 is mandatory for all IFRS users and applies to almost all contracts with customers – key exceptions are leases, financial instruments and insurance contracts. No significant changes within the Group are expected to result from this new standard.

### *IFRS 16 "Leases"*

IFRS 16 specifies how to recognise leases and replaces the previous standard IAS 17. The new standard requires the general recognition of rights and duties under leases by the lessee. In the future, a lessee has to recognise a right-of-use asset and a corresponding lease liability. The regulations of IFRS 16 are to be applied to each individual contract. However, under certain prerequisites, lessor and lessee may use portfolios, instead of an individual assessment, which are then subject to the regulations of IFRS 16. In addition, there are individual simplification options for lessees regarding short-term leases and lease agreements for low-value assets.

Pursuant to the new standard, a lessor continues to classify its leases as finance leases or operating leases.

Apart from the changes in measurement and recognition, IFRS 16 also provides for enhanced disclosure duties both for the lessor and the lessee.

The management is currently examining the changes resulting from the future application of IFRS 16 in the Group.

We do not include any further details regarding new or amended standards or interpretations, since the effects of their first-time application on the asset, financial and earnings situation of the Group are expected to be insignificant.

### III. Principles of consolidation

#### 1. Scope of consolidation

All companies over which the Group parent company exercises control are included in the consolidated financial statements on the basis of full consolidation. Control over an investment company exists where an investor is exposed to fluctuating yields from its investment in the investment company or has rights to these and is capable of influencing these yields via its control over the investment company. The scope of consolidation also includes wind farm operating companies that are controlled by the parent company or its affiliated companies on the basis of these criteria.

During the reporting period, the following companies were included for the first time in the consolidated financial statements (in brackets: date of first consolidation and percentage holding):

1. PNE WIND Elektrik Üretim Ltd., Ankara, Turkey  
(100 percent, first consolidation on February 20, 2015) (established),
2. PNE WIND Bati Rüzgari Elektrik Üretim Ltd., Ankara, Turkey  
(100 percent, first consolidation on September 30, 2015) (established),
3. PNE WIND Güney Rüzgari Elektrik Üretim Ltd., Ankara, Turkey  
(100 percent, first consolidation on September 30, 2015) (established),
4. WKN Windpark Hedendorf GmbH & Co. KG, Husum  
(100 percent, first consolidation on June 30, 2015) (for the first time significant),
5. WKN Windpark Groß Niendorf GmbH & Co. KG, Husum  
(100 percent, first consolidation on July 1, 2015) (for the first time significant),
6. WKN Sallachy Ltd., Glasgow, United Kingdom  
(100 percent, first consolidation on July 1, 2015), (for the first time significant),
7. PNE WIND YieldCo Verwaltungs GmbH, Cuxhaven  
(100 percent, first consolidation on April 14, 2015) (established).

The object of companies no. 1-6 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. 7 is the function of a management holding, in particular, the acquisition and management of companies and shareholdings for generating electricity from renewable energy sources in Germany and abroad, specifically wind farms, the sale of electricity generated from these facilities and associated administrative activities.

The carrying amounts and fair values of the identifiable assets and liabilities of companies no. 1-7 were insignificant for the asset, financial and earnings position on the date of first-time consolidation.



During the reporting period, the shareholdings in the following Group companies, which are or were included in the scope of consolidation in the previous year, have changed:

1. PNE WIND Yenilenebilir Enerjiler Ltd., Ankara, Turkey (from 100 percent to 50 percent)

Due to the changed shareholding and the resulting loss of control over PNE WIND Yenilenebilir Enerjiler Ltd., assets totalling euro 3.8 million and liabilities totalling euro 0.1 million, plus shareholder loans of euro 2.1 million, were eliminated at the Group level.

Assets:

- Property, plant and equipment (TEUR 290)
- Inventories (TEUR 17)
- Other assets (TEUR 436)
- Cash and cash equivalents (TEUR 3,027)

Liabilities:

- Trade liabilities (TEUR 31)
- Liabilities from shareholder loans (TEUR 2,107)
- Other liabilities (TEUR 103)

The payment received for the sale of the shares amounted to euro 1.6 million. Since the loss of control, the company has been included as an associated company at equity in the consolidated financial statements. The revaluation in accordance with IFRS 10.25(b) of the shares retained in the company, required for transitional adjustments to the inclusion as an associated company, resulted in income of euro 0.8 million, which was recognised under "Revenues" in the statement of comprehensive income.

2. PNE BCP WIND INC., Saskatoon, Canada (from 75 percent to 100 percent)

The change in the shareholding resulted in an insignificant change in minority interests. The payment made for the acquisition of the shares amounted to euro 1. The transaction led to a loss of euro 1, which was recognised as an expense under "Other operating expenses".

3. Innovative Wind Concepts GmbH, Husum (from 50 percent to 100 percent)

The shareholding in Innovative Wind Concepts GmbH, Husum (in short: "IWC") as at January 1, 2015 changed from 50% to 100%. Due to the minor importance of the company in fiscal 2015, it was no longer included in the consolidated financial statements (neither at equity nor fully consolidated). In the financial statements of the previous year, the company was included "at equity".

Accordingly, apart from PNE WIND AG, the scope of consolidation as at December 31, 2015 comprised the other companies included under "list of the companies included in the consolidated financial statements" under Point I "list of companies included in the consolidated financial statements" and under Point II "list of associated companies included in the consolidated financial statements".

Companies that were not included in the scope of consolidation as at December 31, 2015 are shown in the "list of companies included in the consolidated financial statements and list of ownership share" under Point III "non-consolidated companies due to minor significance" and under Point IV "non-consolidated associated companies due to minor significance".

## **2. Disposals of companies**

In the reporting period, the following companies were deconsolidated as a result of their divestment during the fiscal year:

1. PNE WIND UK Ltd, Eastbourne, United Kingdom (disposal from the wind power segment),
2. WKN GmbH & Co. Windpark Looft II KG, Husum (disposal from the electricity generation segment),
3. BGZ Solarpark Passauer Land GmbH & Co. KG, Husum (disposal from the electricity generation segment).

The purchase price for 100 percent of the shares in PNE WIND UK Ltd., including the repayment of the shareholder loans to PNE WIND Ausland GmbH, totals up to GBP 103 million and GBP 40.1 million was paid immediately on the transaction date. The remaining amount will be paid as milestone payments of up to GBP 63 million up to 2021. The previous employees of PNE WIND UK were taken over by the purchaser. The buyer also has an option to purchase a further project and if the buyer exercises this option by June 30, 2016, an additional payment will become due.

Due to the deconsolidation of PNE WIND UK Ltd., assets amounting to a total of euro 19.9 million, which primarily represent the capitalised services of the projects (work in progress), and debts amounting to euro 1.5 million, plus the shareholder loans in the amount of euro 31.3 million were eliminated at the Group level. The deconsolidation resulted in income of euro 13.8 million. The payment received for the sale of the shares amounted to euro 21.5 million. The Company's funds removed from the balance sheet as a result of the transaction amounted to euro 0.4 million. The gain on disposal is included in the Group's revenues.

Due to the deconsolidation of WKN GmbH & Co. Windpark Looft II KG, assets amounting to a total of euro 24.1 million, which primarily represent the capitalised services of the projects, and debts amounting to euro 23.8 million were eliminated at the Group level. The payment received for the sale of the company amounted to TEUR 1. The Company's funds eliminated from the balance sheet as a result of the transaction amounted to euro 2.0 million. The loss on disposal is included in the Group's cost of materials.

Due to the deconsolidation of BGZ Solarpark Passauer Land GmbH & Co. KG, assets amounting to a total of euro 11.1 million, which primarily represent the technical facilities of the solar farm, and debts amounting to euro 10.6 million were eliminated at the Group level. The payment received for the sale of the company amounted to TEUR 809. The Company's funds eliminated from the balance sheet as a result of the transaction amounted to euro 2.2 million. The gain on disposal is included in the Group's revenues.

In TEUR	PNE WIND UK Ltd.	WKN GmbH & Co, Looft II KG	BGZ Solarpark Passauer Land GmbH & Co, KG
<b>1. Total consideration received*</b>	<b>52,871</b>	<b>1</b>	<b>809</b>
<b>2. Disposal of assets and liabilities</b>			
Current assets	19,545	11,414	2,379
Non-current assets	376	12,646	8,716
Current liabilities	-1,531	-7,961	-4,938
Long-term liabilities	0	-15,853	-5,671
<b>Net assets sold</b>	<b>18,390</b>	<b>246</b>	<b>486</b>
<b>3. Gain / loss on disposal</b>			
Amounts received	52,871	1	809
Net assets disposed	-18,390	-246	-486
<b>Gain / loss on disposal</b>	<b>34,481</b>	<b>-245</b>	<b>323</b>
<b>4. Net cash flow</b>			
Cash payment sale price	52,871	1	809
Less the cash position disposed from sale	-428	-2,049	-2,156
<b>Net cash flow from the sale</b>	<b>52,443</b>	<b>-2,048</b>	<b>-1,347</b>

\*Including repayment of intercompany loans

### 3. Consolidation methods

The basis of the consolidated financial statements is the separate financial statements of the companies included in the Group, prepared as at December 31, 2015 pursuant to uniform accounting and valuation principles and, in part, audited by the auditors.

The capital consolidation of subsidiaries is performed in accordance with the acquisition method of accounting by offsetting the acquisition costs of the business combination against the proportionate equity capital attributable to the parent company at the acquisition date. The equity capital is determined as the balance of the fair values of assets and liabilities at the acquisition date (full new valuation).

The equity method of accounting is used for associated companies in which the Group exercises significant influence, generally through an ownership interest of between 20 percent and 50 percent. In the case of investments that are included "at equity" in the consolidated financial statements, the book value is increased or decreased annually by the changes in shareholders' equity corresponding to the Group's capital share. Upon the first-time inclusion of investments at equity, differences resulting from initial consolidation are treated in accordance with the principles of full consolidation. The changes in pro-rated equity which are recognised in profit or loss, including impairment losses on goodwill, are shown in the results from at equity investments. Intercompany profits and losses were insignificant in these companies.

Material intragroup sales, expenses and income as well as receivables and liabilities between the companies to be consolidated are eliminated. Intercompany results, provided that they are material, are eliminated and taken into account in deferred taxes.

If the ownership interests in already consolidated companies (without gain or loss of control) increase or decrease, this is effected with no impact on income through a credit or charge to the minority interests within the shareholders' equity.

#### IV. Accounting and valuation principles

The accounting at all companies of the Group is performed exactly in accordance with national legal regulations as well as the complementary generally accepted accounting principles.

The financial statements of all consolidated companies are included on the basis of uniform accounting and valuation methods. The annual financial statements prepared in line with the applicable national regulations (HB I) are reconciled to annual financial statements in conformity with IFRS (HB II). The accounting and valuation regulations were applied in the same way as in the previous year.

The preparation of the consolidated financial statements in accordance with the pronouncements of the IASB requires that assumptions be made and estimates be used for certain items that affect the amounts and the presentation of assets and liabilities, income and expenses reported as well as of contingent liabilities.

Assumptions and estimates relate in particular to the determination of the useful economic life of property, plant and equipment, the accounting and valuation of provisions, the possibility of realising future tax benefits for deferred taxes, the determination of the degree of completion for receivables from long term construction contracts and the determination of cash flows, growth rates and discounting factors in connection with impairment tests of goodwill.

The assumptions and estimates used are based on experience gained during the past business activity of the PNE WIND Group and follow relevant expectations publicly available in the corresponding market. Consequently, the assumptions and estimates used, as a rule, cannot deviate from general market expectations and, for forward-looking values, from price developments recognisable in the market. The maximum risk of a full value deviation is represented by the book values of intangible and tangible as well as financial assets shown in the balance sheet. For a presentation of the historical development of asset values resulting from the assumptions and estimates used, please refer to the schedule of fixed assets.

However, the actual values and their development may differ from the assumptions and estimates made. Such changes will be recognised through profit or loss at the time when better knowledge becomes available.

### 1. Changes in accordance with IAS 8 - correction of errors in the prior year's financial statements

In respect of the determination of correction values in the prior year's financial statements for the purchase price allocation upon the acquisition of WKN AG, there was still a certain level of uncertainty in the previous year, because the subsequent audit of the amended consolidated financial statements of WKN AG as at December 31, 2012 had not been completed by the date of the auditors' opinion on the consolidated financial statements of PNE WIND AG on December 31, 2014. As a result, there was no final revised valuation report for the purchase price allocation at the time of preparation of the consolidated financial statements as at December 31, 2014. Neither the subsequent audit nor the updated final valuation report has resulted in any changes. Accordingly, no further adjustments are necessary in the year under review.

### 2. Intangible assets

Concessions, intellectual property rights and licences are stated at their cost of acquisition and incidental acquisition costs. Based on their definable useful life, they are amortised over the expected useful life using the straight line method. The useful life is usually two to four years. Special write-downs are charged where required, and these are subsequently reversed if the original grounds for the write-down no longer apply. No extraordinary value adjustments (decreases or increases) were required in the year under review.

Pursuant to IFRS 3, goodwill resulting from capital consolidation is not amortised over its expected useful life. Where necessary, extraordinary write-downs in accordance with IAS 36 ("impairment only approach") are made.

### 3. Property, plant and equipment

Property, plant and equipment are recognised at cost of acquisition or production, less scheduled straight-line depreciation, in accordance with IAS 16. No impairment losses pursuant to IAS 36 were to be recognised.

The items of property, plant and equipment are depreciated over their useful lives as follows:

	in 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

No material residual values were to be taken into consideration when calculating the depreciation amount.

Rented or leased assets where both the economic risks and the economic rewards are transferred to the relevant Group company ("finance lease") are capitalised in accordance with IAS 17 and reduced by scheduled and, if applicable, unscheduled depreciation over the expected useful life of the leased asset. The payment obligation is recorded as a liability at the lower of the fair value of the asset and the present value of all future lease payments. The lease payments are apportioned between the interest expense and the changes in the liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. Interest expense is included immediately in the statement of comprehensive income.

Lease payments for operating leases are distributed over the lease term on a straight-line basis and recognised in the result for the period.

Borrowing costs are, as a rule, charged to the statement of comprehensive income. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

#### **4. Impairment of intangible assets and property, plant and equipment**

At the end of each reporting period, the Group assesses whether there is any indication for a need to recognise an impairment loss on the assets shown in the statement of financial position. If any such indication exists or if an annual impairment test of an asset is required, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to determine the recoverable amount of individual assets, assets used in combination are summarised to cash generating units for which the cash flows can be estimated. The recoverable amount is the higher of the fair value of an asset or a cash generating unit, less costs to sell and value in use. In assessing the value in use, the estimated future cash flows from the asset or the cash generating unit are discounted to their present value using a risk-adjusted pre-tax discount rate. Write-downs of goodwill, recognised in profit or loss, are stated separately in the statement of comprehensive income under the item "Impairment loss goodwill".

A reversal of an impairment loss recognised in profit or loss in prior years for an asset (except for goodwill) is made whenever there is any indication that the impairment no longer exists or might have decreased. The reversal amount is recognised as income in the statement of comprehensive income. The value increase or impairment decrease of an asset is recognised only to the extent that it does not exceed the carrying amount that would have been determined, subject to write-down effects, had no impairment loss been recognised for the asset in prior years. Any impairment loss recognised in the context of impairment tests of goodwill must not be reversed.

Goodwill is tested for impairment at least once a year on December 31 or more frequently when there is any indication that the carrying amount may be impaired. Any impairment loss is recognised directly in profit or loss as a part of write-downs.

To determine the need for impairment of goodwill and of intangible assets with indefinite useful life, the carrying amount of the cash generating unit to which the goodwill is allocated is compared with the recoverable amount of the cash generating unit.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

#### **5. Long term financial asset**

Long term financial assets are stated mainly at acquisition cost, if appropriate less extraordinary depreciation to the lower fair value, since they are investments in equity instruments for which no quoted market price exists.

Loans are measured at their amortised acquisition cost and non-interest bearing and low-interest loans are recognised at their present value.

Shares in associated companies are included at equity in the Group.

The associated companies have led to expenses from assumption of losses totalling TEUR 176 (prior year: TEUR 5,412) and income of TEUR 3 (prior year: TEUR 0). The change in the book value of shares in associated companies is attributable primarily (TEUR 639) to the inclusion of PNE WIND Yenilenebilir Enerjiler Ltd. (details see Section III.1).

## 6. Deferred taxes

Deferred taxes are recognised pursuant to the "liability method" in accordance with IAS 12 on temporary differences between the balance sheet for tax purposes and the consolidated financial statements. No deferred tax liability is recognised for the non-tax-deductible amortisation of goodwill arising from capital consolidation.

Deferred tax assets and deferred tax liabilities are calculated on the basis of the laws and regulations applicable on the reporting date. Deferred taxes on valuation adjustments are determined generally at the national tax rates for the individual group companies.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available for offsetting.

Deferred tax assets and liabilities are netted in the consolidated statement of comprehensive income, provided that an enforceable right exists to offset the actual tax debt and that the deferred taxes relate to the same tax subject and the same tax authority.

## 7. Assets held for sale and discontinued operations

Items of fixed assets and disposal groups the disposal of which is planned within 12 months are recognised in a separate item in accordance with IFRS 5. They are measured at the lower of amortised cost and fair value less costs to sell.

## 8. Inventories

Inventories are generally stated at the lower of cost of acquisition or production and net realisable value. The cost of production includes direct material costs, direct production costs and adequate portions of production-related overhead costs. In addition, borrowing costs that are directly attributable to the acquisition or production of a qualifying asset are capitalised. The net realisable value is the estimated selling price that can be obtained in the ordinary course of business, less all estimated costs incurred up to completion and estimated costs necessary to make the sale.

## 9. Accounting for long term construction contracts

Long term construction contracts for the erection of wind farms are accounted for by reference to the percentage of completion in accordance with the provisions of IAS 11. The profit contribution expected from a construction contract is estimated using the expected revenue and costs of the contract, and the revenue and expenses are recognised in accordance with the stage of completion on the reporting date. The degree of completion of the individual contracts is determined based on the work performed up to the reporting date, which is compared with the entire expected volume of work. Work provided by subcontractors is taken into account in the determination of the degree of completion. The degree of completion is determined for each individual project based on the work provided.

When the sum of contract costs incurred and recognised profits exceeds the down payments, construction contracts are recognised on the assets side as future receivables from long term construction contracts as a component of "Trade receivables". A negative balance is shown under "Trade liabilities".

An expected total loss from a construction contract is recognised as an expense immediately.

## **10. Receivables and other assets**

Receivables and other assets are measured at amortised cost, less any necessary impairment.

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

## **11. Cash and cash equivalents**

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

## **12. Financial assets**

Financial assets are classified into the following categories in accordance with IAS 39:

- Financial assets held for trading
- Held-to-maturity investments
- Loans and receivables granted by the Company
- Available-for-sale financial assets

Financial assets with fixed or determinable payments and fixed maturity dates that an entity intends and is able to hold to maturity, except for loans and receivables, are classified as held-to-maturity financial investments. Financial assets that were acquired principally for realising short term profit are classified as financial assets held for trading. Derivative financial instruments are also classified as held for trading if it is a derivative that is not designated and effective as a hedging instrument. Profits and losses from financial assets held for trading are recognised in the statement of comprehensive income. All other financial assets, except for loans and receivables granted by the Company, are classified as available-for-sale financial instruments.

Held-to-maturity investments are stated under long term assets, unless they are due within 12 months from the reporting date. Financial assets held for trading are recognised under short term assets. Available-for-sale financial assets are shown as short term assets, provided that the management intends to sell them within 12 months from the reporting date.

Purchases or sales of financial assets are recognised using trade date accounting, i.e. on the day on which the entity assumed the obligation to purchase or to sell.

At initial recognition, a financial asset is stated at acquisition costs. These are made up of the fair value of the consideration and – except for financial assets held for trading – the transaction costs.

Changes in the fair value of financial assets held for trading are recognised through profit or loss. The fair value of a financial asset is the amount that would be received between willing parties in an arm's length transaction under current market conditions. The fair value corresponds to the market or stock price, provided that the relevant financial instruments are traded in an active market. If there is no active market for a financial instrument, the fair value is calculated using appropriate financial-mathematical valuation techniques, such as recognised option pricing models, or by discounting future cash flows at market interest rates.



Held-to-maturity financial investments are measured at their amortised cost using the effective interest method. If it is probable that financial assets carried at amortised cost are impaired, the impairment loss is recognised in the statement of comprehensive income. A previously recognised impairment loss is reversed through profit or loss if the subsequent increase in value (or decrease of impairment) can be related objectively to an event occurring after the impairment was originally recognised. An increase in value is recognised only to the extent that it does not exceed the amount of amortised cost that would have resulted had the impairment not been recognised.

Loans and receivables that are not held for trading are stated at amortised cost. If an impairment exists, the amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Available-for-sale financial assets are generally recognised at market values. Unrealised gains and losses, less a tax portion, are recognised in shareholders' equity in the item "income and expense recognised directly in equity". The item "income and expense recognised directly in equity" is reversed through profit or loss either when it is sold or when an impairment exists. If the fair value of equity instruments that are not quoted at a stock exchange cannot be determined reliably, the interests are valued at cost of acquisition (less impairment losses, if any).

Financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the financial instrument. They are classified either as financial liabilities at fair value through profit or loss or as other financial liabilities.

Other financial liabilities, such as bonds, borrowings, trade payables and others, are valued at amortised cost using the effective interest method.

Financial instruments measured at fair value can be classified based on the significance of the input factors and information relevant to their measurements and allocated to (measurement) levels. The allocation of a financial instrument to a level is based on the significance of its input factors for the entire measurement, i.e. the lowest level whose input is relevant for the measurement in its entirety. The measurement levels are divided hierarchically based on their input factors:

Level 1	quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. in derivation from prices)
Level 3	inputs that are not based on observable market data for the measurement of the asset or the liability (unobservable inputs)

The determination of fair values of all financial instruments recognised in the statement of financial position and explained in these notes is based on information and input factors of level 2. Through the use of observable market parameters, the valuation does not differ from general market assumptions. The fair values of level 2 instruments were determined in accordance with generally accepted valuation methods.

Other financial instruments recognised have neither prices quoted in markets nor comparable transactions that can be used for a reliable valuation so that they are shown at (historical) cost.

For details we refer to the explanations on the relevant items in the statement of financial position.

### **13. Provisions**

Provisions are formed for all external obligations, if it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the provision. Provisions for imminent losses for onerous contracts are formed in accordance with the regulations of IAS 37.

In measuring the provision, the most probable value and, with a range of varying values, its expected value is used. Determination and measurement are effected, where possible, using contractual agreements; otherwise the calculations are based on past experience and estimates of the Board of Management.

Long term provisions are recognised at their present values; discounting is effected at market interest rates that correspond to the risk and the period up to settlement.

Apart from legal pension obligations, the Group has a very low volume of defined contribution pension plans. Payments for defined contribution plans are recognised as an expense when they are due.

Provisions for expected dismantling obligations are components of the cost of acquisition or production of the associated assets. Upon its initial recognition, the provision is formed without an impact on income.

### **14. Liabilities**

Liabilities are generally stated at amortised cost. Liabilities under finance leases are recognised at the inception of the lease at the present value of future leasing payments during the non-terminable basic lease term.

Liabilities with a remaining term of more than one year bear interest at market conditions.

Contingent liabilities are not shown in the statement of comprehensive income. A list of contingent liabilities existing on the reporting date is shown in Section X.1.

### **15. Deferred subsidies from public authorities**

Government grants are recognised at their nominal amount in a separate item on the date they are received, without affecting profit or loss, and they are reversed through profit or loss based on the write-downs of the assets supported.

### **16. Statement of comprehensive income**

The statement of comprehensive income is based on the expenditure type of presentation.

### **17. Sales revenues/revenue recognition**

Sales are recognised as income at the time of delivery or the provision of the service to the customer. Revenue recognition for long term construction contracts is explained in Section IV.9.

Interest income is deferred in the corresponding period based on the effective interest method.

## 18. Foreign currency conversion

The items contained in the separate financial statements of the individual Group companies are valued using the relevant functional currency. The consolidated financial statements are prepared in euro, which is the reporting and the functional currency of the parent company.

Transactions in foreign currencies are converted into the relevant functional currency using the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate valid on the reporting date. Exchange differences are recognised in profit or loss and stated in the statement of comprehensive income under "Other operating income" or "Other operating expenses". Non-monetary assets and liabilities that were measured at historical cost in a foreign currency are converted at the rate prevailing on the day of the transaction.

Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of a net investment in a foreign operation and which are recognised in the reserve for currency exchange differences are recognised through profit or loss upon disposal of the net investment. Shareholders' equity is converted at historical rates.

For the purpose of preparing consolidated financial statements, the assets and liabilities of the Group's foreign operations are to be converted into Euro (EUR) using exchange rates prevailing on the reporting date. Income and expense items are converted at the average exchange rate for the period. The resulting exchange differences are transferred to the reserve for currency conversion as part of the shareholders' equity. On the disposal of a foreign operation, these amounts are recognised through profit or loss. Shareholders' equity is converted at historical rates.

Goodwill arising from the acquisition of a foreign operation and fair value adjustments are treated as assets or liabilities of the foreign operation and converted at the rate of exchange prevailing on the reporting date.

## V. Statement of financial position

With regard to the composition and development of the individual items of fixed assets, we refer to the consolidated schedule of fixed assets. With regard to disposal restrictions of items of fixed assets we refer to the schedule of liabilities.

### 1. Intangible assets

The intangible assets in an amount of TEUR 60,405 (prior year: TEUR 60,433) are attributable to goodwill arising from the initial consolidation of subsidiaries included in the consolidated financial statements.

#### *Impairment of goodwill*

Items of goodwill acquired in the context of business combinations are allocated to the corresponding cash generating units for the purpose of impairment testing.

The future recoverable amount was defined as the fair value less costs to sell.

For the impairment test of goodwill of the cash generating unit "projecting of wind power turbines WKN", the future cash flows were derived from the detailed plans for the next 3 years (hierarchy level 3). No growth discount was taken into account for the period thereafter. The weighted average cost of capital before taxes used to discount the forecast cash flows was 10.86 percent (prior year: 13.26 percent) for the detailed planning phase and for the subsequent period.

For the impairment test of goodwill of the cash generating unit "projecting of wind power turbines PNE", the future cash flows were derived from the detailed plans for the next 3 years (hierarchy level 3). No growth discount was taken into account for the period thereafter. The weighted average cost of capital before taxes used to discount the forecast cash flows was 10.76 percent (prior year: 11.84 percent) for the detailed planning phase and for the subsequent period.

For the impairment test of goodwill of the cash generating unit "electricity generation", the future cash flows were derived from the detailed plans for the next 3 years (hierarchy level 3). For the period thereafter, a cumulative planning over the relevant expected remaining useful life up to 2026 was taken as the basis. The weighted average cost of capital before taxes used to discount the forecast cash flows was 6.20 percent (prior year: 5.86 percent) for the detailed planning phase and for the subsequent period.

**Key assumptions for the calculation of the fair values less cost to sell of the business units as at December 31, 2015 and December 31, 2014:**

*Projecting of wind power turbines WKN and PNE*

Budgeted gross profit margins: The gross profit margins are determined based on the average gross profit margins achieved in prior fiscal years, increased for expected efficiency improvements.

To establish future cash flows, the expected operating costs are deducted from the gross profits determined in this manner. Financing costs and taxes are not taken into account. The remaining amount forms the basis of discounting.

Weighted average cost of capital: The cost of equity is determined using the Capital Asset Pricing Model (CAPM). The borrowing costs before taxes were stated at an interest rate of 5.66 percent (prior year: 5.0 percent).

*Results of impairment tests and sensitivities*

The recoverable amount of the CGU Laubuseschbach (electricity generation) was below the carrying amount of the CGU's assets so that an impairment loss of TEUR 28 was recognised for this wind farm.

There were no impairment losses for the two CGUs projecting of wind power turbines PNE and WKN. With regard to the CGU "projecting of wind power turbines PNE", the management is of the opinion that no reasonable change in the fundamental assumptions used to determine the recoverable amount will lead to impairment losses. With regard to the CGU "projecting of wind power turbines WKN", the management assumes that a change of 1 percentage point in the interest rate would have the effect that the total of book value would exceed the recoverable amount of the CGU by TEUR 10,305.

**Carrying amounts of goodwill allocated to the relevant cash-generating units:**

All figures in TEUR	Projecting of wind power turbines PNE		Projecting of wind power turbines WKN		Electricity generation		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	Carrying amount of goodwill	20,000	20,000	40,207	40,207	198	226	60,405

## **2. Property, plant and equipment**

Technical equipment and machinery includes a transformer station (Kletzke transformer station) acquired under a finance lease, which is capitalised at an amortised cost of TEUR 626 (prior year: TEUR 707). At the end of the finance lease, the title to the transformer station passes to the Group. The related minimum lease payments and the present values thereof are shown under financial liabilities.

During the 2015 fiscal year, the Company constructed and commissioned company-owned wind farms/portfolio projects. Since these projects are operated by the Company itself regardless of their current or future shareholder structures and are used to generate electricity, the wind farms are classified as fixed assets from the date of sale within the Group in accordance with IAS 16. Until a decision is made regarding the external sale or internal operation, they will be recognised in the inventories pursuant to IAS 2. The reclassification from Group inventories to Group fixed assets was carried out without impacting the income statement and led to no reduction in the change of inventory position.

These wind farm projects were financed, in part, by public KfW loans at an interest rate below the market rate (1.95% to 2.35%). The loans are shown under "Liabilities to banks". The difference between the fair value and the nominal value of the loan in the amount of euro 13.1 million was set off against the acquisition or production costs of the corresponding assets (wind turbines) and is recognised in profit or loss over the useful life of these assets in accordance with IAS 20.

## **3. Long term financial assets**

In addition to the Company's investments in associated companies totalling TEUR 650 (prior year: TEUR 8), long term financial assets include shares in companies that were not included by way of full consolidation in the consolidated financial statements because of their minor importance amounting to TEUR 1,357 (prior year: TEUR 1,083). The Company does not intend to sell the investments in the long term. Moreover, the item contains loans totalling TEUR 153 (prior year: TEUR 153) and other loan receivables totalling TEUR 439 (prior year: TEUR 138).

As in the previous year, no impairment losses were recognised on long term financial assets in the 2015 fiscal year.

Please refer to Section V.6 for the categorisation and valuation of financial instruments.

Investments in associated companies are accounted for in the consolidated financial statements using the at-equity method. The reported shares are of minor importance for the Group.

## **4. Assets and liabilities classified as held for sale**

The item includes TEUR 1,135 (prior year: TEUR 1,015) for project work provided by PNE Gode Wind III GmbH, which was already sold subject to the fulfilment of certain conditions.

## 5. Inventories

All figures in TEUR	12/31/2015	12/31/2014
Raw materials, consumables and supplies	113	145
Work in progress	114,206	130,508
Finished goods and merchandise	4	4
Prepayments made	6,854	21,731
	<b>121,177</b>	<b>152,389</b>

During the 2015 fiscal year, the Company constructed and commissioned company-owned wind farms/portfolio projects. Since these projects are operated by the Company itself regardless of their current or future shareholder structures and are used to generate electricity, the wind farms are classified as fixed assets from the date of sale within the Group in accordance with IAS 16. The assets are reclassified from Group inventories to Group fixed assets.

In the 2015 fiscal year, an amount of TEUR 7,813 (prior year: TEUR 6,016) in respect of write-downs of inventories to the net realisable value was recognised as an expense. The expense is included in the changes in inventories.

The total cost of inventories recognised as an expense was TEUR 116,096 (prior year: TEUR 19,078).

Work in progress includes assets of TEUR 85,937 (prior year: TEUR 83,263), which are expected to be recovered after more than twelve months.

Work in progress is divided as follows:

- offshore projects "Nemo", "Nautilus", "Jules Verne" (euro 10.6 million),
- offshore projects "Atlantis I – III" (euro 31.9 million),
- onshore projects planned for the Wind Farm-Portfolio (euro 11.8 million),
- onshore projects in Germany (euro 12.7 million),
- onshore projects in Poland (euro 12.4 million),
- onshore projects in Italy (euro 14.0 million),
- onshore projects in France (euro 8.0 million),
- onshore projects in Sweden (euro 4.0 million),
- onshore projects in Romania (euro 1.7 million),
- onshore projects in the USA (euro 2.6 million),
- an onshore WKN project in the United Kingdom (euro 2.6 million) and
- onshore projects in South Africa (euro 2.0 million).

## 6. Receivables and other assets

### *Receivables from long term construction contracts*

The receivables from long term construction contracts and trade receivables relate primarily to receivables due from wind farm companies for the construction of wind farms.

Before netting against prepayments received, receivables from long term construction contracts amounted to TEUR 0 (prior year: TEUR 7,018). After being netted against prepayments received, the following balance results, which is shown under trade receivables:

All figures in TEUR	12/31/2015	12/31/2014
Accrued cost including stage of completion profits realised	0	7,018
Prepayments received	0	0
	<b>0</b>	<b>7,018</b>

### *Trade receivables*

In the fiscal year 2015, write-downs of TEUR 1,662 (prior year: TEUR 929) were made on receivables and other assets. The write-downs are determined individually by reference to past experience in payment transactions with the relevant companies.

The account of write-downs developed as follows (TEUR):

All figures in TEUR	12/31/2015	12/31/2014
<b>1.1.</b>	1,129	326
Additions	1,662	929
Utilisation (-)	0	0
Reversals (-)	9	126
<b>31.12.</b>	2,782	1,129



The total receivables written down amounted to TEUR 2,871 (prior year: TEUR 1,166) as at December 31, 2015.

Receivables and other assets include no significant amounts that were overdue on the reporting date. Reservation of title was agreed to the customary extent for trade receivables; apart from this, no additional collateral was agreed for receivables and other assets.

*Other short term loan receivables*

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

*Receivables from affiliated companies, associated companies and those in which an investment is held*

Receivables from affiliated companies, associated companies and those in which an investment is held include short-term other financial receivables.

The following table shows the carrying amounts and fair values of all financial assets by category:

All figures in TEUR		Total	Fair Value
<b>As per 12/31/2015</b>			
Short term financial assets			
Cash and cash equivalents	LaR	86,075	86,075
Trade receivables	LaR	7,969	7,969
Other short term loan receivables	LaR	312	312
Receivables from affiliated companies	LaR	5,110	5,110
Receivables from associated companies and those in which an investment is held	LaR	2,239	2,239
Long term financial assets			
Shares in affiliated companies	AfS	1,357	-
Shares in companies in which an investment is held	AfS	604	-
Other loans	LaR	153	153
Other short term loan receivables	LaR	439	439
		<b>104,258</b>	<b>102,297</b>
<b>Total loans and receivables</b>		<b>102,297</b>	<b>102,297</b>
<b>Total financial assets available for sale</b>		<b>1,961</b>	<b>-</b>
<b>As per 12/31/2014</b>			
Short term financial assets			
Cash and cash equivalents	LaR	72,175	72,175
Trade receivables	LaR	20,098	20,098
Other short term loan receivables	LaR	1,777	1,777
Receivables from affiliated companies	LaR	5,392	5,392
Receivables from associated companies and those in which an investment is held	LaR	1,872	1,872
Long term financial assets			
Shares in affiliated companies	AfS	1,083	-
Shares in companies in which an investment is held	AfS	604	-
Other loans	LaR	153	153
Other short term loan receivables	LaR	138	138
		<b>103,292</b>	<b>101,605</b>
<b>Total loans and receivables</b>		<b>101,605</b>	<b>101,605</b>
<b>Total financial assets available for sale</b>		<b>1,687</b>	<b>-</b>
LaR = Loans and receivables AfS = Available-for-sale financial assets			

The available-for-sale financial assets include unquoted equity instruments whose fair value cannot be reliably measured and which therefore were measured at cost in the amount of TEUR 1,961 as at December 31, 2015 (December 31, 2014: TEUR 1,687). On the reporting date, there was no intention of selling the financial assets. No net gains or losses were attributable to the available-for-sale category.

The carrying amounts of loans and receivables on the reporting date approximate their fair values. The net results in the category "loans and receivables" include TEUR 1,662 (prior year: TEUR 929) for impairment losses, shown in other operating expenses and income, as well as TEUR 234 (prior year: TEUR 546) for interest income, shown in the financial result.

#### *Other assets*

Other assets include primarily value added tax receivables.

## **7. Equity capital**

### *Subscribed capital*

As at January 1, 2015, the Company's share capital amounted to euro 71,974,939.00 (prior year: euro 54,858,448.00), divided into 71,974,939 (prior year: 54,858,448) no par value registered shares with a notional value of euro 1.00 per share in the share capital. The Company's share capital developed as follows in the reporting period:

In the 2015 fiscal year, the Company issued 1,995 (prior year: 0) shares from Conditional Capital II/2012, after corresponding conversion rights were exercised and 4,578,500 shares from the authorised capital.

On the reporting date, the Company's share capital amounted to euro 76,555,434.00 (prior year: euro 71,974,939.00), divided into 76,555,434 (prior year: 71,974,939) no par value registered shares with a notional value of euro 1.00 per share in the share capital.

### *Authorised capital*

The general meeting of shareholders of May 22, 2013 authorised the Board of Management to increase the Company's share capital, with the approval of the Supervisory Board, in the period up to May 21, 2018, on one or several occasions to a total of up to euro 22,800,000.00 (authorised capital) by issuing new no par value registered shares against contributions in kind or in cash. Moreover, the Board of Management was granted the authorisation, subject to the approval of the Supervisory Board:

- to exclude the shareholders' subscription rights up to an amount which does not exceed 10 percent of the share capital existing on the date this authorisation is exercised in order to issue new shares against contributions in kind at a price that is not substantially lower than the stock market price of already listed shares of the same class. This 10 percent limit shall include those shares that are acquired in accordance with Section 71 (1) no. 8 AktG on the basis of an authorisation of the general meeting of shareholders and are sold under exclusion of subscription rights in accordance with Section 186 (3) sentence 4 AktG. Furthermore, this limit shall include those shares that were or are to be issued to serve convertible and/or option bonds, provided that the bonds were issued under exclusion of subscription rights in corresponding application of Section 186 (3) sentence 4 AktG;

- to exclude the shareholders' subscription rights in a 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 investments in companies or the acquisition of other assets, provided that the acquisition or the investment is in the best interests of the Company and will be effected through the issue of shares;
- to exclude the shareholders' subscription rights to the extent necessary to grant the holders of convertible and/or option bonds issued by the Company or its subsidiaries subscription rights for new shares in a volume to which they would be entitled after exercising their conversion and/or option rights.

Should the Board of Management not make use of the aforementioned authorisations, the shareholders' subscription rights can be excluded solely for fractional amounts.

The authorised capital was registered in the commercial register of the Company on July 16, 2013.

The Board of Management made use of this authorisation for the first time with the resolution of September 11, 2014 and, by utilising the authorised capital, increased the Company's share capital by euro 13,931,195.00 through the issue of 13,931,195 shares with a notional share of euro 1.00 per share in the share capital.

In the 2015 reporting period, the Board of Management again made use of the authorisation and, by utilising the authorised capital, increased the share capital by euro 4,578,500.00 through the issue of 4,578,500 shares with a notional share of euro 1.00 per share in the share capital.

The authorised capital thus amounted to euro 4,290,305.00 on December 31, 2015.

#### *Conditional Capital II/2012*

The general meeting of shareholders of May 15, 2012 resolved a conditional increase of the Company's share capital by a further amount of up to euro 7,750,000.00.

The share capital is conditionally increased by a further amount of up to euro 7,750,000.00, divided into up to 7,750,000 no par value registered shares, each representing a pro-rata amount of euro 1.00 of the share capital (Conditional Capital II/2012). The conditional capital increase will only be implemented to the extent that the holders of option or conversion rights from option or convertible bonds which are issued or guaranteed by the Company or one of its wholly-owned indirect or direct investment companies up to May 14, 2017 on the basis of the authorisation of the annual meeting of shareholders of May 15, 2012 will exercise their option or conversion rights. The new shares are entitled to a share in the profits from the beginning of the fiscal year in which they are created through the exercise of conversion or option rights. The Board of Management is authorised, with the approval of the Supervisory Board, to determine the further details of the execution of the capital increase.

The Board of Management made use of this authorisation with the resolution of September 11, 2014 and with the approval of the Supervisory Board of the same day and resolved to issue a convertible bond (the "2014/2019 Convertible Bond") at a volume of up to euro 25,575,000.00. The individual convertible bonds were issued at a price of 100 percent. The conversion price for each share acquired in the future through exercising the conversion right amounts to euro 3.30, subject to a subsequent adjustment. The convertible bond was subscribed in a volume of euro 6,565,132.20. This corresponds to subscription rights for up to 1,989,434 new shares with a pro-rata amount of euro 1.00 per share in the share capital. Taking the subscription rights granted under the 2014/2019 Convertible Bond into account, the Conditional Capital II/2012 was partially used in the amount of up to euro 1,989,434.00 by December 31, 2015. Thus, the Conditional Capital II/2012 in the remaining amount of up to euro 5,760,566.00 was still available for the issuance of additional convertible bonds on December 31, 2015. In the reporting period, the conversion rights arising from 1,995 convertible bonds at a total nominal amount of euro 6,583.50 were exercised and 1,995 new shares from the Conditional Capital II/2012 were issued (prior year: 0).

#### *Capital reserve*

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

#### *Treasury shares*

As in the previous year, the Company held no treasury shares on December 31, 2015. The Company did not buy or sell any treasury shares in the reporting year.

#### *Foreign currency reserve*

Exchange differences relating to the conversion of the functional currency of foreign operations into the Group's presentation currency are included in the foreign currency reserve.

#### *Consolidated retained earnings*

Profits and losses are accumulated in the consolidated retained earnings. In the context of the 2015 dividend payment, dividends of TEUR 3,062 (euro 0.04 per share) (prior year: dividend of TEUR 8,299, euro 0.10 per share plus special dividend of euro 0.05 per share) from the consolidated retained earnings were taken from the retained profits shown in the financial statements of PNE WIND AG prepared pursuant to the German Commercial Code and distributed to the shareholders. The Board of Management and Supervisory Board proposes to distribute a dividend of four percent on the nominal amount of the eligible shares of the 2015 fiscal year from the retained profits totalling euro 70,494,808.74 (prior year: euro 63,288,271.50). The remaining retained profits shall be brought forward to a new account.

## 8. Minority shares

The capital consolidation of WKN AG, of the wind farm operating companies and of the investments abroad as well as the results from current and past fiscal years resulted in cumulative negative minority interests totalling TEUR -8,749 (prior year: TEUR -6,065). On the reporting date, there was a share of TEUR -3,102 (prior year: TEUR 33).

The following table shows details of the Group's non-wholly owned subsidiaries that have material non-controlling interests.

Name of subsidiary	Place of business	Proportion of ownership interest and voting power held by non-controlling interests		Profit/loss attributable to non-controlling interests		Accumulated non-controlling interests	
		12/31/2015	12/31/2014	2015 in TEUR	2014 in TEUR	12/31/2015 in TEUR	12/31/2014 in TEUR
WKN AG	Germany	16.90 %	16.90 %	-4,122	-4,708	-1,172	2,704
PNE WIND UK Ltd.	United Kingdom	0.00 %	10.00 %	-34	-402	0	-1,342
Others		0.00%		-707	-195	-1,929	-1,329
<b>Total of non-controlling interests</b>				<b>-4,863</b>	<b>-5,305</b>	<b>-3,101</b>	<b>33</b>

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information represents amounts before intragroup eliminations.

WKN AG All figures in TEUR	12/31/2015	12/31/2014
Short term assets	87,674	84,130
Long term assets	26,992	37,550
Short term liabilities	62,764	53,581
Long term liabilities	14,679	14,907
Share in equity attributable to the shareholders of the parent company	43,525	56,857
Non-controlling interests	-6,302	-3,664

<b>WKN AG</b> All figures in TEUR	<b>2015</b>	<b>2014</b>
Revenues	48,931	79,126
Expenses	62,851	94,343
Net income	-13,920	-15,217
of which.		
Net income attributable to the shareholders of the parent company	-11,035	-13,323
Net income attributable to the non-controlling interests	-2,885	-1,894
Other result attributable to the shareholders of the parent company	0	0
Other result attributable to the non-controlling interests	0	0
Other result	0	0
Total result attributable to the shareholders of the parent company	-11,035	-13,323
Total result attributable to the non-controlling interests	-2,885	-1,894
Total result	-13,920	-15,217

<b>WKN AG</b> All figures in TEUR	<b>12/31/2015</b>	<b>12/31/2014</b>
Dividends paid to non-controlling interests	0	0
Net cash flows from operating activities	-538	-2,605
Net cash flows from investing activities	-1,810	-1,010
Net cash flows from financing activities	0	501
Total net cash flows	-2,348	-3,114

## 9. Deferred subsidies from 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, the extension of the office building and for fixtures and fittings.

The reversal of the investment grants is 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 reversed.

## 10. Tax provisions

The tax provisions include current taxes on income, which were set up for past fiscal years and the 2015 fiscal year.

## 11. Other provisions

The other provisions developed as follows:

All figures in TEUR	01/01/2015	Consumption	Reversal	Addition	12/31/2015
Variable purchase price component Atlantis I - III	9,220	0	0	180	9,400
Distribution guarantees Silbitz	692	361	0	23	354
Legal costs	201	48	12	584	725
Other	184	0	1	1,214	1,397
	<b>10,297</b>	<b>409</b>	<b>13</b>	<b>2,001</b>	<b>11,876</b>

The interest on the distribution guarantee and variable purchase price components for Atlantis I – III is included in the additions in an insignificant volume; the other provisions in the amount of euro 1.2 million concern long term dismantling obligations for the wind farms held by the Company and short-term provisions.

The provision for distribution guarantees in respect of Silbitz relates to a guarantee of PNE WIND AG. PNE WIND AG 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 0.4 million. In addition, PNE WIND AG has undertaken in a contract with the limited partners of the operating company of HKW Silbitz to 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 totalling approximately euro 6.9 million as at December 31, 2015 (prior year: euro 6.4 million).

The amount of variable purchase price components from the acquisition of offshore projects is estimated upon initial recognition and recognised in inventories as well as provisions. Changes in the fair values of variable purchase price components, which represent no corrections during the valuation period, are to be accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The Group recognises the change in the variable purchase price components from the acquisition of offshore wind farms in the corresponding amount in the inventories. As at December 31, 2015, a discounted purchase price liability of approximately euro 9.4 million (prior year: 9.2 million) is recorded.



## 12. Financial liabilities

The financial liabilities are attributable to capital issued under profit participation certificates, convertible bonds, liabilities to banks, other financial liabilities and liabilities from leasing contracts.

The financial liabilities have the following remaining terms to maturity and are structured as follows based on 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
<b>As per 12/31/2015</b>						
Trade liabilities	FLAC	16,852	16,852	0	0	16,852
Fixed interest						
Bonds	FLAC	103,345	0	103,345	0	110,253
Liabilities to banks	FLAC	131,318	18,858	36,939	75,521	134,341
Other financial liabilities	FLAC	7,036	31	7,005	0	7,199
Liabilities under leases	FLAC	279	110	169	0	279
Variable interest						
Liabilities to banks	FLAC	17,000	17,000	0	0	17,000
Other financial liabilities	FLAC	0	0	0	0	0
Derivatives						
Interest swaps	FLHFT	1,334	570	764	0	1,334
		<b>277,164</b>	<b>53,421</b>	<b>148,222</b>	<b>75,521</b>	<b>287,258</b>
<b>As per 12/31/2014</b>						
Trade liabilities	FLAC	21,476	21,476	0	0	21,476
Fixed interest						
Participation certificates	FLAC	0	0	0	0	0
Bonds	FLAC	104,092	1,825	102,267	0	109,634
Liabilities to banks	FLAC	51,775	13,115	26,074	12,586	55,830
Other financial liabilities	FLAC	8,903	2,502	6,401	0	9,209
Liabilities under leases	FLAC	390	110	280	0	390
Variable interest						
Liabilities to banks	FLAC	20,000	20,000	0	0	20,000
Other financial liabilities	FLAC	0	0	0	0	0
Derivatives						
Interest swaps	FLHFT	2,040	798	1,242	0	2,040
		<b>208,676</b>	<b>59,826</b>	<b>136,264</b>	<b>12,586</b>	<b>218,579</b>

FLHFT = Financial liabilities held for trading  
FLAC = Financial liabilities at amortised cost

The fair values of financial instruments listed in the tables were derived from market information available on the reporting date and the methods and assumptions presented below. The fair value is determined in line with generally accepted pricing models based on discounted cash flow analyses and using observable current market prices for similar instruments (level 2). As in the previous year, there were no transfers between the hierarchy levels in the current fiscal year.

The fair values of liabilities to banks and other financial liabilities are determined using current interest rates at which similar loans with identical maturities could have been taken out on the reporting date.

The determination of the fair values of bonds is based on the observable price quotations as at the reporting date.

The fair values of interest rate swaps are calculated using forward interest rates (observable yield curves on the reporting date) and the estimated contractual interest rates, which were discounted on the reporting date using the yield curve.

The valuation of trade liabilities and other financial liabilities is based on the assumption that the fair values correspond to the carrying amounts of these financial instruments in view of their short remaining terms. The carrying amounts of liabilities under leases also roughly correspond to their fair values in view of their short-term maturities or overall insignificant amounts.

Net results from financial liabilities carried at amortised cost consist exclusively of interest totalling TEUR 11,965 (prior year: TEUR 11,591), which is included in financial expenses.

The net result from liabilities held for trading is derived from the subsequent measurement at fair value in the amount of TEUR -406 (income, prior year: TEUR 80).

### *Participation certificates*

Based on the 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 participation certificates may have a term of up to 20 years. The total nominal amount of the participation rights granted may not exceed EUR 100,000,000.00. The participation certificates issued on the basis of this authorisation may not include conversion or option rights for shares of PNE WIND AG. The participation certificates may only be issued in euro. The shareholders are granted the statutory subscription right. The participation certificates may also be acquired by a third party, in particular a bank or banking syndicate, subject to the obligation to offer them to the shareholders for subscription. However, the Board of Management was authorised, with the approval of the Supervisory Board, to exclude the shareholders' subscription rights for 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.

The participation certificates had the following key features: The participation certificates issued were bearer certificates and divided into pari passu participation certificates with a nominal value of euro 100.00 each. The holders of the participation certificates received a dividend having priority over the profit share of the issuer's shareholders for each fiscal year within the term; the dividend was computed as follows: a) Dividend amount of 7 percent of the nominal amount of the participation certificates and b) profit-based interest of up to 3 percent of the nominal value of the participation certificates. Through the profit-based interest, the dividend may increase, depending on the amount of the issuer's earnings, to up to 10 percent of the nominal amount of the participation certificates. The basis for calculating the profit-based interest was the net profit pursuant to Section 275 (2) no. 20 of the German Commercial Code (HGB) plus taxes on income (Section 275 (2) no. 18 HGB) as reported in PNE WIND AG's annual financial statements prepared in accordance with the provisions of the Commercial Code for each past fiscal year.

The participation certificate holders were not entitled to dividends if the net income of the issuer earned in the preceding fiscal year, increased by profit carry-forwards and decreased by loss carry-forwards and transfers to statutory reserves, was not sufficient for this purpose. If the net income was not sufficient, the dividends of the following year or years were increased by the deficit amounts, provided that the net income of the following year or years, adjusted in accordance with sentence 1, was sufficient. The duty to make subsequent payments only existed during the term of the participation certificates. The holders of participation certificates were entitled to dividends from April 1, 2004.

The term of the participation certificates ended on December 31, 2014 and they were repaid fully by the Company pursuant to their terms and conditions on July 1, 2015.

## Bonds

The bonds developed as follows:

All figures in TEUR	31.12.2015	31.12.2014
<b>Convertible bond 2009:</b>		
- Status as at January 1	0	3,810
- Accrued interest	0	20
- Converted	0	3,182
- Repaid	0	648
<b>- Status as at December 31</b>	<b>0</b>	<b>0</b>
<b>Convertible bond 2010:</b>		
- Status as at January 1	1,824	5,923
- Accrued interest	0	107
- Converted	0	4,206
- Repaid	1,824	0
<b>- Stand 31. Dezember</b>	<b>0</b>	<b>1,824</b>
<b>Convertible bond 2014:</b>		
- Status as at January 1	6,075	0
- Issued	0	6,055
- Converted	6	0
- Accrued interest	91	20
<b>- Status as at December 31</b>	<b>6,160</b>	<b>6,075</b>
<b>Bond 2013:</b>		
- Status as at January 1	96,193	95,285
- Issued	0	0
- Interest accrued	992	908
<b>- Status as at December 31</b>	<b>97,185</b>	<b>96,193</b>
<b>Total</b>	<b>103,345</b>	<b>104,092</b>

### 2014/2019 Convertible Bond

Based on the authorisation resolution of the general meeting of shareholders of May 15, 2012, the Board of Management resolved on September 11, 2014, with the approval of the Supervisory Board of the same day, to issue up to 7,750,000 individual pari passu convertible bonds at a nominal value of euro 3.30 each, corresponding to a total nominal value of up to euro 25,575,000.00. Thereafter, on the basis of the resolution of the Board of Management of October 1, 2014, the Company issued an aggregate of 1,989,434 individual pari passu convertible bonds at a nominal value of euro 3.30 each, corresponding to a total nominal amount of euro 6,565,132.20. The 2014/2019 convertible bond was included on October 9, 2014 in the regulated market of the Frankfurt Stock Exchange. The individual convertible bonds are evidenced for their entire term by a permanent global bearer certificate. The term of the convertible bond began on October 10, 2014 and ends on October 10, 2019. The nominal amount of the individual convertible bonds bears interest of 3.75 percent p.a. for the entire term of the bonds, unless they are redeemed early or unless the conversion right is exercised in a

legally effective manner. Interest is due in arrears every quarter on January 10, April 10, June 10 and October 10 of each year, for the first time on January 10, 2015. In accordance with the bond terms and conditions, each bondholder has the irrevocable right to exchange the individual convertible bonds for no par value registered shares carrying voting rights of PNE WIND AG. Subject to any adjustment of the conversion price, each individual convertible bond grants the right for exchange into one no par value registered share of the Company. The conversion rights were secured by Conditional Capital II/2012 (see above point 7.). The conversion right can be exercised at any time, but not within certain non-exercise periods specified in the bond terms and conditions. In addition, the bond terms and conditions contain rights of termination, provisions regarding an adjustment of the conversion price in the event of mergers and a change of control, anti-dilutive clauses and amendments to the bond terms and conditions by way of bondholder resolutions.

In the year under review, the conversion rights arising from 1,995 convertible bonds at a total nominal amount of euro 6,583.50 were exercised and 1,995 new shares from the Conditional Capital II/2012 were issued (prior year: 0).

The 2014/2019 Convertible Bond is fully convertible.

#### *Corporate bond 2013/2018*

In May 2013, PNE WIND AG issued a corporate bond totalling euro 66,338,000.00 in order to finance measures for external and internal growth, in particular to finance the acquisition of the investment in WKN AG, Husum, and for general business purposes. In the context of a private placement, this corporate bond was increased in September 2013 to a volume of euro 100 million. The bonds from the 2013/2018 Corporate Bond are admitted to the regulated market of the Frankfurt Stock Exchange and have been included since September 2013 in the Prime Standard for corporate bonds.

The bonds bear interest of 8 percent from May 14, 2013 (including) up to June 1, 2018 (excluding). Except for the first interest period, interest is due in arrears every half year on June 1 and December 1 of each year.

PNE WIND AG is obliged to repay the bonds on June 1, 2018 at the nominal amount, insofar as they have not been fully or partially repaid or bought back and invalidated.

In case of a change of control, each bond holder has the right in accordance with the bond terms and conditions to demand early repayment from PNE WIND AG as the issuer. In this connection, a change of control is deemed to occur if the issuer becomes aware that a person or a group of persons acting in concert in the sense of Section 2 (5) of the German Securities Acquisition and Takeover Act (WpÜG) has become the legal or beneficial owner of such a number of the issuer's shares, which represent 30 percent or more of the voting rights.

#### *Liabilities to banks*

The interest rates for fixed interest liabilities to banks range between 1.23 percent and 6.55 percent. The Company is exposed to an interest rate risk in respect of its variable interest liabilities to banks. In 2015, the relevant interest rates ranged between 7.24 percent and 13.25 percent (2014: between 7.50 percent and 14.00 percent) (overdraft interest rate). Variable interest rates are adjusted at intervals of less than one year. The liabilities to banks have terms to maturity up to 2032.

An amount of TEUR 138,763 (prior year: TEUR 45,758) of the liabilities to banks is secured by:

1. Registered mortgage of TEUR 3,170 on the property at Peter-Henlein-Str. 2-4, Cuxhaven (amount drawn down TEUR 2,752) (prior year: TEUR 2,878)
2. Assignment of rental income from the property Peter-Henlein-Str. 2 - 4, Cuxhaven
3. Assignment as security of all rights under contracts in connection with the Altenbruch II project (amount drawn down TEUR 18,860) (prior year: TEUR 22,466) and assignment of all receivables from this wind farm
4. Assignment as security of all rights under contracts in connection with the Silbitz timber power station and assignment of all receivables from this wind farm (amount drawn down TEUR 2,030) (prior year: TEUR 2,707)
5. Assignment as security of all rights under contracts in connection with the Chransdorf Altdöbern A project and assignment of all receivables from this wind farm (amount drawn down TEUR 11,018) (prior year: TEUR 1,081)
6. Assignment as security of all rights under contracts in connection with the Chransdorf Altdöbern B project and assignment of all receivables from this wind farm (amount drawn down TEUR 21,754) (prior year: TEUR 0)
7. Assignment as security of all rights under contracts in connection with the Chransdorf Altdöbern C project and assignment of all receivables from this wind farm (amount drawn down TEUR 26,741) (prior year: TEUR 948)
8. Assignment as security of all rights under contracts in connection with the Chransdorf Großbräschen A project and assignment of all receivables from this wind farm (amount drawn down TEUR 13,415) (prior year: TEUR 1,526)
9. Assignment as security of all rights under contracts in connection with the Chransdorf Großbräschen B project and assignment of all receivables from this wind farm (amount drawn down TEUR 13,559) (prior year: TEUR 1,662)
10. Assignment as security of all rights under contracts in connection with the Waldfeucht/Selkant project and assignment of all receivables from this wind farm (amount drawn down TEUR 14,485) (prior year: TEUR 0)
11. Assignment as security of all rights under contracts in connection with the Apensen II project and assignment of all receivables from this wind farm (amount drawn down TEUR 11,085) (prior year: TEUR 0)
12. Assignment as security of all rights under contracts in connection with the Köhlen project and assignment of all receivables from this wind farm (amount drawn down TEUR 1,871) (prior year: TEUR 0)
13. Registered mortgage of TEUR 4,697 on the property at Otto-Hahn-Str. 12-16, Husum (amount drawn down TEUR 1,054) (prior year: TEUR 1,647)
14. Assignment as security of all rights under contracts in connection with the solar plant 2 + 3 projects and assignment of all receivables from these solar plants (amount drawn down TEUR 139) (prior year: TEUR 150)

As at December 31, 2015, the Group had available credit lines for interim project financing of euro 138.8 million (prior year: euro 127.5 million).

There were no defaults or other performance failures regarding interest or redemption on the reporting date and it is not expected that the securities will be used.

### *Other financial liabilities*

The other financial liabilities include a contractual commitment of PNE WIND AG vis-à-vis the limited partners of the operating company HKW Silbitz to repurchase their limited partnership shares at the beginning of 2017 at a price of 110 percent of the nominal amount. Due to this commitment, other financial liabilities include a discounted purchase price liability totalling approximately euro 6.9 million as at December 31, 2015 (prior year: euro 6.4 million).

There were no defaults or other performance failures regarding interest or redemption on the reporting date.

### *Lease liabilities*

The Group concluded finance leases and lease purchase agreements for various items of equipment, fixtures and fittings. The agreements do not include renewal options, purchase options or price adjustment clauses.

The net book values of the assets under finance leases totalling TEUR 626 (prior year: TEUR 707) are fully attributable to technical equipment and machinery.

The future minimum lease payments under finance leases and lease purchase agreements can be reconciled to their present values as follows:

All figures in TEUR	Minimum lease payments		Present value of minimum lease	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Liabilities from finance leases:				
With a remaining term of up to one year	172	172	110	110
With a remaining term of one year up to five years	188	360	169	279
With a remaining term of more than five years	0	0	0	0
	<b>360</b>	<b>532</b>	<b>279</b>	<b>389</b>
Less:				
Future financing costs	-81	-143		
<b>Present value of leasing obligations</b>	<b>279</b>	<b>389</b>		
Amount due for repayment within twelve months (shown under short term liabilities)			110	110
Amount due for repayment after more than twelve months			169	279

An amount of TEUR 279 (prior year: TEUR 389) of the liabilities to leasing companies is secured through the assignment of the legal ownership in the Kletzke transformer station.

### **13. Other liabilities**

#### *Deferred revenues*

The item of TEUR 10,263 (prior year: TEUR 11,695) is attributable primarily to prepayments from wind farm operating companies for the use of transformer stations. The amount is released to income over the term of the contracts of use (20 to 25 years).

#### *Other liabilities*

The other liabilities include mainly value added tax liabilities of approx. euro 1.0 million (prior year: approx. euro 4 million).

### **14. Financial instruments and principles of risk management**

Apart from default risks and liquidity risks, the Group's assets, liabilities and planned transactions are exposed to risks from changing exchange rates and interest rates. The objective of financial risk management is to limit these risks through ongoing activities at the operational and financial level.

In respect of the market price risks, the Group uses derivative hedging instruments depending on the assessment of risk. Derivative financial instruments are used solely as hedging instruments, i.e. they are not used for trading or other speculative purposes.

The main elements of financial policy are determined by the Board of Management and are monitored by the Supervisory Board. The Finance and Controlling department is responsible for implementing financial policy and ongoing risk management. Certain transactions require the prior approval of the Board of Management, which is kept informed at regular intervals about the scope and the amount of the current risk exposure. The principles of risk management have not changed compared to the previous year.

#### *Risk categories within the meaning of IFRS 7*

##### *Credit risk*

The Group is exposed to a counterparty default risk from its operating business and certain financing activities. The default risk arising from financial assets is recognised through appropriate valuation adjustments, taking existing collateral into account. In order to reduce the default risk relating to non-derivative financial instruments, the Group takes various precautionary measures, such as obtaining collateral or guarantees where it appears appropriate as a result of creditworthiness checks. The default risk is considered minimal for the financial assets which are neither past due nor impaired.

The maximum default risk is reflected primarily by the carrying amounts of the financial assets stated in the statement of financial position (including derivative financial instruments with a positive market value). On the reporting date, there were no material agreements reducing the maximum default risk (e.g. netting arrangements).

##### *Interest rate risk*

At present, the interest rate risk regarding changes in the market interest level is hedged 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 in the context of a commitment of a KfW support credit.



The fair value of these derivatives is recognised in profit or loss under other financial obligations in an amount of TEUR 1,334 (prior year: TEUR 1,740). Since, otherwise, only fixed interest financial instruments in the form of project funding are used to finance business operations, there are no further material interest rate risks.

#### *Liquidity risk*

In order to guarantee the Group's ability to pay its debts at any time and its financial flexibility, revolving liquidity plans are prepared, which show the inflow and outflow of liquidity both in the short term and in the medium and long terms.

The analysis of maturities of financial liabilities with contractual terms to maturity is shown under "12. Financial liabilities".

#### *Market risk*

In the area of market price risks, the Group is exposed to currency risks, interest rate risks and other price risks.

#### *Currency risks*

The Group's currency risks result primarily from its operating activity and investments. Risks from foreign exchange rates are hedged insofar as they have a material influence on the cash flows of the Group.

In the operating area, the foreign exchange risks are attributable primarily to the fact that transactions recognised in the statement of financial position and planned transactions are processed in a currency other than the functional currency (EUR).

Foreign exchange risks in the financing area are attributable to financial liabilities in foreign currency and loans in foreign currency, which are granted to Group companies for financing purposes. At the end of the year, the Group had short term trade liabilities denominated in foreign currencies, which do not result in a material risk from the viewpoint of the Company.

In the investment area, foreign currency risks arise mainly from the acquisition or disposal of investments in foreign companies.

To hedge against material foreign exchange risks, the Group uses currency derivatives in the form of forward exchange transactions and foreign currency option contracts. These currency derivatives secure the payments up to a maximum of one year in advance. On the reporting date, the Group was not exposed to significant foreign exchange risks in the operating area. For this reason no hedging transactions had been concluded as at the reporting date.

In accordance with IFRS 7, the Group prepares sensitivity analyses in respect of market price risks in order to establish the effects of hypothetical changes of relevant risk variables on profit or loss and shareholders' equity. The periodic effects are determined by relating the hypothetical changes in the risk variables to the volume of the financial instruments on the reporting date. It is assumed that the volume of the financial instruments on the reporting date is representative for the year as a whole.

Due to the low level of assets and liabilities in foreign currency, the Group is not exposed to a material currency risk. Currencies other than the euro which are relevant for the Group were the British pound and the US dollar on the reporting date.

### *Interest risks*

The Group is exposed to interest risks mainly in the Euro zone. Taking the actual and the planned debt structure into account, the Group uses generally interest derivatives (interest swaps, interest caps) to counteract interest rate risks.

In accordance with IFRS 7, interest rate risks are presented by means of sensitivity analyses. These show the effects of changes in market interest rates on interest payments, interest income and expense, other items included in the results and, if applicable, on the shareholders' equity. Interest rate sensitivity analyses are based on the following assumptions:

- Changes in the interest rate of non-derivative fixed interest bearing financial instruments affect profit or loss only if these instruments are measured at fair value. Accordingly, all fixed interest financial instruments carried at amortised cost are not exposed to interest rate risks within the meaning of IFRS 7.
- Changes in market interest rates have an effect on the interest result of non-derivative variable-interest financial instruments whose interest payments are not designated as underlying transactions in the context of cash flow hedges hedging against interest rate changes, and they are therefore taken into account in sensitivity analyses relating to the results.
- Changes in market interest rates of interest derivatives which are not integrated into a hedging relationship pursuant to IAS 39 have an effect on the interest result (valuation result from the adjustment of the financial assets to the fair value), and they are therefore taken into account in sensitivity calculations relating to the results.

If the market interest level on December 31, 2015 had been higher (lower) by 100 basis points, no effects would have occurred with regard to a revaluation reserve in the shareholders' equity. Beyond this, the interest result would have been TEUR 183 (prior year: TEUR 220) lower/higher.

### *Other price risks*

In order to represent 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 relevant risk variables.

On December 31, 2015 and on December 31, 2014, the Company had no material financial instruments in its portfolio that were exposed to other price risks.

### *Risk concentration*

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

### Fair values

The Group's financial instruments which are not carried at fair value include mainly cash equivalents, trade receivables, trade liabilities and other liabilities, overdrafts and long term loans.

The book value of cash equivalents and overdrafts is very close to their market value due to the short term of these financial instruments. As regards receivables and liabilities which are based on standard trade credit conditions, the book value based on historical cost is also very close to the market value.

The fair value of long term liabilities is based on the currently available interest rates for outside capital borrowed with the same maturity and credit rating profile.

Depending on the market value on the reporting date, derivative financial instruments are reported as other asset (with positive market value) or other liability (with negative market value).

### Capital management

The objectives of the Company's capital management are

- ensuring the continued existence of the Company,
- guaranteeing adequate interest yield on shareholders' equity and
- maintaining an optimum capital structure that minimises capital costs as much as possible.

In order to maintain or to modify the capital structure, the Company issues new shares as required, assumes liabilities or disposes of assets to redeem liabilities.

The capital structure is monitored using the debt/equity ratio, which is calculated from the ratio of net borrowed capital to total capital. The net borrowed capital consists of short- and long-term financial liabilities (liabilities to banks, participation certificates/convertible bonds, liabilities to leasing companies, other financial liabilities) less cash and cash equivalents. The total capital consists of shareholders' equity plus net borrowed capital.

Individual companies of the power generation segment are subject to liquidity reserve requirements from banks, which are taken into account in monitoring the capital structure, but which in total have no significant effects on the capital structure and its availability at the Group level.

The strategy of the Company is to maintain a debt ratio of 70 percent in order to ensure continued access to borrowed capital at reasonable cost by maintaining a good credit rating.

All figures in TEUR	12/31/2015	12/31/2014
Financial liabilities	260,313	187,200
- Cash and cash equivalents	86,075	72,175
<b>= Net borrowed capital</b>	<b>174,237</b>	<b>115,025</b>
+ Shareholders' equity	165,928	160,195
<b>= Total capital</b>	<b>340,165</b>	<b>275,220</b>
<b>Debt ratio</b>	<b>51.22%</b>	<b>41.79%</b>

The strategy, unchanged in comparison with the previous year, for monitoring the capital structure has again achieved its objectives insofar as both the debt/equity ratio and all external requirements for securing liquidity were met.

## VI. Notes on the statement of comprehensive income

### 1. Revenues

Revenues are broken down according to product and service areas within the Group. In the period under report, revenues were generated primarily from the projecting of wind power turbines segment, management and servicing of wind power turbines as well as from transformer station usage fees. In the electricity generation segment, revenues related primarily to the sale of electricity from current operations of the wind farms Altenbruch II, Chransdorf Altdöbern A, B and C, Chransdorf Großräschen A and B, Waldfeucht/Selkant, the Silbitz biomass power station and the Passauer Land solar farm up to its sale in 2015.

There were no revenues from long term construction contracts in the 2015 fiscal year (in the prior year, the revenues from long term construction contracts resulted from one project) (see Sections IV No. 9 and V No. 6).

All figures in TEUR	2015	2014
Revenues before HB II reconciliation	116,542	229,369
Revenues from stage of completion accounting	0	7,018
Reverse effect from stage of completion accounting	-7,018	-25,119
Share of revenues from stage of completion accounting	-7,018	-18,101
	<b>109,524</b>	<b>211,268</b>

The revenue shares from percentage of completion accounting are linked to contract costs of TEUR 0 (prior year: TEUR 2,809) so that the percentage of completion profit in 2015 decreased by TEUR 4.209 versus the percentage of completion profit of the prior year (TEUR 4,209).

### 2. Other operating income

Other operating income includes mainly the following one-off effects:

- The reversal of impairment losses on receivables and other assets contributed TEUR 189 (prior year: TEUR 127) to other operating income.
- In fiscal 2015, deferred liabilities of TEUR 1,637 (prior year: TEUR 554) were released, since the reasons for their recognition were no longer applicable.

### 3. Personnel expenses

Personnel expenses are made up as follows:

All figures in TEUR	2015	2014
Wages and salaries	25,640	23,396
Social security and pension expenses	3,614	3,645
	<b>29,254</b>	<b>27,041</b>
Average annual number of employees	390	413
Personnel expenses per employee	75	65

The expenses for defined contribution plans pursuant to IAS 19 amounted to TEUR 924 in the 2015 fiscal year (prior year: TEUR 908).

### 4. Other operating expenses

Other operating expenses include mainly the following items:

- Legal and consulting costs TEUR 9,048 (prior year: TEUR 5,660)
- Rental and lease costs TEUR 2,511 (prior year: TEUR 1,746)
- Value adjustments on receivables or loss of receivables TEUR 1,662 (prior year: TEUR 3,288)
- Advertising and travel expenses TEUR 3,218 (prior year: TEUR 2,769)
- Vehicle costs TEUR 1,718 (prior year: TEUR 1,947)
- EDP costs TEUR 393 (prior year: TEUR 386)
- Insurance and contributions TEUR 1,184 (prior year: TEUR 1,084)
- Repair/maintenance costs (mainly "Silbitz" and "Altenbruch" TEUR 1,302 (prior year: TEUR 1,381)

### 5. Other interest and similar income

Interest income includes loans and overdrafts of TEUR 234 (prior year: TEUR 546) and the change in value of derivative financial instruments of TEUR 406 (prior year: TEUR 28).

### 6. Interest and similar expenses

Interest and similar expenses include mainly interest on the 2013/18 loan of TEUR 8.000 (prior year: TEUR 8,000), convertible bonds of TEUR 246 (prior year: TEUR 454) as well as interest on loans and overdrafts of TEUR 3,718 (prior year: TEUR 3,137). During the 2015 fiscal year, interest on borrowed capital in an amount of TEUR 218 (prior year: TEUR 204) was capitalised at a capitalisation rate of 2.96 percent (prior year: 3.18 percent) and in an amount of TEUR 1,640 (prior year: TEUR 1,447) at a capitalisation rate of 8.0 percent (prior year: 8.0 percent).

## 7. Taxes on income

The income tax income/expense is made up as follows:

All figures in TEUR	2015	2014
Current taxes	2,259	4,119
Deferred taxes		
- from consolidation effects and HBII adjustments	-8,252	-496
- from individual financial statements	2,307	-599
	<b>-5,945</b>	<b>-1,095</b>
	<b>-3,686</b>	<b>3,024</b>

Current taxes include corporation tax plus solidarity surcharge and trade tax for the domestic companies and comparable taxes on income for the foreign companies.

For the domestic companies, the corporation tax amounted to 15 percent and the solidarity surcharge remained unchanged at 5.5 percent. Including the trade tax, the total tax liability of the domestic companies was approximately 30 percent.

The individual tax rates for the relevant countries provide the basis for the foreign companies.

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

On the reporting date, the Group had estimated domestic tax loss carry-forwards of approx. euro 105 million (prior year: approx. euro 105 million) and of approx. euro 53 million abroad (prior year: approx. euro 50 million), which can be offset against future profits. A deferred tax claim of TEUR 1,389 was recognised for these losses (prior year: TEUR 1,389) and was netted fully against deferred tax liabilities. In view of the loss situation in the past (abroad) and the – almost full – tax exemption of disposals of shares in corporations in Germany, the Group only capitalises deferred tax claims on loss carry-forwards in an amount that can be realised in the future with certainty through positive taxable differences in results. Domestic losses can be carried forward for an indefinite period. In respect of the substantial losses in the USA, the use of losses in the USA is limited to 20 years. No deferred tax has been recognised on the loss carry forwards in Germany totalling euro 100 million (prior year: euro 100 million) and abroad totalling euro 53 million (prior year: euro 50 million).

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

All figures in TEUR	2015	2014
Consolidated earnings before taxes	-5.076	-15.274
Tax rate	30,0 %	30,0 %
Income tax expense - calculated	-1.523	-4.582
Difference in tax rate	226	554
Non-recognition of deferred taxes	11.121	9.125
Use of loss carry-forwards	-1.500	-1.866
Tax free gains on disposals and other tax free income	-11.557	-223
Permanent differences	-1.279	-494
Tax expense/income not related to the period	84	35
Non-deductible expenses	135	666
Other consolidation effects	607	-191
<b>Reported tax expense</b>	<b>-3.686</b>	<b>3.024</b>

Deferred taxes on valuation adjustments are determined generally on the basis of specific national tax rates. Since all items involving deferred taxes are domestic, an average tax rate of 30.0 percent (prior year: 30.0 percent) was applied.

Deferred taxes resulting from valuation differences arose in the following items of the statement of financial position:

All figures in TEUR	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	12/31/2015	12/31/2015	12/31/2014	12/31/2014
Receivables and other assets	1,295	0	1,449	0
Inventories	1,412	141	653	0
Property, plant and equipment	7,853	1,312	168	1,587
Intangible assets	4,144	1,164	6,753	578
Other assets	0	0	0	0
Financial assets	0	0	0	0
Liabilities	400	1,160	215	1,289
Other provisions	212	996	410	0
	<b>15,316</b>	<b>4,773</b>	<b>9,668</b>	<b>3,454</b>
Losses carried forward	1,389	0	1,389	0
Other consolidation effects incl. value adjustments	2,464	332	1,081	566
	<b>19,169</b>	<b>5,105</b>	<b>12,138</b>	<b>4,020</b>
Offsettable share	-1,729	-1,729	-1,820	-1,820
<b>Deferred taxes</b>	<b>17,440</b>	<b>3,376</b>	<b>10,318</b>	<b>2,200</b>

## 8. Earnings per share

### *Basic earnings per share*

In 2015, the annual average number of registered shares amounted to 74,894 thousand (prior year: 58,627).

The basic earnings per share thus amounted to euro 0.05 per share (prior year: euro -0,22 per share).

	2015	2014
Consolidated net income (TEUR)	3,474	-12,992
Weighted average number of shares (in Tsd.)	74,894	58,627
<b>Earnings per share (EUR)</b>	<b>0.05</b>	<b>-0.22</b>

### *Diluted earnings per share*

The diluted earnings per share are calculated as follows:

	2015	2014
Consolidated net income before elimination of dilution effects (TEUR)	3,474	-12,992
- Interest expense on convertible bond (TEUR)	246	318
<b>Result after elimination (TEUR)</b>	<b>3,720</b>	<b>-12,674</b>
Weighted average number of shares (undiluted) (in Tsd.)	74,894	58,627
+ weighted average of convertible shares (in Tsd.)	1,988	2,984
<b>Weighted average number of shares (diluted) (in Tsd.)</b>	<b>76,881</b>	<b>61,611</b>
<b>Diluted earnings per share (EUR)</b>	<b>0.05</b>	<b>-0.21</b>

## VII. Notes on the statement of cash flows

The statement of cash flows was prepared using the indirect method of reporting cash flows.

### 1. Liquid funds

The liquid funds correspond to the item "cash and cash equivalents" in the statement of financial position.

### 2. Reconciliation between amounts in the statement of cash flows and the statement of financial position

The statement of cash flows presents the change in cash and cash equivalents during the year under report due to the inflow and outflow of funds. In accordance with IAS 7, cash flows are classified as cash flows from operating, investing and financing activities. The effects of changes in the scope of consolidation have been eliminated.



### 3. Non-cash effects

The statement of cash flows (net) includes TEUR 319 as non-cash effects. This value consists of:

- Currency translation differences (TEUR 428)
- Other effects (TEUR -108)

## VIII. Notes on the statement of changes in equity

### Transaction costs

In the 2015 fiscal year, transaction costs of TEUR 396 (prior year: TEUR 1,654) (after deferred taxes) were deducted directly from equity (capital reserve).

## IX. Segment reporting

During the year under report, the operating 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 raising of equity capital for wind farm operating companies. Another area of activity is the environmentally friendly production of electricity under economically sustainable conditions.

In the 2015 fiscal year, the Company planned and constructed wind farms in Germany, which were initially held in its own portfolio. Since the company-owned wind farms will be operated by the Company itself regardless of their current or future shareholder structure and will be used to generate electricity, the wind farms are included in the electricity generation segment from the date of sale within the Group.

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

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

The amounts in the business segment "Projecting of wind power turbines" are attributable as follows:

1. Sub-segment wind power onshore Germany

- total aggregate output of euro 194.5 million (prior year: euro 207.9 million),
- revenues of euro 198.7 million (prior year: euro 205.0 million),
- operating results of euro 5.7 million (prior year: euro 10.9 million),
- a share of segment assets of euro 367.1 million (prior year: euro 401.5 million) and
- an equity share of euro 84.4 million (prior year: euro 104.1 million).

2. Sub-segment wind power onshore international

- total aggregate output of euro 47.3 million (prior year: euro 15.2 million),
- revenues of euro 41.7 million (prior year: euro 2.9 million),
- operating results of euro 21.6 million (prior year: euro -9.9 million),
- a share of segment assets of euro 84.4 million (prior year: euro 146.3 million) and
- an equity share of euro 23.8 million (prior year: euro 22.5 million).

The revenues with external 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, revenues were realised with external customers, which amounted to more than 10 percent of total revenues. During the reporting year, sales of approx. euro 37.4 million, which can be assigned to the international area, were generated from a customer. No other single customers contributed 10 percent or more of consolidated sales. In the prior year, sales of approx. euro 53 million were generated from a customer, sales of approx. euro 52 million from another customer and sales of approx. euro 44 million from a third customer, which can be assigned to the domestic area.

Long term assets are attributable to the following regions:

All figures in TEUR	12/31/2015	12/31/2014
Germany	232,976	136,267
Other countries	680	3,299
	<b>233,656</b>	<b>139,566</b>

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

The share of the result for the period of the associated companies that are included at equity, totalling TEUR -173 (prior year: TEUR -5,412), is included in the wind power segment.

## X. Other disclosures

### 1. Contingent liabilities and other financial obligations

On the reporting date, there were contingent liabilities arising from the provision of guarantees for:

All figures in TEUR	12/31/2015	12/31/2014
Various wind farm projects	9,477	17,996
Other	978	138
	<b>10,455</b>	<b>18,134</b>

Other financial obligations exist from rental and leasing contracts and amount to TEUR 1,122 (prior year: TEUR 1,626). The maturities of rental and leasing obligations are structured as follows:

Rental and leasing obligations	2015	2014
Remaining term of up to 1 year	481	752
Remaining term of 1-5 years	641	762
Remaining term of more than 5 years	0	112
	<b>1,122</b>	<b>1,626</b>

Moreover, there are obligations from order commitments for wind power turbines in the net amount of TEUR 85,362 (prior year: TEUR 183,060). The obligations under order commitments are fully due within one year.

Other financial obligations of TEUR 252 (prior year: TEUR 284) arise from cooperation in respect of project development abroad.

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

The companies of the PNE WIND Group are developing projects in 13 countries. The MW capacity of projects that are developed up to construction maturity is attributable as follows: 30-35 percent to the Germany market and 65-70 percent to the other 12 foreign markets. The PNE WIND Group has thus achieved broad diversification. The dependence on developments in individual markets has been reduced. Potential negative changes resulting in individual countries can be balanced by other markets. The objective is to achieve realisation of onshore projects in Germany of 75 to 100 MW in 2016 and the following years. Corresponding permits for wind farm projects are prepared every year and have been obtained for 2016, and several wind farm projects are already in the construction phase. The German wind farm projects will have to be adapted to the changing framework conditions of the Renewable Energies Law (EEG). Onshore wind farm projects have also been approved abroad, including in the USA, France, Italy and Poland. In the offshore sector, PNE WIND AG is working on six in-house projects and is active as a service provider to a further six projects. The development of its in-house projects up to the approval stage and the unconditional grid connection commitment is connected with substantial expenses for numerous ecological studies and safety analyses. The announced changes in the framework conditions of the Renewable Energies Law (EEG) will lead to additional expenses in the offshore segment, both monetary and non-monetary. 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 in which PNE WIND AG is acting as a service provider for project development not be realised, the risk arises that agreed milestone payments are not made. These risks are being assessed constantly, but they cannot be ruled out entirely.

### 3. Notifications in accordance with Section 21 (1) Securities Trading Act (WpHG)

During the fiscal year 2015, the following notifications in accordance with Section 21 (1) Securities Trading Act (WpHG) concerning the Company were received:

*Notified by ODDO Seydler Bank AG:*

ODDO SEYDLER BANK AG, Schillerstraße 27-29, 60313 Frankfurt/Main, Germany, notified us in accordance with Section 21 (1) WpHG on May 19, 2015 that its percentage of voting rights in PNE WIND AG, Cuxhaven, Germany, exceeded the thresholds of 3 and 5 percent of the voting rights on May 18, 2015 and, as per this date, amounted to 5.98 percent (corresponds to 4,578,500 voting rights).

Cuxhaven, May 19, 2015

*Notified by Volker Friedrichsen Beteiligungs-GmbH:*

Volker Friedrichsen Beteiligungs-GmbH, Schwabstedt, Germany, notified us in accordance with Section 21 (1) WpHG on May 20, 2015 that its percentage of voting rights in PNE WIND AG, Cuxhaven, Germany, fell below the threshold of 15 percent of the voting rights on May 18, 2015 and, as per this date, amounted to 14.75 percent (corresponds to 11,288,625 voting rights).

Cuxhaven, June 1, 2015

*Notified by Philippe Oddo:*

1. ODDO & CIE, Paris, France, notified us in accordance with Section 21 (1) WpHG that its percentage of voting rights in PNE WIND AG, Cuxhaven, exceeded the thresholds of 3 and 5 percent of the voting rights on May 18, 2015 and, as per this date, amounted to 5.98 percent (4,578,500 voting rights). This 5.98 percent (4,578,500 voting rights) is to be attributed to ODDO & CIE (France) pursuant to Section 22 (1) sentence 1 no. 1 WpHG. The attributed voting rights are held via the following companies, which are controlled by ODDO & CIE (France) and whose holdings of voting rights amount to 3 percent each or more in PNE Wind AG:

- ODDO Seydler Bank AG

2. Financière IDAT, Paris, France, notified us in accordance with Section 21 (1) WpHG that its percentage of voting rights in PNE WIND AG, Cuxhaven, exceeded the thresholds of 3 and 5 percent of the voting rights on May 18, 2015 and, as per this date, amounted to 5.98 percent (4,578,500 voting rights). This 5.98 percent (4,578,500 voting rights) is to be attributed to Financière IDAT pursuant to Section 22 (1) sentence 1 no. 1 WpHG. The attributed voting rights are held via the following companies, which are controlled by Financière IDAT and whose holdings of voting rights amount to 3 percent each or more in PNE Wind AG: - ODDO & CIE

- ODDO & CIE
- ODDO Seydler Bank AG

3. Philippe Oddo, France, notified us in accordance with Section 21 (1) WpHG that his percentage of voting rights in PNE WIND AG, Cuxhaven, exceeded the thresholds of 3 and 5 percent of the voting rights on May 18, 2015 and, as per this date, amounted to 5.98 percent (4,578,500 voting rights). This 5.98 percent (4,578,500 voting rights) is to be attributed to Philippe Oddo pursuant to Section 22 (1) sentence 1 no. 1 WpHG. The attributed voting rights are held via the following companies, which are controlled by Philippe Oddo and whose holdings of voting rights amount to 3 percent each or more in PNE Wind AG:

- Financière IDAT
- ODDO & CIE
- ODDO Seydler Bank AG

Cuxhaven, May 22, 2015

*Notified by Philippe Oddo:*

1. Oddo Seydler Bank AG, Frankfurt, Germany, notified us in accordance with Section 21 (1) WpHG that its percentage of voting rights in PNE WIND AG, Cuxhaven, fell below the thresholds of 5 and 3 percent of the voting rights on May 22, 2015 and, as per this date, amounted to 0.00 percent (0 voting rights).
2. ODDO & CIE, Paris, France, notified us in accordance with Section 21 (1) WpHG that its percentage of voting rights in PNE WIND AG, Cuxhaven, fell below the thresholds of 5 and 3 percent of the voting rights on May 22, 2015 and, as per this date, amounted to 0.00 percent (0 voting rights).
3. Financière IDAT, Paris, France, notified us in accordance with Section 21 (1) WpHG that its percentage of voting rights in PNE WIND AG, Cuxhaven, fell below the thresholds of 5 and 3 percent of the voting rights on May 22, 2015 and, as per this date, amounted to 0.00 percent (0 voting rights).
4. Philippe Oddo, France, notified us in accordance with Section 21 (1) WpHG that his percentage of voting rights in PNE WIND AG, Cuxhaven, fell below the thresholds of 5 and 3 percent of the voting rights on May 22, 2015 and, as per this date, amounted to 0.00 percent (0 voting rights).

Cuxhaven, May 27, 2015

*Notified by Volker Friedrichsen Beteiligungs-GmbH:*

Volker Friedrichsen Beteiligungs-GmbH, Schwabstedt, Germany, notified us in accordance with Section 21 (1) WpHG on May 30, 2015 that its percentage of voting rights in PNE WIND AG, Cuxhaven, Germany, reached the threshold of 15 percent of the voting rights on May 27, 2015 (corresponds to 11,483,303 voting rights).

Cuxhaven, June 1, 2015

*Notified by Volker Friedrichsen Beteiligungs-GmbH:*

Volker Friedrichsen Beteiligungs-GmbH, Schwabstedt, Germany, notified us in accordance with Section 21 (1) WpHG on May 30, 2015 that its percentage of voting rights in PNE WIND AG, Cuxhaven, Germany, exceeded the threshold of 15 percent of the voting rights on May 27, 2015 and, as per this date, amounted to 15.0003 percent (corresponds to 11,483,303 voting rights).

Cuxhaven, June 2, 2015

*Notified by Michael Schwartzkopff:*

Mr. Michael Schwartzkopff, Germany, notified us in accordance with Section 21 (1) WpHG that his percentage of voting rights in PNE WIND AG, Cuxhaven, Germany, exceeded the thresholds of 3, 5, 10 and 15 percent of the voting rights on June 16, 2015 and, as per this date, amounted to 15.0004 percent (11,483,303 voting rights). 11,483,303 of the aforementioned voting rights (15.0004 percent) are attributable to Mr. Michael Schwartzkopff, Germany, in accordance with Section 22 (1) sentence 1 no. 6 WpHG, based on the power of attorney granted, whereby the power of attorney in the sense of Section 22 (4) WpHG was granted exclusively to exercise the voting rights on the general meeting of shareholders of PNE Wind AG, Cuxhaven, Germany, on June 16, 2015 and, thus, the percentage of voting rights after the general meeting of shareholders on June 16, 2015 fell below the thresholds of 3, 5, 10 and 15 percent and amounted to 0.00 percent (corresponds to 0 voting rights). In accordance with Section 22 (1) sentence 1 no. 6 WpHG, 11,483,303 of these voting rights (corresponds to 15.0004 percent of voting rights) were attributed via the following company, whose percentage of voting rights in PNE WIND AG was 3 percent or more: Volker Friedrichsen Beteiligungs-GmbH, Schwabstedt, Deutschland.

Cuxhaven, June 22, 2015

*Notified by Axxion S.A.:*

Axxion S.A., Luxembourg, notified us in accordance with Section 21 (1) WpHG on August 26, 2015 that its percentage of voting rights in PNE WIND AG, Cuxhaven, Germany, exceeded the threshold of 3 percent of the voting rights on August 26, 2015 and, as per this date, amounted to 3.15 percent (corresponds to 2,413,000 voting rights).

Cuxhaven, August 26, 2015

*Notified by Volker Friedrichsen Beteiligungs-GmbH:*

Volker Friedrichsen Beteiligungs-GmbH, Schwabstedt, Germany, notified us in accordance with Section 21 (1) WpHG on September 30, 2015 that its percentage of voting rights in PNE WIND AG, Cuxhaven, Germany, fell below the threshold of 15 percent of the voting rights on September 21, 2015 and, as per this date, amounted to 14.999998 percent (corresponds to 11,483,303 voting rights).

Cuxhaven, September 30, 2015

#### 4. Transactions with related parties

With regard to the financial statements of PNE WIND AG and its subsidiaries included in the consolidated financial statements, please consult the list of shareholdings.

The Supervisory Board members Dieter K. Kuprian and Dr. Peter Fischer (till October 31, 2015) and CEO Martin Billhardt (till September 30, 2015) made up the Supervisory Board of WKN AG. For their activity to October 31, 2015, they would have received fixed compensation in the following amounts:

- Dieter K. Kuprian: TEUR 66.7,
- Dr. Peter Fischer: TEUR 50.0,
- Martin Billhardt: TEUR 29.9.

At WKN AG's annual general meeting on September 30, 2015, the Supervisory Board members volunteered to forego their fixed remuneration for the fiscal year 2015 and the Company accepted this waiver.

At the annual general meeting on September 30, 2015, the following persons were elected as the new Supervisory Board members:

- Markus Lesser, Board Member PNE WIND AG (from October 1, 2015),
- Jörg Klawat, Board Member of PNE WIND AG (from November 1, 2015),
- Thorsten Fastenau, General representative of PNE WIND AG (from November 1, 2015).

At the time the new members joined the Supervisory Board, the period of office of the previous Supervisory Board members ended as follows:

- Martin Billhardt (up to September 30, 2015),
- Dieter K. Kuprian (up to October 31, 2015),
- Dr. Peter Fischer (up to October 31, 2015).

The Supervisory Board of WKN AG held a total of 20 meetings in fiscal 2015 and received attendance fees totalling net TEUR 123. An amount of TEUR 102.5 is attributable to the old Supervisory Board and of TEUR 20.5 to the new Supervisory Board. Liabilities for attendance fees of net TEUR 4 were recognised in the annual financial statements of WKN AG as at December 31, 2015.

As at December 31, 2015, an amount of TEUR 12.4 was recorded in the balance sheet as deferred liabilities for the new Supervisory Board's fixed remuneration for the 2015 fiscal year.

The remuneration and the shareholdings of the Supervisory Board and of the Board of Management are explained in Section X.5.

## Information on the Supervisory Board and the Board of Management

### *Supervisory Board*

- Mr. Dieter K. Kuprian, Berlin, corporate consultant/general manager of 2 D Holding GmbH, Laichingen (Chairman) (up to October 23, 2015)
- Dr. Peter Fischer, Cuxhaven, independent management consultant (Deputy Chairman) (up to October 23, 2015)
- Professor Reza Abhari, Zurich, Switzerland, university professor at ETH Zurich (up to October 23, 2015)
- Mrs. Astrid Zielke, Hamburg, lawyer and partner at the law firm Buse Heberer Fromm, Hamburg (up to October 23, 2015)
- Mr. Volker Friedrichsen, Schwabstedt, merchant and general manager of Volker Friedrichsen Beteiligungs-GmbH, Schwabstedt (up to October 23, 2015)
- Mr. Peter Baron von le Fort, Hamburg, self-employed auditor (up to October 23, 2015)
- Mr. Alexis Fries, Pfaffhausen, Switzerland, independent management consultant, graduate physicist (Chairman) (from October 23, 2015)
- Mr. Wilken Freiherr von Hodenberg, Hamburg, self employed lawyer (Deputy Chairman) (since October 23, 2015)
- Mr. Andreas M. Rohardt, Hermannsburg, managing shareholder of ARO greenenergy GmbH, Hermannsburg (since October 23, 2015)
- Mr. Christoph Groß, Mainz, self-employed auditor (since October 23, 2015)
- Dr. Andreas Beyer, Munich, management board member of ACON Actienbank AG, Munich (Since October 23, 2015)
- Mr. Per Hornung Pedersen, Hamburg, self-employed corporate consultant (from October 23, 2015 to November 30, 2015, since December 1 dormant)

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

- WKN AG, Husum (till October 31, 2015)
- ERLAU AG, Aalen/Unterkochen
- Intersoft Consulting Services AG, Hamburg
- RUD Ketten Rieger & Dietz GmbH & Co. KG, Aalen/Unterkochen

Dr. Peter Fischer is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG).

- WKN AG, Husum (till October 31, 2015)

Mr. Peter Baron von le Fort is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG).

- Mack & Schühle AG, Owen/Teck
- Ecoroll AG, Celle

Mr. Alexis Fries is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- Pöyry PLC, Helsinki, Finland



Mr. Wilken Freiherr von Hodenberg is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- Deutsche Beteiligungs AG, Frankfurt am Main
- Sloman Neptun Schiffahrts-Aktiengesellschaft, Bremen
- Sektmanufaktur Schluss Vaux AG, Eltville (Vice Chairman of the Supervisory Board)

Mr. Andreas M. Rohardt is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- SOEX Textilvermarktungsgesellschaft m.b.H., Ahrensburg (Chairman of the Advisory Board)

Mr. Christoph Groß is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- Amadeus- Fire AG, Frankfurt am Main (Chairman of the Supervisory Board)
- IC Immobilien Holding AG, Unterschleißheim, (Deputy Chairman of the Supervisory Board)
- AVECO AG, Frankfurt am Main
- Halder Holding GmbH, Frankfurt am Main (up to December 15, 2015)
- Halder Beteiligungsberatung GmbH, Frankfurt am Main (up to December 15, 2015)

Dr. Andreas Beyer is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- Janosch film & medien AG, Berlin (Chairman of the Supervisory Board)
- Picturemaxx AG, Munich (Chairman of the Supervisory Board)
- SHS VIVEON AG, Munich (Deputy Chairman of the Supervisory Board)
- Leasetrend AG, Oberhaching, Munich

The fixed remuneration paid to the Supervisory Board during the fiscal year 2015 amounted to TEUR 398 (prior year: TEUR 219). Up to the amendment of the articles of association by the general meeting on October 23, 2015, the Chairman received 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 received TEUR 2.5 per meeting. In addition a variable payment was honoured.

After the amendment of the articles of association on October 23, 2015, the Chairman receives TEUR 120, the Deputy Chairman TEUR 90 and the other members of the Supervisory Board TEUR 60 as fixed remuneration. In addition, each member of the Supervisory Board receives TEUR 1 per meeting. The Chairman of the Audit Committee receives fixed remuneration of TEUR 30 and each other member of the Audit Committee TEUR 15 as additional remuneration. The chairpersons of other Supervisory Board committees receive additional remuneration of TEUR 20. The variable payments structures were eliminated.

For variable remuneration, a provision of TEUR 454 (prior year: TEUR 667) was formed in the year under report. The total remuneration of the Supervisory Board in the 2015 fiscal year amounted to TEUR 852 (prior year: TEUR 886). In addition, the Company bears the cost of directors' and officers' liability insurance for all members of the Supervisory Board.

All figures in TEUR	Fixed remuneration 2015	Variable remuneration 2015	Attendance fees 2015	Total remuneration 2015
Mr. Kuprian	17.0	121.0	50.0	188.0
Dr. Fischer	12.8	91.0	45.0	148.8
Prof. Abhari	8.5	60.5	40.0	109.0
Mrs. Zielke	8.5	60.5	27.5	96.5
Mr. Baron von le Fort	8.5	60.5	27.5	96.5
Mr. Friedrichsen	8.5	60.5	22.5	91.5
Mr. Fries	30.1	0.0	4.0	34.1
Mr. Freiherr von Hodenberg	16.9	0.0	4.0	20.9
Mr. Groß	16.9	0.0	4.0	20.9
Dr. Beyer	14.1	0.0	4.0	18.1
Mr. Rohardt	11.3	0.0	4.0	15.3
Mr. Pedersen	7.9	0.0	4.0	11.9
	<b>161.0</b>	<b>454.0</b>	<b>236.5</b>	<b>851.5</b>

Of the members of the Supervisory Board, Mr. Andreas Beyer, via Lombardiello GmbH Munich, held 41,000 shares, Mr. Wilken Freiherr von Hodenberg 500 shares and Mr. Andreas M. Rohardt 1 share as at December 31, 2015. This corresponds to a total of 41,501 shares of the Company.

#### *Board of Management*

- Mr. Martin Billhardt, Cuxhaven, (CEO) (up to September 30, 2015)
- Mr. Per Hornung Pedersen, Hamburg, (Interim CEO) (since December 1, 2015)
- Mr. Jörg Klowat, Cuxhaven, (CFO)
- Mr. Markus Lesser, Kaarst, (COO)

Mr. Per Hornung Pedersen is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- Suzlon Energy Ltd., Mumbai, India
- SeaTower AS, Oslo, Norway

Mr. Jörg Klowat is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- WKN AG, Husum (since November 1, 2015)

Mr. Markus Lesser is or was a member of the Supervisory Board or another controlling body of the following companies within the meaning of Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG):

- WKN AG, Husum, (Chairman of the Supervisory Board)(since October 1, 2015)
- RenCon GmbH, Kaarst

For their activity during the fiscal year 2015, the members of the Board of Management received total remuneration (Incl. Provisions for bonuses) in the amount of TEUR 4,620 (prior year: TEUR 2,529).

The values in the tables below under the heading “Benefits granted” reflect all benefits recognised as expenses in the fiscal year, which will, in part, have an effect on liquidity in the next year. The values under the heading “Allocation” impact liquidity in the relevant fiscal year and therefore relate, in part, to expenses from the previous year (e.g. provisions for variable remuneration leading to payments in the next year).

in TEUR	Benefits granted Total Management Board				Allocation Total Management Board	
	2014	2015	2015 (Min)	2015 (Max)	2014	2015
Fixed remuneration	885	844	955	955	885	844
Fringe benefits	93	87	97	97	93	87
<b>Total</b>	<b>978</b>	<b>931</b>	<b>1,052</b>	<b>1,052</b>	<b>978</b>	<b>931</b>
One-year variable remuneration	472	168	0	576	549	472
Multi-year variable compensation	577	308	0	704	671	577
For the 2012-2014 period	577	0	0	0	671	577
For the 2014-2016 period	0	308	0	704	0	0
Service costs	502	3,213	0	176	502	3,126
<b>Total</b>	<b>1,551</b>	<b>3,689</b>	<b>0</b>	<b>1,456</b>	<b>1,722</b>	<b>4,175</b>
Pension payments	0	0	0	0	0	0
<b>Total compensation</b>	<b>2,529</b>	<b>4,620</b>	<b>1,052</b>	<b>2,508</b>	<b>2,700</b>	<b>5,106</b>

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 the fixed salary and ancillary benefits (contributions to health insurance and pension fund contributions) as well as benefits in kind from the use of a company car. This portion is paid monthly. The variable portion of the salary of Board of Management members is divided into short-term and long-term parts. The short-term part is based on the attainment of certain targets in the current fiscal year, and the long-term part is based on the attainment of targets over several years. The long-term part of variable remuneration amounts to 55 percent and the short-term part 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 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 is not 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 target has been defined, which is based on the expected EBIT to be earned during a three year period. The variable salary portion linked to the targets covering several years is paid out at the end of a fiscal year; however, it is subject to repayment in the event of the long-term target not being attained over several years or it will be offset against other claims due. In the event of particularly outstanding performance in respect of a past fiscal year, the Supervisory Board may also grant the member of the Management Board a bonus payment, for which there is no contractual claim. No stock options were granted to the members of the Board of Management.

In the event of a change of control at the Company, the members of the Board of Management have a special right of termination, which they can exercise during the two months following the occurrence of the change of control (excluding the month in which the change of control occurred), with a notice period of fourteen days to the end of the relevant

month. A change of control event granting a special right of termination occurs, if a third party notifies the Company in accordance with Section 21 WpHG that it has reached or exceeded a participation of 50 percent of the voting shares of the Company. If the special right of termination is exercised, the members of the Board of Management are entitled to their fixed salary for the remainder of the contract term, but limited to a maximum of two years' compensation. In the event that the change of control occurs in the context of a public offering, the members of the Board of Management, should they exercise their special right of termination, are also entitled to a special bonus of 50 percent of an increase in goodwill resulting from the offer. 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 bidder and the possibly higher acquisition price decisive for the implementation of the offer; in total, however, the special bonus may not be higher than the fixed annual salary.

In addition, the Company bears the costs of Directors' and Officers' Liability Insurance for all members of the Board of Management.

Currently the Management Board and Supervisory Boards are holding talks on formulating a new structure for the short- and long-term targets.

The distribution of remuneration of the individual members of the Board of Management pursuant to the Corporate Governance Code is shown in the following tables.

in TEUR	Benefits granted Martin Billhardt Chief Executive Officer (CEO)				Allocation Martin Billhardt Chief Executive Officer (CEO)	
	2014	2015	2015 (Min)*	2015 (Max)*	2014	2015
Fixed remuneration	360	249	360	360	360	249
Fringe benefits	43	33	43	43	43	33
<b>Total</b>	<b>403</b>	<b>282</b>	<b>403</b>	<b>403</b>	<b>403</b>	<b>282</b>
One-year variable remuneration	275	0	0	324	324	275
Multi-year variable compensation	337	0	0	396	396	337
For the 2012-2014 period	337	0	0	0	396	337
For the 2014-2016 period	0	0	0	396	0	0
Service costs	240	3,040	0	90	240	3,040
<b>Total</b>	<b>852</b>	<b>3,040</b>	<b>0</b>	<b>810</b>	<b>960</b>	<b>3,652</b>
Pension payments	0	0	0	0	0	0
<b>Total compensation</b>	<b>1,255</b>	<b>3,322</b>	<b>403</b>	<b>1,213</b>	<b>1,363</b>	<b>3,934</b>

\* The values refer to the full 2015 fiscal year, excluding special payments in connection with the retirement of Mr. Billhardt.

in TEUR	Benefits granted Jörg Klowat Chief Financial Officer (CFO)				Allocation (in TEUR) Jörg Klowat Chief Financial Officer (CFO)	
	2014	2015	2015 (Min)	2015 (Max)	2014	2015
Fixed remuneration	285	300	300	300	285	300
Fringe benefits	28	30	30	30	28	30
<b>Total</b>	<b>313</b>	<b>330</b>	<b>330</b>	<b>330</b>	<b>313</b>	<b>330</b>
One-year variable remuneration	115	90	0	135	108	115
Multi-year variable compensation	140	165	0	165	132	140
For the 2012-2014 period	140	0	0	0	132	140
For the 2014-2016 period	0	165	0	165	0	0
Service costs	133	44	0	44	133	44
<b>Total</b>	<b>388</b>	<b>299</b>	<b>0</b>	<b>344</b>	<b>373</b>	<b>299</b>
Pension payments	0	0	0	0	0	0
<b>Total compensation</b>	<b>701</b>	<b>629</b>	<b>330</b>	<b>674</b>	<b>686</b>	<b>629</b>

in TEUR	Benefits granted Markus Lesser Chief Operating Officer (COO)				Allocation Markus Lesser Chief Operating Officer (COO)	
	2014	2015	2015 (Min)	2015 (Max)	2014	2015
Fixed remuneration	240	240	240	240	240	240
Fringe benefits	22	24	24	24	22	24
<b>Total</b>	<b>262</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>262</b>	<b>264</b>
One-year variable remuneration	82	78	0	117	117	82
Multi-year variable compensation	100	143	0	143	143	100
For the 2012-2014 period	100	0	0	0	143	100
For the 2014-2016 period	0	143	0	143	0	0
Service costs	129	129	0	42	129	24
<b>Total</b>	<b>311</b>	<b>350</b>	<b>0</b>	<b>302</b>	<b>389</b>	<b>224</b>
Pension payments	0	0	0	0	0	0
<b>Total compensation</b>	<b>573</b>	<b>614</b>	<b>264</b>	<b>566</b>	<b>651</b>	<b>488</b>

in TEUR	Benefits granted Per Hornung Pedersen Chief Executive Officer (CEO)				Allocation Per Hornung Pedersen Chief Executive Officer (CEO)	
	2014	2015	2015 (Min)	2015 (Max)	2014	2015
Fixed remuneration	0	55	55	55	0	55
Fringe benefits	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>0</b>	<b>55</b>
One-year variable remuneration	0	0	0	0	0	0
Multi-year variable compensation	0	0	0	0	0	0
For the 2012-2014 period	0	0	0	0	0	0
For the 2014-2016 period	0	0	0	0	0	0
Service costs	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Pension payments	0	0	0	0	0	0
<b>Total compensation</b>	<b>0</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>0</b>	<b>55</b>

The members of the Company's Board of Management held the following number of shares on December 31, 2015:

Mr. Jörg Klowat, Cuxhaven	100,000 shares (prior year: 114,000 shares)
Mr. Markus Lesser, Kaarst	24,000 shares (prior year: 10,000 shares)

## Additional disclosures for German parent companies in the IFRS consolidated financial statements in accordance with Section 315a of the German Commercial Code (HGB)

### 6. Group auditors' fees

During the fiscal year 2015, the following fees were charged by the group auditors

Audit of annual financial statements (separate and consolidated)	TEUR 647 <sup>1)</sup>
Other attestation services	TEUR 56
Other services	TEUR 148
	<b>TEUR 851</b>

<sup>1)</sup> Of which for the prior fiscal year: TEUR 154 (includes primarily the expenses for the subsequent audit of WKN AG's annual and consolidated financial statements as at December 31, 2013 and the resulting corrections in the annual and consolidated financial statements as at December 31, 2014.

## 7. German Corporate Governance Code

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

The last declaration of compliance was issued in September 2015.

The declaration of compliance is published on our website [www.pnewind.com](http://www.pnewind.com) in the section "Investor Relations" under Corporate Governance and can be downloaded from there.

## 8. Information on employees

### Average annual number of employees

	2015	2014
Wage earners	28	26
Salaried employees	298	328
Executives (excluding Board of Management of PNE WIND AG)	64	56
	<b>390</b>	<b>410</b>

## 9. Events after reporting date

In February 2016, PNE WIND AG and Volker Friedrichsen Beteiligungs-GmbH consensually ended the arbitration proceedings by way of a compromise. Upon the advice of the arbitration court, the parties came to an agreement that the purchase price retention of euro 4.0 million, which was agreed in connection with the purchase of the shares in WKN AG and which is still deposited in a trust account in line with the contract, should be paid half to PNE WIND AG and half to Volker Friedrichsen Beteiligungs-GmbH. Volker Friedrichsen Beteiligungs-GmbH, however, remains obliged to indemnify WKN AG from and against any subsequent tax claims in accordance with the arrangements made in the purchase contract.

Since the end of the reporting period, no further events which have significant effects on the earnings, financial and asset situation have occurred.

Cuxhaven, March 21, 2016

PNE WIND AG



Per Hornung Pedersen  
Chairman of the board



Jörg Klawat  
Management Board member



Markus Lesser  
Management Board member

# INDEPENDENT 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 combined management report on the parent Company and the Group for the year ended 31 December 2015. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant Section 315a (1) German Commercial Code (HGB) are the responsibility of the parent Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). 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 sample basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of PNE WIND AG, Cuxhaven / Germany, comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to Section 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, March, 21 2016

Deloitte & Touche GmbH  
auditing company

(Bäßler)                      (Wendlandt)  
German Public Auditor   German Public Auditor



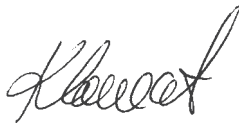
## STATEMENT MADE BY THE LEGAL REPRESENTATIVES

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

PNE WIND AG, The Board of Management



Per Hornung Pedersen



Jörg Klowat



Markus Lesser



## The 2015 Paris Agreement delivers a global acknowledgement that climate change is a reality.

The aim of the Paris Agreement is to bring about a reduction in greenhouse gas emissions as soon as possible and the world's governments have agreed to take the steps needed to keep the global average temperature from rising no more than 2°C versus pre-industrial times, and preferably to 1.5°C.

With increasing frequency, climate change is causing massive impacts on natural and human systems on all continents and across the oceans. Everyone is affected

either through the physical consequences of climate change and or the regulations to combat it. 150 Heads of State were at the talks and the level of global support for the Paris Agreement highlights the urgency to take action. Germany continues to be a leader and looks to achieve 80% of its electricity from renewable energy by 2050. Protecting climate means to save the nature. At home and abroad, PNE WIND continues to drive the "energiewende"!



## 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, 2015

(differences from rounding off possible)		2015 EUR	2014 TEUR
1.	Revenues	151,199,167.66	158,200
2.	Decrease/Increase in work in process	-2,209,015.91	-1,698
3.	Other operating income	894,026.72	661
<b>4.</b>	<b>Total aggregate output</b>	<b>149,884,178.47</b>	<b>157,163</b>
5.	Cost of purchased materials		
	a) Cost of raw materials, supplies and purchased materials	-100,048,878.59	-104,312
	b) Cost of purchased services	-18,143,202.29	-20,303
		<b>-118,192,080.88</b>	<b>-124,614</b>
6.	Personnel expenses		
	a) Wages and salaries	-12,215,615.96	-9,738
	b) Social security contributions	-1,109,434.63	-1,080
		<b>-13,325,050.59</b>	<b>-10,818</b>
7.	Amortisation and depreciation of intangible assets and items of property, plant and equipment	-663,468.08	-614
8.	Other operating expenses	-8,801,822.96	-9,488
<b>9.</b>	<b>Operating result</b>	<b>8,901,755.96</b>	<b>11,629</b>
10.	Income from profit transfer agreements	1,223,236.33	0
11.	Income from participations	5,000,000.00	0
12.	Other interest and similar income	5,092,790.52	4,676
13.	Amortisation of financial assets	-28,000.00	-28
14.	Interest and similar expenses	-8,700,861.70	-9,749
<b>15.</b>	<b>Profit from ordinary operations</b>	<b>11,488,921.11</b>	<b>6,527</b>
16.	Extraordinary expenses	-396,251.95	-1,654
<b>17.</b>	<b>Extraordinary result</b>	<b>-396,251.95</b>	<b>-1,654</b>
18.	Taxes on income (prior year: taxes on income reimbursed)	-768,227.57	-865
19.	Other taxes	-56,216.79	-53
<b>20.</b>	<b>Net income</b>	<b>10,268,224.80</b>	<b>3,955</b>
21.	Profit carried forward	63,288,721.50	67,562
22.	Dividend	-3,062,137.56	-8,229
<b>23.</b>	<b>Retained earnings</b>	<b>70,494,808.74</b>	<b>63,289</b>
	Earnings per share (undiluted)	0.14 €	0.07 €
	Average number of shares in circulation (undiluted) (in thousands)	74,894	58,627
	Earnings per share (diluted)	0.14 €	0.07 €
	Average number of shares in circulation (diluted) (in thousands)	76,881	61,611

# BALANCE SHEET (HGB)

of PNE WIND AG, Cuxhaven, as at December 31, 2015

## Assets

(differences from rounding off possible)		2015 EUR	2014 TEUR
<b>A. Fixed assets</b>			
I.	Intangible assets		
	Acquire by purchase franchises, trademarks, licences and other similar rights as well as licences from such rights	69,258.08	58
		<b>69,258.08</b>	<b>58</b>
II.	Property, plant and equipment		
	1. Land and buildings including buildings on third-party land	11,358,893.52	11,759
	2. Technical equipment and machinery	495,990.13	361
	3. Other plant and machinery, fixtures and fittings	329,642.71	433
	4. Prepayments and plant under construction	0.00	85
		<b>12,184,526.36</b>	<b>12,638</b>
III.	Financial assets		
	1. Participations in associated companies	143,608,036.16	99,053
	2. Loans to associated companies	1,450,675.58	1,451
	3. Participations	69,825.78	70
		<b>145,128,537.52</b>	<b>100,574</b>
	<b>Total fixed assets</b>	<b>157,382,321.96</b>	<b>113,270</b>
<b>B. Current assets</b>			
I.	Inventories		
	1. Work in process	7,132,835.34	9,342
	2. Finished goods	2,409.34	3
	3. Prepayments	499,500.00	19,313
		<b>7,634,744.68</b>	<b>28,658</b>
II.	Receivables and other assets		
	1. Trade receivables	1,765,507.63	9,469
	2. Receivables from associated companies	111,783,996.56	139,123
	3. Receivables from participations	1,165,129.61	1,535
	4. Other assets	1,290,334.93	1,842
		<b>116,004,968.73</b>	151,969
III.	Cash on hand and cash in banks	59,582,718.21	59,548
	<b>Total current assets</b>	<b>183,222,431.62</b>	<b>240,175</b>
	<b>C. Deferred charges</b>	<b>420,423.59</b>	<b>207</b>
	<b>Total assets</b>	<b>341,025,177.17</b>	<b>353,652</b>

## Liabilities

(differences from rounding off possible)		2015 EUR	2014 TEUR
<b>A. Shareholders' equity</b>			
I.	Capital issued / subscribed	76,555,434.00	71,975
	Conditional capital EUR 7,748,005.00 (prior year: EUR 7,750,000.00)		
II.	Capital reserves	58,428,806.83	53,548
III.	Retained earnings	70,494,808.74	63,289
<b>Total shareholders' equity</b>		<b>205,479,049.57</b>	<b>188,812</b>
<b>B. Special items for investment grants</b>		<b>949,115.00</b>	<b>996</b>
<b>C. Provisions</b>			
1.	Provision for taxes	1,239,778.93	845
2.	Other taxes	14,999,235.06	11,512
		<b>16,239,013.99</b>	<b>12,357</b>
<b>D. Liabilities</b>			
1.	Bonds	106,558,548.70	108,390
2.	Liabilities to banks	2,751,797.54	2,878
3.	Prepayments received on orders	0.00	23,062
4.	Trade payables	1,384,124.74	3,021
5.	Liabilities to associated companies	5,972,133.46	6,742
6.	Liabilities to participations	5,795.00	0
7.	Other liabilities	1,603,274.17	7,304
<b>Total liabilities</b>		<b>118,275,673.61</b>	<b>151,397</b>
<b>E. Deferred income</b>		<b>82,325.00</b>	<b>90</b>
<b>Total liabilities and shareholders' equity</b>		<b>341,025,177.17</b>	<b>353,652</b>

# STATEMENT OF CASH FLOWS (HGB)

of PNE WIND AG, Cuxhaven, for the period  
from January 1 to December 31, 2015

All figures in TEUR (differences from rounding off possible)	2015	2014*
Net income	10,268	3,955
+/- Interest expense and income	3,608	0
-/+ Other income / -losses from participations	-6,223	0
+/- Income tax expense and benefit	768	0
- Income tax payments	-355	0
+ Amortisation and depreciation of intangible assets and items of property, plant and equipment	663	614
+ Amortisation of financial assets	28	28
+/- Decrease / Increase in provisions	3,734	5,328
+/- Other non-cash effective expenses and income	2	-3
+/- Decrease / increase of inventories and other assets	49,110	-31,414
-/+ Decrease / increase in trade receivables	7,704	-5,275
-/+ Decrease / Increase in trade payables and other liabilities	-31,219	-10,944
+ Expenses from extraordinary items	396	0
<b>Cash flow from operating activities</b>	<b>38,484</b>	<b>-37,711</b>
+ Inflow of funds from disposal of items of property, plant and equipment	1	0
- Outflow of funds for investments in intangible assets and property, plant and equipment	-222	-569
- Outflow of funds for investments in financial assets	-44,583	-414
+ Interest received	4,640	0
+/- Dividends received / profit transfer / assumption of losses	6,223	0
<b>Cash flow from investing activities</b>	<b>-33,941</b>	<b>-983</b>
+ Inflow of funds from additions to shareholders' equity / Capital increase in cash	9,455	33,435
+ Inflow of funds from issue of bonds	0	6,565
- Dividends to shareholders	-3,062	-8,229
- Outflow of funds from the repayment of bonds	-1,825	-648
- Outflow of funds from the repayment of financial loans	-126	-117
- Interest paid	-8,554	0
- Payments for extraordinary items (capital increase costs)	-396	0
<b>Cash flow from financing activities</b>	<b>-4,508</b>	<b>31,006</b>
<b>Cash effective change in liquid funds (&lt; = 3 months)</b>	<b>35</b>	<b>-7,688</b>
<b>+ Liquid funds (≤ 3 months) as at the beginning of the period</b>	<b>59,548</b>	<b>67,236</b>
<b>Liquid funds (≤ 3 months) as at the end of the period**</b>	<b>59,583</b>	<b>59,548</b>
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."		
* Comparative figures were prepared in accordance with DRS 2 and the current year in accordance with DRS 21	3,098	2,920
**of which are pledged to a bank as security guaranteed credit lines		



## DEVELOPMENT OF SHAREHOLDERS' EQUITY (HGB)

of PNE WIND AG, Cuxhaven, for the fiscal year  
from January 1 to December 31, 2015

All figures in TEUR (differences from rounding off possible)	Capital issued/ subscribed	Capital reserve	Participation certificate capital	Retained earnings/loss	Total shareholders equity
<b>Status as at January 1, 2014</b>	<b>54,858,448.00</b>	<b>29,839,539.63</b>	<b>842,800.00</b>	<b>67,562,315.21</b>	<b>153,103,102.84</b>
Convertible bond 2009/2014	1,275,160.00	1,912,740.00	0.00	0.00	3,187,900.00
Convertible bond 2010/2014	1,910,136.00	2,292,163.20	0.00	0.00	4,202,299.20
Capital increase in cash	13,931,195.00	19,503,673.00	0.00	0.00	33,434,868.00
Increase of participation certificate capital	0.00	0.00	-842,800.00	0.00	-842,800.00
Dividend	0.00	0.00	0.00	-8,228,767.20	-8,228,767.20
Net income 2014	0.00	0.00	0.00	3,955,173.49	3,955,173.49
<b>Status as at December 31, 2014</b>	<b>71,974,939.00</b>	<b>53,548,115.83</b>	<b>0.00</b>	<b>63,288,721.50</b>	<b>188,811,776.33</b>
Convertible bond 2014/2019	1,995.00	4,588.50	0.00	0.00	6,583.50
Capital increase in cash	4,578,500.00	4,876,102.50	0.00	0.00	9,454,602.50
Dividend	0.00	0.00	0.00	-3,062,137.56	-3,062,137.56
Net income 2015	0.00	0.00	0.00	10,268,224.80	10,268,224.80
<b>Status as at December 31, 2015</b>	<b>76,555,434.00</b>	<b>58,428,806.83</b>	<b>0.00</b>	<b>70,494,808.74</b>	<b>205,479,049.57</b>

# SCHEDULE OF FIXED ASSETS (HGB)

of PNE WIND AG, Cuxhaven, for the fiscal year 2015

All figures in TEUR (differences from rounding off possible)	Status as at 01/01/2015	Acquisition and manufacturing cost			Status as at 12/31/2015
		Additions	Rebookings	Disposals	
<b>I. Intangible assets</b>					
Acquire by purchase franchises, trademarks and similar rights as well as licences to such rights	470,388.60	52,180.74	0.00	0.00	522,569.34
	<b>470,388.60</b>	<b>52,180.74</b>	<b>0.00</b>	<b>0.00</b>	<b>522,569.34</b>
<b>II. Property, plant and equipment</b>					
1. Land and buildings including buildings on third party land	16,978,788.52	6,222.72	0.00	0.00	16,985,011.24
2. Technical equipment and machinery	486,662.31	85,983.94	85,012.50	0.00	657,658.75
3. Other plant and machinery, fixtures and fittings	1,959,572.78	77,997.26	0.00	108,899.57	1,928,670.47
4. Prepayments and plant under construction	85,012.50	0.00	-85,012.50	0.00	0.00
	<b>19,510,036.11</b>	<b>170,203.92</b>	<b>0.00</b>	<b>108,899.57</b>	<b>19,571,340.46</b>
<b>III. Financial assets</b>					
1. Shares in associated companies	102,000,218.29	44,582,773.18	0.00	0.00	146,582,991.47
2. Loans to associated companies	1,451,089.53	0.00	0.00	413.95	1,450,675.58
3. Participations	69,825.78	0.00	0.00	0.00	69,825.78
	<b>103,521,133.60</b>	<b>44,582,773.18</b>	<b>0.00</b>	<b>413.95</b>	<b>148,103,492.83</b>
	<b>123,501,558.31</b>	<b>44,805,157.84</b>	<b>0.00</b>	<b>109,313.52</b>	<b>168,197,402.63</b>

	Accumulated amortisation and depreciation			Book values		
	Status as at 01/01/2015	Additions	Disposals	Status as at 12/31/2015	Status as at 12/31/2015	Status as at 12/31/2014
	412,661.59	40,649.67	0,00	453,311.26	69,258.08	57,727.01
	<b>412,661.59</b>	<b>40,649.67</b>	<b>0,00</b>	<b>453,311.26</b>	<b>69,258.08</b>	<b>57,727.01</b>
	5,219,715.86	406,401.86	0,00	5,626,117.72	11,358,893.52	11,759,072.66
	125,354.86	36,313.76	0,00	161,668.62	495,990.13	361,307.45
	1,526,712.67	180,102.79	107,787,70	1,599,027.76	329,642.71	432,860.11
	0.00	0.00	0,00	0.00	0.00	85,012.50
	<b>6,871,783.39</b>	<b>622,818.41</b>	<b>107,787,70</b>	<b>7,386,814.10</b>	<b>12,184,526.36</b>	<b>12,638,252.72</b>
	2,946,955.31	28,000.00	0,00	2,974,955.31	143,608,036.16	99,053,262.98
	0.00	0.00	0,00	0.00	1,450,675.58	1,451,089.53
	0.00	0.00	0,00	0.00	69,825.78	69,825.78
	<b>2,946,955.31</b>	<b>28,000.00</b>	<b>0,00</b>	<b>2,974,955.31</b>	<b>145,128,537.52</b>	<b>100,574,178.29</b>
	<b>10,231,400.29</b>	<b>691,468.08</b>	<b>107,787,70</b>	<b>10,815,080.67</b>	<b>157,382,321.96</b>	<b>113,270,158.02</b>

# SCHEDULE OF LIABILITIES (HGB)

of PNE WIND AG, Cuxhaven, as at December 31, 2015

All figures in EUR (differences from rounding off possible) (Prior years in brackets)		Maturities			Total amount
		Up to one year	One to five years	More than five years	
Type of liabilities					
1. Bonds	0.00 (1,824,800.00)	106,558,548.70 (106,565,132.20)	0.00 (0.00)	106,558,548.70 (108,389,932.20)	
2. Liabilities to banks	130,794.83 (126,282.21)	571,285.44 (551,664.42)	2,049,717.27 (2,200,110.73)	2,751,797.54 (2,878,057.36)	
3. Prepayments received on orders	0.00 (23,061,662.10)	0.00 (0.00)	0.00 (0.00)	0.00 (23,061,662.10)	
4. Trade liabilities	1,384,124.74 (3,021,175.03)	0.00 (0.00)	0.00 (0.00)	1,384,124.74 (3,021,175.03)	
5. Liabilities to participations	5,972,133.46 (6,741,717.33)	0.00 (0.00)	0.00 (0.00)	5,972,133.46 (6,741,717.33)	
6. Liabilities to associated companies	5,795.00 (71.40)	0.00 (0.00)	0.00 (0.00)	5,795.00 (71.40)	
7. Other liabilities	1,603,274.17 (7,304,199.70)	0.00 (0.00)	0.00 (0.00)	1,603,274.17 (7,304,199.70)	
of which from taxes: EUR 862.335,63 (prior year: TEUR 5.602)					
of which for social security EUR 0,00 (prior year: TEUR 0)					
<b>Total</b>	<b>9,096,122.20</b> <b>(42,079,907.77)</b>	<b>107,129,834.14</b> <b>(107,116,796.62)</b>	<b>2,049,717.27</b> <b>(2,200,110.73)</b>	<b>118,275,673.61</b> <b>(151,396,815.12)</b>	

### Securities

None

1. Registered mortgage of TEUR 3.170 on the property at Peter-Henlein-Str. 2-4, Cuxhaven. As at 12/31/2015 TEUR 2.752 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

None

# INDEPENDENT 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 on the Company and the Group of PNE WIND AG, Cuxhaven/Germany, for the year ended 31 December 2015. 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 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 Section 317 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). 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 sample basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and the 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, 21 March 2016

Deloitte & Touche GmbH  
auditing company

(Bäßler)                      (Wendlandt)  
German Public Auditor   German Public Auditor

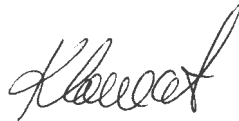
## STATEMENT MADE BY THE LEGAL REPRESENTATIVES

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

PNE WIND AG, The Board of Management



Per Hornung Pedersen



Jörg Klowat



Markus Lesser

# GLOSSARY

<b>Bonds</b>	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.
<b>BSH</b>	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.
<b>Convertible bond</b>	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.
<b>Corporate bond</b>	Mostly publicly traded security with a limited duration and a fixed rate which guarantees regular interest payments for the holder. At the end of the term the corporate bond is repaid at par.
<b>Covenants</b>	Mostly describe investor protection clauses in loan agreements or indentures. Covenants are contractually binding undertakings by the borrower or loan debtor during the term of the contract.
<b>EBIT</b>	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.
<b>EEG</b>	Renewable Energies Law, which determines the extent and promotion of regenerative energies.
<b>EEZ</b>	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).
<b>EURIBOR</b>	Euro Interbank Offered Rate (EURIBOR), a reference interest rate on time deposits in Euro in the interbank market. The interest rates on the debt financing of companies often bases on EURIBOR.
<b>Federal Immission Control Act (Bundes-Immissionsschutzgesetz)</b>	Law on protection against harmful effects of air pollution, noise, vibration and similar phenomena. It provides for the protection of people, animals, plants, soils, water, atmosphere and cultural goods. In the course of the construction of new wind farms, a filing according the Federal Immission Control Act is necessary.
<b>HGB</b>	German Commercial Code, which specifies the German accounting regulations; decisive for the capability of capital market companies in Germany to pay dividends.



<b>Independent Power Producer (IPP)</b>	An independent producer of electricity. Refers to those operators of power plants and power generation plants, which do not have an own power grid (eg. Independent operators of wind turbines).
<b>International Financial Reporting Standards (IFRS)</b>	International accounting regulations, the objective of which is the make comparable the financial statements of (mainly capital market) companies.
<b>Joint Venture</b>	When two or more companies join forces for a joint project, then one talks of a joint venture.
<b>KfW</b>	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).
<b>Limited Partner</b>	Shareholder of a limited partnership (KG), whose liability is linked only to his investment in contrast with the general partner.
<b>Market Value</b>	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.
<b>Megawatt (MW)</b>	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.
<b>Offshore</b>	"Offshore" is the term used for electricity generation from wind power at sea.
<b>Onshore</b>	"Onshore" is the term used for the generation of electricity at wind farms on land.
<b>Prime Standard</b>	Stock market segment of the Frankfurt Stock Exchange with the highest transparency standards.
<b>Repowering</b>	The replacement of older wind power turbines with low performance by modern and more efficient equipment is known a repowering. This exchange opens up new perspectives for the use of wind energy on land. For example, the landscape benefits from the reduction in the number if turbines, improved technologies increase the energy efficiency and positive value added and employment effects can also be achieved.
<b>VorstAG</b>	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.
<b>WPT</b>	Wind power turbine, which converts the kinetic energy of the wind into electrical energy and feeds it into the electricity network.

# IMPRINT

PNE WIND AG

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Registernummer: HRB 110360

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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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