



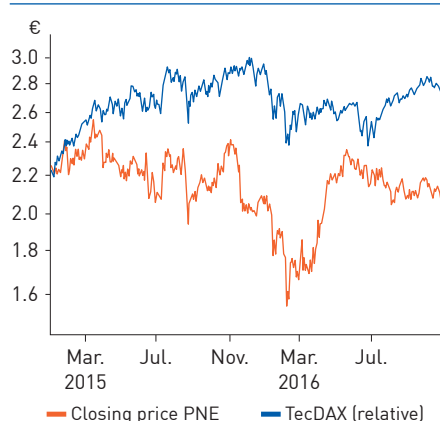
WINDPOWER
Quarterly Statement 3-2016

Key Share Figures

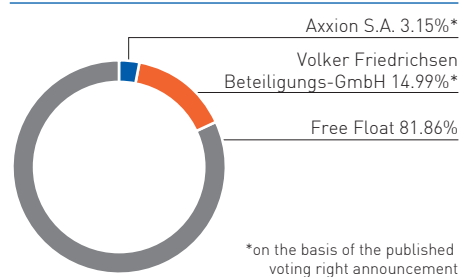
Ticker/ISIN	PNE3/ DE000A0JBPG2
Number of shares	76,556,026
Closing price (9/30/2016)*	2.17 EUR
Highest/lowest price* (1/1/ - 9/30/2016)	2.34 EUR/1.55 EUR
Market capitalisation (9/30/2016)	166 Mio. EUR
Corporate Bond 2013/2018 (WKN: A1R074)	100.34%
Convertible Bond 2014/2019 (WKN: A12UMG)	2.94 EUR

*Closing prices on Xetra trading system at Deutsche Börse AG

Share price chart



Shareholder structure



Financial calendar

November 21.-23, 2016	Analysts' conference, Frankfurt
March 30, 2017	Publication of annual report
May 10, 2017	Publication of quarterly statement Q1 2017
May 31, 2017	Annual general meeting
August 10, 2017	Publication of financial report Q2 2017
November 8, 2017	Publication of quarterly statement Q3 2017

Dear Shareholders,

PNE WIND AG continued its successful operations on during the first 9 months of 2016. With our comprehensive solutions for wind power, we are making our contribution to the "Energiewende".

Despite extensive investments in our wind farms and challenging market conditions, we were able to combine ecological responsibility with economic success and achieved a positive operating result (EBIT) during the period under review. In the first nine months of 2016, the Group reported revenues of euro 77.1 million (previous year: euro 80.5 million), a total aggregate output of euro 101.9 million (previous year: euro 189.5 million), an operating result (EBIT) of euro 7.2 million (previous year: euro 16.7 million) and an undiluted earnings per share of euro -0.04 (previous year: euro 0.13). Please keep in mind, that the results in 2015 were very positively influenced by the sale of our UK activities.

Beyond our core business of developing wind farm projects, we are increasingly benefiting from our holdings in operational wind farms that generate stable and steady cash flows.

In following are the highlights of the first nine months of the 2016 financial year.

The operational business of the PNE WIND Group in the first nine months of 2016 was characterised by the realisation and development of onshore projects. Our achievements thus far can be seen in the number 125.4 MW – this figure represents the total capacity of the wind farms that were either under construction, commissioned, or sold as project rights. Of this figure, 103.8 MW arose from our German activities.

The Wind Farm-Portfolio of internally held projects, which are under construction or already commissioned, has increased to 142.5 MW. An additional wind farm with a nominal output of approximately 10 MW is currently in the planning permission procedure. The prerequisites for the planned sales transaction have been reached and the portfolio should be sold directly to an investor by the end of the year.

Internationally, wind farm projects were also consistently developed and the construction of the first wind farm in France under the John Laing framework contract with an output of 21.6 MW has begun.

Regarding personnel additions, PNE WIND AG has received a very competent reinforcement. Since September 15, 2016, Kurt Stürken has been the new Chief Operating Officer (COO). The graduate mechanical engineer has more than twenty years of operational experience in the wind energy sector. The wind energy expert strengthens the management board with his extensive knowledge of developing wind farms, both in Germany and internationally.

A major regulatory change is the amendment of the Renewable Energy Sources Act (EEG) in Germany. In accordance with the amended EEG 2017 and the new Offshore Wind Energy Act (WindSeeG), wind farms in Germany will first need to be successful in a tender process in order to receive a feed-in tariff in the future. In addition, offshore wind farms which are being planned in areas far from the coast will be auctioned off in the future by the Government in the so called "central model" starting in 2021. According to our research, this process would not be legally correct. We are therefore preparing legal action against this. Also, in our international markets, we are preparing for changes and will react accordingly to them.

With the first nine months running according to plan, we confirm our objectives for the current year. Provided that the sale of our Wind Farm-Portfolio is completed as planned, we confirm the Group EBIT forecast of in the area of up to euro 100 million this year. Our solid financial basis provides us with sufficient scope to be able to react flexibly to market opportunities and changes. This provides us with a good foundation for the future.

We would like to express our very sincere gratitude - also on behalf of our employees - for your support.

The Board of Management

PNE WIND AG Group figures – At a glance

In TEUR	1/1/2016 – 9/30/2016	1/1/2015 – 9/30/2015	1/1/2014 – 9/30/2014
Total aggregate output	101,868	189,546	201,502
Revenues	77,091	80,458	184,134
Operating profit (EBIT)	7,183	16,700	7,658
Result from ordinary activities (EBT)	-4,723	7,300	-1,347
Net income	-2,756	9,765	-98
Basic earnings per share (euro)	-0.04	0.13	0.00
Average number of shares (million)	76.6	74.9	55.6

In TEUR	9/30/2016	12/31/2015
Equity as at reporting date	158,127	165,928
Equity ratio as at reporting date (%)	30.46	33.98
Total assets as at reporting date	519,086	488,262

1. Summary of business activity

Wind power onshore sub-division

The development and realisation of onshore wind farms have been continued consistently in the third quarter of 2016, both in Germany and abroad.

Overview of the onshore project activities of the PNE WIND Group as at September 30, 2016 in MW:

Country	I – II	III	IV	Total MW
Germany	1,227	86	33	1,346
Bulgaria	121	0	0	121
United Kingdom	43	0	0	43
Italy	242	14	0	256
France	313	101	22	436
Poland	223	42	0	265
Romania	55	102	0	157
South Africa	100	30	0	130
Sweden	99	86	0	185
Turkey	700	0	0	700
Hungary	0	42	0	42
USA	417	180	0	597
Canada	555	0	0	555
Total	4,095	683	55	4,833

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

GERMANY:

In the first nine months of 2016, the PNE WIND Group commissioned, started construction or sold wind farms with a total nominal capacity of 103.8 MW.

Four wind farms "Westerengel" (23.1 MW), "Apensen II" (6 MW), "Köhlen" (21.3 MW) and "Holzthaleben" (4.8 MW) with a combined total nominal output of 55.2 MW were fully constructed and commissioned. At the end of the reporting period on September 30, 2016, the "Altenbruch Repowering" (33 MW, of which 18 MW is transferred to the Wind Farm-Portfolio) wind farm was under construction.

In addition, project rights for wind farms with 15.6 MW were sold to project partners during the reporting period.

International markets

The PNE WIND Group continued to carry out its core business of project development abroad.

FRANCE:

At the beginning of the year, the Company concluded a framework agreement regarding the future sale of international wind energy projects with John Laing Investments Limited. The agreement includes wind farms in France with a total volume of more than 50 MW. The agreed purchase contract for each wind farm will become effective when the projects are ready-for-construction. From this framework contract with the John Laing Group, the sale of the Sommette-Eaucourt wind farm with a nominal output of 21.6 MW became effective in September. The wind farm, which will be erected in Picardy in Northern France, is scheduled to be completed by the end of 2017.

For a further wind farm with 10.3 MW, the planning permission became final during the reporting period. Construction on this wind farm began after the end of the reporting period.

The other projects should reach the ready-for-construction stage over the next two years. WKN will be responsible for the construction of the projects and will be contracted as the EPC contractor by John Laing Group plc.

POLAND:

At the beginning of the year, WKN AG concluded an agreement with John Laing regarding a proposed investment in a project in Poland with a total nominal output of approx. 40 MW. The wind farm is scheduled to be included in the next tender for renewable energy projects in Poland. At the end of June 2016, an environmental permit for a further project with 132 MW was granted. These two projects are not affected by the stricter zoning regulations. Following the new zoning regulations, the project pipeline was reviewed in the second quarter of this year. Projects which were affected and are no longer economically viable have been removed from the project pipeline.

SWEDEN:

In Sweden, the environmental permit for a project with 99 MW was issued in June 2016. Since the environmental permit in Sweden corresponds to the operating permit, obtaining the environmental permit is a decisive step in project development.

TURKEY:

In Turkey, there was political uncertainty following the coup attempt in July 2016. PNE WIND takes the view that the situation will normalize and that Turkey will continue to promote the rapid expansion of renewable energies, especially wind power. This view is supported by the fact that growing electricity demand requires new investment in generation capacity to maintain grid stability. Furthermore, the country has a high dependence on energy imports.

USA:

In December 2015, the United States Congress passed legislation to support renewable energies. Tax advantages, in the form of the Production Tax Credit and Investment Tax Credit (PTC/ITC), were made available to promote renewable energy projects. The new regulation, which provides support for wind farms that qualify (construction start) by the end of 2019, has greatly reduced uncertainties in the market. In 2016, the IRS (US tax authority) extended the period during which a project can be put into operation after the qualification milestone from two to four years. Effectively, this results in an extension of the regulatory support until the end of 2023.

Construction work began on the "Chilocco" wind farm site in 2015 and the PTC has thereby been secured. The wind farm project has been expanded to approx. 180 MW. In addition, the volume of projects under development in the USA has increased to a total of 597 MW.

Compared to December 31, 2015, there were no other significant changes.

At the end of the third quarter of 2016, the companies of the PNE WIND Group were developing wind farm projects in various phases of the multiple year development process with approx. 4,833 MW of nominal output, both in Germany and in the international markets.

Wind Farm-Portfolio

Commissioned wind farms, which reliably produce electricity at various locations and generate sustainable earnings via the guaranteed feed-in tariffs, began to be bundled in the Wind Farm-Portfolio in 2014. This portfolio will include German wind farms with a total nominal output of up to approx. 150 MW. After a detailed review of the market, the Management Board decided to sell the Wind Farm-Portfolio via a direct sales transaction. With this decision, the company no longer intends to sell the Wind Farm-Portfolio via an initial public offering. The sale of the Wind Farm-Portfolio is planned to be completed in 2016.

The following table shows the current status of the Wind Farm-Portfolio, which includes projects that are commissioned or under construction.

Project	Location	Status	Planned nominal output in MW	Completion
Altenbruch II	Lower Saxony	Commissioned	25.8	2009
Chransdorf	Brandenburg	Commissioned	57.6	2015
Waldfeucht-Selkant	North Rhine-Westphalia	Commissioned	9.0	2015
Apensen II	Lower Saxony	Commissioned	6.0	2016
Köhlen	Lower Saxony	Commissioned	21.3	2016
Holzthaleben	Thuringia	Commissioned	4.8	2016
Altenbruch Repowering	Lower Saxony	Under construction	18.0	2016/17*
Total			142.5	

*scheduled completion

An additional wind farm with a nominal output of approximately 10 MW is currently in the planning permission procedure.

Wind power offshore sub-division

PNE WIND AG: Overview of the offshore project activities as at September 30, 2016:

Own projects	Zone	Phase	# of turbines	Total MW
Nemo	4	2	80	480
Jules Verne	4	2	80	480
Nautilus I	4	2	80	480
Atlantis I	2	3	73	584
Atlantis II	3	2	80	400
Atlantis III	3	2	80	400
Total			473	2,824

Sold projects	Zone	Phase	# of turbines	Total MW
Borkum Riffgrund I	1	8	78	312
Borkum Riffgrund II	1	6	56	448
Gode Wind 1 & 2	1	8/8	55 + 42	582
Gode Wind 3 & 4	1	3/4	15 + 42	342
HTOD5 (Nautilus II)	4	2	68	476
Total			356	2,160

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

The German Federal Maritime and Hydrographics Agency (BSH) issued the construction permit for the "Borkum Riffgrund II" offshore project in December 2011 and PNE WIND AG continued to work on this project as a service provider. In June 2016, DONG Energy gave notice that it made the Final Investment Decision to construct and finance the "Borkum Riffgrund II" offshore wind farm. This resulted in a milestone payment of euro 3.2 million becoming due. PNE WIND AG will receive a last milestone payment of euro 4.1 million for this project, when the wind farm is put into operation.

For the "Atlantis I" offshore project, the project approval documentation has been reworked by PNE WIND AG and adapted to other application parameters (e.g. turbines and foundation structures) and the current planning procedure requirements. The project has been expanded to up to 584 MW. PNE WIND AG intends to participate with this project in the next offshore tender in 2017. Alternatively, the sale of the project is also an option.

As at September 30, 2016, PNE WIND AG was working on six fully owned projects. According to the current planning, a total of up to 473 wind power turbines can be constructed in our own offshore wind farms. Decisive for the exact number is the nominal output of the turbines to be selected, which can amount to between 3 and 8 MW. In total, the planned nominal output of our own six offshore projects amounts to up to 2,824 MW.

PNE WIND AG's competency in developing offshore wind farms can be seen in its reference list: Three projects developed and sold by PNE WIND AG have already been erected and put into operation by the purchaser. These wind farms contain 175 wind turbines and a nominal output of 894 MW. PNE WIND is active as a service provider for projects which have been sold.

Compared to December 31, 2015, there were no other significant changes in the area of operations. For changes within the regulatory context, the statements in the section "Opportunities and Risks" apply.

Management board changes

Since September 15, 2016, Kurt Stürken has been the Chief Operating Officer (COO) of PNE WIND AG. The accomplished wind energy expert strengthens the Management Board chaired by Markus Lesser with his national and international project development expertise. His contract covers a period of three years.

Kurt Stürken was born in Bremen in 1963 and has more than twenty years of operational experience in wind energy. The graduate mechanical engineer started with the development of wind energy projects in Sweden in 1995. He was responsible to establish the Scandinavian subsidiary for the wind turbine manufacturer ENERCON GmbH in Malmö. Kurt Stürken later moved to Germany to manage global project management for eight years for ENERCON. In this role he supported the company's market launch in various countries in Europe, Asia, Australia, South and North America. This was followed by positions as Investment Director for the project development company Platina Partners in London and Director Global Projects for the wind turbine manufacturer REpower SE (Senvion today). Kurt Stürken was most recently employed as Managing Director of K2 Management GmbH, a project consulting company for wind energy.

For a short period of time, the PNE Wind AG Management Board will consist of four members. At the end of November, Per Hornung Pederson's contract will expire and at this time he will return to the Supervisory Board of PNE WIND AG.

Major events subsequent to the period under review

There were no major events after the end of the reporting period.

Outlook/Forecast

Since 2014, the PNE WIND Group has taken significant steps into expanding its business model. This includes the bundling of wind farms, which were already commissioned or are under construction, in an internally held Wind Farm-Portfolio. The wind farms with a total nominal capacity of up to 150 MW will be marketed as a single portfolio. This process is planned to be finalised during the 2016 fiscal year.

In parallel, the Company also develops and constructs new wind farms, which are sold directly to investors.

The forecasts and other statements concerning the ongoing development of the Group have not changed significantly since December 31, 2015. For the 2016 fiscal year, the Group forecast is unchanged and the EBIT is expected to be in the area of up to euro 100 million, provided that the sale of the onshore projects bundled in the portfolio with up to 150 MW is closed as planned.

Positive as well as negative changes in the regulatory environment in Germany and abroad are expected and these developments will continue to influence the core business of developing wind farms in the future. As a result, all markets in which the PNE WIND Group operates, as well as potential new markets, are continuously monitored.

New format of quarterly reporting

Due to the amendments to European Community law, which abolished the obligation to present quarterly financial reports for listed companies in the EU, the legal obligation of quarterly reporting for listed companies was also eliminated in Germany in 2015. Pursuant to Section 51a of the Exchanges Rules for the Frankfurt Stock Exchange ("BörsO FWB"), listed companies in the German Prime Standard Segment may choose, as before, to prepare a quarterly financial report or a shorter quarterly statement for the first quarter and the third quarter of each financial year in German and in English. Detailed information about the reporting requirements can be found on the website of the German Stock Exchange.

PNE WIND AG has decided to prepare a shorter quarterly statement for the first quarter and the third quarter.

2. Organisation and employees

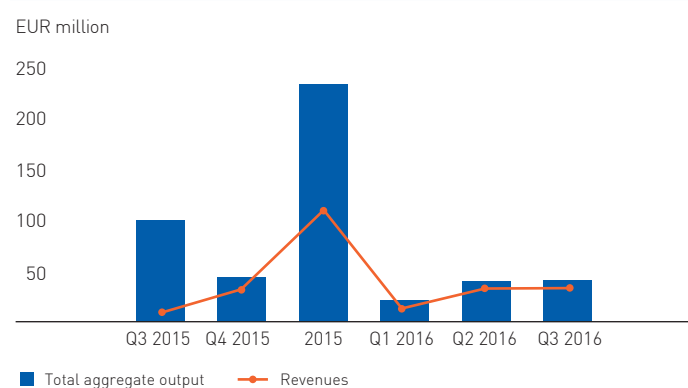
On September 30, 2016, the PNE WIND AG Group employed 357 people in total (previous year: 389). The employees of the subsidiaries are included in this number.

3. Financial situation/business results

The figures shown below were determined and presented in accordance with IFRS for the Group and in accordance with the German Commercial Code (HGB) for PNE WIND AG and its subsidiaries. The figures in the text and in the graphical illustrations were rounded, and small rounding differences are possible.

a. Revenues and earnings

Total aggregate output/Revenues



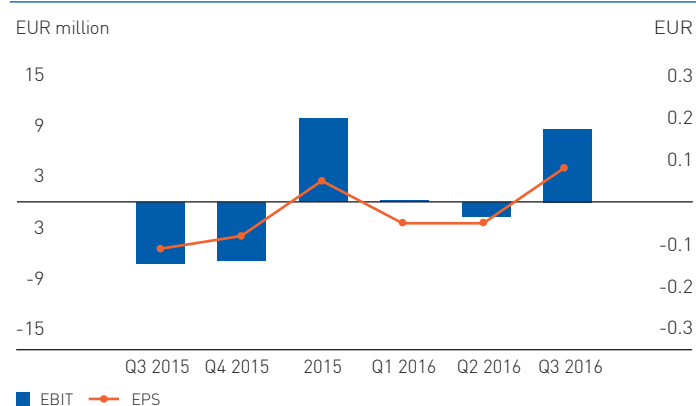
In the first nine months of 2016, the PNE WIND AG Group achieved a total aggregate output of euro 101.9 million (prior year: euro 189.5 million) in accordance with IFRS. Of this, euro 77.1 million is attributable to revenues (prior year: euro 80.5 million), euro 19.5 million to change in inventories (prior year: euro 104.9 million) and euro 5.3 million to other operating income (prior year: euro 4.2 million).

In the first nine months of 2016, the wind farm "Westerengel" and the Wind farm-Portfolio projects "Apensen II", "Köhlen" and "Holzthaleben" were completed and put into operation. In addition, construction of the wind farm "Altenbruch Repowering" was started.

Other operating income includes an amount of euro 2.0 million, which resulted from a settlement with Volker Friedrichsen Beteiligungs-GmbH.

The former arbitration proceedings were consensually ended by way of a settlement. Upon the advice of the arbitration court, the parties came to an agreement that the retained portion of the purchase price of euro 4.0 million, which was agreed in connection with the purchase of the shares in WKN AG and were deposited in a trust account in line with the purchase contract, should be paid half to PNE WIND AG and half to Volker Friedrichsen Beteiligungs-GmbH. Furthermore the preparations for an arbitration proceedings with Siemens Project Ventures GmbH were ended when an agreement in the amount of approx. euro 0.5 million was reached. These payments were reflected in other operating income. In accordance with IFRS, these amounts were not posted against the existing goodwill as part of the first-time consolidation. Instead they were recognised as other operating income in the statement of comprehensive income.

EBIT and EPS

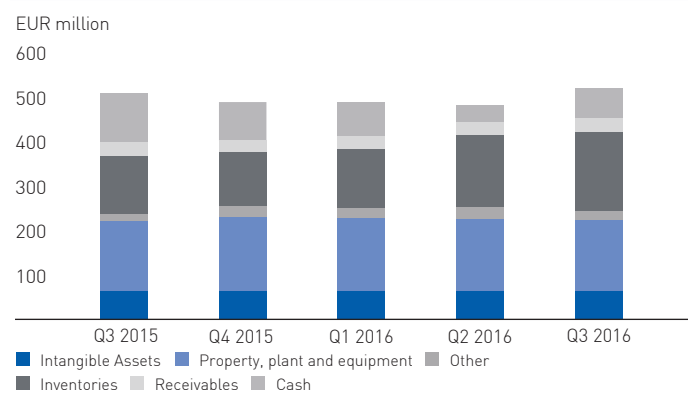


In the first nine months of 2016, the Group generated an operating profit (EBIT) of euro 7.2 million (prior year: euro 16.7 million) and an earnings before tax (EBT) in the amount of euro -4.7 million (prior year: euro 7.3 million). In the same period of the previous year, the sale of PNE WIND UK Ltd. generated a contribution to the Group EBIT of approx. euro 35 million. This is the main reason for the change in the Group EBIT versus the prior year. The consolidated net income after minority interests amounted to euro -2.8 million (prior year: euro 9.8 million). The undiluted earnings per share for the Group amounted to euro -0.04 (prior year: euro 0.13) and the diluted earnings per share for the Group amounted to euro -0.03 (prior year: euro 0.13).

The development work for domestic projects, which are currently at the realisation stage and are intended for the internally held Wind Farm-Portfolio, is consolidated within the Group and has therefore not yet delivered any results at the Group level. The accrued earnings before tax, which have been eliminated at the Group level, since 2014 to September 30, 2016 amounted to euro 36.7 million (of which euro 6.1 million in 2016).

b. Asset and financial situation

Assets



Total long term assets decreased from euro 251.1 million at the end of 2015 to euro 246.0 million on the reporting date. As at September 30, 2016, intangible assets totalled euro 62.9 million, representing a similar amount recorded on December 31, 2015. The most important element of this item is the goodwill of the segment "Projecting of wind power turbines" in the amount of euro 60.2 million (of which projecting of wind power turbines PNE WIND is valued at euro 20.0 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 6.6 million to euro 160.8 million (December 31, 2015: euro 167.4 million). This item primarily includes land and buildings (euro 19.0 million), transformer stations owned or under construction (euro 10.5 million) and the technical equipment and machinery, including the Wind Farm-Portfolio projects and the Silbitz timber biomass power plant (euro 126.1 million).

During the period under review, short term assets increased from euro 236.0 million as at December 31, 2015 to euro 271.9 million as at September 30, 2016. This change is mainly attributable to the increase in inventories (euro +56.6 million) and the simultaneous decrease in cash and cash equivalents (euro -19.7 million). Of the short term assets, euro 5.9 million is attributable to trade receivables (December 31, 2015: euro 8.0 million).

The work in progress shown in the inventories increased from euro 114.2 million as at December 31, 2015 to euro 155.9 million. The increase in work in progress is mainly attributable to the onshore projects under construction in Germany and the further development of the onshore and offshore project pipelines in Germany and abroad.

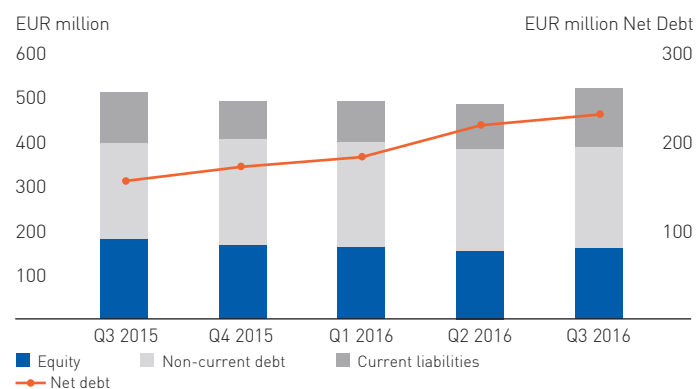
Work in progress is divided as follows:

- offshore projects "Nemo", "Nautilus", "Jules Verne" (euro 10.9 million),
- offshore projects "Atlantis I" (euro 22.8 million),
- offshore projects "Atlantis II- III" (euro 12.1 million),
- onshore projects planned for the Wind Farm-Portfolio (euro 45.8 million)
- onshore projects in Germany (euro 17.1 million),
- onshore projects in Poland (euro 11.9 million),
- onshore projects in Italy (euro 14.3 million),
- onshore projects in France (euro 8.1 million),
- onshore projects in Sweden (euro 4.3 million),
- onshore projects in Romania (euro 1.7 million),
- onshore projects in the USA (euro 2.4 million),
- an onshore WKN project in the United Kingdom (euro 2.4 million) and
- onshore projects in South Africa (euro 2.0 million).

Under the inventories item, advance payments in connection with onshore projects under construction increased by euro 14.9 million from euro 6.9 million to euro 21.8 million.

As at September 30, 2016, cash and cash equivalents amounted to euro 66.4 million (as at December 31, 2015: euro 86.1 million).

Liabilities



On the liability side, consolidated shareholders' equity decreased from euro 165.9 million as at December 31, 2015 to euro 158.1 million as at September 30, 2016. This development was primarily attributable to the negative result of the Group and the dividend payment of approx. euro 3.1 million. The equity ratio of the Group was 30 percent as at September 30, 2016 (December 31, 2015: 34 percent) and the debt ratio was 70 percent (as at December 31, 2015: 66 percent).

The long term liabilities decreased from euro 237.5 million at the end of 2015 to euro 227.6 million. This item consists mainly of financial liabilities totalling euro 213.4 million (as at December 31, 2015: euro 223.7 million). These liabilities include the corporate bond issued in May and September 2013 in the net amount of euro 98.0 million. The item also includes long term liabilities to banks in the amount of euro 108.7 million (as at December 31, 2015: euro 112.5 million).

The short (< 1 year) and long term (> 1 year) liabilities to banks mainly include:

- the syndicated working capital credit lines of WKN AG and PNE WIND AG (euro 25.0 million, of which long term euro 0.0 million),
- the project financing of Wind Farm-Portfolio projects Chransdorf (Altdöbern A – C, Großräschen A und B), Altenbruch II und Waldfeucht Repowering (euro 103.8 million, of which long term euro 93.5 million),
- the project financing of the timber biomass power plant "Silbitz" (euro 1.4 million, of which long term euro 0.7 million),
- the financing of the buildings of the companies of PNE WIND AG at the corporate headquarters in Cuxhaven and of WKN AG in Husum (euro 3.4 million, of which long term euro 2.9 million),
- the interim project financing of the "Köhlen" wind farm (euro 21.4 million, of which long term euro 0.0 million),
- the project financing of the "Apensen II" wind farm (euro 10.9 million, of which long term euro 10.9 million),
- the interim project financing of the "Holzthaleben" wind farm (euro 7.5 million, of which long term euro 0.0 million) and
- the interim project financing of the "Altenbruch Repowering" wind farm (euro 10.7 million, of which long term euro 0.0 million).

On September 30, 2016, the total number of shares issued by PNE WIND AG amounted to 76,556,026. The increase in the number of shares compared to December 31, 2015 (76,555,434 units) is the result of the issuance of 592 new shares resulting from the conversion of convertible bonds.

In the first nine months of 2016, the short term liabilities increased from euro 84.9 million (December 31, 2015) to euro 133.4 million. Short term financial liabilities, which include short term credit liabilities, increased from euro 36.6 million (December 31, 2015) to euro 84.0 million. The trade liabilities decreased from euro 16.9 million as at December 31, 2015 to euro 9.2 million.

Taking into consideration the liquid funds, the net debt on September 30, 2016 was euro 231.1 million (December 31, 2015: euro 174.2 million) in accordance with DVFA – German Association for Financial Analysis and Asset Management.

4. 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 2015 annual report, which is available on the Company's website at www.pnewind.com.

The following risks have changed significantly compared to the "Report on opportunities and risks" in the 2015 annual report.

The risk "arbitration action against Volker Friedrichsen Beteiligungs-GmbH" no longer exists, since a consensual agreement was reached here.

The risk of "refinancing the syndicated loan agreement and the KfW loans of WKN AG" no longer exists. On July 25, 2016, PNE WIND AG and WKN AG secured a new syndicated loan with a volume of euro 30 million and a credit facility with a volume of euro 10 million. The banking consortium is headed by Commerzbank AG and consists of several banks and an insurance company. The new loan agreement provides credit facilities up to the end of 2017. The contract includes a reduction in the line of credit by euro 20 million when the Wind Farm-Portfolio transaction is closed or by at the latest on March 31, 2017.

The legal risk in connection to the DPR/BaFin examination contained in the Annual Report 2015 no longer exists with the judgment dated July 29, 2016. BaFin's findings do not affect the current financial year.

The risks regarding the offshore projects of PNE WIND AG have increased significantly due to the amendment of the EEG and the new Offshore Wind Energy Act (WindSeeG), which was adopted by the German Government on July 8, 2016. This may have the result that the realisation of the projects is delayed considerably or prevented entirely. PNE WIND AG has received two expert opinions from renowned constitutional lawyers who examined the amendments to the legislation as well as explored the basis for a constitutional complaint against the EEG 2017 and the WindSeeG. Both legal opinions concluded that parts of the WindSeeG are unconstitutional, since it does not provide for compensation for negatively affected projects where investments were made in good faith within an existing regulatory framework. On the basis of this assessment, the Management Board of PNE WIND AG, on the date of preparation of this financial report, is of the opinion that the legislation, in the version adopted by the German Parliament, is partly unconstitutional and will not last in the end. The Management Board believes that a constitutional complaint would likely be successful. This could have different consequences for the projects and the value of the offshore projects is therefore regularly examined. The Management Board of PNE WIND AG is of the opinion that it would have a claim to be compensated for damages incurred and the company would thus be entitled to reimbursement of the development expenses already incurred, provided that the government does not create an appropriate transitional period beforehand. We are preparing legal steps to safeguard the legal position of the Company.

If, contrary to the opinion of the Management Board, the new WindSeeG comes into effect and the value of the effected projects is no longer as high as before, an impairment of the assets would have to be made. In the consolidated balance sheet as of September 30, 2016, there are assets amounting to euro 23.0 million and provisions amounting to euro 1.1 million in connection to the offshore projects in question.

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.

The Polish parliament adopted a considerably more stringent zoning regulation for wind power systems. The law stipulates the distance required between wind power turbines and residential buildings and protected nature reserves of at least ten times the total height of the turbine (hub height plus length of the rotor). This could significantly impede the development and sale of further wind farms in Poland.

During the first nine months of the 2016 fiscal year, the Management Board has not identified any other significant additions or changes to the risks presented in the 2015 annual report.

Explanatory notes

1. Accounting and valuation policies

This consolidated interim financial report 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).

In the consolidated interim financial report for the first nine months of the 2016 fiscal year as at September 30, 2016, the Company applied the same accounting and valuation methods as for the consolidated financial statements as at December 31, 2015. The interim financial statements were drawn up in line with the regulations of IAS 34 "Interim Financial Reporting".

2. Segment reporting

The determination and presentation of segment reporting as at September 30, 2016 changed only in respect of the composition of the individual segments. The "Electricity generation" segment was expanded by the first time consolidation of the company PNE WIND Park XIII GmbH & Co. KG. For further details on segment reporting see the 2015 annual report.

The figures as at September 30, 2016 are compared with the figures as at September 30, 2015 or, in the case of segment assets/liabilities, with the figures as at December 31, 2015.

Consolidated Statement of comprehensive income (IFRS)

All figures in TEUR (differences due to rounding possible)	3rd Quarter 7/1/2016 – 9/30/2016	3rd Quarter 7/1/2015 – 9/30/2015	Period 1/1/2016 – 9/30/2016	Period 1/1/2015 – 9/30/2015
1. Revenues	32,287	8,520	77,091	80,458
2. Increase in finished goods and work in process	7,290	89,077	19,459	104,917
3. Other Operating Income	1,230	2,126	5,318	4,171
4. Total aggregate output	40,807	99,723	101,868	189,546
5. Cost of materials/Cost of purchased services	-18,745	-88,787	-51,106	-124,392
6. Personnel expenses	-5,561	-8,538	-18,682	-22,335
7. Amortisation of intangible assets and depreciation of property, plant and equipment	-2,997	-3,153	-8,986	-7,016
8. Other Operating expenses	-4,882	-6,557	-15,911	-19,103
9. Operating Profit	8,622	-7,312	7,183	16,700
10. Income from participations	4	-91	12	-228
11. Other interest and similar income	233	345	612	1,205
12. Expenses from assumption of losses of associates	-28	-5	-80	-15
13. Interest and similar expenses	-4,094	-3,776	-12,451	-10,361
14. Result of ordinary operations	4,737	-10,839	-4,724	7,301
15. Taxes on Income	691	1,484	707	1,446
16. Other taxes	-16	-21	-97	-69
17. Consolidated net income before minority interests	5,412	-9,376	-4,114	8,678
18. Minority interests	398	-698	-1,358	-1,088
19. Consolidated net income	5,014	-8,678	-2,756	9,766
Undiluted earnings per share from continuing operations in EUR	0.07	-0.12	-0.04	0.13
Diluted earnings per share from continuing operations in EUR	0.07	-0.11	-0.03	0.13
Weighted average of shares in circulation (undiluted), in Mio.	76.6	74.9	76.6	74.9
Weighted average of shares in circulation (diluted), in Mio.	78.6	76.9	78.6	76.9

All figures in TEUR (differences due to rounding possible)	3rd Quarter 7/1/2016 – 9/30/2016	3rd Quarter 7/1/2015 – 9/30/2015	Period 1/1/2016 – 9/30/2016	Period 1/1/2015 – 9/30/2015
19. Consolidated net income	5,014	-8,678	-2,756	9,766
Other comprehensive income/ items that may be reclassified in the future in the profit and loss account				
20. Foreign currency translation differences	-53	170	-628	-571
21. Others	0	0	0	0
22. Other comprehensive income for the period (after tax)	-53	170	-628	-571
23. Total comprehensive income for the period	5,359	-9,206	-4,742	8,107
Consolidated profit/loss for the period attributable to	5,412	-9,376	-4,114	8,678
Owners of the parent company	5,014	-8,678	-2,756	9,766
Non-controlling interests	398	-698	-1,358	-1,088
Total comprehensive income for the period attributable to	5,359	-9,206	-4,742	8,107
Owners of the parent company	4,961	-8,508	-3,384	9,195
Non-controlling interests	398	-698	-1,358	-1,088

Balance Sheets (IFRS) Assets

All figures in TEUR (differences due to rounding possible)	as per 9/30/2016	as per 12/31/2015
Intangible assets	62,947	63,105
Property, plant and equipment	160,763	167,347
Long term financial assets	2,655	3,204
Deferred tax assets	19,678	17,440
Total long term assets	246,043	251,096
Assets held for sale	1,187	1,135
Inventories	177,795	121,177
Receivables and other assets	27,701	28,779
Cash and cash equivalents	66,360	86,075
Total current assets	271,856	236,031
Assets total	519,086	488,262

Balance Sheet (IFRS) Liabilities

All figures in TEUR (differences due to rounding possible)	as per 9/30/2016	as per 12/31/2015
Subscribed capital	76,556	76,555
Capital reserve	82,288	82,287
Retained earnings	51	51
Foreign currency provision	-1,403	-775
Retained profit/loss	5,094	10,912
Minority interests	-4,459	-3,102
Total shareholders equity	158,127	165,928
Other provisions	9,536	9,400
Deferred subsidies from public authorities	914	949
Long term financial liabilities	213,413	223,745
Deferred tax liabilities	3,728	3,376
Total long term liabilities	227,591	237,470
Provisions for taxes	2,091	3,815
Other provisions	2,604	2,476
Short term financial liabilities	84,041	36,568
Trade liabilities	9,170	16,852
Other liabilities	35,450	25,148
Total short term liabilities	133,356	84,859
Liabilities held for sale	12	6
Liabilities total	519,086	488,262

Consolidated Statement of Cash Flows (IFRS)

All figures in TEUR (differences due to rounding possible)	1/1/2016 – 9/30/2016	1/1/2015 – 9/30/2015
Consolidated net result	-4,113	8,677
-/+ Income tax benefit/expense	-707	-1.446
-/+ Interest income and expense	-1.776	-1.338
-/+ Income tax paid/received	11.839	9.157
- Interest paid	-7.680	-6.533
+ Interest received	567	505
+/- Amortisation and depreciation of intangible assets and property, plant and equipment	8.986	7.016
+/- Increase/decrease in provisions	-1.461	2.004
+/- Non-cash effective income and expenses	-644	751
- Gain on disposal of fixed assets and from the deconsolidation	0	-36.023
+/- Increase/decrease of inventories and other assets	-59.590	-59.108
+/- Increase/decrease of trade receivables and stage of completion accounting	4.572	14.541
+/- Increase/decrease of trade liabilities and other liabilities	93	-16.294
Cash flow from operating activities	-49,914	-78,090
+ Inflow of funds from disposal of items of property, plant and equipment	30	13
- Outflow of funds for investments in property, plant and equipment and intangible assets	-2,260	-3,145
+ Inflow of funds from disposal of financial assets	377	0
- Outflow of funds from investments in financial assets	-111	-954
+ Inflow of funds from disposal of consolidated entities	0	23,710
Cash flow from investing activities	-1,964	19,625
+ Additional inflow of funds from shareholders	0	9,455
+ Inflow of funds from financial loans	64,702	104,954
- Outflow of funds for capital increase expenses	0	-396
- Outflow of funds from the redemption of financial loans	-29,478	-8,555
- Outflow of funds from the redemption of bonds	0	-1,825
- Outflow of funds for dividend	-3,062	0
Cash flow from financing activities	32,162	103,633
Cash effective change in liquid funds	-19,716	45,168
+ Change in liquid funds due to changes in scope of consolidation	0	-5,611
+ Liquid funds at the beginning of the period	86,076	72,175
Liquid funds at the end of the period *	66,360	111,732
* of which are pledged to a bank as security	2,362	3,098

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

Consolidated Statement of change in Equity (IFRS)

All figures in TEUR (differences due to rounding possible)	Capital subscribed	Capital reserve	Profit reserves	Foreign exchange reserve	Retained earnings	Shareholders' equity before minority	Minority interests	Total shareholders' equity
Status as per January 1, 2015	71,975	77,803	51	-347	10,680	160,162	33	160,195
Group result 1 – 09/2015	0	0	0	0	9,765	9,765	-1,088	8,677
Capital increase in cash	4,579	4,876	0	0	0	9,455	0	9,455
Capital increase expenses	0	-396	0	0	0	-396	0	-396
Conversion of convertible bond 2014/2019	2	4	0	0	0	6	0	6
Other items	0	0	0	-571	-5	-576	1,307	731
Status as per September 30, 2015	76,555	82,287	51	-918	20,440	178,415	252	178,667
Status as per January 1, 2016	76,555	82,287	51	-775	10,912	169,030	-3,102	165,928
Group result 01 – 09/2016	0	0	0	0	-2,756	-2,756	-1,358	-4,114
Dividend	0	0	0	0	-3,062	-3,062	0	-3,062
Conversion of convertible bond 2014/2019	1	1	0	0	0	2	0	2
Other items	0	0	0	-628	0	-628	0	-628
Status as per September 30, 2016	76,556	82,288	51	-1,403	5,094	162,586	-4,459	158,127

Consolidated Segment Reporting (IFRS)

All figures in TEUR (differences due to rounding possible)	Projecting of wind power turbines		Electricity generation		Consolidation		PNE WIND AG Group	
	2016	2015	2016	2015	2016	2015	2016	2015
External Sales	60,958	70,440	16,133	10,018	0	0	77,091	80,458
Sales in other segments	24,563	116,933	421	421	-24,984	-117,354	0	0
Change in inventories	3,355	7,359	0	0	16,104	97,558	19,459	104,917
Other operating income	6,250	4,400	-683	62	-249	-291	5,318	4,171
Total aggregate output	95,126	199,132	15,871	10,501	-9,129	-20,087	101,868	189,546
Depreciation and amortisation	-2,166	-2,321	-6,820	-4,695	0	0	-8,986	-7,016
Operating result	11,313	32,526	2,937	1,267	-7,067	-17,093	7,183	16,700
Interest and similar income	4,455	5,886	286	345	-4,129	-5,025	612	1,205
Interest and similar expenses	-12,449	-13,278	-4,130	-2,109	4,129	5,025	-12,451	-10,361
Tax on income	251	-3,069	-1,683	-187	2,139	4,702	707	1,446
Investments	2,365	3,827	6	272	0	0	2,371	4,099
Segment assets	483,764	489,914	263,089	205,114	-227,766	-206,766	519,086	488,262
Segment liabilities	400,347	384,202	206,064	162,001	-245,451	-223,869	360,959	322,334
Segment equity	83,417	105,712	57,025	43,113	17,685	17,103	158,127	165,928

The values as of September 30, 2016 are comparable with values of September 30, 2015. For the segment assets/segment debts, the values are comparable with the figures as of December 31, 2015.

Imprint

Publisher

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Draft, Editing, Layout & Typesetting

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The quarterly statement is also available in german. In case of discrepancies the german version is decisive. The digital version of the annual report and the quarterly statements of PNE WIND AG are available online at www.pnewind.com in the section "Investor Relations/Financial reports".

Disclaimer

This 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.