

# PNE WIND AG

Financial report on the first six months  
and the second quarter of 2013



# Summary

The operational business of PNE WIND AG in the first half of 2013 was characterized by the development of projects at home and abroad and the acquisition of the wind farm developer WKN AG.

In Germany, two wind farm projects with 14 MW of nominal capacity were completed. Construction has begun on the first of three phases of a 45 MW wind farm. Other projects in Germany and in our international markets should reach the construction stage in the near future.

With the goal to finance the acquisition of the majority stake in WKN AG, PNE WIND AG placed a bond with a volume of approx. EUR 66.3 million in the first half of the year.

Charges arising from the acquisition of WKN AG were additive to the upfront wind farm developments costs which negatively affect earnings (EBIT).

With a strong project pipeline as the basis for our future earnings, we confirm our EBIT forecasts for the coming years.

## At a glance

### PNE WIND AG Group figures

In TEUR	01.01. – 30.06.2013	01.01. – 30.06.2012	01.01. – 30.06.2011
Total aggregate output	37,410	14,995	19,912
Revenues	21,737	12,259	16,592
Operating profit (EBIT)	-5,610	-6,287	947
Result from ordinary activities (EBT)	-8,449	-8,861	-1,065
Result	-8,810	-7,850	-770
Equity as at June 30	64,864	64,116	78,407
Equity ratio as at June 30, in %	27.97	38.59	41.49
Balance sheet total as at June 30	231,879	166,138	188,985
Earnings per share (undiluted), in euro	-0.21	-0.17	-0.02
Average number of shares , in euro million	42.7	45.8	45.8

Information relevant to 2013/2018 bond: The equity ratio according to the definition in the 2013/2018 bond prospectus was approx. 48.2 percent as at June 30, 2013.

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# Preface

Dear Shareholders,

the first half of 2013 marks a special period in the history of PNE WIND AG: We completed the largest fund raising in the company's history and then laid the foundation for significant growth opportunities with the majority acquisition of WKN AG after the end of the reporting period. The PNE WIND Group has now grown into a new business size. WKN AG brings many new people, projects and ideas into our business. The two companies complement each other perfectly, invite synergies and bring together the best of both companies into one group.

The acquisition was made possible with the proceeds from the bond placement. In May, private and institutional investors subscribed to approx. EUR 66.3 million of the bond. Many of our shareholders subscribed to the bond and have thus shown their continuing trust in us. For this, I would like to thank you very much.

The acquisition of the majority stake in WKN AG was paid with the bond proceeds, shares from our buyback program and our existing cash reserves. Being active in the market for over 20 years, WKN AG has proven itself as a successful wind farm developer with great expertise. The company has a well-developed project pipeline representing 1,700 MW of projects in Germany as well as France, Italy, Poland, Sweden, South Africa and Ukraine. These international countries represent markets in which we are not active.

Having purchased the WKN AG shares from the former majority shareholder Volker Friedrichsen, whose shares were held over the Volker Friedrichsen Beteiligungs-GmbH, and Siemens Project Ventures GmbH, PNE WIND AG now holds approx. 83 percent of WKN AG's shares. The Volker Friedrichsen Beteiligungs-GmbH informed PNE WIND AG that it has purchased 168,680 convertible bonds issued in 2010 by PNE WIND AG from Luxempart SA and has exercised the conversion right of these bonds into 7,667,265 shares on August 7, 2013. The conversion of the bonds reduces our financial liabilities by EUR 16.9 million and interest payments by approx. EUR 1.5 million. The Volker Friedrichsen Beteiligungs-GmbH now holds approx. 20 percent of the 54.2 million PNE WIND AG shares outstanding.

Operationally, we continue to be on the right track during the first half of 2013. The "Gode Wind" I, II and III offshore wind farm sale to DONG Energy A/S (Denmark) brought in milestone payments totalling EUR 27 million in 2013. From this sale, we expect up to EUR 73 million in additional milestone payments. According to a joint press release from DONG Energy and Siemens, the Siemens 6 MW turbine was selected for the "Gode Wind" projects. This announcement confirms our expectation that DONG Energy will make a positive investment decision in the near future.

In the onshore area, we have been able to report successes in the recent months. In Germany, the wind farms "Zernitz II" with 6 MW and "Langwedel II" with 8 MW were completed. The "Langwedel II" project is our 100th wind farm completed and will be handed over turnkey running to KGAL GmbH & Co. KG, an investment manager for long-term real capital investments. Wind farm number 101, a 45 MW wind farm to be constructed in three phases, is already under construction.

In the future our pace will continue: Our onshore and offshore development pipeline is well filled and promises with the implementation of additional wind farms continuous returns in the coming years. For the 180 MW portfolio of onshore wind projects in Germany in which we are currently working, the project companies have now been included in the Group structure.

Due to the upfront investments made in our project development business and the additional costs arising from the acquisition of WKN AG, PNE WIND AG reported a negative operating result. In the first half of 2013, consolidated sales totalled EUR 21.7 million with an EBIT of EUR -5.6 million. Shareholder equity amounted to approx. EUR 64.9 million, representing – as a proportion of equity to total assets – an equity ratio of 28.0 percent.

Based on the prospects illustrated above, we confirm our forecast of a cumulated EBIT of EUR 60 to 72 million for the years from 2011 to 2013 and, based on our well filled project pipeline, we also anticipate high income levels from our project development work beyond this time period. Our outlook for the coming two financial years, 2014 and 2015, represents a cumulated EBIT of EUR 60 to 72 million (excluding WKN AG). The first consolidation of WKN AG took place with the fulfilment of various conditions in July 2013 and an estimate on the impact to the December 31, 2013 consolidated financial statements of PNE WIND AG cannot yet be reliably determined.

We and on behalf of our employees would like to express our very sincere gratitude for your support and hope that you will continue to accompany us on our exciting journey in the future.

Yours sincerely



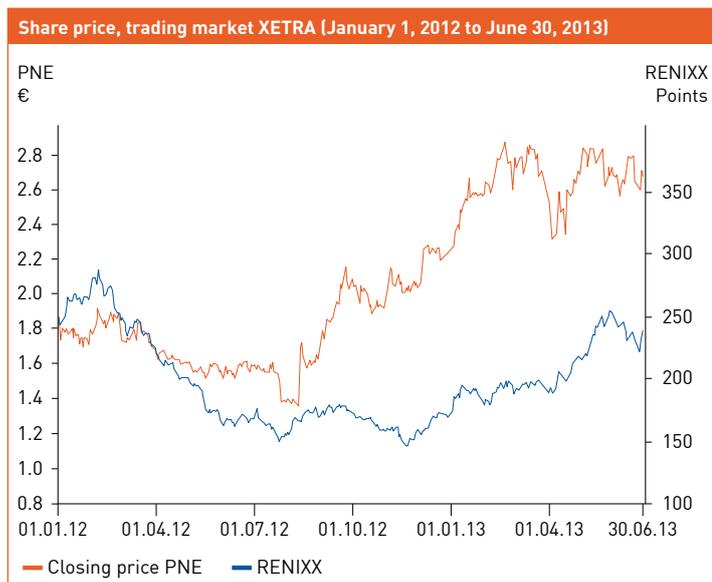
Martin Billhardt

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



Martin Billhardt  
Chairman of the Board of Directors of PNE WIND AG

# Capital market information



## The share

The financial year 2013 began with the PNE WIND AG stock opening at a price of EUR 2.24, approx. 21 percent higher than the price on the first day of trading in 2012. Following some profit taking near the end of 2012, the announcement of the share buyback programme on December 3, 2012 acted as a catalyst for the share price to begin to rise again. The stock reached its highest level during the year at EUR 2.28 on December 10, 2012.

During the first half of 2013, the PNE WIND AG stock rose significantly, reaching its high for the year of EUR 2.89 on March 14, 2013. After a pullback to EUR 2.32 in early April, the stock

rose again and closed on June 28, 2013, the last trading day of the first half year, at EUR 2.69. This corresponds to a market capitalization of EUR 125.2 million.

The larger market capitalization and higher stock liquidity is a reflection of the increasing interest from both investors and the media. On July 1, 2013, the PNE WIND AG stock was included in the RENIXX World, a stock index of the world's leading renewable energy companies. Based on free-float market capitalization, PNE WIND AG belongs to the 30 largest companies in this sector worldwide.

## Bond information

PNE WIND AG issued convertible bonds in 2009 and 2010, which expire in July 2014 and the end of December 2014 respectively. Both bonds traded in excess of 100 percent during the reporting period. Bonds from 2009 were converted into 4,160 shares and bonds from 2010 were converted into 741,709 shares during the reporting period.

In May 2013, PNE WIND AG issued a corporate bond with a volume of approx. EUR 66.3 million. The bond has traded consistently over 100 percent since its first day of trading on the Frankfurt Stock Exchange. The equity ratio according to the definition in the 2013 bond prospectus was 48.2 percent as at June 30, 2013.

The PNE WIND AG participation certificates only traded to a very limited extent during the reporting period.

## Annual General Meeting

The Annual General Meeting took place on May 22, 2013 in Cuxhaven. The shareholders voted by a large majority to pay a dividend this year and therefore approved the proposal of the Management Board and Supervisory Board to distribute a dividend of EUR 0.08 and a special dividend of EUR 0.02 per ordinary share.

Also having received high levels of support were the current and new Supervisory Board Members. The terms of office of Rafael Vazquez Gonzalez, Jacquot Schwertzer and Alain Huberty ended at the closing of today's meeting. Mr. Schwertzer and Mr. Huberty chose not to run for a further term. Their posts will be filled by JUDr. Olaf Aden and Dr. Christian Rolfs, who were both elected by a large majority to the Supervisory Board for the period of one year. Also by a large majority, Rafael Vazquez Gonzalez was re-elected to the Supervisory Board.

The AGM approved the actions of the Executive and Supervisory Board with a majority of over 96 percent. The AGM also voted in favor for the resolutions regarding the new remuneration structure for the Supervisory Board, an increase in the authorized share capital up to EUR 22.8 million and an authorization to buy back shares.

## Shareholder structure

On June 30, 2013, the total number of issued PNE WIND AG shares was 46,531,738 of which 4,126,700 are treasury shares. The increase in the total number of shares compared to December 31, 2012 (45,785,869) resulted from the conversion of convertible bonds during the first six months of 2013.

As at June 30, 2013, the Baden-Württembergischen Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte held through LBBW Asset Management Investmentgesellschaft mbH over 3.0 percent of the voting shares in PNE WIND AG. In accordance with the definition of the Deutsche Börse AG all other shares were in free float.

The Volker Friedrichsen Beteiligungs-GmbH informed PNE WIND AG that it has purchased 168,680 convertible bonds issued in 2010 by PNE WIND AG from Luxempart SA and has exercised the conversion right of these bonds into 7,667,265 shares on August 7, 2013. The conversion of the bonds reduces the financial liabilities of PNE WIND AG by EUR 16.9 million and interest payments by approx. EUR 1.5 million. The Volker Friedrichsen Beteiligungs-GmbH now holds approx. 20 percent of the 54.2 million PNE WIND AG shares outstanding.

## Management Board contracts extended

The Supervisory Board of PNE WIND AG decided on May 22, 2013 to extend the contracts of Chief Financial Officer (CFO) Jörg Klowat and Chief Operational Officer (COO) Markus Lesser for three years each.

Jörg Klowat has been at the PNE WIND AG since 1999 and became CFO on April 1, 2011. He is responsible for finance and accounting, controlling and risk management. His contract has been extended till March 31, 2017.

Markus Lesser has been active in the renewable energy sector since 2000 and became COO at PNE WIND AG on May 1, 2011. He is responsible for project development and the realization of onshore and offshore wind farms in Germany and abroad. His contract has been extended till December 31, 2016.

## Directors' Dealings

As at June 30, 2013, CEO Martin Billhardt held 410,000 shares, CFO Jörg Klowat held 110,000 shares and COO Markus Lesser held 55,500 shares of PNE WIND AG. From the Supervisory Board, Dieter K. Kuprian held 10,000 shares and Christian Rolfs held 20,000 shares. Together, the Board of Management and the Supervisory Board hold 1.3 percent of the company's stock.

## Key data (as at June 30, 2013)

Securities identification code	A0JBPG
ISIN	DE000A0JBPG2
Number of shares	46,531,738
Market capitalisation	euro 125,2 million
Market segment	Prime Standard
Indices	CDAX Technology, ÖkoDAX, Renixx World
Designated sponsors	Commerzbank, VEM Aktienbank, Close Brothers Seydler Bank
Reuters	PNEGn
Bloomberg	PNE3

## Financial calendar 2013

11 November 2013	Publication of third quarter results
11 – 13 November 2013	Analyst conference/German Equity Forum

## Additional information

On the website [www.pnewind.com](http://www.pnewind.com) you will find full information about PNE WIND AG as well as current data on the shares in the section "Investor Relations". Furthermore, annual and quarterly reports, press announcements and background information on PNE WIND AG can be accessed and downloaded there.

# Condensed Interim Group Management Report der PNE WIND AG, Cuxhaven, for the first half year of 2013

## 1. Market/overall economic conditions

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

Investments continued to be made in the sector of renewable energies in spite of the difficult economic environment and a restrained investment climate during the course of 2013, which was triggered by the European governmental debt crisis. This trend continued during the reporting period. Projects in wind power are of a long term nature due to the size of the investment volumes and the assured regular income streams and were thus for this reason not directly influenced by current market movements.

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

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

The construction of offshore wind farms, i.e. wind farms in the open sea, is considered to be an essential growth driver for the national as well as for the international wind power market. PNE WIND AG is also active in the offshore wind energy market. In total, PNE WIND AGs offshore division was working on three of its own wind farm projects at the end of the reporting period and is also active as service provider to six further offshore projects. An important perspective for the future development of offshore wind power is the initiative of nine neighbouring states started at the beginning of 2010 for the construction of a high voltage network in the North Sea. This is currently being supported with great effort by the Federal Government, in order to accelerate the construction of the network connections to the mainland. Finally, the sustainable use of wind power at sea requires a high performance power network. In the longer term this joint initiative represents a clear support for offshore wind power.

<sup>1</sup> BDEW Energieinfo, January 2013

On land there are perspectives which go beyond the development of new wind farm sites: within this repowering older wind power turbines with lower performance are replaced with new higher performance equipment. According to estimates of the Federal Association of Wind Power (BWE) a substantial increase in repowering can be expected in the medium to longer term. BWE estimates the market for repowering measures to be 1,000 MW per annum during the next few decades.<sup>2</sup> In addition, PNE WIND AG has already employed its own competence successfully in this area and expects additional positive effects in this business segment in the medium to longer term.

Furthermore, the shortage of fossil fuels as well as the ambitious climate objectives of the Federal Government is also promoting the growth of the wind power market. Up to the year 2020 the emissions of greenhouse gases is thus planned to be 40 percent lower than in 1990. The Federal Government underlined this target in its coalition agreement at the end of 2009 and confirmed this again in its energy concept, which was presented in September 2010. According to this the target will be maintained to expand the share of renewable energies in the production of electricity from the current level of about 23 percent to 35 percent up to the year 2020 and to 80 percent by 2050. Moreover, the Federal Environmental Office has shown in a study that electricity requirements in Germany can be fully covered by renewable energies by the year 2050.<sup>3</sup> Wind power is gaining particular importance in this respect as the technologically most advanced and efficient means of renewable electricity generation.

Industry experts expect a continuation of the current growth path in the future. The International Energy Agency (IEA) reckons with a continuous expansion of wind power during the coming years. By 2035 the installed wind power output should increase worldwide by up to 400 percent in comparison with 2010.<sup>4</sup> The targets of the IEA can, however, only be achieved if stable general conditions are assured for the expansion of wind power; this was the case in 2013 in the most important markets of PNE WIND AG.

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

## 2. General political conditions

Producing electricity from the wind is based on a relatively young technology and remains dependent on government support to integrate it into the market and to compete against conventional energy production, whose generation costs are often masked by subsidies. Unlike renewable energy, the actual generation cost of conventional electricity is not directly reflected in its selling price. Therefore continued political support remains a necessary tool to bring about the further realization of wind farms inside and outside of Germany.

<sup>2</sup> BWE Repowering, 2012

<sup>3</sup> Energy target 2050: 100 percent electricity from renewable sources/UBA, July 2011

<sup>4</sup> IEA, 2012

Of particular importance for the further development of wind energy in Germany is the legal framework established in the Renewable Energy Law (EEG). The EEG sets the electricity tariff for wind energy and also stipulates that power generated from renewable energy has priority access to the electricity grid. Following the review of the next progress report, the EEG is scheduled to be amended at the end of 2014.

The German Government must present an annual monitoring report in order to examine the effects of the EEG regularly and send the next experience report on the effects of the EEG to the German Parliament in 2014.

During the first half of 2013, there have been active political discussions about amending the EEG sooner than originally planned. The discussions have been focused on the level of the surcharge. These public debates can threaten long term wind development investment decisions even when an earlier than expected change in the law is not likely.

According to a study by the German Institute for Economic Research (DIW Berlin), annual private sector investments totalling EUR 31-38 billion during 2014-2020 in renewable energy, electrical grid networks, systems integration and energy efficiency in buildings are necessary in order to realise the growth potential of the energy market and to bring about the energy transformation. A prerequisite for this are reliable investment conditions. DIW also submitted a study on the spending gap in Germany which highlights that the country misses out on economic growth each year in the amount of at least 0.6 percent of the gross domestic product (GDP) due to the lack of investments. The economists call for additional annual public and private investment of approx. EUR 75 billion according to the Renewable Energy Agency (Renews June 2013).

Internationally PNE WIND AG is present as at June 30, 2013 in the markets of North America, the United Kingdom, Romania, Hungary, Bulgaria and Turkey.

#### USA

In the USA the support policy was prolonged at the national level and projects, which are completed in 2013, can claim the so-called Production Tax Credit (PTC) in the amount of USD 0.022 per kilowatt hour for ten years following the coming into operation of the wind farm. For projects, which are still under construction at the end of 2013, transitional rules apply.

#### EU targets

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

### United Kingdom

The expansion of wind power continues to be supported strongly in the United Kingdom and thus also in Scotland. In order to achieve the EU targets the United Kingdom has an obligation to produce 15 percent of its energy requirements from renewable energies by 2020. In order to achieve this target, the Government has introduced the „Renewables Obligation“ which applies for projects installed prior to March 2017.

Since the introduction of this programme in 2002 the share of renewable energies has risen from 1.8 percent to 9.4 percent in 2011. In order to achieve the target for 2020, 28,000 MW of wind power must be installed (Target of National Renewable Energy Action Plan (NREAP)).

In addition, there have been positive political developments signalling the further development of renewable energy. At the end of June 2013, the Government published a draft on the new funding model. The so called contracts-for-difference (CFD) model dictates the realized selling price for electricity from onshore and offshore wind farms at GBP 100/ MWh and GBP 155/ MWh respectively till the fiscal year 2016/17. The level of remuneration will become less till 2019 as technological advances continue to drive prices lower. Onshore and offshore wind farms will be paid GBP 95/ MWh and GBP 135/ MWh respectively till 2019.

### Romania

The Romanian wind power market has benefitted from the European Union directives for investments in renewable energies. Currently within Romania as well as between Romania and the EU Commission there are considerable political discussions about changes in the remuneration system for renewable energy. During the reporting period an Emergency Ordinance was published and entered into force as of July 1, 2013. The Romanian parliament has not yet decided how and in what form the proposed changes will be entered into law.

According to the previous system, wind farm operators sold their electricity at market spot prices and also receive two green certificates for every megawatt hour (MWh) produced for wind farms coming into operation until 2017. As from 2018 only one certificate will be issued per MWh. This certificate has a guaranteed value of between EUR 27/MWh and EUR 55/MWh by 2025 (depending on inflation). In order to achieve the EU target of 2020 a total of 4,000 MW of installed output is required. (Target: National Renewable Energy Action Plan (NREAP)).

### Hungary

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

## Bulgaria

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

## Turkey

On December 29, 2010 a new law on renewable energies was passed by the Parliament and signed by the President on January 8, 2011. The feed-in regulations are specified in this law. The target is to increase the proportion of renewable energies within the total electricity production mix from approx. 20 percent to 30 percent by 2023. Total installed wind capacity would then be approx. 10,000 MW.

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

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

## 3. Corporate structure

The corporate structure changed in the first six months of fiscal year 2013 against December 31, 2012.

During the reporting period, the following companies were first included in the scope of consolidation:

- PNE WIND Atlantis I GmbH, Cuxhaven (100 percent held by PNE WIND AG, Cuxhaven),
- PNE WIND Atlantis II GmbH, Cuxhaven (100 percent held by PNE WIND AG, Cuxhaven),
- PNE WIND Atlantis III GmbH, Cuxhaven (100 percent held by PNE WIND AG, Cuxhaven),
- PNE WIND Park I GmbH & Co. KG, Cuxhaven, (100 percent held by PNE WIND AG, Cuxhaven),
- PNE WIND Park VI GmbH & Co. KG, Cuxhaven, (100 percent held by PNE WIND AG, Cuxhaven),
- PNE WIND Park VII GmbH & Co. KG, Cuxhaven, (100 percent held by PNE WIND AG, Cuxhaven),
- PNE WIND Park Altdöbern A GmbH & Co. KG, Cuxhaven, (100 percent held by PNE WIND AG, Cuxhaven),
- PNE WIND Park Altdöbern B GmbH & Co. KG, Cuxhaven, (100 percent held by PNE WIND AG, Cuxhaven),
- PNE WIND Park Altdöbern C GmbH & Co. KG, Cuxhaven, (100 percent held by PNE WIND AG, Cuxhaven),

- PNE WIND Park Großräschen A GmbH & Co. KG, Cuxhaven (100 percent held by PNE WIND AG, Cuxhaven),
- PNE WIND Park Großräschen B GmbH & Co. KG, Cuxhaven (100 percent held by PNE WIND AG, Cuxhaven),
- PNE WIND Infrastruktur Chransdorf-West GmbH & Co. KG, Cuxhaven (100 percent held by PNE WIND AG, Cuxhaven),
- PNE WIND Infrastruktur Chransdorf Verwaltungs GmbH, Cuxhaven, (100 percent held by PNE WIND AG over 3 parts. Part 1: PNE WIND Park Altdöbern A to C GmbH, Part 2, 3: PNE WIND Park Großräschen A und B GmbH, Cuxhaven),
- PNE WIND Park Calau II A GmbH & Co. KG, Cuxhaven (100 percent held by PNE WIND AG, Cuxhaven),
- PNE WIND Park Calau II B GmbH & Co. KG, Cuxhaven (100 percent held by PNE WIND AG, Cuxhaven),
- PNE WIND Park Calau II C GmbH & Co. KG, Cuxhaven, (100 percent held by PNE WIND AG, Cuxhaven),
- PNE WIND Park Calau II D GmbH & Co. KG, Cuxhaven (100 percent held by PNE WIND AG, Cuxhaven),
- PNE WIND Park III GmbH & Co. KG, Cuxhaven (100 percent held by PNE WIND AG over 4 parts. PNE WIND Park Calau II A to D GmbH & Co. KG, Cuxhaven),
- PNE WIND Infrastruktur Calau II GmbH, Cuxhaven, (100 percent held by PNE WIND AG, Cuxhaven),
- PNE WIND Park Köhlen I GmbH & Co. KG, Cuxhaven, (100 percent held by PNE WIND AG, Cuxhaven),
- PNE WIND Park Köhlen II GmbH & Co. KG, (100 percent held by PNE WIND AG, Cuxhaven),
- PNE WIND Park Kührstedt-Alfstedt A GmbH & Co. KG, Cuxhaven, (100 percent held by PNE WIND AG, Cuxhaven),
- PNE WIND Park Kührstedt-Alfstedt B GmbH & Co. KG, Cuxhaven (100 percent hold by PNE WIND AG, Cuxhaven).

This did not lead to any material effects on the company's assets, financial and earnings position.

In the period under review, the size of the holdings for the following consolidated companies was increased:

- PNE WIND UK Ltd., Eastbourne, United Kingdom (from 67.5 percent up to 90 percent, held by die PNE WIND Ausland GmbH, Cuxhaven)

This did not lead to any material effects on the company's assets, financial and earnings position.

## 4. General accounting principles

In the financial report on the first six months of fiscal year 2013 as of June 30, 2013, the company applied the same accounting and valuation methods, apart from the exceptions described in the notes, as in the consolidated financial statements of December 31, 2012.

The interim financial statements were drawn up in line with the regulations of IAS 34. The tax expenditure of the PNE WIND AG Group is determined using an estimate of the taxable income of the relevant companies.

## 5. Organisation and employees

On June 30, 2013, PNE WIND AG and its subsidiaries employed 196 people (previous year: 180). The employees of the subsidiaries are included in this number. Including the Board of Management and trainees, 131 were employed at PNE WIND AG (previous year: 118). The remaining 65 employees were at PNE Biomasse GmbH (16 employees), PNE WIND Betriebsführungs GmbH (24 employees) and our international companies (25 employees). PNE WIND AG reacted to the increasing business activity with a moderate increase in the number of employees which forms the human resource capital needed for the continuation of our growth.

## 6. Summary of business activity

During the first half year of 2013 PNE WIND AG continued its operational business of developing and realising both onshore and offshore wind farm projects in Germany and abroad.

The development of the individual segments in detail:

### **Segment: projecting of wind power turbines**

#### *Onshore wind power sub-segment*

The development and implementation of wind farm projects on land continued steadily in the first half of 2013. In the "onshore wind power" sector, the wind farms "Zernitz II" (Brandenburg) with three wind turbines and a total capacity of 6 MW and the "Langwedel II" with four wind turbines and a rated capacity of 8 MW were put into operation during the reporting period. The necessary permits are on hand for the construction of the "Calau II" wind farm (Brandenburg). The wind farm is to be built in three phases and should have a total rated output of 45 MW. Permits for more onshore wind farm projects in Germany are expected shortly.

In order to be able to realise onshore wind farm projects in Germany as soon as possible after approval, PNE WIND AG placed orders for a total of 69 wind energy systems (WES) with a total nominal output of 189 MW since the end of 2012. The turbine supply contracts are with well established German manufacturers Enercon, Repower und Nordex and the well established

Danish manufacturer Vestas. The turbines will be installed in projects which are already permitted or are in the permitting stage. Long term maintenance contracts have, for the most part, also been concluded with the manufacturers.

In total PNE WIND AG was working on onshore wind farm projects in Germany in various phases of project development with a nominal output of up to 1,100 MW at the end of the reporting period.

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

#### Great Britain:

During the next few years, PNE WIND UK Limited is planning to make substantial investments in wind farm projects in Great Britain which are currently being developed with a nominal output of up to 750 MW. The collaboration with the Scottish Forestry Commission to develop wind farm areas in central Scotland has been intensively pursued. Areas for up to 13 wind farm projects have been identified in the Scottish National Forest administrative regions of Argyll and Bute, West Dunbartonshire, Stirling, Perth and Kinross and Angus. In January 2013, PNE WIND UK and the Scottish forestry Commission agreed on a contractual structure for their future joint project development and companies. A fixed time scale was determined with the Forestry Commission for the further developments of the selected project planning.

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

#### USA:

In the USA electricity prices are very low due to the current reductions in gas prices. Nevertheless, according to estimates by the International Energy Authority (IEA) it can be assumed that electricity prices will rise in the medium term and that a further expansion of wind power is to be expected in the USA. Due to this perspective the focus of PNE WIND USA is being placed increasingly on the development of the existing projects in hand. The wind farm projects already worked on hitherto are being developed further intensively and optimised economically, in order to be able to market them profitably as soon as possible. Key planning progress was achieved with the Chilocco project, which is being developed in Oklahoma with a nominal output of at least 77 MW.

#### Hungary:

In Hungary two of the wind farm projects developed by our subsidiary, PNE WIND GM Hungary Kft, have already been approved. 32 wind power turbines with a nominal output of 78 MW can be constructed in these. With these approved wind farms PNE WIND GM Hungary Kft will participate

in the next tender offer for network connections to the high voltage network in Hungary or realise the value added already achieved through a sale of the project.

**Bulgaria:**

The development of wind farms continued in Bulgaria. However, following a substantial reduction of the feed-in payments in 2012, the general political and economic conditions in Bulgaria are currently poor. This makes it difficult to construct and to operate wind farm projects profitably here. The existing project pipeline in Bulgaria is therefore currently being reanalysed with regard to its profitability and the possibility of its implementation at a later stage. In order to avoid the risks of this revaluation, the company depreciated the asset values of these projects in Bulgaria to a minimum already in 2012.

**Romania:**

In Romania, the development of wind farms has continued but possible legislative changes to the remuneration system have caused uncertainty. PNE WIND AG is currently working on wind power projects in advanced stages of development with a nominal output of up to 157 MW. For the first project with a rated capacity of 84 MW, the permitting and the technical planning steps including confirmation for the grid connection have been concluded. The permits for the construction of more wind turbines with 18 MW of nominal capacity with grid connection guarantees have been applied for.

**Turkey:**

In Turkey we are waiting for the next governmental tender offer, which is a prerequisite for the realization of wind projects in this market. PNE WIND AG is currently developing wind farm projects with more than 300 MW of rated capacity.

PNE WIND AG in total, through its subsidiaries and joint ventures in foreign markets, is developing as at June 30, 2013 more than 2,000 MW of projects, which are in different stages of the multiple year development cycle.

PNE WIND AG sees attractive onshore development opportunities in Germany, South East Europe, the United Kingdom, Canada and the USA in spite of constant legislative changes in the markets. The Management Board is confident that we shall be able to diversify the business and achieve further corporate growth through the internationalisation of our wind farm development business.

*Offshore wind power sub-segment*

The offshore wind farms, "Gode Wind" I to III, were sold to the Danish energy corporation DONG Energy Power A/S in August 2012. 100 percent of the shares in the "Gode Wind" I and II projects were transferred to DONG Energy. In August 2012, PNE WIND AG received an immediate payment amounting to approx. EUR 57 million for the shares and the incurred project development costs. Milestone payments amounting to approx. EUR 27 million were paid on time with the completion and handover of a study during the first quarter of 2013.

Upon reaching predefined project development steps, milestone payments totalling up to EUR 73 million are expected till 2015. Milestone payments will be triggered with the Federal Maritime and Hydrographic Agency (BSH) approval for the "Gode Wind III" project as well as DONG Energy reaching the final investment decisions (FID) for the "Gode Wind" I and II projects. The shares of the "Gode Wind III" project are held by PNE WIND AG, but will be transferred to the purchaser, DONG Energy, when the BSH permit is granted.

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

Work was also carried out continuously on the other PNE WIND AG offshore projects in the North Sea during the reporting period. Currently the "Nemo", "Nautilus" and "Jules Verne" projects are being developed to the point of ready to construction. All these offshore projects are in the North Sea within the German Exclusive Economic Zone (EEZ) about 180 kilometres North West of the island of Helgoland. According to the current state of planning, 80 offshore wind energy turbines can be planned and approved in each of the project areas.

A positive development was also registered by the "Borkum Riffgrund I" offshore wind farm project, which was sold a few years ago to DONG Energy, and in which PNE WIND AG continues to participate as a service provider. Subsequent to DONG Energy taking the investment decision for "Borkum Riffgrund I", construction started on the offshore wind farm during the reporting period. The start of the construction on the DolWin alpha transformer station required for the grid connection will be designed by ABB on behalf of TenneT. The grid connection with a capacity of 800 MW and should be constructed in 2013. In December 2011, the BSH issued the construction permit for the neighbouring offshore project, "Borkum Riffgrund II". DONG Energy has currently delayed this project, since the grid operator TenneT has not yet given a specific date for the grid connection. For this reason, DONG Energy has not yet made a final investment decision for "Borkum Riffgrund II".

The "Nautilus II" offshore project developed by PNE WIND AG is still in the planning and application stage. Following the sale of the project in November 2011, PNE WIND AG remains active as project developer until the permit is issued. The project is planned for up to 80 offshore wind power turbines with a nominal output of up to 7 MW each. The project area is in the North Sea within the Exclusive Economic Zone of the Federal Republic of Germany approximately 180 kilometres Northwest of Helgoland.

In total PNE WIND AG was working as at June 30, 2013 on nine wind farm projects in the offshore sector on own account and as a service provider. According to current planning, a total of up to 240 turbines can be constructed in our own offshore wind farms. Decisive for the exact number is also the nominal output of the equipment to be selected which can amount to between 3 and 7 MW. In total, the realistic nominal output of our own offshore projects lies at approx. 1,440 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 the "Altenbruch II" and "Laubuseschbach" wind farms operated by PNE WIND AG itself as well as the PNE Biomasse AG, which in accordance with a business supply contract provides the personnel for the timber biomass power plant in Silbitz. The segment also includes shares in limited partnerships, in which future onshore wind farm projects should be implemented.

Until the wind farm sale and delivery to their buyers is completed, the electricity generated and revenues received are included within Electricity generation segment.

During the first half of 2013, the electricity generation segment realized an EBIT of approx. EUR 1.3 million which is below the prior year at approx. EUR 1.5 million.

## **7. Sales and results of operations**

The data shown below for the Group was determined and presented in accordance with IFRS.

In the first six months of fiscal year 2013, the PNE WIND Group achieved a total performance of EUR 37.4 million (previous year: EUR 15.0 million). This includes EUR 21.7 million in revenue (previous year: EUR 12.3 million), EUR 15.3 million in inventory changes (previous year: EUR 1.8 million) and EUR 0.4 million in other operating revenue (previous year: EUR 0.9 million).

The level of activity at PNE WIND AG in onshore project development in Germany and abroad as well as offshore are reflected in expenses. Personnel expenses in the first six months of 2013 were EUR 7.1 million and were higher than the previous year's period at EUR 6.5 million. The number of employees increased to 196 as per June 30, 2013 (June 30, 2012: 180 employees).

The other operating expenses of EUR 7.4 million (previous year: EUR 4.9 million) mainly comprised of legal and consulting fees, advertising and travel costs as well as rental and leasing expenses. The rise in other operating expenses was primarily the result of legal and consulting fees in connection with the acquisition of the shares in WKN AG. According to the IFRS standards (IAS 39), the direct expenses in connection to the bond placement (sales commissions, legal and consulting costs) at approx. EUR 2.7 million have been recorded as a bond liability in the balance sheet at the time of the bond placement and will be amortised over the term of the bond as interest expenses.

Depreciation decreased to EUR 2.6 million down year on year from EUR 2.8 million. The majority of the depreciation charges arise from our wind farm "Altenbruch II" and the timber-fired power station Silbitz.

In the first six months of 2013, the PNE WIND AG group reported an operating income (EBIT) of EUR -5.6 million (previous year: EUR -6.3 million) and an earnings before tax (EBT) of EUR -8.4 million (previous year: EUR -8.9 million). Consolidated earnings after minority interests were EUR -8.8 million (previous year: EUR -7.9 million). Consolidated undiluted earnings per share were EUR -0.21 (previous year: EUR -0.17) and diluted consolidated earnings per share were EUR -0.15 (previous year: EUR -0.12).

As at June 30, 2013, retained earnings in the balance sheet totalled EUR -14.3 million (December 31, 2012: EUR 0.6 million).

The consolidated results and those of PNE WIND AG are in line with the Management Board's expectations and reflect the costs related to the majority acquisition of WKN AG and investments made in project development which form the basis for the company's future results.

## 8. Financial position/liquidity

The cash flow statement provides information on the liquidity situation and the financial position of the Group. As of June 30, 2013, the Group had available liquidity, including credit lines for project bridge financing of EUR 117.6 million, of which EUR 7.9 million is pledged to banks (previous year: EUR 20.3 million of which EUR 0.4 million was pledged).

As of June 30, 2013 there were no overdraft facilities taken up by the Group.

The cash flow from operating activities amounts to EUR 5.5 million (previous year: EUR 1.1 million). The position was primarily influenced from the reduction in accounts receivables with PNE WIND AG receiving a milestone payment of approx. EUR 27 million from DONG Energy for an invoice recorded in 2012 and the rise in inventories following continuing investments in the development of the project wind pipeline.

The cash flow from investment activities included investments made in corporate assets amounting to EUR -1.4 million (previous year: EUR 16.9 million), the major part represented expenditure of approx. EUR -0.6 million to increase the holding in our subsidiary PNE WIND UK Ltd from 67.5 percent to 90 percent.

Cash flow from financing activities during the reporting period amounted to approx. EUR 56.7 million (previous year: EUR 6.0 million). The position was primarily affected by the proceeds from the bond issue in May which amounted to approx. EUR 66.3 million, less direct transaction costs of EUR -2.7 million. Other items which influenced the position were the buyback of own shares to the value of EUR -9.2 million, the dividend payment to shareholders of approx. EUR -4.2 million, the repayment of loans amounting to approx. EUR -2.2 million, the taking up of loans to finance the "Zernitz II" wind farm project at approx. EUR 7.0 million and the conversion of the convertible bond valued at approx. EUR 1.6 million.

At the end of the reporting period on June 30, 2013, the Group had cash and equivalents of EUR 97.4 million (previous year: EUR 9.8 million). PNE WIND AG as per June 30, 2013 had available liquidity of EUR 91.9 million (previous year: EUR 5.3 million), of which EUR 7.9 million is pledged to banks (previous year: EUR 0.4 million).

## 9. Net assets

Assets (in EUR million)	30.06.2013	31.12.2012
Intangible assets	22.1	22.1
Property, plant and equipment	58.4	60.1
Long term financial assets	0.2	0.2
Deferred taxes	1.4	1.0
Assets held for sale	0.7	1.3
Inventories	43.5	28.0
Receivables and other assets	8.2	33.2
Cash and cash equivalents	97.4	36.6
<b>Total assets</b>	<b>231.9</b>	<b>182.5</b>

At the date of the statement of financial position the consolidated total assets of PNE WIND AG amounted to EUR 231.9 million, up approx. 27.1 percent in comparison with December 31, 2012.

Long term assets decreased in total from EUR 83.4 million at the end of 2012 to EUR 82.1 million. As at June 30, 2013 intangible assets totalled EUR 22.1 million which was no change compared to the value as at December 31, 2012. The largest position of this item is the goodwill of the wind power projecting segment in the amount of EUR 20.0 million. In the same period under review, property, plant and equipment (PPE) decreased by EUR 1.7 million to EUR 58.4 million (December 31, 2012: EUR 60.1 million). The PPE position contains land and buildings (EUR 13.1 million without land and buildings of "Silbitz"), transformer stations (EUR 6.9 million), technical equipment of the "Altenbruch II" wind farm (EUR 30.1 million) and the timber biomass power plant in Silbitz (EUR 5.9 million including land and buildings in the amount of EUR 3.1 million).

Under the position, "Assets held for sale" is the "Gode Wind III" project. The change from December 31, 2012 results from the sale of the shares in New Energy Developments Ltd. which had been held as of the end of 2012, during the first quarter of 2013.

Short term assets increased from EUR 97.8 million as at December 31, 2012 to EUR 149.1 million as at June 30, 2013. The increase is primarily attributable to the net bond proceeds of approx. EUR 63.6 million (direct transaction costs of approx. EUR 2.7 million) and the increase in inventories to EUR 15.5 million. The receipt of the approx. EUR 27 million milestone payment from the "Gode Wind I" and "Gode Wind II" sales transaction was the primary factor reducing the

receivables and other assets position from approx. EUR 33.2 million as at December 31, 2012 to approx. EUR 8.2 million, of which EUR 3.3 million is under the trade accounts receivable position (December 31, 2012: EUR 30.2 million).

Inventory is mainly comprised of work in progress, which increased from EUR 24.6 million as at December 31, 2012 to EUR 40.1 million. Included in the work in progress position are offshore projects "Nemo", "Nautilus" and "Jules Verne" with a total value of EUR 8.3 million.

As at June 30, 2013, cash and cash equivalents amounted to EUR 97.4 million (December 31, 2012: EUR 36.6 million).

Liabilities (in EUR million)	30.06.2013	31.12.2012
Shareholders' equity	64.9	86.6
Deferred subsidies from public authorities	1.1	1.1
Provisions	1.8	1.7
Long term liabilities	128.9	67.8
Short term liabilities	27.5	18.3
Deferred revenues	7.7	7.0
Liabilities held for sale	0.0	0.0
<b>Total liabilities and shareholders' equity</b>	<b>231.9</b>	<b>182.5</b>

On the liability side consolidated shareholder equity decreased from EUR 86.6 million as at December 31, 2012 to EUR 64.9 million as at June 30, 2013. This was influenced by the share buy-back programme beginning in December 2012 and the negative net income of the Group. In shareholder equity, 4,126,700 PNE WIND AG shares valued at approx. EUR 10.7 million are reported. At the end of the reporting period, the equity ratio of the Group amounted to approx. 28 percent (December 31, 2012: 47 percent) and the third party debt ratio amounted to 72 percent (December 31, 2012: 53 percent). Scheduled debt repayments and the bond placement resulted in long term liabilities increasing from EUR 67.8 million at the end of 2012 to EUR 128.9 million, of which EUR 127.6 million is financial debt. This position includes the convertible bond in the amount of EUR 27.5 million (a portion of the convertible bond is presented as shareholders' equity in accordance with IFRS), the corporate bond placed in May 2013 (see next paragraph) with net proceeds of approx. EUR 63.6 million (gross proceeds of the bond amounted to approx. EUR 66.3 million and expenses directly related to the bond placement of approx. EUR 2.7 million were capitalized and will be booked as an additional interest expense over the term of the bond as per IFRS) and liabilities to banks in the amount of EUR 28.3 million. The main items include the project financing of our "Altenbruch II" wind farm (EUR 27.1 million in total with EUR 23.6 million being long-term), the timber biomass power plant in Silbitz (EUR 3.7 million in total with EUR 3.0 million being long-term) and the Company headquarter building in Cuxhaven (EUR 3.1 million in total with EUR 1.6 million being long-term).

PNE WIND AG issued a corporate bond with a 5 year maturity in May 2013, which was subscribed to in the amount of approximately EUR 66.3 million from institutional and private investors. The bond (WKN: A1R074/ISIN: DE000A1R0741) has been traded on the Frankfurt Stock Exchange on the regulated market since May 15, 2013.

As at June 30, 2013, the total number of PNE WIND AG shares issued was 46.531.738. The increase from December 31, 2012 (45,785,896 shares) resulted from the conversion of convertible bonds in the first half of 2013. As at June 30, 2013, PNE WIND AG held 4,126,700 treasury shares.

PNE WIND AG has undertaken in a contract with the limited partners of the operating company of the "Silbitz" power plant that it would acquire their limited partnership shares at the beginning of 2017 at a price of 110 percent of the nominal amount. Due to this undertaking other financial liabilities include a discounted purchase price liability as at June 30, 2013 in the amount of EUR 5.7 million. Furthermore, PNE WIND AG has provided the limited partners of HKW Silbitz GmbH & Co. KG a distribution guarantee until 2016, which is included in the provisions at a discounted amount of EUR 1.0 million.

During the first six months of 2013, the current liabilities position increased from EUR 18.3 million as at December 31, 2012 to EUR 27.5 million. The accounts payable position decreased from EUR 4.7 million at the end of 2012 to EUR 4.6 million. The change in the current liabilities position was primarily affected by an increase in short-term borrowings which rose from approx. EUR 8.4 million as at December 31, 2012 to approx. EUR 14.9 million. The rise in the short term borrowings is primarily linked to the loan for the "Zernitz II" wind farm, which is transferred to the buyer when the project is handed over. The long term construction projects position increased from EUR 0.0 million as at the end of 2012 to EUR 0.6 million with the "Langwedel II" wind farm being short before being handed over to the customer at the end of the reporting period. Taking cash and equivalents into consideration the net debt, according to DVFA (Deutsche Vereinigung für Finanzanalyse und Asset) amounted to EUR 45.2 million as at June 30, 2013 (December 31, 2012: EUR 39.3 million).

## 10. Transactions with related companies and persons

In the first six months of the 2013 fiscal year, there were the following transactions with related persons:

PNE WIND AG concluded consulting contracts for the provision of EDP services with net.curity Informations Technologien GmbH, whose managing shareholder Rafael Vazquez Gonzalez is also member of the Supervisory Board. In the first six months of 2013, transactions were effected with a net volume of EUR 124,755.37.

The net.curity InformationsTechnologien GmbH is responsible to ensure the proper functioning of the electronic data processing of PNE WIND AG. This includes the maintenance and repair of equipment and systems and updating of programs. It also provides server and storage services as well as providing the technical service for the company website and communication facilities.

## 11. Sales and marketing

The sale of wind farm projects, which are constructed on land, continues to be based on direct sales to individual and large investors. PNE WIND AG has had positive experience with these direct sales in the last few years and will continue to pursue this proven sales channel. The company will continue to cooperate with strong partners in order to realise the offshore wind farm projects.

## 12. Research and Development

Research and development activities did not take place in the PNE WIND Group.

## 13. Major events following the end of the reporting period

### **WKN AG**

On April 19, 2013 PNE WIND AG signed a contract for the purchase of approx. 53.42 percent of the shares in WKN AG, Husum, a company specialising in wind farm development, from the former major shareholder, Volker Friedrichsen Beteiligungs-GmbH. The contract was subject to various conditions that were fulfilled in July. The purchase price is based on a company valuation amounting to approx. EUR 93 million and was paid in cash and treasury shares in July 2013. 3,074,209 treasury shares at a stock price of EUR 2.66 were used for this purpose. Also in July, PNE WIND AG increased its stake in WKN AG to approx. 82.75 percent. The 29.33 percent stake in WKN shares was acquired from Siemens Project Ventures GmbH as part of a Tag-along sales right (Mitveräußerungsrechts).

The first consolidation of WKN AG took place with the fulfillment of various conditions in July 2013. The purchase price allocation is being created as at the date of the publication of the interim financial report. An estimate on the impact to the December 31, 2013 consolidated financial statements of PNE WIND AG cannot yet be reliably determined.

The Volker Friedrichsen Beteiligungs-GmbH informed PNE WIND AG that it has purchased 168,680 convertible bonds issued in 2010 by PNE WIND AG from Luxempart SA and has exercised the conversion right of these bonds into 7,667,265 shares on August 7, 2013. The conversion of the bonds reduces the financial liabilities of PNE WIND AG by EUR 16.9 million and interest payments by approx. EUR 1.5 million. The Volker Friedrichsen Beteiligungs-GmbH now holds approx. 20 percent of the 54.2 million PNE WIND AG shares outstanding.

### **Treasury Shares**

After the delivery of the PNE WIND AG shares within the framework of the share acquisition of WKN AG, PNE WIND AG sold 1,052,491 treasury shares for approx. EUR 2.75 million over the counter on July 12, 2013 to Close Brothers Seydler Bank AG, who then placed the shares with institutional investors. Background on the management board's decision to sell the treasury shares is that following the completion of the acquisition of the majority stake in WKN AG, the remaining treasury shares would not be needed as an acquisition currency in the foreseeable future.

### **Wind park sales completed**

In July 2013, the commissioned wind farm "Zernitz II" was sold and transferred to the buyer. The previously sold "Langwedel II" wind park became fully operational. In the two projects, wind turbines with a nominal capacity of 14 MW were erected.

## **14. Report of opportunities and risks**

### **General factors**

As a result of its business activities the Group and the individual consolidated companies are exposed to risks which are inseparable from its entrepreneurial activities. Through our internal risk management system we are minimising the risks associated with our business activity and invest only if a corresponding value added can be created for the Company while maintaining a manageable risk. Risk management is a continuous process. An evaluation of the determined risks is made based on the analysis of the core processes. A risk report is submitted regularly to the Board of Management and to the Supervisory Board.

### **Risks from operating activities**

A major risk is the approval risk of projects. In the event of time delays with regard to permits, this can lead to postponements in the flow of liquidity, higher prepayment requirements as well as the loss of the planned recuperation of the funds. Furthermore, projects in such cases can become uneconomical, which can lead to the write-off of work in process which has already been capitalised. Apart from the inventories, this risk can also have an effect on the value of the receivables. Should the offshore projects not be able to be realised, this may result in fixed assets requiring to be written off. The operating opportunities in the projecting of wind farms can, however, only be realised if such entrepreneurial risks are accepted.

Time delays can occur in the implementation of the projects also due to the uncertain date of the issuing of approvals and the commitments for network connections, possible complaints in respect of permits already granted, the availability at the right time of wind power turbines or the availability at the right time of other necessary preconditions and components for the construction of a wind farm. Through comprehensive project controlling we attempt to take these complex requirements into consideration at the right time.

The number of suitable sites in Germany for the construction of wind power turbines is limited. This can result in the future in an increase in the competition for these sites and thus also the acquisition costs for such sites.

Within the context of project realisation the Company must rely on being able to cover its capital requirements resulting from the liabilities arising in the future or which may become due in the future. Furthermore, additional capital requirements might arise if and insofar as PNE WIND AG should be required to honour guarantees which it has granted or other comparable commitments or should any other of the risks described in this paragraph occur.

A risk for the future development is attributable to the areas of financing and the sale of wind farm projects, as is the case with all companies which project wind farms. In order to meet this risk PNE WIND AG has already since several years selected the sales channel of "individual and large investors". Negative effects from rising rates of interest on the project marketing, cannot, however, be excluded, since rising interest rates lead to higher project costs.

Risks in respect of project realisation could result from a financial crisis and the reticence resulting therefrom on the part of the banks with regard to project financing. Nevertheless, the Kreditanstalt für Wiederaufbau (KfW) is implementing the programme resolved by the Federal Government whereby EUR 5 billion will be made available for the first ten German offshore wind farm projects.

Financing risks also exist on the part of our partner companies with regard to offshore wind farm projects. Depending on the progress of the project, payments are still due to PNE WIND AG for the "Borkum Riffgrund II", "Nautilus II" as well as "Gode Wind" I to III. The purchasers of the project shares have to date made no decision as to whether they wish to construct the projects. It can therefore not be assumed with certainty that the final decisions will be taken to realise the projects. A failure of one or several of the "Gode Wind" I to III would have substantial effects in the future short to medium term on the asset, financial and earnings situation of PNE WIND AG, since PNE WIND AG would no longer receive planned payments in the future. A failure of the "Borkum Riffgrund II" and "Nautilus II" projects would have no material effects on the future asset, financial and earnings situation of PNE WIND AG, even if the planned payments were not to be received, since these represent either an amount of only a few millions ("Borkum Riffgrund II") or are expected beyond the short to medium term planning period ("Nautilus II").

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

For all the offshore wind farms projected by PNE WIND AG in the offshore wind power segment it is of great importance to find a strong capital investor, since the realisation of an offshore wind farm requires very high investment costs.

A supplier risk exists in the wind power turbine sector due to the growing worldwide demand in relation to the available capacities. In spite of the swift expansion of capacities at the manufacturers of wind power turbines, delivery bottlenecks cannot be excluded in the event of further increases in international demand. Such delivery bottlenecks could lead to delays in the realisation of wind power projects. The Company therefore places great importance on the conclusion at the earliest possible moment of delivery contracts with reputable manufacturers of wind power turbines as well as with other suppliers (e.g. foundations) and the agreement for delivery on schedule.

Medium or long term currency risks could arise in respect of projects in the international sector. In the operating field foreign currency risks result primarily from the fact that planned transactions are undertaken in a currency other than the euro. With regard to investments foreign currency risks may arise mainly from the acquisitions or divestments of foreign companies. It is planned to undertake the hedging of key foreign exchange transactions with third parties outside the Group through currency hedging transactions.

With regard to the risk of long term loan obligations and the interest payments resulting from this, hedging transactions (SWAPs) are concluded in individual cases, which could lead to an additional strain on the liquidity of the Company in the event of negative interest development.

From the issuance of the bond 2013/2018 and the covenants contained within, there is a right to increased interest payments or termination of the bond if covenants regarding to the equity ratio are not met. Increased interest payments on the bond would not have a material effect on the future operations, financial position and results of PNE WIND AG. A cancellation notice of the bond by the bondholders before the expiry of the bond would have material impact on the future short- and medium-term assets, financial position and results of PNE WIND AG.

#### **Political risks / market risks**

Incalculable risks can also affect the market from outside. These include in particular a sudden change in the general legal conditions in Germany or in the foreign markets. Deterioration is, however, not to be excluded from the point of view of the Company in Germany, since currently possible changes are being actively discussed in the Federal Republic as a result of the significant increase in the renewable energies reallocation charge of the Renewable Energies Law (EEG). The next amendment is expected on the basis of an experience report, which the Federal German Government must submit to the German Parliament in 2014.

The political risks and the market risks abroad could have effects on the planned project implementations during the next few years. PNE WIND AG and its subsidiaries are intensively observing the current market developments abroad, in order to recognise at an early stage possible change in the market situation or the political landscape and to introduce any measures at the right time.

### Legal risks

All recognisable risks are reviewed constantly and are taken into consideration in this report as well as in the corporate planning. The Board of Management considers the risks to be fairly clear and thus assumes that they will have no material negative influence on the development of the Company. These include also risks from cases not yet legally concluded.

### Tax risks

PNE WIND AG and its subsidiaries are currently active in eight countries in the world and are thus subject to many different tax laws and regulations. Changes in these areas could lead to higher tax expenses and to higher tax payments. Furthermore, changes in the tax laws and regulations could also have an influence on our tax receivables and tax liabilities as well as on deferred taxes carried as assets and liabilities. We are operating in countries with complex tax regulations which could be interpreted in different ways. Future interpretations and development of tax laws and regulations could have an influence on our tax liabilities, profitability and our business operations. In order to minimise these risks, we are working continuously throughout the Group with specific tax consultants from the relative countries and are analysing the current tax situation.

The last external audit of corporation, trade and value added tax of the major domestic companies of the PNE WIND AG Group covered the tax periods from January 1, 2006 up to and including December 31, 2010. Any consequences from this were taken into account in the statement of comprehensive income as at December 31, 2012 insofar as they had any effect on taxes on income. In the case of external audits there is always the risk that the results of the external audit can have effects on the asset, financial and earnings situation of a company and its future annual consolidated accounts.

### Opportunities

As a developer of onshore and offshore wind farms PNE WIND AG is active in an attractive growth market. Independent studies assume high rates of growth for wind power during the next few years due to the finite state of fossil fuels, the pressure for the reduction of dangerous climate emissions as well as the requirement for secure sources of energy. In this respect PNE WIND AG has available from its many years of activity in the market the pre-requisites in order to benefit in the long term from this development.

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

projects in Bulgaria, Turkey, Romania and the United Kingdom. The subsidiary established in the USA as well as the joint venture established by this company in Canada is also based on this strategy. In the future PNE WIND AG will thus also pursue this policy for selective foreign expansion and take advantage decisively of existing market opportunities. For this purpose a continuous observation takes place with regard to other wind power markets as well as a careful analysis of corresponding market introduction opportunities.

Apart from the perspectives of internationalization, the established German market continues to offer a range of opportunities. During the next few years an increased level of replacement can be expected in respect of obsolete wind power turbines by more modern and more efficient equipment (so-called repowering). As a result of this an increase in the market size can be expected for wind power turbines. With the "Alt Zeschdorf", "Görike", "Kemberg II" and "Langwedel II" wind farms PNE WIND AG was already able to successfully conclude repowering projects. Due to the many years of experience of PNE WIND AG, its comprehensive network as well as the proven expertise of the employees, the Company is now in a favourable position to participate on a sustainable basis in this process.

In addition, there is the planned expansion of German offshore wind power. In this respect Germany, which otherwise was considered a pioneer with regard to wind power, is still in the initial phase. The ambitious climate objectives of the Federal German Government and the necessity for increasing the security of supply require the accelerated expansion of wind farms on the high seas. In this respect PNE WIND AG is distinguished by the fact that it has already carried out four offshore wind farm projects through the whole process up to the approval by the Federal Office for Shipping and Hydrographics. Three further own offshore projects as well as two projects, where PNE WIND AG is active as a service provider, are currently being developed in order to obtain the permits swiftly. In view of the stronger increase in importance of offshore wind power, positive effects can be expected also in this respect for the further business development of PNE WIND AG.

Finally, the growth of the wind power sector in Germany offers increased opportunities in the area of the provision of services. PNE WIND AG considers itself to be a reliable partner of the operators of wind farms and often looks after these following the transfer with regard to technical and commercial operating management. With the expansion of wind power projecting there is thus the possibility of an increase in the after-sales business, whereby this could lead to correspondingly favourable effects of the sales and earnings situation of the Company.

Overall, a positive development of the Company can thus be expected in the coming fiscal years according to the estimates of the Board of Management.

## 15. Outlook

The project management and realisation of wind farms is PNE WIND AGs core business. The company is active in Germany, the USA, Canada, Great Britain, Hungary, Rumania, Bulgaria and Turkey. Onshore wind farms are developed in Germany and abroad while offshore is exclusively developed in Germany. Our aim is to achieve a rapid expansion in the use of wind energy for electricity generation. Growth in the use of renewable energies is a topic which is being discussed worldwide. Ever more nations are emphasising the urgent need for a change in the energy supply towards renewable energies and are creating framework conditions within which ecologically compatible development also becomes economically viable. Wind energy benefits primarily from these conditions because it is already particularly efficient and cost effective in making its contribution to securing future electricity generation.

We are taking these prospects into account in our company strategy. In so doing, the offshore projects are of particular importance. After years of intensive planning and preliminary work we were able to sell the offshore wind farms, "Gode Wind" I to III to the Danish energy corporation, DONG Energy in 2012. All of the shares in the "Gode Wind" I and II projects have already been transferred to DONG Energy. For these we have received the first payments amounting to approx. EUR 84 million. Upon reaching predefined project development steps, milestone payments totalling up to EUR 73 million are expected in the coming years. Milestone payments will be triggered with the BSH approval for the „Gode Wind III“ project as well as DONG Energy reaching the final investment decisions (FID) for the „Gode Wind“ I and II projects. In addition, PNE WIND AG will support DONG Energy for at least five years as from the conclusion of the contract as a service provider for the realization of the projects. The volume of this service contract amounts up to EUR 8.5 million with a minimum volume of EUR 5 million.

Our offshore wind farm projects, "Borkum Riffgrund" I and II have also made progress. DONG Energy has commenced construction on the "Borkum Riffgrund I" in 2013. DONG Energy's capital strength is illustrated in its leading position in the offshore market, its capacity for developing new financing structures and attracting new partners into the market. We plan on the offshore project, "Borkum Riffgrund II" being constructed despite DONG Energy's initial postponement. This will then provide us with further milestone payments. The offshore segment provides our company with a strong foundation and generates positive effects for our company development.

The large number of onshore projects which we are currently developing in Germany and abroad forms the basis for our company's future success. In the coming years, projects which we are developing intensively today will be constructed and thereby contribute to revenues and earnings.

We anticipate a positive and growing long term effect on our business model from the increasing number of smaller and outdated wind energy turbines being replaced with more powerful and efficient ones in Germany. Older wind turbines are gradually being replaced within the scope of

repowering. With an installed nominal capacity of over 30,000 MW in Germany, we anticipate that this market growth will present attractive opportunities. We have carried out four repowering projects successfully and one advantage for PNE WIND AG is that we remain contacted to many of the wind farms we develop throughout their operational life with our technical and commercial management services.

The success of our project development is dependent on the current market conditions. In Great Britain we have developed four further wind farm projects to such an extent that they are now in the public consultation phase. We are also continuing our close and successful cooperation with the Forestry Commission Scotland. In Hungary, two of our wind farms have already been approved. Although we have adapted our strategy in the USA in order to be prepared for possible changes in the subsidy programmes, significant progress has been made in the Chilocco project. The project is being developed to have a nominal capacity of 77 MW and will be located on the Indian nations land in Oklahoma when completed.

We are working on a portfolio of wind farms in Germany with approx. 180 MW of nominal output. These projects which are due to be completed in the coming years may be sold as a package or individually this year and thereby ensure further contributions to turnover and profits.

In the medium term additional projects in these and other countries will also be developed to such an extent that we can begin their construction and marketing. From these we expect to generate increasing turnover and cash flow in the future.

We are also constantly examining the wind farm framework conditions in additional countries to determine the attractiveness of a market entry by PNE WIND AG.

We are anticipating further prospects as a result of the majority takeover of WKN AG, Husum. PNE WIND AG and WKN AG have both been active in wind farm project development for about 20 years and conduct their business both in Germany and internationally, whereby the markets for wind farm development complement each other and allow synergies to be realised through joint purchasing and sales activities. While PNE WIND AG is active in Germany, Hungary, Rumania, Bulgaria, Turkey, Great Britain, the USA and Canada, the WKN AG experts develop wind farm projects in Germany, France, Poland, Italy, the USA, Sweden, South Africa, the Ukraine and Great Britain.

To date, including sales of project rights, WKN AG has realised more than 1,100 MW of onshore wind energy output and is currently processing further national and international projects with more than 1,700 MW of nominal output. PNE WIND AG is currently developing onshore projects with approx. 3,100 MW of nominal output in Germany and in its foreign markets.

The PNE WIND Group is very well positioned, both nationally and internationally. For this reason we are very confident that we will also be able to take advantage of the opportunities in the growth market, "wind". The Board of Directors continues to be of the opinion that the EBIT forecast of EUR 60 to 72 million for the three year period from 2011 to 2013 and EUR 60 to 72 million for the two following years, 2014 and 2015 (excluding WKN), will be achieved and that this positive development will continue in the coming years. Prospects in the onshore and offshore national and international markets form the basis for the capacity to pay dividends and to make the necessary investments in projects during the coming years. In the coming years the corporate EBIT will be composed of income from offshore projects and the profits from onshore projects at home and abroad. The EBIT forecast for the coming years is a reflection of the confident expectations in the company's continuing positive profitability.

Cuxhaven, August 9, 2013

PNE WIND AG, Board of Directors

# Consolidated interim financial statement (IFRS)

## of PNE WIND AG, Cuxhaven, as at June 30, 2013

All figures in TEUR (differences due to rounding possible)		2nd quarter 01.04.2013 – 30.06.2013	2nd quarter 01.04.2012 – 30.06.2012	1st half year 01.01.2013 – 30.06.2013	1st half year 01.01.2012 – 30.06.2012
1.	Revenues	9,563	3,287	21,737	12,259
2.	Changes in inventories of finished goods and work in process	13,049	844	15,299	1,796
3.	Other capitalised contributions	0	0	0	0
4.	Other operating income	190	162	374	940
<b>5.</b>	<b>Total aggregate output</b>	<b>22,802</b>	<b>4,293</b>	<b>37,410</b>	<b>14,995</b>
6.	Cost of materials/cost of purchased services	-16,866	-2,465	-26,027	-7,050
7.	Personnel expenses	-3,254	-3,148	-7,050	-6,458
8.	Depreciation of property plant and equipment (and amortization of intangible assets)	-1,286	-1,342	-2,558	-2,830
9.	Other operating expenses	-4,476	-2,549	-7,385	-4,944
<b>10.</b>	<b>Operating profit (EBIT)</b>	<b>-3,080</b>	<b>-5,211</b>	<b>-5,610</b>	<b>-6,287</b>
11.	Income from participations	2	0	2	0
12.	Other interest and similar income	360	69	599	146
13.	Interest and similar expenses	-2,088	-1,344	-3,440	-2,718
14.	Expenses for losses absorbed	0	0	0	-2
<b>15.</b>	<b>Result from ordinary activities (EBT)</b>	<b>-4,806</b>	<b>-6,486</b>	<b>-8,449</b>	<b>-8,861</b>
16.	Taxes on income	-282	391	-582	89
17.	Other taxes	-15	-25	-30	-40
<b>18.</b>	<b>Profit/loss before minority interests</b>	<b>-5,103</b>	<b>-6,120</b>	<b>-9,061</b>	<b>-8,812</b>
19.	Non-controlling interests	-133	-678	-251	-962
<b>20.</b>	<b>Consolidated profit/loss</b>	<b>-4,970</b>	<b>-5,442</b>	<b>-8,810</b>	<b>-7,850</b>
<b>Other income/items that may be reclassified in the future in the profit and loss account</b>					
21.	Foreign currency translation differences	-210	126	-311	39
22.	Others	0	0	0	0
<b>23.</b>	<b>Other comprehensive income for the period (net of tax)</b>	<b>-210</b>	<b>126</b>	<b>-311</b>	<b>39</b>
<b>24.</b>	<b>Total comprehensive income for the period</b>	<b>-5,313</b>	<b>-5,994</b>	<b>-9,372</b>	<b>-8,773</b>
<b>Consolidated profit/loss for the period attributable to</b>					
	Owners of the parent company	-4,970	-5,442	-8,810	-7,850
	Non-controlling interests	-133	-678	-251	-962
		<b>-5,103</b>	<b>-6,120</b>	<b>-9,061</b>	<b>-8,812</b>
<b>Total comprehensive income for the period attributable to</b>					
	Owners of the parent company	-5,180	-5,316	-9,121	-7,811
	Non-controlling interests	-133	-678	-251	-962
		<b>-5,313</b>	<b>-5,994</b>	<b>-9,372</b>	<b>-8,773</b>
	Earnings per share (undiluted), in EUR	-0.12	-0.12	-0.21	-0.17
	Earnings per share (diluted), in EUR	-0.08	-0.08	-0.15	-0.12
	Average number of shares in circulation (undiluted), in million	42.7	45.8	42.7	45.8
	Average number of shares in circulation (diluted), in million	55.3	59.1	55.3	59.1

# Abbreviated group balance sheet (IFRS)

## of PNE WIND AG, Cuxhaven, as at June 30, 2013

### Assets

All figures in TEUR (differences due to rounding possible)	as per 30.06.2013	as per 31.12.2012
Intangible assets	22,071	22,118
Property plant and equipment	58,350	60,077
Long term financial assets	226	247
Deferred tax assets	1,416	976
<b>Long term assets, total</b>	<b>82,063</b>	<b>83,418</b>
<b>Assets held for sale</b>	<b>701</b>	<b>1,272</b>
Inventories	43,485	28,045
Receivables and other assets	8,271	33,184
Cash and cash equivalents	97,359	36,586
<b>Current assets, total</b>	<b>149,115</b>	<b>97,815</b>
<b>Assets total</b>	<b>231,879</b>	<b>182,505</b>

### Liabilities

All figures in TEUR (differences due to rounding possible)	as per 30.06.2013	as per 31.12.2012
Subscribed capital	46,532	45,786
Capital reserve	45,782	44,886
Treasury shares	-10,730	-1,510
Retained earnings	51	51
Foreign currency provision	-516	-205
Retained Profit/Loss	-14,344	581
Minority interests	-1,912	-2,994
<b>Shareholders equity, total</b>	<b>64,863</b>	<b>86,595</b>
Other provisions	647	647
Deferred subsidies from public authorities	1,067	1,090
Long term financial liabilities	127,602	67,469
Deferred tax liabilities	1,303	370
<b>Long term liabilities, total</b>	<b>130,619</b>	<b>69,576</b>
Provisions for taxes	25	191
Other provisions	1,130	901
Short term financial liabilities	14,947	8,376
Trade liabilities	4,613	4,696
Other liabilities	15,675	12,161
<b>Short term liabilities, total</b>	<b>36,390</b>	<b>26,325</b>
<b>Liabilities held for sale</b>	<b>7</b>	<b>9</b>
<b>Liabilities total</b>	<b>231,879</b>	<b>182,505</b>

# Consolidated cash flow statement (IFRS)

## of PNE WIND AG, Cuxhaven, for the first six months of 2013

Consolidated accounts from January 1 until June 30		
All figures in TEUR (differences due to rounding possible)		
	2013	2012
<b>Consolidated net loss</b>	<b>-9,061</b>	<b>-8,811</b>
-/+ Income tax benefit/expense	582	-89
-/+ Interest income and expense	2,841	2,572
-/+ Income tax paid/received	-52	-28
+/- Depreciations/write-ups of fixed assets	2,558	2,830
+/- Increase/decrease in provisions	61	675
+/- Non-cash effective income and expenses	-317	-290
+/- Increase/decrease of inventories and other assets	-17,309	-1,617
+/- Increase/decrease of trade receivables and stage of completion accounting	26,877	14,005
+/- Increase/decrease of trade liabilities and other liabilities	2,044	-5,435
- Interest paid	-2,838	-2,849
+ Interest received	138	146
<b>Cash flow from ongoing business activity</b>	<b>5,524</b>	<b>1,109</b>
+ Inflow of funds from disposal items of property, plant and equipment	8	63
+ Inflow of funds from intangible assets	0	0
- Outflow of funds for investments in property, plant and equipment	-792	-16,874
+ Inflow of funds from disposal of consolidated units	0	0
- Outflow of funds for investments in consolidated units	-607	0
- Outflow of funds from disposal of financial assets	-13	-15
<b>Cash flow from the investing activity</b>	<b>-1,403</b>	<b>-16,826</b>
+ Additional inflow of funds from shareholders	1,642	17
+ Inflow of funds from minority interests	0	0
+ Inflow of funds from financial loans	6,963	9,815
+ Inflow of funds from the issue of bonds	66,338	0
- Outflow of funds from bond transaction costs	-2,710	0
- Outflow of funds from the redemption of financial loans	-2,194	-1,957
- Outflow of funds from the buy back of own shares	-9,220	0
- Outflow of funds for dividend	-4,166	-1,831
<b>Cash Flow from the financing activity</b>	<b>56,653</b>	<b>6,044</b>
Cash effective change in liquid funds	60,774	-9,673
+ consolidation-related changes in cash and cash equivalents	0	0
+ beginning cash position	36,586	19,447
<b>Liquid funds at the end of the period*</b>	<b>97,360</b>	<b>9,774</b>
* of which are pledged to a bank as security	7,938	440

Supplementary information: The value of liquid funds corresponds to the "Cash and cash equivalents" item on the balance sheet as at June 30, 2013.

# Group Equity Level (IFRS)

## of PNE WIND AG, Cuxhaven, for the first six months of 2013

All figures in TEUR (differences due to rounding possible)	Capital subscribed	Capital reserve	Treasury shares	Profit reserves	Foreign exchange reserve	Retained loss	Equity before minority	Minority Interests	Total sharehol- der equity
<b>Status as per 1 January 2012</b>	<b>45,778</b>	<b>44,877</b>	<b>0</b>	<b>51</b>	<b>-133</b>	<b>-13,998</b>	<b>76,574</b>	<b>-1,872</b>	<b>74,702</b>
Group result 01-06/2012	0	0	0	0	0	-7,849	-7,849	-962	-8,811
Dividend	0	0		0	0	-1,831	-1,831	0	-1,831
Convertible bond 2010/2014	8	9	0	0	0	0	17	0	17
Other items	0	0	0	0	39	0	39	0	39
<b>Status as per June 30, 2012</b>	<b>45,786</b>	<b>44,887</b>	<b>0</b>	<b>51</b>	<b>-94</b>	<b>-23,678</b>	<b>66,950</b>	<b>-2,834</b>	<b>64,116</b>
<b>Status as per January 1, 2013</b>	<b>45,786</b>	<b>44,886</b>	<b>-1,510</b>	<b>51</b>	<b>-205</b>	<b>581</b>	<b>89,589</b>	<b>-2,994</b>	<b>86,595</b>
Group result 01-06/2013	0	0	0	0	0	-8,810	-8,810	-251	-9,061
Treasury shares	0	0	-9,220	0	0	0	-9,220	0	-9,220
Dividend	0	0		0	0	-4,166	-4,166	0	-4,166
Convertible bond 2009/2014	4	6	0	0	0	0	10	0	10
Convertible bond 2010/2014	742	890	0	0	0	0	1,632	0	1,632
Other items	0	0	0	0	-311	-1,949	-2,260	1,334	-926
<b>Status as per June 30, 2013</b>	<b>46,532</b>	<b>45,782</b>	<b>-10,730</b>	<b>51</b>	<b>-516</b>	<b>-14,344</b>	<b>66,775</b>	<b>-1,912</b>	<b>64,864</b>

# Condensed Notes to the Consolidated Financial Statements

## of PNE WIND AG, Cuxhaven, for the first six months of 2013

### 1. Accounting and valuation policies

The financial report on the first six months of the 2013 fiscal year of PNE WIND AG and its subsidiaries is drawn up according to the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), like they are applied in the European Union. New standards adopted by the IASB are in principle applied as from the time of their becoming effective as must be taken into consideration in the EU.

In the financial report for the six months ending June 30, 2013 the Company applied the same accounting and valuation methods as for the consolidated financial statements December 31, 2012 expect for the following described positions.

In May 2011, IFRS 13 was approved by the IASB and endorsed by the EU in December 2012. IFRS 13 "Fair value measurement" is to be applied prospectively for the first time for financial years starting on or after January 1, 2013. The application of the standard will involve additional disclosure obligations of information on financial instruments during the course of the year which until now only had to be reported in the annual financial statements.

With the changes to IAS 1 "Presentation of Financial Statements", a separation of the elements of other earnings in the statement of comprehensive income occurs. Items which may subsequently be reclassified in profit or loss, and items which will not be reclassified in profit or loss, must be recorded separately. The standard, which was approved by the IASB in June 2012, is to be applied for the first time for financial years beginning on or after July 1, 2012.

Assets are classified as "Held for sale" if the carrying amounts are primarily to be realized through a sale transaction rather than through continuing use. These assets are measured at the lower of carrying value or fair value less costs to sell and are no longer systematically depreciated or amortized.

In the first six months of 2013, inventories in the amount of approx. EUR 0.0 million were expensed.

The interim financial statements were drawn up in line with the regulations of IAS 34. The tax expenditure of the PNE WIND Group is determined using an estimate of the taxable income of the relevant companies. The diluted consolidated earnings per share take account of the potential shares from convertible bonds in accordance with IAS 33.

## Financial Assets

The following are among the group financial assets:

The long-term financial assets include direct holdings and shares of or loans to companies which are not included in the consolidated financial statements because of their minor importance in the context of a full consolidation. The investments are valued at cost.

Accounts receivables and other assets primarily include accounts receivable and loans receivable. These items as well as cash and cash equivalents represent the financial assets, which fall under the loans and receivables category of IAS 39 and are primarily short term in nature. The carrying amounts represent the approximate fair value as at the balance sheet date.

The financial liabilities represent participation rights, convertible bonds, bonds, liabilities to banks and other financial liabilities.

The following table presents the book value and fair value of the financial liabilities:

All figures in TEUR	Category as per IAS 39	Book Value	Fair Value
<b>As at 30.06.2013</b>			
Accounts payable	FLAC	4,613	4,613
Fixed interest			
Participation certificates	FLAC	843	843
Bonds	FLAC	91,119	100,693
Liabilities to banks	FLAC	42,039	44,892
Other financial liabilities	FLAC	5,800	6,279
Leasing contracts	FLAC	555	555
Variable interest			
Liabilities to banks	FLAC	483	483
Other financial liabilities	FLAC	0	0
Derivatives			
Interest swaps	FLHfT	1,710	1,710
		<b>147,162</b>	<b>160,068</b>
<b>As at 31.12.2012</b>			
Accounts payable	FLAC	4,696	4,696
Fixed interest			
Participation certificates	FLAC	843	843
Bonds	FLAC	28,898	22,737
Liabilities to banks	FLAC	36,975	38,618
Other financial liabilities	FLAC	5,570	6,103
Leasing contracts	FLAC	608	608
Variable interest			
Liabilities to banks	FLAC	779	779
Other financial liabilities	FLAC	0	0
Derivatives			
Interest swaps	FLHfT	2,171	2,171
		<b>80,540</b>	<b>76,555</b>
FLHfT = available for sale FLAC = financial liabilities at acquisition cost			

The fair values of the financial instruments were mainly determined on the basis of the market information available on the balance sheet date and are to be allocated to one of the three levels of the fair value hierarchy in accordance with IFRS 13.

Level 1 financial instruments are calculated on the basis of prices quoted on active markets for identical assets and liabilities. In Level 2, financial instruments are calculated on the basis of input factors which are derivable from observable market data or on the basis of market prices for similar instruments. Level 3 financial instruments are calculated on the basis of input factors which are not derivable from observable market data.

The determination of fair values in the consolidated balance sheet financial instruments described in the Notes is based on either quoted prices pursuant to Level 1 or based on information and input factors pursuant to level 2. Through the use of observable market parameters, the valuations do not differ from general market assumptions.

As at June 30, 2013 the financial instruments available for sale are valued at EUR 1.71 million pursuant to the Level 2 of the fair value hierarchy.

There are no financial instruments pursuant to the level 3 fair value hierarchy.

## 2. Consolidated group

We refer to the disclosures on the summary of business activity, the sales development, the results of operations, the financial position and the net assets as well as the corporate structure in the condensed interim group management report for the first six months of 2013.

## 3. Contingencies

The Company granted the shareholders of the Silbitz timber-fired power station an annual guaranteed dividend of the equity provided up to the year 2016 by way of a contract in the event that the Silbitz power plant is not able to pay relevant dividends from its own funds. Due to the present plans for the Silbitz power station the Company has formed provisions in the amount of EUR 1.0 million. If the present plans are not realized in years 2013 to 2016 this amount might increase to a total of EUR 1.6 million.

## 4. Major events following the end of the reporting period

### **WKN AG**

On April 19, 2013 PNE WIND AG signed a contract for the purchase of approx. 53.42 percent of the shares in WKN AG, Husum, a company specialising in wind farm development, from the former major shareholder, Volker Friedrichsen Beteiligungs-GmbH. The contract was subject to various conditions that were fulfilled in July. The purchase price is based on a company valuation amounting to approx. EUR 93 million and was paid in cash and treasury shares in July 2013. 3,074,209 treasury shares at a stock price of EUR 2.66 were used for this purpose. Also in July, PNE WIND AG increased its stake in WKN AG to approx. 82.75 percent. The 29.33 percent stake in WKN shares was acquired from Siemens Project Ventures GmbH as part of a Tag-along sales right (Mitveräußerungsrechts).

The first consolidation of WKN AG takes place with the fulfilment of various conditions in July 2013. The purchase price allocation is being created as at the date of the publication of the interim financial report. An estimate on the impact to the December 31, 2013 consolidated financial statements of PNE WIND AG cannot yet be reliably determined.

The Volker Friedrichsen Beteiligungs-GmbH informed PNE WIND AG that it has purchased 168,680 convertible bonds issued in 2010 by PNE WIND AG from Luxempart SA and has exercised the conversion right of these bonds into 7,667,265 shares on August 7, 2013. The conversion of the bonds reduces the financial liabilities of PNE WIND AG by EUR 16.9 million and interest payments by approx. EUR 1.5 million. The Volker Friedrichsen Beteiligungs-GmbH now holds approx. 20 percent of the 54.2 million PNE WIND AG shares outstanding.

### **Treasury Shares**

After the delivery of the PNE WIND AG shares within the framework of the share acquisition of WKN AG, PNE WIND AG sold 1,052,491 treasury shares for approximately EUR 2.75 million to Close Brothers Seydler Bank AG on July 12, 2013, who then placed the shares with institutional investors. Background on the management board's decision to sell the treasury shares is that following the completion of the acquisition of the majority stake in WKN AG, the remaining treasury shares would not be needed as an acquisition currency in the foreseeable future.

### **Wind park sales completed**

In July 2013, the commissioned wind farm „Zernitz II“ was sold and transferred to the buyer. The previously sold „Langwedel II“ wind park became fully operational. In the two projects, wind turbines with a nominal capacity of 14 MW were erected.

## Segment reporting pursuant to IFRS 8 according to areas

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 operating segments of PNE WIND AG. As a result a categorisation is made into the two areas of projecting of wind power turbines and electricity generation.

The „Projecting of wind power turbines“ division entails project planning and realisation of wind farms in Germany and abroad („onshore“) and project planning of wind farms on the high seas („offshore“). Alongside this provision of services in connection with the operation of wind farms and the set-up and operation of transformer stations is part of this business segment. The core of operating activities is the discovery of suitable sites for wind farms and subsequent project planning and realisation thereof.

The „Electricity generation“ segment includes on the one hand the operation of the „Laubuseschbach“ and „Altenbruch II“ wind farms. On the other it entails the PNE Biomasse GmbH holding company which hires employees for the „Silbitz“ timber-fired power station operating company on the basis of a corresponding contract for services and which also controls further contractual obligations of PNE WIND AG with regard to the „Silbitz“ timber-fired power station. This includes in particular delivery of fuels to the Silbitz timber-fired power station operating company which is also allocated to this segment. Finally the „Electricity generation“ business area also includes the corporations in the legal form of a limited commercial partnership with a limited liability company as its partner (GmbH & Co. KG) which act as supporting companies until the implementation of a wind farm project and are then sold to the investor in question. The assignment of these corporations to the „Electricity generation“ segment is based on the background that they will be active in producing electricity as the future operator of a wind farm - albeit only after they have left the PNE WIND Group.

The assessment of the stated revenue and expense amounts as well as of segment assets and liabilities is based on the regulations for external accounting. A separate transition of individual pieces of segment information to the matching figures in the consolidated financial statements is not necessary for this reason.

As a matter of principle the business relationships between the companies of the Group are based on prices that are also agreed with third parties.

The figures per June 30, 2013 are compared with the figures per June 30, 2012 or in the case of segment assets/liabilities the figures per December 31, 2012.

All figures in TEUR (differences from rounding off possible)	Projecting of wind power turbines	Electricity generation	Consolidation	PNE WIND AG Group
	2013 2012	2013 2012	2013 2012	2013 2012
External sales	<b>16,651</b> 6,916	<b>5,086</b> 5,342	<b>0</b> 0	<b>21,737</b> 12,258
Inter-segment sales	<b>15,168</b> 4,274	<b>281</b> 281	<b>-15,449</b> -4,555	<b>0</b> 0
Change in inventories	<b>3,901</b> 1,796	<b>0</b> 0	<b>11,398</b> 0	<b>15,299</b> 1,796
Other capitalised contributions	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0
Other income	<b>427</b> 934	<b>3</b> 7	<b>-56</b> 0	<b>374</b> 940
<b>Total aggregate output</b>	<b>36,147</b> 13,920	<b>5,370</b> 5,630	<b>-4,107</b> -4,555	<b>37,410</b> 14,995
Depreciations	<b>-816</b> -803	<b>-1,742</b> -2,027	<b>0</b> 0	<b>-2,558</b> -2,830
Operating result	<b>-4,761</b> -7,770	<b>1,304</b> 1,484	<b>-2,153</b> 0	<b>-5,610</b> -6,287
Interest and similar income	<b>1,366</b> 1,427	<b>464</b> 16	<b>-1,231</b> -1,297	<b>599</b> 146
Interest and similar expenses	<b>-3,366</b> -2,461	<b>-1,304</b> -1,554	<b>1,231</b> 1,297	<b>-3,438</b> -2,718
Taxes	<b>-538</b> 40	<b>-44</b> 49	<b>0</b> 0	<b>-582</b> 89
Investments	<b>1,318</b> 5,151	<b>94</b> 11,724	<b>0</b> 0	<b>1,412</b> 16,875
Segment assets	<b>299,900</b> 230,329	<b>70,149</b> 51,716	<b>-138,171</b> -99,540	<b>231,879</b> 182,505
Segment liabilities	<b>255,305</b> 176,319	<b>72,571</b> 54,631	<b>-160,861</b> -135,040	<b>167,015</b> 95,910
<b>Segment shareholders' equity</b>	<b>44,595</b> 54,010	<b>-2,422</b> -2,915	<b>22,690</b> 35,500	<b>64,864</b> 86,595

Segment companies:

**Projecting of wind power turbines:** PNE WIND AG, PNE WIND Betriebsführungs GmbH, PNE WIND Netzprojekt GmbH, PNE Gode Wind I GmbH (until 14.08.2012), PNE Gode Wind II GmbH (until 14.08.2012), PNE Gode Wind III GmbH, PNE WIND Jules Verne GmbH, PNE WIND Nemo GmbH, PNE WIND Nautilus GmbH, PNE WIND GM Hungary Kft., PNE WIND Ausland GmbH, PNE WIND Straldja-Kamenec OOD, PNE WIND Bulgaria EOOD, PNE WIND BE Development OOD, PNE WIND Ventus Praventsi OOD, PNE WIND Yenilenebilir Enerjila Ltd., PNE WIND UK Ltd., NH North Hungarian Windfarm Kft., PNE WIND NEH/I Kft., PNE WIND PARK Dobrudzha OOD, PNE WIND USA Inc., PNE WIND Central States LLC (former PNE WIND Renewable Solutions LLC), PNE WIND DEVELOPMENT LLC, Underwood Windfarm LLC, Butte Windfarm LLC, Chilocco WIND FARM LLC, PNE-BCP WIND Inc., PNE WIND Romania S.R.L, PNE WIND Romania Energy Holding S.R.L., S.C. PNE WIND MVI SRL, EVN WINDPOWER DEVELOPMENT & CONSTRUCTION S.R.L., PNE WIND Pusztahencse Kft., Wind Kapital Invest Verwaltungs GmbH, Wind Kapital Invest GmbH & Co. KG, PNE WIND Verwaltungs GmbH, PNE WIND Atlantis I GmbH, PNE WIND Atlantis II GmbH, PNE WIND Atlantis III GmbH.

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

The Assets and Liabilities classified to be sold are located within the "Projecting of Wind Power Turbines" segment.

Of the figures in the „Projecting of wind power turbines“ segment, total performance of EUR 32.2 million (previous year: EUR 9.4 million), revenues of EUR 16.0 million (previous year: EUR 6.3 million), operating income of EUR -1.1 million (previous year: EUR -0.3 million), a share of segment assets of EUR 239.6 million (as of December 31, 2012: EUR 153.1 million), and an equity share of EUR 64.0 million (as of December 31, 2012: EUR 44.6 million) are allocated to the German wind power onshore subdivision. For the international onshore accounts the following values can be ascribed; total performance of EUR 3.1 million (previous year: EUR 1.0 million), sales of EUR 0.0 million (previous year: EUR 0.0 million), operating income of EUR -2.1 million (previous year: EUR -3.5 million), a portion of segment assets of EUR 50.3 million (as of December 31, 2012: EUR 41.6 million) and an equity share of EUR -23.7 million (as of December 31, 2012: EUR -20.9 million).

Sales revenues with external customers and segment assets of the segments „Projecting of wind power turbines“ and „Electricity generation“ are attributable mainly to Germany. During the reporting period, one customer represented approx. EUR 13 million (previous year approx. EUR 4 million) of revenues. No other single customer contributed 10 percent or more of revenues.

The basis of accounting for transactions between reporting segments is in line with the accounting principles applicable to the consolidated financial statements.

Cuxhaven, August 9, 2013

PNE WIND AG, Board of Management

# Auditors' Report

To the PNE WIND AG, Cuxhaven

We have reviewed the condensed interim consolidated financial statements of the PNE WIND AG, Cuxhaven, comprising the statement of comprehensive income, the balance sheet, cash flow statement, statement of changes in equity, segment reporting and selected explanatory notes, together with the interim group management report of the PNE WIND AG, Cuxhaven, for the period from 1 January to 30 June 2013, that are part of the semi annual financial report pursuant to § 37w Abs. 2 WpHG (Wertpapierhandelsgesetz: German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review such that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Hamburg, August 9, 2013

Deloitte & Touche GmbH  
Wirtschaftsprüfungsgesellschaft

(Reiher)  
German Public Auditor

(ppa. Wendlandt)  
German Public Auditor

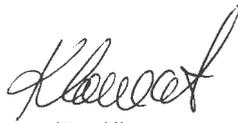
## Statement made by the legal representatives

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

PNE WIND AG, The Board of Management



Martin Billhardt



Jörg Klowat



Markus Lesser

# Imprint

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This interim 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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