Annual Report
Stub fiscal year 2004

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NORDEX
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The Nordex Group.
Key figures on December 31, 2004.

The Nordex Group

Nordex AG

Nordex Energy GmbH 100 %

- Nordex Energy Equipment Services Co. Ltd., China (100 %)
- Xi'an Nordex Wind Turbine Co. Ltd., China (40 %)
- Nordex Hellas Monoprosopi EPE, Greece (100 %)
- natcon7 GmbH (75 %)
- NPV Windpark Verwaltung GmbH (100 %)

Nordex Energy B.V. 100 %

- Nordex UK Ltd. (100 %)
- Nordex France SAS (100 %)
- Nordex Energy Iberica S.A. (100 %)
- Nordex USA Inc. (100 %)
- Nordex Italia s.r.l. (100 %)

Performance indicators at a glance

		Q1 2003/04 (10/1–12/31/2003)	Stub 2004 (10/1–12/31/2004)	Change
Order receipts	€ mn	55.5	61.8	+11.4 %
Sales	€ mn	66.7	59.2	-11.2 %
Total revenues	€ mn	63.4	61.7	-2.7 %
EBITDA (before exceptionals)	€ mn	-4.0	-0.7	+82.5 %
EBIT (before exceptionals)	€ mn	-7.0	-3.3	+52.9 %
Exceptionals	€ mn	0.0	-2.2	-
EBIT (after exceptionals)	€ mn	-7.0	-5.5	+21.4 %
Cash flow from operating activities[1]	€ mn	6.2	21.6	+208.6 %
Capital spending[2]	€ mn	2.3	3.1	+34.8 %
Earnings per share[3]	€	-0.17	-0.15	+11.8 %
Personnel	12/31	755	689	-8.7 %

[1] Change in cash and cash equivalents
[2] Excluding reclassification of current assets
[3] Based on 52.05 million shares

The Management Board.

Thomas Richterich, Finance, controlling and spokesman for the Management Board
Member of the Management Board since December 1, 2002
Responsible for: Finances, controlling, engineering, personnel, legal, communications, IT.
Born in 1960, studied business management, joined the MAN Group in 1989, 1994–1997 head of controlling at MAN Gutehoffnungshütte AG, 1997–1999 head of controlling at Ferrostaal AG, 1998–2000 commercial director at Ferrostaal Industrial Plant Services GmbH, 2000–2002 head of controlling at Babcock Borsig AG, 2002 commercial director at Babcock Borsig Power GmbH.

Carsten Pedersen, COO Sales and Marketing since January 2001
Responsible for: Sales and marketing, tender management, foreign companies.
Born in 1963, studied economics, 1987–2000 managing shareholder of Nordex GmbH.

Dr. Hansjörg Müller, COO Group Operations since July 2004
Responsible for: Production, procurement, project management, service and quality.
Born in 1966, studied technical business administration, 1993–1998 initially in controlling and then in different management positions at the Siemens Nixdorf Group, 1998–2000 head of "Government/Public Sector Clients" at Siemens Business Services, 2001–2004 project manager at Roland Berger Strategy Consultants in the restructuring competence center for mechanical and plant engineering clients.

Letter to the shareholders.

Dear shareholders,

The majority of you approved our recapitalization plan at the annual general meeting held in February 2005. In doing so, you allowed us to meet one of the key conditions for navigating the Company back into peaceful waters. As you can see from the financial statements contained in this report, we have managed to overcome the causes of the losses of the past using our own resources. Yet, we can only make use of our sales potential by tapping new sources of finance. Thus, in the stub fiscal year, we were able to reduce the losses by over 50 percent in spite of only a small volume of sales. In order to work profitably, however, we must raise capacity utilization and regain the orders which Nordex has lost to its competitors on account of its tight financial situation. Yet, we must also be able to implement orders with minimum delay, something which requires fresh capital for bridge-financing purposes.

We interpret your approval as a vote of confidence and acknowledgement that Nordex has learned from the errors of the past. We will utilize the new capital efficiently, keep costs under tight control and not put the Company's future at risk by avoiding unnecessary adventures. This means that we will only be entering new markets after an intensive examination of the project risks; new wind turbines will only go into series production after all testing has been completed successfully. Most of all, we will be avoiding growth spikes which overtax our structures and hence the quality of our business processes. In this way, we will be able to recapture a good part of the market share lost over the past two years. A sales volume of around EUR 300 million is realistic in the short term. That said, we are unlikely to achieve this in the current fiscal year on account of the Company's weak financial situation in the months prior to recapitalization.

Shareholders who have remained faithful to Nordex in spite of the losses sustained by the stock believe in our market and the Company's potential. And they are not alone in this confidence. Our staff as well as many suppliers and customers have helped us to put Nordex back on course by waiving part of the wages and salaries or receivables. This has provided us with strong impetus to grow profitably in the future. This tangible success will also pay off for our partners as suppliers, customers, employees and of course the shareholders of the Company.

Yours sincerely

Thomas Richterich, Spokesman for the Management Board

The Supervisory Board.

Jens-Peter Schmitt, Haan
Chairman of the Supervisory Board (since January 27, 2005),
Attorney

Dr. Eberhard Freiherr von Perfall, Düsseldorf
Chairman of the Supervisory Board and the Management Committee
(until January 15, 2005)
Attorney

Dr. Hans Fechner, Düsseldorf
Deputy Chairman of the Management Board, Chairman of the Audit Committee,
Member of the Management Committee (since February 2004)
Spokesman of the Management Board of G. Siempelkamp GmbH & Co. KG

Hans Berger, Kiel
Deputy Chairman of the Management Board of HSH Nordbank AG

Dr. Gerd Jäger, Essen
Member of the Audit Committee
Member of the Management Board of RWE Power AG
Spokesman for the Management Board of Harpen AG

Flemming Pedersen, Give (Denmark)
Member of the Audit Committee
Director of BBK Holding ApS
Director of FP Product A/S

Bernd Sattig, Leonberg
Member of the Management Committee
Self-employed management consultant

Report of the Supervisory Board.

During the period under review, the Supervisory Board performed the duties imposed on it by law and the Company's bylaws. It advised the Management Board on matters relating to the management of the Company and monitored management operations. The Supervisory Board was directly involved in all decisions of fundamental importance for the Company. The Management Board briefed the Supervisory Board in regular written and oral reports on the condition and performance of Nordex AG and its subsidiaries as well as on all material business transactions on a timely and comprehensive basis.

The Supervisory Board convened for three meetings in the stub fiscal year. Of these, two were held in the form of a conference call. Other resolutions were passed in writing. The reports and consultation entailed all material business transactions particularly financial planning, the cost and earnings situation, order risks and the performance of the individual subsidiaries.

Main topics of discussion by the Supervisory Board

The main items on the agenda at the meeting held on November 19, 2004 concerned the preparations for the comprehensive recapitalization and funding activities for the Company. In this connection, the Management Board explained the necessity of these activities in view of the critical state of the Company's capital and the limited funds available for financing operative business. It additionally stated that it was necessary to find financial investors to provide interim finance as no strategic investors willing to help the Company with its financial restructuring had been found. The M&A consultants retained by Nordex explained the process underway since October 2003 of contacting potential investors and described the status of talks with investors CMP Capital Management Partners and Goldman Sachs. The Supervisory Board approved the recapitalization plan and the exclusivity agreement with the investors.

The annual financial statements for fiscal 2003/04 were deliberated upon by the Supervisory Board at its meeting of December 6, 2004 attended by the auditor from Ernst & Young AG. The main aspects identified were the reduction in inventories, operative cuts in material and personnel costs and the critical state of the Company's equity situation. In this connection, the assumptions underlying the going-concern status, which is initially contingent upon the successful completion of the recapitalization plans, were discussed. A further item concerned the budget for the stub fiscal year 2004 and group planning. In this connection, the Management Board explained that on account of its difficult financial situation and the absence of any credit insurance for deliveries to the Group it was not possible to generate sufficient order-based procurement, resulting in losses due to the under-use of the available capacity. Thereupon, the Management Board briefed the Supervisory Board on the progress of the negotiations with CMP and Goldman Sachs as well as the creditor banks involved.

At its meeting on December 29, 2004, the Supervisory Board approved the consolidated and parent-company financial statements for fiscal 2003/04. Prior to this, the auditor explained the final report in detail once more and was available to answer any questions. After extensive briefing by the Management Board, the Supervisory Board approved a letter of intent with CMP and Goldman Sachs as well as agreements with the creditor banks with respect to recapitalization and funding. In this connection, the Supervisory Board also approved the retention of Bayerische Hypo- und Vereinsbank AG in connection with the handling of the planned capital measures. Thereafter, the agenda for the annual general meeting scheduled for February 21 and 22, 2005, at which the resolutions required for implementing the recapitalization plans were to be passed, was accepted.

Changes to the Supervisory Board and Management Board

On January 26, 2005 – after the period under review – Jens-Peter Schmitt was appointed by the court to the Company's Supervisory Board. He replaced Dr. Eberhard Freiherr von Perfall, who had stepped down from the Supervisory Board prior to this. Jens-Peter Schmitt was appointed Chairman of the Supervisory Board at the meeting held on February 21, 2005. At the annual general meeting taking place on February 21, 2005, the shareholders re-elected the existing Supervisory Board for a period ending on the date of the next annual general meeting. The Supervisory Board and the Management Board of Nordex AG wish to thank Dr. Eberhard von Perfall for his services.

Audit of the Nordex AG and Nordex Group annual financial statements

The financial statements of Nordex AG and the consolidated financial statements for the Nordex Group for the year ending December 31, 2004 as well as the combined management report for Nordex AG and the Nordex Group for the stub fiscal year 2004 including the accounts were audited and granted an unqualified auditor's certificate by auditing company Ernst & Young AG, Wirtschaftsprüfungsgesellschaft, which had been retained by the Supervisory Board.

The financial statements, the consolidated financial statements and the combined management report for Nordex AG and the Nordex Group, the annual report and the auditors' report concerning the financial statements were presented to all members of the Supervisory Board in good time prior to the meeting of February 29, 2004 at which the balance sheet was approved. The documents were discussed at length during the meeting, which was also attended by the auditors signing the auditors' report, who additionally presented the results of the audit and were available to answer questions. The Supervisory Board and its Audit Committee approved the results of the audit.

The Supervisory Board examined the financial statements of Nordex AG and the consolidated financial statements as well as the combined management report. On the basis of the final results of such examination, it did not raise any objections. The Supervisory Board approved and adopted the financial statements compiled by the Management Board for the year ending December 31, 2004.

The Supervisory Board wishes to express its gratitude and acknowledgement for the work performed by the Management Board, other management staff, all employees as well as the employee representatives.

Rostock, March 23, 2005

The Supervisory Board

Jens-Peter Schmitt
(Chairman)

Corporate governance declaration.
Nordex complies with the strict Prime Standard requirements.

Introduced in 2002, the Corporate Governance Code sets out the main statutory regulations with respect to the management and supervision of listed companies together with internationally accepted standards of good and responsible corporate management. The Corporate Governance Code is deliberately flexible in nature to accommodate specific sector and company requirements. On the one hand, this is done by means of optional and advisable recommendations. On the other, companies may also deviate from mandatory recommendations in justified cases.

Nordex AG welcomes the introduction of the Corporate Governance Code as a transparent and generally acknowledged set of rules. The declaration of conformance is published on the Internet (www.nordex-online.com/investor-relations).

Declaration of conformance of the Management Board and the Supervisory Board with the German Corporate Governance Code pursuant to Section 161 of the Joint Stock Companies Act

The Company conformed to the recommendations of the German Corporate Governance Code (in the version dated May 21, 2003) in fiscal 2003/04 and will continue to do so in the future except in the areas outlined below.

3.8 D&O insurance

Nordex has waived a deductible on the D&O liability cover for the members of the Supervisory Board and the Management Board. This is because it is convinced that the members of these two bodies are doing everything to avert potential harm to the Group. 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 deductible would not have any effect on the insurance premium.

4.2.3 – 4 Individual breakdown of compensation of the members of the Management Board

Nordex continues not to break down the compensation payable to members of its Management Board. As well as this, it does not publicly disclose the basic elements of the existing flexible compensation system for the Management Board as it does not think that details of the compensation system constitute need-to-know information for the capital markets.

5.4.5 Compensation of Supervisory Board

The Supervisory Board does not receive any performance-tied remuneration. Nordex is not convinced that this form of remuneration is conducive to an improvement in the quality of supervisory activities. The individualized compensation paid to members of the Supervisory Board is set out in the Company’s bylaws (www.nordex-online.com/online-service).

5.5.2 Potential conflicts of interest

In four cases, members of Nordex AG’s Supervisory Board hold positions on the boards of the Company’s business partners, advise such business partners or maintain business relations with other producers of wind turbines. This does not give rise to any material conflicts of interest. The details are as follows:

The Supervisory Board member Flemming Pedersen is simultaneously a member of the Supervisory Board of Welcon A/S. In the year under review, Welcon maintained business relations with Nordex primarily in the form of a supplier of towers. The purchasing relations with Welcon comply strictly with arms-length requirements. Orders are placed only after intensive comparisons of prices and services. As Welcon is one of the most efficient producers of towers in Northern Europe, it has been one of Nordex's suppliers for many years.

HSH Nordbank AG offers Nordex AG credit facilities. Hans Berger, a member of that bank-'s Management Board, is also a member of Nordex AG's Supervisory Board. Mr. Berger is not directly responsible for business relations with Nordex and therefore does not exert any direct influence.

G. Siempelkamp GmbH & Co. KG supplies Nordex as well as other producers with cast parts for wind turbines. In his capacity as the spokesman of the management board of Siempelkamp, Dr. Hans Fechner, who is a member of Nordex AG's Supervisory Board, is not involved in the former company's operative decisions and does not exert any specific influence on these business relations.

The Chairman of the Supervisory Board Dr. Eberhard Freiherr von Perfall advises the law firm Lovells as a specialist attorney. In the past this law firm has assisted Nordex AG on individual occasions. Dr. von Perfall was not personally involved in any of these mandates and did not exert any influence on the business relations at any time whatsoever.

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

7.1.2 Reporting dates

Nordex complies with the follow-up admission rules stipulated for the Prime Standard. These transparency standards formulated by Deutsche Börse are amongst the strictest in Europe. Among other things, the stock-market rules stipulate that annual reports must be published within four months and quarterly reports within two months of the end of the period to which they refer. Nordex believes that the 90/45-day rule provided for in the Code does not necessarily heighten transparency. Moreover, the billing practices in the mechanical and plant-engineering sector make it difficult to comply with shorter reporting deadlines.

The stock.

During the period under review, Nordex stock achieved slight gains, thus tracking Deutsche Börse's technology index (TecDAX). In particular, the stock rose at the end of December 2004 on the announcement of preparations for the planned recapitalization of the Company and scheduled improvements in profitability in fiscal 2003/04. However, it dipped sharply below this level at the beginning of 2005. The Company assumes that this is primarily due to the planned relative dilution of the stocks held by the existing shareholders in connection with the capital measures planned (capital reduction followed by cash and non-cash capital increase).

On February 21, 2005, the shareholders of Nordex AG approved the capital measures required for recapitalization with a large majority at the annual general meeting. In doing so, they have fulfilled a key condition for restabilizing the Company's finances and aligning it to future growth. Nordex will be intensifying its investor relations activities on this basis in the future. Only after recapitalization will Nordex return to being a stock capable of arousing interest in the capital market. As a preliminary sign of this rebirth, we contacted numerous fund managers and analysts at the beginning of the year in spite of the fairly muted market sentiment towards wind power stocks at the moment.

Recapitalization is set to result in a substantial change in Nordex AG's shareholder structure. Thus, for example, the investor group CMP (Capital Management Partners) and Goldman Sachs have agreed to acquire at least 30 million new shares provided that this gives them a total stake of 52 percent in the Company. Which existing shareholders exercise their subscription rights will not become evident until March 15, 2005. In an ensuing step, management will define the investor relations activities permitting effective contact with the capital markets in the future.

Combined management report for Nordex AG and Nordex Group for the stub fiscal year commencing October 1, 2004 and ending December 31, 2004.

Market trends

Demand in 2004 largely lived up to analysts' projections. On the basis of the construction statistics available to date (source: European Wind Energy Association) for last year, sales volumes in Europe widened by around 3% to some 5,700 MW (previous year: 5,549 MW). In the United States, the most important market for wind power systems after Europe, newly installed output shrank by 77% to 389 MW (previous year: 1,687 MW).

As expected, Spain was the only established market to conclude the year with growth in new business, with sales volumes rising by around 50% to 2,065 MW (previous year: 1,377 MW). This was due to the ongoing funding of renewable energies by the Socialist government under prime minister Zapatero, which was voted to power in March. The Spanish ministry of industry plans to extend installed wind power output from a current 8,500 MW to 20,000 MW by 2010 and to reduce energy imports. In fact, in 2004, Spain toppled Germany from the position of largest wind power market for the first time.

Despite a roughly 23% decline, Germany with a figure of 2,037 MW (previous year: 2,644 MW) is still by far the second largest market. The main reasons for the contraction in sales volumes over the past two years are the deteriorating quality of non-coastal locations, new rules which are impeding the permit-granting process as well as a public debate not always based on objective facts concerning the cost of wind power utilization, which has placed a damper on investment. Experts do not expect demand to rebound until the medium term once the technical and legal basis for repowering and offshore turbines is established. The current offshore projects primarily comprise turbines still in the development and/or testing phase. What is more, permits were refused for several of these offshore projects last year.

The massive slump in the US market was foreseeable at the beginning of the year as the production tax credit granted by the US government to subsidize wind power expired in December 2003 and was only renewed until the end of 2005 in September 2004. The significant rebound in demand since then will spur competitors' sales volumes in the United States in particular this year.

Other key European markets were the United Kingdom (240 MW), Portugal (226 MW), Italy (221 MW), the Netherlands (197 MW), Austria (192 MW), Ireland (148 MW) and France (138 MW). The greatest growth was achieved in Ireland, Portugal, Italy and France with three-digit year-on-year increases registered in some cases. This strong performance was generally fueled by the availability of good locations, permission-granting rules governing the construction of wind farms and the feed-in of electricity into national grids as well as the national environmental policies pursued by the national governments. Nordex is active via subsidiaries or partners in all these markets and secured a large share of the market in some cases (e.g. 13.2% in Portugal and 17.8% in the Netherlands in 2004).

This year, experts assume that global demand will rise. Thus, for example, in its recent study BTM Consult projects year-on-year growth of around 21% in 2005, adding that 68% of projected sales will be generated in Europe, 15% in America, 12% in Asia and 5% in the smaller markets of Africa, Australia and New Zealand.

Business performance

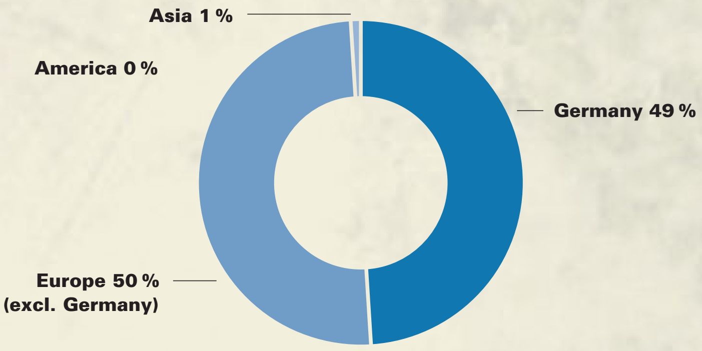
Nordex AG is the Nordex Group's parent company and does not exercise any operative functions. Nordex AG is responsible for financing the Group companies. The Group parent has entered into profit transfer agreements with the main domestic Group members. Nordex AG's net loss for the period of EUR 7.0 million is materially due to the absorption of the losses of EUR 4.6 million sustained by Nordex Energy GmbH. The Company's total assets shrank by EUR 16.7 million compared with September 30, 2004 primarily as a result of the repayment of bank loans (EUR 11.3 million) and the loss absorbed from Nordex Energy (EUR 4.6 million). It was possible for bank loans to be repaid as Nordex Energy GmbH had received high advance payments from its customers, which were forwarded to Nordex AG via the cash pooling arrangements. Nordex AG's equity capital contracted to EUR 3.6 million as at December 31, 2004.

In the period under review, Nordex's new business (order receipts) increased by 11% over the year-ago period (October 1 – December 31, 2003) to roughly EUR 62 million (previous year: EUR 55.5 million). This was particularly due to the sale of wind farms in France which were developed as part of the Company's own project business (43%). Further orders were received from Portugal (26%) and Germany (31%). As a result, the share of foreign orders in new business continued to widen to around 70%. On a further positive note, demand for the large N90/2,300kW turbines, which Nordex only started marketing in 2002, is also brisk, with all the orders received in the stub fiscal year being for this model. As in fiscal 2003/04, how-ever, new business was again adversely affected by the Company's weak financial condition. In spite of the recapitalization measures planned for spring 2005, some customers are still not willing to place substantial orders with Nordex. As at December 31, 2004, order books were worth roughly EUR 144 million (previous year: 93.5 million). Of this, foreign business accounts for roughly 85% (previous year: 56%).

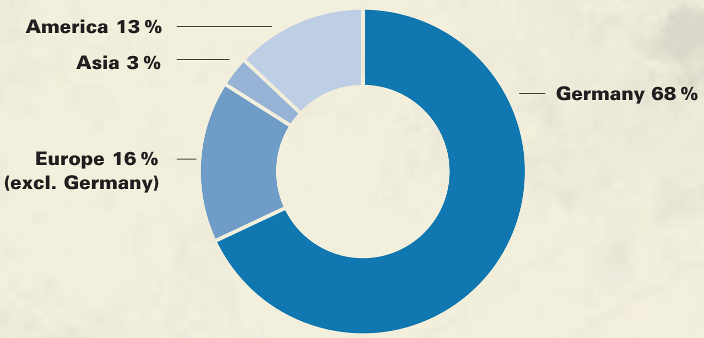
Sales in the stub fiscal year contracted by 11.2% over the year-ago period to EUR 59.2 million (previous year: EUR 66.7 million) largely as a result of the Company's difficult financial situation. Thus, Nordex provided bridge finance for orders for the shortest possible periods to ease the strain on its working capital. What is more, as already described, order receipts fell short of the Company's sales potential on account of its financial condition. In the stub fiscal year, the Nordex Group managed to significantly widen the proportion of foreign business compared to earlier years to 51% (previous year: 32%). Roughly half of Nordex's sales were generated in European countries outside Germany (previous year: 16%). On a positive note, the proportion accounted for the Nordex N80/90 series climbed to 79% (previous year: 31%). At 18%, the share in sales attributable to the S70/77 continued to shrink (previous year:

47 %). Weak demand in Germany took its toll on sales volumes for this series, which has only been marketed internationally over the past two years or so.

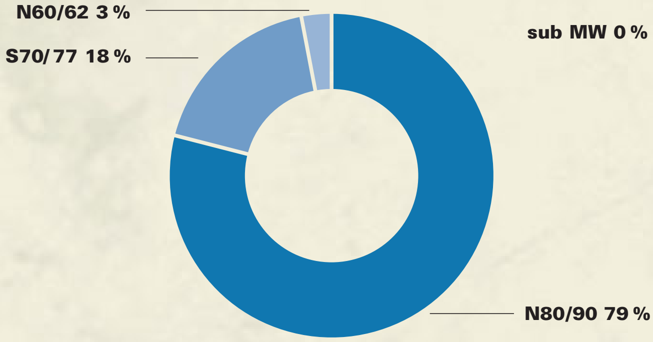
Sales by region 10/1/04 – 12/31/04



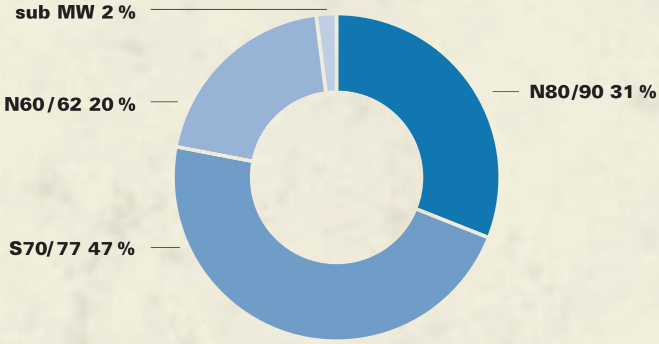
Sales by region 10/1/03 – 12/31/03



Revenues by turbine 10/1/04 – 12/31/04



Revenues by turbine 10/1/03 – 12/31/03



Earnings situation

A loss was posted at the EBIT level primarily for capacity utilization reasons. However, at EUR 3.3 million, it was roughly 53 % down on the year-ago (October–December 2003) loss of EUR 7.0 million and, thus, in line with expectations. As roughly 90 % of the planned restructuring measures had been completed by the end of the year, operating expenses were substantially down on the previous year, with the cost of materials/sales ratio falling to 78 % (previous year: 84 %). At the same time, personnel costs contracted by roughly 3 % to EUR 8.6 million (previous year: EUR 8.9 million). In the 2004 calendar year, 66 jobs were cut at the group level. On December 31, 2004, Nordex had 689 employees. Other operating expenses net of other operating income declined to EUR 5.4 million (previous year; EUR 5.5 million). In the stub fiscal year, non-recurring charges of EUR 2.2 million were incurred particularly in connection with the cost of preparing the planned recapitalization activities (EUR 1.1 million) and written-off receivables of EUR 1.0 million.

Due to the high gearing, net financial result before writedown charges taken on financial assets rose by roughly 30 % to EUR 1.5 million. Contrary to operating earnings, consolidated net loss for the year thus contracted by only around 14 % to EUR 7.7 million (previous year: 9.0 million).

Assets and financial condition

Trade receivables and future receivables from production orders contracted primarily as a result of a substantial increase of EUR 21.0 million in the volume of advance payments for current projects compared with September 30, 2004. This increase is also reflected in a rise of EUR 4.1 million in advance payments received, which are carried as liabilities. At the same time, bank liabilities contracted to EUR 11.4 million, while cash and cash equivalents widened by EUR 7.5 million to EUR 9.4 million.

The Group’s equity capital contracted to EUR 2.5 million (September 30, 2004: EUR 10.1 million) on account of the consolidated net loss of EUR 7.7 million. The Company expects the equity of the Nordex Group and Nordex AG to be consumed by the projected further operating losses in the first quarter of 2005, resulting in a shortfall not covered by equity. However, the Management Board does not expect this to result in overindebtedness for Nordex AG as the urgently required injection of fresh equity capital is to be achieved via the recapitalization measures to be effected in the spring. The cash and non-cash capital increase is to increase equity to up to EUR 70 million.

In view of the order-based sourcing of inventories, trade payables rose slightly over September 30, 2004 by EUR 1.8 million to EUR 39.8 million.

Liquidity situation

In the period under review, bank liabilities contracted from EUR 48.9 million (September 30, 2004) to EUR 37.6 million. As a result, the Company’s operative business is still dependent upon the cash and guarantee facilities granted by its banks and credit insurers. The participating banks and insurance companies have initially granted the necessary facilities until April 30, 2005. A renewal by up to four years is contingent upon the planned cash capital increase of at least EUR 30 million being completed. As part of the ensuing funding operations, the banks will reschedule liabilities of roughly EUR 28 million in return for the issue of new shares under the planned non-cash capital increase or implement an alternative solution with a comparable economic effect. At the same time, the cash facilities are to be increased by EUR 10 million and the guarantee facilities by EUR 30 million. The banks had already increased the cash and guarantee facilities by EUR 11 and 10 million, respectively, in January 2005 to reinforce the Group’s financing capacity in the transitional phase.

Capital spending

In the period under review, new additions to the Nordex Group's non-current assets (excluding reclassifications from current to non-current assets) were valued at roughly EUR 3.0 million, i.e. approximately EUR 0.7 million up on the year-ago period (Q1 2003/2004). As in the first quarter of 2003/04, capitalized development costs constituted the bulk (approx. EUR 2.0 million). Roughly 75 percent of capital spending was for product development and enhancements to the N80/90 series. A further EUR 0.2 million was spent on assets under construction (primarily a belt mold for rotor blade production) and EUR 0.13 million on software for the engineering and service areas.

Procurement

Nordex AG pursues an order-oriented procurement policy to minimize the volume of capital tied to inventories and to ensure controlled additions to inventories. Sourcing of long-term inventories is handled by means of a rolling demand system in close collaboration with our suppliers. Inventories are particularly tied to service requirements. With respect to the procurement of core components, Nordex relies on a multi-source strategy to ensure reliable supplies. During the period under review, the rising price of steel was largely offset by international invitations for offers in connection with specific projects.

Research and development

The main aspects of engineering activities in the period under review entailed the optimization and enhancement of components as well as the range of products. Accordingly, work continued on load-optimized transmission systems for the 60 and 90 meter class in conjunction with leading transmission producers. The azimuth system fitted to the N80 was adjusted to allow for specific load situations for deployment in heavy wind locations. In response to rising demand from South Europe, a hot-climate version of the N90 was developed. Similarly, the NR 45 rotor blade is being redesigned for the N90 and is in the preproduction phase.

In December 2004, Nordex completed a prototype of an output-optimized N90. For this purpose, an existing N90 prototype was fitted with a new drive chain in which, among other things, one of the newly developed transmissions is being used. In addition, project engineering performed extensive technical studies for the further development of the 90 meter class. Other key activities included testing of the offshore prototypes of the N80/90 in Kattegat and work on optimizing the pitch systems for this series.

Personnel

As at December 31, 2004, the consolidated Nordex companies employed 689 (previous year: 755) people all over the world. This means that a total of 66 jobs were cut in the calendar year. In the current fiscal year, personnel costs are to be capped at roughly EUR 30 million (2003/04: EUR 34.5 million) to ensure that costs are covered on the basis of forecast sales of EUR 270 – 280 million. No further job cuts for operational reasons are planned at this stage as the existing staff is required for the Group's future growth. Costs are to be cut by means of voluntary, contingent wage or salary reductions on the part of staff. If earnings exceed expectations, the employees will receive a backpayment equaling the amount which they agreed to forego. In this way, the Company has created an incentive-based compensation package for most of its staff.

Outlook

Nordex expects demand for wind turbines to rise substantially in the short to medium term. Particularly in Europe excluding Germany and the Far East, where Nordex enjoys a strong position, demand will continue to rise by roughly 21 % this year according to the forecasts of the renowned research company BTM Consult. The fact that the share of foreign business in order receipts in fiscal 2003/04 has widened to 65 % shows that the Nordex Group is continuing to make considerable headway in internationalizing its business.

Against this backdrop, management expects order receipts to come to at least EUR 300 million and sales to EUR 270–280 million this year on the basis of an order backlog currently valued at EUR 144 million as well as further projects for which firm letters of intent have been signed. The shortfall compared with the previous target of EUR 300 million is due to the fact that the recapitalization of the Company has been delayed by around three months, something which will result in a drop of roughly EUR 25–30 million in sales in the first quarter of 2005. Once recapitalization has been completed, the Management Board expects average quarterly sales of around EUR 75 million.

At the same time, a substantial improvement in earnings is forecast for the coming fiscal year. Depending on the sales generated, the loss before tax, interest and exceptionals will come in at between EUR 2.0 million and zero. The return to profit-making territory is projected for 2006.

Recapitalization concept

Nordex AG's capital base is to be reinforced by means of a cash and non-cash capital increase to safeguard the Group's continued existence. At the same time, the Company is to be refinanced. The recapitalization program primarily comprises the following measures:

- Reduction in share capital from EUR 52.05 million to EUR 5.205 million by pooling the shares on a 1 for 10 basis.
- Additions to cash and cash equivalents by means of a cash equity issue of up to EUR 41.64 million. The new shares will be issued at a price of EUR 1.00.
- Reduction in bank liabilities by around EUR 28 million. At the same time, the creation of new subscribed capital of up to EUR 12 million.
- The remaining bank cash facilities will be maintained over a period of four years at a fixed interest rate.
- The banks will provide the Nordex Group with additional cash facilities of up to EUR 20 million at normal market conditions.
- In addition, the banks and credit insurers will increase the Nordex Group's guarantee facilities by an initial amount of up to EUR 40 million to roughly EUR 130 million for four years at fixed terms.

At the end of December 2004, Nordex AG signed a letter of intent with CMP and Goldman Sachs under which these investors agreed to subscribe to 30 million new shares issued as part of a cash capital increase subject to certain conditions being met provided that they were able to gain a share of at least 52 % in the Company's capital as a result. The financing banks have undertaken to provide additional facilities and to convert part of their loan receivables into equity in connection with a non-cash capital increase to follow the cash capital increase or to arrange a solution with a comparable economic effect. For the period between January 1, 2005 and the full completion of the cash capital increase on April 30, 2005, whichever is the earlier, the Banks have agreed to renew the existing credit facilities and to increase the cash and guarantee lines by EUR 10 million. On February 11, 2005, the German Federal Supervisory Agency for Financial Services exempted the investors from the obligation to lodge a compulsory public takeover bid. At their annual general meeting on February 21, 2005, the shareholders passed the resolutions required for these capital activities. The subscription offer for the shareholders was published on February 25, 2005 and provides for a subscription period commencing on March 1, 2005 and ending on March 15, 2005. The Company expects the cash capital increase to be completed in full by mid April 2005.

The following conditions stipulated by the investors as a condition for subscribing to the Company's stock still remain to be discharged: (1) Share held by the investors in Nordex AG's issued capital of at least 52 % following the completion of the cash capital increase, (2) positive binding statement issued by the responsible tax authorities confirming that they have recognized the restructuring privilege for tax loss carryforwards as well as any restructuring gains earned during recapitalization, (3) the approval of a share held by the investors by the Austrian cartel authorities, (4) the absence of proceedings to contest any of the key resolutions passed at the annual general meeting as at the end of the subscription period. The Management Board assumes that the recapitalization plan will be completed successfully.

Risk report

In pursuing their business, all business entities are exposed to certain risks. Given the complexity of the environment in which they operate together with the need to make quick decisions to harness business opportunities, it is not possible to completely avert all potential risks. However, early-warning systems can encourage risk-conscious activity and reduce the likelihood of risks occurring. This is also stipulated by German legislation, specifically the Corporate Supervision and Transparency Act (KonTraG).

Nordex AG has such a system, which tracks all discernible risks to the Group and classifies them according to likelihood and loss potential. Risk officers in the central operative and strategic departments are responsible for observing risks on an ongoing basis and implementing suitable countermeasures. At the same time, extensive semi-annual risk audits are executed so that trends in the Company's risk situation can be evaluated on an ongoing basis.

Compared with fiscal 2003/04, the number of strategic risks recorded in the period under review increased by three to a total of 40, which break down into five main risk groups:

1. financial risks
2. technical stability of the turbines
3. implementation of restructuring plan
4. legacy guarantee and legal liabilities
5. impairment of competitiveness

Five of the risks identified are classified as jeopardizing the Group's status as a going concern (previous year; 5), nine as material (previous year: 10), 14 as requiring monitoring (previous year: 12) and twelve as acceptable (previous year: 10). In this connection, a risk is considered to jeopardize the Company's status as a going concern if in the absence of any countermeasures there is a greater than 66 % likelihood of it occurring and the loss involved exceeds EUR 6 million. Material risks have a likelihood of at least 66 % and loss potential of over EUR 3 million or a likelihood of at least 34 % and a loss potential of over EUR 6 million.

Risks to the Company's status as a going concern

The new risks to the Company's status as a going concern include the alleged breach of industrial property rights held by a competitor in connection with general compliance with the grid connection conditions for wind turbines. Nordex, a number of competitors as well as an energy provider have lodged an appeal against these claims. If these claims are upheld, the producers of wind turbines meeting these conditions may have to pay royalties to the owner of the patent. There is a further patent-related risk with respect to possible comparable effects in connection with the potential breach of a patent relating to the control of variable-speed turbines.

As in the previous period, the following risks are considered to jeopardize the Company's status as a going concern:

New network connection rules in key markets:
Following the rising share of electricity derived from wind turbines, several countries (e. g. Germany, Scotland) have defined strict grid connection rules for wind turbines in

the interest of maximizing grid stability. Turbines not meeting these technical conditions cannot be connected to the grid, rendering them unmarketable. This risk is primarily being managed by early identification of the markets concerned as well as additions to the Electrical Engineering department. As a further step in this respect, the Company has joined various bodies responsible for defining the national and international standards.

Loss of orders as a result of insufficient rating:
Banks financing projects classify Nordex as an above-average risk in its capacity as a supplier in the contract performance/guarantee phase. For this reason they are in some cases not willing to provide the funding required for wind farms. This generally results in a loss of the order. The completion of the recapitalization plan in spring 2005 and the resultant strengthening of the Company's balance-sheet structure should minimize this risk.

Profit transfer agreements eroding Nordex AG's equity capital:
Further operating losses sustained by subsidiaries could erode Nordex AG's equity due to its obligation to absorb such losses, resulting in critical overindebtedness. The imminent completion of operating restructuring and implementation and swift implementation of recapitalization limit these risks.

Following the successful completion of the recapitalization program, the risk of the credit facilities being terminated has been downgraded from jeopardizing the Company's status as a going concern to requiring monitoring as the probability of such risk occurring is 0–34 % due to the extended terms agreed. The risk of the restructuring targets not being met has already been downgraded as the potential loss is valued at only EUR 3–6 million due to the progress achieved. As the restructuring effects are not sustained, this risk has been classified as requiring monitoring.

Other risks systematically observed by Nordex and responded to by means of suitable measures particularly include the early detection of potential serial damage, the loss of key competence through the resignation of experienced staff, shortcomings in quality assurance activities (internal and external), strategic orientation not in line with market requirements (regional and product-related) as well as statutory amendments to the feed-in remuneration schemes in individual markets and an insufficient volume of guarantees to back up international projects. The Company is satisfied that adequate steps have been taken to control operative and strategic risks.

Rostock, February 2005

T. Richterich	C. Pedersen	H. Müller
Management Board	Management Board	Management Board

Financial Statements of Nordex Group (IFRS)
for the period ending December 31, 2004.

Consolidated balance sheet (IFRS)
for the period ending December 31, 2004

Assets	Notes	12/31/2004 EUR '000	9/30/2004 EUR '000
Non-current assets	(1)		
Intangible assets		24,727	23,745
Property, plant and equipment		23,300	26,046
Financial assets		6,178	2,658
		54,205	52,449
Current assets			
Inventories	(2)	47,528	46,466
Trade receivables and future receivables from production orders	(3)	29,931	50,959
Receivables from affiliated companies	(4)	3,240	2,858
Receivables from investees		863	1,132
Other assets	(5)	10,570	17,078
		44,604	72,027
Securities	(6)	4,592	4,592
Cash and cash equivalents	(7)	9,407	1,930
		106,131	125,015
Deferred taxes	(8)	23,895	23,950
Prepaid expenses	(9)	2,151	2,118
		186,382	203,532

Shareholders' equity and liabilities			
	Notes	12/31/2004	9/30/2004
		EUR '000	EUR '000
Shareholders' equity	(10)		
Issued capital		52,050	52,050
Share premium account		124,843	124,843
Retained earnings		-4,664	-4,664
Foreign currency equalization item		110	17
Group profit/loss carried forward		-162,137	-128,680
Consolidated cumulative loss		-7,712	-33,457
		2,490	10,109
Provisions	(11)		
Pension provisions		376	536
Tax provisions		2,257	2,123
Other provisions		59,451	66,465
		62,084	69,124
Liabilities	(12)		
Liabilities to banks		37,566	48,917
Trade payables		39,842	38,075
Advance payments received		23,989	19,852
Liabilities to affiliated companies		395	389
Other liabilities		13,455	11,466
		115,247	118,699
Deferred taxes	(13)	5,182	4,591
Deferred income	(14)	1,379	1,009
		186,382	203,532

Consolidated income statement (IFRS) for the Nordex Group

for the stub fiscal year from October 1, 2004 until December 31, 2004

	Notes	10/1/2004	10/1/2003
		– 12/31/2004	– 9/30/2004
		EUR '000	EUR '000
Sales	(15)	59,228	221,572
Changes in inventories and other own work capitalized	(16)	2,379	-2,810
Total revenues		61,607	218,762
Other operating income	(17)	2,987	694
Cost of materials	(18)	-48,250	-173,281
Personnel costs	(19)	-8,550	-34,528
Depreciation/amortization	(20)	-2,637	-10,979
Other operating expenses	(21)	-8,419	-24,998
Goodwill amortization		0	-1,137
Operating profit/loss before exceptionals		-3,262	-25,467
Exceptionals	(22)	-2,249	-2,516
Operating profit/loss after exceptionals		-5,511	-27,983
Net interest expenditure	(23)	-1,475	-5,058
Profit/loss from ordinary activity		-6,986	-33,041
Income taxes	(24)	-561	292
Other taxes	(25)	-165	-708
Consolidated cumulative loss		-7,712	-33,457
Basic an diluted earnings per share in euro*		-0.15	-0.64

*Based on 52.05 million shares

Consolidated statement of changes in equity (IFRS)

for the stub fiscal year from October 1, 2004 until December 31, 2004

	Issued capital EUR '000	Share premium account EUR '000	Retained earnings EUR '000	Foreign currency equalization item EUR '000	Group profit/loss carried forward EUR '000	Group profit/loss EUR '000	Total equity EUR '000
October 1, 2003	52,050	124,843	-3,616	269	25,415	-154,095	44,866
Transfer of consolidated cumulative losses 2002/2003 to consolidated profit/loss carried forward	0	0	0	0	-154,095	154,095	0
Disposal of hedge	0	0	-1,048	0	0	0	-1,048
Exchange rate differences	0	0	0	-252	0	0	-252
Consolidated cumulative loss 2003/2004	0	0	0	0	0	-33,457	-33,457
September 30, 2004	52,050	124,843	-4,664	17	-128,680	-33,457	10,109

	Issued capital EUR '000	Share premium account EUR '000	Retained earnings EUR '000	Foreign currency equalization item EUR '000	Group profit/loss carried forward EUR '000	Group profit/loss EUR '000	Total equity EUR '000
October 1, 2004	52,050	124,843	-4,664	17	-128,680	-33,457	10,109
Transfer of consolidated cumulative losses 2003/2004 to consolidated profit/loss carried forward	0	0	0	0	-33,457	33,457	0
Exchange rate differences	0	0	0	93	0	0	93
Consolidated cumulative loss Oct. 1 – Dec. 31, 2004	0	0	0	0	0	-7,712	-7,712
December 31, 2004	52,050	124,843	-4,664	110	-162,137	-7,712	2,490

Consolidated cash flow statement (IFRS) of Nordex Group

for the stub fiscal year from October 1, 2004 until December 31, 2004

	10/1/2004 – 12/31/2004 EUR '000	10/1/2003 – 9/30/2004 EUR '000
Profit/loss for the year	**-7,712**	**-33,457**
+ Depreciation on non-current assets	2,637	12,185
-/+ Decrease/Increase in pension provisions	-160	46
+/- Increase/decrease in tax and other provisions	-6,880	-4,641
+ Loss from the disposal of assets - property, plant and equipment	153	201
-/+ Increase/decrease in inventories	-1,062	41,766
-/+ Decrease/increase in trade Trade receivables and future receivables from production orders as well as other assets not assigned to investing or financing activities*)	25,936	-6,574
+/- Decrease/Increase in trade payables and other liabilities not allocated to investing or financing activities	8,038	-8,559
+/- Changes in deferred taxes	646	-140
= Cash flow from operating activities	21,596	827
+ Payments received from the disposal of property, plant and equipment/intangible assets	51	4,012
+ Payments received from the disposal of financial assets	14	0
- Payments made for investments in property, plant and equipment/intangible assets	-2,827	-7,113
- Payments made for investments in financial assets**)	-2	-25
= Cash flow from investing activities	-2,764	-3,126
+ Changes in short-term bank loans	-11,351	-391
= Cash flow from financing activities	-11,351	-391
Cash change in liquidity	7,481	-2,690
+ Cash and cash equivalents at the beginning of the period	1,930	4,617
+ Effect of changes in exchange rates	-4	3
= Cash and cash equivalents at the end of the period (Cash and cash equivalents as per consolidated balance sheet)	9,407	1,930

*) excluding non-cash reclassification from current assets to financial assets (previous year: including change in retained earnings from hedging transaction)

**) excluding non-cash reclassification from current assets to financial assets

Net profit/loss for the year contains interest and similar expenses of EUR 1,464 mn (previous year: EUR 5,698 mn) as well as interest and similar income of EUR 0,153 mn (previous year: EUR 0,640 mn).

Statement of asset movements

from October 1, 2004 until December 31, 2004

Nordex Group

	Acquisition and production costs 10/1/2004 EUR '000	Additions EUR '000	Disposals EUR '000	Reclassi-fication EUR '000
I. Intangible assets				
1. Concessions, trade and similar rights	9,917	127	0	227
2. Development costs	20,911	1,963	0	0
3. Goodwill	14,461	0	0	0
Total intangible assets	45,289	2,090	0	227
II. Property, plant and equipment				
1. Properties, property-like rights and buildings	16,057	14	120	0
2. Technical equipment and machinery	15,624	231	2,119	0
3. Other equipment, operating and business equipment	14,362	268	294	0
4. Part payments made and assets under construction	292	224	0	–227
Total property, plant and equipment	46,335	737	2,533	–227
III. Financial assets				
1. Shares in affiliated companies	888	231	0	–600
2. Shares	796	0	0	600
3. Loans to investees	1,325	0	13	0
4. Other loans	49	3,303[1]	1	0
Total financial assets	3,058	3,534	14	0
Total non-current assets	94,682	6,361	2,547	0

[1] Of which reclassification of current assets as of December 31, 2004 (EUR 3,301 mn)

	Acquisition and production costs 12/31/2004 EUR '000	Depreciation/amortization Commencing amount 10/1/2004 EUR '000	Addition EUR '000	Disposals EUR '000	Reclassi-fication EUR '000	Closing amount 9/30/2004 EUR '000	Book value 12/31/2004 EUR '000	Book value 9/30/2004 EUR '000
	10,271	6,082	425	0	0	6,507	3,764	3,835
	22,874	10,961	910	0	0	11,871	11,003	9,950
	14,461	4,501	0	0	0	4,501	9,960	9,960
	47,606	21,544	1,335	0	0	22,879	24,727	23,745
	15,951	2,699	152	0	114	2,737	13,214	13,358
	13,736	8,525	612	0	223	8,914	4,822	7,099
	14,336	9,065	538	0	242	9,361	4,975	5,297
	289	0	0	0	0	0	289	292
	44,312	20,289	1,302	0	579	21,012	23,300	26,046
	519	400	0	–400	0	0	519	488
	1,396	0	0	400	0	400	996	796
	1,312	0	0	0	0	0	1,312	1,325
	3,351	0	0	0	0	0	3,351	49
	6,578	400	0	0	0	400	6,178	2,658
	98,496	42,233	2,637	0	579	44,291	54,205	52,449

Consolidated financial statements (IFRS) for the stub fiscal year from October 1 until December 31, 2004.

Notes on accounting and valuation principles

General information

Nordex Aktiengesellschaft is domiciled in Rostock. However, its headquarters are located in Bornbarch 2, 22848 Norderstedt.

The consolidated financial statements of Nordex Aktiengesellschaft (Nordex AG) are compiled in accordance with the International Financial Reporting Standards (IFRS), as a result of which exemption is available pursuant to §292a of the German Commercial Code. We have followed the presentation rules laid down in the German Commercial Code. At their annual general meeting on May 12, 2004, the shareholders of Nordex AG passed a resolution converting the fiscal year to the calendar year and inserting a stub fiscal year from October 1 until December 31, 2004. Accordingly, the previous-year figures in the balance sheet and the income statement are not fully comparable due to the changed balance sheet date and the shorter fiscal year.

The notes have been compiled in the interests of maximizing clarity, conciseness and material relevance. Various items in the consolidated balance sheet and the consolidated income statement have been combined in the interests of clarity. These items are broken down and described in the Notes. The income statement has been compiled using the cost of production method.

The accounting, valuation and consolidation methods used in compiling the Nordex Group's consolidated financial statements provided for by IFRS but deviating from the German Commercial Code primarily concern intangible assets (IAS 38), the use of the percentage-of-completion method for measuring inventories and receivables, the capitalization of leases and the recognition of pension provisions and other provisions (IAS 37). The standards applicable on the balance sheet date are used.

Nordex AG and all the companies included in the consolidated financial statements have converted their fiscal year to the calendar year in the interests of heightened sector comparability. Nordex AG stock is admitted to regulated trading subject to the advanced admission duties (Prime Standard) stipulated by Deutsche Börse. Its nominal capital is unchanged over the previous year at EUR 52,050,000 and is divided into 52,050,000 no-par-value shares with a notional value of EUR 1.00 each.

The consolidated domestic and foreign companies are included in Nordex AG's consolidated financial statements on the basis of IFRS accounting principles. The adoption of uniform group-wide IFRS accounting and valuation methods has been dispensed with in connection with one foreign consolidated company on account of the minimal differences between IFRS and the local accounting principles in question.

Companies consolidated

The consolidated financial statements for the year ending December 31, 2004 include Nordex AG as well as the companies which are capable of being controlled and which are of material importance for depicting the Group's assets, financial condition and earnings.

Shares in non-consolidated subsidiaries of a subordinate importance are recognized at historical cost based on IAS 39.73 as they do not constitute marketable assets for which a fair value can be reliably determined. The non-consolidated companies are set out in the listed attached to these notes as Attachment B.

The following companies are consolidated:

Name	Share in capital/voting rights	Share in capital/voting rights	Equity Single-entity accounts (IFRS)	Equity Single-entity accounts (IFRS)
	Dec. 31, 2004 %	Sept. 30, 2004 %	Dec. 31, 2004 EUR '000	Sept. 30, 2004 EUR '000
Nordex AG, Rostock, Germany (Parent company)*)	–	–	3,524	10,494
Nordex Energy GmbH, Norderstedt/Germany*)	100.0	100.0	16,836	15,473
Nordex Grundstücksverwaltung GmbH, Norderstedt/Germany*)	100.0	100.0	52	52
Nordex Energy B. V., Rotterdam/Netherlands	100.0	100.0	-64	-53
Nordex Ibérica S.A., Barcelona/Spain	100.0	100.0	-1,440	-1,331
Nordex USA Inc., Arlington/United States	100.0	100.0	-3,828	-4,035
Nordex UK Ltd., Didsbury/United Kingdom	100.0	100.0	-518	-321
Nordex France S.A.S., Saint-Denis La Plaine/France	100.0	100.0	-5,790	-3,967

*) Equity after profit/loss transfer pursuant to German GAAP.

Nordex Energy GmbH has held a 40% stake in Xi'an Nordex Wind Turbine Co. Ltd. in China since fiscal 1998/99. As the majority shareholder is the Chinese government, the exercise-of-control requirement provided for in IAS 27.12 is not met, meaning that this company is not consolidated. The equity method provided for in IAS 28 cannot be applied either as Nordex Energy GmbH does not have any scope for exercising significant influence on the Chinese company's business or financial policy as defined in IAS 28.4. This investment is recognized at cost pursuant to IAS 39.73.

There are management and profit-transfer agreements in force between Nordex AG and its consolidated domestic companies 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 AG for all domestic subsidiaries.

Acquisition accounting

Subsidiaries consolidated for the first time were recognized using the purchase method of accounting in the form of the book value method as of the date of acquisition (IAS 22, valid as of the date of first-time consolidation). In accordance with IAS 22.20, the date of acquisition was defined as the day on which control of the net assets and operations of the consolidated company is effectively transferred to Nordex AG. For the purpose of acquisition accounting, the cost of acquisition was netted against the prorated equity of the subsidiary in question. Any difference between the cost of acquisition and the prorated equity capital attributable to undisclosed reserves or liabilities is assigned to the subsidiaries' assets and liabilities commensurate with the

Group's share in the undisclosed reserves or liabilities. Any goodwill arising on consolidation is recognized as an intangible asset. Goodwill is recognized in accordance to IFRS 3.79 for the first time, meaning that in contrast to earlier years it is no longer written down over its expected useful life of 15 years. No impairment charges were taken on goodwill in the stub fiscal year.

Other consolidation measures

As part of liability consolidation, all receivables and liabilities between consolidated companies of EUR 30.128 million (previous year: EUR 69.218 million) are netted against each other.

The elimination of intragroup profit/loss of EUR 0.730 million is due to the intragroup sale of shares in affiliated companies. It was not necessary to eliminate any other intragroup profits/losses as the asset items did not contain any material internal deliveries or services as of the balance sheet date. In connection with the consolidation of expenses and income, internal Group deliveries of services and goods as well as expenses and income arising from transfer transactions of EUR 2.501 million (previous year: EUR 17.279 million) were netted against each other.

Principles of currency conversion

The annual financial statements of the foreign Group companies are translated to euro using the functional currency principle. The functional currency is normally the local currency in question. Accordingly, assets and liabilities are converted at the mean exchange rates prevailing on the balance-sheet date, while the items carried on the income statement are converted at annual average exchange rates. Any differences arising from currency conversion as well as the conversion of amounts carried forward from earlier years are charged to equity without any impact on the income statement.

The foreign-currency receivables and liabilities of non-consolidated companies are converted at the rate prevailing on the balance-sheet date. Any differences resulting from currency translation are taken to the consolidated income statement.

Notes on the consolidated balance sheet and the income statement

Presentation

The presentation rules set out in Section 266 of the German Commercial Code were used and modified in the light of IFRS presentation requirements for the compilation of an IAS-based balance sheet. The IFRS income statement was compiled using the cost of production method and laid out in accordance with Section 275 (2) of the German Commercial Code. A condensed form was chosen for the balance sheet and the income statement, with any necessary additional information given in the notes.

Intangible assets

Intangible assets include licenses acquired, software and the development costs for new and further-developed wind turbines as well as goodwill arising from the consolidation of newly acquired companies.

Intangible assets (with the exception of goodwill) are carried at their cost of acquisition and written down on a scheduled straight-line basis over their expected useful life or, if earlier, until the license expires.

Self-constructed intangible assets are recognized if the Group will probably acquire a future benefit and such benefit can be reliably measured. The cost of production for such assets includes all costs directly attributable to the production process as well as a reasonable proportion of production-related overheads. Financing costs are not capitalized.

The following useful lives are assumed for the purpose of writing down intangible assets:

	Useful life	Amortization rate
Capitalized development costs	5 years	20 %
Licenses, software and similar rights	2–5 years	20–50 %

If there is any evidence pointing to an impairment in the value of the asset and the realizable amount is below the amortized acquisition or production costs, the asset is written down on an non-scheduled basis. If the reasons for the non-scheduled writedown no longer apply, the asset in question is written up appropriately. In the stub fiscal year, no unscheduled writedowns or writeups were necessary.

Goodwill relates to Nordex Energy GmbH and was valued at EUR 9.960 million as at December 31, 2004. Goodwill was written down on a scheduled basis for a final time in fiscal 2003/2004 in accordance with IFRS 3.79. As of the stub fiscal year, an annual impairment test will be conducted pursuant to IAS 36. There were no impairment charges taken in the stub fiscal year as the fair value of Nordex Energy GmbH was higher than the book value of the goodwill. The fair value of Nordex Energy GmbH was calculated on the basis of its capitalized earnings value. The cash flow projections are based on the three-year budgets approved by the Management Board subject to a discount rate of 11.5 %. Cash flow beyond the three-year period were extrapolated using a consistent growth rate of 1 % p. a., i. e. well below the long-term average growth rate for the market segment in which Nordex Energy GmbH is engaged. The budgets allow for the gross margins of improvements derived from efficiency gains. The increase in sales expected by the Management Board for the future takes account of the substantially improved market position following the successful completion of the recapitalization plans in connection with the Company’s product range. The Management Board assumes that a possible change in the basic assumptions underlying the calculation of the fair value will not cause the book value of the goodwill for Nordex Energy GmbH to exceed the fair value.

Property, plant and equipment

Property, plant and equipment are carried at cost and, where subject to wear and tear, written down on a scheduled basis. Depreciation charges are taken on the basis of their expected useful lives on a straight-line basis. Minor-value assets are written off in full in their year of acquisition; this did not have any material impact on consolidated earnings. In the statement of asset movements, they are shown as disposals in their year of acquisition.

Economic ownership of leased assets is assigned to the lessee pursuant to IAS 17 if it bears materially all of the opportunities and risks related to the leased assets. In cases in which Nordex AG is assumed to be the economic owner, the leased assets are recognized as of the date on which the lease is signed in an amount equaling the fair value of the leased asset or the present value of the minimum lease payments, whichever is the lower. The leased asset is written down on a straight-line basis over its assumed life expectancy or the term of the lease, whichever is the shorter (IAS 17).

In accordance with IAS 20.24, government grants and assistance received for the purposes of acquiring assets are deducted from the acquisition/production costs. In fiscal 2003/2004, Nordex Energy GmbH applied for investment allowances worth EUR 1.243 million for new assets granted pursuant to the Investment Allowance Act. These were netted against the acquisition cost of the subsidized assets with no effect on the income statement. In the stub fiscal year, the investment allowances applied for were reduced by EUR 0.133 million following a review by the subsidizing agency. The subsidies netted against the cost of subsidized assets with no effect on the income statement were adjusted in the year under review.

The following useful lives are assumed for the purpose of writing down property, plant and equipment:

	Useful life	Depreciation rate
Properties, property-like rights and buildings (depreciation charges taken on buildings only)	**10–33 years**	**3–10 %**
Technical equipment and machinery	**3–16 years**	**6,25–33,33 %**
Office and business equipment	**2–18 years**	**5,56–50 %**

In fiscal 2002/2003, the depreciation period for prototypes was reduced from 15 years to five years in the light of prevailing economic conditions.

If there is any evidence pointing to an impairment in the value of the asset and the realizable amount is below the amortized acquisition or production costs, the asset is written down on an non-scheduled basis. If the reasons for the non-scheduled writedown no longer apply, the asset in question is written up appropriately.

Financial assets/securities

The shares in non-consolidated affiliated companies shown under financial assets/securities are recognized at cost pursuant to IAS 39.73 as it is not possible to reliably calculate the fair value of these assets in terms of cost and utilization.

Inventories

Inventories are carried 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 (IAS 2) and are calculated on the basis of normal capacity utilization. Specifically, the production costs include directly attributable costs as well as a reasonable proportion of material and production overheads including production-related charges and pension expenses. In addition, production-related administrative overheads are assigned to production costs. Borrowing costs are not capitalized as part of the cost of acquisition or production (IAS 23). Suitable charges are taken to allow for any inventory risks in connection with reduced merchantability. If the net selling value of the inventories on the balance-sheet date is less than their book value, they are written down accordingly. If the net selling value of inventories previously written down rises, the resultant writeup is recorded as a reduction in the cost of materials (raw materials and supplies) or an increase in inventories (finished goods and work in progress).

Receivables and future receivables from production orders

Trade and other receivables are carried at their nominal value less reasonable adjustments to allow for discernible risks. Future receivables from production orders are carried using the percentage-of-completion method provided for in IAS 11 in cases in which a specific order has been received from the customer. For this purpose, profit is recognized 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 pursuant to IAS 11. The stage of completion of the individual orders is calculated using the cost-to-cost method (IAS 11.30a). Total revenues from the order are carried in accordance with the stage of completion provided that the above-mentioned conditions are met. Order costs entail the costs directly attributable to the order and, where appropriate, a share of the overheads. Borrowing costs are charged as expenditure. Receivables denominated in another currency are recognized at the mean exchange rate prevailing on the balance-sheet date.

Other assets

Other assets are recognized at cost or their nominal value. Reasonable allowance is made for any risk of default. Receivables denominated in another currency are recognized at the mean exchange rate prevailing on the balance-sheet date.

Deferred taxes

Deferred taxes arise from differences in the measurement of assets and liabilities in the consolidated balance sheet and the tax balance sheets of the individual companies in cases where such measurement differences result in higher or lower taxable income than would be the case if the measurement principles applying to the consolidated balance sheet were used (temporary valuation differences).

Deferred tax assets also include tax rebate claims arising from the expected future utilization of existing domestic tax loss carryforwards and there is reasonable certainty that they will be realized.

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 realized. A tax rate of 40.0 % was applied to various assets and liabilities for the purpose of calculating domestic deferred tax. Deferred tax assets for domestic tax loss carryforwards (foreign loss carryforwards were not allowed for) were calculated using a tax rate of 25 % plus the 5.5 % solidarity surcharge in the case of corporate tax and 16.67 % in the case of trade tax. The calculation of the deferred tax credits on loss carryforwards is based on the long-term forecasts for the German part of the Nordex Group based on a forward-looking period of ten years. In accordance with current plans, the domestic tax losses arising in the stub fiscal year were not additionally included in the calculation of deferred tax assets.

Prepaid expenses

Insurance premiums paid are recognized as prepaid expenses and written back in accordance with utilization.

Pension provisions

Provisions for pensions and similar commitments are calculated using the projected unit credit method pursuant to IAS 19, according to which the commitments are calculated on the basis of future expected salary and pension increases as well as other actuarial assumptions.

An interest rate of 5.0 % was applied.

Tax and other provisions

Tax and other provisions are set aside to allow for all discernible risks and contingent liabilities up to an amount commensurate with their likelihood of occurring. Values are calculated on the basis of prudent estimates. Long-term provisions with respect to which the date of the cash outflow is known, were discounted.

Liabilities

As a general rule, liabilities are carried at their redemption value. Liabilities under financial leases are recognized at the present value of the lease payments. Liabilities denominated in another currency are recognized at the mean exchange rate prevailing on the balance-sheet date.

Deferred income

Income received in advance under service contracts is deferred to the period to which it applies.

Sales

In the case of longer-term production for customers, net sales are recognized using the percentage-of-completion method. Revenues from the sale of goods are generally recognized 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) binding financial commitments have been granted and e) the customer has paid the first installment.

Operating expenses and income

Operating expenses are taken to the income statement upon the service in question being used or as of the date on which they occur. Guarantee provisions are set aside on the date on which the net sales in question are recognized. Development expenses are recognized in the year in which they arise unless they are capitalized pursuant to IAS 38. Interest income and expenses are recognized in the period in which they arise.

Exceptionals

In connection with the restructuring of the Nordex Group, substantial non-recurring expenses arose in both fiscal 2002/2003 and the following years. These are carried as exceptionals to present a true and fair picture of the Group's earnings position.

Derivative financial instruments

As a matter of principle, Nordex AG uses derivative financial instruments solely for the purpose of hedging exchange-rate risks arising in operative business.

If the derivative is used to hedge expected future incoming or outgoing foreign-currency payments and if the conditions for hedge accounting (cash flow hedge) are met, changes in the fair value of the derivative are charged to retained earnings to the exclusion of the income statement pursuant to IAS 39. If, by way of exception, the conditions for hedge accounting are not met, the change in the fair value of the derivative financial instrument is taken to the income statement prior to the underlying transaction being recognized.

(1) Non-current assets

Intangible assets

The following intangible assets are carried:

	Dec. 31, 2004	Sept. 30, 2004
	EUR '000	EUR '000
Concessions, trade and similar rights	3,764	3,835
Development costs	11,003	9,950
Goodwill	9,960	9,960
	24,727	23,745

As of the balance sheet date, intangible assets include development costs before amortization of EUR 22.874 million (previous year: EUR 20.911 million) pursuant to IAS 38. In the stub fiscal year, development expenses of EUR 1.963 million were capitalized for the first time. Further development expenses of EUR 0.198 million also arising in the year under review did not meet the criteria for capitalization. As in the previous year, the depreciation period is five years.

For more information on goodwill, please refer to the notes on consolidation.

Concessions, trade and similar rights include a license acquired from REpower Systems AG for valuable consideration with a book value on December 31, 2004 of EUR 1.580 million (previous year: EUR 1.778 million). Cumulative amortization for the license acquired from REpower Systems AG came to EUR 2.508 million in the year under review (previous year: EUR 2.311 million). This license, which permits Nordex Energy GmbH to sell the S70/S77 series turbines, continues to form the basis for further development of this series. It is being written down over a residual period of roughly two years and is subject to a covenant preventing Nordex Energy GmbH from reselling it.

Moreover, Nordex AG has not accepted any obligation whatsoever for the acquisition of intangible assets as of the balance-sheet date.

Property, plant and equipment

The property, plant and equipment including financial leases attributable to Nordex AG break down as follows:

	Dec. 31, 2004	Sept. 30, 2004
	EUR '000	EUR '000
Properties, property-like rights and buildings	13,215	13,358
Technical equipment and machinery	4,822	7,099
Other equipment, operating and business equipment	4,975	5,297
Part payments made and assets under construction	289	292
	23,301	26,046

On December 3/December 5, 2001, Nordex Energy GmbH signed a contract with Atria Grundstückverwaltungsgesellschaft mbH & Co. Objekt Rostock KG concerning the lease of a production hall and administration building. In addition, the parties entered into an option contract dated December 6, 2001 providing for a call option to be exercised at the end of the rental period or the end of the 15th year of the rental period. This contract is classified as a finance lease. The production hall and administrative building including land (net book value on December 31, 2004: EUR 7.896 million) is assigned to non-current assets and is subject to obligations under future lease payments of EUR 8.291 million carried as other liabilities. The following lease payments for the production hall and administrative building are due for future periods:

Lease payments in future years	< 1 year EUR '000	1–5 years EUR '000	> 5 years EUR '000
Lease payments	673	3,363	7,398
previous year	673	3,363	7,567
Discount amounts	40	1,095	5,307
previous year	40	1,095	5,452
Present values	633	2,268	2,091
previous year	633	2,268	2,115

In the stub fiscal year, covenants on the property, plant and equipment comprised a land charge of EUR 10 million on a property in Rostock at which the nacelle production site is located.

In addition to the capitalized real property, the leasing contracts primarily comprise motor vehicles (operating leases).

As at the balance sheet date, the Nordex Group had not accepted any obligations for the acquisition of property, plant or equipment.

Financial assets

Financial assets break down as follows:

	Dec. 31, 2004 EUR '000	Sept. 30, 2004 EUR '000
Shares in non-consolidated affiliated companies	519	488
Shares	995	796
Loans to investees	1,312	1,325
- of which due within one year	(52)	(51)
Other loans	3,351	49
- of which due within one year	(535)	(0)
	6,177	2,658

Other loans include a sum of EUR 3.301 million being for a long-term loan which was reclassified from current assets (other assets) to financial assets effective December 31, 2004.

(2) Inventories

	Dec. 31, 2004 EUR '000	Sept. 30, 2004 EUR '000
Raw materials and supplies	32,472	31,788
Unfinished goods and services	11,551	11,135
Advance payments	3,505	3,543
	47,528	46,466

Raw materials and supplies primarily comprise inventories held by Nordex Energy GmbH not assigned to individual wind turbines. Unfinished goods and services relate to wind turbines under construction as well as advance outlays for project development, licenses and infrastructure. There was no allocation to specific orders in connection with the construction of wind turbines for which no specific order had been received or the level of work performed was too little as of the balance-sheet date.

The book value of the receivables includes depreciation charges of EUR 6.571 million (previous year: 6.802 million).

(3) Trade receivables and future receivables from production orders

Short-term receivables are shown at cost. In the case of any doubts as to the recoverability of receivables, they are written down to the amount considered to be capable of being realized. No general allowances are made.

Receivables worth EUR 1.197 million (previous year: EUR 2.962 million) were written down and the difference taken to the income statement in the year under review. All the adjustments made in the stub fiscal year were recognized as exceptionals.

This item also comprises unfinished orders carried 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 realized in accordance with the cost-to-cost method. Part payments received were deducted. As in the previous year, the residual terms are less than one year. Production orders involving liabilities towards customers of EUR 13.282 million are assigned to "Advance payments received".

For the purpose of loss-free valuation, impairment charges of EUR 0.188 million (previous year: EUR 0.224 million) were taken on future receivables from production orders in the stub fiscal year and recognized as exceptionals.

Receivables under production orders broke down as follows:

	Dec. 31, 2004 EUR '000	Sept. 30, 2004 EUR '000
Accrued order costs	**76,173**	**55,221**
Prorated realized profits on orders including bringing-forward effects	**2,132**	**1,237**
Subtotal	**78,305**	**56,458**
Less part payments received	**-70,366**	**-33,546**
	7,939	**22,912**

(4) Receivables from affiliated companies

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 in less than one year.

(5) Other assets

Other assets primarily include receivables due from insurance companies (EUR 0.7 million, previous year: EUR 0.7 million), entitlement to subsidies (EUR 1.110 million, previous year: EUR 1.243 million), short-term loans (EUR 1.266 million, previous year: EUR 4.513 million) and VAT credits (EUR 0.274 million, previous year: EUR 2.990 million).

(6) Securities

This includes the 66.67 % share which Nordex Energy GmbH holds in Qingdao Huawei Wind Power Co. Ltd. The share is carried at historical cost as a current asset as it is to be sold.

(7) Cash and cash equivalents

This item comprises almost exclusively bank balances. Of this sum, EUR 0.445 million (previous year: EUR 0.306 million) has been deposited in a trust account with a bank subject to withdrawal restrictions.

(8) Deferred taxes

This item breaks down as follows:

	Dec. 31, 2004 EUR '000	Sept. 30, 2004 EUR '000
Deferred taxes from the reconciliation of the individual taxation financial statements with IFRS	**95**	**150**
Deferred taxes on loss carryforwards	**23,800**	**23,800**
	23,895	**23,950**

(9) Prepaid expenses

As in the previous year, this item primarily comprises advance payments for insurance policies. As in the previous year, the residual terms are less than one year.

(10) Shareholders' equity

As of the balance-sheet date, the issued share capital was split into 52,050,000 bearer shares with a notional value of EUR 1.00 each as in the previous year. Nordex AG has authorized capital of EUR 26.025 million, equivalent to 26,025,000 shares with a notional value of EUR 1.00 each.

The share premium account of EUR 124.843 million includes a sum of EUR 139.892 from the stock-market flotation of the parent company Nordex AG less the flotation costs of EUR 7.685 million). For the purposes of acquisition accounting, goodwill of EUR 15.049 was netted with the share premium account.

The cumulative profit/loss of the foreign subsidiaries from the date of incorporation until the first-time consolidation effective October 1, 2002 are charged to Group consolidated earnings as a negative revaluation item (EUR 4,664 million). Details relating to the stock option program are included in "Other disclosures".

(11) Provisions

Provisions break down as follows:

	Oct. 1, 2004 EUR '000	Consumption EUR '000	Discount EUR '000	Release EUR '000	Additions EUR '000	Reclassification EUR '000	Dec. 31, 2004 EUR '000
Pension provisions	**536**	**0**	**0**	**160**	**0**	**0**	**376**
Tax provisions	**2,123**	**0**	**0**	**0**	**134**	**0**	**2,257**
Other provisions	**66,465**	**12,640**	**58**	**1,428**	**6,996**	**0**	**59,451**
- order provisions	**61,277**	**10,164**	**58**	**1,116**	**6,181**	**–150**	**56,086**
- personnel	**2,775**	**1,034**	**0**	**0**	**545**	**0**	**2,286**
- miscellaneous	**2,413**	**1,442**	**0**	**312**	**270**	**150**	**1,079**
	69,124	**12,640**	**58**	**1,588**	**7,130**	**0**	**62,084**

Pension provisions are set aside to cover performance-tied commitments to eligible active and former employees at Nordex AG (two former members of the Management) and Nordex Energy GmbH. The benefits are based on individual commitments generally based on the length of service and remuneration of the employees concerned; staff are not required to make any contributions of their own.

The calculations are based on the following assumptions, which are unchanged over the previous year:

Nominal interest rate	**5 %**
Wage and salary trend	**2,5 %**
Pension trend	**1,5 %**
Fluctuation rate	**Dependent on age falling from**
- men	**15 % (aged 20) to 0 % (aged 55)**
- women	**25 % (aged 20) to 0 % (aged 55)**

The statistical probability data set out in the Prof. Dr. Heubeck mortality tables of 1998 was used as the biometric basis for calculations.

Actuarial gains and losses are amortized using the corridor method. They are not accounted for if they do not exceed ten percent 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 unrecognized actuarial losses.

	Dec. 31, 2004	**Sept. 30, 2004**
	EUR '000	**EUR '000**
Present value of defined benefit obligations	**515**	**584**
Non-amortized actuarial gains (-)/losses (+)	**-139**	**-48**
Amount shown on balance sheet	**376**	**536**

Total pension expenses comprise the following components:

	Stub fiscal year	**2003/2004**
	EUR '000	**EUR '000**
Current service cost	**4**	**37**
Interest expense	**7**	**26**
Amortization of actuarial gains/losses	**-113**	**0**
Past service cost	**-53**	**0**
	-155	**63**

The trends in net obligations carried on the balance sheet are as follows:

	Stub fiscal year	**2003/2004**
	EUR '000	**EUR '000**
Amount carried on balance sheet on October 1	**536**	**490**
Pension expenses	**-155**	**59**
Pension payments	**-5**	**-13**
Amount carried on balance sheet on Dec. 31 (previous year: Sept 30)	**376**	**536**

Tax provisions comprise corporate, trade tax and VAT obligations for earlier years.

Other provisions are set aside in accordance with IAS 37 to allow for legal or commercial obligations whose settlement is likely to result in an outflow of resources embodying economic benefits and whose amount can be estimated reliably. Under IAS 37, these provisions are required to be carried as liabilities.

Long-term provisions of EUR 4.472 million (previous year: EUR 4.472 million) for specific payment plans were discounted at a rate of 4 %. The other provisions for orders included in this item primarily comprise contractual and individual guarantees of EUR 17.516 million and EUR 23.050 million (previous year: EUR 19.166 million and

EUR 28.776 million), respectively, as well as post-sale costs of EUR 12.096 (previous year: EUR 11.309 million). The timing of the outflow of resources embodying economic benefits in connection with the provisions for orders cannot be determined conclusively. With respect to customer guarantees, the Company expects to receive compensation from insurance companies of EUR 0.700 million. These are carried as other assets.

Personnel provisions primarily include sums set aside for outstanding vacation entitlement, bonuses and contributions to industrial compensation societies. Other provisions include allowance for outstanding invoices and the cost of litigation risks.

(12) Liabilities

Liabilities to banks (EUR 37.566, previous year: EUR 48.917 million) relate to cash credit facilities utilized. As a matter of principle, the cash credit facilities may be terminated with one month's notice at most, provided that this is not before April 30, 2005. The cash credit facilities are subject to rates of interest in accordance with agreements entered into with the banks in question. As of the balance sheet date, non-utilized cash credit facilities of EUR 11.398 million (previous year: EUR 0.883) and non-utilized guarantee credit facilities of EUR 7.582 (previous year: EUR 8.508) were available.

Interest of between 4.1 % and 9.75 % p. a. was payable on cash credit facilities utilized as at December 31, 2004. Commission of between 1.25 % and 2.75 % p.a. was payable on the guarantee credit facilities utilized as at December 31, 2004.

The conditions for utilization of the cash and guarantee credit facilities applicable as at December 31, 2004 continue to remain in force up until the date of the cash capital increase (see management report for details). After the date of the cash capital increase, all cash credit facilities granted to the Nordex Group will be subject to a uniform rate of EURIBOR plus 150 basis points up to a maximum of 7 % p. a. The guarantee credit facilities utilized by the Nordex Group as of the date of the cash capital increase will be subject to commission at a uniform rate of 1.5 % p. a. The cash and guarantee credit facilities granted to the Nordex Group as of the date of the cash capital increase will for the most part have a term of three years and 364 days. These cash and guarantee credit facilities may only be terminated for good cause (non-compliance with the agreed covenants).

Nordex AG and its consolidated German subsidiaries have entered into a collateral pool agreement with the creditor banks. The collateral furnished comprises the global assignment of all trade receivables, the pledge of the inventories, the shares held in Nordex Energy GmbH, Nordex Grundstücksverwaltung GmbH, natcon7 GmbH and Nordex Energy B. V., the assignment of account balances, licenses, expertise, utility models, patents and other industrial rights and insurance claims under guarantee and building insurance policies as well as land charges. Pursuant to the terms of the collateral pooling agreement, all on and off-balance sheet assets are effectively pledged as collateral for existing bank facilities.

As in the previous year, trade payables have a residual term of less than one year.

Other liabilities include tax liabilities of EUR 3.356 million (previous year: EUR 0.887 million). Of the other liabilities, a sum of EUR 7.652 million has a residual term of over five years (previous year: EUR 7.694 million) and a sum of EUR 0.716 million a term of between one and five years (previous year: EUR 0.523 million). Long-term liabilities primarily relate to leasing liabilities.

(13) Deferred taxes

This contains deferred tax liabilities on the difference between the IFRS and the tax-base book values of the assets and liabilities carried. Deferred taxes are not netted. A tax rate of 40.0 % was applied for the purpose of calculating the domestic deferred taxes.

This item breaks down as follows:

	Dec. 31, 2004 EUR '000	Sept. 30, 2004 EUR '000
Non-current assets (less other liabilities classed as finance leases)	4,243	3,980
Receivables	54	80
Inventories	853	495
Pension provisions	32	36
	5,182	4,591

(14) Deferred income

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

Notes on the income statement

(15) Sales

Sales break down by region as follows:

	Stub fiscal year EUR mn	2003/2004 EUR mn
Germany	28.8	115.5
Rest of Europe	29.9	84.2
America	0.1	12.8
Asia	0.4	9.1
Total	59.2	221.6

Of this item, sales of EUR 46.307 million (previous year: EUR 45.886 million) arose from the application of the percentage-of-completion method for construction contracts provided for in IAS 11.

(16) Changes in inventories and other own work capitalized

Own work capitalized in the year under review is valued at EUR 1.963 million (previous year: EUR 6.151 million) and relates in full (EUR 1.963 million, previous year: EUR 5.727 million) to capitalized expenses for developing and enhancing new and existing wind turbines. Changes in inventories in the year under review came to minus EUR 0.416 million (previous year: EUR - 8.961 million).

(17) Other operating income

Other operating income primarily relates to exchange rate gains (EUR 2.630 million) and the reversal of impairment charges on trade receivables (EUR 0.293 million).

(18) Cost of materials

The cost of materials breaks down as follows:

	Stub fiscal year	2003/2004
	EUR '000	EUR '000
Cost of raw materials and supplies	27,082	119,791
Cost of services bought	21,168	53,490
	48,250	173,281

The cost of raw materials and supplies also includes the cost of components and energy. The cost of services bought results from external freight, changes in order provisions, commission, externally sourced order-handling services and external staff.

(19) Personnel costs

	Stub fiscal year	2003/2004
	EUR '000	EUR '000
Wages and salaries	7,122	29,049
Social security and pension and support expenses	1,428	5,479
	8,550	34,528

Group employee numbers were as follows:

Fiscal year	Average	Balance sheet date
Stub fiscal year	691	689
2003/2004	726	691
Change	-35	-2

(20) Depreciation/amortization

Depreciation/amortization breaks down as follows:

	Stub fiscal year	2003/2004
	EUR '000	EUR '000
Amortization charges on intangible assets	425	1,561
Amortization charges on capitalized development expenditure	910	3,833
Depreciation charges on property, plant and equipment	1,302	5,585
	2,637	10,979

(21) Other operating expenses

Other operating expenses break down into travel expenses (EUR 0.744 million, previous year: EUR 3 million), legal and consulting costs (EUR 0.838 million; previous year: EUR 3.903 million) and rental expenses (EUR 0.697 million, previous year: EUR 3.035 million).

Additional consulting expenses arose in connection with the restructuring activities and are carried as exceptionals.

(22) Exceptionals

In connection with the restructuring of the Nordex Group, exceptional charges arose in fiscal 2002/2003 as well as the following two fiscal years. The exceptionals break down as follows:

	Stub fiscal year EUR '000	2003/2004 EUR '000
Additions to/reversals of provisions	311	7,280
Changes in impairment charges on raw materials and supplies	-629	-3,144
Impairment charges on trade receivables (net)	980	2,402
Unscheduled depreciation charges on non-current assets	0	68
Impairment charges on unfinished project as part of loss-free valuation	188	224
Other exceptionals	1,399	-4,314
	2,249	2,516

The exceptional additions to/reversal of provisions relate, among other things, to individual guarantee risks, for which EUR 0.796 million was reversed and EUR 1.150 million added.

The impairment charges on raw materials and supplies were lower than in the previous year primarily as a result of specific destocking.

Customer insolvencies and higher payment default risks necessitated charges on trade receivables, which are also carried as exceptionals.

The charges taken on individual projects as part of loss-free valuation gave rise to exceptionals of EUR 0.188 million.

Other exceptionals particularly comprise consulting expenses in connection with the restructuring of the Group (EUR 1.123 million) and exchange-rate differences (EUR 0.524 million) offset against insurance compensation (EUR 0.245 million).

The exceptionals described above were derived from the reclassification of the following items of the income statement:

	Stub fiscal year EUR '000	2003/2004 EUR '000
Reclassification from sales/changes in inventories	188	224
Reclassification from other operating income	-508	-10,982
Reclassification from cost of materials	-275	3,358
Reclassification from depreciation/amortization	0	68
Reclassification from other operating expenses	2,844	9,848
	2,249	2,516

(23) Net financial result

	Stub fiscal year EUR '000	2003/2004 EUR '000
Other interest and similar income	153	640
Interest and similar expenses	-1,628	-5,698
	-1,475	-5,058

(24) Income taxes

Income taxes break down as follows:

	Stub fiscal year	2003/2004
	EUR '000	EUR '000
Deferred taxes (revaluation pursuant to IFRS)	643	-140
Corporate/trade/foreign tax	-82	-152
Tax expense/refunds	561	-292

Actual tax (refunds) refers solely to reimbursements received for earlier periods.

On the basis of the Management Board's unchanged assumptions, the existing corporate tax loss carryfowards of EUR 182 million as well as trade tax loss carryforwards of EUR 196 million, a sum of EUR 54 million and EUR 57.2 million, respectively, is expected to be available to Nordex AG as of December 31, 2004. This assessment and the calculation of the deferred tax credits on loss carryforwards is based on the long-term forecasts for the German part of the Nordex Group based on a forward-looking period of ten years. The relevant legislation does not stipulate any maximum period in which tax loss carryforwards must be used.

As at December 31, 2004, the consolidated foreign companies have the following accounting loss carryforwards which largely match the tax carryforwards:

	Currency	Loss carryforwards
		EUR '000
Nordex Energy B. V.	EUR '000	789
Nordex Ibérica S. A.	EUR '000	-1,501
Nordex USA Inc.	TUS-$	-4,900
Nordex UK Ltd.	TGBP	-336
Nordex France S. A. S.	EUR '000	-5,830

No deferred taxes have been calculated for the above loss carryforwards.

Given that as in the previous year actual tax expense is not likely to materially deviate from expected tax expense, a quantitative reconciliation statement has been dispensed with.

Deferred taxes break down as follows:

	Stub fiscal year	2003/2004
	EUR '000	EUR '000
Deferred taxes from the reconciliation of the individual taxation financial statements with IFRS	643	-112
Deferred taxes from consolidation measures	0	-28
Tax expense/refunds	643	-140

(25) Other taxes

Other taxes primarily comprise motor-vehicle tax, real-estate tax and value added tax.

The other taxes for the stub fiscal year include a sum of EUR 0.164 million primarily relating to off-period payment obligations for US value added tax.

Other disclosures

Segment reporting

The Nordex Group is engaged in the development, production 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. As the Nordex Group is a single-product company, these activities cannot be broken down into segments as required by IAS 14. For this reason, segment reporting has been dispensed with.

Sales have been broken down by country in the notes on the income statement (see Section 15).

Contingent liabilities

The Nordex Group holds contingent liabilities from the provision of collateral in favor of third parties for consolidated and non-consolidated affiliated companies equaling EUR 107.143 million (previous year: EUR 120.362 million) as well as joint and several liability for the bank liabilities of EUR 17 million (previous year: EUR 16 million). The contingent liabilities primarily relate to guarantees issued to customers. Provisions of the same amount have been set aside in cases in which an outflow of economic benefits is expected as a result of the guarantees issued.

Nordex Aktiengesellschaft has assumed joint and several liability for the funds granted to Atria Grundstücksverwaltungsgesellschaft mbH & Co. KG Objekt Rostock KG, Wiesbaden (EUR 2.758 million) in the event of repayment becoming necessary.

Nordex B.V., Rotterdam, Netherlands has undertaken towards Nordex Italia Srl, Borgo San Lorenzo, Italy (a non-consolidated affiliated company) until December 31, 2005 to supply the latter company with the funds which it requires to settle its financial obligations at all times.

Leases

Lease payments of EUR 0.414 million (previous year: EUR 1.572 million) were made in the stub fiscal year. These were almost exclusively for leased passenger vehicles.

Other financial obligations

Other financial obligations relate to operating lease and rental obligations of EUR 9.316 million (previous year: EUR 9.020 million) with the following terms:

Fiscal year	Maturity < 1 year EUR '000	Maturity 1–5 years EUR '000	Maturity > 5 years EUR '000
Dec. 31, 2004	2,291	5,518	1,507
Sept. 30, 2004	2,309	4,355	2,356

The operating lease and rental obligations primarily relate to leased motor vehicles.

Hedging policy and financial derivatives

As an enterprise acting on an international level, Nordex AG is exposed to financial risks in its operating business and financial transactions. These are particularly risks arising from exchange-rate fluctuations. In some cases, derivative financial instruments are used to limit these risks. It is not permissible for such instruments to be held for speculation purposes. These transactions are executed on a central basis by the parent company.

All of the Nordex Group's counterparties in contracts for derivative financial instruments are domestic and foreign banks with investment-grade ratings. 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 a strict separation of trading, back-office and supervisory functions.

The Company has issued loans and accepted liabilities at fixed contractual interest rates. The Group does not use separate instruments for managing interest risks.

Default risks or the risk of counterparties not complying with their payment obligations are hedged as a matter of principle ahead of acceptance of the order by means of a standardized approval procedure. In particular, the order is not accepted unless the project finance is guaranteed by a bank. In addition, the contracts provide for payment to be made upon certain milestones being reached.

The Group's exposure to default risks equals the entire value of its receivables less advance payments received.

IFRS consolidated earnings per share

Earnings per share (EPS) are calculated by taking the quotient of the consolidated net earnings and the weighted average number of shares outstanding in the fiscal year. There were no shares outstanding capable of diluting earnings per share either on September 30, 2004 or on December 31, 2004.

	Stub fiscal year	2003/2004
Consolidated net loss for the year	**EUR –7,712 mn**	**EUR –33,457 mn**
Weighted average number of shares	**52,050,000**	**52,050,000**
Net income/loss per share	**EUR –0.15**	**EUR –0.64**

Notes on related parties

Until April 1, 2001, the Nordex Group was a legal and administrative part of Borsig Energy GmbH, Oberhausen, and consolidated in the BDAG Balcke-Dürr AG Group, Ratingen. The parent company was Babcock Borsig AG, Oberhausen. Nordvest A/S, Give, Denmark held a share Nordex Energy GmbH. Both companies ceased to exert a significant influence on the date of the stock-market flotation on April 2, 2001.

Of the aforementioned companies, only Nordvest A/S held a share of 7 % in Nordex as at December 31, 2004 and no longer exerts any significant influence. Carsten Pedersen, COO Sales and Marketing, also holds a share in Nordvest A/S. Since the Babcock companies filed for insolvency, trade relations are now largely confined to Babcock-Giesserei GmbH, which has not filed for insolvency.

In three cases, members of Nordex AG's Supervisory Board hold positions on the boards of the Company's business partners or maintain business relations with other producers of wind turbines. However, there is no evidence of any conflict of interests.

The details are as follows:
Flemming Pedersen, a member of Nordex AG's Supervisory Board, simultaneously holds an office on the supervisory board of tower supplier Welcon, from whom the Nordex Group purchases some of its towers. The purchasing relations with Welcon A/S strictly comply with arms-length requirements. Orders are placed only after intensive comparisons of prices and services. As Welcon A/S is one of the most efficient producers of towers in Northern Europe, it has been one of the Nordex Group's suppliers for many years.

Secondly, HSH Nordbank AG offers Nordex AG credit facilities. Hans Berger, a member of that bank's management board, is also a member of Nordex AG's Supervisory Board. Mr. Berger is not directly responsible for business relations with Nordex and therefore does not exert any direct influence.

In addition, foundry company G. Siempelkamp Giesserei supplies the Nordex Group as well as other producers with cast parts for wind turbines. In his capacity as the spokesman of the management board of G. Siempelkamp Holding, Dr. Hans Fechner, who is a member of Nordex AG's Supervisory Board, is not involved in the former company's operative decisions and does not exert any specific influence on these business relations.

Transactions with related parties as at December 31, 2004

Related person	Company	Type of transaction	Value in stub fiscal year '000 EURO
Flemming Pedersen	Welcon A/S	Supplier of towers	2,742
Dr. Hans Fechner	G.Siempelkamp GmbH&Co.	Supplier of cast parts	692

There were order obligations valued at EUR 1.336 million towards Welcon A/S as at December 31, 2004. There were no other order obligations as of the balance sheet date.

Events after the balance sheet date

The annual financial statements will be released for publication on March 23, 2005.

Any events occurring after the balance sheet date caused by economic factors arising prior to December 31, 2004 are included in the consolidated financial statements as of December 31, 2004.

Corporate Governance Code declaration pursuant to §161 of the Joint Stock Companies Act

The declaration stipulated by Section 161 of the Joint Stock Companies Act was issued in 2004 and made available to the shareholders.

Nordex AG Management Board and Supervisory Board

The Supervisory Board comprised the following members in the stub fiscal year:

Jens-Peter Schmitt
(member of the Supervisory Board since January 26, 2005 (appointed by the court), Chairman of the Supervisory Board since February 21, 2005)
Attorney
Chairman of the supervisory board of Aquasystems d.o.o.

Dr. Eberhard Freiherr von Perfall
(Chairman of the Supervisory Board until his resignation on January 14, 2005)
Attorney at law specializing in tax law, Lovells law firm
Stadtwerke Düsseldorf (member of the supervisory board)

Dr. Hans Fechner
(Deputy Chairman of the Supervisory Board since February 27, 2004)
Managing director of G. Siempelkamp GmbH & Co. KG
Spokesman for the management of Siempelkamp Maschinen- und Anlagenbau GmbH & Co. KG
Siempelkamp Handling Systeme GmbH (Chairman of the Administrative Board)
ATR Industrie-Elektronik GmbH & Co. KG (Chairman of the Administrative Board)

Ferrocontrol Steuerungssysteme GmbH & Co. (Member of the Administrative Board)
W. Strothmann GmbH (Member of the Administrative Board)
RW TÜV Essen (Member of the Administrative Board)
MCG Management Consulting St. Gallen (Member of the Administrative Board)

Hans Berger
Stv. Chairman of the Vorstands der HSH Nordbank AG
DekaBank Deutsche Girozentrale (Member of the Administrative Board)
eBanking Services Nord GmbH (Chairman of the Supervisory Board)
FinanzIT GmbH (Member of the Supervisory Board)
HSH Nordbank International S.A. (Member of the Administrative Board)
schleswig-holstein.de Beteiligungs GmbH & Co. KG (Chairman of the Supervisory Board)
SIZ Informatik-Zentrum der Sparkassenorganisation GmbH (Deputy Chairman of the Supervisory Board
S-NetLine GmbH (Chairman of the Supervisory Board)
S-Online Schleswig-Holstein GbR – in Auflösung (Chairman of the Supervisory Board)

Dr. Gerd Jäger
Member of the Management board of RWE Power AG
Spokesman for the Management Board of Harpen AG
RADAG Rheinkraftwerk Albbruck-Dogern AG (Chairman of the Supervisory Board)
Kernkraftwerk Grundremmingen GmbH (Chairman of the Supervisory Board)
Schluchseewerke AG (Deputy Chairman of the Supervisory Board
STEAG AG (Member of the Supervisory Board)
DWK Deutsche Gesellschaft für Wiederaufbereitung von Kernbrennstoffen AG & Co. oHG (Chairman of the Administrative Board)
GNS-Gesellschaft für Nuklear-Service mbH (stv. Chairman of the Supervisory Board
KELAG-Kärntner Elektrizitäts-Aktiengesellschaft (Member of the Supervisory Board)
KEH-Kärntner Energieholding Beteiligungs GmbH (Member of the Supervisory Board)
SEO-Société Electricique l´Our S.A. (Member of the Administrative Board)
URENCO Ltd. (Board of Directors)
RE GmbH (Chairman of the Administrative Board)

Flemming Pedersen
Direktor BBK Holding ApS (and Member of the Supervisory Board)
Direktor FP Product A/S (and Member of the Supervisory Board)
Brande Investerings- og Finanzierungsselskab (Member of the Supervisory Board)
Brande Handel A/S (Member of the Supervisory Board)
Brande Stal A/S (Member of the Supervisory Board)
Nordvest A/S (Member of the Supervisory Board)
Welcon A/S (Member of the Supervisory Board)

Bernd Sattig
Self-employed management consultant
Search Partners AG (Chairman of the Supervisory Board)
Mohr Präzisionsteile GmbH (stv. Chairman of the Administrative Board)

The members of the Management Board in the stub fiscal year from October 1 until December 31, 2004 were:

Thomas Richterich, Kamp-Lintfort (Spokesman for the Management Board, finance and controlling)
Carsten Risvig Pedersen, Hamburg (COO Sales and Marketing)
Hansjörg Müller, Munich (Member of the Management Board, operations)

The members of the Management Board and the Supervisory Board held the following stocks and stock options in the stub fiscal year:

	Stocks	Stock options
Carsten Pedersen, COO Sales and Marketing	**10,000 and a further 3.75 million through a 50 % holding in Nordvest A/S**	**166,667**

Remuneration paid to the members of the Supervisory Board and Management Board of Nordex AG

	Stub fiscal year EUR	2003/2004 EUR
Supervisory Board	**28,125.00**	**71,150.00**
Management Board	**289,094.00**	**820,320.00**

Benefits / pension provisions for former members of the Management Board

Pension provisions of EUR 0.158 million (previous year: EUR 0.327 million) had been set aside as of December 31, 2004 to cover entitlement vesting to two former members of the Management Board.

In addition, the following stock option program has been installed:
At their meeting on February 21, 2001, the shareholders authorized the Management Board to grant subscription rights for a total of 3.4 million shares to employees of the Nordex Group (non-transferable, void upon departure from the Nordex Group). Contingent capital of a nominal EUR 3,400,000 has been set aside to cover the subscription rights. On this basis, the Management Board decided on March 8, 2001 to implement a stock-option program available to all Nordex employees as part of the stock-market flotation. One third each of the subscription prices may be exercised as of March 1, 2003, 2004 and 2005 respectively on the day after the annual general meeting or on the day after the third-quarter report is published. The subscription price equals EUR 11.25 (equivalent to 125 % of the issue price fixed for Nordex AG stock on its first day of trading in 2001). Shares issued upon the exercise of the subscription rights are dividend-entitled for the first time in the year in which the option exercise takes effect. To date, no Nordex staff have exercised any subscription rights, meaning that IFRS 2 does not apply.

Rostock, February 2005

T. Richterich
Management Board

C. Pedersen
Management Board

Dr. H.-J. Müller
Management Board

Shareholdings as of December 31, 2004	Currency	Share in capital %	Profit/loss 10/1/–12/31/2004
Consolidated affiliated companies (Figures taken from IAS accounts)			
Nordex AG, Rostock (parent company)	EUR	–	- 6,970,148.83
Nordex Energy B. V., Rotterdam, Netherlands	EUR	100	- 11,375.80
Nordex Grundstücksverwaltung GmbH, Norderstedt, Germany*)	EUR	100	0.00
Nordex Energy GmbH, Norderstedt, Germany*)	EUR	100	1,363,555.24
Nordex UK Ltd., Didsbury, United Kingdom	GBP	100	- 146,514.00
Nordex USA Inc., Arlington, United States	USD	100	- 283,576.10
Nordex France SAS, La Plaine Saint-Denis, France	EUR	100	- 1,823,132.08
Nordex Ibérica S. A., Barcelona, Spain	EUR	100	- 108,616.61
Non-consolidated affiliated companeis (Figures taken from commercial accounts)			
Nordex Windpark Verwaltung GmbH, Norderstedt, Germany***)	EUR	100	- 1,681.55
n@tcon 7 GmbH, Norderstedt, Germany	EUR	75	- 108,663.56
Nordex Windpark Beteiligungs GmbH, Norderstedt, Germany	EUR	100	- 756.99
Parc Éolien d`Auneau SAS, Paris, France****)	EUR	100	- 3,812.06
Parc Éolien de Blancfossé SAS, Paris, France****)	EUR	100	- 2,079.31
Parc Èolien de Breteuil SAS, Paris, France****)	EUR	100	- 4,857.74
Parc Éolien de Domainville SAS, Paris, France****)	EUR	100	- 2,071.44
Parc Éolien de Feuquières SAS,Paris, France****)	EUR	100	- 2,080.84
Parc Éolien de Hétomesnil SAS, Paris, France****)	EUR	100	- 5,052.78
Parc Éolien de la Garenne SAS, Paris, France****)	EUR	100	- 1,813.70
Parc Éolien de la Soulaye SAS, Paris, France****)	EUR	100	- 2,054.77
Parc Éolien de Lihus SAS, Paris, France****)	EUR	100	- 3,558.42
Parc Éolien de Noyers de St. Martin SAS, Paris, France****)	EUR	100	- 3,594.13
Parc Éolien des Bornes de Cerqueux SAS, Paris, France****)	EUR	100	- 2,485.98
Parc Éolien des Trois Muids SAS, Paris, France****)	EUR	100	- 3,199.61
Parc Éolien du Sainbois SAS, Paris, France****)	EUR	100	- 2,920.72
Parc Éolien du Bois Bigot SAS, Paris, France****)	EUR	100	- 7,263.79
Parc Éolien du Bois de l' Arche SAS, Paris, France****)	EUR	100	- 6,754.95
Nordex Italia Srl., Borgo San Lorenzo, Italy	EUR	100	- 21,622.00
NPV Windpark Reinsfeld GmbH & Co. KG, Norderstedt, Germany**/***)	EUR	100	- 1,458.04
NPV Erste Windpark GmbH & Co. KG, Norderstedt, Germany**/***)	EUR	100	- 1,426.55
NPV Zweite Windpark GmbH & Co. KG, Norderstedt, Germany**/***)	EUR	100	- 1,865.55
NPV Dritte Windpark GmbH & Co. KG, Norderstedt, Germany**/***)	EUR	100	- 1,417.70
Sechste Windpark Support GmbH & Co. KG, Osnabrück, Germany**/***)	EUR	100	- 771.76
Nordex Hellas Monoprosopi EPE, Kifissia, Greece	EUR	100	87,545.90
Nordex Energy Equipment Services Co. Ltd., Pudong, Shanghai	CNY	100	963,165.53
Nordex (Baoding) Wind Power Co. Ltd., Baoding, China (in incorporation)**)	CNY	100	–
Qingdao Huawei Wind Power Co. Ltd., Qingdao, China**)	CNY	67	- 5,561,693.31
Arroyal Energia, S. L., Barcelona, Spain**)	EUR	89	0.00
Renovapáramo, S. L., Barcelona, Spain**)	EUR	90	0.00
El Páramo Parque Eólico, S. L., Barcelona, Spain**)	EUR	89	- 259.45
Generación Eólica el Páramo, S. L., Barcelona, Spain**)	EUR	90	- 155.67
La Lora II Energia, S. L., Barcelona**)	EUR	89	- 366.05
Zefiro Eólica, S. L., Barcelona, Spain**)	EUR	90	- 297.06
Eurus Eólica, S. L., Barcelona, Spain**)	EUR	90	- 393.95
La Lora I Parque Eólico, S. L., Barcelona, Spain**)	EUR	89	- 366.05
Equity interests (not consolidated) (Figures derived from commercial accounts)			
Atria Grundstücksverwaltungsgesellschaft GmbH & Co. Objekt Rostock KG ((limited partnership holding)*****)	EUR	94	- 116,136.66
Xi`an Nordex Wind Turbine Co. Ltd., Xian, China**)	CNY	40	- 3,902,232.37
Catalana D´Energies Renovables, S. L., Reus, Spain**)	EUR	33	- 37.81
Moulins à Vent de Fitou S. A. Paris, France*****)	EUR	20	76,000.00

*) Profit transfer agreement, net profit/loss after profit transfer/loss absorption in accordance with local laws
**) Fiscal year from Jan. 1, 2004 until Dec. 31, 2004
***) Provisional financial statements as of Dec. 31, 2004
****) Companies established in 2003/2004, provisional financial statements as of Dec. 31, 2004
*****) Annual financial statements as of Dec. 31, 2003 (fiscal year from Jan. 1, 2003 until Dec. 31, 2003)

Equity 12/31/2004	Total assets 12/31/2004	Liabilities 12/31/2004	Sales 10/1/–12/31/2004	Share held via
3,523,931.60	48,612,430.78	45,088,499.18	2,374,016.05	–
-64,436.29	3,453,111.84	3,517,548.13	0.00	Nordex AG
52,000.00	5,282,477.12	5,230,477.12	90,684.89	Nordex AG
16,835,845.08	151,370,192.42	134,534,347.34	57,443,998.68	Nordex AG
-364,939.00	1,210,129.00	1,575,068.00	88,069.00	Nordex Energy B. V.
-5,213,855.00	4,662,140.00	9,875,995.00	76,555.04	Nordex Energy B. V.
-5,790,415.96	5,721,471.97	11,511,887.93	1,103,173.26	Nordex Energy B. V.
-1,439,518.52	10,837,634.47	12,277,152.99	195,798.80	Nordex Energy B. V.
20,737.40	22,137.40	1,400.00	0.00	Nordex AG
126,549.88	548,716.65	422,166.77	128,845.66	Nordex AG
17,033.89	1,690,406.80	1,673,372.91	0.00	Nordex AG
14,687.94	139,362.74	124,674.80	0.00	Nordex Windpark Beteiligungs GmbH
16,420.69	16,420.69	0.00	0.00	Nordex Windpark Beteiligungs GmbH
13,642.26	69,997.25	56,354.99	0.00	Nordex Windpark Beteiligungs GmbH
16,428.56	16,428.56	0.00	0.00	Nordex Windpark Beteiligungs GmbH
16,419.16	16,419.16	0.00	0.00	Nordex Windpark Beteiligungs GmbH
13,447.22	108,269.23	94,822.01	0.00	Nordex Windpark Beteiligungs GmbH
16,686.30	81,860.14	65,173.84	0.00	Nordex Windpark Beteiligungs GmbH
16,445.23	32,713.31	16,268.08	0.00	Nordex Windpark Beteiligungs GmbH
14,941.58	105,086.18	90,144.60	0.00	Nordex Windpark Beteiligungs GmbH
14,905.87	102,623.96	87,718.09	0.00	Nordex Windpark Beteiligungs GmbH
16,014.02	73,674.78	57,660.76	0.00	Nordex Windpark Beteiligungs GmbH
15,300.39	123,784.93	108,484.52	0.00	Nordex Windpark Beteiligungs GmbH
15,579.28	78,742.36	63,163.08	0.00	Nordex Windpark Beteiligungs GmbH
11,236.21	345,011.90	333,775.69	0.00	Nordex Windpark Beteiligungs GmbH
11,745.05	225,638.37	213,893.32	0.00	Nordex Windpark Beteiligungs GmbH
-263,914.00	45,480.00	309,394.00	0.00	Nordex Energy B. V.
47,513.28	48,913.28	1,400.00	0.00	Nordex Grundstücksverwaltung GmbH
47,287.94	48,840.94	1,553.00	0.00	Nordex Grundstücksverwaltung GmbH
46,881.39	49,440.10	2,558.00	0.00	Nordex Grundstücksverwaltung GmbH
47,343.90	48,896.90	1,553.00	0.00	Nordex Grundstücksverwaltung GmbH
-1,604.23	2,311.29	2,311.29	0.00	Nordex Grundstücksverwaltung GmbH
-2,839,839.81	732,539.12	3,572,378.93	759,713.29	Nordex Energy GmbH
4,524,837.60	7,758,226.42	3,233,388.82	1,155,716.86	Nordex Energy GmbH
–	–	–	–	Nordex Energy GmbH
46,939,873.89	136,453.470,78	89,513,596.89	12,883,698.85	Nordex Energy GmbH
1,831.78	19,328.23	17,496.45	0.00	Nordex Energy Ibérica S. A.
1,684.74	4,632.01	2,947.27	0.00	Nordex Energy Ibérica S. A.
2,133.51	19,931.42	17,797.91	0.00	Nordex Energy Ibérica S. A.
1,690.84	4,638.37	2,947.53	0.00	Nordex Energy Ibérica S. A.
1,911.96	19,760.60	17,848.64	0.00	Nordex Energy Ibérica S. A.
1,755.03	4,702.56	2,947.53	0.00	Nordex Energy Ibérica S. A.
1,849.98	4,797.51	2,947.53	0.00	Nordex Energy Ibérica S. A.
1,911.96	20,258.89	18,346.93	0.00	Nordex Energy Ibérica S. A.
-243,139.39	8,419,700.42	4,686,397.03	545,682.47	Nordex Energy GmbH
9,463,604.09	23,221,734.98	13,758,130.89	42,573,639.35	Nordex Energy GmbH
68,733.90	552,578.25	483,844.35	0.00	Nordex Energy Ibérica S. A.
2,111,000.00	3,334,000.00	1,223,000.00	1,947,000.00	Nordex France SAS

Auditor's report

We have audited the consolidated financial statements compiled by Nordex Aktiengesellschaft comprising the balance sheet, income statement, cash flow statement, statement of equity movements and notes for the stub fiscal year commencing October 1, 2004 and ending on December 31, 2004. The Company's Management Board is responsible for compiling the consolidated financial statements and for their contents. Our duty is to assess on the basis of the audit which we conduct whether the consolidated financial statements comply with the International Financial Reporting Standards (IFRS).

We conducted our audit of the annual financial statements in accordance with German auditing rules and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of any material misstatement. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures The audit includes examining, on a random-sample basis, evidence supporting the amounts and disclosures in the consolidated financial statements. It also entails assessing the accounting principles used and significant estimates made by the authorized representatives, as well as evaluating the overall presentation of the consolidated balance sheet. We believe that our audits provide a reasonable basis for the opinion expressed above.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position, earnings and payment flows of the Group in the year under review in accordance with IFRS.

Our audit, which covered the combined management report prepared by the Management Board for the Group and the Parent Company for the stub fiscal year from October 1 until December 31, 2004, did not lead to any objections. All in all, we are satisfied that the Group management report provides a correct depiction of the company's condition and appropriately describes the risks to its future development. In addition, we confirm that the consolidated financial statements and the Group management report comply with the conditions for exemption for the Company from the duty to compile consolidated financial statements pursuant to German law.

Without restricting this qualification, we refer to the comments made in the management report. Under the sections entitled "Assets and financial condition", "Liquidity situation", "Recapitalization concept" and "Risks to the Company's status as a going concern", the management report states, among other things, that the continued existence of Nordex Aktiengesellschaft and the Nordex Group is contingent upon the implementation of the recapitalization concept described on account of the tight liquidity and asset situation and the resultant risks to future business development.

In connection with this recapitalization concept, the Management Board of Nordex Aktiengesellschaft has entered into contracts with various investors and financing banks for capital interests and the medium-term financing of the Nordex Group. The legal validity of these contracts is still subject to certain conditions being met, the fulfillment of which the Company cannot for the most part influence directly. The Management Board assumes that the recapitalization plan will be completed successfully. The capital reduction and the resultant capital increases related to the recapitalization plans were approved by the shareholders at the annual general meeting on February 21, 2005. It should be noted that as of the date of this report the period for lodging objections to resolutions passed at the annual general meeting had not yet expired.

Without restricting this assessment, we also wish to state that contrary to IAS 1 exceptionals are shown separately in the income statement. These exceptionals are not included in the calculation of selected ratios in the management report.

Düsseldorf, February 23, 2005

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft

Beyer	Gerrads
Auditor	Auditor

Financial Statements of Nordex AG
for the stub fiscal year
from October 1, 2004 until December 31, 2004.

Balance sheet for Nordex AG

Annual financial statements for the stub fiscal year from October 1, 2004 until December 31, 2004

Assets	12/31/2004 EUR	9/30/2004 EUR
A. Non-current assets		
I. Intangible assets		
Concessions, industrial property rights and similar rights and assets	78,165.03	68,349.59
II. Property, plant and equipment		
Other equipment, operating and business equipment	208,323.44	217,565.39
III. Financial assets		
Shares in affiliated companies	32,481,929.01	32,431,929.01
	32,768,417.48	32,717,843.99
B. Current assets		
I. Receivables and other assets		
1. Receivables from affiliated companies	7,498,413.33	26,985,505.99
2. Other assets	2,227,207.61	4,911,913.54
	9,725,620.94	31,897,419.53
II. Cash in hand, bank balances	5,926,893.34	568,716.03
	15,652,514.28	32,466,135.56
C. Prepaid expenses	166,786.62	83,434.25
	48,587,718.38	65,267,413.80

Liabilities and shareholders' equity		
	12/31/2004	9/30/2004
	EUR	EUR
A. Shareholders' equity		
I. Issued share capital	52,050,000.00	52,050,000.00
II. Share premium account	147,577,668.01	147,577,668.01
III. Accumulated deficit	- 196,066,667.81	- 189,018,447.58
	3,561,000.20	10,609,220.43
B. Provisions		
1. Provisions for pensions and similar obligations	96,662.00	134,731.00
2. Tax provisions	1,870,828.00	1,870,828.00
3. Other provisions	774,562.50	1,728,160.00
	2,742,052.50	3,733,719.00
C. Liabilities		
1. Liabilities to banks	37,502,273.05	48,847,608.29
2. Trade payables	2,489,079.54	1,762,722.52
3. Liabilities to affiliated companies	2,015,229.44	52,572.42
4. Other liabilities	278,083.65	261,571.14
- of which tax	165,873.46	76,895.40
- of which for social security	70,369.59	47,815.60
	42,284,665.68	50,924,474.37
	48,587,718.38	65,267,413.80

Income statement

commencing October 1, 2004 and ending December 31, 2004

	10/1/–12/31/04	10/1/03–9/30/04
	EUR	EUR
1. Sales	2,374,016.05	7,505,310.53
2. Other operating income	108,170.30	695,467.15
3. Personnel costs		
a.) Wages and salaries	- 879,831.02	- 2,985,026.01
b.) Social security and pension and support expenses	- 140,559.46	- 320,463.51
- of which pensions	23,519.78	7,380.69
4. Amortization/depreciation charges on intangible assets and property, plant and equipment	- 26,759.30	- 95,403.56
5. Other operating expenses	- 2,934,285.80	- 8,363,448.37
6. Income from profit transfer agreements	555,323.84	5,244,583.21
7. Other interest and similar income	28,034.20	95.52
- of which from affiliated companies	6,484.97	0.00
8. Depreciation on financial assets	- 725,000.00	- 5,198,177.07
9. Extraordinary expenditure	- 4,640,266.04	- 21,585,698.15
10. Interest and similar expenses	- 846,399.42	- 3,342,035.04
11. Earnings from ordinary activity	- 7,127,556.65	- 28,444,795.30
12. Income taxes refunds	79,678.42	69,962.00
13. Other taxes	- 342.00	- 641.631,54
14, Net loss for the fiscal year	- 7,048,220.23	- 29,016,464.84
15. Loss/profit carried forward	-189,018,447.58	-160,001,982.74
16. Accumulated deficit	-196,066,667.81	-189,018,447.58

Annual financial statements for the stub fiscal year
from October 1, 2004 until December 31, 2004

	Gross value			
	Acquisition/ production costs 10/1/2004 EUR	Additions EUR	Abgänge EUR	Acquisition/ production costs 12/31/2004 EUR
Intangible assets				
Concessions, industrial property rights and similar rights and assets	170,443.24	17,321.32	0.00	187,764.56
	170,443.24	17,321.32	0.00	187,764.56
Property, plant and equipment				
Other equipment, operating and business equipment	374,421.96	10,011.47	0.00	384,433.43
	374,421.96	10,011.47	0.00	384,433.43
Financial assets				
Shares in affiliated companies	37,630,106.08	775,000.00	0.00	38,405,106.08
	37,630,106.08	775,000.00	0.00	38,405,106.08
	38,174,971.28	802,332.79	0.00	38,977,304.07

	Depreciation/amortization				net value	
	Depreciation/ amortization 10/1/2004 EUR	Additions EUR	Disposals EUR	Depreciation amortization 12/31/2004 EUR	Book value 12/31/2004 EUR	Book value 9/30/2004 EUR
	102,093.65	7,505.88	0.00	109,599.53	78,165.03	68,349.59
	102,093.65	7,505.88	0.00	109,599.53	78,165.03	68,349.59
	156,856.57	19,253.42	0.00	176,109.99	208,323.44	217,565.39
	156,856.57	19,253.42	0.00	176,109.99	208,323.44	217,565.39
	5,198,177.07	725,000.00	0.00	5,923,177.07	32,481,929.01	32,431,929.01
	5,198,177.07	725,000.00	0.00	5,923,177.07	32,481,929.01	32,431,929.01
	5,457,127.29	751,759.30	0.00	6,208,886.59	32,768,417.48	32,717,843.99

Notes on the financial statements of Nordex AG commencing October 1, 2004 and ending December 31, 2004.

I. General notes on the annual financial statements

The annual financial statements of Nordex Aktiengesellschaft for the stub fiscal year commencing October 1, 2004 and ending December 31, 2004 were compiled in accordance with the provisions of the German Commercial Code for large companies and the relevant provisions of the Joint Stock Companies Act. The previous year's figures set out in the balance sheet and the income statement have not been changed.

The income statement has been compiled using the cost of production method.

Nordex AG's annual financial statements for the stub fiscal year commencing October 1, 2004 and ending December 31, 2004 have been lodged with the commercial register of Rostock under HRB 8790.

At the shareholders' general meeting on May 12, 2004, a resolution was passed to convert the Company's fiscal year (previously October 1 until September 30 of the following year) to the calendar year. A stub fiscal year has been inserted for the period from October 1, 2004 until December 31, 2004. Notice of the conversion of the fiscal year was filed with the companies register (Rostock, HRB 8790) on November 23, 2004. For this reason, the previous year's figures (fiscal 2003/2004) in the income statement are not fully comparable to those for the stub fiscal year.

II. Accounting and valuation methods

Intangible assets
Intangible assets acquired for valuable consideration are carried at their cost of acquisition less straight-line amortization covering a likely life expectancy of three to five years.

Property, plant and equipment
Property, plant and equipment are carried at their cost of acquisition including ancillary acquisition costs. They are written down on a straight-line basis over their usual life expectancy. Minor-value assets (under EUR 410.00) are written off in full in their year of acquisition and carried as disposals.

Financial assets
Financial assets are shown at their cost of acquisition. Non-scheduled depreciation charges are taken in the event of any protracted impairment.

Receivables and other assets

Receivables and other assets as well as bank balances are shown at their nominal value. Reasonable adjustments are made for discernible individual risks.

Provisions and liabilities

Pension provisions are calculated in accordance with Section 6 a of the Income Tax Act. Other provisions have been set aside for all risks and contingent liabilities discernible on the day on which the balance sheet was compiled up to an amount considered reasonable in the light of sound commercial judgment.

Liabilities are shown at their redemption value.

Currency conversion

Foreign-currency amounts are converted using the lower exchange rate prevailing on the balance-sheet date. Foreign-currency receivables and liabilities are placed on the books on the date on which they arise subject to any losses as a result of exchange-rate changes.

III. Notes on the balance sheet

(1) Intangible assets and property, plant and equipment

The structure of and movements in assets as well as cumulative depreciation/amortization are set out in the statement of asset movements, which is attached as Appendix A. Intangible assets comprise software programs and licenses. The item "Other Operating and Business Equipment" primarily relates to office equipment.

(2) Shares in affiliated companies

This includes the following direct affiliated companies:

	Book value 12/31/2004
	EUR '000
Nordex Energy GmbH, Norderstedt	31,632
natcon7 GmbH, Norderstedt	750
Nordex Grundstücksverwaltung GmbH, Norderstedt	25
Nordex Windpark Verwaltung GmbH, Norderstedt	25
Nordex Windpark Beteiligung GmbH, Norderstedt	25
Nordex Energy B. V., Rotterdam	25
	32,482

Pursuant to a contracted dated October 26, 2004, the shares in Nordex Windpark Verwaltung GmbH (100 %) and the shares in natcon7 GmbH (75 %) were acquired by Nordex Grundstücksverwaltung GmbH.

(3) Receivables and other assets

As in the previous year, receivables and other assets have a residual term of less than one year.

Receivables from affiliated companies primarily relate to clearing accounts via which all the companies of the Nordex Group receive the required liquidity.

(4) Bank balances

On the balance sheet date, liquid funds comprise primarily bank balances.

(5) Shareholders' equity

On the balance sheet date, issued shared capital stood at EUR 52,050,000 divided into a total of 52,050,000 no-par-value shares. As of the balance sheet date, Nordex Aktiengesellschaft has authorized capital of EUR 26.025 million (unchanged).

Shareholders' equity breaks down as follows:

Issued share capital	EUR '000
Value on October 1, 2004	52,050
Changes in stub fiscal year	
from October 1 until December 31, 2004	0
	52,050
Share premium account	
Value on October 1, 2004	147,578
Changes in stub fiscal year	
from October 1 until December 31, 2004	0
	147,578
Accumulated deficit	
Loss carried forward	-189,019
Net profit/loss for stub fiscal year	
from October 1 until December 31, 2004	-7,048
	-196,067
Shareholders' equity on December 31, 2004	3,561

In April 2002, WestLB AG, Düsseldorf informed the Company that it held 29.8% of the voting rights of Nordex Aktiengesellschaft as at April 1, 2002. Landesbank Nordrhein-Westfalen, Düsseldorf notified the Company on October 21, 2004 in accordance with Section 21 (1) Sentence 1 of the Securities Trading Act that the voting rights held by WestLB in our Company, which had been assigned to Landesbank Nordrhein-Westfalen pursuant to Section 22 (1) Sentence 1 of the Securities Trading Act were no longer assigned to it.

Nordvest A/S, Denmark notified the Company in May 2004 pursuant to Section 41 (2) Sentence 1 of the Securities Trading Act that it holds 7.0285 % of the voting rights as of April 1, 2002 and hence more than 5 % of the voting rights in Nordex Aktiengesellschaft. CJ Holding ApS, Denmark notified the Company pursuant to Sections 41 (2), Sentence 1 and 22 (1) No.1 of the Securities Trading Act that it holds 7.0285 % of the voting rights as of April 1, 2002 and hence more than 5 % of the voting rights in Nordex Aktiengesellschaft, which are assigned to it. Messrs. Carsten Pedersen and Jens Pedersen notified the Company pursuant to Sections 41 (2), Sentence 1 and 22 (1) No.1 of the Securities Trading Act that they hold 7.0285 % of the voting rights each as of April 1, 2002 and hence more than 5 % of the voting rights in Nordex Aktiengesellschaft, which are assigned to them in full.

Commerzbank AG, Frankfurt am Main notified the Company on October 7, 2004 pursuant to Section 21 (1) 24 of the Securities Trading Act that the share of voting rights held by Jupiter Asset Management Ltd., 1 Grosvenor Place, London SW1X 7JJ, United Kingdom, a member of the Commerzbank Group, dropped below the threshold of 5 % on October 4, 2004 and stood at 4.96 % on this date. The voting rights held by Jupiter Asset Management Ltd. are assigned to Commerzbank AG pursuant to Section 22 (1) Sentence 1 No. 6 of the Securities Trading Act. The voting rights held by Jupiter International Group Plc., 1 Grosvenor Place, London SW1X 7JJ, United Kingdom, Commerz Asset Management (UK) Plc, 1 Grosvenor Place, London SW1X 7JJ, United Kingdom, and Commerzbank AG, Kaiserstraße 16, 60311 Frankfurt am Main, also dropped below the 5 % threshold on October 4, 2004 and thereupon stood at 4.96 %. These voting rights are assigned to the aforementioned companies pursuant to Section 22 (1) Sentence 1 No. 6, Sentence 2 and 3 of the Securities Trading Act.

Deka Investment GmbH, Frankfurt am Main, notified the Company on October 7, 2004 pursuant to Section 21 (1) of the Securities Trading Act that as of April 5, 2002 the special assets which it manages included a share of 4.85 % of the voting rights in our Company, equivalent to 2,525,000 shares, meaning that it was below the threshold of 5 %. In this connection, 40,000 shares held as special assets are assigned to Deka Investment GmbH pursuant to Section 22 (1) No. 1 of the Securities Trading Act.

(6) Provisions

Other provisions primarily relate to personnel provisions for bonus payments and vacation (EUR 0.331 million) as well as interest on tax backpayments as a result of external tax audits.

(7) Liabilities

As in the previous year, the liabilities to banks of EUR 37.502 million (previous year: EUR 48.848 million) and other liabilities have a residual term of less than one year. The liabilities to banks are primarily due to six banks pursuant to the terms of a cash pool contract.

Collateral for liabilities

Nordex Aktiengesellschaft has entered into a collateral pool agreement with the banks providing the Nordex Group with guarantee facilities. The collateral furnished by Nordex Aktiengesellschaft and other members of the Nordex Group under this agreement for all liabilities to banks (EUR 37.502 million) comprises the global assignment of all trade receivables, the shares held, the assignment of account balances, licenses, expertise, utility models, patents and other industrial rights and insurance claims under guarantee and building insurance policies.

As in the previous year, the other liabilities have a residual term of less than one year.

Contingent liabilities and other financial obligations

Nordex Aktiengesellschaft holds contingent liabilities from the provision of collateral in favor of third parties for affiliated companies equaling EUR 107.143 million (previous year: EUR 120.362 million) as well as joint and several liability for the bank liabilities of affiliated companies of EUR 0.016 million (previous year: EUR 0.015 million).

Nordex Aktiengesellschaft has undertaken towards Nordex B.V., Rotterdam, Netherlands (an affiliated company) until December 31, 2005 to supply the latter company with the funds which it requires to settle its financial obligations at all times.

Nordex Aktiengesellschaft has assumed joint and several liability for the funds granted to Atria Grundstücksverwaltungsgesellschaft mbH & Co. KG Objekt Rostock KG, Wiesbaden (EUR 2.758 million) in the event of repayment becoming necessary.

As of the balance sheet date, total other financial obligations from rental and leasing contracts stood at EUR 1.727 million (previous year; EUR 1.845 million) and break down by year as follows:

2005	2006–2009	after 2009	Total
EUR '000 (previous year)	EUR '000 (previous year)	EUR '000 (previous year)	EUR '000 (previous year)
416	1,159	152	1,727
(432)	(1,064)	(349)	(1,845)

IV. Notes on the income statement

(1) Sales
Sales comprise solely group transfer payments. Of the group transfer payments, a sum of EUR 1.001 million (previous year: EUR 1.172 million) was charged to foreign subsidiaries.

(2) Other operating income
Other operating income primarily comprises income from the reversal of provisions.

(3) Personnel costs
Employee numbers at Nordex (excluding members of the Management Board) were as follows:

Fiscal year	Average	As at 12/31/2004
October 1 – December 31, 2004	48	50
2003/2004	32	36

The increase is due to the transfer of existing employment contracts for the employees of Nordex Energy GmbH to Nordex AG.

(4) Depreciation and amortization
The depreciation/amortization charges taken in the fiscal year are set out in the statement of asset movements.

(5) Other operating expenses
This primarily includes legal and consulting costs of EUR 1.764 million, insurance costs of EUR 0.317 million, general administrative expenses of EUR 0.424 million, rental and leasing payments of EUR 0.143 million as well as advertising expenses of EUR 0.132 million.

(6) Income from profit transfer agreements
Income from profit transfer agreements refers to the profit transferred by Nordex Grundstücksverwaltung GmbH (EUR 0.555 million) pursuant to the profit transfer agreement in force with that company.

(7) Other interest and similar income
In the stub fiscal year, other interest and similar income primarily comprises interest income on bank balances and interest income of EUR 0.006 million from affiliated companies.

(8) Depreciation on financial assets
This item refers to the charge of EUR 0.725 million taken on the book value of the share in Nordex Grundstücksverwaltung GmbH (affiliated company) following the sale of its main assets.

(9) Expenditure on loss absorption
Expenditure on loss absorption relates to the absorption of loss sustained by Nordex Energy GmbH (EUR 4.640 million) pursuant to the loss transfer agreement in force with that company.

(10) Interest and similar expenses
Interest expenses essentially comprise interest on current account overdrafts and term deposits as well as commission on guarantees.

(11) Income taxes

Of the income taxes shown, a sum of EUR 0.080 million concerns refunds in connection with the assessment notice for 2002 concerning corporate tax and the solidarity surcharge.

V. Other disclosures

(1) Shareholdings

The following lists sets out the investments directly held:

	Share in capital %	Equity on 12/31/2004 EUR	Profit/loss 10/1–12/31/2004 EUR
Nordex Energy GmbH, Norderstedt*	100	6,254,033.74	-4,640,266.04
Nordex Grundstücksverwaltung GmbH, Norderstedt*	100	52,000.00	555,323.84
Nordex Windpark Beteiligung GmbH, Norderstedt	100	17,033.89	-756.99
Nordex Energy B. V., Rotterdam	100	-64,436.29	-11,375.80
Nordex Windpark Verwaltung GmbH, Norderstedt	100	20,737.40	-1,681.55
natcon7 GmbH, Norderstedt	75	126,549.88	-108,663.56

*profit transfer agreement; net profit/loss before profit transfer, equity without net profit/loss.

In addition, a full list of shareholders is included in Appendix B.

(2) Corporate governance declaration

The declaration stipulated by Section 161 of the Joint Stock Companies Act has been issued and made available to the shareholders.

(3) Disclosures relating to Nordex Aktiengesellschaft's Management Board and Supervisory Board

The Supervisory Board comprised the following members in the stub fiscal year in 2004:

Jens-Peter Schmitt (member of the Supervisory Board since January 26, 2005 (appointed by the court), Chairman of the Supervisory Board since February 21, 2005)

Attorney
Chairman of the Supervisory Board of Aquasystems d.o.o.

Dr. Eberhard Freiherr von Perfall (Chairman of the Supervisory Board until his resignation on January 14, 2005)

Attorney at law specializing in tax law, Lovells law firm
Stadtwerke Düsseldorf (member of the supervisory board)

Dr. Hans Fechner (Deputy Chairman of the Supervisory Board since February 27, 2004)
Managing director of Siempelkamp GmbH & Co. KG
Spokesman for the management of Siempelkamp Maschinen- und Anlagenbau GmbH & Co. KG

Siempelkamp Handling Systeme GmbH (Chairman of the Administrative Board)
ATR Industrie-Elektronik GmbH & Co. KG (Chairman of the Administrative Board)
Ferrocontrol Steuerungssysteme GmbH & Co. (Member of the Administrative Board)
W. Strothmann GmbH (Member of the Administrative Board)
RW TÜV Essen (Member of the Administrative Board)
MCG Management Consulting St. Gallen (Member of the Administrative Board)

Hans Berger
Deputy Chairman of the Management Board of HSH Nordbank AG
DekaBank Deutsche Girozentrale (Member of the Administrative Board)
Deka Investment GmbH (Member of the Supervisory Board) until December 31, 2003
eBanking Services Nord GmbH (Chairman of the Supervisory Board)
FinanzIT GmbH (Member of the Supervisory Board)
HSH Nordbank International S.A. (Member of the Supervisory Board)
Plus Bank AG (Deputy Chairman of the Supervisory Board) until October 1, 2004
schleswig-holstein.de GmbH & Co. KG (Chairman of the Supervisory Board)
SIZ Informatik-Zentrum der Sparkassenorganisation GmbH (Deputy Chairman of the Supervisory Board)
S-NetLine GmbH (Chairman of the Supervisory Board)
S-Online Schleswig-Holstein GbR – in Auflösung (Chairman of the Supervisory Board)

Dr. Gerd Jäger
Member of the Management Board of RWE Power AG
Spokesman for the Management Board of Harpen AG
RADAG Rheinkraftwerk Albbruck-Dogern AG (Chairman of the Supervisory Board)
Kernkraftwerk Grundremmingen GmbH (Chairman of the Supervisory Board)
Schluchseewerke AG (Deputy Chairman of the Supervisory Board
STEAG AG (Member of the Supervisory Board)
DWK Deutsche Gesellschaft für Wiederaufbereitung von Kernbrennstoffen AG & Co. oHG (Chairman of the Administrative Board)
GNS-Gesellschaft für Nuklear-Service mbH (Deputy Chairman of the Supervisory Board)
KELAG-Kärntner Elektrizitäts-Aktiengesellschaft (Member of the Supervisory Board)
KEH-Kärntner Energieholding Beteiligungs GmbH (Member of the Supervisory Board)
SEO-Société Electricique l´Our S.A. (Member of the Administrative Board)
URENCO Ltd. (Board of directors)
RE GmbH (Chairman of the Administrative Board)

Flemming Pedersen
Director of BBK Holding ApS (and Member of the Supervisory Board)
Director of FP Product A/S (and Member of the Supervisory Board)
Brande Investerings- og Finanzierungsselskab (Member of the Supervisory Board)
Brande Handel A/S (Member of the Supervisory Board)
Brande Stal A/S (Member of the Supervisory Board)
Nordvest A/S (Member of the Supervisory Board)
Welcon A/S (Member of the Supervisory Board)

Bernd Sattig
Self-employed management consultant
Search Partners AG (Chairman of the Supervisory Board)
Mohr Präzisionsteile GmbH (Deputy Chairman of the Administrative Board)

The members of the Management Board in the stub fiscal year from October 1 until December 31, 2004 were:
Thomas Richterich, Kamp-Lintfort (Spokesman for the Management Board, finance and controlling),
Carsten Risvig Pedersen, Hamburg (COO Sales and Marketing)
Hansjörg Müller, Munich (Member of the Management Board, operations)

The members of the Management Board and the Supervisory Board held the following stocks and stock options in the stub fiscal year:

	Stocks	Stock options
Carsten Pedersen, COO Sales and Marketing	**10,000 and a further 3.75 mn through a 50 % holding in Nordvest A/S**	**166,667**

(4) Remuneration paid to the members of the Supervisory Board and Management Board of Nordex Aktiengesellschaft

	10/1– 12/31/2004 EUR	2003/2004 EUR
Supervisory Board	**28,125.00**	**71,150.00**
Management Board	**289,094.00**	**820,320.00**

In addition, the following stock option program has been installed:
At their meeting on September 21, 2001, the shareholders authorized the Management Board to grant subscription rights for a total of 3.4 million shares to employees of the Nordex Group. Accordingly, as part of the stock-market flotation, the Management Board implemented a stock-option program available to all Nordex employees. One third each of the subscription prices may be exercised as of March 1, 2003, 2004 and 2005 respectively on the day after the annual general meeting or on the day after the third-quarter report is published. The subscription price equals EUR 11.25.

(5) Benefits / pension provisions for former members of the Management Board

Pension provisions of EUR 0.097 million (previous year: EUR 0.135 million) had been set aside as of December 31, 2004 to cover entitlement vesting to former members of the Management Board.

(6) Utilization of Nordex Aktiengesellschaft's unappropriated surplus

Nordex Aktiengesellschaft's unappropriated surplus is to be carried forward.

Rostock, February 2005

T. Richterich	C. Pedersen	H. Müller
Management Board	Management Board	Management Board

Shareholdings as of December 31, 2004	Currency	Share in capital %
Consolidated affiliated companies		
Nordex AG, Rostock (parent company)	EUR	–
Nordex Energy B. V., Rotterdam, Netherlands	EUR	100
Nordex Grundstücksverwaltung GmbH, Norderstedt, Germany*)	EUR	100
Nordex Energy GmbH, Norderstedt, Germany*)	EUR	100
Nordex UK Ltd., Didsbury, United Kingdom	GBP	100
Nordex USA Inc., Arlington, United States	USD	100
Nordex France SAS, La Plaine Saint-Denis, France	EUR	100
Nordex Ibérica S. A., Barcelona, Spain	EUR	100
Non-consolidated affiliated companies		
Nordex Windpark Verwaltung GmbH, Norderstedt, Germany***)	EUR	100
n@tcon 7 GmbH, Norderstedt, Germany	EUR	75
Nordex Windpark Beteiligungs GmbH, Norderstedt, Germany	EUR	100
Parc Éolien d`Auneau SAS, Paris, France****)	EUR	100
Parc Éolien de Blancfossé SAS, Paris, France****)	EUR	100
Parc Èolien de Breteuil SAS, Paris, France****)	EUR	100
Parc Éolien de Domainville SAS, Paris, France****)	EUR	100
Parc Éolien de Feuquières SAS,Paris, France****)	EUR	100
Parc Éolien de Hétomesnil SAS, Paris, France****)	EUR	100
Parc Éolien de la Garenne SAS, Paris, France****)	EUR	100
Parc Éolien de la Soulaye SAS, Paris, France****)	EUR	100
Parc Éolien de Lihus SAS, Paris, France****)	EUR	100
Parc Éolien de Noyers de St. Martin SAS, Paris, France****)	EUR	100
Parc Éolien des Bornes de Cerqueux SAS, Paris, France****)	EUR	100
Parc Éolien des Trois Muids SAS, Paris, France****)	EUR	100
Parc Éolien du Sainbois SAS, Paris, France****)	EUR	100
Parc Éolien du Bois Bigot SAS, Paris, France****)	EUR	100
Parc Éolien du Bois de l' Arche SAS, Paris, France****)	EUR	100
Nordex Italia Srl., Borgo San Lorenzo, Italy	EUR	100
NPV Windpark Reinsfeld GmbH & Co. KG, Norderstedt, Germany**/***)	EUR	100
NPV Erste Windpark GmbH & Co. KG, Norderstedt, Germany**/***)	EUR	100
NPV Zweite Windpark GmbH & Co. KG, Norderstedt, Germany**/***)	EUR	100
NPV Dritte Windpark GmbH & Co. KG, Norderstedt, Germany**/***)	EUR	100
Sechste Windpark Support GmbH & Co. KG, Osnabrück, Germany**/***)	EUR	100
Nordex Hellas Monoprosopi EPE, Kifissia, Greece	EUR	100
Nordex Energy Equipment Services Co. Ltd., Pudong, Shanghai	CNY	100
Nordex (Baoding) Wind Power Co. Ltd., Baoding, China (in incorporation)	CNY	100
Qingdao Huawei Wind Power Co. Ltd., Qingdao, China**)	CNY	67
Arroyal Energia, S. L., Barcelona, Spain**)	EUR	89
Renovapáramo, S. L., Barcelona, Spain**)	EUR	90
El Páramo Parque Eólico, S. L., Barcelona, Spain**)	EUR	89
Generación Eólica el Páramo, S. L., Barcelona, Spain**)	EUR	90
La Lora II Energia, S. L., Barcelona**)	EUR	89
Zefiro Eólica, S. L., Barcelona, Spain**)	EUR	90
Eurus Eólica, S. L., Barcelona, Spain**)	EUR	90
La Lora I Parque Eólico, S. L., Barcelona, Spain**)	EUR	89
Equity interests (not consolidated)		
Atria Grundstücksverwaltungsgesellschaft GmbH & Co. Objekt Rostock KG (limited partnership holding)*****)	EUR	94
Xi`an Nordex Wind Turbine Co. Ltd., Xian, China**)	CNY	40
Catalana D´Energies Renovables, S. L., Reus, Spain**)	EUR	33
Moulins à Vent de Fitou S. A. Paris, France*****)	EUR	20

*) Profit transfer agreement, net profit/loss after profit transfer/loss absorption
**) Fiscal year from Jan. 1, 2004 until Dec. 31, 2004
***) Provisional financial statements as of Dec. 31, 2004
****) Companies incorporated in 2003/04, provisional financial statements as of Dec. 31, 2004
*****) Net financial statements as of Dec. 31, 2003 (fiscal year from Jan. 1, 2003 - Dec. 31, 2003)

Equity 12/31/2004	Net profit/loss 10/1–12/31/2004	Held via
3,561,000.20	- 7,048,220.23	–
- 64,436.29	- 11,375.80	Nordex AG
52,000.00	0.00	Nordex AG
6,254,033.74	0.00	Nordex AG
- 364,939.00	- 146,514.00	Nordex Energy B. V.
- 5,213,855.00	- 283,576.10	Nordex Energy B. V.
- 5,790,415.96	- 1.823,132.08	Nordex Energy B. V.
- 1,439,518.52	- 108,616.61	Nordex Energy B. V.
20,737.40	- 1,681.55	Nordex AG
126,549.88	- 108,663.56	Nordex AG
17,033.89	- 756.99	Nordex AG
14,687.94	- 3,812.06	Nordex Windpark Beteiligungs GmbH
16,420.69	- 2,079.31	Nordex Windpark Beteiligungs GmbH
13,642.26	- 4,857.74	Nordex Windpark Beteiligungs GmbH
16,428.56	- 2,071.44	Nordex Windpark Beteiligungs GmbH
16,419.16	- 2,080.84	Nordex Windpark Beteiligungs GmbH
13,447,22	- 5,052.78	Nordex Windpark Beteiligungs GmbH
16,686.30	- 1,813.70	Nordex Windpark Beteiligungs GmbH
16,445.23	- 2,054.77	Nordex Windpark Beteiligungs GmbH
14,941.58	- 3,558.42	Nordex Windpark Beteiligungs GmbH
14,905.87	- 3,594.13	Nordex Windpark Beteiligungs GmbH
16,014.02	- 2,485.98	Nordex Windpark Beteiligungs GmbH
15,300.39	- 3,199.61	Nordex Windpark Beteiligungs GmbH
15,579.28	- 2,920.72	Nordex Windpark Beteiligungs GmbH
11,236.21	- 7,263.79	Nordex Windpark Beteiligungs GmbH
11,745.05	- 6,754.95	Nordex Windpark Beteiligungs GmbH
- 263,914.00	- 21,622.00	Nordex Energy B. V.
47,513.28	- 1,458.04	Nordex Grundstücksverwaltung GmbH
47,287.94	- 1,426.55	Nordex Grundstücksverwaltung GmbH
46,881.39	- 1,865.55	Nordex Grundstücksverwaltung GmbH
47,343.90	- 1,417.70	Nordex Grundstücksverwaltung GmbH
- 1,604.23	- 771.76	Nordex Grundstücksverwaltung GmbH
- 2,839,839.81	87,545.90	Nordex Energy GmbH
4,524,837.60	963,165.53	Nordex Energy GmbH
–	–	Nordex Energy GmbH
46,939,873.89	- 5,561,693.31	Nordex Energy GmbH
1,831.78	0.00	Nordex Energy Ibérica S. A.
1,684.74	0.00	Nordex Energy Ibérica S. A.
2,133.51	- 259.45	Nordex Energy Ibérica S. A.
1,690.84	- 155.67	Nordex Energy Ibérica S. A.
1,911.96	- 366.05	Nordex Energy Ibérica S. A.
1,755.03	- 297.06	Nordex Energy Ibérica S. A.
1,849.98	- 393.95	Nordex Energy Ibérica S. A.
1,911.96	- 366.05	Nordex Energy Ibérica S. A.
- 243,139.39	- 116,136.66	Nordex Energy GmbH
9.463,604.09	- 3,902,232.37	Nordex Energy GmbH
68,733.90	- 37.81	Nordex Energy Ibérica S. A.
2,111,000.00	76,000.00	Nordex France SAS

Auditor’s report

We have audited the financial statements including the accounts and the management report of Nordex Aktiengesellschaft, Rostock, for the fiscal year commencing on October 1, 2004 and ending on December 31, 2004. The accounts, the financial statements and the management report, which were compiled according to German GAAP, are the responsibility of the Company’s legal representatives. Our responsibility is to express an opinion on the annual financial statements including the accounting system and management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 HGB and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that material misstatements affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German accounting principles are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and evaluations of possible misstatements are taken into account in the determination of audit procedures The effectiveness of the internal control system and the evidence supporting disclosures in the books and records as well as the annual financial statements are examined primarily on a random-sample basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audits provide a reasonable basis for the opinion expressed above.

Our audit has not led to any reservations.

In our opinion, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German accounting principles. All in all, the management report provides a correct depiction of the company’s condition and appropriately describes the risks to its future development.

Without restricting this qualification, we refer to the comments made in the management report. Under the sections entitled “Assets and financial condition”, “Liquidity situation”, “Recapitalization concept” and “Risks to the Company’s status as a going concern”, the management report states, among other things, that the continued existence of Nordex Aktiengesellschaft and the Nordex Group is contingent upon the implementation of the recapitalization concept described on account of the tight liquidity and asset situation and the resultant risks to future business development. In connection with this recapitalization concept, the Management Board of Nordex Aktiengesellschaft has entered into contracts with various investors and financing banks for capital interests and the medium-term financing of the Nordex Group. The legal validity of these contracts is still subject to certain conditions being met, the fulfillment of which the Company cannot for the most part influence directly. The Management Board assumes that the recapitalization plan will be completed successfully. The capital reduction and the resultant capital increases related to the recapitalization plans were approved by the shareholders at the annual general meeting on February 21, 2005. It should be noted that as of the date of this report the period for lodging objections to resolutions passed at the annual general meeting had not yet expired.

Düsseldorf, February 23, 2005
Ernst & Young AG
Wirtschaftsprüfungsgesellschaft

Beyer	Gerrads
Auditor	Auditor

Calendar of events/Production credits.

Calendar of events

April 28, 2005	**Report on the stub fiscal year 2004**
Mai 31, 2005	**Report on the first quarter of fiscal 2005** with telephone conference
June 10, 2005	**Annual general meeting for the stub fiscal year 2004**
August 30, 2005	**Report on the first half of fiscal 2005** with telephone conference
November 29, 2005	**Report on the third quarter of fiscal 2005** with telephone conference
April 28, 2006	**Report on the fiscal year 2005** with press, analyst and telephone conference

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Photography Nordex, Getty Images
Lithography and Production LITHOKONTORWENIG, Hamburg, www.lithokontor.de
Printer Offsetdruck K. Riedel GmbH, Auf dem Königslande 45, 22041 Hamburg