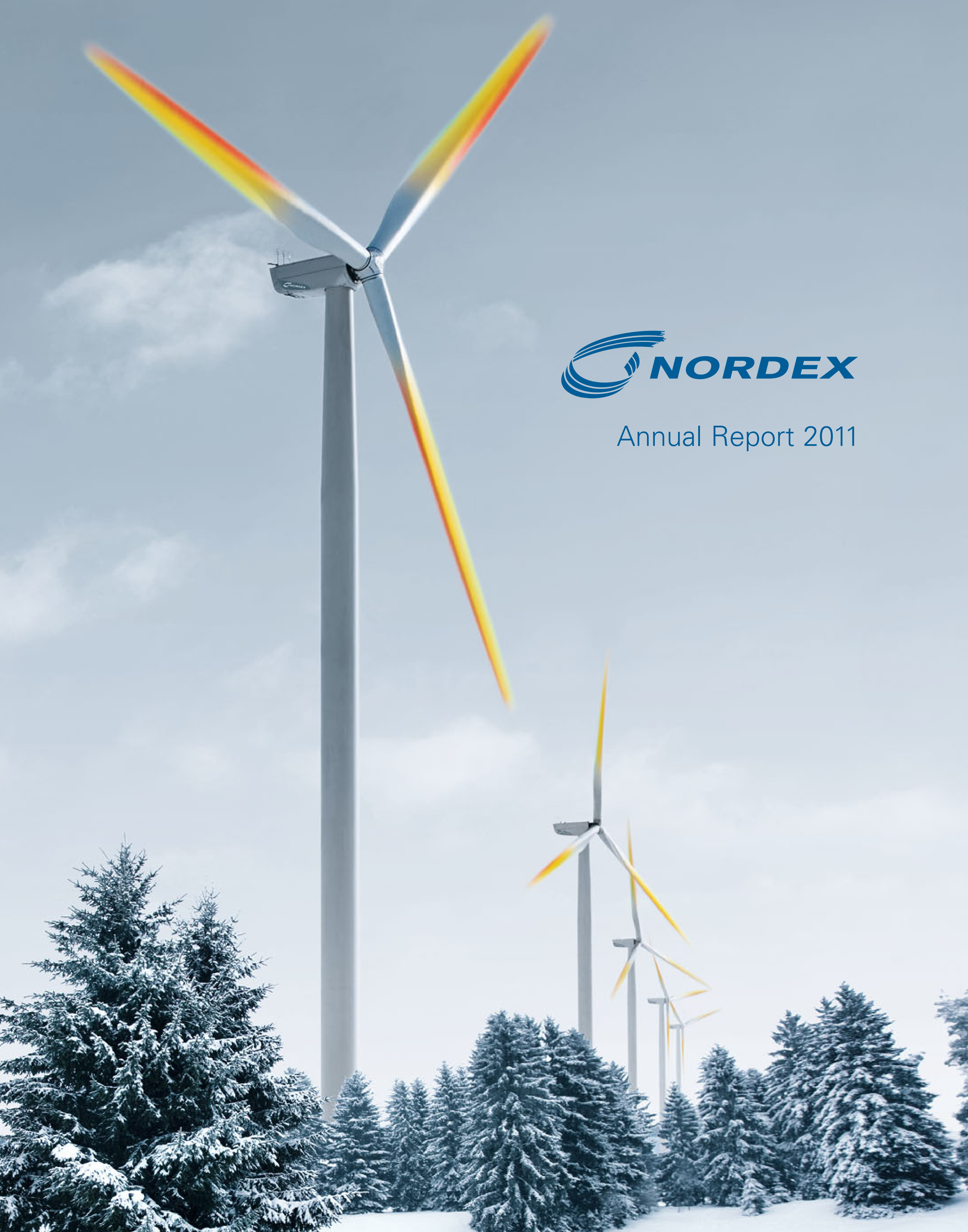


NORDEX

Annual Report 2011

Nordex SE: Key figures at a glance

Earnings							
		2007	2008	2009	2010	2011	Δ 11/10
Sales	EUR million	747.5	1,135.7	1,182.8	972.0	920.8	–5.27%
Total revenues	EUR million	806.8	1,189.9	1,144.2	1,007.9	927.0	–8.03%
EBIT before exceptionals/ non-recurring effects	EUR million	–	–	–	–	–10.3	–
Exceptionals/ non-recurring effects	EUR million	–	–	–	–	–19.4	–
EBIT	EUR million	40.1	63.0	40.0	40.1	–29.7	>–100%
EBITDA	EUR million	54.2	78.9	57.9	62.6	–2.0	>–100%
Cash flow[1]	EUR million	80.3	–115.3	47.7	–22.1	69.1	>100%
Capital spending	EUR million	28.5	70.5	51.1	72.0	46.1	–35.97%
Consolidated net profit/ loss for the period	EUR million	48.0	49.5	24.2	21.2	–49.5	>–100%
Earnings/loss per share[2]	EUR	0.74	0.71	0.36	0.31	–0.67	>–100%
EBIT margin	%	5.0	5.3	3.5	4.0	–3.2	–7.2%-P.
Return on sales	%	5.4	5.5	3.3	4.1	–3.2	–7.3%-P.
Working capital ratio	%	2.3	14.0	18.4	24.3	27.6	3.3%-P.

[1]Cash flow = change in cash and cash equivalents
[2]Earnings/loss per share = basic calculated using the weighted average of 71.913 million shares in 2011 (2010: 66.845 million shares)

Balance sheet							
		2007	2008	2009	2010	2011	Δ 11/10
Total assets as of 31.12	EUR million	703.8	854.3	840.4	987.0	1,028.9	4.25%
Equity as of 31.12	EUR million	271.8	324.4	347.8	370.8	376.6	1.56%
Equity ratio	%	38.6	38.0	41.4	37.6	36.6	–1.0%

Employees							
		2007	2008	2009	2010	2011	Δ 11/10
Employees	Average	1,304	1,885	2,207	2,379	2,643*	11.10%
Staff costs	EUR million	55.0	81.7	105.8	119.4	147.4	23.45%
Sales per employee	EUR thousand	573	603	536	409	348	–14.91%
Staff cost ratio	%	6.8	6.9	9.2	11.8	15.9	+4.1%

*Still including employees affected by the reorganisation programme

Performance indicators							
		2007	2008	2009	2010	2011	Δ 11/10
Order intake	EUR million	1,220.0	876.0	734.0	836.0	1,107.0	32.42%
Foreign business	%	89.0	96.0	97.0	93.0	85.4	–7.6%-P.

Cover page: illustrative thermographic image of a Swedish wind farm fitted with Nordex's anti-icing system

Nordex SE
Annual Report 2011

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. Our skills include the development and production of wind turbines, the construction of turn-key wind farms as well as maintenance and service.

About us

Our business performance in 2011

Key

Cross-reference with page number 00

Reference to Internet @

Dear shareholders and business associates,

Against the backdrop of a fast-growing market, Nordex has adjusted flexibly and successfully to changing conditions on several occasions in the past few years. This also applies to the reorganisation efforts of the year under review. Consequently, Nordex is now well positioned to return to profitability in 2012. As our Company's new Chief Executive Officer, I will be playing my part in utilising the potential and opportunities available to us. This is a task which I am greatly looking forward to.

I am convinced that as a team working with the support of our shareholders and investors we can make Nordex one of the technically leading mid-size players in our industry. In this way, we will be generating value and, more particularly, greater earnings potential.

2011 was a very challenging year for the wind power industry as a whole and also for Nordex. Despite our strong commitment and numerous successes in adjusting to changed market conditions and greater competition, we failed to reach our original targets as measured by our financials. This is as disappointing to us as the management and also our employees as it is to you as our shareholders and business partners. Yet, and this is something which is of crucial importance for the future, Nordex spent the year under review building up a position which will allow it to enlarge business volumes this year. In this way, we will be able to swiftly leave the losses of 2011 behind us.

What makes me so confident is, for example, the strong growth in our new business. With new orders of over EUR 1.1 billion received in 2011, Nordex achieved the best results in this respect since the outbreak of the financial crisis. As a result, order books have risen by around 70%. This encouraging trend has also continued into the first quarter of 2012. We owe this success to the concentration of sales and marketing efforts on promising markets and customer segments as well as the innovation initiative which Nordex launched around two years ago. As many of the newly developed products and solutions will not be ready for series production for another few months, we expect this to generate further impetus for our future business.

A well-positioned company is one side of the coin, the other side is a market exhibiting the necessary demand. This is the case in our industry. Neither the heavy sovereign debt in parts of Europe nor the faltering US economy have had any adverse effect on the outlook for the market. Thus, international sales of wind turbines picked up appreciably in the year under review, with the industry associations in fact expecting double-digit growth in 2012. Yet, the competition has become substantially harsher than in the past. What this specifically means is that only companies with lean structures, flexible processes and efficient products will have any chance of asserting themselves.

In this environment, mid-size companies also have good opportunities. This is evident in the year under review in which large groups by no means performed any better than their smaller peers such as Nordex. For us, it is now a question of setting the right emphasis and enhancing the efficiency of our processes and products.

I am sure that with the completion of the reorganisation at the end of last year Nordex is now well positioned in terms of its strategic business, cost structures, products and processes. Accordingly, I expect an appreciable improvement in business compared with the previous year and I look forward to helping to shape its future together with a strong and highly committed team.

I wish to thank all of the Group's employees for their dedication and services throughout the past year. At the same time, my particular gratitude goes out to my predecessor Mr. Richterich, who – not least of all thanks to the recent reorganisation – has left the Company in a sound position.

Dear shareholders and investors, you have repeatedly stood by Nordex's side during important phases of its recent history, most recently with the corporate actions in spring 2011. We will now be doing everything we can to improve Nordex's profitability to ensure you will be able to benefit from your commitment to the Company.

Yours sincerely,

Dr. Jürgen Zeschky
Chief Executive Officer
Nordex SE

Management Board of Nordex SE

from left: Dr. Marc Sielemann, Dr. Jürgen Zeschky (Chief Executive Officer), Lars Bondo Krogsgaard, Bernard Schäferbarthold

Corporate governance bodies

Management Board

Thomas Richterich

Chief Executive Officer/Chairman of the Management Board (until 29 February 2012)
Responsible for Product Management, Human Resources, 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.

Dr. Jürgen Zeschky

Chief Executive Officer/Chairman of the Management Board (from 1 March 2012)
Responsible for Product Management, Human Resources, Legal, Communications, Corporate Development, Offshore

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.

Lars Bondo Krogsgaard

Chief Customer Officer
Responsible for Sales and Marketing, Project Development, Project Management, Service, Health and Safety.

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 and Controlling, Accounting, Taxes, Risk Management, Internal Auditing, IT

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
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 has been a member of the Management Board of Nordex SE since April 2009.

Dr. Eberhard Voß
Chief Technical Officer
(until 30 September 2011)
Responsible for Engineering, Quality

Dr. Voß was born in 1956 and studied mechanical engineering. Between 1982 and 1987, he was a research assistant at the University of Rostock and went on to become Scientific Head of the Energy Department of the Institute of Energy and Transport Research (ETF/ADL) in Rostock until 1990. He was managing shareholder of WIND-Consult GmbH until 1996. Between 1997 and 2000, Dr. Voß was head of Central Engineering at Nordex Energy GmbH. After a tenure as managing shareholder at EEG Energie-Expertise GmbH and e.n.o. Wind Energiegesellschaft Nordost mbH, he returned to Nordex Energy GmbH as head of engineering in 2003. Dr. Voß has been on Nordex SE's Management Board since March 2008.

Dr. Voß terminated his position on the Management Board of Nordex SE in a mutual agreement effective 30 September 2011. Under the new business allocation plan, responsibility for engineering and quality has been assigned to Dr. Sielemann.

Supervisory Board

Uwe Lüders, Lübeck
Chairman of the Supervisory Board, chairman of the Management Committee, member of the Audit Committee;
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.

Carsten Risvig Pedersen, Humblebaek (Denmark)
Member of the Audit Committee, member of the Management Committee

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;
attorney at law and managing shareholder of Maroban GmbH.

Mr. Rey studied law in Bonn and business management at the Hagen Remote 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, a global investment and consulting company, responsible for European business, and is now overseeing the dissolution of this company.

Dr. Wolfgang Ziebart, Starnberg
Member of the Strategy and Engineering Committee

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.

Nordex stock

In the course of 2011, global economic momentum continued to slow. As a result, the International Monetary Fund (IMF) calculates that global gross domestic product declined to 3.8% compared with 5.2% in the previous year. These trends were discernible in both the industrialised nations and in the growth regions of Asia and Latin America and as of mid-2011 were also reflected in the weakening global economic climate index published by the ifo Institute in Munich.

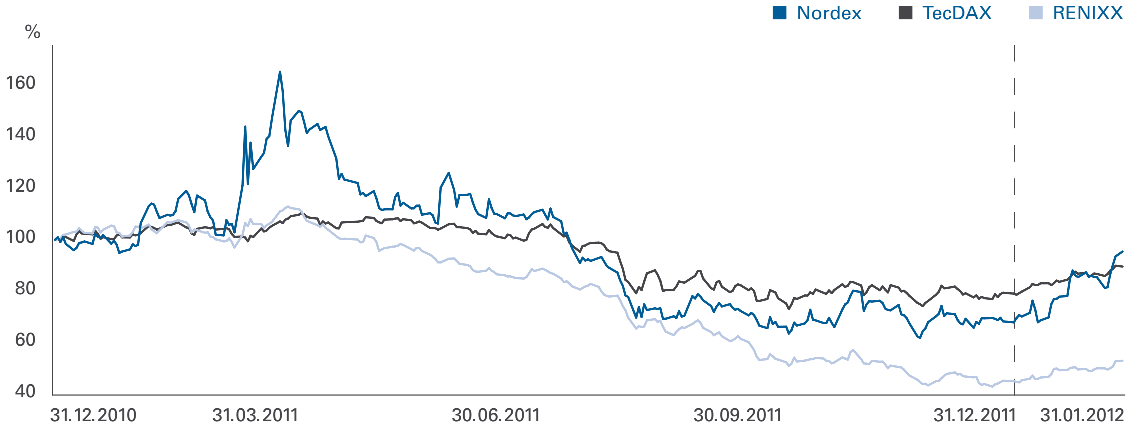
This is also mirrored in the financial and equities markets. Up until the middle of the year, the global stock indices initially continued on the upward trajectory which had emerged in 2010 despite the global uncertainty, only to lose steam in the second half of the year.

At the beginning of May, the US bellwether index DOW Jones was a good 11% up on the end of the 2010, while the European blue-chip EUROSTOXX 50 index was 9% higher and the German benchmark DAX climbed to a three-year high of 7,531 points in April.

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, reached highs for the year of 948 points at the end of March and 606 points and the beginning of April, respectively. As the year progressed, however, these gains evaporated against the backdrop of a slowing economy and mounting uncertainty with the result that in some cases substantial declines were recorded by the end of the year. Originally launched in spring 2006, the RENIXX fell to an all-time low of just under 228 points on 19 December 2011.

Closing more than 15% down for the year, the DAX sustained one of the greatest losses in its history; the TecDAX shed 19.5% of its value compared with the end of the previous year and the RENIXX was down more than 54% on the end of 2010. In addition to the general economic slowdown, the weaker business of listed solar and wind turbine companies was primarily to blame for this sharp decline in the RENIXX.

Performance of Nordex stock



Sources: Deutsche Börse; International Economic Forum Renewable Energies (IWR)

Nordex SE stock was unable to shield itself from general market trends but did not slip as heavily as the benchmark RENIXX index or its listed peers during the period under review, reaching a high for the year of EUR 9.37 on 28 March 2011 and a low of EUR 3.48 on 22 November 2011. On 30 December 2011, Nordex stock closed at EUR 3.95, down roughly 28% on the last day of trading in 2010.

Nordex SE's market capitalisation thus stood at EUR 290 million at the end of the year, down from EUR 368 million in the previous year.

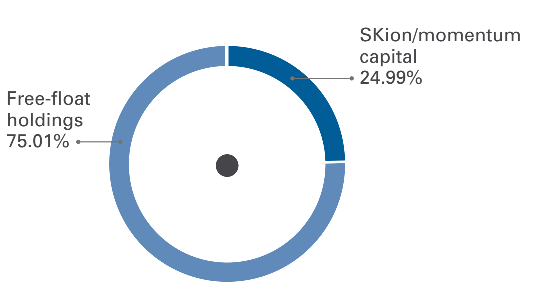
Average daily trading volumes on the Xetra electronic trading platform came to around 555,700 shares, a good 9% higher than in 2010 (507,500 shares), translating into a total volume of EUR 914 million (2010: EUR 930 million).

On 29 March 2011, Nordex SE increased its capital by issuing 6,684,499 new bearer shares on a cash basis. As a result, the Company's share capital rose from EUR 66,845,000 to EUR 73,529,499 subject to the exclusion of shareholders' pre-emptive subscription rights.

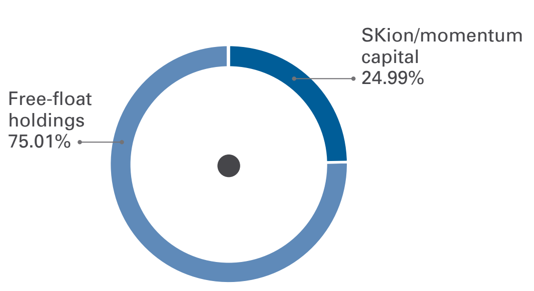
The new shares were placed with institutional investors at a price of EUR 8.40 per share at the conclusion of an accelerated bookbuilding process. In the course of the transaction, principal shareholder SKion/momentum capital received an allocation of 900,000 shares and therefore held 24.99% of Nordex SE's share capital as of the end of the period under review. The equity issue was oversubscribed multiple times.

Nordex SE's investor relations activities seek to pursue open and active communications with all capital market participants. Throughout 2011, the Management Board and the investor relations team attended various international capital market conferences and organised a "Capital Markets Day" at the two production facilities in Rostock. Extensive and ongoing coverage by the research departments of some 20 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 as well as news, financial reports and presentations on the Company are available from the Investor Relations section of Nordex SE's website at www.nordex-online.com.

Shareholder structure as of 31.12.2011



Shareholder structure as of 31.12.2010



Nordex AG plans to continue its investor relations activities in 2012 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 performance comprehensively and with minimum delay.

Contact

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Investor Relations
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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		2011	2010
Number of shares issued as of 31 December	in millions	73.529	66.845
Share capital as of 31 December	EUR million	73.529	66.845
Closing price for the year	EUR	3.95	5.51
High for the year	EUR	9.37	11.28
Low for the year	EUR	3.48	4.41
Market capitalisation as of 31 December	EUR million	290.44	368.32
Earnings/loss per share	EUR	–0.67	0.31
Price/earnings ratio as of 31 December		–5.9	17.8

Groundbreaking

The path to market success

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 26 May 2010, as announced on 2 July 2010 in the official part of the electronic Bundesanzeiger. The declaration of conformance specified by Section 161 of the German Stock Corporation Act was issued by the Supervisory Board and the Management Board on 23 March 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):
Mr. Lüders (chairman), Mr. Klatten, Mr. Pedersen
Audit Committee:
Mr. Rey (chairman), Mr. Lüders, Mr. Pedersen
Strategy and Engineering Committee:
Mr. Klatten (chairman), Dr. Maier, Dr. Ziebart

In the year under review, Dr. Eberhard Voß stepped down from his position on the Management Board of Nordex SE in mutual agreement effective 30 September 2011. In the future, the Company's Management Board will have four members. The Supervisory Board wishes to thank Dr. Voß for his commitment and contribution to the Company's development.

In the course of 2011, the Supervisory Board held eight meetings; in addition, its committees (Management Committee, Audit Committee, Strategy and Engineering Committee) met on repeated occasions. The meetings of the Supervisory Board were held on 20 January, 2 March, 25 March, 7 June (twice), 26 August, 5 September and 25 November 2011.

At the Supervisory Board's first meeting for the year on 20 January 2011, the Management Board presented the new budget for 2011 as well as the Group plans. After detailed deliberation, the budget and the Group plans were approved by the Supervisory Board. Thereafter, a new business allocation plan for the Management Board was adopted.

The second meeting of the year held on 2 March 2011 chiefly entailed deliberation on various options for funding the Nordex Group in the form of equity and debt finance with the aim of safeguarding the Company's strategic development in the medium term. As a result, the Audit Committee was assigned sole responsibility for making a decision concerning the issue of up to 6,684,499 new shares using Authorised Capital I. In addition, the Supervisory Board approved the issue of an unrated bond of EUR 150 million and the renewal of the existing syndicated credit facility.

from left: Dr. Wolfgang Ziebart, Carsten Risvig Pedersen, Jan Klatten, Uwe Lüders , Dr. Dieter G. Maier, Martin Rey

At its meeting on 25 March 2011, the Supervisory Board examined the annual and consolidated financial statements of Nordex SE for 2010 in the presence of the statutory auditor. Following the submission of a report by the Audit Committee dated 24 March 2011, 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. The resolution passed by the Supervisory Board approving the issue of a bond of up to EUR 150 million to finance the Company was repeated in the interests of greater precision.

The next meeting of the Supervisory Board was held on 7 June 2011, the day of the annual general meeting. In the morning of that day, the Management Board reported on recent events in the current year and the state of the Company's liquidity. After being re-elected for a new period at the annual general meeting, the Supervisory Board convened on the same day for its constituent meeting.

Held on 26 August 2011, the Supervisory Board's sixth meeting for the year initially concentrated on the Group's business performance in the first half of 2011. In this connection, one main aspect concerned the Company's liquidity and financial condition. This was followed by intensive discussion on the measures for reorganising the Group with the primary aim of strengthening its profitability. In addition, the Supervisory Board initiated procedures for filling the position of Chief Executive Officer. Mr. Thomas Richterich's decision not to renew his service contract for personal reasons had been announced in an ad-hoc bulletin on 22 July 2011. Following reports from the audit committee and the strategy and engineering committee, the current status of the strategic offshore projects and Asian business was discussed. In addition, the Supervisory Board gave its approval to the establishment of subsidiaries in Romania and Pakistan.

At its meeting of 5 September held in the form of a telephone conference, the Supervisory Board deliberated upon and approved the termination of Dr. Voß's service contract and the revised service contract with Mr. Schäferbarthold as well as the business allocation plan.

The eighth and final meeting of the Supervisory Board for the year was held on 25 November 2011. During this meeting, the Management Board discussed the Group's current business performance, particularly new business, the earnings situation and financial condition. Thereupon, the budget and the corresponding Group plans for 2012 were discussed; in this connection, the current status of the cost-cutting efforts was also considered. After detailed deliberation, the budget and the Group plans were approved by the Supervisory Board. At this meeting, the Supervisory Board appointed Dr. Jürgen Zeschky to the position of Chief Executive Officer. In addition, the Supervisory Board deliberated on the deviations from the recommendations of the German Corporate Governance Code. Finally, the Management Board briefed the Supervisory Board on the current status of negotiations for integrating Nordex's Chinese and offshore business in two separate joint ventures.

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 interest.

In two cases, members of the Supervisory Board exercised management functions for business partners or a person held shares in such a party in 2011. There were no conflicts of interest in either of these cases.

The details are as follows:
Martin Rey, a member of the Supervisory Board, is deputy chairman of the supervisory board of Renerco AG, Munich. In March 2010, Renerco AG ordered a total of 12 N100/2500 turbines from Nordex for a project in Poland; these were assembled in the course of 2011 and are to go into operation in spring 2012. Like BayWa r.e GmbH, Renerco is affiliated with BayWa AG. A further member of this group, BayWa r.e. U.S. LLC, acquired 70% of the capi-

tal of WKN USA, LLC in 2011. That company placed an order with Nordex USA Inc. for 12 N100/2500 turbines in December 2011. Mr. Rey was not personally involved in the negotiations or contractual relations between Nordex and Renerco or WKN; nor did he exert any influence on these.

Under the terms of an agreement dated 12 January 2011, Carsten Pedersen, a former member of the Management Board and now a member of the Supervisory Board of Nordex SE, assumed the business operations of the now insolvent company Skykon Give A/S via a company which he incorporated under the name "Welcon A/S". 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 strictly comply with arms-length 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. As the facility in Give figures amongst the most efficient producers of towers in Northern Europe, it has been one of Nordex's suppliers for many years.

Finally, it should be noted that the members of the Supervisory Board hold personal mandates with duties of confidentiality.

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 financial statements of Nordex SE and the consolidated financial statements for the Nordex Group for the year ending 31 December 2011 as well as the combined management report of Nordex SE and the Nordex Group for fiscal 2011 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 7 June 2011 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 23 March 2012 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 AG 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 2011. 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 2011.

Hamburg, 23 March 2012

Uwe Lüders
Chairman of the Supervisory Board

Seamlessly connected

From new orders booked to payments received

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, our key customer group, namely utilities, attach particular importance to professional approaches towards the observance of health, safety and environmental standards. In order to optimally position the Company in this area, Nordex decided to implement a HSE (Health, Safety & Environment) management system and to obtain certification in accordance with DIN EN ISO 14001:2009 and the BS OHSAS 18001:2007 international standards. Following on from certification of the European region in 2010, HSE certification in accordance with ISO 14001 and 18001 was successfully extended to include all US sites in 2011.

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. Today, over 4,800 Nordex wind turbines are in operation worldwide, helping to provide clean and secure energy supplies in 37 countries around the globe.

However, environmental protection at Nordex does not merely entail 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 low energy-consumption standards as far as possible. Thus, the new facility in the United States has an integrated geothermal HVAC system, while the new 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 responsible for the electricity supply contracts. They are awarded a renewable 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. In the future, Nordex will be buying emission certificates from a certified reforesting programme in Mozambique 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 26-year history, Nordex's employee numbers have also grown. Today, we have some 2,600 employees around the world. In connection with the reorganisation activities completed in 2011, an employment guarantee has been agreed for the core workforce until March 2013.

Top performance is possible only with satisfied and qualified staff. Among other things, this calls for fair and motivating remuneration. Nordex 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 It 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. A further key purpose of Nordex's remuneration policy is to provide all Group employees with variable income components depending on their position within the hierarchy. In addition, the issue of stock options in 2008 and 2009 gave employees an opportunity of sharing in the Company's future business success. Finally, 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 is pursuing the goal of achieving a significant increase in the ratio of internally filled vacancies at all management levels. To this end, the Nordex talent management system was launched in 2011 to encourage and prepare young potentials. Under this programme, the current management has identified, systematically assessed and nominated 30 young potentials within the Nordex Group. These employees have been 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.

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 2011, the Nordex Group had 77 apprentices and management trainees.

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. After pioneering a PPE (Personal Protective Equipment) database in 2010 for tracking the training and upskilling requirements for employees as well as identifying any need to replace individual protective equipment, Nordex focused on prevention in its HSE activities in 2011. Thus, in the future, this area will cover 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. 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 2011, it 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.

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.

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 structure

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 is to be implemented step by step. In December 2011, the code was presented in person to management staff and announced generally on the Group's intranet. The team is keeping staff at all Nordex companies regularly abreast of all current activities and developments by means of online communications and 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. Thus, for example, Nordex has been supporting the Hamburg Climate Protection Conference organised by the State Institute of Teacher Training and School Development since 2008. "Experiencing and understanding energy" is the title of a long-term school project that Nordex is implementing and funding in conjunction with Umwelt-Aktion e.V. in Germany this year again.

However, Nordex is active not only locally. In connection with its entry into the Pakistan market, Nordex plans to participate in a corporate social responsibility project with its customer. The two partners will be renovating a local school and improving the water supply infrastructure in the region of Jhampir. Similarly, Nordex will be supplementing its entry into the South African market with social measures.

Goal-oriented

Costs down – performance up

Combined Group management report

of the Nordex Group and Nordex SE

Business activities

Nordex is an integrated supplier of modern wind power systems. 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 entails sales and marketing and the development of wind farm projects as well as the assembly and maintenance of wind power systems. The Group's finance department is increasingly also supporting customers in their efforts to raise the necessary 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 characterised by an optimised rotor output ratio and a reduced 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 turbine management system. 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 five production facilities around the world in Germany, the United States and China, where the turbines are assembled and the rotor blades produced. In this connection, 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-size company. Accordingly, Nordex has adopted a comprehensive platform strategy for its products.

With almost 90% of its sales generated outside its domestic German market, Nordex has a very strong international orientation, focussing in particular on markets in Europe and in North America. In other regions and segments, it is entering markets in conjunction with partners.

Strategy

Nordex modified material aspects of its corporate strategy in 2011 in response to changes to market conditions. Thus, heavy surplus capacity on the part of wind turbine producers has caused competition in the wind power industry to intensify. Demand for wind turbines has not grown as quickly as the expansion in supply-side capacity. There are three main reasons for this: weak economic conditions in a number of markets, restraint on the part of commercial banks in the provision of project finance for wind farms and insufficient international coordination of environmental and energy policies.

Nordex assumes that these factors will continue to exert influence on the industry in the medium term and has aligned its strategy to return to profitable growth on this basis. The programme entails ten main measures, which can be assigned to three groups: sales and marketing, product development and organisational structures.

Sales and marketing strategy

1) Nordex will be focusing more firmly on the European market, where it already has subsidiaries in all main countries and enjoys a reputation of offering high quality. The sales organisation has been decentralised to a greater extent to achieve maximum customer proximity and to respond more swiftly and flexibly to market requirements. At the same time, the emerging markets have been allocated to the sales and marketing units to tap the greatest synergistic effects in their core region.

2) Alongside Europe, the strategy is also targeted at the United States. The regional company Nordex USA was established in 2008 and has since been supplemented with local production activities. In this way, Nordex has been able to evolve into an important new manufacturers in the United States within the space of a few years. Currently, the Company is specifically working on broadening its national customer base and also entering further markets in North and Middle America such as Canada and Mexico.

3) In spring 2011, Nordex modified its strategy for Asia. Until then it had been pursuing a comprehensive localisation policy on its own in order to lower costs and to comply with political expectations. However, the new strategic goal is now to gain a local partner for a joint venture allowing Nordex to achieve full access to the Chinese market. A preliminary letter of intention was signed at the end of 2011 for the establishment of a joint venture with a major Chinese utility. This potential partner is a state-owned company which has major plans for building wind farm projects. In addition, Nordex has broadened its sales region in Asia with the addition of further countries. Most notably, it has successfully entered the Pakistan market.

4) In 2010, Nordex SE established the wholly owned subsidiary Nordex Offshore GmbH. Via this unit, Nordex wants to enter the promising market for offshore turbines. Three activities were initially performed: an experienced management team was hired, a competitive turbine developed and a pilot project secured allowing Nordex to swiftly demonstrate that it holds the necessary expertise in this particular segment. Given the heavy investments which will be necessary in this segment in the future and rising demands being made by customers of turbine suppliers' financial backing, Nordex has now decided to seek a partner for its offshore business as well. Intensive talks have already been held with various large companies in this connection and are expected to be completed in the first half of 2012.

5) Working in conjunction with local partners, Nordex has been developing its own wind farms successfully for many years. Now, however, project development has been placed under central management to coordinate these local activities more effectively and to ensure efficient strategic management.

6) Nordex wants to widen the share of service business from a current figure of around 10% of Group sales and additionally improve the profitability of this segment. This is chiefly to be achieved by convincing customers ordering new turbines of the benefits of long-term service contracts. Customers will be increasingly offered specific post-guarantee service packages with the overarching aim of additionally enhancing turbine availability and harnessing customer-bonding effects.

Product development

7) There has been a marked increase in competition for product innovations as a result of the changes in structures in the sell-side market. Most producers are seeking to develop wind power systems able to generate electricity at ever lower cost. For this purpose, cost accounting is based on the total cost of ownership of the turbine. To this end, Nordex has optimised the N90/2500 and N100/2500 turbines, thus upgrading their wind class suitability. Moreover, a new product – the N117/2400 for regions characterised by low winds has been developed and is currently undergoing testing. These measures will result in an increase of up to 18% in energy yields, thus safeguarding Nordex's top position in the IEC3 (low wind) market segment. Initial contracts for the delivery of the N117/2400 have already been signed. In a next step, comparable initiatives are to be launched for the multi-megawatt systems in the IEC1 and IEC2 (strong and medium winds, respectively) segments, with testing to commence in 2013/2014.

8) In addition to boosting energy yields, Nordex is also seeking to lower its turbine assembly costs in an effort to reduce electricity production costs. It is with this in mind that it has initiated its "n-ergize" project aimed at achieving savings of 15% by the end of 2012 relative to 2010 product costs. In addition to business measures such as the introduction of global sourcing structures, the programme very materially entails engineering modifications to the turbines and more efficient production processes. All told, Nordex wants to lower the electricity production costs ("cost of energy") of its systems by a good 30% by the end of 2012 and by up to 50% by the end of 2015.

Organisational structure

9) In connection with its strategic realignment, Nordex has reduced the number of management levels within the Group and reassigned management responsibilities on the Management Board.

10) At the same time, structural costs have also been adjusted to ensure that expenses remain in sync with business volumes. Most of the necessary measures were implemented in the second half of 2011 and will be unleashing their full effects throughout 2012. The Management Board expects them to leave favourable traces on the consolidated financial statements for the year.

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 2.7% (2010: 4.1%) according to the World Bank. The International Monetary Fund (IMF) reports that global production output widened by 3.8%, down from 5.2% in 2010. This slowdown is chiefly due to more restrictive economic policies in Asia as well as the worsening sovereign debt crisis afflicting the industrialised nations of Europe and the United States.

In 2011, growth was again driven by the emerging markets in Asia, notably China with growth of 9.2% and India (up 7.4%) as well as Latin America (up 4.6%). Production output in the main industrialised nations of Europe, North America and Asia (Japan) grew by 1.6%, with the 17 eurozone countries also achieving growth of 1.6%. German production output grew by an above-average 3%, although this was below the previous year's figure of 3.6%. France, the Eastern European countries, Turkey and South Africa reported slightly faster growth in 2011. On the other hand, the economies of Portugal and Greece shrank on account of liquidity shortfalls and the implementation of austerity measures.

Growth in gross domestic product by country/region

	2011 %	2010 %
United States	1.8	3.0
Eurozone	1.6	1.9
Germany	3.0	3.6
China	9.2	10.4
India	7.4	9.9
South Africa	3.1	2.9
Total	3.8	5.2

Source: International Monetary Fund, January 2012

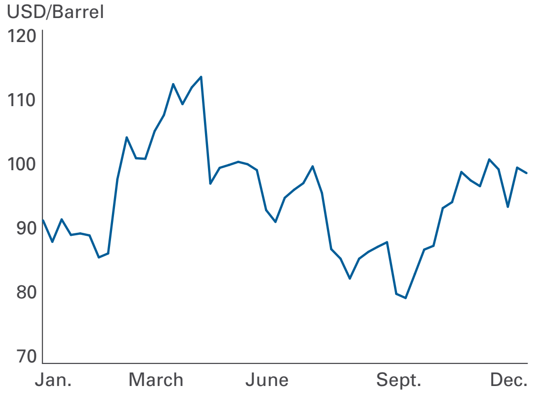
During the period under review, the leading central banks continued their expansionary monetary policies. Whereas base rates remained unchanged in the United States (0.25%) and Japan (0.1%), the European Central Bank (ECB) made small adjustments in 2011. The increases in April and June of 0.25% in either case to 1.5% were followed by two cuts of 0.25% each in November and December, bringing the ECB's main refinancing rate back down to 1.0% again at the end of the year.

The euro was very volatile against the US dollar in the period under review. After climbing to USD 1.47 on 1 May 2011, it slipped back below USD 1.30 towards the end of the year, closing the year at an eleven-month low of USD 1.29 and down just under 4% on its year-ago value. This trend reflected the growing severity of the sovereign debt crisis afflicting the Southern eurozone countries and Ireland.

Changes in the EUR/USD exchange rate 2011

Source: Oanda

Price of Brent crude oil in 2011



Source: NYSE

Despite the state of the economy, oil continued on its general upward trajectory in the period under review, reaching a high for the year of USD 113.9 per barrel at the end of April 2011 primarily as a result of the worsening political conflicts in the Arab region. As the year continued, it dropped back below the USD 100 mark but closed the year at USD 98.8 per barrel, just on 4% more than in the previous year (31 December 2010: USD 95.1 per barrel).

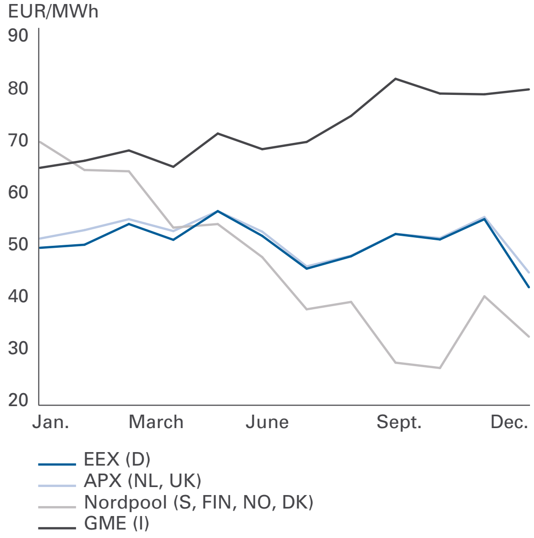
Trends in gas prices largely mirrored those in oil prices in 2011. According to the German Federal Office of Economics and Export Control, the cross-border price of gas came to EUR 3.01 ct/kWh at the end of the year, roughly 25% higher than at the beginning of the year (EUR 2.41 ct/kWh). On the other hand, the spot market price of gas in the United States dropped in the course of the year from USD 4.50 per MMBTU (BTU = British thermal unit) to USD 2.33. This price deterioration is chiefly due to the development of new gas fields (shale gas) as well as declining demand at the Henry Hub pricing point.

EU emission certificates also dropped in price in the year under review according to the information service CO2-Handel.de. Thus, the price of a European Union Allowance (EUA) providing for entitlement to emit one ton of CO_2 slid by 34% from EUR 11.85 to EUR 7.82.

Electricity prices moved disparately in Europe in the individual wholesales markets in 2011. Whereas the monthly baseload prices climbed by 22% to just under EUR 79.37 per megawatt/hour in the Italian Gestore Mercati Energetici (GME), prices in Central Europe and Scandinavia dropped. At EUR 45.60 and EUR 42.90 per MWh, respectively, the electricity markets in the Netherlands (Amsterdam Power Exchange – APX) and in Germany (European Energy Exchange – EEX) closed just under 23% down on the previous year. Electricity prices in the Scandinavian wholesale market Nordpool dropped in the course of the year by more than 58% to EUR 33.74 per MWh (December 2010: EUR 81.65) as a result of lower demand and mild temperatures.

Electricity prices in the United States oscillated between USD 30 and 40 per MWh at the main pricing points and exchanges, tending to drop in the course of the year.

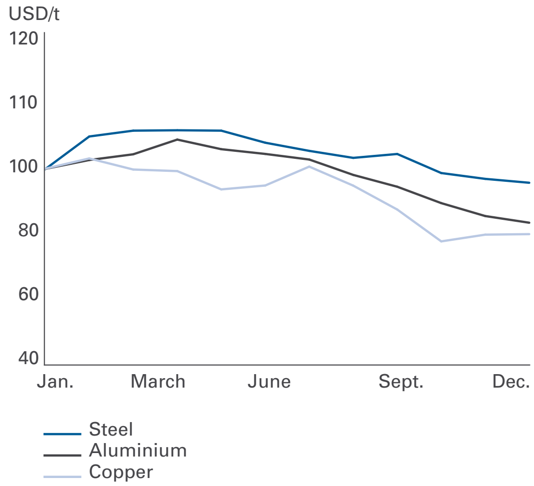
Development of electricity prices in Europe in 2011



Sources: EEX, APX, Nordpool, GME

Prices of industrial metals dropped in the course of 2011, albeit to differing degrees depending on the metal. Whereas the price of steel (London Metal Exchange – LME Global Billet) saw the year out at USD 530 per ton and, hence, 7% down on the previous year, aluminium (USD 2,020 per ton) slid by 18.2% and copper (USD 7,600 per ton) by 20.8% and were thus affected to a substantially greater degree by the decline in demand.

Development of metal prices in 2011



Sources: Westmetall, MEPS

According to the German Engineering Federation (VDMA), order receipts were up 14% on the previous year in 2011. After an upswing of two years, production and revenues came close to reaching the record levels achieved in 2008. Order receipts were up 10% on 2010, with domestic demand growing by 13% and thus outpacing non-domestic demand (9%). According to the German Federal Bureau of Statistics, German exports also rose by more than 11% over 2010. The main customers of German mechanical and plant engineering companies were based in Europe, while non-European demand softened in the course of the year.

Sector-specific conditions

Demand for wind power systems recovered to some degree in 2011, underpinned by growth in North America, India and South America. All told, global new capacity of 41,236 MW was created in the period under review according to the Global Wind Energy Council (GWEC), an increase of a good 6% over 2010 (38,828 MW).

Whereas the markets in Asia (down 0.7%) and Europe (up 3.7%) remained flat or expanded only slightly, the American market surged by 42.6% thanks to gains in the United States, Canada and South America.

Wind power market

Region/country	New installed capacity (MW) in 2011	New installed capacity (MW) in 2010	Change %
Asia	21,298	21,450	–0.7
Europe	10,281	9,918	+3.7
America	9,283	6,508	+42.6
Others /ROW	374	952	–60.1
Total	41,236	38,828	+6.2
China	18,000	18,928	–4.9
United States	6,810	5,115	+33.1
Germany	2,086	1,493	+39.7
Spain	1,050	1,516	–30.7
UK	1,293	962	+34.4
Italy	950	948	+0.2
France	830	1,086	–23.6
Offshore Europe	866	883	–2

Source: GWEC February 2012;
Source for Offshore: EWEA February 2012

Top 5 new installed capacity in 2011

Country	Share of the global market %
China	43.7
United States	16.5
India	7.3
Germany	5.1
UK	3.1

Source: GWEC February 2012

TOP 5 cumulative capacity in 2011

Country	Share of the global market %
China	26.3
United States	19.7
Germany	12.2
Spain	9.1
India	6.7

Source: GWEC February 2012

The most important wind power markets in 2011 were again China, the United States and India. China and the United States alone accounted for new installations of 24,810 MW and, hence, 60.2% of all new capacity (2010: 24,043 MW or 60.4%). Whereas China contracted by just under 5% following earlier years of growth, new capacity installed in the United States widened by one third to 6,810 MW. With incentive programmes due to expire, a further increase is also expected in 2012 – according to the American Wind Energy Association, further capacity of 8,300 MW is currently under construction. These two countries are followed by India with 3,019 MW (2010: 2,139 MW; up 41.1%), Germany with 2,086 MW (2010: 1,493 MW; up 39.7%) and the United Kingdom with 1,293 MW (2010: 1,005 MW).

In Asia, China was again the dominant market, accounting as it did for just under 85% of new installed capacity. However, at 18,000 MW, the figure for China fell slightly short of the previous year (18,928 MW) due to more stringent statutory quality requirements for new turbines and a greater focus on grid stability. Cumulative installed capacity now stands at 62,733 MW in China, equivalent to 76% of the pan-Asian figure. The Chinese market accounted for just under 13% of the wind power systems assembled by Nordex in 2011.

In the United States, the volume installed rose by 33.1% to 6,810 MW (2010: 5,115 MW). New installations concentrated on 30 states, resulting in an increase of 17% in cumulative capacity to 46,919 MW. With installed capacity of 1,257 MW (2010: 690 MW; up 82.2%), Canada has emerged as the second gigawatt market in the Americas alongside the United States. Nordex assembled a good 15% of its wind power systems in the United States in 2011.

According to GWEC, new installed capacity came to 10,281 MW in Europe, equivalent to just under 23% of the global total. This exceeded the previous year (9,918 MW) by a slight 3.7%, bringing cumulative installed capacity in Europe to 96,607 MW. Of this, the 27 countries of the European Union account for 93,957 MW or 10.5% of installed capacity.

With new installed capacity of 2,086 MW (2010: 1,493 MW, up 39.7%), Germany was the largest single market in Europe in the year under review ahead of the United Kingdom with 1,293 MW (2010: 1,005 MW; +28.7%). These two countries were followed with flat to declining markets by Spain with 1,050 MW (2010: 1,516 MW; down 30.7%), Italy with 950 MW (2010: 948 MW; up 0.2%) and France with 830 MW (2010: 1,086 MW; down 23.6%). Alongside Germany, the key Nordex markets Ireland (239 MW; up 102.5%), Sweden (763 MW; up 26.3%) and Romania (520 MW; up 16.1%) were particularly able to grow compared with 2010. On the other hand, Turkey (470 MW, down 11%) and Poland (436 MW; down 4.4%) have recently lost some of their momentum. Accounting for 72% of total new capacity, Europe was again Nordex' most important market in 2011.

New offshore capacity of 866 MW was installed in Europe, equivalent to a small decline of 2% over 2010 (883 MW). At 87%, the United Kingdom accounted for the bulk of this (752 MW; 2010: 653 MW), followed by Germany at 13% (108 MW; 2010: 80 MW) and prototype installations in Denmark and Portugal.

Steady extensions to wind power and corresponding weather conditions have caused record volumes of wind power to be generated in the main European markets such as Germany, France and the United Kingdom. According to the Leipzig-based electricity exchange EEX, German wind farms reached a new monthly record in December 2011, producing over 8 billion kWh of electricity; at the same time, the annual volume rose by around 22% over the previous year to 44.3 billion kWh (2010: 36.3 billion kWh). This is equivalent to 8% of total German electricity production in 2011.

According to Bloomberg New Energy Finance, funding volumes for renewable energies rose by a further 5% in the year under review, also climbing again in the wind power segment in 2011. Consulting company PwC reports that merger and acquisition (M&A) activity in the renewable energies and energy efficiency sector rose by 40% in 2011 to USD 53.5 billion (2010: USD 38.2 billion). Of this, around 29% was for wind power projects, which grew by 23% to USD 15.5 billion (2010: USD 12.6 billion). The main focus in this respect was Europe, which alone accounted for USD 12.0 billion of 77% of M&A business.

At the World Climate Conference in Durban in December 2011, the international community of states fundamentally agreed to renew the Kyoto Protocol and thus reduce climatically harmful emissions. However, specific goals for the reduction of emissions and the duration of the second binding period have not yet been ratified. This is to be done at a follow-up conference to be held in Doha in December 2012.

The underlying political conditions for extensions to regenerative energies, particularly wind power, are still favourable. On the one hand, this is due to energy policy factors, i.e. the protracted growth in demand for energy and the rising cost of fossil fuels. On the other hand, climate policy is increasingly also dictating the goals to be achieved. However, the prospects vary according to regions – not least of all due to tight public-sector finances.

In Asia, the Chinese market is dominating demand for facilities for producing electricity from regenerative 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 material role in this respect; in fact, wind power capacity of 100 GW is to be available by 2015. In order to ensure stable electricity supplies, the Chinese government has approved extensive measures to extend grids and introduced more stringent grid-connection requirements for wind power systems at the end of 2011.

By contrast, there are no valid nationwide rules with respect to renewable energies in the United States. However, 29 out of 50 US states have defined targets for the share of renewables in the production of electricity. The related financial support took the form of ITC cash grants (advances of up to 30% of the cost of capital) up until the end of 2011. Moreover, there is a federal tax incentive in support of "green" electricity. Known as the production tax credit (PTC), it is, however, confined to systems going on line by the end of 2012. To date, no replacement incentive system has been announced for systems going into operation after this date. With presidential elections soon to take place in the United States, it is currently not possible to estimate whether or when there will be any replacement for the PTC system.

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. Announced in the year under review, 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 in the long term, i.e. by 2050.

However, the targets defined by the individual countries vary in terms of their ambitiousness. In the wake of the nuclear catastrophe in Fukushima, Japan, Germany has overhauled its energy policy and now plans to abandon nuclear power. In the year under review, it raised its targets for extensions to renewable energies to a substantial degree. As a result, 35% of energy consumption is now to be covered by renewable energies by 2020, up from the previous target of 18%. The primary instrument for achieving this is the Renewable Energies Act, which underwent routine revisions in the period under review. As of 1 January 2012, it additionally offers higher initial compensation for offshore wind farms ("sprinter bonus"). By international standards, the German Renewable Energies Act provides a stable remuneration system guaranteeing investors a fixed feed-in fee per kilowatt/hour of electricity produced for a period of up to 20 years. Apart from Germany, France, Ireland, Finland and Portugal have similar systems for promoting wind power.

In other key European markets such as Sweden. the United Kingdom, Poland, Italy 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. Whereas these systems took effect in Sweden and Romania in the second half of 2011 and spurred the market appreciably, the legislation in Italy, Spain, the United Kingdom and Poland is to be revised in the short to medium term.

The latest legislative amendments in Turkey aimed at providing incentives for local production but triggered heightened investment uncertainty in 2011 due to the absence of any implementation rules. Given the high electricity prices and the financing advantages available with export credit insurance, the feed-in remuneration, which is tied to local production, has so far not had much effect.

A further policy tool in emerging markets is the use of public tendering processes for production capacity in the renewable energies segment. In addition to industry policy aspects, contracts are primarily awarded on the basis of the electricity production costs under such tendering processes. Tendering processes have recently been used in South America as well as in South Africa. In South Africa, production capacity of around 1,415 MW was auctioned at the end of 2011, including around 46% of 644 MW for wind power. Nordex was awarded contracts for two projects for a total capacity of 174 MW and will be taking part in further tendering processes. All told, South Africa plans to install production capacity of over 3,700 MW from renewable energies by 2016.

Pakistan, which has emerged as a new growth market, has increased the remuneration for wind-produced electricity substantially. As a result, operators receive between EUR 15 and 20 per MWh. In this way, the government wants to create incentives for investment and overcome the shortfalls in the electricity system. In the year under review, Nordex signed further contracts with regional customers for the installation of 250 MW.

Nordex Group's business performance

At 969.9 MW, the turbine capacity installed by Nordex in 2011 was roughly 9% higher than in the previous year. Of this, Europe accounted for 72% or 697.9 MW, the United States for 147.5 MW and China for 124.5 MW. All told, 428 turbines were assembled, an increase of a good 13% over the previous year (2010: 378 turbines). This growth was dominated by multi-megawatt turbines, which accounted for 77%. Average capacity per turbine remained stable at 2.3 MW.

The largest single core European market was Turkey once more with an installed capacity of 170 MW (2010: 195 MW), equivalent to a good 36% of the total capacity of 470 MW installed in Turkey in 2011. In this way, Nordex was able to retain its market leadership in this key market.

Nordex achieved increases in installation volumes in Poland, Sweden, Spain, Greece and Germany, although business in Germany lagged behind the market as a whole due to project postponements. In France, Nordex was left largely unscathed by market contraction and managed to widen its market share thanks to stable installation volumes. Moreover, it entered the Romanian market in 2011 with two projects for the installation of capacity of 20 MW. On the other hand, growth in new installations in the United Kingdom, Portugal and Italy lagged behind the market as a whole. On balance, however, Nordex was able to widen its share of the core European market.

In addition to installed capacity, a further volume of 55.3 MW was delivered to Poland, United Kingdom and Turkey in the period under review. However, these turbines are not being assembled until 2012.

Installed capacity

	2011 MW	2010 MW
Turkey	170.0	195.0
United States	147.5	195.0
China	124.5	54.8
United Kingdom/Ireland	88.9	99.0
France	85.0	90.0
Germany	77.4	70.0
Italy	66.5	90.5
Poland	42.5	2.5
Sweden	37.5	30.0
Greece	37.5	25.0
Spain	32.5	0.0
Romania	20.0	0.0
Portugal	15.0	32.4
Netherlands	12.6	0.0
Belgium	12.5	5.0
Total	969.9	889.2

The Nordex Group's production output contracted in the period under review. Turbine assembly output fell by 24% due to the high proportion of systems supplied in 2010 but not yet installed. Rotor blade production output declined by 20% in the year under review due to the shift in sales in favour of the N100/2500. The rotor blades for this turbine were sourced from external suppliers to an even greater extent in 2011. Moreover, Nordex implemented partially automated assembly systems at its production facility in Rostock; during the conversion period no significant production was possible. In China, preparations are under way for the conversion to the 2.5 MW platform. For this reason, production was interrupted from the fourth quarter of 2011.

Output

	2011 MW	2010 MW
Turbine production	779	1.032
(of which United States)	(212.5)	(12.5)
(of which China)	(69.0)	(124.5)
Rotor blade production	216.5	271.3
(of which China)	(98.0)	(46.0)

Consolidated sales declined by 5.3% in 2011 to EUR 920.8 million (2010: EUR 972.0 million). This was materially due to the relatively low order books of EUR 411 million at the beginning of 2011. Moreover, project postponements in Europe in particular – where sales dropped by 15% to EUR 678 million – resulted in a situation in which individual non-domestic projects were completed to a lesser extent than originally planned in the period under review. At the same time, the sales generated by the Group in America doubled. However, this favourable performance was not sufficient to fully recoup the declines sustained in Europe and Asia. In Asia, sales fell by 44% to EUR 41.5 million due to muted awarding of contracts to international manufacturers.

Sales by segment

	2011 EUR million	2010 EUR million
Europe	678	800
America	201	99
Asia	42	73
Total	921	972

Just under 88% of sales (2010: 91%) arose from wind turbine engineering and a good 10% (2010: 8%) from service business.

Order intake

Order intake rose by 32% over the previous year to EUR 1.107 billion in 2011 (2010: EUR 836 million). In the fourth quarter of the year alone, Nordex registered new orders worth EUR 398 million, marking the highest volume of new business recorded in a single quarter since the first quarter of 2008.

New business in Europe was very encouraging, growing by over 50% to EUR 856.1 million (2010: EUR 568 million) and driven in particular by Sweden, United Kingdom/Ireland, Germany, France and Benelux. At EUR 626 million, these markets accounted for just under three quarters of new business. Nordex' strategy of concentrating on attractive wind farm projects operated by utilities proved to be successful as it allowed the Company to assert itself in the wake of intense competition and, among other things, to gain major contracts in Ireland and Norway. Looking forward, this strategy is to be continued with the market launch of the N117/2400 for locations characterised by low winds. The first test turbine was installed in the year under review, with preliminary contracts and letters of intention signed for the new system. New business was down in Turkey as a result of the legislative amendments passed during the period under review, which unleashed considerable investment uncertainty. As a consequence, new installations contracted by just under 11%, with order volumes shrinking by as much as 31% according to MAKE Consulting.

In the US wind energy market, Nordex's new orders rose by a further 38% over the previous year to EUR 231 million in 2011 (2010: EUR 168 million). As a result, high capacity utilisation has been achieved for 2012 at the Jonesboro production facility, which went into operation in October 2010.

On the other hand, Asian order receipts contracted sharply in 2011, coming to EUR 20.1 million in the period under review, down from EUR 100 million in 2010. This reflects the industrial policy being pursued by the Chinese government, which is having an adverse effect on non-domestic producers such as Nordex. However, on-going forays into Asian growth markets, such as Pakistan, the marketing of the 2.5 MW turbine class and the planned partnership with a local government-owned company should reverse this trend in Asia in 2012.

Order intake by region

	2011 EUR million	2010 EUR million
Europe	856	568
of which Sweden	167	54
of which United Kingdom and Ireland	136	108
of which Germany	114	62
of which France	114	60
of which Belgium and Netherlands	95	0
America	231	168
Asia	20	100
Total	1,107	836

The book-to-bill ratio improved from 0.86 in 2010 to 1.20 in 2011.

At the end of the year under review, firm orders were valued at EUR 698 million (2010: EUR 411 million), the highest year-end figure since 2008.

Nordex had gained further contracts valued at EUR 1,338 million as of the balance sheet date. These conditional orders comprise delivery contracts or corresponding master contracts which do not yet satisfy all criteria for immediate commencement. All told, order books were valued at EUR 2,038 million. This gives Nordex a substantially more solid basis for planning its business in the current year.

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 members by providing cash and guarantees. In addition to this, it provides management services for various subsidiaries in the areas of financing, 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 revenues declined by 12.3% to EUR 35.7 million (2010: EUR 40.7 million) as a result of the Nordex Group's lower business volumes, which were reflected in a corresponding reduction in Group administrative services. At EUR 15.4 million, however, staff costs were largely unchanged over the previous year (2010: EUR 15.0 million). Similarly, other operating expenses net of other operating income remained stable at EUR 21.3 million (2010: EUR –21.6 million). As a result of the reduced income from profit transfer agreements with Group subsidiaries, a loss from ordinary business activities of EUR 46.4 million was sustained (2010: profit from ordinary business activities of EUR 17.3 million). The net loss for the year came to EUR 48.5 million (2010: net profit of EUR 15.6 million).

Adjusted for the net loss for the year, Nordex SE's equity rose from EUR 269.6 million to EUR 277.2 million. The reason for this increase is the equity issue executed in spring 2011. As total assets grew to EUR 580.9 million (2010: EUR 471.3 million), however, the equity ratio contracted to 47.7% (2010: 57.2%).

Results of operations/earnings situation

The Nordex Group's total revenues fell by around 8% in 2011 to EUR 927 million (2010: EUR 1,008 million) due to the low order books of EUR 411 million at the beginning of 2011 and delays in individual non-domestic projects in connection with the project finance process, meaning that a small proportion was completed in the year under review. This resulted in postponed sales of around EUR 80 million. Similarly, gross profit contracted by some 10% to EUR 234.5 million (2010: EUR 259.7 million). At 25.3%, the gross margin remained more or less steady (2010: 25.8%) thanks in particular to the "n-ergize" cost-cutting programme, two thirds of which were already showing up in the main costs of materials items in 2011.

In the year under review, an operating loss (EBIT level) of EUR 10.3 million was sustained before interest, taxes, exceptionals and a non-recurring effect of a combined EUR 19.4 million (2010: EBIT of EUR 40.1 million), causing the EBIT margin to contract from 4.0% to –1.1%. The operating loss was chiefly due to the decline in total revenues in tandem with higher structural costs, which rose by 20% to EUR 264.2 million in 2010 (2010: EUR 219.6 million). The staff cost ratio widened by 4.1%age points from 11.8% to 15.9%. Recruiting during the year was chiefly confined to engineering, offshore, product management and those international subsidiaries with rising business volumes. Other operating income net of other operating expenses rose by 14.5% to EUR 89.0 million (2010: EUR 77.7 million). As the structural costs are not sustainable at their current level on account of the protracted intensive competition and mounting market uncertainty, a corresponding programme was implemented in the third quarter to generate savings of EUR 50 million. The measures to reduce the structural costs were implemented in the fourth quarter of 2011 and will be taking effect in the current year.

Structural costs

	2011 EUR million	2010 EUR million
Staff costs	147.4	119.4
Other operating expense net of other operating income	89.0	77.7
Depreciation/amortisation	27.8	22.5
Total	264.2	219.6

The Group's profitability in the Europe, America and Asia segments varied from region to region. Thus, EBIT before exceptionals and a non-recurring effect in Nordex's core market of Europe came to EUR 4.3 million (0.6% EBIT margin). In America, a loss of EUR 4.1 million was sustained at the EBIT level (–2.0% EBIT margin), while in Asia a loss of EUR 7.6 million also arose at the EBIT level (–18.3% EBIT margin). In the United States, this was chiefly due to heavy pressure on prices and in China on the low business volumes. European business also came under pressure from start-up losses in the offshore segment.

The exceptional expenses of EUR 13.1 million entail costs which arose in the second half of 2011 in connection with the reorganisation of the Nordex Group. This chiefly involved expense in connection with the abolition of 252 jobs with minimum social hardship as well as related legal and advisory costs. In addition to this, Nordex did not capitalise development expense arising in connection with the new offshore turbine as this segment is now only to be continued in conjunction with a financially potent partner. This non-recurring effect exerted strain of EUR 6.3 million on EBIT. Finance expense net of finance income widened from EUR –7.3 million in the previous year to EUR –18.2 million primarily due to the heightened interest expense as a result of the issue of a corporate bond.

After tax expense of just under EUR 1.5 million, consolidated net loss for the year came to EUR 49.5 million (2010: consolidated net profit of EUR 21.2 million). This translates into a loss per share of EUR 0.67, down from earnings per share of EUR 0.31 in 2010.

Comparison of actual and forecast business performance

In the guidance which it released in February and May 2011, the Management Board forecast a small increase in sales and a 20% rise in order intake for the year under review. At the same time, it indicated that profitability would be slightly weaker than in the previous year.

Additional detail was added to this guidance at the presentation of the figures for the first six months in August. Whereas sales and order intake were confirmed, Nordex scaled back its EBIT guidance to a small positive figure on account of the unexpectedly persistent pressure on prices and announced extensive cost-cutting measures so as to achieve a larger EBIT margin in 2012 again.

Given project postponements in other European countries and the completion of low-margin prototype projects, Nordex again lowered its sales and earnings forecast in November 2011. The sales target was lowered to EUR 920 million, with the Company now projecting a loss of EUR 10 million before interest, taxes and non-recurring effects (EBIT level). At the same time, however, it raised its order intake forecast by EUR 100 million to EUR 1,100 million.

The Nordex Group ultimately achieved sales of EUR 920.8 million in 2011 and order receipts of EUR 1,107 million, thus meeting its most recent guidance in this respect. The loss of EUR 29.7 million at the EBIT level is due to exceptionals in connection with the adjustments to structural costs as well as a non-recurring effect. Adjusted for this expense item of EUR 19.4 million, operating earnings matched the Management Board's expectations.

Segments

The Nordex Group's segments comprise the regions Europe, Asia and America.

The Europe segment is currently Nordex's largest segment in terms of sales. For this reason, the European countries (including Turkey) are 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 the utilities sector with attractive project portfolios. After stabilising or broadening its market shares in countries such as France, Turkey, Sweden, Ireland and Poland, the Company now plans to widen its share of defined focus markets with the aid of its product range, which has been extended with the addition of the new low-wind turbine N117/2400.

The America and Asia segments are defined as high-potential markets. This also applies to South Africa, which is assigned to the Europe segment. In the period under review, the US market was supplied by the local production facility in Jonesboro (Arkansas). Given the uncertainty surrounding the future of US incentives, further markets in North, Central and South America are being explored in order to offset any decline in US market potential which may arise. In Asia, Pakistan has emerged as a second important market for the Nordex Group alongside China, where the Company has maintained production capacities since 1998. A preliminary project is currently in the assembly phase in this country, with further contracts for volumes of up to 250 MW obtained on a contingent basis.

Sales performance varied from segment to segment last year. Dragged down by project postponements and sustained heavy competition, sales in Europe declined by 15.1% to EUR 678.6 million (2010: EUR 799.6 million). In Asia, sales came to EUR 41.5 million, down 43.8% on the previous year (2010: EUR 73.9 million). On the other hand, sales in America more than doubled, climbing from EUR 98.5 million to EUR 200.6 million.

Financial condition and net assets

One of the paramount goals of financial management at the Nordex Group is to secure liquidity and protect its credit rating. Key parameters used for achieving this include working capital and the equity ratio.

In the year under review, Nordex SE's financial condition improved materially as a result of two corporate actions. On 29 March 2011, the Company increased its share capital by EUR 6,684,499 to EUR 73,529,499 by issuing new shares on a cash basis at a price of EUR 8.40 each. On 12 April 2011, it additionally issued a bond with a total volume of EUR 150 million maturing in April 2016.

These two actions resulted in an increase in equity and liquidity within the Group. Equity grew by EUR 5.7 million to EUR 376.6 million. However, as total assets also rose, the equity ratio shrank slightly to 36.6% (31 December 2010: 37.6%). At the same time, liquidity expanded by 50.2% to EUR 212.0 million (31 December 2010: EUR 141.1 million).

In the year under review, inventories dropped by EUR 51.6 million to EUR 227.4 million and trade receivables and future receivables from construction contracts by EUR 9.4 million to EUR 260.1 million, resulting in a lower volume of capital tied up.
All told, current assets rose by EUR 16.2 million to EUR 760.2 million.

As of the balance sheet date, Nordex SE was in breach of the financial covenants stipulated by the banks in the loan agreements. This situation was remedied at an early stage in corresponding agreements entered into with the banks on 17 and 22 February 2012. Even so, it meant that the non-current liabilities had to be reclassified as current. Consequently, current liabilities rose by EUR 116.6 million to EUR 593.4 million chiefly as a result of the inclusion of the corporate bond of EUR 154.6 million (including accrued interest) and the non-current part of the syndicated loan of EUR 38.2 million. The opposite effect arose from the 38.2% decline in trade payables to EUR 109.7 million. As the non-current part of the syndicated loan was reported within current liabilities and the promissory note loan was repaid in full, non-current liabilities dropped by EUR 139.4 million to EUR 59.0 million.

All told, the Group's net debt stood at EUR 18.9 million (31 December 2010: EUR 24.3 million). At the same time, the Group had unutilised guarantee facilities of EUR 208.6 million and unutilised cash facilities of EUR 52.7 million, which largely stemmed from the syndicated credit facility of EUR 500 million.

Liabilities to banks (including interest)

	Up to 3 months EUR million	3 to 12 months EUR million	1 to 5 years EUR million	More than 5 years EUR million
2011	68,9	14,6	0,0	0,0
2010	6,4	29,2	82,9	12,6

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

In the period under review, the Group sustained a net cash outflow from operating activities of EUR 43.3 million (2010: net cash inflow of EUR 20.3 million). Following a net cash outflow of EUR 122.4 million from operating activities in the first half of 2011, the situation improved in the second half of the year, with the net cash outflow shrinking by EUR 79.2 million. Net cash inflow from investing activities contracted by EUR 12.9 million to EUR 45.9 million in the year under review.

Working capital rose by 4.4% in the year under review to EUR 255.4 million chiefly as a result of the sharp drop in trade payables. Nordex is using targeted working capital management to remedy this situation. Thus, for example, preparations are under way for the off-balance-sheet financing of internally developed projects.

Cash changes in cash and cash equivalents came to EUR 69.1 million (2010: negative change of EUR 22.1 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 period under review, the Nordex Group's sales declined to EUR 920.8 million (previous year: EUR 972.0 million). This was chiefly due to the low order books with which the Group had entered the year as well as financing-related project postponements in the second half of 2011. At the same time, the sales generated by the Group in America doubled. Still, this favourable performance was insufficient to fill the shortfall arising in other regions.

Operating earnings came under pressure from sustained price pressure and the insufficient coverage of structural costs due to the contraction in business volumes. This resulted in a loss of EUR 10.3 million before interest and taxes as well as exceptionals and a non-recurring effect. Nordex wants to restore its profitability this year by means of two cost-cutting programmes, which were implemented in 2010 and 2011, respectively. For one thing, product costs are to be lowered by 15% compared with 2010 levels, accompanied by improvements in turbine efficiency in an effort to address price pressure. For another, steps have been taken to lower structural costs by EUR 50 million in 2012 to bring costs into line with the sales volumes expected in the medium term. At the same time, Nordex is in negotiations to continue individual business segments with partners. This specifically concerns Chinese and offshore business. This reorganisation entailed exceptional expense of EUR 13.1 million and a non-recurring effect of EUR 6.3 million.

In the period under review, the Group's funding structure was additionally stabilised with an equity and a debt issue. This caused liquidity to rise to EUR 212.0 million, with the equity ratio remaining above 35%.

Capital spending

In 2011, capital spending by the Nordex Group came to a total of EUR 46.1 million (2010: EUR 72.0 million). The focus was on intangible assets, which rose by 11.1% to EUR 27.1 million (2010: EUR 24.4 million). Of this, the bulk or EUR 23.4 million was accounted for by capitalised development expense (2010: EUR 20.7 million). With the capitalisation rate virtually unchanged as a proportion of total research and development costs in 2011, development expenses relative to the previous year's capitalised development expense rose by 13.0% compared with the previous year, thus reflecting development activities at the Nordex Group.

Capitalised R+D expense 2008–2011

	2011		2010		2009		2008	
	EUR million	% of sales	EUR million	% of sales	EUR million	% of sales	EUR million	% of sales
Capitalised R+D expense	23.4	2.5	20.7	2.1	17.7	1.5	13.0	1.1

Other additions to intangible assets – e.g. software and licenses – were valued at around EUR 3.7 million (2010: EUR 3.7 million).

Moreover, Nordex spent EUR 19.0 million on property, plant and equipment (previous year: EUR 47.6 million), particularly technical equipment and machinery (EUR 8.3 million), followed by other equipment and business and operating equipment (EUR 6.5 million) and prepayments and assets under construction (EUR 3.4 million).

Whereas in the previous year spending on property, plant and equipment had been dominated by the construction of the US production facility and the introduction of line production at the core plant in Rostock, extension spending in connection with blade production in Germany played a key role in the period under review. Spending on further automation of production and preparations for the assembly of the new NR 58.5 blade came to just under EUR 5 million. In addition, work on constructing various testing facilities for various components commenced in 2011. The prepayments made to date stand at just under EUR 0.5 million.

In China, preliminary investments of EUR 1 million were made for localising the N100/2500 and the NR50 rotor blade. In the United States, Nordex spent a good EUR 0.6 million in the period under review, chiefly in connection with production, service and project development.

Capital spending

	2011 EUR million	2010 EUR million	Change %
Property, plant and equipment	19.0	47.6	–60.1
Intangible assets	27.1	24.4	11.1
Total	46.1	72.0	–36.0

Research and development

As of the balance sheet date, Nordex had 419 employees (2010: 333 employees) in all engineering areas around the world (Central Engineering, Advanced Development, Technical Support and Operational Engineering) responsible for all aspects of wind power technology from basic research through to product and process development. 372 engineering employees (2010: 285) were based in Europe, a further 28 (2010: 32) in Asia and 19 (2010: 16) in America as of the balance sheet date.

In 2011, Nordex applied for a total of 50 patents, roughly 11% up on the previous year (2010: 45).

In 2011 total, capitalised development expense rose by 27.8% to EUR 62.1 million (2010: EUR 48.6 million). Total development expense came to EUR 43.2 million.

Engineering structures

Nordex additionally enhanced the structure of its engineering activities in 2011. Thus, Nordex Advanced Development (NAD) was established in the second half of the year to reinforce the quality and pace of innovation. NAD's task is to analyse and evaluate future technologies at an early stage and to prepare them for use in the Nordex Group's product engineering activities. During the period under review, the assets and human resources of an external product development company were acquired and integrated into the Group as a basis for the new organisational unit and to obtain the necessary expertise.

Testing facilities

System testing facilities were installed 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. This helps to improve system interplay and 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

In the onshore segment, Nordex enhanced its 2.5 MW series, continuously improving its efficiency and heightening customer benefits. Efficient turbines exhibit a high rotor swept area output and in this way achieve a high number of full-load hours (capacity factor). One measure in this respect was the upgrading of the N90/2500 and N100/2500 to a higher wind class. These two turbines went into series production in their new configurations in summer 2011.

As part of the Group-wide cost-cutting programme, Nordex was able to lower the cost of all turbines based on the 2.5 MW platform. These improvements are also being incorporated in the new Nordex N117/2400.

N117/2400

Special attention was paid during the period under review to the development of a new onshore turbine especially suited for low wind sites. With a rotor swept area output of 4,480 square metres/MW, it is the most efficient turbine in its class for IEC-3 locations. Based on the proven Gamma Generation, it achieves a 37% improvement in rotor sweep to 10,715 square metres compared with the N100/2500 thanks to the use of longer rotor blades (NR58.5). A further characteristic of the N117/2400 is the low noise emission level, allowing it to be used close to residential areas.

Work on developing the new turbine was completed on schedule with the assembly of the first test system.

The installation of the N117/2400 at the Stadum citizen-owned wind farm in Schleswig-Holstein, Germany, in December 2011 coincided with the issue of the unit certificate by testing body Forschungsgemeinschaft für elektrische Anlagen und Stromwirtschaft e.V (FGH). In this way, the turbine is also certified in accordance with the requirements of the System Service Ordinance (SDLWindV), meaning that the main prerequisites for the commencement of series production in mid-2012 have now been met.

Development of the NR58.5 rotor blade

Specially designed for use on the N117/2400 turbine for low wind conditions, the NR58.5 rotor blade has been developed in conjunction with a components supplier. The primary new feature is the rotor blade, which is 8.5 metres longer than that of the previous onshore model. It is Nordex's first blade in which the main belts are fabricated using carbon fibre, a material which is lighter yet more rigid than glass fibre composites. Despite its greater length, the NR58.5 blade weighs less than eleven tons and is thus lighter than its predecessor, the NR50. Testing of the blade statics was successfully completed at the Company's own testing hall in Rostock, with the results verified by an external certifier. The ensuing dynamic testing commenced on schedule at the beginning of the current year.

Turbine operation and control

At the same time as work on the new low wind N117/2400 turbine, Nordex optimised and enhanced the turbine operation and control algorithms, thus allowing loads to be lowered. In this way, series N90/2500 and N100/2500 turbines were upgraded to the IEC1a and IEC2a wind classes.

Tower development

Nordex is working with partners to engineer particularly tall towers so that its turbines (e.g. the N117/2400) can be operated in forest areas such as in Southern Germany or Eastern Europe. For this purpose, preliminary investigations and calculations have been performed. In addition, Nordex developed a prefabricated hybrid tower with a hub height of 140 metres, which it assembled in Hesse, Germany. The tower was transported to the site in several segments, thus reducing the assembly period and the logistic costs.

Cold climate version and anti-icing system

At the same time, work continued on engineering the 2.5 MW turbine for use in cold-climate regions. The cold-climate version (CCV) is able to operate in temperatures as low as –30° Celsius. At the same time, several turbines which have been fitted with the Nordex anti-icing system have demonstrated their efficiency in extreme weather conditions in Northern Sweden. The preliminary tests performed in winter 2010/2011 revealed a substantial increase in annual yield of more than 8%. The anti-icing system has been specially designed for Nordex turbines to prevent ice from forming on the rotor blades. In this way, yield losses and strain can be avoided at locations exposed to a heightened risk of icing. Development work has continued with series production scheduled for the first half of 2012. With this system, Nordex customers can particularly develop wind farm projects at locations in high-growth markets such as Scandinavia and Canada, which were previously not viable due to the risk of icing.

Site compatibility

Engineering is working steadily on improving the existing turbine generations, allowing Nordex wind power systems to achieve good yields even in difficult locations all around the world.

Radar

Nordex has developed a process of its own for assembling and operating wind turbines in regions with weather radar systems. This system substantially reduces disruption to radar systems. A prototype featuring this technology was built in France.

Monitoring system

Working in conjunction with an external partner, Nordex is developing a system for monitoring all main components. Looking forward, the scope of this system will be broadened to include rotor blades.

Extensions to onshore range

In the second half of the year, Nordex defined a feasibility study for new products on the basis of the current platform in accordance with an intensive feasibility study to broaden its onshore range. The focus is on turbines capable of boosting the Company's competitiveness at locations with modest and high wind speeds (IEC2 and IEC3).

Offshore product development

N150/6000

The development of the Nordex N150/6000 offshore turbine in the 6 MW class was the second main thrust of new product development in the period under review. The N150/6000 is being developed for offshore use and, with a rotor diameter of 150 metres and a new drive system, is an ultramodern third-generation turbine. In 2011, work on a directly driven system and the design of the individual systems was completed.

Quality management

Nordex's quality strategy rests on five pillars.

1. Nordex encourages its employees to develop a keen awareness of quality and a customer-centric approach.
2. Regular and systematic training and briefing aim to ensure that Nordex Group staff are able to come to terms with constantly changing requirements.
3. Ongoing improvements to quality form a firm part of the Company's day-to-day activities.
4. Health, safety and environment standards define the benchmark in the production of Nordex wind power systems.
5. Finally, Nordex has implemented clearly defined structures and appropriate 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 2011, the focus was on systematic enhancements to operational quality assurance along the entire value chain. For this purpose, a quality management plan systematically and transparently setting out all quality checks was drawn up and published.

The quality management plan commences in the turbine engineering phase. 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 overseen on a continuous basis and addressed in close collaboration with production and also during the on-site assembly phase. Nordex Group customers are attaching greater importance to quality. For this reason, quality management has been entrenched as a firm element (gate process) in the sales organisation to ensure that any customer feedback can 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 heightening quality awareness.

A total of 136 suggestions were received in the Nordex Group's in-company suggestion system, an increase of around 7% over the previous year (2010: 127).

Employees and remuneration system

The Nordex Group increased its workforce in the period under review by 5.4% from 2,504 to 2,640 employees (still including those affected by the reorganisation) as of the balance sheet date. The greatest changes – in absolute terms – in 2011 were in Regional Engineering, Service, Product Line Management and Supply Chain Management. At the end of 2011, around 78% of Nordex's employees were based in Europe (2010: 77%), 14% in Asia (2010: 16%) and around 8% in the United States (2010: 7%). The decline in China reflects the contraction in production and order volumes in 2011.

As of 31 December 2011, the personnel measures forming part of the adjustments to structural costs had not yet been fully implemented. As of the end of the third quarter of 2011, the headcount still stood at 2,711.

The average age within the Nordex Group stands at just under 37 years, i.e. somewhat higher than in the previous year. The recruiting activities of the past few years are also reflected in the average length of service, which stands at just under four years.

In the period under review, the number of incoming job applications stood at around 10,000 (2010: 8,000). According to the 2011 "trendence Absolventenbarometer" study, Nordex continues to be rated as one of the most popular employers in Germany (78th place in the list of the Top 100) for engineering graduates. At the end of the year, the Company had a total of 77 apprentices and trainees (previous year: 64).

Percentage breakdown of Nordex staff by segment

Segment	31.12.2011 %	31.12.2010 %
Production	27	30
Service	22	22
Engineering*	16	13
Project Management	10	10
Administration	14	14
Sales and Marketing	4	4
Procurement	3	3
Supply Chain Management	4	4

*Including Product Line Management

Percentage breakdown of Nordex staff by length of service

Service period	Proportion of employees 31.12.2011 %
Less than 1 year	17
1 to 3 years	21
3 to 5 years	37
5 to 10 years	14
More than 10 years	11

Remuneration

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 an in-company 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 receive a performance-tied annual bonus provided that certain predefined enterprise and segment objectives have been achieved. 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 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 remuneration conversion 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 variable components (the individualised compensation paid to the Management Board is disclosed in the notes to the financial statements). The variable components are calculated on the basis of the Group's net profit. In addition to a company car, which may also be used privately, premiums for D&O (directors and officers third party liability insurance) cover exceeding the deductible to be retained by the members of the Management Board are paid for by Nordex. 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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The individualised compensation paid to members of the Supervisory Board is set out in the Company's articles of incorporation. In addition to the fixed compensation, each member of the Supervisory Board receives variable compensation calculated according to the proportion of the consolidated net profit adjusted for net financial result (EBIT) in consolidated sales (EBIT margin) for the year in question.

Cost-cutting activities

In 2010, Nordex launched a programme to lower its product costs in response to declining sell-side turbine prices and to safeguard its earnings. The purpose of this programme ("N-ergize") is to reduce the cost per unit by an average of 15% by the end of 2012. Two thirds of the planned measures had been implemented at the end of 2011, with material effects derived from purchasing measures such as negotiations with suppliers and the globalisation of the procurement system. In addition, production and project management were optimised both technologically and in terms of the projects utilised. The remaining third of the planned measures is to be implemented in 2012.

In August 2011, the Management Board decided to implement a further programme aimed at achieving a broad-based reduction in structural costs. In this connection, staff costs and other operating expenses are to be trimmed by EUR 50 million. Savings of around EUR 23 million will be achieved by cutting budgets for loan staff, consulting, travel and rental costs and a further EUR 16 million from the abolition of 252 jobs at the Group's European companies. Moreover, Nordex assumes that savings of a further EUR 11 million can be achieved by transferring Asian and offshore business to the joint ventures to be established in the future. The variable part of the structural costs (staff costs and other operating expenses/ income) is to be capped at EUR 170 million this year (2011: EUR 236.4 million).

The staff layoffs have rendered extensive reorganisation of the Group necessary. Thus, Nordex has reorganised its technical departments and redefined the interfaces between various segments. At the same time, separate offices have been merged. In connection with this reorganisation, 252 full-time equivalent positions have been cut on a voluntary basis and in such a way as to minimise any social hardship, resulting in exceptional expense of EUR 13.1 million for Nordex. This is recognised in a separate line of the income statement.

Outlook

The International Monetary Fund (IMF) expects the global economy to expand by 3.3% this year (previous year: 3.8%). At the same time, it assumes that momentum will continue to weaken in the developed countries and forecasts growth of 1.2% (previous year: 1.6%). The IMF sees average growth in the emerging markets of 5.4% (previous year: 6.2%). The situation in Southern Europe in particular is seen as being difficult on account of the heavy sovereign debt and the resultant fragile state of the financial sector. Germany and France provide a welcome contrast. This is also reflected in the leading indicators. Thus, the ifo index rose again to 108.3 points in January 2012 as German industry expects demand from non-European countries to strengthen. The IMF is generally more upbeat about 2013 and projects international growth of 3.9%.

This forecast is largely consistent with the one issued by the World Bank, which expects continued high oil prices after the rise to USD 104 per barrel in the year under review. In addition, it sees considerable risks of oil shortages in the wake of political uncertainty in numerous production regions. The World Bank expects prices of other commodities to soften in the wake of the economic slowdown, probably not recovering until 2013.

Market analysts forecast continued strong growth in international sales of wind turbines. Thus, MAKE Consulting assumes that new capacity installed will come to around 50 gigawatts this year (previous year: 42 gigawatts), equivalent to growth of a good 20%. Regionally, this growth will be particularly underpinned by America and Europe. MAKE forecasts strong growth in the United States, where the possible expiry of government incentives is expected to unleash bringing-forward effects. New or unchanged government allowance schemes in Central and Northern Europe should also spur growth significantly. According to the study, volumes in Asia will remain high but grow at only a slow rate as the Chinese market initially looks set to consolidate on account of heightened quality requirements. On the other hand, analysts project strong growth in Africa, although volumes will remain low for now. According to Bloomberg New Energy Finance, prices could stabilise again in the medium term after a further slump this year as the productivity of the turbines produced by the manufacturers has risen massively.

Nordex projects growth in sales this year to EUR 1,000 to 1,100 million. In this connection, it should be noted that the sales forecast for this year stands on a substantially firmer footing than in the previous year. Order books were worth EUR 698 million as of 1 January 2012, up roughly 70% on the year-ago figure of EUR 411 million. At the same time, the momentum of new business remained unabated in the first quarter. With the launch of series production of the new onshore turbine N117/2400 in summer 2012, Nordex expects strong demand throughout the rest of the year. The Management Board assumes that the Group will receive new orders of between EUR 1,000 million and EUR 1,100 million this year. In this connection, Nordex is optimistic about its performance in the European market, whereas there is a risk of the US market cooling primarily as a result of the likely expiry of the incentive systems.

Nordex expects to return to profit-making territory in 2012. Thus, the return on sales before interest and taxes should widen to between 1 and 3%, with this range determined by sales volumes and trends in purchase prices. With capacity utilisation remaining weaker in the first half of the year, management assumes that earnings will be generated in the second half of 2012. Aside from the increase in sales, the turnaround will be materially underpinned by the full implementation of the two cost-cutting programmes. With product costs down by 15% compared with 2010, Nordex expects to be able to cushion the effects of price pressure in the market and hence avoid excessive contraction of the gross margin. This year, a gross margin of around 21% is expected. At the same time, structural costs are to be reduced by EUR 50 million.

The Management Board has earmarked capital spending for the Group of EUR 70 million (including capitalised development and research expense) with a particular focus on development and new technological solutions for system components for new products. In this connection, Nordex wants to invest in testing technology in order to gain secure results in the development of new products more swiftly.

In addition, the Management Board expects the Company to be able to generate a net cash inflow from operating activities in 2012 and thus reduce working capital to around 20%. That said, high volumes of capital will continue to be tied up in the first half of the year due, among other things, to the large number of planned new installations in the United States in the second half of the year. As a general principle, Nordex will be optimising its cash management by assigning greater weighting to financial aspects during the operational planning process and through greater integration in new procurement and production processes. This latter aspect already resulted in shorter project completion times in 2011 and reduced stockpiling during production. Moreover, preparations are under way for the off-balance-sheet financing of internally developed projects.

The effective tax rate will stand at around 30% in 2012.

Given the heightened uncertainty in the global economy, particularly the financial sector, the Management Board of Nordex SE does not consider a reliable longer-term forecast of the Company's business performance to be possible. Slight growth in sales and earnings is expected for 2013.

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 on-going basis in all departments. Such evaluation forms a fundamental part of Nordex's corporate strategy. Material opportunities chiefly arise from the entry into new markets, which are regularly analysed by the internationally aligned sales and marketing organisation. If appropriate potential is identified – as is the case with Pakistan and South Africa – appropriate action is taken. In the research and development area, Nordex is working continuously on enhancing its products. The activities which this entails are described in detail in "Research 40 and Development". In addition, Nordex's management is pursuing the goal of engaging in the high-potential Chinese and offshore markets in conjunction with strong strategic partners. Among other things, a strategic partnership will be in a better position to react more effectively to the requirements of the offshore segment and complete the development of the N150/6000 offshore turbine as well as the first offshore project "Arcadis Ost 1" swiftly. The opportunities arising from the strategic orientation and day-to-day performance of business activities must be seen in the light of certain risks, which are described below.

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 reflects the Company's corporate structure and is implemented in all business units around the world. Nordex SE's Management Board receives a regular risk report describing all changes in the Group's risk situation.

Risk is recorded on a monthly basis using a database system. Risk identification is the responsibility of "risk sponsors", who 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 on-going supervision of risks from the offer phase to the service process. One particular focus in this connection entails concurrent project costing in the production and assembly phase and in the guarantee period.

Individual risks

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 non-process-tied 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 were prepared in accordance with Section 315a of the German Commercial Code using the International Financial Reporting Standards (IFRS). A structured process as well as a schedule are 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.

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 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, reducing the number of potential suppliers. Conversely, an unexpected surplus of demand in 2012 could result in delivery shortfalls, leading to delays in the completion of projects.

Nordex addresses the supplier default risk by qualifying other suppliers. 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 payments 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, turbine types and product modifications involves considerable investments in some cases. These expenses must be recouped via successful products. Time and monetary resources as well as the date of market launch are factors on which success hinges. Nordex monitors these factors during development, prototyping and series production by means of simultaneous engineering and a Group-wide production development process.

Moreover, different technical systems for the conversion of energy are competing in the market. In the offshore segment in particular there are signs of a trend in favour of a new gearless drive system. However, the commercial viability of this system is yet to be demonstrated. Nordex is incorporating this technology in the development of its offshore platform. If the offshore market fails to develop as anticipated over the next few years or the planned strategic partnership is not established, it may not be possible to recoup the research and development expense which has been incurred.

Strategic sales risk

Over the last few years, producers of wind power systems have been enlarging their production capacity – substantially so in some cases – in expectation of continued strong growth in the market as a whole. The resultant surplus capacity has intensified competition for new business. The pressure on prices which this has generated has been additionally exacerbated by the entry of new, predominantly Asian, competitors into the market. Nordex is addressing this price pressure by adopting a long-term cost-cutting and efficiency-boosting programme, which will continue to be put in place in 2012.

In addition, there is a risk that Nordex's product strategy may not be suitable for addressing future demand. For this reason, Nordex continuously improves its range, enters new markets and enhances its appeal for existing and new customer groups.

Foreign-currency risks

Payment flows in a foreign currency liable to pose an exchange rate risk are generally recorded as risk items. The Group members report their currency exposure (risk of change in value as a result of exchange rate fluctuation) centrally to Nordex SE. The Treasury 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 and foreign banks with investment-grade ratings with which Nordex has maintained business relations over many years. This requirement ensures that default risks with respect to counterparties' payment obligations are largely secured. 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

The fixed-rate loans recognised as liabilities are not exposed to any risk arising from a change in the applicable interest rates. The floating-rate promissory note loan was repaid in full on 16 May 2011 following the successful placement of a bond for EUR 150 million with a fixed coupon.

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 not being able to meet current or future payment obligations due funding shortfalls, is monitored by the Treasury department, which tracks on-going 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 the Treasury department with details of expected guarantee requirements on the basis of current sales plans. The central department 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 customary financial and non-financial covenants. In a mutual agreement with the banks, the covenants have been 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.

Legal risks

The possibility of risks from legal disputes can never be ruled out. In its operating business, the Nordex Group is exposed to 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 EC Machinery

Directive. Nordex has established appropriate structures to ensure that these requirements are observed. In addition, other internal precautions are taken and processes implemented to avert legal risks.

Legislative risks
Amendments to the legislation governing feed-in rates or subsidies for renewable energies or the expiry of incentive programmes such as the PTC in the United States may trigger a decline in demand in the short term. The effects are all the greater the less diversified business is across different markets. For this reason, one aspect of Nordex's strategy is to diversify its sales across attractive volume markets in Europe, Asia and the United States.

Grid connection risk
The wind power systems assembled by Nordex must comply with the applicable local grid connection guidelines. Otherwise, the wind farms may only be operated at a lower output, in which case Nordex has a contractual obligation to reimburse the wind farm operator for the resultant loss of income. This may give rise to extra expense for Nordex. This technical matter is currently one of the principal focuses of work in the Engineering department.

Personnel risks
As part of the comprehensive programme adopted in August 2011 to reduce structural costs in Europe, approximately 10% of the Company's employees were laid off at the end of the year. In the interests of ensuring continued process stability and timely project completion, intensive investigations were made to determine the positions which were vacated and to fill crucial functions by means of internal transfers. Fluctuation in middle-management staff as well in key specialist functions may lead to a loss of knowledge in individual key positions as recruiting and training new staff is very time-consuming. Nordex endeavours to fill management vacancies internally. For this purpose, a Group-wide programme has been established to identify and develop young potentials and candidates for junior management.

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%.

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

Nordex' 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 (subject to service-level agreements, back-up strategy).

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 2011, 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 2011 balance sheet date, the following companies held more than 10% 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.

On 29 March 2011, Nordex SE increased its capital by issuing a total of 6,684,499 new bearer shares on a cash basis. As a result, the Company's share capital rose from EUR 66,845,000 to EUR 73,529,499 subject to the exclusion of shareholders' pre-emptive subscription rights.

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 Section 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% 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

The Management Board is authorised (see Article 4 (3) of the Company's articles of incorporation) with the Supervisory Board's approval to grant once or repeatedly bearer debentures with conversion rights and/or obligations (convertible bonds) as well as option bonds (in the aggregate and individually also "debentures") and to grant the holders or creditors of these debentures conversion and/or option rights on the Company's bearer shares with a pro rata share of the Company's share capital of a total of EUR 15,086,250 on or before 31 May 2016 pursuant to conditions for convertible bonds and option bonds (in the aggregate and individually also "bond terms and conditions") in accordance with the resolution passed at the annual general meeting on 7 June 2011. The total nominal amount of the debentures granted may not exceed an amount of EUR 200,000,000 and their term may not exceed twenty (20) years. The shareholders have a right to subscribe to the debentures. The debentures may also be transferred to one or more financial institutions with the obligation to offer them to the shareholders. The Management Board is authorised with the Supervisory Board's approval to exclude the shareholders' subscription rights in order to

- offer the debentures for subscription to individual investors or strategic partners provided that the volume of shares to be issued upon conversion of the debentures does not exceed 10% of the share capital in existence on the date on which the resolution to utilise this authorisation is passed in accordance with Sections 221 (4) Sentence 2, 186 (3) Sentence 4 of the German Stock Corporation Act and the issue price does not exceed the theoretical market price of the debentures calculated using acknowledged methods of financial mathematics. That amount is to be added to the amount of 10% of share capital accounted for by equity issued and/or sold in accordance with an authorisation excluding the shareholders' pre-emptive subscription rights applying Section 186 (3) Sentence 4 of the German Stock Corporation issued and/or sold over the previous twelve months; and

- the shareholders' subscription rights shall be excluded for fractional amounts arising from the fixing of the subscription ratio.

The exchange ratio to be fixed is calculated by dividing the nominal amount or any lower issue price for an individual debenture by the conversion or option price stipulated and may be rounded up or down to form a full figure. The exchange ratio and the conversion or option price for a share may be variably fixed, i.e. depending on the performance of the trading price during its lifetime. However, the conversion or option price must amount to at least 95% of the average closing price of the Company's shares ("minimum price") determined on the Frankfurt stock exchange in Xetra trading (or a replacement system with comparable functions) on the last ten trading days prior to the date of the resolution by the Supervisory Board on approval of the issue of debentures or in the event of subscription rights for the debentures during the days on which the subscription rights may be exercised (with the exception of the last five calendar day prior to expiry of the subscription period).

The exchange ratio and the conversion or option price may also be reduced in accordance with a non-dilution clause after the conditions of the convertible bond or option have been determined if during the option or conversion period the Company increases its share capital, issues further convertible bonds or issues or grants warrants and the holders of existing option or conversion rights are not granted any subscription rights of the type to which they would be entitled after exercise of the option and conversion rights and the Company does so by granting exclusive subscription rights to its shareholders or by means of an equity issue using the Company's own funds. In addition, the bond terms and conditions may provide for an adjustment in the option and conversion rights and duties in the event of a cut in the Company's capital.

The bond terms and conditions may also give the Company the right to grant the bond creditors shares in the Company instead of paying the amount of money due, wholly or in part, when the bonds mature (this also includes maturity due to cancellation). In this case the conversion or option price pursuant to the bond terms and conditions may equal the average closing price of the Company's shares determined on the Frankfurt stock exchange in Xetra trading (or a replacement system with comparable functions) on the last ten trading days before or after the date of maturity even if this average price is lower than the aforementioned minimum price.

The Management Board is authorised with the Supervisory Board's approval to determine the further details of the issue and rights attaching to the debentures including but not limited to the interest rate, additions, dilution protection, duration, issue price and exercise periods, denomination, conversion or option price, types of performance and termination of the debentures; this does not prejudice Section 9 (1) of the German Stock Corporation Act. The bond terms and conditions may provide for the Company to grant the entitled party its treasury stock instead of new shares using Contingent Capital I in the exercise of the conversion or option rights. Furthermore, it may also be stipulated that the Company may grant the party with conversion and option rights the equivalent in cash instead of shares in the Company.

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. The Company's share capital has been contingently increased by up to EUR 1,500,000 for this purpose (Contingent Capital II).

The main elements of the stock option plan are as follows:

(1) Eligible persons

Under the stock option plan, rights to subscribe to bearer shares issued by the Company ("subscription rights") are granted to members of the management and employees of the Company and its affiliates in which the Company holds a majority interest as defined in Sections 15 et seq. of the German Stock Corporation Act and which themselves are not listed ("Nordex Group") as well as to the members of management of Nordex Group companies and to members of the Company's Management Board. A total of 1,500,000 subscription rights ("total volume") may be issued to all eligible persons in their entirety during the term of the stock option plan until 31 December 2012. The subscription rights are assigned to the individual groups of the eligible persons as follows:

(a) up to 550,000 subscription rights 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) up to 100,000 subscription rights for members of management of domestic and non-domestic Nordex Group companies who are not members of the Company's Management Board, and
(c) up to 850,000 subscription rights for members of the Company's Management Board.

The precise number of eligible persons in the two groups referred to in (a) and (b) above and the volume of the stock options which they are to be offered are determined by the Management Board in the light of the individual performance and capabilities of the eligible persons. The eligible parties amongst the members of the Company's Management Board and the volume of subscription rights to be offered to them are determined at the due discretion of the Supervisory Board in the light of the eligible parties' individual performance and capabilities and more importantly in the interests of binding such members of the Management Board to the Company who are otherwise not directly or indirectly involved in the Company as a result of third-party services with respect to their activity on the Management Board.

(2) Grant periods

The grant of subscription rights is confined to four periods per year ("grant periods"). Subscription rights may be granted within 21 (twenty one) days after the announcement of the results for the previous fiscal year or within 21 (twenty one) days after the announcement of the results for the applicable quarter of the current fiscal year provided that this is no later than two weeks prior to the end of the current quarter and, for the final time, in the grant period following the day on which the results for the second quarter of the 2012 fiscal year are announced. For this purpose, the results are deemed to have been announced on the date of first publication of the final results for the quarter or fiscal year in question.

The day on which the subscription rights are allocated ("allocation day") is determined by the Management Board with the approval of the Supervisory Board. The Supervisory Board is solely responsible for allocating the subscription rights to the members of the Management Board.

(3) Term of subscription rights, vesting period and exercise periods.

The subscription rights have a maximum term of five years as of the allocation day but may not be exercised until the vesting period has expired. The vesting period expires three years after the allocation day.

The exercise of subscription rights is confined to two periods per year ("exercise periods"). The subscription rights may be exercised (i) within 28 (twenty-eight) days after the day of announcement of the results for a previous year, or (ii) within 28 (twenty-eight) days after the day of announcement of the results for the second quarter of the current year.

The subscription rights may not be exercised outside these exercise periods. The terms and conditions underlying the stock option programme may also provide for longer vesting periods and the exercise of subscription rights in several instalments.

In addition, the bearers of subscription rights are bound by the restrictions arising from general legal stipulations, e.g. the Securities Trading Act (insider provisions).

(4) Content of subscription rights, target and exercise price

(a) Content and target

The subscription rights may only be exercised within their terms in accordance with (3) above provided that the price of the Company's ordinary shares in Xetra trading (or a replacement system with comparable functions) on the Frankfurt Stock Exchange exceeds the base price by at least 20% on ten trading days preceding the day on which the subscription rights are exercised. The subscription rights may only be exercised as long as the holder's employment contract with the Nordex Group company remains non-terminated. Special rules may be issued to provide for death, partial or full invalidity, retirement due to old age and the termination of the employment contract. The subscription rights are non-transferrable.

(b) Exercise price

The subscription rights are granted free of any consideration. Upon exercise of the subscription rights, an exercise price must be paid for each subscription right exercised. For the purpose of the exercise of the subscription rights, the exercise price for an ordinary share issued by the Company is the base price. The base price is defined as the arithmetic mean of the closing price of the Company's shares determined on the Frankfurt stock exchange in Xetra trading (or a replacement system with comparable functions) on the last ten trading days prior to the date on which the subscription rights are allocated. This does not prejudice Section 9 (1) of the German Stock Corporation Act.

(5) Settlement of subscription rights

Subscription rights may also be settled in the form of treasury stock or in cash in lieu of new shares using Contingent Capital II, which has been established for this purpose, provided that the conditions for this are met.

The conditions for the stock option plan should be such that this choice is available to the Company. A cash settlement should equal the difference between the exercise price and the opening price of the Company's ordinary shares in Xetra trading (or a replacement system with comparable functions) on the Frankfurt Stock Exchange on the day on which the subscription right is exercised. There is currently no cash-settlement obligation and nor is any planned by the Company.

(6) Further rules

The Management Board is authorised with the Supervisory Board's approval to determine further option conditions including details of the grant, the form and the settlement of subscription rights as well as the conditions for exercise for the eligible persons coming within No. 1(a) and (b) as well as the issue and structure of the subscribed shares. The further terms and conditions for the grant of options for the group of eligible parties referred to in 1 (c) are determined by the Supervisory Board. This also applies to the provision for dilution protection in the event of any changes to the Company's capital. The dilution protection is to comply with the usual practices of the capital markets unless an adjustment mechanism is provided for by law.

(7) Taxation

All taxes in connection with the exercise of the subscription rights or the sale of the shares in the company by the eligible persons are to be borne by such eligible persons.

(8) Reporting obligation

The Management Board and the Supervisory Board will report to the shareholders at the annual general meeting on each utilisation of the stock option plan and the subscription rights granted to the eligible persons.

In accordance with Section 5 (2) of the issuing terms (Schedule 1 of the Subscription Agreement) for the bond issued on 31 March 2011, the bond holders are entitled to claim redemption on terms specifically defined in that provision in the event of a change of control at Nordex SE. Nordex undertakes to notify the bond holders and the paying agent of the occurrence of such an event and the date of elective redemption.

A change of control is deemed to have occurred if one or several persons (the "relevant person(s)") who act jointly in accordance with Section 22 (2) of the German Securities Trading Act, or one or several third parties acting on behalf of the relevant person(s) at any time hold or have acquired either directly or indirectly a number of shares in Nordex accounting for 50% or more of the voting rights (regardless of whether the Management Board or the Supervisory Board have given their consent). This is a customary provision whose effect depends on the specific transactions.

Events after the conclusion of the period under review

On 17 January 2012, Nordex reported that it had signed a contract for the delivery of 20 2.5 MW wind power systems for Bilgin Enerji. With a capacity of 50 MW, the Zeytineli wind farm is to be fitted with N90/2500 and N100/2500 turbines and constructed in the province of Izmir in the first quarter of 2013.

On 24 January 2012, Nordex announced the imminent signing of a contract for the delivery of 13 of the new N117/2400 turbines to German developer ABO Wind. Once the customer has finalised the project finance, the turbines are to be assembled at two farms in Middle Hesse and Franconia in Germany.

Spanish customer Eolia Renovables called down a further twelve N90/2500 turbines under an existing master contract at the beginning of 2012. With a total capacity of 30 MW, the "Barbers" project is to be assembled in summer 2012.

Order receipts in January 2012 were valued at EUR 129.6 million (January 2011: EUR 59.6 million).

The provisions of the loan contracts to be observed throughout 2012 were redefined in accordance with agreements signed on 17 and 22 February 2012 with the banks participating in the syndicated facility and loan.

As announced in the ad-hoc bulletin on 4 November 2011, Dr. Jürgen Zeschky took over the position of Chief Executive Officer from Thomas Richterich on 1 March 2012 as Mr. Richterich had asked that his contract not be renewed.

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 http://www.nordex-online.com/en/investor-relations/corporate-governance.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 26 May 2010 in 2011 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.

2.3.3 Postal vote

Although Article 20 of Nordex SE's articles of incorporation now fundamentally provides for the possibility of postal votes, the Company will not be following the recommendations of the GCGC in 2012 and will not be permitting postal votes. After careful deliberation, the Management Board and the Supervisory Board have made this decision on the grounds that personal participation in the annual general meeting, particularly open discussion on the part of shareholders, constitutes a core element of the annual general meeting. In addition, the Management Board and the Supervisory Board take the view that the costs of a postal vote procedure far exceed the benefits as the Company already offers shareholders the possibility of having the voting right representative nominated by the Company vote on their behalf. Accordingly, the shareholders are already able to cast their votes prior to the date of the annual general meeting.

The decision concerning postal votes will be reviewed for the next annual general meeting.

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 for members of the Supervisory Board in 2011. 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.

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 Advisory 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.

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

The following additional statements required by the Code for the corporate governance report are provided below:

5.4.6 Compensation of the Supervisory Board

Each member of the Supervisory Board is entitled to fixed remuneration of EUR 15,000 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. In addition, each member of the Supervisory Board receives variable compensation calculated according to the proportion of the consolidated net profit less net financial result (EBIT) in consolidated sales (EBIT margin) for the year in question. The individualised compensation paid to members of the Supervisory Board is set out in the Company's articles of incorporation (www.nordex-online.com/de/investor-relations/veroeffentlichungen.html). The chairman of the Supervisory Board receives twice and his deputy one-and-a-half times the sum total of the fixed and variable compensation.

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
15.02.2011	Dr. rer. nat. Dieter Maier Member of the Supervisory Board	10,000 Sale	DE000A0D6554 Xetra	6.1400 61,400.00
29.03.2011	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	834,168 Acquisition in connection with the equity issue	DE000A0D6554 außerbörslich	8.4000 7,007,011.20
29.03.2011	momentum-capital Vermögens-verwaltungsgesellschaft mbH Legal entity in a close relationship with a member of the Supervisory Board	65,832 Acquisition in connection with the equity issue	DE000A0D6554 außerbörslich	8.4000 552,988.80
15.08.2011	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	86,960 Buy	DE000A0D6554 Xetra	4.1286 359,023.06
16.08.2011	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	200,000 Buy	DE000A0D6554 Xetra	4.1066 821,320.00
17.08.2011	momentum-capital Vermögens-verwaltungsgesellschaft mbH Legal entity in a close relationship with a member of the Supervisory Board	17,228 Buy	DE000A0D6554 Xetra	4.1402 71,327.37

Date	Person Position	Number Action	ISIN Stock market	Price per share Total volume EUR
18.08.2011	momentum-capital Vermögens-verwaltungsgesellschaft mbH Legal entity in a close relationship with a member of the Supervisory Board	18,482 Buy	DE000A0D6554 Xetra	3.9549 73,094.46
18.08.2011	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	166,518 Buy	DE000A0D6554 Xetra	3.9549 658,562.04
19.08.2011	momentum-capital Vermögens-verwaltungsgesellschaft mbH Legal entity in a close relationship with a member of the Supervisory Board	7,300 Buy	DE000A0D6554 Xetra	3.8373 28,012.29
19.08.2011	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	92,700 Buy	DE000A0D6554 Xetra	3.8373 355,717.71
22.08.2011	momentum-capital Vermögens-verwaltungsgesellschaft mbH Legal entity in a close relationship with a member of the Supervisory Board	3,900 Buy	DE000A0D6554 Xetra	3.9737 15,497.43
22.08.2011	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	49,100 Buy	DE000A0D6554 Xetra	3.9737 195,108.67
23.08.2011	momentum-capital Vermögens-verwaltungsgesellschaft mbH Legal entity in a close relationship with a member of the Supervisory Board	4,750 Buy	DE000A0D6554 Xetra	3.9492 18,758.70
23.08.2011	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	60,250 Buy	DE000A0D6554 Xetra	3.9492 237,939.30
24.08.2011	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	29,936 Buy	DE000A0D6554 Xetra	4.0614 121,582.07
24.08.2011	momentum-capital Vermögens-verwaltungsgesellschaft mbH Legal entity in a close relationship with a member of the Supervisory Board	2,350 Buy	DE000A0D6554 Xetra	4.0614 9,544.29
25.08.2011	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	2,300 Buy	DE000A0D6554 Xetra	4.0762 9,375.26
25.08.2011	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	29,210 Buy	DE000A0D6554 Xetra	4.0762 119,065.80

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 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 personnel, legal matters, offshore business, product line management, communications and strategy.

The other three members of the Management Board are assigned specific tasks and duties in accordance with the business allocation plan. Thus, the Chief Finance Officer is responsible for accounting, finance and controlling, taxes, IT, risk management and internal auditing. In accordance with the new allocation of duties adopted in 2011, the Chief Customer Relations Officer is in charge of sales and marketing, project management and development and now also service to ensure that all customer-relevant matters are placed in single hands. The Chief Operating Officer is additionally responsible for production, procurement and quality management as well as engineering.

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. 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 Mr. Uwe Lüders. 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. The chairman of the Audit Committee in the year under review, Mr. Martin Rey, as well as the member Mr. Uwe Lüders both 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 Mr. 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. 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 is to be implemented step by step. In December 2011, the code was presented in person to management staff and announced generally on the Group's intranet. The team is keeping staff at all Nordex companies regularly abreast of all current activities and developments on a regular basis by means of 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, 23 March 2012

Dr. J. Zeschky Chairman of the Management Board (CEO)	L. Krogsgaard Member of the Management Board	B. Schäferbarthold Member of the Management Board	Dr. M. Sielemann Member of the Management Board

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Consolidated financial statements

Consolidated balance sheet

as of 31 December 2011

Assets	Notes	31.12.2011 EUR thousand	31.12.2010 EUR thousand
Cash and cash equivalents	(1)	211,977	141,050
Trade receivables and future receivables from construction contracts	(2)	260,078	269,495
Inventories	(3)	227,422	278,996
Income tax refund claims		276	0
Other current financial assets	(4)	22,744	12,066
Other current non-financial assets	(5)	37,719	42,367
Current assets		760,216	743,974
Property, plant and equipment	(6)	133,915	132,126
Goodwill	(7)	11,648	9,960
Capitalised development costs	(8)	62,140	48,636
Other intangible assets	(9)	5,532	7,125
Financial assets	(10)	5,289	5,706
Investments in associates	(11)	7,263	5,539
Other non-current financial assets	(12)	2,250	1,015
Other non-current non-financial assets	(13)	4	9
Deferred income tax assets	(14)	40,730	32,891
Non-current assets		268,771	243,007
Assets		1,028,987	986,981

Equity and liabilities	Notes	31.12.2011 EUR thousand	31.12.2010 EUR thousand
Current bank borrowings	(15)	76,239	30,309
Trade payables	(16)	109,744	177,672
Income tax liabilities	(17)	4,315	4,188
Other current provisions	(18)	54,064	54,762
Other current financial liabilities	(19)	174,962	16,211
Other current non-financial liabilities	(20)	174,123	193,608
Current liabilities		593,447	476,750
Non-current bank borrowings	(21)	0	86,423
Pensions and similar obligations	(22)	862	758
Other non-current provisions	(18)	21,941	25,005
Other non-current financial liabilities	(23)	14,762	14,329
Other non-current non-financial liabilities	(24)	4,634	270
Deferred income tax liabilities	(14)	16,788	12,611
Non-current liabilities		58,987	139,396
Subscribed capital		73,529	66,845
Share premium		204,798	158,080
Retained earnings		0	30,997
Cash flow hedge (interest-rate swap)		0	–502
Other equity components		–10,530	–10,530
Foreign-currency adjustment item		3,247	4,332
Consolidated profit carried forward		103,318	97,974
Consolidated net profit		0	20,875
Share in equity attributable to equity holders of parent company		374,362	368,071
Non-controlling interests		2,191	2,764
Equity	(25)	376,553	370,835
Equity and liabilities		1,028,987	986,981

Consolidated income statement

for the period from 1 January to 31 December 2011

	Notes	01.01–31.12.2011 EUR thousand	01.01–31.12.2010 EUR thousand
Sales	(27)	920,787	972,044
Changes in inventories and other own work capitalised	(28)	6,226	35,850
Total revenues		927,013	1,007,894
Other operating income	(29)	23,789	24,438
Cost of materials	(30)	–692,545	–748,178
Personnel costs	(31)	–147,415	–119,399
Depreciation/amortisation	(32)	–27,771	–22,530
Other operating expenses	(33)	–112,805	–102,138
Earnings before interest and taxes (EBIT)	(38)	–29,734	40,087
Income from investments		24	2,035
Net profit/loss from at-equity valuation		–1,193	–61
Impairment of financial assets and securities held as current assets		–390	0
Other interest and similar income		1,812	719
Interest and similar expenses		–18,467	–10,005
Net finance income/expense	(34)	–18,214	–7,312
Profit/loss from ordinary activity		–47,948	32,775
Income taxes	(35)	–1,517	–11,597
Consolidated loss/profit		–49,465	21,178
Of which attributable to:			
Parent company's equityholders		–48,453	20,875
Non-controlling interests	(36)	–1,012	303
Earnings/loss per share (in EUR)	(37)		
Basic*		–0.67	0.31
Diluted*		–0.67	0.31

*Based on average weighted number of 71.913 million shares (2010: 66.845 million shares).

Consolidated statement of comprehensive income

for the period from 1 January to 31 December 2011

	01.01–31.12.2011 EUR thousand	01.01–31.12.2010 EUR thousand
Consolidated loss/profit	–49,465	21,178
Other comprehensive income		
Foreign currency translation difference	–842	2,987
Interest-rate swaps	717	–307
Deferred income taxes	–215	92
Consolidated comprehensive income	–49,805	23,950
Of which attributable to:		
Parent company's equityholders	–48,897	23,359
Non-controlling interests	–908	591

Consolidated cash flow statement

for the period from 1 January to 31 December 2011

		01.01–31.12.2011 EUR thousand	01.01–31.12.2010 EUR thousand
	Operating activities:		
	Consolidated loss/profit	–49,465	21,178
+	Depreciation/amortisation	28,161	22,530
=	Consolidated loss/profit plus depreciation/amortisation	–21,304	43,708
+/–	Decrease/increase in inventories	51,574	–31,640
+/–	Decrease/increase in trade receivables and future receivables from construction contracts	9,417	–82,259
–/+	Decrease/increase in trade payables	–71,408	91,933
–	Decrease in prepayments received	–3,823	–12,052
=	Payments made from changes in working capital	–14,240	–34,018
–/+	Increase/decrease in other assets not allocated to investing or financing activities	–14,634	1,880
+	Increase in pension provisions	104	208
–/+	Decrease/increase in other provisions	–3,762	4,618
–	Decrease in other liabilities not allocated to investing or financing activities	–179	–2,023
+	Loss from the disposal of non-current assets	4,066	1,776
–	Other interest and similar income	–1,812	–719
+	Interest received	1,588	553
+	Interest and similar expenses	18,467	10,005
–	Interest paid	–11,333	–8,181
+	Income taxes	1,517	11,597
–	Taxes paid	–952	–5,274
–	Other non-cash income	–794	–3,781
=	Payments made/payments received from remaining operating activities	–7,724	10,659
=	Cash flow from operating activities	–43,268	20,349
	Investing activities:		
+	Payments received from the disposal of property, plant and equipment/ intangible assets	854	15,364
–	Payments made for investments in property, plant and equipment/ intangible assets	–48,933	–79,472
+	Payments received from the disposal of financial assets	1,281	419
–	Payments made for investments in financial assets	–3,520	–2,562
+	Payments received from investment grants	4,468	7,498
=	Cash flow from investing activities	–45,850	–58,753
	Financing activities:		
+	Payments received from equity issues	53,270	0
+	Bank loans raised	13,805	20,465
–	Bank loans repaid	–56,316	–4,122
+	Payments received from the issue of bonds	147,412	0
=	Cash flow from financing activities	158,171	16,343
	Cash change in cash and cash equivalents	69,053	–22,061
+	Cash and cash equivalents at the beginning of the period	141,050	159,886
+	Cash and cash equivalents from additions to companies consolidated	25	50
+	Exchange rate-induced changes in cash and cash equivalents	1,849	3,175
=	Cash and cash equivalents at the end of the period*	211,977	141,050

*Trustee account EUR 341 thousand (2010: EUR 409 thousand)

Consolidated statement of changes in equity

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

	Subscribed capital EUR thousand	Share premium EUR thousand	Other retained earnings EUR thousand	Cash flow hedge (interest-rate swap) EUR thousand	Other equity components EUR thousand
01.01.2010	66,845	158,687	31,136	–287	–10,530
Consolidated earnings for 2009 carried forward	0	0	0	0	0
Reclassification	0	0	–139	0	0
Employee stock option programme	0	–607	0	0	0
Consolidated comprehensive income	0	0	0	–215	0
Consolidated profit	0	0	0	0	0
Other comprehensive income					
Foreign currency translation difference	0	0	0	0	0
Interest-rate swaps	0	0	0	–307	0
Deferred income taxes	0	0	0	92	0
Dividend	0	0	0	0	0
31.12.2010	66,845	158,080	30,997	–502	–10,530

Foreign currency adjustment item EUR thousand	Consolidated net profit carried forward EUR thousand	Consolidated net profit/losss 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

Foreign currency adjustment item EUR thousand	Consolidated net profit carried forward EUR thousand	Consolidated net profit/losss EUR thousand	Capital attributable to the parent company's equity holders EUR thousand	Non-controlling interests EUR thousand	Total equity EUR thousand
1,494	103,034	–5,060	345,319	2,510	347,829
0	–5,060	5,060	0	0	0
139	0	0	0	0	0
0	0	0	–607	0	–607
2,699	0	20,875	23,359	591	23,950
0	0	20,875	20,875	303	21,178
2,699	0	0	2,699	288	2,987
0	0	0	–307	0	–307
0	0	0	92	0	92
0	0	0	0	–337	–337
4,332	97,974	20,875	368,071	2,764	370,835

Notes on the consolidated financial statements

for the year from 1 January until 31 December 2011

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 2011 stands at EUR 73,529,499 (2010: EUR 66,845,000) and is divided into 73,529,499 (2010: 66,845,000) no-par-value shares with a notional value of EUR 1 each.

Nordex SE's consolidated financial statements for 2011 were approved for publication in a resolution passed by the Management Board on 7 March 2012.

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 binding for 2011 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 assumptions".

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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 2011.

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 following new and changed standards were applied for 2011 for the first time:

- IFRS 1, First-time Adoption of IFRS – limited exemption from comparative IFRS 7 disclosures
- IAS 24, Related Party Disclosures – amended definition of related parties and reportable transactions.
- IAS 32, Financial Instruments: Presentation – revisions to classification of rights issues granting a fixed number of treasury shares in a currency other than the company's functional currency as equity instruments.

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

The following standards and interpretations were revised as part of the 2010 improvement process:

- IFRS 1, First-Time Adoption of IFRS
- IFRS 3, Business Combinations
- IFRS 7, Financial Instruments: Disclosures
- IAS 1, Presentation of Financial Statements
- IFRIC 13, Customer Loyalty Programmes

The adjustments were included in the consolidated financial statements but did not result in any material changes.

The following new interpretations were applied for 2011 for the first time:

- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments – clarification of the treatment of equity instruments issued to extinguish financial liabilities
- IFRIC 14, Prepayments of a Minimum Funding Requirement – clarification of the treatment of pension plans providing for minimum funding requirements towards which a company makes prepayments.

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

The following amendments to published standards must be applied for accounting periods commencing in or after 2012:

- IFRS 1, First-time Adoption of IFRS – exemption from the retrospective application of all IFRS after emerging from severe hyperinflation.
- IFRS 1, First-time Adoption of IFRS – reversal of retroactive application of the derecognition rules for financial assets and liabilities under IAS 39 and the introduction of an option to waive retroactive calculation of valuation differences arising from the first-time recognition of certain financial assets and liabilities.
- IAS 12, Income Taxes: Deferred income taxes – introduction of an exemption allowing for deferred income tax on real estate held as financial assets at fair value through profit and loss to be calculated on the assumption that the real estate is sold.

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

The following standards must be applied in accounting periods commencing in or after 2013 or later years:

- IAS 1, Presentation of Financial Statements – separate presentation of items in other comprehensive income which are recorded in following years within profit and loss and those which are not recycled.
- IFRS 7, Financial Instruments: Disclosures – enhancement of disclosures about transfers of financial assets resulting in the derecognition of the originally recorded financial asset.
- IFRS 9, Financial Instruments – introduces new guidance for the classification and measurement of financial assets.
- IFRS 10, Consolidated Financial Statements – introduces a uniform consolidation model based on the concept of control.
- IFRS 11, Joint Arrangements – introduces new criteria for classifying joint arrangements.
- IFRS 12, Disclosures of interests in other entities – adds further disclosure requirements with respect to interests in other entities.
- IFRS 13, Fair value measurement – defines uniform criteria for fair value measurements.

- IAS 19, Employee Benefits – amends the guidance on recognising and measuring expense on defined-benefit pension plans and termination benefits as well as adding further disclosure requirements.
- IAS 27, Separate Financial Statements – confines the scope of the standard to separate financial statements following the introduction of IFRS 10 Consolidated Financial Statements.
- IAS 28 Investments in Associates – broadens the scope of the standard to include joint ventures and abolishes the possibility of proportionate consolidation.
- IAS 32, Financial Instruments: Presentation and IFRS 7 Financial Statements: Disclosures – revises the guidance on netting financial assets and financial liabilities and introduces additional disclosure requirements in the notes.

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 31.12.2011 %	Share in capital/ voting rights 31.12.2010 %
Nordex SE, Rostock (Group parent)	–	–
Nordex Energy GmbH, Hamburg	100.0	100.0
Nordex Grundstücksverwaltung GmbH, Hamburg	100.0	100.0
Nordex Windpark Beteiligung GmbH, Hamburg	100.0	100.0
NPV Dritte Windpark GmbH & Co. KG, Hamburg	100.0	100.0
Nordex Offshore GmbH, Hamburg	100.0	100.0
Nordex Advanced Development GmbH, Bad Doberan	80.0	–
Nordex Energy B.V., Rotterdam, Netherlands	100.0	100.0
Nordex Energy Ibérica S.A., Barcelona, Spain	100.0	100.0
Nordex UK Ltd., Didsbury, United Kingdom	100.0	100.0
Nordex Energy Ireland Ltd., Dublin, Ireland	100.0	100.0
Nordex France S.A.S. La Plaine Saint-Denis, France	100.0	100.0
Nordex Italia Srl., Rome, Italy	100.0	100.0
Nordex Hellas Monoprosopi EPE, Kifissia, Greece	100.0	100.0
Nordex Sverige AB, Uppsala, Sweden	100.0	100.0
Nordex Polska Sp. zo.o, Warsaw, Poland	100.0	100.0
Nordex Enerji A.S., Istanbul, Turkey	100.0	100.0
Nordex USA Inc., Chicago, United States	100.0	100.0
Nordex USA Management LLC, Chicago, United States	100.0	–
Beebe Wind LLC, Chicago, United States	100.0	–
Republic Wind LLC, Chicago, United States	100.0	–
Way Wind LLC, Chicago, United States	100.0	–
Flat Rock Wind LLC, Chicago, United States	100.0	–
Big Berry Wind Farm LLC, Chicago, United States	100.0	–
Green Hills Wind LLC, Chicago, United States	100.0	–
Nordex Singapore Equipment Private Ltd., Singapore, Singapore	100.0	100.0
Nordex Singapore Service Private Ltd., Singapore, Singapore	100.0	100.0
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd, Beijing, China	100.0	100.0
Nordex (Dongying) Wind Power Equipment Manufacturing Co. Ltd., Dongying, China	100.0	100.0
Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd., Ningxia, China	60.0	60.0

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
Nordex Advanced Development GmbH, Bad Doberan*	Acquired	14.04.2011
Nordex USA Management LLC, Chicago, United States**	Incorporated	12.04.2011
Beebe Wind LLC, Chicago, United States**	Incorporated	08.12.2010
Way Wind LLC, Chicago, United States**	Incorporated	08.12.2010
Flat Rock Wind LLC, Chicago, United States**	Incorporated	08.12.2010
Big Berry Wind Farm LLC, Chicago, United States**	Incorporated	08.12.2010
Green Hills Wind LLC, Chicago, United States**	Incorporated	08.12.2010
Republic Wind LLC, Chicago, United States**	Incorporated	23.06.2010

*Consolidated for the first time on 1 May 2011.
**Consolidated for the first time on 1 December 2011. The companies had previously not been operational.

On 14 April 2011, 80% of the capital of Nordex Advanced Development GmbH was acquired for a price of EUR 3,480 thousand. This company assumed a material part of an entity providing advisory and engineering services for wind power. The following table sets out the price paid and the value of the assets identified and liabilities assumed as of the date of acquisition:

Name	Date of first-time consolidation EUR thousand
Purchase price	3,480
Value of the identifiable assets and liabilities	
Cash and cash equivalents	2,017
Other assets	1,817
Intangible assets/property, plant and equipment	308
Liabilities	–2,345
Net assets	1,797
Non-controlling shares	–5
Goodwill	1,688
	3,480

The following company was deconsolidated in the year under review:

Name	Date of deconsolidation
Nordex (Baoding) Wind Power Co. Ltd., Baoding/China	31.05.2011

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. A list of shareholdings as of 31 December 2011 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 1,254,411 thousand (2010: EUR 1,132,153 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 365,062 thousand (2010: EUR 442,691 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.

The 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	
	2011	2010	2011	2010
USD	1.3982	1.3182	1.2944	1.3390
GBP	0.8712	0.8555	0.8370	0.8620
CNY	9.0223	8.9103	8.2200	8.8235
SEK	9.0104	9.4823	8.9250	8.9800
TRY	2.3517	1.9980	2.4430	2.0700
PLN	4.1271	4.0002	4.4530	3.9625

Cash and cash equivalents

Cash and cash equivalents include cash in hand and short-term bank deposits due for settlement in 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, averages are 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 from 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-derivatives 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 recognised 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 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 costs

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 developing for such assets includes all costs directly attributable to the development 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 recognised directly in equity or other comprehensive income. In this case, they are also recorded in equity or other comprehensive income.

Current 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 carried at amortised cost” category includes all non-derivatives and those financial liabilities not subsequently measured at their fair value on the income statement. 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 carried 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. 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.

Interest rate swap

The Group designated an interest rate swap to hedge future floating-rate interest payments (cash flow hedge).The Group has fully hedged the interest risk arising from the floating rate of a promissory note loan with one-year, three-year and five-year maturity tranches by means of interest swaps which substitute the floating-rate for fixed-rate interest payments. Risk management goals and strategies as well as the hedge relations between the host contact and the hedge are documented at the beginning of the hedge. The hedge of future floating interest payments is considered to be highly efficient. Moreover, the efficacy of the hedge is monitored over the term of the interest swap on a quarterly basis. If the hedge relationship between the host contract and the hedge is considered to be highly efficient, the effective part of the change in the fair value of the derivatives, which are specified as cash flow hedges, is recorded in other comprehensive income. On the other hand, the ineffective part of such changes is immediately taken to the income statement depending on the circumstances. The amounts reported in other comprehensive income are recycled to the income statement and reported as income or expense through profit and loss in the period in which the host contract is recorded.

The interest rate swap was terminated upon repayment of the promissory note loan and the gains and losses accruing in other comprehensive income up until that date recycled to profit and loss.

Currency forwards

The currency forwards transacted by the Group are classified as financial assets at fair value through profit and loss and reported as current assets or liabilities.

Gains or losses from currency forwards 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 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. The basic elements of the financial strategy are defined by the Management Board on an annual basis and monitored by the Supervisory Board. 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 with above-average credit ratings. This requirement ensures that default risks with respect to counterparties' payment obligations are minimised.

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 Chinese renminbi yuan (CNY). 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 foreign currency transaction 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 31 December 2011, these were primarily US-dollar currency forwards. The notional repayment amounts for existing currency forwards amount to EUR 187,254 thousand (2010: EUR 116,205 thousand) as of 31 December 2011 particularly due to the increased volume of business in the United States. 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 2011, profit after tax would – all other variables being equal – have increased by EUR 0.8 million (2010: decreased by EUR 0.5 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 0.7 million lower (2010: EUR 0.4 million higher). Appreciation/depreciation by 10% in the exchange rate of the US dollar would have resulted in a decrease in profit after tax of EUR 21.4 million (2010: EUR 12.2 million) and an increase of EUR 17.5 million (2010: EUR 10.0 million), respectively.

If the exchange rate of pound sterling had appreciated by 10% on 31 December 2011, profit after tax would – all other variables being equal – have increased by EUR 0.2 million (2010: decreased by EUR 2.5 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 (2010: EUR 2.1 million higher).

If the exchange rate of the renminbi yuan had appreciated by 10% on 31 December 2011, profit after tax would – all other variables being equal – have increased by EUR 1.6 million (2010: increased by EUR 0.9 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 renminbi yuan had depreciated by 10%, profit after tax would have been EUR 1.3 million lower (2010: EUR 0.7 million lower).

Interest risk

Nordex SE does not have any material floating-rate assets or liabilities exposed to interest rate risks. The interest-rate swap acquired in connection with a floating-rate promissory note loan was dissolved in 2011. In the previous year, the interest risk arising from the floating rate of promissory note loans with three-year and five-year maturity tranches had been hedged in full by means of an interest-rate swap which substituted the floating-rate for fixed-rate interest payments. Interest rates were fixed for the first three years for the installments of the investment loan received to finance the extensions to the Rostock production facility. The interest-rate swap had a nominal volume of EUR 42,000 thousand as of 31 December 2010. With respect to the previous year, a change in all relevant interest rates by 100 basis points would have had a positive effect of EUR 566 thousand (negative effect of EUR 582 thousand) on equity after tax. An increase in the interest rates by 100 basis points would have caused post-tax profit to drop by EUR 940 thousand, while a decrease in the interest rates by 100 basis points would have caused post-tax profit to rise by EUR 992 thousand.

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 guarantees of EUR 1,533.4 million or retained ownership rights of EUR 91.7 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 cross-border cash pooling mechanisms to enhance the efficiency of liquidity management within the Group. If necessary, temporary liquidity peaks are offset by short-term deposits or the utilisation of credit facilities, as the case may be.

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 following debt instruments:

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. Of this, a sum of EUR 425,000 thousand is available for covering existing and future guarantee obligations. A sum of EUR 75,000 thousand may be used for financing working capital and also for issuing guarantees. As of 31 December 2011, the Group had unutilised guarantee facilities of EUR 208,553 thousand (2010: EUR 248,704 thousand) and free cash facilities of EUR 52,683 thousand (2010: 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. The loan is subject to floating rates based on Euribor or Libor.

Promissory note loan

The promissory note loan was placed in 2009 and redeemed prematurely using the proceeds from the bond issued in 2011.

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 rotorblade and nacelle production facility in Rostock. The borrower is Nordex SE, which is jointly and severably liable with Nordex Energy GmbH as the guarantor. Funds of EUR 46,566 thousand had been drawn on this facility as of 31 December 2011. The first scheduled repayment of EUR 2,100 thousand was made on 30 December 2011. Repayments of EUR 2,100 thousand are due 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 successfully issued its first bond for EUR 150,000 thousand on 12 April 2011 (ISIN: XS0601426538). This debut transaction in the credit market 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 on the Internet at www.nordex-online.com/en/investor-relations/anleihen.html.

Covenants

All existing facilities/loans were subject to uniform and agreed financial and non-financial covenants such as leverage, interest cover and equity ratio, compliance with which was confirmed in quarterly reports to the banks in 2011. The stipulations to be observed throughout 2012 were redefined in accordance with an agreement signed on 17 and 22 February 2012 with the banks participating in the syndicated facility and loan. The covenants to be complied with in the first three quarters of 2012 cover the equity ratio, order receipts and EBITDA. The covenants stipulated for 2011 are to apply again in the fourth quarter of 2012, albeit with higher limits. The banks may only terminate the existing facilities for good cause, which includes the breach of the financial covenants.

Maturity structure of financial liabilities

As of 31 December 2011, the Group's financial liabilities including future interest payable broke down by maturity as follows:

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
Trade payables	107,231	2,498	0	15	109,744
Derivatives	5,087	0	0	0	5,087
Other financial liabilities	169,557	9,883	41,352	11,660	232,452

Year ending 31.12.2010	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	6,360	29,245	0	0	35,605
Non-current bank borrowings	0	0	82,890	12,616	95,506
Trade payables	177,551	106	15	0	177,672
Derivatives	172	907	0	0	1,079
Other financial liabilities	12,168	15,208	732	0	28,108

Other financial liabilities include the corporate bond of EUR 154,647 thousand. Although it is not repayable until April 2016, it is reported as a current liability as Nordex SE had breached the financial covenants agreed upon with the banks as of the balance sheet date. These breaches were remedied in agreements signed with the financing banks on 17 and 22 February 2012.

Capital risk management

Equity stood at EUR 376,553 thousand as of 31 December 2011 (2010: EUR 370,835 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.

	31.12.2011 EUR thousand	31.12.2010 EUR thousand
Inventories	227,422	278,996
Receivables from construction contracts	182,321	201,267
Trade receivables	77,757	68,228
Prepayments received	–122,310	–126,133
Trade payables	–109,744	–177,672
	255,446	244,686
Total revenues	927,013	1,007,894
Working capital ratio	27.6%	24.3%

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 2012 as well as the following two years derived from the Company's medium-term 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 7.70% (2010: 8.56%) and is based on the weighted average cost of capital (WACC). The discount rate is based on a risk-free interest rate of 2.03% (2010: 3.73%), a market risk premium of an unchanged 5.0% and a beta factor of 1.13 (2010: 1.14). 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.

Following the first-time consolidation of Nordex Advanced Development GmbH, the carrying amount of the goodwill allocated to the Europe segment rose by EUR 1,688 thousand to EUR 11,648 thousand as of 31 December 2011 (2010: EUR 9,960 thousand).

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 62,140 thousand as of 31 December 2011 (2010: EUR 48,636 thousand).

Guarantee provisions

Provisions for guarantees, warranty claims, service and maintenance stood at EUR 66,523 thousand as of the balance sheet date (2010: EUR 71,967 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 an unchanged tax rate of 15.83% including the solidarity surcharge in the case of corporate tax and 14.95% 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 2011, the deferred income tax assets on unused tax losses came to EUR 50,937 thousand (2010: EUR 47,728 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.

Segment report	Europe		Asia	
	2011 EUR thousand	2010 EUR thousand	2011 EUR thousand	2010 EUR thousand
Sales	729,151	859,602	41,512	73,919
Depreciation/amortisation	–20,288	–16,077	–1,657	–1,768
Interest income	984	256	237	158
Interest expenses	–10,718	–6,447	–1,966	–1,228
Income taxes	–2,129	–9,359	1,290	–432
Earnings before interest and taxes (EBIT); segment earnings	11,538	82,319	–6,878	3,164
Investments in property, plant and equipment and intangible assets	40,373	44,559	2,135	3,271
Cash and cash equivalents	15,025	32,815	13,653	9,782

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 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		Group total	
2011 EUR thousand	2010 EUR thousand	2011 EUR thousand	2010 EUR thousand	2011 EUR thousand	2010 EUR thousand	2011 EUR thousand	2010 EUR thousand
200,646	98,545	0	0	−50,522	−60,022	920,787	972,044
−2,150	−614	−3,676	−4,071	0	0	−27,771	−22,530
2	10	11,122	5,483	−10,533	−5,188	1,812	719
−2,611	−285	−13,705	−7,233	10,533	5,188	−18,467	−10,005
−7,835	4,418	7,157	−6,224	0	0	−1,517	−11,597
−643	−5,426	−2,698	739	−31,053	−40,709	−29,734	40,087
2,172	17,990	1,447	6,154	0	0	46,127	71,974
35,484	18,178	147,815	80,275	0	0	211,977	141,050

Notes on the balance sheet

(1) Cash and cash equivalents

This item comprises almost exclusively bank balances. Of this sum, EUR 341 thousand (2010: EUR 409 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:

	31.12.2011 EUR thousand	31.12.2010 EUR thousand
Trade receivables	82,539	71,489
less adjustments	–4,782	–3,261
Trade receivables (net)	77,757	68,228
Future receivables from construction contracts	182,321	201,267
	260,078	269,495

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:

	2011 EUR thousand	2010 EUR thousand
Adjustments on 1 January	3,261	6,409
Additions recognised as expense	2,678	712
Utilised	–204	–564
Reversed	–953	–3,296
Adjustments on 31 December	4,782	3,261

As of 31 December 2011, trade receivables had the following age structure:

	31.12.2011 EUR thousand	31.12.2010 EUR thousand
Receivables not overdue or adjusted	29,357	30,716
Receivables not adjusted but overdue by		
less than 30 days	17,342	12,125
30–90 days	11,324	4,592
91–180 days	9,731	7,934
181–360 days	3,409	3,284
361 days and more	5,752	8,614
Total of overdue but non-adjusted receivables	47,558	36,549
Partially adjusted receivables	842	963
	77,757	68,228

In the year under review, receivables of a total of EUR 456 thousand (2010: EUR 631 thousand) which had not been adjusted were derecognised.

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 33 thousand were made to future receivables from construction contracts in 2011 (31 December 2010: EUR 1,608 thousand).

Receivables from construction contracts broke down as follows:

	31.12.2011 EUR thousand	31.12.2010 EUR thousand
Accrued contract costs and proportionate realised profits on orders	834,305	921,834
Less prepayments received	–651,984	–720,567
	182,321	201,267

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

(3) Inventories

	31.12.2011 EUR thousand	31.12.2010 EUR thousand
Raw materials and supplies	136,619	159,031
Unfinished goods and services	84,582	95,291
Finished goods	0	6,270
Prepayments made	6,221	18,404
	227,422	278,996

Raw materials and supplies primarily comprise production and service material. Unfinished goods and services relate to wind power systems and related components under construction as well as advance outlays for project development, licenses and infrastructure of EUR 1,590 thousand not due for completion until after 2012.

The carrying amount of the inventories includes the following adjustments:

	2011 EUR thousand	2010 EUR thousand
Amount on 1 January	16,782	20,657
Additions recognised as expense	0	7,287
Utilised	–9,189	–11,162
Adjustments on 31 December	7,593	16,782

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

The carrying amount of the impaired inventories came to EUR 15,507 thousand (2010: EUR 19,893 thousand).

(4) Other current financial assets

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

	31.12.2011 EUR thousand	31.12.2010 EUR thousand
Receivables from non-consolidated affiliated companies, investments and associates	14,383	7,420
Insurance claims	2,028	535
Creditors with debit accounts	1,568	173
Deposits/collateral	706	805
Other loans	159	134
Bonus claims against suppliers	148	101
Currency forwards	94	485
Adjustments	–5	–51
Others	3,663	2,464
	22,744	12,066

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 prepayments in connection with the planned purchase of land in China.

In the year under review, adjustments of EUR 51 thousand (2010: EUR 37 thousand) were utilised and adjustments of EUR 5 thousand (2010: EUR 1 thousand) added.

(5) Other current non-financial assets

Other current non-financial assets break down as follows:

	31.12.2011 EUR thousand	31.12.2010 EUR thousand
Tax reimbursement claims	23,659	24,849
Prepaid expenses	6,314	5,656
Transportation equipment	3,860	3,996
Government grants/advances	1,652	3,824
Claims against suppliers	1,098	2,536
Others	1,136	1,506
	37,719	42,367

Tax reimbursement claims primarily relate to the input tax refund claims held by Nordex Enerji A.S. (EUR 5,992 thousand), Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd. (EUR 5,467 thousand), Nordex SE (EUR 2,741 thousand), Nordex Polska Sp. z.o.o. (EUR 2,465 thousand) and Nordex Italia Srl. (EUR 2,037 thousand).

Prepaid expenses chiefly comprise advance payments 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 designated 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 1,098 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:

	31.12.2011 EUR thousand	31.12.2010 EUR thousand
Land and buildings	67,489	67,928
Technical equipment and machinery	38,159	26,566
Other equipment, operating and business equipment	19,888	19,913
Prepayments made and work in progress	8,379	17,719
	133,915	132,126

Government grants for the procurement of additional production assets at the Rostock site in an amount of EUR 2,942 thousand (2010: EUR 1,056 thousand) have been deducted from the cost of the assets in question in accordance with IAS 20.24. In addition, investment assistance of EUR 1,021 thousand (2010: EUR 2,825 thousand) has been deducted.

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.

	31.12.2011 EUR thousand	31.12.2010 EUR thousand
Land and buildings	16,842	17,838
Technical equipment and machinery	5,253	5,628
	22,095	23,466

The lease expires on 25 September 2025.

Movements in property, plant and equipment are set out in the statement of changes in property, plant and equipment and intangible assets. 116

(7) Goodwill

Goodwill increased by EUR 1,688 thousand to EUR 11,648 thousand (2010: EUR 9,960 thousand) following the first-time consolidation of Nordex Advanced Development GmbH. Goodwill is assigned to the Europe segment.

Goodwill impairment testing

Goodwill is tested for impairment (impairment only approach) annually at the end of each year at the level of the Europe segment; reversals are not permitted. No impairment losses were recorded in 2011 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 costs

As of the balance sheet date, development costs net of amortisation of EUR 62,140 thousand (2010: EUR 48,636 thousand) were capitalised. In 2011, development expense of EUR 23,435 thousand (2010: EUR 20,719 thousand) was capitalised. The additions entail borrowing costs of EUR 786 thousand (2010: EUR 264 thousand) at a rate of 6.68% (2010: 6.65%). Further development expenses of EUR 19,755 thousand (2010: EUR 11,210 thousand) also arising in 2011 did not meet the criteria for capitalisation and were therefore recorded in profit and loss.

116 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:

	31.12.2011 EUR thousand	31.12.2010 EUR thousand
Concessions, trade and similar rights	24,780	23,492
Cumulative amortisation	–19,248	–16,367
	5,532	7,125

108 Amortisation expense calculated for other intangible assets came to EUR 3,359 thousand in 2011 (2010: EUR 3,127 thousand). Amortisation of intangible assets is included in depreciation/amortisation in the income statement. Reference should be made to Note (32) in this connection.

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

116 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:

	31.12.2011 EUR thousand	31.12.2010 EUR thousand
Shares in affiliated non-consolidated companies	4,924	5,343
Investments	365	363
	5,289	5,706

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

	31.12.2011 EUR thousand	31.12.2010 EUR thousand
Qingdao Huawei Wind Power Co. Ltd.	2,506	2,506
Project companies	2,368	2,787
Nordex Windpark Verwaltung GmbH	25	25
natcon 7 GmbH	25	25
	4,924	5,343

Five project companies were sold and five new ones established in 2011. In addition, impairments of EUR 390 thousand were recognised in 2011.

Investments are held in the following entities:

	31.12.2011 EUR thousand	31.12.2010 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
Parc d'Energie de Conlie P.E.C. Sarl.	1	1
Société Éolienne de Roussée-Vassé S.E.R.V. Sarl.	1	1
Sameole Bois du Goulet	1	1
Parc Eolien des Vents de la Thierache Sarl	1	–
Eoliennes de la Vallée	1	–
	365	363

None of the shares are listed in a securities exchange. There was no intention to sell as of 31 December 2011.

118 In addition, reference is made to the attached list of shareholdings as of 31 December 2011.

(11) Investments in associates

Movements in investments in associates were as follows:

	2011 EUR thousand	2010 EUR thousand
Amount on 01.01	5,539	0
Shares acquired	2,917	5,600
Share of losses	–1,193	–61
Amount on 31.12.	7,263	5,539

They break down as follows:

	2011 EUR thousand	2010 EUR thousand
KNK Wind GmbH	6,359	5,539
Beebe Renewable Energy LLC	641	0
Way Wind LLC	58	0
Seneca Mountain Wind LLC	205	0
	7,263	5,539

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. 2011 EUR thousand	Liabilities 31.12. 2011 EUR thousand	Loss 01.01.– 31.12. 2011 EUR thousand	Share %
KNK Wind GmbH	6,959	3,517	–461	38.89
Beebe Renewable Energy LLC	1,068	0	–1,273	59.94
Way Wind LLC	218	0	–471	26.71
Seneca Mountain Wind LLC	215	0	–130	95.50

(12) Other non-current financial assets

Other non-current financial assets break down as follows:

	31.12.2011 EUR thousand	31.12.2010 EUR thousand
Escrow fund	823	796
Other loans	498	0
Deposits	91	88
Others	838	131
	2,250	1,015

The escrow fund relates to collateral provided in connection with a lease entered into by Nordex USA Inc.

(13) Other non-current non-financial assets

Other non-current non-financial assets of EUR 4 thousand (2010: EUR 9 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:

	31.12.2011		31.12.2010	
	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	4,077	19,769	0	15,652
Receivables from construction contracts	0	22,851	0	23,969
Other assets	1,482	316	0	95
Unused tax losses	50,937	0	47,728	0
Provisions	9,997	0	12,118	0
Other assets and liabilities	1,880	1,495	1,044	894
Total	68,373	44,431	60,890	40,610
Netting	–27,643	–27,643	–27,999	–27,999
Amount shown on balance sheet	40,730	16,788	32,891	12,611

The deferred income tax assets include non-current deferred income tax assets of EUR 53.1 million (2010: EUR 38.4 million). Of the deferred income tax liabilities, an amount of EUR 15.9 million (2010: EUR 16.0 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 175 million (2010: EUR 133 million) and the unused trade tax losses of EUR 179 million (2010: EUR 141 million), a figure of EUR 142 million (2010: EUR 119 million) and EUR 156 million (2010: EUR 129 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.

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.

The unused tax losses include a tax credit of EUR 10,401 thousand (2010: EUR 4,155 thousand) to Nordex USA Inc.

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

	2011 EUR thousand	2010 EUR thousand
Unused tax losses not recognised		
of which forfeitable in more than five years	33,508	23,042
of which non-forefeitable	24,543	19,029
Total	58,051	42,071

The main unused tax losses not recognised concern Nordex USA Inc. (EUR 21,460 thousand) and Nordex UK Ltd. (EUR 14,727 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.

The taxable temporary differences from shares in subsidiaries for which no deferred income tax assets have been recognised came to EUR 3,143 thousand on the balance sheet date (2010: EUR 3,323 thousand).

The changes in deferred income taxes break down as follows:

	2011 EUR thousand	2010 EUR thousand
Amount on 01.01	20,281	22,873
Expense recognised in income statement	3,877	–3,011
Income from exchange rate differences	0	326
Income recorded within other comprehensive income	–215	92
Amount on 31.12.	23,943	20,281

(15) Current bank borrowings

The current bank borrowings of EUR 76,239 thousand (2010: EUR 30,309 thousand) primarily relate to the syndicated loan.

As one of the long-term financial covenants had been formally breached as of 31 December 2011 and this breach was not remedied until the contracts of 17 and 22 February 2012 was signed, the non-current part of the syndicated loan of EUR 38,166 thousand (2010: EUR 39,423 thousand) is classified as current in the annual financial statements for 2011 as the Company does not have the unrestricted right to postpone settlement of the obligation by at least twelve months after the balance sheet date. This situation no longer applied as of the date on which these annual financial statements were approved for publication. Further details on bank borrowings can be found in the disclosures on financial risk management.

In addition, the amount of EUR 8,400 thousand due for repayment in 2012 (2010: EUR 1,714 thousand) under the syndicated loan is reported in this item.

The current bank borrowings also primarily relate to cash credit facilities utilised by subsidiaries in China. Of this, an amount of EUR 17,931 thousand (2010: EUR 11,390 thousand) relates to Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd. and EUR 2,433 thousand (2010: EUR 4,533 thousand) to

Nordex (Dongying) Wind Power Equipment Manufacturing Co. Ltd. under the syndicated credit facility. Further bilateral liabilities of EUR 9,306 thousand (2010: EUR 7,551 thousand) concern Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd. and relate to facilities provided by two banks outside the syndicated credit facility.

(16) Trade payables

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

(17) Income tax liabilities

Of the income tax liabilities of EUR 4,315 thousand, a sum of EUR 3,327 thousand relates to Nordex SE, Nordex Energy GmbH, Nordex Grundstücksverwaltung GmbH and Nordex Windpark Beteiligung GmbH, which are included in the domestic fiscal unity. The other liabilities relate to the non-domestic subsidiaries.

(18) Other provisions

Movements in other provisions break down as follows:

	01.01. 2011 EUR thousand	Utilised EUR thousand	Reversed EUR thousand	Added EUR thousand	31.12. 2011 EUR thousand
Individual guarantees	36,454	7,363	5,127	15,480	39,444
General guarantees, service, maintenance	35,512	13,811	6,269	11,646	27,078
Others	7,801	4,820	1,074	7,576	9,483
	79,767	25,994	12,470	34,702	76,005

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 remaining provisions include provisions for commission, litigation expenses and restoration obligations among other things.

The reversals chiefly relate to the substantial reduction in provisions for lost yields thanks to the increased availability of the wind power systems.

The other provisions comprise other non-current provisions of EUR 21,941 thousand (2010: EUR 25,005 thousand) which are expected to be utilised in periods after the end of 2012. The amount derived from discounting the non-current provisions of EUR 935 thousand (2010: EUR 2,088 thousand) was deducted from the additions.

(19) Other current financial liabilities

Other current financial liabilities break down as follows:

	31.12.2011 EUR thousand	31.12.2010 EUR thousand
Bond	154,647	0
Accruals	11,076	10,335
Currency forwards	5,087	1,079
Liabilities to non-consolidated affiliated companies	2,250	1,874
Debtors with credit balances	597	1,294
Finance leases	426	534
Others	879	1,095
	174,962	16,211

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

Corporate bond

Nordex SE successfully issued its first bond for EUR 150,000 thousand on 12 April 2011. The bond 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 the issuing terms for the bond also include a reference to the stipulations for the syndicated loan and these were formally breached as of 31 December 2011, the bond is classified as current in the annual financial statements for 2011 even though it does not mature until April 2016 as the Company does not have the unrestricted right on 31 December 2011 to postpone settlement of the obligation by at least twelve months after the balance sheet date. This situation no longer applied as of the date on which these annual financial statements were approved for publication.

(20) Other current non-financial liabilities

Other current non-financial non-liabilities break down as follows:

	31.12.2011 EUR thousand	31.12.2010 EUR thousand
Prepayments received	122,310	126,133
Accruals	24,231	33,574
Deferred income	13,057	10,843
Other tax liabilities	12,704	21,244
Liabilities for social security	763	859
Others	1,058	955
	174,123	193,608

Accruals primarily comprise project-related post-completion costs of EUR 11,079 thousand (2010: EUR 19,731 thousand) and personnel liabilities of EUR 11,011 thousand (2010: EUR 8,898 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 9,999 thousand (2010: EUR 19,562 thousand) and outstanding payroll and church tax of EUR 2,345 thousand (2010: EUR 1,624 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.

The promissory note loan of EUR 47,000 thousand reported in the previous year was redeemed in 2011.

(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:

	2011 EUR thousand	2010 EUR thousand
Obligations as of 01.01	721	621
Current service cost	246	189
Interest cost	34	32
Pension payments	–22	–19
Actuarial gains/losses	10	72
Obligations as of 31.12.	989	895

Actuarial gains and losses are amortised using 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.

	31.12.2011 EUR thousand	31.12.2010 EUR thousand
Present value of defined benefit obligations	989	895
Non-amortised actuarial losses (–)/gains (+)	–127	–137
Amount shown on balance sheet	862	758

The following amounts were reported in the income statement:

	2011 EUR thousand	2010 EUR thousand
Current service cost	246	189
Interest cost	34	32
Amortisation of actuarial gains/losses	19	7
	299	228

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

	2011 EUR thousand	2010 EUR thousand
Obligations as of 31.12.	989	895
Adjustments to obligations based on historical experience	10	28

Pension payments of EUR 23 thousand (2010: EUR 22 thousand) are expected in the following year.

The principal actuarial assumptions used are as follows:

	2011	2010
Interest rate	4.80% 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:

	31.12.2011 EUR thousand	31.12.2010 EUR thousand
Finance leases	13,722	13,597
Interest rate swap	0	732
Others	1,040	0
	14,762	14,329

Liabilities from finance leases break down as follows:

Lease payments in future years – 31.12.2011	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	1,058	4,493	14,933	20,484
Discount amounts	632	2,432	3,272	6,336
Present values	426	2,061	11,661	14,148

(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 capital

	31.12.2011 EUR thousand	31.12.2010 EUR thousand
Subscribed capital	73,529	66,845
Share premium	204,798	158,080
Miscellaneous retained earnings	0	30,997
Cash flow hedge	0	–502
Other equity components	–10,530	–10,530
Foreign-currency adjustment item	3,247	4,332
Consolidated profit carried forward	103,318	97,974
Consolidated net profit/loss	0	20,875
Equity attributable to the parent company's equity holders	374,362	368,071
Non-controlling interests	2,191	2,764
	376,553	370,835

On 30 March 2011, Nordex SE increased its subscribed capital by EUR 6,684,499 by issuing new bearer shares on a cash basis. Following this issue, its share capital now stands at EUR 73,529,499 and comprises 73,529,499 no-par-value shares with a notional proportion in the issued capital of EUR 1 each. The premium on the placement price of EUR 8.40 per share net of the transaction costs arising from the equity issue has been allocated to the share premium.

As of 31 December 2011, 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, 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 share-holders 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 204,798 thousand (2010: EUR 158,080 thousand) includes the premium from the equity issue (EUR 47,450 thousand) and additions of EUR 1,054 thousand (2010: EUR 457 thousand), which are not reduced by any reversals (2010: EUR 1,064 thousand) and which were added in connection with the recognition of the employee stock option programme concluded in 2008 (see also Note (31)).

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Of Nordex SE's net loss for 2011 determined in accordance with German GAAP in a total amount of EUR 48,523,777.42, an amount of EUR 2,673,800.00 has been netted with the profit carried forward from the previous year. The remaining amount of EUR 45,849,977.42 has been filled by withdrawals from other retained earnings of EUR 44,064,364.86 and withdrawals from retained earnings of EUR 1,785,612.56.

Non-controlling interests stood at EUR 2,191 thousand as of 31 December 2011 (2010: EUR 2,764 thousand). This includes the minority share in the net loss for 2011 of the fully consolidated companies Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd. in an amount of EUR –1,000 thousand (2010: share of profit EUR 303 thousand) and Nordex Advanced Development GmbH of EUR –12 thousand (2010: EUR 0).

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

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(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:

	Category in accordance with IAS 39	31.12.2011		31.12.2010	
		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	211,977	211,977	141,050	141,050
2. Trade receivables	LaR	77,757	77,757	68,228	68,228
3. Receivables from construction contracts	LaR	182,321	182,321	201,267	201,267
4. Other current financial assets – receivables	LaR	22,650	22,650	11,581	11,581
5. Financial assets – investments*	AfS	5,289	–	5,706	–
6. Other non-current financial assets – receivables	LaR	2,250	2,250	1,015	1,015
Financial assets at fair value through profit and loss					
1. Other current financial assets – currency forwards	FAHfT	94	94	485	485

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

	Category in accordance with IAS 39	31.12.2011		31.12.2010	
		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	76,239	76,239	30,309	30,309
2. Trade payables	FLAC	109,744	109,744	177,672	177,762
3. Other current financial liabilities*	FLAC	169,449	138,550	14,598	14,598
4. Other non-current financial liabilities**	FLAC	1,040	1,040	0	0
5. Non-current bank borrowings	FLAC	0	0	86,423	86,423
Financial liabilities at fair value through profit and loss					
1. Other current financial liabilities – currency forwards	FLHfT	5,087	5,087	1,079	1,079
Effective hedges measured at fair value					
1. Other non-current financial liabilities – interest-rate swaps		0	0	732	732

*Excluding current liabilities from finance leases of EUR 426 thousand (2010: EUR 534 thousand).
**Excluding non-current liabilities from finance leases of EUR 13,722 thousand (2010: EUR 13,597 thousand).

Cash and cash equivalents, trade receivables and other current financial assets have short settlement periods. The carrying amounts on 31 December 2011 therefore come close to equaling the fair values. The carrying amount of the non-current financial assets is close to their fair value on account of the discount taken.

The loans reported within financial assets are measured at historical cost less impairment losses. Derivative financial instruments are measured at their fair value.

Trade payables and other liabilities have short settlement periods. The carrying amounts correspond to their fair values. The fair value of the bond equals its market price of 82.50% as of the balance sheet date. The carrying amount of the liabilities from future lease payments included in other financial liabilities in the previous year 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 2011:

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

The following table analyses the financial assets and liabilities, which were measured at their fair value on 31 December 2010:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Currency forwards (held for trading)		485		485
Financial liabilities at fair value through profit and loss				
Currency forwards (held for trading)		1,079		1,079
Derivatives measured at fair value in hedge accounting				
Interest swaps (cash flow hedge)		732		732

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:

2011	Interest EUR thousand	Others Net gain/ loss EUR thousand	Total EUR thousand
Loans and Receivables (LaR)	1,812	9,530	11,342
Available for Sale (AfS)	0	0	0
Financial Liabilities at Amortised Costs (FLAC)	–18,263	896	–17,367
Financial Assets Held for Trading (FAHfT)/ Financial Liabilities Held for Trading (FLHfT)	0	–9,045	–9,045
	–16,451	1,381	–15,070

2010	Interest EUR thousand	Others Net gain/ loss EUR thousand	Total EUR thousand
Loans and Receivables (LaR)	719	2,673	3,392
Available for Sale (AfS)	0	0	0
Financial Liabilities at Amortised Costs (FLAC)	–10,005	205	–9,800
Financial Assets Held for Trading (FAHfT)/ Financial Liabilities Held for Trading (FLHfT)	0	1,670	1,670
	–9,286	4,548	–4,738

The interest rate swap was terminated upon repayment of the promissory note loan and the gains and losses accruing in other comprehensive income up until that date recycled to profit and loss.

Categorisation of financial instruments in accordance with IFRS 7

Financial assets:

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
Receivables from construction contracts	182,321	0	0	182,321
Trade receivables	77,757	0	0	77,757
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

31.12.2010	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	141,050			141,050
Receivables from construction contracts	201,267	0	0	201,267
Trade receivables	68,228	0	0	68,228
Other current financial assets	11,581	485	0	12,066
Financial assets	5,706	0	0	5,706
Investments in associates	0	0	5,539	5,539
Other non-current financial assets	1,015	0	0	1,015
	428,847	485	5,539	434,871

Financial liabilities

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*	174,962	0	0	174,962
Pensions and similar obligations	0	0	862	862
Other non-current financial liabilities*	14,762	0	0	14,762
	375,707	0	862	376,569

*including liabilities from finance leases

31.12.2010	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	30,309	0	0	30,309
Trade payables	177,672	0	0	177,672
Other current financial liabilities*	16,211	0	0	16,211
Non-current bank borrowings	86,423	0	0	86,423
Pensions and similar obligations	0	0	758	758
Other non-current financial liabilities*	13,597	732	0	14,329
	324,212	732	758	325,702

*including liabilities from finance leases

Notes on the income statement

(27) Sales

Sales break down by region as follows:

	2011 EUR thousand	2010 EUR thousand
Europe	678,630	799,580
America	200,645	98,546
Asia	41,512	73,919
	920,787	972,044

Of this item, sales of EUR 486,681 thousand (2010: EUR 572,279 thousand) arose from the application of the percentage-of-completion method for construction contracts.

Sales break down by category as follows:

	2011 EUR thousand	2010 EUR thousand
Sales of new wind power systems	813,185	888,015
Service	94,798	77,449
Others	12,804	6,580
	920,787	972,044

(28) Changes in inventories and other own work capitalised

Own work capitalised is valued at EUR 23,206 thousand (2010: EUR 22,697 thousand) and relates in full (2010: EUR 20,719 thousand) to expenses for developing and enhancing new and existing wind turbines. Changes in inventories equal EUR –16,980 thousand (2010: EUR 13,153 thousand).

(29) Other operating income

Other operating income breaks down as follows:

	2011 EUR thousand	2010 EUR thousand
Income from currency translation gains	12,613	3,118
Income from settlements	3,798	2,759
Insurance claims indemnified	2,644	2,117
Reversal of adjustments	954	3,356
Government grants	315	1,564
Derecognition of liabilities	265	975
Gains from the disposal of assets	70	451
Reimbursement of storage/ transportation costs	0	4,962
Currency forwards	0	1,686
Others	3,130	3,450
	23,789	24,438

(30) Cost of materials

The cost of materials breaks down as follows:

	2011 EUR thousand	2010 EUR thousand
Cost of raw materials and supplies	551,602	589,576
Cost of services bough	140,943	158,602
	692,545	748,178

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

(31) Personnel costs

	2011 EUR thousand	2010 EUR thousand
Wages and salaries	125,973	100,499
Social security and expenditure on retirement benefits and support	21,442	18,900
	147,415	119,399

The Group headcount was as follows:

	2011	2010	Change
Balance sheet date			
Office staff	1,608	1,523	85
Technical staff	1,032	981	51
	2,640	2,504	136
Average			
Office staff	1,608	1,428	180
Technical staff	1,035	951	84
	2,643	2,379	264

Stock option plan

Maximum number of options granted

A maximum of 1,500,000 options are to be granted under the option plan. Of these options,

(a) a maximum of 550,000 are 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 are 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 are 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 optionsn

Accordingly, 552,869 stock options were outstanding as of 31 December 2011; of these 304,973 have vested:

Stock options granted	Exercise price EUR	Average stock price EUR	Issue date	Expiry date	Outstanding stock options End of 2011	Outstanding stock options End of 2010
2008	23.10	16.52	01.09.2008	31.08.2013	304,973	374,711
2009	12.84	11.77	01.09.2009	31.08.2014	197,896	240,834
2010	5.26	5.01	25.11.2010	24.11.2015	50,000	50,000
Total					552,869	665,545

In 2011, 50,019 held by employees who left the Company in 2011 expired.

The expense thus calculated came to EUR 40 thousand for the 2010 tranche, EUR 280 thousand for the 2009 tranche and EUR 734 thousand for the 2008 tranche.

(32) Depreciation/amortisation

Depreciation/amortisation breaks down as follows:

	2011 EUR thousand	2010 EUR thousand
Depreciation of property, plant and equipment	16,347	13,865
Depreciation of capitalised development costs	8,065	5,538
Amortisation of other intangible assets	3,359	3,127
	27,771	22,530

(33) Other operating expenses

Other operating expenses break down as follows:

	2011 EUR thousand	2010 EUR thousand
Legal and consulting costs	22,775	19,554
Travel expenses	15,521	15,197
Rental and lease expenses	13,048	11,720
Foreign-currency forwards	9,045	0
Other leased personnel services	6,297	5,965
IT costs	4,630	6,208
Maintenance	4,496	4,998
Losses from the disposal of assets	4,137	2,226
Advertising	4,064	3,861
Telecommunications	3,594	3,035
Adjustments to receivables	2,678	712
External services	2,588	5,052
Loss of revenues	2,507	4,933
Insurance	2,181	3,514
Bank fees	1,944	470
Training	1,913	2,008
Other taxes	1,598	1,220
Currency translation losses	0	2,188
Ineffective part of interest rate swaps	0	16
Others	9,789	9,261
	112,805	102,138

(34) Net finance income/expense

	2011 EUR thousand	2010 EUR thousand
Income from investments	24	2,035
Net profit/loss from at-equity valuation	–1,193	–61
Depreciation on financial assets	–390	0
Net profit/loss from investments	–1,559	1,974
Other interest and similar income	1,812	719
Interest and similar expenses	–18,467	–10,005
Net borrowing costs	–16,655	–9,286
	–18,214	–7,312

A sum of EUR 717 thousand was reclassified from other income/other expenses to net finance income/expense.

Income from investments comprises dividend payouts. Net profit/loss from at-equity valuation constitutes the share of profit of associates. Depreciation on financial assets arose in connection with project companies under liquidation. Interest income and expense arises chiefly from deposits with banks and the utilisation of cash credit facilities or bank loans, respectively, as well as from guarantee commission and deferred interest on the corporate bond.

(35) Income taxes

Income taxes break down as follows:

	2011 EUR thousand	2010 EUR thousand
Domestic income taxes	2,858	3,542
Non-domestic income taxes	2,536	5,044
Actual income tax expense	5,394	8,586
Deferred income tax assets/liabilities	–3,877	3,011
Total tax expense	1,517	11,597
of which relating to a different period	2,738	–166

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 2011, a tax rate of 30.78% (2010: 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% (2010: 15.83%) including the solidarity surcharge in the case of corporate tax and 14.95% (2010: 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 30.78% (2010: 30.78%) to profit before tax as follows:

	2011 EUR thousand	2010 EUR thousand
Net profit before tax	–47,948	32,775
Expected tax expense	14,759	–10,088
Differences in non-domestic tax rates	–789	724
Tax-free income	2,475	664
Changes in tax rates and tax legislation	0	–619
Non-deductible expenses	–1,278	–1,372
Tax effects from previous years	–992	709
Effects of inclusion of unused tax losses arising in earlier years	–144	0
Effects of non-inclusion of unused tax losses	–15,805	–1,243
Other tax effects	266	–372
Actual tax expense	–1,517	–11,597
Effective tax rate (%)	n/a	–35.4%

The amount of income tax recorded directly in other comprehensive income of EUR –215 thousand (2010: EUR 92 thousand) results from the dissolved interest-rate swap of EUR 717 thousand (2010: EUR –307 thousand).

(36) Non-controlling interests

Non-controlling interests in consolidated net profit stand at EUR –1,012 thousand (2010: EUR 303 thousand). These comprise the minority interests in Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd. (nacelle production) and Nordex Advanced Development GmbH.

The effects of the external tax audit of the German fiscal unit commened in 2010 and completed in 2011 are included within tax expense.

(37) Earnings 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:

		2011	2010
Consolidated net loss/profit for the year	EUR thousand	–49,465	21,178
of which parent company equity holders	EUR thousand	–48,453	20,875
of which non-controlling interests	EUR thousand	–1,012	303
Weighted average number of shares		71,913,466	66,845,000
Earnings/loss per share	EUR	–0.67	0.31

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 and restructuring of Chinese and offshore business

In August 2011, the Management Board decided to implement a comprehensive programme aimed at achieving a sustained reduction in personnel and other operating expenses. The non-recurring expense arising in connection with the reorganisation programme in 2011 came to EUR 13.1 million and chiefly entailed the reduction of 252 employees in line with social criteria and the related legal and advisory costs.

At the same time, Nordex is engaged in negotiations to continue its Chinese and offshore business with partners. Chinese and offshore business sustained a combined loss of EUR 21.0 million before interest and taxes including development costs of EUR 6.3 million in the offshore area in 2011.

Adjusted for these exceptionals, the Company achieved small earnings before interest and taxes in 2011:

	2011 EUR million
Loss before interest and taxes (EBIT)	–29.7
Exceptional expense/non-recurring effect	
Reorganisation programme	13.1
Offshore development expense	6.3
	19.4
EBIT before exceptional expense/ non-recurring effect	–10.3
Business units	
China	12.4
Offshore	2.3
	14.7
Adjusted EBIT before exceptional expense/ non-recurring effect	4.4

Other financial obligations and contingent liabilities

Contractual obligations of EUR 255 thousand (2010: EUR 2,745 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 42,551 thousand (2010: EUR 50,249 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
31.12.2011	6,176	13,620	22,755
31.12.2010	7,010	19,273	23,966

Obligations under rental contracts and operating leases relate to equipment and machinery of EUR 3,126 thousand (2010: EUR 4,523 thousand) and real estate assets of EUR 39,425 thousand (2010: EUR 45,726 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 cases, 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 2011. There were no material conflicts of interest in any of these cases.

The details are as follows:
Under the terms of an agreement dated 12 January 2011, Carsten Pedersen, a former member of the Management Board and now a member of the Supervisory Board of Nordex SE, has assumed 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 strictly comply with arms-length 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. As the facility in Give is one of the most efficient producers of towers in Northern Europe, it has been one of Nordex's suppliers for many years.

Transactions with related parties as of 31 December 2011

Related person	Company	Transaction	Outstanding items receivables (+)/ liabilities (–) 31.12.2011 EUR thousand	Outstanding items receivables (+)/ liabilities (–) 31.12.2010 EUR thousand	Revenue according to IFRS 01.01–31.12.2011 EUR thousand	Revenue according to IFRS 01.01–31.12.2010 EUR thousand
Carsten Pedersen*	Welcon A/S (formerly Skykon Give A/S)	Supplier of tower	–171	601	20,421	48,338

*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 income taxes, the net cash outflow from operating activities comes to EUR –43,268 thousand (2010: net cash inflow of EUR 20,349 thousand) This is chiefly due to the consolidated net loss including depreciation of EUR 21,304 thousand and the increase in working capital of EUR 14,240 thousand.

Net cash outflow from investing activities decreased in the year under review to EUR –45,850 thousand (2010: EUR –58,753 thousand). Spending on property, plant and equipment of EUR 17,255 thousand chiefly comprises sets of moulds for wind turbines. In addition, development projects of EUR 23,435 thousand were capitalised in 2011.

The net cash inflow from financing activities comes to EUR 158,171 thousand (2010: EUR 16,343 thousand) and is chiefly due to the corporate bond issued in April 2011 and the equity issue of March 2011.

Events after the balance sheet date

On 17 and 22 February 2012, Nordex SE entered into an agreement with the banks participating in the syndicated credit facility and the syndicated loan confirming the modified conditions for the Company's long-term finance. Accordingly, the syndicated credit facility now remains in force until May 2013.

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 2011 pursuant to Section 161 of the Stock Corporation Act on 23 March 2012 and made it available for examination by the shareholders on the Internet at www.nordex-online.com/en/investor-relations/corporate-governance.html.

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 2011 and as of the date on which the financial statements for 2011 were prepared, the Supervisory Board comprised the following members:

Uwe Lüders, Lübeck,
Chairman of the Supervisory Board,
Chairman of the Management Committee,
member of the Audit Committee

- Chief Executive Officer of L. Possehl & Co. mbH, Lübeck
- Member of the Supervisory Board of Drägerwerk AG & Co. KGaA
- Member of the Supervisory Board of Drägerwerk Verwaltungs AG

Jan Klatten, München,
Deputy Chairman of the Supervisory Board,
member of the Management Committee, 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 the Audit Committee

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, Munich.
- Member of the board of Babcock & Brown European Investments S.a r.l, Luxembourg

Dr. Wolfgang Ziebart, Starnberg,
Member of the Strategy and Technology Committee

- Former chief executive officer of Infineon AG
- Member of the supervisory board of Autoliv Inc., Stockholm/Sweden
- Member of the supervisory board of ASML Holding N.V. Veldhoven, Netherlands

Management Board

Thomas Richterich, Hamburg
(Chief Executive Officer)
(until 29 February 2012)

Dr. Jürgen Zeschky, Rot am See
(Chief Executive Officer)
(from 1 March 2012)

Lars Bondo Krogsgaard, Hamburg
(Chief Customer Officer)

Ulric Bernard Schäferbarthold, Hamburg
(Chief Financial Officer)

Dr. Marc Sielemann, Munich
(Chief Operations Officer)

Dr. Eberhard Voß, Biendorf
(Chief Technical Officer)
(until 30 September 2011)

The members of the Supervisory Board and the Management Board held the following shares in the Company as of 31 December 2011:

Name	Position	Shares
Jan Klatten	Supervisory Board	18,382,000 via a share in momentum-capital Vermögensverwaltungsgesellschaft mbH and Ventus Venture Fund GmbH & Co. Beteiligungs KG
Carsten Risvig Pedersen	Supervisory Board	372,100 held via a 50% share in CJ Holding ApS
Thomas Richterich	Chief Executive Officer	545,734 held directly
Dr. Eberhard Voß	Chief Technical Officer	1,000 held directly

200,000 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. In addition, the grant of stock options constitutes a component with a long-term incentive effect oriented to the Company's future business performance.

Total remuneration paid to the Management Board in 2011 broke down as follows:

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.

Dr. Voss, who stood down from Nordex SE's Management Board effective 30 September 2011, continued to receive the agreed monthly salary in accordance with this service contract until its expiry on 31 December 2011. The long-term bonus entitlement was settled with the payment of an amount of EUR 255,000 and the variable annual bonus entitlement for 2011 with the payment of an amount of EUR 114,800. No settlement amount was paid. However as Dr. Voss will continue to advise the Company to a limited extent for a transitional period of time of three months at its request, a flat-rate consulting fee amount of EUR 30,000 was paid to Dr. Voss .

The performancetied components are calculated on the basis of a certain percentage of EBIT. 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, members of the Management Board had been granted 200,000 stock options in the previous year. Aside from the long-term bonus paid to Dr. Voß, no long-term remuneration components were paid in 2011.

The individualised and total remuneration paid to the members of the Management Board in 2011 breaks down as follows:

	Fixed components EUR	Variable components EUR	Long-term incentive components 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

The remuneration paid to the Management Board in 2010 came to EUR 2,237,392. In addition, expense of EUR 395,358 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/de/investor-relations/veroeffentlichungen). This amount equals EUR 15,000 per year for each member of the Supervisory Board. In addition, each member of the Supervisory Board receives variable performance-tied compensation calculated according to the proportion of the consolidated net profit net of net financial result (EBIT) in consoli-dated 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 is calculated on the basis of EBIT and revenues as stated in the approved audited financial statements for the year in question. 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.

The chairman of the Supervisory Board receives twice and his deputy one-and-a-half times the sum total of the fixed and variable compensation.

Value added tax is 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 2011 breaks down as follows:

	Fixed components EUR	Variable components EUR	Long-term incentive components EUR	Total EUR
U. Lüders	30,000	0	0	30,000
J. Klatten	22,500	0	0	22,500
Dr. D. G. Maier	15,000	0	0	15,000
C. Pedersen	15,000	0	0	15,000
M. Rey	15,000	0	0	15,000
Dr. W. Ziebart	15,000	0	0	15,000
	112,500	0	0	112,500

The remuneration paid to the Supervisory Board in 2010 came to EUR 122,395.

Benefits/pension provisions for former members of the Management Board

Pension provisions of EUR 206 thousand (2010: EUR 196 thousand) had been set aside as of 31 December 2011 to cover entitlement vesting to two former members of the Management Board.

Auditor's fee

The fee payable in 2011 for the statutory audit stands at EUR 180 thousand (2010: EUR 172 thousand). In addition, the cost of tax consulting services came to EUR 18 thousand (2010: EUR 72 thousand) and other services EUR 135 thousand (2010: EUR 27 thousand).

Nordex SE
Rostock, 23 March 2012

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

L. Krogsgaard
Member of the Management Board

B. Schäferbarthold
Member of the Management Board

Dr. M. Sielemann
Member of the Management Board

Statement of changes in property, plant and equipment and intangible assets

	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

	Historical cost					
	Initial amount 01.01.2010 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Re-classifica-tion EUR thousand	Foreign currency EUR thousand	Closing amount 31.12.2010 EUR thousand
Property, plant and equipment						
Land and buildings	54,608	13,859	339	10,774	512	79,414
Technical equipment and machinery	33,486	11,782	6,922	8,265	767	47,378
Other equipment, operating and business equipment	30,767	13,089	6,162	–230	312	37,776
Prepayments made and assets under construction	27,515	8,842	162	–18,843	972	18,324
Total property, plant and equipment	146,376	47,572	13,585	–34	2,563	182,892
Intangible assets						
Goodwill	14,461	0	0	0	0	14,461
Capitalised development expense	60,102	20,719	1,153	0	0	79,668
Other intangible assets	19,741	3,684	415	34	448	23,492
Total intangible assets	94,304	24,403	1,568	34	448	117,621

Depreciation/amortisation						Carrying amount
Initial amount 01.01.2011 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Re-classification 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

Depreciation/amortisation						Carrying amount
Initial amount 01.01.2010 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Re-classification EUR thousand	Foreign currency EUR thousand	Closing amount 31.12.2010 EUR thousand	31.12.2010 EUR thousand
8,019	2,743	183	799	108	11,486	67,928
22,354	4,881	6,691	–197	465	20,812	26,566
18,270	5,907	5,830	–602	118	17,863	19,913
259	334	0	0	12	605	17,719
48,902	13,865	12,704	0	703	50,766	132,126
4,501	0	0	0	0	4,501	9,960
25,498	5,538	4	0	0	31,032	48,636
13,335	3,127	239	0	144	16,367	7,125
43,334	8,665	243	0	144	51,900	65,721

List of shareholdings

as of 31 December 2011

	Currency
Consolidated affiliated companies	
(figures in accordance with statutory financial statements or the uniform Group guidelines for financial statements)	
Nordex SE, Rostock (parent company)*	EUR
Nordex Advanced Development, Bad Doberan, Germany	EUR
Nordex Energy B.V., Rotterdam, Netherlands	EUR
Nordex Energy GmbH, Hamburg, Germany*	EUR
Nordex Grundstücksverwaltung GmbH, Hamburg, Germany*	EUR
Nordex Offshore GmbH, Hamburg, Germany	EUR
Nordex Windpark Beteiligung GmbH, Hamburg, Germany*	EUR
Nordex Energy Ibérica S.A., Barcelona, Spain	EUR
Nordex Energy Ireland Ltd., Dublin, Ireland	EUR
Nordex Enerji A.S., Istanbul, Turkey	EUR
Nordex France S.A.S., La Plaine Saint-Denis, France	EUR
Nordex Hellas Monoprosopi EPE, Melissia, Greece	EUR
Nordex Italia Srl., Rome, Italy	EUR
Nordex Polska Sp. z o.o., Warsaw, Poland	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 (Beijing) Wind Power Engineering & Technology Co. Ltd., Peking, China	EUR
Nordex (Yinchuan) Wind Power Equipment Manufacturing Co.Ltd., Ningxia, China	EUR
Nordex (Dongying) Wind Power Equipment Manufacturing Co.Ltd., Dongying, China	EUR
Nordex Singapore Equipment Private Ltd., Singapore, Singapore	EUR
Nordex Singapore Service Private Ltd., Singapore, Singapore	EUR
NPV Dritte Windpark GmbH & Co. KG, Hamburg, Germany	EUR
Non-consolidated affiliated companies	
(figures in accordance with statutory financial statements or the uniform Group guidelines for financial statements)	
Nordex Windpark Verwaltung GmbH, Hamburg, Germany	EUR
natcon 7 GmbH, Hamburg, Germany	EUR
Parc Éolien d'Auneau, S.A.S., Paris, France*******	EUR
Parc Éolien Harbonnieres/Framerville-Rainecourt S.A.S., Paris, France*******	EUR
Parc Éolien des Caulieres Eplessier Lamaronde S.A.S., Paris, France*******	EUR
Parc Éolien de Dehlingen S.A.S., Paris, France***	EUR
Parc Éolien du Chemin de Serrouville S.A.S., Paris, France*******	EUR
Parc Éolien des Croquettes S.A.S., Paris, France***	EUR
Parc Éolien de l'Alizier S.A.S., Paris, France*******	EUR
Parc Éolien de la Chaussée de César Nord S.A.S., Paris, France***	EUR

Share in capital (%)	Net profit/loss 01.01–31.12.2011	Equity capital 01.01–31.12.2011	Share held via
–	–48,523,777.42	277,219,045.04	–
80.00	–95,765.82	1,603,234.18	Nordex SE
100.00	–951,876.50	11,862,337.21	Nordex SE
100.00	0.00	7,607,762.62	Nordex SE
100.00	0.00	52,000.00	Nordex SE
100.00	–88,046.46	94,094.44	Nordex SE
100.00	0.00	74,825.12	Nordex SE
100.00	1,127,212.16	7,702,034.39	Nordex Energy B.V.
100.00	605,748.48	2,260,931.41	Nordex Energy B.V.
96/1/1/1/1	1,898,178.81	1,308,076.36	Nordex Energy B.V./Nordex SE/Nordex Energy GmbH/Nordex Windpark Beteiligung GmbH/Nordex Grundstücksverwaltung GmbH
100.00	–3,317,413.54	–4,511,625.83	Nordex Energy B.V.
100.00	–313,803.41	–1,515,815.60	Nordex Energy GmbH
100.00	3,470,413.06	13,673,421.94	Nordex Energy B.V.
99/1	3,008,681.28	3,999,755.15	Nordex Energy B.V./Nordex Energy GmbH
100.00	–2,669,450.54	–1,749,862.37	Nordex Energy B.V.
100.00	–1,520,841.83	–9,063,440.38	Nordex Energy B.V.
100.00	–17,405,102.24	–1,385,677.04	Nordex Energy B.V.
100.00	–3,823.32	–4,129.90	Nordex USA Inc.
100.00	–4,536,695.76	–5,021,498.61	Nordex Energy GmbH
60.00	–2,500,957.59	4,673,242.64	Nordex Energy GmbH
100.00	–2,387,463.94	16,819,434.55	Nordex Energy GmbH
100.00	574,828.16	225,708.79	Nordex Energy GmbH
100.00	–126,822.75	–154,540.67	Nordex Energy GmbH
100.00	32,247.53	97,495.03	Nordex Grundstücksverwaltung GmbH
100.00	–1,851.80	7,062.60	Nordex SE
75.00	223,010.82	1,454,643.39	Nordex SE
100.00	–17,755.02	–2,699.77	Nordex Windpark Beteiligung GmbH
100.00	–4,585.94	24,776.06	Nordex Windpark Beteiligung GmbH
100.00	4,749.74	16,858.47	Nordex Windpark Beteiligung GmbH
100.00	–72,117.56	–59,857.67	Nordex Windpark Beteiligung GmbH
100.00	–4,556.83	18,524.22	Nordex Windpark Beteiligung GmbH
100.00	–54,521.51	–68,254.82	Nordex Windpark Beteiligung GmbH
100.00	–3,512.35	21,016.13	Nordex Windpark Beteiligung GmbH
100.00	–45,255.10	–25,648.09	Nordex Windpark Beteiligung GmbH

	Currency
Parc Éolien de la Chaussée Brunhaut S.A.S., Paris, France***	EUR
Parc Éolien de Fillières S.A.S., Paris, France***	EUR
Parc Éolien des Hauts de Sarre S.A.S., Paris, France*******	EUR
Parc Éolien de la Côte de Repy S.A.S., Paris, France***	EUR
Parc Éolien de Laborde S.A.S., Paris, France*******	EUR
Parc Éolien de Landelles S.A.S., Paris, France*******	EUR
Parc Éolien de l'Artois S.A.S., Paris, France***	EUR
Parc Éolien de Zondrange S.A.S., Paris, France***	EUR
Parc Éolien de Point de Vue S.A.S., Paris, France*******	EUR
Parc Éolien de Rimling-Erching S.A.S., Paris, France***	EUR
Parc Éolien de Grivaudines S.A.S., Paris, France*******	EUR
Parc Éolien des Pelures Blanches S.A.S., Paris, France***	EUR
Parc Éolien de Longchamp S.A.S., Paris, France***	EUR
Parc Éolien d'Oberdorff S.A.S., Paris, France*******	EUR
Parc Éolien de Campagne S.A.S., Paris, France*******	EUR
Parc Éolien Nordex I S.A.S., Paris, France***	EUR
Parc Éolien Nordex II S.A.S., Paris, France***	EUR
Parc Éolien Nordex III S.A.S., Paris, France***	EUR
Parc Éolien Nordex IV S.A.S., Paris, France***	EUR
Parc Éolien Nordex V S.A.S., Paris, France***	EUR
Parc Éolien Nordex VI S.A.S., Paris, France***	EUR
Parc Éolien Nordex VII S.A.S., Paris, France***	EUR
Parc Éolien Nordex VIII S.A.S., Paris, France***	EUR
Parc Éolien Nordex IX S.A.S., Paris, France***	EUR
Parc Éolien Nordex X S.A.S., Paris, France***	EUR
Parc Éolien Nordex XI S.A.S., Paris, France***	EUR
Parc Éolien Nordex XII S.A.S., Paris, France***	EUR
Parc Éolien Nordex XIII S.A.S., Paris, France***	EUR
Parc Éolien Nordex XIV S.A.S., Paris, France***	EUR
Parc Éolien Nordex XV S.A.S., Paris, France***	EUR
Parc Éolien Nordex XVI S.A.S., Paris, France***	EUR
Parc Éolien Nordex XVII S.A.S., Paris, France***	EUR
Parc Éolien Nordex XVIII S.A.S., Paris, France***	EUR
Parc Éolien Nordex XIX S.A.S., Paris, France***	EUR
Parc Éolien Nordex XX S.A.S., Paris, France***	EUR
Parc Éolien Nordex XXI S.A.S., Paris, France***	EUR
Parc Éolien Nordex XXII S.A.S., Paris, France***	EUR
Parc Éolien Nordex XXIII S.A.S., Paris, France***	EUR
Parc Éolien Nordex XXIV S.A.S., Paris, France***	EUR
Parc Éolien Nordex XXV S.A.S., Paris, France***	EUR
Parc Éolien Nordex XXVI S.A.S., Paris, France***	EUR
Parc Éolien Nordex XXVII S.A.S., Paris, France***	EUR
Parc Éolien Nordex XXVIII S.A.S., Paris, France***	EUR
Parc Éolien Nordex XXIX S.A.S., Paris, France***	EUR
Parc Éolien Nordex XXX S.A.S., Paris, France***	EUR
Parc Éolien Nordex XXXI S.A.S., Paris, France***	EUR
Parc Éolien Nordex XXXII S.A.S., Paris, France***	EUR
Parc Éolien Nordex XXXIII S.A.S., Paris, France*******	EUR
Parc Éolien Nordex XXXIV S.A.S., Paris, France*******	EUR

Share in capital (%)	Net profit/loss 01.01–31.12.2011	Equity capital 01.01–31.12.2011	Share held via
100.00	–2,351.57	24,291.39	Nordex Windpark Beteiligung GmbH
100.00	–89,874.56	–73,131.16	Nordex Windpark Beteiligung GmbH
100.00	–3,511.26	23,084.12	Nordex Windpark Beteiligung GmbH
100.00	–8,327.07	–12,221.18	Nordex Windpark Beteiligung GmbH
100.00	–3,450.09	23,407.25	Nordex Windpark Beteiligung GmbH
100.00	–3,415.50	23,329.85	Nordex Windpark Beteiligung GmbH
100.00	–2,277.82	24,489.43	Nordex Windpark Beteiligung GmbH
100.00	–2,295.15	23,987.00	Nordex Windpark Beteiligung GmbH
100.00	–3,432.21	23,538.92	Nordex Windpark Beteiligung GmbH
100.00	–2,382.27	24,739.71	Nordex Windpark Beteiligung GmbH
100.00	–3,405.93	23,727.56	Nordex Windpark Beteiligung GmbH
100.00	–7,644.98	19,550.15	Nordex Windpark Beteiligung GmbH
100.00	–41,106.77	–45,034.12	Nordex Windpark Beteiligung GmbH
100.00	–3,352.58	23,800.76	Nordex Windpark Beteiligung GmbH
100.00	–3,387.20	23,799.77	Nordex Windpark Beteiligung GmbH
100.00	–3,862.84	26,490.19	Nordex Windpark Beteiligung GmbH
100.00	–1,825.70	28,522.33	Nordex Windpark Beteiligung GmbH
100.00	–324.97	30,023.86	Nordex Windpark Beteiligung GmbH
100.00	–1,825.70	28,523.13	Nordex Windpark Beteiligung GmbH
100.00	–1,781.14	28,523.13	Nordex Windpark Beteiligung GmbH
100.00	–1,825.70	28,612.77	Nordex Windpark Beteiligung GmbH
100.00	–1,826.12	28,612.35	Nordex Windpark Beteiligung GmbH
100.00	–1,782.00	29,049.85	Nordex Windpark Beteiligung GmbH
100.00	–1,782.00	28,656.47	Nordex Windpark Beteiligung GmbH
100.00	–3,372.10	26,830.51	Nordex Windpark Beteiligung GmbH
100.00	–2,867.95	27,720.19	Nordex Windpark Beteiligung GmbH
100.00	–1,782.40	28,807.60	Nordex Windpark Beteiligung GmbH
100.00	–1,782.40	28,807.60	Nordex Windpark Beteiligung GmbH
100.00	–1,782.00	28,816.46	Nordex Windpark Beteiligung GmbH
100.00	–1,782.00	28,808.00	Nordex Windpark Beteiligung GmbH
100.00	91,060.93	121,650.93	Nordex Windpark Beteiligung GmbH
100.00	–1,782.00	28,812.23	Nordex Windpark Beteiligung GmbH
100.00	–1,782.00	28,808.00	Nordex Windpark Beteiligung GmbH
100.00	–1,878.26	28,711.38	Nordex Windpark Beteiligung GmbH
100.00	–1,782.00	28,808.00	Nordex Windpark Beteiligung GmbH
100.00	–1,782.00	28,816.46	Nordex Windpark Beteiligung GmbH
100.00	–1,782.67	28,815.55	Nordex Windpark Beteiligung GmbH
100.00	–1,782.00	28,808.00	Nordex Windpark Beteiligung GmbH
100.00	–1,782.00	28,816.86	Nordex Windpark Beteiligung GmbH
100.00	–1,782.00	28,813.08	Nordex Windpark Beteiligung GmbH
100.00	–1,782.00	28,812.63	Nordex Windpark Beteiligung GmbH
100.00	–1,782.00	28,812.47	Nordex Windpark Beteiligung GmbH
100.00	–1,828.72	28,813.85	Nordex Windpark Beteiligung GmbH
100.00	–1,782.18	28,889.50	Nordex Windpark Beteiligung GmbH
100.00	–1,781.99	28,816.71	Nordex Windpark Beteiligung GmbH
100.00	–1,782.00	29,029.93	Nordex Windpark Beteiligung GmbH
100.00	–1,825.70	29,011.13	Nordex Windpark Beteiligung GmbH
100.00	–3,230.01	27,579.70	Nordex Windpark Beteiligung GmbH
100.00	–3,290.01	27,500.27	Nordex Windpark Beteiligung GmbH

	Currency
Parc Éolien Nordex XXXV S.A.S., Paris, France*******	EUR
Parc Éolien Nordex XXXVI S.A.S., Paris, France*******	EUR
Parc Éolien Nordex XXXVII S.A.S., Paris, France*******	EUR
Parc Éolien Nordex XXXVIII S.A.S., Paris, France*******	EUR
Parc Éolien Nordex XXXIX S.A.S., Paris, France*******	EUR
Parc Éolien Nordex XL S.A.S., Paris, France*******	EUR
Parc Éolien Nordex XLI S.A.S., Paris, France*******	EUR
Parc Éolien Nordex XLII S.A.S., Paris, France*******	EUR
Parc Éolien Nordex XLIII S.A.S., Paris, France*******	EUR
Parc Éolien Nordex XLIV S.A.S., Paris, France*******	EUR
Parc Éolien Nordex XLV S.A.S., Paris, France*******	EUR
Parc Éolien Nordex XLVI S.A.S., Paris, France*******	EUR
Parc Éolien Nordex XLVII S.A.S., Paris, France*******	EUR
Parc Éolien Nordex XLVIII S.A.S., Paris, France*******	EUR
Parc Éolien Nordex XLIX S.A.S., Paris, France*******	EUR
Parc Éolien Nordex L S.A.S., Paris, France*******	EUR
Vent D'Est S.à r.l., Paris, France***	EUR
Sechste Windpark Support GmbH & Co. KG, Hamburg, Germany	EUR
Qingdao Huawei Wind Power Co. Ltd., Qingdao, China**	EUR
Farma Wiatrowa Bełzce Sp. z o.o., Warsaw, Poland***	EUR
Farma Wiatrowa Orla Sp. z o.o., Warsaw, Poland***	EUR
Farma Wiatrowa Wymysłów Sp. z o.o., Warsaw, Poland***	EUR
Farma Wiatrowa Zbuczyn Sp. z o.o., Warsaw, Poland***	EUR
Farma Wiatrowa Liw Sp. z o.o., Warsaw, Poland***	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
Republic Wind LLC, Delaware, United States	EUR
Flat Rock Wind LLC, Delaware, United States	EUR
Big Berry Wind Farm, LLC, Delaware, United States	EUR
Green Hills Wind, LLC, Delaware, United States	EUR
Advent Wind LLC, Delaware, United States*******	EUR
Ringneck Prairie Wind LLC, Delaware, United States	EUR
Way Wind, LLC, Delaware, United States	EUR
Beebe Wind LLC, Delaware, United States	EUR
Investments in associates (not consolidated)	
(figures in accordance with statutory financial statements)	
KNK Wind GmbH, Frankfurt am Main, Germany***	EUR
Beebe Renewable Energy LLC, Delaware, United States****	EUR
Way Wind LLC, Nebraska, United States	EUR
Seneca Mountain LLC, Delaware, United States****	EUR

Share in capital (%)	Net profit/loss 01.01–31.12.2011	Equity capital 01.01–31.12.2011	Share held via
100.00	–3,229.99	27,490.15	Nordex Windpark Beteiligung GmbH
100.00	–3,229.99	27,489.99	Nordex Windpark Beteiligung GmbH
100.00	–3,232.98	27,487.00	Nordex Windpark Beteiligung GmbH
100.00	–3,229.99	27,487.77	Nordex Windpark Beteiligung GmbH
100.00	–3,186.29	27,533.85	Nordex Windpark Beteiligung GmbH
100.00	–3,229.98	27,502.95	Nordex Windpark Beteiligung GmbH
100.00	–3,230.25	27,527.01	Nordex Windpark Beteiligung GmbH
100.00	–3,233.25	27,524.01	Nordex Windpark Beteiligung GmbH
100.00	–3,233.27	27,523.98	Nordex Windpark Beteiligung GmbH
100.00	–3,233.24	27,544.01	Nordex Windpark Beteiligung GmbH
100.00	–3,193.24	27,564.01	Nordex Windpark Beteiligung GmbH
100.00	–3,233.25	27,524.00	Nordex Windpark Beteiligung GmbH
100.00	–3,233.25	27,524.00	Nordex Windpark Beteiligung GmbH
100.00	–3,233.25	27,512.05	Nordex Windpark Beteiligung GmbH
100.00	–3,233.25	27,524.00	Nordex Windpark Beteiligung GmbH
100.00	–3,233.24	27,524.01	Nordex Windpark Beteiligung GmbH
50.00	–1,009.79	–2,567.99	Nordex France S.A.S.
100.00	–538.99	–3,131.51	Nordex Grundstücksverwaltung GmbH
66.70	–190,406.15	4,478,667.31	Nordex Energy GmbH
99/1	–4,056.00	2,146.32	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
99/1	–4,056.00	2,146.32	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
99/1	–4,056.00	2,146.32	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
99/1	–4,056.00	2,146.32	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
99/1	–4,056.00	2,146.32	Nordex Windpark Beteiligung GmbH / Nordex Energy GmbH
100.00	0.00	5,602.24	Nordex Windpark Beteiligung GmbH
100.00	0.00	5,602.24	Nordex Windpark Beteiligung GmbH
100.00	0.00	5,602.24	Nordex Windpark Beteiligung GmbH
100.00	0.00	5,602.24	Nordex Windpark Beteiligung GmbH
100.00	0.00	5,602.24	Nordex Windpark Beteiligung GmbH
100.00	–317,288.72	–342,730.91	Nordex USA Inc.
100.00	–221,747.53	–239,528.63	Nordex USA Inc.
100.00	–41,744.69	–45,092.04	Nordex USA Inc.
100.00	–143,794.06	–155,324.37	Nordex USA Inc.
100.00	0.00	0.00	Nordex USA Inc.
100.00	–517.03	–558.48	Nordex USA Inc.
100.00	–5,756.85	–6,218.47	Nordex USA Inc.
100.00	–30,076.50	–32,488.23	Nordex USA Inc.
38.90	–460,809.57	3,442,205.09	Nordex Offshore GmbH
54.45	–1,272,931.95	1,068,274.44	Nordex USA Inc.
28.00	–471,340.13	218,200.76	Nordex USA Inc.
94.00	–130,242.65	214,806.14	Nordex USA Management LLC

	Currency
Other investments (non-consolidated)	
(figures in accordance with statutory financial statements)	
Parc d'Energie de Conlie P.E.C. S.à r.l., La Martyre, France***	EUR
Sameole Bois du Goulet, Caen, France******	EUR
Société Éolienne de Roussée-Vassé S.E.R.V S.à r.l., Rouesse Vasse, France***	EUR
Vent Local S.A.S., Vienne, France********	EUR
Cater Eolica S.L., Tarragona, Spain	EUR
K/S Whitewater Wind Power Invest I, Komplementarselskabet Whitewater Invest I ApS, Fredriksværk, Denmark**	EUR
K/S Whitewater Wind Power Invest VII, Komplementarselskabet Whitewater Invest VII ApS, Hjallerup, Denmark**	EUR
K/S Whitewater Wind Power Invest VIII, Komplementarselskabet Whitewater Invest VIII ApS, Roskilde, Denmark**	EUR

*) Profit transfer agreement; net profit/loss and equity after profit transfer agreement in accordance with local rules
**) Annual financial statements as of 31 December 2010 (financial year from 1 January 2010 until 31 December 2010)
***) Preliminary financial statements as of 31 December 2011
****) Company established in 2011
*****) Company established in 2011; preliminary financial statements as of 31 December 2011
******) Non-calendrical financial year from 1 July 2011 until 30 June 2012; financial statements as of 30 June 2011
*******) Under liquidation
********) Financial statements as of 31 December 2009

Share in capital (%)	Net profit/loss 01.01–31.12.2011	Equity capital 01.01–31.12.2011	Share held via
50.00	–27.15	929.52	Nordex France S.A.S.
50.00	–199.00	1,000.00	Nordex France S.A.S.
50.00	–27.15	–1,576.49	Nordex France S.A.S.
9.00	–3,011.00	–21,334.00	Nordex France S.A.S.
33.30	–14,778.19	–5,520.20	Nordex Energy Ibérica S.A.
33.33	–44,416.40	18,439.49	Nordex Energy GmbH
11.11	–38,500.64	23,720.83	Nordex Energy GmbH
11.11	–29,564.71	–133,628.98	Nordex Energy GmbH

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, 23 March 2012

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

L. Krogsgaard
Member of the
Management Board

B. Schäferbarthold
Member of the
Management Board

Dr. M. Sielemann
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 2011. 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, 23 March 2012

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

ppa.

Niklas Wilke	ppa. Dr. Thomas Ull
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Nordex Group structure*

Nordex SE

Nordex Energy GmbH (100%)

- Nordex Hellas Monoprosopi EPE, Greece (100%)
- Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd., P.R. China (100%)
- Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd., P.R. China (60%)
- Nordex (Dongying) Wind Power Equipment Manufacturing Co. Ltd., P.R. China (100%)
- Qingdao Huawei Wind Power Co. Ltd., P.R. China (67%)
- Nordex Singapore Equipment Private Ltd. (100%)
- Nordex Singapore Service Private Ltd. (100%)

Nordex Energy B.V. (100%)

- Nordex France S.A.S. (100%)
- Nordex UK Ltd. (100%)
- Nordex Italia Srl. (100%)
- Nordex Energy Ibérica S.A. (100%)
- Nordex Sverige AB (100%)
- Nordex Polska Sp. z o.o. (99%)
- Nordex Enerji A.S., Turkey (96%)
- Nordex USA Inc. (100%)
- Nordex Energy Ireland Ltd. (100%)

Further subsidiaries (100%)

- Nordex Windpark Verwaltung GmbH (100%)
- Nordex Windpark Beteiligung GmbH (100%)
- Nordex Grundstücksverwaltung GmbH (100%)
- Nordex Offshore GmbH (100%)
    - KNK Wind GmbH (38.9%)
- Nordex Advanced Development GmbH (80%)
- natcon7 GmbH (75%)

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*A detailed description of the Group structure can be found in the notes to the consolidated financial statements.

Glossary

Accelerated bookbuilding
A method for placing securities in which investors are able to bid in a predefined price range within a certain period in the absence of any issuing prospectus.

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.

Capacity factor
Notional share of hours per year in which a wind power system can achieve full capacity operation.

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.

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.

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.

Gross profit
Gross profit is an indicator of cost efficiency and is defined as revenues net of the cost of sales.

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.

Margin contribution
Contract value less project-related cost of materials.

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.

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.

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.

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.

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.

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Financial calendar 2012

28 February 2012	Publication of preliminary figures for the 2011 financial year
30 March 2012	Publication of the Annual Report for the 2011 financial year
2 April 2012	Press and analyst conference, Frankfurt am Main
15 May 2012	Interim report for the first quarter 2012 Telephone conference
5 June 2012	Annual General Meeting, Rostock
14 August 2012	Interim report for the first half-year 2012 Telephone conference
13 November 2012	Interim report for the third quarter 2012 Telephone conference

Contacts

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