

# PNE WIND AG

Financial report on the nine months  
and on the third quarter of 2009



Wind farm Buchholz

# AT A GLANCE

## PNE WIND AG Group figures

in EUR 000			
	01.01. – 30.09. 2009	01.01. – 30.09. 2008	01.01. – 30.09. 2007
Total aggregate output	100,241	81,814	31,158
Revenues	102,657	51,942	26,459
Operating profit (EBIT)	5,073	24,102	-2,641
Result from ordinary activities (EBT)	2,183	21,625	-6,145
Profit/loss as at September 30	1,318	18,820	-6,269
Equity	61,725	58,374	23,834
Equity ratio (in %)	39.13	31.66	21.98
Balance sheet total	157,734	184,405	108,391
Earnings per share (undiluted) in EUR	0.03	0.46	-0.16
Average number of shares, units	42.8 million	41.3 million	38.8 million

Key data	
Securities identification code	A0JBPG
ISIN	DE000A0JBPG2
Number of shares as at September 30, 2009	44,524,966
Market capitalisation as at September 30, 2009	EUR 97.1 EUR million
Market segment	Prime Standard
Indices	HDax, Mid-Cap-Market-Index, CDAX Technology, ÖkoDAX
Designated sponsors	Commerzbank, VEM Aktienbank, Close Brothers Seydler Bank
Reuters	PNEGn
Bloomberg	PNE3

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# Letter to the shareholders

Dear Shareholders,

The first nine months of the current fiscal year have been characterised by operative progress in all divisions of PNE WIND AG. We have been able to promote further our core business of wind farm project planning nationally and internationally, onshore and offshore. This has strengthened our position significantly in the wind energy market of the future.

We generated an operating profit (EBIT) of approx. € 5.1 million in the first nine months of the current fiscal year. Nevertheless, when compared to the previous year's amount of € 24.1 million, this is a decline. However, the fact that the proceeds from the sale of shares in the Danish rotor blade manufacturer SSP Technology A/S had a substantial influence on the results in 2008 has to be taken into account. The Company saw a distinct rise in earnings at the operative level. This is because of the wind farm projects that have been completed to date. The erection of eight wind farms with a total installed nominal output of 119.8 MW emphasises the positive development of our business.

In addition, PNE WIND AG was able to increase its financial leeway in the context of two capital measures. In spite of the weak capital market environment, the Company raised additional funds of approx. € 10 million from the issue of a capital increase and a convertible bond. We will use this capital to continue our growth strategy consistently.

We achieved further important milestones in the third quarter of 2009. In July of this year, PNE WIND AG received approval for the "Gode Wind II" offshore wind farm from the Federal Office of Shipping and Hydrographics (BSH). This enables us to install up to 80 wind power turbines in this project in the North Sea, about 33 kilometres north of the island of Norderney. Consequently, we are the first company that has received a third permit for an offshore wind power project in German waters: a clear evidence of the competence of our team. In addition, PNE WIND AG came to an agreement with the Danish wind turbine manufacturer Vestas Offshore A/S concerning the joint technical development of the offshore wind farm. In this way, we will cover an additional step in the value added chain and increase the earnings power of this project. We intend to realize the offshore wind farm, which is situated directly next to the already approved "Gode Wind I" project, in cooperation with a strong and financially sound partner. We are expecting to commence implementation of this project from 2011/2012.

PNE WIND AG achieved further successes in the context of its internationalisation strategy. After our first step into the Canadian wind energy market in June with the conclusion of a joint venture framework agreement with BCP Renewable Energy,

we have achieved further progress in North America in the third quarter of this year. In September, our US subsidiary signed a joint venture agreement on future cooperation with the US company Renewable Solutions. Together, we are planning to develop wind farm projects with an installed nominal output of more than 300 MW, which will be located in the federal states of Minnesota, North Dakota and South Dakota. These are highly attractive wind energy regions. The total investment volume for these wind farms is expected to amount to approx. US\$ 600 million. The handover of the first wind farm under this agreement is planned for 2010.

After the end of the reporting period, the Company succeeded in entering the repowering sector in the established market in Germany. With the "Alt Zeschdorf" wind farm, PNE WIND AG successfully completed its first repowering project in October 2009. Repowering involves the replacement of old wind-driven power systems with more modern, higher performing and more effective systems. The goal of repowering is to increase considerably the efficiency of wind power for the production of electricity as quickly as possible. Due to the age structure of the wind farms that currently exist in Germany, we view the replacement of old systems as an additional growth driver for the wind power market. PNE WIND AG has entered this attractive market early on using a professional approach, thus opening up additional potential for growth.

In addition to climate change, the scarcity of fossil energy fuels and the growing need for safe energy, it is the still favourable regulatory framework conditions, both nationally and internationally, that contribute to the positive future outlook of our industry sector. Whilst, abroad, the promotion of wind energy is gaining increasing significance, the new Federal Government in Germany is aiming to continue its previous strategy. It intends to expand the repowering and offshore wind power segments further and to maintain its previous funding policy. Accordingly, there is continuity as regards the legal environment.

In October 2009, an action was brought against PNE WIND AG by SSP Technology Holding ApS. The subject matter of the case, which is pending before the State Regional Court, is the reversal of the sale of our stake in SSP Technology A/S, which was sold to the private equity investor Ventizz Capital Fund IV, L.P. in 2008. The claim made is based largely on the alleged errors in the corporate planning for SSP Technology A/S, submitted during contract negotiations. We are of the firm position that the action is unfounded in its entirety and therefore unlikely to succeed. This is also the view taken by the legal advisors called in by PNE WIND AG in their first, preliminary assessment. Our auditors Deloitte share this view and regard it as appropriate, according to the present findings, to only form a provision for possible legal costs. Therefore, we do not expect that the action will have a significant effect on the results of the 2009 fiscal year.

We are optimistic regarding the further progress of the current fiscal year. After PNE WIND AG has achieved record results in 2009 to date as regards the number of completed wind farms, we have started the construction of three further onshore projects in the fourth quarter. Wind power turbines with a nominal output totalling 18 MW will be erected in these projects. In addition, we still have a comprehensive project pipeline both onshore and offshore. We are currently working on onshore projects with a total nominal output of approx. 2,200 MW and on offshore projects with an additional 2,500 MW, which have achieved different project stages. Following the start of operation of the "Altenbruch II" wind farm in May 2009, which we are operating as an independent power producer (IPP) on our own account, we are also generating regular income from the commercial and technical management of wind farms. In this way, PNE WIND AG is well prepared for continuing the adapted growth strategy successfully in the future as well. Accordingly, the Board of Management confirms the forecast published for the current fiscal year, which provides for an expected EBIT of between € 5 and 7 million.

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

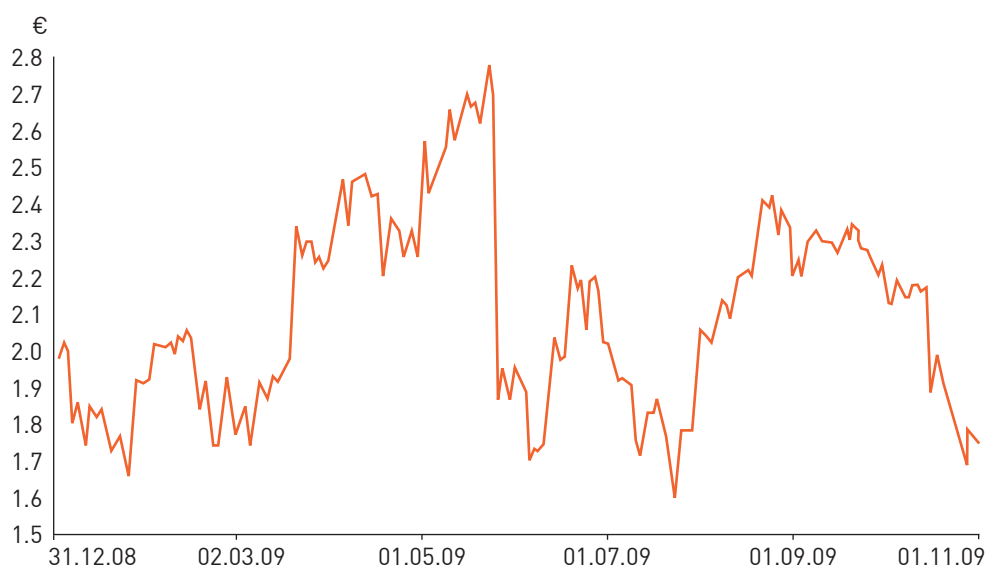


Martin Billhardt

- Chairman of the Management Board -

# The share

Share price, Trading market: XETRA (January 1, 2009 to November 2, 2009)



At the beginning of the current fiscal year, the price of PNE WIND AG's shares saw a very positive development in spite of the difficult capital market environment. Starting at a price of approx. € 2.00 per share, the shares climbed to € 2.70. After the Dutch company Econcern N.V., the parent company of Elop, our partner in the "Gode Wind I" offshore project, unexpectedly became insolvent at the end of May, PNE WIND AG had to revise its forecast for the 2009 fiscal year. Subsequently, the shares lost ground, but stabilised after a relatively short period and started to move upwards again. At the end of August, the shares were listed at around € 2.40 so that the previous price losses had been partially compensated for. The share price consolidated at this level by the end of the third quarter. On September 30, 2009, the shares were listed at € 2.18 per share. This means that the market capitalisation of PNE WIND AG was about € 97.1 million at the end of the reporting period.

At the beginning of the fourth quarter, an action for reversal of the sale of the stake in SSP Technology A/S was brought against the Company. After the publication of the corresponding ad-hoc disclosure, the PNE shares experienced pressure again.

### Shareholder Structure

On September 3 and on October 2, 2009, PNE WIND AG published voting interest announcements in line with Article 26 (1) of the German Securities Trading Act (WpHG), stating that the share interest held by FMR LLC, Boston (Fidelity), was below the thresholds of 5% and 3%, respectively. Accordingly, no investor has a share of more than 3% of the Company's voting rights, which is the reportable threshold in line with the Securities Trading Act. In compliance with the definition of Deutsche Börse AG, the free float of PNE WIND AG's shares amounts to an arithmetical value of 100%.

### Capital measures

In order to further strengthen its financial basis, PNE WIND AG performed two capital measures at the beginning of the third quarter of 2009. The objective of the transaction was to create additional leeway for further accelerating the growth strategy. By issuing a capital increase and placing a convertible bond, PNE WIND AG received more than € 10 million in total, thus further improving the Company's competitive position in the long term. The additional capital is intended to speed up projects, e.g. in the offshore area, and utilise market opportunities consistently.

3,250,000 new shares at a subscription price of € 1.90 were placed through the capital increase. Accordingly, the issue volume totalled € 6.18 million. Due to the increase in capital, the share capital of the Company increased to € 44,524,966. The convertible bond, which was also offered, was subscribed in a volume of € 3,850,000. The existing shareholders were granted a subscription right for both issues.



### Directors Dealings

30,000 shares were attributable to the Chairman of the Board of Management Martin Billhardt on September 30, 2009. In addition, the member of the Board of Management Bernd Paulsen held 2,500 shares. Alfred Mehrstens from the Supervisory Board has a stake of 346 shares in PNE WIND AG.

### Financial calendar

November 9 to 11, 2009

Analyst conference/equity capital forum

### Additional information

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

# Management and Group Management Report

## of PNE WIND AG, Cuxhaven, for the first nine months of 2009

### 1. Market/general economic conditions

In spite of the sustained global economic downturn following the financial crisis, the international market for wind power has proved to be extremely robust to date. In view of the continuing global efforts to achieve reductions in CO<sub>2</sub> emissions, the long term further increases in energy costs as well as the uncertainty of supply security with regard to fossil energy fuels (such as oil and in particular gas), it can be expected that this trend will continue in the future as well. The absolute growth of the nominal output in markets such as the USA, Germany, Spain, Italy or France was very dynamic in this respect. In addition, particularly high rates of growth were registered in some Central and Eastern European countries.

For the market in Germany, which is to date the core market of PNE WIND AG, the Company is expecting in the medium to longer term additional positive effects from amendments to laws, which came into force at the beginning of 2009, especially to the Renewable Energies Law (EEG), the start-up of repowering (i.e. the replacement of old wind power turbines by state-of-the-art equipment) and from the construction of offshore projects in the North Sea and the Baltic Sea. This assessment is supported by forecasts from the German Federal Government and the German Renewable Energy Federation (Bundesverband Erneuerbare Energie, BEE). According to these, the share of renewable energies in electricity generation is supposed to increase from about 11 % at present to 47 % by 2020. In this context, wind power, as the currently technologically most developed and most efficient technology for electricity generation through renewable energy, is of particular importance: Its share in the national generation of electricity is said to increase from a current 6 % up to 25 % by the year 2020. The government sees enormous growth potential particularly in the offshore sector. Further positive effects can be expected for the German wind power industry from this development.

Accordingly, the market for wind power turbines for the generation of electricity is growing strongly and at a sustained pace. Many established manufacturers of wind power turbines have expanded their production capacities internationally in order to be able to satisfy the growing demand. At the same time, new companies are entering the market, particularly in India and China. As a result, the number of suppliers of wind power turbines is increasing; it is therefore expected that this will have a dampening effect on the development of prices.

## 2. General political conditions

The general political conditions for renewable energies have improved substantially worldwide during the recent past. A series of countries, including the USA, as the world's largest economy, are placing increasing importance on the generation of electricity from renewable sources. This has become obvious by the announcement of the Obama administration to invest about US\$ 3.4 billion in the forthcoming years into the expansion of the electric power grid in order to adapt it to the growing use of wind power. In Europe, with the adoption of the New Energy Strategy in June 2007, the regulatory foundation was laid for a Europe-wide extension of renewable energies. This strategy defines an EU-wide reduction of CO<sub>2</sub> emissions (as at 1990) by 20% up to the year 2020 as a binding target for all member states. In this respect, the national governments are drawing up action plans in which they are defining the individual steps necessary to achieve this objective. A key means for the reduction of CO<sub>2</sub> emissions is the promotion of renewable energies. The European Wind Energy Association, EWEA, therefore assumes that 34% of electricity generation is required from renewable energies in order to achieve this target. In accordance with this, at least 12% of the total European demand for electricity would have to be covered by wind power. This will result in a distinct increase in the European wind power market with corresponding positive market opportunities for PNE WIND AG.

The regulatory environment also developed positively in Germany. The amendment to the Renewable Energies Law (EEG) came into force on January 1, 2009. Improved legal conditions, with substantially increased feed-in payments, were decided in respect of electricity generated by wind power turbines. The improvements concern both wind power turbines on land (onshore) as well as those at sea (offshore).

For electricity from offshore wind farms an initial feed-in payment of 15 cents/KWH (hitherto: 8.92 cents/KWH) will be paid, subject to these wind farms being put into operation prior to 2016. This means that the feed-in payment has been raised to a normal international level, thus improving the calculable profitability of offshore wind farm projects. As a result, investment in German offshore wind farms has become distinctly more attractive for international investors and more profitable in the long run.

For electricity from wind power turbines (WPT) on land, the feed-in payment was also raised significantly to 9.2 cents/KWH (hitherto: 8.03 cents/KWH). In addition, for electricity from wind power turbines that are equipped with the technology for stabilising the power network, a "system service bonus" of 0.5 cents/KWH is paid. In the case of wind power turbines erected within the framework of repowering (replacement of old WPTs by modern and more efficient WPTs), a "repowering bonus" of 0.5 cents/KWH is also paid. In general, this improves the profitability of wind farm projects in Germany. The number of sites at which wind farms can be planned and operated profitably increases. In addition, the depression rate, i.e. the reduction of the feed-in payments amounting hitherto to two percent, was reduced to only one percent annually.

The Board of Management of PNE WIND AG considers this legal basis as the prerequisite for a continued positive business development in Germany during the next few years. In its coalition agreement, the new Federal German Government has supported explicitly the further expansion of renewable energies and the continuation of the EEG without any reductions. In addition, better framework conditions for wind power system repowering and planning security for offshore projects have been agreed upon in the coalition agreement. Furthermore, the timely connection of offshore wind farms to the power grid is intended to be realised rapidly and effectively.

### 3. Corporate structure

The corporate structure changed in the first nine months of 2009 as compared to December 31, 2008.

Six wind farm companies were deconsolidated during the first nine months of the 2009 fiscal year:

1. Plambeck Neue Energien Windpark Fonds LX GmbH & Co. KG, Cuxhaven
2. Plambeck Neue Energien Windpark Fonds LXXII GmbH & Co. KG, Cuxhaven
3. Plambeck Neue Energien Windpark Fonds LXXVIII GmbH & Co. KG, Cuxhaven
4. Plambeck Neue Energien Windpark Fonds LXXXIX GmbH & Co. KG, Cuxhaven
5. Plambeck Neue Energien Windpark Fonds CI GmbH & Co. KG, Cuxhaven
6. Plambeck Neue Energien Windpark Fonds CIV GmbH & Co. KG, Cuxhaven

The deconsolidation of the companies resulted in a disposal of assets totalling € 97.6 million and of liabilities totalling € 99.5 million in the first nine months of the current fiscal year. With regard to the effects on the consolidated net income, please refer to the explanations under "8. Results of operations" and to segment reporting.

The resolution of the ordinary general meeting of May 14, 2009, on the change of name from Plambeck Neue Energien AG to PNE WIND AG was entered in the commercial register and became effective on June 16, 2009. Accordingly, the Company has been active under the name PNE WIND AG from June 16, 2009. Further, the following companies were renamed:

1. Plambeck Neue Energien Betriebs- und Beteiligungsgesellschaft GmbH to PNE WIND Betriebsführungs GmbH
2. Plambeck Neue Energien Netzprojekt GmbH in PNE WIND Netzprojekt GmbH
3. Plambeck Neue Energien Auslandsbeteiligungsgesellschaft GmbH in PNE WIND Ausland GmbH
4. Plambeck New Energy USA, Inc. in PNE WIND USA Inc.
5. Plambeck Neue Energien Windpark Fonds XL GmbH & Co. KG in PNE WIND Laubuseschbach GmbH & Co. KG
6. Plambeck Neue Energien Biomasse AG in PNE Biomasse AG
7. Plambeck Neue Energien Biomasse Betriebsgesellschaft mbH in PNE Biomasse GmbH
8. Plambeck Neue Energien Grundstücks GmbH to PNE WIND Grundstücks GmbH
9. Plambeck Neue Energien Windpark Fonds LV GmbH & Co. KG to PNE WIND Altenbruch II GmbH & Co. KG
10. Plambeck New Energy UK Ltd. to PNE WIND UK Ltd.
11. Plambeck New Energy Bulgaria OOD to PNE WIND Bulgaria OOD
12. Plambeck New Energy Yambol OOD to PNE WIND Yambol OOD
13. Plambeck Yeni Enerjiler Ltd. to PNE WIND Yenilenebilir Enerjiler Ltd.
14. Plambeck New Energy S.R.L. to PNE WIND Romania S.R.L.

In the USA a joint venture agreement for the future cooperation between PNE WIND AG's subsidiary PNE WIND USA, Inc. and the US company Renewable Solutions was signed in the third quarter of 2009.

13 wind farm operating companies were not included in the consolidated financial statements, since these are inactive, non-trading shelf companies.

#### ***First consolidation of Silbitz GmbH & Co. KG***

In view of the changed risks and rewards situation in the current fiscal year, PNE WIND AG included the timber-fired power station Silbitz GmbH & Co. KG in the consolidated financial statements as a so-called special purpose company for the first time on July 1, 2009, by applying the accounting regulations of IAS 27 and SIC 12, respectively. The general partner of the company without a share in capital is PNE Biomasse Betriebsgesellschaft mbH. In line with the articles of association, the general partner has only 9.98% of voting rights in shareholders' meetings. However, the interpretation of the accounting regulations mentioned above assumes that, when viewed from an economic perspective, a controlling influence on (control of) a company may also exist without a majority interest. The purpose of the company is the operation of a timber-fired power station in Thuringia. The company generates electricity and heat from the combustion of mature timber.

The book values or the fair values (recognized upon first consolidation) of the Company's identifiable assets and liabilities were as follows as at July 1, 2009:

Property, plant and equipment	€ 10.4 million
Receivables and other assets	€ 0.7 million
Cash and cash equivalents	€ 1.6 million
Long-term financial liabilities	€ 12.7 million
Trade payables	€ 0.1 million
Other liabilities	€ 0.2 million

The inclusion of this company in the consolidated financial statements resulted in an increase of sales revenues by € 0.9 million in the period under review. This has not resulted in a material impact on the results during the reporting period.

#### **4. General accounting principles**

In the financial report on the first nine months of the 2009 fiscal year as at September 30, 2009, the same accounting and valuation methods were used as in the consolidated financial statements as at December 31, 2008, except for the following standards, which are to be applied initially from the beginning of 2009. The standards and interpretations IAS 1 (revised) and IAS 23 (revised) as well as IFRIC 13 to 16 were to be applied for the first time to the interim

financial statements for the first quarter of 2009. The effects of the adoption of IAS 1 (revised) on the nine months financial statements relates primarily to the presentation of changes in equity not affecting profit or loss and a modified structure of the statement of changes in equity. Initial application of IAS 23 (revised) and the other publications had no significant influence on the presentation of PNE WIND AG's net assets, financial position and results of operations.

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

#### ***FREP Examination***

The Financial Reporting Enforcement Panel (FREP) examined the consolidated financial statements and the group management report of PNE WIND AG as per December 31, 2007, in accordance with Section 342 b (2) sentence 3 no. 3 of the German Commercial Code (HGB) (random sampling). PNE WIND AG participated willingly in this voluntary examination. The examination was completed successfully in the current fiscal year. As notified by FREP in its letter on the examination results, the responsible chamber decided that the Company's financial reporting for the 2007 fiscal year is not erroneous.

## **5. Organisation and employees**

As at September 30, 2009, 135 people (previous year: 118) were employed by the PNE Group. The employees of the subsidiaries are included in this figure. Of these employees (including the members of the Board of Management), 90 (as per December 31, 2008: 86) were employed at PNE WIND AG. A total of 45 people were employed at PNE Biomasse AG (18 employees), PNE WIND Betriebsführungs GmbH (21 employees) and at companies abroad (6 employees). The moderate increase in the number of staff is PNE WIND AG's response to the intensified business activity and also the personnel-related foundation for continuing the previous growth strategy.

## 6. Summary of business activity

### Wind power division

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

During the period under review, PNE WIND AG continued to pursue the operating business in the onshore wind power sector in Germany and completed the eight wind farms Leddin, Schwienau II, Calau, Langwedel, Buchholz, Alt Zeschdorf, Altenbruch II and Gütersloh/Verl with a total nominal output of 119.8 MW in the first nine months of 2009. The Altenbruch II wind farm with a nominal output of 25.8 MW remains in the ownership of PNE WIND AG and is operated by the Company itself. The other wind farms were sold to investors and handed over in the first half of 2009.

As a whole, PNE WIND AG worked in Germany on onshore wind farm projects with an output to be installed of 526 MW as at September 30, 2009; these were in various stages of project development. The permits required for the start of construction for six of these projects, which were not yet under construction, were available as at September 30, 2009. Wind power turbines with a nominal output totalling 40 MW can be erected in these projects. The permits for additional onshore wind farm projects in Germany are expected to be issued in the short term. In October 2009, the Company started the construction of three wind farms with a total nominal output of 18 MW.

The Company was able to further expand its market position abroad. In the USA a joint venture agreement for the future cooperation between PNE WIND AG's subsidiary PNE WIND USA, Inc. and the US company Renewable Solutions was signed. Together the joint venture partners are planning to develop more than 300 MW of wind farm projects located in Minnesota, North Dakota and South Dakota. In total, the investment volume is expected to amount to approximately \$ 600 million. PNE WIND AG has budgeted development costs of \$ 1.0 million for 2009 and 2010. The commissioning of the first wind farm under this agreement (30 MW) is planned for 2010.

As early as in June 2009, the subsidiary PNE WIND USA Inc. concluded a joint venture framework agreement for future cooperation with the Canadian company BCP Renewable Energy Ltd. As joint venture partners, the companies will participate in requests for tender for wind farms in the Canadian province of



Saskatchewan. In Saskatchewan, wind farm projects are tendered by the provincial electrical utility company, SaskPower. Such a request for tender is anticipated in the near future.

The entry into European growth markets has already laid the foundation for the Company's further expansion of business activities. Attractive market and growth perspectives are attainable through the joint venture companies in Hungary, Bulgaria, Romania, Turkey, Great Britain and Ireland, Canada as well as the subsidiary in the USA. The Board of Management is thus confident that it will be able to continue to pursue the growth of the Company further through internationalisation of wind farm project planning.

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

At the end of the first nine months of 2009, the offshore division of PNE WIND AG was also working on seven offshore wind farm projects in the North Sea and the Baltic Sea. In accordance with the current planning status, a total of 609 wind power turbines can be erected in these wind farms. Decisive for the exact number is inter alia the nominal output of the wind power turbines to be selected, which will amount to between 3 and 5 MW. In total, the planned nominal output of offshore projects amounts to approximately 2,500 MW.

On July 27, 2009, PNE WIND AG received approval for the "Gode Wind II" offshore wind farm from the Federal Office of Shipping and Hydrographics (BSH). Thus, 80 wind power turbines can be set up in this project in the North Sea, about 33 kilometres north of the island of Norderney. PNE WIND AG is planning the implementation of this project with a strong, financially sound partner. With "Gode Wind II", PNE WIND AG has obtained the third permit for the offshore wind farm projects developed by it.

"Gode Wind II" is directly adjacent to the "Gode Wind I" offshore wind farm project, which has already been approved. According to the approvals received, these projects together enable the setting-up of a total of 160 offshore wind power turbines with a nominal output of up to 800 MW. In respect of the "Gode Wind II" project, the Company came to an agreement on cooperation with the wind turbine manufacturer Vestas for the technical preparation of project implementation. The start of realisation of the "Gode Wind II" offshore wind farm is scheduled for 2011/2012.

The projects "Borkum Riffgrund I" and "Gode Wind I" have already been approved by the Federal Office of Shipping and Hydrographics (BSH) in previous years. Both offshore wind farms will be set up in the North Sea. For the "Borkum Riffgrund II" project, the application conference took place in May 2007, which represents a major step on the way to obtaining the permit.

Due to the size of the "Borkum Riffgrund I + II" projects and the related investment volumes, PNE WIND AG agreed upon a joint venture with the experienced, financially sound, and reliable energy group DONG Energy Power A/S (Denmark) early on. At a later time, DONG Energy introduced the Vattenfall (Sweden) energy group as a further partner to this project.

Delays might occur in the realisation of the "Gode Wind I" project, since the Dutch group Econcern, whose subsidiary Evelop has been a partner of the project company, surprisingly filed a petition for bankruptcy in May 2009. The project company PNE Gode Wind I GmbH still has the rights to the project. At present, various solutions for the realisation of the project are being examined and discussed.

The further offshore projects are currently in the planning and application stage.

#### ***Electricity generation division***

All the Group companies' activities that are attributable directly to the production of electricity from renewable energies are combined in the electricity generation division. This division thus consists inter alia of the "Altenbruch II" and "Laubusesbach" wind farms, which are operated by PNE WIND AG itself, as well as of PNE Biomasse AG, which provides the personnel for the Silbitz timber-fired power station on the basis of an operating contract, which is also recorded in this segment. In addition, the division includes shares in limited partnerships, which are intended to implement future onshore wind farm projects. Owing to the start of operation of the "Altenbruch II" wind farm, which is already contributing to revenues, the Company expects a distinct growth in this segment in the current fiscal year.

Due to the successful sale of wind farms and handover to the operators, the electricity generation division records deconsolidation effects and current revenues in segment reporting. These had a total share of € 5.7 million in the Group's EBIT in the period under review. Otherwise, the electricity generation division continued to develop further in the first nine months of the 2009 fiscal year.

## 7. Development of revenues

The data shown below for the Group were determined and presented in accordance with the IFRS accounting standards.

PNE WIND AG achieved a total aggregate output at group level of € 100.2 million (previous year: € 81.8 million) in the first nine months of 2009. This corresponds to an increase of approximately 23%. Revenues totalled € 102.7 million (previous year: € 51.9 million), while changes in inventories amounted to € -9.4 million (previous year: € -2.0 million) due to the successful sale of wind farms. Other capitalised contributions amounted to € 0.2 million in the period under review (previous year: € 0.2 million). Other operating income totalled € 6.8 million (previous year: € 31.6 million, mainly due to the sale of SSP Technology A/S). The significant increase in the total aggregate output is mainly the result of the high number of completed wind farm projects.

During the first nine months of 2009, the subsidiaries consolidated in the Group achieved revenues from management fees and services in the amount of € 3.2 million (previous year: € 4.0 million) and from fees for the use of transformer stations of € 1.3 million (previous year: € 0.8 million).

## 8. Results of operations

The Group achieved an operating profit (EBIT) of € 5.1 million (previous year: € 24.1 million) and a result from ordinary activities (EBT) of € 2.2 million (previous year: € 21.6 million) during the first nine months of 2009. The fact that the sale of shares in the rotor blade manufacturer SSP Technology A/S had a significant impact on the results in 2008 is to be taken into account in this respect. On September 30, 2009, the consolidated net profit before minority interests amounted to € 1.2 million (previous year: € 18.8 million). The undiluted consolidated earnings per share amounted to € 0.03 (previous year: € 0.46) and the diluted consolidated earnings per share to € 0.03 as well (previous year: € 0.42).

Other operating income totalling € 6.8 million relates primarily to deconsolidation effects from the six wind farm companies in the first half of the year amounting to € 4.3 million. The six wind farm companies contributed an amount of € 5.7 million to the Group's EBIT due to the deconsolidation effects and current income received until deconsolidation.

In comparison with the same period of the previous year, the increased operating activity is reflected in the expense items as well. Due to the strong increase in the number of completed wind farms, the cost of materials increased from € 44.0 million to € 79.6 million. In the first nine months of 2009, personnel expenses amounted to € 6.1 million and thus increased by about € 1.2 million as compared with the amount of the prior year period (€ 4.9 million). The main reason is the higher number of employees in the Group, which increased from 118 as at September 30, 2008, to 135 in 2009.

Other operating expenses of € 6.6 million (previous year: € 7.8 million) include primarily expenses from write-downs of receivables or other assets, legal and consulting expenses, advertising and travel expenses as well as rental and leasing expenses.

Due to the limited commercial partnerships included in the consolidated group until their deconsolidation, depreciation changed on a year-on-year basis by € 0.4 million. In addition, the "Altenbruch II" wind farm, which has been operated since 2009 by the Group itself, has contributed an amount of € 1.2 million and the timber-fired power station Silbitz GmbH & Co. KG, initially consolidated in the third quarter, an amount of € 0.2 million to the year-on-year change in depreciation.

The consolidated balance sheet result of the Group amounted to € -33.6 million as at September 30, 2009 (previous year: € -31.0 million).

## 9. Financial position/liquidity

The cash flow statement provides information on the liquidity situation and the financial position of the Group. As at September 30, 2009, the Group companies had available liquidity, including credit lines for project bridge financing, in the amount of € 29.7 million of which € 0.4 million is pledged to banks (previous year: € 42.6 million, of which € 4.2 million was pledged).

As at September 30, 2009, no overdraft facilities were taken up by the Group.

The cash flow from operating activities shown in the cash flow statement totalling € 79.8 million (previous year: € -14.5 million) was characterised mainly by the decrease in receivables and provisions from long-term production contracts and the decrease in prepayments made, which resulted from the wind farm projects completed in the first nine months of 2009.

The cash flow from investing activities was affected in the period under review by investments of € 33.5 million (previous year: € 2.5 million) in property, plant and equipment of the Group. In this respect, the major part of the investments was attributable to the implementation of the "Altenbruch II" wind farm project (€ 31.2 million) and the further development of the "Borkum Riffgrund I and II" (€ 0.5 million) and "Gode Wind II" (€ 0.5 million) offshore projects. The further development of the "Borkum Riffgrund" offshore project was financed primarily by the joint venture partners in PNE Riff I GmbH, i.e. the electricity producers DONG Energy Power A/S and Vattenfall Europe. The "Altenbruch II" wind farm project was implemented using own funds and outside capital, while the capital expenditures for "Gode Wind II" were financed by own funds. The inflow of funds as regards the cash flow from investing activities (totalling € 1.8 million) was generated mainly from the sale of a transformer station in connection with the sale of the "Buchholz" wind farm. This transaction resulted in an inflow of cash of € 1.4 million for the Group. In the previous year, there was an inflow of cash amounting to € 31.8 million from the sale of shares in SSP Technology A/S, which is stated under "cash flow from investing activities".

The "cash flow from financing activities" totalling € -49.2 million in the reporting period (previous year: € 12.5 million) was characterised mainly by the redemption and retirement of credit liabilities in connection with the deconsolidation of the six wind farm companies in the amount of € -46.2 million. Project financing amounting to € 6.1 million for the Altenbruch II wind farm, which has been operated by the Company itself since May 2009, had an opposing effect. Further, the convertible bond 2004/2009 was redeemed fully and in due time in the reporting period. This transaction resulted in an expected outflow of cash of € 16.4 million.

On June 18, 2009, the Board of Management and the Supervisory Board decided to issue a convertible bond in a nominal amount of up to € 37.5 million and to perform a capital increase from approved capital of up to 10% of the then capital stock. The convertible bonds were issued at a rate of 100%. The conversion price for each share that will be acquired by exercising the conversion right amounts to € 2.50. The purchase price for a new share under the capital increase was € 1.90.

The existing shareholders were granted subscription rights for both placements. The subscription period ran from June 24, 2009, to July 08, 2009. There was no intention to trade in subscription rights. Shares not subscribed to by these shareholders and new shares not purchased were offered to selected investors in the context of a private placement.

The capital increase was placed in a volume of 3,250,000 shares (€ 6.175 million) and resulted in an increase of the Company's share capital to € 44,524,966. The convertible bond was subscribed in a volume of € 3,850,000.

The objective of both capital measures was to finance further growth in the core business of wind park project planning. These funds created additional leeway for accelerating the development and financing of wind farm projects in Germany and abroad on land (onshore) and at high sea (offshore).

The total transaction costs of these capital measures amounted to € 0.4 million.

As at the balance sheet date of September 30, 2009, the Company therefore had total available liquidity of € 29.7 million (previous year: € 42.6 million).

## 10. Net assets

### Group

As at the balance sheet date, the consolidated balance sheet total of PNE WIND AG amounted to about € 157.7 million, which corresponds to a decline of about 41% as compared to December 31, 2008. This reduction was due to the handover of onshore wind farms in the period under review. At the same time, long-term assets increased from about € 67.5 million at the end of 2008 to € 105.7 million at present. Intangible assets totalled € 20.7 million as at September 30, 2009, which corresponds to an increase of about € 0.2 million as compared to € 20.5 million at December 31, 2008. By far the largest single element in this item is the goodwill of the "projecting of wind power turbines" division in the amount of € 20.0 million. In the same period, property, plant and equipment increased by about € 39.1 million

to € 83.3 million (December 31, 2008: € 44.2 million). This item includes mainly land and buildings (€ 15.6 million), transformer stations owned or under construction (€ 9.1 million), equipment under construction related to the projects "Borkum Riffgrund I and II" (€ 5.9

Assets	30.09.2009 in EUR million	31.12.2008 in EUR million
Intangible assets	20.7	20.5
Property, plant and equipment	83.3	44.2
Long-term financial assets	0.4	1.2
Deferred tax claims	1.3	1.6
Inventories	9.3	88.0
Receivables and other assets	13.0	81.0
Cash and cash equivalents	29.7	29.3
<b>Balance sheet total</b>	<b>157.7</b>	<b>265.8</b>

million) and "Gode Wind II" (€ 2.0 million) as well as the technical equipment and machinery of the "Altenbruch II" wind farm project (€ 38.9 million) and of the Silbitz timber-fired power station (€ 9.8 million).

Current assets saw a significant decrease in the period under review from about € 198.3 million (December 31, 2008) to the current level of € 52.0 million. This decrease was primarily attributable to the high number of projects completed and handed over to the investors. This development becomes clear when looking at the receivables and other assets: These fell from about € 81.0 million (December 31, 2008) to a new level of about € 13.0 million. € 3.9 million thereof is attributable to trade receivables (December 31, 2008: € 2.8 million). The decrease in receivables from long-term construction contracts in the amount of € 4.5 million (as at December 31, 2008: € 60.1 million) was due primarily to the lower number of projects in the current completion process.

Due to the projects completed and billed, work in process, recorded under inventories, fell from € 17.1 million (December 31, 2008) to the current level of € 7.7 million and the prepayments fell significantly from € 70.7 million (December 31, 2008) to € 1.5 million.

As at September 30, 2009, cash and cash equivalents amounted to € 29.7 million (as per December 31, 2008: € 29.3 million).

Consolidated equity increased from € 54.6 million (December 31, 2008) to € 61.7 million as at September 30, 2009<sup>1</sup>. This increase was due to the Group's positive results in the period under review and the capital increase in cash carried out in the reporting period (€ 6.2 million). Completion, handover and deconsolidation of wind farm projects in the first nine months resulted in a distinct decrease in long-term liabilities from € 83.5 million to the current level of about € 66.6 million. This item consists primarily of financial liabilities of € 65.3 million (December 31, 2008: € 81.9 million), which include liabilities to banks totalling € 47.4 million (December 31, 2008: € 19.5 million). The main item of credit liabilities is project funds for the "Altenbruch II" wind farm (€ 36.4 million). Furthermore, the other financial liabilities fell to € 12.9 million (December 31, 2008: € 60.9 million). These included primarily financing funds from Babcock & Brown of € 53.0 million as at December 31, 2008, which were paid into the limited partnerships of the Group as prepayments for

<sup>1</sup> According to IAS 27, negative minority interests may not be stated in the balance sheet, but must be set off against the retained earnings and thus to the charge of the parent company. Future positive shares in the result will be taken into account exclusively in favour of the parent company, until the previous charge to the consolidated retained earnings resulting from the negative minority interest is set off. In line with IAS 27 (revised), this also applies to the 2009 fiscal year, since, pursuant to IAS 27.45 (a), the relevant regulation is to be applied in conjunction with the revised IFRS 3 and becomes effective for fiscal years commencing on or after July 1, 2009.

the wind farm projects that were planned and under construction in accordance with the corresponding general agreement. The business partner took over the obligations under these loans with the implementation of the projects and transfer

<b>Liabilities</b>		
	<b>30.09.2009</b>	<b>31.12.2008</b>
	<b>in EUR million</b>	<b>in EUR million</b>
Equity	61.7	54.6
Deferred subsidies from public authorities	1.2	1.3
Provisions	5.6	15.2
Long-term liabilities	66.6	83.5
Short-term liabilities	13.9	101.0
Deferred revenues	8.7	10.2
<b>Balance sheet total</b>	<b>157.7</b>	<b>265.8</b>

of the limited partner shares to Babcock & Brown. PNE WIND AG gave a contractual commitment to the limited partners participating in the operating company of the Silbitz timber-fired power station to repurchase their limited partnership shares at the beginning

of 2017 at a price in the amount of 110% of the nominal value. As a result of this commitment, the item "Other financial liabilities" as at September 30, 2009, included a discounted purchase price liability amounting to € 4.2 million.

During the period under review, the short-term liabilities declined from € 101.0 million (December 31, 2008) to € 13.9 million. The reason for this decline was above all the taking up of project bridge financing for the projects in the implementation stage at the end of 2008, which were taken over by the investors upon completion of the projects and transfer of the limited partnership shares. The full repayment of the convertible bond 2004/2009 in March 2009 of € 16.5 million also contributed to the decrease in short-term liabilities. In addition, trade liabilities fell by € 4.3 million from € 10.3 million (December 31, 2008) to € 6.0 million as at September 30, 2009. When offsetting liquid funds, net liabilities amounted to € 21.3 million at the end of the reporting period (December 31, 2008: € 74 million).

The decrease in provisions from € 15.2 million (December 31, 2008) to € 5.6 million as at September 30, 2009, is attributable mainly to the completion of projects under long-term construction contracts.



PNE WIND AG offered the limited partners of HKW Silbitz GmbH & Co. KG a distribution guarantee up to 2016, which was credited to the provisions at a discounted amount of € 0.9 million.

### 11. Transactions with related companies and persons

During the period under review, there were the following transactions with related persons:

PNE WIND AG and PNE WIND Betriebsführungs GmbH have concluded consulting contracts for the provision of EDP services with net.curity Informations Technologien GmbH, whose managing shareholder is the member of the Supervisory Board, Rafael Vazquez Gonzalez. In the first nine months of 2009, transactions were effected with a net volume of € 114,218.96 and € 30,897.50, respectively. The transactions were based on the arms' length principle.

### 12. Sales and marketing

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

### 13. Development and innovation

No research and development activities were carried out in the Group of PNE WIND AG in the period under review.

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

At the beginning of October 2009, PNE WIND AG received certification that the "Alt Zeschdorf" wind farm, the first repowering project, was successfully completed. Repowering means the replacement of old wind-driven power systems with more modern, higher performing and more effective systems. The goal of repowering is to increase considerably the efficiency of wind power for the production of electricity as quickly as possible. Therefore, higher rates than for new projects are paid for electricity generated by repowering systems. The wind farm was commissioned and handed over to the purchaser EnBW Energie Baden-Württemberg AG as early as in April 2009.

An action has been brought against PNE WIND AG by SSP Technology Holding ApS, which purchased the PNE WIND AG 67.26 % stake in SSP Technology A/S in July 2008 following the conclusion of a share purchase agreement with Ventizz Ltd. The main object of the case being brought before the Stade District Court is the reversal of sale of the majority stake in SSP Technology A/S previously held by PNE WIND AG. The plaintiff is demanding that PNE WIND AG repay it not only the purchase price of approx. € 34.54 million, but also a further € 19.74 million for other expenses, i.e. a total of approx. € 54.28 million. The claim brought is based largely on the alleged errors in the corporate planning for SSP Technology A/S submitted during contract negotiations. In the alternative, the plaintiff is demanding a payment of approx. € 8.64 million for an alleged breach of a warranty relating to SSP Technology A/S accounts agreed in the share purchase agreement concluded in June 2008.

The firm position of PNE WIND AG's board of directors is that the action is unfounded and therefore unlikely to succeed. This is also the view taken by the legal advisors called in by PNE WIND AG in their first, preliminary assessment. The auditors of PNE WIND AG share this assessment and, according to present findings, regard it as appropriate to only form provisions to cover legal costs. The PNE WIND AG's view of the case means that the action will not have a significant effect on the results for the current business year.

## 15. Report of opportunities and risks

### General factors

As a result of its business activities PNE WIND AG is exposed to risks which are inseparable from its entrepreneurial activities. Through the internal risk management system, the Company minimises the risks associated with its business activity and accepts them 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 determined risks is made based on the analysis of the core processes. A risk report is submitted regularly to the Board of Management and to the Supervisory Board.

### Risks from operating activities

A key risk is the approval risk regarding projects. Time delays regarding approvals may lead both to postponements in the flow of liquidity, higher prepayment requirements and the loss of expected recuperation of funds. The projects can even become uneconomical, which can lead to the write-off of work in process which has

already been capitalised. This risk can affect not only the inventories, but also the value of the accounts receivable. Should the "Borkum Riffgrund" or "Gode Wind" offshore projects not be realised, this may result in fixed assets having to be written off. The operating opportunities in the project planning of wind farms can, however, only be realised if such entrepreneurial risks are accepted.

Time delays can occur in the implementation of the projects also due to the uncertain date of the issuing of approvals, the availability at the right time of wind power turbines or the availability at the right time of other necessary preconditions for the construction of a wind farm. Through comprehensive project controlling, the Company attempts 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 in acquisition costs for these sites.

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

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

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

Financing risks also exist for our offshore wind farm projects on the part of our partners. PNE WIND AG already found financially strong partners for the "Borkum Riffgrund" project with the joint venture partners DONG Energy and Vattenfall Europe. However, investment decisions for the realisation have not yet been taken in view of the general conditions prevailing to date. It cannot be assumed with any certainty that the final decision will be taken to realise this project within the framework of the joint venture. A failure of the project would have substantial negative effects on the net assets, financial position and results of operations. Following the bankruptcy of the previous project partner Econcern/Evelop, PNE WIND AG will look for a new joint venture partner for the "Gode Wind I" project. At present, preparatory negotiations are being conducted. Should the financial closing for the "Gode Wind I" project not take place during the 2009 fiscal year, this would have substantial negative effects on the results of operations, net assets and the financial position as well as the EBIT in 2009. This fact was taken into account in the EBIT forecast for the 2009 fiscal year, which was lowered to a range of € 5 to 7 million. In view of the better general conditions for offshore wind farms in the German Exclusive Economic Zone and the favourable position of the projects as regards their respective distance to the land and the water depth, PNE WIND AG nevertheless estimates that the realisation opportunities for the approved offshore projects are still high.

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

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 farm projects. The Company therefore places great importance on the conclusion, at the earliest possible moment, of supply contracts with reputable manufacturers of wind power turbines and the agreement for delivery on schedule. PNE WIND AG has concluded corresponding agreements.

Medium or long term 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 acquisitions or divestments of shareholdings in foreign companies.

### **Political risks / market risks**

Incalculable risks can also affect the market from outside. These include, in particular, a sudden change in the general legal conditions in Germany. Deterioration is, however, not to be feared in the medium term, since the Renewable Energies Law (EEG) was amended in 2009 and came into force in its new version on January 1, 2009. The next amendment is expected in 2012 on the basis of an experience report, which the Federal German Government must submit to the German Parliament by December 31, 2011.

### **Legal risks**

All recognisable risks are reviewed constantly and have been taken into account in this report as well as in corporate planning. The Board of Management considers the risks to be fairly clear and thus assumes that they will have no material influence on the development of the Company.

### **Tax risks**

The last external audit of corporation, trade and value added tax of the major companies of the PNE WIND AG covered the tax periods from January 1, 2002, up to and including December 31, 2005. Any differences determined were taken into account in the annual report and the consolidated financial statements of 2008, insofar as these had an effect on the taxes on income.

### **Opportunities**

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

The activities abroad offer special opportunities for the Company. PNE WIND AG has already expanded its business activity into attractive growth markets. This expansion has taken place primarily in countries with stable political general conditions and with reliable support regulations comparable with the German Renewable Energies Law (EEG). In order to take the corresponding local conditions sufficiently into account, the market introduction always takes place in cooperation with a local partner, whereby PNE WIND AG assures its necessary management and controlling rights by means of significant participation. This type of internationalisation has already proven itself during the past few years as a cost-efficient and potentially

successful strategy. Joint ventures were established in accordance with this model for wind farm projects in Hungary, Bulgaria, Turkey, Romania, Great Britain and Ireland. The subsidiary established in the USA as well as the joint venture formed by it are also based on this strategy. In the future, PNE WIND AG will continue to pursue this proven policy for selective foreign expansion and to utilise existing market opportunities with determination. To this end, a continuous observation of further wind power markets as well as a careful analysis of corresponding market introduction opportunities take place.

Apart from the perspectives of internationalisation, the established German market continues to offer a range of opportunities. During the next few years, an increased level of replacement can be expected in respect of obsolete wind power turbines by more modern and more efficient equipment (so-called repowering). As a result of this, an increase in the market size for wind power turbines can be assumed. With the certification of the "Alt Zeschdorf" wind farm, the Company was able to complete its first repowering project with success in the period under review. Due to PNE WIND AG's many years of experience, its comprehensive network as well as the proven expertise of its employees, the Company is now in a favourable position to participate on a sustained basis in this process.

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

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

Overall, a positive development of the Company can be expected in the 2009 fiscal year according to the estimates of the Board of Management.

## 16. Outlook

The global effects of climate change, the finite nature of fossil fuels, insecure supply sources for oil and gas – numerous reasons continue as before to promote the expansion of renewable energies. Against this backdrop, PNE WIND AG is operating in a promising growth market, which will offer substantial opportunities for the further development of the Company in the future as well.

We oriented ourselves at an early stage towards the future and adapted our strategy clearly to future market requirements. Our core business remains the development, realisation as well as sale of onshore and offshore wind farm projects in Germany. Due to the large number of assured wind farm sites and the impressive project pipeline, we see good perspectives for the future development of our Company.

In the forthcoming years we expect a positive effect on our business model from the increasing replacement of smaller, obsolete wind power turbines by more efficient and high performance systems. In the context of this "repowering", systems installed previously will be gradually replaced throughout the whole of the Federal Republic. With a currently installed output in Germany of more than 25,000 MW, we expect a continuously growing market with attractive growth opportunities for our Company.

By commissioning our "Altenbruch II" wind farm, we expanded our "electricity generation" division as an independent producer of electricity from renewable energies ("independent power producer"). Owing to the good general conditions, this site permits us to undertake the practical testing of offshore wind power turbines and enables us to earn stable and sustainable cash flows. In this way, we secure future income and, at the same time, develop a further area of growth for our Company.

The achievement of the ambitious climate objectives of the Federal German Government is also based on the increased production of electricity by offshore wind farms. We also positioned ourselves successfully at an early stage here and are intent on benefiting from the future growth of this sector. After the "Borkum Riffgrund I" and "Gode Wind I" projects approved in the previous years, PNE WIND AG has obtained the third permit for an offshore wind farm project in German waters in the period under review. In conjunction with the "Borkum Riffgrund II" project, which is in a very advanced stage, we have set the course for a positive development in this area as well.

We see additional growth opportunities for our core business through the consistent continuation of our internationalisation strategy. We are now present in nine markets of the future. In Hungary, Bulgaria, Turkey, Great Britain, Ireland and Romania we have already concluded joint ventures with local partners. With the incorporation of our subsidiary in the USA, we created the basis for a successful entry into one of the largest wind power markets worldwide at present. In Canada we agreed on cooperation with a local project developer. We intend to pursue this strategy further. For this reason, we are observing countries that have highly promising market developments with great attention. Insofar as the necessary general legal conditions are in place, we will expand in additional countries.

We are currently working on wind farm projects with a total nominal output of approximately 4,700 MW, a multiple of what we have projected to date! At the same time, we are optimally positioned both onshore and offshore, at both the domestic and the international level. Accordingly, we are very confident that we will be able to exploit the opportunities in the growing "wind" market in the future.


We are expecting increased positive effects on the sales and earnings position of the Company from the continuous implementation of our corporate strategy and from the phase by phase realisation of our still comprehensive project pipeline. In view of this, we are expecting an operating profit (EBIT) of between € 5 and 7 million for the current fiscal year.

Cuxhaven, November 4, 2009  
PNE WIND AG, The Board of Management

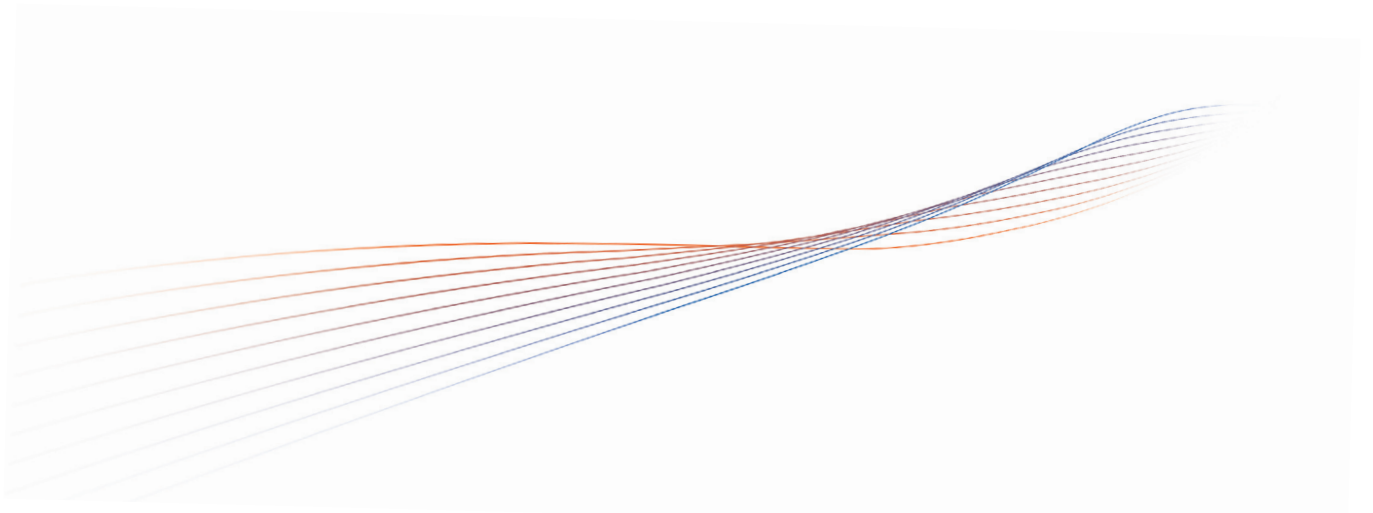


### Statement made by the legal representatives

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



Martin Billhardt      Bernd Paulsen  
PNE WIND AG, The Board of Management



# Consolidated financial statements

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# Consolidated statement of comprehensive income (IFRS)

All figures in EUR 000 [differences due to rounding possible]	III. Quarter 01.07.2009 - 30.09.2009	III. Quarter 01.07.2008 - 30.09.2008	Period 01.01.2009 - 30.09.2009	Period 01.01.2008 - 30.09.2008
1. Revenues	3,964	13,613	102,657	51,942
2. Changes in inventories of finished goods and work in process	1,395	1,022	-9,416	-2,022
3. Other capitalised contributions	0	0	159	223
4. Other operating income	199	342	6,841	31,671
<b>5. Total aggregate output</b>	<b>5,558</b>	<b>14,977</b>	<b>100,241</b>	<b>81,814</b>
6. Cost of materials/ cost of purchased services	-3,301	-13,295	-79,632	-44,005
7. Personnel expenses	-1,919	-1,548	-6,072	-4,867
8. Depreciation of property plant and equipment (and amortisation of intangible assets)	-1,110	-350	-2,887	-1,003
9. Other operating expenses	-2,155	-1,622	-6,577	-7,837
<b>10. Operating profit (EBIT)</b>	<b>-2,927</b>	<b>-1,838</b>	<b>5,073</b>	<b>24,102</b>
11. Income from participations	0	0	0	0
12. Other interest and similar income	45	236	337	785
13. Interest and similar expenses	-676	-1,164	-3,226	-3,246
14. Expenses for losses absorbed	-2	-6	-1	-16
<b>15. Result from ordinary activities (EBT)</b>	<b>-3,560</b>	<b>-2,173</b>	<b>2,183</b>	<b>21,625</b>
16. Taxes on income	-87	-79	-945	-1,617
17. Other taxes	-13	-14	-38	-37
<b>18. Consolidated profit/loss (continuing operations)</b>	<b>-3,660</b>	<b>-2,865</b>	<b>1,200</b>	<b>19,971</b>
<b>19. Profit/loss from discontinued operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,170</b>
<b>20. Profit/loss before non-controlling interests</b>	<b>-3,660</b>	<b>-2,865</b>	<b>1,200</b>	<b>18,801</b>
21. Non-controlling interests	48	19	118	19
<b>22. Consolidated profit/loss</b>	<b>-3,612</b>	<b>-2,846</b>	<b>1,318</b>	<b>18,820</b>

continued on the next page

# Consolidated statement of comprehensive income (IFRS)

All figures in EUR 000 [differences due to rounding possible]	III. Quarter 01.07.2009 - 30.09.2009	III. Quarter 01.07.2008 - 30.09.2008	Period 01.01.2009 - 30.09.2009	Period 01.01.2008 - 30.09.2008
<b>Other comprehensive income</b>				
23. Foreign currency translation differences	-18	1	-30	1
24. Costs of capital increase	-253	0	-253	0
25. Revaluation of participation certificates	0	0	0	0
26. Income tax relating to comprehensive income	0	0	0	0
<b>27. Other comprehensive income for the period (net of tax)</b>	<b>-271</b>	<b>1</b>	<b>-283</b>	<b>1</b>
<b>28. Total comprehensive income for the period</b>	<b>-3,931</b>	<b>-2,864</b>	<b>917</b>	<b>18,802</b>
<b>Consolidated profit/loss for the period attributable to:</b>				
Owners of the parent company	-3,660	-2,865	1,200	18,801
Non-controlling interests	48	19	118	19
	<b>-3,612</b>	<b>-2,846</b>	<b>1,318</b>	<b>18,820</b>
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the parent company	-3,979	-2,883	799	18,821
Non-controlling interests	48	19	118	19
	<b>-3,931</b>	<b>-2,864</b>	<b>917</b>	<b>18,802</b>
Earnings per share (undiluted), in EUR	-0.08	-0.07	0.03	0.46
Earnings per share (diluted), in EUR	-0.08	-0.05	0.03	0.42
Average number of shares in circulation (undiluted)	43.9 million	41.3 million	42.8 million	41.3 million
Average number of shares in circulation (diluted)	43.9 million	46.6 million	42.8 million	46.6 million

# Curtailed group balance sheet (IFRS)

<b>Assets</b>	<b>as per 30.09.2009</b>	<b>as per 31.12.2008</b>
(differences from rounding off possible)	<b>EUR 000</b>	<b>EUR 000</b>
Intangible assets	20,710	20,547
Property, plant and equipment	83,305	44,203
Long term financial assets	444	1,201
Deferred tax assets	1,286	1,632
<b>Long term assets, total</b>	<b>105,745</b>	<b>67,583</b>
Inventories	9,342	87,977
Receivables and other assets	12,044	67,284
Tax receivables	871	13,621
Cash and cash equivalents	29,732	29,314
<b>Current assets, total</b>	<b>51,989</b>	<b>198,196</b>
<b>Assets total</b>	<b>157,734</b>	<b>265,779</b>

# Curtailed group balance sheet (IFRS)

<b>Liabilities</b>	<b>as per 30.09.2009</b>	<b>as per 31.12.2008</b>
(differences from rounding off possible)	<b>EUR 000</b>	<b>EUR 000</b>
Subscribed capital	44,525	41,267
Capital reserve	50,695	47,785
Retained earnings	51	51
Foreign currency provision	49	19
Retained loss	-33,594	-34,484
Minority interests	0	0
<b>Shareholders equity, total</b>	<b>61,725</b>	<b>54,639</b>
Other provisions	1,276	2,357
Deferred subsidies from public authorities	1,243	1,346
Long term financial liabilities	65,294	81,873
Deferred tax liabilities	1,286	1,632
<b>Long term liabilities, total</b>	<b>69,099</b>	<b>87,208</b>
Provisions for taxes	1,917	1,490
Other provisions	2,383	11,277
Short term financial liabilities	5,789	84,495
Trade liabilities	5,995	10,284
Other liabilities	10,549	16,227
Tax liabilities	277	159
<b>Short term liabilities, total</b>	<b>26,910</b>	<b>123,932</b>
<b>Total liabilities</b>	<b>157,734</b>	<b>265,779</b>

# Consolidated cash flow statement (IFRS)

<b>Consolidated accounts from January 1 until September 30</b>	<b>2009</b>	<b>2008</b>
(differences from rounding off possible)	<b>EUR 000</b>	<b>EUR 000</b>
<b>Consolidated net result</b>	<b>1,200</b>	<b>18,801</b>
+/- Depreciations/write-ups of fixed assets	2,887	1,003
+/- Increase/decrease in provisions	-8,186	13,338
+/- Non-cash effective income and expenses	14	78
-/+ Gain/loss from disposal of fixed assets	0	-26,037
+/- Increase/decrease of inventories and other assets	92,733	-4,790
+/- Increase/decrease of trade receivables and stage of completion accounting	54,311	-34,579
+/- Increase/decrease of trade liabilities and other liabilities	-63,180	17,658
<b>Cash flow from operating business activity</b>	<b>79,779</b>	<b>-14,528</b>
+ Inflow of funds from disposal items of property, plant and equipment	1,765	0
+ Inflow of funds from intangible assets	0	0
- Outflow of funds for investments in property, plant and equipment	-33,540	-2,467
+ Inflow of funds from disposal financial assets	0	0
+ Inflow of funds from disposal of consolidated units	0	31,750
- Outflow of funds for investments in consolidated units	0	0
- Outflow of funds from disposal of intangible assets	-13	0
<b>Cash flow from the investing activity</b>	<b>-31,788</b>	<b>29,283</b>
+ Additional inflow of funds from shareholders	6,176	0
+ Inflow of funds from minority interests	0	0
+ Inflow of funds from financial loans	6,119	13,127
+ Inflow of funds from the issue of bonds	3,850	0
- Outflow of funds from the redemption of financial loans	-48,643	-622
- Outflow of funds from the repayment of bonds	-16,433	0
- Outflow of funds for capital increase expenses	-260	0
<b>Cash Flow from the financing activity</b>	<b>-49,191</b>	<b>12,505</b>
Cash effective change in liquid funds	-1,200	27,260
+ Change in liquid funds within the context of merger	1,618	-374
+ Liquid funds at the beginning of the period	29,314	15,741
<b>Liquid funds at the end of the period</b>	<b>29,732</b>	<b>42,627</b>

Supplementary information: The value of liquid funds corresponds to the "Cash and cash equivalents" item on the balance sheet as per September 30, 2009

# Group equity level (IFRS)

All figures in EUR 000 (Differences from rounding off possible)	Subscribed capital	Capital reserve	Retained earnings	Foreign currency reserve	Consolidated balance sheet result	Minority interests*	Total shareholders' equity
<b>Status as per January 1, 2008</b>	<b>41,247</b>	<b>47,999</b>	<b>51</b>	<b>0</b>	<b>-49,809</b>	<b>1,688</b>	<b>41,175</b>
<b>Group result 01-09/2008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,820</b>	<b>-19</b>	<b>17,050</b>
<b>Transactions with shareholders</b>							
Conversion of convertible bond 2004/2009	21	51	0	0	0	0	72
Disposal of minority interests	0	0	0	0	0	-1,688	-1,688
Reclassification of minority interests and other items	0	0	0	1	-19	32	14
<b>Status as per September 30, 2008</b>	<b>41,267</b>	<b>48,050</b>	<b>51</b>	<b>1</b>	<b>-31,008</b>	<b>14</b>	<b>58,374</b>
<b>Status as per January 1, 2009</b>	<b>41,267</b>	<b>47,785</b>	<b>51</b>	<b>19</b>	<b>-34,484</b>	<b>0</b>	<b>54,639</b>
<b>Group result 01-09/2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,318</b>	<b>-118</b>	<b>1,200</b>
<b>Transactions with shareholders</b>							
Equity portion of convertible bond 2009/2014	0	217	0	0	0	0	217
Redemption of convertible bond 2004/2009	8	21	0	0	0	0	29
Capital increase in cash	3,250	2,672	0	0	0	0	5,922
Reclassification of minority interests and other items	0	0	0	30	-118	118	30
<b>Other changes</b>							
Changes in the group of consolidation	0	0	0	0	-310	0	-310
<b>Status as per September 30, 2009</b>	<b>44,525</b>	<b>50,695</b>	<b>51</b>	<b>49</b>	<b>-33,594</b>	<b>0</b>	<b>61,725</b>



# Condensed notes

## of PNE WIND AG, Cuxhaven, for the first nine months of 2009

### 1. Accounting and valuation policies

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

In the financial report on the first nine months of the 2009 fiscal year as at September 30, 2009, the same accounting and valuation methods were used as in the consolidated financial statements as at December 31, 2008, except for the following standards, which are to be applied initially from the beginning of 2009. The standards and interpretations IAS 1 (revised) and IAS 23 (revised) as well as IFRIC 13 to 16 were to be applied for the first time to the interim financial statements for the first quarter of 2009. The effects of the adoption of IAS 1 (revised) on the half-yearly financial statements relates primarily to the presentation of changes in equity not affecting profit or loss and a modified structure of the statement of changes in equity. Initial application of IAS 23 (revised) and the other publications had no significant influence on the presentation of PNE WIND AG's net assets, financial position and results of operations.

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

### 2. Consolidated group

We refer to the disclosures on the business development, sales development as well as the results of operations and net assets in the summarised management and group management report of the first nine months of 2009.

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

We refer to the disclosures on the corporate structure in the summarised management and group management report of the first nine months of 2009.

### 4. Contingencies

The company granted the shareholders of the Silbitz timber-fired power station an annual guaranteed dividend up to the year 2016 by way of a contract in the event that the Silbitz power plant is not able to pay relevant dividends from its own funds. Due to the present plans for the Silbitz power plant, the company has formed provisions in the amount of Euro 0.9 million. If the present plans are not realised in subsequent years (2010 to 2016), this amount might increase to a total of € 3.3 million.

Cuxhaven, November 2009

PNE WIND AG, The Board of Management

# Segment reporting

## Segment reporting pursuant to IFRS 8 according to areas

The internal organisation and management structure as well as internal reporting to the Board of Management and the Supervisory Board form the foundation for determining the operating segments of PNE WIND AG. As a result, a categorisation is made into the three areas of projecting of wind power turbines, electricity generation and discontinued operations.

The "Projecting of wind power turbines" division entails project planning and realisation of wind farms in Germany and abroad ("onshore") and project planning of wind farms on high seas ("offshore"). Alongside this, provision of services in connection with the operation of wind farms and the set-up and operation of transformer stations is part of this business segment. The core of operating activities is the discovery of suitable sites for wind farms and subsequent project planning and realisation thereof.

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

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

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

The figures per September 30, 2009, are compared with the figures per September 30, 2008, or, in the case of segment assets/liabilities, the figures per December 31, 2008.

All figures in EUR 000 (differences from rounding off possible)	Projecting of wind power turbines	Electricity generation	Discontinued operations	Consolidation	PNE WIND AG Group
	2009 2008	2009 2008	2009 2008	2009 2008	2009 2008
External revenues	<b>96,720</b> 51,634	<b>5,936</b> 308	<b>0</b> 0	<b>0</b> 0	<b>102,657</b> 51,942
Inter-segment revenues	<b>33,143</b> 2,569	<b>0</b> 0	<b>0</b> 0	<b>-33,143</b> -2,569	<b>0</b> 0
Change in inventories	<b>-9,416</b> -969	<b>0</b> 0	<b>0</b> -1,052	<b>0</b> 0	<b>-9,416</b> -2,022
Other capitalised contributions	<b>0</b> 0	<b>159</b> 223	<b>0</b> 0	<b>0</b> 0	<b>159</b> 223
Other income	<b>2,614</b> 3,440	<b>4,571</b> 458	<b>0</b> 28,125	<b>-345</b> -352	<b>6,841</b> 31,671
Total aggregate output	<b>123,061</b> 56,673	<b>10,667</b> 989	<b>0</b> 27,073	<b>-33,487</b> -2,921	<b>100,241</b> 81,814
Depreciations	<b>-1,001</b> -901	<b>-1,886</b> -103	<b>0</b> 0	<b>0</b> 0	<b>-2,887</b> -1,003
Operating result	<b>-1,781</b> -2,258	<b>6,806</b> 469	<b>0</b> 26,037	<b>48</b> -147	<b>5,073</b> 24,102
Interest and similar income	<b>588</b> 1,105	<b>8</b> 119	<b>0</b> 0	<b>-260</b> -439	<b>337</b> 785
Interest and similar expenses	<b>-943</b> -1,736	<b>-2,544</b> -1,965	<b>0</b> 0	<b>260</b> 439	<b>-3,227</b> -3,261
Taxes	<b>-941</b> -1,575	<b>-4</b> -42	<b>0</b> 0	<b>0</b> 0	<b>-945</b> -1,617
Investments	<b>1,833</b> 1,977	<b>31,720</b> 490	<b>0</b> 0	<b>0</b> 0	<b>33,553</b> 2,467
Segment assets	<b>139,222</b> 270,970	<b>56,123</b> 140,233	<b>0</b> 0	<b>-37,611</b> -145,425	<b>157,734</b> 265,779
Segment liabilities	<b>108,918</b> 246,220	<b>51,752</b> 139,054	<b>0</b> 0	<b>-64,661</b> -174,134	<b>96,008</b> 211,141
Segment shareholders' equity	<b>30,304</b> 24,750	<b>4,372</b> 1,179	<b>0</b> 0	<b>27,050</b> 28,709	<b>61,725</b> 54,639

### Segment companies:

#### **Projecting of wind power turbines:**

PNE WIND AG, PNE WIND Betriebsführungs GmbH, PNE WIND Netzprojekt GmbH, PNE2 Riff I GmbH, PNE2 Riff II GmbH, PNE Gode Wind II GmbH, Plambeck GM New Energy Hungary Kft., PNE WIND Ausland GmbH, PNE WIND Yambol OOD, PNE WIND Bulgaria OOD, PNE WIND Yenilenebilir Enerjila Limited Sirketi, PNE WIND UK Ltd., NH North Hungarian Windfarm Kft., PNE WIND USA Inc., PNE WIND Romania S.R.L, Plambeck GM Windfarm Pusztahencse Kft.

#### **Electricity generation:**

PNE Biomasse AG, PNE Biomasse GmbH, PNE WIND Laubuseschbach GmbH & Co. KG, PNE WIND Altenbruch II GmbH & Co. KG, PNE WIND Grundstücks GmbH, timber-fired power Station Silbitz GmbH & Co. KG, limited commercial partnerships (6 deconsolidated limited commercial partnerships, in part, only until March 31, 2009, and April 30, 2009, respectively).

#### **Discontinued operations:**

Under discontinued operations, SSP Technology A/S, Denmark, is included for 2008. The shares in the company were sold on June 30, 2008.

Of the figures in the "Projecting of wind power turbines" segment, a total performance of € 121.3 million (previous year: € 54.5 million), revenues of € 95.9 million (previous year: € 50.7 million), operating results of € -1.5 million (previous year: € -2.7 million), a share of segment assets of € 121.9 million (as per December 31, 2008: € 256.5 million) and an equity share of € 25.4 million (as per December 31, 2008: € 21.4 million) are to be ascribed to the "wind power" onshore sub-division.

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

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

# Imprint

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