



**WINDPOWER**  
**Report on the first half year**  
**and on the second quarter of 2017**

## SUMMARY

The operational business of the PNE WIND Group in the first six months of 2017 was characterised by the realisation and development of onshore projects and business success in the offshore area. As at 30 June 2017, wind farms with a total nominal output of 94 MW were under construction in France and Germany, of which 43 MW for the company's own wind farm portfolio which provides for creating a total output of more than 200 MW.

The last two wind energy plants for the "Windpark Altenbruch" repowering project were completed and commissioned (6 MW) which belongs to the 142 MW portfolio sold at the end of 2016.

The "Atlantis I" offshore project was sold to Vattenfall during the reporting period. The "Gode Wind 3" offshore project which was developed and sold by PNE WIND was one of four projects being awarded a contract within the framework of the first German offshore calls for tenders.

## AT A GLANCE

### PNE WIND AG Group figures

in TEUR	01.01. – 30.06.2017	01.01. – 30.06.2016	01.01. – 30.06.2015
Total aggregate output	<b>49,953</b>	61,061	89,823
Revenues	<b>39,451</b>	44,804	71,938
Operating profit (EBIT)	<b>-4,954</b>	-1,439	24,012
Result before taxes (EBT)	<b>-9,733</b>	-9,461	18,140
Net income	<b>-6,475</b>	-7,771	18,444
Basic earnings per share (euro)	<b>-0.08</b>	-0.10	0.25
Average number of shares (million)	<b>76.6</b>	76.6	74.9

in TEUR	30.06.2017	31.12.2016	31.12.2015
Equity	<b>212,048</b>	229,388	165,928
Equity ratio (%)	<b>52.59</b>	53.10	33.98
Total assets	<b>403,216</b>	431,994	488,262

# CONTENT

---

## **4 PNE WIND close up**

- 4 Foreword
- 6 Capital market information

## **10 Condensed Interim Group Management Report**

- 10 General political conditions
- 11 Corporate structure
- 11 General accounting principles
- 11 Organisation and employees
- 12 Summary of business activity
- 16 Economic report
- 22 Transactions with related companies and persons
- 22 Development and innovation
- 22 Major events following the end of the reporting period
- 23 Report on opportunities and risks
- 23 Management declaration (Section 289a of the German Commercial Code (HGB))
- 23 Outlook/Forecast

## **24 Consolidated interim financial statements**

- 24 Consolidated statement of comprehensive income
- 25 Consolidated balance sheet
- 26 Consolidated cash flow statement
- 27 Consolidated statement of change in equity
- 28 Condensed Notes to the Consolidated Financial Statements
- 28 Accounting and valuation principles
- 28 Financial assets
- 31 Scope of consolidation
- 31 Major events following the end of the reporting period
- 32 Segment Reporting
- 33 Auditors Report
- 34 Statement made by the legal representatives

## **35 Imprint**

# FOREWORD

---



## Dear Shareholders,

PNE WIND is currently on schedule: the first six months in 2017 were characterised by operational success both in Germany and abroad. We were able to achieve significant and important progress with regard to both onshore and offshore wind farm projects. In addition to the German market, business in foreign countries continues to develop in a positive manner.

### Onshore Area Developments on Schedule

The Company's onshore wind farm business developed in a positive manner. For example, we were able to complete construction activities in relation to the "Windpark Altenbruch" repowering project and, as a consequence, to commission the last two wind power plants for the 142 MW project portfolio which was sold last year. The Company is building wind farms with an approximate nominal output of 94 MW in Germany and in France.

With regard to the European wind farm portfolio, the Company currently has wind farms with a total output of 43 MW under construction. In this regard, the Company intends to bundle total portfolio capacities in Germany and in France to the total amount of more than 200 MW.

Only a short time after the balance sheet due date, WKN, a subsidiary of ours, successfully completed a transaction in the United States. At the beginning of July, it sold to Pattern Development project rights in the "Vivaldi Springtime" 80 megawatt wind farm, including the power purchase agreement and mains connection, ready for construction. The purchaser intends to commence construction works as quickly as possible so that commissioning might take place as early as mid-2018.

### Offshore: "Atlantis I" Disposal to Vattenfall, Contract Award for the "Gode Wind 3" Call for Tenders

As early as in January this year, the Company was able to sell the North Sea-based "Atlantis I" project to Vattenfall. As a service provider, PNE WIND continues to be in charge of the project and will benefit from additional milestone payments in the future. This applies also to the "Gode Wind 3" offshore project which was sold to DONG Energy in 2012 and which was one of four offshore wind farms to be awarded a contract within the framework of the first government offshore call for tenders – this clearly shows the Company's high project quality and competitiveness levels.

### Operational Results of the First Six Months Represent Extensive Advance Payments

High expenses related to the construction of the wind farms, which will affect earnings only after wind farms disposal, had a negative impact on the results of the first six months. However, this resulted in the creation of assets which will be visible only at a later time and this relates to the establishment of the European wind farm portfolio which is owned by the Company itself. Earnings before tax generated – and eliminated on corporate level – with regard to this portfolio during the first six months of 2017 amount to approximately euro 4.5 million (last year, earnings before tax eliminated on corporate level relating to the former wind farm portfolio amounted to approximately euro 2.5 million). In the first six months of 2017, the Group generated sales of euro 39.5 million (prior year: euro 44.8 million), total aggregate output of euro 50.0 million (prior year: euro 61.1 million), operating profit (EBIT) of euro -5.0 million (prior year: euro -1.4

million) and undiluted earnings per share of euro -0.08 (prior year: euro -0.10). With a strong equity ratio of 52.59 per cent (previous year: 31.71 per cent) and high liquidity levels amounting to EUR 122.1 as at 30 June 2017, the PNE WIND group of companies continues to be in a good position on the market and this means that we fulfilled our targets.

### PNE WIND with New Supervisory Board Members

Since the general shareholders' meeting at the end of May, the PNE WIND group of companies presents itself with new Supervisory Board members on the occasion of which the shareholders elected both Mr Dr Jens Kruse and Mr Marcel Egger to the Supervisory Board. Mr Florian Schuhbauer was also appointed to the supervisory board in the place of the previous Chairman of the supervisory board, Mr Alexis Fries. The previous members of the Supervisory Board, Mr Christoph Gross and Mr Wilken Freiherr von Hodenberg, did not stand for re-election. Mr Per Hornung Pedersen was elected as the new Chairman of the Supervisory Board.

The PNE WIND Group Board of Directors welcomes the new Supervisory Board members and looks forward to a successful joint future. At the same time, the Company's Board of Directors would like to thank the former Supervisory Board members, that is, Mr Gros, Mr Freiherr von Hodenberg and Mr Fries, on behalf of any and all shareholders for the co-operation which has been characterised by trust and mutually esteem at all times.

### Profit Drivers Expected for the Second Half-Year, Confirmation of the Full-Year Forecast

Perspectives for the second half of 2017 are positive and corresponds to the Company's schedules and plans. In addition to earnings contributions from project planning and implementation with regard to our wind farms in Germany and in foreign countries, we expect, for the third quarter of 2017, earnings contributions resulting from a one-time bonus payment for services in relation to the wind farm portfolio which was sold in 2016. We assume that such bonus payment will amount to a low two-digit million euro sum.

For the 2017 full year, the Board of Directors consequentially confirms its forecast and expects, without any changes, a consolidated EBIT in the range of euro 0 to euro 15 million. In spite of required investments into the Company's future, we expect to achieve positive results in the 2017 financial year.

All the above clearly shows: PNE WIND is well on track. We are certainly looking forward to overcoming future challenges in relation to the implementation of our plans and we invite you to assist us during that journey.

Please maintain your confidence in us in the future!

PNE WIND AG

The Board of Management



Markus Lesser



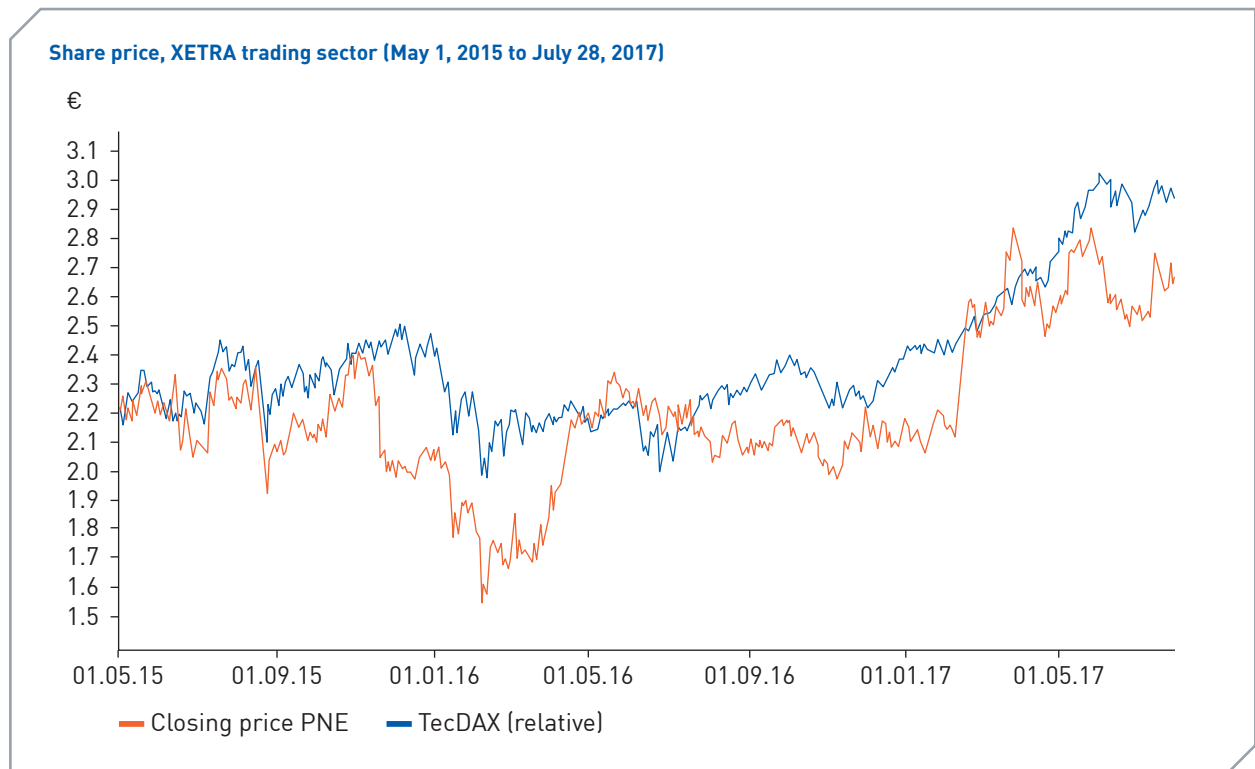
Jörg Klowat



Kurt Stürken

# CAPITAL MARKET INFORMATION

## Share



The shares of PNE WIND AG were characterised by a positive development in the first six months of 2017. On the closing of June 30, 2017, the shares were traded at a final price of euro 2.54. This corresponds to an increase of approx. 18.1% compared to the final price on the first trading day of the current fiscal year. This means that the shares outperformed the comparative index TecDAX, which saw an increase of approx. 17.2% in the period under review.

The stocks of PNE WIND experienced the major part of price gains in the first quarter of 2017. While the shares were listed at an annual low of euro 2.06 on January 16, 2017, a consistent upward trend started during February. Supported by positive corporate news, the share price reached its highest level in the first quarter on March 23, 2017 at euro 2.83. On March 31, the shares closed at a price of euro 2.57.

In the second quarter, the price gains could be largely maintained. On May 26, 2017, the shares reached their annual high of euro 2.84. In a generally weak market environment, the share price saw minor losses during June and closed at a closing price of euro 2.54 on June 30, 2017. This corresponds to a market capitalisation of approx. euro 194 million.

- | Share
- | Bonds and participation certificates
- | Shareholder structure
- | Key Share Figures

## Bonds and participation certificates

The 2013/18 corporate bond issued by PNE WIND AG has a volume of euro 100 million and it was consistently traded at prices over 100 percent during the reporting period. The equity ratio according to the definition in the 2013 bond prospectus was 75.4 percent as at June 30, 2017.

The 2014/19 convertible bond had a nominal value of EUR 6.6 million as at June 30, 2017. In the reporting period, no bonds were converted into shares. As a result of the dividend payment, the conversion price for the conversion of bonds into shares has changed and now amounts to EUR 3.0459.

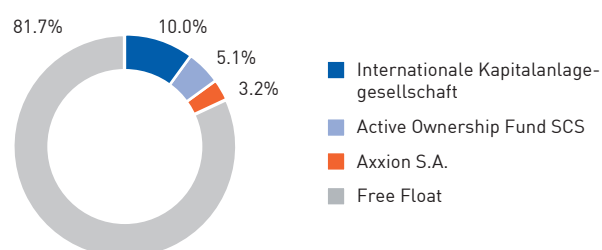
## Shareholder structure

At the end of the reporting period on June 30, 2017, the total number of shares issued by PNE WIND AG amounted to 76,556,026.

Of the members of the Board of Management, Mr. Jörg Klowat held 100,000 shares and Mr. Markus Lesser held 24,000 shares on June 30, 2017. Of the members of the Supervisory Board, Mr. Florian Schuhbauer, via Active Ownership Fund SCS, held 3,885,383 shares and Mr. Marcel Egger 20,000 shares in the Company on June 30, 2017.

The largest shareholder of the PNE WIND Group is Internationale Kapitalanlagegesellschaft with a shareholding of approx. 10.01%. It is followed by Active Ownership Fund SCS with approx. 5.08% and Axxion S.A. with approx. 3.15%. The former major shareholder, Mr. Volker Friedrichsen, sold all shares attributable to him via Volker Friedrichsen Beteiligungs-GmbH in the first quarter of 2017.

Shareholder structure (June 30, 2017)



## Key Share Figures (June 30, 2017)

WKN	A0JBPG
ISIN	DE000A0JBPG2
Number of shares	76,556,026
Market capitalisation	194 Mio. Euro
Market segment	Prime Standard
Indices	CDAX Technology, ÖkoDAX
Designated Sponsors	Commerzbank, Dero Bank, Oddo Seydler Bank
Reuters	PNEGn
Bloomberg	PNE3

## Annual general meeting

The Annual General Meeting of PNE WIND AG was held on May 31, 2017 in Cuxhaven. The shareholders voted overwhelmingly in favour of the proposal of the Board of Management and Supervisory Board to distribute a dividend of Euro 0.04 and a special dividend of Euro 0.08 per eligible share.

The shareholders also voted on the scheduled appointment of three new members to the Supervisory Board. As proposed by the management, Dr. Jens Kruse and Mr. Marcel Egger were elected to the Supervisory Board. In addition, Mr. Florian Schuhbauer was appointed to the Supervisory Board in the place of the previous Chairman of the Supervisory Board, Mr. Alexis Fries. The previous members of the Supervisory Board, Mr. Christoph Gross and Mr. Wilken Freiherr von Hodenberg, did not stand for re-election. Mr. Per Hornung Pedersen was elected as the new Chairman of the Supervisory Board.

With a clear majority, the Board of Management and the Supervisory Board were granted discharge and Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, was appointed as the auditor.

The general meeting also consented to the proposals on the creation of new authorised capital, on the authorisation to issue bonds, on the creation of new contingent capital and the authorisation to acquire treasury shares. With regard to its financing needs and strategic development opportunities, these measures will enable the Company to respond rapidly and flexibly, beyond the liquid assets that are available in the Group, both now and in the future.



- | Annual general meeting
- | Financial calendar
- | Additional information

## Financial calendar

November 8, 2017	Publication of financial report Q3/2017
November 27-29, 2017	Analysts' conference/Frankfurt (Germany)

## Additional information

On the website [www.pnewind.com](http://www.pnewind.com), you will find extensive further information on PNE WIND AG and a comprehensive presentation of the business model as well as current data concerning the shares in the section "Investor Relations". Here you can also download annual and quarterly reports, press announcements as well as background information on PNE WIND AG.

# CONDENSED INTERIM GROUP MANAGEMENT REPORT

of PNE WIND AG, Cuxhaven, for the first six months of 2017

---

## 1. General political conditions

Compared to the presentation in the annual report 2016, the general political conditions have changed in the following countries.

### GERMANY:

#### *Onshore wind energy (EEG 2017)*

In Germany, the Renewable Energies Act (EEG) 2017 has led to changes in the general conditions. The new version of the Act came into force on January 1, 2017. The EEG 2017 still includes the requirement to expand the amount of electricity produced from renewable energies from the current level of roughly 33 percent to 40-45 percent by 2025 and 55-60 percent by 2035. In 2050, the share of renewable energies in electricity supply shall amount to at least 80 percent.

Since 2017, renewable energy projects have been promoted by way of tender processes. 2,800 megawatt (MW) for onshore wind farms shall be put out to tender in each of the years 2017, 2018 and 2019. Thereafter, an increase of the annual tender volume to 2,900 MW gross is planned. Repowering projects are included in the tender volume.

Onshore wind farms which have obtained a building permit up to the end of 2016 and are commissioned in 2017 or 2018 are still entitled to receive the feed-in tariffs (transitional regulation of the EEG 2014). PNE WIND Group companies use this through different wind farms.

Due to the lack of necessary investments in the transmission grid, the expansion of wind energy in so-called grid bottleneck regions in northern Germany was temporarily limited to 958 MW per year.

#### *Wind energy offshore - Offshore Wind Energy Act (WindSeeG)*

The Offshore Wind Energy Act (WindSeeG) has also become effective. For offshore wind farm projects, the legislators have confirmed the target of having 15 GW installed by 2030. In order to meet this target, 500 MW should be installed each year during 2021 and 2022 and 700 MW per year thereafter up to 2025. The intention is to increase this target to 900 MW from 2026 up to 2030.

Offshore wind farms which are commissioned by the end of 2020 are eligible to receive the feed-in tariff (transitional regulation of EEG 2014).

For offshore wind farms commissioned after 2020, the Act provides for a tender system. This system will be introduced in two phases: Eligible offshore wind farms which are scheduled to be commissioned between 2021 and 2025 have the option to receive state funds in the context of two tender rounds in 2017 and 2018 with volumes of 1,550 MW each. Wind farms which obtained a permit pursuant to the Offshore Installations Ordinance prior to August 1, 2016 or for which a plan approval has been issued and/or a public hearing pursuant to the Administrative Procedure Act was carried out may participate in this transitional system. The "Gode Wind 3" project developed and already sold by PNE WIND AG received an award in the first tender round.

After the end of this transitional system, available wind farm locations shall be examined and offered for tender in the future by the state as part of the conversion to the “centralised model”.

#### TURKEY:

The wind energy market in Turkey is based on a system of state-guaranteed feed-in tariffs. Additionally, there was a licensing procedure for grid capacity introduced in 2013, whereby an auction system is used for access to the individual connection points. The first regional auctions were held in June 2017. The results show that there is great competition for pre-licences.

## 2. Corporate structure

The changes in the companies included in the consolidated financial statements as compared to December 31, 2016 are explained in the condensed notes to the consolidated financial statements under item 3. Scope of Consolidation.

## 3. General accounting principles

In the financial report for the first six months of the 2017 fiscal year as at June 30, 2017, the Company applied the same accounting and valuation methods as for the consolidated financial statements as at December 31, 2016.

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.

## 4. Organisation and employees

On June 30, 2017, the PNE WIND AG Group employed 359 people in total (previous year: 360). The employees of the subsidiaries are included in this number.

## 5. Summary of business activity

### *Wind power onshore sub-division*

The development and realisation of onshore wind farms have been continued consistently in the first six months of 2017, both in Germany and in the foreign markets.

Overview of the onshore project activities of the PNE WIND Group as at June 30, 2017 in MW:

Country	I-II	III	IV	Total MW
Germany	1,321	60	53	1,434
Bulgaria	121	0	0	121
France	308	82	41	431
United Kingdom	43	0	0	43
Italy	102	14	0	116
Canada	555	0	0	555
Poland	223	42	0	265
Romania	54	102	0	156
South Africa	170	30	0	200
Sweden	99	86	0	185
Turkey	700	0	0	700
Hungary	0	42	0	42
USA	317	280	0	597
<b>Total</b>	<b>4,013</b>	<b>738</b>	<b>94</b>	<b>4,845</b>

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

#### GERMANY:

At the end of the second quarter of 2017, the PNE WIND Group was working on onshore wind farm projects with a nominal output of approx. 1,434 MW in various phases of project development.

Of these, wind farms with a nominal output of approx. 53 MW were under construction at the end of the second quarter 2107. These are wind farm projects that received the necessary approvals in 2016 and, therefore, were not required to take part in tender procedures. The Company intends to complete and to commission the “Kührstedt-Alfstedt” (approximate output of 43 MW) based in Lower Saxony and the “Kirchengel” (output of 9.9 MW) wind farms situated in Thuringia during this financial year.

The construction of the repowering project “Windpark Altenbruch” (Lower Saxony), where the two last wind power turbines with a total nominal output of 6 MW were erected and commissioned, has been completed. In the “Kirchengel I” wind farm (Thuringia), two wind power turbines with a total nominal output of 6.6 MW were erected. One more wind power turbine is under construction.

Project rights with 17.4 MW were sold to project partners in the reporting period. PNE WIND purchased project rights to the amount of 8 MW from project partners.

### *Foreign markets*

The PNE WIND Group also continued to carry out its core business of project development abroad. The following changes occurred compared to the presentation in the 2016 business report:

#### **FRANCE:**

In France, three wind farms with a nominal output of approx. 41 MW were under construction at the end of the first half year of 2017. The construction of one of these wind farms with a nominal output of 9 MW was started in the second quarter. The two other wind farms are part of a framework agreement concerning wind farms in France which was concluded with John Laing Investments Ltd. at the beginning of 2016.

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

A further huge success in the offshore sector was achieved in the reporting period: In January 2017, the "Atlantis I" offshore wind farm project, located in the North Sea, was sold to the Swedish energy group Vattenfall. The "Atlantis I" project was handed over to the buyer after receipt of a payment in a lower double-digit million euro amount. PNE WIND will also participate in the project's further value increase achieved by developments by Vattenfall through milestone payments. As this was the case with the previous sale of the offshore projects "Borkum Riffgrund" and "Gode Wind", PNE WIND is supposed to remain involved in the further development of the "Atlantis I" offshore wind farm project as a service provider in the long term and be able to contribute its comprehensive expertise.

PNE WIND acquired the "Atlantis I" project in 2013 and has consistently continued its further development. As a result, the general parameters could be changed so that 73 wind power turbines of the multi-megawatt class can be erected in this project. The project is located in the North Sea within the German Exclusive Economic Zone about 84 kilometres North West of the island of Borkum.

PNE WIND's high level of competence in the offshore segment is reflected by visible successes: In the first German tender for offshore wind farms, the "Gode Wind 3" project developed by PNE WIND AG was one of four projects that received an award.

Three offshore wind farms, which were developed by the offshore division and sold after approval was granted, have been erected and put into operation by the purchasers in the meantime. "Borkum Riffgrund 1" and "Gode Wind" 1 and 2 with a total nominal output of 894 MW produce environmentally friendly electricity in the North Sea. For the "Borkum Riffgrund 2" project, which was also developed and which has already been sold by PNE WIND, the purchaser DONG Energy decided in 2016 to finance and, if possible, to construct the project in 2019.

PNE WIND AG: Overview of the offshore project references as at June 30, 2017:

*Sold projects*

Project	Zone	Phase	WEA	Total MW
Borkum Riffgrund 1	1	8	78	312
Borkum Riffgrund 2	1	6	56	448
Gode Wind 1 & 2	1	8/8	55 + 42	582
Gode Wind 3 & 4	1	5/4	14 + 42	450
Atlantis I	2	3	73	584
HTOD5 (Nautilus II)	4	2	68	476
<b>Total</b>			<b>428</b>	<b>2,852</b>

Phase 1 = Project identification  
Phase 2 = Application conference  
Phase 3 = Hearing  
Phase 4 = Approval granted  
Phase 5 = Grid connection  
Phase 6 = Investment decisions  
Phase 7 = Under construction  
Phase 8 = In Operation

*Of which projects already completed*

Project	Zone	Phase	WEA	Total MW
Borkum Riffgrund 1	1	Commissioned	78	312
Gode Wind 1	1	Commissioned	55	330
Gode Wind 2	1	Commissioned	42	252
<b>Total</b>			<b>175</b>	<b>894</b>

Due to the EEG amendments adopted in 2016 and the new Offshore Wind Energy Act (WindSeeG), the risks for other projects developed by PNE WIND AG have increased significantly at the end of 2016; however, since that time, there were no other changes. The change of the legal situation may have the result that realisation of the projects is delayed considerably or prevented entirely. At the end of the reporting period, PNE WIND AG was still preparing a complaint to be submitted to the German Constitutional Court against certain parts of the Offshore Wind Energy Act. Pursuant to two legal opinions, parts of the WindSeeG are unconstitutional. The main reason is that this Act invalidates bona-fide investments which the Company had already made in the past, without any provisions concerning compensation payments, based on retrospective effect which is not admissible on the basis of German constitutional law. On the basis of this assessment, the Board of Management of PNE WIND AG continues to be of the opinion that the legislation in the version adopted by the German Parliament is partly unconstitutional and will ultimately not last. In addition, the Board of Management expects that a constitutional complaint might very likely result, as a minimum, in the replacement of the damages incurred by PNE WIND AG and, thus, reimbursement of the costs already incurred. This constitutional complaint was submitted after the reporting period had terminated in July 2017.

Independent of the WindSeeG as well as possible claims for damages and unconstitutionality of the legislation, PNE WIND AG has been developing alternative options for the offshore projects in question.

In the offshore segment, PNE WIND AG currently also examines opportunities of generating electricity from other energy carriers such as hydrogen at sea. Fundamental calculations and examinations are carried out for this purpose, which, if positive, can form the basis of further project activities in this respect.

#### *Total offshore*

The competence in the development of offshore wind farms is reflected in the offshore references: Three of the offshore projects developed and sold by PNE WIND AG were already erected and commissioned by the purchasers and comprise 175 wind power turbines with a total nominal output of 894 MW. PNE WIND is active as a service provider to the projects sold.

#### *Electricity generation segment*

The electricity generation segment combines all activities of the Group companies, which are engaged directly in the production of electricity from renewable energy. This division includes the "Laubuseschbach", "Gerdau-Schwienau" and "Pülfringen" wind farms operated by PNE WIND AG, the 142 MW wind farm portfolio (recognised at equity or via the investment results) as well as PNE Biomasse GmbH, which provides staff for the "Silbitz" timber biomass power plant under a business supply contract, which is also included in this segment. 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 segment reporting.

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 of 110 percent of the nominal value. In January 2017, PNE WIND AG fulfilled this contractual commitment and acquired the shares in HKW Silbitz GmbH & Co. KG at a price of about euro 7.5 million.

In the first six months of 2017, the electricity generation segment achieved an EBIT of euro 0.3 million (previous year: euro 3.8 million). In the previous year, the 142 MW wind farm portfolio with its earnings contributions in the electricity generation segment had still been included at the end of the first six months and, as a consequence, represents the decisive difference compared to this year's half-year EBIT results.

#### *Changes*

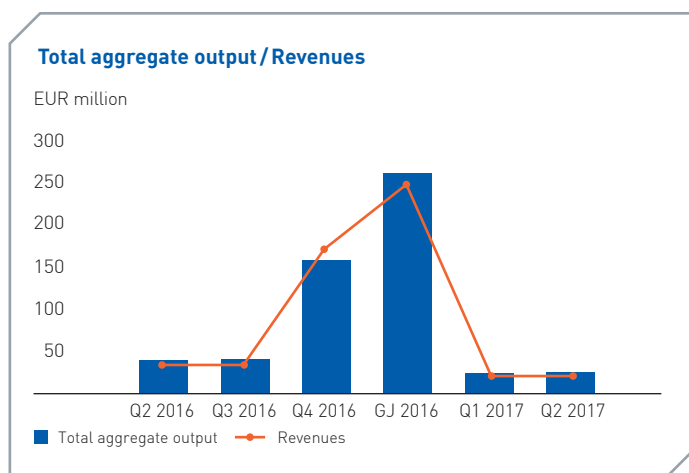
Compared to December 31, 2016, there were no other significant changes in the area of operations. As regards the changes in the regulatory context, the statements in the section "Political general conditions" apply.

## 6. Economic report

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.

### a. Revenues and earnings



In the first six months of 2017, the PNE WIND AG Group achieved a total aggregate output of euro 50.0 million (prior year: euro 61.1 million). Of this, euro 39.5 million was attributable to revenues (prior year: euro 44.8 million), euro 8.3 million to change in inventories (prior year: euro 12.2 million), and euro 2.2 million to other operating income (prior year: euro 4.1 million). Previous year's aggregate output, revenues and changes in inventories exceeded the values as at the end of the first six months of 2017 since last year's MW quantities from commissioned wind farms, wind farms under construction and sold wind farms were higher due to the final portfolio establishment phase.

The activities of the Group in project development in Germany and abroad and also both onshore and offshore are reflected in the expense items. The share of cost of materials in the Group's total aggregate output amounts to euro 28.7 million (prior year: euro 32.4 million). As a consequence, the consolidated cost-of-materials ratio does not significantly differ from last year's ratio.

In the period under review, the personnel expenses amounted to euro 12.1 million in the Group and thus declined in comparison to the amount of the prior year period (euro 13.1 million). During the previous year's period, the Company reduced the number of employees during the first half-year which partially resulted in additional costs due to, including but not limited to, redundancy payments etc. As a consequence, employee number reduction effects led to a perceivable reduction of personnel expenses only during the first six months of the 2017 financial year. The number of employees in the Group as at June 30, 2017 amounted to 359 people (as at June 30, 2016, 360 employees).

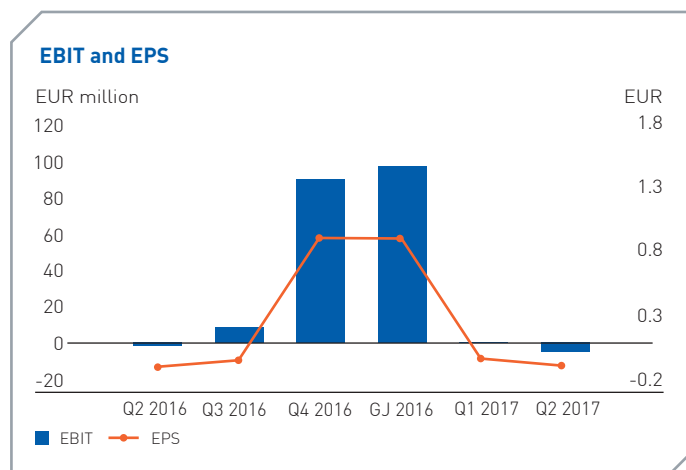
The other operating expenses in the Group totalling euro 11.0 million (prior year: euro 11.0 million) remained on previous year's levels and can be generally divided into expenses resulting from legal and consultancy costs, advertisement and travel expenses, insurance premiums and contributions, repair and maintenance costs (predominantly relating to the "Sibitz" timber biomass power plant and the "Gerdau-Schwiebau" and "Pülfringen" electricity generation plants) and rental, lease and lease-purchase expenses.

Depreciations decreased by euro 2.8 million to euro 3.2 million (previous year: euro 6.0 million). In general, depreciations related to the "Sibitz" timber biomass power plant and to the Company's consolidated "Gerdau-Schwiebau" and "Pülfringen" projects. This reduction compared to the previous year resulted particularly from portfolio projects depreciations which the Company is no longer allowed to account for since they were sold at the end of the 2016 financial year.



Interest expenses in the Group decreased from euro 8.4 million in the prior year to euro 5.3 million. This reduction of interest and similar expenses can be predominantly attributed to project funding activities with regard to the wind farm portfolio disposed by the Company last year so that it no longer exists.

In the period under review, the Group generated an operating profit (EBIT) of euro -5.0 million (prior year: euro -1.4 million) and earnings before tax (EBT) of euro -9.7 million (prior year: euro -9.5 million). These negative results during the first half of the 2017 financial year are mainly related to the establishment of the European wind farm portfolio which is owned by the Company itself (last year, there was also a relation to the wind farm portfolio which had been under construction at that time). Earnings before tax generated – and eliminated on corporate level – with regard to this portfolio during the first six months of 2017 amount to approximately euro 4.5 million (last year, earnings before tax eliminated on corporate level relating to the former wind farm portfolio amounted to approximately euro 2.5 million).



The consolidated net income after minority interests amounted to euro -6.5 million (prior year: euro -7.8 million). The basic earnings per share for the Group amounted to euro -0.08 (prior year: euro -0.10) and the diluted earnings per share for the Group amounted to euro -0.08 (prior year: euro -0.10).

Due to the negative business results and the dividend payment made in the reporting period of euro 9.2 million, retained earnings at the Group level declined to euro 61.2 million in the reporting period (31 December 2016: euro 76.9 million).

With regard to the subsidiaries consolidated in the Group, the major portion of revenues achieved in the period under review was in respect of management remuneration and service payments in the amount of euro 3.2 million (prior year: euro 2.7 million), payments for the use of transformer stations in the amount of euro 1.5 million (prior year: euro 1.3 million) and proceeds from the sale of electricity in the electricity generation segment in the amount of euro 3.7 million (prior year: euro 12.2 million). The reason for the reduction of earnings in the electricity generation segment compared to the previous financial year consists in large parts of the 142 MW wind farm portfolio, which was sold at the end of the 2016 financial year, had already been commissioned by the first half-year of 2016 and, as a consequence, considerably contributed to electricity generation revenues.

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 sub-group (EUR million)	01.01.–30.06.2017	01.01.–30.06.2016
Revenues	15.1	24.0
Total aggregate output	18.8	29.6
Personnel expenses	-4.2	-5.5
Other operating expenses	-3.8	-3.7
EBIT	-2.9	-5.9
<b>Employees on June 30</b>	<b>137 employees</b>	<b>144 employees</b>

The results of the Group reflect, among other things, the continued investments needed to develop the onshore and offshore project pipeline in Germany and abroad. The preliminary work for domestic and foreign projects which are at the realisation stage are consolidated within the Group and have not yet delivered results at the Group level. Earnings before tax accumulated – and eliminated on corporate level – as at 30 June 2017 amount to approximately euro 4.5 million.

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

The statement of cash flow provides information on the liquidity situation and the financial situation of the Group. As at 30 June 2017, the group companies disposed of liquidity and credit facilities for project intermediate financing purposes and free syndicated working capital lines to the total amount of euro 174.8 million in relation to which euro 0.1 million was pledged to financial institutions (previous year: euro 89.0 million, of which euro 3.9 million pledged).

The liquidity available is broken down as follows:

- cash and cash equivalents of euro 122.1 million
- free syndicated working capital lines of euro 10 million and
- interim project financing available of euro 42.7 million.

Furthermore, PNE WIND AG and WKN AG have a credit facility available for guarantee and contract fulfilment obligations in the amount of euro 10.0 million (amount drawn: as at June 30, 2017: euro 0.5 million).

Explanation:

The PNE WIND Group was granted a syndicated working capital loan to the amount of euro 10 million and a guarantee credit facility to the amount of euro 10 million. The syndicated loan and the guarantee credit facility have a term ending on December 31, 2017.

Both credit facilities include covenants to meet financial performance indicators, which, if not adhered to, give the lenders the right to terminate the agreement. As at June 30 2017, the PNE WIND Group had met all financial performance indicators.

The cash flow from ordinary activities shown in the statement of cash flows amounts to euro -37.2 million (prior year: euro -40.4 million) and is primarily attributable to

- the Group result of the reporting year,
- the expenses for the implementation of the portfolio projects, the further development of the project pipeline and the implementation of the wind farm projects, which are reflected in the inventories and were primarily financed by interim project financing (see Cash flow from financing activities).

The cash flow from investing activities in the reporting period includes payments received and payments made for investments in property, plant and equipment of the Group as well as for the sale of consolidated entities totalling euro 8.0 million (prior year: euro -0.4 million). The investments in property, plant and equipment were characterised mainly by investments in transformer stations for the wind farm projects being constructed. Investments into consolidated units to the amount of euro 7.5 million relate to the acquisition of shares in the "Silbitz" timber biomass power plant. The sale of shares in PNE WIND Atlantis I GmbH and the related redemption of shareholder loans lead to income from disposals from consolidated units to the amount of euro 18.1 million.

During the reporting period, the cash flow from financing activities of euro 3.6 million (prior year: euro -5.8 million) was influenced primarily by

- the redemption and the disposal of credit liabilities to the amount of euro -1.0 million, due to, including but not limited to, the redemption of WKN AG syndicated loan facilities and working capital facilities,
- the payment of the dividend of euro -9.2 million,
- the taking of bank loans of euro 13.8 million which were predominantly applied for the project financing activities in relation to the "Kührstedt" and "Longeves" wind farm projects under construction.

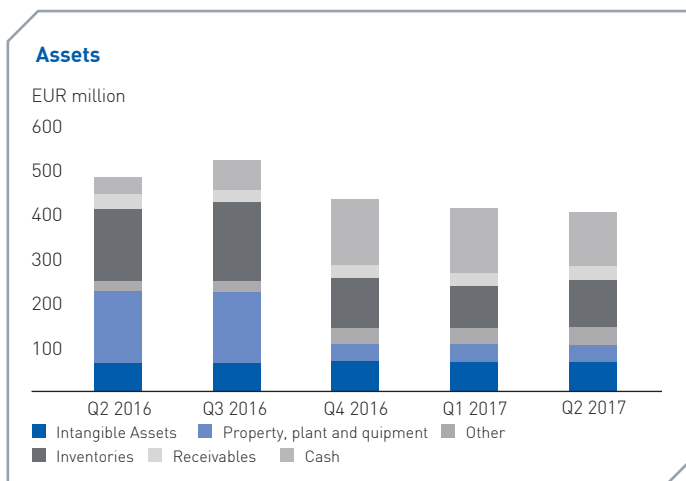
During the period under report, there was no conversion of partial debentures resulting from the 2014/2019 convertible bond. As at the due date of June 30, 2017, the share capital of PNE WIND AG consequentially amounted to euro 76,556,026.00.

As at June 30, 2017, the Group had liquid funds of euro 122.1 million (prior year: euro 39.4 million).

### c. Statement of financial position

Assets (EUR million)	30.06.2017	31.12.2016
<b>Total long term assets</b>	<b>144.2</b>	<b>142.2</b>
Intangible assets	67.1	67.4
Property, plant and equipment	38.1	39.2
Long term financial assets	29.7	28.5
Deferred taxes	9.3	7.1
<b>Total short term assets</b>	<b>259.0</b>	<b>289.8</b>
Inventories	106.3	112.9
Receivables and other assets	29.9	28.4
Tax receivables	0.7	0.8
Cash and cash equivalents	122.1	147.7
<b>Total assets</b>	<b>403.2</b>	<b>432.0</b>

On the reporting date, the consolidated total assets of PNE WIND AG amounted to euro 403.2 million. This is a decrease of approximately 6.7 percent in comparison with December 31, 2016.



Total long term assets increased from euro 142.2 million at the end of 2016 to euro 144.2 million. As at June 30, 2017, intangible assets totalled euro 67.1 million, representing a similar amount as recorded on December 31, 2016. The most important element of this item is the goodwill of the segment "Projecting of wind power turbines" in the amount of euro 63.4 million (of which projecting of wind power turbines PNE is valued at euro 23.0 million and projecting of wind power turbines WKN is valued at euro 40.2 million). In the same period, property, plant and equipment decreased by euro 1.1 million to euro 38.1 million (December 31, 2016: euro 39.2 million). This item primarily includes land and buildings (euro 11.8 million without the land and buildings of "Silbitz"), transformer stations owned or under

construction (euro 12.0 million) and the technical equipment and machinery of the Silbitz timber biomass power plant (euro 3.6 million including land and buildings of euro 2.8 million) and the "Gerdau-Schweinau" and "Pülfringen" wind farms (euro 6.7 million).

During the period under review, short term assets decreased from euro 289.8 million as at December 31, 2016 to euro 259.0 million on June 30, 2017. This change is mainly attributable to the decrease in cash and cash equivalents (euro -25.6 million) and that in inventories (euro -6.6 million). Of the short term assets, euro 8.6 million is attributable to trade receivables (December 31, 2016: euro 13.2 million).

The work in progress recognised under the inventories decreased from euro 105.0 million as at December 31, 2016 to euro 95.5 million. In general, this reduction can be attributed to the inventories disposal regarding the "Atlantis I" project within the framework of the project sale during the first quarter of the 2017 financial year.

Work in progress is divided as follows

- offshore projects "Nemo", "Nautilus", "Jules Verne" (euro 11.2 million),
- offshore projects "Atlantis II - III" (euro 12.8 million),
- onshore projects in Germany (euro 23.4 million),
- onshore projects in Poland (euro 12.4 million),
- onshore projects in Italy (euro 8.2 million),
- onshore projects in France (euro 9.5 million),
- onshore projects in Sweden (euro 4.5 million),
- onshore projects in Romania (euro 1.7 million),
- onshore projects in the USA (euro 5.9 million),
- an onshore WKN project in the United Kingdom (euro 2.6 million) and
- onshore projects in South Africa (euro 3.0 million).

The advance payments in connection with onshore projects under construction, which are included in the inventories item, increased by euro 2.8 million from euro 7.9 million to euro 10.7 million.

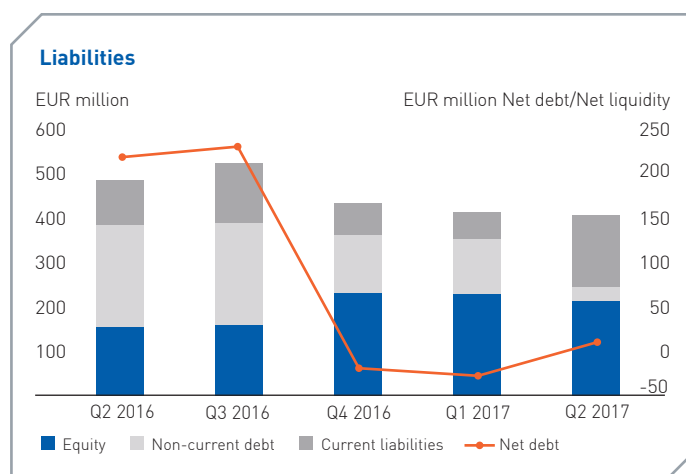
As at June 30, 2017, cash and cash equivalents amounted to euro 122.1 million (as at December 31, 2016: euro 147.7 million).

Liabilities (EUR million)	30.06.2017	31.12.2016
Equity capital	212.0	229.4
Deferred subsidies from public authorities	0.9	0.9
Provisions	4.4	11.9
Long term liabilities	28.0	119.9
Short term liabilities	141.1	53.6
Deferred revenues	16.8	16.3
<b>Total assets</b>	<b>403.2</b>	<b>432.0</b>

On the liability side, consolidated shareholders' equity decreased from euro 229.4 million as at December 31, 2016 to euro 212.0 million as at June 30, 2017. This development was attributable primarily to the positive result of the Group and the dividend payment in June 2017. The equity ratio of the Group was 53 percent as at June 30, 2017 (December 31, 2016: 53 percent) and the debt ratio was 47 percent (as at December 31, 2016: 47 percent).

This decrease in provisions can be in particular attributed to the disposal of the "Atlantis I" project and the related disposal of provisions for a variable purchase price obligation.

The long term liabilities decreased from euro 119.9 million at the end of 2016 to euro 28.0 million. This item consists mainly of financial liabilities totalling euro 25.4 million (as at December 31, 2016: euro 116.5 million). As at December 31, 2016, the "Long-term liabilities" item still included liabilities from the corporate bond which had been issued in May and in September 2013 to the total amount of euro 100.0 million due to maturity at the end of May 2018, this is now accounted for under the "Short-term liabilities". The long term financial liabilities include the 2014/2019 convertible bond issued in the 2014 fiscal year in an amount of euro 6.6 million. The item also includes long term liabilities to banks in the amount of euro 18.3 million (as at December 31, 2016: euro 11.3 million).



The (short and long term) liabilities to banks mainly include:

- the project financing of the timber biomass power plant “Silbitz” (euro 1.0 million, of which long term euro 0.3 million),
- the financing of the building of PNE WIND AG at the corporate headquarters in Cuxhaven (euro 2.6 million, of which long term euro 2.4 million),
- the project financing of the “Gerdau-Schwienau” and the “Pülfringen” wind farms (euro 8.1 million, of which long term euro 6.9 million),
- project intermediate funding activities with regard to projects under construction in Germany and France (euro 13.6 million, of which euro 8.1 million of long-term funding).

On June 30, 2017, the total number of shares issued by PNE WIND AG amounted to 76,556,026. Compared to December 31, 2016 (76,556,026 shares), there were no changes to the number of company shares.

During the first six months of the year of 2017, the value of short-term liabilities changed from euro 53.6 million (December 31, 2016) to euro 141.1 million, predominantly as a result of the euro 100 million corporate bond now being accounted for under the “Short-term liabilities” item. The trade liabilities decreased from euro 15.7 million as at December 31, 2016 to euro 12.3 million.

Under consideration of liquid funds, the Company’s net debt (as at December 31, 2016: net liquidity) (according to the DVFA – German Financial Analysis and Asset Management Association) amounted to euro -11.0 million on June 30, 2017 (December 31, 2016: euro 20.1 million).

## 7. Transactions with related companies and persons

There were no significant changes compared to December 31, 2016, with the exception of the appointment of Mr. Dr. Kruse, Mr. Egger and Mr. Schuhbauer as members of the supervisory board.

## 8. Development and innovation

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

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

After the end of the reporting period, the US wind farm project “Vivaldi” was sold in July 2017. Windkraft Nord USA Inc., a subsidiary of WKN AG, a leading developer of wind energy farms based in Husum, Germany, itself owned by the PNE WIND Group, sold the project rights of the US-wind project “Vivaldi Springtime” to Pattern Energy Group 2 LP (“Pattern Development”). Pattern Development is a leader in developing renewable energy and electricity network projects. With a long history in wind energy, Pattern Development has developed, financed and placed into operation more than 4,000 MW of wind power projects.

The project rights of the 80 MW Vivaldi Springtime wind project located in the State of Montana have been sold to Pattern Development ready to build including the power purchase agreement (PPA) and grid connection. Vivaldi Springtime is a “Qualified Facility” under U.S. law and, as a renewable energy facility, is granted an acceptance privilege.

Start of construction is planned for 2017 with commissioning expected mid 2018. The parties have also agreed on an option to expand the project.

- | Economic report
- | Transactions with related companies and persons
- | Development and innovation
- | Major events following the end of the reporting period
- | Report on opportunities and risks
- | Management declaration  
[Section 289a of the German Commercial Code (HGB)]
- | Outlook/Forecast

## 10. Report on opportunities and risks

For information about the opportunities and risks of PNE WIND AG, refer to the section “Report on opportunities and risks” in the 2016 annual report, which is available on the Company’s website at [www.pnewind.com](http://www.pnewind.com).

During the first six months of the 2017 fiscal year, the Board of Management has not identified any other significant additions or changes to the risks presented in the 2016 annual report.

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

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

## 12. 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 around wind farms, ranging from the development, planning, realisation and distribution to the operation of wind farms up to repowering - i.e. the replacement of older wind power turbines by new state-of-the-art equipment.

We want to develop high quality projects which meet international standards and allow for secure project financing at the international level. Such a project quality can be achieved by ensuring the forecast for the project schedule and the cost framework from the development to the start of operation.

However, the effectiveness of the entire value added chain should be increased further in order to achieve a reduction of the project costs. Another objective is to develop new markets of the future in growing regions and to optimise the entire value added chain, especially in the services area, i.e. the operational management of wind farms and transformer stations.

After successfully establishing and selling a wind farm portfolio last year, the Company pursues its goal to realise a European wind farm portfolio by 2019/2020 with a total output of more than 200 MW and, in this regard, to also expand its own electricity generation capacities. This portfolio is supposed to predominantly include wind farms based in Germany and in France; these wind farms are currently under construction. Construction of the first wind farm in Germany has already begun in the first six months of 2017. The new portfolio can be realised through internally developed wind farm projects, the acquisition of obsolete wind farms for subsequent repowering and the increased acquisition of partially developed projects.

The initial investments required for these plans will impact the results of the 2017 fiscal year. Accordingly, as before, the Board of Management expects a Group EBIT in the range of euro 0 to 15 million. Consequentially, we expect to achieve positive results in the 2017 financial year in spite of required investments into the Company’s future.

Cuxhaven, August 9, 2017

PNE WIND AG, Board of Management

# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

of PNE WIND AG, Cuxhaven, from 1. January until June 30, 2017

All figures in TEUR (differences due to rounding possible)				
	2nd Quarter 01.04.2017 - 30.06.2017	2nd Quarter 01.04.2016 - 30.06.2016	1st Half 01.01.2017 - 30.06.2017	1st Half 01.01.2016 - 30.06.2016
1. Revenues	19,027	32,861	39,451	44,804
2. Changes in inventories of finished goods and work in process	4,667	6,357	8,267	12,169
3. Other operating income	1,676	719	2,235	4,088
<b>4. Total aggregate output</b>	<b>25,370</b>	<b>39,937</b>	<b>49,953</b>	<b>61,061</b>
5. Cost of materials/cost of purchased services	-16,396	-26,895	-28,677	-32,361
6. Personnel expenses	-5,783	-6,012	-12,082	-13,121
7. Amortisation of intangible assets and depreciation of property, plant and equipment	-1,823	-2,991	-3,191	-5,989
8. Other operating expenses	-6,653	-5,701	-10,957	-11,029
<b>9. Operating profit</b>	<b>-5,285</b>	<b>-1,662</b>	<b>-4,954</b>	<b>-1,439</b>
10. Income from participations and associated companies	157	-13	619	8
11. Other interest and similar income	107	251	211	379
12. Expenses from assumption of losses	-39	-23	-354	-52
13. Interest and similar expenses	-2,646	-4,384	-5,255	-8,357
<b>14. Result before taxes</b>	<b>-7,706</b>	<b>-5,831</b>	<b>-9,733</b>	<b>-9,461</b>
15. Taxes on income	2,170	771	1,667	16
16. Other taxes	-17	-38	-51	-81
<b>17. Profit/loss before non-controlling interests</b>	<b>-5,553</b>	<b>-5,098</b>	<b>-8,117</b>	<b>-9,526</b>
18. Non-controlling interests	-1,067	-998	-1,642	-1,756
<b>19. Consolidated profit/loss</b>	<b>-4,486</b>	<b>-4,100</b>	<b>-6,475</b>	<b>-7,770</b>
Earnings per share (undiluted), in EUR	-0.06	-0.05	-0.08	-0.10
Earnings per share (diluted), in EUR	-0.06	-0.05	-0.08	-0.10
Weighted average number of shares in circulation (undiluted) in million	76.6	76.6	76.6	76.6
Weighted average number of shares in circulation (diluted) in million	78.7	78.6	78.7	78.6

All figures in TEUR (differences due to rounding possible)				
	2nd Quarter 01.04.2017 - 30.06.2017	2nd Quarter 01.04.2016 - 30.06.2016	1st Half 01.01.2017 - 30.06.2017	1st Half 01.01.2016 - 30.06.2016
<b>19. Consolidated profit/loss</b>	<b>-4,486</b>	<b>-4,100</b>	<b>-6,475</b>	<b>-7,770</b>
Other income/items that may be reclassified in the future in the profit and loss account				
20. Foreign currency translation differences	55	-315	9	-575
21. Others	0	0	0	0
<b>22. Other comprehensive income for the period (net of tax)</b>	<b>55</b>	<b>-315</b>	<b>9</b>	<b>-575</b>
<b>23. Total comprehensive income for the period</b>	<b>-5,498</b>	<b>-5,413</b>	<b>-8,108</b>	<b>-10,101</b>
<b>Consolidated profit/loss for the period attributable to:</b>	<b>-5,553</b>	<b>-5,098</b>	<b>-8,117</b>	<b>-9,526</b>
Owners of the parent company	-4,486	-4,100	-6,475	-7,770
Non-controlling interests	-1,067	-998	-1,642	-1,756
<b>Total comprehensive income for the period attributable to:</b>	<b>-5,498</b>	<b>-5,413</b>	<b>-8,108</b>	<b>-10,101</b>
Owners of the parent company	-4,431	-4,415	-6,466	-8,345
Non-controlling interests	-1,067	-998	-1,642	-1,756



| Condensed interim consolidated  
financial statement  
| Consolidated statement of comprehensive  
income (IFRS)  
| Group balance sheet (IFRS)

# GROUP BALANCE SHEET (IFRS)

of PNE WIND AG, Cuxhaven, as at June 30, 2017

## Assets

All figures in TEUR (differences due to rounding possible)	per 30.06.2017	per 31.12.2016
Intangible assets	67,127	67,400
Property, plant and equipment	38,102	39,230
Long term financial assets	29,702	28,452
Deferred tax assets	9,256	7,136
<b>Total long term assets</b>	<b>144,187</b>	<b>142,218</b>
Inventories	106,341	112,946
Receivables and other assets	30,572	29,144
Cash and cash equivalents	122,116	147,686
<b>Total current assets</b>	<b>259,029</b>	<b>289,776</b>
<b>Assets total</b>	<b>403,216</b>	<b>431,994</b>

## Liabilities

All figures in TEUR (differences due to rounding possible)	per 30.06.2017	per 31.12.2016
Subscribed capital	76,556	76,556
Capital reserve	82,288	82,288
Retained earnings	51	51
Foreign currency provision	-989	-997
Retained profit/loss	61,192	76,883
Non-controlling interests	-7,051	-5,393
<b>Total shareholders equity</b>	<b>212,047</b>	<b>229,388</b>
Other provisions	1,061	7,945
Deferred subsidies from public authorities	879	902
Long term financial liabilities	25,429	116,491
Deferred tax liabilities	2,519	3,347
<b>Total long term liabilities</b>	<b>29,888</b>	<b>128,685</b>
Provisions for taxes	1,251	1,565
Other provisions	2,107	2,403
Short term financial liabilities	107,672	11,131
Trade liabilities	12,300	15,692
Other liabilities	37,951	43,130
<b>Total short term liabilities</b>	<b>161,281</b>	<b>73,921</b>
<b>Liabilities total</b>	<b>403,216</b>	<b>431,994</b>

# CONSOLIDATED CASH FLOW STATEMENT (IFRS)

of PNE WIND AG, Cuxhaven, from 1. January until June 30, 2017

All figures in TEUR (differences due to rounding possible)	2017	2016
<b>Consolidated net result</b>	<b>-8,117</b>	<b>-9,527</b>
-/+ Income tax benefit/expense	-1,667	-16
-/+ Income tax paid/received	-112	-87
-/+ Interest income and expense	5,044	7,978
- Interest paid	-3,654	-6,587
+ Interest received	211	322
+/- Amortisation and depreciation of disposal of fixed assets	3,191	5,989
+/- Increase/decrease in provisions	1,086	-1,357
+/- Non-cash effective income/expenses	-531	-532
- Profit from the disposal of fixed assets and from final consolidation	-4,585	0
+/- Increase of inventories and other assets	-23,632	-44,828
+/- Decrease/increase of trade receivables and stage of completion accounting	6,353	-766
+/- Increase/decrease of trade liabilities and other liabilities	-10,777	9,034
<b>Cash flow from operating activities</b>	<b>-37,191</b>	<b>-40,377</b>
+ Inflow of funds from disposal of items of property, plant, equipment	11	30
+ Inflow of funds from disposal of intangible assets	3	0
- Outflow of funds for investments in property, plant, equipment and intangible assets	-1,366	-514
+ Inflow of funds from disposal of financial assets	91	46
- Outflow of funds for investment in financial assets	-1,285	-6
+ Inflow of funds from disposal of consolidated entities	18,115	0
- Outflow of funds for investment in consolidated entities	-7,535	0
<b>Cash flow from investing activities</b>	<b>8,035</b>	<b>-444</b>
+ Inflow of funds from financial loans	13,809	22,752
- Outflow of funds from the redemption of financial loans	-1,036	-25,522
- Outflow of funds for dividend	-9,187	-3,062
<b>Cash flow from financing activities</b>	<b>3,586</b>	<b>-5,832</b>
Cash effective change in liquid funds	-25,570	-46,653
+ Change in liquid funds due to changes in scope of consolidation	-1	0
+ Liquid funds at the beginning of the period	147,686	86,076
<b>Liquid funds at the end of the period*</b>	<b>122,116</b>	<b>39,423</b>
* of which are pledged to a bank as security	98	3,862

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

# CONSOLIDATED STATEMENT OF CHANGE IN EQUITY (IFRS)

of PNE WIND AG, Cuxhaven, from 1. January until June 30, 2017

All figures in TEUR (differences due to rounding possible)	Capital sub- scribed	Capital reserve	Profit reserves	Foreign exchange reserve	Retained earnings	Shareholders' equity before non- controlling interests	Non- controlling interests	Total share- holders' equity
<b>Status as per January 1, 2016</b>	<b>76,555</b>	<b>82,287</b>	<b>51</b>	<b>-775</b>	<b>10,912</b>	<b>169,030</b>	<b>-3,102</b>	<b>165,928</b>
<b>Group result 1-06/2016</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-7,771</b>	<b>-7,771</b>	<b>-1,756</b>	<b>-9,527</b>
Dividend	0	0	0	0	-3,062	-3,062	0	-3,062
Conversion of convertible 2010/2014	0	0	0	0	0	0	0	0
Other items	0	0	0	-575	0	-575	0	-575
<b>Status as per June 30, 2016</b>	<b>76,556</b>	<b>82,287</b>	<b>51</b>	<b>-1,350</b>	<b>79</b>	<b>157,622</b>	<b>-4,858</b>	<b>152,765</b>
<b>Status per January 1, 2017</b>	<b>76,556</b>	<b>82,288</b>	<b>51</b>	<b>-997</b>	<b>76,883</b>	<b>234,781</b>	<b>-5,393</b>	<b>229,388</b>
<b>Group result 1-06/2017</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-6,475</b>	<b>-6,475</b>	<b>-1,642</b>	<b>-8,117</b>
Dividend	0	0	0	0	-9,187	-9,187	0	-9,187
Other items	0	0	0	9	-29	-20	-16	-36
<b>Status as per June 30, 2017</b>	<b>76,556</b>	<b>82,288</b>	<b>51</b>	<b>-989</b>	<b>61,192</b>	<b>219,099</b>	<b>-7,051</b>	<b>212,048</b>

# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of PNE WIND AG, Cuxhaven, for the first six months of 2017

## 1. Accounting and valuation principles

The financial report on the first six months of the 2017 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 they must be taken into consideration in the EU.

In the financial report for the first six months of the 2017 fiscal year as at June 30, 2017, the Company applied the same accounting and valuation methods as for the consolidated financial statements as at December 31, 2016.

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 earnings per share take account of the potential shares from convertible bonds in accordance with IAS 33.

## 2. Financial assets

During the first six months of the 2017 fiscal year, there were no significant additions or changes to the values presented in the management report for the 2016 fiscal year.

The following tables show, specifying the individual categories, both the carrying amounts and the fair values of all the Company's financial assets and financial liabilities.

	Category in terms of IAS 39	Total TEUR	Fair Value TEUR
<b>as at 30.06.2017</b>			
<b>Short-term financial assets</b>			
Cash and cash equivalents	LaR	122,116	122,116
Trade receivables	LaR	8,613	8,613
Other short term loan receivables	LaR	1,245	1,245
Trade receivables from affiliated companies	LaR	5,174	5,174
Trade receivables from affiliated companies and those in which an investment is held	LaR	1,330	1,330
<b>Long term financial assets</b>			
Shares in affiliated companies	AfS	32	-
Shares in companies in which an investment is held	AfS	1,842	-
Other borrowings	LaR	115	115
Other long-term loan receivables	LaR	26	26
		<b>140,492</b>	<b>138,618</b>
<b>Total loans and trade receivables</b>		<b>138,618</b>	<b>138,618</b>
<b>Total of available-for-sale financial assets</b>		<b>1,874</b>	<b>-</b>
<b>as at 31.12.2016</b>			
<b>Short-term financial assets</b>			
Cash and cash equivalents	LaR	147,686	147,686
Trade receivables	LaR	13,187	13,187
Other short term loan receivables	LaR	1,472	1,472
Trade receivables from affiliated companies	LaR	4,937	4,937
Trade receivables from affiliated companies and those in which an investment is held	LaR	2,533	2,533
<b>Long term financial assets</b>			
Shares in affiliated companies	AfS	26	-
Shares in companies in which an investment is held	AfS	1,092	-
Other borrowings	LaR	115	115
Other long-term loan receivables	LaR	25	25
		<b>171,073</b>	<b>169,955</b>
<b>Total loans and trade receivables</b>		<b>169,955</b>	<b>169,955</b>
<b>Total of available-for-sale financial assets</b>		<b>1,118</b>	<b>-</b>

LaR = loans and receivables

AfS = available-for-sale financial assets

The available-for-sale financial assets include unquoted equity instruments whose fair value cannot be reliably measured and which therefore were measured at cost in the amount of TEUR 1,874 as at June 30, 2017 (December 31, 2016: TEUR 1,118). On the reporting 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.

Analogously to December 31, 2016, the fair values of financial instruments listed in the tables were derived from market information available on the reporting date and the methods and assumptions presented below. As in the previous year, there were no transfers between the hierarchy levels in the current year under report.

All figures in TEUR	Category in terms of IAS 39	total	up to 1 year	1 to 5 years	more than 5 years	Fair Value
<b>as at 30.06.2017</b>						
Trade payables	FLAC	12,300	12,300	0	0	12,300
<b>Fixed-interest-bearing</b>						
Bonds	FLAC	105,171	98,615	6,556	0	111,941
Liabilities to banks	FLAC	12,307	2,124	6,551	3,632	14,371
Other financial liabilities	FLAC	1,642	1,088	554	0	1,642
Liabilities from leasing relationships	FLAC	177	177	0	0	177
<b>Variable-interest-bearing</b>						
Liabilities to banks	FLAC	13,805	5,669	8,136	0	13,805
		<b>145,402</b>	<b>119,973</b>	<b>21,797</b>	<b>3,632</b>	<b>154,236</b>
<b>as at 31.12.2016</b>						
Trade payables	FLAC	15,692	15,692	0	0	15,692
<b>Fixed-interest-bearing</b>						
Bonds	FLAC	104,526	0	104,526	0	110,368
Liabilities to banks	FLAC	13,496	2,163	6,725	4,608	14,512
Other financial liabilities	FLAC	9,254	8,623	631	0	9,866
Liabilities from leasing relationships	FLAC	346	346	0	0	346
<b>Variable-interest-bearing</b>						
Liabilities to banks	FLAC	0	0	0	0	0
		<b>143,314</b>	<b>26,824</b>	<b>111,882</b>	<b>4,608</b>	<b>150,784</b>

FLHFT = Financial liabilities held for trading

FLAC = Financial liabilities at continued cost of acquisition

### 3. Scope of consolidation

During the first six months of 2017, the corporate structure changed compared to the situation at December 31, 2016, due to the first-time inclusion of companies and the final consolidation of companies sold.

During the period under report the following companies were included in the scope of consolidation for the first time:

- PNE WIND Middle East GmbH, Cuxhaven (100 per cent),
- PNE WIND West Europe GmbH, Cuxhaven (100 per cent),
- PNE WIND West Europe Verwaltungs GmbH, Cuxhaven (100 per cent),
- PNE WIND Türkei HoldCo I GmbH, Cuxhaven (100 per cent).

All of the above companies are companies which had been established by the PNE group of companies only recently. These events did not result in any material effects on the earnings, financial and asset situation as at June 30, 2017.

In the reporting period, the following companies and/or shares in companies were sold:

- 100 % of the shares in PNE WIND Atlantis I GmbH, Cuxhaven (disposal from the "Wind power generation plant project planning" segment).

The payment for the company shares, including shareholder loans redemption, amounted to approx. euro 18.1 million. Also, the purchaser made a payment which they had to effect upon the sale under the former purchase agreement concluded with the former owner. PNE WIND AG will also participate in the project's further value increase achieved by developments by the purchaser through milestone payments.

Due to final consolidation of PNE WIND Atlantis I GmbH, assets amounting to a total of euro 22.1 million, which primarily represent the capitalised services of the projects (work in progress), and debts and provisions amounting to approximately euro 8.6 million, plus the shareholder loans in the amount of euro 14.9 million were eliminated at the Group level. Final consolidation resulted in earnings to the approximate amount of euro 1.3 million. The payment received for the sale of the company amounted to approx. euro 3.3 million, plus the redemption of shareholder loans (total amount of approximately euro 18.1 million). The company's funds eliminated from the balance sheet as a result of the transaction amounted to TEUR 1. The gain on disposal is included in the Group's revenues. In addition, the Company finally consolidated, with effect from June 30, 2017, both Ukrainische Windenergie Management GmbH, Husum, and New Energy Association International GmbH, Husum, which no longer perform any business activities since they have no importance (disposal from the wind power generation plant planning activities segment). This final company consolidated did not have significant effects.

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

Regarding any major events which occurred after the end of the reporting period, we hereby refer to paragraph 9 of the consolidated intermediate management report.

# SEGMENT REPORTING (IFRS)

## Segment reporting pursuant to IFRS 8 according to areas

The determination and presentation of segment reporting as at June 30, 2017 changed only in respect of the composition of the individual segments.

The “Wind power generation plan project planning” segment was extended by PNE WIND Middle East GmbH, PNE WIND West Europe GmbH, PNE WIND West Europe Verwaltungs GmbH and PNE WIND Türkei HoldCo I GmbH, companies which were consolidated for the first time. In addition, with the sale of the shares, PNE WIND Atlantis I GmbH as well as due to the from now on minor importance the companies Ukrainische Windenergie Management GmbH and New Energy Association International GmbH were deconsolidated (previously included in the “Projecting of wind power turbines” segment).

For further details on segment reporting, refer to the 2016 annual report.

The figures as at June 30, 2017 are compared with the figures as at June 30, 2016 or, in the case of segment assets/liabilities, with the figures as at December 31, 2016.

All figures in TEUR (differences due to rounding possible)	Projecting of wind power turbines	Electricity generation	Consolidation	PNE WIND AG Group
	2017 2016	2017 2016	2017 2016	2017 2016
External sales	<b>36,097</b> 32,888	<b>3,354</b> 11,917	<b>0</b> 0	<b>39,451</b> 44,804
Sales in other segments	<b>9,125</b> 11,842	<b>297</b> 281	<b>-9,423</b> -12,123	<b>0</b> 0
Change in inventories	<b>1,644</b> 4,124	<b>0</b> 0	<b>6,623</b> 8,045	<b>8,267</b> 12,169
Other operating income	<b>2,125</b> 4,106	<b>167</b> 144	<b>-56</b> -162	<b>2,235</b> 4,088
<b>Total aggregate output</b>	<b>48,991</b> 52,959	<b>3,818</b> 12,341	<b>-2,856</b> -4,239	<b>49,953</b> 61,061
Depreciation	<b>-1,831</b> -1,453	<b>-1,360</b> -4,537	<b>0</b> 0	<b>-3,191</b> -5,989
Operating income	<b>-4,075</b> -2,677	<b>312</b> 3,754	<b>-1,190</b> -2,516	<b>-4,954</b> -1,439
Interest and similar income	<b>2,686</b> 2,911	<b>0</b> 153	<b>-2,475</b> -2,685	<b>211</b> 379
Interest and similar expenses	<b>-7,514</b> -8,321	<b>-217</b> -2,721	<b>2,475</b> 2,685	<b>-5,255</b> -8,358
Taxes	<b>1,341</b> -365	<b>-31</b> -386	<b>357</b> 767	<b>1,667</b> 16
Investments	<b>2,559</b> 516	<b>7,627</b> 4	<b>0</b> 0	<b>10,186</b> 520
Segment assets	<b>555,527</b> 584,535	<b>46,316</b> 24,925	<b>-198,627</b> -177,466	<b>403,216</b> 431,994
Segment liabilities	<b>385,117</b> 391,258	<b>48,941</b> 35,190	<b>-242,890</b> -223,841	<b>191,168</b> 202,606
<b>Segment shareholders' equity</b>	<b>170,410</b> 193,277	<b>-2,625</b> -10,265	<b>44,263</b> 46,375	<b>212,048</b> 229,388

Cuxhaven, 9. August 2017

PNE WIND AG, The Board of Management



# REVIEW REPORT

To the PNE WIND AG, Cuxhaven

We have reviewed the condensed interim consolidated financial statements of the PNE WIND AG, Cuxhaven, comprising the condensed statement of comprehensive income, the condensed balance sheet, the condensed cash flow statement, the condensed statement of changes in equity, the condensed segment reporting and the selected explanatory notes, together with the interim group management report of the PNE WIND AG, Cuxhaven, for the period from 1 January to 30 June 2017, that are part of the semi annual financial report pursuant to Section 37w (2) WpHG [Wertpapierhandelsgesetz: German Securities Trading Act]. The preparation of the condensed interim consolidated financial statements in accordance with those International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the European Union (EU), and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

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

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

Hamburg, 9 August 2017

## Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

(Bäßler)

(Wendlandt)

Wirtschaftsprüfer

Wirtschaftsprüfer

[German Public Auditor]

[German Public Auditor]

# STATEMENT MADE BY THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the 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



Markus Lesser



Jörg Klowat



Kurt Stürken

# IMPRINT

## **PNE WIND AG**

Peter-Henlein-Straße 2-4  
27472 Cuxhaven  
Germany

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

[www.pnewind.com](http://www.pnewind.com)

Board of Management: Markus Lesser (CEO), Jörg Klowat, Kurt Stürken  
Court of registry: Tostedt  
Registered number: HRB 110360

Status: August 2017

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

Photos: Wolfhard Scheer, PNE WIND AG

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

