



Annual Report 2010

## Nordex SE: Performance indicators at a glance

Earnings							
		2006	2007	2008	2009	2010	Δ 10/09
Sales	EUR million	513.6	747.5	1,135.7	1,182.8	972.0	-17.82%
Total revenues	EUR million	552.3	806.8	1,189.9	1,144.2	1,007.9	-11.91%
EBITDA	EUR million	29.6	54.2	78.9	57.9	62.6	8.12%
EBIT	EUR million	16.6	40.1	63.0	40.0	40.1	0.25%
Cash flow <sup>1</sup>	EUR million	112.4	80.3	-115.3	47.7	-22.1	>-100%
Capital spending	EUR million	19.2	28.5	70.5	51.1	72.0	40.90%
Consolidated net profit for the year	EUR million	12.6	48.0	49.5	24.2	21.2	-12.40%
Earnings per share <sup>2</sup>	EUR	0.21	0.74	0.71	0.36	0.31	-13.89%
EBIT margin	%	3.0	5.0	5.3	3.5	4.0	+0.5%-P.
Return on sales	%	3.2	5.4	5.5	3.3	4.1	+0.8%-P.
Working capital ratio	%	2.3	2.3	14.0	18.4	24.3	+5.9%-P.

<sup>1</sup>Cash flow = changes in cash and cash equivalents

<sup>2</sup>Earnings per share = on the basis of the weighted average number of shares in 2010: 66.845 million shares (2009: 66.845 million shares)

Balance sheet							
		2006	2007	2008	2009	2010	Δ 10/09
Total assets as of 31.12.	EUR million	457.4	703.8	854.3	840.4	987.0	17.44%
Equity as of 31.12.	EUR million	148.5	271.8	324.4	347.8	370.8	6.61%
Equity ratio	%	32.5	38.6	38.0	41.4	37.6	-3.8%-P.

Employees							
		2006	2007	2008	2009	2010	Δ 10/09
Employees	Average	814	1,304	1,885	2,207	2,379	7.80%
Personnel costs	EUR million	41.8	55.0	81.7	105.8	119.4	12.85%
Sales per employee	EUR thousand	631	573	603	536	409	-23.70%
Personnel cost ratio	%	7.6	6.8	6.9	9.2	11.8	+2.6%-P.

Performance indicators							
		2006	2007	2008	2009	2010	Δ 10/09
Orders received	EUR million	767.0	1,220.0	876.0	734.0	836.0	13.90%
Foreign business	%	75.0	89.0	96.0	97.0	93.0	-4.0%-P.

# Highlights 2010



**9 April 2010**

## **Nordex awarded major contract in Sweden**

Nordex signed a framework contract with the public energy provider Skelleftea Kraft AB for the delivery of a total of 118 turbines from the N100/2500 series, for a total volume of 295 MW. The locations for the total of three projects are to be found in northern Sweden, and are notable for their wind speeds of more than 7 metres per second and their periods of permafrost.



**20 April 2010**

## **Launch of the new "Gamma" generation turbines**

Nordex presented the third generation of their 2.5 MW turbine series at the European Wind Energy Conference EWEK, in Warsaw. The "Gamma" generation combines new findings from research and development, as well as current requirements in the market, with the Nordex Group's long-term experience in the production and operation of multi-megawatt turbine systems. This efficiency class of turbines sets new standards in terms of its availability, ease of service and quality, as well as in its delivery and construction times.



**7 May 2010**

## **Nordex participates in offshore project**

The acquisition of around 40% of the shares in the project company responsible for the development of the offshore wind park "Arcadis Ost 1" has secured entry for Nordex into offshore business. The project involves erecting around 70 turbines with a total capacity of at least 350 MW to the north-east of Rügen by 2014, and will serve Nordex as a reference project. Nordex started development of a new large-scale turbine for offshore application back in 2009.



**18 August 2010**

## **German Chancellor attends specialist energy discussions with Nordex in Rostock**

To mark the beginning of her "energy tour", the German Chancellor Dr. Angela Merkel visited the Nordex rotor-blade production facility in Rostock. Nordex has created around 1,000 jobs here in recent years, and has invested around EUR 100 million since 2008 in the construction and modernisation of its factories at the location. The introduction of an automatic finishing line, a highly modern rotor-blade testing stand and a production line for nacelle assembly, which started operating on 4 August 2010, means that the company possesses one of the most modern production plants for wind turbines in the world.





**6 September 2010**

**Nordex founder moves to the Advisory Board**

Carsten Pedersen, the founder and long-term Chief Sales Officer of Nordex SE, has moved over to the Supervisory Board of Nordex SE after 25 years working on the operational side of the company. As a consequence, Lars Bondo Krogsgaard, who possesses comprehensive management experience in the energy sector, assumes responsibility for Sales and Project Management in the Group.



**September 2010**

**Nordex delivers major project in Turkey**

Nordex connected a major project of 36 N90/2500 class turbines with a total capacity of 90 MW to the power network for the customer Bilgin Energy. Nordex enjoyed a resoundingly successful year in Turkey in 2010. The company delivered around 250 MW of generating power in total to the Turkish market, achieving a higher level than ever before. Turkey also represented the most important individual market for Nordex in terms of orders received, with an order volume of almost EUR 200 million.



**4 October 2010**

**Nordex begins production in new US factory**

After only a one-year construction period, the first Nordex production facility in the USA began operating in Jonesboro, Arkansas. Nordex invested almost USD 40 million in the construction project, and has created the basis here for future growth in North America. The company is already planning the production of around 140 wind turbines for the American market in 2011 – the production of up to 300 turbines is planned in the medium term.



**1 December 2010**

**Nordex USA wins the largest N100/2500 project to date**

Shortly after opening its first factory in the USA, Nordex was able to announce its next success story: EverPower Wind Holdings, the project developer and operator, placed an order for 30 wind turbines from the N100/2500 class series. This order, accompanied by a premium service contract, is the largest for the N100/2500 onshore turbines that Nordex has received to date in the USA. The wind turbines will be constructed in the new factory in Jonesboro, Arkansas.



**14 December 2010**

**Employees move into Nordex Forum in Hamburg**

Employees moved into the new head office in Hamburg-Langenhorn at the end of the year, from four locations in the vicinity of the metropolitan region. Designed according to ecological principles, this new building helps to facilitate a better exchange of information between different departments and also reflects the image of Nordex as an innovative and unique high-quality supplier.

## Nordex SE

### Annual Report 2010

Nordex is one of the world's leading 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 solutions. Our skills include the construction of turnkey wind farms, operational management as well as maintenance and after-sales service.





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## Dear Shareholders and business associates,

The 2010 financial year was one of fundamental change for the wind energy sector and was characterised by the major challenges resulting from subsequent developments. However, even though the economic climate became tougher both for ourselves and our competitors, the medium-term forecast for wind energy remains positive.

While our sector was able to draw upon a solid buffer of orders during the world economic crisis, the consequences of the subsequent recession hit the industry with great force during the past financial year. The whole wind energy industry had, however, oriented itself in recent years to increasing levels of demand and expanded its capacities accordingly. As the number of orders in 2010 fell compared to expectations, competition intensified significantly so that prices for wind turbines came under immense pressure.

In this environment, Nordex was able to fare better to some extent than the competition – mainly as a result of the company's comparatively limited value creation activities. Although we were also prepared to grant discounts to our customers, Nordex nevertheless ruled out a policy of gaining projects at any price. We acted according to the following motto: Profit before sales turnover. While achieving a sales turnover of almost EUR 1 billion, we were able, in this way, to both maintain our earnings before interest and taxes at the same level as in the previous year, and increase profitability in comparison to 2009.

In addition, we introduced measures in the reporting period that were designed to stabilise the profitability of our company, while at the same time significantly increasing our competitiveness. As a result of the comprehensive "N-ergize" cost reduction programme, we aim to reduce the manufacturing costs of our turbines by around 15% by 2012. We are also tackling current market demands head-on in the field of product development. New, highly efficient products and innovative technical solutions mean that Nordex and our customers are making strides in terms of profitability. We already plan to derive the first benefits from this programme in the second half of 2011 – when we will offer, for example, a toughened configuration of our 2.5 MW platform for new wind classes.

In the medium term, we are forging ahead into new technological areas. We are already launching the marketing campaign for our newly developed offshore turbine in spring 2011 – a highly modern 6 MW class large-scale turbine with direct drive that is setting new standards in terms of the weight of wind turbines. In order to significantly accelerate our research and development activities, we reorganised our engineering department in the previous financial year and greatly expanded our testing stand technology. This now enables us to guarantee that there is no loss of precision or quality in our products, while continuing to achieve a high rate of innovation.

We have also placed a greater focus on industrial processes in the areas of production and purchasing and are now able to deliver our products more efficiently, economically and with a constantly high level of quality. Among other things, we have launched the automated finishing of rotor blades



and introduced a production line in our assembly facilities in Germany and the USA, ensuring that an effective supply chain management system can be implemented. The goal is to organise our production activities in such a way that they function with as little inventory as possible – without endangering the reliable delivery of our products.

I would like to take this opportunity to thank all of the employees in the Nordex Group for their work and great commitment during the previous year. I am confident that with a high level of motivation, we will be able to master the challenges together that lie ahead in 2011.

I am also convinced that as a result of the measures currently being taken, Nordex is well positioned to operate profitably even under changed market conditions. The first signs of a strong upturn in terms of orders mean that we have every reason to be optimistic. After already being able to register an increase in orders received of around 14% in 2010, we anticipate growth in new business during the current year of 20% to around EUR 1 billion. This prognosis is in line with the market forecasts delivered by independent third parties, who also anticipate a reduction in existing excess capacities in the market from 2012 or 2013.

Nordex stock was unfortunately not able to benefit from the renewed optimism in the wind energy sector; share price movements were more than a little disappointing for both us and our shareholders. In our view, a significant reason for this development was the already described re-evaluation of the whole market and the associated opportunities for growth. Should the overall situation stabilise during the course of the year, and if those first positive signs on the market are confirmed, then I am convinced that Nordex stock will also gain new impetus.

I want to thank all of our shareholders for the trust you have placed in the company as you continue to accompany us on our way to profitable and sustainable growth.

Yours sincerely,



Thomas Richterich  
Chairman of the Management Board

## Management Board of Nordex SE



From left: Dr. Marc Sielemann, Bernard Schäferbarthold, Thomas Richterich (Chief Executive Officer), Lars Bondo Krogsgaard, Dr. Eberhard Voß

# Management Board and Supervisory Board

## Management Board

### Thomas Richterich

Chief Executive Officer

Responsible for

Human Resources, Legal, Internal Audit, Risk Management, Communications, IT and Strategy

Mr. Richterich was born in 1960. After studying business management, he began his career at the MAN Group in 1989. He held various management positions at MAN Gutehoffnungshütte AG until 1999 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 has held a position on the Management Board of Nordex SE since 2002 and was appointed Chief Executive Officer in August 2005.

### Lars Bondo Krogsgaard

Chief Sales Officer

(since October 2010)

Responsible for

Sales and Marketing, Tender Management, Project Management, Overseas Companies

Mr. Krogsgaard was born in 1966. He studied law and holds a masters degree in business administration (MBA). He worked at the law firm Bech Brunn 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

Mr. Schäferbarthold was born in 1970 and studied economics. From 1996 until 2005, he was an auditor and accountant at the accounting company Warth & Klein. Mr. Schäferbarthold later joined Nordex SE, where he first worked as Head of Finance & Accounting before being appointed to his position on the Management Board in April 2007.

### Dr. Marc Sielemann

Chief Operations Officer

Responsible for

Production, Purchasing and Service

Dr. Sielemann was born in 1967. After studying mechanical engineering, he was employed as a Project Engineer and Research Assistant at the Institute of Production Technology and Metal-Cutting Tooling Machinery at the University of Hanover 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

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 then 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 a 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 a member of the Management Board of Nordex SE since March 2008.

#### **Supervisory Board**

##### **Uwe Lüders, Lübeck**

Chairman of the Supervisory Board,  
Chairman of the Management Committee and  
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. Afterwards, he held management positions over several years at GEA AG in Bochum, where he was most recently a Member of the Management Board. Mr. Lüders was then appointed Chief Executive Officer at the listed company Buderus AG. Since 2004, he has been Chief Executive Officer at L. Possehl & Co. mbH, Lübeck.

##### **Jan Klatten, Munich**

Vice 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 MIT. He held management positions in the automobile 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

Dr. Maier studied physics 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 Managing Partner and Chief Operations Officer. In addition, Dr. Maier was a Managing Partner of the MOHR Group.

#### Carsten Risvig Pedersen, Humblebaek (Denmark)

Member of the Audit Committee  
 Member of the Management Committee

After studying economics, Mr. Pederson founded Nordex ApS in 1985. Between 1987 and 2000, he was the Managing Shareholder of Nordex GmbH before joining the Management Board of Nordex SE in 2001, where he held a position on the board until September 2010.

#### Martin Rey, Weßling

Chairman of the Audit Committee  
 Managing Director of Babcock & Brown GmbH

Mr. Rey studied law in Bonn and business management at FernUniversität in Hagen. He has held numerous management positions at Bayerische Hypo- und Vereinsbank, most recently as a member of the Divisional Board. Since 2003, Mr. Rey has been a member of the Management Board at Babcock & Brown, a global investment and consulting company, and is responsible for European business.

#### 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, Dr. Ziebart was responsible for Development and Procurement on the Management Board at BMW AG. In 2000, he was appointed to the Management Board of Continental AG, where he was responsible for brake and electronics business, and later named Vice Chief Executive Officer. Between 2004 and 2008, Dr. Ziebart was Chief Executive Officer at Infineon AG and oversaw, among other things, the separation of the company's memory-chip division. Dr. Ziebart is currently member of a number of supervisory boards.

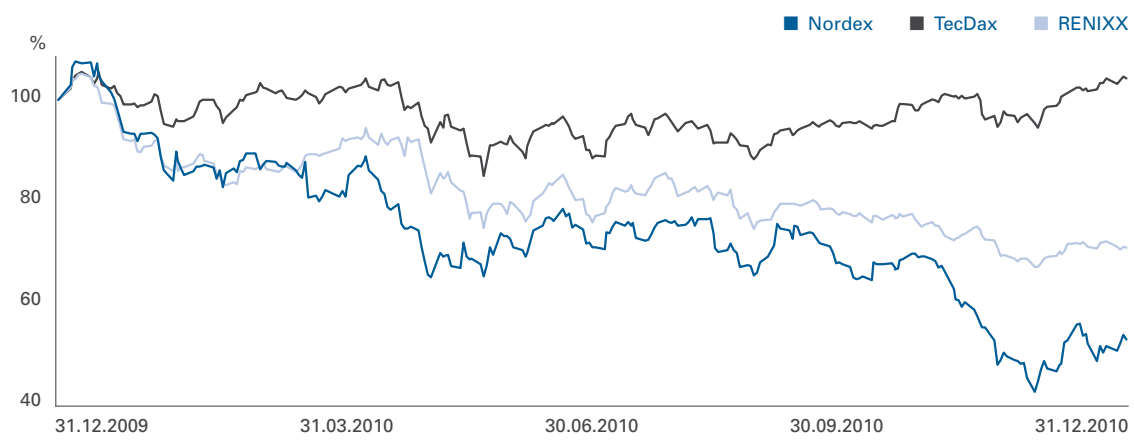
## Nordex stock

The world economy recovered quicker than expected in 2010 from the consequences of the financial crisis and the euro crisis, and was able to grow significantly in comparison to the previous year. A major reason for this positive development was the strongly expanding Asian economies. The economic recovery in the developed industrialised nations took place on a lower scale and occurred at differing rates in individual countries.

The worldwide stock market indexes displayed two different sides in the period under review, being rather troubled at first and tending to be brighter later in the year. In the first half of the year, confidence among capital market participants dwindled, on the one hand, due to the at times sluggish provision of bank loans to companies and, on the other hand, due to the rapidly growing debts of individual countries in the euro zone. However, positive company results and the first signs of clear economic recovery ensured renewed increases in share prices dur-

ing the further course of the year. Therefore, the Dow Jones closed at the end of the financial year around 11% up on the previous year. In contrast, the EUROSTOXX 50 was not able to make up for the early losses in share prices by the end of the year, and posted figures around 7% down on the value recorded in 2009. The DAX, the key German stock index, recorded the strongest gains among the European indexes – when viewed across the year as a whole – with a rise of 16% and reached a value of 6,914 points. The TecDAX, in which the performance of the 30 largest listed technology shares is represented, rose in the course of the year by 4% to 850 points. The RENIXX, a global share index for companies from the area of renewable energies, recorded 530 points at the end of the period in question, 29.3% down on the value from the previous year. This development can be significantly attributed to the fact that a number of market experts revised their short and medium-term forecasts.

Development of Nordex stock





#### Nordex share trading volumes for 2010 in EUR million (non-weighted average Xetra rate)

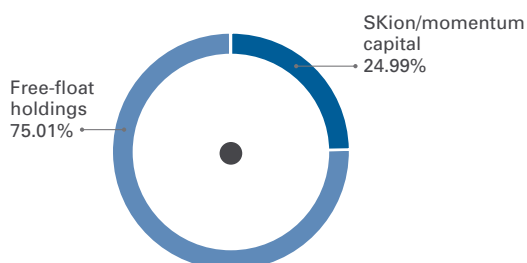
January	60.93
February	55.76
March	97.46
April	135.78
May	121.28
June	82.33
July	44.02
August	57.59
September	64.8
October	49.57
November	85.2
December	75.12

The shares of Nordex SE also struggled – in line with other listed wind turbine manufacturers – due to bleak growth prospects and the resulting downgrading of forecasts by a number of share analysts. The highest daily closing price for Nordex shares in 2010 was recorded on 6 January 2010 at EUR 11.28; the lowest share price was on 29 November 2010 at EUR 4.41. On the final trading day of the year, the Nordex SE shares stood at EUR 5.51 – therefore 47.4%

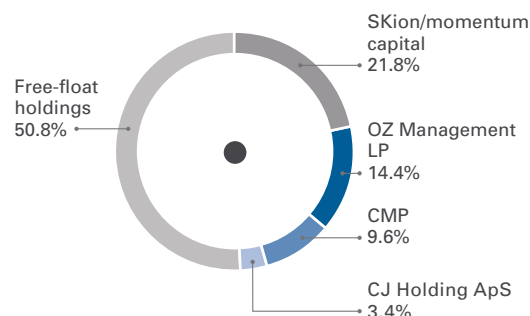
down on the year-end share price for 2009. The market capitalisation declined correspondingly from almost EUR 700 million to EUR 368 million. The average daily trading volume on the electronic trading platform Xetra stood at around 507,500 shares (2009: 284,300 shares).

In the reporting period, the shareholding of the Och-Ziff Capital Management Group fell from 14.4% to under 3%. CMP-Fonds I GmbH sold its

#### Shareholder structure as of 31.12.2010



#### Shareholder structure as of 31.12.2009



equity stake amounting to around 9.6% in April 2010 and fell under the reporting threshold of 3%. CJ Holding ApS, owned by the founding Pederson family, also dropped below the reporting threshold of 3% by the end of the third quarter of 2010. In contrast, the investment company SKion/momentum capital increased its shareholding in the reporting period by 3.19% to 24.99%. Free float holdings increased to 75.01% by the end of the 2010 financial year, an increase of 24.21% in comparison to the previous year.

#### Nordex shares – key data

Share type	No-par-value ordinary bearer shares
Market segment	Prime Standard/regulated market
Trading venue	Frankfurt Stock Exchange
Index data	TecDAX, HASPAX, RENIXX, GCI
ISIN	DE000A0D6554
WKN	A0D655
Ticker symbol	NDX1

#### Nordex shares – key data

		2010	2009
Number of shares in total on 31.12.2010	in million	66.845	66.845
Share capital on 31.12.2010	in EUR million	66.845	66.845
Year-end closing price	EUR	5.51	10.48
Highest share price	EUR	11.28	14.58
Lowest share price	EUR	4.41	7.26
Market capitalisation on 31.12.2010	in EUR million	368.32	700.54
Earnings per share	EUR	0.31	0.36
Price/earnings ratio on 31.12.2010		18	29

The Investor Relations department at Nordex SE seeks to pursue open and active communications with all market participants. The Management Board and the Investor Relations Team presented the company at various international capital market conferences in the 2010 financial year. In addition, the transparency of the business developments at Nordex SE is guaranteed by the comprehensive and continuous analysis carried out by around 20 research departments from renowned banks and investment houses. A current directory of the Nordex analysts, information on Nordex shares, as well as news, financial reports and presentations about the company can be found on the Nordex SE Internet site at [www.nordex-online.com](http://www.nordex-online.com), in the Investor Relations section.



Nordex SE plans to expand its investor relations activities in 2010 by taking part in various investor conferences, road shows and one-on-one discussions. On the basis of a stable shareholder structure in the area of institutional investors, Nordex SE strives to achieve a high level of liquidity for Nordex shares. In addition, Nordex will continue to provide comprehensive and prompt information about developments in the company to the capital markets.

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## Never standing still

The pace of innovation in the wind energy sector is increasing rapidly. We have reacted to these circumstances by restructuring our engineering operations, as well as by investing in basic research and process and product development. And the best example of this is our new blade testing stand. We are able to simulate here a life cycle of 20 years in only 200 days, enabling our rotor blades to be transferred more quickly into series production.



# Strategy

## Faster, higher, stronger – well equipped to meet the challenges of the future

Interview with Thomas Richterich, Chairman of the Management Board

Mr. Richterich, the market for wind energy has undergone radical changes within a relatively short period of time. How do you assess these developments and what is the current situation at Nordex?

The wind energy market was still experiencing dynamic growth up until 2008 and manufacturers of wind turbines had their hands full meeting the high levels of demand. After some delays, however, the worldwide financial crisis also finally hit our sector. And because the production capacities among manufacturers were no longer being fully utilised, this intensified the competition for new orders considerably. Naturally, this also had an effect on the price of wind turbines. We decided to no longer pursue some projects at Nordex in the previous year, because they would not have delivered the desired profit margin for the company. Securing the company's profits was given clear priority ahead of any possible increase in sales. We anticipate that the overall market for wind energy will grow again in 2011, but it will remain highly competitive. We have prepared ourselves for this situation by introducing initiatives in purchasing, production and product development. We are confident as a result of these measures that we are well equipped to meet future challenges.

What exactly are these challenges facing the company?

Manufacturers in our sector must perform a careful balancing act in two distinct areas. Those who want to succeed in the market must, on the one hand, further increase the efficiency of their wind turbines, while at the same time guaranteeing the quality of their products. However, on the other hand, they must confront the growing cost pressure with an intelligent strategy, while simultaneously accelerating their innovative capabilities. This is necessary because our customers' requirements are high and the competition is, of course, not standing still.

This really sounds like a "Herculean task". How is Nordex approaching these different topics and what priorities have you set in this context?

In the short term, securing the company's profits and achieving cost savings are at the very top of our list of priorities. We initiated a cost reduction programme and an efficiency enhancement programme in 2010, which are to be realised over a number of years. The first positive results could already be seen in 2010 – and further effects will become apparent during 2011. In addition, we have significantly increased our production efficiency via the introduction of a new production line, which provides us with the opportunity – against a backdrop of renewed demand – to benefit from economies of scale in the medium term. We are also securing our long-term competitiveness through intensive research and development activities that will lead to a series of product developments over the next few years.





**Let's keep the focus on costs for a moment. How do you plan to sustainably reduce costs in future?**

We started our N-ergize 2012 cost reduction programme in the middle of 2010. This ranks as one of the largest strategic programmes in our company's 26-year history and it has an impact on all areas of the company. The goal is to reduce the cost of a 2.5 MW class wind turbine by around 15% by 2012. In order to achieve this target, more than 500 individual cost reduction measures have been identified, whereby around 75% of these planned savings are focussed on the areas of the drive train, rotor and tower. We expect to see significant effects in 2011 and 2012; the savings potential for this period has already been defined and quantified. The task now is to produce detailed plans for each relevant measure and then to turn them into reality. As I mentioned earlier, we have already seen the first successes in 2010, primarily in the area of purchasing.

**What role does purchasing play in a company such as Nordex?**

It plays an immensely important role. Nordex has consciously chosen to follow a strategy where the company's value creation activities are limited and around 75% of its components are sourced from suppliers. As a result, purchasing inevitably holds a position of central importance both in terms of cost reduction and also with a view to product innovations and

growth potential. For example, the renegotiation of supplier contracts at short notice in 2010 led to the company achieving stable results despite the declining prices being paid for wind turbines in general.

**Against a backdrop of increasing prices for raw materials in 2011, is there any scope for the further renegotiation of supplier contracts?**

There are naturally limitations to our ability to renegotiate supplier contracts. However, there are other intelligent approaches that Nordex can use to exploit the opportunities available in purchasing. If we look back for a moment at recent events, the purchasing market has changed dramatically in the past two years. While we had to concentrate in the past on guaranteeing procurement of large volumes of those components critical to our business, it has primarily been a case in recent times of adjusting the contractually agreed inflow of materials into the company within a short space of time to match lower demand and also renegotiating the prices. However, it will be much more interesting in future for Nordex to increase efficiency benefits by organising purchasing on a global scale. In addition, we will pool overall requirements from our regional companies in Europe, North America and Asia to achieve economies of scale. The key to success also lies in developing significantly closer cooperation between our Engineering Department and suppliers, who we will invite to bring their expertise into the product development process to a far greater extent in future.



**You plan to significantly accelerate research and development activities?**

Exactly, as one of the pioneers in the field of wind energy, Nordex can call upon a wealth of experience and possesses a high degree of expertise, particularly in the area of multi-megawatt wind turbines with more than 1,500 installations, of which we can be justifiably proud. Nevertheless, we must not and will not rest on our laurels under any circumstances, but rather do all that we can to continuously improve our products and develop new technologies.

**Where would you rank your existing efficiency enhancement programme in this context?**

This programme demonstrates that the idea of continuous development at Nordex is not just an empty promise but is a reality that can quickly lead to success. One striking example is the launch of series production for the new "Gamma" generation in spring 2010 – in the first half-year of 2011, we have already been able to achieve increased energy output of up to 20% for our customers via the implementation of two efficiency packages and the increase in wind class for the N90/2500 and the N100/2500.

**At the same time, you are also planning to develop new products. Does the Engineering Department possess the necessary structures and capacities to achieve this goal?**

Increasing the rate at which products are developed while not losing sight of the existing high quality standards – this is a real challenge for engineering departments in every type of company – and particularly for medium-sized

manufacturers such as Nordex. I am certain that the reorganisation of our engineering structures in the past year has set us on the right path to optimally distribute and better coordinate the diverse range of complex tasks. It makes sense in our view to set up a department alongside Central Engineering, whose role it is to deal with the long-term trends in our sector – developments that extend beyond a time frame of five years. In addition, the new Engineering Regional Department will accompany projects in the individual regions and ensure that we meet the wishes of our customers to the greatest possible extent. The quality of our products is undoubtedly of great strategic importance for us and, therefore, we will pursue even more intensive research and testing activities in this area. For example, as a result of our new rotor blade production line in Rostock, and our other testing facilities for drive train components, we are now in a position to collect information within a short period of time about how our rotor blades and components handle the stresses and strains of a 20-year operating life.

**Some time ago you announced the intended modernisation and expansion of your production facilities. How do things currently stand?**

We decided back in 2007 to develop a comprehensive modernisation and expansion programme for our production facilities in Rostock – with a total outlay of more than EUR 100 million – in order to make Nordex fit for the future. Alongside the expansion of production capacities, the topic of operational excellence was made a clear focus. Although we were com-

pelled to postpone some sub-projects in the interim period as a precautionary measure due to the effects of the worldwide economic crisis, we are now back on track and on the verge of concluding this mammoth project. As a result of these measures, we have been able, for example, to successfully change over the nacelle and switching cabinet production in Rostock to a new production line – and we achieved this during continuous operation. This project involved massive reconstruction work, major technological challenges and far-reaching adjustments to our processes. It is only thanks to the commitment of our employees that we can now produce around 2,500 MW of output capacity per year in a two-shift operation and, therefore, significantly increase our competitiveness.

#### And what is the current situation at the Nordex rotor blade factory in Rostock?

We are also making good progress here with the changeover to semi-automated production processes; the new hall layout is scheduled to be completed before the end of 2011. Once the blade-finishing equipment has been introduced, we plan to then concentrate on other semi-automated systems in the rotor blade production process, such as the use of automated drilling machines, a grinding machine and robots to introduce fibre-glass layers to the rotor blades. These steps will not only be carried out more efficiently in production, but will also contribute to fulfilling the high quality requirements at Nordex.

#### Has the construction of your new production facility in the USA been completed?

Yes, we were able to begin operations at our nacelle production facility in October 2010 – following a one-year construction period at our location in Jonesboro, Arkansas. It is also an impressive achievement to have completed work in such a short space of time. We now possess one of the most modern production facilities in the wind energy sector. And we already plan to assemble around 140 large Nordex turbines there this year.

#### One final question: What are you especially focussed on in 2011?

For one thing, I will be following the progress made in the development of our offshore turbine with great interest. We plan to test the first prototype on land in 2012 and conduct tests in the water one year later. The timetable is ambitious – but we're on the right track to achieve our goals.

I am also looking forward greatly to seeing how our new N117/2400 turbine fares on the market. This turbine is one of the most efficient wind turbines in its class and we plan to enter series production in summer 2012. I am extremely impressed by the performance data received from our new product, and anticipate a great level of interest on the part of our customers.

## Report of the Supervisory Board

The Supervisory Board of Nordex SE performed the duties assigned to it by law, the company's bylaws and its own rules of procedure. In accordance with its legal obligations, the Supervisory Board monitored the activities of the Management Board on matters relating to the management of the company. The Supervisory Board was also directly involved in all decisions of fundamental importance for the company. In the process, the Supervisory Board remained in continuous dialogue with the Management Board of Nordex SE, and received regular, timely and comprehensive information in both written and oral reports about the current status, developments and all important business operations at Nordex SE and its subsidiaries.

As a matter of principle, the Supervisory Board has complied with the recommendations published by the Government Commission on the German Corporate Governance Code on 26 May 2010, as published in the official section of the German Electronic Federal Gazette (Bundesanzeiger) on 2 July 2010. The declaration of conformance specified in Section 161 of the Stock Corporation Act was issued by the Supervisory Board and the Management Board on 25 March 2011 (see [www.nordex-online.com/investor-relations](http://www.nordex-online.com/investor-relations)). Further details about this subject can be found in the corporate governance report.



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The committees of the Supervisory Board at Nordex SE are composed of 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

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

Mr. Kai H. Brandes left the Supervisory Board on the 31 August 2010. The Supervisory Board of Nordex expressly wishes to thank Mr. Brandes for his dedication and his contribution to the further development of the company.

Mr. Carsten Risvig Pedersen stepped down from his position on the Management Board of Nordex SE on 30 August 2010. Upon the request of the Supervisory Board and with the agreement of more than 25% of the shareholders of Nordex SE, he was exempted from the so-called "cooling-off period" and appointed to the Supervisory Board of Nordex SE with effect from 6 September 2010.

The Supervisory Board appointed Mr. Lars Bondo Krogsgaard as a member of the Management Board with effect from 1 October 2010, where he is responsible for Sales & Marketing, Project Management and Project Development.



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



In the course of the 2010 financial year, the Supervisory Board met for five ordinary meetings, as well as a number of times for its committee meetings (Management Committee, Audit Committee and Strategy and Engineering Committee). The ordinary meetings of the Supervisory Board took place on 26 February, 16 April, 8 June, 27 August and 26 November 2010. Any further resolutions were taken according to the written resolution procedure.

The first meeting (1-2010) of the Supervisory Board took place on 26 February 2010. The Management Board initially reported on the interim results for the 2009 financial year and commented here on, among other things, the development of turnover and personnel costs, as well as on the company's bank balances and liabilities. The Management Board then discussed the current state of business and presented measures for the reduction of component prices in the area of procurement. Reports were then presented by the Strategy and Engineering Committee and the Audit Committee. Finally, the Management Board informed the Supervisory Board about the status of the conversion of Nordex AG into a *Societas Europaea* (SE).

The focus of the second meeting (2-2010) of the Supervisory Board on 16 April 2010 was the examination and discussion of the annual financial statement and consolidated financial statement of Nordex SE for the 2009 financial year in the presence of the statutory auditor. The Management Board provided information on current business developments and gave an overview of the current financial year in 2010.

Among the issues dealt with by the Management Board were the newly introduced cost-reduction programme. Other main items on the agenda for the meeting included a report from the Strategy and Engineering Committee and proposals for the resolutions to be passed by the shareholders at the Annual General Meeting on 8 June 2010.

The third meeting (3-2010) of the Supervisory Board took place on 8 June 2010, which was the day of the Annual General Meeting. The Management Board initially described the current state of business and reported on the company's liquidity situation. After approval was given for the establishment of project companies in Sweden, the Supervisory Board named Dr. Marc Sielemann as a full member of the Management Board with immediate effect. Finally, the status of the "Arcadis Ost 1" offshore project was discussed.

In the fourth meeting (4-2010) of the Supervisory Board on 27 August 2010, the Management Board initially reported on developments in the first half of the 2010 financial year, the current state of business and the liquidity situation within the Nordex Group. After reports were presented by the Audit Committee and the Strategy and Engineering Committee, the Supervisory Board discussed in detail the foundation of a sales company in Australia with the Management Board, which was then subsequently authorised. Another focus of the meeting was the theme of product development. The Management Board informed the Supervisory Board about the current product portfolio, as well as about the status of differ-

ent projects, in particular, the planned development of an onshore turbine with a nominal output of 4 MW and an offshore turbine with a nominal output of 6 MW. After important dates for the 2011 financial year were determined, the Advisory Board approved the reduction of the deadline period for Mr. Kai H. Brandes to resign his position as a member of the Supervisory Board. Furthermore, the Chairman of the Supervisory Board was authorised to conclude the termination agreement allowing Mr. Carsten Risvig Pedersen to formally leave his position on the Management Board and approved the motion for the judicial appointment of Mr. Pederson as a member of the Supervisory Board following a proposal by the major shareholders Ventus Venture Fund GmbH & Co. Beteiligungs KG, momentum-capital Vermögensverwaltungsgesellschaft mbH and CJ Holding ApS. Finally, the Supervisory Board appointed Mr. Lars Bondo Krogsgaard as a member of the Management Board with effect from 1 October 2010.

At the beginning of the fifth meeting (5-2010) of the Supervisory Board in 2010, the Management Board informed the Supervisory Board about the current state of business, as well as about the results for the third quarter of 2010. The Management Board then presented the budget for the 2011 financial year, together with company and Group planning for the Nordex Group. The detailed discussions focussed on the status of orders received, strategic initiatives and planned investment, these discussions were continued in January 2011 and led to the approval of the budget presented by the Management Board on 20 January 2011 (meeting 1-2011).

After reports were presented by the Audit Committee and the Strategy and Engineering Committee, the Supervisory Board dealt with the deviations found in the recommendations from the German Corporate Governance Code and the renewal of the D&O insurance cover for 2011. Finally, the Supervisory Board authorised, after careful examination, the foundation and acquisition of project companies in the USA. Other main items on the agenda for the meeting included the by-elections for the Management Committee and the Audit Committee.

In accordance with Sections 4.3.4 and 5.5.2 of the German Commercial Code, there now follows a report on potential conflicts of interest in the company, because in three cases members of the Supervisory Board of Nordex SE hold management positions with business partners of Nordex and one of these holds shares in a business partner. There were no material conflicts of interest in any of these cases.

The details are as follows:

Martin Rey, a member of the Supervisory Board of Nordex SE is Vice Chairman of the Supervisory Board at Renerco AG, Munich. In March 2010, Renerco AG ordered a total of 12 N100/2500 turbines from Nordex for a project in Poland. Mr. Rey was not personally involved in the contractual negotiations between Nordex and Renerco and did not exercise any material influence on these.

Mr. Jan Klatten is an indirect shareholder and Chairman of the Supervisory Board of asturia Automotive Systems AG, Munich, with which the Nordex Group entered into a joint development contract on 13 January 2009. This contract was subject to approval by the Supervisory Board. This approval was granted at the meeting of 18 February 2009 without Mr. Klatten's participation. The contract was terminated by Nordex after due notice on 31 March 2010 because the goal of reducing the operational loads and stresses on wind turbines will be achieved via a different route in future.

Carsten Pedersen, a former Member of the Management Board and current Member of the Supervisory Board of Nordex SE, holds a share in Skykon Give A/S (formerly Welcon A/S). In the year under review, Skykon was a supplier of towers to the Nordex Group. The purchasing relations with Skykon comply strictly with arm's-length requirements. Orders are placed only after intensive comparisons of prices and services. Mr. Pedersen was not involved in these decisions, neither in his capacity as Chief Sales Officer nor as a Member of the Supervisory Board. As an important producer of towers in northern Europe, Skykon has been a supplier to Nordex for many years. On 26 October 2010, Skykon entered into a "suspension of payments" process in Denmark, a preliminary process in the company's insolvency proceedings. This preliminary insolvency process is comparable to a judicial reorganisation (Gläubigerschutzverfahren) according to German law, where a reorganisation of the company is attempted under the auspices of a supervisor charged with carrying out this task. This process was not successful and Skykon applied to open insolvency proceedings on 23 December 2010,

which was approved by the insolvency court in Kolding on 5 January 2011.

Since 26 October 2010, Nordex has introduced and implemented all necessary measures to secure both project requirements and the components and materials stored at Skykon that are the property of Nordex SE, as well as to reduce other default risks. The appointed insolvency administrator has temporarily maintained production at Skykon. In an agreement from 12 January 2011, a company founded by, among other people, Carsten Pedersen, under the name "Welcon A/S" has taken over the business of the insolvent Skykon Give A/S and has continued production since this time.

Finally, Nordex points out that 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 with Article 61 of the SE Regulation**

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

The annual financial statement of Nordex SE and the consolidated financial statement for the Nordex Group for the year ending 31 December 2010, as well as the combined management report of Nordex SE and the Nordex Group for the 2010 financial year, including the book-keeping system, were audited and granted an unqualified auditor's report by the auditing company PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Hamburg, which had been selected at the Annual General Meeting on 8 June 2010, and appointed to audit the annual and consolidated financial statements by the Supervisory Board.

The report on the statutory audit of the annual financial statement 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 exists.

The annual financial statement, the consolidated financial statement and the combined management report for Nordex SE and the Nordex Group, as well as the Annual Report and the statutory auditor's report were presented to all members of the Supervisory Board prior

to the meeting on the 25 March 2011, 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 also available to answer any questions. The Supervisory Board and its Audit Committee concurred with the statutory auditor's findings.

The Supervisory Board thoroughly examined the annual financial statement, the consolidated financial statement, as well as the combined management report for Nordex SE and the Nordex Group drawn up 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 statement and the consolidated financial statement drawn up by the Management Board as of 31 December 2010. Accordingly, the annual financial statement has been duly adopted.

The Supervisory Board of Nordex SE thanks the Management Board for the constructive cooperation and expresses its gratitude to all employees, as well as the employee representatives, for their high level of commitment and for the work performed in the 2010 financial year.

Hamburg, 25 March 2011



Uwe Lüders  
Chairman of the Supervisory Board









## Streamlined production

To be connected to the grid as quickly as possible – this is what our customers desire. Therefore, we are also picking up the pace. We have recently introduced a production line for our nacelle assembly and partially automated our rotor blade production. This has enabled production times to be reduced by around 30% – and secured production quality over the long term. An additional effect, which is also a decisive factor for our competitiveness, is the significantly lower costs.

# Employees

Over the past 25 years, Nordex has developed into one of the most important manufacturers of wind turbines. The Nordex Group currently employs around 2,500 employees around the world who contribute significantly to the success of the company with their skills, qualifications, know-how and passion.

Wind energy is one of the business sectors of the future, characterised by particularly fast and dynamic growth. In order to remain competitive against increasing competition and to be able to play a role in the further development of the sector, Nordex requires outstanding employees who are able to fully realise their potential in a powerful, motivated and highly qualified team. Therefore, Nordex aims to recruit leading figures in the sector and to retain them within the company over the long term.

Transparent and performance-related pay constitutes the first pillar of the human resources policy at Nordex. Alongside an annual salary, employees in the Nordex Group also receive a performance-related annual bonus, provided that predetermined company targets have been achieved. The employment contracts for management-level employees generally include, alongside a basic salary, performance-related, variable remuneration components that are dependent on both individual target agreements and also on the business performance of the Nordex Group as a whole.

Workplace conditions contribute significantly to the well-being of employees and have, therefore, an influence on the long-term success of the company. As a result, the human resources management at Nordex ensures safe and appropriate working conditions. A significant improvement in working conditions for administrative employees was achieved in 2010, with the consolidation of the company's head office in a new, modern and ecological building in Hamburg. The Occupational Health and Safety department pays strict attention to adherence with internationally recognised standards and their continuous further development.

The third main pillar of the human resources policy at Nordex is the continuous training and further education of employees. Only in this way is it possible for the Nordex Group to also guarantee its long-term competitiveness as a supplier of complex, high-quality products and services. Specialist training and education, as well as qualifications, in the core abilities required for "wind power" are primarily provided by the Nordex Academy as the company's internal provider of training and further education. The trainers and technical editors at the Nordex Academy are responsible for the development and dissemination of the technical learning content.

## Skills management

Skills management – managing the abilities of employees – forms an important strategic element of human resources development at Nordex. It is one of the fundamental prerequisites for meeting the challenges posed by continuously increasing market demands and for efficiently organising the training and further education process at Nordex.



The core task of skills management is to systematically and individually determine the required skills of the around 2,500 employees within the Nordex Group, and to promote these skills in a targeted and job-related way. The starting point is the creation of so-called “target profiles”, which the Human Resources department develop in cooperation with the relevant specialist departments. The requirement profiles for each specialist department are stored in an IT system and ultimately form a company-wide job structure, which identifies possible development paths for employees – both in a horizontal as well as in a vertical direction. On this basis, there then follows a concrete assessment of the “current profile” of each individual employee. This, in turn, enables both short-term training or further education requirements, and also possible career perspectives, to be identified.

In this process, the development opportunities for an employee are dependent on their personal performance levels, their individual development potential and the availability of relevant positions in the company. Using the skills management programme, Nordex enables its employees to better fulfil the demands faced in their jobs and to actively shape their careers within the Nordex Group.

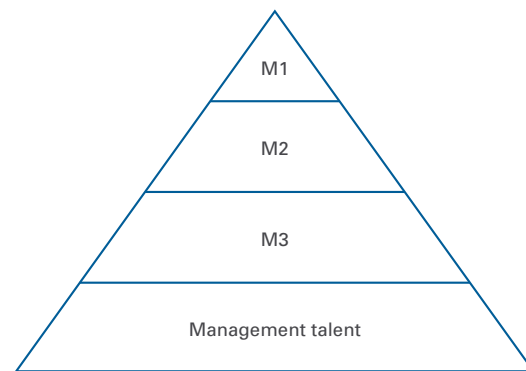
The skills management project applies to all employees and all areas of the company at Nordex. It was possible to already achieve important progress in this project in 2010. This included a total of approx. 150 job profiles being created for almost 1,000 employees. The project is being extended to other areas of the company and rolled out on an international scale in 2011.

### Global job grading & management development

The high dynamic for change, both in the market and within the company, the introduction of a new organisation matrix and the previously heterogeneous management organisation led Nordex to implement a job-grading project for the top 200 specialist and management positions within the company's management structure in September 2009. This was an analytical process for the evaluation of business functions – independent of the performance or results delivered by the holder of each individual position. In the course of the project, around 450 specialist and management job positions were graded in total during two phases. As a result of this process, Nordex has defined three management levels (M1, M2, and M3) below the Management Board level and the so-called Regional President. Nordex has succeeded with the help of global job grading in simplifying its global management structure, increasing transparency in terms of the requirements and responsibilities of the individual management levels and also ensuring that international comparison within these positions is possible.

The most important principle for the further development of employees and management at Nordex is: the right person in the right position. In accordance with this principle, we have set ourselves the target over the next few years of increasing the rate at which vacant positions are filled internally in the management levels M1 to M3. Nordex is currently implementing a process for this purpose that involves the systematic identification and the targeted further development of both top talent already within the management team and also up-and-coming talent.

### Key target groups of the management development programme



The starting point for nominating those with high potential is the newly introduced employee appraisals (Compass Dialogue). The management staff with disciplinary authority supported by managers in the specialist departments evaluate here, in line with the organisation matrix of the company, both the achievement of targets and the performance of employees over the past financial year, as well as the existing abilities and potential of employees. The employee's perspective is recorded in a self-assessment document. At the end of the employee appraisal, agreed targets for the new financial year will have been set and detailed statements about the performance level and the potential for development in the relevant employee will have been written. The results of the Compass Dialogue appraisals are communicated and validated in so-called "Management Development Conferences". It is during these conferences that the final approval is given for candidates to participate in the Group-wide high-potential programme. This programme is scheduled to start in autumn 2011.

Documentation and administration of the described processes in the areas of skills management and management development takes place with the aid of special human resources software. This software makes it possible to adequately record all relevant information about talent management at Nordex and to analyse individual and company-wide personnel development requirements, as well as to control and organise training and further education measures.

All relevant tools and systems were established and prepared for rollout in 2010. The new processes will be implemented worldwide across the whole management team in 2011, and the Compass Dialogue appraisals will then be rolled out at employee level in 2012.







## Full steam ahead

With production facilities in Germany, China and the USA, offices and subsidiaries in 19 different countries and a 95% export share, Nordex is excellently positioned for the international market. To ensure that this remains the case, we founded our “Emerging markets” sales and marketing department in 2010 – with the task of opening up new and promising emerging markets and strengthening our position in the most important growth regions over the long term.

# Sustainability

The future viability of Nordex hinges, to a large degree, 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, social and ecological factors are, however, increasingly coming to the fore in this era of globalisation and climate change. In this context, it is becoming increasingly important for companies to voluntarily assume responsibility towards society as a whole. Nordex is facing up to these challenges and the aim is to create the basis for sustained economic growth, while placing the lowest possible burden on the environment and offering people in all markets and regions new opportunities for prosperity. In this way, Nordex is seeking to safeguard the long-term success of the company.

Alongside purely economic aspects, the professionalism of business partners in terms of their environmental, occupational and health and safety standards plays an important role for energy providers – the most significant customer group for Nordex – when awarding projects. In order to also optimally position the company in this area, Nordex decided to implement a HSE Management System (HSE = Health, Safety & Environment) and become certified in accordance with DIN EN ISO 14001:2009 and the BS OHSAS 18001:2007 international standards. After adapting existing processes and implementing new ones, the initial certification was carried out for the Europe segment between June and September 2010. The certification was officially issued to Nordex at the end of September within the framework of the Husum WindEnergy trade fair. In addition, preparation

for extending the certification to the USA and China began in the second half of 2010 and the certification process is due to be completed during 2011.

## Ecological factors

Wind energy will form an important element in the future energy mix for all large energy markets. Every megawatt hour of electricity generated prevents emissions of around 1 ton of CO<sub>2</sub> that would be created, for example, through electricity generation in coal-fired power plants. As a result, Nordex prevents the emission of many millions of tons of environmental pollutants every year. The energy balance of a wind turbine is already achieved after around seven months. This calculation comprises the energy used in the complete manufacturing process – from production and transport through to the erection of the turbine. Once they are connected to the electricity grid, every wind turbine produces clean electricity for around 20 years. In the process, a single large-scale Nordex turbine can cover the electricity requirements of up to 3,000 four-person households. More than 4,400 wind turbines from Nordex are producing electricity around the world, ensuring a clean and safe energy supply across the globe.

However, environmental protection at Nordex does not just start with the product, it is also taken into account in the production phase. In Rostock, Nordex possesses one of the most modern and environmentally friendly production facilities for the manufacture of wind turbines and rotor blades. The demanding emission limits set by authorities for dust, solvents,



odours and waste water are not only met but significantly exceeded. In addition, Nordex places great emphasis on heat insulation and heat recycling, which also minimises emissions of pollutants.

In the reporting period, an environmentally friendly substitute for the solvent acetone was sought in rotor blade production, which is used there in large quantities. A corresponding and practical proposal was developed by the HSE Department in cooperation with the Global Production Strategy Department and those involved in rotor blade production. A decision has been made for a gradual reduction in the use of acetone. Furthermore, Nordex has implemented the development of a database in the reporting period that can be used to manage hazardous substances used, for example, at production locations and to coordinate the regular testing of the machinery employed in the production processes.

When it comes to building management systems, Nordex is also focusing on environmental protection by ensuring that all its buildings comply as far as possible with low energy standards. In this context, the new facility in the United States makes use of an integrated geothermal heating system, while the new Nordex head office in Hamburg – the Nordex Forum – was awarded a “Gold” certificate by the German Association of Sustainable Building (DGNB) at its official opening. As a result of the use of energy-efficient building technology, the Nordex Forum has significantly exceeded the guidelines contained in the Energy Savings Ordinance (EnEV) by more than 20%.

## Employees

As a result of its business activities, the number of employees at Nordex has grown throughout the company’s history. Nordex currently has around 2,500 employees worldwide.

However, top performance is only made possible as a result of satisfied and qualified staff. Employee satisfaction implies, among other things, a fair and motivational level of remuneration. Nordex has created the foundations for achieving this goal in previous years. For example, Nordex established a uniform system of remuneration 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, which makes no distinction between east and west Germany, nor between commercial or salaried employees, creates a comprehensive level of transparency. Another important principle at Nordex is for all employees in the Group to share in the company’s profits, with a different proportion of variable income components depending on the employee’s hierarchical level. In addition, the company’s employees were given the opportunity to participate economically in the future success of the company through the issuing of share options in 2008 and 2009. Finally, Nordex provides other voluntary social benefits, such as vocational training grants, and a subsidised company pension scheme based on the principle of deferred remuneration.



Workplace conditions also play a decisive role in the satisfaction of employees. Occupational safety is a top priority for Nordex in this area. The Occupational Health and Safety Department pays strict attention to adherence with internationally recognised standards and their further development. A main focus of the corresponding activities in 2010 was the introduction of a PPE (Personal Protective Equipment) database, developed in cooperation with the Global HSE Department. This database ensures that Nordex always has a clear overview of all the training and education measures needed for employees, as well as any possible requirements for updating individual protective equipment. The legal security provided by this database means that Nordex is leading the way across the whole wind energy sector. In addition, the Global 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). In these working groups, future technical occupational safety regulations are developed.

Alongside employee satisfaction, the ongoing training of employees is of great importance in terms of achieving the goal set by Nordex to be a provider of the best-possible complex, high-quality products and services. At the Nordex Academy, the internal training and further education provider within the Nordex Group, employees are regularly taught and trained by experienced specialists. As a result, Nordex guarantees a high level of qualification for its employees. Safeguarding the future also involves Nordex training young people in order to gain qualified specialists for the company. At the end of 2010, Nordex employed around 65 apprentices and trainees. In addition, the

company places a great deal of attention on the recruitment and promotion of graduate management talent at Nordex.

### **Economic factors**

Nordex has significantly increased its economic performance in recent years – the Nordex Group almost doubled its sales revenues in the period between 2006 and 2010 alone, from around EUR 500 million to nearly EUR 1 billion; earnings before interest and tax (EBIT) rose in the same time period from around EUR 17 million to EUR 40 million. Despite extensive investment in the amount of EUR 72 million, which primarily went into the development and expansion of its structures and processes, Nordex once again held a stable level of liquidity of approx. EUR 140 million at the end of the 2010 financial year. As of the balance sheet date, the company's equity ratio stood at 38%.

As one of the leading providers of technology that is focussed on the future requirements within the renewable energy sector, the long-term business success of the Nordex Group is dependent on its research and development activities. Nordex restructured its engineering activities in 2010 in order to enhance the area of product development. The Engineering Department is currently working at full speed on both the development and introduction of new products and the further development and improvement of existing product portfolios.

In addition, Nordex represents an important economic generator for its locations and its business partners. Nordex views its sales markets as centres for value creation. Therefore, the Group maintains production facilities in Europe, Asia and North America, and estab-

lishes supply structures of its own in local markets. Nordex creates employment and income in its locations through the construction and operation of wind parks and the communities also benefit from the taxes paid by the companies in the Nordex Group.

As an internationally active company, Nordex is exposed to entrepreneurial and sector-specific risks. In order to ensure the future existence of the company, it is essential, therefore, to recognise and evaluate risks at an early stage and, if required, to take appropriate steps to minimise the probability of the risk occurring or to limit their effects. Nordex has a risk management system that contains the measures required for the early detection of risks and for controlling these risks.

### Corporate compliance

In the year under review, Nordex continued the development of its corporate compliance structures. The compliance team has intensively discussed plans for a globally valid code of conduct both with the Management Board and also with representatives from the workforce in Germany. The company plans to issue and gradually introduce a binding code of conduct across the whole Nordex Group in 2011.

### Social responsibility

In their business activities, enterprises also have social responsibility. Nordex is guided by the principles set out in the "UN Global Compact" in its relations with its own employees, as well as in its dealings with third parties. Within the company's sphere of influence, this comprises the principles of human rights and anti-discrimination, as well as initiatives to encourage environmental awareness and to

create equal opportunities in terms of training and education. For example, Nordex has supported the Hamburg Climate Protection Conference since 2008, which is organised by the State Institute of Teacher Training and School Development. "Experiencing and understanding energy" is the title of a long-term school project that Nordex has also implemented together with the Umwelt-Aktion e.V. in Germany.

Nordex plans to finance a professorship for wind energy technology from the winter semester 2011, in the Faculty for Mechanical Engineering and Ship Technology at the University of Rostock. This will be initially limited to a period of five years and be linked to a Master's degree of the same name. Nordex wants to use this initiative to contribute towards better meeting the demand for good engineers in the regional economy and to counteract the lack of skilled workers.

Nordex has implemented measures in numerous areas in the past aimed at furthering the company's sustainability. In the future, corporate social responsibility (CSR) is to be embedded more firmly into its business strategy. In addition, Nordex plans to regularly keep its stakeholders informed of the Group's activities and objectives in the area of sustainability as of 2011.



## Reach for the sky

We make the impossible possible for our customers. Evidence for this can be seen in our newly developed hybrid tower, which is being utilised for the first time in Hamburg harbour. Its hub stands at an impressive height of 140 m, which means we have raised the height of our N100 onshore turbine by 40 m – and in an area with significantly stronger winds. The results are impressive: 20% more yield delivering electricity for 2,500 households.







# Combined Group management report

## of the Nordex Group and Nordex SE

### Business activities

Nordex supplies high-output wind power systems in the upper segment of the market for virtually all regions suitable for wind power. As a producer and developer of wind power systems, it concentrates on its core skills, namely engineering as well as maintenance and after-sales services. In selected markets, the Company also operates further upstream, e.g. in wind farm planning. It also offers turnkey project management solutions if required.

Nordex assembles around 25% of its products at its own facilities and, as a systems integrator, sources some 75% of the components required from its suppliers. The Nordex Group is essentially a single-product company. Nordex SE is a holding company. The main Nordex Group companies are Nordex Energy GmbH, Nordex USA Inc. and Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd. in China. Nordex SE is domiciled in Rostock. The head office has been located in Hamburg since the move from Norderstedt in December 2010. Nordex holds production facilities in Germany (Rostock), China (Yinchuan, Dongying) and USA (Jonesboro). The Company has branch offices and subsidiaries in 19 countries.

### Strategy

The market for wind energy is expected to expand at an average yearly growth rate of 12% over the next few years. The volume of newly installed output capacity per year is set to increase from 36 GW in 2010 to around 63 GW by 2015, according to projections from MAKE Consulting, the Danish consulting and research company. Therefore, the wind energy sector is one of the most attractive industry sectors for the future both in the medium and the long term. At the same time, the general conditions for manufacturers of wind turbines have significantly changed in the last 24 months. An ever-changing customer structure, growing competition for new contracts and the increasing speed of innovation mean that both new and established manufacturers of wind turbines are faced with fundamental challenges.

In order to benefit from the opportunities available and to effectively limit risks, Nordex follows a strategy that is based on five key elements:

### Energy providers

Large energy providers and IPP's (Independent Power Plant Operators) already currently hold a market share of around 80% and their significance is set to increase even further in future. Accordingly, it is these customers that define and shape the requirement profile of wind turbine manufacturers. Alongside technical excellence and a globally oriented organisational structure, local expertise is also indispensable in order to enable successful cooperation and form long-term customer relationships.

*Nordex places its focus on the special wishes and requirements of large customers such as energy providers.*

For example, in the area of technical excellence, Nordex is striving to further increase the availability of its wind turbines over their whole life cycle, which in turn enables overall costs to be reduced. Industrialised processes and production procedures also yield cost savings, while at the same time delivering consistently high levels of quality. After all, large customers place particular focus on service and maintenance, which Nordex will increasingly take into consideration in its new service concepts in the future. Nordex already has its own regional companies and production facilities in the three main regions of Europe, Asia and North America, enabling complete solutions to be offered along the entire value chain. As a result of having companies and offices in 19 different countries, Nordex possesses a high level of regional expertise and is in a position to adapt its products to all standard locations suitable for wind power.

## Products

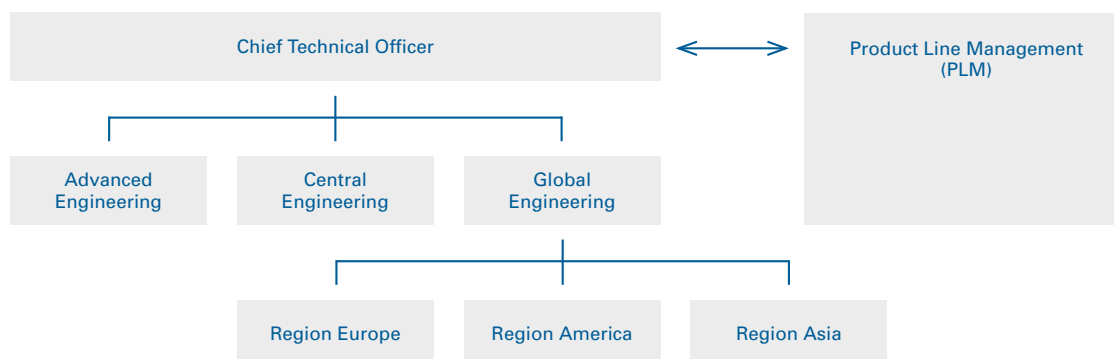
Renewable energies – and particularly wind energy – will play a leading role in the energy mix of the future. Alongside the ecological perspective, wind energy must also offer a convincing solution to security of supply issues and remain competitive against conventional types of energy provision, such as from crude oil, coal or uranium, in the long term.

*Nordex has intensified its research and development activities in order to realise more strategically important product developments in the period up to 2015.*

Nordex will gradually revise and expand its product portfolio up to 2015. In 2012, Nordex will start the series production of a wind turbine with a rotor diameter of 117 m and a nominal output of 2.4 MW, which will achieve a capacity factor of around 40% in IEC3 locations (low wind conditions), significantly outperforming other existing systems in its performance class. This wind turbine is, therefore, particularly attractive for those energy providers who place great importance on security of supply. Alongside the further development of existing wind turbines, Nordex plans to bring an onshore wind turbine with a nominal output of 3 to 4 MW and a wind turbine for off-shore application with a nominal output of 6 MW to the market by 2014. In order to efficiently handle these diverse and complex challenges and to achieve

defined targets, Nordex has already restructured the organisation of its Engineering Department in 2010. The development of standard wind turbines for introduction to the market in the next five years continues to take place within the Central Engineering Department. However, the Central Engineering Department will be joined in future by the Advanced Engineering Department, which will be responsible for basic research and trends in the area of wind energy in the period beyond. Nordex employees in the Regional Engineering Departments primarily have the task of adapting existing standard technology to the specific requirements of relevant local projects and national requirements. In addition, these departments accompany the course of such projects, maintain contact with customers and support the Sales and Marketing Department. The newly created Global Engineering Department provides the three existing Regional Engineering Organisations (Europe, America and Asia) with specialist guidance, has a coordinating role and ensures that synergies are more visible and exploitable. The central role of the Production Line Management (PLM) Department is to integrate a new product into the overall organisation of Nordex – from purchasing and production, right through to the provision of services. During this process, the requirements of different company departments need to be aligned and incorporated into a holistic technical and economic concept.

## An overview of the Engineering Department at Nordex



### Sales and marketing

The market for wind energy in individual countries will develop at different rates in the coming years, depending on their relevant market maturity. The leading group of countries expected to experience a total increase in output capacity of more than 5 GW by 2015 includes China, USA, Germany, India and Canada. The highest average growth rates in this segment are to be expected in Canada, China, Portugal, Great Britain and France. Alongside Brazil, the most interesting markets below the level of 5 GW total volume by 2015 include Sweden, Turkey, Australia and Japan. In this segment, the Netherlands, Greece, South Korea, Japan and Taiwan are expected to achieve the highest average yearly growth rates.

*Nordex aims to secure its market share in established markets, develop selected individual markets and tap into highly promising development markets.*

In Great Britain, France and Italy, the Group plans to consolidate its relevant market share and further expand in some selected countries. In addition, the company plans to exploit opportunities in newly opened up markets, e.g. Sweden, and break into newly emerging markets. In this context, Nordex benefits from the fact that its products, in particular those within technically demanding and innovative fields, are perceived to possess a high level of expertise by the market. For example, in the use of so-called Cold Climate Versions (CCV) of wind turbines under extremely cold conditions.

### Offshore business

The strategic importance of the offshore segment, particularly in Europe, is high because it is only via offshore wind energy that the long-term climatic goals (20-20-20) of the European Union can be achieved. Offshore business is anticipated to develop at above-average growth rates in the coming years. According to a forecast by MAKE Consulting, the Danish consulting and research company, the yearly increase in output capacity is set to almost quadruple to more than 5 GW in 2015, from an estimated 1.4 GW of newly installed output capacity in 2010. The share accounted for by offshore business within the overall wind energy market is expected to double in the same period from approx 4% to 8%. Offshore business will already account for around 20% of the European wind energy market in 2015.

*Nordex will develop its own offshore wind energy turbines by 2014 with a nominal output of 6 MW, as well as participating in a reference project (Arcadis Ost 1).*

After careful observation and evaluation of both the market and technological developments in the offshore market, Nordex has decided to base its entry into the offshore market on three cornerstones: a quick entry into the market, the foundation of an independent company department and the development of a new wind turbine especially for offshore application. A quick entry into this market is being achieved with the reference project "Arcadis Ost 1" in which Nordex holds an approximate 40% share. The project is located to the north-east of the island of Rügen in Germany and includes delivery of offshore wind energy turbines with a total nominal output of more than 350 MW in 2014 and 2015. For this purpose, Nordex is currently developing an Offshore Business Unit with employees possessing comprehensive and long-standing experience in the offshore industry. A decisive contribution will be made by the development of a competitive offshore wind energy turbine. In this area, Nordex is no longer following an approach involving the further development of an onshore wind turbine for use in the offshore sector. Instead, a new turbine is being developed on the basis of a gearless drive concept with a permanent magnetic generator that will deliver an expected nominal output of 6 MW. The first prototype will be erected onshore in 2012; the first tests in water are planned for 2013.

### Operational excellence

Those who have the goal of delivering durable products such as wind energy turbines, which meet the quality requirements of discerning customers, need to create the foundations and conditions for outstanding operational performance. Wind energy still belongs to those relatively new industry sectors that are characterised by a high ability to innovate. In addition, the increasing level of professionalism across the whole production process is driving further developments by wind energy turbine manufacturers. In German-speaking countries, an approach has been increasingly developed under the banner of "operational excellence" that defines an all-encompassing optimisation programme where all processes are aligned according to customer requirements, quality and efficiency.

*Nordex is striving to achieve operational excellence through production processes that are lean and as "waste-free" as possible, as well as employing global purchasing structures and an effective supply chain management system.*

In the area of purchasing, Nordex aims to achieve significant cost savings through the use of a professional and integrated purchasing organisation based on optimising the relationship between global and local purchasing in core regions. Supply chain management at Nordex has the role of guaranteeing security of supply for production, while at the same time maintaining the lowest possible stock levels. The goal is to reduce delivery times on average by 25%. Nordex is equipped for the international market with production facilities in the core regions of Europe, Asia and the USA. Nordex has also achieved significant increases in efficiency as a result of the introduction of production lines for nacelle assembly, as well as the partial automation of rotor blade production. This has resulted, for example, in reduced production times of around 30%, with the capacities for rotor blade production in Rostock almost doubling. Automation in production processes, such as the finishing of rotor blades, does not only make time savings possible, but also guarantees high quality standards.

#### Corporate management

The company is managed on the basis of orders received, earnings before interest and taxes, and free cash flow.

#### Economic environment and underlying political conditions

The world economy became increasingly more stable during the reporting period and recovered significantly quicker than expected from the consequences of the world economic crisis. Global production increased in 2010 by 5.0% (2009: -0.6%). However, the International Monetary Fund spoke of a two-speed recovery in the world economy: While emerging and developing countries continued to experience strong growth in the reporting period, recovery in the developed industrialised nations took place at a lower rate, accompanied in certain areas by higher unemployment and the recurring crisis in the euro zone. China and India experienced, for example, growth rates of 10.3% and 9.7%, respectively, while the USA grew by 2.8% and Europe by 1.8%. A heterogeneous development was also apparent within Europe. On the one hand, some countries in the European Union are only emerging slowly from the world economic crisis and are faced with rapidly increasing national debt, while on the other hand, countries such as Germany were able to benefit as a result of their strong exports from the continued economic boom in the emerging countries and recorded an increase in production output of 3.6% in the reporting period. The successful developments seen in Turkey in recent years also continued in the reporting period with economic growth of around 8%.

#### Growth in gross domestic product by country/region

	2010 %	2009 %
United States	2.8	-2.6
European Union	1.8	-4.1
Germany	3.6	-4.7
China	10.3	9.2
India	9.7	5.7
<b>Total</b>	<b>5.0</b>	<b>-0.6</b>

Source: International Monetary Fund, January 2011

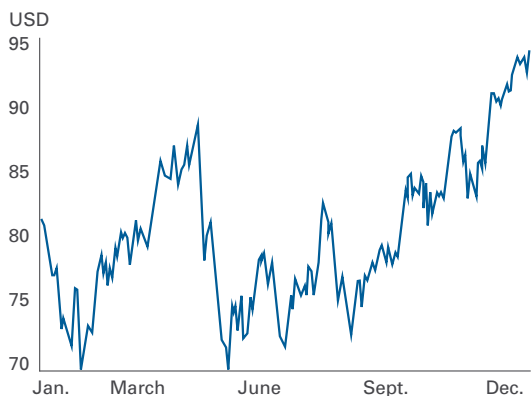
The most important central banks continued to follow the low-rate interest policies in the reporting period that had been introduced in 2009. Both the American central bank (FED) and the European central bank (ECB) made no adjustments to their base interest rates in 2010. The base interest rate set by the FED remained unchanged at 0.25%, while the main refinancing rate set by the ECB stood at 1.0% at the end of the reporting period.



The euro was subject to considerable turbulence in 2010 and fell in value compared to the USD. The threat of bankruptcy faced by the Greek government allowed the euro to initially slide to an all-time low of USD 1.19 to the EUR. The turbulence in Ireland once again placed the euro under pressure during the course of the year. However, the European currency had recovered again by the end of the year and closed with an exchange rate of USD 1.34 to the EUR, which corresponds to a decline of 6.3% in comparison to the exchange rate posted in the previous year.

In 2010, the price of oil continued the upward trend seen in 2009. At the end of the year, the price per barrel stood at around USD 95.1 and had increased, therefore, by around 22% in comparison to the previous year (31 December 2009: USD 77.9 per barrel).

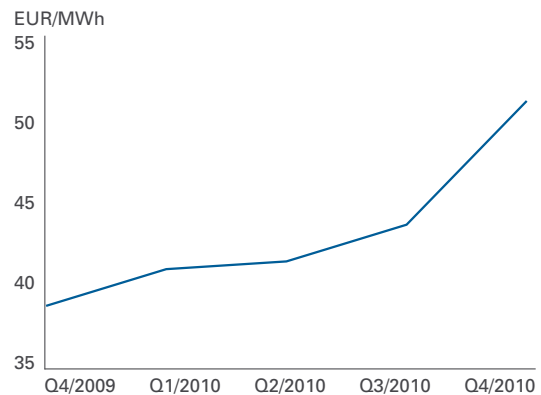
#### Price of Brent crude oil in 2010



Source: Wallstreet Online

Electricity prices in 2010 were materially affected by the economic crisis and the resultant decline in energy consumption, particularly in energy-intensive sectors. The EEX Baseload – the quarterly weighted average price for 24 hours of base load electricity tracked by the European Energy Exchange (EEX) in Leipzig – rose from EUR 38.76 per megawatt/hour in the fourth quarter of 2009 to EUR 51.49 per megawatt/hour, equivalent to an increase of 32.8%. In contrast, the price of electricity in the USA remained at a low level due to fallen gas prices in the reporting period.

#### EEX Baseload Q4/2009–Q4/2010



Source: European Energy Exchange (EEX)

According to information from the German Engineering Federation (VDMA), production in the German machine and plant construction sector grew in total in 2010 by 8.8%, while turnover in the sector increased in comparison to the previous year by 8.0%. Orders received exceeded the figures from the previous year in real terms by 44% in December 2010. Domestic business grew by 38% and foreign demand increased by 46% in comparison to the level seen in the previous year. The sector benefited, in particular, from China's growth plans and exports increased in the reporting period by 10.9%.

#### Sector-specific conditions

As a result of the general economic and financial crisis in 2009 and 2010, the sector experienced the postponement of projects and delays in the approval of finance for wind energy projects, which lead to a significant reduction in the output capacities of new wind turbines in the reporting period. According to the Global Wind Energy Council (GWEC), 35,802 MW of new energy output capacity was installed worldwide in 2010. This represents a reduction of 7.3% in comparison to the previous year (2009: 38,610 MW). While China saw its newly installed output capacity increase once again by 19.5% in comparison to the previous year, Europe experienced a decrease of 6.1% in comparison to the previous year. In the USA, the volume of newly installed capacity even decreased by 48.8% from 9,996 MW to 5,115 MW.

### Wind power market

Country	New output MW 2010	New output MW 2009	Change %
Europe	9,883	10,526	-6.1
United States	5,115	9,996	-48.8
China	16,500	13,803	19.5
Others	4,304	4,285	0.4
<b>Total</b>	<b>35,802</b>	<b>38,610</b>	<b>-7.3</b>
Spain	1,516	2,459	-38.3
Germany	1,493	1,917	-22.1
France	1,086	1,088	-0.2
UK	962	1,077	-10.7
Italy	948	1,114	-14.9
Offshore	883	582	+51.7

Source: GWEC, February 2011;  
 Source for offshore data: EWEA, February 2011

### Top 5 new installed output in 2010

Country	Share of the global market %
China	46.1
United States	14.3
India	6.0
Spain	4.2
Germany	4.2

Source: GWEC, February 2011

### Top 5 cumulative capacity 2010

Country	Share of the global market %
China	21.8
United States	20.7
Germany	14.0
Spain	10.6
India	6.7

Source: GWEC, February 2011

The most important wind power markets in 2010 were China and the United States again, which together accounted for 60.4% of new installed capacity. The level in the previous year was 62.1%. China leads the way with a market share of 46.1% of the new installations in the reporting period, ahead of the USA with 14.3%. India followed in third place with 6.0% and the fourth and fifth places were held by Spain and Germany, each accounting for 4.2%.

When the cumulative share of the market is examined, China moved to the head of the pack with a market share of 21.8%. The USA was ranked second with 20.7%, followed by Germany, which had a cumulative share of the total installed MW capacity of 14.0%. Spain (10.6%) and India (6.7%) ranked fourth and fifth, respectively.

In the period under review, China again exhibited high growth rates, with new installed capacity rising from 13,803 MW to approximately 16,500 MW, an increase of 19.5%. At the end of 2010, total installed capacity stood at 42,287 MW in China. Roughly 5% of wind power systems supplied by Nordex in 2010 were installed in China.

The volume of newly installed capacity in the USA decreased by 48.8% to a level of 5,115 MW (2009: 9,996 MW), the cumulative installed capacity at the end of the reporting period was 40,180 MW. Despite numerous government development programmes and incentives, there has, to date, been a lack of long-term, reliable federal policies for the promotion of renewable energies. A decisive role in this downward trend was also played by the low demand for electricity from industry and the fall in the price of the energy source gas. Therefore, the American wind energy industry also experienced boom-and-bust cycles in the reporting period. Nordex erected around 18% of its wind turbines in the USA in the 2010 financial year.

In the European Union, the wind energy sector experienced a decline in new output capacity as well. The newly installed output capacity of 9,883 MW (2009: 10,526 MW) failed to match the previous year's figure by 6.1%. This development is due to a large extent to the currently tense financing situation and the growing budget deficits in individual countries within the European Union. The cumulative installed output capacity rose to 86,075 MW. According to the European Wind Energy Association (EWEA), around 17% of the newly installed electricity production capacity was accounted for by the wind energy sector in 2010. The overall volume of investment in wind energy projects stood at EUR 12.7 billion in Europe, of which EUR 10.1 billion was allocated to onshore business and EUR 2.6 billion to the offshore sector.

In the year under review, Spain represented, as in the previous year, the largest European onshore wind energy market with 1,516 MW of newly installed output capacity (2009: 2,459 MW, -38.3%). It was followed by Germany with 1,493 MW (2009: 1,917, -22.1%), France with 1,086 MW (2009: 1,088 MW, -0.2%) and Great Britain with 962 MW (2009: 1,077 MW, -10.7%). Italy was ranked fifth with a newly installed output capacity of 948 MW in 2010 (2009: 1,114 MW, -14.9%). The European market was once again by far the most important region for Nordex, accounting for a share of 77% of the delivered output capacity in 2010.

In the offshore segment, new installed capacity came to a total of 883 MW, equivalent to an increase of 51.7% over the previous year (2009: 582 MW), underpinned for the most part by new projects in the UK, Denmark and Germany.

Positive signs could be observed in the area of orders received for the sector. According to MAKE Consulting, the wind industry concluded new worldwide orders for a total output volume of around 28,750 MW in 2010. This represents an increase of 48% in comparison to the previous year's figures. A clear upturn in activity in the area of venture capital financing was also apparent within the wind energy sector in the reporting period. The volume of venture capital financing rose from almost USD 200 billion in 2009 to around USD 277 billion in 2010, according to figures from the Mercom Capital Group.

The political framework conditions for the construction of power stations in the area of renewable energy can still be viewed as generally positive, although the risk-reward ratio needs to be evaluated individually for every region.

China plans to cover a total of 15% of electricity production using renewable energies by 2020. Alongside fixed feed-in tariffs based on a sliding scale for each relevant region, there are also guidelines in place, for regional energy providers of a certain size, concerning the future proportion of renewable energy in total energy provision that is not based on hydroelectric power. The planned expansion of electricity grid capacity is a further step that should help to promote the development of the Chinese wind energy market. In addition, it is expected that the next five-year plan from the Chinese government, due to be

adopted in March 2011, will contain a comprehensive package of measures for the expansion of renewable energies.

The US government plans to reduce greenhouse gasses by around 17% by 2020 in comparison to the levels in 2005. The ITC Cash Grant, an incentive subsidy to the amount of 30% of capital costs, was extended in 2010 by one year until the end of 2011. However, the American government under President Barack Obama has not yet been able to achieve a consensus in terms of defining long-term national standards for the promotion of renewable energies. There are currently only a series of initiatives at an individual federal state level, which are designed to expand the proportion of renewable energies in energy provision.

The 27 states of the European Union continue to pursue the target of achieving a 20% reduction in emissions by 2020 in comparison to 1990. Germany aims to cover around 18% of its total energy consumption with renewable energies by 2020. The long-term feed-in tariffs written into the Renewable Energy Sources Act (EEG), together with the new Energy Concept that, among other things, includes a loan programme of over EUR 5 billion for offshore wind energy projects, establish stable market conditions for investors. Increased uncertainty in the Spanish wind energy market can be observed. A reduction of the premium tariff by 35% for wind energy parks with a capacity of over 50 MW by 2013 has been adopted, and is likely to have a negative influence on profitability for project investors and wind park operators. A law that came into effect at the end of 2010 in Italy includes far-reaching changes for the regional wind energy market in the country. The governments of Sweden and Norway agreed on a common market for emissions trading in 2010, which should be introduced from 2012. The strategic plans in Turkey include increasing the share of installed wind energy output almost eight-fold from around 1,300 MW in 2010 up to 10,000 MW in 2015. It is planned that around 30% of the total electricity production will be covered by renewable energies by 2023. Within the framework of the standardised energy feed-in law of 2010, the existing tariffs have been extended and incentives for the local production of wind turbines and their components have been set, which has created planning security for investors.

### Business performance

The output capacity of the turbines delivered by Nordex in the 2010 financial year was down by 14%, in comparison to the previous year, to 909.2 MW. Of these turbines, 81% had already been erected in their relevant wind parks as of 31 December 2010. For the first time, the largest regional market for Nordex was Turkey. The company achieved here – in relation to the newly installed output capacity in 2010 – a market share of 37%. The Nordex Group also experienced growth in France. In this market, Nordex delivered 53% more new output capacity respectively than in the previous year. Nordex business in Italy and Portugal developed in line with the overall market.

#### Capacity supplied

	2010 MW	2009 MW
Turkey	252.5	135.0
United States	45.0*	162.5
Italy	133.0	163.8
France	130.0	85.0
UK	126.5	120.0
Germany	70.0	35.5
China	54.8	111.0
Sweden	32.5	57.5
Portugal	32.4	106.2
Greece	25.0	0.0
Belgium	5.0	0.0
Poland	2.5	76.7
Others	0.0	6.3
<b>Total</b>	<b>909.2</b>	<b>1,059.5</b>

\*In addition, 150 MW were erected in the reporting period in the USA that had, however, already been delivered in 2009.

In terms of wind turbine installations, the production output of the Nordex Group rose slightly once again, by 5% in comparison to the previous year. The production output of rotor blades decreased by a total of 20% as a result of, among other things, limitations in production during the transition to the manufacture of NR50 rotor blades and the introduction of partially automated systems.

#### Output

	2010 MW	2009 MW
Turbine production (of which China)	1,032.0 (124.5)	983.0 (85.5)
Rotor blades (of which China)	271 (98.0)	337.0 (46.0)

Group sales decreased in the 2010 financial year by 18% to EUR 972 million (2009: EUR 1,183 million).

As a result of the existing excess capacities across the whole market, intensive competition for new contracts developed in the reporting period, which had a negative effect on the development of wind turbine prices. Nordex consciously abstained from accepting individual projects, which could not have been realised at a profit for the company, in order to prevent a significant drop in earnings before interest and tax.

#### Sales by segment

	2010 EUR million	2009 EUR million
Europe	800	968
America	99	135
Asia	73	80
<b>Total</b>	<b>972</b>	<b>1,183</b>

Approximately 92% of sales arose from wind turbine engineering and approximately 8% (2009: 5%) from service business. This relative growth is due to secured long-term service contracts and new services offered in after-sales service.

Orders received increased in comparison to the previous year by 14% to EUR 836 million (2009: EUR 734 million). In the fourth quarter of 2010 alone, Nordex gained new orders with a total volume of EUR 306 million; this was the highest level of new business on a quarterly basis since mid-2008.

In the US wind energy market, Nordex was able to increase its orders received seven-fold in comparison to the low base level from the previous year, and gain new contracts with a total volume of EUR 168 million. Therefore, a major part of the production planning for 2011 has already been covered. A decisive factor in the success of Nordex was the new production facility in Jonesboro, Arkansas, which began operations in October 2010. The highest-possible domestic share



of value added business is a clear advantage in the USA in order to optimise cost structures and impress customers.

Nordex also significantly increased its orders received in Asia from EUR 21 million to EUR 100 million in 2009. Alongside the first sales outside of China and a softening of the strict interventionist policies within China, the renewed upturn in local value creation contributed to the successful sales performance.

In Europe, new business for Nordex developed on the whole negatively and orders received fell in the region by 18% to EUR 568 million. Nordex did once again gain orders in markets such as Turkey, Great Britain and Germany that corresponded approximately to the same level as the previous year. However, new business for Nordex in France declined by around EUR 200 million to EUR 60 million. The introduction of the N100/2500 turbines, which deliver an increase in profits of around 17% due to the increased wind class of the turbines, means that Nordex has once again created good prerequisites for attracting new business in a competitive environment.

Order receipts by region		
	2010 EUR million	2009 EUR million
Europe	568	690
of which Turkey	193	202
of which UK (inclusive Ireland)	108	115
of which Germany	62	55
of which France	60	202
America	168	24
Asia	100	21
Total	836	734

The ratio of orders received to sales (book to bill ratio) improved from 0.62 in 2009 to 0.86 in 2010. At the end of the reporting period, the order book comprised firm orders of EUR 411 million (2009: EUR 473 million).

## Business performance of the parent company Nordex SE

As the Group parent, Nordex SE operates as a 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, above all 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 Windpark beteiligung GmbH as further German Group members.

In the reporting period, the sales revenues at Nordex SE of EUR 40.7 million remained around the previous year's level (2009: EUR 40.4 million). The main source of revenues are Group charges levied against foreign subsidiaries in consideration of the provision of Group management services and the grant of contractual performance guarantees.

Staff costs increased in the 2010 financial year by 8.7% to EUR 15.0 million (2009: EUR 13.8 million). Other operating income net of other operating expenses came to EUR –21.6 million (2009: EUR 22.6 million). As a result of reduced income from profit and loss sharing agreements, the profit from ordinary business activities decreased by 50.9% from EUR 35.2 million to EUR 17.3 million. After taxes of EUR 2.1 million (2009: EUR 5.8 million), Nordex SE recorded net profit of EUR 15.6 million (2009: EUR 29.4 million).

The equity of Nordex SE increased by around 6% to EUR 269.6 million on the balance sheet date (2009: EUR 254.0 million). With total assets rising to EUR 471.3 million (2009: EUR 414.4 million), the equity ratio of Nordex SE fell to 57.2 % (2009: 61.3%).

### Results of operations

Despite declining sales revenues, the Nordex Group maintained an almost constant level of gross profit in the 2010 financial year of EUR 259.7 million compared to the previous year (2009: EUR 260.4 million). The gross margin rose correspondingly from 22.8% in 2009 to 25.8% in the reporting period. In particular, Nordex benefited in the first half-year of 2010 from reduced procurement prices. In addition, a majority of the orders realised in the reporting period were those for which Nordex had been able to agree a good price level when the contracts were agreed.

Earnings before interest and taxes (EBIT) came to EUR 40.1 million in the year under review (2009: EUR 40.0 million), with the EBIT margin increasing from 3.5% to 4.0%. In this context, profitability was connected to developments in the volume of business during the year. Whereas Nordex was able to break even in the first quarter on sales of EUR 150.5 million, the margin widened to 6.1% in the fourth quarter on sales of EUR 357.9 million.

#### Sales and earnings performance by quarter in 2010

	Sales EUR million	EBIT EUR million	EBIT margin %
Q1	150.5	0.4	0.2
Q2	199.2	6.7	3.2
Q3	264.4	10.2	4.0
Q4	357.9	22.8	6.1
Total	972.0	40.1	4.0

Despite increased personnel costs and higher levels of depreciation, the total structural costs of EUR 219.6 million were slightly below the previous year's figures (2009: EUR 220.5 million). The personnel cost ratio increased from 9.2% to 11.8%, due to reduced sales volumes and the increased number of employees. In particular, Nordex increased its workforce in 2010 in new markets, in new company departments and in the Engineering Department in order to be able to participate in future market opportunities and to improve the Group's competitiveness. While the personnel costs rose by EUR 14 million to EUR 119.4 million (2009: EUR 105.8 million), the ratio of other operating expenses and other operating income declined by EUR 19.0 million or 19.6% to EUR 77.7 million. This also includes, among other things, the first signs of

success from the cost reduction programme initiated in 2010. Depreciation rose by EUR 4.5 million to EUR 22.5 million (2009: EUR 18.0 million), in particular, due to the completion of the new production facility in Jonesboro, USA.

#### Structural costs

	2010 EUR million	2009 EUR million
Staff costs	119.4	105.8
Other operating expenses – less other operating income	77.7	96.7
Depreciation/amortisation	22.5	18.0
Total	219.6	220.5

Net financial expense fell in comparison to the previous year from EUR –5.2 million to EUR –7.3 million. The reasons for this development were increased interest costs as a result of promissory notes and the increased use of an investment loan from the state-run KfW Bank (Kreditanstalt für Wiederaufbau).

After a tax expense of EUR 11.6 million, consolidated net income stood at EUR 21.2 million, which represented a decrease of 12.4% in comparison to the previous year (2009: EUR 24.2 million). Earnings per share decreased correspondingly from EUR 0.36 to EUR 0.31.

#### Comparison of actual and forecast business performance

In its forecast from 18 March 2010, the Management Board of the Nordex Group anticipated that sales by the Nordex Group would increase slightly in the 2010 financial year in comparison to the levels achieved in the previous year (2009: EUR 1.2 billion). Based on a potential increase in sales, Nordex expected increased earnings before interest and tax (EBIT) in comparison to the previous year, which was to be achieved primarily due to economies of scale through the stable development of structural costs and the gross profit margin.

On 11 August 2010, the Management Board of the Nordex Group presented its sales forecast anticipating a slight growth in the single-digit percentage range, in combination with increased earnings before interest and tax (EBIT) of around 4% in comparison to the previous year.

On 11 November 2010, the company corrected its sales forecast to a volume of around EUR 1 billion after the management of the Nordex Group abstained from acquiring some particularly fiercely contested orders. At the same time, the Management Board of Nordex maintained the target for the earnings before interest and tax margin (EBIT) of 4%.

The Nordex Group recorded sales of EUR 972.0 million and an EBIT margin of 4.0% in the 2010 financial year, i.e. within the forecast range.

### Segments

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

The Europe segment represents (particularly business in the countries of Italy, Turkey and France) currently the most important sales region for Nordex. Against the backdrop of the EU's harmonisation efforts, the members of the European Union are converging in both political and economic terms. In the medium to long term, there is expected to be further demand for electricity produced from wind power in EU countries. Accordingly, Nordex plans to widen its market share step by step in Europe as in the past.

The USA and Asia are judged by Nordex to be markets with potential for growth. The company expects good levels of growth in the future in the USA. Therefore, Nordex has constructed a local production facility in Jonesboro, Arkansas, which began operations in October 2010. The strong growth in demand in Asia prompted Nordex to start establishing nacelle and rotor blade production operations for 1.5 MW class wind turbines in China in 2006, with the aim of supplying the Asian market from that base.

Sales revenues fell in the Europe segment from EUR 967.6 million to EUR 799.6 million, in the Asia segment from EUR 80.6 million to EUR 73.9 million and in America from EUR 134.6 million to EUR 98.5 million.

### Financial condition and net assets

The primary aims of financial management at Nordex are to safeguard the Group's liquidity and credit rating. The Group monitors its capital by reference to the working capital ratio.

As a result of the positive cash flow from existing business activities, the Group has cash and cash equivalents amounting to EUR 141.1 million, despite investment in the amount of EUR 72.0 million. This corresponds to a decrease of 11.8% compared to the previous year (2009: EUR 159.9 million).

Current assets rose by 14.2% to EUR 744.0 million (2009: EUR 651.4 million). In this context, important factors were the increase in trade receivables as well as future receivables from construction contracts of EUR 187.2 million in 2009 to EUR 269.5 million (+44.0%), and also the increase in inventories of EUR 247.4 million to EUR 279.0 million (+12.8%). The increase in inventories is primarily a result of preliminary work that has been completed for orders currently under way or for future projects. The ratio of working capital to total revenue increased in the course of the year from 17.2% in the first quarter of 2010 to 24.3% as of the balance sheet date of 31 December 2010. Therefore, the working capital ratio increased in comparison to the previous year (18.4%) by 5.9 percentage points.

Non-current assets increased from EUR 189.0 million to EUR 243.0 million primarily as a result of spending on property, plant and equipment and the increase in capitalised development expense. Property, plant and equipment rose by 35.5% to EUR 132.1 million (2009: EUR 97.5 million) due to capital spending. Capitalised development expense stood at EUR 48.6 million (2009: EUR 34.6 million), equivalent to an increase of 40.5%.

Current liabilities increased by 23.1% from EUR 387.2 million to EUR 476.8 million, with current bank borrowings widening from EUR 22.4 million to EUR 30.3 million. This increase can be partially attributed to the promissory note, of which an amount of EUR 5.0 million is due for settlement within one year as of the balance sheet date 31 December 2010. In addition, EUR 12.1 million of a syndicated loan was raised as of the balance sheet date (31 December 2010) for financing operating business in China.

Trade payables increased by 106.7% to EUR 177.7 million (2009: EUR 85.7 million), this development is related to an increased inflow of materials into the company. Other current liabilities decreased by EUR 213.8 million to EUR 209.8 million, which represents a fall of 1.9%.

The increase in non-current assets of 32.3% from EUR 105.4 million to EUR 139.4 million is mainly attributable to the increase in other non-current provisions of 63.4% to EUR 25.0 million (2009: EUR 15.3 million) and the increase in non-current bank borrowings of 10.9% to EUR 86.4 million (2009: EUR 77.9 million). Nordex has drawn on part of the KfW loan in the amount of around EUR 9 million.

#### Nordex Group bank borrowings (including interest payments)

31.12.2010 (31.12.2009)	Less than 3 months EUR million	3–12 months EUR million	1–5 years EUR million	More than 5 years EUR million
Bank borrowings	6.4 (0.04)	29.2 (25.8)	82.9 (73.7)	12.6 (13.5)

Further information on bank borrowings can be found in the notes to the consolidated financial statements.

The Nordex Group's equity capital increased by 6.6% from EUR 347.8 million to EUR 370.8 million as of the balance sheet day 31 December 2010, chiefly as a result of the consolidated net profit for 2010 of EUR 20.9 million (excluding minority interests). The equity ratio decreased from 41.4% in the previous year to 37.6%.

The Nordex Group's net consolidated liquidity stood at EUR 24.3 million of the balance sheet date (31 December 2009: EUR 59.5 million). All told, Nordex utilised 39.7% of the cash and guarantee facilities totalling EUR 500 million available to it.

In the reporting period, Nordex achieved a positive operational cash flow of EUR 20.3 million, net cash flow stood at EUR 9.6 million in the previous year. Net cash outflow from investing activities came to EUR –58.8 million (2009: EUR –46.5 million), the net cash inflow from financing activities amounted to EUR 16.3 million (2009: EUR 84.6 million).

Net change in cash and cash equivalents was valued at EUR –22.1 million (2009: EUR 47.7 million). In the period under review, the Nordex Group was able to honour all payment obligations at any time.

#### Management assessment of the Company's economic performance

Nordex achieved consolidated sales in the 2010 financial year of EUR 972.0 million, which was an increase of 17.8% on the previous year's figure (2009: EUR 1,182.8 million). Nordex consciously abstained from accepting individual projects, which could not have been realised at a profit for the company, in order to prevent a significant drop in earnings before interest and tax. Earnings before interest and taxes increased as a result to EUR 40.1 million (2009: EUR 40.0 million), the EBIT margin rose in the 2010 financial year to a level of 4.0% (2009: 3.5%). Nordex initiated a cost reduction programme and an efficiency enhancement programme to be realised over a number of years in order to sustainably secure the profitability of Nordex and to further increase the company's competitiveness. The delivered output capacity decreased by 14.2% in 2010, while orders received increased in comparison to the previous year by 13.9%. With respect to earnings, Nordex improved its gross profit margin from 22.8% to 25.8%, while the cost of materials ratio fell from 77.2% to 74.2%. Nordex made significant investment in the 2010 financial year in structures, processes and developments, in order to be prepared for the increased market requirements and benefit from stronger market growth in the future. The Nordex Group has a solid equity base of 37.6% and a secure liquidity situation.



### Capital spending

In the 2010 financial year, the Nordex Group invested a total of EUR 72.0 million (2009: EUR 51.1 million). The majority of this investment flowed into the area of property, plant and equipment (EUR 47.6 million). The main focus within property, plant and equipment was in land and buildings (EUR 13.9 million), followed by other equipment, operating and business equipment (EUR 13.1 million) and technical equipment and machinery (EUR 11.8 million). A total of EUR 17.0 million was invested during the reporting period in the construction of the production facility in the USA (Jonesboro), which began operating according to plan in October 2010. EUR 8.8 million was invested in the expansion and modernisation of the rotor blade production facilities and a further EUR 4.0 million in the introduction of a production line. This increase in the degree of automation should reduce the number of production hours, while, at the same time, guaranteeing production quality in the long term. In total, EUR 6.0 million was invested by Nordex in the production of turbine prototypes.

Additions to intangible assets totalled EUR 24.4 million, which was primarily influenced by capitalised development expense in the amount of EUR 20.7 million (2009: EUR 17.7 million). With a virtually unchanged capitalisation ratio – with regard to the total development costs – development expense increased in comparison to the previous year by 16.9% and, therefore, reflected the increased development activities of the Nordex Group. Other additions to intangible assets – e.g. software and licences – amounted to EUR 3.7 million (2009: EUR 1.8 million).

Capital spending			
	2010 EUR million	2009 EUR million	Change %
Property, plant and equipment	47.6	31.6	50.6
Intangible assets	24.4	19.5	25.1
<b>Total</b>	<b>72.0</b>	<b>51.1</b>	<b>40.9</b>

### Research and development

The whole area of engineering (Central Engineering, Advanced Engineering and Regional Engineering) at Nordex has 333 employees worldwide as of the balance sheet date, handling the whole area of wind energy technology – from basic research through to product and process development. As of the balance sheet date, there were 285 employees in Europe, a further 32 engineering employees in Asia and 16 in America. A total of 45 patents were registered in 2010.

	2010		2009		2008	
	EUR million	Percent- age of sales	EUR million	Percent- age of sales	EUR million	Percent- age of sales
Capitalised R&D expense	20.7	2.1	17.7	1.5	13.0	1.1

In 2010, capitalised development expense rose by 40.6% to EUR 48.6 million.

### Restructuring of engineering

In order to be able to implement its development programme defined for the future, Nordex decided to restructure engineering in 2010. It was divided into strategic and operational units to increase the company's efficiency and capabilities in the development of products and applications.

In the strategic unit, Central Engineering concentrates on the development of new products. In order to significantly increase the speed and capabilities in the area of innovation at Nordex, the strategic unit was expanded to include the newly created area of Advanced Engineering.

The Regional Engineering departments (Europe, Asia and America) adapt standard products to market-specific requirements and develop customer applications. These units are also integrated into the organisation of wind park projects and are able to better and more quickly implement individual customer requirements.

As a result of an improved product development process, Nordex is in a position to achieve shorter development times for new and innovative products, as well as being more oriented towards customer and market demands (time to market). In order to achieve this goal, a new cross-sector technical department called Production Line Management has been created.

### Main development areas in 2010

#### 1) Developments in the 2.5 MW turbine class

In the reporting period, Nordex continued with the development of its 2.5 MW series of turbines, which represents the core expertise at Nordex.

The development of the Gamma generation of turbines was completed and successfully transferred into series production with the delivery of 30 turbines of the new N100 low wind class for the Germinon wind park, France.

Although the underlying principle is unchanged, this new generation of components constitutes a significant new development that sets new standards in terms of durability, positive service characteristics and ergonomics.

Nordex has toughened up its N90 and N100 turbines for the wind classes IEC 1 and IEC 2.

#### De-icing system / Cold Climate Version (CCV)

At the same time, the Engineering Department at Nordex is working on configuring these types of turbines for use in cold regions. In the Cold Climate Version (CCV), Nordex has configured its turbines to operate in temperatures down to minus 30° Celsius. In addition, Nordex has developed a new type of de-icing system "Nordex Anti-Icing" for its rotor blades. This will be used in a major project in Sweden.

#### H140/TG 5 series hybrid tower

In the 2.5 MW series, Nordex has expanded its tower portfolio to include a 140 m high series-production hybrid tower. Two of these hybrid towers were erected at the end of 2010. Nordex erected its N100 onshore turbine with a hub height of 140 m for the city-owned energy provider Hamburg Energie, which began operating in December 2010. Furthermore, the tower components for these modular steel tube towers

have been redeveloped, meaning that the functional arrangement of the components has been optimised and operational safety increased.

#### NR50 rotor blade

Work on the NR50 rotor blade for the N100 turbine, which was developed in-house at Nordex, has been completed during the reporting period. Static and dynamic endurance tests were successfully carried out by Nordex in their rotor blade centre in Rostock. The production-oriented development of the NR50 also guarantees high quality in the production of rotor blades.

#### N117/2400

On the basis of the Gamma generation, Nordex is continuing to pursue the development of the 2.5 MW series N117 turbines. After the N100 turbine was upgraded to be suitable for IEC 2 locations (medium wind), Nordex further developed this product to create a new turbine for IEC 3 locations with a rotor swept area output of 4,480 m<sup>2</sup>. The sound power level stands at a maximum of 105 decibels (dB) and is, therefore, optimally configured for wind parks close to residential areas. The start of series production for the N117 turbine is planned for the middle of 2012.

#### 2) Developments in the 1.5 MW turbine class

Nordex has completed the modernisation of the turbine platform for its 1.5 MW series and successfully adopted technical solutions in the 2.5 MW series. As a result of the standardisation, the competitiveness of the wind turbines in this class has been increased.

In the course of the modernisation and standardisation of these systems, the S70/77 systems for the N70 and N77 wind turbines were developed further, while, at the same time, the N77 qualified for wind class IEC 2.

Nordex developed a new turbine (N82) for its low wind portfolio. The N82 represents an enhancement of the tried-and-tested 1.5 MW turbines and possesses a 13% greater rotor swept area output than the N77. This means that the N82 is optimally configured for low wind locations. Following the successful erection of test turbines in Germany and China, the N82 was transferred to series production.

### 3) Developments in the turbine class above 2.5 MW

In the 3 to 4 MW turbine class, the Engineering Department at Nordex has continued with the development of a new onshore turbine platform. In the process, Nordex continues to follow a platform strategy, where within a product family a turbine is developed on a general technological basis for different wind classes in order to achieve a maximum level of economic efficiency and reliability. This powerful series of turbines has been configured by Nordex to meet the global market demands that will be placed on future wind turbines.

### 4) Developments in the area of offshore turbines

In addition, the Engineering Department has continued with the development of a new wind turbine in the 6 MW class. This concerns a turbine that is being specially developed for offshore application. One of the central tasks in 2010 was the development of a direct drive concept. In order to enable quick market entry, Nordex acquired a share in a project company responsible for the development of the "Arcadis Ost 1" offshore wind park, which is planned to be constructed in 2014.

### 5) N-ergize 2012 efficiency package and cost reduction programme

In order to further increase the profitability of Nordex turbines, the "Nordex efficiency packages" have been developed and implemented. The first efficiency package was approved in April 2010 and the second in December 2010. In the first efficiency package, Nordex optimised the interaction between core components and achieved, in this way, an increase in profits of 2%. The second Nordex efficiency package involves the use of the innovative control module "Nordex Advanced Power" (Nordex AP) in the operation management system Nordex Control. As a result of the Nordex efficiency packages, the profitability of Nordex turbines has been additionally increased.

Alongside strategic product developments, also the Engineering Department is involved in the company-wide cost reduction programme N-ergize 2012, and aims to increase optimisation potential through enhancement to series-production turbines.

### 6) Other developments

#### System developments

Nordex has developed an integrated monitoring system for all main components. It is also planned in future to monitor rotor blades in combination with all main components. This will include expanding their functionality and developing new network models by means of verifications carried out in the field.

#### Grid connection requirements

Finally, Nordex has upgraded its turbines in 2010 for new grid connection requirements and adapted its existing turbines in the field to be able to receive the German system service bonus (SDL).

#### System testing stands

Nordex is expanding its testing capabilities significantly in order to be able to precisely control both the quality of its turbines and their speed of development. For this purpose, Nordex engineering has developed and commissioned new system testing stands. Using these new testing stands, Nordex tests the functions of the systems in the laboratory under extreme climatic and mechanical conditions (e.g. long-term loading tests). In this way, Nordex ensures that their product developments fulfil strict quality criteria and that a high-quality product is transferred to series production.

#### Quality management

The quality strategy of Nordex rests on five pillars. First of all, Nordex encourages a keen awareness of quality and a customer-oriented approach among its employees. Secondly, regular and systematic training and briefing should enable Nordex Group staff to meet the constantly increasing requirements. The third pillar is that ongoing improvements to quality form a firm part of the Company's day-to-day activities. Health, safety and environment considerations define the benchmarks in the production of Nordex wind power systems, which represents the fourth aspect. Finally, Nordex has implemented clearly defined structures and appropriate processes.

Nordex extended the implementation of its quality strategy to include the America and Asia Regions in 2010. In addition, the implementation included further quality assurance processes such as the processing and registration of defective parts, documentation management and internal audits, as well as overarching testing content in the value creation process.

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). Within the framework of these processes, audits were carried out, in particular, in the locations in Germany, Europe and Asia. The external audit of all locations worldwide takes place in a three-year cycle.

Key aspects of the quality management system at Nordex in 2010 were the development, the implementation and the coaching of a cross-functional Product Development Process (PEP). As a result of defined phases and milestones in the development of new wind turbines, it is planned to improve the overall efficiency of processes and to guarantee the early involvement of all technical areas of the company. The PEP process is currently being developed further with the cooperation of different company departments.

Internal audits were carried out at all international locations within the Nordex Group and measures for improving processes were followed in a targeted manner. As a result, the overall level of process compliance was significantly improved. In addition, more than a dozen customers visited the production facilities at Nordex in 2010. No significant deviations were identified in the audits carried out in this process.

Furthermore, quality assurance measures along the entire value chain were agreed across all company departments and then made binding. Specific training sessions were also carried out to manage quality issues in the SAP system.

A total of 127 suggestions were received in the Nordex Group's in-company suggestion system (2009: 144).

### Employees and remuneration

The Nordex Group expanded its workforce over the reporting period by 11.6% from 2,243 to 2,504 employees as of the balance sheet date. In absolute terms, most of the new employees were in the areas of Supply Chain Management and in production, as well as in Central Engineering, Production Line Management and Project Management. At the end of 2010, around 77% of the Nordex workforce were employed in Europe (2009: 78%), while 16% (2009: 19%) were employed in Asia and around 7% (2009: 3%) in America. The relative increase in the USA is a result of recruitment connected with the commissioning of the new production facility in Jonesboro, Arkansas.

The average age within the Nordex Group stood at the previous year's level of around 36 years. The Company's strong growth over the past few years is also reflected in the average length of service, which stood at just less than four years.

In the period under review, the number of incoming job applications stood at around 8,000 (previous year: 13,000). According to the "trendence Absolventenbarometer" study 2010, Nordex is rated as one of the most popular employers in Germany (70th place in the list of the Top 100) for graduates in the field of engineering. At the end of the year, the Company had a total of 64 apprentices and trainees.

#### Percentage breakdown of Nordex staff by segment

Segment	31.12.2010 %	31.12.2009 %
Production	30	35
Service	22	21
Engineering	13	13
Project Management	10	12
Administration	14	12
Sales and Marketing	4	4
Procurement	3	3
Supply Chain Management	4	–



**Percentage breakdown of Nordex staff  
by length of service**

Length of service	Proportion of employees as of 31.12.2010 %
Less than 1 year	18
1 year–3 years	35
3 years–5 years	28
5 years–10 years	10
More than 10 years	9

**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 premiums. These premiums 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-wide 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 not make any distinction between eastern and western Germany or between hourly paid and salaried employees; 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 secured 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 variable components are calculated on the basis of the Group's net profit. The variable component comprises 40%–50% of the total compensation. In addition to a company car, which may also be used privately, contributions to pension savings schemes are provided up to the maximum amount permitted under the statutory pension system. 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.

The individualised compensation paid to the members of the Supervisory Board is published in the Company's bylaws. Each member of the Supervisory Board additionally receives both a fixed and variable compensation, the latter being calculated on the basis of the ratio between the Company's earnings before interest and tax (EBIT) and the consolidated sales (EBIT margin) in the year in question.

## Outlook

The International Monetary Fund (IMF) expects the global economy to expand by 4.4% this year (2010: 5.0%). The experts forecast GDP growth of 3.0% in the USA (2010: 2.8%) and growth of 1.5% in the European Union (2010: 1.8%). According to projections, the German economy will expand by some 2.2% in 2011 (2010: 3.6%).

The main drivers of the global economic growth in 2011 are again likely to be the emerging and developing markets. Thus, China's economy is expected to grow by 9.6% in the current financial year (2010: 10.3%) and India's by up to 8.4% (2010: 9.7%). The muted economic recovery in the developed industrialised nations will be accompanied to some extent by higher levels of unemployment and increasing national debts. Thus, the increase in national debt in the USA alone was more than double the level in Europe. Other obstacles to the progressive recovery in the economy are high commodity prices and the lack of comprehensive financial market reforms.

According to the World Trade Organisation (WTO), commodity prices are likely to rise further in the course of the global economic recovery in 2011. Price increases of raw materials, such as crude oil, copper and gold, will be primarily driven by the prospering economies in the emerging and developing countries, although speculation will also play a role.

The German Engineering Federation (VDMA) expects that production volumes in the German machinery and plant construction industry will grow by around 10% in 2011, in comparison to the previous year. Alongside the traditionally strong export business, domestic business will also have an increasingly positive effect on this development.

MAKE Consulting, the Danish consulting and research company, forecasts growth of around 17% in 2011 in the wind energy sector. The experts expect slight growth in the USA to over 6,000 MW. The European wind energy market is anticipated to develop positively in 2011, and significant growth is expected once again in China. In the area of offshore business, the experts anticipate high double-digit growth. In the medium term, the wind energy market will benefit from the political efforts being made by different countries

and regions to cover a significant share of their energy consumption via renewable energy in the foreseeable future. For example, China plans to cover up to 15% of their total energy consumption in 2020 using renewable energies. Germany is aiming for a share of 18% in total electricity production from regenerative energies by 2020, while France has set a target of no less than 23%.

Nordex expects a clear upturn in orders received for 2011 in comparison to the previous year. The target is to increase the total volume of new contracts for projects by around 20% to approx. EUR 1 billion. This planning is based on the expected sales of the N100 turbine, which is now in its second year on the market, on improvements achieved on the performance curve and on the increase in the wind class of the 2.5 MW turbines. In addition, it is expected that there will be positive effects from the improved sales organisation in Europe and the USA. Individual markets within Europe, such as Sweden and Turkey, offer great potential for the 2011 financial year.

As of the balance sheet date, Nordex had firm contracts of EUR 411 million. In combination with the pro-rata realisation of projects from new business in 2011, Nordex expects generally stable sales revenues in the amount of approx. EUR 1 billion. Business developments will be primarily carried by events in the second half of the year. These projections are based on the master contracts already signed as well as new negotiations.

Nordex has laid the foundation for effectively tackling the current competitive pressures and for keeping the profitability of the company stable through the implementation of a cost reduction programme, which is to be realised over a number of years, and an efficiency enhancement programme. Nevertheless, the management of Nordex cannot completely exclude the possibility of a slight decline in earnings before interest and tax (EBIT) in comparison to the previous year.

Nordex projects an effective tax rate of 30% for the 2011 financial year.

Nordex will begin to invest significantly in its product developments in the 2011 financial year in order to maintain its competitiveness and growth potential, as well as to achieve its medium-term goals. For the 2011 financial year, capital spending is expected to total around EUR 72 million.

Nordex is striving to maintain the lowest stock levels through the introduction of production processes that are as lean and efficient as possible, as well as via the establishment of an effective supply chain management system. Therefore, the Management Board of Nordex expects a working capital ratio of approximately 20% over the course of the 2011 financial year.

Finally, the Group plans to generate net cash inflow from operating activities also in 2011.

Nordex plans to grow again and improve its profitability (EBIT) in 2012.

## 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 light of the prevailing conditions and on the basis of its performance and business situation as described in this report. Looking forward, Nordex plans to make optimum use of the opportunities as they present themselves. Future opportunities are monitored continuously in all departments. Such evaluation activities form a fundamental part of the corporate strategy of Nordex. Potential opportunities can be harnessed in particular by entering new regional markets, which are being addressed by its "Emerging Markets" sales department. In addition, Nordex evaluates new technical segments. In keeping with this, it decided to enter the offshore segment and is currently in the realisation phase for this project. With respect to research and development activities, Nordex is working continuously on enhancing its products. The activities which this entails are described in detail in "Research and Development". The various risks that are described in the following section must be seen in the light of the corresponding opportunities.

### Risks

Companies' business activities expose them to various risks arising either from their 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 Stock Corporation Act, this risk management system comprises the measures deemed necessary for the early identification of risk, risk evaluation and the definition of measures, as well as the activities required to manage risk.

The risk management system is designed as a matrix and is implemented in all business units around the world. Nordex SE's Management Board receives a regular detailed risk report describing all changes in the Nordex Group's risk situation.

Risk has been recorded on a monthly basis using a database system. The persons in charge of the individual cost centres are responsible for the early detection of risk. They determine both the probability of the risk and the potential loss caused by each individual risk (gross risk) in the current financial year and on a three-year horizon. In a next step, possible counter-measures are analysed and evaluated. The successful implementation of these measures results in a reduction in risks (net risks). Project-related task forces comprising specialists from all parts of the Company involved are established to address any problem areas that have been identified. The risk management system accompanies the whole process and is firmly entrenched in the company's matrix system on a global, regional and local level. This guarantees that there is continuous monitoring of risks from the offer stage right through to service processes. Particular focuses in this context include concurrent project costing in the production and assembly phase and risk monitoring in the guarantee period.

#### Accounting-related internal control system

The control monitoring system of Nordex 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 global specialist functions. By contrast, Internal Auditing is responsible for monitoring the process-independent risks. 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. The existing risk management system at Nordex is also subject to revision.

Nordex takes a number of precautions to ensure proper accounting for the purposes of the annual financial statement and the consolidated financial statement. 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 bylaws. In addition, accounting rules and instructions are issued to ensure that stocktaking is completed correctly and assets and liabilities are recorded, measured and reported precisely in the consolidated financial statement. Controlling activities include, for example, analyses of facts and trends on the basis of performance indicators to ensure proper and reliable accounting. Transactions are recorded in the separate financial statements of the Group companies, with a uniform chart of accounts being 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 arises that is relevant to the preparation of the consolidated financial statements, it undergoes careful analysis and plausibility checks prior to being used. The financial statements are consolidated at the Nordex SE level. 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.

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#### *Purchasing risks*

Following the general economic crisis, the situation in the supplier market has eased, with the risk of delivery shortfalls waning. Project postponements could again result in heightened 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 demand fails to pick up again this year, suppliers, some of whom have spent heavily on extending their capacity, could be lost, reducing the number of potential suppliers. In this case, a strengthening recovery in demand in 2011 could result in delivery shortfalls, leading to delays in the completion of projects. Nordex is counteracting the risk of supplier default with the qualification of other suppliers. Any financial damage from a possible supplier default is partially safeguarded through existing insurance cover.

Nordex purchases components worldwide that are subject to price fluctuations in the raw materials markets. However, Nordex offers its customers turbines at fixed prices. The relevant components are regularly procured close to the date the order is received. This reduces the risk of price fluctuations in raw materials on the purchasing side.

Nordex guarantees the quality of its turbines for its customers and also certain performance and availability parameters. In order to avoid any payments for falling below these performance guarantees, all components and the complete system are subjected to thorough testing and quality inspections. However, defective components can lead to significant expenditure for Nordex, which under certain circumstances cannot be completely passed on to the suppliers.

#### *Development risk*

The development of new technologies entails considerable monetary risks. At the moment, different technical systems for the conversion of energy are competing in the market. A strong trend in the direction of a new gearless drive concept is currently apparent. However, any evidence for the commercial sustainability of this concept has not yet been provided. Nordex has commenced work on developing an offshore platform as well, which is based on this drive concept. If the offshore market fails to develop as anticipated over the next few years, it may not be possible to recoup the research and development expense that has been incurred. Nordex is monitoring trends in the offshore market closely and currently assumes that the opportunities that arise will outweigh the risks in this segment.

#### *Legislative risk*

Changes to the legislation governing feed-in rates or subsidies for renewable energies may trigger a decline in demand in the short term. The effects are all the greater the less diversified business is across different markets. The strategy of Nordex aims at achieving broad sales diversification in Europe, Asia and the USA to cushion the effects of declines in individual regional markets.

#### *Liquidity risk*

The liquidity risk, i.e. the risk of not being able to meet current or future payment obligations due to a lack of funds, is monitored by the Treasury department at Nordex SE. 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 checked regularly and adjusted in line with the actual situation as and when required. Excess funds are mainly invested in the form of sight or term deposits. On top of this, bank facilities are available. In this context, Group companies provide the Nordex SE 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. All of the Nordex Group's existing loans and/or credit facilities are monitored by reference to uniform and coordinated non-financial and financial covenants, such as leverage, interest cover and equity ratio. The banks may only terminate existing facilities for good cause, including breach of the financial covenants.

#### *Foreign-currency risk*

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. Nordex SE's Treasury department is solely 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 to protect an underlying asset – it is not permissible for such instruments to be held for purely 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.

#### *Credit risk*

The Nordex Group enters into business relations solely with favourably rated third parties in order to minimise its credit risk. All main new customers wishing to enter into business with the Group 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.

#### *Strategic sales risks*

The demand for wind turbines declined significantly at times during the course of the world economic crisis in 2009 and 2010. However, the manufacturers of wind turbines had already significantly expanded their production capacities in the expectation of continued strong growth across the whole market. As a result of the overcapacities created, the competition for new orders increased. The resulting pressure on prices could be further intensified by the market entry of new competitors. In addition, there is the risk that the product strategy at Nordex is not suitable to satisfy future market demands. Nordex is confronting the existing pressure on prices with a long-term cost reduction programme and an efficiency enhancement programme, which also needs to be implemented as planned in 2011. Moreover, Nordex has further developed its product portfolio, opening up new markets (e.g. offshore market) in the process and increasing its attractiveness to important customer groups, in particular energy providers.

Energy providers and large power plant operators increasingly invite invitations for tender for their wind park projects which are accompanied by predefined technical and legal conditions. Nordex works on these documents in cross-departmental working groups in order to meet the risks contained within these prescribed requirements.

#### *Interest risk*

As the promissory note loans are subject to a floating rate tied to Euribor, Nordex is exposed to an interest risk. This risk is hedged in full by interest swaps, which substitute the floating-rate for fixed-rate interest payments.

#### *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 or tax law, as well as the breach of statutory rules. For example, there is a rule in all EU member states stipulating that all technical equipment must comply with the 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 such legal risks.

#### *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. The solution for this technical issue is currently one of the principal focuses of the work in the Engineering Department.

Moreover, one of the competitors of Nordex has obtained industrial property rights for the general compliance with grid connection requirements for wind power systems. Nordex, some competitors and one utility have lodged objections to the acknowledgment of these industrial property rights. If these property rights were to prove valid, manufacturers of systems that fulfil these conditions would have to pay licence fees to the holder of the patent.

#### *Personnel risk*

In order to handle the future growth of the business and the setting up of new company departments, Nordex must set up new personnel structures, find qualified specialists to fill new positions and introduce them to the Company's operating procedures, particularly in the operating divisions. Here, there is the risk that insufficient qualified staff can be recruited and that delays may occur in training for the specific position. This may have an adverse effect on the Group's planned growth and its ability to achieve its strategic goals. Nordex has established an internal personnel marketing system, works closely with external consultants and has extended its own training academy in order to handle these tasks. Fluctuation in middle-management staff may lead to a loss of knowledge in individual key positions, as recruiting and training new staff is very time-consuming. Nordex seeks to address the risk of personnel loss by establishing staff loyalty programmes.

#### *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 in Nordex SE of more than 25% and up to 50% to the acquiring party, the tax losses accrue on a proportionate basis and, in the event of a transfer of over 50%, in full during a 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 risk*

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 to protect the IT systems and data.

### 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 endanger the continued existence of the Nordex Group. The same is also true for an overall consideration of all risks.

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

### General statement on the Group's expected performance

Both the economic forecasts and also the prognoses in terms of the future development of the wind energy market suggest that Nordex can achieve a stable sales volume in the amount of around EUR 1 billion in the 2011 financial year. Nordex has created the foundations for effectively tackling the current competitive pressure and for maintaining the profitability of the company at a stable level through the implementation of a cost reduction programme, which is to be realised over a number of years, and an efficiency enhancement programme. Nevertheless, the management of Nordex cannot completely exclude the possibility of a slight decrease in earnings before interest and tax (EBIT) in comparison to the previous year. Both the financial condition and the net assets at Nordex can be viewed as stable.

At this stage, the Management Board of Nordex SE assumes that the Group will continue operating profitably in the forthcoming years. Deviations of a positive or negative type in all of the opportunities and risks presented here must be expected in view of the inherent uncertainty of all forward-looking statements.

### 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 66,845,000 comprises 66,845,000 bearer shares. To each share is attached one voting right. As at 31 December 2010, the Company had Authorised Capital I of EUR 13,586,250, equivalent to 13,586,250 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 1.00 per share.

As of the 2010 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 15,488,658 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. Section 7 of the Company's bylaws 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 bylaws, which may not exceed six years.

In accordance with Section 179 of the German Stock Corporation Act, the Company's bylaws may only be amended with a resolution passed by the shareholders. In accordance with Section 20 (4) of the bylaws in connection with Article 59 (1) and (2) of the Statute for a European Company (SE), amendments to the bylaws 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.

Section 26 of Nordex SE's bylaws makes use of the statutory option of authorising the Supervisory Board to make amendments to the version of the bylaws.

The Management Board is permitted to issue new shares using Authorised Capital I and Contingent Capital I and II. As a result of a resolution passed at the Annual General Meeting on 8 June 2010, Authorised Capital I has been extended over the period up to 31 May 2015 and Section 4 (2) of the bylaws has been amended. In accordance with the statutory provisions in connection with Section 4 of the Company's bylaws, this permission granted to the Management Board entails the following:

#### Authorised Capital I

In accordance with Section 4 (2) of the Company's bylaws, the Management Board is authorised, with the Supervisory Board's approval, to raise the Company's capital once or repeatedly by up to EUR 13,586,250 by issuing new bearer shares on a cash or non-cash basis on or before 31 March 2015. 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, 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 not materially 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) 4 of the German Stock Corporation Act;  
and

- for 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 Section 4 (3) of the Company's bylaws), 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 (together and separately 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 (but by no more than the amount of the authorised capital created in accordance with Section 4 (3) of Nordex Aktiengesellschaft's bylaws and in existence as of the date on which Nordex Aktiengesellschaft was converted into a European Company (SE) in accordance with the conversion schedule of 6 April 2009) on or before 30 April 2012 pursuant to conditions for convertible bonds and option bonds according to the resolution passed at the Annual General Meeting on 15 May 2007 (together and separately also "bond terms and conditions"). The total nominal amount of the debentures granted may not exceed an amount of EUR 300,000,000 and their term may not exceed 20 (twenty) years. The shareholders have a right to subscribe to the debentures. The debentures may also be transferred to one or more financial institutes 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 materially exceed the theoretical market price of the debentures calculated using acknowledged methods of financial mathematics. That amount of 10% of share capital includes the amount accounted for by shares issued and/or sold in accordance with an authorisation excluding the shareholders' pre-emptive subscription rights pursuant to, or in application of, Section 186 (3) Sentence 4 of the German Stock Corporation Act over the previous 12 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 days 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 bonds with warrants or convertible bonds or grants or warrants, and does so by granting exclusive subscription rights to its shareholders or by means of an equity issue using the Company's own fund, and the holders of existing option or conversion rights are not granted subscription rights of the type to which they would be entitled after exercise of the option and conversion rights. 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, how interest is paid, 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 own shares 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.

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## Contingent Capital II

The Management Board is authorised (see Article 4 (4) of the Company's bylaws) 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. To this purpose the Company's capital shall be conditionally increased by up to EUR 1,500,000, but by no more than the contingent capital created in accordance with Section 4 (4) of Nordex Aktiengesellschaft's bylaws and in existence as of the date on which Nordex Aktiengesellschaft was converted into a European Company (SE) in accordance with the conversion schedule of 6 April 2009 (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") is 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 bodies 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 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 among 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, in particular, 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 financial year or within 21 (twenty one) days after the announcement of the results for the applicable quarter of the current financial year, but 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 financial 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 financial 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 after the expiration of the vesting period. 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. At the present time, there is no obligation to make a cash settlement and this is not planned by the company in future.

#### (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 rights 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.

Nordex Energie GmbH has entered into a licence agreement with pro+pro Energiesysteme GmbH & Co. KG, which has since been amalgamated by REpower Systems AG, under the terms of which Nordex may produce and distribute S70 and S77 type wind power systems and work on further developments to such systems free of any restrictions for an unlimited period of time. The licensor may terminate the licence agreement for good cause if a direct competitor of the licensor acquires, either directly or indirectly, a share of at least 25% of the voting capital of the licensee or the entity that controls it, i.e. Nordex SE. This licence agreement ended on 31 December 2010.

#### Events after the conclusion of the period under review

Nordex announced the conclusion of a supply contract on 8 February 2011 for 18 turbines from the N100/2500 series for CG Power Solutions in the USA. The 45 MW project will be constructed in south-east Idaho and should be delivered by the middle of May 2011.

The events reported here do not exert any material additional effects on the Nordex Group's net assets, financial condition and results of operations over and above those described in the outlook.

#### Nordex SE corporate governance declaration in accordance with Section 289a of the German Commercial Code

##### Corporate government report pursuant to section 3.10 of the German Corporate Governance Code

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 (Federal Gazette) and stating which recommendations have not been implemented or 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 six years on the Internet at [www.nordex-online.com/investor-relations](http://www.nordex-online.com/investor-relations).



#### Declaration of conformity by the Management Board and the Supervisory Board in accordance with Section 161 of the German Stock Corporation Act

The recommendations set out by the Government Commission on the German Corporate Governance Code (up to 26 May 2010 in the version from 18 June 2009 and from 27 May 2010 in the version from 26 May 2010 – German Corporate Governance Code), published by the German Federal Ministry of Justice in the official part of the electronic Bundesanzeiger, were conformed to in the 2010 financial year by the Management Board and the Supervisory Board of Nordex SE, save for the exceptions described below. This will also continue to be the case in the future unless changes are intended in the individual segments.

### 2.3.3 Postal vote

The company has refrained from implementing the recommendation in Section 2.3.3 Sentence 1 Point 1 of the German Corporate Governance Code, because the bylaws do not provide for a postal vote. A change in the company's bylaws to create the option for a postal vote is to be proposed at the next Annual General Meeting.

### 2.3.4. Transmission of the Annual General Meeting

Nordex has not offered any transmission of the Annual General Meeting up to now via modern communication media (e.g. the Internet) and has not adopted this recommendation. Due to legal reasons, the transmission of the speeches from the company's Management Board, Supervisory Board and the Chairman of the Annual General Meeting would be limited and would exclude the actual debate and, currently, also the voting process. It is the view of the company that access to the speeches named 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

In 2010, Nordex waived a deductible on the D&O insurance (directors and officers third-party liability insurance) for members of the Supervisory Board and, until 30 June 2010, for Management Board as well. This is because it is convinced that the members of these two bodies 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 addition, 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 the German Stock Corporation Act a new provision in the form of Section 93 (2) Sentence 3 stipulating a minimum deductible for members of the Management Board. Nordex complied with this statutory obligation when it renewed the existing D&O cover, which takes effect as of 1 July 2010. A deductible will continue to be waived for the members of the Supervisory Board for the reasons set out above.

### 4.2.3, 4.2.4 and 4.2.5. Individual breakdown of Management Board compensation

As the Company's shareholders have made use of their right under Section 286 (5) of the German Commercial Code and passed a resolution dispensing with the individualised disclosure required by Section 285 (1) No. 9 a Sentences 5–9 and Section 314 (1) No. 6 a) Sentences 5–9 of the German Commercial Code of the total compensation paid to the members of the Company's Management Board for a period of five years commencing on 1 January 2006, i.e. up to and including the 2010 financial year, Nordex continues to refrain from individualising the compensation paid to members of the Management Board, including benefits received by third parties in consideration of the performance of their duties in this capacity and also refrains from creating a compensation report, which would explain the compensation system in a generally understandable form. The Company does not believe that the details of the compensation system constitute information of central importance for the capital markets.

### 5.1.2 and 5.4.1 Fixed age limits for the Management Board and the Advisory Board

Contrary to the recommendations in both Section 5.1.2 (2) Sentence 3 and Section 5.4.1 (2) Sentence 1 of the German Corporate Governance Code, Nordex has no fixed age limit for membership of the Management Board and Advisory Board. Age alone does not say anything about the capabilities of a current or potential member of the Management Board or Advisory Board. Therefore, Nordex SE does not consider strict 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 Section 5.1.2 in the respect that the filling of positions on the Management Board is exclusively guided by the qualifications of the persons available and the sex of the candidates is not given a position of priority in the decision-making process. The company also deviates from Section 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 for the current situation of the company. Any further designation of concrete goals for the composition of the Supervisory Board is not considered sensible and this represents, therefore, 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.



You can find earlier declarations of compliance from Nordex SE that are no longer currently valid under [www.nordex-online.com/de/investor-relations/corporate-governance.html](http://www.nordex-online.com/de/investor-relations/corporate-governance.html).

The following additional statements according to 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 bylaws ([www.nordex-online.com/de/investor-relations/veroeffentlichungen.html](http://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.



#### 6.6. Shareholdings of members of the Management Board and Advisory Board

On the balance sheet date, the following members of the Management Board held the following shareholdings in the company over 1%:

Thomas Richterich (Chairman of the Management Board) directly held 545,734 shares

Dr. Eberhard Voß (Chief Technical Officer) directly held 1,000 shares.

Jan Klatten, Member of the Supervisory Board, held the following shares as of 31 December 2010: 1,222,358 shares (corresponds to 1.82%) via a share in momentum capital Vermögensverwaltungsgesellschaft mbH, and 15,488,658 shares (corresponds to 23.17%) via a share in Ventus Venture Fund GmbH & Co. Beteiligungs KG.

Carsten Pedersen, the former Member of the Management Board and current Member of the Supervisory Board, holds 372,100 shares via a 50% holding in CJ Holding ApS.

Dr. Dieter G. Maier, Member of the Supervisory Board, held a total of 10,000 no-par-value shares on the balance sheet date 31 December 2010, which he sold on 15 February 2011.

#### 7.1.3. Disclosures on stock option programme

At the Annual General Meeting held on 27 May 2008 a resolution was passed to create Contingent Capital II in an amount of EUR 1,500,000. It 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 bodies 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, for the purposes of motivating them and bonding them to Company and the Nordex Group.

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 to be granted to executives and employees of the Company as well as domestic and non-domestic Nordex Group companies who are not members of the management bodies of the Company or any of the Nordex Group companies,
- (b) a maximum of 100,000 to members of the management bodies 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 to members of the Company's Management Board.

The individual entitled persons within the above-mentioned groups and the volume of the options to be granted to them are determined by the Management Board within the scope of the terms and conditions for the grant of options. In doing so, it takes account of the individual performance and capabilities of the individual entitled persons. The eligible persons among 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 light of eligible parties' individual performance and capabilities and, in particular, 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.

Subject to an adjustment as a result of a corporate measure, one option entitles the holder to acquire one bearer share issued by Nordex AG in accordance with terms of the stock option programme. When the option is exercised, an exercise price per share is paid unless the Company waives its right to request cash settlement. There is no legal or constructive cash settlement obligation on the part of the Company towards option holders.

The exercise price equals the arithmetic mean of the Xetra closing prices as quoted on the Frankfurt Stock Exchange (or any replacement system comparable in terms of its function) over the previous ten trading days for Nordex 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 exercise periods are as follows:

- the first 28 days after the day on which the Company announces its final results for the previous year
- the first 28 days after the day on which the Company announces its final results for the second quarter of the current year.

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%.

In the 2010 financial year, the Nordex Group offered 50,000 stock options to employees, of which 100% were accepted. In 2009 and 2008, employees of the Nordex Group were offered 279,775 and 989,112 stock options, respectively, of which 243,484 and 813,221 stock options were accepted in these years.

The exercise price for the 2010 instalment stands at EUR 5.26 per stock option, EUR 12.84 for the 2009 instalment and EUR 23.10 for the 2008 instalment. None of the options issued in 2010 have been forfeited. Of the 2009 and 2008 instalments, 2,650 and 438,510 options have been forfeited, respectively. Accordingly, 665,545 stock options were outstanding as of the balance sheet date, none of which have vested.

### Directors' dealings

In the period under review, members of the Management Board and the Supervisory Board engaged in the following transactions with Nordex stock of which they informed Nordex immediately.

Date	Person Position	Number of shares Transaction	ISIN Stock market	Price per share Total volume EUR
14.01.2010	CJ Holding ApS Legal entity in a close relationship with a member of the Management Board	110,000 Sale	DE000A0D6554 Xetra	11.032 1,213,520.00
15.01.2010	CJ Holding ApS Legal entity in a close relationship with a member of the Management Board	5,800 Sale	DE000A0D6554 Xetra	11.05 64,090.00
25.02.2010	Thomas Richterich Chief Executive Officer	332,882 Acquisition	DE000A0D6554 over the counter	9.09 3,025,897.38
25.02.2010	Thomas Richterich Chief Executive Officer	105,915 Partial conversion of an indirect participation in direct shareholding	DE000A0D6554 over the counter	not quantifiable not quantifiable
22.04.2010	Thomas Richterich Chief Executive Officer	76,937 Partial conversion of an indirect participation in direct shareholding	DE000A0D6554 over the counter	not quantifiable not quantifiable
23.04.2010	Thomas Richterich Chief Executive Officer	23,291 Sale of shares by CMP Fonds I GmbH in favour of Thomas Richterich which were held via a dormant sub-participation in CMP Fonds I GmbH	DE000A0D6554 over the counter	8.4500 196,808.95
18.05.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	2,500 Acquisition	DE000A0D6554 Xetra	7.16 17,900.00
19.05.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	475,000 Acquisition	DE000A0D6554 Xetra	7.11 3,377,535.00
20.05.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	395,000 Acquisition	DE000A0D6554 Xetra	7.133 2,817,535.00
21.05.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	145,000 Acquisition	DE000A0D6554 Xetra	7.0399 1,020,785.50
24.05.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	132,500 Acquisition	DE000A0D6554 Xetra	7.0627 935,807.75
25.05.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	87,495 Acquisition	DE000A0D6554 Xetra	6.8045 595,359.73



Date	Person Position	Number of shares Transaction	ISIN Stock market	Price per share Total volume EUR
26.05.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	14,893 Acquisition	DE000A0D6554 Xetra	6.9901 104,103.56
17.08.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	5,914 Acquisition	DE000A0D6554 Xetra	7.381 43,651.23
18.08.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	50,000 Acquisition	DE000A0D6554 Xetra	7.3209 366,045.00
19.08.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	23,702 Acquisition	DE000A0D6554 Xetra	7.3249 173,614.78
20.08.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	83,609 Acquisition	DE000A0D6554 Xetra	7.0434 588,891.63
23.08.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	31,105 Acquisition	DE000A0D6554 Xetra	7.0758 220,092.76
24.08.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	45,418 Acquisition	DE000A0D6554 Xetra	7.0368 319,597.38
25.08.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	60,240 Acquisition	DE000A0D6554 Xetra	6.881 414,511.44
26.08.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	32,000 Acquisition	DE000A0D6554 Xetra	6.8933 220,585.60
27.08.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	13,774 Acquisition	DE000A0D6554 Xetra	6.9299 95,452.44
30.08.2010	Dr. rer. nat. Dieter Maier Member of the Supervisory Board	10,000 Acquisition	DE000A0D6554 Frankfurt	7.13 71,300.00
21.09.2010	Nordvest A/S Legal entity in a close relationship with a member of the Supervisory Board	172,906 Sale	DE000A0D6554 Xetra	7.352 1,271,204.91
22.09.2010	Nordvest A/S Legal entity in a close relationship with a member of the Supervisory Board	127,094 Sale	DE000A0D6554 Xetra	7.10 902,596.17
27.09.2010	Nordvest A/S Legal entity in a close relationship with a member of the Supervisory Board	24,713 Sale	DE000A0D6554 Frankfurt	7.012 173,287.56
28.09.2010	Nordvest A/S Legal entity in a close relationship with a member of the Supervisory Board	275,287 Sale	DE000A0D6554 Frankfurt	6.815 1,876,080.91
29.09.2010	Nordvest A/S Legal entity in a close relationship with a member of the Supervisory Board	273,297 Sale	DE000A0D6554 Frankfurt	6.775 1,851,587.18

Date	Person Position	Number of shares Transaction	ISIN Stock market	Price per share Total volume EUR
29.09.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	99,084 Acquisition	DE000A0D6554 Xetra	6.7535 669,163.79
30.09.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	84,337 Acquisition	DE000A0D6554 Xetra	6.6712 562,628.99
01.10.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	26,579 Acquisition	DE000A0D6554 Xetra	6.7574 179,604.93
04.10.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	31,349 Acquisition	DE000A0D6554 Xetra	6.7275 210,900.40
05.10.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	11,965 Acquisition	DE000A0D6554 Xetra	6.7763 81,078.43
11.11.2010	Thomas Richterich Chief Executive Officer	10,000 Acquisition	DE000A0D6554 Xetra	5.6996 56,996.00
12.11.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	77,920 Acquisition	DE000A0D6554 Xetra	5.7188 445,608.90
15.11.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	122,080 Acquisition	DE000A0D6554 Xetra	5.5544 678,081.15
16.11.2010	Carsten Pedersen Member of the Supervisory Board	30,463 Sale	DE000A0D6554 Frankfurt	5.45 166,023.35
16.11.2010	Nordvest A/S Legal entity in a close relationship with a member of the Supervisory Board	895,720 Sale	DE000A0D6554 Xetra	5.0446 4,518,549.11
17.11.2010	Nordvest A/S Legal entity in a close relationship with a member of the Supervisory Board	103,304 Sale	DE000A0D6554 Xetra	5.098 526,643.79
22.12.2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in a close relationship with a member of the Supervisory Board	7,500 Acquisition	DE000A0D6554 Xetra	5.21380 39,103.50

## Disclosures on corporate governance practices and working methods of the Management Board, the Supervisory Board and the committees

### How the Management Board functions

The Management Board manages the Company – a strategic holding company, which also provides administrative services – 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 bylaws and rules of procedure 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 guidelines and the principles for the corporate policy derived from these. It coordinates and supervises all significant activities. It determines the portfolio, 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 that was issued 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 otherwise.

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 by law. In the event of a tied vote, the chairman has the casting vote.

In accordance with the Management Board's rules of procedure, the chairman is responsible for coordinating all of the Management Board's areas of responsibility, reporting to the Supervisory Board and representing the Company and the Group towards third parties. He is responsible for personnel, legal, internal audit, risk management, communications, IT and strategy.

The other four members of the Management Board in 2010, namely the Chief Financial Officer, the Chief Operating Officer, the Chief Technical Officer and the Chief Sales Officer, are assigned specific tasks and duties in accordance with the business allocation plan.

The Management Board has not established any committees.

### Supervisory Board: supervisory and advisory 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, taking into account the statutory auditor's report.

### Supervisory Board committees

The Supervisory Board currently has the following committees: Management Committee, 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 that require the Supervisory Board's approval in accordance with corporate law, the provisions of the Company's bylaw or the rules of procedure, unless a resolution passed by the entire Supervisory Board is prescribed by law. 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 is responsible for matters relating to controlling and contracting, and particularly also for decisions made by the Management Board that require the Supervisory Board's approval in accordance with corporate law, the provisions of the Company's bylaws or the rules of procedure. 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 has three members; the chairman is Mr. Jan Klatten. It is responsible for technical and strategic matters.

### Corporate compliance

In the year under review, Nordex continued the development of its corporate compliance structures. The Compliance Team has intensively discussed plans for a globally valid code of conduct both with the Management Board and also with representatives from the workforce in Germany. The code of conduct is planned to be issued and gradually introduced across the Nordex Group in 2011.

### 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. During the year, shareholders and third parties are informed of the Company's performance in the half-yearly report and, in the 1st and 3rd quarters, in quarterly reports.

In addition, Nordex publishes information at press and analyst conferences. It 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, 24 March 2011



T. Richterich  
 Chairman of the  
 Management Board (CEO)



L. Krogsgaard  
 Member of the  
 Management Board



B. Schäferbarthold  
 Member of the  
 Management Board



M. Sielemann  
 Member of the  
 Management Board



E. Voß  
 Member of the  
 Management Board







NORDEK

Consolidated financial statements

## Consolidated balance sheet

as of 31 December 2010

Assets	Notes	31.12.2010 EUR thousand	31.12.2009 EUR thousand
Cash and cash equivalents	(1)	141,050	159,886
Trade receivables and future receivables from construction contracts	(2)	269,495	187,236
Inventories	(3)	278,996	247,356
Other current financial assets	(4)	12,066	13,067
Other current non-financial assets	(5)	42,367	43,874
<b>Current assets</b>		<b>743,974</b>	<b>651,419</b>
Property, plant and equipment	(6)	132,126	97,474
Goodwill	(7)	9,960	9,960
Capitalised development costs	(8)	48,636	34,604
Other intangible assets	(9)	7,125	6,406
Non-current financial assets	(10)	5,706	5,852
Shares in associated companies	(11)	5,539	0
Other non-current financial assets	(12)	1,015	68
Other non-current non-financial assets	(13)	9	137
Deferred tax assets and tax liabilities	(14)	32,891	34,462
<b>Non-current assets</b>		<b>243,007</b>	<b>188,963</b>
<b>Assets</b>		<b>986,981</b>	<b>840,382</b>

Equity and liabilities	Notes	31.12.2010 EUR thousand	31.12.2009 EUR thousand
Current bank borrowings	(15)	30,309	22,441
Trade payables	(16)	177,672	85,739
Income tax liabilities	(17)	4,188	5,312
Other current provisions	(18)	54,762	59,877
Other current financial liabilities	(19)	16,211	8,792
Other current non-financial liabilities	(20)	193,608	205,033
<b>Current liabilities</b>		<b>476,750</b>	<b>387,194</b>
Non-current bank borrowings	(21)	86,423	77,948
Pensions and similar obligations	(22)	758	550
Other non-current provisions	(18)	25,005	15,272
Other non-current financial liabilities	(23)	14,329	0
Other non-current non-financial liabilities	(24)	270	0
Deferred tax assets and tax liabilities	(14)	12,611	11,589
<b>Non-current liabilities</b>		<b>139,396</b>	<b>105,359</b>
Subscribed capital		66,845	66,845
Share premium account		158,080	158,687
Other retained earnings		30,997	31,136
Cash flow hedge (interest swap)		-502	-287
Other equity components		-10,530	-10,530
Currency translation reserve		4,332	1,494
Consolidated profit carried forward		97,974	103,034
Consolidated net profit		20,875	-5,060
Equity attributable to the parent company's equity holders		368,071	345,319
Non-controlling interests		2,764	2,510
<b>Equity capital</b>	(25)	<b>370,835</b>	<b>347,829</b>
<b>Equity and liabilities</b>		<b>986,981</b>	<b>840,382</b>

## Consolidated income statement

for the period from 1 January to 31 December 2010

	Notes	01.01– 31.12.2010 EUR thousand	01.01– 31.12.2009 EUR thousand
Sales	(27)	972,044	1,182,780
Changes in inventories and other own work capitalised	(28)	35,850	–38,624
<b>Total revenues</b>		<b>1,007,894</b>	<b>1,144,156</b>
Other operating revenues	(29)	24,438	24,157
Cost of materials	(30)	–748,178	–883,745
Personnel costs	(31)	–119,399	–105,810
Depreciation/amortisation	(32)	–22,530	–17,986
Other operating expenses	(33)	–102,138	–120,818
<b>Earnings before interest and taxes (EBIT)</b>		<b>40,087</b>	<b>39,954</b>
Share of profit of associates		2,035	1,127
Income from at-equity valuation		–61	0
Other interest and similar income		719	1,651
Interest and similar expenses		–10,005	–7,943
<b>Net finance income/costs</b>	(34)	<b>–7,312</b>	<b>–5,165</b>
<b>Profit from ordinary activity</b>		<b>32,775</b>	<b>34,789</b>
Income taxes	(35)	–11,597	–10,631
<b>Consolidated profit</b>		<b>21,178</b>	<b>24,158</b>
Of which attributable to:			
Parent company's equity holders		20,875	24,345
Non-controlling interests	(36)	303	–187
<b>Earnings per share (EUR)</b>	(37)		
Undiluted*		0.31	0.36
Diluted*		0.31	0.36

\*Based on average weighted number of 66,845 million shares (2009: 66,845 million shares)

## Consolidated statement of comprehensive income

for the period from 1 January to 31 December 2010

	01.01– 31.12.2010 EUR thousand	01.01– 31.12.2009 EUR thousand
<b>Consolidated profit</b>	<b>21,178</b>	<b>24,158</b>
Other comprehensive income		
Foreign currency translation differences	2,987	–1,653
Gains/losses from fair-value measurement of interest swaps	–307	–410
Deferred income taxes	92	123
<b>Consolidated comprehensive income</b>	<b>23,950</b>	<b>22,218</b>
Of which attributable to:		
Parent company's equity holders	23,359	22,405
Non-controlling interests	591	–187



## Consolidated cash flow statement

for the period from 1 January to 31 December 2010

	01.01– 31.12.2010 EUR thousand	01.01– 31.12.2009 EUR thousand
<b>Operating activities</b>		
Consolidated profit	21,178	24,158
+ Depreciation of fixed assets	22,530	17,986
<b>= Consolidated profit plus depreciation</b>	<b>43,708</b>	<b>42,144</b>
+/- Decrease/increase in inventories	-31,640	124,833
- Increase in trade receivables and future receivables from construction contracts	-82,259	-83,876
+/- Increase/decrease in trade payables	91,933	-46,874
- Decrease in prepayments received – liabilities	-12,052	-38,450
<b>= Payment made due to the change in working capital</b>	<b>-34,018</b>	<b>-44,367</b>
+ Decrease in other assets not allocated to investing or financing activities	1,880	29,398
+ Increase in pension provisions	208	31
+ Increase in other provisions	4,618	5,397
- Decrease in other liabilities not allocated to investing or financing activities	-2,023	-28,939
+/- Loss/profit from the disposal of fixed assets	1,776	-868
- Other interest and similar income	-719	-1,651
+ Interest received	553	699
+ Interest and similar expenses	10,005	7,943
- Interest paid	-8,181	-6,292
+ Income tax	11,597	10,588
- Taxes paid	-5,274	-6,060
+/- Other non-cash expenses/income	-3,781	1,557
<b>= Payments from other operating activities</b>	<b>10,659</b>	<b>11,803</b>
<b>= Cash flow from operating activities</b>	<b>20,349</b>	<b>9,580</b>
<b>Investing activities</b>		
+ Payments received from the disposal of property, plant and equipment/ intangible assets	15,364	1,915
- Payments made for investments in property, plant and equipment/intangible assets	-79,472	-55,543
+ Payments received from the disposal of financial assets	419	344
- Payments made for investments in financial assets	-2,562	-196
+ Payments received for investments in financial assets	7,498	7,007
<b>= Cash flow from investing activities</b>	<b>-58,753</b>	<b>-46,473</b>
<b>Financing activities</b>		
+ Bank loans raised	20,465	89,670
- Bank loans repaid	-4,122	-5,084
<b>= Cash flow from financing activities</b>	<b>16,343</b>	<b>84,586</b>
<b>Net change in cash and cash equivalents</b>	<b>-22,061</b>	<b>47,693</b>
+ Cash and cash equivalents at the beginning of the period	159,886	111,711
+ Changes due to additions to companies consolidated	50	0
+ Exchange rate-induced change in cash and cash equivalents	3,175	482
<b>= Cash and cash equivalents at the end of the period*</b>	<b>141,050</b>	<b>159,886</b>

\*Trust account EUR 409 thousand (2009: EUR 591 thousand)

## Consolidated statement of changes in equity

	Subscribed capital	Share premium account	Other retained earnings	Cash flow hedge (interest swap)	Other equity components
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
<b>Status 01.01.2010</b>	<b>66,845</b>	<b>158,687</b>	<b>31,136</b>	<b>-287</b>	<b>-10,530</b>
Consolidated profit for 2009 allocated to consolidated profit carried forward	0	0	0	0	0
Re-classifications	0	0	-139	0	0
Accounting for employee option program	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 differences	0	0	0	0	0
Gains/losses from fair-value measurement of interest swaps	0	0	0	-307	0
Deferred income taxes	0	0	0	92	0
Dividends paid	0	0	0	0	0
<b>31.12.2010</b>	<b>66,845</b>	<b>158,080</b>	<b>30,997</b>	<b>-502</b>	<b>-10,530</b>

	Subscribed capital	Share premium account	Other retained earnings	Cash flow hedge (interest swap)	Other equity components
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
<b>Status 01.01.2009</b>	<b>66,845</b>	<b>156,650</b>	<b>1,731</b>	<b>0</b>	<b>-10,530</b>
Consolidated profit for 2009 allocated to consolidated profit carried forward	0	0	0	0	0
Purchase of non-controlling interests	0	0	0	0	0
Re-classifications	0	0	0	0	0
Accounting for employee option program	0	2,037	0	0	0
Consolidated comprehensive income	0	0	0	-287	0
Consolidated profit	0	0	0	0	0
Other comprehensive income					
Foreign currency translation differences	0	0	0	0	0
Gains/losses from fair-value measurement of interest swaps	0	0	0	-410	0
Deferred income taxes	0	0	0	123	0
Utilisation of unappropriated surplus	0	0	29,405	0	0
<b>31.12.2009</b>	<b>66,845</b>	<b>158,687</b>	<b>31,136</b>	<b>-287</b>	<b>-10,530</b>

Currency translation	Consolidated net profit brought forward	Consolidated net profit	Equity attributable to the parent company's equity holders	Non-controlling interests	Total equity
EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	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
Currency translation	Consolidated net profit brought forward	Consolidated net profit	Equity attributable to the parent company's equity holders	Non-controlling interests	Total equity
EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
3,454	62,446	40,498	321,094	3,347	324,441
0	40,498	-40,498	0	0	0
-139	0	0	-139	-728	-867
-168	90	0	-78	78	0
0	0	0	2,037	0	2,037
-1,653	0	24,345	22,405	-187	22,218
0	0	24,345	24,345	-187	24,158
-1,653	0	0	-1,653	0	-1,653
0	0	0	-410	0	-410
0	0	0	123	0	123
0	0	-29,405	0	0	0
1,494	103,034	-5,060	345,319	2,510	347,829

# Notes on the consolidated financial statements

for the year from 1 January until 31 December 2010

## General information

Nordex SE, a listed Societas Europaea, and its subsidiaries in Germany and abroad develop, manufacture and distribute wind turbines – particularly large megawatt-class turbines. Nordex SE is domiciled in Rostock, Germany. The head office is now located in Hamburg at Langenhorner Chaussee 600, 22419 Hamburg, Germany, following the recent move from Norderstedt.

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 2010 stands at EUR 66,845,000 (2009: EUR 66,845,000) and is divided into 66,845,000 (2009: 66,845,000) no-par-value shares with a notional value of EUR 1 each.

The consolidated financial statements of Nordex SE for the 2010 financial year were approved for publication in a resolution passed by the Management Board on 9 March 2011.

## Summary of significant accounting policies

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

## Basis of preparation

The consolidated financial statements of Nordex SE and its subsidiaries were prepared in accordance with Section 315a of the German Commercial Code, using the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union. In this connection, all International Financial Reporting Standards and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) binding as of 31 December 2010 were applied.

The consolidated financial statements were prepared using the historical cost accounting convention 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 EUR thousands.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Those areas involving a higher degree of judgement or complexity, as well as areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the section "Use of accounting estimates and important assumptions".

As in the previous year, Nordex SE applied the current/non-current distinction provided for in IAS 1 for accounting for assets and liabilities in the 2010 financial year.

At Nordex SE and all its consolidated companies, the financial 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

### New and amended standards that apply in 2010

IAS 7 (Revised), "Statement of cash flows from investing activities" (effective in financial years beginning on or after 1 January 2010).

The revised standard clarifies that only those expenditures that result in a recognised asset on the balance sheet are eligible for classification as cash flows from investing activities. The revised standard is being applied.

IAS 17 (Revised), "Classification of leases" is effective in financial years beginning on or after 1 January 2010.

The revised standard ensures that the classification of leases for land is not dealt with differently from the classification of leases for buildings. Therefore, a lease for land can no longer be automatically classified as an operating lease just because a transfer of ownership at the end of the lease period is absent. The revised standard is being applied.

IFRS 3 (Revised), "Business combinations" and consequential amendments to IAS 27 "Consolidated and separate financial statements according to IFRS", IAS 28 "Investments in associates", and IAS 31 "Interests in joint ventures", are effective for business combinations in financial years that began on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes:

- All payments to purchase a business are recorded at fair value at the acquisition date. Contingent payments are classified here as debt and subsequently remeasured through the statement of comprehensive income.
- There is a choice on an acquisition-by-acquisition basis of measuring the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.
- All acquisition-related costs are expensed.

The revised standard also requires goodwill to be determined only at the acquisition date rather than at previous stages. In the determination of goodwill, the purchaser's previously held equity interest in the acquiree is to be adjusted to fair value at the acquisition date, with any resulting gain or loss also being recorded in the income statement. The revised standard does not have any effects on the consolidated financial statements.

IFRS 8 (Revised), "Segment reporting" (effective in financial years beginning on or after 1 January 2010).

As a result of this revised standard, a measure of segment assets and liabilities within the framework of segment reporting is now only required to be disclosed if the measure is part of the regular reporting provided to the chief operating decision-maker of the company. The revised standard is being applied.

### New interpretations that apply in 2010

IFRIC 15 "Agreements for the construction of real estate" is to be used in financial years that begin on or after 1 January 2010.

IFRIC 15 represents an interpretation of IAS 11 "Construction contracts". This interpretation was originally issued for the construction industry but is to be applied across all industry sectors. The interpretation clearly states that:

- IAS is only to be used for those projects where a customer is found during the project phase if the customer can still significantly influence the main structural elements of the project.
- In terms of the recording of revenues, contracts that cover different services, such as the erection of a wind park and the provision of subsequent services, are to be sub-divided if the revenue recognition for both of the service components is different.

This interpretation has no effect on the consolidated financial statements because contracts in the Group are recorded in line with IAS 11, in accordance with the percentage-of-completion method, if a legally binding purchase agreement has been signed with the customer before the project has begun. The erection of the wind park and the provision of subsequent services are agreed here in separate contracts with payment independent of one another, whereby there is no requirement for the division of a contract into its different service components.

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**New standards, interpretations and amendments to published standards that are mandatory for 2010 but not currently relevant to the Group.**

**IAS 1 (Revised) "Presentation of financial statements" (effective in financial years beginning on or after 1 January 2010).**

The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, it is now possible for a liability to be classified as non-current (provided that the Group has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period). In this case, it is irrelevant whether the Group is required to settle the liability in shares at any time.

**IAS 18 (Revised) "Guidelines for identifying agency relationships".**

Within the framework of agency relationships, the amounts raised for the customer and which do not lead to an increase in equity for the agency company are not sales revenues. In this case, sales revenues are the provisions received by the customer. Therefore, general guidelines have been added to the appendix of IAS 18 on whether an entity is acting as principal or agent.

**IAS 36 (Revised) "Impairment of assets" (effective in financial years beginning on or after 1 January 2010).**

The amendment clarifies that the largest cash generating unit (CGU or group of CGUs) to which goodwill should be allocated for the purposes of impairment testing may not be larger than an operating segment. In this case, the definition of an operating segment found in paragraph 5 of IFRS 8 is applied (that is, before the aggregation of segments with similar economic characteristics).

**IAS 38 (Revised) "Intangible assets" (effective in financial years beginning on or after 1 January 2010).**

The amendment clarifies guidance in measuring the fair value of an intangible asset when this has been acquired in a business combination. The new standard also permits the grouping of intangible assets as a single asset if each of these assets has the same or similar useful economic life. No significant effects on the consolidated financial statements are expected.

**IAS 39 (Revised) "Financial instruments: recognition and measurement – embedded derivatives" (effective in financial years beginning on or after 1 July 2009).**

This amendment emphasises that inflation risks can only be hedged when the payments are directly linked to an inflation index. In addition, it clarifies that the effective hedging of one-sided risks through an option is, on the whole, generally not possible.

**IAS 39 (Revised) "Financial instruments: recognition and measurement – handling prepayment penalties" (effective in financial years beginning on or after 1 January 2010).**

As a result of this amendment, there is now no longer anything preventing a variable prepayment penalty – in the amount of the difference between the original effective interest rate and the achievable effective interest rate through reinvestment of the amount paid off, which compensates the creditor for the loss in interest – being treated as an embedded derivative closely related to the base loan.

**IAS 39 (Revised) "Financial instruments: recognition and measurement – scope of exemption for the application of IAS 39 (effective in financial years beginning on or after 1 January 2010).**

As a result of the amendment, the presence of a forward contract is now obligatory for exemption from the application of IAS 39. In addition, the term of the forward contract may not exceed the period of time that is normally reasonably necessary in order to obtain any required approvals and to complete the transaction for the business combination.

**IAS 39 (Revised) "Financial instruments: recognition and measurement – reclassification periods within the framework of the change in value of a cash flow hedge directly recognised in equity" (effective in financial years beginning on or after 1 January 2010).**

The amendment clarifies that when hedging a future transaction within the framework of a cash flow hedge, which leads to the accrual of a financial asset or a financial liability and in which the hedged payments do not correspond to the payments resulting from the accrual of the financial asset or financial liability, then the change in value of the hedge instrument recognised in equity (independent of the payments from the financial asset or financial liability) is to be reclassified in the period in which the hedged cash flows affect the profit and loss statement.

**IFRS 2 (Revised) "Group cash-settled share-based payment transactions" (effective in financial years beginning on or after 1 January 2010).**

In addition to IFRIC 8 "Scope of IFRS 2" and IFRIC 11 "IFRS 2 – Group and treasury share transactions", the amendment to IFRS 2 expands on the guidance in IFRIC 11 to address the classification of group arrangements that were not previously covered by that interpretation.

**IFRS 5 (Revised) "Non-current assets held for sale and discontinued operations" (effective in financial years beginning on or after 1 January 2010).**

The amendment clarifies that a requirement for disclosure above and beyond IFRS 5 only applies when a standard includes independent disclosure requirements for non-current assets (or disposal groups) for sale or for discontinued operations. The same applies to assets and liabilities of a group leaving company, whose evaluation is based on other standards than IFRS 5 (e.g. financial assets within the scope of IAS 39) and these other standards for the evaluation of the assets and liabilities require corresponding disclosures. In addition, it also explicitly states that the general requirements of paragraph 15 and paragraph 125 of IAS 1 for the necessity of supplemental or additional disclosures may exist.

**IFRIC 9 (Revised) "Reassessment of embedded derivatives" and IAS 39 (Amendments), "Financial instruments: recognition and measurement – embedded derivatives" (effective in financial years beginning on or after 1 July 2009).**

This amendment permits companies to reassess whether certain financial instruments can be separated under certain circumstances out of the fair value through profit or loss category. In this type of assessment, all embedded derivatives are reclassified and, where necessary, separately recorded in the financial statements. Depending on what occurred first, the reassessment is to be made on the basis of the circumstances when either (a) the company first became a party to the contract or (b) there was a change in the terms of a contract that significantly modifies the cash flows.

**IFRIC 16 (Revised) "Hedges of a net investment in a foreign operation" (effective in financial years beginning on or after 1 July 2009).**

This amendment states that in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any company or companies within the Group (including the foreign operation), as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. In particular, the Group should clearly document its hedging strategy because of the possibility of different designations at different levels of the Group.

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**IFRIC 17 “Distribution of non-cash assets to owners”**  
(effective in financial years beginning on or after 1 July 2009).

This interpretation was published in November 2008. It provides guidance on accounting for arrangements whereby a company distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for immediate distribution and the distribution is highly probable.

**IFRIC 18 “Transfers of assets from customers”**  
(effective in financial years beginning on or after 1 July 2009).

This interpretation clarifies how a company is to record a transfer of assets from a customer. It applies to contracts in which a company receives an item of property, plant and equipment from a customer that the company must use either to connect the customer to a network and/or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). It also applies to contracts where the company receives cash from a customer that must only be used to acquire or construct the item of property, plant and equipment in order to connect the customer to a network and/or to provide the customer with ongoing access to a supply of goods or services.

**New standards, interpretations and amendments to published standards that are not yet effective for 2010 and have not been adopted by the Group at an earlier stage.**

The assessment by Nordex of the impact of these new standards and interpretations is set out below:

**IAS 24 (Revised) “Related party disclosures”**, issued in November 2009 and supersedes IAS 24 (2003). The new standard is mandatory for financial years beginning on or after 1 January 2011. Earlier application is permitted. The changes to IAS 24 fundamentally revise, in particular, the definition of a related party. Another important focus of the revision is the introduction of a new standard for companies that are under the control, joint control or significant influence of the public sector (government-related entities). The revised standard, which only provides for certain minimum disclosures, covers those disclosures relating to transactions between the reporting company and the public sector itself as well as for disclosures relating to transactions with other government-related entities. Nordex will apply the revised standard from 1 January 2011. When the revised standard is applied, Nordex will need to disclose any transactions between its subsidiaries and its associates. Nordex is currently putting systems in place to capture all relevant information. Before this process is completed, it is not yet possible to provide any detailed information about the impact of the new standard. However, no significant effects on the Group are expected.

**IAS 32 (Revised) “Classification of rights issues”** issued in October 2009. The amendment applies to financial years beginning on or after 1 February 2010. Earlier application is permitted. When a company grants rights, options or warrants to acquire a fixed number of the company's own shares in a currency other than the company's functional currency, these rights were reported up to now as financial liabilities because due to exchange rate fluctuations the “fixed for fixed” criteria in IAS 32.16(b)(ii) is not fulfilled. IAS was amended so that rights, options and warrants to acquire a fixed number of a company's own shares for a fixed price in any currency are to be shown as equity instruments, provided the rights are offered pro rata to all of its existing owners of the same class

of equity instrument. The amendment applies retrospectively in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors". Nordex will apply the revised standard from 1 January 2011. It is not expected that there will be any significant effects on the Group.

#### IFRS 9 "Financial instruments"

issued in November 2009. This standard is the first step in the process to replace IAS 39, "Financial instruments: recognition and measurement". IFRS 9 fundamentally changes the previous requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets. The standard is applicable for financial years that begin on or after 1 January 2013 but is available for early adoption. However, the standard has not yet been endorsed in EU law. The Group is yet to assess the full impact of IFRS 9. However, initial indications are that it will affect the Group's accounting for its debt available-for-sale financial assets, as IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity instruments that are not held for trading. Gains and losses from changes to the fair value of financial assets available-for-sale will have to be recognised directly in profit or loss.

#### IFRIC 14 (Revised) "IAS 19 – Prepayments of a minimum funding requirement"

The amendments to the interpretation of IFRIC 14 "IAS 19 – Prepayments of a minimum funding requirement" are relevant when a pension or benefit plan has a minimum funding requirement and the company pays advance contributions in relation to this. In contrast to the existing standards, the prepaid contributions from the company, which reduce the contributions due because of the minimum funding requirement, can now be recognised as an asset. When a minimum funding requirement exists that consists of contributions for future service, the new interpretation now recognises an asset that is calculated as the sum of two amounts. Firstly, the voluntary prepayment for the contribution, which reduces the minimum funding requirement, and secondly,

the service cost anticipated in future. The anticipated funding payments based on the minimum funding requirements (without taking into account the prepaid contributions) are to be subtracted here. The amendment applies to financial years beginning on or after 1 January 2011 and is to be used at the beginning of the earliest comparative period in the first financial report for which this interpretation applies. Adjustments that result from the application of these changes are to be recorded in the opening balance sheet for this period in the earnings section. Nordex will apply the revised standard from 1 January 2011. It is not expected that there will be any significant effects on the Group.

#### IFRIC 19 "Extinguishing financial liabilities with equity instruments"

is effective for financial years that began on or after the 1 July 2010. The interpretation clarifies the accounting by a company when the terms of a financial liability are renegotiated and result in the company issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (so-called debt for equity swap) and when the creditor is an independent third party. In accordance with paragraph 41 of IAS 39, the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued is to be recorded on the profit and loss balance sheet. IFRIC 19 further clarifies that the equity instrument issued by the debtor for the purpose of extinguishing all or part of the financial liability is to be reported as consideration paid. The equity instruments should generally be measured to reflect their fair value at the time they are issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the whole or partly extinguished financial liability. An assessment of the equity instruments issued with the carrying amount of the whole or partly extinguished financial liability (meaning to simply rebook the financial liability as equity) is no longer possible according to IFRIC 19. The Group will apply the revised standard from 1 January 2011. It is not expected that there will be any significant effects on the Group.

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## Consolidation

### Subsidiaries

Subsidiaries are all companies (including special purpose entities) over which Nordex has the power to govern the financial and operating policies. This is generally accompanied by a shareholding of more than 50% of the 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 in accordance with the acquisition method. The acquisition costs equal the fair value of the assets acquired, the 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. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value on the acquisition date of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired are recorded as goodwill. If these acquisition costs are less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies adopted by the Group.

### Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from 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 to 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 reassessed to its fair value, with the change in carrying amount recognised in profit or loss.



The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as 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 may mean that amounts previously recognised in other comprehensive income are reclassified 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 reclassified to profit or loss where appropriate.

The following companies are consolidated:

Name	Share in capital/ voting rights 31.12.2010 %	Share in capital/ voting rights 31.12.2009 %
Nordex SE, Rostock (Group parent company)	–	–
Nordex Energy GmbH, Norderstedt	100.0	100.0
Nordex Grundstücksverwaltung GmbH, Norderstedt	100.0	100.0
Nordex Windpark Beteiligung GmbH, Norderstedt	100.0	100.0
NPV Dritte Windpark GmbH & Co. KG, Norderstedt	100.0	–
Nordex Offshore GmbH, Hamburg	100.0	–
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. z o.o., Warsaw/Poland	100.0	100.0
Nordex Enerji A.S., Istanbul/Turkey	100.0	100.0
Nordex USA Inc., Chicago/USA	100.0	100.0
Nordex Singapore Equipment Private Ltd., Singapore/Singapore	100.0	100.0
Nordex Singapore Service Private Ltd., Singapore/Singapore	100.0	–
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd., Beijing/China	100.0	100.0
Nordex (Baoding) Wind Power Co. Ltd., Baoding/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 the consolidated financial reports of Nordex SE for the first time in the year under review.

Name	Date of incorporation
NPV Dritte Windpark GmbH & Co. KG, Norderstedt*	20.08.2002
Nordex Singapore Service Private Ltd., Singapore/Singapore	19.01.2010
Nordex Offshore GmbH, Hamburg	23.04.2010

\* The initial consolidation took place on 1 December 2010.  
The company was not previously operationally active.

There are profit-transfer agreements in force between Nordex SE and its consolidated domestic companies, except for Nordex Offshore 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. In addition, reference is made to the attached list of shareholdings as of 31 December 2010.

As part of liability consolidation, all receivables and liabilities between consolidated companies of EUR 1,132,153 thousand (2009: EUR 719,635 thousand) are netted against each other.

Internal Group transactions, as well as unrealised gains and losses from internal Group transactions, were eliminated. In connection with the consolidation of expenses and income, internal Group deliveries of services and goods, and expenses and income arising from transfer transactions, as well as unrealised gains and losses on internal Group transactions, of EUR 442,691 thousand (2009: EUR 724,787 thousand) were eliminated.

### Associated companies

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

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

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When 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 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.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

## Currency translation

### Functional and presentation currency

Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The consolidated financial statements are presented in euros, the functional currency and the presentation currency of Nordex SE.

### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in 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 Group companies that have a different functional currency to the euro are translated at the closing rate on the date of that balance sheet.

Income and expenses of all Group companies that have a different functional currency are translated for every income statement at the average exchange rate into euros (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

All resulting exchange differences are recognised as individual entries within other comprehensive income (foreign currency adjustment items).

The following table sets out the main exchange rates against the euro that are important to the Group:

Exchange rate EUR 1.00 equals	Average exchange rate for the financial year		End-of-year exchange rates as of 31 December	
	2010	2009	2010	2009
USD	1.3182	1.3959	1.3390	1.4406
GBP	0.8555	0.8900	0.8620	0.8881
CNY	8.9103	9.5349	8.8235	9.8350
SEK	9.4823	10.5978	8.9800	10.2520
TRY	1.9980	2.1696	2.0700	2.1547
PLN	4.0002	4.3508	3.9625	4.1045

### 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. In the consolidated balance sheet, bank overdrafts are shown within "current bank borrowings".

### 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. If not, they are presented as non-current assets.

Trade receivables are categorised as loans and receivables. They are recorded initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment calculated on the basis of individual risk estimates and historical values.

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Future receivables under construction contracts are amounts due from services performed within the framework of customer-specific 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 their cost of acquisition or production. Generally speaking, averages are used to calculate the cost of acquisition or production. The production costs include full costs and are 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 depreciation 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 turbines and their components, as well as advance outlays for project developments, rights and infrastructure, are included in production 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**

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The category “held to maturity” is not dealt with in more detail due to its lack of relevance to the Group.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

- **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it was acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets when they mature within 12 months of the balance sheet date; otherwise they are classified as non-current.

- **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 12 months after the end of the reporting period. Otherwise they are classified as non-current assets. The Group’s loans and receivables are recorded on the balance sheet as “cash and cash equivalents”, “trade receivables and future receivables from construction contracts” and “other current financial assets” or “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 included in non-current assets unless the investment matures in this period or management intends to dispose of it within 12 months of the end of the reporting period.

### Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at “fair value through profit or loss”. Financial assets carried at fair value through profit or loss are initially recognised at fair value and the transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has substantially transferred all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

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

Gains or losses from financial assets in the category “available for sale” are presented under equity in the period in which they arise, with the exception of interest income from the use of the effective interest method and foreign currency translation differences from monetary securities, which are recorded in the income statement. Dividend income from equity instruments available for sale is recognised in the income statement when the Group’s right to receive payments is established. If securities that were classified as available for sale are then sold or experience depreciation, the cumulative change in the fair value, previously recorded as equity, is now to be recognised in the income statement. If securities classified as available for sale are not traded on an active market and the fair value cannot be reliably determined, the securities are recorded on the balance sheet at their historical cost less any impairment losses.

Loans and receivables are recorded at amortised cost using the effective interest method. Interest income from the use of the effective interest method is posted on the income statement under “other interest and similar income”.

### Property, plant and equipment

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

Acquisition or production costs include the expenses directly attributable to the purchase. Subsequent acquisition or production costs, for example due to the cost of replacement or expansion, are only recorded as part of the acquisition or production costs of the assets or – if relevant – as a separate asset when it is probable that the Group will receive future economic benefit as a result of it and the costs of the asset can be reliably determined.

In accordance with IAS 20.24, government grants and allowance received for the purposes of acquiring assets are deducted from the acquisition/production costs.

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All other repairs and maintenance, which do not represent significant replacement investment, are charged to the income statement during the financial year in which they are incurred.

Depreciation is shown according to the expected useful life of the assets using the straight-line method, whereby the acquisition/production costs are written down over the expected useful life of the asset at the residual value:

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

The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

If there is any evidence indicating depreciation 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 depreciation no longer apply, the impairment loss is reversed.

## Impairment of financial 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 on acquisitions of subsidiaries is included in "intangible assets". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Gains and losses on the disposal of a company include the carrying amount of goodwill relating to the entity sold.

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

### Capitalised development expenses

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

The cost of production for such assets includes all costs directly attributable to the production process, as well as the production-related overheads and financing costs. Capitalised development costs are written down on a straight-line basis over the period in which the project is expected to generate sales, but for 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 acquired licences and software, as well as similar rights.

These assets are recorded at their historical acquisition/production costs. These intangible assets have a definite useful life and are recorded at their acquisition/production cost less cumulative depreciation. The depreciation is written down on a straight-line basis over the expected useful life of the asset or if earlier, until the rights to them expire. The following useful lives are assumed for this purpose:

	Useful life	Depreciation rate
Licences, software and similar rights	2–5 years	20%–50%

#### Current taxes/deferred taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income.

Deferred income tax is recognised, using the so-called “liability method”, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the IFRS consolidated financial statements, which then lead in the future to a higher (passive deferred tax) or lower (active deferred tax) level of taxable income (temporary tax-related measurement difference). If in a transaction, which does not represent a business combination, deferred income tax arises from the initial recognition of an asset or liability that at the time of the transaction affects neither accounting nor taxable profit or loss, then the tax deferral is not recognised both at this initial point in time or afterwards.

Deferred income tax is determined using tax rates (and tax 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 recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The deferred tax assets also include tax reimbursement claims arising from the expected future utilisation of existing tax losses that are guaranteed to be realised within a period of five years.

Deferred income tax is provided on the temporary differences arising from investments in non-consolidated subsidiaries and associates, except for deferred income tax liability 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 offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation 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 purposes**

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

- **Financial liabilities carried at amortised cost**

The “financial liabilities carried at amortised cost” category includes all non-derivatives and those financial liabilities not recognised at their fair value on the income statement. Amortised costs are calculated according to 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. These liabilities 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). If not, they are presented as non-current liabilities.

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

### **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

### **Other provisions**

Provisions are set aside when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that a transfer of economic assets will be required to settle the obligation; and the amount can be reliably estimated. The evaluation takes place on the basis of careful estimates, taking account in the process of all identifiable risks at the level of their probable occurrence.

If a number of similar obligations exist, as in 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 measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense on the income statement.

### Pensions and similar obligations

The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a non-Group separate entity (funds). For 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.

In 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 net 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 net present value of the DBO is calculated by discounting the expected future outflows of funds with the interest rate of first-rate corporate bonds. The corporate bonds are denominated in the currencies in which the benefits are paid and with maturities corresponding to those of the pension obligations. Actuarial gains and losses, based on experience-based adjustments and changes in actuarial assumptions, 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.

### Equity

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

### 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 in order to motivate them and to bind them to Nordex SE or the Nordex Group. 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 is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, including market-based planning conditions and exclusive non-market-based planning conditions, as well as so-called "non-vesting conditions". The latter are included in assumptions about the number of options that are expected to vest. The total expense is recognised proportionally 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.

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### Derivative financial instruments and hedging

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into. They are subsequently re-measured at their fair value on the relevant balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

### Interest swaps

The Group designated an interest swap as a hedging instrument for future interest payments (cash flow hedge). The Group has hedged in full the interest risk arising from the floating rate of promissory note loans with one-year, three-year and five-year maturities 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 contract and the hedge, are documented by the Group 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 on a quarterly basis over the term of the interest swap. In cases in which 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. In contrast, the inefficient part of this change in value is recognised, depending on the relevant situation, directly in the income statement for the period. The amounts defined in other comprehensive income are transferred to the income statement and recorded as income or expenditure in the period in which the underlying hedged transaction affects net income.

When a hedging instrument expires, is sold or no longer meets the hedge accounting criteria, then the cumulative gain or loss previously reported in other comprehensive income remains there and is only reported in the income statement when the transaction occurs. If the future transaction is no longer expected to occur, then the cumulative gain or loss recorded outside of the profit and loss statement is then to be immediately transferred to the income statement. If derivative financial instruments are not or no longer included in hedge accounting because the criteria for hedge accounting are not or no longer fulfilled, then these are classified as being held for trading purposes.

The full fair value of an interest swap is classified as a non-current asset or a non-current liability if the remaining maturity of the hedged item is more than 12 months after the balance sheet date and, as a current asset or current liability, if the maturity of the hedged item is less than 12 months.

### Currency forwards

The currency forwards concluded by the Group are recognised on the financial statements as “financial assets at fair value through profit and loss” and posted as current assets or liabilities.

Gains or losses through currency forwards are recorded in the income statement under “other operating income” in the period in which they arise.

### Leases

Leases in which a significant share of the risks and rewards of ownership of the leasing object 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 profit or loss on a straight-line basis over the period of the lease.



Lease agreements where the Group retains the significant risks and rewards of ownership of the leasing object are classified as finance leases. Assets from finance leases are capitalised at commencement of the lease term at the lower of either the fair value of the leased object or the present value of the minimum lease payments. If these are the same level, the leasing liability is posted under non-current bank borrowings. Each finance lease payment should be apportioned between the finance charge and the reduction of the outstanding liability so that the leasing liability has a constant rate of interest. The net lease liability is recorded under non-current liabilities. The finance charge of the leasing payment is charged to the income statement so as to produce a constant rate of interest over the term of the lease agreement. The property, plant and equipment acquired under a finance lease is depreciated over the shorter of the two following periods: useful economic life of the asset or the term of the lease agreement.

#### Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the acquisition or production 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 production normally takes more than one year.

#### Revenue recognition

##### Sales revenues

Sales 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. Sales revenues are shown net of value-added tax, returns, rebates and discounts, as well as after eliminating sales within the Group.

Sales revenues comprise revenues from production in response to orders received from customers, sales of wind turbines and revenue 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 instalment.

For this purpose, profit is recognised on a prorated basis in accordance with the stage of completion, provided that the stage 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 extent of progress toward 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 by management.

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

##### Interest income

Interest income is recorded in the period in which it arises using the effective interest method.

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## Financial risk management

### Purposes and methods of financial risk management

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 speculative purposes. These transactions are executed in principle on a central basis by Nordex SE as the parent company.

All transactions involving derivative financial instruments are subject to strict 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. In addition, certain transactions require the prior approval of the Management Board, which is also 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 the counterparties of Nordex in contracts for derivative financial instruments are domestic and foreign banks. This requirement ensures that default risks with respect to counterparties' payment obligations are minimised.

## Market risk

### Exchange rate 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), pounds sterling (GBP) and the Chinese renminbi yuan (CNY). Foreign currency exposure arises from expected future transactions as well as the reported assets and liabilities. Only currency forwards are used to hedge exchange rate risks.

The Group's risk management policy includes hedging contractually safeguarded future transactions, as well as existing assets and liabilities. As of 31 December 2010, these were primarily US dollar and pounds sterling currency forwards. The notional repayment amounts for existing currency forwards amount to EUR 116,205 thousand (2009: EUR 38,920 thousand) as of 31 December 2010 due to the increased volume of business. As a result of these hedging activities, the Nordex Group was not exposed to any material foreign currency exposure as of the balance sheet date.

A currency sensitivity analysis showing the effects of hypothetical changes in relevant risk variables on the Company's earnings and equity is created for the purpose of describing market risks. Currency risks arise as a result of financial instruments that are denominated in a currency other than the Group's functional currency and are 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 appreciated by 10% on 31 December 2010, then as a result of the change in the original financial instruments (cash and cash equivalents, receivables from construction contracts, trade receivables and payables, and bank borrowings) the profit after tax, provided all other variables remained constant, would have decreased by EUR 0.5 million (2009: EUR 1.8 million increase).

A depreciation of the exchange rate of the US dollar by 10% would have resulted in an increase in profit after tax of EUR 0.4 million (2009: EUR 0.6 million decrease). Assuming an appreciation or depreciation of the US dollar by 10%, then the profit after tax from the evaluation of the currency forwards used for hedging purposes would have decreased by EUR 12.2 million (2009: EUR 0.4 million) or increased by EUR 10.0 million (2009: EUR 0.3 million).

If the exchange rate of pounds sterling appreciated by 10% on 31 December 2010, then as a result of the change in the original financial instruments (cash and cash equivalents, receivables from construction contracts, trade receivables and payables, and bank borrowings) the profit after tax, provided all other variables remained constant, would have decreased by EUR 2.5 million (2009: EUR 1.1 million increase). A depreciation of the exchange rate of pounds sterling by 10% would have resulted in an increase in profit after tax of EUR 2.1 million (2009: EUR 0.8 million decrease). Assuming an appreciation or depreciation of pounds sterling by 10%, then the profit after tax from the evaluation of the currency forwards used for hedging purposes would have decreased by EUR 0.5 million (2009: EUR 1.0 million increase) or increased by EUR 0.4 million (2009: EUR 0.8 million decrease).

If the exchange rate of the renminbi yuan appreciated by 10% on 31 December 2010, then as a result of the change in the original financial instruments (cash and cash equivalents, receivables from construction contracts, trade receivables and payables, and bank borrowings) the profit after tax, provided all other variables remained constant, would have increased by EUR 0.9 million. A depreciation of the exchange rate of the renminbi yuan by 10% would have resulted in an decrease in profit after tax of EUR 0.7 million.

### Interest risks

Interest risks arise from potential changes in market interest rates and may result in a change in the fair value in the case of fixed-rate financial instruments and fluctuations in interest payments in the case of floating-rate financial instruments.

The Nordex Group has hedged the interest risk arising from the floating rate of promissory note loans with one-year, three-year and five-year maturity slices in full by means of interest swaps, which substitute the floating-rate for fixed-rate interest payments. Interest rates have been fixed over the first three years for the instalment of the investment loan received to finance the extensions to the Rostock production facility. Other than this, Nordex SE does not have any material floating rate assets or liabilities exposed to interest risk. As of 31 December 2010, the nominal volume of the interest swaps is EUR 42,000 thousand (2009: EUR 45,000 thousand).

A change in all relevant interest rates by 100 basis points would have had a positive effect of EUR 566 thousand (2009: EUR 832 thousand) or a negative effect of EUR 582 thousand (2009: EUR 862 thousand) on equity after tax. An increase in interest rates by 100 basis points would result in earnings after tax being EUR 940 thousand lower, while a reduction in interest rates by 100 basis points would result in earnings after tax being EUR 992 thousand higher.

### Credit risk

The Group only enters into business relations with creditworthy 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 a Group bond has been issued. In addition, the contracts provide for payment to be made upon certain milestones being reached. Receivables are also monitored on an ongoing basis to avert all material risks of default.

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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 also partially secured by means of guarantees, finance commitments or in other ways.

#### Liquidity risk

The Group uses a liquidity planning programme to monitor the risk of a liquidity shortfall on an ongoing basis. This programme tracks payments made and received in the light of the settlement periods of the financial investments and financial 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 use of overdraft 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/facilities are primarily based on the following debt instruments described below.

#### Multi-currency credit facility

The Nordex Group holds a syndicated multi-currency credit facility of EUR 500,000 thousand. 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 via cash drawings and also for issuing guarantees. As of 31 December 2010, the Group had unutilised guarantee facilities of EUR 248,704 (2009: EUR 258,523 thousand) and free cash facilities of EUR 52,683 (2009: EUR 62,683 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. Changes in leverage result in quarterly adjustments to the margin on cash drawings of guarantee utilisation.

#### Promissory note

Nordex SE has a promissory note for EUR 52,000 thousand. This loan is divided into different maturities of between one and four years. The slice of the loan due in 2010 of EUR 3,000 thousand was extended separately and increased to EUR 5,000 thousand. The borrower of the promissory note is Nordex SE, which is jointly and severally liable with Nordex Energy GmbH as the guarantor.

#### Syndicated loan

There is a syndicated loan of EUR 75,000 thousand. This investment loan was provided via funds from the KfW "large companies" programme. The loan must be called down by 10 September 2011. Funds of EUR 41,137 thousand (2009: EUR 32,094 thousand) were drawn on this facility as of 31 December 2010. The loan expires on 30 September 2017 and may be used solely for financing the extensions to the rotor-blade and nacelle production facility in Rostock. The borrower is Nordex SE, which is jointly and severally liable with Nordex Energy GmbH as the guarantor. Initial repayments will be made from 31 December 2011. Collateral has been provided in the form of a land charge based on properties held by Nordex Energy GmbH in Rostock. In addition, it is being secured by pledges on the machinery and equipment located on the land in question.

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### Covenants

All existing facilities/loans are monitored by the creditor banks by reference to uniform and coordinated non-financial and financial covenants such as leverage, interest cover and equity ratio. The banks may only terminate the existing facilities for good cause, which includes the breach of the financial covenants. The covenants were complied with in 2010.

### Maturities of the financial liabilities

As of 31 December 2010, the Group's financial liabilities broke down by maturity as follows:

Financial year ending 31.12.2010	Up to 3 months EUR thousand	3 to 12 months EUR thousand	1 to 5 years EUR thousand	Over 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

Financial year ending 31.12.2009	Up to 3 months EUR thousand	3 to 12 months EUR thousand	1 to 5 years EUR thousand	Over 5 years EUR thousand	Total EUR thousand
Current bank borrowings	40	25,814	0	0	25,854
Non-current bank borrowings	0	0	73,688	13,523	87,211
Trade payables	85,695	0	44	0	85,739
Derivatives	0	1,228	0	0	1,228
Other financial liabilities	7,564	0	0	0	7,564



## Capital risk management

Equity stood at EUR 370,835 thousand (2009: EUR 347,829 thousand) as of 31 December 2010. 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 under construction contracts and trade receivables less advance payments received and trade payables.

	31.12.2010 EUR thousand	31.12.2009 EUR thousand
Inventories	278,996	247,356
Receivables from construction contracts	201,267	85,451
Trade receivables	68,228	101,785
Prepayments received	-126,133	-138,185
Trade payables	-177,672	-85,739
	<b>244,686</b>	<b>210,668</b>
Total revenues	1,007,894	1,144,156
Working capital ratio	24.3%	18.4%

## Critical accounting estimates and judgments

The most important assumptions concerning the future and other key sources of estimation uncertainty as of the balance sheet date that give rise to a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year concern the following items described below.

### Impairment test for goodwill

The Group submits goodwill to an impairment test at least once a year at the end of the financial 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 allocated to the segment Europe. The value in use in the segment Europe is calculated by reference to the budget for 2011, as well as the following two years, derived from the Company's medium-term planning. Revenues beyond the three-year period were extrapolated using a consistent growth rate of 1.0% p.a. The discount rate after tax is 9.41% (2009: 11.1%) and is based on the weighted average cost of capital (WACC). The discount rate is based on a risk-free interest rate of 3.73% (2009: 4.25%), a market risk premium of an unchanged 5.0% and a beta factor of 1.14 (2009: 1.51). 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.

As of 31 December 2010, the carrying amount of the goodwill allocated to the segment Europe stood as in the previous year at EUR 9,960 thousand.

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### 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 that have become technically antiquated are written off.

As of 31 December 2010, the Group had capitalised development costs with a residual carrying amount of EUR 48,636 thousand (2009: EUR 34,604 thousand).

### Guarantee provisions

Provisions for guarantees, warranty claims, service and maintenance stood at EUR 71,967 thousand (2009: EUR 71,644 thousand) as of the balance sheet date. 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 taxes

Nordex SE capitalises deferred tax on the unused tax losses of the parent company. Deferred tax assets are calculated on the basis of medium-term planning 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 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-German companies within the Nordex Group recognise deferred taxes on unused tax losses on the basis of the prevailing national tax rates and, where applicable, in the light of any restrictions in the length of time in which they may be utilised. Deferred tax assets are calculated on the basis of the medium-term planning for the subsidiary in question.

As of 31 December 2010, the deferred taxes on unused tax losses were EUR 47,728 million (2009: EUR 46,854).

### Receivables from construction contracts

Nordex records receivables under construction contracts in accordance with IAS 11. In this context, 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 reporting

The Nordex Group is engaged in the development, production, servicing and marketing of wind turbines. 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 turbines at suitable locations. The Nordex Group is essentially a single-product company.

Segment reporting follows the internal reports submitted to the main decision-makers. The Management Board of Nordex SE has been identified as the main 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 comprises the disclosures required under paragraph 32 of IFRS 8 and reconciles segment earnings with earnings before interest and tax (EBIT) as well as segment assets with consolidated assets:

	Europe		Asia	
	2010 EUR thousand	2009 EUR thousand	2010 EUR thousand	2009 EUR thousand
Sales	859,602	1,047,022	73,919	80,618
Depreciation/amortisation	-16,077	-12,265	-1,768	-1,824
Interest revenues	256	2,058	158	175
Interest expenses	-6,447	-6,486	-1,228	-1,339
Income tax	-9,359	-4,275	-432	-132
Earnings before interest and taxes (EBIT); Segment result	82,319	73,359	3,164	4,134
Investment in property plant and equipment and intangible assets	44,559	38,938	3,271	1,271
Cash and cash equivalents	32,815	26,587	9,782	6,199

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America		Central units		Consolidation		Group total	
2010 EUR thousand	2009 EUR thousand	2010 EUR thousand	2009 EUR thousand	2010 EUR thousand	2009 EUR thousand	2010 EUR thousand	2009 EUR thousand
98,545	134,571	0	0	-60,022	-79,431	972,044	1,182,780
-614	-246	-4,071	-3,651	0	0	-22,530	-17,986
10	9	5,483	6,280	-5,188	-6,871	719	1,651
-285	-606	-7,233	-6,384	5,188	6,871	-10,005	-7,944
4,418	-306	-6,224	-5,875	0	0	-11,597	-10,588
-5,426	3,539	739	-841	-40,709	-40,237	40,087	39,954
17,990	9,251	6,154	2,029	0	-360	71,974	51,129
18,178	17,315	80,275	109,785	0	0	141,050	159,886

## Notes on the balance sheet

### (1) Cash and cash equivalents

This item comprises almost exclusively bank balances. Of this sum, EUR 409 thousand (2009: EUR 591 thousand) has been deposited in a trust account with a bank subject to withdrawal restrictions.

Cash at banks is subject to variable 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.

These liquid assets correspond to cash and cash equivalents for the purposes of the cash flow statement.

### (2) Trade receivables and future receivables from construction contracts

The receivables can be broken down as follows:

	31.12.2010 EUR thousand	31.12.2009 EUR thousand
Gross trade receivables	71,489	108,194
less adjustments	-3,261	-6,409
Trade receivables (net)	68,228	101,785
Future receivables from construction contracts	201,267	85,451
	<b>269,495</b>	<b>187,236</b>

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

Adjustments to trade receivables developed as follows in comparison to the previous year:

	2010 EUR thousand	2009 EUR thousand
Adjustments on 01.01.	6,409	5,189
Additions recognised as expense	712	4,129
Utilised	-564	-1,834
Released	-3,296	-1,075
<b>Adjustments on 31.12.</b>	<b>3,261</b>	<b>6,409</b>

As of 31 December 2010, the trade receivables had the following age structure:

	31.12.2010 EUR thousand	31.12.2009 EUR thousand
Receivables not overdue or adjusted	30,716	33,767
Receivables overdue but not adjusted		
less than 30 days	12,125	31,757
30-90 days	4,592	12,357
91-180 days	7,934	2,520
181-360 days	3,284	4,167
361 days or more	8,614	13,249
Total of overdue but non-adjusted receivables	36,549	64,050
Partially adjusted receivables	963	3,968
	<b>68,228</b>	<b>101,785</b>

In the year under review, receivables totalling EUR 631 thousand (2009: EUR 536 thousand) that had not been adjusted were derecognised.

Adjustments primarily comprise lost interest on delayed payments from 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.

In the context of the measurement of long-term construction contracts, adjustments of EUR 1,608 thousand (31 December 2009: EUR 1,056 thousand) were taken on future receivables from construction contracts in the 2010 financial year.

Receivables from construction projects can be broken down as follows:

	31.12.2010 EUR thousand	31.12.2009 EUR thousand
Accrued contract costs and prorated realised profits on orders	921,834	938,599
less part payments received	-720,567	-853,148
	<b>201,267</b>	<b>85,451</b>

The maximum exposure to credit risk on the reporting date corresponds to the carrying amount of the receivables.

### (3) Inventories

	31.12.2010 EUR thousand	31.12.2009 EUR thousand
Raw materials and supplies	159,031	118,315
Unfinished goods and services	95,291	76,582
Finished goods	6,270	11,826
Prepayments made	18,404	40,633
	<b>278,996</b>	<b>247,356</b>

Raw materials and supplies primarily comprise production and service materials. Unfinished goods and services relate to wind turbines under construction, as well as advance outlays for project developments, rights and infrastructure of EUR 15,747 thousand not due for completion until after 2011.

The carrying amount of the inventories includes depreciation, which developed as follows:

	2010 EUR thousand	2009 EUR thousand
Depreciation on 01.01.	20,657	5,068
Additions recognised as expenses	7,287	17,114
Utilised	-11,162	-1,525
Adjustments on 31.12.	<b>16,782</b>	<b>20,657</b>

The carrying amount of the impaired inventories came to EUR 19,893 thousand (2009: EUR 9,780 thousand).

### (4) Other current financial assets

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

	31.12.2010 EUR thousand	31.12.2009 EUR thousand
Receivables from non-consolidated affiliate companies and associates	7,420	9,254
Deposits/security deposits	805	88
Insurance claims	535	135
Currency forwards	485	421
Creditors with debit accounts	173	400
Other loans	134	112
Bonus claims against suppliers	101	20
Adjustments	-51	-147
Miscellaneous	2,464	2,784
	<b>12,066</b>	<b>13,067</b>

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

The deposits and security deposits include primarily prepayments in combination with the planned purchase of land in China.

In the year under review, adjustments of EUR 37 thousand (2009: EUR 359 thousand) were utilised, an amount of EUR 60 thousand (2009: EUR 324 thousand) was released and the proceeds recognised through profit and loss, and new adjustments of EUR 1 thousand (2009: EUR 34 thousand) were allocated.

### (5) Other current non-financial assets

Other current non-financial assets can be broken down as follows:

	31.12.2010 EUR thousand	31.12.2009 EUR thousand
Tax reimbursement claims	24,849	22,070
Prepaid expenses	5,656	6,218
Transportation equipment	3,996	3,090
Government allowances	3,824	8,017
Claims against suppliers	2,536	3,191
Others	1,506	1,288
	<b>42,367</b>	<b>43,874</b>



Tax reimbursement claims primarily relate to the input tax reimbursement claims held by Nordex SE (EUR 12,525 thousand), Nordex Enerji A.S. (EUR 3,895 thousand), Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd. (EUR 2,855 thousand) and Nordex Italia Srl. (EUR 2,499 thousand).

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

The claims against suppliers of EUR 2,536 thousand relate to advance payments in connection with the purchase of rotor blades, which are expected to be delivered next year. In connection with this, a further sum of EUR 9 thousand is reported within other non-current non-financial assets for the purchase of rotor blades in 2012 (see Note (12)). The payments made are safeguarded by guarantees provided by the suppliers.

Government allowances have been received for the plant extensions in Rostock and for the acquisition of further productive assets. The assets for which the grants have been received must remain at the designated sites within the five-year restricted period, which commences upon completion of investment activity. In addition, a yearly average of around 650 jobs must be maintained permanently during this period.

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, break down as follows:

	31.12.2010 EUR thousand	31.12.2009 EUR thousand
Land and buildings	67,928	46,589
Technical equipment and machinery	26,566	11,132
Other equipment, operating and business equipment	19,913	12,497
Prepayments made and assets under construction	17,719	27,256
	<b>132,126</b>	<b>97,474</b>

Expected government allowances for the extensions to the Rostock plant, as well as expected government allowances for the procurement of additional production assets, in an amount of EUR 1,056 thousand (2009: EUR 3,200 thousand) have been deducted from the cost of the assets in question in accordance with paragraph 24 of IAS 20. In addition, investment advances of EUR 2,825 thousand (2009: EUR 7,007 thousand) have 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 includes the following assets of the Nordex Group within the framework of finance leases:

	31.12.2010 EUR thousand
Land and buildings	17,778
Technical equipment and machinery	7,036
Other equipment, operating and business equipment	2,751
	<b>27,565</b>

The contract duration is 15 years.

The developments to property, plant and equipment is represented in the enclosure "Statement of changes in property, plant and equipment and intangible assets".

#### (7) Goodwill

Goodwill remains unchanged over the previous year at EUR 9,960 thousand.

#### Impairment test for goodwill

Goodwill undergoes annual impairment testing (impairment only approach) at the end of each year at the level of the segment Europe; reversals are not permitted. No impairment losses were recorded in the 2010 financial year as the recoverable value of segment Europe was higher than the carrying value of the segment's assets plus the carrying value of the goodwill.

**(8) Capitalised development costs**

As of the balance sheet date, development costs of EUR 48,636 thousand (2009: EUR 34,604 thousand) are capitalised. In the 2010 financial year, development expenses of EUR 20,719 thousand (2009: EUR 17,666 thousand) were capitalised for the first time. These additions included borrowing costs of EUR 264 thousand (2009: EUR 0 thousand) at a financing rate of 6.65%. Further development expenses of EUR 11,210 thousand (2009: EUR 10,484 thousand) also arising in the 2010 financial year did not meet the criteria for capitalisation.

The developments to capitalised development costs are represented in the enclosure "Statement of changes in property, plant and equipment and intangible assets".

**(9) Other intangible assets**

Other intangible assets can be broken down as follows:

	31.12.2010 EUR thousand	31.12.2009 EUR thousand
Concessions, trade and similar rights	23,492	19,741
Cumulative amortisation	-16,367	-13,335
	7,125	6,406

Amortisation expense calculated for other intangible assets came to EUR 3,127 thousand in the 2010 financial year (2009: EUR 2,684 thousand). Amortisation of intangible assets is included within 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.

The developments to other intangible assets are represented in the enclosure "Statement of changes in property, plant and equipment and intangible assets".

**(10) Non-current financial assets**

Non-current financial assets can be broken down as follows:

	31.12.2010 EUR thousand	31.12.2009 EUR thousand
Shares in non-consolidated associate companies	5,343	5,693
Participating interests	363	159
	5,706	5,852

The shares in non-consolidated associate companies break down as follows:

	31.12.2010 EUR thousand	31.12.2009 EUR thousand
Project companies	2,787	3,137
Qingdao Huawei Wind Power Co. Ltd.	2,506	2,506
Nordex Windpark Verwaltung GmbH	25	25
natcon7 GmbH	25	25
	5,343	5,693

Three project companies were sold in 2010.

Participating interests comprise the following companies:

	31.12.2010 EUR thousand	31.12.2009 EUR thousand
Vent Local S.A.S.	201	0
Komplementarselskabet Whitewater Invest I ApS	91	91
Komplementarselskabet Whitewater Invest VII ApS	37	37
Komplementarselskabet Whitewater Invest VIII ApS	31	31
Parc d'Énergie de Conlie P.E.C. S.à r.l.	1	0
Société Éolienne de Roussée-Vassé S.E.R.V. S.à r.l.	1	0
Sameole Bois du Goulet	1	0
	363	159

Shares in associates comprise non-listed shares for which there is no intention to sell as of 31 December 2010.

In addition, reference is made at this point to the attached list of shareholdings as of 31 December 2010.

#### (11) Shares in associated companies

The Nordex Group acquired around a 38.9% share in KNK Wind GmbH, an offshore project company, for EUR 5,600 thousand on 6 May 2010. The purchase price represented the fair value of the prorated net assets acquired so that it was not necessary to record goodwill.

Shares in associated companies developed as follows:

	2010 EUR thousand
Status 01.01.	0
Shares acquired on 06.05.2010	5,600
Proportional loss for the period 06.05–31.12.2010	–61
<b>Status 31.12.</b>	<b>5,539</b>

The Group's share of losses from its associated companies, which are not listed, as well as the share of its assets and liabilities are represented below:

	Assets	Liabilities	Dividends	Losses	Share in the business %
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	
KNK Wind GmbH	4,449	1,543	–	–251	38.89

#### (12) Other non-current financial assets

Non-current financial assets can be broken down as follows:

	31.12.2010 EUR thousand	31.12.2009 EUR thousand
Hedge funds	796	0
Deposits	88	0
Other non-current receivables	131	68
	<b>1,015</b>	<b>68</b>

The hedge funds pertain to collateral in connection with a leasing agreement signed by Nordex USA Inc.

#### (13) Other non-current non-financial assets

Other non-current assets of EUR 9 thousand (2009: EUR 137 thousand) relate to prepayments for the delivery of rotor blades in the 2012 financial year.

#### (14) Deferred tax assets and tax liabilities

The deferred tax assets and liabilities arising in connection with recognition and measurement differences, as well as tax losses, break down as follows:

	31.12.2010		31.12.2009	
	Deferred tax assets EUR thousand	Deferred tax liabilities EUR thousand	Deferred tax assets EUR thousand	Deferred tax liabilities EUR thousand
Intangible assets/property, plant and equipment	0	15,652	0	10,023
Receivables from construction contracts	0	23,969	0	23,147
Other assets	0	95	0	344
Unused tax losses	47,728	0	46,854	0
Provisions	12,118	0	8,111	0
Other assets and liabilities	1,044	894	1,723	301
<b>Total</b>	<b>60,890</b>	<b>40,610</b>	<b>56,688</b>	<b>33,815</b>
Offset	–27,999	–27,999	–22,226	–22,226
<b>Amount shown on balance sheet</b>	<b>32,891</b>	<b>12,611</b>	<b>34,462</b>	<b>11,589</b>

The deferred tax assets include non-current deferred tax assets for unused tax losses of EUR 38.4 million (2009: EUR 38.3 million). Of the deferred tax liabilities, an amount of EUR 16.0 million (2009: EUR 10.7 million) is attributable to the non-current portion of the deferred tax liabilities before netting.

The Management Board currently assumes that of the existing unused corporate tax losses of EUR 133 million (2009: EUR 142 million) and the unused trade tax loss of EUR 141 million (2009: EUR 150 million), a figure of EUR 119 million (2009: EUR 135 million) and EUR 129 million (2009: EUR 148 million), respectively, should be available for utilisation by Nordex SE. The relevant legislation does not stipulate any maximum period in which tax losses must be utilised in Germany.

The subsidiaries recognise deferred 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 tax assets are calculated on the basis of the medium-term planning for the subsidiary in question.

A tax credit for Nordex USA Inc. in the amount of EUR 4,155 thousand is included in the unused tax losses.

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

	2010 EUR thousand	2009 EUR thousand
Non-utilised tax losses		
which expire in more than five years	23,042	17,522*
which do not expire	19,029	20,399
<b>Total</b>	<b>42,071</b>	<b>37,921</b>

\* Adjustment to previous year

The most important unused tax losses concern Nordex UK Ltd. (EUR 13 million) and NX USA Inc. (EUR 11 million).

The unused tax losses that have not been recognised can be carried forward free of any restrictions in France and the United Kingdom. The unused tax loss expires after five years in Greece, Turkey and China, after nine years in the Netherlands and after twenty years in the USA.

The taxable differences from shares in subsidiaries, for which no deferred tax has been recognised, came to EUR 3,323 thousand (2009: EUR 3,319 thousand) on the balance sheet date.

The development of deferred income taxes is represented below:

	2010 EUR thousand	2009 EUR thousand
Status 01.01	22,873	22,794
Expense recorded in income statement	-3,011	-43
Income from foreign currency valuations	326	0
Income recorded in other comprehensive income	92	122
<b>Status 31.12</b>	<b>20,281</b>	<b>22,873</b>

### (15) Current bank borrowings

The current bank borrowings of EUR 30,309 thousand (2009: EUR 22,441 thousand) primarily relate to cash credit facilities utilised by subsidiaries in China. Of this, an amount of EUR 4,533 thousand (2009: EUR 4,067 thousand) relates to Nordex (Dongying) Wind Power Equipment Manufacturing Co. Ltd. and EUR 7,551 thousand (2009: EUR 6,101 thousand) to Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd. under the syndicated credit facility. Further liabilities of EUR 11,390 thousand (2009: EUR 8,087 thousand) concern Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd. and relate to facilities provided by two banks who do not belong to the credit consortium. In addition, this is essentially the current slice of EUR 5,000 thousand (2009: EUR 3,000 thousand) of the promissory note loan and the repayment due in 2011 of the syndicated loan of EUR 1,714 thousand (2009: EUR 1,146 thousand).

### (16) Trade payables

Please refer to point (26) for details on the remaining terms of these liabilities.

### (17) Income tax liabilities

Of the income tax liabilities of EUR 4,188 thousand, a sum of EUR 2,726 thousand relates to Nordex AG, Nordex Energy GmbH, Nordex Grundstücksverwaltung GmbH and Nordex Windpark Beteiligung GmbH, which are included in the domestic fiscal unit. Of the domestic tax liabilities, a sum of EUR 715 thousand relates to the VAT respite for 2005 for the fiscal unit. In addition, income tax liabilities of EUR 2,011 thousand are attributable to Nordex SE for the 2010 financial year. The other liabilities relate to non-domestic subsidiaries.



#### (18) Other provisions

Developments in other provisions break down as follows:

	01.01.2010 EUR thousand	Consumed EUR thousand	Reversed EUR thousand	Added EUR thousand	31.12.2010 EUR thousand
Individual guarantees	46,705	13,417	1,535	4,701	36,454
General guarantees, service, maintenance	24,939	8,322	5,409	24,304	35,512
Miscellaneous	3,505	3,847	65	8,208	7,801
	75,149	25,586	7,009	37,213	79,767

The provisions for individual guarantees mainly comprise possible risks from cases of damage.

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

Miscellaneous provisions include, among other things, provisions, expenses for litigation risks and recultivation obligations.

Other provisions include other non-current provisions of EUR 25,005 thousand (2009: EUR 15,272 thousand), which are expected to be utilised for periods after the 2011 financial year. The amount of EUR 2,088 thousand (2009: EUR 2,486 thousand) derived from discounting the non-current provisions was deducted from the additions.

#### (19) Other current financial liabilities

Other current financial liabilities break down as follows:

	31.12.2010 EUR thousand	31.12.2009 EUR thousand
Accruals	10,335	4,569
Liabilities to non-consolidated affiliated companies	1,874	1,737
Debtors with credit balance	1,294	0
Currency forwards	1,079	794
Finance leases	534	0
Interest swaps	0	434
Others	1,095	1,258
	16,211	8,792

The non-current share of the liabilities from finance leases is recognised under other non-current financial liabilities.

#### (20) Other current non-financial liabilities

Other current non-financial liabilities can be broken down as follows:

	31.12.2010 EUR thousand	31.12.2009 EUR thousand
Prepayments received	126,133	138,185
Accruals	33,574	43,039
Other tax liabilities	21,244	9,648
Deferred income	10,843	8,867
Liabilities for social security	859	575
Others	955	4,719
	193,608	205,033

Accruals primarily comprise project-related post-completion costs of EUR 19,731 thousand (2009: EUR 35,188 thousand) and personnel liabilities of EUR 8,898 thousand (2009: EUR 6,416 thousand).

The tax liabilities concern value added tax (VAT) of EUR 19,562 thousand (EUR 8,370 thousand) and still-outstanding payroll and church tax of EUR 1,624 thousand (2009: EUR 1,278 thousand).

Deferred income primarily comprises income received in advance under service contracts entered into with customers.

**(21) Non-current bank borrowings**

The non-current bank borrowings of EUR 86,423 thousand (2009: EUR 77,948 thousand) comprise the non-current part of a promissory note loan of EUR 47,000 thousand (2009: EUR 47,000 thousand), of which a sum of EUR 34,500 thousand is due for settlement in 2012 and a sum of EUR 12,500 thousand in 2014. Further liabilities of EUR 39,423 thousand (2009: EUR 30,948 thousand) relate to a syndicated loan to finance the rotor-blade production facilities in Rostock, which is being repaid in equal instalments on a quarterly basis over seven years.

**(22) Pensions and similar obligations**

Pension provisions are set aside to cover performance-related commitments to eligible active and former employees at Nordex SE and Nordex Energy GmbH. The benefits are based on individual commitments generally calculated according to the length of service and remuneration of the employees concerned; the staff are not required to make any contributions of their own. Pension provisions are not externally funded.

The performance-related obligations developed in the financial year as follows:

	2010 EUR thousand	2009 EUR thousand
Settlement obligations on 01.01.	621	569
Current service cost	189	16
Interest cost	32	32
Pension payments	-19	-20
Actuarial gains/losses	72	24
<b>Settlement obligations on 31.12.</b>	<b>895</b>	<b>621</b>

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:

	31.12.2010 EUR thousand	31.12.2009 EUR thousand
Present value of defined benefit obligations	895	621
Non-amortised actuarial gains (-)/losses (+)	-137	-71
<b>Amount shown on balance sheet</b>	<b>758</b>	<b>550</b>

The following amounts were recorded in the income statement:

	2010 EUR thousand	2009 EUR thousand
Current service cost	189	16
Interest cost	32	32
Amortisation of actuarial gains/losses	7	7
	<b>228</b>	<b>55</b>

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

	2010 EUR thousand	2009 EUR thousand
Settlement obligations on 31.12.	895	621
Adjustments based on historical experience	28	-9

Pension payments of EUR 22 thousand (2009: EUR 22 thousand) are expected in the following year.

The following significant actuarial assumptions were made:

	2010	2009
Nominal interest rate	4.80% p. a.	5.30% p. a.
Wage and salary trend	n/a	n/a
Pension trend	2.00% p. a.	2.00% p. a.

The mortality probabilities are based on the statistical probability data set from the 2005 G mortality tables from Prof. Dr. K. Heubeck.



**(23) Other non-current financial liabilities**

Other non-current financial liabilities break down as follows:

	31.12.2010 EUR thousand	31.12. 2009 EUR thousand
Financial leasing	13,597	0
Interest swaps	732	0
	14,329	0

The liabilities for finance leases break down as follows:

Lease payments in future years	Less than 1 year EUR thousand	1 to 5 years EUR thousand	Over 5 years EUR thousand	Total EUR thousand
Lease and remaining payments	1,106	4,093	15,782	20,981
Discount amounts	572	2,401	3,877	6,850
Present value	534	1,692	11,905	14,131

**(24) Other non-current non-financial liabilities**

Non-current non-financial liabilities primarily relate to insurances.

**(25) Equity capital**

	31.12.2010 EUR thousand	31.12.2009 EUR thousand
Subscribed capital	66,845	66,845
Capital reserve	158,080	158,687
Other retained earnings	30,997	31,136
Cash flow hedge	-502	-287
Other equity components	-10,530	-10,530
Translation reserve	4,332	1,494
Consolidated profit carried forward	97,974	103,034
Consolidated net profit	20,875	-5,060
Equity attributable to the parent company's equity holders	368,071	345,319
Non-controlling interests	2,764	2,510
	370,835	347,829

The Company's fully paid share capital of EUR 66,845,000 comprises 66,845,000 bearer shares.

The issued capital comprises 66,845,000 non-par-value shares with a notional proportion in the issued capital of EUR 1 each.

As of 31 December 2010, the company had Authorised Capital I of EUR 13,586,250, equivalent to 13,586,250 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.

As a result of a resolution at the Annual General Meeting on 8 June 2010, the Management Board is authorised, with the approval of the Supervisory Board, to increase capital stock on one or more occasions up to 31 May 2015 within the framework of Authorised Capital I. The Management Board was also authorised, with the approval of the Supervisory Board, to exclude the subscription rights of the shareholders in the process.

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 2012, in accordance with the resolution passed by the shareholders at the Annual General Meeting held on 15 May 2007, and to grant option rights in accordance with the terms of the option bond in question for holders of the option bonds issued by the company on or before 30 April 2012, in accordance with the resolution passed by the shareholders at the Annual General Meeting held on 15 May 2007.

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 Management Board of Nordex SE granted on or before 31 December 2012, in accordance with the authorisation given by the shareholders at the Annual General Meeting on 27 May 2008.



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The share premium account of EUR 158,080 thousand (2009: EUR 158,687 thousand) includes allocations of EUR 457 thousand (2009: EUR 2,037 thousand) and dissolutions in the amount of EUR 1,064 thousand (2009: EUR 0 thousand), which were made in connection with the recognition of the employee stock option programme completed in the 2008 financial year (see also Note (31)).

The net profit for the 2010 financial year for Nordex SE totalled EUR 15,601,522.04 was allocated to other retained earnings in the amount of EUR 2,285,857.18 in accordance with Article 24 of the bylaws of Nordex SE. The Management Board proposes to recommend to the Annual General Meeting that the residual net earnings (EUR 13,315,684.86) in the amount of EUR 10,641,884.86 are allocated to other retained earnings and are carried forward to new account in the amount of EUR 2,673,800.00.

Non-controlling interests stood at EUR 2,764 thousand (2009: EUR 2,510 thousand) as of 31 December 2010. This includes the minority share for the 2010 financial year for third parties of the fully consolidated company Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd. in the amount of EUR 303 thousand (2009: EUR –187 thousand).



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Please refer to the consolidated statement of changes in equity for the individual equity movements.

#### **(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) on the basis of their intended use. 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	31.12.2010		31.12.2009	
		Carrying amount	Fair value	Carrying amount	Fair value
		EUR thousand	EUR thousand	EUR thousand	EUR thousand
Financial assets					
Financial assets recognised at historical or amortised cost					
1. Cash and cash equivalents	LaR	141,050	141,050	159,886	159,886
2. Trade receivables	LaR	68,228	68,228	101,785	101,785
3. Receivables from long-term construction contracts	LaR	201,267	201,267	85,451	85,451
4. Other current financial assets – receivables	LaR	11,581	11,581	12,646	12,646
5. Non-current financial assets – investments in associates*	AfS	5,706	–	5,852	–
6. Other non-current financial assets – receivables	LaR	1,015	1,015	68	68
Financial assets at fair value through profit and loss					
1. Other current financial assets – currency forwards	FAHfT	485	485	421	421

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

	Category in accordance with IAS 39	31.12.2010		31.12.2009	
		Carrying amount	Fair value	Carrying amount	Fair value
		EUR thousand	EUR thousand	EUR thousand	EUR thousand
Financial liabilities					
Financial liabilities recognised at historical or amortised cost					
1. Current bank borrowings	FLAC	30,309	30,309	22,441	22,441
2. Trade payables	FLAC	177,672	177,762	85,739	85,739
3. Other current financial liabilities*	FLAC	14,598	14,598	7,564	7,564
4. Other non-current financial liabilities**	FLAC	0	0	0	0
5. Non-current bank borrowings	FLAC	86,423	86,423	77,948	77,948
Financial liabilities at fair value through profit and loss					
1. Other current financial liabilities – currency forwards	FLHfT	1,079	1,079	794	794
Effective hedges measured at fair value					
1. Other current financial liabilities – interest swaps		0	0	434	434
2. Other non-current financial liabilities – interest swaps		732	732	0	0

\*Without current liabilities from finance leases of EUR 534 thousand (2009: EUR 0 thousand)

\*\*Without non-current liabilities from finance leases of EUR 13,597 thousand (2009: EUR 0 thousand)

Cash and cash equivalents, trade receivables and other current financial assets have short settlement periods. The carrying amounts on 31 December 2010 therefore come close to equalling 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 carrying amount in the previous year of the liabilities from future lease payments included in other financial liabilities equals their fair value due to the discounts taken.

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

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

The following table analyses the financial assets and liabilities, which were measured at their fair value on 31 December 2009:

	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>				
Currency forwards (held for trading)		421		421
<b>Financial liabilities at fair value through profit or loss</b>				
Currency forwards (held for trading)		794		794
<b>Derivatives measured at fair value in hedge accounting</b>				
Interest swaps (cash flow hedge)		434		434

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 that 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 company-specific 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.

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The net gains and losses from fair-value measurement of the financial instruments break down as follows:

	2010 EUR thousand	2009 EUR thousand
<b>Financial assets and liabilities at fair value through profit or loss</b>		
Currency forwards (net gains)	1,686	1,798
Currency forwards (net losses)	0	-1,755
	<b>1,686</b>	<b>43</b>
<b>Derivatives measured at fair value in hedge accounting</b>		
Ineffective part of interest swaps (net losses)	-16	-24

The effective part of the market value of interest swaps of EUR 716 thousand (2009: EUR 410 thousand) was recorded in other comprehensive income net of deferred taxes of EUR 215 thousand (2009: EUR 123 thousand).

The expired interest swaps in the amount of EUR 504 thousand (2009: EUR 0 thousand) were recorded in the income statement at the time of entry into the hedged item.

#### Financial instruments according to class (IFRS 7)

##### Financial assets

31.12.2010	Financial assets carried at amortised cost EUR thousand	Financial assets carried at fair value EUR thousand	Financial assets not within the scope of IFRS 7 EUR thousand	Total EUR thousand
Cash and cash equivalents	141,050	0	0	141,050
Receivables from long-term 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
Non-current financial assets	5,706	0	0	5,706
Interests in associates	0	0	5,539	5,539
Other non-current financial assets	1,015	0	0	1,015
	<b>428,847</b>	<b>485</b>	<b>5,539</b>	<b>434,871</b>

31.12.2009	Financial assets carried at amortised cost EUR thousand	Financial assets carried at fair value EUR thousand	Financial assets not within the scope of IFRS 7 EUR thousand	Total EUR thousand
Cash and cash equivalents	159,886	0	0	159,886
Receivables from long-term construction contracts	85,451	0	0	85,451
Trade receivables	101,785	0	0	101,785
Other current financial assets	12,646	421	0	13,067
Non-current financial assets	5,852	0	0	5,852
Interests in associates	0	0	0	0
Other non-current financial assets	68	0	0	68
	365,688	421	0	366,109

## Financial liabilities

31.12.2010	Financial liabilities carried at amortised cost EUR thousand	Financial liabilities carried at fair value EUR thousand	Financial liabilities not within 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 liabilities	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

31.12.2009	Financial liabilities carried at amortised cost EUR thousand	Financial liabilities carried at fair value EUR thousand	Financial liabilities not within the scope of IFRS 7 EUR thousand	Total EUR thousand
Current bank borrowings	22,441	0	0	22,441
Trade payables	85,739	0	0	85,739
Other current financial liabilities*	8,358	434	0	8,792
Non-current bank borrowings	77,948	0	0	77,948
Pensions and similar liabilities	0	0	550	550
Other non-current financial liabilities*	0	0	0	0
	194,486	434	550	195,470

\*Including liabilities from finance leases



## Notes on the income statement

### (27) Sales

	2010 EUR thousand	2009 EUR thousand
Europe	799,580	967,570
America	98,545	134,575
Asia	73,919	80,635
	<b>972,044</b>	<b>1,182,780</b>

Of this item, sales of EUR 572,279 thousand (2009: EUR 661,175 thousand) arose from the application of the percentage-of-completion method for construction contracts.

Sales break down by category as follows:

	2010 EUR thousand	2009 EUR thousand
Sales of new wind turbines	888,015	1,112,154
Services	77,449	60,139
Miscellaneous	6,580	10,487
	<b>972,044</b>	<b>1,182,780</b>

### (28) Changes in inventories and other own work capitalised

Own work capitalised in the 2010 financial year is valued at EUR 22,697 thousand (2009: EUR 21,420 thousand), of which EUR 20,719 thousand (2009: EUR 17,666 thousand) relates to expenses for developing and enhancing new and existing wind turbines. Changes in inventories in the 2010 financial year equal EUR 13,153 thousand (2009: EUR -60,044 thousand).

### (29) Other operating revenues

Other operating income breaks down as follows:

	2010 EUR thousand	2009 EUR thousand
Reimbursement of storage/transportation costs	4,962	4,723
Reversal of adjustments	3,356	1,075
Income from currency translation gains	3,118	6,077
Income from settlements	2,759	2,569
Insurance claims indemnified	2,117	2,730
Currency forwards	1,686	43
Government subsidies	1,564	1,108
Payments received on derecognised receivables	975	1,243
Profits from disposal of fixed assets/derecognition of liabilities	451	0
Miscellaneous	3,450	4,589
	<b>24,438</b>	<b>24,157</b>

### (30) Cost of materials

The cost of materials can be broken down as follows:

	2010 EUR thousand	2009 EUR thousand
Cost of raw materials, auxiliary materials and operating materials	589,576	707,882
Cost of services received	158,602	175,863
	<b>748,178</b>	<b>883,745</b>

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

**(31) Personnel costs**

	2010 EUR thousand	2009 EUR thousand
Wages and salaries	100,499	89,390
Social security, pension and support expenses	18,900	16,420
	<b>119,399</b>	<b>105,810</b>

The Group headcount was as follows:

	2010	2009	Change
<b>Balance sheet date</b>			
Office staff	1,523	1,332	+191
Technical staff	981	911	+70
	<b>2,504</b>	<b>2,243</b>	<b>+261</b>
<b>Average</b>			
Office staff	1,428	1,289	+139
Technical staff	951	918	+33
	<b>2,379</b>	<b>2,207</b>	<b>+172</b>

**Stock option plan****Maximum number of options granted**

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

- (a) a maximum of 550,000 are to be granted to executives and employees of the company, as well as domestic and non-domestic Nordex Group companies, who are not members of the management bodies of the company or any of the Nordex Group companies,
- (b) a maximum of 100,000 to members of the management bodies 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 to members of the company's Management Board.

**Vesting conditions**

Subject to an adjustment as a result of a capital measure, one option entitles the holder to acquire one bearer share issued by Nordex SE. When the option is exercised, an exercise price per share is paid.

The exercise price equals the arithmetic mean of the Xetra closing prices over the ten trading days preceding the date on which the subscription right is allocated as quoted on the Frankfurt Stock Exchange (or any replacement system comparable in terms of its function) for voting-entitled ordinary voting shares with full participation in the company's profit and assets.

The options vest no earlier than three years upon being granted and are forfeited if the employment contract expires within this period. The options may only be exercised during two windows per year ("exercise period") in the following two years.

The options may only be exercised if the price of Nordex ordinary shares on the ten trading days preceding the date on which the option is exercised exceeds the exercise price of the option in question by at least 20%.

### Calculation of the fair value of stock options

As of 31 December 2010, 665,545 stock options were outstanding, none of which have vested.

Stock options granted	Exercise price EUR	Average stock price EUR	Release date	Expiry date	Outstanding stock options at end of 2010	Outstanding stock options at end of 2009
2008	23.10	16.52	01.09.2008	31.08.2013	374,711	804,361
2009	12.84	11.77	01.09.2009	31.08.2014	240,834	241,609
2010	5.26	5.01	25.11.2010	24.11.2015	50,000	0
Total					665,545	1,045,970

The fair value of the obligations in the individual instalments was calculated using a binominal model.

The following parameters were applied for evaluating the stock options in 2010:

Measurement parameters	2010
Average stock price	EUR 5.01
Average fair value per stock option	EUR 2.47
Allocation day	25.11.2010
Vesting period	3 years
Duration of programme from allocation day; automatic expiry of all non-exercised options	5 years
Risk-free interest rate	1.85%
Annual volatility of stock	63.7%
Sub-optimum exercise (option holders' risk appetite)	100%

The fair values of the stock options were calculated on the basis of an assumed dividend payment of EUR 0. Future volatility was estimated in the light of the historical volatility of comparable periods. In addition to the exercise periods, the option model also makes allowance for a 20% increase in the price of the stock.

The expense thus calculated came to EUR 4 thousand for the 2010 instalment, EUR 453 thousand for the 2009 instalment and EUR –1,064 thousand for the 2008 instalment.

**(32) Depreciation/amortisation**

Depreciation/amortisation breaks down as follows:

	2010 EUR thousand	2009 EUR thousand
Depreciation of property, plant and equipment	13,865	10,115
Amortisation of capitalised development costs	5,538	5,187
Amortisation of other intangible assets	3,127	2,684
	<b>22,530</b>	<b>17,986</b>

**(33) Other operating expenses**

Other operating expenses break down as follows:

	2010 EUR thousand	2009 EUR thousand
Legal and consulting costs	19,554	13,044
Travel expenses	15,197	13,352
Rental and lease expenses	11,720	11,444
IT costs	6,208	5,999
Other leased personnel services	5,965	5,430
External services	5,052	6,093
Maintenance	4,998	3,537
Liquidated damages	4,933	13,854
Advertising costs	3,861	3,905
Insurance	3,514	2,170
Telecommunications	3,035	3,370
Losses due to disposal of fixed assets	2,226	0
Currency translation losses	2,188	16,384
Training	2,008	2,613
Other taxes	1,220	665
Adjustments to receivables	712	4,833
Interest swaps (ineffective part)	16	24
Miscellaneous	9,731	14,101
	<b>102,138</b>	<b>120,818</b>

**(34) Net finance income/costs**

	2010 EUR thousand	2009 EUR thousand
Share of profit of associates	2,035	1,127
Results from at equity valuation	-61	0
Other interest and similar income	719	1,651
Interest and similar expenses	-10,005	-7,943
	<b>-7,312</b>	<b>-5,165</b>

The share of profit of associates comprises dividend payouts. Interest income and expense arise solely from deposits with banks and the utilisation of cash credit facilities or bank loans, respectively.

**(35) Income taxes**

Income taxes break down as follows:

	2010 EUR thousand	2009 EUR thousand
Domestic income tax	3,542	5,558
Non-domestic income tax	5,044	5,030
<b>Actual tax expense</b>	<b>8,586</b>	<b>10,588</b>
<b>Deferred tax expense</b>	<b>3,011</b>	<b>43</b>
<b>Total tax expense</b>	<b>11,597</b>	<b>10,631</b>
of which relating to other periods	-166	764

Current 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 or shortly after. Management regularly checks tax declarations, particularly with respect to matters open to interpretation and, if necessary, sets aside provisions based on the amounts that 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 2009, a tax rate of 30.78% (2009: 30%) was applied for the purpose of calculating the domestic deferred taxes. Deferred 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% (2009: 14.91%) in the case of trade tax.

The tax on the Group's pre-tax profit differs from the theoretical amount that would arise using the weighted average tax rate of 30.78% (2009:30%) applicable to profits before tax as follows:

	2010 EUR thousand	2009 EUR thousand
<b>Net profit before tax</b>	<b>32,775</b>	<b>34,789</b>
Expected tax expense (30.78%; previous year: 30%)	-10,088	-10,436
Differences in non-domestic tax rates	724	-229
Tax-free income	664	1,683
Change in tax rate and tax rate laws	-619	0
Non-deductible expenses	-1,372	-3,420
Tax effects from previous years	709	6,386
Effects of inclusion of unused tax losses from previous years		425
Effects of non-inclusion of unused tax losses	-1,243	-5,586
Other tax effects	-372	546
<b>Actual tax expense</b>	<b>-11,597</b>	<b>-10,631</b>
Effective tax rate (%)	-35.4%	-30.6%

The level of income taxes, which is directly credited to other comprehensive income to the value of EUR 215 thousand (2009: EUR 123 thousand), results from the effective part of the fair value measurement of the interest swap of EUR 716 thousand (2009: EUR 410 thousand).

### (36) Non-controlling interests

Non-controlling interests in consolidated net profit stand at EUR 303 thousand (2009: EUR -187 thousand). These comprise solely the minority interests in Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd. (nacelle production) in China.

### (37) Earnings per share

#### Undiluted

The undiluted earnings per share (EPS) are calculated by taking the quotient of the profit attributable to equity holders of the company and the weighted average number of shares in issue during the financial year:

		2010	2009
Consolidated net profit for the year	EUR thousand	21,178	24,158
of which owners	EUR thousand	20,875	24,435
of which non-controlling interest	EUR thousand	303	-187
Weighted average number of shares		66,845,000	66,845,000
<b>Earnings per share (EPS)</b>	<b>EUR</b>	<b>0.31</b>	<b>0.36</b>

#### Diluted

The diluted earnings per share are calculated by increasing the weighted average number of shares in issue to include all conversion and option rights. Share options that have been issued within the framework of an employee option programme do not have any diluting effect on the earnings per share because the internal value of the share option was not positive.

## Other financial obligations and contingent liabilities

There are contractual obligations existing in terms of investment expenditure for property, plant and equipment on the date of the balance sheet in the amount of EUR 2,745 thousand (2009: EUR 17,781 thousand) that have not yet been incurred.

Other financial obligations relate to operating lease and rental obligations of EUR 50,249 thousand (2009: EUR 14,219 thousand) with the following periods:

Financial 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 over 5 years EUR thousand
31.12.2010	7,010	19,273	23,966
31.12.2009	5,860	7,725	634

Obligations under lease and rental agreements relate to equipment and machinery of EUR 4,523 thousand (2009: EUR 10,880 thousand) and real estate of EUR 45,726 thousand (2009: EUR 3,339 thousand).

The Nordex Group has contingent liabilities from legal disputes in combination with its operating activities, where the probability of an outflow of resources on the balance sheet date was not sufficient to make relevant provisions.

## Notes on related parties

In three cases, parties related to the Nordex Group as defined in IAS 24.9 held management positions with business partners of Nordex in the 2010 financial year and one of these holds shares in a business partner. There were no material conflicts of interest in any of these cases.

The details are as follows:

Martin Rey, a Member of the Supervisory Board of Nordex SE is Vice Chairman of the Supervisory Board at Renerco AG, Munich. In March 2010, Renerco AG ordered a total of 12 N100/2500 turbines from Nordex for a project in Poland. Mr. Rey was not personally involved in the contractual negotiations between Nordex and Renerco and did not exercise any material influence on these.

Mr. Jan Klatten is an indirect shareholder and Chairman of the Supervisory Board of asturia Automotive Systems AG, Munich, with which the Nordex Group entered into a joint development contract on 13 January 2009. This contract was subject to approval by the Supervisory Board. This approval was granted at the meeting of 18 February 2009 without Mr. Klatten's participation. The contract ended on 31 March 2010.

Carsten Pedersen, a former Member of the Management Board and current Member of the Supervisory Board of Nordex SE, holds a share in Skykon Give A/S (formerly Welcon A/S). In the year under review, Skykon was a supplier of towers to the Nordex Group. The purchasing relations with Skykon comply strictly with arm's-length requirements. Orders are placed only after intensive comparisons of prices and services. Mr. Pedersen was not involved in these decisions, neither in his capacity as Chief Sales Officer nor as a member of the Supervisory Board. As one of the most efficient producers of towers in northern Europe, Skykon has been a supplier to Nordex for many years. On 26 October 2010, Skykon entered into a "suspension of payments" process in Denmark, a preliminary process in the company's insolvency proceedings. This preliminary insolvency process is comparable to a judicial reorganisation (Gläubigerschutzverfahren) according to German law, where a reorganisation of the company is attempted under the auspices of a supervisor charged with carrying

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out this task. This process was not successful and Skykon applied to open insolvency proceedings on 23 December 2010, which was approved by the insolvency court in Kolding on 5 January 2011. Since 26 October 2010, Nordex has introduced and implemented all necessary measures to secure both project requirements and the components and materials stored at Skykon that are the property of Nordex SE, as well as to reduce other default risks. The appointed insolvency administrator has temporarily maintained production at Skykon. In an agreement from 12 January 2011, a company founded by, among other people, Carsten Pedersen, under the name "Welcon A/S" has taken over the business of the insolvent Skykon Give A/S and has continued production since this time.

#### Transactions with related parties as of 31 December 2010

Related person	Company	Transaction	Outstanding items receivables (+)/ liabilities (-) 31.12.2010 EUR thousand	Outstanding items receivables (+)/ liabilities (-) 31.12.2009 EUR thousand	Revenue according to IFRS 01.01–31.12.2010 EUR thousand	Revenue according to IFRS 01.01–31.12.2009 EUR thousand
Martin Rey*	Renerco AG	Sale of wind turbines	0	-4	0	0
	Associated companies of Babcock & Brown GmbH	Sale of wind turbines including project companies	0	0	0	21,146
Jan Klatten**	asturia Automotive Systems AG	Development of an attenuation system	0	0	553	619
Carsten Pedersen***	Skykon Give A/S	Supplier of towers	601	7,975	48,338	61,768

\*Vice Chairman of the Supervisory Board, Renerco AG / Executive Director, Babcock & Brown Ltd.

\*\*Chairman of the Supervisory Board, asturia Automotive Systems AG

\*\*\*Co-owner, 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 at banks. Cash in hand and at banks are due for settlement in less than three months. The changes in the items on the balance sheet used for determining changes in the cash flow statement cannot be directly

derived from the balance sheet as non-cash currency effects, and changes to the consolidated companies are not cash-effective and are not eliminated.

Cash flow from operating activities is calculated using the indirect method, i.e. earnings after tax, are adjusted for non-cash expenses and income. After allowing for changes in working capital and additional receivables and liabilities, as well as deferred taxes, the net cash inflow from operating activities comes to EUR 20,349 thousand (2009: EUR 9,580 thousand). This resulted primarily from the consolidated profits including the depreciation in the amount of EUR 43,708 thousand, which is related to the increase in capital tied-up in working capital in the amount of EUR 34,018 thousand.

Net cash outflow from investing activities increased in the year under review to EUR –58,753 thousand (2009: EUR –46,473 thousand). The investment in property, plant and equipment in the amount of EUR 47,572 thousand refers mainly to the factory extension in Rostock and the construction of the production facility in Jonesboro. In addition, development projects in the amount of EUR 20,719 thousand were activated. These investments are accompanied by payments within the framework of a sale and leaseback transaction for the sale of production facilities by Nordex USA Inc. in the amount of EUR 14,937 thousand.

Cash flow from financing activities stood at EUR 16,343 thousand (2009: EUR 84,586 thousand) and result primarily from the utilisation of the syndicated loan for the financing of the rotor blade production facilities in Rostock.

### Events after the conclusion of the period under review

Insofar as events arise after the balance sheet date that were caused by economic activities up to 31 December 2010, then these are taken account of in the consolidated financial statement dated 31 December 2010.

### 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 the 2010 financial year pursuant to Section 161 of the Stock Corporation Act on 25 March 2011, and made it available for examination by the shareholders on the Internet at [www.nordex-online.de/investor-relations](http://www.nordex-online.de/investor-relations).



### Utilisation of relief provisions

Nordex Energy GmbH, Norderstedt, Nordex Grundstücksverwaltung GmbH, Norderstedt, and Nordex Windpark Beteiligung GmbH, Norderstedt, 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 the 2010 financial year, and as of the date on which the financial statements for 2010 were prepared, the Supervisory Board consisted of the following members:

**Uwe Lüders, Lübeck,**  
Chairman of the Supervisory Board,  
Chairman of the Management Committee and  
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, Munich,**  
Vice Chairman of the Supervisory Board,  
Member of the Management Committee and  
Member of the Strategy and Engineering Committee

- Managing Shareholder of momentum Beteiligungsgesellschaft mbH
- Chairman of the Supervisory Board of asturia Automotive Systems AG

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Kai H. Brandes, Berlin,  
Member of the Audit Committee  
(until 31 August 2010)

Managing Shareholder of CMP Capital Management-  
Partners GmbH

Dr. Dieter G. Maier, Reutlingen,  
Member of the Strategy and Engineering Committee  
Physicist

Carsten Risvig Pedersen, Humlebaek, Denmark,  
Member of the Management Committee and  
the Audit Committee  
(since 6 September 2010)  
Entrepreneur

Martin Rey, Traunstein,  
Chairman of the Audit Committee

- Lawyer and Managing Director of Babcock & Brown GmbH
- Member of the Supervisory Board of BRISA Auto-estradas de Portugal, S.A.
- Member of the Supervisory Board of ZAAB Energy AG
- Vice Chairman of the Supervisory Board of Renenco AG
- Member of the Supervisory Board of Babcock & Brown European Investments S.à r.l., Luxembourg

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

- Former Chairman of the Management Board at Infineon AG
- Member of the Supervisory Board at Autoliv Inc., Stockholm
- Member of the Supervisory Board at ASML Holding N.V., Veldhoven/Netherlands

#### Management Board

Thomas Richterich, Hamburg  
(Chairman of the Management Board)

Lars Bondo Krogsgaard, Hamburg  
(Chief Sales Officer)  
(since 1 October 2010)

Carsten Risvig Pedersen, Humlebaek, Denmark  
(Chief Sales Officer)  
(until 30 August 2010)

Ulric Bernard Schäferbarthold, Hamburg  
(Chief Financial Officer)

Dr. Marc Sielemann, Munich  
(Chief Operations Officer)

Dr. Eberhard Voß, Biendorf  
(Chief Technical Officer)

The members of the Supervisory Board and the Management Board held the following shares in the company as of 31 December 2010:

Name	Position	Shares
Jan Klatten	Supervisory Board	16,711,016 via a share in momentum-capital Vermögensverwaltungsgesellschaft mbH and Ventus Venture Fund GmbH & Co. Beteiligungs KG
Dr. Dieter G. Maier	Supervisory Board	10,000 directly
Carsten Risvig Pedersen	Supervisory Board	372,100 via a 50% holding in CJ Holding ApS*
Thomas Richterich	Chief Executive Officer	545,734 directly
Dr. Eberhard Voß	Chief Technical Officer	1,000 directly

\*CJ Holding ApS is the parent company of Nordvest A/S.

A total of 200,000 stock options have been granted to members of the Management Board.

#### Remuneration paid to members of the Supervisory Board and Management Board of Nordex SE

	Financial year 2010 EUR	Financial year 2009 EUR
Remuneration paid to Management Board	2,237,392	2,122,256
Remuneration paid to Supervisory Board	122,395	158,427

The compensation paid to the Management Board comprises fixed and performance-related variable components.

In addition, expense of EUR 395,358 (2009: EUR 1,578,143) arose from allocations to the stock option plan for the members of the Management Board in the 2010 financial year.

The shareholders passed a resolution at the Annual General Meeting of May 15, 2006 dispensing with the individualisation of the remuneration paid to individual members of the Management Board.



The individualised compensation paid to members of the Supervisory Board is set out in the Company's by-laws ([www.nordex-online.com/de/investor-relations/veroeffentlichungen](http://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 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:

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 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 on the reimbursement of expenses is refunded in accordance with Articles 17 (1) through (3) of the bylaws. The Company pays the premium on liability insurance (D&O insurance) if such cover also includes the members of the Supervisory Board.

### Benefits/pension provisions for former members of the Management Board

Pension provisions of EUR 196 thousand (2009: EUR 185 thousand) had been set aside as of 31 December 2010 to cover entitlement vesting to two former members of the Management Board.

### Auditor's fees

The fee payable in 2010 for the statutory audit stands at EUR 172 thousand (2009: EUR 179 thousand). In addition, the cost of tax consulting services came to EUR 72 thousand (2009: EUR 104 thousand) and of other services to EUR 27 thousand (2008: EUR 98 thousand).

Nordex SE  
 Rostock, 24 March 2011

T. Richterich  
 Chairman of the  
 Management Board (CEO)

L. Krogsgaard  
 Member of the  
 Management Board

B. Schäferbarthold  
 Member of the  
 Management Board

M. Sielemann  
 Member of the  
 Management Board

E. Voß  
 Member of the  
 Management Board

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

	Historical cost					
	Commenc- ing balance 01.01.2010	Additions	Disposals	Re- classifica- tion	Foreign currency	Closing balance
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand 31.12.2010
<b>Property, plant and equipment</b>						
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
<b>Total property, plant and equipment</b>	<b>146,376</b>	<b>47,572</b>	<b>13,585</b>	<b>-34</b>	<b>2,563</b>	<b>182,892</b>
<b>Intangible assets</b>						
Goodwill	14,461	0	0	0	0	14,461
Capitalised development expenses	60,102	20,719	1,153	0	0	79,668
Other intangible assets	19,741	3,684	415	34	448	23,492
<b>Total intangible assets</b>	<b>94,304</b>	<b>24,403</b>	<b>1,568</b>	<b>34</b>	<b>448</b>	<b>117,621</b>

	Historical cost					
	Commenc- ing balance 01.01.2009	Additions	Disposals	Re- classifica- tion	Foreign currency	Closing balance
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand 31.12.2009
<b>Property, plant and equipment</b>						
Land and buildings	55,754	186	1,125	28	-235	54,608
Technical equipment and machinery	25,240	6,938	0	1,542	-234	33,486
Other equipment, operating and business equipment	33,147	174	2,435	-31	-88	30,767
Prepayments made and assets under construction	5,211	24,325	187	-1,544	-290	27,515
<b>Total property, plant and equipment</b>	<b>119,352</b>	<b>31,623</b>	<b>3,747</b>	<b>-5</b>	<b>-847</b>	<b>146,376</b>
<b>Intangible assets</b>						
Goodwill	14,461	0	0	0	0	14,461
Capitalised development expenses	42,810	17,666	374	0	0	60,102
Other intangible assets	19,215	1,840	1,200	5	-119	19,741
<b>Total intangible assets</b>	<b>76,486</b>	<b>19,506</b>	<b>1,574</b>	<b>5</b>	<b>-119</b>	<b>94,304</b>

Commencing balance 01.01.2010 EUR thousand	Depreciation/amortisation				Carrying amount	
	Additions	Disposals	Re-classification	Foreign currency	Closing balance 31.12.2010 EUR thousand	31.12.2010 EUR thousand
	EUR thousand	EUR thousand	EUR thousand	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

Commencing balance 01.01.2009 EUR thousand	Depreciation/amortisation				Carrying amount	
	Additions	Disposals	Re-classification	Foreign currency	Closing balance 31.12.2009 EUR thousand	31.12.2009 EUR thousand
	EUR thousand	EUR thousand	EUR thousand	EUR thousand		
6,361	1,939	263	14	-32	8,019	46,589
15,581	3,697	0	3,217	-141	22,354	11,132
18,564	4,235	1,267	-3,234	-28	18,270	12,497
0	244	0	0	15	259	27,256
40,506	10,115	1,530	-3	-186	48,902	97,474
4,501	0	0	0	0	4,501	9,960
20,434	5,187	123	0	0	25,498	34,604
11,888	2,684	1,200	3	-40	13,335	6,406
36,823	7,871	1,323	3	-40	43,334	50,970



# List of shareholdings

as of 31 December 2010

	Currency
<b>Consolidated affiliated companies</b>	
(figures in accordance with statutory financial statements or the uniform Group guidelines for financial statements)	
Nordex SE, Rostock (parent company)*	EUR
Nordex Energy B.V., Rotterdam, Netherlands	EUR
Nordex Energy GmbH, Norderstedt, Germany*	EUR
Nordex Grundstücksverwaltung GmbH, Norderstedt, Germany*	EUR
Nordex Offshore GmbH, Hamburg, Germany****	EUR
Nordex Windpark Beteiligung GmbH, Norderstedt, 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, Kifissia, Greece	EUR
Nordex Italia Srl., Rome, Italy	EUR
Nordex Polska Sp. zo.o., Warsaw, Poland	EUR
Nordex Sverige AB, Uppsala, Sweden	EUR
Nordex UK Ltd., Didsbury, United Kingdom	EUR
Nordex USA Inc., Chicago, USA	EUR
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd., Beijing, China	EUR
Nordex (Baoding) Wind Power Co. Ltd., Baoding, 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	EUR
Nordex Singapore Service Private Ltd., Singapore	EUR
NPV Dritte Windpark GmbH & Co. KG, Norderstedt, Germany	EUR
<b>Non-consolidated affiliated companies</b>	
(figures in accordance with statutory financial statements or the uniform Group guidelines for financial statements)	
Nordex Windpark Verwaltung GmbH, Norderstedt, Germany	EUR
natcon7 GmbH, Norderstedt, Germany	EUR
Parc Éolien d'Auneau, S.A.S., Paris, France***	EUR
Parc Éolien Harbonnières/Framerville-Rainecourt S.A.S., Paris, France***	EUR
Parc Éolien des Caulières 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 de Mazeray et de Bignay S.A.S., Paris, France***	EUR
Parc Éolien des Mistandines S.A.S., Paris, France***	EUR

Share in capital (%)	Net profit/loss 01.01–31.12.2010	Equity capital 31.12.2010	Share held via
–	15,601,522.04	269,593,030.86	–
100	–829,420.46	12,814,213.71	Nordex SE
100	0.00	7,607,762.52	Nordex SE
100	0.00	52,000.00	Nordex SE
100	–42,859.10	–17,859.10	Nordex SE
100	0.00	74,825.12	Nordex SE
100	1,831,933.26	6,574,822.23	Nordex Energy B.V.
100	1,055,182.93	1,655,182.93	Nordex Energy B.V.
96/1/1/1/1	1,073,301.83	–610,108.06	Nordex Energy B.V./Nordex SE/ Nordex Energy GmbH/ Nordex Windpark Beteiligung GmbH/ Nordex Grundstücksverwaltung GmbH
100	3,189,711.73	–1,194,212.29	Nordex Energy B.V.
100	–2,301,974.15	–1,812,698.95	Nordex Energy GmbH
100	5,182,648.31	10,203,008.88	Nordex Energy B.V.
99/1	–1,007,694.63	1,361,195.08	Nordex Energy B.V./Nordex Energy GmbH
100	–1,296,445.41	939,334.32	Nordex Energy B.V.
100	918,526.17	–7,263,481.97	Nordex Energy B.V.
100	–5,677,725.82	13,358,510.44	Nordex Energy B.V.
100	–1,922,055.90	–39,146.13	Nordex Energy GmbH
100	–231,634.63	199,714.41	Nordex Energy GmbH
60	758,456.72	6,910,905.43	Nordex Energy GmbH
100	3,228,445.33	18,110,284.14	Nordex Energy GmbH
100	–393,502.60	–382,050.18	Nordex Energy GmbH
100	–22,618.04	–16,964.03	Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd.
100	19,671.19	65,247.50	Nordex Grundstücksverwaltung GmbH
100	–1,809.19	8,914.40	Nordex SE
75	351,136.91	1,231,632.57	Nordex SE
100	56,149.33	15,328.65	Nordex Windpark Beteiligung GmbH
100	11,741.43	29,362.00	Nordex Windpark Beteiligung GmbH
100	–4,652.23	12,321.13	Nordex Windpark Beteiligung GmbH
100	–2,925.92	12,259.89	Nordex Windpark Beteiligung GmbH
100	–2,772.01	23,081.05	Nordex Windpark Beteiligung GmbH
100	–9,941.59	15,882.38	Nordex Windpark Beteiligung GmbH
100	–75,445.22	–57,388.95	Nordex Windpark Beteiligung GmbH

	Currency
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
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

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Share in capital (%)	Net profit/loss 01.01–31.12.2010	Equity capital 31.12.2010	Share held via
100	-34,237.66	-13,733.31	Nordex Windpark Beteiligung GmbH
100	-1,151.17	24,528.48	Nordex Windpark Beteiligung GmbH
100	-4,872.33	19,607.01	Nordex Windpark Beteiligung GmbH
100	-2,611.91	26,642.96	Nordex Windpark Beteiligung GmbH
100	-8,572.56	16,743.40	Nordex Windpark Beteiligung GmbH
100	-2,632.72	26,595.38	Nordex Windpark Beteiligung GmbH
100	-12,986.47	-3,894.11	Nordex Windpark Beteiligung GmbH
100	-2,610.41	26,857.34	Nordex Windpark Beteiligung GmbH
100	-2,654.95	26,745.35	Nordex Windpark Beteiligung GmbH
100	-2,544.53	26,767.25	Nordex Windpark Beteiligung GmbH
100	-2,589.09	26,282.15	Nordex Windpark Beteiligung GmbH
100	-2,589.09	26,971.13	Nordex Windpark Beteiligung GmbH
100	-2,618.53	27,121.98	Nordex Windpark Beteiligung GmbH
100	-2,609.24	27,133.49	Nordex Windpark Beteiligung GmbH
100	-2,608.29	27,195.13	Nordex Windpark Beteiligung GmbH
100	-30,636.57	-3,927.35	Nordex Windpark Beteiligung GmbH
100	-2,589.09	27,153.34	Nordex Windpark Beteiligung GmbH
100	-2,616.29	27,186.97	Nordex Windpark Beteiligung GmbH
100	-1,887.22	30,353.03	Nordex Windpark Beteiligung GmbH
100	-2,042.22	30,348.03	Nordex Windpark Beteiligung GmbH
100	-2,042.22	30,348.83	Nordex Windpark Beteiligung GmbH
100	-2,042.22	30,348.83	Nordex Windpark Beteiligung GmbH
100	-2,086.78	30,304.27	Nordex Windpark Beteiligung GmbH
100	-2,042.22	30,438.47	Nordex Windpark Beteiligung GmbH
100	-2,042.22	30,438.47	Nordex Windpark Beteiligung GmbH
100	-2,234.22	30,831.85	Nordex Windpark Beteiligung GmbH
100	-2,042.22	30,438.47	Nordex Windpark Beteiligung GmbH
100	-1,978.08	30,352.61	Nordex Windpark Beteiligung GmbH
100	-2,044.08	30,588.14	Nordex Windpark Beteiligung GmbH
100	-2,042.22	30,590.00	Nordex Windpark Beteiligung GmbH
100	-2,042.22	30,590.00	Nordex Windpark Beteiligung GmbH
100	-2,042.22	30,598.46	Nordex Windpark Beteiligung GmbH
100	-2,042.22	30,590.00	Nordex Windpark Beteiligung GmbH
100	-2,042.22	30,590.00	Nordex Windpark Beteiligung GmbH
100	-2,042.22	30,594.23	Nordex Windpark Beteiligung GmbH
100	-2,042.22	30,590.00	Nordex Windpark Beteiligung GmbH
100	-2,042.58	30,589.64	Nordex Windpark Beteiligung GmbH
100	-2,042.22	30,590.00	Nordex Windpark Beteiligung GmbH
100	-2,042.22	30,598.46	Nordex Windpark Beteiligung GmbH
100	-2,042.46	30,598.22	Nordex Windpark Beteiligung GmbH
100	-2,042.22	30,590.00	Nordex Windpark Beteiligung GmbH
100	-2,041.98	30,598.86	Nordex Windpark Beteiligung GmbH
100	-2,041.98	30,595.08	Nordex Windpark Beteiligung GmbH
100	-2,041.98	30,594.63	Nordex Windpark Beteiligung GmbH
100	-2,041.98	30,594.47	Nordex Windpark Beteiligung GmbH
100	-1,998.57	30,642.57	Nordex Windpark Beteiligung GmbH
100	-1,961.16	30,671.68	Nordex Windpark Beteiligung GmbH

	Currency
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
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
Parc Eolien des Vents de la Thierache S.à r.l., Paris, France***	EUR
Sechste Windpark Support GmbH & Co. KG, Norderstedt, Germany	EUR
Qingdao Huawei Wind Power Co. Ltd., Qingdao, China**	EUR
Farma Wiatrowa Betzce Sp. zo.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
Republic Wind, LLC, Delaware, USA****	EUR
Flat Rock Wind, LLC, Delaware, USA****	EUR
Big Berry Wind Farm, LLC, Delaware, USA****	EUR
Green Hills Wind, LLC, Delaware, USA****	EUR
Ringneck Prairie Wind, LLC, Delaware, USA****	EUR
Advent Wind, LLC, Delaware, USA****	EUR
Way Wind, LLC, Delaware, USA****	EUR
Beebe Wind, LLC, Delaware, USA****	EUR

Share in capital (%)	Net profit/loss 01.01–31.12.2010	Equity capital 31.12.2010	Share held via
100	–2,041.98	30,598.70	Nordex Windpark Beteiligung GmbH
100	–2,041.98	30,811.93	Nordex Windpark Beteiligung GmbH
100	–2,041.98	30,836.83	Nordex Windpark Beteiligung GmbH
100	–2,041.98	30,809.71	Nordex Windpark Beteiligung GmbH
100	–2,041.98	30,790.28	Nordex Windpark Beteiligung GmbH
100	–2,133.93	30,720.14	Nordex Windpark Beteiligung GmbH
100	–2,133.93	30,719.98	Nordex Windpark Beteiligung GmbH
100	–2,090.51	30,763.40	Nordex Windpark Beteiligung GmbH
100	–2,133.93	30,717.76	Nordex Windpark Beteiligung GmbH
100	–2,133.93	30,720.14	Nordex Windpark Beteiligung GmbH
100	–2,133.93	30,732.93	Nordex Windpark Beteiligung GmbH
100	–2,133.92	30,757.26	Nordex Windpark Beteiligung GmbH
100	–2,089.37	30,801.81	Nordex Windpark Beteiligung GmbH
100	–2,133.93	30,757.25	Nordex Windpark Beteiligung GmbH
100	–2,133.93	30,757.25	Nordex Windpark Beteiligung GmbH
100	–2,089.37	30,801.81	Nordex Windpark Beteiligung GmbH
100	–2,089.37	30,801.81	Nordex Windpark Beteiligung GmbH
100	–2,089.37	30,801.81	Nordex Windpark Beteiligung GmbH
100	–2,089.37	30,789.86	Nordex Windpark Beteiligung GmbH
100	–2,089.37	30,801.81	Nordex Windpark Beteiligung GmbH
100	–2,089.37	30,801.81	Nordex Windpark Beteiligung GmbH
100	–872.22	–1,412.20	Nordex France S.A.S.
100	–348.97	–2,592.52	Nordex Grundstücksverwaltung GmbH
66.7	–215,213.65	4,367,035.64	Nordex Energy GmbH
99/1	0.00	1,261.83	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
99/1	0.00	1,261.83	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
99/1	0.00	1,261.83	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
99/1	0.00	1,261.83	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
99/1	0.00	1,261.83	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
100	0.00	5,567.93	Nordex Windpark Beteiligung GmbH
100	0.00	0.00	Nordex USA Inc.
100	0.00	0.00	Nordex USA Inc.
100	0.00	0.00	Nordex USA Inc.
100	0.00	0.00	Nordex USA Inc.
100	0.00	0.00	Nordex USA Inc.
100	0.00	0.00	Nordex USA Inc.
100	0.00	0.00	Nordex USA Inc.
100	0.00	0.00	Nordex USA Inc.



**Investments in associates (not consolidated)**

(figures in accordance with statutory financial statements)

KNK Wind GmbH, Frankfurt am Main, Germany*****	EUR
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 transfer of profit/loss in accordance with local provisions

\*\*) Financial statement for the year ending 31 December 2009 (financial year from 1 January 2009 until 31 December 2009)

\*\*\*) Provisional financial statement as of 31 December 2010

\*\*\*\*) Company incorporated in 2010

\*\*\*\*\*) Company acquired in 2010, financial statement as of 31 December 2009

\*\*\*\*\*) Company incorporated in 2010, provisional financial statement as of 31 December 2010

\*\*\*\*\*) Associated company, company acquired in 2010, provisional financial statement as of 31 December 2010

\*\*\*\*\*) Company incorporated in 2010 (financial year from 1 July 2010 until 30 June 2011)

\*\*\*\*\*) In liquidation

Share in capital (%)	Net profit/loss 01.01–31.12.2010	Equity capital 31.12.2010	Share held via
38.9	–250,791.58	2,905,775.64	Nordex Offshore GmbH
50	0.00	989.52	Nordex France S.A.S.
50	0.00	500.00	Nordex France S.A.S.
50	0.00	–1,516.49	Nordex France S.A.S.
9	–3,011.00	–21,334.00	Nordex France S.A.S.
33	–850.81	9,257.99	Nordex Energy Ibérica S.A.
33	–45,030.13	62,423.27	Nordex Energy GmbH
11	–38,040.30	56,478.17	Nordex Energy GmbH
11	–36,046.12	–90,354.37	Nordex Energy GmbH

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# 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, 24 March 2011




T. Richterich  
Chairman of the  
Management Board (CEO)



L. Krogsgaard  
Member of the  
Management Board



B. Schäferbarthold  
Member of the  
Management Board



M. Sielemann  
Member of the  
Management Board



E. Voß  
Member of the  
Management Board

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## 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 2010. 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, 24 March 2011

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft



Niklas Wilke  
Wirtschaftsprüfer  
German Public Auditor)



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

# Financial statement of Nordex SE

## Balance sheet of Nordex SE

as of 31 December 2010

Assets	31.12.2010 EUR	31.12.2009 EUR
<b>A. Non-current assets</b>		
I. Intangible assets		
1. Concessions, trade and similar rights	5,426,133.95	5,596,298.50
II. Property, plant and equipment		
1. Other equipment, factory and office equipment	3,809,169.66	1,658,330.28
III. Financial assets		
1. Investments in affiliated companies	48,631,697.91	48,606,697.91
	<b>57,867,001.52</b>	<b>55,861,326.69</b>
<b>B. Current assets</b>		
I. Accounts receivable and other assets		
1. Receivables due from affiliated companies	324,223,441.18	233,807,039.44
2. Other assets	6,004,014.84	11,754,235.83
	<b>330,227,456.02</b>	<b>245,561,275.27</b>
II. Cash and cash equivalents	80,274,898.23	109,786,030.97
	<b>410,502,354.25</b>	<b>355,347,306.24</b>
<b>C. Deferred income</b>	<b>2,910,591.28</b>	<b>3,232,781.28</b>
	<b>471,279,947.05</b>	<b>414,441,414.21</b>

Equity and liabilities	31.12.2010 EUR	31.12.2009 EUR
<b>A. Equity</b>		
I. Subscribed capital	66,845,000.00	66,845,000.00
II. Share premium account	156,009,866.00	156,009,866.00
III. Other retained earnings	33,422,480.00	31,136,642.82
IV. Net profit	13,315,684.86	0.00
	<b>269,593,030.86</b>	<b>253,991,508.82</b>
<b>B. Provisions</b>		
1. Provisions for pensions and similar obligations	199,166.00	135,760.00
2. Tax provisions	2,167,034.00	4,748,437.28
3. Other provisions	5,798,299.78	3,860,359.75
	<b>8,164,499.78</b>	<b>8,744,557.03</b>
<b>C. Liabilities</b>		
1. Liabilities to financial institutions	93,851,899.42	82,094,334.48
2. Trade payables	5,347,429.51	3,638,522.33
3. Liabilities due to affiliated companies	93,846,160.90	64,910,682.75
4. Other liabilities	476,926.58	1,061,808.80
of which from tax EUR 285,385.50 (previous year: EUR 251,780.65)		
of which from social security contributions EUR 0.00 (previous year: EUR 27,172.60)		
	<b>193,522,416.41</b>	<b>151,705,348.36</b>
	<b>471,279,947.05</b>	<b>414,441,414.21</b>



## Income statement of Nordex SE

for the period from 1 January to 31 December 2010

	01.01–31.12.2010 EUR	01.01–31.12.2009 EUR
1. Sales	40,720,937.18	40,439,464.14
2. Other operating income	10,443,867.31	10,700,030.69
3. Personnel costs		
a) Wages and salaries	–13,326,748.08	–12,242,119.19
b) Social security and pension and support expenses of which for pensions EUR 22,898.17 (previous year: EUR 103,385.78)	–1,663,282.63	–1,565,545.59
	–14,990,030.71	–13,807,664.78
4. Amortisation of intangible fixed assets and property, plant and equipment	–4,071,011.42	–3,650,023.88
5. Other operating expenses	–32,041,074.42	–33,306,216.62
6. Share of profit of associates of which from affiliated companies EUR 0.00 (previous year: EUR 517,500.00)	0.00	517,500.00
7. Income from profit and loss sharing agreements	19,341,808.71	35,798,631.54
8. Losses from profit and loss sharing agreements	–5,508.13	–1,020,768.33
9. Other interest and similar income of which from affiliated companies EUR 5,142,644.07 (previous year: EUR 5,790,161.37)	5,482,991.10	6,280,598.51
10. Interest and similar expenses of which from affiliates EUR 55,114.62 (previous year: EUR 804,686.32)	–7,540,578.56	–6,793,770.68
11. Profit from ordinary activity	17,341,401.06	35,157,780.59
12. Extraordinary income	407,550.36	0.00
13. Extraordinary expenses	–50,844.00	0.00
14. Extraordinary profit/loss	356,706.36	0.00
15. Income taxes	–2,087,118.20	–5,745,482.91
16. Other taxes	–9,467.18	–6,838.00
17. Net income	15,601,522.04	29,405,459.68
18. Allocations in other retained earnings	–2,285,837.18	–29,405,459.68
19. Net profit	13,315,684.86	0.00

## Auditor's report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report, which is combined with the group management report of the Nordex SE, Rostock, for the business year from 1 January to 31 December 2010. The maintenance of the books and records and the preparation of the annual financial statements and the combined management report in accordance with German commercial law and supplementary provisions of articles of incorporation are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the combined management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") 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 annual financial statements in accordance with (German) principles of proper accounting and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company 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 books and records, the annual 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 accounting principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the annual financial statements and 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 annual financial statements comply with the legal requirements 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 Company in accordance with (German) principles of proper accounting. The combined management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Hamburg, 24 March 2011

PricewaterhouseCoopers  
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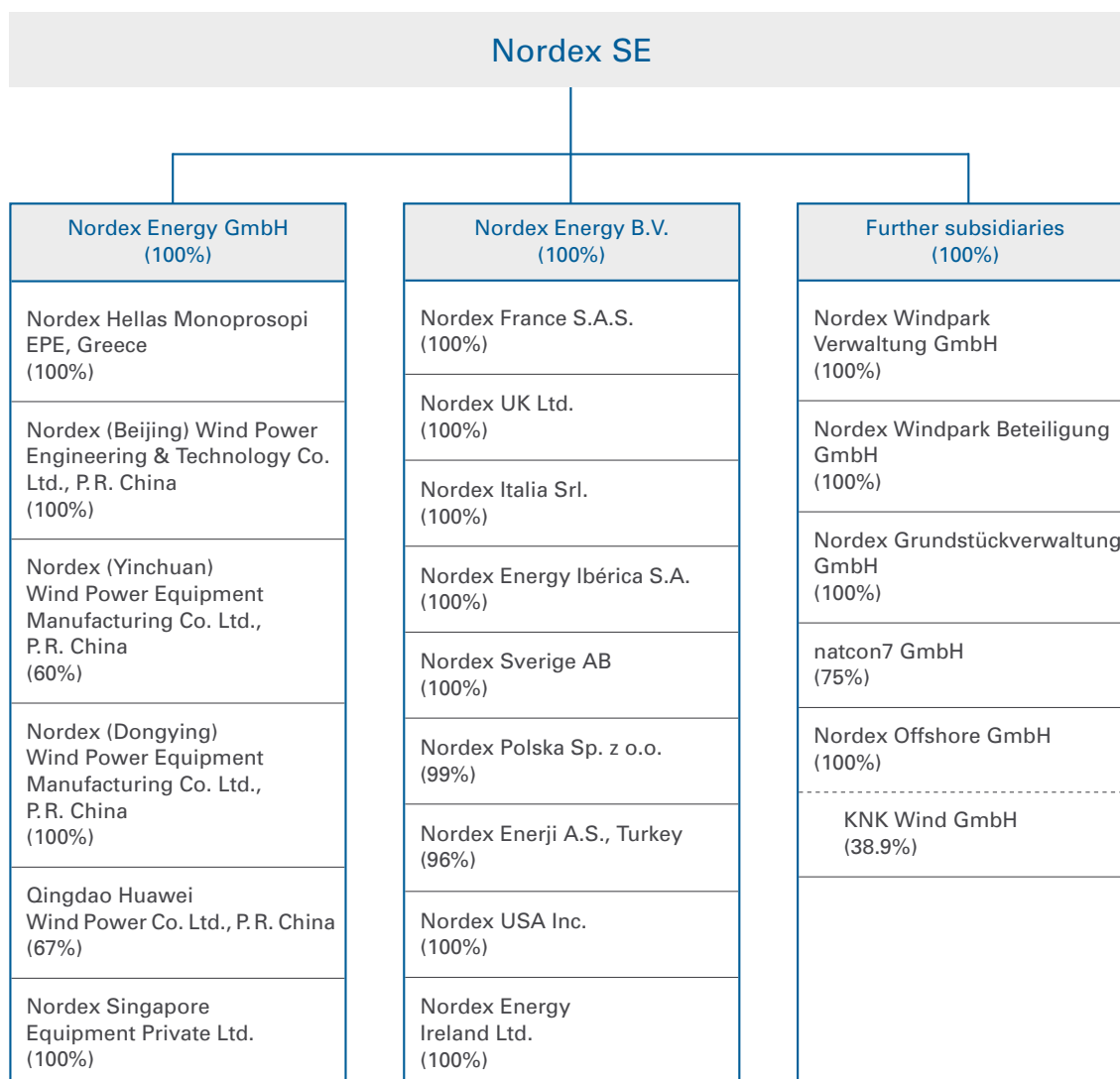


Niklas Wilke  
Wirtschaftsprüfer  
(German Public Auditor)



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

## Nordex Group structure\*



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

# Glossary

## **Avale**

Guarantee.

## **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.

## **EBIT**

Earnings before interest and taxes.

## **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.

## **Emission trade**

Trade in certificates permitting the emission of a certain quantity of a hazardous substance (in this case, carbon dioxide). One of the tools of climate policy, combining government intervention and market instruments.

## **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 domestic product**

Benchmark for the economic performance of an economy. The GDP states all newly available goods and services at their current market prices produced in the country by nationals and non-nationals within one year.

## **Hybrid tower**

Special form of tower system for wind turbines, consisting of a concrete tower and a tubular tower section made out of steel.

**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.

**Leverage**

The analysis of the share of a listed company by an investment bank, which is performed on a regular basis.

**Kilowatt**

Output is defined as energy per time unit and is measured in watts. One kilowatt (kW) equals 1,000 watts.

**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.

**Operational excellence**

A summary of different production methods and processes in order to sparingly, efficiently and, therefore, economically organise or optimise the resources in the value chain.

**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.

**Reservation fee**

Fees for providing production time windows for projects to be delivered.

**Rotor**

The rotor of a wind turbine comprises the blades and the hub. The rotor is mounted on the main shaft.

**Stock options**

Options are derivative financial instruments, which entitle the holder to buy or sell securities at a later date at a predefined price.

**TecDAX**

Technology index of the Frankfurt Stock Exchange for the 30 largest German technology stocks.

**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 2011

<b>28 February 2011</b>	Publication of preliminary figures for the 2010 financial year
<b>28 March 2011</b>	Publication of the Annual Report for the 2010 financial year Press and analyst conference, Frankfurt am Main
<b>11 May 2011</b>	Interim report for the first quarter 2011 Telephone conference
<b>7 June 2011</b>	Annual General Meeting, Rostock
<b>11 August 2011</b>	Interim report for the first half-year 2011 Telephone conference
<b>14 November 2011</b>	Interim report for the third quarter 2011 Telephone conference

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