

PNE WIND AG

Semi-annual financial report
and report on the second quarter of 2014



Overview

The operational business of PNE WIND AG in the first half year of 2014 is highlighted by the strong increase in the number of wind farms under construction in Germany as well as the significant progress in the development of projects at home and abroad. The offshore sector continued to develop six own projects and was active as a service provider to seven additional offshore projects in development.

In the first half year of 2014, the PNE WIND Group commenced construction on wind farm projects in Germany with a nominal capacity of approx. 128 MW, of which a portion have already been completed. The wind farm projects which are under construction should also be completed and commissioned in 2014. In addition, the PNE WIND AG had permits at the end of the first half year for wind farms in Germany with a nominal capacity of more than 70 MW on which construction is scheduled to begin shortly.

Abroad, permits for wind farms in France, United Kingdom and Italy were achieved.

With a strong project pipeline as the basis for our future earnings, we look forward with optimism and expect the Group to achieve a cumulative EBIT of euro 110 to 130 million during the financial years 2014 to 2016.

AT A GLANCE

PNE WIND AG Group figures

In TEUR	01.01. - 30.06.2014	01.01. - 30.06.2013	01.01. - 30.06.2012
Total aggregate output	134,667	37,410	14,995
Revenues	117,917	21,737	12,259
Operating profit (EBIT)	2,804	-5,610	-6,287
Result from ordinary activities (EBT)	-2,960	-8,449	-8,861
Net income	-2,357	-8,810	-7,850
Equity as at June 30	142,130	64,864	64,116
Equity ratio as at June 30	33.83	27.97	38.59
Balance sheet total as at June 30	420,137	231,879	166,138
Earnings per share (undiluted)	-0.04	-0.21	-0.17
Average number of shares, in million	55.4	42.7	45.8

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Foreword



Martin Billhardt, Chairman of the Board of Management

Dear shareholders,

The PNE WIND business model and our rigorous project development work during the past years are continuing to bear fruit. After our record year in 2013, we continue to be able to record a positive development in our operational business during the first half year of 2014. The many years of preparatory work and planning are culminating in the construction, commissioning and sale of various onshore wind farms in Germany and abroad. We have received further approvals in recent months - not only in Germany but also in France, the United Kingdom and Italy. Our strategy of international diversification is developing positively and should lead to continued turnover and results in the future, while also minimising risks.

During the first half year of 2014, the Group realised revenues of euro 117.9 million (previous year: euro 21.7 million), an operating result (EBIT) of euro 2.8 million (previous year: euro -5.6 million) and an undiluted earnings per share of euro -0.04 (previous year: EUR -0.21). In contrast to the same period last year, our Group results now include WKN AG and its subsidiary companies. Our results show a marked improvement over the same period last year as well as over the first quarter of 2014.

This year, onshore wind power - both in Germany and abroad - has made a significant contribution to this gratifying development. By acquiring a majority shareholding in WKN AG and its projects pipeline, we have strengthened our international activities and placed our business on an even broader foundation.

Wind farms with more than 128 MW of nominal output are being realised by the PNE WIND Group and of these, six wind farm projects with a cumulative nominal output of 57.3 MW were completed during the first six months of 2014. Additional wind farm projects are currently under construction or have already been approved and their construction will begin in the short term.

A new major onshore project is already in the starting blocks. The Brandenburg wind farm, „Chrandsdorf“ was permitted and the preparatory work to begin construction has already begun. A total capacity of 57.6 MW is to be installed here in five phases. The „Chrandsdorf“ wind farm is the largest individual onshore project in the history of our company.

Our successful sales activities during the first half of the year demonstrate that the wind farms developed by the PNE WIND Group are of significant value to our customers. The 15.4 MW „Calau II A“ wind farm in Brandenburg, which was sold in December 2013, was commissioned and handed over to the Hamburger Beteiligungsgesellschaft CEE during the first quarter of 2014. In June, the „Calau II C und D“ wind farms with a combined nominal output of 30.8 MW were sold to Allianz. „Calau II C“ was completed during the first half year and the 6 MW „Görike-Söllenthin“ wind farm in Brandenburg was sold to EnBW Energie Baden-Württemberg AG. Our customers are very experienced infrastructure investors who place a high value on the quality of our projects. We achieve this quality by using

the most modern wind energy systems coupled with high towers. These aspects increase the energy yield significantly.

The new EEG (German Renewable Energies Act) has been in force since August 1. There has been a great deal of discussion about the legislation during the past months. Some of the proposals gave rise to serious concerns but, with the support of trade associations and State governments, we were able to prevent inappropriate revisions. The onshore corridor of 2,400 to 2,600 MW represents a realistic amount of newly installed capacity. This corridor does not apply a real brake to wind energy with repowering, which is becoming ever more important, being netted out. In addition, the German Federal Government plans to increase the amount of electricity from renewable energy from its current level of approx. 25 percent to 40 to 50 percent by 2025 and to 80 percent by 2050. These targets cannot be reached without an increase in the number of on and offshore wind farms. With our comprehensive project pipeline, we are well positioned for these developments.

We are also expanding our international activities. In France, the previously sold 12 MW wind farm, was completed as scheduled at the end of July 2014. In the USA, a wind farm (with up to 153 MW in several project phases) continues to be developed. Additionally, further projects in France (10 MW), Italy (30 MW), United Kingdom (38 MW), Hungary (78 MW), Romania (102 MW) and Poland (32 MW) have already been permitted. Furthermore, we are co-operating with STEAG GmbH in Turkey. STEAG, headquartered in Essen, has gained many years of experience in this market with its energy projects there. In the new to be formed joint company, we shall prepare together the wind farms for the upcoming tendering rounds.

Our onshore and offshore project development pipelines are well filled and the higher implementation rate of our projects promise continuous returns. On this basis, we look to the future with optimism and confirm our forecast for the Group. We expect a cumulative EBIT of euro 110 to 130 million for the financial years 2014 to 2016.

We observe with interest that new independent power producers (so-called IPPs) are listing their companies. Companies such as Greencoats, NRG Yield, Abengoa Yield and others have raised more than 2.0 billion British pounds in past months and have invested this capital into renewable energy projects. With the majority shareholding in WKN, our Group has now reached the dimension required to consider entering into such a business model. Therefore, we too are considering the establishment of an independent IPP / Yieldco business for the onshore wind farms especially in Germany which are planned to be realised in the near future.

We would like to express our very sincere thanks for your trust - also on behalf of our employees. Please maintain your confidence in us in the future!

Kind regards,



Martin Billhardt

- Chairman of the Board of Directors -

Capital market information

Share price, XETRA trading sector (January 1, 2014 to June 30, 2014)



The PNE WIND AG shares began the 2014 financial year with a price of euro 2.80, representing a 23 percent gain over the closing price on the first trading day of 2013. At the start of the current fiscal year the PNE WIND AG stock, along with the overall market, increased in value and reached its first interim high of euro 3.09 on January 17, 2014. Following discussions about possible changes to the EEG, the price of the PNE WIND shares decreased significantly. The stock price on February 4, 2014 reached the lowest point during the first six months of 2014 at euro 2.43.

In response to positive corporate events – including news in March on PNE WIND achieving its best annual result in its corporate history

combined with a proposal to increase the dividend again – the share price developed again positively. On June 2, 2014 the stock reached its highest point during the first half of the year at euro 3.16. In the context of renewed EEG discussions, the share price went back slightly and levelled off at the three euro level. On June 30, 2014, the last trading day of the reporting period, the PNE WIND AG shares traded at euro 2.96. This corresponds to a market capitalization of euro 165.5 million.

Bond information

PNE WIND AG issued convertible bonds in 2009 and 2010. The 2009 bond's maturity date was July 16, 2014 and the 2010 bond matures at the end of December 2014. Both bonds traded in excess of 100 percent during the reporting period. During the reporting period, bonds were converted into 1,068,306 shares. As at June 30, 2014, convertible bonds from both issuances totalled euro 7.2 million. Following the conversions and redemptions of bonds after the end of the reporting period, the outstanding value of the bonds decreased to approx. euro 5.7 million as at July 31, 2014.

The corporate bond issued in 2013 with a volume of euro 100 million primarily traded over 100 percent during the reporting period. The equity ratio according to the definition in the 2013 bond prospectus was 38.1 percent as at June 30, 2014.

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

Annual General Meeting

The Annual General Meeting which was held on June 4, 2014 in Cuxhaven decided to increase the dividend again. The shareholders overwhelmingly voted in favour of the proposal of the Management Board and Supervisory Board to distribute a dividend of euro 0.10 and a special dividend of euro 0.05 per ordinary share.

The retained earnings, which is relevant for the basis of the dividend, of PNE WIND AG increased to euro 67.6 million during the financial year 2013. Of the retained earnings, euro 8.3 million will be distributed. The remaining amount of euro 59.3 million will be carried forward to the new account.

The terms of office for the Supervisory Board members Rafael Vazquez Gonzalez, JUDr. Olaf Aden and Dr. Christian Rolfs ended at the end of the AGM. Newly elected to the Supervisory Board was Volker Friedrichsen, Astrid Zielke, an attorney of law, and Peter Baron von le Fort, an auditor. Volker Friedrichsen held through his Volker Friedrichsen Beteiligungs-GmbH and VF Vermögensverwaltung GmbH approx. 19.4 percent of the PNE WIND AG shares as of June 30, 2014. The terms of office of the newly elected Supervisory Board members ends with the Annual General Meeting taking place in 2016.

The shareholders also agreed to discharge the Management Board with a clear majority of over 99 percent. The shareholders voted against discharging the Supervisory Board.

Shareholder structure

The total number of shares issued by PNE WIND AG amounted to 55,926,754 as at June 30, 2014. The increase in the number of shares versus December 31, 2013 (54,858,448) resulted from the conversion of convertible bonds during the first half year of 2014.

Volker Friedrichsen – through Volker Friedrichsen Beteiligungs-GmbH and VF Vermögensverwaltung GmbH – is PNE WIND AG's largest single shareholder with 10,824,674 shares representing 19.4 percent of PNE WIND AG's share capital as at June 30, 2014.

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

As at June 30, 2014 the members of the Board of Management held the following shares of the Company: Mr. Martin Billhardt 40,000 shares, Mr. Jörg Klowat 110,000 shares and Mr. Markus Lesser 10,000 shares. Of the members of the Supervisory Board, Mr. Dieter K. Kuprian held 10,000 shares and Volker Friedrichsen held – through the Volker Friedrichsen Beteiligungs-GmbH and VF Vermögensverwaltung GmbH – 10.824.674 shares. The Management and Supervisory Board hold together 19.7 percent of PNE WIND's outstanding shares as of June 30, 2014.

Financial calendar 2014

November 12, 2014	Publication 3rd quarter 2014 report
November 2014	Analysts' conference / Frankfurt

Key share data (as at June 30, 2014)

WKN	A0JBPG
ISIN	DE000A0JBPG2
Number of shares	55.926.754
Market capitalisation	euro 165.5 million
Market segment	Prime Standard
Indices	CDAX Technology, ÖkoDAX
Designated Sponsors	Commerzbank, VEM Aktienbank, Close Brothers Seydler Bank
Reuters	PNEGn
Bloomberg	PNE3

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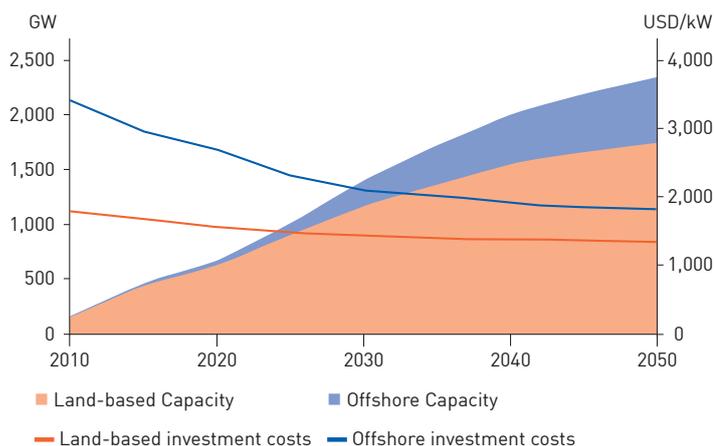
Additional information

On the website www.pnewind.com you will find extensive information on PNE WIND AG as well as on current data concerning the share in the section "Investors' Relations". Here you can also download annual and quarterly reports, press announcements as well as background information on PNE WIND AG.

Condensed Interim Group Management of PNE WIND AG, Cuxhaven, for the first six months of 2014

1. Market/overall general economic conditions

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



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

investments in electricity grid systems will further unlock the potential of industry.

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

The International Energy Association has taken technology developments into its forecasts and projects that the amount of wind in the global electricity power mix, will rise from up 2.5 percent today to 15-18 percent by 2050¹. Countries such as Denmark with 29.9 percent, Spain with 17.8 percent, Portugal with 20 percent, Germany with 7.9 percent and USA with 4.1 percent illustrate that wind power can make up a very substantial portion of the power mix, without triggering supply interruptions as many challengers to the industry have prophesized.

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

¹International energy agency (IEA)

Cumulatively, the 14 countries where the Group is active represented 64 percent of the total number of newly installed capacity in 2013 and 82 percent of the total installed capacity on a global basis. This illustrates that the PNE WIND Group has a presence in the key growth markets. To meet the demand for wind farms today and in the coming years, the PNE WIND-Group invests in its project pipeline which comprises of more than 10,200 MW (onshore: approx. 5,500 MW & offshore: approx. 4,700 MW) of projects in various stages of development.

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

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

The construction of offshore wind farms is considered to be an essential growth driver for the wind power market. According to data from the European Wind Energy Association (EWEA) the European offshore market in 2013 registered additional construction of a total of 1,567 MW. With this already a total of 6,562 MW is being fed into the European electricity grid from wind power turbines². In the high seas off the German North Sea and Baltic coasts as at the end of June 30, 2014, 146 offshore wind power turbines with a nominal output of 628 MW are now in operation. Grid connections for an additional 199 wind turbines with 829 MW of nominal capacity were under construction³.

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

³Deutsche WindGuard: Status des Offshore-Windenergieausbaus 2013, Januar 2014

2. General political conditions

In a number of markets in which the PNE WIND-Group operates there has been strong growth while others exhibited somewhat of a slowdown due primarily to regulatory uncertainty. Although producing electricity from the wind has matured and costs have fallen, it remains dependent on government policy in many markets to ensure that it has access to the electricity market and be able to compete against conventional energy production, whose generation costs are often masked by subsidies. Unlike renewable energy, the actual generation cost of conventional electricity is not directly reflected in its selling price and continued political support remains necessary to level the playing field.

EU targets:

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

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

Germany:

The German wind power market continued to register substantial growth in 2013. According to the annual study by the German WindGuard, on behalf of the German Wind Energy Association (BWE) and the Association of German Machine and Plant Manufacturers (VDMA), wind power turbines with a nominal output of 2,998 MW (2012: 2,439 MW) were newly installed in Germany in 2013, bringing total installed capacity to 33,730 MW. In the first half of 2014, approximately 1,722 MW (650 wind turbines) were newly installed bringing the total installed nominal capacity to at 35,388 MW.

Of particular importance for the further development of wind energy is the legal framework established in the Renewable Energy Law (EEG). The EEG sets the electricity tariff for onshore and offshore wind energy and also stipulates that electricity generated from renewable energy has priority access to the electricity grid. The EEG was amended in the first half of 2014 with the parliament (Bundestag) passing the amendment on June 27, 2014. The amended EEG entered into force on August 1, 2014.

Under the new law, the Federal Government aims to increase the share of electricity from renewable energy sources in electricity production from the current level of approx. 25 percent today to 40 to 45 percent in 2025 and to 55 to 60 percent by 2035. These objectives are roughly in line with the country's national allocation plan submitted to the EU, which targets a 38.6 percent share of renewable energies in the electricity sector by 2020. The new annual onshore expansion target of the federal government lies within a corridor of 2400-2600 MW - this amount does not include adjustments for repowering installations.

With repowering, older wind power turbines are replaced with new higher performance equipment. According to estimates of the Federal Association of Wind Power (BWE) a substantial increase in repowering activity can be expected in the medium to longer term. BWE estimates that repowering could represent 1,000 MW per annum during the next few decades.

The amended EEG also stipulates that offshore wind energy systems are to be expanded from the current nominal installed amount of 1,457 MW to 6,500 MW in 2020 and 15,000 MW in 2030.

Bulgaria:

According to Bulgaria's National Renewable Energy Allocation Plan, the government aims to produce 20.6 percent of the country's energy requirements from renewable resources by 2020, up from 10.6 percent in 2010. To reach the 2020 target, 1,256 MW of wind power should be installed. At the end of 2013, there were 681 MW installed in Bulgaria.

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

France:

According to France's National Renewable Energy Allocation Plan, the government aims to produce 27 percent of the country's electricity requirements from renewable resources by 2020, up from 15.5 percent in 2010. To reach the 2020 target, 25,000 MW of wind power should be installed. At the end of 2013, there were 8,254 MW installed in France.

The main policy support mechanism for renewable energy is promoted through a price regulation system based on a feed-in tariff.

The French government is planning to implement an energy transition bill 2014. Recent announcements state the bill will include a carbon tax and a levy on nuclear power to help fund renewable energy.

The French government presented a draft Energy Transition Act in June 2014. According to the legislation, renewable energy should represent 32 percent of total energy demand by 2030 and 40 percent of electricity demand by 2025.

United Kingdom:

According to the UK's National Renewable Energy Allocation Plan, the government aims to produce 30 percent of the country's electricity requirements from renewable resources by 2020, up from 9 percent in 2010. To reach the 2020 target, 28,000 MW of wind power should be installed. At the end of 2013, there were 10,531 MW installed in the United Kingdom.

The main policy support mechanism for renewable energy is promoted through the „Renewables Obligation“ programme which applies for projects installed prior to the end of March 2017. As part of the Electricity Market Reform a new contracts-for-difference (CfD) model for renewable energy projects was introduced in 2014. CfDs are long-term contracts between the renewable

energy generator and a state back company. Under the CfD system, top-up payments are to be made to electricity producers when the market price for electricity is under the fixed strike price. In this way, the economic viability of the projects should be ensured. If the market price for electricity is over the reference price, a repayment by the electricity producers is to be made. The remuneration period lasts 15 years.

Italy:

According to Italy's National Renewable Energy Allocation Plan, the government aims to produce 26.4 percent of the country's electricity requirements from renewable resources by 2020, up from 18.7 percent in 2010. To reach the 2020 target, 12,680 MW of wind power should be installed. At the end of 2013, there were 8,551 MW installed in Italy.

The main policy support mechanisms in Italy have shifted from a green certificate system to a feed-in tariff system and finally a competitive auction for grid connection capacity. The Decree July 6, 2012 established a maximum of euro 5.8 billion in public funds which can be used to support renewable energy plants and as of December 31, 2013, the annual cost reached approx. euro 4.6 billion⁴.

Poland:

According to Poland's National Renewable Energy Allocation Plan, the government aims to produce 15 percent of the country's electricity requirements from renewable resources by 2020. To reach the 2020 target, 6,650 MW of wind power should be installed. At the end of 2013, there were 3,390 MW installed in Poland.

During the first half of the year, the Polish government agreed on its long awaited Bill on renewable energy sources and it is currently being debated in the parliament. It provides visibility on how the regulatory policy in Poland may develop. The Bill provides a framework where operators of renewable projects will fall under the existing certificate system or the new Auction system rules depending upon when the projects are commissioned.

Romania:

According to Romania's National Renewable Energy Allocation Plan, the government aims to produce 42.6 percent of the country's electricity requirements from renewable resources by 2020, up from 27.5 percent in 2010. To reach the 2020 target, 4,000 MW of wind power should be installed. At the end of 2013, there were 2,599 MW installed in Romania.

The proposed regulatory changes supporting renewable energy outlined in the "Emergency Ordinance" from July 2013 became law during the first quarter of 2014. The main elements include a reduction in the number of Green Certificates to be issued to the producers of renewable energy. Furthermore, the Romanian Government passed a draft resolution during the reporting period which reduces the amount of renewable energy supported by the green certificate mechanism from 14 percent of gross electricity consumption to 11.1 percent in 2014.

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.

⁴ENELGreen Power annual report 2013

Sweden:

According to Sweden's National Renewable Energy Allocation Plan, the government aims to produce 63 percent of the country's electricity requirements from renewable resources by 2020, up from 54.9 percent in 2010. To reach the 2020 target, 4,547 MW of wind power should be installed. At the end of 2013, there were 4,470 MW installed in Sweden.

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

South Africa:

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

The government has initiated a competitive tender system under the Renewable Energy Independent Power Producer Programme (REIPPP) in which preferred bidders are selected. In the third round, 17 renewable energy projects with 1.5 GW of capacity were chosen. The projects included seven onshore wind farms totalling 787 MW. The fourth round of the REIPPP is targeted to close in August 2014 representing approx. 1,000 MW of renewable energy projects.

Turkey:

The Turkish government intends to increase the proportion of renewable energies within the total electricity production mix to 30 percent by 2023 up from 9 percent in 2010. Total installed wind capacity would then be approx. 20,000 MW. At the end of 2013, there were 2,956 MW installed in Turkey.

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

Hungary:

According to Hungary's National Renewable Energy Allocation Plan, the government aims to produce 10.9 percent of the country's electricity requirements from renewable resources by 2020, up from 6.7 percent in 2010. To reach the 2020 target, 750 MW of wind power should be installed. At the end of 2013, there were 329 MW installed in Hungary.

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

Ukraine:

The Ukrainian government is aiming to tap its strong potential to develop renewable energy and thereby decrease the country's dependence on imported natural gas and oil. In 2009, a new feed-in tariff scheme was introduced by the adoption of the Green Tariff Law, and sets a guaranteed minimum feed-in tariff for electricity produced from wind, small hydro, biomass and solar energy. At the end of 2013, there were 371 MW installed in the Ukraine.

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

USA / Canada:

The US wind power market slowed down dramatically with the late extension of the PTC in 2012. According to the AWEA, wind power turbines with a nominal output of 1,084 MW (2012: 13,131 MW) were newly installed in the USA in 2013, bringing total installed capacity to 61,091 MW. Wind farm projects with a capacity of up to 12,000 MW secured the PTC in 2013 which should enable the continued expansion of wind power despite the expiry of the PTC. However, there are significant delays in the market which may affect the expansion. The U.S. tax authorities (IRS) have not supplied sufficient clarity to determine the PTC (2013) eligibility.

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

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

3. Corporate structure

During the first six months of 2014 the corporate structure changed versus December 31, 2013.

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

- PNE WIND Park IX GmbH & co. KG, Cuxhaven (100 percent),
- PNE WIND Park X GmbH & Co. KG, Cuxhaven (100 percent)

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

During the reporting period, the shareholdings in the following consolidated Group companies changed:

- PNE WIND Infrastruktur Calau II GmbH, Cuxhaven, (from 100 percent to 50 percent),
- PNE WIND Park III GmbH & Co. KG, Cuxhaven, (from 100 percent to 50 percent),
- WKN Basilicata Development S.R.L., Potenza/Basilicata, Italy (from 70 percent to 100 percent),
- WKN AG, Husum (from 82.75 percent to 83.08 percent).

Following the reduction in the shareholdings of PNE WIND Infrastruktur Calau II GmbH and PNE WIND Park III GmbH & Co. KG, these positions are now under affiliated companies and recorded as "at equity" in the Group.

This event has had no significant effect on the revenue, financial or asset situation.

During the reporting period, the following companies were sold and have been deconsolidated:

- PNE WIND Park I GmbH & Co. KG, Cuxhaven,
- PNE WIND Park Calau II C GmbH & Co. KG, Cuxhaven,
- WKN Windkraft Nord GmbH & Co. Windpark Ebersgrün KG, Husum.

Due to the deconsolidation of PNE WIND Park I GmbH & Co. KG, assets amounting to a total of euro 8.2 million, which primarily represent the capitalised debts and services of the project amounting to euro 8.1 million, were removed from the consolidated balance sheet. The payment received for the sale of the company amounted to TEUR 52. The company's funds removed from the balance sheet as a result of the transaction amounted to EUR 0.

Due to the deconsolidation of PNE WIND Park Calau II C GmbH & Co. KG, assets amounting to a total of euro 35.2 million, which primarily represent the capitalised debts and services of the project amounting to euro 35.2 million, were removed from the consolidated balance sheet. The payment received for the sale of the company amounted to TEUR 6. The company's funds removed from the balance sheet as a result of the transaction amounted to euro 2.3 million.

Due to the deconsolidation of WKN Windkraft Nord GmbH & Co. and Windpark Ebersgrün KG, assets amounting to a total of euro 18.7 million, which primarily represent the capitalised debts and services of the project amounting to euro 17.0 million, were removed from the consolidated balance sheet. The payment received for the sale of the company amounted to TEUR 1. The company's funds removed from the balance sheet as a result of the transaction amounted to euro 1.6 million.

4. General Accounting Principles

The financial report for the first six months of fiscal year 2014 as at June 30, 2014, the same accounting and valuation methods were applied as in the consolidated financial statements at December 31, 2013.

The interim financial statements have been prepared in accordance with the provisions of IAS 34. The tax expense is determined in the PNE WIND Group based on an estimate of the taxable income of the relevant companies.

5. Organisation und employees

As of June 30, 2014, there were 411 people employed at the group level of PNE WIND AG (prior year: 196). The employees of the subsidiaries are included in this number. Of these employees (including members of the Board of Management and trainees) there were 139 (prior year: 131) working at PNE WIND AG at the end of the reporting period. A total of 272 employees were at our German (199 employees) and international subsidiaries (73 employees). The strong rise in the number of employees in the Group over the previous year is due to the inclusion of the WKN employees, which were first included in the Group last year from July 4. The personnel basis needed for the continuation of our growth path has now been attained with the current number of employees.

6. Summary of business activity

During the first six months of 2014, the PNE WIND Group continued its operating business of wind farm projecting both onshore and offshore in Germany and abroad.

The development of the individual segments:

Segment: projecting of wind power turbines

Sub-segment onshore wind power

During the first half of 2014, the development and realisation of wind farm projects on land were carried out continuously both in Germany as well as in the foreign markets in which PNE WIND AG is active through subsidiaries or joint ventures.

PNE WIND AG: Overview of the onshore project activities per June 30, 2014 in MW

Land	I-II	III	IV	Total MW
Germany	903	152	45	1,100
Bulgaria	121	0	0	121
Romania	55	102	0	157
Turkey	700	0	0	700
United Kingdom	690	67	0	757
Hungary	0	78	0	78
USA	169	183	0	352
Canada	575	0	0	575
Total	> 3,000	582	45	>3,500

Phase I - II = Exploration & Development
Phase III = Planning
Phase IV = Implementation

WKN AG: Overview of the onshore project activities per June 30, 2014 in MW

Land	I-II	III	IV	Total MW
Germany	122	29	50	201
Italy	450	70	0	520
France	140	10	12	162
Poland	250	32	0	282
United Kingdom	0	66	0	66
South Africa	130	0	0	130
Sweden	240	0	0	240
Ukraine	230	0	0	230
USA	78	0	0	78
Total	> 1,500	207	62	> 1,700

Phase I - II = Exploration & Development
Phase III = Planning
Phase IV = Implementation

Germany:

In PNE WIND AGs „Windkraft onshore Deutschland“ division, five wind farms with a total nominal output of 38.8 MW were fully constructed during the first half year of 2014. The 15.4 MW „Calau II A“ wind farm in Brandenburg was commissioned in the first quarter of 2014. The 15.4 MW „Calau II C“ project in Brandenburg followed in the second quarter. Both projects were handed over to their purchasers during the reporting period and are therefore no longer illustrated in the phase model.

Further projects were fully constructed by June 30, 2014 but had not yet been handed over to their purchasers. These are the 2.0 MW „Kemberg II A“ wind farm in Sachsen-Anhalt and the 2 MW „Görrike-Söllenthin II“ and 4 MW „Leddin IV“ wind farms located in Brandenburg.

Three further PNE WIND AG projects with a total nominal output of 37 MW were under construction as at June 30, 2014. These are the projects, „Calau II D“ (Brandenburg, 15.4 MW), „Sontra“ (Hessen, 12.0 MW) and „Kemberg III“ (Sachsen-Anhalt, 9.6 MW). The projects, which were fully constructed or were under construction but not yet handed over to their purchasers, are illustrated in phase 4 of the table.

In addition, PNE WIND AG had permitted wind farm projects with more than 70 MW of nominal output at the end of the first half year of 2014. Construction of these is planned to commence shortly. These include the wind farm project, Chransdorf (Brandenburg, 57.6 MW) in which the wind energy systems will be constructed in several phases. Permits have been applied for four additional wind farms with approx. 51.2 MW of nominal output.

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

For the WKN Group, Germany continues to remain a core market. WKN AG, which is majority owned by PNE WIND AG, completed the Kropp wind farm with 6 wind energy systems and 18.4 MW of nominal output during the first half year of 2014. The first half of the project with 9.2 MW has been handed over to the purchaser and are no longer included in phase 4 of the table. Phase 4 contains the second part of the Kropp wind farm, the Nentzelsrode project with 4.6 MW of nominal output, the Kastorf wind farm with a nominal output of 15.4 MW and the Weidehof repowering project with 18 MW of nominal output. Permits have been applied for five additional wind farms with approx. 52.9 MW of nominal output.

At the end of the first half of 2014, the PNE WIND Group (PNE WIND AG and WKN AG) was working on onshore wind farm projects in Germany with a nominal output of about 1,300 MW in various phases of project development.

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

Bulgaria:

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

France:

In the first quarter of 2014, WKN Group received the construction and environmental approval for a project with 10 MW in France. The project is currently in the objection period for the project. Once this period has lapsed the sales process will be initiated.

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

In addition, applications have been submitted for construction and environmental permits for three more projects with a nominal capacity of 39 MW. Currently the official review is taking place.

Great Britain:

PNE WIND UK Limited is planning during the next few years substantial investments in wind farm projects in the United Kingdom, which are currently being developed with a nominal output in excess of 750 MW. These include projects which are being developed independently by PNE WIND AG as well as projects which are being worked on jointly with the Scottish Forestry Commission. The cooperation with the Scottish Forestry Commission was continuously carried out intensively for the development of wind farm areas in Central Scotland. Sites for up to 13 wind farm projects have been identified in the Scottish National Forest in the counties of Argyll and Bute, West Dunbartonshire, Stirling, Perth and Kinross as well as Angus. With an agreement on the contractual arrangement for the future joint project development and management companies in 2013, the timing for the further development of the projects selected by the Forestry Commission has been established. PNE WIND is developing these wind farms in close consultation with the Forestry Commission and local communities.

Independent of the cooperation with the Forestry Commission, the PNE WIND UK is also developing additional wind farms in the United Kingdom. The permit for the "Tralorg" project (20 MW) was granted in February 2014 by Scottish Energy Minister. In June 2014, the „Penbreck“ project with 18 MW was also permitted. Once an additional part of the project is permitted with 9 MW, the wind farm is planned to have 27 MW in total.

For a project of the WKN Group with 66 MW, the permit from the local approving authority (Highland Council) was obtained in 2013 and the second step is now to obtain the permit from the Scottish Energy Minister. The project has been named as a showcase example on the basis of its positive cooperation with the municipalities in a study undertaken by the government (Scottish Government Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments).

Italy:

In Italy, construction approval for the 30 MW Castelgrande wind farm project in the Basilicata region of southern Italy was granted at the beginning of June 2014. A total of 10 wind energy systems in the 3 MW class are to be erected in the wind farm. Upon receipt of the approval, WKN submitted this project in this year's auction at the end of June. The preparations for realising the Castelgrande project are being pursued intensively. Commencement of construction and the erection of the wind farm are planned to take place in the 2015/16 time frame.

The Valle project (40 MW) was already granted an environmental approval in the third quarter of 2013. An agreement with the network operator and the competitors with regard to the grid connection approval is still outstanding. To date, it has not been possible to come to an agreement so that, as announced in the last report, the project was not able to participate in this year's tendering process.

Poland:

In October 2013, WKN received building approval for a project with a nominal output of 32.2 MW. Discussions are currently being held with potential investors with the aim of completing the project by the end of 2015. It is expected that the Polish Renewable Energies Act will be revised from 2016. An important first step in the political discussion was the publication of the new draft Act in the first quarter of 2014.

Romania:

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

Sweden:

The WKN Group is currently developing four wind farm projects in Sweden. The permitting applications for the environmental permit for these projects were submitted in 2013/14 and are currently being processed by the competent authority. The first permit is expected to be issued in the fourth quarter of 2014.

South Africa:

In the 2014 tender, the WKN Group intends to participate with the 30 MW „Banna Ba Pifhu“ project. The permit is expected to be received shortly before the deadline and due to the simplified conditions the preparatory work for the tender has been made easier.

The “Ubuntu” project was not awarded the tender in 2013, and it is now being prepared to participate in the tender in 2015. Another project with 80 MW is being prepared for the tender in 2016.

The evaluation of the further project pipeline has been completed. Negotiations or contracts are to be completed following the Tender of the „Banna Ba Pifhu“ project.

Turkey:

In Turkey PNE WIND AG is currently developing wind farm projects with up to 700 MW of nominal output. These projects are being prepared for the next licence application round decided on by

the government, which is a prerequisite for the realisation of such projects. In the beginning of April 2014, PNE WIND AG and STEAG agreed to establish a joint company with the goal to develop wind farm projects together in Turkey going forward. PNE WIND and STEAG will each hold a 50 percent stake in the company.

Ukraine:

In the Ukraine the WKN AG is currently working on several wind farm projects, which are still in an early stage of development. Due to the political situation in the Ukraine, projects have been stopped for the time being and only measures which are designed to preserve the structure are ongoing.

Hungary:

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

USA:

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

In the USA, the WKN Group has a project in the state of Montana with a nominal output of up to 78 MW.

Total activities in the international markets:

In total the PNE WIND Group, through subsidiaries and joint ventures, was developing as at June 30, 2014, international projects in various phases of a multiple year development process with more than 3,900 MW of nominal output. On the basis of the Group's business development, the Board of Management is confident to achieve further growth and to be able to diversify its business through the internationalisation of its wind farm development business.

Segment offshore wind power

Overview of offshore project activities of PNE WIND AG as of June 30, 2014:

Projekt	Phase	WEA	Total MW
Borkum Riffgrund I*	7	78	312
Borkum Riffgrund II*	5	97	349
Gode Wind 1*	7	55	330
Gode Wind 2*	7	42	252
Gode Wind 3*	1	15	90
Gode Wind 4*	4	42	252
Nautilus II*	2	68	476
Nemo	2	80	480
Jules Vernes	2	80	480
Nautilus I	2	80	480
Atlantis I	2	80	400
Atlantis II	2	80	400
Atlantis III	2	80	400
Total		877	4,700

* PNE WIND AG acts as service provider

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

“Atlantis” projects

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

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

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

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

During the period under report, work was continuously undertaken on the other offshore projects of PNE WIND AG in the North Sea. The “Nemo”, “Nautilus” and “Jules Verne” projects are currently being developed to the point of ready to construct. These offshore projects are located in the North Sea within the German Exclusive Economic Zone (EEZ) about 180 kilometres North West of the island of Helgoland. According to the current planning, 80 offshore wind energy turbines are planned to be approved in each of the project areas.

“Gode Wind” projects

In August 2012 the offshore wind farms, “Gode Wind” 1 to 3 were sold to the Danish energy group, DONG Energy Power A/S (DONG Energy) - the projects have since been split into “Gode Wind” 1 to 4. While the shares in the “Gode Wind” 1 and 2 were already transferred 100 percent to DONG Energy, the sale of the shares in the project company “Gode Wind 3” is subject to receipt of the (Planfeststellungsbeschlusses) permit. The commissioning of the “Gode Wind” 1 and 2 projects is planned to take place in 2016. PNE WIND AG has received payments totalling euro 129 million for the shares in the project companies, the incurred project development costs and the reaching of milestones.

On the achievement of predefined project development steps, milestone payments totalling up to euro 25 million are expected to be received. A milestone payment will be triggered with the Federal Maritime and Hydrographic Agency approval for the “Gode Wind 3” project. A further milestone payment totalling euro 15 million will be due when the decision is taken to construct and finance of the second phase of “Gode Wind 2” (current project name: “Gode Wind 4”).

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

“Borkum Riffgrund” projects

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

“Nautilus II” project

The “Nautilus II” offshore wind farm project, which has been developed by PNE WIND AG, is still in the planning and application stage. Following the sale of the project in November 2011, PNE WIND AG will remain active as project developer to Ventizz / Hochtief until the permit is issued. The project is planned for up to 68 offshore wind power turbines with a nominal output of up to 7 MW each. The project area is located in the North Sea within the Exclusive Economic Zone of the Federal Republic of Germany about 180 kilometres North West of Helgoland.

Total offshore

In total, PNE WIND AG was working as at June 30, 2014 on thirteen offshore projects, of which six are fully owned by the company. For the remaining seven, PNE WIND is active as a service provider. Three of the projects, which were developed and sold by PNE WIND AG have unconditional grid connection approvals and are already under construction: “Borkum Riffgrund I” as well as “Gode Wind” 1 and 2. According to the current planning a total of up to 480 wind power turbines can be constructed in our own offshore wind farms. Decisive for the exact number is the nominal output of the turbines to be selected, which can amount to between 3 and 7 MW. In total, the planned nominal output of our six own offshore projects amounts to up to 2,640 MW.

Segment electricity generation

The electricity generation segment combines all activities of the Group companies, which are engaged directly in the production of electricity from renewable energy. This sector includes our “Altenbruch II” and “Laubuseschbach” wind farms operated PNE WIND AG and the “Passauer Land” solar farm, which has been operated by WKN Group since 2006. The solar park is located in Bavaria with a nominal output of 3.3 MWp. The segment also included PNE Biomasse AG, which in accordance with a business supply contract provides the personnel for the timber biomass power plant in Silbitz. Furthermore, the segment also includes shares in limited partnerships, in which future onshore wind farm projects are to be implemented.

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

The electricity generation segment achieved in the first half of 2014 an EBIT of euro 1.5 million (prior year: euro 1.3 million).

7. Economic report

a. Revenues and earnings

The figures shown below were drawn up and presented in accordance with IFRS for the Group. The figures shown in the text and in the tables were rounded, and small rounding differences are possible.

Due to the inclusion of the WKN Group in the consolidation, Group figures are only comparable to a limited extent with the prior year (the first consolidation of the WKN Group took place on July 4, 2013).

PNE WIND Group achieved in the first half year of 2014, in accordance with IFRS, a total performance of euro 134.7 million (prior year: euro 37.4 million). Of this euro 117.9 million was attributable to sales (prior year: euro 21.7 million), euro 15.1 million to changes in inventory (prior year: euro 15.3 million) and euro 1.6 million (prior year: euro 0.4 million) to other operating income.

The activities of the Group in project development in Germany and abroad and also both onshore and offshore are reflected by the expense items. Due to the further development of onshore and offshore projects and the implementation of onshore projects, the cost of materials in the Group increased from euro 26.0 million to euro 105.4 million. During the first half of 2014, personnel expenses amounted to euro 13.3 million and thus increased in comparison with the amount of the prior year (euro 7.1 million).

The other operating expenses within the Group in the amount of euro 9.4 million (prior year: euro 7.4 million) include primarily expenses from legal and consulting costs, advertising and travel expenses as well as rental and leasing costs.

Depreciation increased to euro 3.7 million versus the prior year period (euro 2.6 million). Depreciation was incurred primarily at the "Altenbruch II" wind farm, which is operated for own account, the "Passauer Land" solar farm and at the "Silbitz" timber biomass power plant.

During the first six months of 2014, operating income (EBIT) amounted to euro 2.8 million (prior year: euro -5.6 million) and earnings before tax (EBT) amounted to euro -3.0 million (prior year: euro -8.4 million) at the consolidated level. The consolidated net income after minority interests amounted to euro -2.4 million (prior year: euro -8.8 million). The undiluted consolidated earnings per share amounted to euro -0.04 (prior year: euro -0.21) and the diluted consolidated earnings per share amounted to euro -0.04 (prior year: euro -0.15).

The group retained earning per June 30, 2014 amounts to euro 24.4 million (December 31, 2013: euro 35.2 million).

With regard to the subsidiaries consolidated in the Group, the major portion of revenues achieved in the first six months of 2014 was in respect of management remuneration and service payments in the amount of euro 1.7 million (prior year: euro 1.4 million), payments for the use of transformer

stations in the amount of euro 0.8 million (prior year: euro 0.7 million) and proceeds from the sale of electricity in the electricity generation sector in the amount of euro 6.2 million (prior year: euro 5.4 million). The consolidated group of WKN AG reported sales of euro 44.6 million (previous year: euro 0.0 million) and an EBIT of euro -1.9 million (previous year: euro 0.0 million) during the first half of 2014. The WKN group was first consolidated in the PNE WIND group on July 4, 2013.

Taking into consideration the costs incurred within the context of the preliminary work in project development, which will be paid back in the medium to longer term, the results of the Group corresponds to the expectations of the Board of Management.

b. Financial situation / liquidity

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

The statement of cash flow gives information on the liquidity situation and the financial situation of the Group. As at June 30, 2014 the Group companies had available liquidity in the amount of euro 150.7 million including the syndicated working capital lines available to WKN AG (see explanation below) as well as credit lines for interim project financing, of which an amount of euro 0.3 million is pledged to banks (prior year: euro 117.6 million, of which euro 7.9 million pledged).

The liquidity available is broken down as follows:

- Cash and cash equivalents in the amount of euro 46.6 million,
- Free syndicated working capital lines in the amount of euro 11.6 million and
- Interim project financing available in the amount of euro 92.5 million.

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

Explanation:

The WKN Group is financed mainly by a syndicated working capital credit amounting to a total of euro 29 million as well as a working capital loan in the amount of euro 6 million as a base financing. The syndicated loan facility is in place until June 30, 2016. Furthermore, at the WKN AG level there are additional working capital credit lines in the amount of euro 0.6 million.

The cash flow from ordinary activities shown in the statement of cash flows in the amount of euro -15.3 million (prior year: euro 5.5 million) was primarily attributable to:

- The negative Group result,
- The increase in receivables from long term production contracts arising from wind farm in the realization stage,
- The expenses for the further development of the project pipeline, which is reflected in the inventories and
- The increase in accounts payable and other liabilities.

In the cash flow from investing activities, payments received and payments made for investments in the property, plant and equipment of the Group are included in the amount of euro -3.1 million (prior year: euro -1.4 million). The cash flow was primarily impacted by the investments in substations for the wind farm projects currently being implemented.

During the period under report, the cash flow from financing activities in the amount of euro -8.5 million (prior year: euro 56.7 million) was influenced primarily by:

- The payment of the dividend in the amount of -8.2 million and
- The repayment and disposal of credit liabilities in the amount of euro -4.5 million as well as the taking of bank loans in the amount of euro 4.2 million primarily for the interim financing of wind farm projects being implemented.

Following the conversion of 2010/2014 convertible bonds with a nominal value of euro 290,400.00 during the reporting period, 131,986 new shares were issued. In addition 936,320 new shares were issued following the conversion of 2009/2014 convertible bonds with a nominal value of euro 2,340,800.00 during the reporting period. As at June 30, 2014, the subscribed capital of the Company amounted to euro 55,926,754.00.

As at June 30, 2014 the Group had available cash in the amount of euro 46.6 million (prior year: euro 97.4 million).

PNE WIND AG had cash in the amount of euro 36.4 million, of which euro 0.3 million was pledged to banks as at June 30, 2014 (prior year: euro 91.9 million, of which euro 7.9 million was pledged).

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

c. Statement of financial position

Assets (in EUR million) (Rounding differences possible)	30.06.2014	31.12.2013
Total long term assets	149.9	150.2
Intangible assets	56.1	56.3
Property, plant and equipment	75.4	76.1
Long term financial assets	8.7	8.6
Deferred taxes	9.6	9.2
Assets designated for sale	0.8	0.8
Total short term assets	269.4	283.9
Inventories	155.0	145.9
Receivables and other assets	66.3	59.4
Tax receivables	1.5	1.2
Cash and cash equivalents	46.6	77.4
Total assets	420.1	434.9

At the date of the statement of financial position, the consolidated total assets of PNE WIND AG amounted to euro 420.1 million. This amount decreased by 3.4 percent in comparison with December 31, 2013.

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

Total long term assets decreased from euro 150.2 million at the end of 2013 to euro 149.9 million. As at June 30, 2014 intangible assets totalled euro 56.1 million, representing a reduction of euro 0.2 million as compared to the amount recorded on December 31, 2013. The most important element of this item is the goodwill of the wind power projecting segment in the amount of euro 51.8 million (of which projecting of wind power is valued at euro 20.0 million and WKN is valued at euro 31.5 million). In the same period property, plant and equipment decreased by euro 0.7 million to euro 75.4 million (December 31, 2013: euro 76.1 million). This item primarily includes land and buildings (euro 17.6 million without the land and buildings of "Silbitz"), transformer stations owned or payments made (euro 9.8 million), as well as the technical equipment and machinery of the "Altenbruch II" wind farm project (euro 27.5 million), the "Passauer Land" solar farm (euro 9.9 million) and the Silbitz timber biomass power plant (euro 5.3 million including land and buildings in the amount of euro 3.0 million).

Under the position "assets held for sale" are the values arising from the "Gode Wind 3" offshore project.

During the period under report, short term assets decreased from euro 283.9 million as at December 31, 2013 to euro 269.4 million as at June 30, 2014. This decrease is mainly attributable to reduction in liquid assets. Of the short term assets euro 47.1 million are attributable to receivables (December 31, 2013: euro 34.4 million).

The work in process shown in the inventories increased from euro 129.2 million as at December 31, 2013 to euro 148.1 million. The increase in work in process is attributable mainly to the further development of the pipeline as well as projects currently being realised. The "Nemo", "Nautilus" and "Jules Verne" offshore projects as well as "Atlantis I – III" are included in the work in process for a total amount of euro 37.5 million.

As at June 30, 2014 cash and cash equivalents amounted to 46.6 million (December 31, 2013: euro 77.4 million).

Liabilities (in EUR million)	30.06.2014	31.12.2013
Shareholders' equity	142.1	150.6
Deferred subsidies from public authorities	1.0	1.0
Provisions	12.3	12.1
Long term liabilities	165.7	174.4
Short term liabilities	87.7	85.7
Deferred revenues	11.3	11.1
Liabilities in connection with assets designated for sale	0.0	0.0
Total liabilities and shareholders' equity	420.1	434.9

On the liability side consolidated shareholders' equity decreased from euro 150.6 million (December 31, 2013) to euro 142.1 million as at June 30, 2014. This development was due the negative result of the Group and the dividend payment for the year 2013. As at June 30, 2014 the equity ratio of the group amounted to 34 percent (as at December 31, 2013: 35 percent) and the third party capital ratio amounted to 66 percent (as at December 31, 2013: 65 percent). The long term liabilities decreased from euro 174.4 million at the end of 2013 to euro 165.7 million. This item consists mainly of financial liabilities in the amount of euro 163.8 million. These liabilities include the corporate bond issued in May and September 2013 in the net amount of euro 95.8 million. The gross proceeds from the bond amounted to euro 100.0 million; in accordance with IFRS the expenses directly connected with the bond in the amount of euro 5.1 million were netted with the liability in respect of the bond. The inclusion of these expenses takes place over the maturity of the bond as interest expense (since the issue of the loan, interest expense of euro 0.9 million has been recorded of which euro 0.5 million was recorded during the first half year of 2014). Long term liabilities to banks amounted to euro 60.3 million. The liabilities to banks include mainly:

- The syndicated working capital credit line of WKN AG (euro 18.0 million, of which long term euro 18.0 million – see description below),
- Terminal working capital loan of WKN AG (euro 6.0 million, of which long term euro 6.0 million),
- The project financing of the "Passauer Land" solar farm (euro 6.4 million, of which long term euro 5.6 million),
- The project financing of the "Altenbruch II" wind farm (euro 23.9 million, of which long term euro 20.7 million),
- The project financing of the timber biomass power plant, "Silbitz" (euro 3.0 million, of which long term euro 2.3 million),
- The project financing of wind farm projects in Germany (euro 1.0 million, of which long term euro 0.0 million),
- The financing of the buildings of the companies of PNE WIND AG at the corporate headquarters in Cuxhaven and of WKN AG in Husum (euro 4.9 million, of which long term euro 4.2 million).

Explanation:

Loan liabilities due in the short term from the take-down of the syndicated working capital credit line of WKN AG in the amount of euro 18.0 million, which are essentially taken down as short term money market credits, were classified as long term in accordance with IAS 1.73, since within the context of a long term syndicated credit there exists a claim for the refinancing of these liabilities, and the Group intends to make use of this possibility.

On June 30, 2014 the total number of shares issued by PNE WIND AG amounted to 55,926,754. The increase versus December 31, 2013 (54,858,448 shares) resulted from the conversion of convertible bonds during the first half year 2014.

PNE WIND AG has undertaken in a contract to the limited partners of the operating company of HKW Silbitz that it would acquire their limited partnership shares at the beginning of 2017 at a price of 110 percent of the nominal amount. Due to this undertaking other financial liabilities include a discounted purchase price liability as at June 30, 2014 in the amount of euro 6.1 million.

Furthermore, PNE WIND AG had offered the limited partners of HKW Silbitz GmbH & Co. KG a distribution guarantee until 2016, which is included in the provisions at a discounted amount of euro 0.8 million.

During the first half year of 2014, the short term liabilities increased from euro 85.7 million (December 31, 2013) to euro 87.7 million. This includes the amount owed to convertible bond holders in the amount of euro 7.2 million which was previously reported as a non-current liability (a portion of the convertible bonds is shown as equity under IFRS). The term of the Convertible Bond 2009/2014 ended in July and the term of the Convertible Bond 2010/2014 will end at the end of December 2014. The participation rights of PNE WIND AG and WKN AG are now reported as a current liability and no longer included under long-term liabilities. The trade accounts payable increased from euro 12.1 million (December 31, 2013) to euro 14.9 million. Short term financial liabilities decreased from euro 39.0 million (December 31, 2013) to euro 28.3 million. This change was mainly attributable to short term project financing with maturities of less than one year, and which are transferred to the investors after the wind farms are completed. Taking into consideration the liquid funds, the net indebtedness on June 30, 2014 was euro 142.4 million (December 31, 2013: euro 134.1 million) in accordance with DVFA – German Association for Financial Analysis and Asset Management.

8. Transactions with closely related companies and persons

During the first six months of 2014, there were the following transactions with closely related persons:

PNE WIND AG concluded consulting contracts for the provision of EDP services with net.curity InformationsTechnologien GmbH, whose managing shareholder, Mr. Rafael Vazquez Gonzales, was a member of the Supervisory Board till June 4, 2014. During the reporting period, transactions were effected in this respect with a net volume of euro 122,884.94 (prior year euro 124,755.37). This amount includes a sum of euro 0.00 (prior year: euro 0.00) for investments by PNE WIND AG in software and hardware equipment. These business transactions were undertaken on an arm's length basis. As at June 30, 2014, there was a liability from this transaction in the amount of TEUR 5 (prior year: TEUR 4).

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

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

9. Sales and marketing

The sale of onshore wind farm projects is based on direct sales to large and individual investors. PNE WIND AG has had positive experiences with such direct sales during the past few years and will continue to follow this proven course. For the realization of offshore wind farm projects it remains our intention to continue to work with strong partners.

10. Development and innovations

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

11. Major events subsequent to the period under report

There were no major events after the end of the reporting period which had material effects on the earnings, financial and asset situation of PNE WIND AG.

12. Intangible assets/sustainable development

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

As a result it is assured that one can rely on a high degree of professional competence in all phases and areas of the development, realisation and marketing of wind farm projects. Furthermore, we place great importance on the fact that the potential of our employees can be used optimally through an effective internal organisation and a high degree of self-responsibility. Regular evaluations of the employees and their tasks enable us to constantly adjust in a performance-related manner specially tailored requirement profiles to the corresponding tasks. In this way high standards can be achieved and maintained in the most varied areas of tasks. Our expertise in the market should be strengthened further through the assurance of the qualifications of our employees and the constant optimisation of the processes.

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

We value the importance of experienced partners within the context of international expansion. Our policy is to only enter new markets if we can do this jointly with local partners who have good local networks. In this respect, the principle also applies of professionally qualified cooperation based on trust with the project partners and other participants.

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

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

In order to document more firmly in the market this focussing on the core business of wind farm projecting and the competence connected therewith, the corporate name "PNE WIND AG" will be developed increasingly into a brand within the context of continuous marketing. Our objective is to document nationally and internationally our "passion for energy" even more intensively to the outside and thus to increase the value of the brand.

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

13. 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 realised, this may result in fixed assets being written off. The operating opportunities in the projecting of wind farms can, however, only be realised if such entrepreneurial risks are accepted.

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

The number of suitable sites in Germany for the construction of wind power turbines is limited. This can result in the future in an increase in the competition for these sites and thus also the acquisition costs for such sites, such as, for example, compensation for use of sites which would reduce the targeted profit contribution.

Within the context of project realisation, the Company must rely on its ability to cover its capital requirements resulting from the liabilities arising in the future or which may become due in the future. Furthermore, additional capital requirements might arise if and insofar 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. In addition, rising capital market interest rates can simultaneously lead to declining sales prices, since the requirements of the individual and large investors for a return on the project may increase in this case.

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

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

Financing risks also exist on the part of our partner companies (DONG Energy as well as Ventizz / Hochtief) with regard to offshore wind farm projects. Depending on the progress of the project, payments are still due to PNE WIND AG for the "Borkum Riffgrund II", "Nautilus II" as well as "Gode Wind" 3 and 4. The purchasers of the project shares have not yet taken a decision to construct the projects. Therefore, it cannot be assumed with certainty that the projects will be realised. A failure of these projects would have no major effects on the short or medium term asset, financial and earnings situation of PNE WIND AG, even if the planned payments were not to be received, since these represent either an amount of only a few millions or are expected beyond the short to medium term planning period.

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

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

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

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

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

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

There are joint venture companies within the PNE WIND Group, upon which the PNE WIND Group cannot exert unlimited influence. Should joint venture partners, who hold 50 percent or more of the shares in their respective joint venture company, envisage a different future development in the joint enterprise from that of the PNE WIND Group, this could lead to business policy decisions which may result in a depreciation of the participations in these companies. This in turn may have an effect on the future results of the PNE WIND Group.

The PNE WIND-Group plans and develops projects abroad and their respective configurations and projected earnings form part of the Group's planning. Should investors demand undergo fundamental changes, (e.g. a change in the number of wind power systems or in the type of wind power model) as a condition for their purchase of the project and no other suitable investors are available to the PNE WIND Group, this could lead to adjustments in the value of the project and thereby to adjustments in the PNE Group's key economic values, which in turn could culminate in unplanned negative results.

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

From the issue of the 2013/2018 bond and the covenants concerning the equity ratio included in the bond conditions increased interest payments could arise or there could be a termination right on the part of the bond subscriber prior to the scheduled maturity in the event of a breach of the covenant. Increased interest payments on the bond would have no significant effects on the future asset, financial and earnings situation of PNE WIND AG. A termination of the bond by the subscribers prior to the scheduled maturity of the bond would have substantial effects in the future short and medium term on the future asset, financial and earnings situation of PNE WIND AG. The credit rating of PNE WIND AG was renewed in April 2014. For the next twelve months, the rating agency believes that a credit rating downgrade may be possible. This could potentially have a negative impact on the refinancing costs of the Company in the future.

Risks from the majority shareholding in WKN AG

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

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

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

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

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

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

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

Political risks / market risks

Incalculable risks can also affect the market from outside. These include in particular a sudden change in the general legal conditions in Germany or in the foreign markets. In Germany deterioration from the point of view of the Company is not to be expected since the amended Renewable Energy Sources Act (EEG) entered into force on August 1, 2014. The Management Board of PNE WIND AG is of the opinion that wind farms can be economically developed and operated according to the current remuneration and legal framework.

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

Legal risks

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

Tax risks

PNE WIND AG and its subsidiaries Group companies are currently active in 14 countries in the world and are thus subject to many different tax laws and regulations. Changes in these areas could lead to higher tax expenses and to higher tax payments. Furthermore, changes in the tax laws and regulations could also have an influence on our tax receivables and tax liabilities as well as on deferred taxes carried as assets and liabilities. We are operating in countries with complex tax regulations which could be interpreted in different ways. Future interpretations and development of tax laws and regulations could have an influence on our tax liabilities, profitability and our business operations. In order to minimise these risks, we are working continuously throughout the Group with specific tax consultants from the respective countries and are analysing the current tax situation.

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

Opportunities

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

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

Apart from the perspectives of internationalisation, the established German market continues to offer a range of opportunities.

In addition to proposed annual instalment corridor of 2400-2600 MW in the coming years, an increase in the replacement rate of obsolete wind turbines with more modern and efficient equipment (so-called repowering) is expected. The German Wind Energy Association (BWE) estimates an annual volume of around 1,000 MW. Generally speaking, wind farms which are suitable for repowering are located in areas prioritised for wind power which eases planning and acceptance.

In addition, there is the planned expansion of German offshore wind power which is already gaining momentum. 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 five offshore wind farm projects through the whole process up to the approval by the Federal Office for Shipping and Hydrographics, of which three have unconditional grid connection guarantees and are currently under construction. Six further own offshore projects as well as two additional projects, where PNE WIND AG is active as a service provider, are currently being developed in order to obtain the permits swiftly. In view of the major increase in importance of offshore wind power, positive effects can be expected also in this respect for the further business development of PNE WIND AG.

Finally, the growth of the wind power sector in Germany offers increased opportunities in the area of the provision of services. PNE WIND AG considers itself to be a reliable partner of the operators of wind farms and often looks after these following the transfer with regard to technical and commercial operating management. With the expansion of wind power projecting there is thus the possibility of an increase in the after-sales business, whereby this could lead to correspondingly favourable effects of the sales and earnings situation of the Company. The Group repositioned itself in the Operations and Management service area with the merger of PNE WIND AG and WKN AG activities into energy-consult GmbH in 2014. The new company served 650 wind turbines with more than 1,080 MW of rated power as well as photovoltaic systems from the very start. With its headquarters in Cuxhaven and offices in Husum, the energy-consult GmbH offers technical management services in the German and international markets.

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.

14. Controlling system

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

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

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

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

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

15. Description of the key characteristics of ICS/RMS of the parent company and the total Group

Internal control system (ICS)

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

Within the context of the implementation of the ICS we have subjected the individual functional departments of the Company and of the Group to a detailed analysis and evaluated accordingly the probability and the possibility of the occurrence of any damage.

We have organised the structure of the individual units based on the knowledge gained and on the evaluations made. Moreover, we have adapted the work processes to the knowledge obtained. For example, we pay attention to a consistent separation of incompatible activities and in addition we have introduced appropriate control ranges. Furthermore, we place a high value on the non-overlapping of responsibilities, with the stipulation that tasks, competence and responsibility are combined. Simultaneously, we have integrated controls into the work processes.

The key above-mentioned characteristics of the ICS are applied in all functional areas of the parent company and the total Group. The implementation of the organisational structural and process controls in the area of the internal control system ensures the integrity of the data in the accounting process which are included in the financial reports.

Apart from the controls implemented in the system the individual functional departments are also monitored by managers.

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

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

The internal consists of the control and audit departments.

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

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

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

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

Risk management (RMS)

The risk policy of the Group and of the Company forms part of the corporate strategy and is aimed at securing the substance of the Group as well as the Company and simultaneously at increasing their value systematically and continuously.

The risk strategy is based on a valuation of the risks as well as the opportunities related thereto. In the areas of key competence of the Group and of the Company we focus on appropriate, visible and controllable risks if they simultaneously lead to an appropriate income or are unavoidable.

In certain cases we transfer risks in supporting processes to other risk areas. Other risks, which have no connection with key and/or support processes, are on the other hand avoided insofar as this may be possible.

The Group has formulated the general conditions for a qualified and future orientated risk management in the "Risk Management Handbook". This handbook regulates the specific processes in risk management. It aims for the systematic identification, evaluation, control and documentation of risks. In this respect and taking into consideration clearly defined categories, it identifies the risks of the divisions, the operating units, the important associated companies as well as the central departments and evaluates them with regard to the likelihood of their occurring and the possible level of damage. The reporting is controlled by value limits defined by the management.

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

The key Classification of probability

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

Klassifizierung nach Auswirkungsgrad

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

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

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

It is the task of the persons responsible to develop and possibly to initiate measures for the avoidance, reduction and securing of risks. The key risks as well as the counter-measures introduced are monitored at regular intervals. The central risk management reports regularly on the identified risks to the Board of Management and the Supervisory Board. In addition to the regular reporting there is also an obligation for spontaneous internal Group reporting for risks which arise unexpectedly. The risk management enables the Board of Management to recognise risks at an early stage and to introduce counter-measures.

The key characteristics of the risk management system described above are applied throughout the Group. With regard to the processes in the consolidated accounting this means that the identified risks are examined and evaluated in the corresponding financial reports especially with regard to their possible effects on the reporting. Through this, important information is generated at an early stage about potentially possible fair value changes of assets and liabilities, pending losses of value are identified and important information is gained for the assessment of the necessity for the setting up / release of provisions.

The appropriateness and the efficiency of the risk management as well as the control systems pertaining thereto are controlled and amended accordingly at the level of the Board of Management at regular intervals. Due to the particular importance of exemplary action in all business areas, executive employees are trained specifically with regard to questions of compliance.

Finally it should be noted that neither the ICS nor the RMS can give absolute security with regard to the achievement of the corresponding objectives. Like all measurement decisions, also those for the development of appropriate systems can in principle be wrong. Controls can be ineffectual as a result of simple mistakes or errors in individual cases or changes of environmental variables can be recognised at a late stage in spite of corresponding monitoring.

In particular the following individual risks are currently being monitored intensively within the context of the risk management process:

- Possible claims from the financing and prospectus liability of older wind farms for which the maturities have not yet expired.
- Possible technical risks which may arise from our own operation of wind farms and which could influence negatively the results expected there from.
- Possible risks which could arise from changes in laws and regulations for our operating business in wind farm projecting.
- Particular importance is given to the compliance with the regulations of the German Corporate Governance Code in its correspondingly valid version. Risks could also arise, however, from the non-compliance of the regulations and the internal guidelines by individuals. Possible risks relating to the “Law on the Appropriateness of Remuneration of the Board of Management (VorstAG)” are regularly monitored in this connection.

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

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

17. Outlook/Forecast

Project development and the realisation of wind farms is the core business of the companies in the PNE WIND Group. The Group is active in Germany and 13 international markets through PNE WIND AG and WKN AG and their subsidiary companies and joint ventures.

The expansion of renewable energies is a topic which is being discussed throughout the world. More and more countries are stressing the urgent need to change the energy mix in favour of renewable energies and are creating framework conditions to allow the expansion to take place on both ecologically and economically sensible terms. Wind energy benefits from this trend and technological developments enable it to produce reliable energy in an efficient and cost effective manner.

Germany remains one of our core markets and we welcome the German Federal Government, Bundestag and Bundesrat resolutions in the amended Renewable Energies Law (EEG) which specify that renewable energies should represent 55 to 60 percent of total electricity production by 2035 and at least 80 percent by 2050. This will require a more or less doubling of the presently installed capacity by 2035 and a continued expansion thereafter. Onshore and offshore wind farms are supporting pillars of the expansion needed to achieve the Government’s aims. The decision

- / Description of the key characteristics of ICS/RMS of the parent company and the total Group
- / Management declaration (Section 289a of the German Commercial Code (HGB))
- / Outlook/ Forecast

to extend the remuneration system for electricity produced from offshore wind farms until the end of 2019 gives us planning security for our offshore projects. Growth prospects remain for the onshore sector both in the development of new wind farm locations as well as in repowering. With over 30,000 MW of nominal wind power capacity installed in Germany, we can already see new opportunities to replace old systems with new and more efficient turbines.

The internationalisation of our activities opens up additional growth opportunities and also means that we can spread risks more effectively. Geographic diversification gives the PNE WIND Group access to the global wind energy market as well as the opportunity to minimise risks related to individual markets. While our list of references already shows successfully realised projects with approx. 2,000 MW of nominal output, our expansive onshore and offshore project pipeline, which is in various phases of project development, is our basis for future growth.

The PNE WIND Group is very well positioned and we are very confident of being able to exploit the opportunities in the growth market, "wind", in the future.

In Germany, we expect to be able to conclude or to begin construction on projects with approx. 150 MW of nominal capacity during the current year. Of these, 128 MW are already completed or are under construction and a further 70 MW have been permitted. Abroad, Group companies have approved projects with a nominal output of approx. 521 MW in the United Kingdom, France, Italy, Poland, Romania, Hungary and the USA which can be realised or sold.

The statements made in the Group Management Report 2013 under forecasts and other statements concerning the expected development of the Group for the financial years 2014 to 2016 have not changed. PNE WIND AG expects to realise continued positive EBIT results from its operational business during the three financial years from 2014 to 2016. Together with our domestic and foreign activities, we expect this to constitute the major part of our cumulative Group EBIT forecast. We expect a cumulative Group EBIT of euro 110 to 130 million in the financial years from 2014 to 2016.

Cuxhaven, August 12, 2014

PNE WIND AG, Board of Management

Consolidated interim financial statement (IFRS)

of PNE WIND AG, Cuxhaven, as at June 30, 2014

All figures in TEUR (differences due to rounding possible)		II. Quarter 01.04.2014 - 30.06.2014	II. Quarter 01.04.2013 - 30.06.2013	1st half year 01.01.2014 - 30.06.2014	1st half year 01.01.2013 - 30.06.2013
1.	Revenues	84,978	9,563	117,917	21,737
2.	Changes in inventories of finished goods and work in process	5,011	13,049	15,120	15,299
3.	Other capitalised contributions	0	0	0	0
4.	Other operating income	1,017	190	1,631	374
5.	Total aggregate output	91,006	22,802	134,668	37,410
6.	Cost of materials/cost of purchased services	-74,843	-16,866	-105,394	-26,027
7.	Personnel expenses	-6,174	-3,254	-13,330	-7,050
8.	Amortisation of intangible assets and depreciation of property, plant and equipment	-1,869	-1,286	-3,724	-2,558
9.	Other operating expenses	-4,496	-4,476	-9,416	-7,385
10.	Operating profit	3,624	-3,080	2,804	-5,610
11.	Income from participations	-3	2	14	2
12.	Other interest and similar income	805	360	1,242	599
13.	Expenses from assumption of losses	-5	0	-10	0
14.	Interest and similar expenses	-3,169	-2,088	-7,009	-3,440
15.	Result from ordinary activities	1,252	-4,806	-2,959	-8,449
16.	Taxes on income	1,308	-282	32	-582
17.	Other taxes	-25	-15	-79	-30
18.	Profit/loss before minority interests	2,535	-5,103	-3,006	-9,061
19.	Non-controlling interests	-287	-133	-649	-251
20.	Consolidated profit/loss	2,822	-4,970	-2,357	-8,810
Other income/items that may be reclassified in the future in the profit and loss account					
21.	Foreign currency translation differences	485	-210	576	-311
22.	Others	0	0	0	0
23.	Other comprehensive income for the period (net of tax)	485	-210	576	-311
24.	Total comprehensive income for the period	3,020	-5,313	-2,430	-9,372
Consolidated profit/loss for the period attributable to:					
	Owners of the parent company	2,822	-4,970	-2,357	-8,810
	Non-controlling interests	-287	-133	-649	-251
		2,535	-5,103	-3,006	-9,061
Total comprehensive income for the period attributable to:					
	Owners of the parent company	3,307	-5,180	-1,781	-9,121
	Non-controlling interests	-287	-133	-649	-251
		3,020	-5,313	-2,430	-9,372
	Earnings per share (undiluted), in EUR	0.05	-0.12	-0.04	-0.21
	Earnings per share (diluted), in EUR	0.05	-0.08	-0.04	-0.15
	Weighted average number of shares in circulation (undiluted), in million	55.4	42.7	55.4	42.7
	Weighted average number of shares in circulation (diluted), in million	58.6	55.3	58.6	55.3

Abbreviated group balance sheet (IFRS)

of PNE WIND AG, Cuxhaven, as at June 30, 2014

Assets

All figures in TEUR (differences due to rounding possible)	as per 30.06.2014	as per 31.12.2013
Intangible assets	56,132	56,343
Property plant and equipment	75,436	76,089
Long term financial assets	8,708	8,605
Deferred tax assets	9,626	9,150
Long term assets, total	149,902	150,187
Assets held for sale	839	753
Inventories	155,015	145,860
Receivables and other assets	67,789	60,739
Cash and cash equivalents	46,592	77,402
Current assets, total	269,396	284,001
Assets total	420,137	434,941

Liabilities

All figures in TEUR (differences due to rounding possible)	as per 30.06.2014	as per 31.12.2013
Subscribed capital	55,927	54,858
Capital reserve	56,961	55,546
Treasury shares	0	0
Retained earnings	51	51
Foreign currency provision	-136	-712
Retained profit/loss	24,391	35,173
Minority interests	4,936	5,693
Shareholders equity, total	142,130	150,609
Other provisions	9,555	9,457
Deferred subsidies from public authorities	1,020	1,043
Long term financial liabilities	163,762	172,475
Deferred tax liabilities	1,946	1,913
Long term liabilities, total	176,283	184,888
Provisions for taxes	1,912	1,919
Other provisions	786	735
Short term financial liabilities	28,333	38,979
Trade liabilities	14,866	12,093
Other liabilities	55,821	45,710
Short term liabilities, total	101,718	99,436
Liabilities held for sale	6	8
Liabilities total	420,137	434,941

Consolidated cash flow statement (IFRS)

of PNE WIND AG, Cuxhaven, from 1 January until June 30, 2014

All figures in TEUR (differences due to rounding possible)	2014	2013
Consolidated net loss	-3,006	-9,061
-/+ Income tax benefit/expense	-32	582
-/+ Interest income and expense	5,767	2,841
-/+ Income tax paid/received	-27	-52
+/- Amortisation and depreciation of intangible assets and property, plant and equipment	3,724	2,558
+/- Increase/decrease in provisions	257	61
+/- Non-cash effective income and expenses	115	-317
+/- Increase/decrease of inventories and other assets	-60,699	-17,309
+/- Increase/decrease of trade receivables and stage of completion accounting	-16,778	26,877
+/- Increase/decrease of trade liabilities and other liabilities	56,400	2,044
- Interest paid	-1,786	-2,838
+ Interest received	719	138
Cash flow from operating activities	-15,346	5,524
+ Inflow of funds from disposal of items of property, plant and equipment	0	8
+ Inflow of funds from intangible assets	0	0
- Outflow of funds for investments in property, plant and equipment and intangible assets	-2,858	-792
+ Inflow of funds from disposal of financial assets	0	0
- Outflow of funds from investments in financial assets	0	-607
+ Inflow of funds from disposal of consolidated units	-192	-13
- Outflow of funds for investments in consolidated units	0	0
Cash flow from investing activities	-3,050	-1,404
+ Additional inflow of funds from shareholders	0	1,642
+ Inflow of funds from minority interests	0	0
+ Inflow of funds from financial loans	4,247	6,963
+ Inflow of funds from the issue of bonds	0	66,338
- Outflow of funds for the transaction costs from the issue of bonds	0	-2,710
- Outflow of funds from the redemption of financial loans	-4,544	-2,194
- Outflow of funds from the buyback of own shares	0	-9,220
- Outflow of funds for dividend	-8,229	-4,166
Cash Flow from financing activities	-8,526	56,653
Cash effective change in liquid funds	-26,922	60,773
+ Change in liquid funds due to changes in scope of consolidation	-3,888	0
+ Liquid funds at the beginning of the period	77,402	36,586
Liquid funds at the end of the period*	46,592	97,359
* of which are pledged to a bank as security	293	7,938

Group Equity Level (IFRS)

of PNE WIND AG, Cuxhaven, from 1 January until June 30, 2014

All figures in TEUR (differences due to rounding possible)	Capital subscribed	Capital reserve	Treasury shares	Profit reserves	Foreign ex- change reserve	Retained earnings	Equity before minority	Minority Interests	Total shareholder equity
Status as per 1 January 2013	45,786	44,886	-1,510	51	-205	581	89,589	-2,994	86,595
Group result 01-06/2013	0	0	0	0	0	-8,810	-8,810	-251	-9,061
Purchase of treasury shares	0	0	-9,220	0	0	0	-9,220	0	-9,220
Dividend	0	0	0	0	0	-4,166	-4,166	0	-4,166
Conversion of convertible 2009/2014	4	6	0	0	0	0	10	0	10
Conversion of convertible 2010/2014	742	890	0	0	0	0	1,632	0	1,632
Reclassification of minority interest within the scope of the increasing stake in PNE WIND UK	0	0	0	0	0	-1,334	-1,334	1,334	0
Other items	0	0	0	0	-311	-615	-926	0	-926
Status as per June 30, 2013	46,532	45,782	-10,730	51	-516	-14,344	66,775	-1,911	64,864
Status as per January 1, 2014	54,858	55,546	0	51	-712	35,173	144,916	5,693	150,609
Group result 01-06/2014	0	0	0	0	0	-2,357	-2,357	-649	-3,006
Dividend	0	0	0	0	0	-8,229	-8,229	0	-8,229
Conversion of convertible bond 2009/2014	936	1,259	0	0	0	0	2,195	0	2,195
Conversion of convertible bond 2010/2015	132	156	0	0	0	0	288	0	288
Other items	0	0	0	0	576	-196	380	-107	273
Status as per June 30, 2014	55,927	56,961	0	51	-136	24,391	137,194	4,936	142,130

Condensed Notes to the Consolidated Financial Statements

of PNE WIND AG, Cuxhaven, for the first six months of 2014

1. Accounting and valuation policies

The financial report on the first six months of the 2014 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, 2014 the Company applied the same accounting and valuation methods as for the consolidated financial statements December 31, 2013. There were no changes per June 30, 2014 resulting from the standards which were required to be applied as of January 1, 2014.

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.

2. 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, loans receivables and loans.

Next to the cash and cash equivalents, the short term financial assets primarily include accounts receivable and loans receivable.

The following table shows, specifying the categories, the carrying amounts and fair values of all financial assets:

All figures in TEUR	Category per. IAS 39	Total	Fair Value
Per 30.06.2014			
Short-term financial assets			
Cash and cash equivalents	LaR	46,592	46,592
Receivables from deliveries and services	LaR	47,126	47,126
Other short-term loan receivables	LaR	6,380	6,380
Receivables from affiliated companies	LaR	4,707	4,707
Receivables from associated companies, and those in which an investment is held	LaR	2,972	2,972
Long-term financial assets			
Shares in affiliated companies	AfS	1,082	-
Shares in associated companies	AfS	6,159	-
Investments in companies in which an investment is held	AfS	612	-
Other loans	LaR	719	719
Other long-term loans receivable	LaR	136	136
		116,485	108,632
Summe Kredite und Forderungen		108,632	108,632
Summe zur Veräußerung verfügbare finanzielle Vermögenswerte		7,853	-
Per 31.12.2013			
Short-term financial assets			
Cash and cash equivalents	LaR	77,402	77,402
Receivables from deliveries and services	LaR	34,371	34,371
Other short-term loan receivables	LaR	8,638	8,638
Receivables from affiliated companies	LaR	3,736	3,736
Receivables from associated companies, and those in which an investment is held	LaR	3,099	3,099
Long-term financial assets			
Shares in affiliated companies	AfS	1,079	-
Shares in associated companies	AfS	5,957	-
Investments in companies in which an investment is held	AfS	612	-
Other loans	LaR	719	719
Other long-term loans receivable	LaR	238	238
		135,853	128,203
Total loans and receivables		128,203	128,203
Total available for sale financial assets		7,648	-
LaR = Loans and receivables AfS = Available for sale financial assets			

With the Loans and receivables the carrying amounts, due to customary interest rates and / or short-term maturity at the balance sheet date, approximate their fair values.

The available-for-sale financial assets include unquoted equity instruments whose fair value cannot be reliably determined and therefore have been valued at cost in the amount of TEUR 7,853 as at June 30, 2014 (December 31, 2013: TEUR 7,648). As at the balance sheet date there was no intention of selling the financial assets.

The financial liabilities relate to the participation certificates, convertible bonds, bonds, liabilities to banks and other financial liabilities.

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

All figures in TEUR	Category per. IAS 39	Total	Till 1 Year	1 to 5 Year	More than 5 Year	Fair Value
Per 30.06.2014						
Trade receivables	FLAC	14,866	14,866	0	0	14,866
Fixed interest						
Participation certificates	FLAC	3,061	0	3,061	0	3,061
Bonds	FLAC	103,062	7,232	95,830	0	114,455
Liabilities to banks	FLAC	49,565	7,271	28,446	13,848	55,975
Other financial liabilities	FLAC	15,814	9,664	6,150	0	16,516
Liabilities from leasing contracts	FLAC	445	110	335	0	445
Variable interest						
Liabilities to banks	FLAC	18,000	0	18,000	0	18,198
Other financial liabilities	FLAC	0	0	0	0	0
Derivatives						
Interest swaps	FLHFT	2,147	994	1,153	0	2,147
		206,960	40,137	152,975	13,848	225,663
Per 31.12.2013						
Trade receivables	FLAC	12,093	12,093	0	0	12,093
Fixed interest						
Participation certificates	FLAC	3,061	0	3,061	0	3,061
Bonds	FLAC	105,018	3,836	101,182	0	114,513
Liabilities to banks	FLAC	70,326	24,529	30,904	14,893	78,089
Other financial liabilities	FLAC	15,575	9,921	5,654	0	16,601
Liabilities from leasing contracts	FLAC	500	106	394	0	500
Variable interest						
Liabilities to banks	FLAC	15,013	0	15,013	0	15,215
Other financial liabilities	FLAC	0	0	0	0	0
Derivatives						
Interest swaps	FLHFT	1,960	586	1,374	0	1,960
		223,546	51,071	157,582	14,893	242,032
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, 2014 the financial instruments available for sale are valued at TEUR 2,147 (previous year TEUR 1,710) pursuant to the Level 2 of the fair value hierarchy.

3. Consolidated group

During the first six months of 2014 the corporate structure changed versus December 31, 2013.

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

- PNE WIND Park IX GmbH & co. KG, Cuxhaven (100 percent),
- PNE WIND Park X GmbH & Co. KG, Cuxhaven (100 percent)

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

During the reporting period, the shareholdings in the following consolidated Group companies changed:

- PNE WIND Infrastruktur Calau II GmbH, Cuxhaven, (from 100 percent to 50 percent),
- PNE WIND Park III GmbH & Co. KG, Cuxhaven, (from 100 percent to 50 percent),
- WKN Basilicata Development S.R.L., Potenza/Basilicata, Italy (from 70 percent to 100 percent),
- WKN AG, Husum (from 82.75 percent to 83.08 percent).

Following the reduction in the shareholdings of PNE WIND Infrastruktur Calau II GmbH and PNE WIND Park III GmbH & Co. KG, these positions are now under affiliated companies and recorded as "at equity" in the Group.

This event has had no significant effect on the revenue, financial or asset situation.

During the reporting period, the following companies were sold and have been deconsolidated:

- PNE WIND Park I GmbH & Co. KG, Cuxhaven,
- PNE WIND Park Calau II C GmbH & Co. KG, Cuxhaven,
- WKN Windkraft Nord GmbH & Co. Windpark Ebersgrün KG, Husum.

Due to the deconsolidation of PNE WIND Park I GmbH & Co. KG, assets amounting to a total of euro 8.2 million, which primarily represent the capitalised debts and services of the project amounting to euro 8.1 million, were removed from the consolidated balance sheet. The payment received for the sale of the company amounted to TEUR 52. The company's funds removed from the balance sheet as a result of the transaction amounted to EUR 0.

Due to the deconsolidation of PNE WIND Park Calau II C GmbH & Co. KG, assets amounting to a total of euro 35.2 million, which primarily represent the capitalised debts and services of the project amounting to euro 35.2 million, were removed from the consolidated balance sheet.

The payment received for the sale of the company amounted to TEUR 6. The company's funds removed from the balance sheet as a result of the transaction amounted to euro 2.3 million.

Due to the deconsolidation of WKN Windkraft Nord GmbH & Co. and Windpark Ebersgrün KG, assets amounting to a total of euro 18.7 million, which primarily represent the capitalised debts and services of the project amounting to euro 17.0 million, were removed from the consolidated balance sheet. The payment received for the sale of the company amounted to TEUR 1. The company's funds removed from the balance sheet as a result of the transaction amounted to euro 1.6 million.

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 2014.

4. 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 euro 0.8 million. If the present plans are not realized in years 2014 to 2016 this amount might increase to a total of euro 1.4 million.

5. Major events following the end of the reporting period

There were no major events after the end of the reporting period which had material effects on the earnings, financial and asset situation of PNE WIND AG.

SEGMENT REPORTING

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. Furthermore, the operation of the solar BGZ solar park Passau Land GmbH & Co. KG is part of the electricity generation business. 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, 2014 are compared with the figures per June 30, 2013 or in the case of segment assets/liabilities the figures per December 31, 2013.

All figures in TEUR (differences from rounding off possible)	Projecting of wind power turbines		Electricity generation	
	2014	2013	2014	2013
External sales	112,004	16,651	5,913	5,086
Inter-segment sales	4,483	15,168	281	281
Change in inventories	10,845	3,901	0	0
Other capitalised contributions	0	0	0	0
Other income	1,732	427	64	3
Total aggregate output	129,065	36,147	6,257	5,370
Depreciation	-1,457	-816	-2,267	-1,742
Operating income	-1,978	-4,761	1,488	1,304
Interest and similar income	4,305	1,366	5	464
Interest and similar expenses	-8,532	-3,366	-1,544	-1,304
Taxes	1,021	-538	-7	-44
Investments	3,042	1,318	8	94
Segment assets	548,160	541,166	84,963	88,247
Segment liabilities	444,707	426,012	81,982	85,150
Segment shareholders' equity	103,453	115,154	2,981	3,096

Segment companies:

Projecting of wind power turbines:

PNE WIND AG, PNE WIND Betriebsführungs GmbH, PNE WIND Netzprojekt GmbH, 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 EOOD, 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, 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, WKN AG, Windkraft Nord USA Inc, WKN Italia S.R.L., Aero Sol S.R.L., Aero-Tanna S.R.L., ATS Energia S.R.L., WKN Basilicata Development S.R.L., WKN France S.A.S.U., Parc Eolien de Crampon S.A.S.U., TOV WKN Ukraine, Ukrainische Windenergie Management GmbH, New Energy Association International GmbH, Sevion Sp. z o.o., VKS Windkraft Sverige AB, WKN Windcurrent SA (Pty) Ltd., NordStrom New Energy GmbH, WKN Windkraft Nord GmbH & Co., BGZ Fondsverwaltung 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 (till 18.07.13), PNE WIND Park I GmbH & Co. KG (till 7.4.14), PNE WIND Park VI GmbH & Co. KG, PNE WIND Park VII GmbH & Co. KG, PNE WIND Park X GmbH & Co. KG, PNE WIND Park IX 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 Verwaltungs 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 (till 30.6.14), PNE WIND Park Calau II D GmbH & Co. KG, PNE WIND Park III GmbH & Co. KG (till 30.6.14), PNE WIND Infrastruktur Calau II GmbH (till 30.6.14), PNE WIND Park Köhlen I GmbH & Co. KG, PNE WIND Park Köhlen II GmbH & Co. KG, PNE WIND Park Kührstedt-Alfstedt A GmbH & Co. KG, PNE WIND Park Kührstedt-Alfstedt B GmbH & Co. KG, NordStrom Solar GmbH, NordStrom Bioenergie GmbH, BGZ Solarpark Passauer Land GmbH & Co. KG, WKN Windkraft Nord GmbH & Co. Windpark Ebersgrün KG (till 1.4.14), Kommanditgesellschaften.

	Consolidation		PNE WIND AG Group	
	2014	2013	2014	2013
	0	0	117,917	21,737
	-4,764	-15,449	0	0
	4,275	11,398	15,120	15,299
	0	0	0	0
	-165	-56	1,631	374
	-655	-4,107	134,667	37,410
	0	0	-3,724	-2,558
	3,294	-2,153	2,804	-5,610
	-3,068	-1,231	1,242	599
	3,067	1,231	-7,009	-3,438
	-982	0	32	-582
	0	0	3,050	1,412
	-212,986	-194,472	420,137	434,941
	-248,682	-226,831	278,007	284,332
	35,697	32,358	142,130	150,609

Assets and liabilities held for sale are recognised in the „Projecting of wind power turbines“ segment.

Of the figures in the „Projecting of wind power turbines“ segment, total performance of euro 119.8 million (previous year: euro 32.2 million), revenues of euro 110.8 million (previous year: euro 16 million), operating income of euro 0 million (previous year: euro -1.1 million), a share of segment assets of euro 382.2 million (as of December 31, 2013: euro 393.2 million), and an equity share of euro 81.8 million (as of December 31, 2013: euro 93.9 million) are allocated to the German wind power onshore subdivision. For the international onshore accounts, the following values can be ascribed; total performance of euro 7.2 million (previous year: euro 3.1 million), sales of euro 0.0 million (previous year: euro 0.0 million), operating income of euro -1.7 million (previous year: euro -2.1 million), a portion of segment assets of euro 135.7 million (as of December 31, 2013: euro 120.2 million) and an equity share of euro 26.5 million (as of December 31, 2013: euro 26.5 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. In segments „development of wind turbines“ and „electricity,“ revenues were realized with external customers who accounted for more than 10 percent of total revenues. During the reporting period sales were generated with customers who accounted for more than 10 percent of Group sales. The sales representing more than 10 percent of Group sales were euro 25.9 million, euro 18.4 million, euro 16.7 million and euro 12.0 million (previous year: euro 13 million with a customer). No other single customers contributed 10 percent or more of consolidated revenue.

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

Cuxhaven August 12, 2014

PNE WIND AG Board of Management

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

PNE WIND AG

Peter-Henlein-Straße 2-4
27472 Cuxhaven
Germany

Telephone: + 49 (0) 47 21-718-06
Fax: + 49 (0) 47 21-718-444
E-Mail: info@pnewind.com

www.pnewind.com

Board of Management: Martin Billhardt (Chairman), Jörg Klowat, Markus Lesser
Court of registry: Tostedt
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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.





PNE WIND AG
Peter-Henlein-Straße 2-4
27472 Cuxhaven
Deutschland

Telefon: + 49 (0) 47 21-718-06
Telefax: + 49 (0) 47 21-718-444
E-Mail: info@pnewind.com
www.pnewind.com