



Financial report on the first six months
and the second quarter of 2015

Overview

The extensive investments required during the development of the UK projects are now paying off. The shares in the British subsidiary PNE WIND UK and thus the entire project pipeline which have been developed over the past couple of years were sold in June 2015. The purchase price for 100% of the shares in the company - including the repayment of the shareholder loan granted to PNE WIND Ausland GmbH - totals up to GBP 103 million (approx. euro 141.5 million as at transaction date) and GBP 40.1 million was paid immediately (of which PNE WIND received GBP 38.3 million / approx euro 52.8 million). The remaining balance will be paid as milestones in the development of the projects are reached.

The operational business of PNE WIND Group in the second quarter of 2015 is highlighted by the continued realisation of projects in Germany as well as significant progress in the development of projects at home and abroad.

In the period under review, German wind farm projects with approx. 99 MW of nominal output were under construction. The already sold WKN wind parks "Looft", "Siebenbäumen", and "Nentzelsrode" have been partially put into operation. The wind parks "Chrandsdorf", "Waldfeucht" and "Apensen II" with approx. 73 MW are under construction and are for the newly established YieldCo.

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.–30.06.2015	01.01.–30.06.2014	01.01.–30.06.2013
Total aggregate output	89,823	134,667	37,410
Revenues	71,938	117,917	21,737
Operating profit (EBIT)	24,012	2,804	-5,610
Result from ordinary activities (EBT)	18,140	-2,960	-8,449
Net income	18,444	-2,357	-8,810
Equity as at June 30	187,876	142,130	64,864
Equity ratio as at June 30	37.06	33.83	27.97
Balance sheet total as at June 30	506,981	420,137	231,879
Earnings per share (undiluted), in euro	0.25	-0.04	-0.21
Average number of shares	74.9	55.4	42.7

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Foreword



Martin Billhardt, Board of Management

Dear shareholders,

With the sale of our subsidiary PNE WIND UK and its project pipeline developed by our UK team, we have recorded a great success in our international activities. This represents a milestone in our international development and strengthens our foundation for success. In the UK, we have now sold the entire project pipeline developed by us over the past 6 years. This transaction represents a significant step in the achievement of our EBIT guidance.

The extensive investments totalling approx. euro 31.3 million (100 percent) required during the development of the UK projects – which have resulted in planning permissions being granted as well as a Contract for Difference (CfD) being awarded for a ready-to-build project – are now paying off. I would like personally to thank the PNE WIND UK team, which developed these wind farm projects in close collaboration with PNE WIND Cuxhaven over the last few years and will continue to work on these projects on behalf of the purchaser.

For the PNE WIND Group, this represents the largest transaction since the sale of the “Gode Wind” offshore projects. The shares in the British subsidiary PNE WIND UK and thus the entire project pipeline were sold to a private investor. The purchase price for 100% of the shares in the Company – including the repayment of shareholder loans to PNE WIND Ausland GmbH – totals up to GBP 103 million (approx. euro 141.5 million as at transaction date). GBP 40.1 million (approx. euro 54.8 million as at transaction date) was paid immediately and of this amount PNE WIND received GBP 38.3 million / approx. euro 52.8 million. The remaining GBP 63 million (approx. euro 86.4 million as at transaction date) for 100 percent will become due when project development milestones are reached till 2020.

In the first half year of 2015, the Group realised revenues of euro 71.9 million (previous year: euro 117.9 million), an operating result (EBIT) of euro 24.0 million (previous year: euro 2.8 million) and undiluted earnings per share of euro 0.25 (previous year: -0.04). The results primarily reflect the first positive effects of the sale of our subsidiary in the UK. This is a marked improvement of our earnings situation compared to the previous year and the future milestone payments will have a positive impact on the Group results in the coming years.

Having initiated the YieldCo business, we are acting on new opportunities and expect the new business will be the basis for a successful transaction. The framework of this business is becoming evident with two of the YieldCo wind farm projects being under construction. For another wind farm, the planning permission has been granted and pre-construction activities are underway. Further

projects are in the final stages of planning and the implementation of these projects will allow the YieldCo to start with approx. 150 MW of nominal output as scheduled. Although the YieldCo will require continued investments up to the point of its sale – partially or entirely – we are convinced that this will pay off. The capital measures in October 2014 and May 2015 provided the necessary equity capital for this business development.

Reflecting on the positive business developments, we confirm our forecast of achieving a cumulative EBIT for the 2014 to 2016 fiscal years of euro 110 to 130 million and see the prospect of increasing our forecast upon the successful implementation of the YieldCo business. For fiscal 2015, we expect that the Group-EBIT will continue to develop positively and forecast that the consolidated EBIT should be in the range of euro 30 to 40 million per year end. Achievement of this is dependent on the successful development and sale of onshore projects (in Germany and abroad) and milestone payments being triggered from the UK deal (dependent on financial investment decisions-FID) as well as from our offshore activities.

Less pleasing developments took place at our turbulent Annual General Meeting on June 16, 2015 in Cuxhaven. Extensive speeches, critical questions and procedural motions by shareholders resulted in the Chairman of the meeting not being able to announce the results of the voting before midnight to shareholders. The meeting ended without any results and a new meeting should be convened as soon as possible. We hope that the disagreements will be resolved and decisions taken on the future composition of the Supervisory board will form the

foundation for successful business developments both strategic and operational.

We had a positive start into a highly promising 2015 with our well filled onshore and offshore project pipeline. Our successes at home and abroad as well as the continuous expansion of our YieldCo portfolio demonstrate the ongoing positive direction of the entire Group. We intend to maintain this successful course.

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

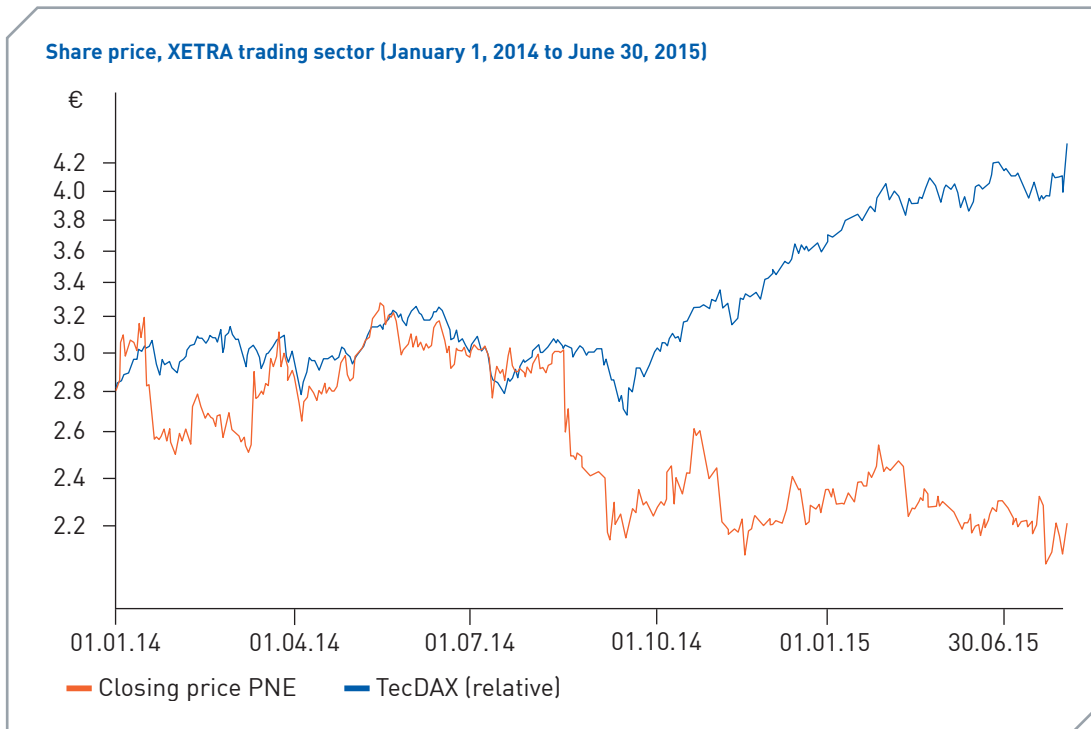
Kind regards



Martin Billhardt
Chairman of the Board of Management

Capital market information

Share



The PNE WIND AG shares began the 2015 financial year with a price of euro 2.20 and was approx. 22 percent lower than the closing price on the first trading day of 2014. The value of the PNE WIND AG stock increased gradually so that on March 12, 2015, the highest level of the first quarter was achieved at euro 2.55. With publication of the 2014 annual report and the announcement that a recommendation would be made to suspend the dividend payment in order to successfully implement the YieldCo strategy, the stock of PNE WIND traded lower. On June 16, the General Meeting ended uncompleted and the stock continued to record further losses. On the last trading day on June 30, 2015, the stock closed at the lowest level during the first six months at euro 2.05. This corresponded to a market capitalization of approx. euro 157.1 million.

Bond information and Participation certificates

The corporate bond issued by PNE WIND AG 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 46.8 percent as at June 30, 2015.

The convertible bond issued in September 2014 has a nominal value of euro 6,564,132.00. The bond expires in 2019. In the period under review, no bonds were converted into shares.

The convertible bonds issued in 2010 matured at the end of 2014. Outstanding bonds in the amount of euro 1.8 million were repaid on schedule in early January 2015.

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

Shareholder structure

The total number of shares issued by PNE WIND AG amounted to 76,553,439 as at June 30, 2015. The increase in the number of shares compared to March 31, 2015 (71,974,939) is the result of the issuance of 4,578,500 new shares in the capital increase completed in May 2015. The shares were placed at a price of euro 2.065 per share in May 2015 and generated gross proceeds of euro 9,454,602.50.

On June 30, 2015, the numbers of shares of the company held by the board members are as follows: Mr Martin Billhardt 40,000 shares, Mr Jörg Klowat 114,000 shares and Mr Markus Lesser 10,000 shares.

Among the members of the Supervisory Board, Mr Volker Friedrichsen (via Volker Friedrichsen Beteiligungs-GmbH and VF Vermögensverwaltung GmbH) held 11,733,803 shares of the company on June 30, 2015.

The Management Board and the Supervisory Board together held approx. 15.5 percent of the company's share capital as at June 30, 2015.

Annual General Meeting 2015

The Annual General Meeting of PNE WIND AG was held on June 16, 2015. As part of the agenda, the General Meeting was – among other items - to decide on whether certain Supervisory Board members should be recalled.

During the shareholders meeting, the management board presented a full update on company operations covering the financial year 2014 and the first quarter of 2015. In the pursuing discussion, some shareholders commented on the level of remuneration of the Supervisory and Management Board as well as the arbitration proceedings against Volker Friedrichsen Beteiligungs GmbH. Furthermore, the proposals supported by the Management and the proposals by the Volker Friedrichsen Beteiligungs GmbH in connection to the composition of the Supervisory Board were actively discussed by the shareholders. Extensive speeches and procedural motions by shareholders led to an unusually long duration of the meeting - although a limitation was placed on the speaking time allowed beginning at 18:00 clock. Despite attempts by the Chairman of the meeting to announce the results of the voting and to finish the Annual General Meeting, the voting results could not be announced before midnight to shareholders.

The results without resolution effect illustrate the views of our investors. Against this backdrop, it is in the interest of the Company that an independent Supervisory Board is nominated. The board should have the full confidence of our shareholders and at the same time have the necessary expertise to oversee the operational performance of the company on a regular basis by both questioning as well as working constructively with the company. Nominations for new members of the Supervisory Board are the responsibility of the current Supervisory board.

The Company would also like to address the suggestions of shareholders and a change to the Supervisory Board remuneration policy should be proposed. Instead of the current policy which has a fixed and variable component, the proposal should reduce the Supervisory Board remuneration and be based solely on a fixed component.

A date for a follow on General Meeting in 2015 has not yet been determined.

Financial calendar

November 9, 2015	Publication 3rd quarter report
November 2015	Analysts' conference / Frankfurt

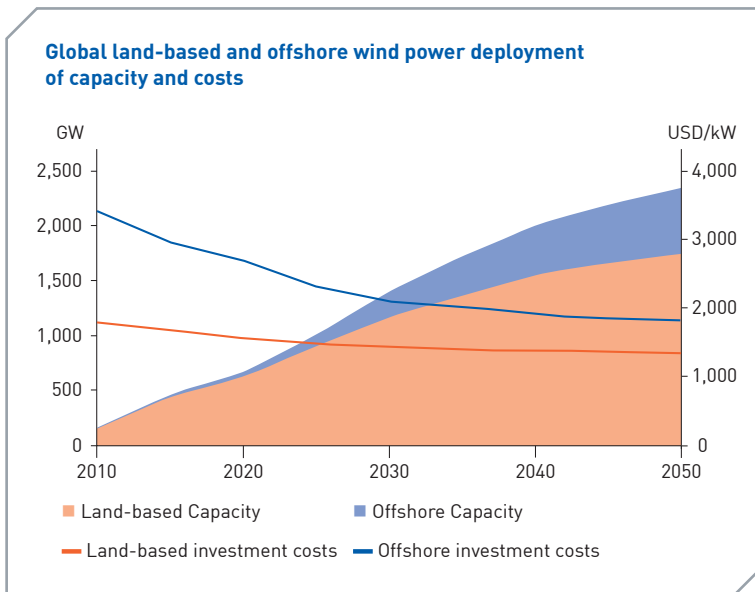
Additional information

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

Key share data (as at June 30, 2015)

WKN	A0JBPG
ISIN	DE000A0JBPG2
Number of shares	76,553,439
Market capitalisation	euro 157.1 million
Market segment	Prime Standard
Indices	CDAX Technology, ÖkoDAX
Designated Sponsors	Commerzbank, VEM Aktienbank, Oddo Seydler Bank
Reuters	PNEGn
Bloomberg	PNE3

Condensed Interim Group Management Report of PNE WIND AG, Cuxhaven, for the first six months of 2015



1. Market / overall general economic conditions

Wind power has undergone a major transformation and has emerged as a mainstream power supplier. The amount of new capacity installed each year now ranks at the top for all types of power generation in some of the world's leading economies. Since 2000, cumulative installed capacity has grown at an average rate of 24 percent per year, and in 2014 over 51,477 MW of wind power capacity was added around the world, bringing total installed capacity to 369,553 MW.¹ 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 this 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 of producing energy from wind and in some markets it is already competitive on a stand-alone basis without subsidies.

The International Energy Agency (IEA) has taken technology developments into its forecasts and projects that the amount of wind in the global electricity power mix will rise from about 2.5 percent today to 15-18 percent by 2050. Countries such as Denmark with 39.0 percent, Spain with 20.4 percent, Portugal with 23.7 percent and Germany with about 9 percent illustrate that wind power can make a very substantial contribution to power generation, without triggering supply interruptions as many challengers to the industry have prophesized.

Wind power is no longer relevant to just a single market and to reach the IEA targets approx. 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 Group is focussing its activities on the development, construction and sale of wind farms in Germany, the United Kingdom, France, Poland, Italy, Sweden, Romania, Bulgaria, Hungary, Turkey, Canada, the United States and South Africa.

¹ GWEC: Global Wind Statistics 2014

Cumulatively, the countries where the Group is active represented approx. 34 percent of the total newly installed capacity in 2014 and 44 percent of the total installed capacity on a global basis. To meet the demand for wind farms today and in the coming years, the PNE WIND Group invests continuously in its project pipeline, which currently comprises of more than 9,000 MW (onshore: approx. 5,000 MW and offshore: approx 4,700 MW) of projects in various stages of development.

Country*	New capacity 2012 MW	New capacity 2013 MW	New capacity 2014 MW	Installed nominal output MW
World	44,799	35,467	51,477	369,553
Europe	12,102	11,159	12,820	133,969
Bulgaria	158	7	9	690
France	814	630	1,042	9,285
Germany	2,439	2,998	5,279	39,165
Hungary	0	0	0	329
Italy	1,239	437	107	8,663
Poland	880	894	444	3,833
Romania	923	695	354	2,953
Sweden	846	689	1,050	5,424
United Kingdom	2,064	2,075	1,736	12,440
Turkey	506	646	804	3,762
North America				
USA	13,124	1,084	4,854	65,879
Canada	935	1,599	1,871	9,694
Africa				
South Africa	0	10	560	570

* Sources: GWEC Global Wind Statistics 2014 / EWEA "Wind in Power – 2014 European statistics"

The installation rates presented here primarily illustrate onshore wind farms, but offshore installations are making up a growing number of completed projects 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 expanded by 1,483 MW in 2014. With this, a total of 8,045 MW is already connected to the European electricity grid². In the high seas off the German North Sea and Baltic coasts, 258 offshore wind power turbines with a nominal output of approx. 1,049 MW are now in operation at the end of 2014. Grid connections for an additional 285 offshore wind turbines with approx. 1,303 MW of nominal capacity were under construction³. Off the German coastline, 142 offshore wind power turbines with a nominal output of 528.9 MW supplied energy to the grid for the first time in 2014.

² The European offshore wind industry – key trend and statistics 2014

³ Deutsche WindGuard: Status of the offshore wind energy development 2013, January 2014

2. General political conditions

In a number of markets in which the PNE WIND Group operates, wind energy was further developed substantially, 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. The total generation cost of conventional electricity - including environmental pollution, storage of nuclear waste and dismantling costs- is not directly reflected in its selling price and continued political support for renewable energy remains necessary to level the playing field.

EU TARGETS:

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

In October 2014, the European Union consented to a new policy framework for climate and energy for the period between 2020 and 2030. This framework builds on the current policy framework adopted for the period up to 2020 and takes into account the EU's longer term goal of reducing greenhouse gas emissions by 80-95 percent by 2050 compared to 1990. The key points of the new policy framework are reducing greenhouse gas emissions by at least 40 percent below the 1990 level, increasing the share of renewable energy to 27 percent of energy consumption and increasing energy efficiency by 30 percent by 2030. These EU requirements for the expansion of renewable energy will be connected with continuous investment and will lead to wind energy increasing its share of the electricity generation mix.

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

GERMANY:

In 2014, the German wind power market registered the highest growth since the expansion of wind power started. 1,766 wind power turbines with a nominal capacity of 4,750 MW (2013: 2,998 MW) were newly installed onshore and a further 142 turbines with 529 MW nominal capacity were installed offshore. The figures are from the annual study prepared by Deutsche WindGuard on behalf of the German Wind Energy Association (BWE) and VDMA Power Systems. 1,147 MW resulted from repowering, and taking into consideration the 364 MW which were dismantled, the total installed capacity in Germany increased to 39,165 MW by the end of 2014.

Of particular importance for the further development of wind energy is the legal framework established in the Renewable Energy Sources Act (EEG). The EEG sets the electricity tariff for wind energy from onshore and offshore wind farms and also stipulates that power generated from renewable energy has priority access to the electricity grid. The EEG was most recently amended in 2014.

According to the new legislation, the government aims to expand the amount of electricity produced from renewable energies from the current level of approx. 25 percent to 40-45 percent by 2025 and 55-60 percent by 2035. These targets are roughly in line with the EU's National Renewable Energy Allocation

Plan, which foresees renewable energy making up 38.6 percent of the electricity mix by 2020. The annual expansion target of the government for onshore wind power is within a corridor of 2,400 to 2,600 MW. The nominal capacity of old wind power turbines that are dismantled in the context of repowering is deducted from the gross capacity increase.

Repowering means that older wind power turbines with lower performance are replaced with new and more efficient equipment. According to estimates from the German Wind Power Association (BWE) a substantial increase in repowering can be expected in the medium to longer term. BWE estimates that repowering will represent approx. 1,000 MW of new installations per annum over the coming decades. This installation projection was slightly exceeded for the first time in 2014.

Wind power from offshore installations is expected to rise from the current amount of approx. 2,777 MW of nominal capacity to approx. 6,500 MW by 2020 and 15,000 MW by 2030.

BULGARIA:

In Bulgaria, wind power turbines with a total nominal output of 9 MW were newly installed in 2014. This means there were no substantial changes compared to the previous year. At the end of 2014, there were 690 MW installed in Bulgaria (2013: 681 MW).

According to Bulgaria's National Renewable Energy Allocation Plan, the government aims to produce 20.6 percent of the country's electricity 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.

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 programme, which impairs the future development of wind power projects. In 2015, another legislative change followed, according to which in the future, newly built wind energy plants must sell electricity on the free market only.

FRANCE:

In France, wind power turbines with a total nominal output of 1,042 MW were newly installed in 2014. This is a significant increase compared to the previous year with a total of 630 MW new wind power capacity installed. At the end of 2014, there were 9,285 MW installed in France. In the first half 2015, a little more than 500 MW were newly installed.

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.

The main policy support mechanism for renewable energy is promoted through a price regulation system based on feed-in tariffs. The French parliament passed new legislation on the energy transition in October 2014. The government aims to increase the proportion of renewable energies to 32 percent by 2030 and to reduce the proportion of nuclear energy in electricity consumption from 75 to 50 percent by 2025.

GREAT BRITAIN:

The second largest market for wind power in the European Union in 2014 was the United Kingdom with newly installed capacity of 1,736 MW. This is a slight decline compared to the previous year with a total of 2,075 MW new wind power capacity installed. At the end of 2014, there were 12,440 MW installed in the 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.

The main policy support mechanism for renewable energy is promoted through the "Renewables Obligation" programme which applies to projects installed prior to the end of March 2016. 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 new Government-owned counterparty. Under the CfD system, top-up payments are to be made to electricity producers when the market price for electricity is under the fixed strike price. In this way, the economic viability of the projects should be ensured. 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:

In Italy, wind power turbines with a total nominal output of 107 MW were newly installed in 2014. This is a substantial decrease compared to the previous year with a total of 437 MW new wind power capacity installed. At the end of 2014, there were 8,663 MW installed in 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.

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 should be allocated annually. After the government announced in January 2015 that they will make a statement on its plans for the continued expansion of renewable energy sources (2015 - 2018), news on this topic is expected soon.

POLAND:

In Poland, wind power turbines with a total nominal output of 444 MW were newly installed in 2014. This is a significant decline compared to the previous year with a total of 894 MW new wind power capacity installed. At the end of 2014, there were 3,833 MW installed in 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.

The long-discussed new act on the support of renewable energies was signed on March 11, 2015 and comes into force on January 1, 2016. The act proposes the introduction of an auction mechanism. For projects that are connected to the grid prior to the end of 2015, the previous regulation with a quota system and green certificates is applicable.

ROMANIA:

In Romania, wind power turbines with a total nominal output of 354 MW were newly installed in 2014. This is a significant decline compared to the previous year with a total of 695 MW new wind power capacity installed. At the end of 2014, there were 2,953 MW installed in 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.

The proposed regulatory changes outlined in the "Emergency Ordinance" of 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. Currently within Romania as well as between Romania and the EU Commission there are considerable political discussions about positive changes in the remuneration system for renewable energy.

SWEDEN:

In Sweden, wind power turbines with a total nominal output of 1,050 MW were newly installed in 2014. This is a significant increase compared to the previous year with a total of 689 MW new wind power capacity installed. At the end of 2014, there were 5,424 MW installed in 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 are to be installed, whereby this number of MW has already been exceeded and new installations are continuing.

The main policy support mechanism in Sweden is based on a quota system with green 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:

In South Africa, wind power turbines with a total nominal output of 10 MW were installed in 2013. As a result of the competitive tender system, the capacity installed increased to 570 MW at the end of 2014.

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

The government has initiated a competitive tender system under the Renewable Energy Independent Power Producer Programme (REIPPP), in which preferred bidders are selected. In the fourth round, 13 renewable energy projects with 1.1 GW of total capacity were chosen. The projects included seven onshore wind farms totalling 676 MW. The Government intends to carry out a new tender for renewable energy projects with up to 1.8 GW in October 2015.

TURKEY:

In Turkey, wind power turbines with a total nominal output of 804 MW were newly installed in 2014, bringing total installed capacity from 2,958 MW at the end of 2013 to 3,762 MW at the end of 2014.

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. To reach this target, 20,000 MW wind power capacity should be installed by 2023.

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 annual auction system is used for individual connection points.

HUNGARY:

The development of the Hungarian wind power market has stagnated since 2012. No new wind power turbines were installed in 2012, 2013 and 2014, leaving total installed capacity unchanged at 329 MW.

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.

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

USA / CANADA:

In the USA, wind power turbines with a total nominal output of 4,854 MW were newly installed in 2014, bringing total installed capacity in the USA to 65,879 MW at the end of 2014.

In the USA, the federal support policy was extended at the end of 2014. Projects which were under construction at the end of 2014 and are completed by the end of 2016 are eligible to claim the Production Tax Credit (PTC). Many individual states have enacted Renewable Portfolio Standards which require a certain percentage of electricity to be sourced from renewable energy plants.

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

The Board of Management of PNE WIND AG makes regular assessments of the markets in which we operate and considers market diversification and continued regulatory support both in Germany and abroad as the prerequisite for continued positive business developments during the next few years.

3. Corporate structure

During the first six months of 2015 the corporate structure changed versus December 31, 2014.

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

- PNE WIND Elektrik Üretim Ltd., Turkey, Ankara (100 Percent),
- PNE WIND YieldCo Verwaltungs GmbH, Cuxhaven (100 Percent),
- WKN Windpark Hedendorf GmbH & Co. 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 shareholding changed in the following company, which are included in the scope of consolidation:

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

With the change in the shareholding and the subsequent loss of control of PNE WIND Yenilenebilir Enerjiler Ltd., Group assets totalling euro 3.8 million and Group debt in the amount of euro 0.1 million as well as shareholder loans amounting to euro 2.1 million were disposed of. An amount of euro 1.6 million was received for the shares. Eliminated Cash and cash equivalents of the Company amounted to euro 3.0 million. With the loss of control, the company is now included as an associated company at equity in the consolidated financial statements. In accordance with IFRS 10:25(b), the revaluation of the company shares still held led to a gain of euro 0.8 million and this was recognized as income.

During the reporting period, the following companies were deconsolidated following their sale during the fiscal year:

- PNE WIND UK Ltd, Eastbourne, Great Britian,
- WKN GmbH & Co. Windpark Looft II KG, Husum

Due to the deconsolidation of PNE WIND UK Ltd, assets amounting to a total of euro 17.6 million, which primarily represent the capitalised development costs, and debts amounting to euro 1.5 million and shareholder loans of euro 31.3 million were eliminated. The payment received for the sale of the shares of the company amounted to euro 22.1 million. As a result of the transaction, company funds removed from the balance sheet amounted to euro 0.4 million.

Due to the deconsolidation of WKN GmbH & Co. Windpark Looft II KG, assets amounting to a total of euro 24.5 million, which primarily represent the capitalised services of the project, and debts amounting to euro 24.0 million were eliminated. 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 2.0 million.

4. General Accounting Principles

In the financial report for the first six months of fiscal year 2015 as at June 30, 2015, the same accounting and valuation methods were applied as in the consolidated financial statements as at December 31, 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.

5. Organisation und employees

As of June 30, 2015, there were 383 people employed at the group level of PNE WIND AG (prior year: 411). 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 240 employees were at our German (188 employees) and international subsidiaries (52 employees). The decline in the number of employees is mainly due to the sale of the PNE WIND UK Ltd. The personnel basis needed for the continuation of our growth path is maintained with the current number of employees.

6. Summary of business activity

During the first six months of 2015, the PNE WIND Group continued its operating business of wind farm projecting both onshore and offshore in Germany and abroad. The PNE WIND UK subsidiary and its entire development project pipeline was sold.

The development of the individual segments:

Segment: projecting of wind power turbines

Sub-segment onshore wind power

During the first six months of 2015, the development and realisation of wind farm projects on land were carried out continuously both in Germany as well as in the foreign markets in which PNE WIND AG is active through subsidiaries or joint ventures.

PNE WIND AG: Overview of the onshore project activities per June 30, 2015 in MW:

Country	I-II	III	IV	Total MW
Germany	983	77	70	1,130
Bulgaria	121	0	0	121
Romania	55	102	0	157
Turkey	700	0	0	700
Hungary	0	42	0	42
USA	169	183	0	352
Canada	575	0	0	575
Total	2,603	404	70	3,077

WKN AG: Overview of the onshore project activities per June 30, 2015 in MW:

Country	I-II	III	IV	Total MW
Germany	146	44	29	219
Italy	510	0	0	510
France	178	88	0	266
Poland	243	42	0	285
Great Britain	0	66	0	66
South Africa	130	0	0	130
Sweden	240	0	0	240
USA	165	0	0	165
Total	1,612	240	29	1,881

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

GERMANY:

In PNE WIND AGs "Windkraft onshore Deutschland" division, two wind farm projects with a total nominal output of 69.6 MW were under construction as at June 30, 2015. These are the wind farm projects "Chransdorf" (Brandenburg, 57.6 MW), which is also the largest individual project in PNE WIND AG's history, and the "Waldfeucht" repowering project (12 MW). In the "Waldfeucht" repowering project, the modern systems will replace old wind power turbines, which were originally commissioned by PNE WIND AG. Projects that were fully constructed or were under construction but not yet handed over to their purchasers by June 30, 2015 are illustrated in phase 4 of the table.

For the WKN Group, which is majority owned by PNE WIND AG, Germany continues to remain a core market. At the end of the second quarter 2015, the wind farm "Siebenbäumen" (Schleswig-Holstein, 6 MW) was under construction. The wind farm "Looft" (Schleswig-Holstein, 10 MW) was commissioned at the end of May 2015. These projects were sold at the end of 2014. The planning permission for the "Apensen" II (6 MW) wind farm was granted in June 2015 and preparatory construction work has begun.

Furthermore, two of the three wind power plants in the wind park "Nentzelsrode" (Thuringia 6.9 MW), which was sold to an investor in 2013, were put into operation during the first quarter of 2015. For the third turbine, planning permission has been obtained and the project is to be put into operation during the financial year 2015.

At the end of the first half year 2015, the PNE WIND Group (PNE WIND AG and WKN AG) was working on onshore wind farm projects in Germany with a nominal output of more than 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. 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 2014, the WKN Group received the construction and environmental permits for a project with a nominal output of 10 MW in France. However, before the sales process for this project can be initiated, a decision on an objection which was filed is required. On the basis of the indicative purchase offers for this project, the WKN Group has decided to continue to develop this disputed project as well as another French project with 19.2 MW of nominal capacity.

In addition, further projects with approx. 59 MW of total nominal capacity were in the official approval process at the end of the half year 2015.

GREAT BRITAIN:

The shares in the British subsidiary PNE WIND UK and thus the entire project pipeline which have been developed over the past couple of years were sold in June 2015. The purchase price for 100% of the shares in the Company – including the repayment of shareholder loans to PNE WIND Ausland GmbH – totals up to GBP 103 million (approx. euro 141.5 million as at transaction date). GBP 40.1 million (approx. euro 54.8 million as at transaction date) was paid immediately and of this amount PNE WIND received GBP 38.3 million / approx euro 52.8 million. The remaining GBP 63 million (approx. euro 86.4 million as at transaction date) will be become due when milestones in the development of the projects are reached till 2020. The buyer also has an option to purchase a 66 MW project and if Brookfield exercises the option, an additional payment would become due.

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

In February of this year, PNE WIND began searching for a financially strong partner to jointly develop PNE WIND UK's rapidly growing pipeline of wind farm projects with a nominal output of approx. 1,200 MW. Over the course of the discussions with interested parties, it became clear that investors were very interested in the entire project pipeline. This has now resulted in PNE WIND AG selling its 90 percent stake in the British subsidiary and the remaining 10 percent, which were held to date by the Joint Venture partner, have now also been sold.

For a project of the WKN Group with 66 MW, the planning permission from the Scottish Energy Minister still needs to be received. The project is positively supported by local and regional communities and has been named as a showcase example on the basis of its positive cooperation with the municipalities in a study undertaken by the government (Scottish Government Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments).

ITALY:

In Italy, the WKN Group was granted planning permission for a project with a nominal output of 30 MW. For two additional projects each with 13 wind turbines the environmental permits have been issued. The applications for the planning permission for both projects are in preparation. For an additional wind farm, the environmental and planning permission for up to 7 wind turbines is expected in 2015.

The projects are being prepared for participation in a potential tendering procedure in 2015/16 so that the WKN Group can participate with one or more projects. At present, there is no official confirmation that a tendering procedure for onshore wind energy projects will take place in Italy in 2015.

For an additional 40 MW project, an environmental permit was granted in the third quarter of 2013. An agreement with the grid network operator and other project developers with regard to the grid connection approval is still outstanding. To date, it has not been possible to come to an agreement.

POLAND:

In Poland, the WKN Group has received planning permission for project with a nominal output of approx. 32 MW. The WKN Group increased its interest in the project company from 40 percent to 100 percent in 2014 to be able to market the project more flexibly. The project is being optimised for the first tender scheduled to take place in 2016 and talks with potential investors are currently taking place. In Poland, projects with approx. 285 MW of nominal capacity are currently being developed by WKN. From January 1, 2016 the Polish Renewable Energies legislation will be renewed and changed to a tender procedure. The legislation was adopted in March 2015.

ROMANIA:

The development of wind farms in Romania was continued by PNE WIND AG. Changes in the feed-in payment system have led to uncertainties in 2013 and 2014. Since the presidential election in November 2014 and the victory of the EU-friendly candidate, a revision of the renewable energies legislation is expected. In Romania, wind farm projects 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 planning permissions have been granted.

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 permits for these projects were submitted in 2013/14 and are currently being processed by the competent authorities and the first of which for one of the projects was granted in June 2015.

SOUTH AFRICA:

In the 2014 tender, the WKN Group participated with the 30 MW "Banna Ba Pifhu" project. In the first selection round, which took place in April 2015, the project was not considered. In the second selection round in June 2015, the project was once again not awarded. The project should be submitted to participate in the upcoming October 2015 tender. The "Ubuntu" project is currently being prepared to participate in one of the future tender rounds.

TURKEY:

In Turkey, PNE WIND AG is currently developing wind farm projects with up to 700 MW of nominal output. At the beginning of April 2014, PNE WIND AG and STEAG GmbH agreed to develop wind farm projects together in Turkey going forward. In April 2015, PNE WIND sold 50 percent of its shares in PNE WIND Yenilibr Enerjiler Ltd. to the STEAG and together with STEAG applied for pre-licences for 6 projects with a maximum output of 230 MW at the end of April 2015. Currently preparations for the next tender, which is expected at the end of the year, are being made.

UKRAINE:

Due to the difficult political situation in the Ukraine, project development activities were stopped in 2014 and a decision to exit the market was taken in 2015.

HUNGARY:

In Hungary, two wind farm projects developed by PNE WIND AG's subsidiaries were granted planning permissions. However, the Hungarian government has been blocking the further expansion of wind energy for some time now. Through the construction of a military radar system in the meantime, a building approval for a wind farm with 36 MW could not be extended. Therefore, Hungarian subsidiary is still waiting to be able to participate with one approved wind farm with a nominal capacity of 42 MW in tenders for grid connections to the high voltage electricity distribution systems.

USA / CANADA:

During the fourth quarter of 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, which means that the tax-related support mechanisms (PTC) should be secured. These are to be granted for projects that were under construction at the end of 2013 and are completed by the end of 2015.

The PTC regulation was extended by a further year at the end of 2014. Accordingly, PNE expects that the completion period for the "Chilocco" project will also be extended to the end of 2016.

Also, with the aim of securing the PTC, PNE started construction of the “Belle Fourche” wind farm project (South Dakota) in December 2014. Wind power turbines with a total nominal capacity of up to 30 MW can be erected in this project.

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 165 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:

As at June 30, 2015, the PNE WIND Group, through subsidiaries and joint ventures, was developing international projects in various phases of a multiple year development process with approx 3,600 MW of nominal output following the sale of our project pipeline in the UK. On the basis of the Group’s business development, the Board of Management is confident of achieving further growth and diversification of its business through the internationalisation of its wind farm development activities.

Expansion of the business activity / YieldCo

Since 2014, PNE WIND AG has completed significant steps in order to expand its business model. This includes the formation of a YieldCo, in which internally developed and completed wind farms are bundled. The objectives of the YieldCo business are to increase the earnings potential and to strengthen the competitive situation of the Group as well as to establish a new company (YieldCo), which provides its investors with stable and attractive dividends. As a result, the YieldCo represents a classic win-win situation, offering large potential both for PNE WIND and for the investors of the YieldCo.

YieldCo – companies which hold portfolios consisting primarily of renewable energy projects and distribute earnings to their owners through dividends – are a proven and successful addition to the core business of project development companies, in particular, in the Anglo-Saxon region. YieldCos have been welcomed in these countries because they enable public equity investors the ability to invest directly in operational renewable assets and thereby have access to an asset class which was previously reserved to utilities and other institutional investors. From PNE WIND’s perspective as the Project developer, the YieldCo represents an attractive way to grow the business by accessing new pools of capital which provide the needed equity on attractive terms to realise new projects.

In the YieldCo of PNE WIND AG, completed wind farms will be bundled into a portfolio of fully operating wind farms, which reliably produce electricity at various sites and generate sustainable earnings through the guaranteed feed-in tariff regulatory framework.

PNE WIND YieldCo Deutschland GmbH will include mainly German wind farms with a total nominal output of up to 150 MW. These will be projects which were developed in the past few years by the PNE WIND Group. Wind farms with a nominal output of approx. 73 MW were already approved and are partially under construction. Permits have been applied for additional projects which will also be included in the YieldCo. Once operational, the wind farms will be placed successively in the German YieldCo company.

Once the initial portfolio has been constructed, PNE WIND plans to sell its holding - wholly or partly - in the YieldCo by the end of 2016. This may take place - as observed in the public markets - via a listing of the YieldCo on the stock exchange or by selling our holdings to an individual investor. Through our Edinburgh-based PNE WIND Yieldco International Limited, established in the United Kingdom, PNE WIND AG has the option to hold the IPO in London.

PNE WIND AG expects to benefit in multiple ways from the expansion of its business model. The Company anticipates that the YieldCo, with its portfolio of commissioned wind farms, can be sold under more attractive conditions than projects that are sold on an individual basis in the context of our previous business model. 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. Furthermore, YieldCo investors are able to buy or sell shares in a listed vehicle more efficiently than would be possible when making direct investments into a single wind park.

PNE WIND AG would welcome our shareholders participating in the planned IPO of the YieldCo. In this way, they could benefit not only from the earnings generated by PNE WIND AG but also by the profits generated at the YieldCo.

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 YieldCo will be able to use its retained earnings from its operational wind farms to acquire new projects from us. If the Group decides to keep a stake in the YieldCo, PNE WIND AG would also participate on the continuing success of the YieldCo.

Thus, we intend to expand our model and sustainably benefit from this as a Group. By doing this we have however accepted that this undertaking means increasing investments (loans to provide equity capital and loans to the project companies' totals approx. euro 50.6 million since 2014 till June 30, 2015) and a temporal shift of our returns from 2014 and 2015 until 2016. Due to the initiation of the YieldCo model, the sale of wind farms to external third parties - and accordingly the revenue and earnings out of these projects - will be postponed. Till now, the accrued consolidated profits which have been eliminated since 2014 to June 30, 2015 amount to approx. euro 12.9 million. We believe that the positive benefits which will be achieved will more than compensate for this postponement.

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

The following table contains wind farm projects which are approved or under construction and will be incorporated into the YieldCo portfolio.

Project	Location	Status	Planned nominal output in MW	Scheduled completion
Chransdorf	Brandenburg	Under construction	57.6	Second half year of 2015
Waldfeucht	North Rhine-Westphalia	Under construction	9.0	Second half year of 2015
Apensen II	Stade	Construction preparations	6.0	First half year of 2016

Chransdorf wind farm

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

The project received the planning permission pursuant to the Federal Emission Protection Act (BImSchG) in 2014 and is currently under construction. 24 wind power turbines (Nordex N117/2400) with hub heights of 141 meters will be erected in this wind farm. The total nominal output of the wind farm is 57.6 MW. Completion of the wind farm is expected for the second half of 2015.

Waldfeucht wind farm

The project received the planning permission pursuant to the Federal Emission Protection Act (BImSchG) in 2014 and is currently under construction.

In the “Waldfeucht/Selbkant” wind farm near Heinsberg (North Rhine-Westphalia), wind power turbines planned by PNE WIND and commissioned in 1999 will be replaced in this repowering project. Four wind power turbines with a total nominal output of 12 MW will be constructed there; three of these turbines will be placed into the YieldCo. Completion of the wind farm is expected for the second half of 2015.

Apensen II wind farm

The project received the planning permission pursuant to the Federal Emission Protection Act (BImSchG) in 2015 and construction activities were able to be started.

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

Segment offshore wind power

PNE WIND AG: Overview of the offshore project activities per June 30, 2015:

Project	Phase	WEA	Total MW
Borkum Riffgrund I *	7	78	312
Borkum Riffgrund II *	5	97	349
Gode Wind 1 *	7	55	330
Gode Wind 2 *	7	42	252
Gode Wind 3 *	3	15	90
Gode Wind 4 *	4	42	252
Nautilus II / HTOD5*	2	68	476
Nemo	2	80	480
Jules Verne	2	80	480
Nautilus I	2	80	480
Atlantis I	3	80	400
Atlantis II	2	80	400
Atlantis III	2	80	400
Total		877	4,701

* 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

In March 2015, the German Federal Maritime and Hydrographic Agency (BSH) sent letters to wind farm developers. In the letters, the BSH informed them that no procedure for the granting of planning approvals will be continued for the projects in the zones 3, 4 and 5 in the North Sea until further notice. In these areas, approx. 40 wind parks in development, including the offshore parks "Nemo", "Nautilus I", "Nautilus II / HTOD5", "Jules Verne" and "Atlantis" II and III, which are being developed by PNE WIND AG. The projects which are situated over 100 kilometres off the coast are being primarily affected. PNE WIND is conducting discussions with the BSH and other parties which are affected and is examining further procedures. "Atlantis I" is situated in zone 2 and is therefore not directly affected. The realization of Atlantis I depends - as all offshore projects - on a grid network connection and currently, the implementation period of the transformer station BorWin 4 is being discussed.

"BORKUM RIFFGRUND"-PROJECTS

The "Borkum Riffgrund I" offshore wind farm project, which was previously sold to DONG Energy, where PNE WIND AG continues to act as a service provider, developed positively. After DONG Energy made its investment decision for the "Borkum Riffgrund I" offshore wind farm in 2011, construction started in 2013. The first wind power turbines were installed in 2014 and now all 78 turbines have been installed. The DolWin alpha transformer station, which is part of the 800 MW grid connection and designed by ABB on behalf of TenneT, was installed in 2013.

The BSH granted the construction permit for the neighbouring "Borkum Riffgrund II" offshore project in December 2011. In 2013, the transmission grid operator TenneT awarded the contract for the construction of the DolWin3 transformer station, which will connect the wind farms in the North Sea to the high-voltage grid on land, to Alstom. 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.

First steps towards construction of the project have now been made with the MHI Vestas being chosen as the preferred turbine supplier for the wind farm. 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 will be made by DONG Energy to PNE WIND AG. Further important project phases are the final investment decision and commissioning of the project.

"GODE WIND"-PROJECTS

In August 2012 the offshore wind farms "Gode Wind" 1 to 3 were to sold to DONG Energy – the projects have since been split into "Gode Wind" 1 to 4. The shares in the "Gode Wind" 1, 2 and 4 projects were already transferred 100 percent to DONG Energy. In this year, DONG Energy started building the projects "Gode Wind" 1 and 2 at sea. The full commissioning of these 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 work already completed.

On the achievement of predefined project development steps, milestone payments totalling up to euro 25 million are expected to be received. The next milestone payment will be triggered with the BSH (Bundesamt für Seeschifffahrt und Hydrographie) approval for the "Gode Wind 3" project. The hearing for this project took place in September 2014. The project has now reached project development phase 3. 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").

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.

“ATLANTIS”-PROJECTS

Three offshore projects were acquired in 2013 from BARD Engineering GmbH through the subsidiaries “Atlantis” I to III, in order to participate in the further expansion of offshore wind power in Germany. The project documentation has been reworked by PNE WIND AG and other application parameters (eg turbine and foundation structures) have been adapted to fulfill the current planning procedure requirements. PNE WIND AG intends to develop the acquired projects further through the approval process and up to the point of construction maturity. On the basis of our experience and knowhow in the offshore sector, PNE WIND AG has the proven ability to create and realise the value of such projects.

The PNE WIND subsidiaries “Atlantis” I to III made a first purchase price payment on the conclusion of the purchase contract. Additional variable instalment payments 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.

PNE WIND AG is currently pursuing judicial measures to ensure that a timely grid network connection for the most advanced project “Atlantis I” is secured.

“NEMO”, “NAUTILUS I” AND “JULES VERNE” PROJECTS

The “Nemo”, “Nautilus I” and “Jules Verne” projects are located in the North Sea within the German Exclusive Economic Zone (EEZ) about 180 kilometres North West of the island of Helgoland. According to the current planning, 80 offshore wind energy turbines are planned to be approved in each of the project areas. The development of these offshore projects is dependent on the grid network connection policy to be determined by the German government. Due to the decreased provisions by the government for the development of offshore wind power, these projects are scheduled for approval on a long-term basis only and are still in an early planning stage.

“HTOD5” PROJECT (PREVIOUSLY “NAUTILUS II”)

The “Nautilus II” offshore wind farm project, which is being developed by PNE WIND AG and has in the meantime been renamed “HTOD5”, is still at the planning and application stage. Following the sale of the project in November 2011 to Ventizz/HOCHTIEF, PNE WIND AG will remain active as project developer until the BSH permit is issued. The project is planned for up to 68 offshore wind power turbines with a nominal output of up to 7 MW each, depending on the grid connection scheme stipulated by the Federal Government. The project area is located in the North Sea within the Exclusive Economic Zone of the Federal Republic of Germany about 180 kilometres North West of Helgoland. The government has reduced its targets for the expansion of offshore wind power and these projects are now longer-term in nature and remain in an early stage of development.

TOTAL OFFSHORE

In total, PNE WIND AG was working as at June 30, 2015 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 level, a total of up to 480 wind power turbines can be constructed in our own offshore wind farms. Decisive for the exact number is the nominal output of the turbines to be selected, which can amount to between 3 and 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 by 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 GmbH, which in accordance with a business supply contract provides the personnel for the timber biomass power plant in Silbitz. Furthermore, the segment also includes shares in limited partnerships, in which future onshore wind farm projects are to be implemented.

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 six months of 2015 an EBIT of euro 1.5 million (prior year: euro 1.5 million).

7. Economic report

a. Revenues and earnings

The figures shown below were determined and presented in accordance with IFRS for the Group.

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

In the first half year of 2015, the PNE WIND AG Group achieved a total aggregate output of euro 89.8 million (prior year: euro 134.7 million) in accordance with IFRS. Of this, euro 71.9 million was attributable to revenues (prior year: euro 117.9 million), euro 15.8 million to changes in inventories (prior year: euro 15.1 million) and euro 2.0 million (prior year: euro 1.6 million) to other operating income. The decrease in revenues compared to the first half of 2014 is mainly due to the YieldCo - our activities during the first half of 2015 have been focused on internal development of projects and these activities have not yet led to revenues being generated.

The activities of the Group in project development in Germany and abroad and also both onshore and offshore are reflected in the expense items. In comparison to the same period last year, the cost of materials ratio for the Group in the first half 2015 is lower due to the sale of PNE WIND UK. This transaction generated sales which were not accompanied with any or only a very low cost of materials. From the UK deal, a positive EBIT effect of approx. euro 35 million was realized in the second quarter of 2015.

In the first half year of 2015, the personnel expenses amounted to euro 13.8 million in the Group and thus remained approximately the same compared to the amount of the prior year period (euro 13.3 million). Due to the sale of the PNE WIND UK business, the number of employees in the Group as at June 30, 2015 was mainly lower at 383 in comparison with the previous year (June 30, 2014: 411 employees).

The other operating expenses in the Group increased to euro 12.5 million (prior year: euro 9.4 million). The other operating expenses are attributable primarily to impairment losses on receivables and other assets, legal and consulting costs, advertising and travel expenses, insurance and contributions, repair and maintenance expenses mainly for "Altenbruch II" and "Silbitz" as well as rental and leasing expenses. The increase in other operating expenses is mainly attributable to legal and consulting fees in connection with the sale of PNE WIND UK, the sale of shares in our Turkish projects, the grid connection for the "Atlantis I" project, the WKN arbitration suit and the WKN audit review of the financial statements financial year 2012.

Depreciation amounted to euro 3.9 million (prior year: 3.7 million). Depreciation was incurred primarily at the "Altenbruch II" wind farm, which is operated for our own account, the "Passauer Land" solar farm and at the "Silbitz" timber biomass power plant.

Interest expenses in the Group decreased from euro 7.0 million in the prior year to euro 6.6 million. Interest expenses decreased primarily due to the convertible bond 2009/2014 and the convertible bond 2010/2014 expired in the middle and at the end of 2014 respectively that caused interest expenses in the same period in the prior year.

In the first half year of 2015, operating profit (EBIT) amounted to euro 24.0 million (prior year: euro 2.8 million) and earnings before tax (EBT) amounted to euro 18.1 million (prior year: euro -3.0 million). The consolidated net income after minority interests amounted to euro 18.4 million (prior year:

euro -2.4 million). The basic earnings per share for the Group amounted to euro 0.25 (prior year: euro -0.04) and the diluted earnings per share for the Group amounted to euro 0.24 (prior year: euro -0.04).

Due to the positive business results, retained earnings at the Group level increased to euro 29.1 million (as at December 31, 2014: euro 10.7 million).

With regard to the subsidiaries consolidated in the Group, the major portion of revenues achieved in the first half year of 2015 was in respect of management remuneration and service payments in the amount of euro 2.7 million (prior year: euro 1.7 million), payments for the use of transformer stations in the amount of euro 1.3 million (prior year: euro 0.8 million) and proceeds from the sale of electricity in the electricity generation segment in the amount of euro 6.3 million (prior year: euro 6.2 million). The subgroup of WKN AG was included in the Group of PNE WIND AG in accordance with IFRS with the following values (before consolidation effects).

WKN subgroup (in EUR million)	01.01.–30.06.2015	01.01.–30.06.2014
Revenues	19.6	44.6
Total aggregate output	25.8	52.0
Personnel expenses	-5.3	-5.2
Other operating expenses	-6.2	-3.9
EBIT	-1.3	-1.9
Employees on June 30	175 MA	195 MA

The results of the Group and of PNE WIND AG in the first half year primarily reflect the United Kingdom transaction as well as the continued investments needed to develop the onshore and offshore project pipeline in Germany and abroad. The preliminary work in our domestic projects which are at the realisation stage, are consolidated within the Group and are being successively placed in the YieldCo have not yet led to any results at the Group level. Till now, the accrued consolidated profits which have been eliminated since 2014 to June 30, 2015 amount to approx. euro 12.9 million.

Reflecting on the positive business developments, we confirm our forecast of achieving a cumulative EBIT for the 2014 to 2016 fiscal years of euro 110 to 130 million and see the prospect of increasing our forecast upon the successful implementation of the YieldCo business. For fiscal 2015, we expect that the Group-EBIT will continue to develop positively and forecast that the consolidated EBIT should be in the range of euro 30 to 40 million per year end. Achievement of this is dependent on the successful development and sale of onshore projects (in Germany and abroad) and milestone payments being triggered from the UK deal (dependent on financial investment decisions-FID) as well as from our offshore activities.

b. Financial situation / liquidity

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

The statement of cash flow gives information on the liquidity situation and the financial situation of the Group. As at June 30, 2015 the Group companies had available liquidity in the amount of euro 197.1 million including the syndicated working capital lines available to WKN AG (see explanation below) and credit lines for interim project financing, of which an amount of euro 2.5 million is pledged to banks (prior year: euro 150.7 million, of which euro 0.3 million pledged).

The liquidity available is broken down as follows:

- cash and cash equivalents in the amount of euro 105.8 million,
- free syndicated working capital lines in the amount of euro 9.6 million and
- interim project financing available in the amount of euro 81.7 million.

Furthermore, PNE WIND AG has a credit facility available for guarantee and contract fulfilment obligations in the amount of euro 3 million (amount drawn euro 2.5 million) and WKN AG has credit facilities in the amount of euro 15 million (amount drawn euro 8.8 million).

Explanation:

The WKN Group is financed mainly by a syndicated working capital loan amounting to a total of euro 29 million as well as a working capital loan, repayable at maturity, in the amount of euro 6 million as a base financing. The syndicated working capital loan includes requirements to meet financial performance indicators, which, if not adhered to, give the lenders the right to terminate the agreement. As at December 31, 2014, WKN AG had not met the financial performance indicators, so there was the possibility that the entire facility would be terminated with the requirement to repay the amount drawn. In June 2015, the covenants were no longer in breach and the syndicated loans and are once again in place till June 30, 2016.

The cash flow from ordinary activities shown in the Statement of cash flows amounts to euro -52.8 million (prior year: euro -15.3 million) and is primarily attributable to:

- the positive Group result,
- the expenses for the further development of the project pipeline and the implementation of the wind farm projects, which is reflected in the inventories and were primarily financed by project financing (see Cash flow from financing activities),
- The profit from the disposal and deconsolidation of fixed assets - in accordance with accounting rules this is not included in Cash flow from operating activities but rather Cash flow from investing activities.

The Cash flow from investing activities in the period under report includes payments received and payments made for investments in property, plant and equipment of the Group in the amount of euro 21.6 million (prior year: euro -3.1 million). The cash flow from investing activities was characterised mainly by the investments in transformer stations for the wind farm projects being constructed. Divestments amount to approx. euro 23.7 million and arose from the sale of the shares of PNE WIND UK Ltd.

During the period under report, the cash flow from financing activities in the amount of euro 70.3 million (prior year: euro -8.5 million) was influenced primarily by:

- the repayment and disposal of credit liabilities in the amount of euro -5.6 million,
- the taking of bank loans in the amount of euro 68.6 million - mainly for the interim financing of wind farm projects being constructed,
- the May 2015 capital increase with gross proceeds of approx. euro 9.5 million.

As at June 30, 2015, the share capital of PNE WIND AG amounted to euro 76,553,439.00.

As at June 30, 2015, the Company had liquid funds in the amount of euro 105.8 million (previous year: euro 46.6 million).

PNE WIND AG had cash in the amount of euro 62.8 million, of which euro 2.5 million was pledged to banks as at June 30, 2015 (prior year: euro 36.4 million, of which euro 0.3 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

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

The solar park "Passauer Land" is planned to be sold after June 30, 2015. According to IFRS 5, assets and liabilities must be reclassified in the items "Assets held for sale" (asset side) and "liabilities associated with assets held for sale assets" (liability side). Balance sheet positions are therefore only partly comparable.

Assets (in EUR million)	30.06.2015	31.12.2014
Total long term assets	140.2	149.8
Intangible assets	63.7	63.9
Property, plant and equipment	62.7	73.6
Long-term financial assets	2.6	2.0
Deferred taxes	11.2	10.3
Assets designated for sale	12.7	1.0
Total short term assets	354.1	266.0
Inventories	217.9	152.4
Receivables and other assets	30.0	40.2
Tax receivables	0.4	1.2
Cash and cash equivalents	105.8	72.2
Total assets	507.0	416.8

On the reporting date, the consolidated total assets of PNE WIND AG amounted to euro 507.0 million. This is an increase of 21.6 percent in comparison with December 31, 2014.

Total long term assets decreased from euro 149.8 million at the end of 2014 to euro 140.2 million. As at June 30, 2015, intangible assets totalled euro 63.7 million, representing a similar amount recorded on December 31, 2014. The most important element of this item is the goodwill of the wind power development segment in the amount of euro 60.2 million (of which development of wind power PNE is valued at euro 20.0 million and development of wind power WKN is valued at euro 40.2 million). In the same period, property, plant and equipment decreased by euro 10.9 million to euro 62.7 million

(December 31, 2014: euro 73.6 million). This item primarily includes land and buildings (euro 17.1 million without the land and buildings of "Silbitz"), transformer stations owned or under construction (euro 11.7 million) and the technical equipment and machinery of the "Altenbruch II" wind farm project (euro 25.0 million) and the Silbitz timber biomass power plant (euro 4.9 million including land and buildings in the amount of euro 2.9 million). The change in the position "Property plant and equipment" is mainly due to the reclassification the solar park "Passauer Land" (euro 8.8 million) to the position "Assets held for sale".

The item "Assets held for sale" includes the "Gode Wind 3" offshore project under development (euro 1.1 million) and tangible assets and other assets in connection with the solar park "Passauer Land" (euro 11.6 million).

During the period under report, short term assets increased from euro 266.0 million as at December 31, 2014 to euro 354.1 million on June 30, 2015. This change is mainly attributable to the increase in inventories (euro +65.5 million) and the increase in cash and cash equivalents (euro +33.6 million). Of the short term assets, euro 11.1 million is attributable to trade receivables (December 31, 2014: euro 20.1 million).

The work in progress shown in the inventories increased from euro 130.5 million as at December 31, 2014 to euro 139.9 million. The increase in work in progress is attributable mainly to the onshore projects under construction in Germany and the further development of the onshore and offshore project pipelines in Germany and abroad.

The unfinished services are divided as follows:

- offshore Projects "Nemo", "Nautilus", "Jules Verne" (euro 10.3 million),
- offshore Projects "Atlantis I - III" (euro 30.5 million),
- onshore projects for the planned YieldCo (euro 26.0 million),
- onshore projects in Germany (euro 16.8 million),
- onshore projects in Poland (euro 12.4 million),
- onshore projects in Italy (euro 11.9 million),
- onshore projects in France (euro 9.1 million),
- onshore projects in Sweden (euro 6.1 million),
- onshore projects in Romania (euro 5.1 million),
- onshore projects in the US (euro 4.2 million),
- an onshore WKN project in Great Britain (euro 4.2 million) and
- onshore projects in South Africa (euro 3.3 million).

The inventory position increased by euro 56.1 million up to euro 77.8 million due to the increase in advance payments in connection with onshore projects which are under construction.

As at June 30, 2015, cash and cash equivalents amounted to euro 105.8 million (as at December 31, 2014: euro 72.2 million). The change is mainly due to the proceeds from the disposal of PNE WIND UK Ltd.

Liabilities (in EUR million)	30.06.2015	31.12.2014
Shareholders' equity	187.9	160.2
Deferred subsidies from public authorities	1.0	1.0
Provisions	12.4	13.5
Long term liabilities	143.7	151.0
Short term liabilities	142.4	79.4
Deferred revenues	12.3	11.7
Liabilities in connection with assets designated for sale	7.3	0.0
Total liabilities and shareholders' equity	507.0	416.8

On the liability side, consolidated shareholders equity decreased from euro 160.2 million (December 31, 2014) to euro 187.9 million as at June 30, 2015. This development was due mainly to the positive result of the Group and the capital increase completed in May 2015. The equity ratio of the Group was approx. 37 percent as at June 30, 2015 (December 31, 2014: approx. 38 percent) and the debt ratio approx. 63 percent (as at December 31, 2014: approx. 62 percent).

The long term liabilities decreased from euro 151.0 million at the end of 2014 to euro 143.7 million. This item consists mainly of financial liabilities in the amount of euro 140.4 million (as at December 31, 2014: euro 148.8 million). These liabilities include the corporate bond issued in May and September 2013 in the net amount of euro 96.7 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 in the 2013 fiscal year. These expenses are recognised over the term of the bond in interest expense (since the issue of the bond, interest expense of euro 1.8 million has been recorded, of which euro 0.5 million was recorded during the first half year 2015). In addition, the long term financial liabilities include the 2014/2019 convertible bond issued in the 2014 fiscal year in an amount of euro 6.1 million. The expenses of euro 0.3 million related to the issue of this bond were offset against the liabilities in the 2014 fiscal year and are recognised in interest expense over the term of the bond. In addition, an amount of euro 0.2 million of the convertible bond was recognised in shareholders' equity. Long term liabilities to banks amounted to euro 29.7 million (as at December 31, 2014: euro 38.7 million).

The short and long term liabilities to banks mainly include:

- the working capital credit line of WKN AG (euro 20.0 million, of which long term euro 0.0 million – see explanation 1 below),
- working capital loans repayable at maturity of WKN AG (euro 6.0 million, of which long term euro 6.0 million),
- the project financing of the “Altenbruch II” wind farm (euro 20.5 million, of which long term euro 17.5 million),
- the project financing of the timber biomass power plant “Silbitz” (euro 2.4 million, of which long term euro 1.7 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 4.2 million, of which long term euro 3.6 million).
- the project financing of the “Chrandsdorf Altdöbern” and “Chrandsdorf Großräschen” wind farm (euro 70.8 million, of which long term euro 0.0 million – see explanation 2 below).
- the project financing of the “Waldfeucht Repowering” wind farm (euro 1.3 million, of which long term euro 0.0 million).

Explanation 1:

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

Explanation 2:

The project financing for the YieldCo projects (in particular the Chrandsdorf and Waldfeucht projects) are an interim financing and will be converted into long term project financing after the wind farms are completed. Although the long term financing has been secured, the project interim financing will be reported under short term loan liabilities till the point of conversion.

On June 30, 2015, the total number of shares issued by PNE WIND AG amounted to 76,553,439. The increase in the number of shares compared to March 31, 2015 (71,974,939 units) is the result of the issuance of 4,578,500 new shares in the capital increase completed in May 2015. The shares were placed at a price of euro 2.065 per share in May 2015 and generated gross proceeds of euro 9,454,602.50.

PNE WIND AG gave a contractual commitment to the limited partners participating in the operating company of the Silbitz biomass power station to repurchase their limited partnership shares at the beginning of 2017 at a price in the amount of 110 percent of the nominal value. Due to this undertaking other financial liabilities include a discounted purchase price liability in the amount of euro 6.7 million as at June 30, 2015. 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 0.7 million.

In the first half year 2015, the short term liabilities increased from euro 79.4 million (December 31, 2014) to euro 142.4 million. Short term financial liabilities, which include short term credit liabilities, increased from euro 38.4 million (December 31, 2014) to euro 100.3 million. This change was mainly attributable to additions of short term project financing for the YieldCo projects being implemented with maturities of less than one year, which are used upon implementation of the project. The trade liabilities decreased from euro 21.5 million as at December 31, 2014 to euro 19.5 million.

Under the position “Liabilities associated with assets held for sale” is the Solar park “Passauer Land” which has euro 7.3 million in debt (including project financing totalling euro 5.6 million).

Taking into consideration the liquid funds, the net indebtedness on June 30, 2015 was euro 137.6 million (December 31, 2014: euro 115.0 million) in accordance with DVFA – German Association for Financial Analysis and Asset Management.

8. Transactions with closely related companies and persons

During the reporting period, no transactions – except regarding the remuneration for the Supervisory Board’s activities at WKN AG presented below– took place with related parties.

The Supervisory Board members Dieter K. Kuprian and Dr. Peter Fischer and CEO Martin Billhardt acted as the Supervisory Board of WKN AG in the first half 2015. For this activity, they received compensation in the following amounts:

- Dieter K. Kuprian: 40 TEUR (40 TEUR has not yet been paid, but a provision was recorded),
- Dr. Peter Fischer: 30 TEUR (30 TEUR has not yet been paid, but a provision was recorded),
- Martin Billhardt: 20 TEUR (20 TEUR has not yet been paid, but a provision was recorded).

Furthermore, there were provisions for the Supervisory Board remuneration for the financial year 2014 for the Supervisory Board members Dieter K. Kuprian (80 TEUR) and Dr. Peter Fischer (60 TEUR) and Martin Billhardt (40 TEUR).

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 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.

In addition, it is possible to sell larger project portfolios if investors are interested.

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.

11. Major events subsequent to the period under report

No significant events took place since the end of the period under report, which have an effect on the asset, financial and earnings situation.

12. Intangible assets / sustainable development

The successful development of wind farm projects onshore and offshore is based primarily on the knowledge and experience of qualified employees of many years standing as well as on cooperation based on confidence with other participating partners. Creative and individual approaches taken by our employees are frequently required to find solutions to complex problems which arise during the development of a wind farm. The value of a wind farm project, from which the commercial success of PNE WIND AG depends, is created primarily in the planning phase up to the approval. In this respect, we can rely on the competence and experience of our long-time employees, who do not only have excellent expertise in the branch but also maintain very good professional 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 as well as the operation 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 is strengthened further through the qualifications of our employees and the constant optimisation of our 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 regulatory conditions, these are closely linked with the activities of the industry associations and are used to maintain constant dialogue.

With continuous 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 give proof of the focus on the core business of wind farm projecting and the competence connected with it, the corporate name "PNE WIND" will be developed increasingly into a brand by means of continuous marketing. Our objective is to document nationally and internationally our "passion for energy" even more intensively to the outside world and thus to increase the value of the brand.

We are making a substantial contribution to the reduction of damaging climatic gases with the wind farms projected and operated by us and, thus, to the protection of humanity, the environment and nature. The "Altenbruch II" wind farm alone reduces 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 not only makes positive contributions to the environment but also contributes to saving the limited reserves of fossil fuels, since these are far too valuable just to be burned. From an economic point of view, there is a positive effect in that the generation of electricity is decentralised and thus the import of expensive fuels is reduced and avoided. Value is added where electricity is generated from wind power. As a result the wind farms 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

added value can be created for the Company while maintaining a manageable risk. Risk management is a continuous process. An evaluation of the risks is made based on the analysis of the core processes. A risk report is submitted regularly to the Board of Management and to the Supervisory Board. Unless otherwise indicated below, the assessment of the risks has not changed compared to 31 December 2014.

Risks from operating activities

A major risk is the approval risk of projects. In the event of time delays with regard to permits, this can lead to postponements in the flow of liquidity, higher prepayment requirements as well as the loss of the planned recuperation of the funds. Furthermore, projects in such cases can become uneconomical, which can lead to the write-off of work in progress which has already been capitalised. Apart from the inventories, this risk can also have an effect on the value of the receivables. Should the offshore projects not be realised, it may result in fixed assets of up to euro 40.8 million being written off. Furthermore, a future milestone payment per the Atlantis project purchase contract would no longer be due and the provision in the amount of euro 9.3 million would be eliminated. The operating opportunities in the projecting of onshore and offshore wind farms can, however, only be realised if such entrepreneurial risks are taken.

Time delays can also occur in the implementation of the projects due to the uncertain date of the issuing of approvals and the commitments for network connections, possible complaints in respect of permits already granted, the availability at the right time of wind power turbines or the availability at the right time of other necessary preconditions and components for the construction of a wind farm. Through comprehensive project controlling, 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 PNE WIND AG should be required to honour guarantees which it has granted or to honour other comparable commitments or should any other of the risks described in this paragraph occur.

A risk to the future development is possible in the areas of financing and the sale of wind farm projects, as is the case with all companies which project wind farms. In order to meet this risk PNE WIND AG has already selected the sales target of "individual and large investors" for several years. Negative effects from rising rates of interest on the project marketing, cannot, however, be excluded, since rising interest rates lead to higher project costs. In addition, rising capital market interest rates can simultaneously lead to declining sales prices, since the requirements of the individual and large investors for a return on the project may increase in this case.

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

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

Financing risks also exist for our partner companies (DONG Energy as well as Ventizz/Hochtief) with regard to offshore wind farm projects. Depending on the progress of the project, payments will still be due to PNE WIND AG for the "Borkum Riffgrund II", "Nautilus II" 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 closing 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 and the Group.

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

Refinancing risks may arise when the syndicated working capital loan agreement of WKN AG expires in June 2016 or if the syndicated working capital loan is terminated early by the lenders in the event that financial performance indicators defined in the agreement are not met.

In respect of German 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. The May 2015 announcement by the German Federal Maritime

and Hydrographics Agency (BSH) to suspend continuation of approval procedures in the areas, where the “Nemo”, “Jules Verne”, “Nautilus” and the “Atlantis” II and III projects are located for the time being can lead to delays or complete failure of these projects. A delay or a non-consideration of the projects with regard to the network connections would - as failure of the projects - have severe short-term effects on the earnings and assets situation as well as additional long-term effects on the future financial situation of PNE WIND AG. PNE WIND AG is currently pursuing judicial measures to ensure that a timely grid network connection for the most advanced project “Atlantis I” is secured.

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 acquisition or divestment of foreign companies. It is planned to undertake the hedging of key foreign exchange transactions with third parties outside the Group through currency hedging transactions.

There are joint venture companies within the PNE WIND Group, which may represent risks, since they have already started or will start activities abroad in the future. There is the risk that cooperation with partners of existing joint ventures fails, for example, if a joint venture partner withdraws so that the relationships and skills of the joint venture partner regarding the relevant foreign market can no longer be leveraged or that foreign wind farm projects already commenced 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 inventories of the respective joint venture company in PNE WIND Group’s balance sheet. All of this may significantly complicate the activity of the company in the relevant foreign market and, in the worst case, lead to a complete failure of the activity in this country. This 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 fundamental changes (e.g. a change in the number of wind power turbines or in the wind power turbine model) as a condition for their purchase of the project and no other suitable investors are available to the PNE WIND Group, this could lead to adjustments in the value of the project and thereby to adjustments of inventories in the PNE Group’s key indicators, which in turn could culminate in unplanned negative results.

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

From the issue of the 2013/2018 bond and the covenants concerning the equity ratio included in the bond conditions, increased interest payments could arise or there could be a termination right on the part of the bond holders 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 bond holders prior to the scheduled maturity would have substantial effects on the future short and medium term asset, financial and earnings situation of PNE WIND AG. The credit rating of PNE WIND AG was last renewed in April 2015. A project developer could be exposed to negative changes of the rating due to the long-term project development periods if unforeseen changes in the environment occur. This might have a negative impact on the refinancing costs of the Company in the future.

In case of a change of control, bond holders have the right to early repayment in accordance with the terms and conditions of the PNE WIND AG corporate bond 2013/2018. A change of control is deemed to occur when the Issuer becomes aware that a person or a group of persons is acting in concert, in accordance with § 2 para. 5 of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz "WpÜG") and has become the legal or beneficial owner of more than 30 % of the company's voting rights. This would have a significant impact on the asset, financial and earnings situation of the PNE WIND AG.

Risks from the majority shareholding in WKN AG

The purchase price paid by PNE WIND AG for the acquisition of the total participation in WKN AG may 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 AG regarding the facts and the business development of WKN AG may prove to have been too optimistic and/or PNE WIND AG could have estimated risks in connection with the business activity of the WKN Group wrongly or too optimistically. A detailed examination and project analysis performed by independent auditors revealed inconsistencies in the evaluation of projects of WKN on the date of takeover by PNE WIND AG. These were detected only after the acquisition and PNE WIND AG is making claims against Volker Friedrichsen Beteiligungs-GmbH, the former main shareholder of WKN AG and current shareholder of PNE WIND AG.

If repayment claims in the amount of euro 6.2 million are enforced, this would lead to a reduction in the level of investment made and result in a purchase price reduction.

WKN AG is an independent company within the PNE WIND Group, and PNE WIND AG does not have any direct influence over WKN. For this reason, as well as due to the fact that WKN AG has third party shareholders, there could be difficulties with the implementation of the strategy to acquire the total participation in WKN AG and realising positive 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 or non-contractual, voluntary support payments on the part of PNE WIND AG. The risk assessment has changed compared to the previous year due to a breach of the covenants. In the second quarter 2015 the Covenants breach was repaired and an agreement with the banks has been achieved.

From the drawing 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 (June 30, 2016). Apart from the working capital base financing of euro 6 million, which is based on the covenants of the syndicated loan agreement, WKN AG's guarantee credit facility totalling euro 15 million is also to be seen in this context. Increased interest payments for the drawing down of the loan would have no significant effects on the future asset, financial and earnings situation of the PNE WIND 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.

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 AG 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.

Political risks / market risks

Incalculable risks can also affect the market from outside. These include in particular a sudden change in the general legal conditions in Germany or in the foreign markets. The Board of Management of PNE WIND AG is of the opinion that wind farms can be economically developed and operated according to the current remuneration and legal framework. 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 wind energy tenders provided in the law.

In Germany, risks arising from potential future tender procedures for on and offshore wind farms are not yet assessed as concrete information on the proposed regulatory policy which foresees a tender system for wind energy has not yet been presented.

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

Legal risks

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

Since April 2015, an external audit of corporation, trade and value added tax of the major domestic companies of the PNE WIND AG Group, excluding WKN AG and its subsidiaries, has been covering the tax period from January 1, 2011 up to and including December 31, 2013. The last external audit considered the tax periods from January 1, 2006 up to and including December 31, 2010 for the major domestic subsidiaries of the PNE WIND Group and that of WKN AG and its subsidiaries for the period up to December 31, 2006. In the case of external audits there is the risk that the results of the external audit can have effects on the asset, financial and earnings situation of the Company in the future annual and consolidated accounts.

Opportunities

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

PNE WIND AG is continuing its ongoing further development of the business model by establishing a so-called YieldCo. The Company's completed and commissioned onshore wind farms in Germany with a total output of up to 150 MW will be bundled in this subsidiary, before being 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 to be successful in the USA and the United Kingdom: We anticipate that a portfolio of already commissioned wind farms can be sold under better conditions than the sale of individual projects. The reason is that YieldCo investors, mainly major infrastructure and sustainability funds, generally have lower yield expectations than purchasers of wind farms which are not yet commissioned. This is also due to the fact that, when selling a portfolio, 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 already expanded its business activity into attractive growth markets and the expansion is taking place primarily in countries with generally stable political conditions with reliable feed-in and promotion regulations and with comparably high market potential. In order to sufficiently take into consideration the corresponding local conditions, the market introduction mostly takes place in cooperation with a local partner, whereby the companies of the PNE WIND Group secure 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. In the future PNE WIND AG will also pursue this policy for selective foreign expansion and take advantage decisively of existing market opportunities. Continuous observation takes place regarding other wind power markets as well as a careful analysis of corresponding market introduction opportunities.

In addition to the perspectives of internationalisation, the established German market continues to offer a range of opportunities. Apart from the proposed annual expansion 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 Government and the necessity for increasing the security of supply require the accelerated expansion of offshore wind farms. In this respect PNE WIND AG is distinguished by the fact that it has already carried out five offshore wind farm projects through the whole process up to approval by the Federal Office for Shipping and Hydrographics, of which three have unconditional grid connection guarantees from TenneT 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.

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. The new company serves 700 wind turbines with more than 1,200 MW of rated power as well as photovoltaic systems. With its headquarters in Cuxhaven and offices in Husum, energy consult GmbH offers technical management services in the German and international markets.

Overall, the scope and potential of risks have not changed significantly versus December 31, 2014 in the opinion of the Board of Management. However, the future outlook for the Company's developments has improved through the establishment of a YieldCo from the Board of Management's perspective. 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 control of the PNE WIND Group is based on regular discussions between the Board of Management and the corporate units; meetings of the Board of Management take place regularly. The internal controlling system covers all areas of the Company. As a result, short reaction times to changes in all areas and at all decision levels of the PNE WIND Group can be guaranteed. Any changes with a significant effect on the results are reported immediately to the Board of Management.

The starting point for the controlling of the overall Group and the corporate units 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 onshore and offshore projecting volume in Germany and abroad is used as a non-financial controlling figure. On the basis of the controlling EBIT data and project development volumes, 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 goal 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) in place.

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

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

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

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

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

The objective of the internal control and risk management system with regard to the (Group) accounting process is to 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 technical questions and complex reporting matters. If necessary, external experts (auditors, qualified actuaries, etc.) will be consulted.

Moreover, the accounting related controls are carried out by the Group controlling department. All items and key accounts of the statement of comprehensive income and the statement of financial position of the consolidated accounts and the companies included in the scope of consolidation are monitored at regular intervals with regard to their correctness and plausibility. The controls are carried out either 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 % to 5 %	Very low
6 % to 20 %	Low
21 % to 50 %	Middle
51 % to 100 %	High

Classification according to the degree of influence

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

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

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

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

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

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

Finally it should be noted that neither the ICS nor the RMS can give absolute security with regard to the achievement of the corresponding objectives. Like all discretionary decisions, also those for the development of appropriate systems can in principle be wrong. Controls can be ineffectual as a result of simple mistakes or errors in individual cases, or changes 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 farm projects for which the maturities have not yet expired.
- Possible technical risks may arise from our own operation of wind farms and which could negatively influence the results.
- Possible risks which could arise from changes in laws and regulations for our operating business in wind farm projecting.
- Possible risks which may arise from the lack of electricity transmission capacities in foreign markets, e.g. in Romania.
- Particular importance is given to the compliance with the regulations of the German Corporate Governance Code in its relevant valid version. Risks could also arise, however, from non-compliance with the regulations and the internal guidelines by individuals. Possible risks relating to the "Law on the Appropriateness of Remuneration of the Board of Management (VorstAG)" are regularly monitored in this connection.

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

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

17. Outlook / Forecast

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

The project development and realisation of wind farms are and will remain the core business of the companies in the PNE WIND Group.

The expansion of renewable energies is a topic which is being discussed throughout the world. The PNE WIND Group is active in a market that is growing by about 15 percent per annum throughout the world. The Company is in an optimum position at the international level to benefit from the huge growth potential of the wind power market. 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, since it contributes to securing future power generation in a highly effective and economical way owing to the technical developments.

Europe remains one of our core markets and we welcome the new European policy framework for climate and energy for the period between 2020 and 2030. These EU stipulations regarding targeted expansion of renewable energies will lead to continuous investment and an increase of their share in electricity generation. In 2014 as well, the German Federal Government, Bundestag and Bundesrat defined in the amended Renewable Energy Sources Act (EEG) 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 power farms are the supporting pillars of the expansion needed to achieve these targets.

Since 2014, PNE WIND AG has made significant steps to expand its business model. One of them is the formation of YieldCo companies, where completed, internally developed wind farms are bundled. Apart from increasing the earnings potential and strengthening the Group's competitive position, the main objectives of the YieldCo business are the establishment of a new subsidiary (YieldCo), which offers stable and attractive dividends to its investors. The YieldCo represents a typical win-win situation offering large potential both for PNE WIND and for the investors of the YieldCo. The Company's commissioned onshore wind farms, mainly in Germany, with a total output of up to 150 MW will be bundled in this subsidiary, before it is sold wholly or partly to investors, if possible, by the end of 2016.

Due to the initiation of the YieldCo model, the sale of wind farms to external third parties - and accordingly the revenue and earnings out of these projects - will be postponed. We believe that the positive benefits which will be achieved will more than compensate for this postponement.

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 in the Group with more than 2,000 MW of nominal output, our expansive onshore and offshore project pipeline, national and international, which is in various phases of project development, is the basis for our future growth. Our passion for renewable energies and technology as well as our aim to combine economic success with ecological responsibility is what characterises the employees of the PNE WIND Group - from our trainees to the Board of Management. The PNE WIND Group is in a very good position on this basis and we are very confident of being able to exploit the opportunities in the growing "wind" market in the future.

At the end of the first half year 2015, wind farms with approx. 99 MW of nominal capacity under construction.

Outside Germany, the group has received planning permissions for projects in France, Italy, Poland, Romania and the United States, which can be realized or sold.

Our forecast of a cumulative EBIT of euro 60 to 72 million for the financial years 2011 to 2013 was met with a cumulative EBIT of euro 64.0 million. The forecasts and other statements concerning the expected

development of the Group for the fiscal years 2014 to 2016 have not changed since the expectations from December 31, 2014. PNE WIND AG expects to realise continued positive EBIT results from its operational business in the three fiscal years from 2014 to 2016. Together with our domestic and foreign investment results, this will constitute the major part of our cumulative Group EBIT. At the Group level, we expect a cumulative EBIT of euro 110 to 130 million for the 2014 to 2016 fiscal years and see the prospect of increasing this forecast upon implementation of the YieldCo concept. For fiscal 2015, we expect that the Group-EBIT will continue to develop positively and forecast that consolidated EBIT should be in the range of euro 30 to 40 million per year end. Achievement of this is dependent on the successful development and sale of onshore projects (in Germany and abroad) and milestone payments being triggered from the UK deal (dependent on financial investment decisions-FID) as well as from our offshore activities.

Cuxhaven, 7. August 2015

PNE WIND AG, Board of Management

Consolidated interim financial statements

Consolidated statement of comprehensive income (IFRS) of PNE WIND AG, Cuxhaven, as at June 30, 2015

All figures in TEUR (differences due to rounding possible)				
	II. Quarter 01.04.2015 - 30.06.2015	II. Quarter 01.04.2014 - 30.06.2014	Period 01.01.2015 - 30.06.2015	Period 01.01.2014 - 30.06.2014
1. Revenues	56,746	84,978	71,938	117,917
2. Changes in inventories of finished goods and work in process	8,145	5,011	15,840	15,120
3. Other operating income	1,313	1,017	2,045	1,631
4. Total aggregate output	66,204	91,006	89,823	134,668
5. Cost of materials / cost of purchased services	- 20,343	- 74,843	- 35,605	- 105,394
6. Personnel expenses	- 6,730	- 6,174	- 13,797	- 13,330
7. Amortisation of intangible assets and depreciation of property, plant and equipment	- 1,974	- 1,869	- 3,863	- 3,724
8. Other operating expenses	- 7,153	- 4,496	- 12,546	- 9,416
9. Operating profit	30,004	3,624	24,012	2,804
10. Income from participations and associated companies	- 143	- 3	- 137	14
11. Other interest and similar income	657	805	860	1,242
12. Expenses from assumption of losses	- 5	- 5	- 10	- 10
13. Interest and similar expenses	- 3,444	- 3,169	- 6,585	- 7,009
14. Result from ordinary activities	27,069	1,252	18,140	- 2,959
15. Taxes on income	- 196	1,308	- 38	32
16. Other taxes	- 23	- 25	- 48	- 79
17. Profit / loss before minority interests	26,850	2,535	18,054	- 3,006
18. Non-controlling interests	- 777	- 287	- 390	- 649
19. Consolidated profit / loss	27,627	2,822	18,444	- 2,357
Other income / items that may be reclassified in the future in the profit and loss account				
20. Foreign currency translation differences	- 2,277	485	- 741	576
21. Others	0	0	0	0
22. Other comprehensive income for the period (net of tax)	- 2,277	485	- 741	576
23. Total comprehensive income for the period	24,573	3,020	17,313	- 2,430
Consolidated profit / loss for the period attributable to:	26,850	2,535	18,054	- 3,006
Owners of the parent company	27,627	2,822	18,444	- 2,357
Non-controlling interests	- 777	- 287	- 390	- 649
Total comprehensive income for the period attributable to:	24,573	3,020	17,313	- 2,430
Owners of the parent company	25,350	3,307	17,703	- 1,781
Non-controlling interests	- 777	- 287	- 390	- 649
Earnings per share (undiluted), in EUR	0.37	0.05	0.25	- 0.04
Earnings per share (diluted), in EUR	0.36	0.05	0.24	- 0.04
Weighted average number of shares in circulation (undiluted), in million	74.9	55.4	74.9	55.4
Weighted average number of shares in circulation (diluted), in million	76.9	58.6	76.9	58.6

Abbreviated group balance sheet (IFRS)

of PNE WIND AG, Cuxhaven, as at June 30, 2015

Assets

All figures in TEUR (differences due to rounding possible)	as per 30.06.2015	as per 31.12.2014
Intangible assets	63,673	63,926
Property, plant and equipment	62,671	73,655
Long term financial assets	2,625	1,986
Deferred tax assets	11,202	10,318
Long term assets, total	140,171	149,885
Assets held for sale	12,729	1,015
Inventories	217,895	152,389
Receivables and other assets	30,361	41,370
Cash and cash equivalents	105,825	72,175
Current assets, total	354,081	265,934
Assets total	506,981	416,834

Liabilities

All figures in TEUR (differences due to rounding possible)	as per 30.06.2015	as per 31.12.2014
Subscribed capital	76,553	71,975
Capital reserve	82,283	77,803
Retained earnings	51	51
Foreign currency provision	-1,087	-347
Retained profit / loss	29,125	10,680
Minority interests	951	33
Shareholders equity, total	187,876	160,195
Other provisions	9,413	9,561
Deferred subsidies from public authorities	973	996
Long term financial liabilities	140,391	148,849
Deferred tax liabilities	3,313	2,200
Long term liabilities, total	154,090	161,606
Provisions for taxes	2,220	3,171
Other provisions	729	737
Short term financial liabilities	103,001	38,351
Trade liabilities	19,523	21,476
Other liabilities	32,201	31,291
Short term liabilities, total	157,674	95,026
Liabilities held for sale	7,341	7
Liabilities total	506,981	416,834

Consolidated cash flow statement (IFRS)

of PNE WIND AG, Cuxhaven, from 1 January until June 30, 2015

All figures in TEUR (differences due to rounding possible)	2015	2014
Consolidated net result	18,054	-3,006
-/+ Income tax benefit / expense	1,519	-32
-/+ Interest income and expense	5,725	5,767
-/+ Income tax paid / received	-1,342	-27
+/- Amortisation and depreciation of intangible assets and property, plant and equipment	3,863	3,724
+/- Increase / decrease in provisions	-1,105	257
+/- Non-cash effective income and expenses	611	115
- Gain on disposal of fixed assets and from the deconsolidation	-36,420	0
+/- Increase / decrease of inventories and other assets	-50,381	-60,699
+/- Increase / decrease of trade receivables and stage of completion accounting	10,658	-16,778
+/- Increase / decrease of trade liabilities and other liabilities	1,256	56,400
- Interest paid	-5,592	-1,786
+ Interest received	345	719
Cash flow from operating activities	-52,808	-15,346
+ Inflow of funds from disposal of items of property, plant and equipment	19	0
+ Inflow of funds from intangible assets	0	0
- Outflow of funds for investments in property, plant and equipment and intangible assets	-2,035	-2,858
+ Inflow of funds from disposal of financial assets	0	0
- Outflow of funds from investments in financial assets	-78	-192
+ Inflow of funds from disposal of consolidated units	23,710	0
- Outflow of funds for investments in consolidated units	0	0
Cash flow from investing activities	21,616	-3,050
+ Additional inflow of funds from shareholders	9,455	0
+ Inflow of funds from financial loans	68,630	4,247
- Outflow of funds for the transaction costs from the issuance of stock	-397	0
- Outflow of funds from the redemption of financial loans	-5,608	-4,544
- Outflow of funds from the redemption of participation rights	0	0
- Outflow of funds from the redemption of bonds	-1,825	0
- Outflow of funds for dividend	0	-8,229
Cash flow from financing activities	70,255	-8,526
Cash effective change in liquid funds	39,063	-26,922
+ Change in liquid funds due to changes in scope of consolidation	-5,413	-3,888
+ Liquid funds at the beginning of the period	72,175	77,402
Liquid funds at the end of the period*	105,825	46,592
* of which are pledged to a bank as security	2,516	293

Supplementary information: The value of liquid funds corresponds to the "Cash and cash equivalents" item on the balance sheet as at June 30, 2015.

Consolidated statement of change in equity (IFRS) of PNE WIND AG, Cuxhaven, from 1 January until June 30, 2015

All figures in TEUR (differences due to rounding possible)	Capital subscribed	Capital reserve	Profit reserves	Foreign exchange reserve	Retained earnings	Share- holders' equity before minority	Minority interests	Total share- holders' equity
Status as per January 1, 2014	54,858	55,546	51	-712	32,073*	141,816*	5,432*	147,248*
Group result 1-06/2014	0	0	0	0	-2,357	-2,357	-649	-3,006
Dividend	0	0	0	0	-8,229	-8,229	0	-8,229
Conversion of convertible bond 2009/2014	936	1,259	0	0	0	2,195	0	2,195
Conversion of convertible bond 2010/2014	133	156	0	0	0	289	0	289
Other	0	0	0	576	-196	380	-107	273
Status as per June 30, 2014	55,927	56,961	51	-136	21,291*	134,094*	4,676*	138,770*
Status as per January 1, 2015	71,975	77,803	51	-347	10,680	160,162	33	160,195
Group result 01-06/2015	0	0	0	0	18,445	18,445	-390	18,055
Capital Increase	4,579	4,876	0	0	0	9,455	0	9,455
Costs Capital Increase	0	-396	0	0	0	-396	0	-396
Other	0	0	0	-741	0	-741	1,308	567
Status as per June 30, 2015	76,553	82,283	51	-1,087	29,125	186,925	951	187,876

* Prior year figures restated. Please refer to the item "1. Accounting Policies" in the Condensed Notes to the Consolidated Financial Statements.

Condensed Notes to the Consolidated Financial Statements

of PNE WIND AG, Cuxhaven, for the first six months of 2015

1. Accounting and valuation policies

The financial report on the first six months of the 2015 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 six months ending June 30, 2015 the Company applied the same accounting and valuation methods as for the consolidated financial statements December 31, 2014. There were no changes per June 30, 2015 resulting from the standards listed below which were required to be applied as of January 1, 2015.

Standard / Change / Interpretation	Content	First mandatory application pursuant IASB	First mandatory application in the EU
IFRIC 21	Levies	01.01.2014	17.06.2014
Annual Improvements to IFRS	Cycle 2011-2013	01.07.2014	01.01.2015

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.

As shown in the consolidated financial statements December 31, 2014, a purchase price allocation was made according to IFRS 3 for the initial consolidation of the WKN AG subgroup on July 4, 2013. The purchase price allocation was based on the financial statements of WKN AG as at December 31, 2012 and June 30, 2013. In 2014, it became evident that the valuation of the identifiable assets acquired, the liabilities assumed and the non-controlling interests of the acquired company were based on incorrect information and was not performed correctly according to IFRS 3.18ff. to estimate the fair value at the acquisition date. The incorrect information led to misinterpretations of certain parts of information which were present at the time of the purchase price allocation. As a result, the corrections were made to the purchase price allocation according to IAS 8.41ff. and the consolidated financial statements December 31, 2013. With regard to the information presented in the Interim Financial Report June 30, 2015 adjustments were made to the amounts recognized in the development of shareholders equity as at January 1, 2014 for the consolidated balance sheet result, shareholders' equity before minority interest, the minority interests as well as total shareholder's equity. Accordingly, the values of these items were changed as at June 30, 2014.

In regards to the determination of the corrected values provided, there remains some uncertainty owing to the supplement audit in connection with the amended financial statements of WKN AG as at December 31, 2012 not being completed. As a result, there was no final revised valuation report for the purchase price allocation at the time of preparation of the Group financial statements as at December 31 2014. This uncertainty no longer exists at the time of preparation of the half year financial report June 30, 2015 due to the completion of the audit of the consolidated financial statements ending December 31, 2012 of WKN AG and a final revised valuation report for the purchase price allocation. Changes did not occur between the December 31, 2014 (preliminary) version and the revised valuation report. There were therefore no corrections made to the purchase price allocation.

Due the Annual General Meeting on June 16, 2015 ending without results, there was no election of an auditor for the audit review pursuant to § 37w WpHG or pursuant to § 317 HGB and therefore no corresponding audit review of the half year financial report according to § 37w WpHG. To ensure a continued reliability of financial reporting, the Management Board has appointed a voluntary audit review of the half year financial report.

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:

	Category per IAS 39	Total TEUR	Fair Value TEUR
Per 30.06.2015			
Short-term financial assets			
Cash and cash equivalents	LaR	105,825	105,825
Receivables from deliveries and services	LaR	11,073	11,073
Other short-term loan receivables	LaR	808	808
Receivables from affiliated companies	LaR	5,821	5,821
Receivables from associated companies, and those in which an investment is held	LaR	3,253	3,253
Long term financial assets			
Shares in affiliated companies	AfS	1,161	-
Investments in companies in which an investment is held	AfS	604	-
Other loans	LaR	153	153
Other long-term loans receivable	LaR	59	59
		128,758	126,993
Total loans and receivables		126,993	126,993
Total available for sale financial assets		1,765	-
Per 31.12.2014			
Short-term financial assets			
Cash and cash equivalents	LaR	72,175	72,175
Receivables from deliveries and services	LaR	20,098	20,098
Other short-term loan receivables	LaR	1,777	1,777
Receivables from affiliated companies	LaR	5,392	5,392
Receivables from associated companies, and those in which an investment is held	LaR	1,872	1,872
Long term financial assets			
Shares in affiliated companies	AfS	1,083	-
Investments in companies in which an investment is held	AfS	604	-
Other loans	LaR	153	153
Other long-term loans receivable	LaR	138	138
		103,292	101,605
Total loans and receivables		101,605	101,605
Total available for sale financial assets		1,687	-
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 1,765 as at June 30, 2015 (December 31, 2014: TEUR 1,687), As at the balance sheet date there was no intention of selling the financial assets,

The financial liabilities relate to 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
Per 30.06.2015						
Trade liabilities	FLAC	19,523	19,523	0	0	19,523
Fixed interest						
Bonds	FLAC	102,809	0	102,809	0	106,483
Liabilities to banks	FLAC	109,227	79,487	18,569	11,171	112,077
Other financial liabilities	FLAC	9,304	2,518	6,786	0	9,436
Verb, Liabilities from leasing contracts	FLAC	334	110	224	0	334
Variable interest						
Liabilities to banks	FLAC	20,000	20,000	0	0	20,000
Derivatives						
Interest swaps	FLHFT	1,717	885	832	0	1,717
		262,914	122,523	129,220	11,171	269,570
Per 31.12.2014						
Trade liabilities	FLAC	21,476	21,476	0	0	21,476
Fixed interest						
Bonds	FLAC	104,092	1,825	102,267	0	109,634
Liabilities to banks	FLAC	51,775	13,115	26,074	12,586	55,830
Other financial liabilities	FLAC	8,903	2,502	6,401	0	9,209
Liabilities from leasing contracts	FLAC	390	110	280	0	390
Variable interest						
Liabilities to banks	FLAC	20,000	20,000	0	0	20,000
Derivatives						
Interest swaps	FLHFT	2,040	798	1,242	0	2,040
		208,676	59,826	136,264	12,586	218,579
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 June 30, 2015 the financial instruments available for sale are valued at TEUR 1,717 (as at December 2014: TEUR 2,040) pursuant to the Level 2 of the fair value hierarchy.

3. Consolidated group

During the first six months of 2015 the corporate structure changed.

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

- PNE WIND Elektrik Üretim Ltd. Turkey, Ankara (100 percent),
- PNE WIND YieldCo Verwaltungs GmbH, Cuxhaven (100 percent),
- WKN Windpark Hedendorf GmbH & Co. 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 shareholding changed in the following company, which are included in the scope of consolidation:

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

With the change in the shareholding and the subsequent loss of control of PNE WIND Yenilenebilir Enerjiler Ltd., Group assets totaling euro 3.8 million and Group debt in the amount of euro 0.1 million as well as shareholder loans amounting to euro 2.1 million were disposed of. An amount of euro 1.6 million was received for the shares. Eliminated Cash and cash equivalents of the Company amounted to euro 3.0 million. With the loss of control, the company is now included as an associated company at equity in the consolidated financial statements. In accordance with IFRS 10:25(b), the revaluation of the company shares still held led to a gain of euro 0.8 million and this was recognized as income.

During the reporting period, the following companies have been deconsolidated following their sale during the fiscal year:

- PNE WIND UK Ltd, Eastbourne, Great Britain,
- WKN GmbH & Co. Windpark Looft II KG, Husum,

Due to the deconsolidation of PNE WIND UK Ltd, assets amounting to a total of euro 17.6 million, which primarily represent the capitalised services, and debts amounting to euro 1.5 million and shareholder loans of euro 31.3 million were eliminated. The payment received for the sale of the shares of the company amounted to euro 22.1 million. As a result of the transaction, company funds removed from the balance sheet amounted to euro 0.4 million.

Due to the deconsolidation of WKN GmbH & Co. Windpark Looft II KG, assets amounting to a total of euro 24.5 million, which primarily represent the capitalised services of the project, and debts amounting to euro 24.0 million were eliminated. 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 2.0 million.

Please refer to the information in the summary of business activity, the development of sales as well as the earnings, financial and asset situation in the condensed consolidated interim management report on the first six months of the 2015.

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 0.7 million.

5. Major events following the end of the reporting period

No significant events took place since the end of the period under report, which have an effect on the asset, financial and earnings situation.

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 still part of the electricity generation business. Finally the “Electricity generation” business area also includes the corporations in the legal form of a limited commercial partnership with a limited liability company as its partner (GmbH & Co, KG) which act as supporting companies until the implementation of a wind farm project and are then sold to the investor in question. The assignment of these corporations to the “Electricity generation” segment is based on the background that they will be active in producing electricity as the future operator of a wind farm - albeit only after they have left the PNE WIND Group.

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

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

The figures per June 30, 2015 are compared with the figures per June 30, 2014 or in the case of segment assets/liabilities the figures per December 31, 2014.

All figures in TEUR (differences due to rounding possible)	Projecting of wind power turbines in TEUR	Electricity generation in TEUR	Consolidation in TEUR	PNE WIND AG Group in TEUR
	2015 2014	2015 2014	2015 2014	2015 2014
External sales	65,958 112,004	5,980 5,913	0 0	71,938 117,917
Inter-segment sales	17,288 4,483	281 281	-17,569 -4,764	0 0
Change in inventories	4,096 10,845	0 0	11,745 4,275	15,840 15,120
Other capitalised contributions	0 0	0 0	0 0	0 0
Other operating income	2,694 1,732	44 64	-693 -165	2,045 1,631
Total aggregate output	90,035 129,065	6,305 6,257	-6,517 -655	89,823 134,667
Depreciation	-1,590 -1,457	-2,273 -2,267	0 0	-3,863 -3,724
Operating income	28,099 -1,978	1,483 1,488	-5,570 3,294	24,012 2,804
Interest and similar income	4,330 4,305	272 5	-3,742 -3,068	860 1,242
Interest and similar expenses	-9,124 -8,532	-1,203 -1,544	3,742 3,067	-6,585 -7,009
Taxes	-1,539 1,021	-180 -7	1,681 -982	-38 32
Investments	1,841 3,042	272 8	0 0	2,113 3,050
Segment assets	629,990 580,415	185,827 97,619	-308,837 -261,200	506,981 416,834
Segment liabilities	474,949 458,524	182,564 95,149	-338,408 -297,035	319,106 256,639
Segment shareholders' equity	155,041 121,890	3,263 2,470	29,571 35,835	187,876 160,195

The following companies are included in the individual segments:

Projecting of wind power turbines: PNE WIND AG, PNE WIND Betriebsführungs GmbH, PNE WIND Verwaltungs GmbH, PNE WIND Netzprojekt GmbH, PNE Gode Wind III GmbH, PNE WIND Nemo GmbH, PNE WIND Jules Verne GmbH, PNE WIND Nautilus GmbH, PNE WIND Atlantis I GmbH, PNE WIND Atlantis II GmbH, PNE WIND Atlantis III GmbH, PNE WIND Ausland GmbH, PNE WIND GM Hungary Kft., PNE WIND Pusztahencse Kft., NH North Hungarian Windfarm Kft., PNE WIND NEH/I Kft., PNE WIND Yenilenebilir Enerjila Ltd., PNE WIND Elektrik Üretim Ltd., PNE WIND Development EOOD, PNE WIND Straldja-Kamenec OOD, PNE WIND PARK Dobrudzha OOD, PNE WIND Bulgaria EOOD, PNE WIND Ventus Praventsi OOD, PNE WIND Romania S.R.L., PNE WIND Romania Energy Holding S.R.L., EVN WINDPOWER DEVELOPMENT & CONSTRUCTION S.R.L., S.C. PNE WIND MVI SRL, PNE WIND USA Inc., PNE WIND Central States LLC, PNE WIND DEVELOPMENT LLC, Underwood Windfarm LLC, Butte Windfarm LLC, Chilocco WIND FARM LLC, PNE-BCP WIND Inc., PNE WIND UK Ltd., Wind Kapital Invest Verwaltungs GmbH, Wind Kapital Invest GmbH & Co. KG, WKN AG, Windkraft Nord USA Inc., WKN Italia S.R.L., Aero Sol S.R.L., Aero-Tanna S.R.L., ATS Energia S.R.L., WKN Basilicata Development S.R.L., WKN France S.A.S.U., Parc Eolien de Crampon S.A.S.U.(till 12.31.14), TOV WKN Ukraine, Ukrainische Windenergie Management GmbH, New Energy Association International GmbH, Sevivon Sp. z o.o., VKS Vindkraft Sverige AB, WKN Windcurrent SA (Pty) Ltd., NordStrom New Energy GmbH, WKN Windkraft Nord GmbH & Co., BGZ Fondsverwaltung GmbH, energy consult GmbH

Electricity generation: PNE Biomasse GmbH, PNE WIND Grundstücks GmbH, PNE WIND Laubuseschbach GmbH & Co. KG, PNE WIND Altenbruch II GmbH & Co. KG, Holzheizkraftwerk Silbitz GmbH & Co. KG, PNE WIND Park I GmbH & Co. KG (till 7.4.14), PNE WIND Park III GmbH & Co. KG (till 3.6.14), PNE WIND Park VI GmbH & Co. KG (till 23.12.14), PNE WIND Park VII GmbH & Co. KG (till 16.12.14), PNE WIND Park Altdöbern A GmbH & Co. KG, PNE WIND Park Altdöbern B GmbH & Co. KG, PNE WIND Park Altdöbern C GmbH & Co. KG, PNE WIND Park 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 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 30.9.14), 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, PNE WIND Park IX GmbH & Co. KG, PNE WIND Infrastruktur Calau II GmbH (till 30.6.14), WKN Windpark Hedendorf GmbH & Co. KG, NordStrom Solar GmbH, NordStrom Bioenergie GmbH, BGZ Solarpark Passauer Land GmbH & Co. KG, PNE WIND YieldCo Deutschland GmbH, PNE WIND YieldCo Verwaltungs GmbH, PNE WIND YieldCo International ltd., Kommanditgesellschaften GmbH, BGZ Solarpark Passauer Land GmbH & Co. KG, PNE WIND YieldCo Deutschland GmbH, PNE WIND YieldCo Verwaltungs GmbH, PNE WIND YieldCo International ltd., Kommanditgesellschaften

Assets and liabilities held for sale are recognised in the “Projecting of wind power turbines” (PNE Gode Wind III GmbH) and “Electricity generation” (BGZ Solarpark Passauer Land GmbH & Co. KG) segments.

Of the figures in the “Projecting of wind power turbines” segment,

1. Wind power onshore Germany segment

- total performance of euro 37.9 million (previous year: euro 119.8 million),
- sales of euro 21.6 million (previous year: euro 110.8 million),
- operating income of euro -1.8 million (previous year: euro 0.0 million),
- a share of segment assets of euro 464.5 million (as of December 31, 2014: euro 401.5 million),
- and an equity share of euro 100.9 million (as of December 31, 2014: euro 104.1 million) are allocated to the German wind power onshore subdivision

For the international onshore accounts, the following values can be ascribed

2. Wind power onshore international segment

- total performance of euro 50.1 million (previous year: euro 7.2 million),
- sales of euro 43.4 million (previous year: euro 0.0 million),
- operating income of euro 30.1 million (previous year: euro -1.7 million),
- a portion of segment assets of euro 129.7 million (as of December 31, 2014: euro 146.3 million)
- and an equity share of euro 57.8 million (as of December 31, 2014: euro 22.5 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. With one single customer, sales of euro 38.7 million were generated, which were higher than 10 percent of consolidated sales. No other single customer 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, 7. August 2015

PNE WIND AG, Board of Management

Statement made by the legal representatives

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

PNE WIND AG, The Board of Management



Martin Billhardt



Jörg Klowat



Markus Lesser

Imprint

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



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