2012

Annual Report Nordex SE

NORDEX

Nordex SE: Key figures at a glance

Earnings							
		2008	2009	2010	2011	2012	Δ 12/11
Sales[1]	EUR million	1,135.7	1,182.8	972.0	916.8	1,075.3	17.29%
Total revenues[1]	EUR million	1,189.9	1,144.2	1,007.9	924.6	1,100.9	19.07%
EBIT[1] before exceptionals/ non-recurring effects	EUR million	–	–	–	–7.6	14.0	>100%
Exceptionals/ non-recurring effects	EUR million	–	–	–	–19.4	–75.0	>–100%
EBIT[1]	EUR million	63.0	40.0	40.1	–27.0	–61.1	>–100%
EBITDA[1]	EUR million	78.9	57.9	62.6	–0.6	8.2	>100%
Cash flow[1, 2]	EUR million	–115.3	47.7	–22.1	68.7	64.0	–6.84%
Capital spending	EUR million	70.5	51.1	72.0	46.1	58.5	26.90%
Consolidated net profit/loss[1]	EUR million	49.5	24.2	21.2	–49.5	–94.4	90.71%
Earnings/loss per share[3]	EUR	0.71	0.36	0.31	–0.67	–1.28	91.04%
EBIT margin[1]	%	5.3	3.5	4.0	–2.9	–5.5	–2.6 pp
Return on sales[1]	%	5.5	3.3	4.1	–2.9	–5.7	–2.8 pp
Working capital ratio[4]	%	14.6	17.8	25.2	27.9	8.7	–19.2 pp

Balance sheet							
		2008	2009	2010	2011	2012	Δ 12/11
Total assets as of 31.12	EUR million	854.3	840.4	987.0	1,028.9	1,066.0	3.61%
Equity as of 31.12	EUR million	324.4	347.8	370.8	376.6	279.2	–25.86%
Equity ratio	%	38.0	41.4	37.6	36.6	26.2	–10.4 pp

Employees							
		2008	2009	2010	2011	2012	Δ 12/11
Employees[5]	Ø	1,885	2,207	2,379	2,643	2,536	–4.05%
Staff costs[1]	EUR million	81.7	105.8	119.4	146.5	140.2	–4.30%
Sales[1] per employee	EUR thousand	603	536	409	347	424	22.19%
Staff cost ratio[1]	%	6.9	9.2	11.8	15.8	12.7	–3.1 pp

Company performance indicators							
		2008	2009	2010	2011	2012	Δ 12/11
Order intake	EUR million	876.0	734.0	836.0	1.107.0	1.268.0	14.54%
Installed capacity	MW	1.075	837	889	970	919	–5.26%
Non-domestic proportion of turbine construction[1]	%	96.0	97.0	93.0	85.3	83.2	–2.1 pp

[1]Excluding discontinued operations in 2011 and 2012
[2]Cash flow = change in cash and cash equivalents
[3]Earnings/loss per share = basic, calculated using the weighted average of 73,529 million shares in 2012 (2011: 71,913 million shares)
[4]Relative to sales
[5]2011: still including employees affected by the reorganisation programme

Nordex is one of the world's leading mid-size producers of wind power systems. Our guiding principle is to harness the wind intelligently. This we achieve by never stopping in our search for new and better technical solutions. Looking forward, we are seeking to produce electricity at market prices with our wind power systems. At the same time, we utilise the cost advantages which the international market offers us. Our skills include the development and production of wind turbines, project development and the construction of turn-key wind farms as well as maintenance and service.

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Dear shareholders and business associates,

No other form of renewable energy is as close as onshore wind power to providing “green electricity” at market prices. Over the last few years, Nordex has gone to enormous lengths to make its products more efficient and thus less dependent on political market regulation. This is a decisive development because a business model is not sustainable if it relies on permanent public subsidisation. As electricity production costs continue to fall, we see great opportunities to enter new markets.

But what does this have to do with our business performance in 2012? For one thing, prices of wind turbines have stabilised, albeit at a low level. And yet we have been able to operate more profitably in this challenging environment. This is due to two factors which constitute material parts of our new corporate strategy: focused product development and systematic cost-cutting. Thus, we have launched in the N117/2400 a product which promises an additional energy yield of around 20%. With such product innovations, we have been able to increase our sales by more than 15% and achieve a new record in order intake, during a period characterized by a lower number of new project awards and a further deterioration in funding conditions.

For another, we are well on the way to making our products less expensive as a whole. Today, we are working far more intelligently with our partners from whom we source core components. We are using the world market to purchase parts inexpensively. At the same time, we are working with our partners’ engineers to develop new technical solutions. All told, we have been able to lower our product costs by 15% over the last two years. In this way, we have successfully completed our “n-ergize” programme and have already achieved grid parity at sites with very good wind conditions. We are convinced that we can make even further progress here. By 2015, we want to lower our product costs by another 15% relative to 2012 levels.

We have also achieved further important progress with our structural costs, which we were able to reduce last year despite the substantial increase in sales. This allowed us to post an operating profit before exceptional expenses. Yet, we are far from being satisfied with this, of course. We see the return to profitability as merely the first step towards achieving earnings, which will allow us to cover our financial expenses and capital spending in the medium term.

To this end, we must make our Group leaner and eliminate the structures which have put pressure on our bottom line and are likely to continue doing so in the future. I refer our subsidiaries in the United States and China, which have been unable to operate at full capacity. To avoid a recurrence of this situation in the future, we decided to reorganise the companies concerned. In a first step to reduce capacity, we closed our rotor blade production facility in China in December 2012.

Although these measures resulted in considerable exceptional expense, there was no alternative to them. The task at hand is to turn Nordex into a group which operates profitably on a sustained basis in the future. We are able to cushion the negative effect on our balance sheet thanks to decisive improvements in our liquidity management in 2012. This particularly refers to the net cash inflow from operating activities and to our working capital.

I am confident that with the leaner structures which we have implemented we will now be able to make full use of the advantages which we have in the market place. This is because we have always been successful as a mid-size company. Customers do not expect Nordex to be a big corporation but, rather, a flexible engineering partner which is able to respond quickly and understands all aspects of their business. This is precisely our current profile, with which we want to continue growing this year. The foundations for this have already been laid by our order backlog. The targeted top-line growth should make a considerable short and medium-term contribution to an improvement to our earnings.

I would like to thank all of the Group's employees for their dedication and services throughout the past year. In particular, the contributions made by our team in the development and ongoing implementation of our new strategy have convinced me that there is a place in the market for Nordex.

On behalf of all employees, I would like to assure you, our shareholders, that we will forcefully pursue the path which we have now embarked upon. I ask for your confidence in our reorientation and am convinced that it will restore Nordex to its status as a profitable international turbine producer. The requirements for this – dedication, enthusiasm and technical expertise – form part of the capital which Nordex holds in plentiful amounts.

Yours sincerely,

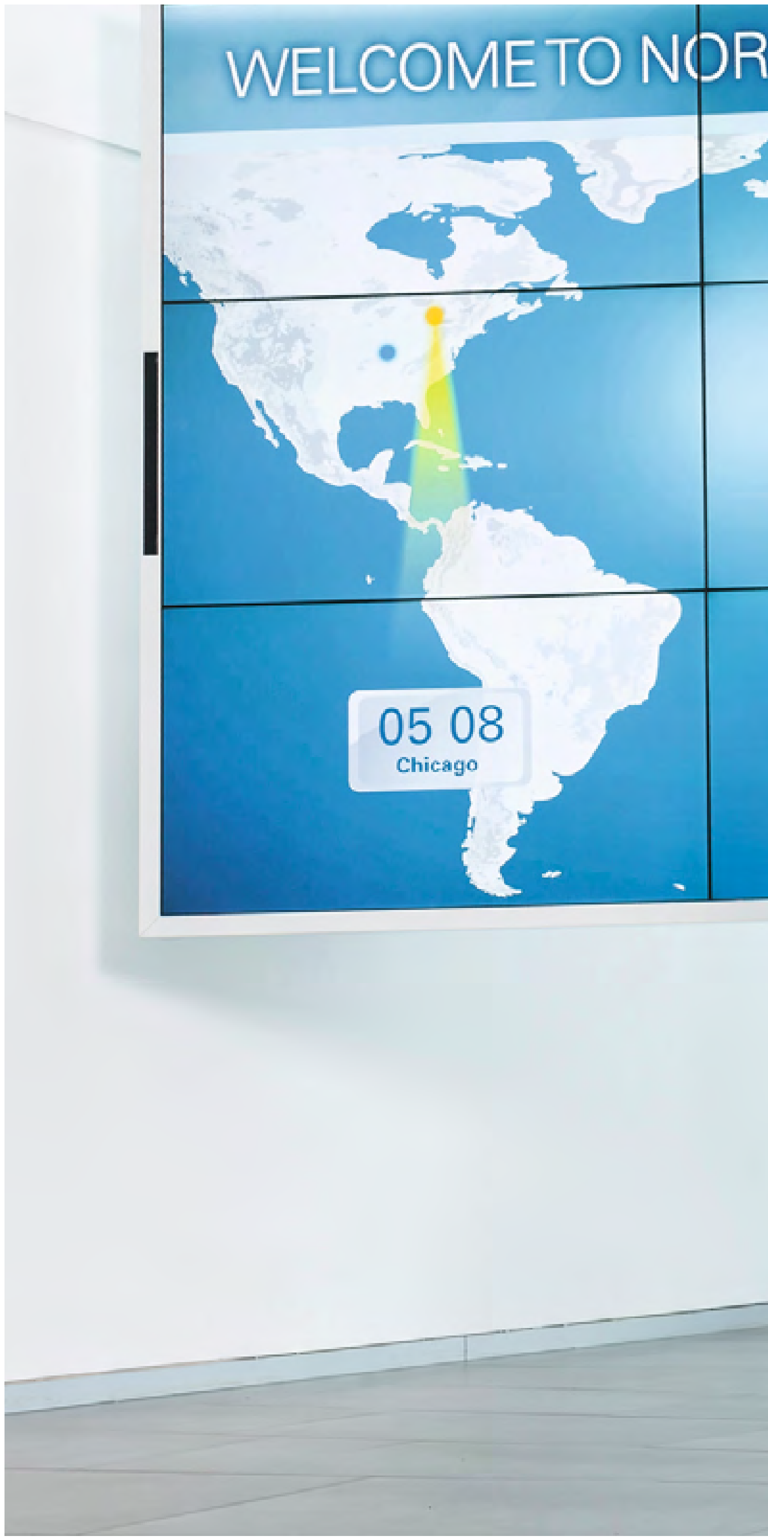
Dr. Jürgen Zeschky
Chief Executive Officer
Nordex SE

Management Board of Nordex SE

Lars Bondo Krogsgaard
Chief Customer Officer

Dr. Jürgen Zeschky
Chief Executive Officer

Bernard Schäferbarthold
Chief Financial Officer

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Hamburg

Corporate governance bodies

Management Board

Dr. Jürgen Zeschky
Chief Executive Officer/Chairman of the Management Board (from 1 March 2012)
Responsible for Production, Procurement, Supply Chain Management, Engineering, Product Management, Health & Safety and Quality

Dr. Zeschky was born in 1960. With a doctorate in mechanical engineering, he commenced his career in 1991 as a product manager at Mannesmann Demag Verdichter and held various management positions up until 2003, most recently as director of operations at Mannesmann Demag Delaval in Trenton, United States. Thereupon, he joined Voith Turbo, where he held the position of executive vice president. In this position, he was in charge of the company's entire industrial business, i.e. drive technologies for energy production, oil and gas, mining and the chemicals industry, up until 2012. Dr. Zeschky was appointed Chief Executive Officer of Nordex SE effective 1 March 2012.

Thomas Richterich
Chief Executive Officer/Chairman of the Management Board (until 29 February 2012)
Responsible for Product Management, Human Ressources, Legal, Communications, Corporate Development, Offshore

Born in 1960, Mr. Richterich studied business management, after which he commenced his career at MAN in 1989. Up until 1999, he held various management positions at MAN Gutehoffnungshütte AG and was then appointed commercial director at Ferrostaal Industrial Plant Service GmbH. Between 2000 and 2002, Mr. Richterich held management positions at Babcock Borsig AG and Babcock Borsig Power GmbH. He joined Nordex SE's Management Board in 2002 and was appointed CEO in August 2005, holding this position until 29 February 2012.

Lars Bondo Krogsgaard

Responsible for Sales and Marketing, Project Development, Project Management, Service, Foreign Companies.

Mr. Krogsgaard was born in 1966. He studied law and holds a masters degree in business administration (MBA). He worked as an attorney in Denmark and America from 1993 to 1998 and then became Chief Operating Officer at the Young & Rubicam Denmark Group. From 2000, Mr. Krogsgaard was employed by Brandts Ventures, where he also held the position of Chief Operating Officer. Between 2002 and 2006, he was Vice President for Renewables at DONG Energy and was later responsible for the EMEA Region as Chief Executive Officer at Siemens Wind Power from 2006 to 2010. In October 2010, Mr. Krogsgaard was appointed to the Management Board of Nordex SE.

Bernard Schäferbarthold

Chief Financial Officer
Responsible for Finance, Controlling, Accounting, Taxes, Risk Management, Internal Auditing, IT, Communications, Corporate Development, Legal and Human Resources

Mr. Schäferbarthold was born in 1970 and studied economics. From 1996 until 2005 he was an auditor and accountant at accounting company Warth & Klein. Thereafter, he joined Nordex SE initially as head of accounting and was appointed to the Management Board in April 2007.

Dr. Marc Sielemann

Chief Operating Officer (until 6 November 2012)
Responsible for Production, Procurement, Supply Chain Management, Engineering, Quality

Dr. Sielemann was born in 1967. After studying mechanical engineering, he was project engineer and research assistant at the Institute of Production Technology and Metal-Cutting Tooling Machinery at the University of Hannover up until 1998. He then moved to MAN Commercial Vehicles in Munich, where he assumed the position of Group Manager. Between 2003 and 2009, Dr. Sielemann held various management positions at MAN Commercial Vehicles, most recently as managing director of MAN Nutzfahrzeuge AG/MAN Trucks Sp. z o.o. in Poland. Dr. Sielemann was a member of the Management Board of Nordex SE between April 2009 and November 2012.

Supervisory Board

Dr. Wolfgang Ziebart, Starnberg
Chairman of the Supervisory Board, chairman of the management committee, member of the strategy and engineering committee and member of the audit committee (since 2 July 2012)

Dr. Ziebart studied mechanical engineering, completing his doctorate at the Munich Technical University. He joined BMW AG in 1977, where he held various positions including head of electronics development and head of body development. Most recently, he was responsible for development and procurement on BMW AG's Management Board. In 2000, he was appointed to the Management Board of Continental AG, where he was responsible for brake and electronics business. He was then named Deputy Chief Executive Officer. Between 2004 and 2008, Dr. Ziebart was Chief Executive Officer at Infineon AG and, among other things, oversaw the spin-off of that company's memory chip business. He currently holds several supervisory board offices.

Uwe Lüders, Lübeck
Chairman of the Supervisory Board, chairman of the management committee, member of the audit committee (until 2 July 2012);
Chief Executive Officer of L. Possehl & Co. mbH, Lübeck

After graduating with a degree in economics, Mr. Lüders initially worked for a renowned consulting company. This was followed by management positions over several years at GEA AG in Bochum, where most recently he was a member of the management board. He was then appointed Chief Executive Officer at listed company Buderus AG. Since 2004, he has been Chief Executive Officer at L. Possehl & Co. mbH, Lübeck.

Jan Klatten, Munich
Deputy Chairman of the Supervisory Board, chairman of the strategy and engineering committee, member of the management committee;
managing shareholder of momentum Beteiligungsgesellschaft mbH

Mr. Klatten, M. Sc. studied ship engineering at the University of Hamburg and business management at the Sloan School of Management at the M.I.T. He held management positions in the automotive industry over a period of 15 years, before going into business on his own in 1991.

Dr. Dieter G. Maier, Reutlingen
Member of the strategy and engineering committee;
Chief Executive Officer of UKM GmbH (interim), subsequently a member of the advisory board of UKM GmbH

Dr. Maier studied at Birmingham University, completing his doctorate at the Max Planck Institute in Stuttgart. He held numerous management positions at Robert Bosch GmbH and Rodenstock GmbH, most recently as a shareholder and chief operations officer. In addition, he was a shareholder of the MOHR Group.

Carsten Risvig Pedersen, Humblebaek (Denmark)
Member of the audit committee,
member of the management committee (until 14 August 2012)

After studying economics, Mr. Pedersen founded Nordex ApS in 1985. From 1987 until 2000, he was managing shareholder of Nordex GmbH, joining Nordex SE's Management Board in 2001 until September 2010.

Martin Rey, Traunstein
Chairman of the audit committee;
member of the management committee;
attorney at law and managing shareholder of maroban GmbH.

Mr. Rey studied law in Bonn and business management at the Hagen Distance Teaching University. He held numerous management positions at Bayerische Hypo- und Vereinsbank, most recently as a member of the division board. Mr. Rey was a member of the management board of Babcock & Brown, and is currently working as an attorney at law and managing shareholder of Maroban GmbH. As well as this, he is a member of the supervisory board of BRISA Auto-estradas de Portugal S.A. and Renerco AG.

Annette Stieve, Wennigsen
Member of the audit committee (from 16 November 2012);
Chief Financial Officer for Germany/Netherlands of the Faurecia Group

Ms. Stieve studied law in Bielefeld and business administration in Bonn. After graduating, she spent several years with accounting company Arthur Andersen in Hannover. Since 1996, she has held various management positions within the Faurecia Group and is currently the managing director of Faurecia Automotive GmbH and Chief Financial Officer for Germany/Netherlands.

The stock

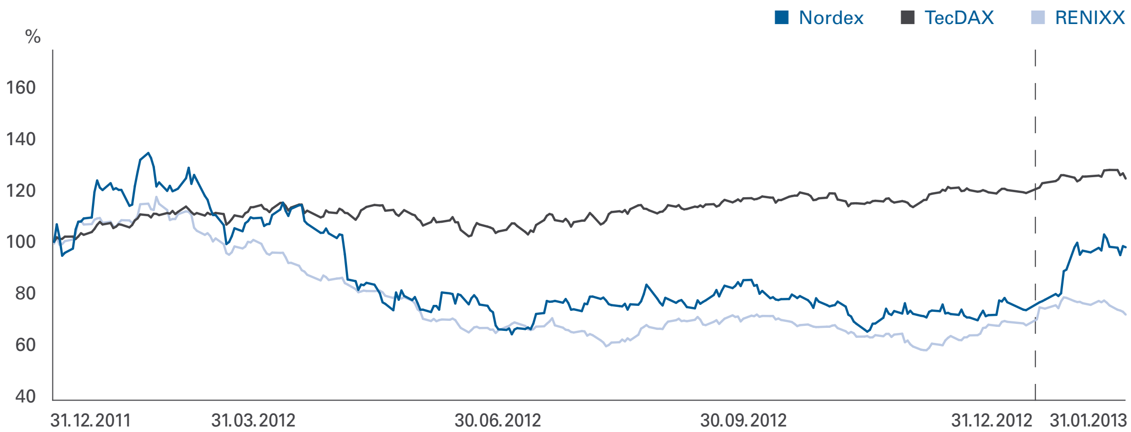
Economic conditions in 2012 were characterised by the persistent sovereign debt crisis in Europe and nervousness in the financial markets. According to the International Monetary Fund (IMF), global gross domestic product slowed by 0.7 percentage points over the previous year (3.9%) to 3.2%. Growth was chiefly underpinned by the emerging markets, which expanded by 5.1%, while economic output in the industrialised nations grew by an average of only 1.3%. In fact, the IMF registered a slight recession in the Eurozone with contraction of 0.4% due to the weak performance of Southern Europe.

Despite the Eurozone crisis and sustained economic uncertainties, the global equities markets recovered in 2012. Against the backdrop of generally low interest rates, there was heightened demand for equities as an asset class. As a result, the US bellwether Dow Jones index closed the year a good 7% up on the previous year, while the European EUROSTOXX 50 advanced by almost 15% compared with the end of 2011. The German bluechip DAX index stood at 7,612 points at the end of December 2012, up 29% on the end of 2011 (5,898 points).

On the other hand, the two benchmarks of particular relevance for Nordex SE, the TecDAX, which tracks the 30 largest listed German technology companies outside the DAX 30, and the RENIXX, the global index for listed companies in the renewable energies segment, performed very disparately. The TecDax exceeded 700 points at the beginning of the year, reaching a high for the year of 844 points in November 2012 after making steady headway. At 828 points at the end of the year, the TecDAX closed the year almost 21% up on the end of 2011.

By contrast, the RENIXX closed lower for the third consecutive year and at just under 169 points was roughly 30% down on the previous year (241 points). In fact, the index, which had been established in 2006, reached an all-time low of 145 points in November. The main reason for the sustained declines in this segment was the persistent competitive and cost pres-

Performance of Nordex stock



Sources: Deutsche Börse; International Economic Forum Renewable Energies (IWR) sure unleashed by surplus capacity in the market place. This particularly affected the wind and solar industry. Of the 30 stocks making up the index, only four were able to achieve any gains worth mentioning at the end of the year, while the others sustained declines of up to 60% or even more.

Nordex SE stock followed the general market trends but did not slip as heavily as the benchmark RENIXX index or its listed peers during the period under review. It closed at a high of EUR 5.38 on 6 February 2012 and a low of EUR 2.63 on 20 June 2012. On 28 December 2012, Nordex stock closed at EUR 2.99, down roughly 24 percent on the last day of trading in 2011.

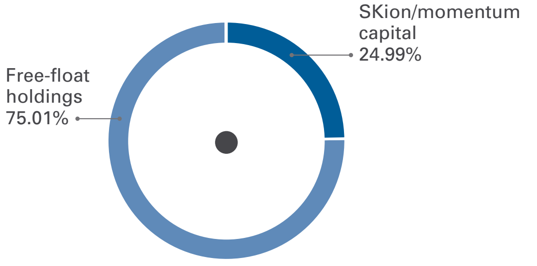
Nordex SE's market capitalisation thus stood at EUR 220 million at the end of the year, down from EUR 290 million in the previous year.

Average daily trading volumes on the Xetra electronic trading platform came to around 258,200 shares in the year under review, 53.5% down on 2011 (555,700 shares). One key reason for this was that trading volumes in 2011 had been boosted by the issue of 6,684,499 new bearer shares in that year.

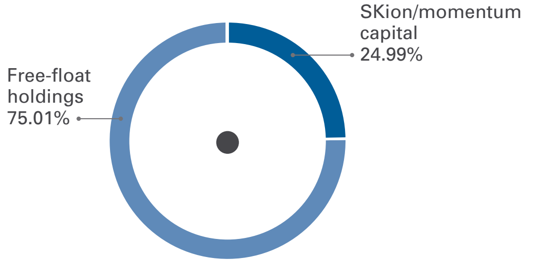
There were no changes in Nordex SE's shareholder structure in the period under review. SKion/momentum capital remains the principal shareholder with 24.99% of the Company's share capital, with free float accounting for 75.01% on 31 December 2012. No other shareholder exceeded the reportable threshold of 3% at any time during the period under review.

Nordex SE's investor relations activities seek to pursue open and active communications with all capital market participants. The Management Board and the investor relations team attended international capital market conferences in 2012 and maintained contacts with investors at numerous events as well as in the form of one-on-ones over the telephone or in person. In addition, the new Management Board presented Nordex SE's revised strategic orientation in detail at a capital market day held in Frankfurt am Main. Ongoing coverage by the research departments of some twelve renowned banks and investment companies ensures that Nordex SE's business performance remains transparent at all times. A regularly updated list of Nordex analysts, information on the Company's stock and bond as well as news, financial reports and presentations on

Shareholder structure as of 31.12.2012



Shareholder structure as of 31.12.2011



the Company are available from the Investor Relations section of Nordex SE's website at www.nordex-online.com.

Nordex SE plans to continue its investor relations activities in 2013 by taking part in various investor conferences and holding road shows and one-on-ones. Backed by a stable shareholder structure thanks to institutional investors, Nordex SE is seeking to maximise the liquidity of Nordex stock. To this end, it is committed to keeping the capital markets informed of the Company's activities and business performance comprehensively and with minimum delay.

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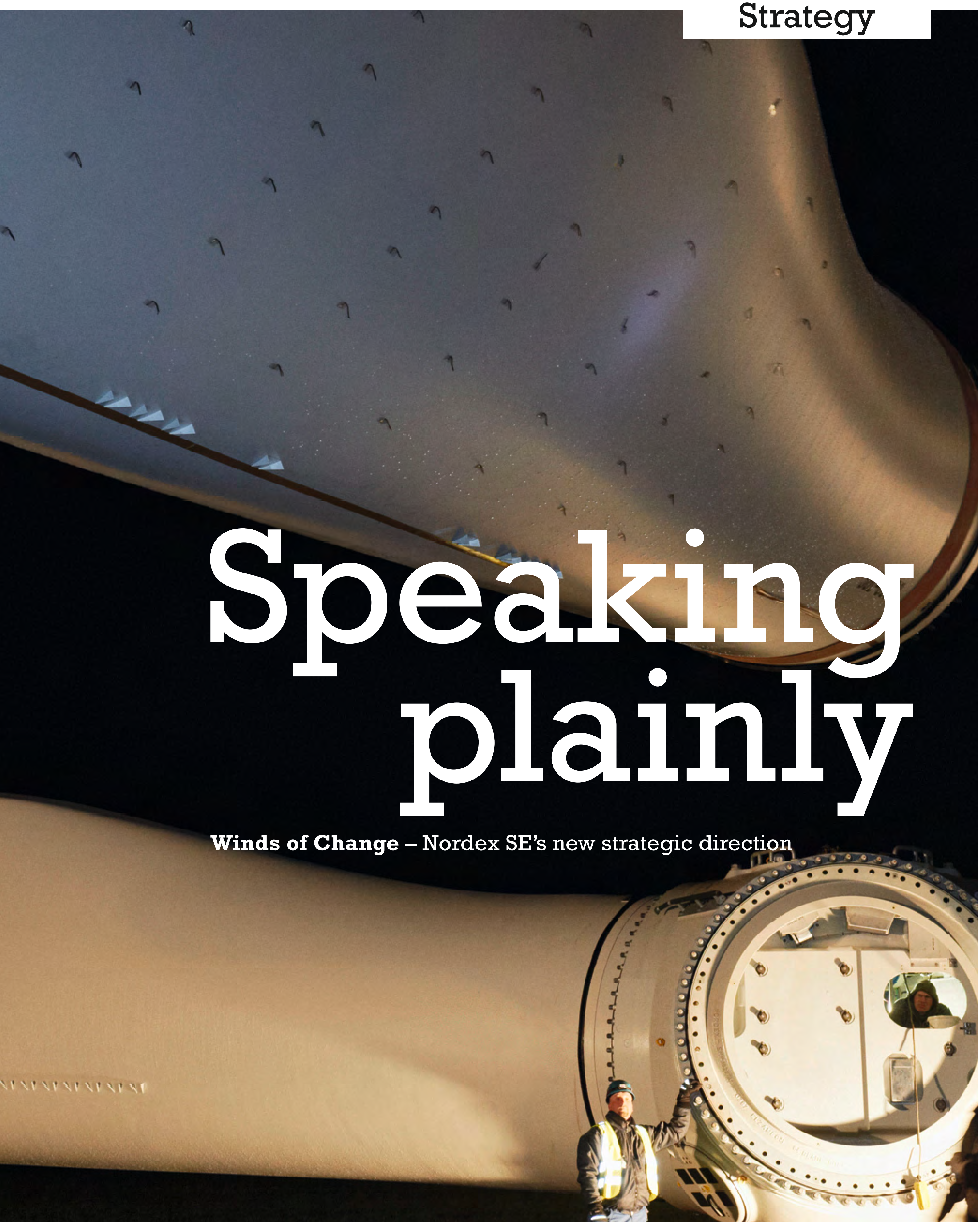
Nordex stock	
Stock type	No-par-value ordinary bearer shares
Market segment	Prime Standard / regulated market
Trading venue	Frankfurt stock exchange
Indices	TecDax, HASPAX, Renixx, GCI
ISIN	DE000A0D6554
WKN	A0D655
Ticker	NDX1

Nordex stock – key parameters

		2012	2011
Number of shares issued as of 31 December	in millions	73.529	73.529
Share capital as of 31 December	EUR million	73.529	73.529
Closing price for the year	EUR	2.99	3.95
High for the year	EUR	5.38	9.37
Low for the year	EUR	2.63	3.48
Market capitalisation on 31 December	EUR million	220.07	290.44
Earnings per share	EUR	–1.28	–0.67
Price/earnings ratio on 31 December		–2.3	–5.9



Speaking plainly

Winds of Change – Nordex SE's new strategic direction

The members of Nordex SE's Management Board Bernard Schäferbarthold, Lars Bondo Krogsgaard and Jürgen Zeschky being interviewed by business journalist Lutz Beukert

Mid-sized turbine producers can grow profitably in the wind power industry! This is the upshot of the strategy process which the management of Nordex SE completed in 2012. But what does the Group's new course involve?

You are pursuing the goal of achieving further top-line growth over the next few years. This year alone you expect sales to rise by up to 20%. At the same time, however, the wind power industry is, if anything, expected to shrink. How does Nordex plan to buck the trend and achieve such growth?

Bernard Schäferbarthold: Our order backlog is already up 50% – this, by the way, is also running counter to the trend. On average, our projects have a turn-around period of twelve months. This means that we have already "booked" this growth in our order backlog and we will be able to increase our sales in 2013.

In the medium term, the EBIT margin is to widen to at least 5%. How do you want to achieve this?

Jürgen Zeschky: For one thing, by means of new products, which will make production of electricity less expensive. This offers our customers advantages, while simultaneously allowing us to improve our margins. Secondly, by means of cost-cutting: we have launched a series of projects to lower our own costs dramatically. Thirdly, we are currently adjusting our structures to bring them into line with planned global sales. In this way, we are able to eliminate costs which arose last year as a result of surplus capacity.

One of the targets which you have defined is to position Nordex strongly in international growth markets and in terms of products. You say that this will call for flexibility and a focused approach. What does this mean specifically?

Lars Bondo Krogsgaard: This approach means that we will not be active in all markets. However, in those markets in which we are engaged, we will be focused and pursue clearly defined goals. Obviously, our target markets include growth regions which are not characterised by heavy price pressure or in which we see Nordex as having a clear competitive edge. This does often include new markets such as South Africa, where we gained two major contracts last year, or South America, where we are currently building up business in Uruguay with some success. So the key is to achieve the right balance between pursuing a focused approach in a relatively small number of markets and pursuing new opportunities arising in young markets.

The profitable and stable service business still only contributes a relatively small share of 11% to sales even after all the years in which Nordex has been in the market. Have mistakes been made here? What are your target sales in this segment and over what period do you want to achieve this target?

Lars Bondo Krogsgaard: We have already made considerable headway with our service business. Last year, sales in this segment surged by around 25% to just under EUR 120 million. However, in order to continue growing at above-average rates in the service business, we must try to secure new service contracts for each construction project which we complete. At the same time, we must try to convince our customers of the merits of signing up for more comprehensive services. These may be modernisation packages or maintenance of turbines made by other manufacturers. In any case, we must win over customers with the quality of our service. And we were successful in this regard in 2012 according to what operators told us in independent surveys.

What customers does your target group include?

Lars Bondo Krogsgaard: We have repositioned ourselves. We still want to do business with major utilities but our main business will be with mid-sized and small customers.

> “We are currently adjusting our structures to bring them into line with planned global sales.”
>
> Jürgen Zeschky

Over the last few years you have repeatedly included Germany in your target markets. What share of the German market do you hold, what is your target and how do you want to achieve this?

Lars Bondo Krogsgaard: Looking ahead over the next three years, we are aiming for a market share of around 15%. Last year, our share of new installations in Germany accounted for only around 4%. This was because some projects had to be postponed due to bottlenecks among some of our suppliers. However, new orders from Germany grew by almost 60%, meaning that we will achieve a substantially higher share of the market this year.

Nordex has often entered a market with a share in the high double digits only to lose ground relatively quickly. Moving forward, how can this be avoided?

Lars Bondo Krogsgaard: We want to be present in markets in which we can reach a relatively strong market position. Our goal is to be amongst the top three in these markets in the medium to long term. However, temporary interruptions may arise in project business. With the focussed strategy which we have pursued over the past few years, we are headed in the right direction. This is particularly reflected in our business performance in the United Kingdom and Ireland, where Nordex has been one of the market leaders for several years. We have also had a strong position in France for a long time.

But this does not explain why you have lost market share after an initial strong entry.

Bernard Schäferbarthold: Nordex has a good sense for new markets.

However, it is quite normal for markets to attract new competitors when they reach a certain degree of maturity and become more competitive. In such a case, it is no longer viable to maintain a market share of, say, 40%. Instead, the task becomes to maintain a top position. The key to success is to establish local management structures with the right people. This is precisely what we have done in markets such as the United Kingdom and France.

While we're on the subject, when and under what circumstances can an end to the pressure on prices be expected?

Lars Bondo Krogsgaard: The dramatic erosion in prices, which we previously experienced, is now behind us. We are now seeing a certain degree of stability. Whether or not it will be sustained or we can expect prices to edge up again is difficult to say. Among other things, this depends on how the global economy develops.

Bernard Schäferbarthold: The pressure on prices over the last few years was largely absorbed by turbine producers, whose margins declined significantly. All producers worldwide were affected by this. However, the pain threshold has now been reached. Further price reductions are only possible by means of genuine cost cuts as a result of technical advances. What is more, the excess capacity of the past is being dismantled. This has changed cost accounting for wind power projects, with producers now increasingly rejecting projects with particularly low margins. Overall, we are now seeing a gradual return to a somewhat more even balance between supply and demand.

With whom and where can Nordex still score with its own project development activities?

Lars Bondo Krogsgaard: We are active in project development in four focus markets: France, Poland, Sweden and America. Our business in these markets is strong, particularly with financial investors who are interested in wind farm assets, which frequently generate more attractive cash flows than real estate, for example.

Are you referring to insurance companies which have expressed interest in wind farms in order to earn attractive returns?

Lars Bondo Krogsgaard: Yes, exactly. And we are placing great store by expanding business with this target group as these customers are a good match for our business profile. This refers, for instance, to our skills in wind farm development, the execution of turn-key projects and long-term after-sales service.

What advantages do turn-key projects offer?

Jürgen Zeschky: Executing turn-key projects is a skill which Nordex has acquired over the last few years, albeit not without a few painful lessons learned along the way. Today, we understand this business and want to utilise it to our own advantage. This is because we can use it to differentiate ourselves from many of our peers and to offer customers added value. Inexperienced customers in particular prefer to give responsibility for wind farm projects to a general contractor. Here, Nordex is able to position itself well for the long-term and increase the volume of deliveries to such projects.

Let us now turn to a different subject: your non-European activities. Nordex has been looking for a partner in China for years. Why should a Chinese group be interested in a partnership venture with a mid-sized German company?

Jürgen Zeschky: Basically, this is about our skills and experience in developing modern wind power systems and making high-quality products as well as marketing them internationally. The Chinese still have a difficult time achieving this in the West.

Nordex has discontinued the production of rotor blades in China. Does this ultimately mean that your Chinese subsidiary will be turned into a pure purchasing office in China and a sales office for the rest of Asia?

Jürgen Zeschky: It is true that we will be externally sourcing our rotor blades for our Asian sales in the future. Internal production requires greater guaranteed quantities to achieve viable capacity utilisation.

"We are active in project development in four focus markets: France, Poland, Sweden and America."

Lars Bondo Krogsgaard

Otherwise it is too expensive. This was the situation which we faced with our rotor blade production in Dongying. In addition to this component, we will continue to use our Chinese organisation to handle part of our sourcing activities for the Nordex Group in China with a view to securing cost advantages. We will be organising our structures such that sales, services and project management for the Asian markets will be based in China.

Given that China is becoming increasingly more difficult for you due to restricted access as a non-Chinese company, what markets offer potential in Asia?

Lars Bondo Krogsgaard: Pakistan already has a relatively large volume. This is an interesting market. Markets are also emerging in the Philippines and in Thailand, where we also have good potential.

Is the transformation of your companies in China also a model for the United States? Will you be scaling back production activities in this market as well?

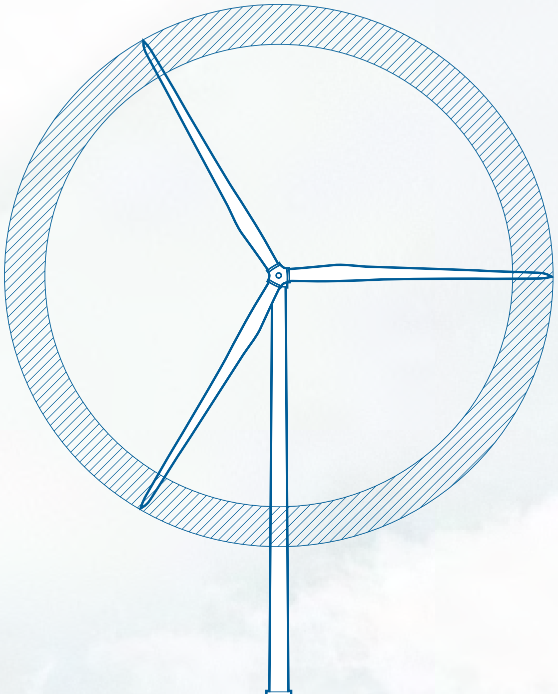
Jürgen Zeschky: We have made provisions in our balance sheet to ensure that production activities in the United States remain viable even at low capacity utilisation. This will no longer exert pressure on consolidated earnings as it did last year.

Lars Bondo Krogsgaard: This year, our sales in the Americas will doubtless be dominated by projects in South America, although we are also in promising talks with US customers. In this respect, we are currently examining which supply chain is the best for us here.

In explaining the restrictions on growth in 2011 and 2012, you repeatedly cite problems with your suppliers. How will you get these problems under control?

Jürgen Zeschky: Two components caused us concern: towers and rotor blades. Going forward, we will no longer be working with two suppliers as we have found replacements


NORDEX



A worthwhile investment

Additional yields of up to 31% from Generation Delta. Sophisticated technical solutions provide a reliable basis for Nordex's fourth-generation multi-megawatt platform. With larger rotors and a greater nominal output, the N117/3000 and N100/3300 deliver up to 31% higher yields in moderate-wind and strong-wind locations.

Generation Delta: Proven Technology – at a new stage of evolution

"The working capital ratio of less than 10% as at the reporting date is a great success."

Bernard Schäferbarthold

for them. As for rotor blades, we have agreed on a clear programme with the supplier who caused us really serious problems, setting out the terms of our continued relationship. In addition, we have widened our own capacity. It all boils down to working out in advance whether components will be available on the site in two, four or six months. In this respect, we have installed very strict project management.

Does Nordex as a new self-declared mid-sized company even have the bargaining power to exert influence on contractors?

Jürgen Zeschky: In some cases, we are already our contractors' largest customer or at least account for a significant part of their business. We look at this very carefully.

You are calling on your suppliers to establish a close partnership and to develop innovative solutions. How have your suppliers reacted?

Jürgen Zeschky: Take the gearbox, for example, which is an important cost factor. Here, suppliers are particularly willing to work with us to jointly lower costs. If we simply demand a better price without offering any technical partnership, this causes problems for suppliers. But they're on board if we jointly try to lower costs.

The EBIT margin is to improve by 1% per year in 2013 and 2014 by means of "Operational Excellence". Can this be really achieved or is it just wishful thinking?

Jürgen Zeschky: We will achieve it. Last year we incurred considerable additional expense in the execution of projects as process errors occurred repeatedly. This will not happen again this year to the same extent because we have taken the necessary precautions. That said, we do not expect to be able to solve all problems from one day to the next.

Let us now turn to another of your cost factors: debt capital is becoming more expensive. Your loan facilities will expire in the spring. How is Nordex responding to this situation, what is the solution?

Bernard Schäferbarthold: With respect to our cash position, we laid the foundations the year before last. The equity issue and the corporate bond issue in 2011 substantially reduced our dependence on banks and provided us with long-term cash finance of around EUR 200 million. Over the last few months, we have been working on guarantee facilities and have agreed on a renewal in the same amount as before. This was quite a feat given current conditions in the financial market.

The ratio of working capital to total sales was a critical issue for Nordex for a long time. What working capital ratio are you aiming for?

Bernard Schäferbarthold: We have a target range of around 15%. The figure of less than 10% achieved as of the reporting date is a great success; however, we want to improve our working capital position during the year as well. As a result of the "Operational Excellence" measures we have implemented, which include reduced project turnaround times, we are moving in the right direction.

What are your goals with respect to the other financial ratios?

Bernard Schäferbarthold: Free cash flow is an important ratio and should be positive or at least at breakeven. This means that cash flow from operating activities should be sufficient to finance our top-line growth as well as the capital spending which we consider to be necessary. In this connection, capital spending will be focussed on the development of new products. Growth and capital spending should be financed by operating activities.

Conventional project finance is becoming increasingly more difficult, chiefly as a result of restraint on the part of banks. What alternatives do you have?

Bernard Schäferbarthold: New and interesting investment fund models are increasingly emerging. We have also already made use of this in our joint venture for bridge finance for internally developed projects. Here, we combined elements of conventional funding as hybrid capital with private-equity investments. Family offices view this as a short-term investment. Ultimately, insurance companies may also be willing to finance an entire project and thus discharge the pre-financing. There are a number of different approaches which we can apply to achieve acceptable results. These models will become more and more common.

Nordex had set itself the goal of lowering production costs per turbine by 15%, compared with 2010 levels, by the end of 2012. Well?

Jürgen Zeschky: We have achieved this goal.

“The cost of energy is substantially lower than with its preceding turbines.”

Jürgen Zeschky

You want to cut the cost of materials ratio by 3 percentage points to 75%. How do you plan to do this and what is the likelihood of success?

Jürgen Zeschky: We want to lower the costs of a wind turbine by EUR 100,000 in the course of the year and intend to achieve this by means of a number of technical and commercial measures. In other words, engineering and purchasing are working very closely together.

In lowering costs, you also want to make use of the options available to you in low-wage countries. Are you not running the risk of diluting and compromising your reputation as a quality producer? How can you guarantee quality in the long term? Do you have the necessary internal testing capacities?

Jürgen Zeschky: We want to make use of the cost advantages which the global market offers us. We have installed a team in China who will be doing precisely this. Purchasing and quality assurance will be handled locally. Only when this is fully up and running will we consider using these components internationally as well. The same thing also applies to purchasing in Eastern Europe.

Large parts of your strategy revolve around developing new technical solutions. What is decisive is the innovation cycle, or so it seems. Nordex wants to shorten development times for new products to 18 to 24 months. Is this feasible?

Jürgen Zeschky: This issue has gained considerable momentum as we have standardised the product development process. We managed to stick to our schedule with our most recent products, the N117/2400 and the new Generation Delta. But this varies, of course, according to whether we are talking about a completely new product or the enhancement of an existing series. Many customers and their banks are currently favouring the latter as they shun development risk, preferring instead incremental advances.

Nordex is concentrating on 2 MW to 3 MW onshore wind power systems for all wind classes. What will you do if competitors launch substantially larger turbines on the market?

Jürgen Zeschky: With our new Generation Delta we have just crossed the 3 MW threshold. And the next turbine platform by no means restricts us to 3 MW. That said, megawatt count in itself is a poor gauge of the quality and efficiency of a wind power system. A relatively large amount of wind is required to make full use of a 3 or 4 MW system. Accordingly, the skill lies in achieving the right balance between installed capacity and rotor diameter. Ultimately, our wind power systems must achieve the highest possible capacity factor for the respective location. This is the only way to reduce the cost of energy.

What is the Delta platform capable of?

Jürgen Zeschky: The cost of energy is substantially lower than with its preceding turbines. This is highlighted by the increase of up to 31% in annual energy yields, which we can achieve with these turbines. At the same time, the cost of the turbines has risen at a disproportionately low rate. Our customers have responded favourably to this. In fact, we are currently in promising talks with a number of key customers.

Your goal is to be competitive with other forms of electricity production in the strong and moderate-wind classes by 2014. Does this also apply to low-wind locations?

Jürgen Zeschky: On the basis of forecast electricity prices, we assume that we will be able to produce wind electricity at market prices with these turbines in 2014. This is necessary because, in the current environment, the subsidisation systems no longer provide adequate long-term security. This is illustrated by developments in Southern Europe. In our view, there is no alternative to achieving grid parity in the next few years. We have already reached this at strong-wind locations and should achieve it in 2014 with moderate wind conditions; as far as low winds are concerned, we will first have to wait for the next generation of turbines.

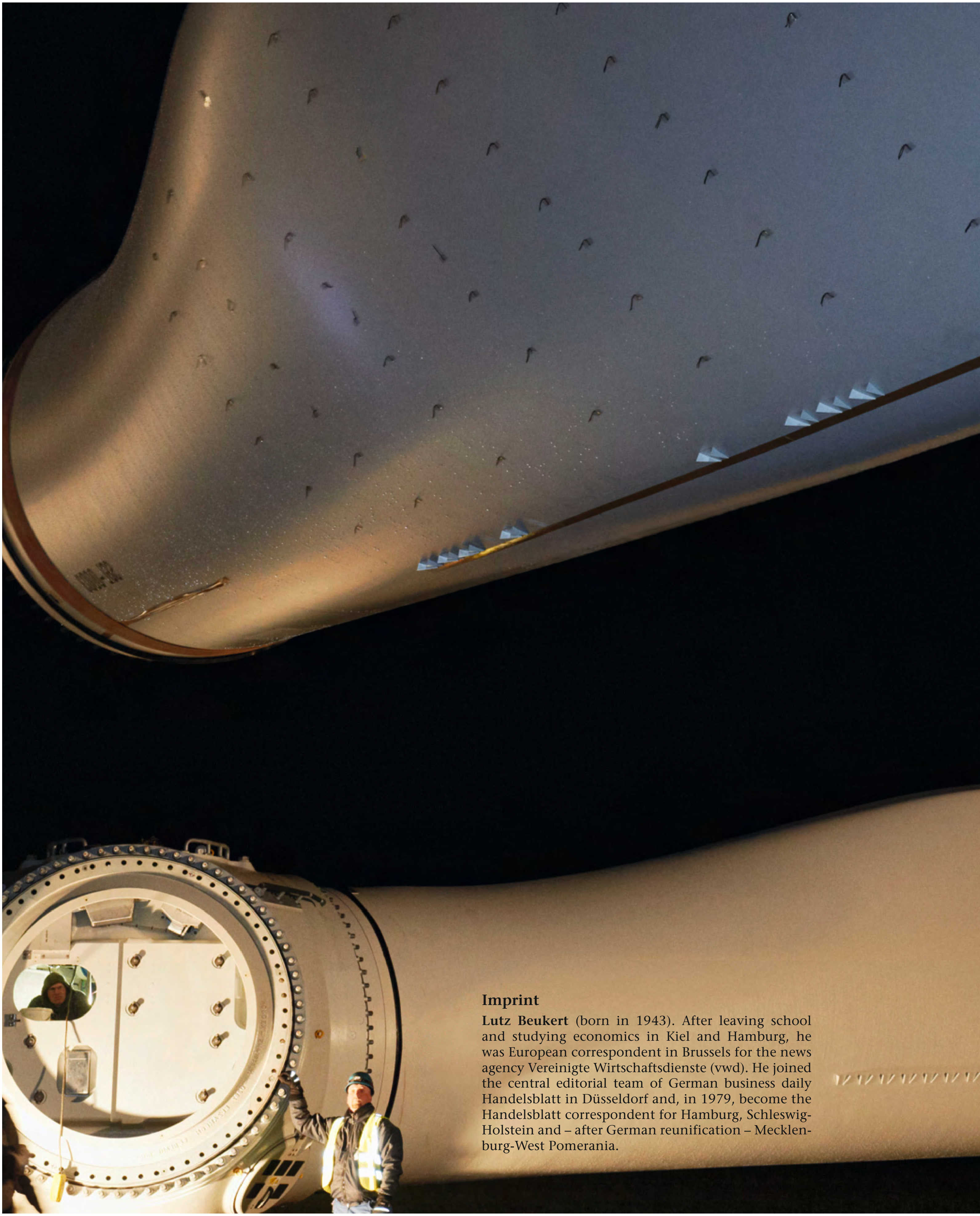
We have spent a lot of time talking about Nordex's new direction. Yet, paper is patient. What steps are you taking to ensure that the strategy is indeed implemented? How do you motivate management and staff?

Jürgen Zeschky: We have a major advantage in one respect in that the strategy has been defined by the team rather than being imposed on them from the outside, say, by external consultants. This means that the team knows exactly what the strategy is all about. We, the Management Board, have been working with our management team from the global Nordex organisation to develop the new corporate strategy. In essence, it has three components: an operational one, a structural one and a strategic one, which I would likely to refer to succinctly as a "partnership". We have operationalised a number of core initiatives on this basis. The strategy as a whole comprises four major initiatives and ultimately almost 50 individual projects, which we are coordinating via a project management office. We review the status of the projects each month.

Mr. Zeschky, in what ways does the relatively young wind power industry differ from traditional plant and mechanical engineering? What can Nordex learn from classic mid-sized enterprises?

Jürgen Zeschky: What personally delights me is the diversity of cultures and experience in this young industry; I find this motivating and it frequently leads to innovative solutions. Our staff comes to us from a wide range of different industries such as automotive, aircraft construction and utilities. Established companies have more uniform structures and a clearer defining culture. As constricting as this may be, processes which have been tried and tested over one hundred years do tend to be more stable. And this is something which we can learn from.

Many thanks for the interview.



Imprint

Lutz Beukert (born in 1943). After leaving school and studying economics in Kiel and Hamburg, he was European correspondent in Brussels for the news agency Vereinigte Wirtschaftsdienste (vwd). He joined the central editorial team of German business daily Handelsblatt in Düsseldorf and, in 1979, become the Handelsblatt correspondent for Hamburg, Schleswig-Holstein and – after German reunification – Mecklenburg-West Pomerania.

Report of the Supervisory Board

In the year under review, the Supervisory Board of Nordex SE performed the duties imposed on it by statute, the Company's Articles of Incorporation and the rules of conduct. It monitored the Management Board in matters relating to the management of the Company in compliance with its applicable statutory obligations. The Supervisory Board was directly involved in all decisions of fundamental importance for the Company. For this purpose, it maintained ongoing contact with Nordex SE's Management Board and was briefed regularly, with minimum delay and comprehensively in both written and oral reports on the condition and performance of Nordex SE and its subsidiaries as well as all material business transactions.

As a matter of principle, the Supervisory Board observes the recommendations published by the Government Commission on the German Corporate Governance Code of 15 May 2012. The declaration of conformance specified in Section 161 of the Stock Corporation Act was last issued by the Supervisory Board and the Management Board on 5 June 2012 (www.nordex-online.com/en/investor-relations/corporate-governance.html). Further information can be found in the corporate governance report.

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The committees established by Nordex SE's Supervisory Board have the following members:

Management committee
(nomination committee):
Dr. Ziebart (chairman), Mr. Klatten, Mr. Rey
Audit committee: Mr. Rey (chairman), Ms. Stieve, Dr. Ziebart
Strategy and technology committee:
Mr. Klatten (chairman), Dr. Maier, Dr. Ziebart

There were changes in the composition of both the Supervisory Board and the Management Board in the year under review.

Mr. Uwe Lüders stepped down from the position of Chairman of the Supervisory Board on 2 July 2012 due to the double work load arising from the restructuring of the newly acquired group subsidiary of L. Possehl & Co. mbH, of which Mr. Lüders is CEO, and the strategic reorientation of the Nordex Group. The Supervisory Board elected as his successor Dr. Wolfgang Ziebart from its own number.

Mr. Carsten Risvig Pedersen resigned from the Supervisory Board on 14 August 2012 to devote more attention to his companies' business in Denmark. Ms. Annette Stieve was appointed to the Supervisory Board as his successor in a ruling issued by the Local Court of Rostock on 12 November 2012.

Mr. Thomas Richterich resigned from his position as Chairman of the Management Board of Nordex SE by mutual agreement effective 29 February 2012. The Supervisory Board appointed Dr. Jürgen Zeschky to the position of Chairman of the Management Board effective 1 March 2012. In this position he is responsible for Production, Procurement, Supply Chain Management, Engineering, Product Management, Health & Safety and Quality.

On 6 November 2012, Dr. Marc Sielemann stepped down from the position of Chief Operating Officer of Nordex SE at his own wish and by mutual agreement with the Supervisory Board to pursue new career options. Since then the Company's Management Board has comprised three members.

The Supervisory Board of Nordex SE wishes to express its particular gratitude to the gentlemen who left the Management Board and the Supervisory Board in the year under review for the many years of fruitful collaboration and for their contribution to furthering the Company.

In the course of 2012, the Supervisory Board held six meetings; in addition, its committees (management committee, audit committee, strategy and engineering committee) met on repeated occasions. The first meeting of the Supervisory Board took the form of telephone and electronic consultations between 7 February 2012 and 15 February 2012. The other ordinary meetings of the Supervisory Board were held on 23 March, 5 June, 2 July, 24 August and 23 November.

In the first meeting of the Supervisory Board held between 7 February 2012 and 15 February 2012 over the telephone and in electronic form, the acquisition of the remaining 40% share in the joint venture Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd. was discussed at length and a decision made.

At its second meeting on 23 March 2012, the Supervisory Board chiefly examined the annual and consolidated financial statements of Nordex SE for 2011. The statutory auditor was also in attendance during part of the meeting. Following the submission of a report by the audit committee dated 22 March 2012, the Management Board elaborated on Nordex SE's business performance in the current year. Thereupon, the proposed resolutions for the annual general meeting were discussed and agreed upon. In addition to a report from the strategy and engineering committee on the market situation in Germany and on the status of the relevant trends in China, the meeting primarily discussed and passed resolutions on the steps to be taken with respect to offshore business.

The third meeting of the Supervisory Board was held on 5 June 2012, the day of the annual general meeting. In addition to reports from the strategy and engineering committee and on current business, the Supervisory Board dealt with the recommendations of the German Corporate Governance Code and passed a resolution to update the declaration of conformance. As well as this, the allotment of 75,000 stock options in favour of Dr. Zeschky and amendments to Mr. Schäferbarthold's service contract were approved.

Held on 2 July 2012, the Supervisory Board's fourth meeting for the year initially concentrated on the Group's business performance in the first half of the year. This was followed by a resolution approving the sale of a plot of land and the incorporation of subsidiaries in Finland, Norway, Uruguay and the Philippines. Mr. Lüders notified the Supervisory Board in writing that he would be stepping down from his positions as Chairman of the Supervisory Board, chairman of the management committee, a member of the audit committee and a member generally of the Supervisory Board effective as of the end of that meeting. Thereupon, the Supervisory Board relieved Mr. Lüders of the notice period provided for in the Articles of Incorporation and unanimously elected Dr. Ziebart to the position of Chairman of the Supervisory Board until the annual general meeting at which a resolution is passed to ratify the activities of the Supervisory Board

from left: Martin Rey, Jan Klatten, Dr. Wolfgang Ziebart, Annette Stieve, Dr. Dieter G. Maier

for 2015. In addition, Dr. Ziebart was appointed chairman of the management committee and a member of the audit committee.

The fifth meeting of the Supervisory Board for the year was held on 24 August 2012. The Management Board initially briefed the Supervisory Board on the Company's current business performance, after which reports from the strategy and engineering committee and the audit committee were heard. One key item of the agenda was the presentation and detailed discussion of the Company's future strategy. Resolutions were passed approving the implementation of the strategy over a two-year period as well as measures to achieve operational excellence and to adjust management structures in Asia (China) and America (United States). In addition, the Supervisory Board approved the establishment of shelf companies for internal project development activities in various countries.

In the sixth and final meeting for the year on 23 November 2012, the Management Board outlined the Group's current business performance, particularly new business, the earnings situation and financial condition. This was followed by reports from the strategy and engineering committee and audit committee. Thereupon, the budget and the corresponding Group plans for 2013 were discussed against the backdrop of the strategic reorientation. After detailed deliberation, the budget and the Group plans were approved by the Supervisory Board. One main item on the agenda concerned the future of the companies in China and the United States. Finally, the Supervisory Board deliberated on the deviations from the recommendations of the German Corporate Governance Code. During this meeting, the Supervisory Board welcomed Ms. Annette Stieve for the first time, electing her to the audit committee.

In accordance with Articles 4.3.4 and 5.5.2 of the German Corporate Governance Code, the Supervisory Board deliberated on potential conflicts of interests. In one case, a member of the Supervisory Board was a shareholder in one of the Company's business partners. However, there is no evidence of any conflict of interests.

Welcon A/S, one of whose owners is Carsten Risvig Pedersen, who was a member of the Supervisory Board until 14 August 2012, is a supplier of towers to the Nordex Group. The purchasing relations with Welcon A/S strictly comply with arms-length requirements. Orders are placed only after intensive comparisons of prices and services. Mr. Pedersen was not involved in any of these business decisions either as a member of the Supervisory Board or as a representative of Welcon A/S.

Disclosures pursuant to Section 171 (2) Sentence 2 of the German Stock Corporation Act in connection with Sections 289 (4) and 315 (4) of the German Commercial Code and Section 61 of the SE Regulation.

The Supervisory Board deliberated with the Management Board on disclosures in accordance with Sections 289 (4) and 315 (4) of the German Commercial Code and was satisfied that these disclosures are true and complete.

The annual financial statements of Nordex SE and the consolidated financial statements for the Nordex Group for the year ending 31 December 2012 as well as the combined management report of Nordex SE and the Nordex Group for 2012 including the bookkeeping were audited and granted an unqualified auditors' report by PricewaterhouseCoopers Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Hamburg, which had been appointed at the annual general meeting on 5 June 2012 and engaged by the Supervisory Board.

The report on the statutory audit of the annual financial statements confirmed that the Management Board had taken the measures stipulated in Section 91 (2) of the German Stock Corporation Act to ensure early detection of risks and that an effective internal control system was in operation.

The annual financial statements, the consolidated financial statements and the combined management report for Nordex SE and the Nordex Group, the annual report and the statutory auditor's report were presented to all members of the Supervisory Board prior to the meeting of 22 March 2013 at which the financial statements were to be approved. At this meeting, the Supervisory Board deliberated at length on these documents in the presence of the statutory auditor, who was available to answer any questions. The Supervisory Board and its Audit Committee concurred with the statutory auditor's findings.

The Supervisory Board examined in detail the financial statements of Nordex SE and the consolidated financial statements as well as the combined management report for Nordex SE and the Nordex Group prepared by the Management Board. No objections were raised on the basis of the final results of its examination. The Supervisory Board approved the annual financial statements and the consolidated financial statements prepared by the Management Board as of 31 December 2012. Accordingly, they are deemed to have been duly adopted.

The Supervisory Board of Nordex SE thanks the Management Board for the constructive collaboration and expresses its gratitude to all employees as well as the employee representatives for their strong dedication and the work performed in 2012.

Hamburg, 22 March 2013

Dr. Wolfgang Ziebart
Chairman of the Supervisory Board

Engine of Development

"Swift and efficient product development is crucial as our turbines must produce "green electricity" at market prices in the near future. We are supporting this by means of modern development methods and investments in our testing center. This has given rise to reliable turbines such as our Delta Generation within a short space of time."

Jörg Scholle, Head of Engineering

Sustainability

Nordex's future viability hinges materially on its ability to react flexibly and swiftly to new underlying conditions, to develop high-quality products and to maximise cost efficiency. In addition to economic sustainability, however, social and ecological factors are increasingly also coming to the fore in this era of globalisation and climate change. In this connection, it is becoming more and more important for companies to voluntarily assume responsibility towards society as a whole. Nordex is taking these challenges seriously with the aim of creating a basis for sustained economic growth which impacts natural surroundings to the least possible extent and offers people in all markets and regions new prospects of prosperity. In awarding their contracts, a large number of our customers attach particular importance to professional practices in the observance of health, safety and environmental standards. In order to optimally position the Company in this area, Nordex decided to implement an HSE (health, safety and environment) management system and to obtain certification in accordance with DIN EN ISO 14001:2009 and the BS OHSAS 18001:2007 international standards. Certification has been achieved for Europe and for all operations in the United States.

Ecological factors

Wind power will be forming an important element in the future energy mix for all large energy markets. A megawatt/hour of electricity generated using the wind avoids roughly one ton of the CO_2 emitted when electricity is produced from coal, for example. As a result, Nordex prevents the emission of many millions of tons of environmental pollutants every year. Each turbine recoups the energy consumed in producing it after only around seven months. This calculation includes the energy used throughout the entire production process as well as transportation to the site of deployment. Once in operation, each turbine provides clean energy for around 20 years. Even a single Nordex multi-megawatt turbine can supply enough energy to cover the requirements of up to 3,000 four-person homes per year. Today, over 5,000 Nordex wind turbines are in operation worldwide, helping to provide clean and secure energy supplies in almost 40 countries around the globe.

However, environmental protection at Nordex does not merely entail the product but already commences in the production phase. In Rostock, the Company has one of the most modern and environmental-friendly facilities for the production of wind power turbines and rotor blades. The demanding emission limits set by the authorities for dust, solvents, odours and waste water are not only met but significantly exceeded. In addition, Nordex places great emphasis on thermal insulation and heat recycling, which also minimises emissions of pollutants. When it comes to building installation management, Nordex is also focusing on environmental protection by ensuring that all its buildings comply with the low energy standards as far as possible. Thus, the facility in the United States has an integrated geothermal HVAC system, while the head office in Hamburg – the "Nordex Forum" – was awarded a "Gold" certificate by the German Association of Sustainable Building when it was completed in 2011. Thanks to the use of regenerative energies, the Nordex Forum betters the requirements stipulated in the Energy Savings Ordinance by more than 20%. In addition, the German Nordex facilities use electricity from renewable sources. This is guaranteed by the utility in question in electricity supply contracts awarded an ecological electricity certificate in accordance with TÜV certification of facilities for the production of electricity using renewable energies. In conjunction with a partner, all printers in use at Nordex facilities in Germany have been replaced by low-emission printing and copying systems. Nordex buys emission certificates from a certified reforesting programme in Mozambique with the assistance of its project partner to offset the remaining unavoidable CO_2 emissions. In addition to reducing the volume of CO_2 emissions, this project aims at improving local living conditions.

Employees

With the expansion of its business activities in the course of its 27-year history, Nordex's employee numbers have also grown. Today, we have over 2,500 employees around the world. Top performance is possible only with satisfied and qualified staff. Among other things, this calls for fair and motivating remuneration. Nordex has created the foundations for achieving this goal in previous years. Thus, it established a uniform remuneration system in Germany in 2007 that assigns employees to a particular remuneration group based on their specific job requirements. This ensures that employees with comparable job requirements also receive comparable wages and salaries. This system creates transparency and also abolishes the distinction between Western and Eastern Germany as well as between technical and office staff. In addition, the Company also offers voluntary benefits such as training support, an advance towards the cost of using public transport and a subsidised in-company pension scheme (income deferral).

Nordex pursues the goal of encouraging and developing staff in accordance with their capabilities and potential. A standardised "compass dialogue" is used as a basis for systematic upskilling activities and career development. During the period under review, the "compass dialogue" was revised and rolled out in a global top-down process. This year, "compass dialogues" are to be performed for all management functions and 85% of staff. In 2014, the "compass dialogue" is to be used as an annual assessment and review instrument for all countries and employee groups across the entire Company. On the basis of the results, management is to be integrated in all basic decisions pertaining to upskilling and career development.

In 2011, Nordex launched a global development programme for young potentials to achieve a significant increase in the proportion of internally filled vacancies at all management levels. In a preliminary step, 30 young potentials were identified, systematically assessed and admitted to the programme. These employees were allocated to two groups – the "Leadership Programme" for young potentials with preliminary management experience and the "Upwind Programme" for young management staff. They attend various seminars and participate in different types of project work over a period of 15 months to prepare for their future management duties and growing responsibilities. Both groups successfully completed their respective programme in the year under review. A new version of the “Upwind Programme” is being planned for 2013. The preference for internal appointments applies to all vacancies arising within the Nordex Group with the purpose of offering staff attractive prospects even in times of strategic realignment. To this end, the internal job market was optimised and expanded. At Nordex, preparing for the future also involves training young people in order to obtain qualified specialists for the Company. As of the end of 2012, the Nordex Group had 59 apprentices in four different trades.

Staff satisfaction is seen as a material basis for the Company’s success and is regularly measured by means of anonymous, Intranet-based staff surveys and in the form of a mood barometer. This gives the employee representative council and management at all key Nordex sites a valuable indication of any aspects requiring attention in order to improve the corporate culture. Corresponding measures are then adopted in conjunction with the responsible departments.

Moreover, key importance is attached to the employee suggestion system, which gives all employees and loan staff at Nordex SE the opportunity of suggesting improvements. If these suggestions result in savings and/or improvements to safety or help to reduce the risk of injury or environmental impact, a monetary reward is paid depending on the benefits. During the period under review, the employee suggestion system was revised and formalised to a greater extent on the basis of a new company agreement between the employee representatives and the Company’s management. The optimised process, shorter response times and greater organisational proximity to production resulted in a more than three-fold increase in the number of proposals submitted in 2012 compared with the previous year. Of the total of 430 ideas submitted, one third were implemented, producing benefits worth almost EUR 800,000.

Workplace conditions also play a decisive role in the satisfaction of employees. In this connection, on-site safety enjoys top priority at Nordex. The Health and Safety department ensures strict observance and further development of internationally acknowledged standards. Nordex had previously pioneered a PPE (personal protective equipment) database in 2010 for tracking employee training and upskilling requirements as well as for identifying any need to replace individual protective equipment. More recently, HSE activities have been focusing on preventive work. Thus, these activities are incorporated in all new projects. At the same time, Nordex has intensified its auditing activities at its main suppliers in order to define HSE measures in conjunction with them. Currently, training activities are being prepared for all employees aimed at additionally heightening their awareness of hazards in particular. In addition, the HSE department participates in helping to shape the regulatory framework for the wind energy industry in working groups for the Association of German Safety Engineers (VDSI).

Economic factors

Nordex's long-term business success as one of the leading providers of technology geared to future requirements in the renewable energies segment is chiefly derived from its research and development efforts. In 2012, it again worked intensively on developing and launching new products as well as enhancements and improvements to the existing range. Line nacelle assembly was optimised and further processes in rotor blade production automated to render production more efficient.

One key factor driving further continuous development of the turbines and the production process is the minimisation of electricity production costs. Nordex's product strategy includes the clear goal of achieving grid parity. This means that the investor in or operator of a Nordex wind power system can generate electricity at the same price as operators of conventional power stations or even less. To date, this has been achieved at individual sites characterised by good wind conditions. In the medium term, the future Delta generation range will achieve broad-based grid parity at IEC I and IEC II wind-class locations.

Nordex represents an important economic factor for its locations and its business partners. It views its sell-side markets as centres for the creation of value. Thus, the Group maintains production facilities in Europe, Asia and North America and establishes the necessary supply-side structures in the local markets. It generates employment and income through the construction and maintenance of wind farms. Working with Institut für ökologische Wirtschaftsforschung (IÖW), Nordex analysed these effects for its domestic German market in the period under review. To this end, the Berlin-based institute evaluated the value-creation and employment effects arising in connection with Nordex wind power systems in Germany in the planning, production, installation and operation phases. According to the results of this analysis, annual value creation in Germany came to an average of just under EUR 450 million in 2010 and 2011, while the number of full-time jobs created both within the Company and by its partners – averaged over 4,600. Both figures will be higher in 2013 thanks to the current strong utilisation of production capacity and rising installation numbers in the current year. IÖW projects value creation of over EUR 700 million and a good 8,200 full-time jobs in Germany in 2020.

As an internationally active enterprise, Nordex is exposed to business and specific sector risks. It is therefore vital in the interests of the Company's continued existence to identify and assess risks as early as possible and, where necessary, to take the necessary precautions to avert them and to curtail their effects. Nordex has a risk management system which entails the measures required to recognise and manage risk on a timely basis.

Corporate compliance structures

Corporate compliance structures were additionally extended at Nordex in the year under review. In accordance with the proposal of the Company-wide compliance team, the Management Board adopted a code of conduct in 2011 to be applied across Nordex's international operations comprising five core principles binding on the entire Nordex Group; the code of conduct was duly implemented step by step. In December 2011, the code was initially presented in person to management staff and announced generally on the Group's Intranet. In the meantime, most employees have signed the code of conduct. The team is keeping staff at the Nordex companies regularly abreast of all current activities and developments by means of online communications as well as quarterly newsletters and dedicated training.

Responsibility as a corporate citizen

In their business activities, enterprises also hold social responsibility. Nordex bases its activities on the principles set out in "UN Global Impact" in its relations with its own employees as well as the third parties with whom it interacts. Within the Company's sphere of influence, this entails the principles of human rights and anti-discrimination as well as initiatives to encourage environmental awareness and to create equal opportunities for education.

In connection with its entry into the Pakistan market, Nordex has participated in a corporate social responsibility project with its customer over the last two years. At the same time as assembling the country's largest wind farm, the two partners sought to improve general living conditions in the Jahmpir region. The main focus was on water supplies for the local population. Nordex fitted out four towns with water filters and pumps and modernised the water system in the region's only hospital. In addition to this, three schools were renovated. Nordex's entry into the South African market is being accompanied by training and upskilling activities. Working with international organisations and South African education institutions, it will be particularly concentrating on basic technical training over the next few years.

Cost management

"Our bottom-line performance is driven by the cost of materials. That's why we are pursuing ambitious goals aimed at lowering our costs. To this end, we make use of our international organisation and buy components based on a total cost of ownership principle from global competitive suppliers. And we work with our partners to develop a cost-optimised design for our components."

Lars Rytter, Chief Procurement Officer

Combined Group management report

of the Nordex Group and management report of Nordex SE

Business activities

Nordex is an integrated supplier of modern wind power systems for use in different locations characterised by strong, moderate and low wind conditions. In this connection, it concentrates on developing and producing the entire system as well as the main core components and on offering related services. This particularly applies to the sale of wind power systems and – in selected markets – wind farm project development and turnkey solutions. In addition, Nordex assembles wind turbines, provides the necessary after-sales service and, in individual cases, assumes responsibility for technical and commercial operations management. The Group's finance department is increasingly also supporting customers in their efforts to raise project finance via commercial banks.

In technical terms, Nordex concentrates on producing efficient wind turbines allowing operators to generate "green" electricity at low cost in the locations at which they are assembled. For this reason, the Company has stepped up product development and launched products in the market featuring an optimised rotor output ratio and a low specific head mass. This strategy chiefly involves engineering new larger and more innovative rotor blades, which Nordex tests itself. The second main technical aspect concerns the optimisation of turbine operations management. In this way, Nordex is addressing the growing requirements stipulated by electricity grid operators with respect to the integration of wind power systems in grids.

The Group has production facilities around the world, specifically in Germany, the United States and China, where it assembles its turbines. Rotor production is based in Germany. Generally speaking, a large proportion of the components used are sourced externally. For this purpose, Nordex pursues a principle of system integration, incorporating the skills provided by its vendors in its own internal processes. The Group is committed to broad-based standardisation of its products and services in many areas so as to generate economies of scale as far as possible as a mid-sized company. Accordingly, Nordex has adopted a comprehensive platform strategy for its products.

With more than 80 percent of its sales generated by exports, Nordex has a very strong international orientation, focussing in particular on markets in Europe as well as selectively in America, Africa and Asia.

Strategy

Following the changes in Nordex SE's top-line management, the Management Board launched a strategy process in consultation with high-ranking management staff. This culminated in the definition of a new corporate strategy in September 2012, which has since been implemented and provides an exclusive focus on onshore technology.

As part of its strategy process, Nordex has defined clear overarching business objectives. These include medium-term growth to sales of around EUR 1.5 billion in tandem with an EBIT margin of at least 5%. This is to be materially achieved via the gross margin, which is to be widened to 25% (2012: 22.3%).

The Company's new strategy for the future comprises three components:

1) Four operational sub-strategies
2) Adjustments to corporate structure
3) New strategic foundations

1. Four operational sub-strategies

The four operational pillars supporting the corporate strategy include the sales strategy, operational excellence (optimisation of project execution), reduction of the cost of materials and product development.

1.1. Sales strategy

Nordex's target customers are primarily medium-sized and small companies wishing to make extensive use of the Group's services. Under the new strategy, large-scale customers such as utilities will remain important but are no longer the main target group. In addition, there is a focus on financial investors, who are interested in turnkey solutions and upstream project development for example. Nordex is currently expanding these two areas strategically as they offer good prospects of above-average profitable growth. The same thing applies to service, which offers particular appeal to Nordex especially in connection with the modernisation of existing wind power systems.

1.2 Operational excellence

In 2012, Nordex experienced considerable cost overruns on account of shortcomings in coordination with its suppliers and partner companies. This particularly concerned components such as rotor blades and towers as well as logistic services. Looking forward, Nordex wants to substantially reduce and, if possible, avoid such unplanned expense by means of detailed supplier evaluations, the imposition of higher standards and closer collaboration with its business partners. To this end, cross-departmental teams have been formed comprising procurement and engineering staff, amongst others.

1.3. Reduced cost of materials

Nordex wind power systems are particularly characterised by their economic efficiency and reliability; however, achieving this frequently entails heavy material costs. As Nordex operates as a system integrator with only a low internal sourcing ratio, the cost of materials exerts a material influence on the Group's profitability. In this respect, procurement and engineering play a crucial role as they initiate the development of "more intelligent" components – together with the suppliers in some cases – without compromising product reliability or life expectancy. To this end, "design-to-cost" and "design-to-value" methods are applied. In addition, procurement systematically uses suppliers based in countries which have a favourable cost structure for Nordex. Thus, turbine product costs are to be reduced by EUR 100,000 (or roughly 4%) in 2013 and by a total of 15% by 2015 relative to 2012 figures.

1.4. Product development

Nordex pursues the goal of developing onshore wind power systems which are able to produce clean electricity at competitive prices. In this way, it is seeking to additionally reduce dependence on incentive systems and to heighten the profitability of its products. The Company has already made progress in this respect with the launch of the N117/2400. Together with its customers, Nordex is benefiting from gains of around 18% in the yields achieved from the new design of this wind power system. It expects to leverage comparable advantages from the new Delta generation, which was unveiled in February 2013 and is to achieve additional yields of up to 31% in strong and moderate-wind locations. All told, Nordex plans to reduce product innovation cycles substantially to 18–24 months and, thus, to launch new products which will additionally improve its competitiveness in the medium term including in relation to other methods of producing electricity.

2. Adjustments to corporate structure

Prompted by the changed outlook for growth in the wind power industry, Nordex has decided to adjust its corporate structure. Prior to the outbreak of the financial market crisis in 2008, Nordex had adopted a regional strategy against the backdrop of top-line growth of around 50% over several years. The Company was to be operated via three independent fully integrated subsidiaries in Europe, America and Asia and continue on its growth trajectory. However, the decline in sales in 2010 and 2011 in the aftermath of the financial market crisis and the resultant drop in capacity utilisation, particularly in the United States and China, exerted considerable pressure on earnings in some cases. The purpose of the new strategy adopted in 2012 is to structure all parts of the Company in such a way that they are able to operate at a high level of capacity and permanently make a positive contribution to consolidated earnings. In line with the Company's commitment to return to being a viable medium-sized enterprise the Management Board has been reduced to three members and one management level has been eliminated. This has been supplemented with the ensuing disbandment of operating structures. Further steps chiefly entailing the reorganisation of the US and Chinese companies are being planned. Organisational structures in these two regions have been adjusted in the light of expected volumes over the next few years. Thus, Nordex discontinued rotor blade production in China in the period under review and will now be sourcing rotor blades from external suppliers in line with project requirements.

3. New strategic foundations

Management expects that four factors will be decisive for future success in the wind power market. These are:

- as broad access as possible to the relevant markets
- the technical skills required to develop and produce competitive wind turbines,
- a good cost position making it possible to offer products and services at internationally competitive prices
- solid funding as a basis for ensuring the necessary confidence of customers and banks in the Company.

The Management Board and the Supervisory Board of Nordex SE have agreed to explore and utilise options arising in the market place allowing the Company to additionally improve its position in the market in the light of the aforementioned factors.

Economic environment and underlying political conditions

Macroeconomic environment

Global economic growth slowed during the period under review, with real gross domestic product (GDP) coming to 3.2% according to the International Monetary Fund (IMF), equivalent to a decline of 0.7 percentage points over the previous year (2011: 3.9%). The economic downturn was evident in all the developed industrialised nations with the exception of the United States (up 0.5 percentage points over 2011) and Japan (up 2.6 percentage points over 2011) and also on a broad front in the emerging and developing markets.

Despite this, the emerging markets in Asia achieved growth of 6.6% (2011: 8%), thus materially underpinning global economic growth. The Chinese economy expanded by 7.8% (2011: 9.3%), while India achieved growth of 4.5% (2011: 7.9%).

The main industrialised nations of Europe, North America and Japan recorded slightly weaker growth of 1.3%, down 0.3 percentage points on the previous year. According to the IMF, the Eurozone economy slipped into a mild recession in the period under review, with economic output contracting by 0.4% (2011: growth of 1.4%). This was chiefly caused by the persistent sovereign debt crisis afflicting the Southern European economies. The German economy was not able to fully shrug off the effects of this downward trend but still achieved minor growth of 0.9%.

Reflecting the economic upswing, inflation also receded, dropping by 0.7 percentage points to 2.0% (2011: 2.7%) in the industrialised nations and by 1.1 percentage points to 6.1% (2011: 7.2%) in the emerging and developing markets according to the IMF.

Growth in gross domestic product by country/region

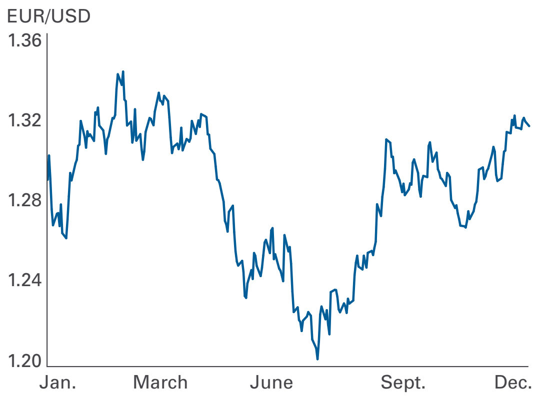
	2012 %	2011 %
Eurozone	–0.4	1.4
Germany	0.9	3.1
France	0.2	1.7
UK	–0.2	0.9
Italy	–2.1	0.4
United States	2.3	1.8
China	7.8	9.3
India	4.5	7.9
South Africa	2.3	3.5
Total	3.2	3.9

Source: International Monetary Fund, January 2013

During the period under review, the leading central banks continued their expansionary monetary policies. Whereas base rates remained unchanged in the United States (0.25%) and Japan (0.1%), the European Central Bank (ECB) made a moderate adjustment, trimming the main refinancing rate by 0.25 percentage points from 1.0% to 0.75% in July 2012.

The euro was very volatile against the US dollar in the period under review. After remaining above USD 1.30 over an extended period in the first half of 2012, it fell to USD 1.21 by the end of July. It then managed to recover, closing the year at just under USD 1.32 and thus a good 2% up on the previous year's figure of USD 1.29.

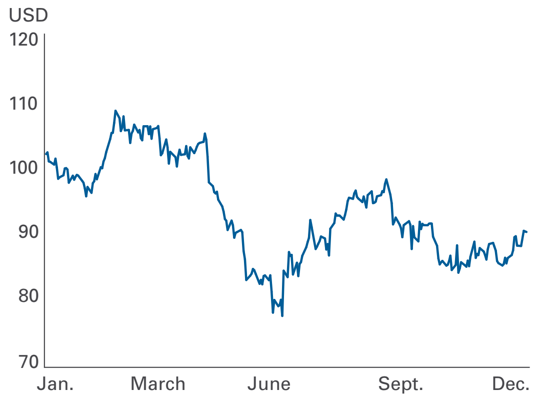
Changes in the EUR/USD exchange rate in 2012



Souce: Oanda, January 2013

Oil prices interrupted their general upward trend in the period under review. Following the easing of political conditions in the Arab region and against the backdrop of sustained attempts to tap unconventional sources in North America, the price of oil dropped to just under USD 77.70 per barrel at the end of June. As the year progressed, it picked up again at times but remained consistently below USD 100 per barrel in the second half of the year. At the end of the year, it was trading at USD 90.80 per barrel and, hence, a good 8% down on the previous year (31 December 2011: USD 98.80).

Price of Brent crude oil in 2012



Souce: NYSE, January 2013

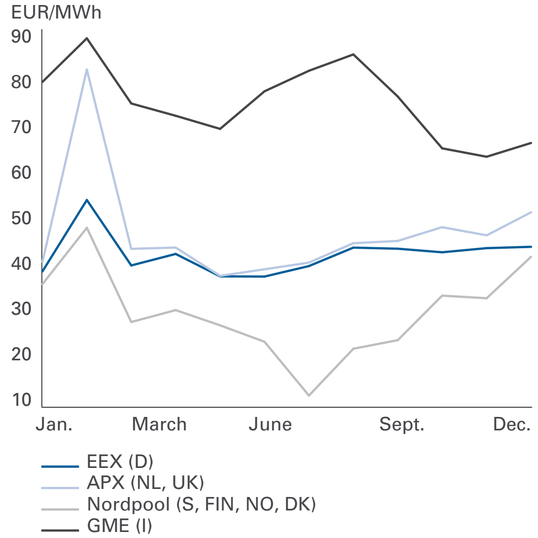
Trends in gas prices largely mirrored those in oil prices in 2012. According to the German Federal Office of Economics and Export Control (BAFA), the cross-border price of gas initially stood at EUR 3.07 ct/kWh at the beginning of the year but declined in the course of the year. At the end of the year, it amounted to EUR 2.90 ct/kWh, down around 3.7% on the previous year (December 2011: EUR 3.01 ct/kWh). In the United States, where the price of gas is not tied to oil, a different situation arose due to the fundamental changes in the market caused by intensified fracking efforts to tap sources of shale gas. In April, gas at the Henry Hub pricing point initially reached a new multi-year low of 1.98/MMBTU (BTU = British thermal unit). However, it picked up again towards the end of the year as a number of reserves did not contain the forecast volumes and the supply of gas from conventional sources was capped. The price ultimately reached USD 3.47/MMBTU, up 16% on the previous year (USD 3.00/MMBTU).

EU emission certificates continued to drop in price in the year under review due to pressure from sustained surplus supply in the wake of the cyclically induced decline in demand. Thus, the price of a European Union Allowance (EUA) providing for entitlement to emit one ton of CO_2 slid by a good 17% from EUR 7.82 to EUR 6.45.

Electricity prices moved disparately in Europe in the individual wholesale markets in 2012. The highest prices were again recorded on the Italian electricity exchange Gestore Mercati Energetici (GME), where the monthly baseload prices were well above EUR 60/MWh in the period under review, although they dropped by just under 16% year on year to EUR 66.99/MWh on account of the muted economic conditions in Italy. The electricity exchange in the Netherlands (Amsterdam Power Exchange – APX) closed at EUR 52.13/MWh, up 14% on the previous year (December 2011: EUR 45.60/MWh). At the main Central European exchange, European Power Exchange (EEX) in Leipzig, the closing price for the year stood at EUR 45.07/MWh, 5% higher than at the end of the previous year (December 2011: EUR 42.90/MWh). Electricity prices on the Scandinavian wholesale market Nordpool were very volatile in the course of the year, hitting a multi-year low of EUR 13.70/MWh in the summer on account of more muted demand, mild temperatures and high hydropower capacity. However, they rebounded to EUR 42.94/MWh by the end of the year, a good 27% up on the previous year (December 2011: 33.74 EUR/MWh).

Electricity prices in the main wholesale markets and exchanges in the United States were consistently down – aside from seasonal spiking – and oscillated in a range between USD 22.56/MWh (Mid-Columbia market, west coast) and USD 46.57/MWh (New York market, east coast). Thus, discounts of a minimum of 15% compared with the previous year were seen on prices in the spot markets. The decline was particularly pronounced at the ERCOT pricing point in Texas, with prices tumbling to 43% to just under USD 35.91/MWh. Aside from low gas prices, this was due to muted economic momentum and milder temperatures compared with the previous year.

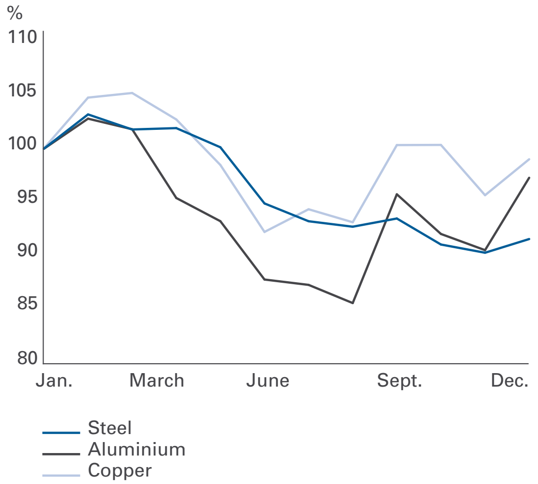
Development of electricity prices in Europe in 2012



Sources: EEX, APX, Nordpool, GME, January 2013

Prices of industrial metals declined by 5% to 15%, depending on the type of metal, as of summer 2012. Yet, whereas the price of steel (London Metal Exchange – LME Global Billet) saw the year out at USD 721 per ton and was, hence, around 8% down on the price at the beginning of the year, aluminium (USD 2,087 per ton) and copper (USD 7,963 per ton) came close to returning to the levels at which they had entered the year.

Development of metal prices in 2012



Sources: Westmetall; MEPS, January 2013

According to the German Engineering Federation (VDMA), sector sales continued to grow thanks to amply filled order books. Although momentum weakened on a broad front compared with 2011, preliminary VDMA figures point to an aggregate increase of around 3%. The German Federal Economics Ministry reports that German exports were also a good 4% up on the previous year. The main customers of the German mechanical and plant engineering industry were based in Europe, which accounted for more than 53% of business, followed by China (16.1%) and North America (10.5%).

In the period under review, order intake contracted by 3% in the German mechanical and plant engineering industry, with domestic demand shrinking by 8% and orders from the Eurozone down 3%. This decline was particularly due to muted business in the first half of the year; by contrast, foreign orders were up 4% on the previous year in the fourth quarter.

Conditions in the wind power industry

Sales of wind power systems reached new records in 2012. According to the Global Wind Energy Council (GWEC) and the European Wind Energy Association (EWEA), total capacity of around 45.0 GW was installed worldwide, equivalent to an increase of 11% over the previous year's figure of 40.6 GW. Whereas the Asian market shrank by just under 25%, Europe (up 24%) and particularly America (up 79%) – spurred by record installations in the United States – grew sharply. The onshore segment continued to dominate, accounting for more than 97% of new installed capacity.

As in the previous year, China and the United States were by far the most important markets in 2012.

With new installations of 13.2 GW (2011: 17.6 GW), China was again the dominant market in Asia, contributing around 84% to the regional market. The second largest market was India with an installed capacity of 2.3 GW (2011: 3.0 GW); by comparison, capacity of only slightly more than 200 MW was installed in the other markets such as Japan, Pakistan and South Korea.

A good 5% of the wind power systems assembled by Nordex in the year under review was for the Asian market.

In America, the US market in particular experienced a record year, with installed capacity almost doubling to 13,124 MW (2011: 6,810 MW). At 8,380 MW, more capacity was installed in the fourth quarter alone than in the entire year in 2011. New installations concentrated on 26 states, resulting in an increase in cumulative installed capacity to over 60,000 MW. The reason for this massive increase was the expiry of the government funding programme at the end of the year under review. In addition to the United States, substantial new wind power capacity was installed in Brazil (1,077 MW; 2011: 583 MW), Canada (935 MW; 2011: 1,257 MW) and Mexico (801 MW; 2011: 50 MW).

Nordex assembled just under 24% of its wind power systems in the United States in 2012.

In Europe, total new wind power capacity amounted to 12.7 GW. With a share of just under 92%, the onshore segment remained the dominant technology in Europe, accounting for total capacity of 11.6 GW.

In Germany, the market for wind power systems widened by 17% to 2,439 MW (2011: 2,086 MW), making it the largest single market in Europe in the period under review. Onshore systems dominated here as well with a share of 97% of total new capacity. The greatest increases in new capacity were registered in the German states of Lower Saxony (361 MW), Schleswig-Holstein (333 MW) and Mecklenburg-West Pomerania (308 MW). All told, there are currently over 23,000 wind power systems with a combined capacity of 31,332 MW in operation in Germany; of these more than 99% are onshore systems.

In the period under review, other European "gigawatt" markets with an installed capacity of more than 1,000 MW were the United Kingdom (1,897 MW, including onshore capacity of 1,043 MW; up 46.1% on the previous year), Italy (1,273 MW; up 16.8% on the previous year) and Spain (1,122 MW; up 6.9% on the previous year).

Year-on-year growth in new installations was also registered in Nordex's focus markets of Romania (923 MW; up 78%), Poland (880 MW; up 102%), Sweden (846 MW; up 12%) and Norway (166 MW; up 68%).

Whereas Turkey was relatively stable compared with the previous year with new installed capacity of 506 MW (up 6%), new installations were down in France (757 MW; down 8.8%), Portugal (145 MW; down 57%) and Ireland (125 MW; down 39.9%).

Accounting for around 71% of total new capacity (2011: 72%), Europe was again Nordex's most important market in 2012.

Breakdown of the wind power market in 2012

Region/country	New installed capacity (MW) in 2012	New installed capacity (MW) in 2011	Change %
America	16,085	8,979	+79.1
Asia	15,750	20,929	–24.7
Europe	12,744	10,281	+24.0
Others	460	374	+23.0
Total	45,039	40,564	+11.0
China	13,200	17,631	–25.1
United States	13,124	6,810	+92.7
Germany	2,439	2,086	+16.9
UK	1,897	1,298	+46.1
Italy	1,273	1,090	+16.8
Spain	1,122	1,050	+6.9

Source: GWEC, February 2013

Top 5 new installed capacity in 2012

Country	Share of the global market %
China	30
United States	29
Germany	6
India	5
UK	4

Source: GWEC February 2013

TOP 5 cumulative capacity in 2012

Country	Share of the global market %
China	27
United States	21
Germany	11
Spain	8
India	7

Source: GWEC, February 2013

According to research institute Bloomberg New Energy Finance (BNEF), funding volumes in the renewable energies segment were down in the year under review. Investments came to USD 269 billion, roughly

11% less than in the record year of 2011 (USD 302 billion). In addition to low gas prices in the United States, this decline was chiefly precipitated by persistent uncertainties surrounding regulatory conditions in the markets as well as the challenging conditions in the international financial markets. Consequently, funding volumes contracted in the United States, France, Italy and Germany in particular but rose significantly in some cases in China, the United Kingdom and South Africa. With the exception of small hydropower stations (< 50 MW), all forms of renewable energies came under pressure from the lower funding volumes. Funding volumes in the wind sector contracted by 13% to USD 78.3 billion (2011: USD 90 billion) for volume and price-related reasons.

The global climate conference held in Doha at the end of 2012 did not generate any fundamentally new impetus for climate policy. The Kyoto Protocol, which defines binding goals for the reduction of emissions of harmful gases, was renewed until 2020 in December 2012 by 37 industrialised nations, whereas Russia, Canada, Japan and New Zealand will no longer be participating in the second commitment period. In the long term, a climate protection treaty is to be signed by all nations. Negotiations on this treaty are to be completed by 2015 so that it can take effect in 2020 at the latest. Preliminary negotiations will be commencing at the follow-up conference, which will take place in Warsaw in November 2013.

Nonetheless, the underlying political conditions for extensions to renewable energies, particularly wind power as a technology on the threshold of grid parity, are still favourable. On the one hand, this is due to energy policy factors, specifically the protracted growth in demand for energy combined with the medium to long-term trend of rising costs for fossil fuels. On the other, climate policy goals in Europe in particular are driving this development. However, the prospects vary according to region – not least of all due to tight public-sector budgets and challenging conditions in the financial markets.

In Asia, China, which is the world's largest market, is dominating demand for facilities for producing electricity from renewable sources. Under the current five-year plan, 15% of the country's power requirements are to be covered by renewable energies by 2020, with wind power to play a crucial role in this respect; consequently installed wind power capacity is to be increased to over 100 GW by 2015 alone. The focus is increasingly being placed on availability and grid stability to heighten the reliability of the currently overloaded electricity grid. One of the greatest challenges which China continues to face is the connection of installed capacity to the electricity grid. Thus, according to BNEF, wind power capacity of 15 GW, equivalent to 20% of total output, has not yet been connected to the electricity grid. In addition to China and India, which is also difficult for European producers to access, a number of countries have created incentives to drive the expansion of wind power. Following on from Pakistan, Japan and the Philippines implemented attractive feed-in tariffs in the period under review, while similar steps are planned in the near future in Thailand and Vietnam on the basis of the growth targets which have been adopted.

In America, the United States is the most important market in spite of the absence of any nationwide parameters for renewable energies. Roughly half of the 50 US states have adopted goals for expanding production capacity based on renewable energies; at the same time, support was provided by the federal government in the form of production tax credits (PTC) up until the end of 2012. This nationwide incentive system consists of a tax credit on the proceeds earned from marketing "green" electricity. The PTC system formally expired at the end of the period under review but was renewed early in the new year, offering tax credits for wind farms construction of which commences in 2013. Alongside the United States, Canada as well as the countries of Central and Latin America are important markets. Whereas Canada – like the United States – has various incentive schemes at the federal level, the countries of Central and Latin America – such as the promising new market of Uruguay – utilise largely public tender processes for renewable energy production as an incentive system. In some cases, these are tied to stringent local manufacturing content requirements, resulting in corresponding barriers to market entry.

The 27 countries of the European Union are still committed to lowering emissions by 20% relative to 1990 levels by 2020 in accordance with a corresponding EU directive. Moreover, the EU Energy Roadmap 2050 stipulates that 75% of gross final energy consumption and 97% of electricity consumption is to be covered by renewable sources by 2050.

However, the targets defined by the individual countries vary in terms of their ambitiousness depending on local energy policy structures and existing production capacity. In Germany, renewable energies are to contribute at least 35% to gross power consumption by 2020, with this figure to grow incrementally to at least 80% by 2050. The main instrument being applied to achieve these goals is the Renewable Energies Act, which is to be amended over the next few years, however. The Renewable Energies Act guarantees a fixed feed-in tariff per kilowatt/hour of electricity generated for a period of 20 years. The feed-in remuneration system has also been successfully implemented in other key markets addressed by Nordex such as France, Turkey, Finland and Ireland, although there is some variation in the amount of the tariffs and the remuneration period. In Turkey, remuneration is tied to local manufacturing content requirements. Feed-in remuneration was suspended in the period under review in Spain and Portugal, two countries affected particularly severely by the financial market crisis.

In other key European markets addressed by Nordex such as Sweden, Norway, the United Kingdom, Poland and Romania, government support takes the form of trade in “green certificates”. Under this scheme, plant operators generate income from selling electricity in the wholesale markets or to grid operators as well as from trading in these certificates. As the volume of certificate units allocated is to be reduced in the United Kingdom in 2013 and operators were anxious to benefit from the advantageous conditions while they could, business in this market picked up appreciably. Similar trends were also seen in the Italian market, where a decision was made in 2012 to adopt an auction process and to impose caps on individual types of renewable energy production. Looking forward, this will reduce market potential to around 700 MW per year (2012: 1,273 MW).

Finally, in South Africa, which Nordex has allocated to its EMEA (Europe, Middle East, Africa) sales region, renewable energy projects are being awarded in public tendering processes. In addition to industry-policy factors, contracts are particularly awarded on the basis of low electricity production costs. Nordex was awarded firm contracts for two projects entailing a total volume of 180 MW in the year under review from the two tendering processes so far executed and is currently preparing for participation in the next round of tenders.

Nordex Group's business performance

At 919.7 MW, the turbine capacity installed by Nordex in 2012 was roughly 5% lower than in the previous year (969.9 MW). This slight decline was primarily due to project postponements as a result of delays in the delivery of components, particularly externally sourced rotor blades.

Of this, Europe accounted for 71% or 651.1 MW (2011: 697.9 MW), the United States for 219.1 MW (2011: 147.5 MW) and Asia for 49.5 MW (2011: 124.5 MW). Accordingly, installations were down in Europe by 6.7% and in Asia by 60.2% but rose by 48.5% in the US market.

A total of 394 wind power system were assembled, i.e. just under 6% fewer than in 2011 (418). Accounting for 81% of installed capacity, multi-megawatt turbines played a dominant role. Average capacity per installed turbine exceeded 2.3 MW.

The largest single market in the core European region was the United Kingdom with an installed capacity of 117.2 MW (2011: 46 MW). Nordex also achieved growth in installations in Germany, Sweden and Italy. Volumes largely remained steady in Ireland, Belgium and Spain but were lower in Turkey, France and Poland.

What is more, the Nordex Group was able to complete a substantial volume of installations in Norway again after several years of abstinence. Following the successful start-up of the Midtfjellet 52.5 MW wind farm, Nordex holds just under 32% of that market. According to the figures published by the EWEA (European Wind Energy Association), Nordex also achieved double-digit market share in Ireland (36%), Belgium (16%), the United Kingdom (11%), Turkey (11%) and Sweden (10%).

Installed capacity of Nordex turbines

	2012 MW	2011 MW
United States	219.1	147.5
UK	117.2	46.4
Germany	86.4	77.4
Sweden	80.0	37.5
Italy	77.5	66.5
France	62.5	85.0
Turkey	57.5	170.0
Norway	52.5	0
Pakistan	49.5	0
Ireland	45.0	42.5
Spain	35.0	32.5
Poland	20.0	42.5
Belgium	17.5	12.5
China	0	124.5
Greece	0	37.5
Romania	0	20.0
Portugal	0	15.0
Netherlands	0	12.6
Total	919.7	969.9

In the period under review, the Nordex Group's production output increased in both the turbine assembly and rotor blade production areas. Turbine assembly dominated in the second half of the year in particular, contributing 63% to total production. This was materially due to the adoption of assembly close to the site, resulting in lower inventories and, hence, reduced working capital requirements.

At 909 MW, turbine production was up 16.7% on the previous year (2011: 779 MW). The bulk, namely 695 MW (2011: 497.5 MW), originated in the main production facility in Rostock, whereas the plants in the United States (176.5 MW; 2011: 212.5 MW) and in China (37.5 MW; 2011: 69 MW) operated substantially below capacity at times.

Rotor blade production widened by a total of just under 19% to 257.5 MW (2011: 216.5 MW). Although the main focus in the fourth quarter of 2012 was to tool the Rostock plant for internal production of the NR 58.5, output more than doubled compared with the previous year's low level (2011: 118.5 MW). On the other hand, production at the Chinese rotor blade facility came to a halt in the year under review. This, among other things, prompted management to discontinue production activities in Dongying in the fourth quarter of 2012. Going forward, rotor blade requirements in Asia will be sourced externally.

Output

	2012 MW	2011 MW
Turbine production	909.0	779.0
of which Europe	695.0	497.5
of which United States	176.5	212.5
of which China	37.5	69.0
Rotor blade production	257.5	216.5
of which Europe	257.5	118.5
of which China	0	98.0

Consolidated sales rose by 17.3% in 2012 to EUR 1,075.3 million (2011: EUR 916.8 million). This was materially due to the substantially higher order books of EUR 698 million (2011: EUR 411 million) with which Nordex had entered 2012 together with the strong growth in order receipts during the year particularly in Europe.

Europe was the only region to achieve significant growth, namely 28% to EUR 868.9 million (2011: EUR 678.6 million). Sales in America remained steady, standing at EUR 191.6 million at the end of the year, down just under 5% on the previous year (EUR 200.7 million). A further decline was sustained in Asia. Sales in this region amounted to only EUR 14.8 million chiefly as a result of the continuing access restrictions to the Chinese market. Consequently, sales in this segment fell short of the previous year by 61% (2011: EUR 37.5 million).

Sales by segment

	2012 EUR million	2011 EUR million
Europe	868.9	678.6
America	191.6	200.7
Asia	14.8	37.5
Total	1,075.3	916.8

Turbine construction accounted for 86% (2011: 89%) of total sales, while service business expanded by a disproportionately strong 26% to EUR 119.0 million (2011: EUR 94.8 million), contributing more than 11% (2011: 10%) to total sales.

Order intake

Order intake in 2012 expanded by a further 14.6% over the previous year to EUR 1,268.4 million (2011: EUR 1,107 million), thus exceeding the previous all-time high of EUR 1,220 million which Nordex had recorded in 2007 prior to outbreak of the financial market crisis. In the fourth quarter of the year alone, Nordex registered new orders worth EUR 628.6 million (fourth quarter of 2011: EUR 403 million). As a result, Nordex was able to outperform general sector trends, which according to the figures release by listed peers and the analysts of various banks produced substantial double-digit declines in some cases.

New business in Europe rose by 15.3% to EUR 967.2 million (2011: EUR 856.1 million). Including the South African market, which is included in this region for sales and marketing purposes, order intake in the EMEA region amounted to EUR 1,192.2 million, up 41.6% on the previous year. In addition to South Africa, this renewed growth was materially underpinned by order intake in the United Kingdom and Ireland, Germany, Turkey and Eastern Europe.

Business in Europe and Africa (EMEA) is divided into four sales regions: Germany, EMEA North, EMEA East and EMEA South. Nordex expanded in all regions – in some cases sharply – particularly thanks to demand for the multi-megawatt turbines N100/2500 and N117/2400.

The revised sales strategy and the marketing of the N117/2400 low-wind turbine caused orders in the domestic German market to rise by just under 60% to EUR 181.4 million (2011: EUR 113.8 million). In EMEA North, new business strengthened in the United Kingdom and Ireland in particular; in addition, a firm contract was signed for the first 21.6 MW project under a major master contract (providing for up to 111 turbines) in Finland shortly after Nordex entered this market. On the other hand, there was no new business in Sweden, although Nordex is currently working on the completion of a complex major project in that market. In EMEA East, Nordex is concentrating on the markets of Poland and Romania and was able to increase order volume in both countries more than threefold. In EMEA South, markets such as Italy, Spain and Portugal are affected to an above-average degree by the sovereign debt crisis, something which is reflected in the declining order receipts from these countries. However, the French market also contracted by just under 10% over the previous year (EUR 113.7 million) to EUR 102.6 million due to the temporary suspension of feed-in tariffs. On the other hand, business in Turkey recovered substantially after a relatively weak previous year (2011: EUR 37.7 million), rising to EUR 143.9 million. As the South African market, in which orders came to EUR 225 million, is also included in EMEA South, this segment accounted for over 60% of total EMEA orders.

Business in America was dominated by discussion surrounding the renewal of the incentive programmes (ITC cash grants/PTCs). The resultant uncertainty meant that Nordex was unable to generate any new business in the US market. Although it entered the Uruguay market in the period under review, order volumes in America contracted sharply to EUR 56.9 million, down 75% over the previous year (2011: EUR 231 million).

At EUR 19.2 million in the year under review (2011: EUR 20.1 million), order intake in Asia was down 4.5% from the previous year and remained at a very low level. As it remains very difficult for western producers who do not have any local partners to enter the Chinese market, Nordex has scaled back its capacities in China and is now increasingly focusing on neighbouring markets such as Pakistan, the Philippines and Thailand.

Order intake by region

	2012 EUR million	2011 EUR million
Europe/Africa (EMEA)	1,192	856
of which UK/Ireland	250	136
of which South Africa	225	0
of which Germany	181	114
of which Turkey	144	38
of which France	103	114
America	57	231
Asia	19	20
Total	1,268	1,107

At 1.18, the book-to-bill ratio remained at a similarly favourable level as in the previous year (2011: 1.20) and is an indicator of further growth.

At the end of the year under review, the firm order backlog amounted to EUR 1,049 million, up a substantial 50.3% over the previous year (2011: EUR 698 million).

Nordex had gained further conditional contracts valued at EUR 1,367 million (2011: EUR 1,338 million) as of the reporting date. These contingent orders comprise delivery contracts or framework contracts which do not yet satisfy all criteria for immediate commencement. At EUR 2,416 million, order books were up more than 18% on the final day of the previous year (31 December 2011: EUR 2,038 million), providing Nordex with a good visibility for planning its business in 2013.

Business performance of the parent company Nordex SE

In its function as the Group parent, Nordex SE is the holding company. One of Nordex SE's key tasks is to finance the Group companies by providing cash and guarantees. In addition to this, it provides management services for various subsidiaries in the areas of financing, communications, law and IT. Nordex SE has entered into profit transfer agreements with Nordex Energy GmbH as the main German Group company as well as Nordex Grundstücksverwaltung GmbH and Nordex Windparkbeteiligung GmbH as further German Group members.

In the year under review, Nordex SE's sales declined by 18.2% to EUR 29.2 million (2011: EUR 35.7 million). Staff costs dropped by 37% to EUR 9.7 million (2011: EUR 15.4 million). Other operating income net of other operating expense amounted to EUR 22.5 million, slightly higher than in the previous year (2011: EUR 21.3 million). Generally speaking, these figures reflect the 23% reduction in group functions and the reduced number of Management Board members.

A loss from ordinary business activities of EUR 25.6 million (2011: loss of EUR 46.4 million) was recorded, with the net loss for the year amounting to EUR 25.8 million (2011: EUR 48.5 million). Adjusted for the net loss allocated to the share premium, Nordex SE's equity was reduced from EUR 277.2 million (31 December 2011) to EUR 251.4 million (31 December 2012). Total assets fell to EUR 548.6 million (31 December 2011: EUR 580.9 million); the equity ratio stood at 45.8% at the end of the year (31 December 2011: 47.7%).

Results of operations/earnings situation

The Nordex Group's total revenues rose by 19% in 2012 to EUR 1,100.9 million (2011: EUR 924.6 million). Despite the postponement of a number of European projects due to delays in the delivery of externally sourced components, this growth was achieved on the strength of the substantially larger order backlog of EUR 698 million at the beginning of 2012.

The Group's earnings came under pressure in the year under review due to the increase in the cost of materials ratio to 78.6% (2011: 74.7%). With its "n-ergize" cost-cutting programme, Nordex has been able to lower its product costs. This applies, for example, to the cost of materials of the multi-megawatt systems which have been in series production for quite some time as well as production costs, which have been reduced thanks to lower turnaround times. On the other hand, the Company sustained unscheduled cost overruns in the year under review as a result of delivery delays and quality shortcomings in externally sourced components such as rotor blades and towers.

Structural costs before depreciation dropped by 3.2% to EUR 227.4 million (2011: EUR 235.0 million). At the same time, other operating expenses net of other operating income dropped by EUR 1.3 million and staff costs by EUR 6.3 million. The decline in staff costs is chiefly due to the reorganisation of the European region which had been initiated in the previous year and took effect in the year under review.

Structural costs (before depreciation)

	2012 EUR million	2011 EUR million
Staff costs	140.2	146.5
Other operating expense net of other operating income	87.2	88.5
Total	227.4	235.0

Unsatisfactory capacity utilisation of some of the Company's structures and the necessary reorganisation of the Nordex companies in the United States and China resulted in impairments of EUR 38.8 million on property, plant and equipment and intangible assets. All told, depreciation and amortisation thus rose by EUR 42.8 million to EUR 69.2 million (2011: EUR 26.4 million).

The reorganisation led to additional non-recurring expense of EUR 36.2 million. Further details can be found in the notes to the consolidated financial statements.

All told, earnings before interest, taxes, discontinued operations and non-recurring expense amounted to EUR 14.0 million (2011: loss of EUR 7.6 million), equivalent to an EBIT margin of 1.3%. This performance was in line with the guidance published by the Management Board in autumn 2012.

A loss of EUR 61.1 million (2011: EUR 27.0 million) was sustained before interest and taxes and was chiefly underpinned by the business units in China and the United States. At the same time, Nordex substantially improved its earnings in the Europe segment before consolidation effects. On the other hand, the Asia and America segments incurred high double-digit losses.

Net financial expense widened by 31.9% from EUR 18.2 million in the previous year to EUR 24.0 million due to financing costs in connection with the renewal of the credit facilities and the increased interest expense on the bond issued in April 2011, which had its first full year impact. A loss from ordinary business activities of EUR 85.1 million (2011: EUR 45.2 million) was recorded.

The discontinued rotor blade production activities in China, which can no longer be operated viably for the foreseeable future due to insufficient capacity utilisation, accounted for a consolidated loss of EUR 6.5 million. In the interests of comparability, Chinese rotor blade production has been eliminated from the corresponding figures for 2011.

After tax expense of just under EUR 2.8 million (2011: EUR 1.8 million), consolidated net loss for the year amounted to EUR 94.4 million (2011: EUR 49.5 million). This translates into a loss per share of EUR 1.28, compared with a loss per share of EUR –0.67 in 2011.

Non-recurring expense arising from structural adjustments in the United States and China

Non-recurring expense caused by low capacity utilisation in the United States and China totalled EUR 75.0 million and breaks down by region as follows: EUR 44.8 million in the United States and EUR 30.2 million in China. The bulk of this expense was accounted for by extraordinary writedowns on the plants in Jonesboro (United States), Dongying and Yinchuan (both China) and amounted to a combined amount of EUR 38.8 million. Expense of EUR 20.5 million was accounted for by changes in inventories and cost of materials due to adjustments made to inventories. Provisions of EUR 10.5 million for possible reorganisation risks were set aside to cover other operating expenses. Staff costs of EUR 1.6 million were recognised for settlements for employees who were laid off as a result of the reorganisation.

Comparison of actual and forecast business performance

In its forecasts of April and May 2012, the Management Board had indicated an increase in sales to EUR 1.0–1.1 billion and a rise in order intake in the same range. It has also forecast increased profitability (EBIT margin of between 1% and 3%) and net cash inflow from operating activities.

The Nordex Group's Management Board largely reaffirmed this guidance when it presented the figures for the first half of the year in August 2012, stating that sales would come in at the upper end of the forecast range.

Given the postponed projects caused by delays in the deliveries of externally sourced towers and rotor blades, the earnings forecast was pushed down to the lower edge of the range last November, translating into guidance of an EBIT margin before non-recurring effects of 1%. At the same time, the Management Board confirmed its expectation that order intake would reach the upper end of the forecast range, i.e. EUR 1.1 billion.

Nordex SE ultimately achieved sales of EUR 1,075.3 million in 2012, order intake of EUR 1,268.4 million and a net cash inflow from operating activities. In this respect, it matched the Management Board's guidance and, in the case of new business, exceeded it by more than 15%. The loss of EUR 61.1 million at the EBIT level is due to non-recurring expense in connection with the reorganisation of operations in America and China. Adjusted for the corresponding expense item of EUR 75.0 million, operating earnings from continued operations amounted to EUR 14.0 million, translating into an EBIT margin of 1.3% and thus matching the Management Board's expectations.

Segments

The Nordex Group's segments comprise the regions Europe/Africa (EMEA), Asia and America.

Europe/Africa is currently Nordex's largest segment in terms of sales. For this reason, the European countries (including Turkey) and Africa (particularly South Africa) are additionally sub-divided into four sales regions (North, South, East, Germany) as well as focus markets and high-potential markets. In this way, Nordex is able to respond to the individual regulatory environment and energy policies in these countries, while concentrating on high-volume and high-growth markets as well as customers in various investor classes with attractive project portfolios.

The American and Asian markets are being addressed selectively. In the period under review, the US market, which was characterised by sharp expansion ahead of the expiry of the incentive schemes, was supplied by the local production facility in Jonesboro (Arkansas). Although the United States was Nordex's largest market in 2012 in terms of installation volumes (219.1 MW), no new orders at all were received in this market due the protracted uncertainty surrounding the conditions for government funding. As there is no evidence pointing to any material recovery in the market in the foreseeable future likely to lead to significant order intake, the Management Board has adopted measures to adjust capacities accordingly. The same thing applies to China. Although China remains the world's largest wind power market, it is virtually inaccessible to western producers; accordingly, no new Nordex wind power systems were assembled in this country in the year under review. Pakistan was the only country in the Asia segment in which Nordex installed new wind power systems (capacity of 49.5 MW). Contingent orders for a further 250 MW have already been received in this growth market.

Sales performance varied from segment to segment last year, reflecting the regional focus of Nordex's new strategic orientation. Boosted by the improved order situation, sales in Europe rose by 28% over the previous year to EUR 868.9 million (2011: EUR 678.6 million). After doubling in the previous year, sales in America contracted by around 5% to EUR 191.6 million (2011: 200.7 million). Asian sales were down 61% on the previous year, amounting to EUR 14.8 million (2011: EUR 37.5 million).

Financial condition and net assets

The paramount goals of financial management at the Nordex Group are to secure liquidity, protect its credit rating and ensure access to the necessary funding. Key financial metrics used for achieving this include working capital and the equity ratio.

In contrast to 2011, Nordex SE did not raise any equity capital in the year under review. The reorganisation of the Group resulted in impairments and non-recurring expense of EUR 75.0 million in connection with the production facilities in the United States and China with a corresponding effect on Nordex SE's equity.

Accordingly, equity contracted by EUR 97.4 million or 25.9% to EUR 279.2 million (2011: EUR 376.6 million). As total assets simultaneously rose by just under 4% to EUR 1,066.0 million (31 December 2011: EUR 1,029.0 million), the equity ratio stood at 26.2% as of the reporting date (31 December 2011: 36.6%). Cash and cash equivalents climbed by 29.6% to EUR 274.8 million (31 December 2011: EUR 212.0 million) thanks to disciplined working capital management in 2012 together with stronger new business and – particularly in the final quarter of the year – corresponding receipts of prepayments.

The completion and invoicing of numerous projects in the fourth quarter led to a slight decline in inventories to EUR 224.3 million (31 December 2011: EUR 227.4 million). Trade receivables and future receivables from construction contracts dropped by EUR 14.2 million or roughly 5% to EUR 245.9 million (31 December 2011: EUR 260.1 million). All told, current assets rose by EUR 53.6 million or 7.1% to EUR 813.8 million (31 December 2011: EUR 760.2 million). On the other hand, trade payables climbed by 72.7% to EUR 189.4 million (31 December 2011: EUR 109.7 million).

A material shift in the items of the balance sheet arose in connection with the recognition of the corporate bond of EUR 155.1 million (book value plus accrued interest as of 31 December 2012). Issued in 2011, the bond had been reported within current liabilities in the previous year's balance sheet due to the credit negotiations which had been ongoing at that time. In the year under review, the bond was assigned to non-current financial liabilities, which therefore rose from EUR 14.8 million to EUR 168.5 million. The opposite effect arose in the current financial liabilities, which were reduced from EUR 175.0 million to EUR 22.8 million. Following the utilisation of a contractually agreed one-year option, Nordex extended the expiry date of the credit facility in the period under review. In this connection, it was reduced by EUR 25 million to EUR 475 million.

All told, net liquidity stood at EUR 29.6 million at the end of the year under review (31 December 2011: net debt of EUR 54.0 million).

Bank borrowings (including interest) of the Nordex Group

	Up to 3 months EUR million	3 to 12 months EUR million	1 to 5 years EUR million	More than 5 years EUR million
2012	15.6	14.3	28.1	0.0
2011	68.9	14.6	0.0	0.0

Further disclosures on liabilities to banks can be found in the notes to the consolidated financial statements. 86

In the period under review, the Nordex recorded a net cash inflow from operating activities of EUR 141.1 million (2011: net cash outflow of EUR 47.3 million). The significant improvement resulted from improvements in working capital management and prepayments received from the sharp increase in order intake in the fourth quarter of the year. Net cash outflow from investing activities contracted by EUR 11.7 million to EUR 56.1 million in the year under review (2011: net outflow of EUR 44.4 million). Net cash outflow from financing activities stood at EUR 21.0 million as of the reporting date, thus marking a significant reversal of the previous year's net inflow of EUR 160.4 million which resulted from an equity issue and the issue of a bond.

Working capital dropped significantly in the period under review from EUR 255.4 million to EUR 93.5 million, translating into a working capital ratio of 8.7%, down from 27.9% in 2011. In addition to increased sales, this reflects the effects of disciplined working capital management. Inventories were largely unchanged despite the greater order intake and production output.

Changes in cash and cash equivalents amounted to EUR 64.0 million (2011: EUR 68.7 million). The Nordex Group was able to satisfy its payment obligations at all times in the period under review.

Management assessment of the Company's economic performance

In the year under review, the Nordex Group's sales exceeded the EUR 1,000 million mark again for the first time since 2009, reaching EUR 1,075.3 million at the end of the year (2011: EUR 916.8 million). The main driver was the higher order backlog with which the Company had entered the year under review together with strong demand during the year. What is more, key large-scale projects were completed on schedule, whereas the delivery delays tended to impact smaller and mid-size projects. Regionally, European business was more than sufficient to offset the slightly lower sales in America and the sharp decline in business in Asia.

Operating earnings before non-recurring expenses were again affected by the slightly weaker but still persistent pressure on prices in the wind power industry as well as project execution problems caused by delays on the part of individual suppliers and quality shortcomings. Even so, the EBIT margin widened due to the greater business volume and in some cases improved margins on projects, amounting to EUR 14.0 million before exceptional expenses (2011: loss of EUR 7.6 million). Nordex wants to additionally reinforce its earnings position by means of structural adjustments to its operations in United States and China low capacity utilisation at these facilities and low visibility with respect to future market conditions have prompted management to undertake substantial reorganisation. As it was not possible to establish a partnership with a local company to address the Chinese market in 2012, the rotor blade production facility in Dongying was closed. Further reorganisation measures will be targeted at the plants in Yinchuan (China) and Jonesboro (United States). All told, non-recurring reorganisation expense amounted to EUR 75.0 million.

The Nordex Group did not raise any equity capital in the period under review but did commence negotiations on the renewal and restructuring of its syndicated credit facility at an early stage.

Capital spending

In the year under review, capital spending by the Nordex Group amounted to a total of EUR 58.5 million (2011: EUR 46.1 million). Of this, just over half, namely EUR 31.8 million (2011: EUR 27.1 million) was for intangible assets, which thus rose by some 17% over the previous year.

Capital spending

	2012 EUR million	2011 EUR million	Change %
Property, plant and equipment	26.7	19.0	40.5
Intangible assets	31.8	27.1*	17.3
Total	58.5	46.1	26.9

*In the previous year, development expense of EUR 6.3 million for an offshore turbine had not been capitalised.

The bulk of the intangible assets of EUR 29.7 million was accounted for by capitalised development expense. Accordingly, capitalised research and development expense was up 26.8% on the previous year, reflecting the key importance with Nordex attaches to developing new products and enhancing existing ones. Other additions to intangible assets – e.g. software and licenses – were valued at around EUR 2.1 million (2011: EUR 2.0 million).

Spending on property, plant and equipment amounted to EUR 26.7 million in the year under review and was thus 40.5% up on the previous year (2011: EUR 19.0 million). Within property, plant and equipment, the greatest proportion was accounted for by technical equipment and machinery (EUR 13.7 million; 2011: EUR 8.3 million), followed by other equipment and business and operating equipment (EUR 7.4 million; 2011: EUR 6.6 million), land and buildings (EUR 3.4 million; 2011: EUR 0.7 million) and prepayments made and assets under construction (EUR 2.2 million; 2011: EUR 3.4 million).

Most of the capital spending on technical equipment and machinery was channelled into the German production facilities (EUR 10.0 million), specifically the rotor blade production facility in Rostock. After commencing work on converting part of the production for the carbon-fibre-reinforced rotor blade NR 58.5 in the previous year, Nordex completed these activities in the period under review. Moreover, a further EUR 3.7 million was spent on further capacity for the production of the NR 58.5 on the part of a supplier. Moreover, work commenced on preparing the Rostock facility for the assembly of the new Delta turbine platform. A sum of EUR 2.2 million was particularly also spent in 2012 in the engineering area on the construction of and extensions to the Company's own testing facilities.

The other items were accounted for by equipment and tools for project management and service.

Research and development

As of the reporting date, Nordex had 420 employees (2011: 419 employees) in all engineering and project management areas around the world (Central Engineering, Advanced Development, Technical Support, Operational Engineering and Product Line Management) responsible for all aspects of wind power technology from basic research through to product and process development as well as product management. As of the reporting date, Engineering had a workforce of 380 employees in Europe (2011: 372), a further 21 in Asia (2011: 28) and 19 in America (2011: 19).

In the year under review, Nordex applied for a total of 66 patents and other industrial property rights, roughly 32% up on the previous year (2011: 50). These chiefly related to rotor blades and measures to ensure compliance with grid requirements.

In 2012, capitalised development expense rose by 29.6% to EUR 80.5 million (2011: EUR 62.1 million). Total development expense came to EUR 45.7 million, up 5.8% on the previous year (2011: EUR 43.2 million).

Testing facilities

Further system testing facilities were installed and optimised at the Rostock testing centre in order to reduce development expense and increase development speed. These facilities are used to test individual components (e.g. the azimuth system) together with related systems in varying mechanical and climatic conditions. In this way, it is possible to simulate strain within a short space of time in a manner which would otherwise take several years in the field. A further aim is to improve the interplay of the individual technical subsystems and to heighten reliability. For example, the quality of components is examined at an early stage using the friction motor testing system and fatigue analyses performed. In addition, a testing system for simulating Nordex wind farms has been installed at the Company's software laboratory. The automated testing system permits wind farm simulations to be completed more extensively and speedily, thus ensuring and improving the high quality of the wind turbine and wind farm developments.

Onshore product development

During the period under review, product development activities revolved around reducing electricity production costs in all wind classes. To this end, the main focus was on further enhancements to the Generation Gamma products as well as the development of initial Generation Delta versions.

N117/2400 – market-leading efficiency for low-wind locations

Further enhancements to the highly efficient Generation Gamma N117/2400 for IEC3 low-wind locations were primarily targeted at the tower as one of the main components. Two new tower models with heights of 120 metres and 141 metres, respectively, were developed for this purpose. A prototype of the N117/2400 was assembled on top of a 120-metre tower in August 2012. This is the tallest steel tube tower which Nordex has used to date. In addition, the N117/2400 was successfully installed on top of a 141-metre concrete-steel hybrid tower and readied for series production in 2012.

Moreover, Nordex successfully completed the main certification activities for the N117/2400 in the period under review, with the turbine launched on schedule in July 2012. During the second half of the year, work was continued on measuring the testing system; as a result, key technical characteristics such as the performance curve and noise emission levels were successfully demonstrated. In addition, the delivery of the first 50 N117/2400s was closely monitored in 2012.

Generation Delta – fourth-generation multi-megawatt platform

The main focus of product development activities in 2012 was the fourth-generation Nordex multi-megawatt platform, known as Generation Delta. This new platform generation combines proven and tested solutions from the multi-megawatt platform with specific enhancements aimed at lowering electricity production costs. Development work revolved around improving output – and hence yield – in the 3 MW segment as well as enhancing serviceability and safety. As a result of systematic improvements to maintenance cycles for individual components, it will be possible for Generation Delta turbines to be operated with a service interval of one year, thus removing the need for additional service during the year. This is possible thanks to automatic lubrication of the bearing paths and the pitch slewing rings, among other things. To heighten safety, a spinner, which completely encapsulates the rotor hub, has been developed and ensures quick and safe access to this part of the turbine regardless of weather conditions. A further new feature concerns the use of an updated controlling infrastructure based on the industrial Ethernet standard Profinet to boost communication speeds and to simplify the integration of option packages in the management system.

N117/3000 – greater efficiency for moderate wind speeds

The N117/3000 has been developed on the basis of Generation Gamma for IEC2 locations. With a 37% larger rotor diameter, it offers a 20% increase in nominal output over its predecessor. With the N117/3000, Nordex customers are able to boost yields by up to 22% at IEC2 locations. In combination with the 120-metre steel tube tower, which has been optimised for moderate wind speeds, the turbine can achieve up to 31% higher yields in tandem with a roughly 10% increase in full-load hours.

Despite the substantial increase in output and yield, it has been possible to keep noise emissions within the wind class at a competitive level and unchanged over the predecessor product thanks to suitable adjustments to the system as a whole. This is of crucial importance for obtaining operating permits for the turbines particularly in densely populated areas.

As the Nordex NR58.5 rotor blade is being used without any aerodynamic modifications, it was possible to shorten the time-to-market for the N117/3000 as the existing rotor blade moulds, which had originally been developed and procured for the N117/2400 low-wind turbine, are still being used.

N100/3300 – maximum output for strong-wind locations

The N100/3300 has been developed on the basis of Generation Gamma for IEC1 locations, i.e. those characterised by strong winds. With a 23% larger rotor diameter, it offers a 32% increase in nominal output over its predecessor. With this turbine as well, Nordex customers are able to boost yields by up to 31% at IEC1 locations in tandem with unchanged noise emission levels.

The use of the Nordex NR50 rotor blade free of any aerodynamic and structural changes means a swifter launch of the N100/3300 as in addition to internal production the existing supply chain for this rotor blade can be retained in full.

Cold-climate version and anti-icing system

In order to protect its competitive lead with turbines for use in cold regions, Nordex continued to work on its anti-icing system and readied the cold-climate version (CCV) for the market. All Generation Gamma and Delta turbines are now available in cold-climate versions, ensuring reliable operations at temperatures of as low as –30°C. This is an important aspect, particularly in key markets addressed by Nordex such as Norway, Sweden and Finland.

As a result of enhancements, the anti-icing system will now be available for all Nordex turbines with a rotor diameter of 100 metres, i.e. the N100/2500 and the N100/3300. This means that the anti-icing system can now also be fitted to turbines at strong-wind locations. In addition, development work was commenced to adapt the system for the 117-metre rotor and blade type NR 58.5. Thus, the Nordex anti-icing system will also be available in the short to medium term for the N117/2400 and N117/3000 and, accordingly, for all wind classes.

Cost adjustments

Engineering activities are continuing to play a key role in the Group-wide cost-cutting programme. Thus, measures affecting the design of the tower, nacelle and rotor blade have been defined and adopted to harness further potential for optimising costs.

Offshore product development

In the first half of the year, development activities for the offshore wind power system were discontinued with the completion of the front-end design phase in order to channel engineering resources into the development of onshore technologies with which Nordex is able to generate profitable business in the short to medium term.

Quality management

Nordex's quality policy rests on five pillars: Firstly, Nordex encourages its employees to develop a keen awareness of quality and a customer-centric approach. Secondly, regular and systematic training and briefing aim to ensure that Nordex Group staff are able to adapt to constantly changing requirements. Thirdly, ongoing improvements to quality form a firm part of the Company's day-to-day activities. Fourthly, health, safety and the environment considerations define the benchmark in the production of Nordex wind power systems. And finally, Nordex has implemented clearly defined organisational structures and processes.

As a result of the global orientation of the Nordex Group, the certification of the quality management system according to ISO 9001:2008 was expanded to achieve worldwide validity through Bureau Veritas Certification (BVC). An external audit of all locations worldwide is performed in a three-year cycle.

In 2012, the focus was on systematic optimisation of operational quality assurance along the entire value chain. For this purpose, the quality management plan systematically and transparently setting out all quality checks was additionally enhanced and standardised.

The quality management plan covers the turbine engineering phase as well as prototyping and series release together with quality assurance for services. Cross-functional plans and activities for assuring quality are defined for the individual development projects and systematically worked through on the basis of specified work packages and milestones. Thereafter, special quality matters are tracked on a continuous basis and managed in close collaboration with production and also during the on-site assembly phase.

As the Nordex Group's customers are increasingly attaching importance to quality, quality management has been entrenched as a firm element (gate process) in the sales organisation. This ensures that alongside internal experience from prior projects any customer feedback can also be addressed with minimum delay so as to comply with market requirements in full.

Structurally, the quality management department has additionally harmonised and standardised reporting and other processes in order to enhance transparency. Internal audits were conducted at all international sites, best practices shared and regular coaching and training activities performed – particularly on ISO 9001:2008 – as a means of additionally raising quality awareness.

A total of 430 suggestions were received in the Nordex Group's in-company suggestion system, a more than three-fold increase over the previous year (2011: 136). This significant rise was due to a revised system. The proposals, which produced benefits valued at just under EUR 0.8 million (2011: EUR 0.5 million) largely came from the production and supply chain management areas.

Employees and remuneration system

The Nordex Group scaled back its workforce in the period under review by 3.1% from 2,640 to 2,557 employees as of the reporting date. This was chiefly due to the reorganisation programme which was launched in 2011 and unleashed its full effect in the first half of the year. At the end of 2012, 77% of Nordex's employees were based in Europe (2011: 78%), 14% in Asia (2011: 14%) and more than 8% (2011: 8%) in the United States. In addition, the new local company in South Africa had its first six active employees as of 31 December 2012.

The greatest shift between functions in the year under review was between Service (increase of 6 percentage points) and Project Management (decrease of 4 percentage points). This reflects the reorganisation of the Site Management and Start-Up functions, which were moved from Project Management to Service.

The average age within the Nordex Group stands at just under 37 years, i.e. unchanged over the previous year. Following the completion of reorganisation in Europe, the average length of service increased slightly to 4.2 years (2012: 4 years).

In the period under review, the number of incoming job applications stood at around 12,000, up almost 10% on the previous year (2011: 11,000). According to the 2012 “trendence Absolventenbarometer” study, Nordex continues to be rated as one of the most popular employers in Germany for engineering graduates, advancing by 20 positions to 58th place in the Top 100 (2011: 78th). At the end of the year, the Company had a total of 59 apprentices and trainees (previous year: 77).

Percentage breakdown of Nordex staff by segment

Segment	31.12.2012 %	31.12.2011 %
Production*	29	31
Service	28	22
Engineering**	16	16
Project Management	6	10
Administration	12	14
Sales and Marketing	5	4
Procurement	3	3

*Including Supply Chain Management
**Including Product Line Management

Percentage breakdown of Nordex staff by length of service

Service period	Proportion of employees 31.12.2012 %
Less than 1 year	13
1 to 3 years	25
3 to 5 years	24
5 to 10 years	27
More than 10 years	11

Remuneration system

The Group’s employees receive an annual salary paid in twelve monthly instalments. Technical staff receive a basic wage plus night, weekend and holiday bonuses. These bonuses have been fixed in a-company-wide agreement entered into with the employee representatives. In addition, flexible working hour models are possible in the production area, meaning that overtime can be offset by non-working time. As well as this, Nordex employees (excluding management staff) receive a performance-tied annual bonus provided that certain predefined corporate EBIT goals have been achieved. This is also set out in an in-company agreement. The service contracts for management staff provide for a basic salary and generally also performance-tied variable components based on individual target agreements and the Nordex Group’s business performance. In individual cases, Nordex may also grant non-cash benefits to employees such as a company car or training allowances.

In 2007, Nordex implemented a uniform compensation system for the staff at its German facilities which does not make any distinction between Eastern and Western Germany or between technical and administrative staff; instead, it is based on the profile of requirements for the position in question. All positions are assigned to a compensation scale comprising a total of 13 levels plus a further four for executives. In this way, Nordex is seeking to enhance the transparency of the remuneration system on the one hand while boosting staff motivation on the other. At the same time, it offers its employees a company pension in the form of deferred compensation which it tops up by a further amount.

In 2008 and 2009, Nordex staff were given the opportunity of participating in Nordex SE’s stock option programme. By taking part in this programme, employees obtained the right to acquire the Company’s shares as of 2011 or 2013 at a fixed exercise price.

The compensation paid to the Management Board comprises fixed and performance-tied components. The remuneration paid to the Management Board is described in detail in the notes to the consolidated financial statements. The variable components are calculated on the basis of the entire Nordex Group’s net profit In addition to a company car, which may also be used privately, Nordex covers the cost of premiums for D&O liability insurance exceeding the uninsured portions retained by the Management Board members. Other than this, there are no material fringe benefits. The service contracts entered into with the members of the Management Board have a term of between three and five years.

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Details of the individual compensation paid to members of the Supervisory Board is set out in the Company's Articles of Incorporation. Each member of the Supervisory Board is entitled to fixed remuneration of EUR 25,000 in consideration of the performance of their duties for each full year in which they are members of the Supervisory Board plus reimbursement of all costs incurred in the performance of their duties. The chairman of the Supervisory Board receives double and the deputy chairman one-and-a-half times this amount.

Outlook

The International Monetary Fund (IMF) expects the global economy to expand by 3.5% in 2013 (previous year: 3.3%). However, it forecasts weaker momentum in the developed industrialised nations, which will expand by only 1.3% (previous year 1.2%). The Eurozone is expected to experience a mild recession with contraction of 0.2%. The IMF particularly attributes this to the Eurozone periphery nations, which are attempting to reduce their budget deficits by adopting severe austerity courses, something which is placing a damper on their economies. According to the IMF, the German economy will grow by 0.6%, spurred by a slight improvement in business confidence. On the other hand, the United States is expected to expand by 2% and the Chinese economy by as much as 8.2%, thus substantially outperforming the emerging markets as a whole (5.5%).

The World Bank has published similar forecasts for the individual regions in 2013 and sees the greatest potential for growth (7.9%) in Eastern Asia including China. As well as this, it forecasts a moderate decline of 3% in oil prices to USD 102 per barrel. Other commodity prices are also likely to drop by 2% in the wake of muted economic growth. The Energy Information Administration (EIA) writes that at USD 3.53/MMBTU gas prices at the US Henry Hub price point will remain steady at December 2012 levels.

Electricity prices in the European exchanges will also slip marginally. At the German electricity exchange EEX in Leipzig, futures contracts for base load electricity were trading at between EUR 37 and EUR 44/MWh at the end of January 2013 on a quarterly basis for the rest of 2013, while one-year contracts for base load electricity for 2014 came to EUR 42/MWh (Germany) and EUR 46/MWh (France, Benelux).

VDMA forecasts real growth in production output of 2% for the German mechanical and plant engineering industry in 2013. Although order intake in this sector has so far recovered at only a moderate pace, many leading indicators such as the ifo business confidence index for Germany, the purchasing managers index for Europe and the OECD leading indicator have picked up appreciably over the last few months. If this change in sentiment is sustained, demand for machinery and equipment should strengthen in the course of the year. In the first quarter of 2013, production output could fall short of the previous year's extraordinarily high level but should return to a growth trajectory in the course of the year.

Market analysts forecast a dip in the growth of international sales of wind turbines chiefly due to shrinking market volume in the United States, where new installations are not likely to exceed 4 or 5 GW at most after the record figure of 13.1 GW in 2012 despite the renewal of the PTC scheme. The growth markets of Central and Latin America, Asia, Africa and Eastern Europe will not be able to fully make up for this decline.

Consulting company MAKE Consulting therefore projects a flat or moderately lower market in the short term, with new installations amounting to 44.5 GW but returning to 50 GW or more per year as of 2014. The onshore segment will continue to account for more than 90% of market potential in the medium term. Average growth of a good 5% is forecast, with

MAKE Consulting projecting double-digit increases in Central and South America, Eastern Europe and Africa in particular.

Despite the mixed macroeconomic signals for the current year, Nordex expects its sales to continue to grow. This expectation is chiefly based on the roughly 50% increase in order backlog to EUR 1,049 million (2011: EUR 698 million). Approximately 93% of the order backlog consists of projects in the Europe/Africa (EMEA) region, thus reflecting the fairly pessimistic outlook for North America. Sales planned for America in 2013 will be dominated by projects from South America for the first time. These are already included in the order backlog as of the reporting date or in January 2013. Given the relatively small proportion of Asian business in its order backlog, Nordex assumes that this region will make the lowest contribution to full-year sales. All told, the Management Board expects that sales will grow to EUR 1.2–1.3 billion this year. Almost 80% of the planned sales are already covered by the order backlog. In other words, Nordex only needs to generate new business of EUR 300 million in order to achieve its sales target for 2013. Accordingly, it is in a substantially better position compared with the previous year.

The Management Board also expects to make headway in boosting profitability this year. One basis for this is the improved margins on projects which have already been ordered. Despite the persistent pressure on sell-side turbine prices, Nordex is achieving this by selling more modern and efficient turbines (such as the N117/2400), more complex projects and projects in regions with more attractive price structures. In addition, the Company assumes that its cost-cutting measures will continue to generate positive effects. In the second phase of the programme known as “n-ergize”, the Nordex Group plans to make further significant cuts to product costs. At the same time, it will be optimising its operating processes to avoid cost overruns in the execution of projects.

However, the measures aimed at improving earnings also include structural steps such as continued systematic expansion of the service business, in which Nordex is able to achieve above-average margins. Of particular importance in this connection is the adjustment to cost structures at the local companies in China and the United States, which operated below full capacity utilisation and exerted considerable strain in the year under review.

Including economies of scale resulting from the expected top-line growth, Nordex expects the EBIT margin to widen to 2–3%.

In addition to improving operating earnings, Nordex attaches key importance to boosting cash flow. Thus, the Management Board has defined the generation of net cash inflow from operating activities as one of the targets for 2013.

Given the general outlook for the wind industry for the current year, Nordex expects western producers to focus more keenly on the European market. For this reason, it assumes that its new business will contract in this region, although this effect should be very largely offset by rising order intake in South America and in new markets in Asia.

On this basis, Nordex assumes continued sales growth in the coming years and – thanks to ongoing cost-cutting and product innovations – improved profitability, which should exceed 5% in the medium term.

Operational risk and opportunities report

Opportunities

As a globally active company, Nordex is exposed to a wide range of influences in the individual national and international markets. At the same time, it faces numerous opportunities in the light of the prevailing conditions and on the basis of the business performance described in this report. Looking forward, Nordex plans to make optimum use of the opportunities as they present themselves. Future opportunities are evaluated on an ongoing basis in all departments. Such evaluation forms a fundamental part of Nordex’s corporate strategy.

In the research and development area, Nordex is working continuously on enhancing the efficiency of its products and bring them closer to grid parity. The resultant decline in electricity production costs ensures a steady improvement in the Company's competitive position – also relative to conventional power production technologies. In this way, Nordex is continuously reducing dependence on national incentive schemes. The activities and product development work which this entails are described in detail in "Research and development".

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Material opportunities can particularly be harnessed by entering new markets and targeting new customer groups. New markets are regularly analysed by the international sales organisation using a structured process and if suitable potential is identified – as was recently the case in Uruguay and South Africa – appropriate steps are taken to address these markets. In its efforts to tap new target groups, Nordex has identified heightened opportunities with industrial captive auto-producers and financial investors such as insurance companies and pension funds.

Moreover, management is seeking to harness further income and margin potential beyond straight equipment sales. This includes the marketing of turn-key wind farms and particularly also service business as well as internally developed wind farm projects in selected markets, which offer high-margin sales potential.

Organisation of risk management

As is the case with all other companies, Nordex's business activities expose it to a variety of risks arising either from business or external factors. It is not possible to avert all risks in full as companies operate in complex environments and must make decisions relatively quickly to make use of business opportunities. Nordex has implemented a risk management system to identify risks to its business activities at an early stage and to take an appropriate response to them. In accordance with Section 91 (2) of the German Stock Corporation Act, this risk management system comprises the measures deemed necessary for the early identification and evaluation of risk, the definition of appropriate precautions and the activities required to manage risk.

The risk management system mirrors the Company's corporate structure and is implemented in all business units. Nordex SE's Management Board and Supervisory Board receive a regular risk report describing all changes in the Group's risk situation.

Risk is inventorised on a quarterly basis using a database system. Risk officers responsible for the relevant parts and processes within the Company regularly identify and record all individual risks in a standardised form. They determine the probability of the risk and the potential loss caused by each individual risk (gross risk) on a three-year horizon. In a next step, the necessary precautions are analysed and evaluated. The successful implementation of these precautions results in a reduction in risks (net risks). Project-related task forces comprising specialists from the relevant parts of the Company are established to address any overarching risks. Risk management coordinates the entire process at the Group level for all business units along the value chain. This ensures the ongoing supervision of risks from the offer phase to the service process. Trailing cost accounting is implemented in all phases of the project right up to final invoicing.

Accounting

Nordex's internal control system comprises a segment integrated into its business processes as well as a process-independent segment. Guidelines and instructions are issued and internal controls implemented to handle and manage risks. The definition and application of the necessary instruments is primarily overseen by the specialist functions. In addition, Internal Auditing tracks risk on a cross-process basis. To this end, it examines the existing rules applicable to processes and ensures that they are complied with in practice. In addition, Internal Auditing reports on risks arising from discernible deviations and issues recommendations concerning the adjustments to be made. Nordex's existing risk management system also undergoes regular external auditing in the interests of continuous improvement.

It takes a number of precautions to ensure proper accounting for the purposes of the annual and consolidated financial statements. Thus, for example, it has a central accounting and financial statements structure which is implemented on the basis of uniform accounting rules and instructions. This ensures that Group accounting is reliable and orderly and that transactions are recorded in full and on a timely basis in accordance with the statutory requirements and the provisions of the Company's articles of incorporation. In addition, accounting rules and instructions are issued to ensure that stock-taking is completed correctly and assets and liabilities are recorded, measured and reported free of any errors or omissions in the consolidated financial statements. Controlling activities include analyses of facts and trends on the basis of performance indicators. Transactions are recorded in the separate financial statements of the Group companies. For this purpose, a uniform chart of accounts is used throughout the Group. The consolidated financial statements of Nordex SE and its subsidiaries are prepared in accordance with Section 315a of the German Commercial Code (HGB) on the basis of the International Financial Reporting Standards (IFRS). A structured process as well as a schedule is used in the preparation of the consolidated financial statements. If any non-accounting information is required to prepare the consolidated financial statements, it undergoes careful analysis and plausibility checks prior to being used. The financial statements are consolidated at the level of Nordex SE. Various controls, such as the separation of functions, the double sign-off principle and approval and release processes are applied to both payments and contracts.

In addition, the statutory auditors of the consolidated financial statements and other auditors such as external tax auditors are incorporated in the Group's controlling system with their process-independent auditing activities. The audit of the consolidated financial statements by the statutory auditors and of the Group companies' separate IFRS financial statements provides a further process-independent control mechanism for Group accounting.

Individual risks

Purchasing risks

The material purchasing risks include delivery shortfalls on the part of suppliers, supplier default as a result of insolvency, unexpectedly high inventories, price risks and quality risks.

There are currently no material delivery shortfalls in the market for the main components used in wind power systems. Unexpected project delays may result in heightened temporary stockpiling at Nordex, thus impairing its liquidity. Nordex is therefore endeavouring to keep inventories as low as possible by means of just-in-time deliveries without sacrificing schedule compliance. If order receipts fall substantially short of expectations this year, suppliers, some of whom have spent heavily on extending their capacity, could be lost for economic reasons, reducing the number of potential suppliers. Conversely, an unexpected surplus of demand in 2013 could result in delivery shortfalls for some components – particularly for the newer blade types – leading to delays in the completion of projects.

Nordex particularly is particularly addressing the risk of delivery default by qualifying further suppliers in order to reduce the single-sourcing risk. Moreover, this risk is partially covered by insurance.

Nordex purchases components worldwide that are subject to price fluctuations in the raw materials markets. It offers its customers turbines at prices fixed for specific projects. The relevant components are regularly procured close to the date on which the order is received, thus reducing the risk of price fluctuations in raw materials on the purchasing side.

Nordex guarantees the quality of its turbines and also certain performance and availability parameters. In order to avoid any penalties for failure to meet these performance guarantees, all components and the complete system are subjected to thorough testing and quality inspections. Even so, it is not possible to completely exclude the risk of faulty components and this risk cannot be fully passed on to suppliers.

Development risks

The development of new technologies and more efficient and higher-yielding turbine models as well as product modifications involves considerable investments in some cases. These expenses must be recouped via successful sales across the entire product life cycle. In addition, there is a grid connection risk with respect to turbine engineering.

Key determinants for successful turbine engineering particularly comprise the availability of time and financial resources, the secure transition from prototype to series production, the issue of the necessary operating certificates and the date of market launch. Development risks arise if one or more of these factors are unexpectedly jeopardised and R&D expense is higher than expected.

Nordex addresses these factors during development, prototyping and series production by means of simultaneous engineering and a Group-wide production development process. Development of a new turbine is preceded by a market analysis and preparations in close consultation between sales and engineering. In addition, the platform strategy ensures that already tested technology is used and is specifically enhanced up until certification and series production.

The wind power systems assembled by Nordex must comply with the applicable local grid codes. Considerable resources are required to implement the growing number of national grid codes. If grid codes are not observed in a given market, this expense cannot be recouped and nor can market potential be tapped. Nordex addresses this risk with organisational structures and a corresponding engineering focus. In addition, internal overarching workgroups have been established. This is supplemented with Nordex's activities in external bodies aimed at achieving maximum international grid-code harmonisation.

Strategic sales risk

The main sales risks entail a sustained global surplus supply of wind power systems, lower electricity prices – particularly in the United States – uncertainties surrounding the incentive schemes for renewable energies in a number of countries and the resultant difficulties in raising the necessary finance for wind power systems. In addition, there is a risk of delays in the further increase in production numbers of the N117/2400 and the introduction of the new N100/3300 and N117/3000 turbines.

The aforementioned risks result in sustained heavy competitive pressure, which adversely affects project margins in particular. The uncertainty surrounding incentive systems and project finance may lead to significant delays in or even the cancellation of projects in the markets concerned. A delayed ramp-up of the production of new turbines would cause order volumes for and margins on these products to fall short of forecasts and prevent favourable opportunities from being used.

Nordex is addressing the persistently heavy competitive pressure with a sales strategy focusing on specific market and customers segments and differentiating according to the scope of goods and services provided. In 2012, Nordex very successfully entered a number of new growth markets, notably Finland, South Africa and Uruguay. Moreover, Nordex offers turn-key projects in selected markets or develops and sells projects of its own. The Company is able to set itself apart from some of its peers in these two areas of business.

This strategy is being flanked by a procurement and engineering cost-cutting programme together with an efficiency-boosting programme in product development. In 2012, Nordex successfully launched the N117/2400, its highest-yielding turbine for low-wind locations. It is now being followed in 2013 by the N100/3300 for strong-wind locations and the N117/3000 for moderate-wind locations. These turbines generate greater yields than their predecessors at their respective locations, resulting in a further drop in the levelised cost of energy. The launch of the new turbines according to schedule is to be ensured by means of the product development process described in the section entitled “Development risks”.

Legislative risks
Announcements of legislative reforms (e.g. in Germany) and amendments to the legislation governing feed-in tariffs or incentives for renewable energies (e.g. in Italy) may precipitate a decline in demand in the short term. The effect is all the greater the more dependent sales and the corporate strategy are on individual markets.

Against this background, one of the aims of the strategy being pursued by Nordex is to achieve strong sales diversification by pursuing activities in multiple attractive markets. Sales are primarily underpinned by the core European market backed up by business in and the focused entry to the African, American and Asian markets.

In the period under review, Nordex was able to secure sizeable new orders in South Africa and Uruguay in particular, thus additionally reducing its exposure to short to medium-term legislative risks in individual regions.

Foreign-currency risks
Payment flows in a foreign currency liable to pose a risk in the form of exchange rage fluctuation are generally recorded as risk items. Nordex SE’s finance department is responsible for hedging foreign-currency transactions and monitors all current foreign-currency items and, thus, the potential exchange-rate risk on an ongoing basis. In some cases, derivative financial instruments are used to limit exchange-rate risks. Hedges are transacted only if there is a corresponding host contract. It is not permissible for such instruments to be held for speculative purposes. These transactions are executed on a central basis by Nordex SE as the parent company. All of Nordex SE’s counterparties in contracts for derivative financial instruments are domestic or foreign banks with investment-grade ratings with which Nordex has maintained business relations over many years. All transactions involving derivative financial instruments are subject to strict monitoring, which is particularly ensured by the separation of trading, back-office and supervisory functions.

Interest risk
There are no interest risks on the liabilities side of the Nordex Group’s balance sheet due to the fixed-rate loans and the fixed coupon on the corporate bond. On the assets side, monetary items (e.g. bank balances) are deposited on a short-term floating-rate basis. Although interest risks arise here, they can be considered to be small due to the current low interest rates.

Credit risks
The Nordex Group enters into business relations solely with favourably rated third parties in order to reduce its credit risk. All major new customers wishing to enter into business with one of the Group companies on credit terms undergo a credit check. In addition, receivables are monitored on an ongoing basis to avert all material risks of default.

There is no material clustering within the Group of default risks; the maximum risk of default is capped at the carrying amount of the receivable concerned. In the case of the Group's other financial assets such as cash and cash equivalents, the maximum credit risk in the event of any default on the part of the counterparty is limited to the carrying value of these instruments.

Liquidity risk

The liquidity risk, i.e. the risk of any failure to meet current or future payment obligations due funding shortfalls, is monitored by the Treasury department, which tracks ongoing liquidity management operations. Sufficient liquidity is held to ensure that all planned payment obligations can be honoured on the dates on which they fall due across the entire Group. To this end, the Group members report their planned medium-term incoming and outgoing payments on a weekly basis. In addition, a liquidity reserve is held. Liquidity is actively managed and adjusted in line with the actual situation as and when required. Surplus funds are mainly invested in the form of sight or term deposits at domestic and non-domestic banks. In this connection, the credit ratings of these banks are regularly reviewed and the amount of investment per bank capped.

Group companies provide Treasury with details of expected guarantee requirements on the basis of current sales plans. Treasury compares guarantee requirements with the available guarantee facilities and issues any guarantees required for Group companies via the banks on a central basis. The Nordex Group's existing syndicated bank credit facilities are subject to financial and non-financial covenants. In a mutual agreement with the banks, the covenants were adjusted in the light of prevailing conditions for 2012. The banks may only terminate the existing facilities for good cause, which includes the breach of the agreed financial covenants. The fixed-rate bond issued by Nordex SE is not subject to any financial covenants.

Risk of limited scope for utilising tax losses

Section 8c of the Corporate Tax Act stipulates that in the event of a transfer of shares of more than 25% and up to 50% during a period of five years the tax losses accrue to the acquiring party on a proportionate basis and, in the event of a transfer of over 50%, are forfeited in full over the five-year period. However, the tax losses are not forfeited if they do not exceed the prorated unrealised reserves within the entity's domestic assets in the case of an acquisition of between 25% and 50%, or all unrealised reserves within the company's domestic assets in the case of an acquisition of more than 50%.

Legal risks

The Nordex Group's operating business is exposed to various risks. This chiefly comprises liability risks arising from possible claims under guarantees or the recovery of damages under contracts for the supply of goods and services as well as in other legal areas, e.g. product liability, patent law and industrial property rights, or tax law as well as the breach of statutory rules. There is a rule in all EU member states stipulating that all technical equipment must comply with the Machinery Directive.

The possibility of risks from legal disputes can never be ruled out. Nordex has established appropriate structures to ensure that all these requirements are observed. In addition, other internal precautions are taken and processes implemented to avert legal risks.

Personnel risks

The main personnel risk includes shortages of skilled or management staff as well as staff fluctuation in key positions.

Nordex is currently in a phase of consolidation. In this connection, recruiting qualified staff for key positions when and as they are required constitutes a growing challenge. It is necessary to address the general shortage of qualified and management staff in a period in which the appeal of the renewable energies sector is coming under pressure from a mixed news flow. Nordex systematically conducts personnel development programmes and is increasingly encouraging internal career development in order to steadily heighten its appeal as an employer – not only to recruit new staff but also to bond existing employees. At the same time, Nordex regularly presents itself as an attractive and future-oriented employer, e.g. at fairs and universities.

IT risks
The primary IT risks include system outages, shortcomings in data security and data loss.

Nordex has taken numerous precautions to minimise the risk of system outages. Among other things, access control systems, encryption software, firewall systems and anti-virus programs are used for protecting the IT systems and data.

Nordex's data is secured through the use of fail-proof high-availability central server systems. For this purpose, all Nordex IT systems are operated by external partners at state-of-the-art data centres in accordance with service-level agreements and involving server redundancy and proven back-up strategies.

Overall risk
The Management Board regularly reviews the risks to which the Nordex Group is exposed. In the assessment of the Management Board, there are currently no significant individual risks that are liable to compromise the Nordex Group's going-concern status. The same is also true with respect to an overall consideration of all risks.

It should be noted that the sequence in which the risks are described in this section is not to be construed as indicating their probability or the potential loss or damage.

Disclosures in accordance with Sections 289 (4); 315 (4) of the German Commercial Code
The following disclosures are required pursuant to Sections 289 (4) and 315 (4) of the German Commercial Code:

The Company's fully paid share capital of EUR 73,529,499 comprises 73,529,499 bearer shares. To each share is attached one voting right. As of 31 December 2012, the Company had Authorised Capital I of EUR 14,700,000, equivalent to 14,700,000 shares, Contingent Capital I of EUR 15,086,250, equivalent to 15,086,250 shares, and Contingent Capital II of EUR 1,500,000, equivalent to 1,500,000 shares, in each case with a notional value of EUR 1 per share.

As of the 2012 reporting date, the following companies held more than 10 percent of the voting rights with respect to Nordex SE:

Ventus Venture Fund GmbH & Co. Beteiligungs KG, Bad Homburg v.d. Höhe, held 17,037,500 shares and, hence, more than 20% of the voting rights.

The appointment and dismissal of members of the Management Board is governed by Sections 84 and 85 of the German Stock Corporation Act and Article 46 of the Statute for a European Company (SE) for the legal form of SE. Article 7 of the Company's Articles of Incorporation conforms to the legal requirements, with Paragraph 3 of this Section 7 implementing the provisions of the Statute for a European Company (SE) according to which the members of the Management Board of an SE are appointed for a period specified in the Company's articles of incorporation, which may not exceed six years.

In accordance with Section 179 of the German Stock Corporation Act, the Company's articles of incorporation may only be amended with a resolution passed by the shareholders. In accordance with Article 20 (4) of the Articles of Incorporation in connection with Article 59 (1) and (2) of the Statute for a European Company (SE), amendments to the Articles of Incorporation require a majority of two-thirds of the votes cast or, if half of the share capital is represented, a simple majority of the votes cast. In cases in which the German Stock Corporation Act stipulates a majority of three quarters of the votes cast, this also applies to Nordex SE in accordance with the overriding provisions in Article 59 of the Statute for a European Company (SE). However, this is not based on the capital represented but the number of votes cast.

Article 26 of the Company's Articles of Incorporation makes use of the statutory option of authorising the Supervisory Board to make amendments to the version of the articles of incorporation.

The Management Board is permitted to issue new shares using Contingent Capital I and II. In accordance with a resolution passed by the shareholders at the annual general meeting on 7 June 2011, Authorised Capital I was replenished following the equity issue, the authorisation period extended until 31 May 2016 and Article 4 (2) of the articles of incorporation revised. Similarly, Contingent Capital I was created. In accordance with the statutory provisions in connection with Article 4 of the Company's Articles of Incorporation, this permission granted to the Management Board entails the following:

Authorised Capital I

In accordance with Article 4 (2) of the Company's Articles of Incorporation, the Management Board is authorised with the Supervisory Board's approval to raise the Company's capital once or repeatedly by up to a total of EUR 14,700,000 by issuing new bearer shares on a cash or non-cash basis on or before 31 May 2016 (Authorised Capital I).

The Management Board is additionally authorised with the Supervisory Board's approval to exclude the shareholders' pre-emptive subscription rights including but not limited to in the following cases:

- in the event of cash equity issues particularly for the purpose of acquiring companies, parts of companies or equity interests;

- if, in the case of a cash equity issue for which the pre-emptive subscription rights are excluded, the total share of the capital does not exceed 10 percent of the share capital in existence on the date on which the resolution to utilise Authorised Capital I is passed and the issue price of the new shares is less than the market price of the shares of the same class and rights already listed as of the date on which the final issue price is determined by the Management Board as defined in Section 203 (1) and (2) in connection with Section 186 (3) Sentence 4 of the German Stock Corporation Act, and for and

- fractional amounts.

The Management Board is authorised with the Supervisory Board's approval to determine the details of the execution of the equity issue using Authorised Capital I including but not limited to the specific rights attached to the shares and the other conditions of the issue.

Contingent Capital I

In accordance with Section 192 (2) No. 1 of the German Stock Corporation Act, the Company's share capital may be increased on a contingent basis by up to EUR 15,086,250 through the issue of up to 15,086,250 new bearer shares (Contingent Capital I; see Article 4 (3) of the Articles of Incorporation). The contingent equity issue is to be used to grant conversion rights and/or to establish conversion obligations in accordance with the terms of the convertible bond in question for the holders of the convertible bonds issued by the Company on or before 31 May 2016 in accordance with the resolution passed by the shareholders at the annual general meeting held on 7 June 2011 and to grant options in accordance with the terms of the option bond in question for holders of the option bonds issued by the Company on or before 31 May 2016 in accordance with the resolution passed by the shareholders at the annual general meeting held on 7 June 2011. The shares are issued at the conversion/option price fixed in accordance with the resolution passed at the annual general meeting held on 7 June 2011. New share capital is issued on a contingent basis only to the extent that the holders of the option bonds issued by the Company on or before 31 May 2016 in accordance with the resolution passed by the shareholders at the annual general meeting held on 7 June 2011 make use of their conversion or option rights or the holders of convertible bonds under an obligation of conversation observe this obligation of conversion and no other forms of settlement are utilised. The new shares are dividend-entitled as of the beginning of the financial year for which no resolution on the allocation of the Company's unappropriated surplus has yet been passed as of the date on which the conversion or option rights are exercised or the obligation of conversion is fulfilled.

Contingent Capital II
The Management Board is authorised (see Article 4 (4) of the Company's Articles of Incorporation) with the Supervisory Board's approval to issue up to 1,500,000 subscription rights for shares in Nordex SE in accordance with the following terms ("stock option plan") on or before 31 December 2012. In accordance with Section 4 (4) of the Company's Articles of Incorporation, the Management Board is authorised with the Supervisory Board's approval to raise the Company's capital once or repeatedly by up to EUR 1,500,000.00 provided that this is no more than the contingent capital created in accordance with Section 4 (4) of Nordex Aktiengellschaft's Articles of Incorporation and in existence as of the date on which Nordex Aktiengesellschaft was converted into a European Company (SE) in accordance with the conversion schedule of April 6, 2009 (Authorized Capital I).

The stock option plan expired at the end of the day on 31 December 2012. No subscription rights were exercised in the period under review.

Events after the conclusion of the period under review

On 30 January 2013, Nordex reported that it had signed a contract for the delivery of 28 N117/2400 turbines to the government-owned Uruguayan utility Usinas y Trasmisiones Eléctricas (UTE). Located in the north of the country, the 67.2 MW project "Juan Pablo Terra" is to be assembled by mid-2014.

At the beginning of February 2013, Nordex unveiled its new generation of wind turbines at the EWEA (European Wind Energy Association) fair in Vienna. With the two Generation Delta systems, Nordex now has turbines in the 3 MW class and with the N100/3300 and the N117/3000 is able to offer additional yields of up to 31% at locations with high and moderate wind speeds. During the fair, it sold its first 6 MW project to Finnish customers Raahen Energia and Bridgehead Productions Ltd. Oy. The two N117/3000 turbines are to be installed in the course of the year.

In agreement dated 18 March 2013, the Nordex Group renewed its syndicated multicurrency facility on new terms. In the future, a sum of EUR 475 million will be available for securing present and future guarantee obligations. The guarantee obligation expires on 30 June 2014 and includes an option for renewal by a further year. The covenants agreed upon for 2012 will continue to apply in 2013 with modified parameters. The covenants were observed in 2012.

The events reported here did not exert any material additional effect on the Nordex Group's results of operations, financial condition or net assets differing from the forecasts made in the section entitled "Outlook".

Corporate governance

Disclosures pursuant to Section 289a of the German Commercial Code

German Corporate Governance Report in accordance with Article 3.10 of the German Corporate Governance Code
Under Section 161 of the German Stock Corporation Act, the Management Board and Supervisory Board of a listed company are required to issue a declaration once a year confirming conformity to the recommendations of the Government Commission on the German Corporate Governance Code issued by the German Federal Ministry of Justice and published in the official part of the electronic Bundesanzeiger and stating which recommendations have not been implemented in the past and are currently not being implemented. This declaration must be made permanently available to the shareholders. Nordex has published its declarations of conformity for the past few years on the Internet at www.nordex-online.com/en/investor-relations.html.

Declaration of conformity by the Management Board and the Supervisory Board in accordance with Section 161 of the German Stock Corporation Act
The Management Board and the Supervisory Board of Nordex SE conformed to the recommendations set out in the German Corporate Governance Code published in the official part of the electronic Bundesanzeiger by the Government Commission on the German Corporate Governance Code as amended on 15 May 2012 in 2012 save for the exceptions described below. This will also continue to be the case in the future unless planned changes in the individual segments are announced.

2.3.4. Transmission of the annual general meeting

Nordex has so far not transmitted its annual general meeting using modern communication facilities (e.g. the Internet) and has therefore not adopted this recommendation. The transmission of the speeches by the company's Management Board, Supervisory Board and the Chairman of the Annual General Meeting would be subject to legal restrictions and exclude the actual debate and, currently, also the voting process. It is the view of the Company that access to the speeches referred to above can be provided less expensively and more easily via other communication channels. To date, the Company has received no indication that a majority of the shareholders are in favour of online transmission of the speeches from the Company's management.

3.8 D&O insurance

Nordex again waived a deductible on the D&O insurance (directors and officers third party liability insurance) for members of the Supervisory Board in 2012. This is because it is convinced that the members of the Supervisory Board are doing everything to avert potential harm to the Company. Responsibility towards the Company and a sense of motivation are not encouraged by imposing a deductible on D&O cover. In any case, the inclusion of a reasonable deductible would not have any effect on the insurance premium.

The "Act on Appropriate Management Board Compensation" (VorstAG), which came into effect on 5 August 2009, adds to Section 93 (2) of the German Stock Corporation Act a new provision (Sentence 3), stipulating a mandatory minimum deductible for members of the Management Board. Nordex complied with this statutory obligation when it renewed the existing D&O cover, which took effect on 1 July 2010. A deductible will continue to be waived for the members of the Supervisory Board for the reasons set out above.

4.1.5 Appointments to management positions – diversity

The Management Board does not comply with the recommendation in Article 4.1.5 in that the appointments to management positions within the Company are exclusively guided by the qualifications of the persons available and the gender of the candidates is not given a position of priority in the decision-making process.

5.1.2 and 5.4.1 Fixed aged limits for the Management Board and Supervisory Board

Contrary to the recommendations in both Article 5.1.2 (2) Sentence 3 and Article 5.4.1 (2) Sentence 1 of the German Corporate Governance Code, Nordex SE has no fixed age limit for membership of the Management Board and Supervisory Board. Age alone is no indication of the capabilities of a current or potential member of the Management Board or Supervisory Board. Therefore, Nordex SE does not consider rigid age limits, which also limit the company's flexibility in making personnel decisions and the number of possible candidates, to be a sensible measure.

5.1.2 and 5.4.1 Aim of achieving an appropriate consideration of women; designating concrete goals for the composition of the Supervisory Board

The Supervisory Board does not comply with the recommendation in Article 5.1.2 in that the filling of positions on the Management Board is exclusively guided by the qualifications of the persons available and the gender of the candidates is not given a position of priority in the decision-making process. The Company also deviates from Article 5.4.1 of the German Corporate Governance Code. The Supervisory Board takes the view that the current method for filling positions on the Supervisory Board is sensible and appropriate in the light of the Company's current situation. Any further designation of concrete goals for the composition of the Supervisory Board is not considered sensible and this therefore represents a clear deviation from the German Corporate Governance Code. The Supervisory Board has been exclusively guided in the selection of its proposed candidates, in accordance with the relevant legal regulations, by the interests and requirements of Nordex SE and the individual qualifications of the candidates. A report on objectives in terms of diversity in the corporate governance report is therefore superfluous.

5.4.6 Compensation of the Supervisory Board

In derogation from Article 5.4.6 (2) Sentence 1, the members of the Supervisory Board no longer receive performance-tied remuneration following a resolution passed at the annual general meeting of Nordex SE on 5 June 2012 and the entry of this resolution in the commercial register providing for an amendment to Article 18 of the Company's Articles of Incorporation. The Company considers a reasonable fixed remuneration to constitute more appropriate recompense for the Supervisory Board's duty to monitor the Company independently of its business performance.

Further details pertaining to the compensation paid to members of the Supervisory Board can be found in the Company's Articles of Incorporation (www.nordex-online.com/en/investor-relations/publications.html).

Earlier declarations of compliance by Nordex SE that are no longer currently valid can be found at http://www.nordex-online.com/en/investor-relations/corporate-governance.html

Directors' dealings

Disclosures on directors' dealings in accordance with Section 15a of the German Securities Trading Act

Date	Person Position	Number Action	ISIN Stock market	Price per share Total volume EUR
15.08.2012	Dr. Wolfgang Ziebart Chairman of the Supervisory Board	10.000 Buy	DE000A0D6554 Xetra	3.13 31,300.00

Governance practices

Disclosure of the governance practices and how the Management Board, the Supervisory Board and the Committees function

How the Management Board functions

The Management Board manages the Company – a strategic holding company, which also performs administrative service functions – at its own discretion with the aim of achieving sustained improvements in enterprise value and of attaining the agreed targets. It conducts the Company's business in accordance with statutory provisions and the provisions of the Company's Articles of Incorporation and rules of conduct for the Management Board. In addition, it works in a spirit of trust with the Company's other corporate governance bodies.

The Management Board defines the long-term goals and strategies for the entire Nordex Group and determines the principles for the corporate policy derived from these. It coordinates and supervises all significant activities. It determines the range of products, develops and deploys executive staff, allocates resources and makes decisions on financial management and Group reporting.

The members of the Management Board are jointly responsible for the entire management of the Company. Notwithstanding this, the individual members of the Management Board perform the duties assigned to them in accordance with the resolutions passed at their own discretion. The allocation of duties to the members of the Management Board is recorded in a business allocation plan, which is approved by the Supervisory Board.

The Management Board makes decisions on all matters of fundamental and material importance as well as in the cases prescribed by law or elsewhere.

Meetings of the Management Board are held regularly. They are convened by the chairman of the Management Board. In addition, each member of the Management Board may request that a meeting be convened. Resolutions of the Management Board are passed with a simple majority except where a unanimous vote is prescribed. In the event of an even vote, the chairman has the casting vote.

In accordance with the Management Board's rules of conduct, the Chairman (Chief Executive Officer) is responsible for coordinating all of the Management Board's activities, reporting to the Supervisory Board and representing the Company and the Group towards third parties. He is responsible for production, procurement, supply chain management, engineering, product management, health & safety and quality.

Following the reduction in the size of the Management Board in the course of the period under review, the other two members of the Management Board are assigned specific tasks and duties in accordance with the business allocation plan.

The Chief Financial Officer is responsible for finance, controlling, accounting, taxes, risk management, internal auditing, IT, communications, corporate development, legal and human resources.

The Chief Customer Officer is responsible for sales, project development, project management, service and foreign companies.

The Management Board has not established any committees.

Supervisory Board: supervisory and monitoring activities

The Supervisory Board is responsible for monitoring and advising the Management Board. In accordance with the Articles of Incorporation, it comprises six members who are elected by the shareholders at the annual general meeting. The Supervisory Board is directly involved in all decisions of fundamental significance for the Company; it also consults with the Management Board on the Company's strategic orientation and regularly discusses with it the progress being made on implementing business strategy.

The chairman of the Supervisory Board coordinates its activities and presides over the meetings. The Supervisory Board is kept informed of the Company's business policy, corporate planning and strategy at all times via regular meetings with the Management Board. The Supervisory Board approves the budget and the annual financial statements of Nordex SE and the Nordex Group as well as the combined management report in the light of the statutory auditors' report.

Supervisory Board committees

The Supervisory Board currently has the following committees: The management committee, the audit committee and the strategy and engineering committee:

Management committee:
This committee has three members. The chairman is Dr. Wolfgang Ziebart, the other two members are Jan Klatten and Martin Rey. The management committee has the function of a permanent personnel committee. In addition, it is responsible for passing urgent resolutions on decisions made by the Management Board which require the Supervisory Board's approval in accordance with corporate law, the provisions of the Company's Articles of Incorporation or the rules of conduct, unless a resolution passed by the entire Supervisory Board is prescribed. In addition, it performs the task of a nomination committee and submits recommendations to the Supervisory Board with respect to voting proposals for the annual general meeting.

Audit committee:
The audit committee comprises three members; in the year under review, the chairman was Martin Rey, while the other two members were Annette Stieve and Dr. Wolfgang Ziebart. All three members satisfy the statutory requirements imposed on members of a supervisory board and an audit committee with respect to independence and expertise in the areas of accounting and auditing. The Audit Committee is responsible for matters relating to accounting and risk management, the necessary independence of the statutory auditor, the mandating of the statutory auditor, the determination of the main aspects of the audit and the fee agreement with the statutory auditor. In addition, it addresses matters relating to

controlling and contracting and particularly also for decisions made by the Management Board which require the Supervisory Board's approval in accordance with corporate law, the provisions of the Company's Articles of Incorporation or the rules of conduct. The audit committee is also responsible for monitoring the accounting process, the efficacy of the internal control system and corporate compliance, the risk management system and the internal auditing system.

Strategy and engineering committee:
This Committee comprises Jan Klatten (chairman), Dr. Wolfgang Ziebart and Dr. Dieter G. Maier. It is responsible for technical and strategic matters.

Corporate compliance

Corporate compliance structures were additionally extended at Nordex in the year under review. The global code of conduct, which was implemented globally in 2011 and applies to the entire Nordex Group, continued to be rolled out in the year under review with specific compliance training. In addition, the Nordex Group's Intranet was supplemented with additional information on compliance. The compliance team is keeping staff at all Nordex companies regularly abreast of all current activities and developments on a regular basis by means of dedicated newsletters, online communications and training.

Detailed reporting

To achieve the greatest possible transparency, Nordex keeps shareholders, financial analysts, shareholder groups, the media and the public at large regularly informed on a timely basis of the Company's condition and main changes in its business. In this way, the Company's reports comply with the rules defined in the Code: Nordex informs its shareholders four times a year of its business performance, net assets, financial condition and results of operations and its risk exposure.

In accordance with the statutory requirements, members of the Company's Management Board confirm that the annual financial statements, consolidated financial statements and combined management report provide a true and fair view of the Company's condition.

The annual financial statements of Nordex SE, the Nordex Group's consolidated financial statements and the combined management report are published within three months of the end of the year to which they relate. During the year, shareholders and third parties are informed of the Company's performance in the half-yearly report and, in the first and third quarters, in quarterly reports.

In addition, Nordex publishes information at press and analyst conferences. It particularly also uses the Internet as a publication platform. The Group's website sets out the main financial dates such as the dates of publication of the annual report and the quarterly interim reports and the date of the annual general meeting.

Any material new information is made available to the broad public without delay.

In addition to regular reporting, ad-hoc bulletins are released to disclose all facts not publicly known which are liable to materially affect the price of Nordex stock upon becoming known.

Nordex SE
Rostock, 21 March 2013

Dr. J. Zeschky
Chairman of the
Management Board (CEO)

L. Krogsgaard
Member of the
Management Board

B. Schäferbarthold
Member of the
Management Board

Service initiative

"I see service as a profitable growth business. The strong customer orientation of our team is a decisive success factor. We must satisfy our customers each and every day, around the clock and throughout the entire life cycle of our wind power systems – in other words over at least 20 years."

Bo Mørup, Head of Global Service

Consolidated balance sheet

as of 31 December 2012

Assets	Notes	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Cash and cash equivalents	(1)	274,779	211,977
Trade receivables and future receivables from construction contracts	(2)	245,879	260,078
Inventories	(3)	224,303	227,422
Income tax refund claims		89	276
Other current financial assets	(4)	20,593	22,744
Other current non-financial assets	(5)	48,161	37,719
Current assets		813,804	760,216
Property, plant and equipment	(6)	103,026	133,915
Goodwill	(7)	11,648	11,648
Capitalised development expense	(8)	77,491	62,140
Other intangible assets	(9)	4,090	5,532
Financial assets	(10)	4,473	5,289
Investments in associates	(11)	7,773	7,263
Other non-current financial assets	(12)	1,128	2,250
Other non-current non-financial assets	(13)	39	4
Deferred income tax assets	(14)	42,504	40,730
Non-current assets		252,172	268,771
Assets		1,065,976	1,028,987

Equity and liabilities	Notes	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Current bank borrowings	(15)	27,531	76,239
Trade payables	(16)	189,366	109,744
Income tax liabilities	(17)	978	4,315
Other current provisions	(18)	64,955	54,064
Other current financial liabilities	(19)	22,843	174,962
Other current non-financial liabilities	(20)	249,437	174,123
Current liabilities		555,110	593,447
Non-current bank borrowings	(21)	25,316	0
Pensions and similar obligations	(22)	941	862
Other non-current provisions	(18)	17,432	21,941
Other non-current financial liabilities	(23)	169,459	14,762
Other non-current non-financial liabilities	(24)	2,063	4,634
Deferred income tax liabilities	(14)	16,485	16,788
Non-current liabilities		231,696	58,987
Subscribed capital		73,529	73,529
Share premium		179,256	204,798
Other retained earnings*		–10,698	–10,530
Cash flow hedges		–1,419	0
Foreign-currency adjustment item		3,836	3,247
Consolidated net profit carried forward		34,391	103,318
Consolidated net profit/loss		0	0
Share in equity attributable to parent company's equity holders		278,895	374,362
Non-controlling interests		275	2,191
Equity	(25)	279,170	376,553
Equity and liabilities		1,065,976	1,028,987

*Other equity components and other retained earnings have been combined.

Consolidated income statement

for the period from 1 January to 31 December 2012

	Notes	01.01–31.12.2012 EUR thousand	01.01–31.12.2011 EUR thousand
Sales	(27)	1,075,271	916,807
Changes in inventories and other own work capitalised	(28)	25,603	7,820
Total revenues		1,100,874	924,627
Other operating income	(29)	28,838	23,345
Cost of materials	(30)	–865,328	–690,255
Personnel costs	(31)	–140,162	–146,453
Depreciation/amortisation	(32)	–69,241	–26,414
Other operating expenses	(33)	–116,044	–111,873
Earnings before interest and taxes (EBIT)	(38)	–61,063	–27,023
Income from investments		471	24
Net profit/loss from at-equity valuation		–1,178	–1,193
Impairment of financial assets and securities held as current assets		0	–390
Other interest and similar income		1,758	1,522
Interest and similar expenses		–25,099	–18,181
Net finance income/expense	(34)	–24,048	–18,218
Profit/loss from ordinary activity		–85,111	–45,241
Income taxes	(35)	–2,813	–1,839
Net loss from continuing operations		–87,924	–47,080
Net loss from discontinued operations	(39)	–6,491	–2,385
Consolidated net loss		–94,415	–49,465
Of which attributable to:			
Parent company's equityholders		–93,878	–48,453
Non-controlling interests	(36)	–537	–1,012
Loss per share (in EUR)	(37)		
Basic*		–1.28	–0.67
Diluted*		–1.28	–0.67

*Based on a weighted average of 73.529 million shares (previous year 71.913 million shares)

Consolidated statement of comprehensive income

for the period from 1 January to 31 December 2012

	01.01–31.12.2012 EUR thousand	01.01–31.12.2011 EUR thousand
Consolidated net loss from continuing operations	–87,924	–47,080
Consolidated net loss from discontinued operations	–6,491	–2,385
Consolidated net loss	–94,415	–49,465
Other comprehensive income		
Foreign currency translation difference	664	–842
Cash flow hedges	–2,027	717
Deferred income taxes	608	–215
Consolidated comprehensive income	–95,170	–49,805
Of which attributable to:		
Parent company's equityholders	–94,708	–48,897
Non-controlling interests	–462	–908

Consolidated cash flow statement

for the period from 1 January to 31 December 2012

		01.01–31.12.2012 EUR thousand	01.01–31.12.2011 EUR thousand
	Operating activities		
	Consolidated net loss	–87,924	–47,080
+	Depreciation on non-current assets	69,241	26,804
=	Consolidated loss plus depreciation	–18,683	–20,276
+	Decrease in inventories	3,743	49,348
+	Decrease in trade receivables and future receivables from construction contracts	13,718	7,492
+/–	Increase/decrease in trade payables	79,136	–70,692
+/–	Increase /decrease in prepayments received	65,002	–3,821
=	Payments received from/made for changes in working capital	161,599	–17,673
–	Increase in other assets not allocated to investing or financing activities	–18,023	–16,927
+	Increase in pension provisions	79	104
+/–	Increase/decrease in other provisions	7,744	–2,195
–	Decrease in other liabilities not allocated to investing or financing activities	–1,990	–1,709
+	Losses from the disposal of non-current assets	3,947	4,066
–	Other interest and similar income	–1,756	–1,522
+	Interest received	1,475	1,584
+	Interest and similar expenses	25,099	18,181
–	Interest paid	–24,621	–11,046
+	Income taxes	2,813	1,839
+/–	Taxes refunded/paid	1,176	–952
+/–	Other non-cash expenses/income	2,270	–742
=	Payments made from other operating activities	–1,787	–9,319
=	Cash flow from continuing operating activities	141,129	–47,268
	Investing activities		
+	Payments received from the disposal of property, plant and equipment/ intangible assets	1,286	854
–	Payments made for investments in property, plant and equipment/ intangible assets	–54,553	–47,486
+	Payments received from the disposal of financial assets	1,615	1,281
–	Payments made for investments in financial assets	–4,685	–3,520
+	Payments received from investment grants	188	4,468
=	Cash flow from investing activities from continuing operations	–56,149	–44,403

		01.01–31.12.2012 EUR thousand	01.01–31.12.2011 EUR thousand
	Financing activities		
+	Payments received from equity issues	0	53,270
+	Bank loans raised	0	13,805
–	Bank loans repaid	–20,995	–54,099
+	Payments received from the issue of bonds	0	147,412
=	Cash flow from financing activities from continuing operations	–20,995	160,388
	Cash change in cash and cash equivalents from continuing operations	63,985	68,717
	Cash flow from discontinued operating activities	6,288	4,000
	Cash flow from investing activities from discontinued operations	–4,131	–1,447
	Cash flow from financing activities from discontinued operations	–2,455	–2,217
	Cash change in cash and cash equivalents from discontinued operations	–298	336
+	Cash and cash equivalents at the beginning of the period	211,977	141,050
+	Cash and cash equivalents from additions to companies consolidated	0	25
–/+	Exchange rate-induced changes in cash and cash equivalents	–885	1,849
=	Cash and cash equivalents at the end of the period* (Cash and cash equivalents carried on the face of the consolidated balance sheet)	274,779	211,977

*Trustee account EUR 144 thousand (2011: EUR 341 thousand)

Consolidated statement of changes in equity

	Subscribed capital	Share premium	Other retained earnings*	Cash flow hedges
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
01.01.2012	73,529	204,798	–10,530	0
Purchase of non-controlling interests	0	0	–1,021	0
Employee stock option programme	0	235	0	0
Consolidated comprehensive income	0	0	0	–1,419
Consolidated net loss	0	0	0	0
Other comprehensive income				
Foreign currency translation difference	0	0	0	0
Cash flow hedges	0	0	0	–2,027
Deferred income taxes	0	0	0	608
Utilisation of profit and consolidated profit/loss carried forward consolidated net profit carried forward	0	–25,777	853	0
31.12.2012	73,529	179,256	–10,698	–1,419

*Other equity components and other retained earnings have been combined.

	Subscribed capital	Share premium	Other retained earnings*	Cash flow hedges
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
01.01.2011	66,845	158,080	20,467	–502
Issue of new equity				
Payments received from issue of new equity	6,684	49,465	0	0
Cost of issuing new equity	0	–2,879	0	0
Income taxes	0	864	0	0
Employee stock option programme	0	1,054	0	0
Consolidated comprehensive income	0	0	0	502
Consolidated net loss	0	0	0	0
Other comprehensive income				
Foreign currency translation difference	0	0	0	0
Cash flow hedges	0	0	0	717
Deferred income taxes	0	0	0	–215
Utilisation of profit and consolidated profit/loss carried forward consolidated net profit carried forward	0	–1,786	–30,997	0
31.12.2011	73,529	204,798	–10,530	0

*Other equity components and other retained earnings have been combined.

Foreign currency adjustment item EUR thousand	Consolidated net profit/loss carried forward EUR thousand	Consolidated net profit/loss EUR thousand	Capital attributable to the parent company's equity holders EUR thousand	Non-controlling interests EUR thousand	Total equity EUR thousand
3,247	103,318	0	374,362	2,191	376,553
0	0	0	–1,021	–1,454	–2,475
0	0	0	235	0	235
589	0	–93,878	–94,708	–462	–95,170
0	0	–93,878	–93,878	–537	–94,415
589	0	0	589	75	664
0	0	0	–2,027	0	–2,027
0	0	0	608	0	608
0	–68,927	93,878	27	0	27
3,836	34,391	0	278,895	275	279,170

Foreign currency adjustment item EUR thousand	Consolidated net profit/loss carried forward EUR thousand	Consolidated net profit/loss EUR thousand	Capital attributable to the parent company's equity holders EUR thousand	Non-controlling interests EUR thousand	Total equity EUR thousand
4,332	97,974	20,875	368,071	2,764	370,835
0	0	0	56,149	335	56,484
0	0	0	–2,879	0	–2,879
0	0	0	864	0	864
0	0	0	1,054	0	1,054
–946	0	–48,453	–48,897	–908	–49,805
0	0	–48,453	–48,453	–1,012	–49,465
–946	0	0	–946	104	–842
0	0	0	717	0	717
0	0	0	–215	0	–215
–139	5,344	27,578	0	0	0
3,247	103,318	0	374,362	2,191	376,553

Notes on the consolidated financial statements

for the year from 1 January until 31 December 2012

General information

Nordex SE, a listed Societas Europaea, and its subsidiaries develop, manufacture and distribute wind power systems, particularly large megawatt-class turbines, in Germany and in other countries. Nordex SE is domiciled in Rostock, Germany. However, its headquarters are located at Langenhorner Chaussee 600, 22419 Hamburg, Germany.

Nordex SE stock is admitted to regulated trading subject to the advanced admission obligations (TecDAX) stipulated by Deutsche Börse. Its nominal capital as of 31 December 2012 stands at EUR 73,529,499 (2011: EUR 73,529,499) and is divided into 73,529,499 (2011: 73,529,499) no-par-value shares with a notional value of EUR 1 each.

Nordex SE's consolidated financial statements for 2012 were approved for publication in a resolution passed by the Management Board on March 6, 2013.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the accounting periods presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of Nordex SE and its subsidiaries were prepared in accordance with Section 315a of the German Commercial Code using the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union. In this connection, all International Financial Reporting Standards and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) binding for the 2012 reporting year were applied.

The consolidated financial statements were prepared using the historical cost method supplemented with fair-value measurement of the financial assets classified as available for sale and the assets and liabilities at fair value through profit and loss (including derivative financial instruments). The consolidated financial statements are prepared in thousands of euros.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the section entitled "Critical accounting estimates and 104
assumptions".

As in the previous year, Nordex SE applied the current/non-current distinction provided for in IAS 1 for accounting for assets and liabilities in 2012.

At Nordex SE and all its consolidated companies, the fiscal year is identical to the calendar year.

Moreover, there are no changes in the accounting and measurement methods used compared with the previous year.

Effects of new accounting standards

The effects of the new and revised standards to be applied in 2012 are being examined in detail.

- IFRS 7 Financial Instruments: Disclosures – The revised standard heightens the transparency of disclosures concerning the transfer of assets and enhances understanding of the related risks and the effects of these risks on the Company's financial position.

The application of the new and revised standards and interpretations does not have any material effects on the consolidated financial statements.

New and revised standards and interpretations which are not yet mandatory in 2012 and have not been early adopted by the Group:

- IAS 1, Presentation of Financial Statements – The items of other comprehensive income are divided into amounts which are recycled to the income statement and those which are not.
- IAS 19, Employee Benefits – The corridor method has been abolished and funding expenses are calculated on a net basis.
- IAS 32, Financial Instruments: Presentation – This revision clarifies a number of rules pertaining to the netting of financial assets and financial liabilities in the balance sheet.
- IFRS 7, Financial instruments: Disclosures – New disclosure requirements have been introduced to simplify the comparison between companies which apply IFRS and those which apply US GAAP.
- IFRS 9, Financial Instruments – In the future financial assets which are recognised for the first time must be measured at their fair value or at amortised cost.
- IFRS 10, Consolidated Financial Statements – This introduces a new consolidation model for all companies based on the concept of control by the parent of subsidiaries.
- IFRS 11, Joint Arrangements – Joint arrangements are accounted for more realistically on the basis of the rights and obligations rather than the contractual arrangement. The possibility of proportionate consolidation has been abolished.
- IFRS 13, Fair Value Measurement – Against the backdrop of improved measurement continuity and reduced complexity, this standard describes how fair value is to be defined and measured and which disclosures are to be made.

No use was made of the possibility for early adoption. The effects of the new and revised standards are being examined in detail.

Consolidation

Subsidiaries

Subsidiaries are defined as all entities (including special purpose vehicles) whose financial and business policy is controlled by Nordex. This is generally accompanied by a share of more than 50% in voting rights. In determining whether such control exists, allowance is made for the existence and effect of potential voting rights which are currently vested or subject to conversion.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group (full consolidation). They are deconsolidated from the date on which control ceases.

Subsidiaries acquired are accounted for using the acquisition method. The acquisition costs equal the fair value of the assets acquired, equity instruments issued and the liabilities arising or assumed as of the date of exchange. In addition, the consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any transaction costs are reported within profit and loss when they arise. For the purpose of accounting for business combinations, identifiable assets, liabilities and contingent liabilities are consolidated for the first time at their fair value as of the date of acquisition.

The Group makes an individual decision for each business combination whether the non-controlling interests in the acquiree are measured at fair value or on the basis of the proportionate share of the acquiree's net assets.

Goodwill is recognised as the excess of the costs of the business combination, the amount of the non-controlling interests in the acquiree and the fair value of any previously held shares as of the date of acquisition over the Group's shares in the net assets measured at their fair value. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Internal Group transactions, balances as well as unrealised gains and losses from internal Group transactions are eliminated. Where necessary, the accounting policies applied by the subsidiaries have been modified to ensure consistent Group-wide accounting practices.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group For purchases of non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence over a company, any retained interest in the company is remeasured at its fair value, with the change in carrying amount recognised in profit or loss.

The fair value is defined as the initial fair value of an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that company are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that amounts previously recognised in other comprehensive income are recycled to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are recycled to profit or loss where appropriate.

The following companies are consolidated:

Name	Share in capital/ voting rights 31.12.2012 %	Share in capital/ voting rights 31.12.2011 %
Nordex SE, Rostock (Group parent)	–	–
Beebe Wind LLC, Delaware, United States	100,0	100,0
Big Berry Wind Farm LLC, Delaware, United States	100,0	100,0
Eólicos R4E S.A. de C.V., Tegucigalpa, Honduras	100,0	–
Flat Rock Wind LLC, Delaware, United States	100,0	100,0
Green Hills Wind LLC, Delaware, United States	100,0	100,0
Nordex Advanced Development GmbH, Bad Doberan	80,0	80,0
Nordex Education Trust, Cape Town, South Africa	100,0	–
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd, Peking, China	100,0	100,0
Nordex (Dongying) Wind Power Equipment Manufacturing Co. Ltd., Dongying, China	100,0	100,0
Nordex Energy B.V., Rotterdam, Netherlands	100,0	100,0
Nordex Energy GmbH, Hamburg	100,0	100,0
Nordex Energy Ibérica S.A., Barcelona, Spain	100,0	100,0
Nordex Energy Ireland Ltd., Dublin, Ireland	100,0	100,0
Nordex Energy South Africa (Pty.) Ltd., Illovo, South Africa	92,0	–
Nordex Enerji A.S., Istanbul, Turkey	100,0	100,0
Nordex France S.A.S. La Plaine Saint-Denis, France	100,0	100,0
Nordex Grundstücksverwaltung GmbH, Hamburg	100,0	100,0
Nordex Hellas Monoprosopi EPE, Melissia, Greece	100,0	100,0
Nordex Italia S.r.l., Rome, Italy	100,0	100,0
Nordex Offshore GmbH, Hamburg	100,0	100,0
Nordex Pakistan (Private) Ltd., Islamabad, Pakistan	100,0	–
Nordex Polska Sp. z o.o., Warsaw, Poland	100,0	100,0
Nordex Singapore Equipment Private Ltd., Singapore	100,0	100,0
Nordex Singapore Service Private Ltd., Singapore	100,0	100,0
Nordex Sverige AB, Uppsala, Sweden	100,0	100,0
Nordex UK Ltd., Didsbury, United Kingdom	100,0	100,0
Nordex USA Inc., Chicago, United States	100,0	100,0
Nordex USA Management LLC, Chicago, United States	100,0	100,0
Nordex Windpark Beteiligung GmbH, Hamburg	100,0	100,0
Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd., Ningxia, China	100,0	60,0
NPV Dritte Windpark GmbH & Co. KG, Hamburg	100,0	100,0
Republic Wind LLC, Delaware, United States	100,0	100,0
Way Wind, LLC, Delaware, United States	100,0	100,0

In 2012, a further 40% of the shares in Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd. was acquird. The difference of EUR 1,021 thousand arising from acquisition accounting was netted with other retained earnings.

The following companies were included in Nordex SE's consolidated financial statements for the first time in the year under review:

Name	Date of acquisition/ incorporation	
Eólicos R4E S.A. de C.V., Tegucigalpa, Honduras*	Acquired	03.04.2012
Nordex Education Trust, Capetown, South Africa*	Incorporation	03.07.2012
Nordex Energy South Africa (Pty.) Ltd., Illovo, SouthAfrica**	Incorporation	23.05.2012
Nordex Pakistan (Private) Ltd., Islamabad, Pakistan***	Incorporation	28.02.2012

*Consolidated for the first time on 1 December 2012
**Consolidated for the first time on 1 November 2012
***Consolidated for the first time on 1 October 2012

No companies were deconsolidated in the year under review.

There are management and profit-transfer agreements in force between Nordex SE and its consolidated domestic companies with the exception of Nordex Offshore GmbH and Nordex Advanced Development GmbH with a corresponding effect on the Group's tax situation. A tax unity for corporate, trade and value added tax is in force with Nordex SE for the domestic subsidiaries. The list of shareholdings as of 31 December 2012 is attached to these notes.

As part of liability consolidation, all receivables and liabilities as well as unrealised gains and losses on internal Group transactions between consolidated companies of EUR 1,380,496 thousand (2011: EUR 1,254,411 thousand) are netted against each other.

Internal Group transactions as well as unrealised gains and losses from internal Group transactions are eliminated. In connection with the consolidation of expenses and income, internal Group deliveries of services and goods, expenses and income arising from transfer transactions and unrealised profit and loss from internal Group transactions of EUR 421,333 thousand (2011: EUR 365,062 thousand) were eliminated.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanied by a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting and initially recognised at cost. The Group's investments in associates include goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share in its associates' profits or losses is recognised in the income statement as of the date of acquisition and its share in changes in reserves is recognised in consolidated reserves. The accumulated post-acquisition movements are adjusted against the carrying amount of the investment. If the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise any further losses unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, the accounting policies applied by the associates have been modified to ensure consistent Group-wide accounting. Dilution gains and losses arising from shares held in associates are recorded in profit and loss.

Foreign-currency translation

Functional currency and reporting currency

The items included in the financial statements of each consolidated company are measured on the basis of the currency which corresponds to the currency of the primary economic environment in which it operates (functional currency). The consolidated financial statements are presented in euros, which is Nordex SE's functional and presentation currency.

Transactions and balances

Foreign-currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. Gains and losses from the settlement of such transactions as well as the transaction-date translation of monetary assets and liabilities held in a foreign currency are taken to the income statement.

Foreign exchange gains and losses resulting from the translation of cash, cash equivalents and other financial assets or liabilities are presented in the income statement under other operating income or other operating expenses.

Group companies

The assets and liabilities of all consolidated companies with a functional currency other than the euro are translated using the exchange rate prevailing on each balance sheet date.

The income and expenses of all consolidated companies with a functional currency other than the euro are translated into euro at the average exchange rate for each income statement (unless the use of the average exchange rate does not result in a reasonable approximation of the cumulative effects which would have arisen had the exchange rate applicable on the dates of the individual transactions been applied; in this case, income and expenses are translated at the rates prevailing on the transaction dates).

Any translation differences are recorded as a separate item in other reserves in equity (foreign currency adjustment item).

The following table sets out the main exchange rates against the euro of importance to the Group:

Exchange rates EUR 1.00 equals	Average exchange rates for the year		End-of-year exchange rate as of 31.12	
	2012	2011	2012	2011
CNY	8.1456	9.0223	8.2352	8.2200
GBP	0.8108	0.8712	0.8155	0.8370
PLN	4.1682	4.1271	4.0920	4.4530
SEK	8.6762	9.0104	8.5780	8.9250
TRY	2.3135	2.3517	2.3540	2.4430
USD	1.2917	1.3982	1.3188	1.2944
ZAR	10.5441	10.4899	11.1794	10.1358

Cash and cash equivalents

Cash and cash equivalents include cash in hand and short-term bank deposits with terms of less than three months. Current account overdrafts are reported within current bank borrowings on the balance sheet.

Trade receivables and future receivables from construction contracts

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or within the normal operating cycle of the business if longer), they are classified as current assets. Otherwise they are classified as non-current.

Trade receivables are categorised as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost, less any impairment losses, which are calculated on the basis of an individual risk assessment.

Future receivables from construction contracts are amounts due from services performed within the framework of specific customer construction contracts, which are recorded using the percentage-of-completion method (POC method) after deducting expected losses. Future receivables from construction contracts are classified as loans and receivables.

Inventories

Inventories are reported at historical cost. Generally speaking, the average method is used to calculate historical cost. The production costs include full costs calculated on the basis of normal capacity utilisation. Specifically, the production costs include directly attributable costs as well as material and production overheads including production-related charges and pension expenses. In addition, production-related administrative overheads are assigned to production costs. Borrowing costs which are directly attributable to the construction of wind power systems and their components as well as advance outlays for project development, rights and infrastructure are included in construction costs.

Suitable adjustments are made to allow for any inventory risks in connection with reduced merchantability. If the net recoverable amount of the inventories on the balance-sheet date is less than their book value, they are written down accordingly. In the event of an increase in the net realisable value of inventories for which impairment expense has previously been recognised, the resultant reversal amount is deducted from the cost of materials or recognised as an increase in inventories.

Financial assets

Classification

Financial assets are allocated to the following categories: at fair value through profit and loss, loans and receivables and available for sale. The held to maturity category is not dealt with in any detail due to its lack of relevance for the Group.

Classification depends on the purpose for which the financial assets were acquired. Management determines the category of the financial asset upon initial recognition.

- Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets which are held for trading. In addition, a financial asset is assigned to this category if it has principally been acquired for the purpose of being sold in the near term. Derivatives are also assigned to this category unless they are designated as hedges. Assets in this category are recognised as current assets provided that they are due for settlement in less than twelve months; otherwise they are reported as non-current assets.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. Otherwise they are classified as non-current. The Group's loans and receivables are reported in the balance sheet within cash and cash equivalents, trade receivables and future receivables under construction contracts as well as other current financial assets and other non-current financial assets.

- Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial instruments that are either designated in this category or not classified in any of the other categories. They are reported within non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date and the asset does not fall due for settlement during this period.

Recognition and measurement

All purchases and sales of financial assets are recognised on the trade date, i.e. the date on which the Company assumes an obligation to buy or sell the asset in question. Financial assets not designated as at fair value through profit and loss are initially recognised at their fair value plus transaction costs.

Financial assets assigned to this category are initially recognised at their fair value; any transaction costs are recorded in profit and loss. Financial assets are derecognised when the rights to payment under the financial assets expire or they have been transferred to third parties together with substantially all risks and opportunities arising from ownership.

After initial recognition, available-for-sale financial assets and financial assets at fair value through profit and loss are measured at their fair value.

Gains or losses from financial assets at fair value through profit and loss are recognised in other operating income or other operating expenses in the income statement in the period in which they arise.

As a general rule, gains and losses from available-for-sale financial assets are recorded within equity in the period in which they arise with the exception of interest income arising from the application of the effective interest method and foreign-currency translation differences arising from monetary securities, which are reported in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the group's right to receive payments is established. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement. Securities classified as available-for-sale financial assets are measured at historical cost less impairment if there is no active market for them and their fair value cannot be reliably determined.

Loans and receivables are subsequently measured at amortised cost using the effective interest method. Interest income arising from the application of the effective interest method is reported within other interest and similar income in the income statement.

Property, plant and equipment

Property, plant and equipment are reported at cost and, where subject to wear and tear, written down on a scheduled basis.

Historical cost includes the directly attributable transaction costs. Any additional cost, e.g. as a result of extensions or replacements, is only assumed to constitute part of the historical cost of the asset in question or – where applicable – reported as a separate asset if future economic benefits are likely to flow to the Group as a result and the costs of the asset can be reliably determined.

In accordance with IAS 20.24, government grants and assistance received for the purposes of acquiring assets are deducted from historical cost.

Expenditure on repairs and maintenance which do not constitute material replacement spending is recognised in profit and loss in the year in which it arises.

Depreciation is calculated on a straight-line basis. For this purpose, the historical cost is written down to the residual carrying amount over the expected useful lives of the assets as follows:

	Useful life	Depreciation rate
Land and buildings (depreciation calculated for buildings only)	10–33 years	3%–10%
Technical equipment and machinery	3–16 years	6.25%–33.33%
Operating and business equipment	2–18 years	5.56%–50%

The assets' residual values and useful lives are reviewed and, if appropriate, adjusted at each balance sheet date.

If there is any evidence indicating impairment in the value of the asset and the realisable amount is less than the amortised acquisition or production costs, the asset is written down on a non-scheduled basis. If the reasons for the impairment no longer apply, the impairment loss is reversed.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill arising from a business combination is recorded within intangible assets. The goodwill recognised is subject to an annual impairment test and subsequently measured at historical cost less any accumulated impairment losses. Impairment losses on goodwill are not reversed.

Gains and losses from the sale of a company encompass the carrying amount of the goodwill attributable to the entity being sold.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose in accordance with the business segments identified.

Capitalised development expense

Development costs are capitalised if the technical feasibility of completing the intangible asset so that it is available for use or sale and the intention for the intangible asset to be completed, used or sold can be demonstrated. In addition, Nordex SE must be able to demonstrate the generation of a future economic benefit as a result of the asset and the availability of the resources to complete the asset and reliably measure the expenditure attributable to the intangible asset during its development.

The cost of production for such assets includes all costs directly attributable to the production process as well as the production-related overheads and borrowing costs. Capitalised development costs are written down on a straight line over the period in which the project is expected to generate sales, however no longer than five years.

If there is any evidence pointing to impairment in the value of the asset and the realisable amount is below the amortised acquisition or production costs, the asset is written down on a non-scheduled basis. If the reasons for the impairment no longer apply, the impairment loss is reversed.

Other intangible assets

Other intangible assets include licenses acquired, software and similar rights.

The assets are recognised at historical cost. They have defined useful lives and are reported at historical cost less cumulative amortisation. Amortisation is calculated on a straight-line basis over the expected useful lives of the assets, which are deemed to expire no later than upon the right extinguishing. The following useful lives are assumed for this purpose:

	Useful life	Amortisation rate
Licenses, software and similar rights	2–5 years	20%–50%

Current and deferred income taxes

Income tax expense for the period comprises current and deferred income taxes. Taxes are recorded in the income statement unless they refer to items reported directly in equity or other comprehensive income. In this case, they are also recorded in equity or other comprehensive income.

Current income tax expense is calculated on the basis of the tax legislation applicable or enacted in the countries in which the consolidated companies are active and generate taxable income as of the balance sheet date.

Deferred income taxes are recognised for all temporary differences between the tax base of the assets/liabilities and their carrying amounts in the IFRS financial statements (liability method), which thus result in higher (deferred income tax liabilities) or lower (deferred income tax assets) taxable income (temporary valuation differences) in the future. Deferred income taxes are not accounted for if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income taxes are determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are only recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. They also include tax reimbursement claims arising from the expected future utilisation of existing tax losses and there is reasonable certainty that they will be realised within a period of five years.

Deferred income tax is provided on temporary differences arising on investments in non-consolidated subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are netted in cases in which there is an enforceable netting right and the deferred taxes are levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Financial liabilities

Classification

- Financial liabilities held for trading

This category exclusively includes the negative fair value of derivatives that are not included in hedge accounting. All changes to the fair value of the financial liabilities in this category are directly recognised in the income statement.

- Financial liabilities at amortised cost

The “financial liabilities at amortised cost” category includes all non-derivatives and those financial liabilities not subsequently recognised at their fair value. Amortised costs are calculated using the effective interest method.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise they are classified as non-current.

Trade payables are initially measured at their fair value and subsequently remeasured at amortised cost using the effective interest method.

Financial liabilities

Financial liabilities are initially recognised at their fair value net of transaction costs. In the ensuing periods, they are remeasured at amortised cost; any difference between the payment made (net of transaction costs) and the repayment received is included in the income statement over the term of the loan using the effective interest method.

Other provisions

Provisions are recognised if the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources embodying economic benefits will be necessary to settle the obligation and a reliable estimate can be made of the amount of the obligation.Values are calculated on the basis of prudent estimates in the light of all discernible risks at the level of their probable occurrence.

If a number of similar obligations exist, as is the case with guarantee and warranty provisions, the probability of the burden on assets as a result of this group of obligations is determined.

Provisions are recognised at the present value of the expenditure expected to be required to settle the obligation discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Increases in provisions resulting solely from interest costs are recorded as interest expense in the income statement.

Pensions and similar obligations

The Group has both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a non-Group separate entity (fund). In the case of defined contribution plans, the Group pays contributions to public or private pension insurance schemes on the basis of a statutory or contractual obligation or on a voluntary basis. The Group has no further payment obligations beyond the payment of these contributions. The contributions are recorded as personnel costs when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

By contrast, a defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration. The pension provision on the balance sheet for defined benefit plans corresponds to the present value of the defined benefit obligation (DBO) as of the balance sheet date adjusted for the fair value of unrecognised past service costs. The DBOs are calculated annually by independent actuarial experts using the projected unit credit method. The present value of the DBOs is calculated by discounting the expected future outflows of funds with the interest rate of investment-grade corporate bonds. The corporate bonds are denominated in the currencies in which the benefits are paid and with maturities matching those of the pension obligations. Actuarial gains and losses based on historical adjustments and changes to actuarial assumptions are amortised in accordance with the corridor method. They are not accounted for if they do not exceed 10% of the obligation. The amount exceeding the corridor is spread over the average remaining service period of the active staff and charged to the income statement.

Equity

Ordinary shares are classified as equity capital. Incremental costs which are directly attributable to the issue of new shares or options are recognised in equity as a deduction net of tax from the proceeds of the issue.

Stock option plan

Nordex SE grants selected persons, who are executives or employees of Nordex SE or any companies affiliated with it as defined in Section 15 et seq. of the Stock Corporation Act in which Nordex holds a majority stake and which themselves are not listed, as well as members of the management of companies of the Nordex Group and members of the Management Board of Nordex SE the right free of charge to acquire shares in Nordex SE. Nordex SE may also make a cash settlement in lieu of delivery of shares. As there is currently no obligation to make a cash settlement and this is not planned in the future, stock options are accounted for as equity-settled obligations.

The employee services received in exchange for the grant of the options are recognised as expense. This expense is determined by reference to the fair value of the options granted, including market-based plan conditions and exclusive non-market-based plan conditions, as well as „non-vesting conditions“. The latter are included in assumptions about the number of options that are expected to vest. The total expense is recognised proportionately over the vesting period.

The Company monitors the expected number of options that are likely to be exercised during the vesting period at the end of every reporting period. Deviations from earlier estimates are adjusted and recorded in the income statement. A corresponding adjustment is then made to equity.

Derivative financial instruments and hedges

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair value. The method for recording profits and losses depends on whether the derivative financial statement has been designated as a hedge and the nature of the hedged item.

Currency forwards

Currency forwards are used to hedge items of the balance sheet and future transactions (“hedged item”) which are very likely to occur. The Group applied the provisions of hedge accounting in accordance with IAS 39 for the first time in accordance with IAS 39. Hedge accounting is possible only if the clear hedging relationship between the hedged item and the hedge is documented and its efficacy is proved (in accordance with IAS 39).

Cash flow hedges satisfying these requirements as well as the other derivative financial assets are measured at fair value. Any changes in the fair value of the effective part of the derivative are initially recorded in the cash flow hedge reserve and only recycled to profit and loss when the hedged item is realised; the ineffective part of the cash-flow hedge is taken to profit and loss immediately and recorded with “other operating income” or “other operating expenses”, as the case may be. The ineffective part of cash flow hedges comprises income and expense arising from any changes in the fair value of the currency forwards exceeding the changes in the fair value of the hedged items for which, however, efficacy within the permissible range of between 80% and 125% has been determined.

If a hedge expires, is sold or no longer satisfies the criteria of IAS 39 for the application of cash flow hedging, the cumulative gains or loss continue to be recorded within equity and are not recycled to profit and loss until the hedge transaction is settled. If the future transaction is no longer expected to occur, the cumulative gains or losses recorded within equity must be immediately recycled to profit and loss.

Currency forwards which are used within the Group for hedging foreign currency risks in accordance with business criteria but which do not satisfy the strict criteria of IAS 39 for the application of hedge accounting are classified as assets and liabilities at fair value through profit and loss and categorised as held for trading. Gains or losses from these currency forwards designated as fair-value hedges are recognised within other operating income or other operating expenses in the income statement in the period in which they arise.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases in which the Group holds the material risks and benefits from ownership of the leased assets are classified as finance leases. Assets leased under finance leases are recognised at the lower of their fair value and the present value of the minimum lease payment at the beginning of the lease. A lease liability of the same amount is recorded within non-current liabilities. Each lease payment is divided into an interest and a repayment component to ensure that a constant interest rate is applied to the lease liability. The net lease liability is reported within non-current liabilities. The interest component of the lease payment is recorded in the income statement and spread evenly over the term of the lease. Assets under finance leases are written off over the shorter of their expected useful life and the term of the lease.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Otherwise they are recognised through profit and loss in the period in which they arise.

A qualifying asset is one whose construction or assembly takes more than one year.

Revenue recognition

Revenues

Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. They are shown net of value added tax, returns, rebates and discounts as well as after eliminating sales within the Group.

Revenues comprise income from the completion of construction contracts for customers, the sale of wind power systems and from service contracts.

In the case of construction contracts for customers, revenues are generally recognised in accordance with the percentage-of-completion method, measured as the ratio of incurred to planned costs, when
a) a legally binding contract has arisen,
b) all necessary building permits have been issued,
c) a grid connection or a contract providing for a grid connection is in existence,
d) customer finance is assured and
e) the customer has paid the agreed installment.
For this purpose, profit is recognised on a prorated basis in accordance with the percentage of completion provided that the percentage of completion, total costs and total revenues from the orders in question can be reliably calculated. Contract costs comprise the costs directly attributable to the contract as well as production overheads.

If circumstances arise that may change the original estimates of revenues, costs or the percentage of completion, then these estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known to management.

Revenues from service contracts are recognised upon the service being provided.

Interest income

Interest income is recorded using the effective interest method in accordance with the principles of accrual accounting.

Financial risk management

Financial risk management – purposes and methods

As an enterprise acting on an international level, the Nordex Group is exposed to financial risks in its operating business and financial transactions. These are primarily market, credit and liquidity risks. The purpose of financial risk management is to limit these market risks by means of ongoing operating and finance-oriented activities. For this purpose, derivative and non-derivative hedge instruments are used. Derivative financial instruments are used solely for hedging purposes and are not utilised for trading or speculative purposes. These transactions are executed on a central basis by Nordex SE as the parent company.

All transactions involving derivative financial instruments are subject to stringent monitoring, which is particularly ensured by a strict separation of trading, back-office and supervisory functions. Moreover, certain transactions require the prior approval of the Management Board, which is additionally kept regularly informed of the extent and value of the outstanding risk positions. The Treasury department is responsible for implementing the financial strategy and for ongoing risk management.

All of Nordex's counterparties in contracts for derivative financial instruments are domestic and foreign banks whose ratings are permanently monitored. Nordex is able to mitigate risk by means of diversification.

Market risk

Foreign-currency risk

The Group's business is exposed to fluctuations in exchange rates as a result of its international orientation. The main risks are primarily to be found in the exchange rate between the euro (EUR), the US dollar (USD), pound sterling (GBP), and the South African rand (ZAR). Fluctuation in the exchange rate between the euro (EUR) and the South African rand (ZAR) arose for the first time as of 31 December 2012. Foreign-currency risks arise from expected future transactions, assets and liabilities recognised on the face of the balance sheet. Currency forwards are used only to hedge transaction exchange rate risks.

The Group's risk management policy provides for contractually agreed future transactions as well as existing assets and liabilities to be hedged. As of December 31, 2012, these were primarily US-dollar, pound sterling and South African rand currency forwards. The notional repayment amounts for outstanding currency forwards stand at EUR 244,383 thousand as of 31 December 2012 (2011: EUR 187,254 thousand) particularly due to business in the United States as well as a major project in South Africa; however, the opposing currency flows cancel each other out. The Nordex Group's operating activities were not exposed to any material transaction currency risks as of the balance sheet date thanks to these hedging activities.

For the purpose of describing market risks, a currency sensitivity analysis is performed to determine the effects of hypothetical changes in relevant risk variables on the Company's earnings and equity. Currency risks arise as a result of financial instruments denominated in a currency other than the Group's functional currency and of a monetary nature; differences as a result of exchange rates in the translation of single-entity financial statements for inclusion in the consolidated financial statements are ignored. As a matter of principle, the relevant risk variables comprise all non-functional currencies in which the Nordex Group transacts financial instruments.

If the exchange rate of the US dollar had appreciated by 10% against the euro on 31 December 2012, profit after tax would – all other variables being equal – have increased by EUR 7.4 million (2011: increased by EUR 0.8 million) for the year as a whole as a result of the change in the originated financial instruments (cash and cash equivalents, receivables from construction contracts, trade receivables and payables and bank borrowings). If the exchange rate of the US dollar had depreciated by 10%, profit after tax would have been EUR 6.0 million lower (2011: EUR 0.7 million lower). Appreciation/depreciation by 10% in the exchange rate of the US dollar would have resulted in a decrease of EUR 10.0 million (2011: EUR 21.4 million) in profit after tax from the measurement of the currency forwards transacted for hedging purposes but not included in hedge accounting and an increase of EUR 8.2 million (2011: EUR 17.5 million), respectively.

If the exchange rate of pound sterling had appreciated by 10% on 31 December 2012, profit after tax would – all other variables being equal – have increased by EUR 0.3 million (2011: increased by EUR 0.2 million) for the year as a whole as a result of the change in the originated financial instruments (cash and cash equivalents, receivables from construction contracts, trade receivables and payables and bank borrowings). If the exchange rate of pound sterling had depreciated by 10%, profit after tax would have been EUR 0.2 million lower (2011: EUR 0.2 million lower).

If the exchange rate of the South African rand had appreciated by 10% on 31 December 2012, profit after tax would – all other variables being equal – have increased by EUR 0.1 million for the year as a whole as a result of the change in the originated financial instruments (cash and cash equivalents, receivables from construction contracts, trade receivables and payables and bank borrowings). If the exchange rate of the South African rand had depreciated by 10%, profit after tax would have been EUR 0.1 million lower.

In the event of appreciation or depreciation of 10% in the respective foreign currency against the Group currency, the measurement of the currency forwards transacted for hedging purposes but not included in hedge accounting would have had the following effect on the hedging reserve recorded within equity and earnings after tax:

Currency pair	+10% EUR million	–10% EUR million
EUR/USD		
Hedging reserve	0.4	–0.3
Earnings after tax	0	0
EUR/GBP		
Hedging reserve	–4.5	3.7
Earnings after tax	0.9	–0.7
EUR/ZAR		
Hedging reserve	–5.7	4.7
Earnings after tax	0	0

Interest risk

Nordex SE does not have any material floating-rate assets or liabilities exposed to interest rate risks.

Credit risk

The Group enters into business solely with investment-grade rated third parties. All main new customers wishing to enter into business with the Group on credit terms undergo a credit check. As a matter of principle, default risks or the risk of counter-parties failing to comply with their payment obligations are addressed ahead of acceptance of the order by means of a standardised approval procedure. In particular, the order is not accepted unless the project finance is guaranteed by a bank and/or a bank guarantee or group bond has been issued. In addition, the contracts provide for payment to be made upon certain milestones being reached. Moreover, receivables are monitored on an ongoing basis to avert all material risks of default.

The maximum default risk is limited to the carrying amount in question. There is no pronounced clustering of default risks within the Group. Receivables from construction contracts and trade receivables are additionally secured in part by means of bonds, guarantees and standby letters of credit of EUR 1,881.9 million or by means of retained ownership rights of EUR 73.6 million.

Liquidity risk

The Group uses a liquidity planning programme to monitor the risk of a liquidity short-fall on an ongoing basis. This programme tracks payments made and received in the light of the settlement periods of the financial investments and assets as well as expected payment flows from operating activities.

The Group seeks to achieve a balance between current incoming and outgoing payments. In some cases, Nordex uses crossborder cash pooling mechanisms or other inhouse banking instruments to enhance the efficiency of liquidity management within the Group. Group treasury invests remaining liquidity positions conservatively in fixed-term or overnight accounts with domestic and non-domestic banks.

As a matter of principle, the Nordex Group is financed by project prepayments made by customers. With all projects, the payments are called down in accordance with the progress of work on the basis of the agreed contractual schedule.

The Group's external funding is primarily based on the debt instruments described below.

Multicurrency credit facility

The Nordex Group has a syndicated multi-currency credit facility of EUR 500,000 thousand, which it signed on 7 May 2008. Following the contractual exercise of the renewal option in May 2012, the final expiry date was postponed until 7 May 2013; at the same time, the amount of the credit facility was reduced to EUR 475,000 thousand. Of this, a sum of EUR 404,573 thousand is available for covering existing and future guarantee obligations. A sum of EUR 70,426 thousand may be used for financing working capital and also for issuing guarantees. As of 31 December 2012, the Group had unutilised guarantee facilities of EUR 38,013 thousand (2011: EUR 208,553 thousand) and free cash facilities of EUR 53,110 thousand (2011: EUR 52,683 thousand).

The syndicated credit facility is secured by the patents, industrial property rights and brand names held by the Group. The borrowers and guarantors are Nordex SE and other main Nordex Group companies.

Syndicated loan

A syndicated loan for EUR 75,000 thousand was raised in November 2009. It was reduced to EUR 50,000 thousand in 2011 as a result of reduced capital spending. This investment loan was provided via funds from the KfW "large companies" programme. The loan expires on 30 September 2017 and may be used solely for financing the extensions to the rotor-blade and nacelle production facility in Rostock. The borrower is Nordex SE, which is jointly and severably liable with Nordex Energy GmbH as the guarantor. As of 31 December 2012, this loan was valued at EUR 33,716 thousand. Scheduled repayments of EUR 2,100 thousand are made at the end of each quarter. Collateral has been provided in the form of a land charge entered in the land registry of the City of Rostock. In addition, it is being secured by pledges on the machinery and equipment located on the land in question.

Corporate bond

Nordex SE issued a bond (ISIN: XS0601426538) in April 2011. This bond has a fixed coupon of 6.375% and a maturity of five years. The coupon is due annually on 12 April. The full issuing prospectus is available to the general public at www.nordex-online.com/en/investor-relations/bond.html.

Covenants

In 2012, all facilities/loans were subject during the year to uniform financial and non-financial covenants such as order intake, EBITDA and equity ratio, compliance with which must be confirmed in quarterly reports to the banks. The covenants agreed as of 31 December 2012 – interest cover and leverage – were not applied in connection with the ongoing funding negotiations with the banks.

In agreement dated 18 March 2013, the Nordex Group renewed its syndicated multicurrency facility on new terms. In the future, a sum of EUR 475,000 thousand will be available for securing present and future guarantee obligations. The guarantee obligation expires on 30 June 2014 and includes an option for renewal by a further year. The covenants agreed upon for 2012 will continue to apply in 2013 with modified parameters.

The banks may only terminate the existing finance for good cause, including breach of the financial covenants.

Maturity structure of financial liabilities

As of 31 December 2012, the Group's originated financial liabilities including future interest broke down by maturity as follows:

Year ending 31.12.2012	Less than 3 months EUR thousand	3–12 months EUR thousand	1 to 5 years EUR thousand	More than 5 years EUR thousand	Total EUR thousand
Current liabilities to banks	15,550	14,250	0	0	29,800
Non-current liabilities to banks	0	0	28,100	0	28,100
Trade payables	185,239	4,127	0	0	189,366
Other financial liabilities	21,233	15,056	182,196	9,890	228,375

Year ending 31.12.2011	Less than 3 months EUR thousand	3–12 months EUR thousand	1 to 5 years EUR thousand	More than 5 years EUR thousand	Total EUR thousand
Current bank borrowings	68,884	14,657	0	0	83,541
Non-current bank borrowings	0	0	0	0	0
Trade payables	107,231	2,513	0	0	109,744
Other financial liabilities	169,557	9,883	41,352	11,660	232,452

As of 31 December 2011, the syndicated loan and the corporate bond were reported within current liabilities.

As of 31 December 2012, derivative financial instruments had the following maturity structure:

Year ending 31.12.2012	Less than 3 months EUR thousand	3–12 months EUR thousand	1 to 5 years EUR thousand	More than 5 years EUR thousand	Total EUR thousand
Receivables from derivatives with gross settlement					
Cash inflow	48,460	84,911	0	0	133,371
Cash outflow	–47,905	–82,317	0	0	–130,222
	555	2,594	0	0	3,149
Liabilities from derivatives with gross settlement					
Cash inflow	43,867	57,523	44,062	0	145,452
Cash outflow	–44,364	–58,270	–44,995	0	–147,629
	–497	–747	–933	0	–2,177

Year ending 31.12.2011	Less than 3 months EUR thousand	3–12 months EUR thousand	1 to 5 years EUR thousand	More than 5 years EUR thousand	Total EUR thousand
Receivables from derivatives with gross settlement					
Cash inflow	13,902	0	0	0	13,902
Cash outflow	–13,808	0	0	0	–13,808
	94	0	0	0	94
Liabilities from derivatives with gross settlement					
Cash inflow	42,998	144,256	0	0	187,254
Cash outflow	–43,278	–149,063	0	0	–192,341
	–280	–4,807	0	0	–5,087

Capital risk management

Equity stood at EUR 279.170 thousand as of 31 December 2012 (2011: EUR 376,553 thousand). The main aims of financial management are to ensure sustained growth in enterprise value and to safeguard the Group's liquidity and credit rating. The Group monitors its capital by reference to the working capital employed. Working capital is defined as the sum total of inventories, receivables from construction contracts and trade receivables less advance payments received and trade payables.

	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Inventories	224,303	227,422
Receivables from construction contracts	147,263	182,321
Trade receivables	98,616	77,757
Prepayments received	–187,313	–122,310
Trade payables	–189,366	–109,744
	93,503	255,446
Revenues	1,075,271	916,807
Working capital ratio	8.7%	27.9%

Critical accounting estimates and judgements

The most important assumptions concerning the future and other key sources of estimation uncertainty as of the balance sheet date giving rise to a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year concern the following items:

Goodwill impairment testing

The Group tests goodwill for impairment at least annually at the end of each year ("impairment only" approach). This necessitates the calculation of the value in use of the cash generating units to which the goodwill has been assigned. To estimate the value in use, the Group must estimate the likely future cash flows from the cash generating unit and additionally select an appropriate discount rate to calculate the present value of this cash flow.

Goodwill is assigned to the Europe segment. The value in use for the Europe segment is calculated by reference to the budget for 2013 as well as the following two years derived from the Company's mediumterm forecasts. Cash flows beyond the three-year period were extrapolated using a consistent growth rate of 1.0% p.a. The discount rate after tax is 7.88% (2011: 7.70%) and is based on the weighted average cost of capital (WACC). The discount rate is based on a risk-free interest rate of 1.87% (2011: 2.03%), a market risk premium of an unchanged 5.0% and a beta factor of 1.20 (2011: 1.13). The beta factor and the ratio of the market value of equity capital to the market value of debt capital were determined by reference to a segment-specific peer group.

Capitalised development costs

The Group reviews the fair value of the capitalised development costs at least once a year. In doing so, the Management Board assumes a useful life of five years for the purpose of calculating depreciation expense on capitalised development costs. In addition, the likely economic benefit of the development is determined by estimating the values in use of the cash generating units to which capitalised development costs are allocated. Past development costs which have become technically antiquated are written off.

The Group capitalised development expense with a residual carrying amount of EUR 77,491 thousand as of 31 December 2012 (2011: EUR 62,140 thousand).

Guarantee provisions

Provisions for guarantees, warranty claims, service and maintenance stood at EUR 66,538 thousand as of the balance sheet date (2011: EUR 66,523 thousand). Provisions are recognised and measured on the basis of estimates which, among other things, may incorporate historical data particularly with respect to the expected costs. Actual costs may differ from the provisions due to the inherent uncertainties.

Deferred income taxes

As the parent company, Nordex SE recognised deferred income tax assets on unused tax losses. Deferred income tax assets are calculated on the basis of a medium-term forecast for the German part of the Nordex Group. The forecast period for the probability of unused tax losses being utilised is unchanged at five years. Deferred income tax assets for domestic unused tax losses were calculated using a tax rate of 15.83% including the solidarity surcharge in the case of corporate tax and 15.96% in the case of trade tax.

The non-domestic subsidiaries within the Nordex Group recognise deferred income tax assets for unused tax losses in the light of the national tax rates and make allowance for any restrictions in the length of time in which the tax losses may be utilised. Deferred income tax assets are calculated on the basis of the medium term forecasts for the subsidiary in question.

As of 31 December 2012, the deferred income tax assets on unused tax losses came to EUR 58,614 thousand (2011: EUR 50,937 thousand).

Receivables from construction contracts

Nordex records receivables under construction contracts in accordance with IAS 11. In this connection, the proceeds from fixed-price contracts are compared with the planned contract costs from the wind farm projects. Nordex has installed a project monitoring system, which reports to project management, to oversee project costs. In addition to initial pricing, this system observes pricing changes during the performance of the contract as well as the final pricing activities. Revenues and margin contributions are recorded in accordance with the percentage of completion of the contract up until final acceptance by the customer.

Reorganisation of business in China and USA

For the purposes of determining the effects of reorganisation on the fair value of ist assets in China and the United States, Nordex SE applied various measurement methods based on market observations as well as estimates and historical experience. Given the resultant uncertainty, the non-recurring expense ultimately recognised may vary from the amount previously determined using such methods.

Group segment report

The Nordex Group is engaged in the development, production, servicing and marketing of wind power systems. In addition to development and production, it provides preliminary project development services to support marketing, acquires rights and creates the infrastructure required to construct wind power systems at suitable locations. The Nordex Group is essentially a single-product company.

Segment reporting follows the internal reports submitted to the chief operating decision maker.

Nordex SE's Management Board has been identified as the chief operating decision maker. Three reportable segments which are based on the geographic markets and managed separately have been designated. Nordex SE operates solely as a holding company and can therefore not be allocated to any of the three segments.

Internal reporting is based on the accounting policies applied to the consolidated financial statements. Segment sales comprise sales with third parties (external sales) as well as internal sales between the individual regions (internal sales). The prices of

Group segment report	Europe		Asia	
	2012 EUR thousand	2011 EUR thousand	2012 EUR thousand	2011 EUR thousand
Sales	917,153	729,151	14,825	41,512
Depreciation/amortisation	–25,125	–20,288	–18,968	–1,657
Interest income	740	984	231	237
Interest expenses	–18,141	–10,718	–1,694	–1,966
Income taxes	–5,178	–2,129	–2,768	1,290
Earnings before interest and taxes (EBIT); segment earnings	40,006	11,538	–40,032	–6,878
Investments in property, plant and equipment and intangible assets	55,857	40,373	5,096	2,135
Cash and cash equivalents	65,676	15,025	6,939	13,653

deliveries between the individual segments are determined on an arm's length basis. External sales are assigned in accordance with the sales destination. Segment earnings are consolidated on the basis of external sales. The following table sets out the disclosures required by IFRS 8.32 and reconciles segment earnings with earnings before interest and tax (EBIT) and segment assets with consolidated assets:

America		Central units		Consolidation		Total group	
2012 EUR thousand	2011 EUR thousand	2012 EUR thousand	2011 EUR thousand	2012 EUR thousand	2011 EUR thousand	2012 EUR thousand	2011 EUR thousand
191,609	200,646	0	0	–48,222	–50,522	1,075,365	920,787
–23,734	–2,150	–2,509	–3,676	0	0	–70,336	–27,771
214	2	15,882	11,122	–15,171	–10,533	1,896	1,812
–4,022	–2,611	–16,539	–13,705	15,171	10,533	–25,225	–18,467
260	–7,835	4,227	7,157	0	0	–3,459	–1,517
–34,204	–643	–3,535	–2,698	–29,157	–31,053	–66,922	–29,734
1,369	2,172	1,017	1,447	–4,842	0	58,497	46,127
37,642	35,484	164,522	147,815	0	0	274,779	211,977

Notes on the balance sheet

(1) Cash and cash equivalents

This item comprises almost exclusively bank balances. Of this sum, EUR 144 thousand (2011: EUR 341 thousand) has been deposited in a trust account with a bank subject to withdrawal restrictions.

Cash at banks is subject to floating interest rates for accounts available on call. Short-term deposits have been made for different periods depending on the Group's short-term liquidity requirements. They are subject to interest at the applicable rates for short-term deposits.

Cash and cash equivalents equal the cash and cash equivalents set out in the cash flow statement.

(2) Trade receivables and future receivables from construction contracts

Receivables break down as follows:

	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Trade receivables (gross)	102,359	82,539
less adjustments	–3,743	–4,782
Trade receivables (net)	98,616	77,757
Future receivables from construction contracts	147,263	182,321
	245,879	260,078

Trade receivables are not subject to interest and are generally due for settlement within 30 to 90 days.

Adjustments to trade receivables were as follows in the year under review as well as in the previous year:

	2012 EUR thousand	2011 EUR thousand
Adjustments on 01.01	4,782	3,261
Additions recognised as expense	1,115	2,678
Utilisation	–1,283	–204
Reversed	–871	–953
Adjustments on 31.12	3,743	4,782

As of 31 December 2012, trade receivables had the following age structure:

	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Receivables not overdue or adjusted	63,110	29,357
Receivables not adjusted but overdue by		
less than 30 days	12,616	17,342
30–90 days	2,465	11,324
91–180 days	4,269	9,731
181–360 days	8,197	3,409
360 days and more	4,817	5,752
Total of overdue but non-adjusted receivables	32,364	47,558
Partially adjusted receivables	3,142	842
	98,616	77,757

In the year under review, receivables of a total of EUR 233 thousand (2011: EUR 456 thousand) which had not been adjusted were derecognised. There is no evidence of any impairment of any receivables for which no adjustments have been recognised.

Adjustments primarily comprise delayed payments by customers.

Future receivables from construction contracts also comprise unfinished orders recognised in accordance with the percentage-of-completion method provided for in IAS 11. The item comprises the order costs incurred as of the balance sheet date and the prorated profit on orders realised in accordance with the cost-to-cost method. Prepayments received were deducted.

For the purpose of measuring non-current construction contracts, adjustments of EUR 841 thousand were made to future receivables from construction contracts in 2012 (31 December 2011: EUR 33 thousand).

Receivables from construction contracts broke down as follows:

	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Accrued contract costs and proportionate realised profits on orders	699,830	834,305
less prepayments received	–552,567	–651,984
	147,263	182,321

The maximum credit exposure on the balance sheet date equals the carrying amount of the receivables.

(3) Inventories

	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Raw materials and supplies	138,387	136,619
Work in progress	80,923	84,582
Finished goods	0	0
Prepayments made	4,993	6,221
	224,303	227,422

Raw materials and supplies primarily comprise production and service material. Work in progress relates to wind power systems under construction as well as advance outlays for project development, licenses and infrastructure of EUR 700 million not due for completion until after 2013.

The carrying amount of the inventories includes the following adjustments:

	2012 EUR thousand	2011 EUR thousand
Amount on 01.01	7,593	16,782
Additions recognised as expense	15,634	0
Utilisation	–630	–9,189
Adjustments on 31.12	22,597	7,593

Of the additions to adjustments, an amount of EUR 11,785 thousand entails impairments on raw materials and supplies as well as assets under construction in connection with the reorganisation of business in China and the United States. Details of this reorganisation can be found in Note (38).

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Utilisation of the adjustments is particularly related to the reduction of aged inventories.

The carrying amount of the impaired inventories came to EUR 28,751 thousand (2011: EUR 15,507 thousand).

(4) Other current financial assets

Other current financial assets break down as follows as of the balance sheet date:

	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Receivables from non-consolidated affiliated companies, investments and associates	11,615	14,383
Currency forwards	3,149	94
Deposits/collateral	2,181	706
Insurance claims	766	2,028
Creditors with debit accounts	431	1,568
Bonus claims against suppliers	172	148
Other loans	0	159
Adjustments	–10	–5
Other	2,289	3,663
	20,593	22,744

Receivables from affiliated companies entail the delivery of goods and services to non-consolidated foreign companies as well as finance for these companies. As in the previous year, they are due for settlement in less than one year.

The deposits/collateral chiefly entail a cash deposit in connection with a guarantee issued in favour of a supplier.

No adjustments were utilised in the year under review (2011: EUR 51 thousand). A sum of EUR 5 thousand (2011: EUR 5 thousand) was added for the first time.

(5) Other current non-financial assets

Other current non-financial assets break down as follows:

	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Tax reimbursement claims	34,472	23,659
Prepaid expenses	5,619	6,314
Transportation equipment	4,700	3,860
Government grants/advances	1,891	1,652
Claims against suppliers	618	1,098
Other	861	1,136
	48,161	37,719

Tax reimbursement claims primarily relate to the input tax reimbursement claim held by Nordex Enerji A.S. (EUR 7,134 thousand), Nordex SE (EUR 6,594 thousand) and Nordex Energy GmbH (EUR 5,889 thousand).

Prepaid expenses chiefly comprise prepayments for guarantees and insurance policies. As in the previous year, the settlement periods are less than one year.

Government grants have been received for the acquisition of further productive assets. The assets for which the grants have been received must remain at the desig-nated sites within the restricted five-year period, which commences upon completion of the investment activity. In addition, around 650 jobs must be maintained permanently during this period.

The claims against suppliers of EUR 618 thousand relate to prepayments in connection with the purchase of rotor blades which are expected to be delivered next year. The payments made are safeguarded by guarantees provided by the suppliers.

There was no need for any adjustments to other current non-financial assets.

(6) Property, plant and equipment

Property, plant and equipment including finance leases recognised on the face of the balance sheet break down as follows:

	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Land and buildings	41,418	67,489
Technical equipment and machinery	36,079	38,159
Other equipment, operating and business equipment	19,778	19,888
Prepayments made and assets under construction	5,751	8,379
	103,026	133,915

Government grants for the procurement of additional production assets at the Rostock site in an amount of EUR 461 thousand (2011: EUR 2,942 thousand) have been deducted from the cost of the assets in question in accordance with IAS 20.24. No government grants were recognised (2011: EUR 1,021 thousand).

A senior-ranking land charge on a property in Rostock valued at EUR 75,000 thousand was provided as collateral for a syndicated loan. Moreover, technical equipment and machinery as well as other equipment were pledged as collateral.

Property, plant and equipment include the following assets held by the Nordex Group under finance leases.

	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Land and buildings	1,756	16,842
Technical equipment and machinery	1,443	5,253
	3,199	22,095

The lease expires on 25 September 2025.

Impairments of EUR 38,132 thousand were recognised on property, plant and equipment in 2012 due to the reorganisation of business in China and the United States. Reference should be made to Note 38 for details of the reorganisation activities.

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Movements in property, plant and equipment are set out in the statement of changes in property, plant and equipment and intangible assets.

(7) Goodwill

Goodwill is unchanged over the previous year at EUR 11,648 million. Goodwill is assigned to the Europe segment.

Goodwill impairment testing

Goodwill undergoes annual impairment testing ("impairment only approach") at the end of each year at the level of the Europe segment; reversals are not permitted. Impairment losses are not reversed. No impairment losses were recorded in 2012 as the recoverable value of the Europe segment was higher than the carrying amount of the segment's assets plus the carrying amount of the goodwill.

(8) Capitalised development expense

As of the balance sheet date, development expense net of amortisation of EUR 77,491 thousand (2011: EUR 62,140 thousand) was capitalised. In 2012, development expense of EUR 29,717 thousand (2011: EUR 23,435 thousand) was capitalised. The additions entail borrowing costs of EUR 1,286 thousand (2011: EUR 786 thousand) at a rate of 6.68% (2011: 6.68%). Further development expenses of EUR 16,450 thousand (2011: EUR 19,755 thousand) also arising in 2012 did not meet the criteria for capitalisation and were therefore recorded in profit and loss.

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Movements in capitalised development costs are set out in the statement of changes in property, plant and equipment and intangible assets.

(9) Other intangible assets

Other intangible assets break down as follows:

	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Concessions, trade and similar rights	25,128	24,780
Cumulative depreciation	–21,038	–19,248
	4,090	5,532

Amortisation expense calculated for other intangible assets came to EUR 3,512 thousand in 2012 (2011: EUR 3,359 thousand) and includes impairments of EUR 623 thousand due to the reorganisation of business in China and the United States. See Note (38) for more details.

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The Nordex Group has not accepted any obligation for the acquisition of intangible assets as of the balance sheet date.

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Movements in other intangible assets are set out in the statement of changes in property, plant and equipment and intangible assets.

(10) Financial assets

Financial assets break down as follows:

	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Investments in affiliated non-consolidated companies	4,103	4,924
Investments	370	365
	4,473	5,289

Shares are held in the following affiliated non-consolidated companies:

	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Qingdao Huawei Wind Power Co. Ltd.	2,506	2,506
Project companies	1,535	2,368
Nordex Windpark Verwaltung GmbH	25	25
natcon 7 GmbH	25	25
Nordex Energy Romania S.r.l.	12	0
	4,103	4,924

No project companies were sold or established in 2012. No adjustments were made in 2012 (2011: EUR 390 thousand).

Investments are held in the following entities:

	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Vent Local S.A.S.	201	201
Komplementarselskabet Whitewater Invest I ApS	91	91
Komplementarselskabet Whitewater Invest VII ApS	37	37
Komplementarselskabet Whitewater Invest VIII ApS	31	31
GN Renewable Investments S.à r.l.	3	0
C&C Wind Sp. z o.o.	2	0
Parc d'Energie de Conlie P.E.C. S.à r.l.	1	1
Société Éolienne de Roussée-Vassé S.E.R.V. S.à r.l.	1	1
Sameole Bois du Goulet	1	1
Vent d'est S.à r.l.	1	1
Eoliennes de la Vallée	1	1
	370	365

None of the shares are listed in a securities exchange. There was no intention to sell as of 31 December 2012.

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In addition, reference is made to the attached list of shareholdings as of 31 December 2012.

(11) Investments in associates

Movements in investments in associates were as follows:

	2012 EUR thousand	2011 EUR thousand
Amount on 01.01	7,263	5,539
Shares acquired	2,317	2,917
Shares sold	–653	0
Share of profit	116	0
Share of losses	–1,270	–1,193
Amount on 31.12.	7,773	7,263

They break down as follows:

	31.12.2012 EUR thousand	31.12.2011 EUR thousand
KNK Wind GmbH	7,157	6,359
Beebe Renewable Energy 2, LLC	302	0
Way Wind LLC	211	58
Seneca Mountain Wind LLC	103	205
Beebe Renewable Energy LLC	0	641
	7,773	7,263

The share in the loss of the Group's associates, none of which are listed in a stock market, as well as the share in their assets and liabilities break down as follows:

	Assets 31.12. 2012 EUR thousand	Liabilities 31.12. 2012 EUR thousand	Loss 01.01.– 31.12. 2012 EUR thousand	Share %
KNK Wind GmbH	7,360	3,751	–800	38,89
Beebe Renewable Energy 2, LLC	548	0	–17	55,17
Way Wind LLC	176	0	358	32,34
Seneca Mountain Wind LLC	120	82	–877	98,80

The sale of Beebe Renewable Energy LLC yielded a profit of EUR 3,438 thousand.

(12) Other non-current financial assets

Other non-current financial assets break down as follows:

	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Other loans	407	498
Deposits	269	91
Escrow fund	0	823
Other	452	838
	1,128	2,250

(13) Other non-current non-financial assets

Other non-current non-financial assets of EUR 39 thousand (2011: EUR 4 thousand) relate to prepayments for leased vehicles.

(14) Deferred income tax assets and liabilities

The deferred income tax assets and liabilities arising in connection with recognition and measurement differences in the following items of the balance sheet as well as the tax losses break down as follows:

	31.12.2012		31.12.2011	
	Deferred income tax assets EUR thousand	Deferred income tax liabilities EUR thousand	Deferred income tax assets EUR thousand	Deferred income tax liabilities EUR thousand
Intangible assets/ property, plant and equipment	3,565	25,173	4,077	19,769
Receivables from construction contracts	0	19,955	0	22,851
Other assets	4,284	2,323	1,482	316
Used tax losses	58,614	0	50,937	0
Provisions	6,837	0	9,997	0
Other assets and liabilities	1,077	907	1,880	1,495
Total	74,377	48,358	68,373	44,431
Netting	–31,873	–31,873	–27,643	–27,643
Amount shown on balance sheet	42,504	16,485	40,730	16,788

The deferred income tax assets include non-current deferred income tax assets of EUR 58.3 million (2011: EUR 53.1 million). Of the deferred income tax liabilities, an amount of EUR 20.7 million (2011: EUR 15.9 million) is attributable to the non-current portion of the deferred income tax liabilities before netting.

The Management Board currently assumes that of the existing unused corporate tax losses of EUR 194 million (2011: EUR 175 million) and the unused trade tax losses of EUR 194 million (2011: EUR 179 million) a figure of EUR 172 million (2011: EUR 142 million) and EUR 192 million (2011: EUR 156 million), respectively, should be available for utilisation at the level of Nordex SE. The relevant legislation does not stipulate any maximum period in which tax losses must be utilised in Germany.

Deferred income taxes of EUR 26 million (2011: EUR 24 million) were recognised for companies which posted a loss in the previous year or in the year under review as it is probable on the basis of tax base planning that these deferred income taxes will be utilised.

The subsidiaries recognise deferred income tax assets for tax losses in the light of the national tax rates and take account of any restrictions in the length of time in which they may be utilised. Deferred income tax assets are calculated on the basis of the medium term forecasts for the tax unit in question.

At the level of the subsidiaries, no deferred income tax assets were recognised on temporary effects of EUR 3.0 million and unused tax losses of EUR 0.3 million.

The non-domestic subsidiaries of the Nordex Group hold the following unused tax losses for which no deferred tax assets have been recognised:

	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Unused tax losses not recognised		
of which forfeitable in more than five years	45,280	33,508
of which non-forefeitable	27,447	24,543
Total	72,727	58,051

The main unused tax losses not taken into account concern Nordex USA Inc. (EUR 13,086 thousand) and Nordex UK Ltd. (EUR 19,006 thousand).

The unused tax losses not recognised can be carried forward free of any restrictions in France and the United Kingdom. The unused tax losses expire after five years in Greece, Turkey, and China, after nine years in the Netherlands and after twenty years in the United States.

Taxable temporary differences arising from shares in subsidiaries for which no de-ferred income taxes have been recognised came to EUR 1,433 thousand as of the reporting date (2011: EUR 3,143 thousand).

The changes in deferred income taxes break down as follows:

	2012 EUR thousand	2011 EUR thousand
Amount on 01.01	23,943	20,281
Expense recognised through profit and loss	1,469	3,877
Income recorded within other comprehensive income	608	–215
Amount on 31.12.	26,020	23,943

(15) Current bank borrowings

The current bank borrowings of EUR 27,531 thousand (2011: EUR 76,239 thousand) primarily relate to cash credit facilities utilised by subsidiaries in China. Of this, an amount of EUR 14,147 thousand (2011: EUR 17,931 thousand) relates to Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd. under the syndicated credit facility. Further bilateral liabilities of EUR 4,979 thousand (2011: EUR 9,306 thousand) concern Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd. and relate to facilities provided by a bank outside the syndicated credit facility. In addition, the amount of EUR 8,400 thousand due for repayment in 2013 (2011: EUR 8,400 thousand) under the syndicated loan is reported in this item.

As of 31 December 2011, the syndicated loan was reported within current liabilities.

(16) Trade payables

117 The settlement periods for trade payables are set out in Note (26).

(17) Income liabilities

Of the income tax liabilities of EUR 978 thousand, a sum of EUR 976 thousand relates non-domestic subsidiaries.

(18) Other provisions

Movements in other provisions break down as follows:

	01.01. 2012 EUR thousand	Utilised EUR thousand	Reversed EUR thousand	Added EUR thousand	31.12. 2012 EUR thousand
Individual guarantees	39,444	14,860	5,645	20,436	39,375
General guarantees, service, maintenance	27,078	10,206	1,516	11,807	27,163
Others	9,483	6,349	2,006	14,721	15,849
	76,005	31,415	9,167	46,964	82,387

The provisions for individual guarantees predominantly cover risks arising from possible claims for damages.

The guarantee provisions are utilised in accordance with statutory or contractual periods.

The additions to other provisions chiefly comprise provisions for risks of EUR 10,535 thousand in connection with the reorganisation of business in China and the United States. The reorganisation is explained in Note (38). This particularly also includes process costs. 127

The other provisions comprise other non-current provisions of EUR 17,432 thousand (2011: EUR 21,941 thousand) which are expected to be utilised in periods after the end of 2013. The amount derived from discounting the non-current provisions of EUR –533 thousand (2011: EUR 935 thousand) is reported within the additions.

(19) Other current financial liabilities

Other current financial liabilities break down as follows:

	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Outstanding invoices	14,784	11,076
Liabilities to non-consolidated affiliated companies	3,721	2,250
Currency forwards	1,244	5,087
Finance leases	426	426
Debtors with credit balances	82	597
Bond	0	154,647
Other	2,586	879
	22,843	174,962

The non-current part of liabilities from finance leases is reported within other non-current financial liabilities.

As of 31 December 2011, the corporate bond was reported within current liabilities.

(20) Other current non-financial liabilities

Other current non-financial liabilities break down as follows:

	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Prepayments received	187,313	122,310
Accruals	27,751	24,231
Prepaid expenses	16,078	13,057
Other tax payables	15,819	12,704
Liabilities for social security	988	763
Other	1,488	1,058
	249,437	174,123

Accruals primarily comprise personnel liabilities of EUR 13,545 thousand (2011: EUR 11,011 thousand) and project-related post-completion costs of EUR 11,437 thousand (2011: EUR 11,079 thousand).

Deferred income chiefly entails income received in advance under service contracts entered into with customers.

The tax liabilities mainly comprise value added tax of EUR 13,603 thousand (2011: EUR 9,999 thousand) and outstanding payroll and church tax of EUR 2,004 thousand (2011: EUR 2,345 thousand).

(21) Non-current bank borrowings

In addition to the corporate bond, a syndicated credit facility and a syndicated loan are available for the long-term funding of the Company's activities. Further details can be found in the disclosures on financial risk management. 99

(22) Pensions and similar obligations

Pension provisions are set aside to cover defined benefit obligations towards eligible active and former employees at Nordex SE and Nordex Energy GmbH. The benefits are based on individual commitments generally based on the length of service and remuneration of the employees concerned. The employees are not required to make any contribution of their own. Pension provisions are not externally funded.

The changes in the defined benefit obligations were as follows in the year under review:

	2012 EUR thousand	2011 EUR thousand
Obligations as of 01.01	760	721
Current service cost	278	246
Interest expense	36	34
Retirement benefit payments	–23	–22
Actuarial gains/losses	145	10
Obligations as of 31.12.	1,196	989

Actuarial gains and losses are amortised in accordance with the corridor method. They are not accounted for if they do not exceed 10% of the obligation. The amount exceeding the corridor is spread over the average remaining service period of the active staff and charged to the income statement. The pension provisions carried on the balance sheet are lower than the present value of the pension obligations on account of unrecognised actuarial losses.

	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Present value of the defined benefit obligation	1,196	989
Non-amortised actuarial losses (–)/gains (+)	–255	–127
Amount shown on balance sheet	941	862

The following amounts were reported in the income statement:

	2012 EUR thousand	2011 EUR thousand
Current service cost	278	246
Interest expense	36	34
Amortisation of actuarial gains/losses	17	19
	331	299

Changes in obligations and adjustments based on historical experience are set out in the following table:

	2012 EUR thousand	2011 EUR thousand
Obligations as of 31.12.	1,196	989
Adjustments to obligations based on historical experience	6	10

Pension payments of EUR 24 thousand (2011: EUR 23 thousand) are expected in the following year.

The principal actuarial assumptions used are as follows:

	2012	2011
Interest rate	3.50% p.a.	4.80% p.a.
Wage and salary trend	n/a	n/a
Pension trend	2.00% p.a.	2.00% p.a.

The statistical probability data set out in the Prof. Dr. Heubeck 2005 G mortality tables was used as the biometric basis for calculations.

(23) Other non-current financial liabilities

Other non-current financial liabilities break down as follows:

	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Bond	155,128	0
Finance leases	12,234	13,722
Currency forwards	933	0
Other	1,164	1,040
	169,459	14,762

Liabilities from finance leases break down as follows:

Lease payments in future years – 31.12.2012	Less than 1 year EUR thousand	1 to 5 years EUR thousand	More than 5 years EUR thousand	Total EUR thousand
Lease and remaining payments	1,039	4,674	12,546	18,259
Discount amounts	613	2,329	2,657	5,599
Present values	426	2,345	9,889	12,660

Corporate bond

Issued on 12 April 2011, the bond for EUR 150,000 thousand has a fixed coupon of 6.375% p.a. and a tenor of five years. The initial issue price stood at 99.841%. The coupon is due annually on 12 April.

As of 31 December 2011, the corporate bond was reported within current liabilities.

(24) Other non-current non-financial liabilities

Other non-current non-financial liabilities chiefly comprise non-current income received in advance under service contracts entered into with customers.

(25) Equity

	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Subscribed capital	73,529	73,529
Share premium	179.256	204,798
Other retained earnings	–10,698	–10,530
Cash flow hedges	–1,419	0
Foreign-currency adjustment item	3,836	3,247
Consolidated net profit/loss carried forward	34,391	103,318
Consolidated net profit/loss	0	0
Equity attributable to the parent company's equity holders	278,895	374,362
Minority interests	275	2,191
	279,170	376,553

As of December 31, 2012, the Company had Authorized Capital I of EUR 14,700,000, equivalent to 14,700,000 shares, Contingent Capital I of EUR 15,086,250, equivalent to 15,086,250 shares, and Contingent Capital II of EUR 1,500,000, equivalent to 1,500,000 shares, each with a notional value of EUR 1 per share.

In accordance with a resolution passed at the annual general meeting on 7 June 2011 the Management Board is authorised subject to the Supervisory Board's approval to utilise Authorised Capital I to increase the Company's share capital once or repeatedly on or before 31 May 2016. The Management Board is additionally authorised with the Supervisory Board's approval to exclude the shareholders' subscription rights.

Contingent Capital I is used to grant conversion rights and/or to establish conversion obligations in accordance with the terms of the convertible bond in question for the holders of the convertible bonds issued by the Company on or before 30 April 2016 in accordance with the resolution passed by the shareholders at the annual general meeting held on 7 June 2011 and to grant options in accordance with the terms of the option bond in question for holders of the option bonds issued by the Company on or before 31 May 2016 in accordance with the resolution passed by the shareholders at the annual general meeting held on 7 June 2011.

Contingent Capital II is used solely to settle subscription rights under the stock options granted to executives and employees of the Company and the domestic and non-domestic members of the Nordex Group, members of the management of the Nordex Group companies and members of the Company's Management Board granted on or before 31 December 2012 in accordance with the authorisation granted by the shareholders at the annual general meeting on 27 May 2008.

The share premium of EUR 179,256 thousand (2011: EUR 204,798 thousand) includes the premium on the issue of fresh equity (EUR 47,450 thousand) and additions of EUR 235 thousand (2011: EUR 1,054 thousand), which are not reduced by any reversals (2011: EUR 0 thousand) and which were added in connection with the recognition of the employee stock option programme concluded in 2008 (see also Note (31)). 124 In addition, Nordex SE's net loss for the year under German GAAP (HGB) of a total of EUR 25,777,464.92 was eliminated by corresponding withdrawals from the share premium.

Non-controlling interests were valued at EUR 275 thousand as of 31 December 2012 (2011: EUR 2,191 thousand) and include the minority share in the net profit for 2012 of the fully consolidated company Nordex Advanced Development GmbH of EUR –47 thousand (2011: EUR: –12 thousand).

Further details of the changes in the individual equity items can be found in the consolidated statement of changes in equity. 84

(26) Additional disclosures on financial instruments

Nordex categorises its financial assets as loans and receivables (LaR), financial assets held for trading (FAhfT) and available for sale (AfS) Financial liabilities are classified as financial liabilities at amortised cost (FLAC) or as financial liabilities held for trading (FLHfT).

The following table sets out the carrying amounts and fair values of the individual financial assets and liabilities for each financial instrument category:

		31.12.2012		31.12.2011	
	Category in accordance with IAS 39	Carrying amount EUR thousand	Fair value EUR thousand	Carrying amount EUR thousand	Fair value EUR thousand
Financial assets					
Financial assets recognised at historical or amortised cost					
1. Cash and cash equivalents	LaR	274,779	274,779	211,977	211,977
2. Trade receivables	LaR	98,616	98,616	77,757	77,757
3. Receivables from construction contracts	LaR	147,263	147,263	182,321	182,321
4. Other current financial assets – receivables	LaR	17,444	17,444	22,650	22,650
5. Financial assets – investments*	AfS	4,473	–	5,289	–
6. Other non-current financial assets – receivables	LaR	1,128	1,128	2,250	2,250
Financial assets at fair value through profit and loss					
1. Other current financial assets – currency forwards	FAHfT	2,871	2,871	94	94
Effective hedges at fair value					
1. Other current financial assets – currency forwards		278	278	0	0

*As there is no active market, it was not possible to reliably determine the fair value

		31.12.2012		31.12.2011	
	Category in accordance with IAS 39	Carrying amount EUR thousand	Fair value EUR thousand	Carrying amount EUR thousand	Fair value EUR thousand
Financial liabilities					
Financial liabilities recognised at historical cost or amortised cost					
1. Current bank borrowings	FLAC	27,531	27,531	76,239	76,239
2. Trade payables	FLAC	189,366	189,366	109,744	109,744
3. Other current financial liabilities*	FLAC	21,173	21,173	169,449	138,550
4. Non-current bank borrowings	FLAC	25,316	25,316	0	0
5. Other non-current financial liabilities**	FLAC	156,292	171,344	1,040	1,040
Financial liabilities at fair value through profit and loss					
1. Other current financial liabilities – currency forwards	FLHfT	342	342	5,087	5,087
Effective hedges at fair value					
1. Other current financial liabilities – currency forwards		902	902	0	0
2. Other non-current financial liabilities – currency forwards		933	933	0	0

*excluding current liabilities from finance leases of EUR 426 thousand (2011: EUR 426 thousand).
**excluding non-current liabilities from finance leases of EUR 12,234 thousand (2011: EUR 13,722 thousand).

As of 31 December 2011, the syndicated loan and the corporate bond were reported within current liabilities.

Cash and cash equivalents, trade receivables and other current financial assets have short settlement periods. The carrying amounts on 31 December 2012 therefore come close to equalling the fair values. The carrying amount of the non-current fi-nancial assets is close to their fair value on account of the discount taken.

The loans reported within financial assets are mea-sured at historical cost less im-pairment losses. Deriv-ative financial instruments are measured at their fair value. Forward rates and prices are calculated on the basis of the spot rates prevailing on the reporting date allowing for forward discounts and premiums for the remaining du-ration of the contract.

Trade payables and other liabilities have short settle-ment periods. The carrying amounts correspond to their fair values. The fair value of the bond equals its market price of 101.25% as of the balance sheet date. The carrying amount of the liabilities from future lease payments included in other financial liabilities equals their fair value due to the discounts taken.

The following table analyses the financial assets and liabilities, which were measured at their fair value on 31 December 2012:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Currency forwards (held for trading)		2,871		2,871
Financial assets (derivatives) at fair value in hedge accounting				
Currency forwards (cash flow hedge)		278		278
Financial liabilities at fair value through profit and loss				
Currency forwards (held for trading)		342		342
Financial liabilities (derivatives) at fair value in hedge accounting				
Currency forwards (cash flow hedge)		1,835		1,835

The following table analyses the financial assets and liabilities, which were measured at their fair value on 31 December 2011:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Currency forwards (held for trading)		94		94
Derivatives at fair value in hedge accounting				
Currency forwards (cash flow hedge)		0		0
Financial liabilities at fair value through profit and loss				
Currency forwards (held for trading)		5,087		5,087
Derivatives at fair value in hedge accounting				
Currency forwards (cash flow hedge)		0		0

Assets and liabilities whose fair value is derived from the market values in active markets are assigned to Level 1. A market is assumed to be active if market values are calculated regularly and are based on actual recurring transactions.

Fair values which cannot be determined by reference to active markets are derived from measurement models, which primarily take account of observable market data and generally do not include specific company estimates. These financial instruments are assigned to Level 2.

If material assumptions underlying the measurement are not based on observable market data, the financial instruments concerned are classified as Level 3.

Net gains and losses from financial instruments break down by category as follows:

2012	Interest EUR thousand	Others Net gain/loss EUR thousand	Total EUR thousand
Loans and Receivables (LaR)	1,758	–12,796	–11,038
Available for Sale (AfS)	0	0	0
Financial Liabilities at Amortised Costs (FLAC)	–25,099	2,121	–22,978
Financial Assets Held for Trading (FAHfT)/ Financial Liabilities Held for Trading (FLHfT)	0	8,348	8,348
	–23,341	–2,237	–25,668

2011	Interest EUR thousand	Others Net gain/loss EUR thousand	Total EUR thousand
Loans and Receivables (LaR)	1,522	9,535	11,057
Available for Sale (AfS)	0	0	0
Financial Liabilities at Amortised Costs (FLAC)	–18,181	896	–17,285
Financial Assets Held for Trading (FAHfT)/ Financial Liabilities Held for Trading (FLHfT)	0	–9,026	–9,026
	–16,659	1,405	–15,254

Categorisation of financial instruments in accordance with IFRS 7

Financial assets:

31.12.2012	Financial assets at amortised cost EUR thousand	Financial assets at fair value EUR thousand	Financial assets outside the scope of IFRS 7 EUR thousand	Total EUR thousand
Cash and cash equivalents	274,779	0	0	274,779
Trade receivables	98,616	0	0	98,616
Receivables from construction contracts	147,263	0	0	147,263
Other current financial assets	17,444	3,149	0	20,593
Financial assets	4,473	0	0	4,473
Investments in associates	0	0	7,773	7,773
Other non-current financial assets	1,128	0	0	1,128
	543,703	3,149	7,773	554,625

31.12.2011	Financial assets at amortised cost EUR thousand	Financial assets at fair value EUR thousand	Financial assets outside the scope of IFRS 7 EUR thousand	Total EUR thousand
Cash and cash equivalents	211,977	0	0	211,977
Trade receivables	77,757	0	0	77,757
Receivables from construction contracts	182,321	0	0	182,321
Other current financial assets	22,650	94	0	22,744
Financial assets	5,289	0	0	5,289
Investments in associates	0	0	7,263	7,263
Other non-current financial assets	2,250	0	0	2,250
	502,244	94	7,263	509,601

Financial liabilities:

31.12.2012	Financial liabilities at amortised cost EUR thousand	Financial liabilities at fair value EUR thousand	Financial liabilities outside the scope of IFRS 7 EUR thousand	Total EUR thousand
Current bank borrowings	27,531	0	0	27,531
Trade payables	189,366	0	0	189,366
Other current financial liabilities*	21,599	1,244	0	22,843
Non-current bank borrowings	25,316	0	0	25,316
Pensions and similar obligations	0	0	941	941
Other non-current financial liabilities*	168,526	933	0	169,459
	432,338	2,177	941	435,456

*including liabilities from finance leases

31.12.2011	Financial liabilities at amortised cost EUR thousand	Financial liabilities at fair value EUR thousand	Financial liabilities outside the scope of IFRS 7 EUR thousand	Total EUR thousand
Current bank borrowings	76,239	0	0	76,239
Trade payables	109,744	0	0	109,744
Other current financial liabilities*	169,875	5,087	0	174,962
Non-current bank borrowings	0	0	0	0
Pensions and similar obligations	0	0	862	862
Other non-current financial liabilities*	14,762	0	0	14,762
	370,620	5,087	862	376,569

*including liabilities from finance leases

As of 31 December 2011, the syndicated loan and the corporate bond were reported within current liabilities.

Hedge accounting

The Group uses currency forwards to hedge future cash flows which are very likely to occur against exchange rate risks. The budget or plans for individual customer project are used for this purpose.

These transactions are recorded as cash flow hedges for the first time in the year under review provided that they satisfy the stringent criteria defined in IAS 39 Financial Instruments: Recognition and Measurement. The effective part of the profit or loss from the hedges is reported directly within equity and recycled to profit and loss in the period in which the hedged item is settled and reported through profit and loss or if a hedged future cash flow does not arise.

The following table reconciles the cash flow hedge reserve.

	31.12.2012 EUR thousand
Amount on 01.01	0
Added	–2,027
Recycled to profit and loss	0
Amount on 31.12	–2,027

In the year under review, there were no ineffective parts in cash flow hedges necessitating immediate recycling of the cumulative gains and losses recognised within equity to profit and loss.

A sum of TEUR 257 thousand was recycled to profit and loss and transferred from the cash flow hedge reserve to the cost of materials.

As of 31 December 2012 there were hedges coming within the definition of IAS 39 with a term of up to two years. The similarly hedged cash flows from future transactions are expected to be recognised in profit and loss within a period of two years.

No currency forwards were recognised as hedges in accordance with IAS 39 (hedge accounting) in the previous year.

The fair value of the financial instruments designated as hedges is set out in the following table:

	31.12.2012 EUR thousand		31.12.2011 EUR thousand	
	Receivables	Liabilities	Receivables	Liabilities
Cash flow hedges				
Currency forwards	278	1,835	0	0
	278	1,835	0	0

Notes on the income statement

(27) Sales

Sales break down by region as follows:

	2012 EUR thousand	2011 EUR thousand
Europe	868,932	678,630
America	191,609	200,645
Asia	14,730	37,532
	1,075,271	916,807

Of this item, sales of EUR 551,659 thousand (2011: EUR 486,681 thousand) arose from the application of the percentage-of-completion method for construction contracts.

Sales break down by category as follows:

	2012 EUR thousand	2011 EUR thousand
Sales of new wind power systems	923,583	813,185
Service	119,018	94,798
Other	32,670	8,824
	1,075,271	916,807

(28) Changes in inventories and other own work capitalised

Own work capitalised is valued at EUR 29,373 thousand (2011: EUR 23,206 thousand) and, as in the previous year, relates in full to expenses for developing and enhancing new and existing wind turbines.

Changes in inventories equal EUR –3,770 thousand (2011: EUR –15,386 thousand). The reorganisation of business in China and the United States resulted in a reduction in the value of inventories of EUR 4,602 thousand due to impairments.

(29) Other operating income

Other operating income breaks down as follows:

	2012 EUR thousand	2011 EUR thousand
Currency forwards	8,348	0
Settlements	6,894	3,798
Insurance claims indemnified	3,498	2,642
Gains on the sale of project companies	3,438	0
Currency translation gains	2,063	12,493
Reveral of adjustments	871	954
Gains from the disposal of assets	629	70
Derecognition of liabilities	368	265
Others	2,729	3,123
	28,838	23,345

(30) Cost of materials

The cost of materials breaks down as follows:

	2012 EUR thousand	2011 EUR thousand
Cost of raw materials and supplies	683,748	548,484
Cost of services bought	181,580	141,771
	865,328	690,255

The cost of services bought results from external freight services, changes in order provisions, commission and externally sourced orderhandling services.

This item includes impairments of EUR 7,183 thousand on raw materials and supplies in connection with the reorganisation of business in China and the United States.

(31) Personnel costs

	2012 EUR thousand	2011 EUR thousand
Total wages and salaries	119,104	125,152
Social security and expenditure on retirement benefits and support	21,058	21,301
	140,162	146,453

The Group headcount was as follows:

	2012	2011	Change
Balance sheet date			
Office staff	1,493	1,608	–115
Technical staff	1,064	1,032	32
	2,557	2,640	–83
Average			
Office staff	1,497	1,608	–111
Technical staff	1,039	1,035	4
	2,536	2,643	–107

Stock option plan

Maximum number of options granted

The option plan expired on 31 December 2012. Under the terms of the option plan, a maximum of 1,500,000 options are to be granted. Of these options,

(a) a maximum of 550,000 were for members of management and employees of the Company and domestic and non-domestic Nordex Group companies who are not members of a management body of the Company or the Nordex Group companies,

(b) a maximum of 100,000 were for members of management of domestic and non-domestic Nordex Group companies who are not members of the Company's Management Board, and

(c) a maximum of 850,000 were for members of the Company's Management Board

Vesting conditions
Subject to an adjustment as a result of a capital measure, one option entitles the holder to acquire one bearer share issued by Nordex SE. When the option is exercised, an exercise price per share is paid.

The exercise price equals the arithmetic mean of the XETRA closing prices over the ten trading days preceding the date on which the subscription right is allocated as quoted on the Frankfurt stock exchange (or any replacement system comparable in terms of its function) for voting-entitled ordinary voting shares with full participation in the Company's profit and assets.

The options vest no earlier than three years upon being granted and are forfeited if the employment contract expires within this period. The options may only be exercised during two windows per year ("exercise period") in the following two years.

The options may only be exercised if the price of Nordex ordinary shares on the ten trading days preceding the date on which the option is exercised exceeds the exercise price of the option in question by at least 20%.

Calculation of the fair value of stock options
Accordingly, 457,343 stock options were outstanding as of 31 December 2012; of these 332,343 have vested:

Stock options granted	Exercise price EUR	Average stock price EUR	Issue date	Expiry date	Outstanding stock options End of 2012	Outstanding stock options End of 2011
2008	23.10	16.52	01.09.2008	31.08.2013	211,610	304,973
2009	12.84	11.77	01.09.2009	31.08.2014	120,733	197,896
2010	5.26	5.01	25.11.2010	24.11.2015	50,000	50,000
2012	3.12	3.52	01.06.2012	31.05.2017	75,000	0
Total					457,343	552,869

55,376 stock options held by employees leaving the Company were forfeited in 2012.

The expense thus calculated in the period under review came to EUR 26 thousand for the 2012 tranche, EUR 41 thousand for the 2010 tranche and EUR 168 thousand for the 2009 tranche. The exercise period for the 2008 tranche had already been reached in 2011.

(32) Depreciation/amortisation

Depreciation/amortisation breaks down as follows:

	2012 EUR thousand	2011 EUR thousand
Depreciation of property, plant and equipment	54,980	15,156
Amortisation of capitalised development costs	10,933	8,065
Amortisation of other intangible assets	3,328	3,193
	69,241	26,414

Depreciation and amortisation include impairments of EUR 41,734 thousand arising from the reorganisation of business in China and the United States.

(33) Other operating expenses

Other operating expenses break down as follows:

	2012 EUR thousand	2011 EUR thousand
Travel expenses	15,092	15,444
Rental and lease expenses	14,636	13,037
Exchange rate losses	12,310	0
Legal and consulting costs	11,366	22,762
Reorganisation in China and the United States	10,535	0
Maintenance	5,501	4,428
Other leased personnel services	5,038	5,916
Losses from the disposal of assets	4,576	4,137
IT costs	4,552	4,628
Loss of revenues	4,258	2,507
Insurance	2,915	2,176
Telecommunications	2,576	3,575
Advertising	2,273	4,064
External services	2,169	2,588
Training	2,009	1,913
Other taxes	1,776	1,427
Adjustments to receivables	1,115	2,678
Bank fees	888	1,941
Currency forwards	0	9,026
Others	12,459	9,626
	116,044	111,873

(34) Net finance income/expense

	2012 EUR thousand	2011 EUR thousand
Income from investments	471	24
Net profit/loss from at-equity valuation	–1,178	–1,193
Depreciation of financial assets	0	–390
Net profit/loss from investments	–707	–1,559
Other interest and similar income	1,758	1,522
Interest and similar expenses	–25,099	–18,181
Net borrowing costs	–23,341	–16,659
	–24,048	–18,218

Income from investments comprises dividend payouts. Net profit/loss from at-equity valuation constitutes the share of profit of associates. Interest income and expense arises solely from deposits with banks and the utilisation of cash credit facilities or bank loans, respectively, and from guarantee commissions and deferred interest on the corporate bond.

(35) Income taxes

Income taxes break down as follows:

	2012 EUR thousand	2011 EUR thousand
Domestic income taxes	17	2,858
Non-domestic income taxes	4,910	2,536
Actual income tax expense	4,927	5,394
Deferred income tax income	–1,469	–3,877
Total tax expense	3,458	1,517
of which relating to a different period	17	2,738
of which from continuing operations	2,813	1,839

Current income tax expense is calculated on the basis of the tax legislation applicable or enacted in the countries in which the subsidiaries are active and generate taxable income as of the balance sheet date. Management regularly checks tax declarations particularly with respect to matters open to interpretation and, if necessary, sets aside provisions based on the amounts which are likely to be payable in tax.

Income taxes include the income taxes (paid or owed) in the individual countries as well as deferred taxes. Deferred taxes were measured on the basis of the tax rates applicable or expected to be applicable in the individual countries on the date on which they are realised.

As of 31 December 2012, a tax rate of 31.79% (2011: 30.78%) was applied for the purpose of calculating the domestic deferred income taxes. Deferred income tax assets for domestic unused tax losses were calculated using an unchanged tax rate of 15.83% (2011: 15.83%) including the solidarity surcharge in the case of corporate tax and 15.96% (2011: 14.95%) in the case of trade tax.

The taxes on profit before tax differ from the theoretical amount derived from applying the weighted average Group tax rate of 31.79% (2011: 30.78%) to pretax profit as follows:

	2012 EUR thousand	2011 EUR thousand
Net loss before tax from continuing operations	–85,111	–45,241
Net loss before discontinued operations	–5,846	–2,707
Net loss before tax	–90,957	–47,948
Expected tax expense	28,915	14,759
Differences in non-domestic tax rates	–8,613	–789
Tax-free income	3,497	2,475
Changes in tax rates and tax legislation	511	0
Non-deductible expenses	–1.634	–1,278
Tax effects from previous years	1,081	–992
Effects of inclusion of unused tax losses arising in earlier years	6,332	–144
Effects of non-inclusion of unused tax losses	–32,334	–15,805
Other tax effects	–1.213	257
Actual tax expense	–3,458	–1,517
of which on continuing operations	–2,813	–1,839
of which on discountined operations	–645	322
Effective tax rate (%)	N.A.	N.A.

(36) Non-controlling interests

Non-controlling interests in consolidated net profit stand at EUR –537 thousand (2011: EUR –1,012 thousand). These comprise the non-controlling interests Nordex Advanced Development GmbH as well as the former non-controlling interests in Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd.

(37) Loss per share

Basic

Basic earnings per share are calculated by dividing profit or loss attributable to the ordinary equity holders by the average number of ordinary shares outstanding during the year:

		2012	2011
Consolidated net loss for the year	EUR thousand	–94,415	–49,465
of which parent company equity holders	EUR thousand	–93,878	–48,453
of which non-controlling interests	EUR thousand	–537	–1,012
Weighted average number of shares		73,529,499	71,913,466
Earnings/loss per share	EUR	–1.28	–0.67

Diluted

Diluted earnings/loss per share are calculated by adding all conversion rights and options to the average number of ordinary shares outstanding.The stock options issued as part of the employee option programme do not have any dilutory effect on earnings per share as the intrinsic value of the option was not positive.

(38) Reorganisation of Chinese and US business

In response to the difficult market conditions in China and the United States, resulting in low capacity utilisation of the Company's production facilities, Nordex decided to discontinue rotor blade production in Dongying (China) and to write down the value of its investments in the other foreign production facilities. This resulted in impairments of a total of EUR 38,755 thousand. In addition, development expense of EUR 2,979 thousand was derecognised.

In addition, non-recurring effects arose in this connection from adjustments of EUR 11,785 thousand to inventories.In the year under review, Nordex had already reduced inventories at these production sites by retransporting them to Europe and expediting the completion of projects, resulting in additional expense of EUR 8,729 thousand.

In connection with adjustments to production capacity, steps were also commenced to reduce personnel numbers and this resulted in settlement obligations of EUR 1,581 thousand.

All told, the non-recurring expenses arising from the reorganisation of business in China and the United States came to a total of EUR 75,023 thousand. Adjusted for these effects, Nordex achieved EBIT as follows:

	2012 EUR thousand
EBIT as recorded in the income statement	–61,063
Non-recurring effects	
United States	–44,864
China	–30,159
	–75,023
EBIT net of non-recurring effects	13,960
EBIT from discontinued operations	–5,860
EBIT net of non-recurring expense including discontinued operations	8,100

(39) Discontinued operations

The consolidated loss from discontinued operations breaks down as follows:

	2012 EUR thousand	2011 EUR thousand
Sales	94	3,980
Other income and expenses	–5,940	–6,687
Loss from ordinary activities from discontinued operations	–5,846	–2,707
Income tax	–645	322
Consolidated loss from discontinued operations	–6,491	–2,385

As in the previous year, the consolidated loss from discontinued operations is attributable in full to the parent company's shareholders.

Other financial obligations and contingent liabilities

Contractual obligations of EUR 1,409 thousand (2011: EUR 255 thousand) apply with respect to capital spending on property, plant and equipment but have not yet been realised.

Other financial obligations relate to operating lease and rental obligations of EUR 40,641 thousand (2011: EUR 42,551 thousand) with the following settlement periods:

Year	Due for settlement in less than 1 year EUR thousand	Due for settlement in 1 to 5 years EUR thousand	Due for settlement in more than 5 years EUR thousand
31.12.2012	6,751	14,120	19,770
31.12.2011	6,176	13,620	22,755

Obligations under rental contracts and operating leases relate to equipment and machinery of EUR 3,817 thousand (2011: EUR 3,126 thousand) and real estate assets of EUR 36,824 thousand (2011: EUR 39,425 thousand).

The Nordex Group has contingent liabilities arising from pending litigation in connection with its operating business; as the probability of an outflow of resources as of the balance sheet date was not sufficiently determinable, no provisions were set aside in this connection.

Related parties disclosures

In one case, parties related to the Nordex Group as defined in IAS 24.9 exercised management functions for business partners or a person held shares in such a party in 2012. There were no material conflicts of interest in any of these cases.

The details are as follows:
In 2011, Carsten Risvig Pedersen, a former member of the Management Board and a former member of the Supervisory Board of Nordex SE, took over the business operations of the now insolvent company Skykon Give A/S via a company which he incorporated under the name "Welcon A/S" among other things. Since then, the production of towers has continued and Welcon A/S was a supplier of towers to the

Nordex Group in the year under review. The purchasing relations with Welcon A/S comply strictly with armslength requirements. Orders are placed only after intensive comparisons of prices and services. Mr. Pedersen is not involved in any business decisions either as a member of the Supervisory Board or as a representative of Welcon A/S.

Transactions with related parties as of 31 December 2012

Related person	Company	Transaction	Outstanding items receivables (+)/ liabilities (–) 31.12.2012 EUR thousand	Outstanding items receivables (+)/ liabilities (–) 31.12.2011 EUR thousand	Revenue according to IFRS 01.01–31.12.2012 EUR thousand	Revenue according to IFRS 01.01–31.12.2011 EUR thousand
Carsten Risvig Pedersen*	Welcon A/S (formerly Skykon Give A/S)	Supplier of tower	–5,364	–171	31,603	20,421

*Co-owner of Welcon A/S (formerly Skykon Give A/S)

Consolidated cash flow statement

The consolidated cash flow statement analyses changes in the cash flow in the course of the year as a result of cash inflows and outflows. In accordance with IAS 7, cash flows are broken down into those from operating activities, those from investing activities and those from financing activities. The cash and cash equivalents reported in the consolidated cash flow statement include cash in hand and short-term bank deposits. Cash in hand and bank deposits are due for settlement in less than three months. The changes in the items of the balance sheet used for determining changes in the cash flow statement cannot be directly derived from the balance sheet as currency translation effects, changes to the companies consolidated and non-cash transactions are eliminated.

Cash flow from operating activities is calculated using the indirect method, i.e. earnings after tax are not adjusted for cash expenses and income. After allowing for changes in working capital and additional receivables and liabilities as well as deferred taxes, the net cash inflow from continuing operating activities comes to EUR 141,129 thousand (2011: net cash outflow of EUR 47,268 thousand). This is chiefly due to the reduction in working capital of EUR 161,599 thousand and the consolidated net loss including depreciation of EUR 18,683 thousand.

Net cash outflow from investing activities increased in the year under review to EUR 56,149 thousand (2011: net cash outflow of EUR 44,403 thousand). Spending on property, plant and equipment of EUR 26,732 thousand chiefly comprises rotor blade production. In addition, development projects of EUR 29,717 thousand were capitalised.

The net cash outflow from financing activities for continuing operations stands at EUR 20,995 thousand (2011: net cash inflow of EUR 160,388 thousand) and relates to the repayment of bank loans.

Events after the reporting date

On 18 March 2013 Nordex SE entered into an agreement with the banks participating in the syndicated credit facility providing for the facility to be renewed until 30 June 2014. The renewed credit facility, in which all syndicate members are participating, comprises solely a guarantee facility of EUR 475,000 thousand. In addition, the new agreement provides for a one-year renewal option subject to approval by the banks' management bodies. At the same time, the parameters of the long-term KfW loan were adjusted to match the main conditions of the syndicated credit facility.

Corporate Governance Code declaration pursuant to Section 161 of the German Stock Corporation Act

The Management Board and the Supervisory Board issued the declaration of conformance for 2012 pursuant to Section 161 of the Stock Corporation Act on 21 March 2013 and made it available for examination by the shareholders on the Internet at www.nordex-online.en/investor-relations.

Utilisation of relief provisions

Nordex Energy GmbH, Hamburg, Nordex Grundstücksverwaltung GmbH, Hamburg, and Nordex Windpark Beteiligung GmbH, Hamburg, are exempt from disclosure duties in accordance with Section 325 of the German Commercial Code due to the application of the provisions contained in Section 264 (3) of the German Commercial Code.

Nordex SE Management Board and Supervisory Board

Supervisory Board

During 2012 and as of the date on which the financial statements for 2012 were prepared, the Supervisory Board comprised the following members:

Dr. Wolfgang Ziebart, Starnberg,
Chairman of the Supervisory Board, chairman of the management committee (from 2 July 2012), member of the audit committee and member of the strategy and engineering committee

- Former chief executive officer of Infineon AG
- Chairman of the supervisory board of Novaled AG
- Member of the supervisory board of Autoliv Inc., Sweden
- Member of the supervisory board of ASML Holding N.V. Netherlands

Uwe Lüders, Lübeck,
Chairman of the Supervisory Board, chairman of the management committee and member of the audit committee (until 2 July 2012)

- Chief executive officer of L. Possehl & Co. mbH,
- Member of the supervisory board of Drägerwerk AG & Co. KGaA
- Member of the supervisory board of Drägerwerk Verwaltungs AG

Jan Klatten, Munich,
Deputy Chairman of the Supervisory Board, member of the management committee and member of the strategy and technology committee

- Managing shareholder of momentum Beteiligungsgesellschaft mbH
- Chairman of the supervisory board of asturia Automotive AG

Dr. Dieter G. Maier, Reutlingen,
member of the strategy and technology committee

- Chief executive officer of UKM GmbH (interim), subsequently a member of the advisory board of UKM GmbH

Carsten Risvig Pedersen, Humlebaek, Denmark,
member of the management committee and member of the audit committee (until 14 August 2012)

- Businessman

Martin Rey, Traunstein,
chairman of the audit committee

- Attorney at law and managing shareholder of Maroban GmbH, Traunstein/Munich
- Member of the board of BRISA Auto-Estradas de Portugal, S.A., Portugal
- Deputy chairman of the supervisory board of Renerco AG

Annette Stieve, Wennigsen,
member of the audit committee
(from 12 November 2012)

- Member of the management of Faurecia Automotive GmbH

Management Board

Dr. Jürgen Zeschky, Rot am See
Chief Executive Officer/Chairman of the Management Board (from 1 March 2012)

Thomas Richterich, Hamburg
Chief Executive Officer/Chairman of the Management Board (until 29 February 2012)

Lars Bondo Krogsgaard, Hamburg
Chief Customer Officer

Ulric Bernard Schäferbarthold, Hamburg
Chief Finance Officer

Dr. Marc Sielemann, Munich
Chief Operating Officer
(until 6 November 2012)

The members of the Supervisory Board and the Management Board held the following shares in the Company as of 31 December 2012:

Name	Position	Shares
Dr. Wolfgang Ziebart	Supervisory Board	10,000 held directly
Jan Klatten	Supervisory Board	18,382,000 via a share in momentum-capital Vermögensverwaltungsgesellschaft mbH and Ventus Venture Fund GmbH & Co. Beteiligungs KG

275,000 Nordex SE stock options have been granted to members of the Management Board.

Remuneration report

Management Board

The compensation paid to the Management Board comprises fixed and performance-related variable components. This combination rewards the performance and responsibility of the individual members of the Management Board in the light of general economic conditions and the Company's success.

The fixed components include a monthly fixed salary, the provision of a company car for private use and premiums for D&O cover where this exceeds the deductible provided by law for members of the Management Board.

The performancetied components are calculated as a percentage of EBT. With the exception of contractual advance payments, variable compensation is due for payment at the end of the annual general meeting at which a resolution to accept and approve the annual financial statements for the year in question is passed.

Individual three-year target agreements are agreed upon between the Management Board and the Supervisory Board to ensure a reasonable long-term remuneration system. In addition, the grant of stock options constitutes a component with a long-term incentive effect oriented to the Company's future business performance. In the year under review, Dr. Zeschky was granted 75,000 stock options; accordingly, the total number of stock options granted to the Management Board has increased to 275,000, of which 150,000 are non-forfeitable. No long-term remuneration components were paid in 2012 with the exception of a payment of EUR 450,000 made to Mr. Richterich.

The individualised and total remuneration paid to the members of the Management Board breaks down as follows:

2012	Fixed compo-nents EUR	Variable compo-nents EUR	Long-term incentive compo-nents EUR	Total EUR
Dr. J. Zeschky	307,328	170,000	193,625	670,953
L. Krogsgaard	350,889	0	111,167	462,056
B. Schäferbarthold	343,774	24,000	90,000	457,774
Dr. M. Sielemann	1,243,244	60,000	63,889	1,367,133
	2,245,235	254,000	458,681	2,957,916

2011	Fixed compo-nents EUR	Variable compo-nents EUR	Long-term incentive compo-nents EUR	Total EUR
T. Richterich	554,774	246,000	450,000	1,250,774
L. Krogsgaard	350,845	168,000	210,559	729,404
B. Schäferbarthold	230,215	24,000	350,000	604,215
Dr. M. Sielemann	263,133	24,000	397,291	684,424
Dr. E. Voß	203,395	138,800	335,000	677,195
	1,602,362	600,800	1,742,850	3,946,012

Mr Richterich, whose office as Chairman of the Management Board of Nordex SE expired on 29 February 2012, continued to receive the agreed monthly salary in accordance with his service contract until the expiry of that contract in an amount of EUR 184,052. The long-term bonus entitlement was settled with the payment of EUR 450,000. This remuneration had already been reported in the 2011 remuneration report.

Dr. Sielemann, who stood down from Nordex SE's Management Board effective 6 November 2012, continued to receive the agreed monthly salary in accordance with this service contract until its expiry on 31 December 2012 in an amount of EUR 313,244. In addition, a settlement of EUR 930,000 was agreed. The long-term bonus entitlement earned in the current and previous years was settled with the payment of an amount of EUR 350,000. As well as this, the variable annual bonus for 2012 of EUR 24,000 and a further additional sum of EUR 36,000 were paid.

In addition, expense of EUR 128,681 arose from the allocation to the stock option plan for the members of the Management Board.

Supervisory Board

The individualised compensation paid to members of the Supervisory Board is set out in the Company's Articles of Incorporation (www.nordex-online.com/en/investor-relations/publications).

Prior to the amendment to the Articles of Incorporation approved at the annual general meeting for 2012 in June, this amount came to EUR 15,000 per year for each member of the Supervisory Board. In addition, each member of the Supervisory Board received variable performance-tied compensation calculated according to the proportion of the consolidated net profit net of net financial result (EBIT) in consolidated sales (EBIT margin) for the year in question as follows:

EBIT margin	Amount of variable compensation in EUR
≥ 5%	5,000,00
≥ 7%	10,000,00
≥ 9%	15,000,00

The EBIT margin was calculated on the basis of EBIT and revenues as stated in the approved audited financial statements for the year in question. Variable compensation was due for payment at the end of the annual general meeting at which a resolution to accept and approve the annual financial statements for the year in question was passed.

The chairman of the Supervisory Board received twice and his deputy one-and-a-half times the sum total of the fixed and variable compensation.

Value added tax was paid on the reimbursement of expenses in accordance with Articles 17 (1) through (3) of the Articles of Incorporation. The Company paid the premium on liability insurance (D&O insurance) if such cover also included the members of the Supervisory Board.

The resolution passed at the annual general meeting for 2012 amended the Articles of Incorporation such that each member of the Supervisory Board is entitled to fixed remuneration of EUR 25,000 from June 2012 in consideration of the performance of their duties for each full year in which they are members of the Supervisory Board plus reimbursement of all costs incurred in the performance of their duties.

The chairman of the Supervisory Board receives twice this amount and his deputy one-and-a-half times this amount.

Persons joining or leaving the Supervisory Board during the year receive one twelfth of this amount for each full or partial month of service.

Value added tax continues to be paid on the reimbursement of expenses in accordance with Articles 17 (1) through (3) of the Articles of Incorporation. The Company pays the premium on liability insurance (D&O insurance) if such cover also includes the members of the Supervisory Board.

The remuneration paid to the Supervisory Board in 2012 breaks down as follows:

	Fixed components	Variable components	Long-term incentive components	Total
	EUR	EUR	EUR	EUR
Dr. W. Ziebart	33,334	0	0	33,334
U. Lüders	20,834	0	0	20,834
J. Klatten	31,250	0	0	31,250
Dr. D. Maier	20,834	0	0	20,834
C. Pedersen	12,500	0	0	12,500
M. Rey	20,834	0	0	20,834
A. Stieve	4,167	0	0	4,167
	143,753	0	0	143,753

The total remuneration paid to the Supervisory Board in 2011 came to EUR 112,500.

Benefits/pension provisions for former members of the Management Board

Pension provisions of EUR 218 thousand (2011: EUR 206 thousand) had been set aside as of 31 December 2012 to cover entitlement vesting to two former members of the Management Board.

Auditor's fee

The fee payable in 2012 to the statutory auditors stands at EUR 258 thousand (2011: EUR 180 thousand). A fee of EUR 116 thousand (2011: EUR 18 thousand) was paid for tax consulting services. No fees were paid for other services (2011: EUR 135 thousand).

Nordex SE
Rostock, 21 March 2013

Dr. J. Zeschky
Chairman of the
Management Board (CEO)

L. Krogsgaard
Member of the
Management Board

B. Schäferbarthold
Member of the
Management Board

Statement of changes in property, plant and equipment and intangible assets

	Historical cost					
	Initial amount 01.01.2012 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Re-classifica-tion EUR thousand	Foreign currency EUR thousand	Closing amount 31.12.2012 EUR thousand
Property, plant and equipment						
Land and buildings	82,298	3,414	986	1,297	–386	85,637
Technical equipment and machinery	63,179	13,698	1,820	3,094	–182	77,969
Other equipment, operating and business equipment	41,745	7,407	2,398	8	–89	46,673
Prepayments made and assets under construction	8,384	2,213	99	–4,399	10	6,109
Total property, plant and equipment	**195,606**	**26,732**	**5,303**	**0**	**–647**	**216,388**
Intangible assets						
Goodwill	16,149	0	0	0	0	16,149
Capitalised development expense	99,139	29,717	8,479	0	0	120,377
Other intangible assets	24,780	2,048	1,691	0	–9	25,128
Total intangible assets	**140,068**	**31,765**	**10,170**	**0**	**–9**	**161,654**

	Historical cost						
	Initial amount 01.01.2011 EUR thousand	Additions EUR thousand	First-time consoli-dation EUR thousand	Disposals EUR thousand	Re-classifica-tion EUR thousand	Foreign currency EUR thousand	Closing amount 31.12.2011 EUR thousand
Property, plant and equipment							
Land and buildings	79,414	611	62	262	1,177	1,296	82,298
Technical equipment and machinery	47,378	8,310	0	2,734	9,429	796	63,179
Other equipment, operating and business equipment	37,776	6,503	68	3,056	0	454	41,745
Prepayments made and assets under construction	18,324	3,429	0	2,907	–10,606	144	8,384
Total property, plant and equipment	**182,892**	**18,853**	**130**	**8,959**	**0**	**2,690**	**195,606**
Intangible assets							
Goodwill	14,461	335	1,353	0	0	0	16,149
Capitalised development expense	79,668	23,435	0	3,964	0	0	99,139
Other intangible assets	23,492	1,842	179	1,005	0	272	24,780
Total intangible assets	**117,621**	**25,612**	**1,532**	**4,969**	**0**	**272**	**140,068**

Depreciation/amortisation						Carrying amount
Initial amount 01.01.2012 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Re-classifica-tion EUR thousand	Foreign currency EUR thousand	Closing amount 31.12.2012 EUR thousand	31.12.2012 EUR thousand
14,810	30,589	719	28	–489	44,219	41,418
25,025	17,728	672	1	–192	41,890	36,079
21,856	7,212	2,108	–29	–36	26,895	19,778
0	362	0	0	–4	358	5,751
61,691	55,891	3,499	0	–721	113,362	103,026
4,501	0	0	0	0	4,501	11,648
36,999	10,933	5,046	0	0	42,886	77,491
19,248	3,512	1,691	0	–31	21,038	4,090
60,748	14,445	6,737	0	–31	68,425	93,229

Depreciation/amortisation						Carrying amount
Initial amount 01.01.2011 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Re-classifica-tion EUR thousand	Foreign currency EUR thousand	Closing amount 31.12.2011 EUR thousand	31.12.2011 EUR thousand
11,486	3,350	247	19	202	14,810	67,488
20,812	6,414	2,686	0	485	25,025	38,154
17,863	6,221	2,426	–19	217	21,856	19,889
605	362	942	0	–25	0	8,384
50,766	16,347	6,301	0	879	61,691	133,915
4,501	0	0	0	0	4,501	11,648
31,032	8,065	2,098	0	0	36,999	62,140
16,367	3,359	609	0	131	19,248	5,532
51,900	11,424	2,707	0	131	60,748	79,320

List of shareholdings

as of 31 December 2012

	Currency
Consolidated affiliated companies	
(figures in accordance with statutory financial statements or the uniform Group guidelines for financial statements)	
Nordex SE, Rostock (parent company)[1]	EUR
Beebe Wind LLC, Delaware, United States	EUR
Big Berry Wind Farm LLC, Delaware, United States	EUR
Eólicos R4E S.A. de C.V., Tegucigalpa, Honduras[7]	EUR
Flat Rock Wind LLC, Delaware, United States	EUR
Green Hills Wind LLC, Delaware, United States	EUR
Nordex Advanced Development GmbH, Bad Doberan	EUR
Nordex Education Trust, Kapstadt, South Africa[4]	EUR
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd., Peking, China	EUR
Nordex (Dongying) Wind Power Equipment Manufacturing Co.Ltd., Dongying, China	EUR
Nordex Energy B.V., Rotterdam, Netherlands	EUR
Nordex Energy GmbH, Hamburg[1]	EUR
Nordex Energy Ibérica S.A., Barcelona, Spain	EUR
Nordex Energy Ireland Ltd., Dublin, Ireland	EUR
Nordex Energy South Africa (Pty.) Ltd., Illovo, South Africa[4]	EUR
Nordex Enerji A.S., Istanbul, Turkey	EUR
Nordex France S.A.S., La Plaine Saint-Denis, France	EUR
Nordex Grundstücksverwaltung GmbH, Hamburg[1]	EUR
Nordex Hellas Monoprosopi EPE, Melissia, Greece	EUR
Nordex Italia S.r.l., Rom, Italy	EUR
Nordex Offshore GmbH, Hamburg	EUR
Nordex Pakistan (Private) Ltd., Islamabad, Pakistan[8]	EUR
Nordex Polska Sp. z o.o., Warsaw, Poland	EUR
Nordex Singapore Equipment Private Ltd., Singapore, Singapore	EUR
Nordex Singapore Service Private Ltd., Singapore, Singapore	EUR
Nordex Sverige AB, Uppsala, Sweden	EUR
Nordex UK Ltd., Didsbury, United Kingdom	EUR
Nordex USA Inc., Chicago, United States	EUR
Nordex USA Management LLC, Chicago, United States	EUR
Nordex Windpark Beteiligung GmbH, Hamburg[1]	EUR
Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd., Ningxia, China	EUR
NPV Dritte Windpark GmbH & Co. KG, Hamburg	EUR
Republic Wind LLC, Delaware, United States	EUR
Way Wind, LLC, Delaware, United States	EUR

Share in capital (%)	Net profit/loss 01.01–31.12.2012	Equity capital 01.01–31.12.2012	Share held via
–	–25,777.464.92	251,441.580.12	–
100.00	2,581.639.70	2,496.697.70	Nordex USA Inc.
100.00	–40,835.32	–84,254.09	Nordex USA Inc.
99.67/0.33	–329,664.69	–305,261.17	Nordex USA Management LLC/Big Berry Wind Farm LLC
100.00	73,952.42	–162,665.44	Nordex USA Inc.
100.00	–14,977.77	–167,121.31	Nordex USA Inc.
80.00	–178,114.05	1,425,120.13	Nordex SE
100.00	0.00	8.95	Nordex Energy South Africa (Pty.) Ltd.
100.00	–7,418,400.77	–14,347,340.68	Nordex Energy GmbH
100.00	–8,093,561.87	9,596,419.32	Nordex Energy GmbH
100.00	–10,519,193.33	27,343,143.88	Nordex SE
100.00	0.00	7,607,762.62	Nordex SE
100.00	752,382.01	8,454,416.40	Nordex Energy B.V.
100.00	–456,785.66	1,804,145.75	Nordex Energy B.V.
92.00	–806,678.48	–760,743.42	Nordex Energy GmbH
96.00/1.00/1.00/1.00/1.00	–5,738,481.80	–4,282,294.97	Nordex Energy B.V./Nordex SE/Nordex Energy GmbH/Nordex Windpark Beteiligung GmbH/Nordex Grundstücksverwaltung GmbH
100.00	5,986,386.00	1,474,760.00	Nordex Energy B.V.
100.00	0.00	52,000.00	Nordex SE
100.00	1,484,647.26	249,382.09	Nordex Energy GmbH
100.00	4,385,823.78	18,059,245.72	Nordex Energy B.V.
100.00	–154,785.48	–60,691.04	Nordex SE
100.00	0.00	116,152.50	Nordex Energy GmbH
99.00/1.00	–973,034.65	3,361,473.75	Nordex Energy B.V./Nordex Energy GmbH
100.00	–1,540,428.53	–1,138,528.00	Nordex Energy GmbH
100.00	–717,825.89	–947,672.96	Nordex Energy GmbH
100.00	–3,038,063.52	3,033,763.58	Nordex Energy B.V.
100.00	–4,307,733.42	3,946,893.77	Nordex Energy B.V.
100.00	–5,144,617.48	–6,398,937.85	Nordex Energy B.V.
100.00	–125,358.13	–126,835.43	Nordex USA Inc.
100.00	0.00	74,825.12	Nordex SE
100.00	–2,683,856.09	2,160,134.14	Nordex Energy GmbH
100.00	–45,129.88	52,365.15	Nordex Grundstücksverwaltung GmbH
100.00	–53,156.43	–388,455.46	Nordex USA Inc.
100.00	–13,294.27	–19,124.52	Nordex USA Inc.

	Currency
Non-consolidated affiliated companies	
(figures in accordance with statutory financial statements or the uniform Group guidelines for financial statements)	
Farma Wiatrowa Rozdrazew Sp. z o.o., Warsaw, Poland	EUR
Farma Wiatrowa Liw Sp. z o.o., Warsaw, Poland	EUR
Farma Wiatrowa NDX1 sp. z o.o.Farma Wiatrowa Orla Sp. z o.o., Warsaw, Poland[3]	EUR
Farma Wiatrowa Wymyslów Sp. z o.o., Warsaw, Poland	EUR
Farma Wiatrowa NXD V Sp. z o.o., Warschau, Polen	EUR
natcon 7 GmbH, Hamburg[3]	EUR
Nordex Windpark Verwaltung GmbH, Hamburg	EUR
Nordex Energy Romania S.r.l., Bucharest, Romania[4]	EUR
Parc Éolien de Dehlingen S.A.S., Paris, France[3]	EUR
Parc Éolien de la Chaussée Brunhaut S.A.S., Paris, France[3]	EUR
Parc Éolien de la Chaussée de César Nord S.A.S., Paris, France[3]	EUR
Parc Éolien de la Côte de Repy S.A.S., Paris, France[3]	EUR
Parc Éolien de l´Artois S.A.S., Paris, France[3]	EUR
Parc Éolien de Rimling-Erching S.A.S., Paris, France[3]	EUR
Parc Éolien des Pelures Blanches S.A.S., Paris, France[3]	EUR
Parc Éolien de Zondrange S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex I S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex II S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex III S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex IV S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex V S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex VI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex VII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex VIII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex IX S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex X S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XIII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XIV S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XV S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XVI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XVII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XVIII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XIX S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XX S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXIII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXIV S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXV S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXVI S.A.S., Paris, France[3]	EUR

Share in capital (%)	Net profit/loss 01.01–31.12.2012	Equity capital 01.01–31.12.2012	Share held via
99.00/1.00	–2,108.38	883.37	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
99.00/1.00	–2,164.75	831.31	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
55.00	–1,862.95	1,138.73	Nordex Windpark Beteiligung GmbH
99.00/1.00	–2,164.73	831.33	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
99.00/1.00	–2,164.73	831.33	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
75.00	461,575.28	1,316,218.67	Nordex SE
100.00	–1,399.73	5,662.87	Nordex SE
99.98/0.02	–124,900.36	–114,165.20	Nordex Energy B.V./Nordex Energy GmbH
100.00	96,972.15	37,114.48	Nordex Windpark Beteiligung GmbH
100.00	–3,259.66	21,031.73	Nordex Windpark Beteiligung GmbH
100.00	62,085.94	37,049.70	Nordex Windpark Beteiligung GmbH
100.00	–6,582.02	–18,803.20	Nordex Windpark Beteiligung GmbH
100.00	–3,144.92	21,344.51	Nordex Windpark Beteiligung GmbH
100.00	–3,143.80	21,595.91	Nordex Windpark Beteiligung GmbH
100.00	–24,595.84	–5,045.69	Nordex Windpark Beteiligung GmbH
100.00	–9,320.97	14,666.03	Nordex Windpark Beteiligung GmbH
100.00	–2,211.72	24,278.47	Nordex Windpark Beteiligung GmbH
100.00	–2,440.12	26,082.21	Nordex Windpark Beteiligung GmbH
100.00	–1,396.10	28,627.76	Nordex Windpark Beteiligung GmbH
100.00	–2,236.42	26,286.71	Nordex Windpark Beteiligung GmbH
100.00	–2,236.42	26,286.71	Nordex Windpark Beteiligung GmbH
100.00	–5,101.62	23,511.15	Nordex Windpark Beteiligung GmbH
100.00	–2,236.42	26,375.93	Nordex Windpark Beteiligung GmbH
100.00	–2,529.12	26,520.73	Nordex Windpark Beteiligung GmbH
100.00	–2,107.02	26,549.45	Nordex Windpark Beteiligung GmbH
100.00	–2,236.42	24,594.09	Nordex Windpark Beteiligung GmbH
100.00	–8,108.86	19,611.33	Nordex Windpark Beteiligung GmbH
100.00	–2,444.05	26,363.55	Nordex Windpark Beteiligung GmbH
100.00	–2,234.92	26,572.68	Nordex Windpark Beteiligung GmbH
100.00	–2,289.92	26,526.54	Nordex Windpark Beteiligung GmbH
100.00	–2,389.05	26,418.95	Nordex Windpark Beteiligung GmbH
100.00	–7,831.21	20,597.73	Nordex Windpark Beteiligung GmbH
100.00	–2,389.05	26,423.18	Nordex Windpark Beteiligung GmbH
100.00	–8,646.58	20,161.42	Nordex Windpark Beteiligung GmbH
100.00	–6,095.49	22,615.89	Nordex Windpark Beteiligung GmbH
100.00	–2,234.92	26,573.08	Nordex Windpark Beteiligung GmbH
100.00	–2,234.92	26,581.54	Nordex Windpark Beteiligung GmbH
100.00	–2,289.92	26,525.63	Nordex Windpark Beteiligung GmbH
100.00	–2,236.22	26,571.78	Nordex Windpark Beteiligung GmbH
100.00	–2,106.82	26,710.04	Nordex Windpark Beteiligung GmbH
100.00	–2,236.22	26,576.86	Nordex Windpark Beteiligung GmbH
100.00	–2,236.22	26,576.41	Nordex Windpark Beteiligung GmbH

	Currency
Parc Éolien Nordex XXVI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXVII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXVIII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXIX S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXX S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXXI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXXII S.A.S., Paris, France[3]	EUR
Qingdao Huawei Wind Power Co. Ltd., Qingdao, China[3]	EUR
Ringneck Prairie Wind LLC, Delaware, United States	EUR
Sechste Windpark Support GmbH & Co. KG, Hamburg	EUR
Vindkraftpark Aurvandil AB, Uppsala, Sweden	EUR
Vindkraftpark Brynhild AB, Uppsala, Sweden	EUR
Vindkraftpark Dieser AB, Uppsala, Sweden	EUR
Vindkraftpark Embla AB, Uppsala, Sweden	EUR
Vindkraftpark Freja AB, Uppsala, Sweden	EUR
Investments in associates (not consolidated)	
(figures in accordance with statutory financial statements)	
Beebe Renewable Energy 2, LLC, Delaware, United States[4]	EUR
KNK Wind GmbH, Frankfurt am Main[3]	EUR
Seneca Mountain LLC, Delaware, United States	EUR
Way Wind LLC, Nebraska, United States	EUR
Other investments (non-consolidated)	
(figures in accordance with statutory financial statements)	
C&C Wind Sp. z o.o., Natolin, Poland[4]	EUR
GN Renewable Investments S.à r.l., Luxembourg, Luxembourg[4]	EUR
K/S Whitewater Wind Power Invest I, Komplementarselskabet Whitewater Invest I ApS, Fredriksværk, Denmark[2]	EUR
K/S Whitewater Wind Power Invest VII, Komplementarselskabet Whitewater Invest VII ApS, Hjallerup, Denmark[2]	EUR
K/S Whitewater Wind Power Invest VIII, Komplementarselskabet Whitewater Invest VIII ApS, Roskilde, Denmark[2]	EUR
Parc d´Energie de Conlie P.E.C. S.à r.l., La Martyre, France	EUR
Sameole Bois du Goulet, Caen, France[6]	EUR
Société Éolienne de Roussée-Vassé S.E.R.V. S.à r.l., Rouesse Vasse, France[3]	EUR
Vent d´est S.à r.l., Paris, France[3]	EUR
Vent Local S.A.S., Vienne, France[2]	EUR
Eoliennes de la Vallee[7]	EUR

[1] Profit transfer agreement; net profit/loss and equity after profit transfer agreement in accordance with local rules
[2] Financial statements as of 31 December 2011
[3] Preliminary financial statements as of 31 December 2012
[4] Incorporated in 2012
[5] Incorporated in 2012; preliminary financial statements as of 31 December 2012
[6] Financial year from 1 July 2012 to 30 June 2013, financial statements as of 30 June 2011
[7] Acquired in 2012; preliminary financial statements as of 31 December 2012
[8] Incorporated in 2012; financial year from 1 July 2012 to 30 June 2013, financial statements as of 30 June 2012

Share in capital (%)	Net profit/loss 01.01–31.12.2012	Equity capital 01.01–31.12.2012	Share held via
100.00	–2,236.22	26,576.25	Nordex Windpark Beteiligung GmbH
100.00	–2,106.82	26,707.03	Nordex Windpark Beteiligung GmbH
100.00	–2,236.22	26,653.28	Nordex Windpark Beteiligung GmbH
100.00	–2,236.22	26,580.49	Nordex Windpark Beteiligung GmbH
100.00	–2,236.22	26,793.71	Nordex Windpark Beteiligung GmbH
100.00	–2,236.22	26,774.91	Nordex Windpark Beteiligung GmbH
100.00	–524,773.77	3,651,420.57	Nordex Windpark Beteiligung GmbH
66.70	–35,442.47	–35,262.32	Nordex Energy GmbH
100.00	–522.98	–3,654.49	Nordex USA Inc.
100.00	–1,080.54	3,570.18	Nordex Grundstücksverwaltung GmbH
100.00	0.00	5,828.86	Nordex Windpark Beteiligung GmbH
100.00	0.00	5,828.86	Nordex Windpark Beteiligung GmbH
100.00	0.00	5,828.86	Nordex Windpark Beteiligung GmbH
100.00	0.00	5,828.86	Nordex Windpark Beteiligung GmbH
100.00	0.00	5,828.86	Nordex Windpark Beteiligung GmbH
55.17	308,633.17	311,700.65	Nordex USA Management LLC
38.89	–800,465.67	3,609,346.92	Nordex Offshore GmbH
98.80	–884,636.58	173,945.77	Nordex USA Management LLC
32.34	25,900.75	123,289.50	Way Wind, LLC, Delaware, United States
18.00	–23,064.00	–11,275.00	Nordex Windpark Beteiligung GmbH
30.00	0.00	12,500.00	Nordex Windpark Beteiligung GmbH
33.33	–49,481.93	–25,900.31	Nordex Energy GmbH
11.11	–52,841.18	–17,299.04	Nordex Energy GmbH
11.11	–3,758.86	–141,065.81	Nordex Energy GmbH
50.00	–2,070.00	901.00	Nordex France S.A.S.
50.00	–199.00	1,000.00	Nordex France S.A.S.
50.00	–28.00	–1,605.00	Nordex France S.A.S.
50.00	–890.00	–3,458.00	Nordex France S.A.S.
9.00	–614,623.00	836,717.00	Nordex France S.A.S.
50.00	0.00	1,000.00	Nordex France S.A.S.

Responsibility Statement

Responsibility statement in accordance with Sections 297 (2) 4 and 315 (1) 6 of the German Commercial Code

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 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.

Nordex SE
Rostock, 21 March 2013

Dr. J. Zeschky
Chairman of the
Management Board (CEO)

L. Krogsgaard
Member of the
Management Board

B. Schäferbarthold
Member of the
Management Board

Auditor's Report

We have audited the consolidated financial statements prepared by the Nordex SE, Rostock, comprising the statement of financial position, income statement and statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the Nordex SE for the business year from 1 January to 31 December 2012. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) and supplementary provisions of the articles of incorporation are the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company´s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these provisions. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, 21 March 2013

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Niklas Wilke
Wirtschaftsprüfer
(German Public Auditor)

ppa. Dr. Thomas Ull
Wirtschaftsprüfer
(German Public Auditor)

Glossary

Acoustic power
An acoustic measure of the volume of source of noise.

Anti-Icing System
Technology for reducing the accumulation of ice on the surface of rotor blades. The Anti-Icing System can increase turbine yields by up to 25% in the winter months of climatically cold regions.

Azimuth system
Adjustment system to position the nacelle in the horizontal plane to ensure that the rotor is always exactly facing the direction from which the wind is coming.

Baseload
Terms used in electricity trading to refer to the minimum volume of electrical power required by electricity consumers in a given market region in a defined period (hour, week, month, quarter, year).

Cash flow
A business parameter defining the net inflow of cash and cash equivalents from sales and other operating activities in a given period.

CCV (cold climate version)
Adaption of a wind turbine to extreme climatic conditions, in this case very low ambient temperatures.

Certification
Wind power systems are certified according to certain guidelines. This ensures that they are constructed correctly and can be operated safely. In Germany, Germanische Lloyd (GL) and TÜV Nord are the main certifying agents.

Convertible bond
Interest-bearing security issued by a company generally with a nominal coupon which grants the bearer the right to exchange it for shares in the company within a certain period and subject to a predefined ratio.

Corporate compliance
The entirety of all measures (e.g. code of conduct, compliance team) aimed at ensuring that a company, its management and supervisory bodies and its employees act in accordance with all legal requirements.

Covenants
The individually negotiated terms of a loan which, if breached, entitle the lender to terminate the loan under certain circumstances.

Design-to-cost/design-to-value
Basic principle of mechanical engineering which takes account of the cost factors for the producer and the return factors for investors.

D&O insurance
Short for “directors and officers liability insurance”. D&O insurance covers liability for financial loss and protects the members of the Supervisory Board and the Management Board from the consequences of manager liability.

EBIT
Earnings before interest and taxes.

Electricity generation costs
The cost of converting one form of energy (e.g. wind) into electrical power.

Emission trade
Trade in certificates, e.g. permitting the emission of a certain quantity of a hazardous substances (CO_2 certificates), or representing a certain quantity of renewable energy ("green certificates"). Certificates are climate policy instruments combining government intervention with market-economy instruments.

Equity ratio
Proportion of equity in total assets. Considered to be the benchmark for determining the intrinsic value of a company's assets in the balance sheet.

Free float
Refers to all the shares issued by a company, which are freely traded in the market and not held by strategic or financial investors on a long-term basis.

Full-load hours
The yield of a wind turbine depends on the wind speed. Wind turbines reach their maximum output at speeds of 13 to 15 m/s. The number of theoretical full-load hours per year characterises the quality of wind-farm sites. This varies from around 1,800 hours in Germany to approx. 2,900 hours in the UK.

Gearbox
The gearbox is located between the slow rotor shaft and the fast generator shaft. It causes the generator shaft to rotate up to one hundred times faster than the rotor shaft.

Generator
The generator of a wind turbine converts mechanical energy into electrical energy.

German Corporate Governance Code
In 2002, the German government's Corporate Governance Commission drew up a code to regulate nationally and internationally recognised standards for fair and responsible corporate governance.

Grid parity
Grid parity is achieved if the cost of conventionally produced electricity equals that of electricity produced from renewable sources.

Gross profit
Gross profit is an indicator of cost efficiency and is defined as revenues net of the cost of sales.

Head mass
Refers to the weight of the nacelle and rotor of a wind power system.

Hybrid tower
Special form of tower system for wind turbines, consisting of a concrete tower and a tubular tower section made out of steel.

IEC
International Electrotechnical Commission. Independent institution which sets the standards for electrical devices and equipment. The IEC has defined three wind classes: IEC I (average wind speeds of 10m/s), IEC II (average wind speeds of 8.5 m/s) and IEC III (average wind speeds of 7.5 m/s).

ITC Cash Grant
Incentive programme in the USA for projects in the area of alternative energies, which grants a subsidy in the amount of 30% of the capital costs.

Kilowatt
Output is defined as energy per time unit and is measured in watts. One kilowatt (kW) equals 1,000 watts.

Leverage
The analysis of the share of a listed company by an investment bank, which is performed on a regular basis.

Megawatt
One megawatt (MW) equals 1,000 kilowatts.

New business
Receipt of orders.

Offshore systems
Wind turbines operated in coastal waters.

Onshore systems
Wind turbines erected on land.

Operational Excellence
A combination of various procurement, production and assembly methods and processes to structure and optimise the value chain such that sparing use is made of resources and it operates efficiently and hence on an economically viable basis.

Performance curve
The performance curve of a wind power system describes the ratio of electricity generated to wind speed.

Pitch control
Control of the wind turbine by rotating the rotor blade around the longitudinal axis.

POC
Percentage of completion. The method stipulated by international accounting rules for recognising revenues.

Profit and loss transfer agreement
Company agreement governing the transfer of profit or loss from one entity to another.

PTC
The production tax credit (PTC) guarantees a tax credit on the income tax to be paid in the USA for companies operating wind power systems there.

REA
Renewable Energies Act. The REA has regulated the feeding of renewable energy into the German power grid since 1 April 2000. The Renewable Energies Act was revised extensively on 1 January 2012 and guarantees the operators of onshore wind turbines initial remuneration of at least 8.93 euro-cents per kWh in the period under review.

RENIXX
Equities index calculated by International Economic Forum Renewable Energies (IWR) for 30 leading international listed companies in the renewable energies sector.

Rotor
The rotor of a wind turbine comprises the blades and the hub. The rotor is mounted on the main shaft.

Simultaneous Engeineering
Simultaneous completion of engineering tasks to shorten the time to market.

Stock options
Options are derivative financial instruments, which entitle the holder to buy or sell securities at a later date at a predefined price.

Syndicated loan
Loans granted jointly by several banks.

TecDAX
Technology index of the Frankfurt Stock Exchange for the 30 largest German technology stocks.

Turnkey solution
The assembly of a wind farm for immediate use including access routes, grid infrastructure, cabling and other services going beyond the standard delivery of wind farm projects.

Unrated bonds
Bonds or other financial instruments which are not externally rated by a rating agency.

Unused tax losses
A tax loss is the total of all losses incurred in past financial years, which it is not possible to net against profits. These losses can be carried forward to later financial years. In tax terms, this involves the intention to offset these losses against profits expected to arise in the future.

Wind farm
Wind farms consist of several wind turbines operated in tandem.

Working capital
The supplier’s capital used during the implementation phase of an order.

Addresses

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Financial calendar 2013

11 March 2013	Publication of preliminary figures for the 2012 financial year
25 March 2013	Publication of the Annual Report for the 2012 financial year Press conference, telephone conference, Frankfurt am Main
15 May 2013	Interim report for the first quarter 2013 Telephone conference
4 June 2013	Annual General Meeting, Rostock
15 August 2013	Interim report for the first half-year 2013 Telephone conference
14 November 2013	Interim report for the third quarter 2013 Telephone conference

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