

# PNE WIND AG

Financial report on the first three  
months and on the first quarter of 2010

# At a glance

## PNE WIND AG – Group figures

<b>All figures in EUR 000</b> (differences from rounding off possible)	<b>01.01.– 31.03.2010</b>	<b>01.01.– 31.03.2009</b>	<b>01.01.– 31.03.2008</b>
Total aggregate output	28,614	88,916	28,464
Revenues	16,396	88,804	30,921
Operating profit (EBIT)	10,228	7,233	1,188
Result from ordinary activities (EBT)	9,348	5,300	645
Result as at March 31	9,321	5,115	562
Equity	79,776	59,793	41,742
Equity ratio (in %)	43.61	36.02	27.45
Balance sheet total	182,924	166,503	152,085
Earnings per share (undiluted)	0.21	0.12	0.01
Average number of shares (in million)	44.5	41.3	41.2

<b>Key data (as at March 31, 2010)</b>	
Securities identification code	A0JBPG
ISIN	DE000A0JBPG2
Number of shares	44,524,966
Market capitalisation as at March 31, 2010	90.3 million euro
Market segment	Prime Standard
Indices	HDax, Mid-Cap-Market-Index, CDAX Technology, ÖkoDAX
Designated sponsors	Commerzbank, VEM Aktienbank, Close Brothers Seydler Bank
Reuters	PNEGn
Bloomberg	PNE3

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# To the shareholders

## Preface

Dear Shareholders

in the first quarter of 2010, the positive development of PNE WIND AG continued. In particular in the offshore area, we managed to achieve major successes. We started the year well also in our other business segments.

For example, through negotiations with the insolvency administrator and the leading banks, we were able to acquire all the project rights in the Gode Wind I offshore project against a single-digit million amount. After we sold 90 per cent of the shares in the project company for an initial payment of euro 25 million in November 2007, we are now the sole owners of this project again. This will offer new opportunities for our Company in the offshore sector.

Furthermore, the Gode Wind II offshore wind farm, which is directly adjacent to Gode Wind I, is currently in a phase of intensive technical development. In this respect, we are working together with the Danish manufacturer of wind power turbines Vestas in order to push ahead with the preparations for the construction of the project. The structuring of the financing has also progressed well. In April 2010, PNE WIND AG mandated Energy Bankers à Paris (EBAP) as financial advisor. The EBAP team will assist PNE WIND AG in procuring non-recourse debt financing for the project from commercial banks and public financial institutions, thus promoting the realisation of our first offshore wind farm.

In addition to the business of developing offshore wind farms, our internationalisation strategy will provide attractive growth opportunities for PNE WIND AG. In the first quarter of 2010, we took further steps to expand our business activities to promising foreign markets. In Europe, we have continued our work on wind farm projects. In Canada, a market offering considerable growth potential, PNE WIND AG has stepped up its activities by setting up a joint venture together with the Canadian firm BCP Renewable Energy Ltd. The two companies had already agreed to collaborate in entering the Canadian wind power market back in 2009. The joint venture, which is now established and in which PNE WIND Ausland GmbH has a 75 percent stake, will further consolidate and strengthen this collaboration.

In addition, we implemented projects in the German market in the first quarter of 2010. In particular, we have been working intensively on the development of seven onshore wind farms with a total capacity of 53 megawatts (MW) and 38 wind power turbines. These wind farms were sold to EnBW Erneuerbare Energien GmbH in December 2009.





The Company's positive trend is also reflected in the business results of the first quarter of 2010. The operating result (EBIT), the decisive indicator for a wind farm developer, amounted to € 10.2 million (previous year: € 7.2 million). This value was influenced significantly by an increase in intangible assets, resulting from the fact that PNE Gode Wind I GmbH was included in our scope of consolidation again. This addition results from the difference between the low purchase price for the shares in the project company and the actual value of the project right. In accordance with the accounting standards IFRS 3 (revised) to be applied for the first time in the current fiscal year, all interests resulting from the business combination are to be remeasured at the acquisition date at their fair value - including the minority interests of 10 percent previously held by PNE WIND AG.

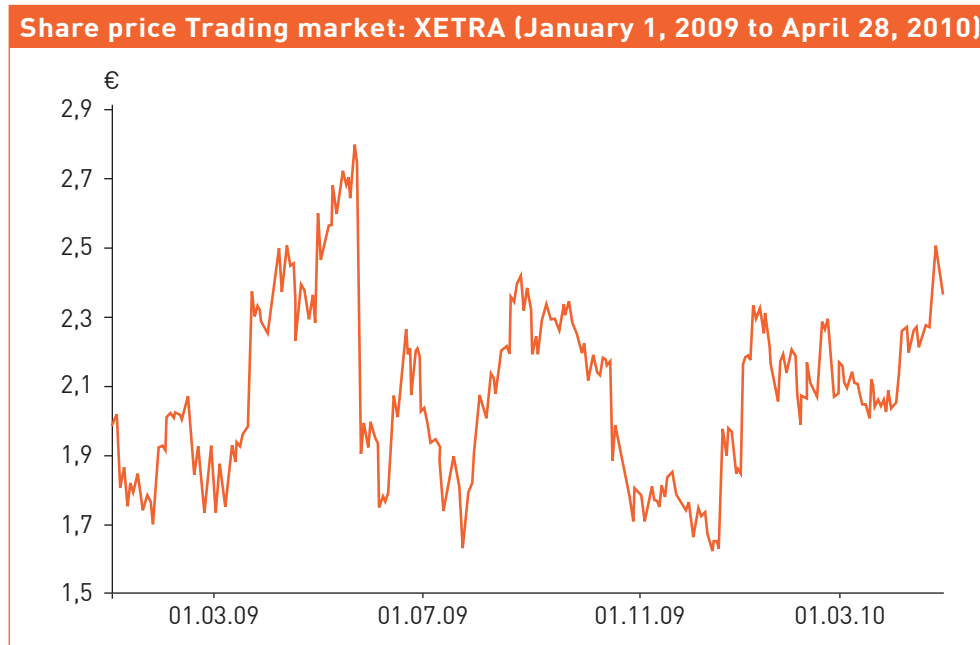
Against the background of the Company's promising competitive position in the still growing market for wind energy, we are assuming that PNE WIND AG will continue to develop positively in the future. We are confronted with imponderables in the project development field, such as the duration of permit procedures or weather conditions as well as the fact that the complete project planning for a wind farm lasts an average of three to five years. Nevertheless, we are able to indicate a certain range for the expected results: We are confident that the EBIT of PNE WIND AG in the next three years will amount to at least 42 to 54 million euro over the whole period.

We thank you, dear shareholders, for your loyalty and your confidence.

Martin Billhardt  
- Chairman of the Management Board -

# To the shareholders

## The share



The current fiscal year started extremely positively for the shares of PNE WIND AG. Starting from a price per share of € 1.82, they rose up to the previous annual high of € 2.32 by the middle of January, which corresponds to an increase by approximately 27 percent in this short period. In the further course of the reporting period, the price fluctuated between € 1.97 and € 2.27 per security. At the end of the first quarter of 2010, the shares were listed at € 2.03 per share, which means a market capitalisation of about € 90.3 million on March 31, 2010. Accordingly, the share price improved by approximately 11.5 percent compared to the beginning of the year.

In particular after the publication of the report on the past fiscal year, the positive development of the shares was confirmed. The shares continued their upward trend in the second quarter of 2010. In the middle of April, the PNE shares were listed at around € 2.25, which means that their price increased further compared to the end of the first quarter.



## Shareholder structure

At the end of the reporting period, no investor held more than 3 percent of the voting shares in PNE WIND AG. In accordance with the definition of Deutsche Börse AG, the portion of the shares in PNE WIND AG in the free float is currently 100 percent.

## Director's dealings

30,000 shares were attributable to the Chairman of the Board of Management, Martin Billhardt, on March 31, 2010. In addition, the member of the Board of Management Bernd Paulsen held 2,500 shares. Alfred Mehrtens from the Supervisory Board had a stake of 346 shares.

## Financial calendar

May 19, 2010	Annual shareholder meeting
August 9, 2010	Half-year report
November 8, 2010	Report on the third quarter
November 22 - 24, 2010	Analyst conference/German Equity Form

## Additional information

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

# Group management report

## Combined management and Group management report of PNE WIND AG, Cuxhaven, for the first three months 2010

### 1. Market / overall general economic conditions

The past fiscal year was characterised by the most serious global recession since the world economic crisis in 1929. Notwithstanding the continuing financial and economic crisis, the market for wind power developed extremely positively during the past year again. In view of the initial indications of economic recovery, we assume that this trend will continue. In spite of the changed attitude of the banks with regard to the granting of loans, the financing of wind farm projects has remained possible.

PNE WIND AG expects in the medium to long term additional positive effects for the wind power market in Germany from the start-up of repowering (i.e. the replacement of old by new wind power turbines). Initial indications for this appeared already in 2009, a year in which wind farms with a capacity of 136 MW were repowered throughout the Federal Republic. In 2008, this value amounted to only 24 MW.

The construction of offshore projects is also viewed as a further growth driver for both the national as well as the international wind energy market. 2009 was already a record year for the European offshore wind power industry with the additional construction of 582 MW. From this it is clear that the expansion of offshore wind power is already in full swing in Europe. This process will accelerate even further during the next few years. Experts of the EWEA thus expect that an additional ten offshore wind farms with a total output of about 1,000 MW will be connected to the grid in 2010. The amount of the prior year would thus be exceeded substantially. The sector is gaining in importance also from a financial point of view: whereas the revenues of the offshore wind industry earned throughout Europe in the prior year still amounted to approximately euro 1.5 billion, the European association expects for 2010 about euro 3 billion.

In German waters only one offshore test field, the "Alpha Ventus", is currently connected to the grid. 27 additional projects have, however, already been approved by the Federal Office for Shipping (BSH). Offshore wind power in Germany thus has substantial potential for expansion. The current initiative of nine neighbouring states to construct a high tension network in the North Sea represents a major milestone in this respect; the sustainable use of wind power at sea finally requires a high performance electricity network. In the long term this will constitute a substantial support for offshore wind power and will contribute considerably to the protection of the climate. As a result offshore wind power represents a major pillar of the future supply of electricity in Europe. From this there result market opportunities for solid, long established players with good networks.





The reasons for the strong growth of the market for wind power lie on the one hand in the increasing economic scarcity and on the other hand in the ecological necessities. The Federal Republic of Germany therefore has obliged itself to particularly ambitious targets. It is planned to reduce the emission of greenhouse gases by 40 percent up to 2020 in comparison with 1990. The Federal Government confirmed this claim in its coalition agreement at the end of 2009 and reconfirmed it in its annual economic report in 2010. In accordance with this the objective is maintained of expanding the share of renewable energies in the production of electricity from currently around 16 percent to 30 percent up to the year 2020. In this respect wind power gains particular importance as the currently technically most advanced and efficient technology for the regenerative production of electricity: its share in the national production of electricity should increase from currently around 6 percent to 15 percent by the year 2020. The Government sees enormous growth potential particularly in the offshore sector. Neither the European nor the German climate targets can be achieved without the expansion of offshore wind power. As a result further positive effects are to be expected from this development on the German wind power industry.

Overall the market for wind power turbines for the generation of electricity is growing strongly and on a sustainable basis. Many established manufacturers of wind power turbines have expanded their production capacities internationally, in order to satisfy the growing demand. At the same time new companies are entering the market, above all in India and China. As a result the number of suppliers of wind power turbines is growing, whereby a cushioning effect can be expected on the development of prices.

For the future industry experts expect a continuation of the course of growth which has developed. The International Energy Agency (IEA) reckons with a continuous expansion of wind power during the next few years, due to the rising costs of energy on the one hand and the decline in investment costs on the other. For this reason the general economic conditions for PNE WIND AG can continue to be considered to be positive in spite of the current economic challenges.

## 2. General political conditions

The general political conditions for the further expansion of wind power for the production of electricity continue to be viewed as very positive internationally. Although the World Climate Conference in Copenhagen did not result in any agreement for obligatory determined measures for an improved protection of the climate, numerous

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states are maintaining their policies for the expansion of renewable energies and are strengthening their efforts. For example, within the context of its “Crown Estate” process the United Kingdom thus invited tenders for offshore wind farms with a nominal output to be installed of about 32,000 MW. The US government set the course for a comprehensive expansion of electricity networks with an investment volume of approximately three billion US dollars, in order to extend these networks for a higher volume of feed-in of electricity from renewable energies and in particular from wind power.

The general political conditions also remain positive in the Federal Republic of Germany. The key foundation stone for the expansion of wind power remains the Renewable Energies Law (EEG). It regulates inter alia the priority feed-in of electricity from renewable sources as well as the remuneration to be paid for these, both for wind power turbines on land (onshore) as well as at sea (offshore).

For electricity from offshore wind farms an initial remuneration of 15 cents / KWH will be paid, if these wind farms are put into operation up to the end of 2015. As a result the remuneration reaches the usual international level and improves clearly the long term calculable economic efficiencies of offshore wind farm projects.

The remuneration for electricity from wind power turbines (WPT) on land currently amounts to 9.1 cents / KWH. For electricity from wind power turbines, which are equipped with a technique to stabilise the electricity network, a “system service bonus” of 0.5 cents / KWH is paid in addition. Furthermore, for wind power turbines constructed within the context of repowering (replacement of old WPT’s by modern and more efficient WPT’s) a “repowering bonus” of 0.5 cents / KWH will also be due. A secure basis for the long term yield calculation thus exists for wind farm projects in Germany. The degression, i.e. the annual reduction of the remuneration tariffs, amounts to only 1 percent since the amendment of the Renewable Energies Law (EEG).

The Board of Management of PNE WIND AG views this legal basis as the pre-requisite for a continuation of the positive development of the business in Germany during the next few years.



### 3. Corporate structure

The corporate structure changed in the first three months of fiscal 2010 versus December 31, 2009.

In the first quarter of the 2010 fiscal year, the following companies were included for the first time in the scope of consolidation:

1. PNE BCP WIND INC, Saskatoon, Canada (75 percent shareholding through PNE WIND Ausland GmbH, Cuxhaven)
2. PNE WIND PARK Dobrudja OOD, Stara Zagora, Bulgaria (51 percent shareholding through PNE WIND Ausland GmbH, Cuxhaven)
3. PNE Gode Wind I GmbH, Cuxhaven (100 percent shareholding through PNE WIND AG, Cuxhaven)

There were no major effects from the events set forth in 1. and 2. above on the Company's results of operations, financial position and net assets. The effects from the inclusion of PNE Gode Wind I GmbH in the scope of consolidation are described in "6. Summary of business activity".

The following shareholdings in consolidated companies were increased in the first quarter of 2010:

- PNE WIND GM Hungary Kft., Hungary, from 79 percent to 100 percent

There were no major effects from this event on the Company's results of operations, financial position and net assets.

The following wind farm company was deconsolidated in the first quarter of fiscal year 2010:

- Plambeck Neue Energien Windpark Fonds CVI GmbH & Co. KG, Cuxhaven

As a result of the deconsolidation of this company, assets totalling € 2.0 million and liabilities totalling € 2.0 million were eliminated from the balance sheet. In the first quarter of the 2010 fiscal year, the Company recorded revenues of € 0.1 million and EBIT of € 0.0 million.

The following company was renamed in the first quarter of 2010:

- PNE WIND Yambol OOD in PNE WIND Straldja-Kamenec OOD

# Group management report

## 4. General accounting principles

In the financial report on the first three months of the 2010 fiscal year as at March 31, 2010, the Company applied the same accounting and valuation methods as were applied in the consolidated financial statements as at December 31, 2009, except for the standard, IFRS 3 (revised) „Business Combinations“ and IAS 27 (revised) “consolidated financial statements and separate statements”, which was to be applied for the first time in the 2010 fiscal year.

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

## 5. Organisation and employees

On March 31, 2010, the PNE WIND AG Group employed 147 people in total (previous year: 126). The employees of the subsidiaries are included in this number. Of these employees (including the members of the Board of Management), 100 were employed at PNE WIND AG on the reporting date (as at December 31, 2009: 93). 47 people were employed at PNE Biomasse AG (18 employees) and PNE WIND Betriebsführungs GmbH (21 employees) as well as at foreign companies (8 employees). PNE WIND AG reacted with this moderate increase in the number of employees to the increased business activity and simultaneously formed the basis for the continuation of the previous course of growth.

## 6. Summary of business activity

### **Wind power segment**

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

In the first quarter of the 2010 fiscal year, PNE WIND AG continued its operating business in the sector of wind power onshore in Germany on a consistent basis. The Görike wind farm in Brandenburg with a nominal output of 10 MW was completed and commissioned in the period under review. The wind farm Leddin II in Brandenburg, which had been completed and commissioned in December 2009, was handed over to the purchaser EnBW Erneuerbare Energien GmbH in the reporting period.

In total, PNE WIND AG worked on onshore wind farm projects in Germany, with a total output of 804 MW to be installed, as at March 31, 2010 in various phases of project development. Of these, two projects with a nominal output to be installed of about



10 MW were under construction as at the reporting date. Their completion is planned for the first half year of 2010. For a further five projects with a nominal output of 31 MW, the permits required for the start of construction were already obtained by March 31, 2010. Additional permits for onshore wind farm projects in Germany are expected in the short term.

The Company also managed to continue the development in foreign markets on a consistent basis.

We intensified our activities in the Canadian wind power market. For the development of wind farm projects in Canada, the subsidiary PNE Ausland GmbH set up a joint venture company together with the Canadian firm BCP Renewable Energy Ltd. The two companies had already agreed to collaborate in entering the Canadian wind power market back in 2009. The joint venture, which is now established and in which PNE WIND Ausland GmbH has a 75 percent stake, will further consolidate and strengthen this collaboration. Operational cooperation on the Canadian wind market is through PNE WIND USA Inc. Over 4200 hectares of land in Canada suitable for wind farms have already been acquired, enough to allow the construction of wind farms with a rated output of 330 MW. This is the project portfolio with which the joint venture is to tender for contracts from the regional energy supplier SaskPower for electricity from wind farms in the Canadian province of Saskatchewan.

This results in attractive market and growth perspectives for PNE WIND AG in Hungary, Bulgaria, Romania, Turkey, the United Kingdom, Canada and in the USA. The Board of Management is therefore confident that it will be able to increase the corporate growth further through the internationalisation of wind farm project planning.

#### *Wind power offshore sub-division*

PNE WIND AG also achieved progress in the offshore sector.

In the period under review, PNE WIND AG was able to acquire all the shares in the "Gode Wind I" offshore project. The Dutch group Econcern, whose subsidiary Evelop was a partner of the project company Gode Wind I GmbH, surprisingly filed a petition for bankruptcy in May 2009. The project rights are still held by the project company PNE Gode Wind I GmbH, in which PNE WIND AG had a stake of 10 percent in the 2009 fiscal year. On February 10, 2010, PNE WIND AG acquired the remaining 90 percent of the shares in Gode Wind I GmbH.

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In accordance with the accounting standards IFRS 3 (revised) to be applied new for the first time in the current fiscal year, all interests resulting from the business combination are to be remeasured at their fair value at the acquisition date - this includes the minority interests of 10 percent previously held by PNE WIND AG. This has resulted in income from the remeasurement of these previously held shares.

The fair values of identifiable assets and liabilities of PNE Gode Wind I GmbH, Cuxhaven, at the acquisition date were as follows:

All figures in EUR 000	Recognised upon acquisition	Book value
Project rights	17,433	0
Property, plant and equipment	3,721	3,721
Trade receivables	6	6
Liquid funds and short-term investments	88	88
Other provisions	33	33
Liabilities to shareholders	0	469
Other liabilities	64	64
Deferred tax liabilities	249	25
<b>Fair value of net assets</b>	<b>20,902</b>	<b>3,224</b>
Cost of the business combination	11,370	
Income from the remeasurement of old shares	1,712	
<b>Income from initial consolidation (bargain purchase)</b>	<b>9,532</b>	

In connection with the acquisition and release of the collateral, PNE WIND AG will pay a single-digit euro million amount, which might increase again by an identical single-digit euro million amount under certain conditions. The total cost of acquisition for this business combination amounted to € 11,370 thousand. Cost includes the purchase price of € 1 for 90 percent of the shares. Since the shares of the previous owner were pledged to The Royal Bank of Scotland N.V., Amsterdam, Netherlands (RBS), PNE WIND AG has to pay an additional amount of up to € 9,327 thousand for their release. Furthermore, the fair value of the previous investment of 10 percent (€ 2,043 thousand) must be included in the cost of the business combination.



PNE Gode Wind I, Cuxhaven, will be fully consolidated in the Group.

<b>All figures in EUR 000</b>	
Outflow of funds due to the acquisition	5,000
Recognition of a current purchase price liability	4,327
Fair value of the old shares	2,043
<b>Cost of acquisition for the business combination</b>	<b>11,370</b>
Cash acquired together with the subsidiary	-88
Minus Income from remeasurement of old shares	-1,712
<b>Effective outflow of cash/liability</b>	<b>9,570</b>

Since the acquisition date, PNE Gode Wind I, Cuxhaven, has not generated any sales and has achieved insignificant results. Had the business combination been effected at the beginning of the year, the contributions to revenue and earnings would have been negligible.

At the end of the first quarter of the 2010 fiscal year, the offshore division of PNE WIND AG was working on six offshore wind farm projects in the North Sea and the Baltic Sea, which were in various phases of project development. For the "Gode Wind I and II" projects, the permits have already been obtained from the Federal Office for Shipping and Hydrographics (BSH). The further offshore projects are currently in the planning and application stage. In accordance with the current planning status, a total of 476 wind power turbines can be erected in these wind farms. Decisive for the exact number is inter alia the nominal output of the wind power turbines to be selected, which will be between 3 and 5 MW. In total, the planned, realistic nominal output of our offshore projects will amount to approximately 2,400 MW.

As regards the offshore wind farm projects „Borkum Riffgrund I and II“, which were sold completely to the Danish energy supply group DONG Energy Power, we agreed with this group that PNE WIND AG will cooperate further in the development of these two projects and will be active as a service provider for DONG Energy Power.

### **Electricity generation division**

All the activities of Group companies, which are attributable directly to the production of electricity from renewable energies, are combined in the electricity generation division. This division therefore also includes the Altenbruch II and Laubuseschbach wind farms, which are operated by PNE WIND AG itself, as well as PNE Biomasse AG,

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which, in accordance with the agency agreement, provides the personnel for the Silbitz biomass power station, which is also included in this segment. In addition, the division includes shares in limited partnerships, which are intended to implement future onshore wind farm projects.

In the context of segment reporting, current revenues of these wind farms are included in the electricity generation segment up to the successful sale of the wind farms and their delivery to the operators. During the first quarter of the 2010 fiscal year, the total of these revenues amounted to a share of € 0.1 million in consolidated revenues. Until the deconsolidation, the companies contributed an amount of € 0.0 million to consolidated EBIT.

The electricity generation division has thus continued to develop further in the first quarter of 2010.

## 7. Sales and earnings situation

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

The Group of PNE WIND AG achieved a total aggregate output of € 28.6 million in the first quarter of 2010 (previous year: € 88.9 million) in accordance with IFRS. Of this, € 16.4 million was attributable to revenues (previous year: € 88.8 million), € 0.7 million to changes in inventories (previous year: € -5.7 million), and € 11.5 million to other operating income (previous year: € 5.8 million). Other operating income includes an amount of € 11.2 million from initial consolidation and the related enterprise measurement of PNE Gode Wind I GmbH in accordance with IFRS 3 (revised).

When compared with the previous year, the change in the Group's operating activity is also reflected in the expense items. Due to the decrease in the number of completed wind farms, the cost of materials declined from € 76.7 million to about € 11.9 million on the reporting date. In the first quarter of 2010, the personnel expenses amounted to € 2.6 million and thus increased in comparison with the amount of the prior year period (€ 2.2 million). The main reason is the higher number of employees in the Group, which increased from 126 as at March 31, 2009 to 147 as at March 31, 2010.





Other operating expenses in the Group of € 2.6 million (previous year: € 2.2 million) include primarily expenses from legal and consulting expenses, advertising and travel expenses as well as rental and leasing expenses.

Depreciation and amortisation changed from € 0.6 million in the previous year to € 1.2 in the current fiscal year. The reasons for the increase in this value are the Altenbruch II wind farm, which has been operated by the Company itself since May 2009, and the biomass power station Silbitz GmbH und Co. KG, which was included in the scope of consolidation for the first time in the third quarter of 2009.

Until and due to the deconsolidation of the one wind farm company in the first quarter, it contributed € 0.1 million to revenues and € 0.0 million to the EBIT of the Group.

The Group achieved an operating profit (EBIT) of € 10.2 million (previous year: € 7.2 million) and results from operating activities (EBT) in the amount of € 9.3 million (previous year: € 5.3 million) during the first quarter of 2010. Consolidated net income before minority interests amounted to € 9.3 million (previous year: € 5.1 million). The basic consolidated earnings per share from continuing operations amounted to € 0.21 (previous year: € 0.12) and the diluted consolidated earnings per share from continuing operations to € 0.21 (previous year: € 0.12).

The cumulative balance sheet result of the Group amounted to € -6.8 million as at March 31, 2010 (previous year: € -29.3 million).

The results of the Group correspond to the expectations of the Board of Management.

## 8. Financial situation / liquidity

The cash flow statement provides information on the liquidity situation and the financial position of the Group. As at March 31, 2010, the Group companies had available liquidity, including credit lines for project bridge financing, in the amount of € 58.6 million, of which € 0.6 million is pledged to banks (previous year: € 32.1 million, of which € 0.7 million was pledged).

As at March 31, 2010, no overdraft facilities were taken up by the Group.

The cash flow from operating activities shown in the cash flow statement totalling € -5.4 million (previous year: € 52.9 million) was characterised mainly by the decon-

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solidation effects of PNE Gode Wind I GmbH on the Group. Non-cash earnings effects from the consolidation of about € -10.8 million are shown in the cash flow from operating activities, this resulting in a negative cash flow from operating activities.

The cash flow from investing activities was affected in the period under review by € -5.7 million (previous year: € -3.0 million) due to investments in property of the Group. This figure was attributable primarily to investments for the purchase of the shares in PNE Gode Wind I GmbH (€ 5 million) and the further development of offshore projects. Acquisition of the shares in PNE Gode Wind I GmbH as well as in the further development of offshore wind farm project Gode Wind II and other offshore projects was financed by own funds.

In the period under review, the cash flow from financing activities totalling € -2.9 million (previous year: € -49.4 million) was characterised mainly by the redemption and retirement of credit liabilities in connection with the deconsolidation of one wind farm company in the amount of € -2.0 million.

As at the balance sheet date of March 31, 2010, the Company had total available liquidity of € 27.7 million (previous year: € 30.0 million).

## 9. Asset situation

### a) Group

#### Assets

All figures in EUR million (differences from rounding off possible)	31.03.2010	31.12.2009
Intangible assets	40.2	22.9
Property, plant and equipment	77.8	76.2
Long-term financial assets	0.3	0.6
Deferred taxes	1.9	1.8
Inventories	11.2	10.6
Receivables and other assets	23.8	22.8
Cash and cash equivalents	27.7	41.5
<b>Balance sheet total</b>	<b>182.9</b>	<b>176.4</b>



As at the balance sheet date, the consolidated balance sheet total of PNE WIND AG amounted to € 182.9 million, which corresponds to an increase of about 4 percent as compared to December 31, 2009. The main reasons for this change were the acquisition of the shares and initial consolidation of PNE Gode Wind I GmbH, which resulted in an increase in intangible assets and property, plant and equipment and in a decrease of cash and cash equivalents as well as in ongoing payments for the operating business, resulting in lower liquid funds. Long-term assets increased from about € 101.5 million at the end of 2009 to € 120.2 million at present. Intangible assets totalled € 40.2 million as at March 31, 2010, which corresponds to an increase of about € 17.3 million as compared to € 22.9 million at December 31, 2009. By far the largest single elements in this item are the goodwill of the „projecting of wind power turbines“ division in the amount of € 20.0 million and the project rights recognised upon the initial consolidation of PNE Gode Wind I GmbH in the amount of € 17.3 million. At the same time, property, plant and equipment increased by about € 1.6 million to € 77.8 million (December 31, 2009: € 76.2 million). This item includes mainly land and buildings (€ 15.1 million), transformer stations owned or under construction (€ 8.8 million), equipment under construction related to the projects Gode Wind II (€ 2.8 million) and Gode Wind I (€ 3.7 million) as well as the technical equipment and machinery of the Altenbruch II wind farm project (€ 37.6 million) and of the Silbitz biomass power station (€ 7.6 million, including land and buildings of € 3.3 million).

Current assets saw a decrease in the period under review from about € 74.9 million (December 31, 2009) to € 62.7 million as per March 31, 2010. Receivables and other assets increased from about € 22.8 million (December 31, 2009) to about € 23.8 million. € 5.8 million thereof is attributable to trade receivables (December 31, 2009: € 3.6 million). Receivables from long-term construction contracts in the amount of € 14.6 fell versus December 31, 2009 (December 31, 2009: € 17.1 million).

Work in process, which is included in inventories, increased from € 8.7 million on December 31, 2009 to € 9.4 million on the reporting date.

As at March 31, 2010, cash and cash equivalents amounted to € 27.7 million (as per December 31, 2009: € 41.5 million).

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## *Equity and liabilities*

<b>All figures in EUR million</b> (differences from rounding off possible)	<b>31.03.2010</b>	<b>31.12.2009</b>
Equity	79.8	70.5
Deferred subsidies from public authorities	1.2	1.2
Provisions	4.1	4.1
Long-term liabilities	55.8	32.9
Current liabilities	33.1	59.3
Deferred revenues	8.9	8.4
<b>Balance sheet total</b>	<b>182.9</b>	<b>176.4</b>

Consolidated equity increased from € 70.5 million (December 31, 2009) to € 79.8 million as at March 31, 2010. This increase was due to the Group's positive results in the first quarter of 2010. The equity ratio of the Group was about 44 percent as at March 31, 2010 (December 31, 2009: about 40 percent) and the debt to equity ratio about 56 percent (as at December 31, 2009: about 60 percent). Due to the restructuring of the short-term interim project financing used in the last year for the Altenbruch II wind farm project to long-term project financing in the first quarter of 2010, long-term liabilities increased significantly from € 32.9 million to about € 55.8 million. This item consists mainly of financial liabilities of € 53.9 million. It includes liabilities to banks of € 43.6 million. The main items of credit liabilities are the project financing of the Altenbruch II wind farm (€ 32.5 million) and of the Silbitz biomass power station (€ 5.4 million) as well as the funds for the building at the corporate headquarters in Cuxhaven (€ 4.8 million). PNE WIND AG gave a contractual commitment to the limited partners participating in the operating company of the Silbitz biomass power station to repurchase their limited partnership shares at the beginning of 2017 at a price in the amount of 110 percent of the nominal value. As a result of this commitment, the item "Other financial liabilities" as at March 31, 2010 includes a discounted purchase price liability amounting to € 4.4 million.

During the period under review, the current liabilities decreased from € 59.3 million (December 31, 2009) to € 33.1 million. The main reason was the restructuring of the short-term interim project financing used in the last year for the Altenbruch II wind farm project to long-term project financing in the first quarter. When offsetting liquid funds, net liabilities amounted to € 26.4 million at the end of the reporting period (December 31, 2009: € 15.5 million).



PNE WIND AG offered the limited partners of HKW Silbitz GmbH & Co. KG a distribution guarantee up to 2016, which was credited to the provisions at a discounted amount of € 1.0 million.

## 10. Transactions with closely related companies and persons

In the first quarter of 2010, there were the following transactions with related persons:

PNE WIND AG and PNE WIND Betriebsführungs GmbH have concluded consulting contracts for the provision of EDP services with net.curity InformationsTechnologien GmbH, whose managing shareholder is the member of the Supervisory Board, Rafael Vazquez Gonzalez. In the first quarter of 2010, transactions were effected in this respect with a net volume of € 49,522.51. The transactions were based on the arms' length principle.

## 11. Sales and marketing

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

## 12. Development and innovations

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

## 13. Major events following the end of the period under report

No major events that have had effects on the financial position, net assets and results of operations of PNE WIND AG have occurred following the end of the reporting period.

However, the Company made good progress in financing the "Gode Wind II" project. PNE WIND AG mandated Energy Bankers à Paris (EBAP) as financial advisor for this project. EBAP will assist PNE WIND AG in procuring non-recourse debt financing for the project from commercial banks and public financial institutions.

# Group management report

## 14. Report of opportunities and risks

### **General factors**

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

### **Risks from operating activities**

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

Time delays can occur in the implementation of the projects also due to the uncertain date of the issuing of approvals, 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 these sites.

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



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

Risks in respect of project realisation could result from a continuation of the financial crisis and the reticence resulting therefrom on the part of the banks with regard to project financing. Nevertheless, the Kreditanstalt für Wiederaufbau (KfW), which is active in project financing, announced in January 2009 in agreement with the Federal German Government that it would extend the financial volume for project financing to up to euro 50 million per project and to extend the durations up to 15 years.

Financing risks also exist on the part of our partner companies with regard to offshore wind farm projects. According to the progress of the project payments are still due to PNE WIND AG for the Borkum Riffgrund I and II projects. The purchaser of the project shares, the Danish DONG Energy Power, has, however, not yet made any financing decision to date. One cannot assume with any certainty that the final decision will be taken to realise these projects. A failure of the projects would have substantial effects on the asset, financial and earnings situation of PNE WIND AG.

As is the case with other wind farm projects, PNE WIND AG will seek a strong financial project partner or create other financing possibilities for the Gode Wind I and II projects, in which PNE WIND AG again holds all the shares since February 2010. In this respect, it cannot be assumed with certainty that the financing will actually be secured. However, the Company made significant progress in financing the "Gode Wind II" project in April 2010. PNE WIND AG mandated Energy Bankers à Paris (EBAP) as financial advisor for this project. EBAP will assist PNE WIND AG in procuring non-recourse debt financing for the project from commercial banks and public financial institutions. In view of this progress and due to the improved general conditions since 2009 for offshore wind farms in the German Exclusive Economic Zone and the favourable location of the projects with regard to their respective distance from the land and the depth of the water, PNE WIND AG nevertheless estimates that the opportunities for realisation of the approved offshore projects are high.

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

# Group management report

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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 and suppliers (f.e. foundations) and the agreement for delivery on schedule. In this respect PNE WIND AG has concluded corresponding contracts with Vestas.

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.

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

Financial risks could also arise from the lawsuit issued against PNE WIND AG for the reversal of the sale of the shares in the Danish SSP Technology A/S. PNE WIND AG has been issued a lawsuit by SSP Technology Holding ApS, which acquired from PNE WIND AG its 67.26 percent participation in SSP Technology A/S in July 2008, after entering into a share purchase agreement concluded with Ventizz Ltd. The lawsuit pending at the District Court in Stade demands primarily the reversal of the sale of the majority shareholding in SSP Technology A/S, which was previously held by PNE WIND AG, whereby apart from the repayment of the purchase price of approximately € 34.54 million, PNE WIND AG should also reimburse an additional € 19.74 million of other costs of the plaintiff, i.e. a total of € 54.28 million. The reasons for the claim being made are above all the apparent defects in the corporate planning for SSP Technology A/S which was presented at the time within the context of the contract negotiations. In the form of assistance the plaintiff is demanding through the lawsuit a payment of approximately € 8.64 million due to the apparent violation of a guarantee concerning the balance sheet of SSP Technology A/S, which was agreed in the share purchase agreement concluded in June 2008. The Board of Management





of PNE WIND AG is of the firm opinion that the lawsuit is fully unfounded and that there are thus little chances of success. This corresponds also to the initial preliminary evaluation of the legal consultants and accountants who have been retained by PNE WIND AG. In accordance with the current status a provision with effect on the profit and loss account has been set up only for court expenses.

### **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. Deterioration is, however, not to be feared in the medium term, since the Renewable Energies Law (EEG) was amended on January 1, 2009 and entered into force. The next amendment is expected in 2012 on the basis of an experience report, which the Federal German Government must submit to the German Parliament by up to December 31, 2011. 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 recognize at an early stage 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 influence on the development of the Company.

### **Tax risks**

PNE WIND AG and its subsidiaries are currently active in 8 countries in the world and are thus subject to many different tax laws and regulations. Changes in tax laws and regulations 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.

# Group management report

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, 2002 up to and including December 31, 2005. Any differences determined were taken into account in the annual report and the consolidated financial statements 2008, insofar as these had an effect on taxes on income.

## **Opportunities**

As a project manager of onshore and offshore wind farms PNE WIND AG is active in an attractive growth market. Independent studies assume high rates of growth for wind power during the next few years due to the finite state of fossil fuels, the pressure for the reduction of CO<sub>2</sub> emissions as well as the requirement for secure sources of energy. In this respect PNE WIND AG has available from its many years of activity in the market the pre-requisites in order to benefit in the long term from this development.

The activities abroad offer special opportunities for the Company. PNE WIND AG has thus already expanded its business activity into attractive growth markets. In this respect this expansion has taken place primarily in countries with stable political general conditions and with reliable support regulations comparable with the German Renewable Energies Law (EEG). In order to take into consideration sufficiently the corresponding local conditions, the market introduction always takes place in cooperation with a local partner, whereby PNE WIND assures its necessary management and controlling rights by means of a significant participation. This type of internationalisation has already proven itself during the past few years as a cost-efficient and potentially successful strategy. Joint ventures were therefore established in accordance with this model for wind farm projects in Hungary, Bulgaria, Turkey, Romania and the United Kingdom. The subsidiary established in the USA as well as the joint venture established by this company in Canada is also based on this strategy. In the future PNE WIND AG will thus also pursue this policy for selective foreign expansion and take advantage decisively of existing market opportunities. For this purpose a continuous observation takes place with regard to the European and North American wind power markets as well as a careful analysis of corresponding market introduction opportunities.

Apart from the perspectives of internationalisation the established German market continues to offer a range of opportunities. During the next few years an increased level of replacement can be expected in respect of obsolete wind power turbines by more modern and more efficient equipment (so-called repowering). As a result of



this an increase in the market size can be expected for wind power turbines. With the Alt Zeschdorf wind farm PNE WIND AG was already able to conclude successfully its first repowering project. Due to the many years of experience of PNE WIND AG, its comprehensive network as well as the proven expertise of the employees, the Company is now in a favourable position to participate on a sustainable basis in this process.

In addition, there is the planned expansion of German offshore wind power. In this respect the country, which otherwise was considered a pioneer with regard to wind power, is still in the initial phase. The ambitious climate objectives of the Federal German Government and the necessity for increasing the security of supply require the accelerated expansion of wind farms on the high seas. In this respect PNE WIND AG is distinguished by the fact that it has already carried out three offshore wind farm projects up to the approval by the Federal Office for Shipping and Hydrographics. In view of the stronger increase in importance of offshore wind power, positive effects can be expected also in this respect for the further business development of the Company.

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

Overall, a positive development of the Company can thus be expected in the fiscal year 2010 according to the estimates of the Board of Management.

## 15. Outlook

The expansion of renewable energies is a subject which is being discussed world-wide. An increasing number of states are emphasising the urgent necessity of this change in energy supply and are creating general conditions with which the ecologically correct expansion can also become ecologically meaningful. Wind power is benefiting above all from this, since as a result of many decades of technical development it already contributes particularly effectively and inexpensively to the safeguard of future electricity production.

# Group management report

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The global effects of climate change, the finite nature of fossil fuels, insecure procurement sources for oil and gas: there are many good reasons for continuing to speak for the expansion of renewable energies. In view of this PNE WIND AG is operating in a growth market of the future, which also offers in the future considerable opportunities for the further development of the Company.

We take these perspectives into consideration in our corporate planning. For the short to medium term we consider that the projecting of wind farms in Germany onshore will be a major pillar of the development of the Company. The large number of projects, on which we are currently working in Germany, is currently the basis of this development. During the next few years projects which we are today developing intensively will become ready for construction and as a result the wind farms can be constructed. Our well-filled project pipeline in Germany is thus a key foundation stone for the future development of PNE WIND AG.

We expect a positive and long term growth effect on our business model from the increasing exchange of smaller, obsolete wind power turbines through more performant and efficient equipment. Older wind power turbines are gradually being replaced within the context of this "repowering". With a currently installed nominal output of 25,000 MW in Germany we therefore expect continuing growth in this market with attractive growth opportunities for our Company. In 2009 we have already implemented successfully an initial repowering project. An advantage for PNE WIND AG is that we are connected with many of the wind farms developed by us during the operational phase through the technical and commercial management and are thus involved also in the planning for their future operation.

However, other areas carefully developed by us should also develop into major pillars. Following years of intensive planning and preliminary work the offshore projects developed by us off the German coastline are nearing the final decisions for their construction. This is the case above all for the already approved Gode Wind I and II offshore wind farms. The offshore sector should already in the short to medium term provide additional positive effects for the development of the Company.

Intensive preliminary work should also provide benefits for us abroad. Already in beginning of 2011 we expect the construction in the USA of the first wind farm which has been jointly developed by our subsidiary there. In the short to medium term other foreign projects in development should have made sufficient progress so that we can start with their construction and marketing. From this we will generate growing revenues and income in the future. Already we are working today on projects in nine



European countries and in North America, in which wind power turbines with up to 2,100 MW can be constructed. An additional 2,500 MW should be added in the medium term in the USA alone. If all these projects can be constructed this would involve an investment volume substantially in excess of euro 7 billion. This indicates the dimension of the possible further international development of the Company. Furthermore, we are also constantly investigating whether the general conditions for the development of wind farm projects in additional countries can be structured in such a manner that an entry into the market there would be meaningful for PNE WIND AG. Our careful expansion strategy abroad is thus beginning to bear fruit.

PNE WIND AG has an optimal onshore and offshore position both nationally and internationally. For this reason we are very confident that we shall be able to exploit in the future the opportunities in the growing “wind” market.

The Board of Management is of the opinion that the positive development will also continue in the following years and that the Group’s EBIT will amount to at least 42 to 54 million euro over the next three years. Firm forecasts are difficult to estimate for the individual years due to the operating business activity of the Company and the related short term fluctuations of earnings within two periods. The expectations for EBIT for the next three years reflect, however, the positive expectations of the Company. A key prerequisite for this further positive development is the planned contributions from the foreign and the offshore business.

Cuxhaven, April 26, 2010

PNE WIND AG, Board of Management

# Group management report

## Statement made by the legal representatives

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

PNE WIND AG, The Board of Management



Martin Billhardt



Bernd Paulsen

# Consolidated financial statements

## Consolidated Statement of Comprehensive income (IFRS)



All figures in EUR 000 (differences due to rounding possible)	I. Quarter 01.01.2010 – 31.03.2010	I. Quarter 01.01.2009 – 31.03.2009
1. Revenues	16,396	88,804
2. Changes in inventories of finished goods and work in process	696	-5,676
3. Other capitalised contributions	0	0
4. Other operating income	11,522	5,788
<b>5. Total aggregate output</b>	<b>28,614</b>	<b>88,916</b>
6. Cost of materials/cost of purchased services	-11,933	-76,707
7. Personnel expenses	-2,594	-2,179
8. Depreciation of property plant and equipment (and amortization of intangible assets)	-1,227	-574
9. Other operating expenses	-2,632	-2,223
<b>10. Operating profit (EBIT)</b>	<b>10,228</b>	<b>7,233</b>
11. Income from participations	0	0
12. Other interest and similar income	42	119
13. Interest and similar expenses	-917	-2,047
14. Expenses for losses absorbed	-5	-5
<b>15. Result from ordinary activities (EBT)</b>	<b>9,348</b>	<b>5,300</b>
16. Taxes on income	-16	-173
17. Other taxes	-11	-12
<b>18. Consolidated profit/loss (continuing operations)</b>	<b>9,321</b>	<b>5,115</b>
<b>19. Profit/loss from discontinued operations</b>	<b>0</b>	<b>0</b>
<b>20. Profit/loss incl. shares of non-controlling interests</b>	<b>9,321</b>	<b>5,115</b>
21. Non-controlling interests	-24	-39
<b>22. Consolidated profit/loss before non-controlling interests</b>	<b>9,345</b>	<b>5,154</b>

*Continued on the next page*

All figures in EUR 000 (differences due to rounding possible)	I. Quarter 01.01.2010 – 31.03.2010	I. Quarter 01.01.2009 – 31.03.2009
<b>Other comprehensive income</b>		
23. Foreign currency translation differences	-72	10
24. Others	20	0
<b>25. Other comprehensive income for the period (net of tax)</b>	<b>-52</b>	<b>10</b>
<b>26. Total comprehensive income for the period</b>	<b>9,268</b>	<b>5,125</b>
<b>Consolidated profit/loss for the period attributable to</b>	<b>9,321</b>	<b>5,115</b>
Owners of the parent company	9,345	5,154
Non-controlling interests	-24	-39
<b>Total comprehensive income for the period attributable to</b>	<b>9,268</b>	<b>5,125</b>
Owners of the parent company	9,292	5,164
Non-controlling interests	-24	-39
Earnings per share (undiluted)	0.21 Euro	0.12 Euro
Earnings per share (diluted)	0.21 Euro	0.12 Euro
Average number of shares in circulation (undiluted)	44.5 Mio.	41.3 Mio.
Average number of shares in circulation (diluted)	44,5 Mio.	41.3 Mio.



# Consolidated financial statements

## Curtailed group balance sheet (IFRS)



<b>Assets</b> <b>All figures in EUR 000</b> (differences due to rounding possible)	<b>as per</b> <b>31.03.2010</b>	<b>as per</b> <b>31.12.2009</b>
Intangible assets	40,228	22,854
Property plant and equipment	77,771	76,257
Long term financial assets	322	570
Deferred tax assets	1,931	1,873
<b>Long term assets, total</b>	<b>120,252</b>	<b>101,554</b>
Inventories	11,210	10,572
Receivables and other assets	21,907	21,616
Tax receivables	1,881	1,193
Cash and cash equivalents	27,674	41,500
<b>Current assets, total</b>	<b>62,672</b>	<b>74,881</b>
<b>Assets total</b>	<b>182,924</b>	<b>176,435</b>

<b>Liabilities</b> <b>All figures in EUR 000</b> (differences due to rounding possible)	<b>as per</b> <b>31.03.2010</b>	<b>as per</b> <b>31.12.2009</b>
Subscribed capital	44,525	44,525
Capital reserve	42,037	42,037
Retained earnings	51	51
Foreign currency provision	-38	34
Retained Loss	-6,775	-16,140
Minority interests	-24	0
<b>Shareholders equity, total</b>	<b>79,776</b>	<b>70,507</b>
Other provisions	955	955
Deferred subsidies from public authorities	1,219	1,231
Long term financial liabilities	53,913	31,157
Deferred tax liabilities	1,931	1,669
<b>Long term liabilities, total</b>	<b>58,018</b>	<b>35,012</b>
Provisions for taxes	1,921	1,929
Other provisions	1,270	1,244
Short term financial liabilities	13,841	39,516
Trade liabilities	5,366	5,577
Other liabilities	22,202	22,343
Tax liabilities	530	307
<b>Short term liabilities, total</b>	<b>45,130</b>	<b>70,916</b>
<b>Total liabilities</b>	<b>182,924</b>	<b>176,435</b>

# Consolidated financial statements

## Consolidated cash flow statement (IFRS)



Consolidated accounts from January 1 until March 31 All figures in EUR 000 (differences due to rounding possible)	2010	2009
<b>Consolidated net result</b>	<b>9,321</b>	<b>5,115</b>
+/- Depreciations/write-ups of fixed assets	1,227	574
+/- Increase/decrease in provisions	21	-6,870
+/- Non-cash effective income and expenses	-10,837	9
-/+ Gain/loss from disposal of fixed assets	0	0
+/- Increase/decrease of inventories and other assets	-1,976	63,459
+/- Increase/decrease of trade receivables and stage of completion accounting	-43	38,875
+/- Increase/decrease of trade liabilities and other liabilities	-3,079	-48,173
<b>Cash flow from ongoing business activity</b>	<b>-5,366</b>	<b>52,989</b>
+ Inflow of funds from disposal items of property, plant and equipment	0	0
+ Inflow of funds from intangible assets	0	0
- Outflow of funds for investments in property, plant and equipment	-595	-2,955
+ Inflow of funds from disposal financial assets	0	0
+ Inflow of funds from disposal of consolidated units	0	0
- Outflow of funds for investments in consolidated units	-5,000	0
- Outflow of funds from disposal of intangible assets	-80	0
<b>Cash flow from the investing activity</b>	<b>-5,675</b>	<b>- 2,955</b>
+ Additional inflow of funds from shareholders	0	0
+ Inflow of funds from minority interests	0	0
+ Inflow of funds from financial loans	343	13,475
+ Inflow of funds from the issue of bonds	0	0
- Outflow of funds from the redemption of financial loans	-3,214	-46,401
- Outflow of funds from the repayment of bonds	0	-16,433
- Outflow of funds for capital increase expenses	0	0
<b>Cash Flow from the financing activity</b>	<b>-2,871</b>	<b>-49,359</b>
Cash effective change in liquid funds	-13,912	675
+ Change in liquid funds within the context of merger	86	0
+ Liquid funds at the beginning of the period	41,500	29,314
<b>Liquid funds at the end of the period</b>	<b>27,674</b>	<b>29,989</b>

*Supplementary information: The value of liquid funds corresponds to the „Cash and cash equivalents“ item on the balance sheet as per March 31, 2010*

# Consolidated financial statements

## Group equity level (IFRS)

All figures in EUR 000 (differences due to rounding possible)	Sub-scribed capital	Capital reserve	Retained earnings	Foreign currency reserve	Consolidated balance sheet result	Equity before minority	Minority interests	Total shareholders' equity
Status as per January 1, 2009	41,267	47,785	51	19	-34,484	54,639	0	54.639
<b>Group result 01-03/2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,155</b>	<b>5,155</b>	<b>-39</b>	<b>5.115</b>
Redemption of convertible bond 2004/2009	8	21	0	0	0	29	0	29
Other items	0	0	0	10	-39	-29	39	10
<b>Status as per March 31, 2009</b>	<b>41,275</b>	<b>47,806</b>	<b>51</b>	<b>29</b>	<b>-29,368</b>	<b>59,793</b>	<b>0</b>	<b>59,793</b>
<b>Status as per January 01, 2010</b>	<b>44,525</b>	<b>42,037</b>	<b>51</b>	<b>34</b>	<b>-16,140</b>	<b>70,507</b>	<b>0</b>	<b>70,507</b>
<b>Group result 01-03/2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,345</b>	<b>9,345</b>	<b>-24</b>	<b>9,321</b>
Others	0	0	0	-72	20	-52	0	-52
<b>Status as per March 31, 2010</b>	<b>44,525</b>	<b>42,037</b>	<b>51</b>	<b>-38</b>	<b>-6,775</b>	<b>79,800</b>	<b>-24</b>	<b>79,776</b>

# Consolidated financial statements

## Condensed notes of PNE WIND AG, Cuxhaven, for the first three months of 2010



### 1. Accounting and valuation policies

The interim financial statements of PNE WIND AG and its subsidiaries are drawn up according to the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB).

In the financial report on the first three months of the 2010 fiscal year as at March 31, 2010, the same accounting and valuation methods were used as in the consolidated financial statements as at December 31, 2009, except for the following standards. The standards and interpretations IAS 27 (revised) and IAS 39 (revised), IFRS 1 (revised), IFRS 2 (revised), IFRS 3 (revised), as well as IFRIC 14 (revised), IFRIC 16 (revised), IFRIC 17 and IFRIC 18 were to be applied for the first time to the interim financial statements for the first quarter of 2010. The accounting effects, resulting from the first-time application of IFRS 3 (revised), on the interim financial statements relate primarily to the accounting of business combinations achieved in stages. In addition, initial application of the IFRS 3 revisions had an impact on the recognition and measurement of assets and liabilities acquired in the context of a business combination. Initial application of IAS 27 (revised), IAS 39 (revised), IFRS 1 (revised) and IFRS 2 (revised) and the other publications had no significant influence on the presentation of PNE WIND AG's net assets, financial position and results of operations.

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

### 2. Consolidated group

We refer to the disclosures on the business development, sales development as well as the results of operations and net assets in the summarised management and group management report of the first three months of 2010.

### 3. Explanations on significant changes in the balance sheet and the profit and loss account

We refer to the disclosures on the corporate structure in the summarised management and group management report of the first three months of 2010.

# Consolidated financial statements

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## 4. Contingencies

The company granted the shareholders of the Silbitz timber-fired power station an annual guaranteed dividend 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 plant, the company has formed provisions in the amount of Euro 0.9 million. If the present plans are not realised in years 2010 to 2016, this amount might increase to a total of Euro 2.7 million.

Cuxhaven, April 2010

PNE WIND AG, the Board

# Consolidated financial statements

## 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 three areas of projecting of wind power turbines, electricity generation and discontinued operations.

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

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

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

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

# Consolidated financial statements

The figures per March 31, 2010 are compared with the figures per March 31, 2009 or, in the case of segment assets/liabilities, the figures per December 31, 2009.

All figures in EUR 000 (differences from rounding off possible)	Projecting of wind power turbines	Electricity generation	Consoli- dation	PNE WIND AG Group
	2010 2009	2010 2009	2010 2009	2010 2009
External sales	<b>14,100</b> 86,011	<b>2,296</b> 2,793	<b>0</b> 0	<b>16,396</b> 88,804
Inter-segment sales	<b>172</b> 163	<b>121</b> 0	<b>-293</b> -163	<b>0</b> 0
Change in inventories	<b>696</b> -5,301	<b>0</b> 0	<b>0</b> -376	<b>696</b> -5,676
Other capitalised contributions	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0
Other income	<b>11,508</b> 5,295	<b>93</b> 134	<b>-79</b> 358	<b>11,522</b> 5,788
Total aggregate output	<b>26,475</b> 86,169	<b>2,511</b> 2,927	<b>-372</b> -180	<b>28,614</b> 88,915
Depreciations	<b>-341</b> -335	<b>-886</b> -239	<b>0</b> 0	<b>-1,227</b> -574
Operating result	<b>9,559</b> 5,110	<b>669</b> 2,074	<b>0</b> 49	<b>10,228</b> 7,233
Interest and similar income	<b>175</b> 183	<b>2</b> 4	<b>-135</b> -68	<b>42</b> 119
Interest and similar expenses	<b>-384</b> -461	<b>-673</b> -1,659	<b>135</b> 68	<b>-922</b> -2,052
Taxes	<b>-72</b> -35	<b>56</b> -2	<b>0</b> -136	<b>-16</b> -172
Investments	<b>5,675</b> 584	<b>0</b> 2,371	<b>0</b> 0	<b>5,675</b> 2,955
Segment assets	<b>163,460</b> 152,779	<b>55,545</b> 57,463	<b>-36,081</b> -33,807	<b>182,924</b> 176,435
Segment liabilities	<b>118,665</b> 117,090	<b>51,318</b> 53,247	<b>-66,834</b> -64,409	<b>103,149</b> 105,928
<b>Segment shareholders' equity</b>	<b>44,795</b> 35,689	<b>4,227</b> 4,216	<b>30,753</b> 30,602	<b>79,775</b> 70,507





Segment companies:

Projecting of wind power turbines: PNE WIND AG, PNE WIND Betriebsführungs GmbH, PNE WIND Netzprojekt GmbH, PNE2 Riff I GmbH (only in 2009), PNE2 Riff II GmbH (only in 2009), PNE Gode Wind I GmbH, PNE Gode Wind II GmbH, PNE WIND GM Hungary Kft., PNE WIND Ausland GmbH, PNE WIND Straldja-Kamenec OOD, PNE WIND Bulgaria OOD, PNE WIND Yenilenebilir Enerjila Limited Sirketi, PNE WIND UK Ltd., NH North Hungarian Windfarm Kft., PNE WIND PARK Drobrudja OOD, PNE WIND USA Inc., PNE WIND Renewable Solutions LCC, Underwood Windfarm LCC, Butte Windfarm LCC, PNE-BCP WIND Inc, PNE WIND Romania S.R.L, Plambeck GM Windfarm Pusztahencse Kft.

Electricity generation: PNE Biomasse AG, PNE Biomasse GmbH, PNE WIND Laubeschbach GmbH & Co. KG, PNE WIND Altenbruch II GmbH & Co. KG, PNE WIND Grundstücks GmbH, timber-fired power Station Silbitz GmbH & Co. KG, limited commercial partnerships

Of the figures in the „Projecting of wind power turbines“ segment, a total performance of € 13.7 million (previous year: € 85.7 million), revenues of € 13.4 million (previous year: € 85.6 million), operating results of € -1.2 million (previous year: € 5.2 million), a share of segment assets of € 131.4 million (as per December 31, 2009: € 145.4 million) and an equity share of € 30.1 million (as per December 31, 2009: € 30.7 million) are to be ascribed to the „wind power“ onshore sub-division.

Sales revenues with external customers and segment assets of the segments „Projecting of wind power turbines“, „Electricity generation“ and „Discontinued operations“ are attributable to Germany. The segment „Projecting of wind power turbines“ generates sales revenues with external customers, which account for more than 10 percent of total sales revenues.

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

# Imprint

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



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