

# PNE WIND AG

## FINANCIAL REPORT ON THE FIRST NINE MONTHS

and report on the third quarter of 2014

# Overview

With a capital increase and the issuance of new convertible bonds at a volume of approx. euro 40 million, PNE WIND AG has laid the foundation in the third quarter of 2014 for the expansion of its business model. The Company intends to bundle completed wind farms in a new subsidiary, called YieldCo, in the future, with the intention to sell this subsidiary wholly or partly to investors by the end of 2016.

The operational business of PNE WIND AG in the first nine months of 2014 is highlighted by the strong increase in the number of wind farms under construction in Germany as well as significant progress in the development of projects at home and abroad. In the period under review, the companies of the PNE WIND Group completed wind farm projects with a nominal output of 88 MW. In addition, further wind farm projects with a nominal output of about 105 MW were under construction as at 30 September.

Abroad, permits for projects in France, the United Kingdom and Italy were achieved and a wind farm in France was completed in the first nine months.

The offshore sector continued to develop six own projects and was active as a service provider to seven additional offshore projects in development.

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. Furthermore we see room to increase this forecast upon realisation of the YieldCo concept.

## AT A GLANCE

### PNE WIND AG Group figures

In TEUR	01.01. - 30.09.2014	01.01. - 30.09.2013	01.01. - 30.09.2012
Total aggregate output	201,502	60,192	86,133
Revenues	184,134	43,592	80,893
Operating profit (EBIT)	7,658	-6,016	24,851
Result from ordinary activities (EBT)	-1,347	-12,262	20,973
Net income	-98	-12,430	22,030
Equity as at September 30	145,698	98,496	93,610
Equity ratio as at September 30	34.23	26.05	48.73
Balance sheet total as at September 30	425,601	378,141	192,116
Earnings per share (undiluted), in euro	0.00	-0.28	0.48
Average number of shares	55.6	44.8	45.8

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# Foreword



Martin Billhardt, Chairman of the Board of Management

Dear shareholders,

The first nine months of the 2014 financial year were exciting and eventful for PNE WIND AG. The record dividend payment arising from the record earnings in 2013, the discussion on the German Renewable Energies Law (EEG) and its amendment, the capital measures and the expansion of our business model. These are only a few of the topics – alongside our daily project development work – which we have dealt with since the beginning of the year.

A part of our business strategy is to permanently search out new sales channels and investors as well as new approaches to project development and marketing. We are continuing the ongoing development of our business model by establishing a new YieldCo subsidiary company. Our commissioned onshore wind farms in Germany with a total output of up to 150 MW will be placed into this company, before it is sold wholly or partly to investors. The timing of the sale is expected to take place by the end of 2016.

The establishment of YieldCos has proven to be successful in the USA and the United Kingdom and we expect to benefit from taking this step in multiple ways. First of all, we aim to achieve higher prices from the sale of a single portfolio containing commissioned

wind farms than we would be able to achieve on individual project sales. The reason for this is that investors in portfolios are generally willing to accept lower returns because they benefit from diversification – the portfolio is comprised of many wind farms – as well as not being exposed to construction related risks – the wind farms are fully commissioned at the time of sale. These positive attributes play a part in the lower return expectations that YieldCo investors have over our current customers who mainly comprise of infrastructure and sustainability funds. We also plan on generating additional revenue through the management of the YieldCo and by providing long-term commercial and technical management services for the wind parks. Looking forward, the establishment of our YieldCo will represent a new sales channel for the Group and our future projects.

During the capital measure road show with investors and at the WindEnergy 2014 – a leading sector international trade fair in Hamburg – we received a great deal of attention and support for the YieldCo model. We believe strongly that we are going down the right path here. The approx. euro 40 million raised from the recent capital measures will provide the necessary equity capital for our planned wind parks. We greatly appreciate your support of the capital measures and the confidence which you have placed in us.

The new EEG (German Renewable Energies Act) has now been in force since August 1. There was a great deal of discussion in advance and some of the proposals gave rise to serious concerns. Thankfully, with the support of trade associations and State governments, we were able to prevent inappropriate revisions to the legislation and the onshore corridor of 2,400 to 2,600 MW represents a realistic amount of newly installed capacity on an annual basis and does not apply a real brake

to wind energy in Germany. Important for the annual installation target, only the net capacity additions for repowering projects – a market activity which is growing in importance – are included. Looking forward, the German Government plans to increase the amount of electricity from renewable energy from its current level of approx. 27 percent to 40 to 45 percent by 2025 and to 80 percent by 2050. These targets cannot be reached without continued investments in on and offshore wind farms. With our large project pipeline, we are well positioned for these developments.

2014 is a record year for the realisation of wind park projects in Germany and since the beginning of January, we have completed or have commenced construction wind parks with a nominal capacity of approx. 193 MW. One of these is the “Chrandsdorf” wind farm project in Brandenburg with a total nominal output of 57.6 MW, representing the largest single onshore project in the history of the PNE WIND Group. Wind farm project sales to investors such as the Allianz insurance group, the utility company Energie Baden-Württemberg (EnBW), the holding company CEE and the infrastructure investors KGAL and CHORUS offer proof to the high quality of our projects. We achieve this quality in part by using the most modern wind energy turbines coupled with particularly high towers ensuring a significant increase in energy yield.

We continue to build on our international activities. In France, the 12 MW wind farm was completed and handed over to KGAL. Additionally, further projects in France (10 MW), Italy (30 MW), United Kingdom (38 MW), Romania (102 MW) and Poland (32 MW) are now permitted. In the USA, two wind farms continue to be developed and 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.

During the first nine months of 2014, the Group realised revenues of euro 184.1 million (previous year: euro 43.6 million), an operating result (EBIT) of euro 7.7 million (previous year: euro -6.0 million) and undiluted earnings per share of euro 0.00 (previous year: euro -0.28). We have further improved our earnings situation in comparison to the previous year and the first six months of 2014.

Through the establishment of our YieldCo business, we will open up considerable new possibilities for the Group. Our onshore and offshore project development pipelines are well filled and the higher implementation rate of our projects promise continuous returns. We confirm our cumulative EBIT forecast for the 2014 to 2016 financial years of euro 110 to 130 million and see the prospect to increase our forecast upon the successful implementation of the YieldCo concept.

We would like to express our very sincere gratitude – also on behalf of our employees – for your support over the past few months. Please maintain your confidence in us in the future!

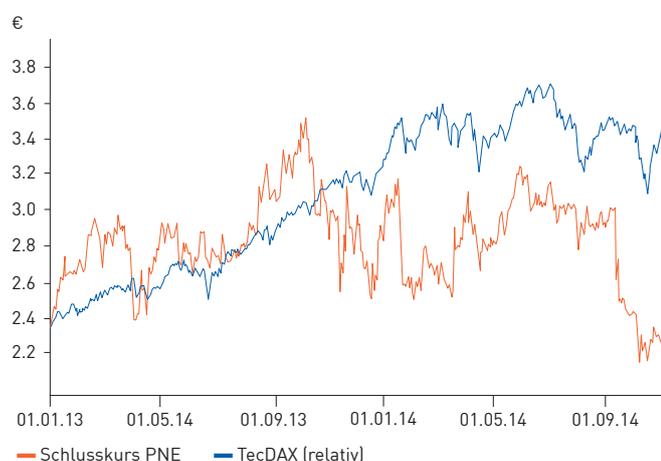
Kind regards,



Martin Billhardt  
- Chairman of the Board of Management -

# Capital market information

## Share price, XETRA trading sector (January 1, 2013 to October 31, 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. However, following discussions about possible changes to the EEG, the price of the PNE WIND shares decreased again and fell to euro 2.43 on February 4, 2014.

Spurred by 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 nine months of the year at euro 3.16. In the context of renewed EEG discussions, the share price went back slightly and levelled off in a range of between euro 2.80 and euro 3.00.

On September 11, 2014, the news on the planned capital measures - including the announcement of the issuance of new shares at euro 2.40 in the context of a capital increase with subscription rights - resulted in significantly lower share prices. On that day, the stock closed, following the subscription right markdown, at euro 2.54. The share price - decoupled from the value of the subscription rights - moved between euro 2.40 and euro 2.50 during the subscription period. On September 25, 2014 the stock reached its lowest point during the first nine months of 2014 at euro 2.41. On September 30, 2014, the last trading day of the reporting period, the PNE WIND AG shares traded at euro 2.43. This corresponds to a market capitalisation of euro 136.9 million.

After the end of the reporting period, the PNE shares experienced pressure again. At the end of October 2014, the share price levelled off near the euro 2.30 level.

## Capital measure information

On September 11, 2014, PNE WIND AG passed the resolution to carry out capital measures in the form of a capital increase and issuance of a convertible bond, which were finalised on October 1, 2014. 13,931,195 new shares (corresponding to approx. 61.10 percent of the total shares offered) were placed with existing shareholders and other investors at a purchase price of euro 2.40 per share. In addition, convertible bonds totalling a nominal value of euro 6,565,132, which corresponds to approx. 25.67 percent of the total convertible bonds offered.

PNE WIND AG received total gross proceeds amounting to approx. euro 40 million from the capital measures. PNE WIND AG will use these proceeds to implement the planned strategic expansion of its business model, whereby the company intends to initiate a YieldCo.

## 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 significantly in excess of 100 percent during the reporting period. In addition, bonds were converted into 1,466,367 shares in the reporting period. As at September 30, 2014, convertible bonds from the 2010 issuance at a total value of euro 5.6 million were still outstanding.

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 37.9 percent as at September 30, 2014.

The PNE WIND AG participation certificates, which will terminate at the end of 2014 and be repaid in the middle of 2015, 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 are 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 8.2 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 were Volker Friedrichsen, Astrid Zielke and Peter Baron von le Fort. The terms of office of the newly elected Supervisory Board members end 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 members.

## Shareholder structure

The total number of shares issued by PNE WIND AG amounted to 56,324,815 as at September 30, 2014. The increase in the number of shares versus December 31, 2013 (54,858,448) resulted from the conversion of convertible bonds in the course of 2014.

Volker Friedrichsen – through Volker Friedrichsen Beteiligungs-GmbH and VF Vermögensverwaltung GmbH – is PNE WIND AG's largest single shareholder with 10,861,474 shares representing 19.3 percent of PNE WIND AG's share capital at the end of the third quarter. In accordance with the definition of Deutsche Börse AG the other shares were in the free float.

As at September 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 Mr. Volker Friedrichsen held - through Volker Friedrichsen Beteiligungs-GmbH and VF Vermögensverwaltung GmbH - 10,861,474 shares. The Management and Supervisory Board hold together 19.6 percent of PNE WIND's outstanding shares as of September 30, 2014.

- / Shareholder structure
- / Financial calendar
- / Key share data
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## Financial calendar 2014/2015

November 2014	Analysts' conference / Frankfurt
March 31, 2015	Publication annual report
May 11, 2015	Publication 1st quarter report
June 16, 2015	Annual General Meeting
August 10, 2015	Publication semi-annual financial report
November 9, 2015	Publication 3rd quarter report
November 2015	Analysts' conference / Frankfurt

## Key share data (as at September 30, 2014)

WKN	A0JBPG
ISIN	DE000A0JBPG2
Number of shares	56,324,815
Market capitalisation	euro 136.9 million
Market segment	Prime Standard
Indices	CDAX Technology, ÖkoDAX
Designated Sponsors	Commerzbank, VEM Aktienbank, Close Brothers Seydler Bank
Reuters	PNEGn
Bloomberg	PNE3

## Additional information

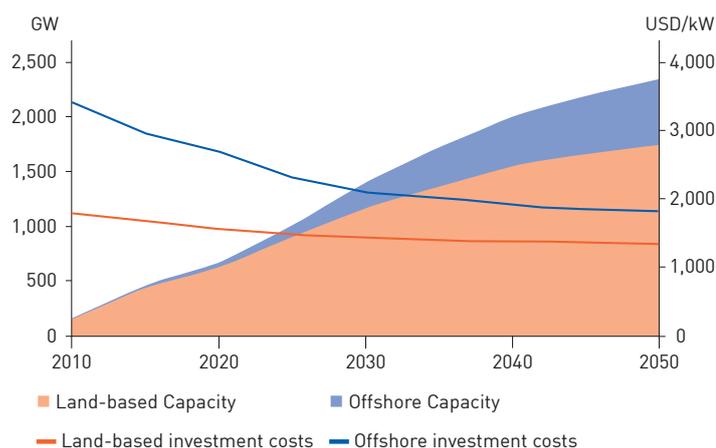
On the website [www.pnewind.com](http://www.pnewind.com) you will find extensive information on PNE WIND AG as well as on current data concerning the share in the section "Investors' Relations". Here you can also download annual and quarterly reports, press announcements as well as background information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

# Condensed Interim Group Management Report

of PNE WIND AG, Cuxhaven, for the first nine 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 without subsidies.

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 2.5 percent today to 15-18 percent by 2050<sup>1</sup>. 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 prophesied.

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 and operates in the following countries: Germany, the United Kingdom, France, Poland, Italy, Sweden, Romania, Bulgaria, Hungary, Turkey, Canada, the United States, Ukraine and South Africa.

<sup>1</sup>International 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 and offshore: approx. 4,700 MW) of projects in various stages of development.

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

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

The construction of offshore wind farms is considered to be an essential growth driver for the wind power market. According to data from the European Wind Energy Association (EWEA) the European offshore market in 2013 registered additional construction of a total of 1,567 MW. With this already a total of 6,562 MW is being fed into the European electricity grid from wind power turbines<sup>2</sup>. According to the last survey, 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 construction<sup>3</sup>.

<sup>2</sup>The European offshore wind industry – key trend and statistics 2013

<sup>3</sup>Deutsche WindGuard: Status des Offshore-Windenergieausbaus in Deutschland 1/2014, July 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, including the cost of environmental pollution, demolition and final storage of nuclear waste, is not directly reflected in its selling price and continued political support remains necessary to level the playing field.

EU targets:

Gaining support for electricity production from renewable energies is one of the highest priorities in the European Union (EU) for reasons of security, diversification of power supply as well as climate protection and because of economic and social considerations. The Directive 2009/28/EC on renewable energy includes targets for all member states so that by 2020 the EU will attain a 20 percent share for renewables in final energy consumption.

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 – in this context, the nominal output of obsolete wind power turbines, which are dismantled due to repowering, is deducted from the gross expansion volume.

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 1,457 MW currently installed 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. After the end of the reporting period, the French parliament passed a law in October 2014 on the energy transition. The government aims to increase the proportion of renewable energies in the electricity mix from 14 to 32 percent by 2030 and to reduce the proportion of nuclear energy in electricity consumption from 75 to 50 percent 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" program 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-backed energy production 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. The total amount of payments is limited to a sum to be defined every year. 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 were changed from a green certificate system to a feed-in tariff system and finally a competitive auction system for grid connection capacity. In accordance with the Decree of July 6, 2012 up to 500 MW per year will be allocated by 2015.

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. Up to the end of 2013, there were 3,390 MW installed in Poland.

The long awaited new legislation on the support of renewable energy sources is still being debated in the parliament. The current version provides for the introduction of an auction system. The previous regulations of the quota system with green certificates will continue to apply until the new legislation is adopted.

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 15 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.

#### 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 a quota system with electricity certificates, which are tradable in both Sweden and Norway. In its first official declaration, the new Swedish Government formulated the objective of generating 100 percent of Sweden's energy from renewable energy sources in the long term.

#### South Africa:

The South African Integrated Resource Plan, promulgated in May 2010 by the national energy authority DoE, calls for an 18 GW renewable energy program 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 took place in August 2014 representing approx. 700 MW for onshore wind parks. The results of the preferred bidders are scheduled to be published in November.

#### 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 for some time 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 stabilisation 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. 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). Additionally, many individual states have enacted Renewable Portfolio Standards which require a certain percentage of electricity to be sourced from renewable energy plants.

The expansion of wind energy in 2013 was low, but all signals indicate for much stronger growth in 2014 and 2015. By the end of the third quarter, wind energy capacity of 1,254 MW was fully installed and a further 13,600 MW was under construction. Forecasts regarding ongoing expansion in 2016 depend upon the decision of whether the PTC will be continued.

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 nine 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),
- WKN GmbH & Co. Windpark Looft II KG, Husum (100 percent).

These events 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 25 percent),
- PNE WIND Park III GmbH & Co. KG, Cuxhaven, (from 100 percent to 25 percent),
- PNE WIND BE Development EOOD, Sofia, Bulgaria (from 80 percent to 100 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 are recorded as "at equity" in the Group.

These events did not have a 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,
- PNE WIND Park Calau II D 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 services of the project, and debts 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 euro 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 services of the project, and debts 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 PNE WIND Park Calau II D GmbH & Co. KG, assets amounting to a total of euro 31.5 million, which primarily represent the capitalised services of the project, and debts amounting to euro 31.5 million were removed from the consolidated balance sheet. The payment received for the sale of the company amounted to TEUR 3. The company's funds removed from the balance sheet as a result of the transaction amounted to euro 0.

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 services of the project, and debts 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

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

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.

## 5. Organisation und employees

As of September 30, 2014, there were 413 people employed at the group level of PNE WIND AG (prior year: 409). The employees of the subsidiaries are included in this number. Of these employees (including members of the Board of Management and trainees) there were 143 (prior year: 139) working at PNE WIND AG at the end of the reporting period. A total of 270 employees were at our German (194 employees) and international subsidiaries (76 employees). 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 nine 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 three quarters 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 September 30, 2014 in MW

Country	I-II	III	IV	Total MW
Germany	920	92	84	1,096
Bulgaria	121	0	0	121
Romania	55	102	0	157
Turkey	700	0	0	700
United Kingdom	783	90	0	873
Hungary	0	78	0	78
USA	169	183	0	352
Canada	575	0	0	575
<b>Total</b>	<b>3,323</b>	<b>545</b>	<b>84</b>	<b>3,952</b>

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

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

Land	I-II	III	IV	Total MW
Germany	152	27	25	206
Italy	450	70	0	520
France	160	10	0	170
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
<b>Total</b>	<b>&gt; 1,500</b>	<b>205</b>	<b>25</b>	<b>&gt; 1,700</b>

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

## Germany:

In PNE WIND AGs "Windkraft onshore Deutschland" division, six wind farms with a total nominal output of 54.2 MW were fully constructed during the first three quarters of 2014. These were the projects "Calau II" A, C and D (Brandenburg) with a total nominal output of 46.2 MW and the 4 MW "Leddin IV" wind farm located in Brandenburg. These 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 September 30, 2014 but had not yet been handed over to their purchasers. These are the 2 MW "Kemberg II A" wind farm in Sachsen-Anhalt and the 2 MW "Görike-Söllenthin II".

Three further PNE WIND AG projects with a total nominal output of 79.2 MW were under construction as September 30, 2014. These are the projects "Sontra" (Hessen, 12.0 MW), "Kemberg III" (Sachsen-Anhalt, 9.6 MW) and "Chrandsdorf" (Brandenburg, 57.6 MW). Projects that were fully constructed or were under construction but not yet handed over to their purchasers by September 30, 2014 are illustrated in phase 4 of the table.

In addition, PNE WIND AG had permitted wind farm projects with 12 MW of nominal output at the end of the third quarter of 2014. Construction of these is planned to commence shortly.

For the WKN Group, Germany continues to remain a core market. WKN AG, which is majority owned by PNE WIND AG completed and handed over three wind farm projects with a nominal output of approx. 33.8 MW in the first nine months of 2014. These are the wind farms "Kropp" (Schleswig-Holstein, 18.4 MW) and "Kastorf" (Schleswig-Holstein, 15.4 MW). The "Weidehof" repowering project in Schleswig-Holstein with 8 turbines and a total output of 18.4 MW is currently in the construction phase and is, like the "Nentzelsrode" (Thüringen) project with 6.9 MW, included in phase 4 of the table.

Furthermore, at the end of the third quarter of 2014, WKN AG obtained the permit for a further wind farm with a nominal output of approx. 10 MW, the construction of which will be started in the short term.

At the end of the third quarter 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.

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 the manufacturers Enercon, Senvion (formerly Repower) and Nordex as well as Vestas.

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

Bulgaria:

The general political and economic conditions are currently still 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, the WKN Group received the construction and environmental approval for a project with 10 MW in France. The project is currently in the objection period and 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. On the basis of the contracts which were concluded, WKN France SAS was 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 and handed over to the investor in September.

In addition, further projects with 39 MW of total nominal capacity are in the approval process. Currently the official review is taking place.

#### United Kingdom:

PNE WIND UK Limited is planning during the next few years substantial investments in wind farm projects in the United Kingdom, which are currently being developed with a nominal output in excess of 800 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 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.

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 the 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:

The 30 MW Castelgrande wind farm project in the Basilicata region of southern Italy, which was granted construction approval at the beginning of June 2014 participated in this year's auction procedure, but did not receive an award. Accordingly, start of construction, which was planned for 2015, has been postponed.

Further projects are being prepared for participation in the potential tendering procedure in 2015 so that WKN might participate in this tender with at least one more project in addition to Castelgrande.

The Valle project (40 MW) was granted an environmental approval in the third quarter of 2013. Receipt of a building permit remains dependent upon an agreement for the grid access being reached with the network operator and other developers. To date, it has not been possible to come to an agreement so that the project was not able to participate in this year's tender, as announced in the last report.

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 legislation 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 at 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 with a nominal output of up to 240 MW. The applications for the environmental permit for these projects were submitted in 2013/14 and are currently being processed by the competent authority. The first permits are expected to be issued in 2015.

South Africa:

In the 2014 tender, the WKN Group participated with the 30 MW "Banna Ba Pifhu" project. The result of the selected projects (preferred bidder) is expected in November.

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.

**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. At the beginning of April 2014, PNE WIND AG and STEAG GmbH 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, WKN AG has several early stage wind farm projects in development. Due to the political situation here, further project activities has been stopped for the time being.

**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 on these wind farms. However, the Hungarian government has been blocking for some time now the further expansion of wind energy. Therefore, the Hungarian subsidiaries are still waiting to be able to participate with these approved wind farms in tenders for grid connections to the high voltage electricity distribution systems in Hungary.

**USA / Canada:**

During the fourth quarter 2013, PNE WIND USA started 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. The initial construction and development activities were carried out to secure the PTC, a tax related support mechanism. Projects which were under construction by the end of 2013 and are completed before the end of 2015 are eligible to receive the PTC.

In the USA, the WKN Group has a project in the state of Montana, where wind energy turbines with a nominal output of up to 78 MW can be erected.

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

**Total activities in the international markets**

In total the PNE WIND Group, through subsidiaries and joint ventures, was developing as at September 30, 2014, international projects in various phases of a multiple year development process with more than 4,000 MW of nominal output. On the basis of the Group's business development, the Board of Management is confident of achieving further growth and to be able to diversify its business through the internationalisation of its wind farm development business.

### *Expansion of the business activity / YieldCo*

Through the formation of a subsidiary, in which internally developed and completed wind farms are bundled (YieldCo), PNE WIND AG will expand its business model at various levels. With the completion of capital measures in 2014 we have taken the first step to create a new sales channel which should increase our earnings potential as well as improve the competitive positioning of the Group going forward.

In the Anglo-Saxon markets, YieldCos are well tested and represent a successful addition to the core business of project development companies. Investors are attracted to the YieldCo businesses – due to their stable dividend policy in today's low interest rate environment – and the higher demand creates a favourable environment for the seller or initiator of the YieldCo business.

Initially, renewable energy projects – exclusively wind farms in the case of PNE WIND AG – are bundled in a portfolio after their completion. Thus, the YieldCo receives fully operating wind farms, which reliably produce electricity at various sites and generate predictable earnings owing to the feed-in remuneration system.

The YieldCo of PNE WIND AG will include mainly German wind farms with a total nominal output of up to 150 MW. These will be projects which were internally developed by PNE WIND AG over the past few years. Wind farms with a nominal output of approx. 80 MW were already approved and are, in part, in the construction phase. Permits have been applied for additional projects with approx. 90 MW of nominal output, which shall also be included in the YieldCo. The wind farms will be placed successively in the YieldCo upon their completion.

It is planned to sell the YieldCo, wholly or partly, by the end of 2016. It is also possible – as often observed in the market – to list the YieldCo on the stock exchange or to sell it as a whole.

PNE WIND AG expects to benefit in multiple ways from the expansion of its business model. The Company anticipates that the YieldCo - comprising of a completed wind park portfolio - could be sold at a higher valuation than would be achieved if the projects were sold on an individual basis. The reason for this is that YieldCo investors purchase commissioned projects with measurable earnings and do not face construction related risks. Furthermore, YieldCo investors are able to buy or sell shares in a listed vehicle faster and with lower transaction costs than would be possible when making direct investments into a single wind park. These aspects combined with diversification – the portfolio will comprise of numerous wind farms in different locations – all lead to lower investor return expectations or a higher sales price from the point of view of PNE WIND AG.

We also plan on generating additional revenue through the management of the YieldCo and by providing long-term commercial and technical management services for the wind parks. Looking forward, the establishment of our YieldCo will represent a new sales channel for the Group and our future projects.

Due to the YieldCo model, wind park sales to external third parties will be postponed. This will affect the turnover from these sales, but we believe the positive aspects will more than compensate for this postponement of earnings in the Groups Consolidated results. In the financial statements of PNE WIND AG and WKN AG, these companies will be able to recognise the sales and earnings from the wind park sales during the period of the wind park realisation, as was carried out previously.

The PNE WIND Group is broadening its basis for the future and aims to create considerable value with this strategic expansion.

### *Segment offshore wind power*

PNE WIND AG: Overview of the offshore project activities per September 30, 2014:

Project	Phase	WES	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 *	3	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
<b>Total</b>		<b>877</b>	<b>4,700</b>

\* PNE WIND AG acts as a 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 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 euro 17 million on the conclusion of the purchase contract. Additional variable instalment payments, which could amount to significantly more than the first payment, will be due to the seller as the projects reach defined points in their development or have been sold.

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

#### “Gode Wind” projects

In August 2012 the offshore wind farms, “Gode Wind” 1 to 3 were sold to the Danish energy group, DONG Energy Power A/S (DONG Energy) - the projects have since been split into “Gode Wind” 1 to 4. The shares in the “Gode Wind” 1 and 2 projects were already transferred 100 percent to DONG Energy. The complete commissioning of the “Gode Wind” 1 and 2 projects is expected to be completed 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 the second phase of “Gode Wind 2” (current project name: “Gode Wind 4”). The hearing for Gode Wind 3 took place in September and proceeded as expected. The project has now reached project development phase 3.

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” 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 installed 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 and should be completed in 2014.

BSH granted the construction permit for the neighbouring "Borkum Riffgrund II" offshore project in December 2011. In 2013, the transmission grid operator TenneT awarded Alstom the contract for the construction of the DolWin3 transformer station, which will connect the wind farms in the North Sea to the high-voltage grid on land. After completion, Dong Energy can use this grid connection to link the planned offshore wind farm "Borkum-Riffgrund II" to the grid. This connection is expected to be completed in 2017.

On the achievement of predefined project development steps in the offshore wind farm project "Borkum Riffgrund II", milestone payments totalling approx. euro 7.0 million are to be made by DONG Energy to PNE WIND AG. Further important project phases are the final investment decision and the commissioning of the project.

#### "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.

#### "Nautilus II" project

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

#### Total offshore

In total, PNE WIND AG was working as at September 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, 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 the 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 nine months of 2014 an EBIT of euro 1.6 million (previous year: euro 1.4 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 nine months of 2014, in accordance with IFRS, a total aggregate output of euro 201.5 million (prior year: euro 60.2 million). Of this, euro 184.1 million was attributable to sales (prior year: euro 43.6 million), euro 15.0 million to changes in inventory (prior year: euro 15.7 million) and euro 2.4 million (prior year: euro 0.9 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 in 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 38.2 million to euro 152.8 million. During the first nine months of 2014, personnel expenses amounted to euro 19.6 million and thus increased in comparison with the amount of the prior year (euro 12.7 million).

The other operating expenses within the Group in the amount of euro 15.7 million (prior year: euro 10.9 million) include primarily expenses from legal and consulting costs, advertising and travel expenses as well as rental and leasing costs.

Depreciation increased to euro 5.7 million versus the prior year period (euro 4.4 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 nine months of 2014, operating income (EBIT) amounted to euro 7.7 million (prior year: euro -6.0 million) and earnings before tax (EBT) amounted to euro -1.3 million (prior year: euro -12.3 million) at the consolidated level. The consolidated net income after minority interests amounted to euro -0.1 million (prior year: euro -12.4 million). The undiluted consolidated earnings per share amounted to euro 0.00 (prior year: euro -0.28) and the diluted consolidated earnings per share amounted to euro 0.00 (prior year: euro -0.23).

The group retained earnings per September 30, 2014 amount to euro 26.7 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 nine months of 2014 was in respect of management remuneration and service payments in the amount of euro 2.8 million (prior year: euro 2.1 million), payments for the use of transformer stations in the amount of euro 1.2 million (prior year: euro 1.0 million) and proceeds from the sale of electricity in the electricity generation sector in the amount of euro 8.7 million (prior year: euro 7.8 million). The consolidated group of WKN AG reported sales of euro 52.6 million (previous year: euro 8.1 million) and an EBIT of euro -5.4 million (previous year: euro 0.6 million) during the first nine months 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 correspond to the expectations of the Board of Management.

#### **b. Financial situation / liquidity**

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

The statement of cash flow gives information on the liquidity situation and the financial situation of the Group. As at September 30, 2014 the Group companies had available liquidity in the amount of euro 75.4 million including the working capital lines available to WKN AG (see explanation below) as well as credit lines for interim project financing, of which an amount of euro 1.5 million is pledged to banks (prior year: euro 88.3 million, of which euro 0.5 million pledged).

The liquidity available is broken down as follows:

- Cash and cash equivalents in the amount of euro 41.0 million,
- Free working capital lines in the amount of euro 9.3 million and
- Interim project financing available in the amount of euro 25.1 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 result of cash flow from ordinary activities shown in the statement of cash flows in the amount of euro -35.2 million (prior year: euro -11.8 million) was primarily attributable to:

- The increase in receivables from long term production contracts arises from wind farms in the realisation 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 -3.5 million (prior year: euro -60.7 million). The cash flow in the period under review was primarily impacted by the investments in substations for the wind farm projects currently being implemented. In the period under review of the previous year, the cash flow was impacted primarily by the purchase of shares in WKN AG.

During the period under report, the result of the cash flow from financing activities in the amount of euro 6.1 million (prior year: euro 85.3 million) was influenced primarily by:

- The payment of the dividend in the amount of euro -8.2 million and
- The repayment and disposal of credit liabilities in the amount of euro -7.1 million as well as the taking of bank loans in the amount of euro 21.4 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 420,700.00 during the reporting period, 191,207 new shares were issued. In addition 1,275,160 new shares were issued following the conversion of 2009/2014 convertible bonds with a nominal value of euro 3,187,900.00 during the reporting period. As at September 30, 2014, the subscribed capital of the Company amounted to euro 56,324,815.00.

As at September 30, 2014 the Group had available cash in the amount of euro 41.0 million (prior year: euro 59.2 million).

PNE WIND AG had cash in the amount of euro 29.7 million, of which euro 1.5 million was pledged to banks as at September 30, 2014 (prior year: euro 31.7 million, of which euro 0.5 million was pledged).

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

**c. Statement of financial position**

<b>Assets (EUR million)</b>	<b>30.09.2014</b>	<b>31.12.2013</b>
<b>Total long term assets</b>	<b>151.1</b>	<b>150.2</b>
Intangible assets	56.0	56.3
Property, plant and equipment	74.2	76.1
Long-term financial assets	8.3	8.6
Deferred taxes	12.6	9.2
<b>Assets designated for sale</b>	<b>0.9</b>	<b>0.8</b>
<b>Total short term assets</b>	<b>273.6</b>	<b>283.9</b>
Inventories	173.1	145.9
Receivables and other assets	58.4	59.4
Tax receivables	1.1	1.2
Cash and cash equivalents	41.0	77.4
<b>Total assets</b>	<b>425.6</b>	<b>434.9</b>

At the date of the statement of financial position, the consolidated total assets of PNE WIND AG amounted to euro 425.6 million. This amount decreased by approx. -2.2 percent in comparison with December 31, 2013.

Total long term assets decreased from euro 150.2 million at the end of 2013 to euro 151.1 million. As at September 30, 2014 intangible assets totalled euro 56.0 million, representing a reduction of euro 0.3 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, mainly due to current depreciation, by euro 1.9 million to euro 75.4 million (December 31, 2013: euro 76.1 million). This item primarily includes land and buildings (euro 17.4 million without the land and buildings of "Silbitz"), transformer stations owned or payments made (euro 10.2 million), as well as the technical equipment and machinery of the "Altenbruch II" wind farm project (euro 26.9 million), the "Passauer Land" solar farm (euro 9.6 million) and the Silbitz timber biomass power plant (euro 5.2 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 273.6 million as at September 30, 2014. This decrease is mainly attributable to a reduction in liquid assets (euro -36.4 million) with a simultaneous increase in inventories (euro 27.2 million). Of the short term assets euro 38.2 million is 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 166.6 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 38.1 million.

As at September 30, 2014 cash and cash equivalents amounted to euro 41.0 million (December 31, 2013: euro 77.4 million).

Liabilities (EUR million)	30.09.2014	31.12.2013
Shareholders' equity	145.7	150.6
Deferred subsidies from public authorities	1.0	1.0
Provisions	12.9	12.1
Long term liabilities	166.7	174.4
Short term liabilities	88.2	85.7
Deferred revenues	11.0	11.1
Liabilities in connection with assets designated for sale	0.1	0.0
<b>Total liabilities and shareholders' equity</b>	<b>425.6</b>	<b>434.9</b>

On the liability side consolidated shareholders' equity decreased from euro 150.6 million (December 31, 2013) to euro 145.7 million as at September 30, 2014. This development was due mainly to the dividend payment for the year 2013. As at September 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 166.7 million. This item consists mainly of financial liabilities in the amount of euro 163.8 million (as at December 31, 2013: euro 172.5 million). These liabilities include the corporate bond issued in May and September 2013 in the net amount of euro 96.0 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 1.1 million has been recorded of which euro 0.7 million was recorded during the first nine months of 2014). Long term liabilities to banks amounted to euro 60.1 million (as at December 31, 2013: euro 60.8 million). The liabilities to banks include mainly:

- The working capital credit line of WKN AG (euro 20.3 million, of which long term euro 20.3 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 6.0 million, of which long term euro 5.1 million),
- The project financing of the “Altenbruch II” wind farm (euro 22.9 million, of which long term euro 19.6 million),

- The project financing of the timber biomass power plant, “Silbitz” (euro 2.7 million, of which long term euro 2.0 million),
- The project financing of wind farm projects in Germany (euro 15.8 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 4.7 million, of which long term euro 4.0 million).

Explanation:

Loan liabilities due in the short term from the take-down of the working capital credit line of WKN AG in the amount of euro 20.3 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 September 30, 2014 the total number of shares issued by PNE WIND AG amounted to 56,324,815. The increase versus December 31, 2013 (54,858,448 shares) resulted from the conversion of convertible bonds in 2014.

PNE WIND AG has undertaken in a contract with the limited partners of the operating company of HKW Silbitz to repurchase their limited partnership shares at the beginning of 2017 at a price of 110 percent of the nominal amount. Due to this undertaking other financial liabilities include a discounted purchase price liability as at September 30, 2014 in the amount of euro 6.3 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 0.4 million.

During the first nine months of 2014, the short term liabilities increased from euro 85.7 million (December 31, 2013) to euro 88.2 million. This includes the amount owed to convertible bond holders in the amount of euro 5.2 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 2014. Convertible bonds that were not converted into shares were repaid at their nominal value totalling euro 648,300.00. 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 14.2 million. Short term financial liabilities, which include short term credit liabilities, decreased from euro 39.0 million (December 31, 2013) to euro 36.9 million. This change was mainly attributable to additions and disposals of short term project financing with maturities of less than one year, which are used upon implementation of the project and which are transferred to the investors after the wind farms are completed. The short term financial liabilities include an amount of euro 139,363.20 from the item “contributions made to implement the agreed capital increase”, which was paid to the Company in the share subscription period by September 30, 2014. Taking into consideration the liquid funds, the net indebtedness on September 30, 2014 was euro 159.7 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 period under review, there were the following transactions with 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 Gonzalez, was a member of PNE WIND AG's Supervisory Board. In the period up to the retirement of Mr. Vazquez Gonzalez from the Supervisory Board, 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.

net.curity InformationsTechnologien GmbH continues to be responsible following Mr. Vasquez Gonzalez stepping down from the Supervisory Board on almost the same contractual basis 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.

## 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 experience with these direct sales during the past few years and will continue to follow this proven course.

In addition, the Company intends to expand its business model: In the future, commissioned wind farms shall be bundled in a new subsidiary, a so-called YieldCo, with the aim of generating additional earnings, both through the management of the YieldCo and by providing commercial and technical operating management services for the wind farms in the portfolio. PNE WIND AG intends to sell this subsidiary in part or completely to investors at a later time.

For the realisation 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.

- / 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

## 11. Major events subsequent to the period under report

### Finalisation of capital measures

On October 1, 2014, PNE WIND AG closed the capital measures resolved by the Board of Management and the Supervisory Board on September 11, 2014 by means of a capital increase and the issuance of a convertible bond. In detail, 13,931,195 new shares (corresponding to approx. 61.10 percent of the total shares offered) were placed with existing shareholders and other investors at a purchase price of euro 2.40 per share. In addition, individual convertible bonds totalling a nominal value of euro 6,565,132.20 were placed from the convertible bond resolved by the Company, which corresponds to approx. 25.67 percent of the total convertible bonds offered. An amount of euro 139,363.20 from the capital increase was paid to the Company already in the share subscription period up to September 30, 2014.

Thus, the number of issued shares increased to 70,256,010 as per October 6, 2014.

PNE WIND AG received total gross proceeds amounting to approx. euro 40 million from the capital measures. PNE WIND AG will use these proceeds to implement the planned strategic expansion of its business model.

## 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 to professionally qualified cooperation based on trust with the project partners and other participants.

It is also important to maintain the network of partners and supporters of our business model which we have built up over many years. Since wind farm projecting is based on general 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 focusing 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 minimizing 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, it 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, WKN AG has not hedged against rising interest rates.

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

Financing risks also exist on the part of our partner companies (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 projects. The purchasers of the project shares have not yet taken a decision to construct the projects. Therefore, it cannot be assumed with certainty that the projects will be realised. A failure of these projects would have no major 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 in the context of direct sales to external investors are delayed. A risk may also occur if the planned YieldCo is not able to take over any projects as is planned or if the shares in the YieldCo cannot be sold wholly or partially. Although these liquidity risks are regarded as low, they would have effects on the future asset, financial and earnings situation of PNE WIND AG.

Refinancing risks may occur taking into account the many years required for project development, when the two participation certificate issues, which are to be repaid in March 2015, of WKN AG expire in December 2014 and when the KfW loan to WKN AG is due in June 2016. The same applies to the working capital syndicated loan agreement of WKN AG, which expires in June 2016.

In respect of wind farms which the PNE WIND Group intends to operate on its own initially, reduced support pursuant to the EEG will lead to lower earnings from the operation of the wind farm for PNE WIND. In addition, the EEG provides for certain reduction criteria, which, when fulfilled, may result in the amount of support being reduced to zero. In the worst case, any delays in the completion of a wind farm or the occurrence of specific events may result in a wind farm being unprofitable and unsellable. This might have significant negative effects on business activity as well as the asset, financial and earnings situation of the PNE WIND Group.

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, which may represent risks for entities which have already started or will start activities abroad in the future. There is the risk that cooperation with partners of existing joint ventures fails, for example, if a joint venture partner withdraws so that the relationships and skills of the joint venture partner regarding the relevant foreign market can no longer be leveraged or that foreign wind farm projects already commenced will come to a halt or will fail. Legal disputes might also arise with the joint venture partner – in particular if the projects managed by the joint venture company cannot be realised as scheduled. This may result in a depreciation of the carrying amount of the respective joint venture company in PNE WIND Group's balance sheet or inventories. All of this may significantly complicate the activity of the company in the relevant foreign market and, in the worst case, lead to a complete failure of the activity in this country. This 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 last in September 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, be unable 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). WKN AG's guarantee credit facility totalling euro 15 million is also to be seen in this context. 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 risks related to any tendering procedures for onshore and offshore wind farms cannot yet be assessed at present, since, to date, there is no concrete information about the structure of the tenders provided in the law.

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, as early as possible, changes in the market situation or the political landscape and to introduce any measures at the right time.

### **Legal risks**

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

The Financial Reporting Enforcement Panel (FREP) informed the Company in August 2014 that it will examine the consolidated financial statements, the separate financial statements and the condensed management and group management report for fiscal 2013 by way of random sampling. The Company declared its readiness to cooperate in the examination and to forward any documents and information requested as well as to respond to questions in connection with random sampling. It cannot be ruled out that the FREP identifies any errors in the context of the random sampling, which may have an impact on the financial figures of PNE WIND AG. This might have significant negative effects on the asset, financial and earnings situation of the PNE WIND Group.

### **Tax risks**

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

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

PNE WIND AG continues its ongoing further development of the business model by establishing a so-called YieldCo. The Company's commissioned onshore wind farms in Germany with a total output of up to 150 MW shall be bundled in this subsidiary, before it will be sold wholly or partly to investors, if possible, by the end of 2016.

The Company intends to benefit in multiple ways from this strategy, which has proven itself to be successful in the USA and the United Kingdom. We anticipate that a portfolio of already commissioned wind farms can be sold at a higher price than individual projects. The reason is that YieldCo investors, mainly major infrastructure and sustainability funds, generally have lower yield expectations than purchasers of wind farms that are in the process of being commissioned. This is also due to the fact that, when selling a whole bundle, purchasers acknowledge that they do not face any construction risks and that they can invest in various sites, which means diversification. Furthermore, PNE WIND AG plans on generating additional revenue through the management of the YieldCo and by providing, insofar as possible, long-term commercial and technical operating management services for the wind farms. Finally, PNE WIND may also benefit from the fact that the YieldCo – also after its sale – will provide an additional sales channel for other wind farm projects.

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 generally stable political conditions and reliable feed-in and promotion regulations and 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 assure their necessary management and controlling rights by means of a significant participation and, in turn, finance almost 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 in several countries. 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 the proposed annual instalment corridor of 2,400-2,600 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 with respect to 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 at the end of 2013. 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, 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. In addition, the on and offshore projecting volume in Germany and abroad is used as a non-financial controlling figure. 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 control system consists of the control and audit departments.

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

The Group accounting department serves as the central contact point for special, 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

*Classification according to the degree of influence*

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

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

Impact				
Very high	Middle	High	High	High
Considerable	Middle	Middle	High	High
Moderate	Low	Middle	Middle	High
Low	Low	Low	Middle	Middle
<b>Probability</b>	Very low	Low	Middle	High

It is the task of the persons responsible to develop and possibly to initiate measures for the avoidance, reduction and securing of risks. The key risks as well as the counter-measures introduced are monitored at regular intervals. 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](http://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 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.

We will continue this ongoing further development of our business model by establishing a so-called YieldCo. Our commissioned onshore wind farms in Germany with a total output of up to 150 MW shall be bundled in this subsidiary, before it will be sold wholly or partly to investors by the end of 2016.

The establishment of YieldCos has proven to be successful in the USA and the United Kingdom and we expect to benefit from taking this step in multiple ways. First of all, we aim to achieve higher prices from the sale of a single portfolio containing commissioned wind farms than we would be able to achieve on individual project sales. The reason for this is that investors in portfolios are generally willing to accept lower returns because they benefit from diversification – the portfolio

is comprised of many wind farms – as well as not being exposed to construction related risks – the wind farms are fully commissioned at the time of sale. These positive attributes play a part in the lower return expectations that YieldCo investors have over our current customers who mainly comprise of infrastructure and sustainability funds. We also plan on generating additional revenue through the management of the YieldCo and by providing long-term commercial and technical management services for the wind parks. Looking forward, the establishment of our YieldCo will represent a new sales channel for the Group and our future projects.

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 projects with approx. 193 MW of nominal capacity are already completed or are under construction. Further wind farm projects have been permitted. Abroad, Group companies have approved projects in the United Kingdom, France, Italy, Poland, Romania 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 and see the prospect to increase our forecast upon the successful implementation of the YieldCo concept.

Cuxhaven, November 10, 2014

PNE WIND AG, Board of Management

# Consolidated statement of comprehensive income (IFRS)

## of PNE WIND AG, Cuxhaven, as at Septmeber 30, 2014

All figures in TEUR (differences due to rounding possible)		III. Quarter 01.07.2014 - 30.09.2014	III. Quarter 01.07.2013 - 30.09.2013	Period 01.01.2014 - 30.09.2014	Period 01.01.2013 - 30.09.2013
1.	Revenues	66,217	21,855	184,134	43,592
2.	Changes in inventories of finished goods and work in process	-135	405	14,985	15,704
3.	Other capitalised contributions	0	0	0	0
4.	Other operating income	752	522	2,383	896
<b>5.</b>	<b>Total aggregate output</b>	<b>66,834</b>	<b>22,782</b>	<b>201,502</b>	<b>60,192</b>
6.	Cost of materials / cost of purchased services	-47,441	-12,149	-152,835	-38,176
7.	Personnel expenses	-6,308	-5,681	-19,638	-12,731
8.	Amortisation of intangible assets and depreciation of property, plant and equipment	-1,954	-1,856	-5,678	-4,414
9.	Other operating expenses	-6,277	-3,502	-15,693	-10,887
<b>10.</b>	<b>Operating profit</b>	<b>4,854</b>	<b>-406</b>	<b>7,658</b>	<b>-6,016</b>
11.	Income from participations	-7	1	7	3
12.	Other interest and similar income	643	77	1,885	676
13.	Expenses from assumption of losses	-11	-19	-21	-19
14.	Interest and similar expenses	-3,867	-3,466	-10,876	-6,906
<b>15.</b>	<b>Result from ordinary activities</b>	<b>1,612</b>	<b>-3,813</b>	<b>-1,347</b>	<b>-12,262</b>
16.	Taxes on income	332	161	364	-421
17.	Other taxes	-10	-25	-89	-55
<b>18.</b>	<b>Profit / loss before minority interests</b>	<b>1,934</b>	<b>-3,677</b>	<b>-1,072</b>	<b>-12,738</b>
19.	Non-controlling interests	-325	-57	-974	-308
<b>20.</b>	<b>Consolidated profit / loss</b>	<b>2,259</b>	<b>-3,620</b>	<b>-98</b>	<b>-12,430</b>
<b>Other income / items that may be reclassified in the future in the profit and loss account</b>					
21.	Foreign currency translation differences	518	235	1,094	-76
22.	Others	0	0	0	0
<b>23.</b>	<b>Other comprehensive income for the period (net of tax)</b>	<b>518</b>	<b>235</b>	<b>1,094</b>	<b>-76</b>
<b>24.</b>	<b>Total comprehensive income for the period</b>	<b>2,452</b>	<b>-3,442</b>	<b>22</b>	<b>-12,814</b>
<b>Consolidated profit / loss for the period attributable to:</b>					
	Owners of the parent company	2,259	-3,620	-98	-12,430
	Non-controlling interests	-325	-57	-974	-308
		<b>1,934</b>	<b>-3,677</b>	<b>-1,072</b>	<b>-12,738</b>
<b>Total comprehensive income for the period attributable to:</b>					
	Owners of the parent company	2,777	-3,385	996	-12,506
	Non-controlling interests	-325	-57	-974	-308
		<b>2,452</b>	<b>-3,442</b>	<b>22</b>	<b>-12,814</b>
	Earnings per share (undiluted), in EUR	0.04	-0.08	0.00	-0.28
	Earnings per share (diluted), in EUR	0.04	-0.06	0.00	-0.23
	Weighted average number of shares in circulation (undiluted), in million	55.6	44.8	55.6	44.8
	Weighted average number of shares in circulation (diluted), in million	58.1	49.6	58.1	49.6

# Abbreviated group balance sheet (IFRS)

## of PNE WIND AG, Cuxhaven, as at September 30, 2014

### Assets

All figures in TEUR (differences due to rounding possible)	as per 30.09.2014	as per 31.12.2013
Intangible assets	56,022	56,343
Property, plant and equipment	74,202	76,089
Long term financial assets	8,260	8,605
Deferred tax assets	12,649	9,150
<b>Long term assets, total</b>	<b>151,133</b>	<b>150,187</b>
<b>Assets held for sale</b>	<b>925</b>	<b>753</b>
Inventories	173,097	145,860
Receivables and other assets	59,476	60,739
Cash and cash equivalents	40,970	77,402
<b>Current assets, total</b>	<b>273,543</b>	<b>284,001</b>
<b>Assets total</b>	<b>425,601</b>	<b>434,941</b>

### Liabilities

All figures in TEUR (differences due to rounding possible)	per 30.09.2014	per 31.12.2013
Subscribed capital	56,325	54,858
Capital reserve	57,678	55,546
Treasury shares	0	0
Retained earnings	51	51
Foreign currency provision	382	-712
Retained profit / loss	26,651	35,173
Minority interests	4,612	5,693
<b>Shareholders equity, total</b>	<b>145,699</b>	<b>150,609</b>
Other provisions	9,603	9,457
Deferred subsidies from public authorities	1,008	1,043
Long term financial liabilities	163,729	172,475
Deferred tax liabilities	3,057	1,913
<b>Long term liabilities, total</b>	<b>177,397</b>	<b>184,888</b>
Provisions for taxes	2,861	1,919
Other provisions	403	735
Short term financial liabilities	36,895	38,979
Trade liabilities	14,225	12,093
Other liabilities	48,070	45,710
<b>Short term liabilities, total</b>	<b>102,454</b>	<b>99,436</b>
<b>Liabilities held for sale</b>	<b>51</b>	<b>8</b>
<b>Liabilities total</b>	<b>425,601</b>	<b>434,941</b>

# Consolidated cash flow statement (IFRS)

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

All figures in TEUR (differences due to rounding possible)	2014	2013
<b>Consolidated net loss</b>	<b>-1,072</b>	<b>-12,738</b>
-/+ Income tax benefit / expense	-364	421
-/+ Interest income and expense	8,991	6,229
-/+ Income tax paid / received	-27	-2,022
+/- Amortisation and depreciation of intangible assets and property, plant and equipment	5,678	4,414
+/- Increase / decrease in provisions	1,013	6,971
+/- Non-cash effective income and expenses	363	28
+/- Increase / decrease of inventories and other assets	-116,157	-58,439
+/- Increase / decrease of trade receivables and stage of completion accounting	-3,213	26,374
+/- Increase / decrease of trade liabilities and other liabilities	75,649	21,261
- Interest paid	-7,227	-4,435
+ Interest received	1,185	177
<b>Cash flow from operating activities</b>	<b>-35,181</b>	<b>-11,759</b>
+ Inflow of funds from disposal of items of property, plant and equipment	192	8
+ Inflow of funds from intangible assets	0	0
- Outflow of funds for investments in property, plant and equipment and intangible assets	-3,660	-1,349
+ Inflow of funds from disposal of financial assets	0	15
- Outflow of funds from investments in financial assets	-3	-12
+ Inflow of funds from disposal of consolidated units	0	0
- Outflow of funds for investments in consolidated units	0	-59,369
<b>Cash flow from investing activities</b>	<b>-3,471</b>	<b>-60,707</b>
+ Additional inflow of funds from shareholders	0	2,758
+ Inflow of funds from minority interests	0	0
+ Inflow of funds from financial loans	21,434	11,704
+ Inflow of funds from the issue of bonds	0	100,000
- Outflow of funds for the transaction costs from the issue of bonds	0	-5,144
- Outflow of funds from the redemption of financial loans	-7,073	-5,618
- Outflow of funds from the redemption of participation rights	0	-5,000
- Outflow of funds from the buyback of own shares	0	-9,241
- Outflow of funds for dividend	-8,229	-4,166
<b>Cash flow from financing activities</b>	<b>6,132</b>	<b>85,293</b>
Cash effective change in liquid funds	-32,520	12,827
+ Change in liquid funds due to changes in scope of consolidation	-3,911	9,759
+ Liquid funds at the beginning of the period	77,402	36,586
<b>Liquid funds at the end of the period*</b>	<b>40,971</b>	<b>59,172</b>
* of which are pledged to a bank as security	1,458	476

Supplementary information: The value of liquid funds corresponds to the "Cash and cash equivalents" item on the balance sheet as at September 30, 2014.

# Consolidated statement of change in equity (IFRS)

## of PNE WIND AG, Cuxhaven, as at September 30, 2014

All figures in TEUR (differences due to rounding possible)	Capital subscribed	Capital reserve	Treasury shares	Profit reserves	Foreign exchange reserve	Retained earnings	Shareholders' equity before minority	Minority interests	Total shareholders' equity
<b>Status as per January 1, 2013</b>	<b>45,786</b>	<b>44,886</b>	<b>-1,510</b>	<b>51</b>	<b>-205</b>	<b>581</b>	<b>89,589</b>	<b>-2,994</b>	<b>86,595</b>
<b>Group result 01-09/2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-12,430</b>	<b>-12,430</b>	<b>-308</b>	<b>-12,738</b>
Purchase of treasury shares	0	0	-9,241	0	0	0	-9,241	0	-9,241
Sale of treasury shares	0	0	10,751	0	0	0	10,751	0	10,751
Dividend	0	0	0	0	0	-4,166	-4,166	0	-4,166
Conversion of convertible bond 2009/2014	4	6	0	0	0	0	10	0	10
Conversion of convertible bond 2010/2014	8,500	9,991	0	0	0	0	18,491	0	18,491
Increase in minority interests due to initial consolidation of WKN AG	0	0	0	0	0	0	0	9,408	9,408
Other items	0	0	0	0	-76	-1,921	-1,997	1,383	-614
<b>Status as per September 30, 2013</b>	<b>54,290</b>	<b>54,883</b>	<b>0</b>	<b>51</b>	<b>-281</b>	<b>-17,936</b>	<b>91,007</b>	<b>7,489</b>	<b>98,496</b>
<b>Status as per January 1, 2014</b>	<b>54,858</b>	<b>55,546</b>	<b>0</b>	<b>51</b>	<b>-712</b>	<b>35,173</b>	<b>144,916</b>	<b>5,693</b>	<b>150,609</b>
<b>Group result 01-09/2014</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-98</b>	<b>-98</b>	<b>-974</b>	<b>-1,072</b>
Dividend	0	0	0	0	0	-8,229	-8,229	0	-8,229
Conversion of convertible bond 2009/2014	1,275	1,906	0	0	0	0	3,181	0	3,181
Conversion of convertible bond 2010/2015	191	227	0	0	0	0	418	0	418
Other items	0	0	0	0	1,094	-196	898	-107	791
<b>Status as per September 30, 2014</b>	<b>56,325</b>	<b>57,678</b>	<b>0</b>	<b>51</b>	<b>382</b>	<b>26,651</b>	<b>141,086</b>	<b>4,612</b>	<b>145,698</b>

# Condensed Notes to the Consolidated Financial Statements

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

## 1. Accounting and valuation policies

The financial report on the first nine 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), as 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 nine months ending September 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 September 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 in companies which are not included in the consolidated financial statements in the context of full consolidation, because of their minor importance, as well as credit 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
<b>Per 30.09.2014</b>			
Short-term financial assets			
Cash and cash equivalents	LaR	40,970	40,970
Receivables from deliveries and services	LaR	38,224	38,224
Other short-term loan receivables	LaR	2,880	2,880
Receivables from affiliated companies	LaR	6,103	6,103
Receivables from associated companies, and those in which an investment is held	LaR	3,226	3,226
Long term financial assets			
Shares in affiliated companies	AfS	1,081	-
Shares in associated companies	AfS	6,211	-
Investments in companies in which an investment is held	AfS	612	-
Other loans	LaR	219	219
Other long-term loans receivable	LaR	137	137
		<b>99,664</b>	<b>91,760</b>
<b>Total loans and receivables</b>		<b>91,760</b>	<b>91,760</b>
<b>Total available for sale financial assets</b>		<b>7,904</b>	<b>-</b>
<b>Per 31.12.2013</b>			
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
		<b>135,853</b>	<b>128,203</b>
<b>Total loans and receivables</b>		<b>128,203</b>	<b>128,203</b>
<b>Total available for sale financial assets</b>		<b>7,648</b>	<b>-</b>
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 7,904 as at September 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 Years	More than 5 Years	Fair Value
<b>Per 30.09.2014</b>						
Trade liabilities	FLAC	14,225	14,225	0	0	14,225
Fixed interest						
Participation certificates	FLAC	3,061	3,061	0	0	3,061
Bonds	FLAC	101,569	5,607	95,962	0	109,904
Liabilities to banks	FLAC	61,958	22,144	26,960	12,854	65,639
Other financial liabilities	FLAC	11,219	4,944	6,275	0	11,880
Liabilities from leasing contracts	FLAC	417	110	307	0	417
Variable interest						
Liabilities to banks	FLAC	20,266	0	20,266	0	20,266
Other financial liabilities	FLAC	0	0	0	0	0
Derivatives						
Interest swaps	FLHFT	2,134	1,029	1,105	0	2,134
		<b>214,849</b>	<b>51,120</b>	<b>150,875</b>	<b>12,854</b>	<b>227,526</b>
<b>Per 31.12.2013</b>						
Trade liabilities	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
		<b>223,546</b>	<b>51,071</b>	<b>157,582</b>	<b>14,893</b>	<b>242,032</b>
FLHFT = available for sale FLAC = financial liabilities at acquisition cost						

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

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

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

As at September 30, 2014 the financial instruments available for sale are valued at TEUR 2,134 (previous year TEUR 1,710) pursuant to the Level 2 of the fair value hierarchy.

### 3. Consolidated group

During the first nine months of 2014 the corporate structure changed.

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),
- WKN GmbH & Co. Windpark Looft II KG, Husum (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 25 percent),
- PNE WIND Park III GmbH & Co. KG, Cuxhaven, (from 100 percent to 25 percent),
- PNE WIND BE Development EOOD, Sofia, Bulgaria (from 80 percent to 100 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,
- PNE WIND Park Calau II D 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 services of the project, and debts 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 services of the project, and debts 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 PNE WIND Park Calau II D GmbH & Co. KG, assets amounting to a total of euro 31.5 million, which primarily represent the capitalised services of the project, and debts amounting to euro 31.5 million were removed from the consolidated balance sheet. The payment received for the sale of the company amounted to TEUR 3. The company's funds removed from the balance sheet as a result of the transaction amounted to euro 0.0 million.

Due to the deconsolidation of WKN Windkraft Nord GmbH & Co. KG, assets amounting to a total of euro 18.7 million, which primarily represent the capitalised services of the project, and debts 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 nine 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 0.4 million. If the present plans are not realised in years 2014 to 2016 this amount might increase to a total of euro 1.0 million.

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

### **Finalisation of capital measures**

On October 1, 2014, PNE WIND AG closed the capital measures resolved by the Board of Management and the Supervisory Board on September 11, 2014 by means of a capital increase and the issuance of a convertible bond. In detail, 13,931,195 new shares (corresponding to approx. 61.10 percent of the total shares offered) were placed with existing shareholders and other investors at a purchase price of euro 2.40 per share. In addition, individual convertible bonds totalling a nominal value of euro 6,565,132.20 were placed from the convertible bond resolved by the Company, which corresponds to approx. 25.67 percent of the total convertible bonds offered. An amount of euro 139,363.20 from the capital increase was paid to the Company already in the share subscription period up to September 30, 2014.

Thus, the number of issued shares increased to 70,256,010 as per October 6, 2014.

PNE WIND AG received total gross proceeds amounting to approx. euro 40 million from the capital measures. PNE WIND AG will use these proceeds to implement the planned strategic expansion of its business model.

# 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 hand, 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 September 30, 2014 are compared with the figures per September 30, 2013 or in the case of segment assets/liabilities the figures per December 31, 2013.

All figures in TEUR (differences due to rounding possible)	Projecting of wind power turbines		Electricity generation	
	2014	2013	2014	2013
External sales	175,882	36,200	8,252	7,393
Inter-segment sales	-1,295	6,760	421	421
Change in inventories	15,016	13,049	0	0
Other capitalised contributions	0	0	0	0
Other operating income	2,508	975	188	5
<b>Total aggregate output</b>	<b>192,111</b>	<b>56,984</b>	<b>8,861</b>	<b>7,819</b>
Depreciation	-2,282	-1,550	-3,396	-2,864
<b>Operating income</b>	<b>239</b>	<b>-5,438</b>	<b>1,622</b>	<b>1,350</b>
Interest and similar income	6,165	2,304	8	535
Interest and similar expenses	-13,027	-6,888	-2,137	-2,200
Taxes	2,123	21	-24	-67
Investments	3,643	1,823	20	131
Segment assets	544,102	541,166	86,546	88,247
Segment liabilities	436,964	426,012	84,110	85,150
Segment shareholders' equity	107,138	115,154	2,436	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., TOV WKN Ukraine, Ukrainische Windenergie Management GmbH, New Energy Association International GmbH, Sevion Sp. z o.o., VKS Vindkraft Sverige AB, WKN Windcurrent SA (Pty) Ltd., NordStrom New Energy GmbH, WKN Windkraft Nord GmbH & Co., BGZ Fondsverwaltung GmbH.

##### 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 18.7.13), 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 Verwaltung GmbH, PNE WIND Park Calau II A GmbH & Co. KG, PNE WIND Park Calau II B GmbH & Co. KG, PNE WIND Park Calau II C GmbH & Co. KG (till 30.6.14), PNE WIND Park Calau II D GmbH & Co. KG (till 30.9.2014), 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	
	2014	2013	2014	2013
	0	0	184,134	43,593
	874	-7,181	0	0
	-31	2,654	14,985	15,704
	0	0	0	0
	-313	-84	2,383	896
	<b>530</b>	<b>-4,611</b>	<b>201,502</b>	<b>60,192</b>
	0	0	-5,678	-4,414
	<b>5,797</b>	<b>-1,928</b>	<b>7,658</b>	<b>-6,016</b>
	-4,287	-2,163	1,885	676
	4,287	2,163	-10,876	-6,925
	-1,734	-375	364	-421
	0	0	3,663	1,954
	-205,048	-194,472	425,601	434,941
	-241,172	-226,831	279,902	284,332
	36,124	32,358	145,698	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 175.2 million (previous year: euro 49.0 million), sales of euro 172.5 million (previous year: euro 34.3 million), operating income of euro 1.3 million (previous year: euro 0.0 million), a share of segment assets of euro 366.6 million (as of December 31, 2013: euro 393.2 million), and an equity share of euro 82.8 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 13.7 million (previous year: euro 6.6 million), sales of euro 1.7 million (previous year: euro 0.8 million), operating income of euro -0.9 million (previous year: euro -3.2 million), a portion of segment assets of euro 146.3 million (as of December 31, 2013: euro 120.2 million) and an equity share of euro 29.2 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. 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 25.5 million, euro 23.3 million, euro 23.2 million, euro 21.6 million and euro 20.1 million (previous year: euro 13.5 million and euro 8.7 million with customers). 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, November 10, 2014

PNE WIND AG, Board of Management

# Imprint

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November 10, 2014

Typesetting and layout:  
cometis AG  
Unter den Eichen 7  
65195 Wiesbaden

Photos: Wolfhard Scheer, Peter Sierigk, Andreas Birresborn, PNE WIND AG

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





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