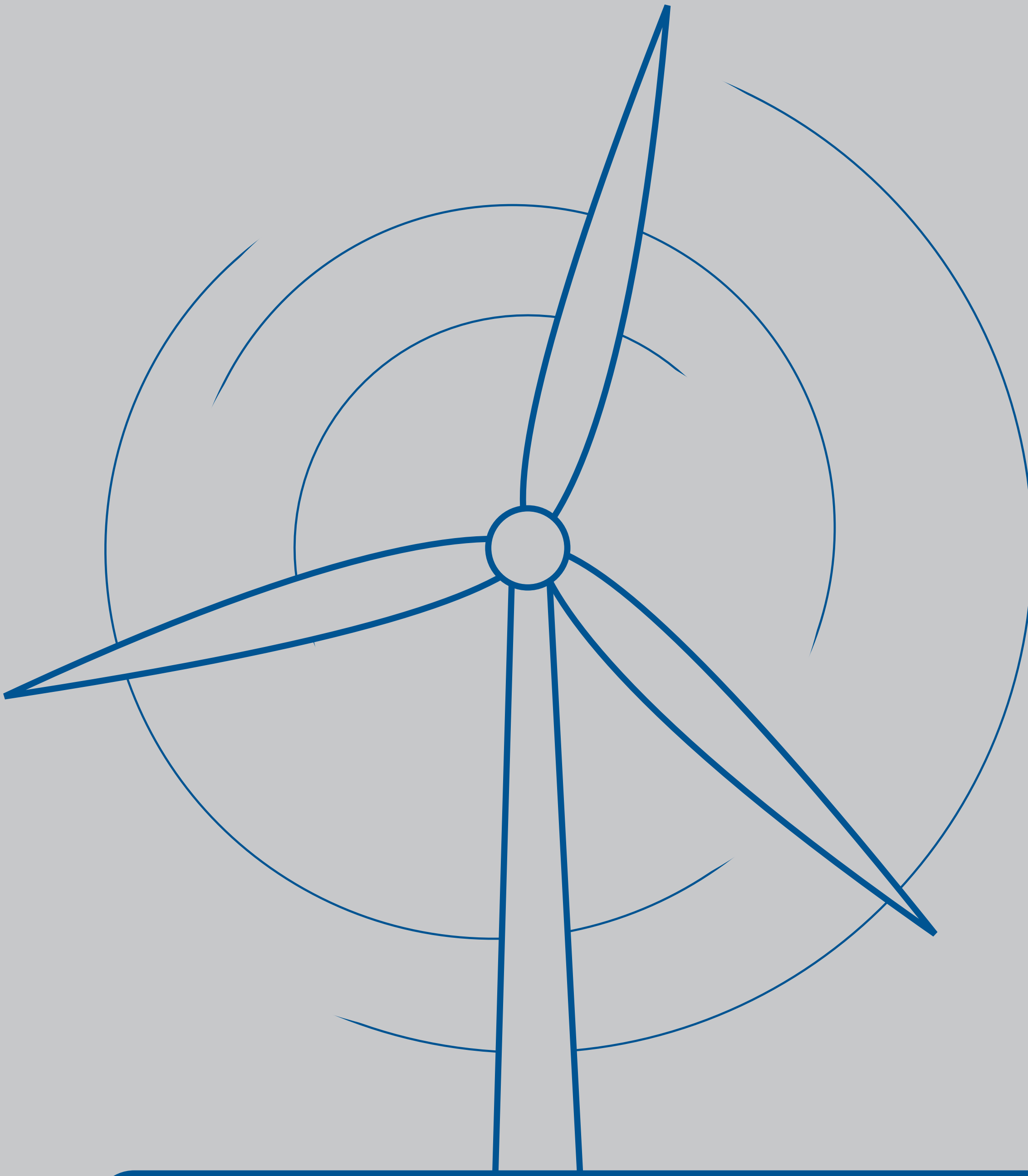

ANNUAL REPORT 2006

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NORDEX
We've got the power.

CONTENTS

THE NORDEX GROUP

Nordex Aktiengesellschaft

Nordex Energy GmbH 100 %

- Nordex (Baoding) Wind Power Co. Ltd. (100 %)
- Nordex (Dongying) Wind Power Equipment Manufacturing Co. Ltd., PR China (100 %)
- Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd., PR China (50 %)
- Nordex Hellas Monoprosopi EPE, Griechenland (100 %)
- Nordex Energy Equipment Services (Shanghai) Co. Ltd., PR China (100 %)
- Xi'an Nordex Wind Turbine Co. Ltd., PR China (40 %)
- Qingdao Huawei Wind Power Co. Ltd., PR China (66,6 %)

- Nordex Windpark Beteiligung GmbH (100 %)
- Nordex Windpark Verwaltung GmbH (100 %)
- Nordex Grundstücksverwaltung GmbH (100 %)
- natcon7 GmbH (75 %)

Nordex Energy B.V. 100 %

- Nordex UK Limited (100 %)
- Nordex France S.A.S. (100 %)
- Nordex Energy Ibérica S. A. (100 %)
- Nordex USA Inc. (100 %)
- Nordex Italia Srl.

PERFORMANCE INDICATORS AT A GLANCE

		2000/01	2001/02	2002/03	2003/04	R 2004	2004[4]	2005	2006
Order receipts	€ mn	410	501	148	230	62	237	395	767
Sales	€ mn	347	439	196	222	59	214	309	514
Foreign business	%	36	37	46	48	51	k. A.	55	75
Total revenues	€ mn	354	445	215	219	62	217	319	552
EBITDA (before exceptionals)	€ mn	20.0	27.1	–52.4	–14.5	–0.6	–9.7	11.8	29.6
EBIT (before exceptionals)	€ mn	14.1	18.1	–63.2	–25.5	–3.3	–21.7	0.1	16.6
Exceptionals[1]	€ mn	–	–	–108.9	–2.5	–2.2	–4.8	–5.4	0
EBIT (after exceptionals)	€ mn	14.1	17.8	–172.1	–28.0	–5.5	–26.5	–5.3	16.6
Cash flow[2]	€ mn	58.4	–12.6	–43.9	–2.7	7.5	–4.6	9.9	112.4
Capital spending[5]	€ mn	22.3	31.3	13.2	11.6	3.1	12.4	9.0	19.2
Earnings per share[3]	€	0.14	0.39	–2.96	–0.64	–0.15	–0.62	–0.15	0.21
Employees	Average	651	791	867	726	689	689	721	814

[1] Not calculated or reported separately in prior periods or in the year under review
[2] Change in cash and cash equivalents
[3] Based on 52.050 million shares; as of 2005: based on 58.818 million shares; as of 2006: based on 64.345 million shares, all weighted
[4] Pro-forma for fiscal 2004 (annual financial statements not audited)
[5] Excluding reclassification of current assets, excluding non-current assets

LETTER TO THE SHAREHOLDERS

Dear shareholders,

the year 2006 was a complete success for our Company in every respect against the backdrop of a further increase of more than 30 % in demand for industrial wind turbines. As in the previous year, Nordex managed to outgrow the market. We completed roughly 70 % more Nordex turbines than in the year before, with production output up by as much as about 80 %. In other words, we are continuing to grow and are well on track to supplying substantially more turbines this year again. In fact, we are targeting a 50 % increase in sales for 2007.

Through discussions with many different investors I know that for some we are growing too quickly while others want to see even swifter progress. This is a question of weighing up the opportunities and risks. I am convinced that with our medium-term growth trajectory of 50 – 60 % per year we will be able to unlock much of the potential which the market currently holds for Nordex. On the other hand, swifter organic growth could place undue strain on our processes at the expense of our profitability. This is why we do not want to step up the rate of growth. For ultimately what we are seeking is profitable growth for the Nordex Group. And in this respect we are headed in the right direction.

After just breaking even last year, we have now achieved a return on sales of a good 3 %. However, we are certainly not resting on our laurels. As early as this year we want to triple our operating profit and achieve a return on sales of around 6 %. And in the long term we are aiming for a margin of between 5 and 10 %. This is the result of our benchmark analysis of comparable operators, which reveals that a margin of 10 % is realistic provided that market conditions remain favorable.

And what's in it for you? In the year under review Nordex was the top-performing TecDAX stock, going on to reach an all-time high of over EUR 22 in February 2007. Judging by an evaluation of comparable companies, the stock has further upside. Needless to say, share prices are determined by many factors, not all of which we are able to influence. However, we shall be doing everything in our powers to provide an optimum basis for the stock's continued performance. With this in mind, we want to put Nordex Group back in the premier league of global wind turbine producers in tandem with profitable growth. Top quality combined with high availability forms a crucial element of this course. This is backed by broad international engineering experience as well as respect for customers, partners, employees and, of course, our shareholders.

Yours sincerely

Thomas Richterich
Chief Executive Officer

THE MANAGEMENT BOARD

Thomas Richterich *Chief Executive Officer*

Responsible for: Finance, controlling, engineering, personnel, legal, communications, IT.
Born in 1960, studied business administration, 1989 joined MAN Group, 1994 – 1999 various management functions held at MAN Gutehoffnungshütte AG, 1998 – 2000 commercial director at Ferrostaal Industrial Plant Services GmbH, 2000 – 2002 Babcock Borsig AG various management functions, 2002 commercial director at Babcock Borsig Power GmbH, since 2002 member of the Management Board of Nordex AG, since 2003 spokesman of the Management Board, since August 12, 2005 chairman of the Management Board (CEO).

Carsten Risvig Pedersen *COO Sales and Marketing*

Responsible for: Sales and marketing, tender management, foreign companies
Born in 1963, studied economics, 1987 – 2000 managing shareholder of Nordex GmbH, member of the Nordex AG Management Board since 2001.

Dr. Hansjörg Müller *COO Operations*

Responsible for: Production, procurement, project management, service and quality.
Born in 1966, studied technical business administration, 1993 joined the Siemens Group, where he held various 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, member of the Nordex AG Management Board since 2004.

The Nordex Management Board (from left):
Dr. Hansjörg Müller, Thomas Richterich, Carsten Pedersen.

THE SUPERVISORY BOARD

Yves Schmitt, *Berlin*

Chairman of the Supervisory Board, Chairman of the Management Committee and member of the Audit Committee, executive shareholder of CMP Capital Management-Partners GmbH, managing director of CMP Fonds I GmbH, managing director of TAP Management GmbH, member of the management board of Turn-Around Partners GmbH & Co. KGaA, executive shareholder of Schmitt Vermögens-verwaltungs- und Beteiligungs GmbH

Jens-Peter Schmitt, *Haan*

Deputy chairman of the Supervisory Board, Member of the Management Committee and the Audit Committee, Attorney

Dr.-Ing. Hans Fechner, *Düsseldorf*

Chairman of the Strategy and Technology Committee, Spokesman for the management board of G. Siempelkamp GmbH & Co. KG, Spokesman for the management of Siempelkamp Maschinen- und Anlagenbau GmbH & Co. KG

Martin Rey, *Weßling*

Chairman of the Audit Committee and a member of the Management Committee, Managing director of Babcock & Brown GmbH, Executive director of Babcock & Brown Ltd.

Jan Klatten, *München*

Member of the Strategy and Technology Committee, Managing shareholder of momentum Beteiligungsgesellschaft mbH

Dr.-Ing. Hans Seifert, *Krailling*

Member of the Strategy and Technology Committee, Management consultant

The Supervisory Board (from left):
Dr.-Ing. Hans Seifert, Jan Klatten, Yves Schmitt, Dr.-Ing. Hans Fechner, Jens-Peter Schmitt, Martin Rey

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.

In the course of 2006, the Supervisory Board held four ordinary meetings on a joint basis as well as on repeated occasions in its committees (Management Committee, Audit Committee, Strategy and Technology Committee). Other resolutions were passed in writing. The reports and consultations entailed all material business transactions particularly financial planning, the cost and earnings situation, order risks, the performance of the individual subsidiaries and continued process optimisation and efficiency enhancements as well as key material personnel decisions.

MAIN TOPICS OF DISCUSSION BY THE SUPERVISORY BOARD

At its **22nd ordinary meeting of March 23, 2006,** the Supervisory Board primarily discussed Nordex AG's parent-company financial statements and consolidated financial statements for 2005. This meeting was also attended by the financial-statement auditor, who particularly went into detail on the main aspects of the audit. With respect to the risk management system at Nordex France S.A.S., he stated that, although the system which had been implemented was working, it required extensions to accommodate the sharp rise in business volumes. The Management Board has since arranged for this to be done.

In its explanation of the Group's results of operations, the Management Board stressed that it had been possible to recoup much of the initial losses in the second half of the year. Moreover, a working capital ratio of less than 15 % had been achieved, resulting in lower capital employed than the competition. Together with the acceptance of the financial statements, the Supervisory Board approved the corporate governance report for 2005 as well as the declaration of conformance.

Thereupon, the Management Board reported on the Company's performance in 2006, stating that the volume and quality (margin contribution) of order receipts had improved but cautioning that the strong demand might necessitate adjustments to funding structures in the course of the year. Moreover, it was stated that new equity would need to be issued in summer 2006 to accommodate the increase in sales to EUR 500 million in 2006, EUR 750 million in 2007 and EUR 1 billion in 2008. To ensure the availability of supplies of core components, Nordex has signed contracts guaranteeing sufficient volumes but generally expects to see shortages in the buy-side market. Finally, the Supervisory Board discussed the Company's expansion plans for China, where Nordex projects medium-term sales volumes of EUR 80–180 million per year. However, the 70 percent local content stipulation is forcing Nordex to invest in local production structures.

Ahead of the annual general meeting on **May 15, 2006,** the Supervisory Board held its **23rd ordinary meeting,** at which the Management Board reported on the Company's current business performance, which was characterised by growing volumes of new business. However, the improved quality of margin contributions was being eroded by rising component prices (particularly steel). Moreover, the cost of materials ratio had been adversely affected in the first quarter by older foreign projects with low margins. Moreover, the Management Board stated that negotiations for extensions to guarantee facilities to finance growth in the Company's operations were progressing well and would be completed in the next few weeks.

With respect to the new service strategy, management said that in the future Nordex was seeking to position itself more intensively as an active partner to its customers with the aim of offering pre-emptive repairs in the interests of lifecycle-enhanced maintenance. As a further key activity, a new materials management system for the global supply of replacement parts was presented. Thereupon, the Management Board listed the activities which had been taken to avoid any major shortages in the availability of core components in 2007. In this connection, the Supervisory Board decided to monitor ordering exposure and suppliers via its audit committee in the future. The Supervisory Board additionally approved an increase in the threshold for projects requiring its approval. Given rising project volumes, the old limit had recently proved to be largely impractical. Finally, the Management Board deliberated on the final details of the planned cash issue of new shares of EUR 5.5 million using the still existing Authorized Capital I. The purpose of this was to safeguard Nordex's future business opportunities. In this connection, the lower limit for the issue price was determined and an ad-hoc committee formed to make the necessary decisions.

At the beginning of the **24th ordinary meeting of September 19, 2006,** the Management Board briefed the Supervisory Board on the current status of the Nordex Group's business, initially reporting on order receipts, which were still higher than expected. With respect to the question of possible limits to growth, the Management Board stated that it was still committed to an annual growth rate of 50 - 60 percent. Despite the high pace of expansion, Nordex is able to cope with shortages in the supply of core components and safeguard process stability. The Management Board explained that ignoring the effects of the high share of external staff the heightened cost of materials ratio was below 80 percent but that the full-year sales forecast was unchanged at over EUR 500 million. Following the extensions to the guarantee facilities in August 2006, Nordex entered into negotiations for further additional facilities. This was followed by a fundamental debate concerning the financing structure of the Group's operative business. Thereupon the situation in the buy-side markets was reviewed. In the light of the growing size of the projects, the Supervisory Board defined the main aspects of the audit of the financial statements for 2006. Thus, for example, the system of calculating provisions for guarantee and individual risk is to be examined.

A key aspect of the debate was the Nordex Group's strategic orientation in terms of markets, products, production as well as the management and personnel structure.

Thereafter, the Supervisory Board approved the establishment of Nordex (Dongying) Wind Power Equipment Manufacturing Co. Ltd. for the production of rotor blades for the Chinese market.

At its **25th ordinary meeting on November 29, 2006,** the Supervisory Board was initially briefed on the Nordex Group's current business structure. In connection with the description of the growing volume of new business, the Management Board stated that the quality of the margin contribution made by the new orders in the year under review had improved. This was followed by discussion of Nordex's future sales potential in the United States. The Management Board reported that Nordex was testing a modified multi-megawatt turbine for the North American market and planned to commence deliveries of this model at the end of 2008 / beginning of 2009.

The Management Board explained that the better-than-expected liquidity was partially due to the high reservation fees received for future contracts. Thereupon, the budget for fiscal 2007 was discussed and approved. In this respect, the Management Board detailed the assumptions underlying its plans as well as the main markets. Further aspects discussed included the ongoing availability of core components, the increase in the Company's own production output, personnel planning and liquidity planning. Finally, the Supervisory Board passed a resolution concerning conformity with the recommendations of the German Corporate Governance Code as well as justified exceptions (see Declaration of Conformance on page 48).

Composition of the Supervisory Board

There were no changes to the composition of the Supervisory Board in the year under review.

Disclosures pursuant to Section 171 (2) Sentence 2 in connection with Sections 289 (4); 315 (4) of the German Stock Corporation Act (new version).

The Supervisory Board deliberated with the Management Board on disclosures in accordance with Sections 289 (4); 315 (4) of the German Commercial Code (new version) It came to the conclusion that these disclosures are true and complete.

Audit of the Nordex AG and Nordex Group financial statements

The financial statements of Nordex AG and the consolidated financial statements for the Nordex Group for the year ending December 31, 2006 as well as the combined management report for Nordex AG and the Nordex Group for fiscal 2006 including the bookkeeping were audited and granted an unqualified auditor's certificate by auditing company Ernst & Young AG, Wirtschaftsprüfungsgesellschaft, which had been appointed at the annual general meeting on May 15, 2006 and engaged by the Supervisory Board. Similarly, the auditor examined the dependant parties report and approved it without any complaints.

The financial statements, the consolidated financial statements and the combined management report for Nordex AG and the Nordex Group, the annual report, the dependant parties report and the auditors' report concerning the financial statements and the dependant parties report were presented to all members of the Supervisory Board in good time prior to the meeting of March 20, 2007 at which the financial statements were approved. The documents were discussed at length during the meeting, which was also attended by the auditors issuing 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 for Nordex AG and the Nordex Group and the dependant parties report. On the basis of the final results of such examination, it did not raise any objections. The Supervisory Board approved the parent-company financial statements and consolidated financial statements prepared by the Management Board for the year ending December 31, 2006. Accordingly, these have been duly adopted.

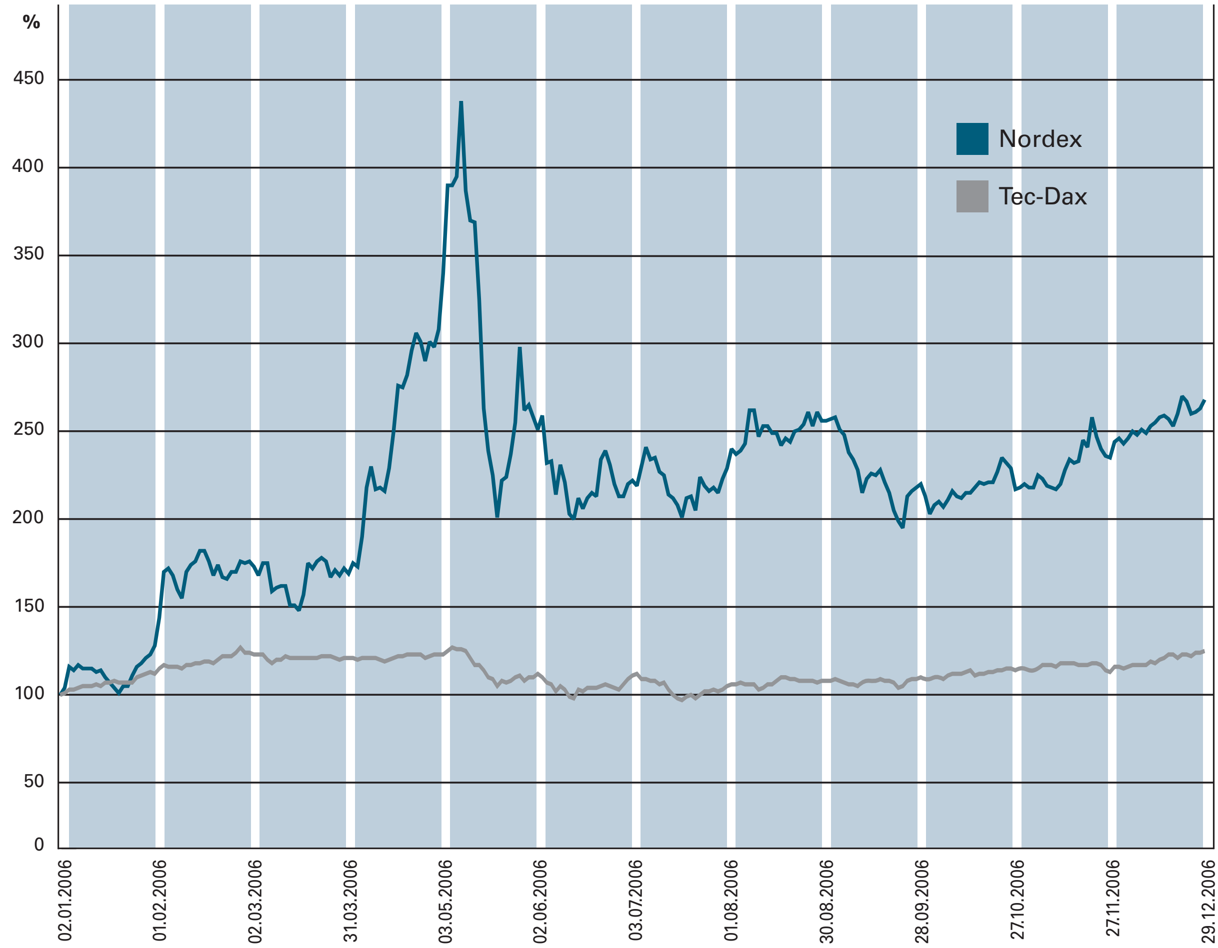
The Supervisory Board wishes to express its gratitude and acknowledgement for the work performed by the Management Board, other management staff, all employees as well as the employee representatives.

Norderstedt, March 20, 2007
The Supervisory Board

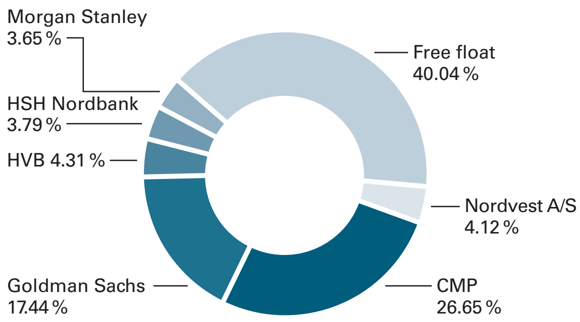
Yves Schmitt
Chairman

THE STOCK

NORDEX VS. TEC-DAX



NORDEX AG SHAREHOLDER STRUCTURE



Total number of shares: 64,345,000

The above disclosures are based on the most recent notifications submitted by shareholders in accordance with the German Securities Trading Act. Under this Act, changes in the holdings of shareholders are not subject to compulsory reporting after the execution of transactions causing the reporting thresholds to be exceeded or dropped below (following the Transparency Guideline Ratification Act (TUG) taking effect on January 20, 2007: 3, 5, 10, 15, 20, 25, 30, 50, 75%). Accordingly, the actual number of shares held by the Company's shareholders may differ from the figures stated in the above table. Most recent notifications of shares under the reporting threshold of 3 % are not shown separately but are assigned to free float.

In the year under review, Nordex stock (ISIN: DE000A0D6554) advanced by 168 %, rising from EUR 5.14 to EUR 13.75 and thus substantially outperforming the TecDAX, which gained "only" around 25 % in 2006. The main reason for the stock's favorable performance was the substantially improved sentiment in the financial markets together with the generally upbeat outlook for the wind energy market (see "Market Trend"). All told, Nordex was the top performer amongst listed wind turbine producers and the TecDAX stocks. This was doubtless also spurred by the repeated upward revision in full-year guidance for 2006. Thus, in the course of the year, the Management Board increased its sales forecast from EUR 400 million to EUR 500 million and its EBIT margin target from 2.5 % to around 3 %. At the same time, the new guidance was corroborated by the quarterly figures.

The price/earnings ratio (PER), a key parameter for valuating stocks, also rose considerably in the year under review from around 43 to 115 times projected figures for 2006. This put Nordex stock at the top end of the valuation scale for the wind industry. At the end of 2006, Nordex stock was trading at 17 times the consensus for 2008 and thus in line with the sector as a whole. In other words, analysts expect Nordex AG's earnings to grow at above-average rates over the next two years. The Company has earned this confidence with its transparent capital market communications.

At the same time, investor relations have been intensified with the Company's participation in numerous international conferences, road shows and analyst conferences, all of which have heightened awareness of the stock in the relevant capital markets. At the same time, its image has been enhanced with the inclusion of the stock in various indices (TecDAX, DAX Global Alternative, HASPAX etc.). The basis for this was the May 2006 equity issue, which resulted in heightened trading volumes and a substantially increased enterprise value. At the end of 2006, enterprise value came to around EUR 885 million (January 2, 2006: EUR 302.5 million). Prior to recapitalisation, Nordex's enterprise value had peaked at EUR 570 million.

As of February 19, 2007, the stock had continued to rise to over EUR 22 on news of the planned takeover of one of its peers by a large French company or another competitor.

THE FISCAL YEAR AT A GLANCE

January 1, 2006

In China, the Act for Promoting Renewable Energies came into force. In addition to providing tax allowances, the Act introduced a graduated price mechanism and governed the obligation to accept electricity produced from renewable sources.

January 31, 2006

Nordex entered the expansionary Italian market with its first major contract from that country. The contract entailed the delivery and turnkey assembly of 14 turbines in Sardinia.

February 3, 2006

The first offshore turbine in Germany made by Nordex went into operation in Breitling (Rostock). The N90/2500 is the Company's second offshore prototype, joining the N90/2300, which Nordex has been operating in Kattegatt off the Danish coast since mid 2003.

March 31, 2006

Successful start to 2006. Nordex closed the first quarter with operating profit of EUR 3.7 million. Sales and order receipts were well up on the previous year, rising to EUR 125 and 263 million, respectively. Accordingly, the Company was well on track to meeting its full-year targets.

May 15, 2006

At the annual general meeting of Nordex AG, the shareholders authorised the Management Board to increase the Company's share capital by issuing up to around 16.086 million new shares (after utilisation the previous authorised capital: Authorised Capital I) on or before April 30, 2011; the shareholders also approved contingent capital of up to a further 15.086 million shares to honor the convertible bonds and/or bonds with warrants issued up until April 30, 2011 (Contingent Capital I) as well as contingent capital to issue a further 1 million new shares to honor the stock options granted to members of the management of the German and non-German Nordex Group companies as well as the executives and employees of Nordex AG up until December 31, 2008 (Contingent Capital II). This gave Nordex further scope for financing its growth.

May 18, 2006

Nordex issued 5.526 million new shares using its existing authorised capital. This generated proceeds of around EUR 70 million, which the Company used to finance its continued growth.

June 1, 2006

A fixed feed-in rate for electricity produced from renewable resources came in Ireland into force. Wind farm operators now receive up to 5.9 euro-cents per kilowatt/hour. In this way, the share of "green electricity" is to widen to 13.2 % by 2010. Projects entailing around 4,000 MW are currently awaiting final building permits.

June 9, 2006

Nordex was admitted back into the TecDAX, which tracks the 30 largest German technology stocks beneath the DAX 30. The driving force was the equity issue, which had resulted in an increase in the free float. Eligibility for inclusion in the index is determined on the basis of market capitalisation and free float trading volumes.

June 27, 2006

Effective June 27, Greece introduced fixed rates for electricity from regenerative sources. As a result, wind power is subject to remuneration of 9 euro-cents (offshore), 8.6 euro-cents (islands) and 7.3 euro-cents (mainland) per kWh for a period of up to 20 years.

August 1, 2006

France improved the feed-in legislation for ecologically produced electricity. Under the new law, offshore farms now receive remuneration of 13 euro-cents per kWh. In addition, the reduction of 10 % in the remuneration rates for onshore farms above the 1,500 MW threshold was abolished.

GLOBAL BOOM IN RENEWABLE ENERGIES

September 1, 2006

Nordex was added to the HASPAX, an index which tracks the 25 fastest growing listed companies in the greater Hamburg region.

September 18, 2006

Nordex was added to DAXglobal Alternative Energy. This international index comprises the largest companies in the renewable energies segment.

September 30, 2006

Nordex reported an increase of EUR 24.4 million in operating profit in the third quarter. At the same time, the balance sheet structure was additionally reinforced, with the equity ratio coming to 37% and liquidity rising to EUR 108 million.

October 12, 2006

Nordex signed one of its largest contracts to date. Worth up to EUR 118 million, it provided for the delivery of 52 multi-megawatt turbines. The first installment of 18 turbines valued at EUR 41 million is to be supplied in 2007.

November 22, 2006

The first 1.5 MW turbines from the new assembly plant in Yinchuan, China, were completed. The new site is to achieve an annual output of up to 300 MW or 200 turbines.

November 27, 2006

The German upper house of parliament passed the Infrastructure Acceleration Act, under which German grid operators must pay for the cost of connecting offshore wind farms to the grid in the future. As a result, the first offshore projects are now commercially viable.

December 9, 2006

The US Congress renewed the PTC scheme for a further year until the end of 2008. The PTC scheme offers tax benefits for wind farm operators in the United States and has had a material impact on spurring demand for wind power in that country over the past few years.

December 15, 2006

Nordex UK was awarded a further contract from Scotland. All told, the UK subsidiary generated new business worth a total of EUR 224 million in 2006. Only new business in France was more successful for Nordex (EUR 293 million).

December 19, 2006

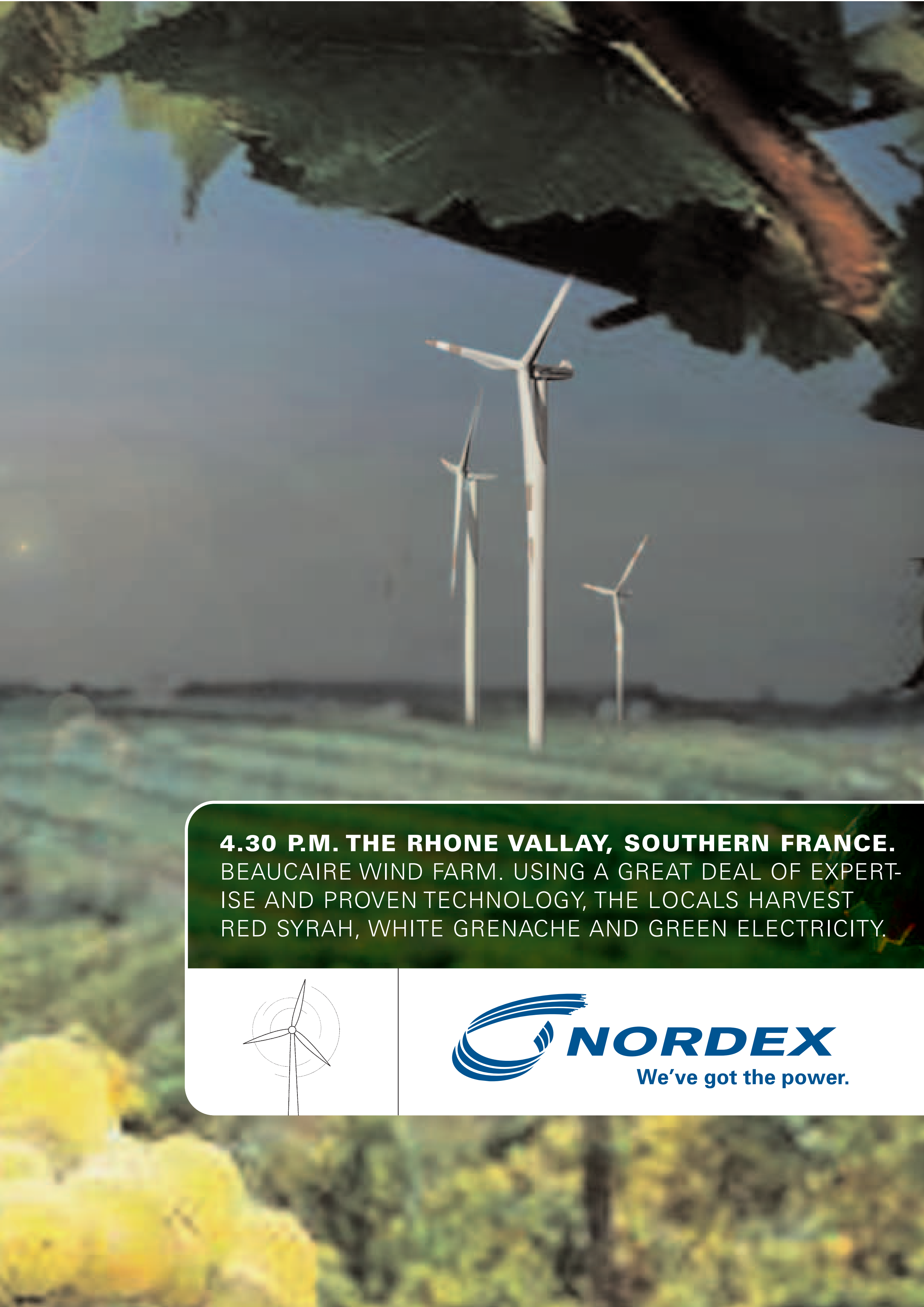
Nordex released its guidance for 2007, according to which sales are expected to rise by around 50 % to EUR 750 million, with operating profit tripling to some EUR 50 million.

December 31, 2006

The Nordex Group's order intake rose by 94 % to EUR 767 million in 2006, with the share of foreign business widening to 86 % (2005: 62 %).

January 24, 2007

Nordex opened its new rotor blade plant in Dongying (China), where up to 800 rotor blades per year are to be produced for the locally made 1.5 MW turbines.


4.30 P.M. THE RHONE VALLAY, SOUTHERN FRANCE.
BEAUCAIRE WIND FARM. USING A GREAT DEAL OF EXPERTISE AND PROVEN TECHNOLOGY, THE LOCALS HARVEST RED SYRAH, WHITE GRENACHE AND GREEN ELECTRICITY.
NORDEX
We've got the power.


NORDEX

NORDEX AKTIENGESELLSCHAFT, ROSTOCK
COMBINED MANAGEMENT REPORT FOR NORDEX AG AND THE NORDEX GROUP FOR 2006

1. MARKET TRENDS

In 2006, the world economy performed very encouragingly, with global gross domestic product (GDP) rising by 5 % year on year according to preliminary VDMA figures. The main growth drivers were the United States (up 3.5 %) and China (up 10.5 %). However, the Western European (EU 16) economy also increasingly gained momentum with GDP widening by 2.7 % (2005: 1.5 %). This was accompanied by stable consumer prices in these regions.

Global demand for capital goods, which is a leading economic indicator, also rose. World sales of machinery are expected to have climbed by around 8 % (or by as much as 20 % in China) fueled by the general improvement in spending conditions together with low interest rates and tax incentives. The production of power generation equipment in Germany surged by almost 60 % in Germany in the first nine months of the year, reflecting an above-average increase in spending on basic industrial infrastructure.

At the same time, there was an above-average rise in global new installations of wind power capacity. According to GWEC, new business in 2006 widened by around 33 % to some 15,200 MW (2005: 11,400 MW). The most important single markets were the United States (2,454 MW), Germany (2,233 MW), India (1,840 MW), Spain (1,587 MW), China (1,347 MW) and France (810 MW). Growth would have been even stronger had it not been for capacity shortfalls on the part of turbine producers and their upstream suppliers. A clear sign of these capacity shortfalls in the wind power industry is the average delivery period, which lengthened to over 15 months in the course of 2006.

REGION	2006 GDP
EU 16	2.7 %
Germany	2.3 %
United States	3.5 %
China	10.5 %
World	5.0 %

VDMA 12/2006

United Kingdom: New business in one of Nordex's main markets in 2006.

France: Nordex leads the market with a share of 33 %.

The heightened international interest in wind power systems can be attributed to the following factors:

- The higher cost of fossil fuels (coal, gas, oil) has caused spot electricity prices to rise (EEX: up 9.4 %; Nordpool: up 39.6 %), rendering windpower more competitive.
- In addition, more and more countries are setting binding goals for extensions to renewable energies in the light of climate protection requirements. In this respect, wind power is one of the least expensive options and offers considerable potential for further growth.
- Wind power is increasingly becoming an established part of the national energy balance in the interests of ensuring reliable supplies (United States) and filling gaps in the grid (China).

A good indicator of this trend can be seen in the changed structures of wind farm operators and customers. Whereas utilities and international power station operators accounted for less than 30 % of wind farm customers in the late nineties, this share has since widened to over 50 %. One of the largest operators is Spanish utility Iberdrola, which has an installed wind farm capacity of over 7,000 MW, thus exceeding the capacity of almost all the individual national markets with the exception of the Top 3 (Germany, Spain and the United States).

One of the side effects of this new customer structure is the growing industrialisation on the production side as utilities are seeking standardised and reliable equipment generating secure income and ensuring swift amortisation. This is also reflected in the longer product life cycles or – expressed differently – the slower rate of growth in turbine sizes. Thus, for example, the average capacity of the turbines installed in Germany rose by only 7 % in 2006, compared with 20 % in 2003. This "maturing process" has also helped to reduce the generation costs of electricity from wind energy in real terms. At good locations with wind speeds of 8 m/s, production costs of up to EUR 42 per MWh are possible. However, these effects are being concealed by the higher cost of raw materials (steel, copper) and the shortfalls in the availability of certain components (gearboxes, bearings). Together with the shortage of turbines, this has caused sell-side prices to increase by an average of 4 %. According to trade publication Windpower Monthly, the average price in 2006 stood at EUR 832 per KW (with the trend moving towards EUR 1,000 per KW).

"REMUNERATION" FOR WIND-PRODUCED ELECTRICITY RISING SUBSTANTIALLY

At the end of 2006, the cost of materials had stabilised again to a large degree. Thus, although the cost of copper had risen by around 60 % in the first half of the year, it has been declining since then (source: London Metal Exchange), while the steel used in towers has held steady at its late 2005 price.

Looking forward, good opportunities for returns will particularly be harnessed in markets characterised by high price levels for eletricity generated from wind power and above-average wind qualities, i.e. countries with high "remuneration rates" such as Italy (EUR 117 per MWh onshore) or the United Kingdom (EUR 111 per MWh onshore). When comparing the price per megawatt hour of electricity produced from wind power (see page 20), it is necessary to consider the differences in the remuneration systems on account of the substantial variations in investment security. Thus, for example, remuneration for wind farms in France and Germany is generally fixed for a period of 20 years, whereas the price in Italy is tied to the spot electricity market and traded "green certificates". A further factor is the very substantial difference in the quality of wind between the markets. High wind speeds may offset the effects of low remuneration rates. The quality of the location is measured by means of the capacity factor (efficiency level), which is determined by the prevailing wind speeds.

PRICE PER MWH OF ONESHORE WINDGENERATED ELECTRICITY (€)		CAPACITY FACTOR (EFFICIENCY LEVEL)
China	41–48.5	24.0 %
United States	- 66.0	26.3 %
India	54.0	20.5 %
Ireland	57–59	–/–
Denmark	57–60	25.7 %
Germany	64–82	20.5 %
France	68–82	24.0 %
Brazil	69–78	–/–
Greece	73–86	28.5 %
Spain	86.0	24.0 %
United Kingdom	101–111	30.0 %
Italy	117.0	22.8 %

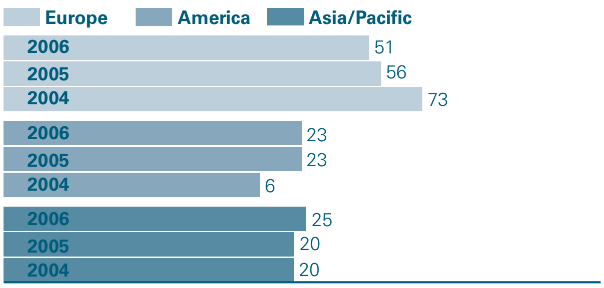
(Source: Windpower Monthly 1/07, BTM 2006)

The competitiveness of wind power relative to fossil power stations could shift again drastically in favor of regenerative power systems as soon as the operators of fossil-fueled power stations are forced to include the real cost of CO_2 emissions in their budgets. Thus, to date emission rights have been issued free of charge and in large quantities in Europe. This excess supply led to a massive slump in the prices of traded CO_2 certificates in the early summer of 2006, with the CARBIX (the CO_2 index of the Leipzig Electricity Exchange) standing at only EUR 6.30 per certificate at the end of the year (April 24, 2006: EUR 29.79).

Wind power utilisation by region

Internationally, demand for wind power systems is concentrated in Europe, the Americas and Asia/Pacific. In the past few years, roughly 98 to 99 % of wind turbines have been installed in these markets, with a substantially greater weighting for North America and Asia. Although Western Europe is still the dominant market with a share of around 50 %, the two other regions exhibit greater momentum.

REGIONAL DISTRIBUTION OF NEW INSTALLATIONS (%)



(Source: BTM, GWEC)

Tortosa (Spain): 37 x Nordex N62.

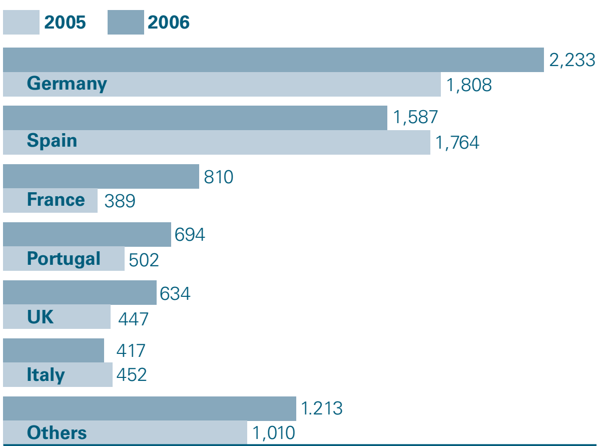
Rotor blades being transported
to the Earlsburn wind farm in Scotland (15 N80/2500 turbines).

Europe

The two established markets of **Germany** and **Spain** continue to dominate Europe. In the short term, however, these two volume markets offer very little further growth potential. Although new installations in Germany rose by 23 % to 2,233 MW in 2006, this fell well short of 2002, the top year to date (3,250 MW). In Spain, market volume contracted by 11 % to 1,587 MW primarily due to the absence of grid facilities in the remote windy regions of the country and the detachment of wind power feed in rates from the spot electricity price in June 2006, when the remuneration rose to around EUR 100 per MWh (average electricity price plus 40 % premium). In Germany, the Infrastructure Acceleration Act, which was passed in autumn 2006, could contribute to a renaissance in wind power in the medium term. The Act stipulates that transmission grid operators must finance the cost of connecting offshore wind farms to the national grid. In this way, around 50 % of the previously uncovered additional cost of offshore wind farms can now be financed. As a result, the first coastal locations could become reality in the next few years.

Turning to the second-tier markets, the European growth regions of France (810 MW), Portugal (694 MW), the United Kingdom (634 MW) and Italy (417 MW) play a key role. The two-fold increase in market volume in **France** is largely due to the improved feed-in legislation, favorable wind conditions as well as the now established local planner and producer structure. These are also the reasons for growth in **Portugal** (+38 %), where the government has adopted a resolutely pro-wind energy policy, as reflected in one of the highest feed-in rates (up to EUR 82 per MWh). The **UK market** (up 42 %) is primarily characterised by the best wind qualities (30 % efficiency ratio) and the high selling prices of wind-powered electricity (EUR 111 per MWh), which are second only to those paid in **Italy** (EUR 117 per MWh).

NEW INSTALLED CAPACITY IN EUROPE (IN MW)

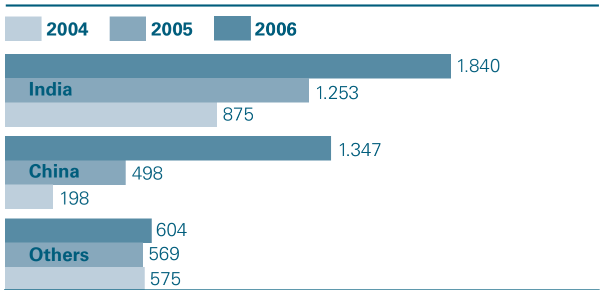


Asia/Pacific

Trends in Asia/Pacific have been dominated by India and China for many years. The two countries account for a combined share of 84 % of the market and are characterised by high growth rates. New capacity installed rose by 47 % in India and by no less than around 170 % in **China** The enormous rate of growth in China reflects the swift pace of expansion in the economy as a whole but is also due to the Act to Promote Renewable Energies, which took effect on January 1, 2006. In addition to providing tax privileges, the Act also defines a specific price mechanism and stipulates an obligation to accept deliveries of electricity from renewable sources.

In India as well, demand for electricity has been outstripping supply on account of economic growth. The government's effort to encourage the use of renewable energy is concentrating on providing tax incentives (80 % accelerated depreciation possible in the first year of operation; 5 years of tax exemption) and investment grants. Individual states are also granting feed-in remuneration (Maharashtra: 3.5 rupies per KWh; Tamil Nadu: 2.7 rupies per KWh). The two dominant markets are followed by second-tier countries such as Japan (2006: 333 MW), Australia (109 MW), Taiwan (84 MW) and South Korea (75 MW)

NEW INSTALLED CAPACITY IN ASIA (IN MW)



(Source: BTM, GWEC)

Wind power as far as the eye can see: Wind farm in California.

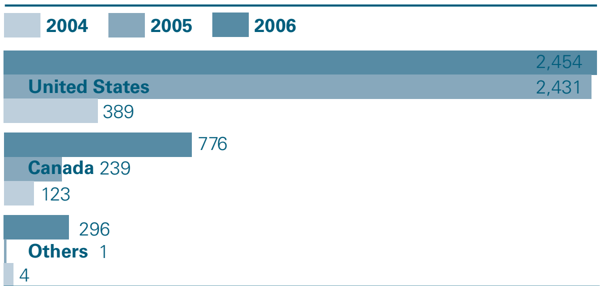
Qingdao: China's first commercial wind farm with Nordex turbines.

America

The United States of America emerged as the world's largest market in 2006. Although year-on-year growth in new business was negligible (+1 %), this was universally considered to be a success by market observers given the volatile trends in wind power in the United States due to Washington's inconsistent funding policy. A key role is played by the PTC (production tax credit) scheme, which has frequently only had a term of around one year. Wind farm operators regularly delayed spending in the hope of a renewal of the scheme. On July 29, 2005, the PTC scheme was fixed for a period of 2.5 years for the first time and renewed in December 2006 by a further year (until the end of 2008). In addition to the PTC scheme, which guarantees wind farm operators a tax credit of USD 0.019 per KWh over a period of ten years, numerous states also have RPS (renewable portfolio standard) arrangements which stipulate a fixed proportion of renewable energies in the electricity grid. The Senate passed a bill providing for a national RPS of 10 % of "green energy" by 2020. However, the bill was rejected by Congress before the Democrats gained the majority of seats.

Further key markets in the Americas were Canada (776 MW) and Brazil (208 MW). Despite the strong wind potential, the markets in South America have made little headway as there is no clear political agenda concerning the utilisation of wind power, price levels are too low or the infrastructure (electricity grid) is missing.

NEW INSTALLED CAPACITY IN THE AMERICAS (IN MW)



(Source: BTM, GWEC)

2. BUSINESS PERFORMANCE

As the parent company of the Nordex Group, Nordex AG is not engaged in any operating activities. One of its main functions is to finance the Group members. Nordex AG has entered into profit transfer agreements with Nordex Energy GmbH as the main German Group company as well as Nordex Grundstücksverwaltung GmbH as a further German Group member. The 89.5 % increase in sales to EUR 10.8 million (previous year: EUR 5.7 million) is primarily due to higher remuneration from domestic subsidiaries in consideration of the provision of Group management services and the grant of contractual performance guarantees. This came to EUR 5.4 million in the year under review (previous year: EUR 0.7 million). In 2006, Nordex AG recorded a substantial improvement in its results of operations, with the net loss for the year contracting to EUR 0.9 million (previous year: net loss of EUR 11.7 million). In addition to greater income from Group contributions, this was primarily due to the year-on-year increase of EUR 6.3 million in the share of profit of Nordex Energy.

Following the May 2006 equity issue, Nordex AG's equity rose by around 116 % to EUR 132.4 million (December 31, 2005: EUR 61.4 million). With total assets climbing to EUR 150.9 million (December 31, 2005: EUR 71.3 million), Nordex AG's equity ratio widened to 87,7 % (December 31, 2005: 86.2 %). Cash and cash equivalents as of the balance sheet date were up EUR 86.9 million to EUR 94.2 million.

In the period under review, the Nordex Group's new business rose by 94 % to EUR 767 million (2005: EUR 395 million). In this connection, it is important to note that Nordex only includes in this figure contracts for projects for which – amongst others – a construction permit has already been granted, finance has been secured and an advance payment of around 20 % has been remitted. The reasons for the sharp rise in order receipts were the generally robust state of the global economy and consistently strong demand for wind turbines. In addition to this, Nordex benefited from its good position in European countries outside Germany and in the market for large series-produced turbines. Since 2000, Nordex has put over 360 turbines with a nominal capacity of over two MW each into operation.

In 2006, the share of foreign activities in new business widened to around 86 % (2005: 62 %). Accounting for 96 % of orders, Western Europe was the most important sales market. Here, France played a dominant role (EUR 292.9 million), followed by the United Kingdom (EUR 224.2 million) and Italy (EUR 72.6 million). Nordex was able to harness the growing sales potential of the Italian market in particular towards the end of 2006. In Asia, order receipts rose by 72 % to around EUR 32 million (2005: EUR 18.6 million). Looking forward to 2007, the order situation in Asia looks set to improve substantially thanks to the establishment of local production facilities in China (turbine and rotor blade production). In addition, Nordex was awarded a master contract involving 200 megawatts in China. Given the strong growth in Europe, Nordex has postponed its entry into the United States market until 2008/2009 and signed up only for a single turbine involving a modified N90/2500, which is to be installed in the United States and tested under local climatic and grid conditions.

ORDER RECEIPTS BY REGION

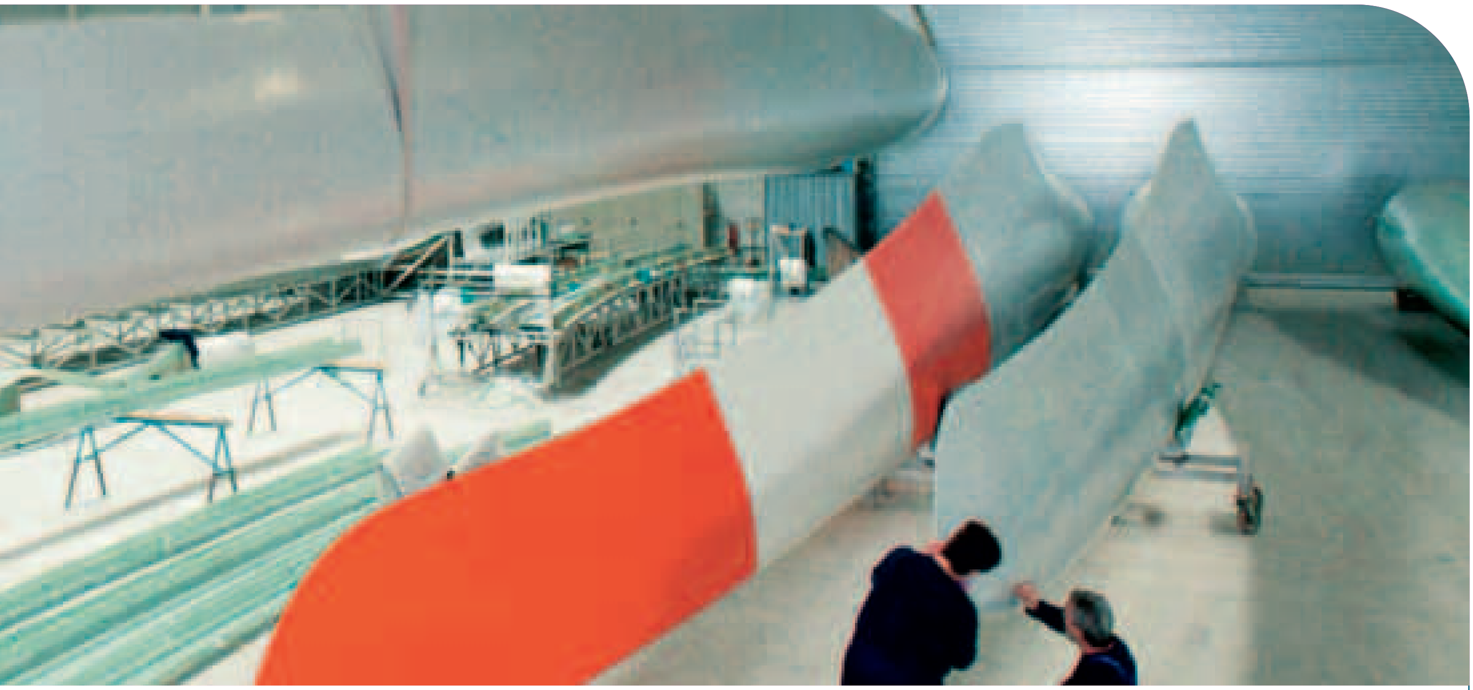
in EUR million	2005	2006
Germany	150.2	105.9
France	177.6	292.9
United Kingdom/Ireland	0	224.2
Rest of Europe	48,5	109.4
Asia	18.6	31.8
America	0	2.8
Total	394.9	767.0

Almost 85 % of the new orders were for the N80/N90 (2,300/2,500 KW) series, up from around 72 % in the previous year. The N60/1300 KW and S70/1500 KW models are increasingly losing importance in Europe, with the N60 confined to projects which had been in the planning phase for a long time as well as in Chinese business. That said, this robust turbine is very suitable for new markets especially as only few operators offer comparable models. Nordex has also been producing the S70/77 locally in China since the end 2006 as there is still strong sales potential for this turbine on that market.

ORDER RECEIPTS BY TURBINE

in EUR million	2005	2006
N80/N90	283.0	647.6
S70/S77	88.1	83.1
N60	23.3	36.3
sub-MW	0.5	0.0
Total	394.9	767.0

Order books as at December 31, 2006 more than doubled in value, standing at around EUR 531.4 million (2005: EUR 248.2 million). Firm contracts were signed for further – conditional – orders worth more than EUR 674 million as of the balance sheet date.



Substantial increase in production output

Production output in 2006 was well up on the previous year, rising by 61 % to 290 turbines (2005: 180 turbines) and by as much as around 82 % in terms of megawatt output to 583.8 MW (2005: 321.4 MW). This was also reflected in rotor blade production, which climbed from 152 to 343 units (up 126 %) or, in terms of megawatt output, by 158 % from 85 MW to 219 MW. There was a shift in favor of larger units in both production segments. Thus the share of N80/90 turbines widened from 54 to 76 % (in MW terms) and from 29 to 62 % with respect to rotor blades. Nordex has been producing the NR-45 rotor blade for the N90 internally since May 2005. At the same time, the share of own content in rotor blades increased to 38 % (2005: 27 %).

PRODUCTIONOUTPUT (IN MW)

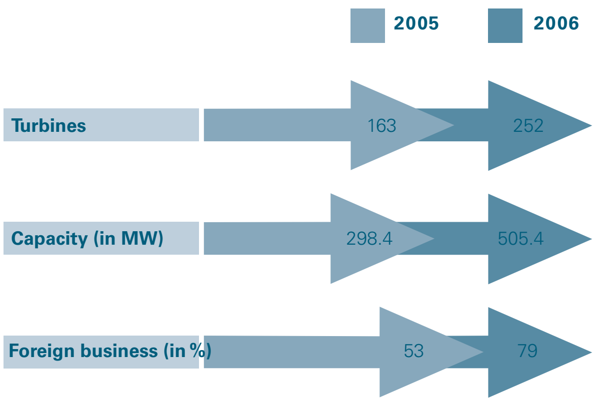
	2005	2006
Turbines	180 (321.4 MW)	290 (583.8 MW)
Rotor blades	152 (85.0 MW)	343 (219.0 MW)
Own production of rotor blades	27 %	38 %

The increase in production output was materially caused by the substantially improved order situation, optimised inventory management, the introduction of three-shift operations and the adoption of insular production of system groups. All told, this resulted in a reduction of roughly 25 % in production hours for the N90 and around 20 % for the rotor blades used for the N90.

70 % more turbines connected to the grid

There was also a substantial increase in the number of new turbines installed in the field. In 2006, Nordex erected 252 new turbines accounting for an aggregate capacity of 505.4 MW (2005: 163 turbines accounting for 293.4 MW), equivalent to growth of approx. 70 %. This means that for the second year in a row Nordex grew considerably more swiftly than the international wind tubines market as a whole, which expanded by 32 % in 2006 (see Market Trends). At the same time, Nordex's foreign new installations widened from 53 to 79 %. In France alone, Nordex installed new capacity of 270 MW, reaching a market share of 33 % in the process.

NEW CAPACITY INSTALLED BY NORDEX



Consistent sales growth

In the year under review, the Nordex Group's sales increased steadily from quarter to quarter, rising by around 66 % year on year to EUR 514 million (previous year: EUR 309 million), and thus remaining fully within the target corridor. At the same time, Nordex worked at close to full capacity utilisation from the first through to the final quarter of the year, something which is reflected in the quarterly sales figures.

SALES BY QUARTER IN 2006 (IN EUR MN)

	QUARTERLY SALES
Q1/2006	125
Q2/2006	127
Q3/2006	122
Q4/2006	140

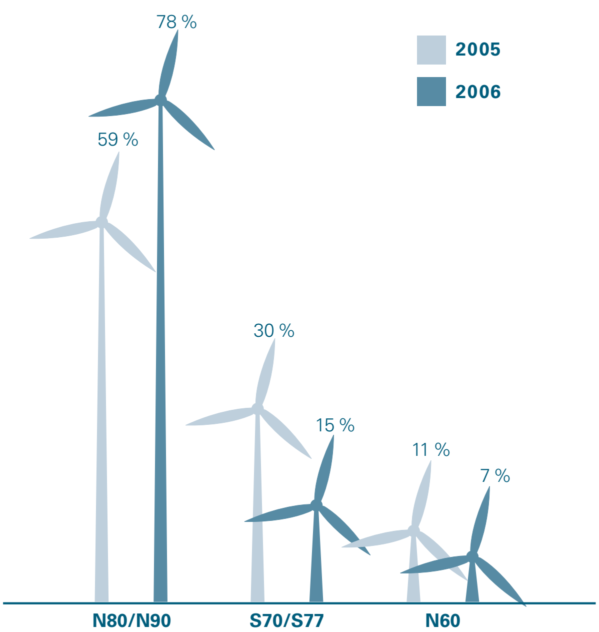
Roughly 94 % of sales were generated by turbine engineering and around 6 % by service business. Turbine engineering was particularly stimulated by strong exports, with around 75 % of sales generated by foreign projects (previous year: 54 %). In this respect, business in France, where Nordex assembled every second of its turbines in 2006, played a dominant role (EUR 269.4 million from turbine production). The most important regions aside from France were Germany, the UK and China.

TURBINE ENGINEERING SALES BY REGION

	2005	2006
Germany	45 %	25 %
France	16 %	52 %
Rest of Europe	36 %	18 %
Asia	3 %	5 %

In line with the general trend towards larger wind tubines, the share of N80/N90 (2,300/2,500 KW) turbines continued to widen from 59 to 78 % of consolidated sales at the expense of smaller units which – aside from a few exceptions – will be primarily installed in Asia and other new markets in the future. The advantage of this development is that the European production facilities will be able to concentrate in the N80/N90 series. Accordingly, production of the S70/77 will be relocated in full in China in the foreseeable future.

TURBINE ENGINEERING SALES BY TURBINE

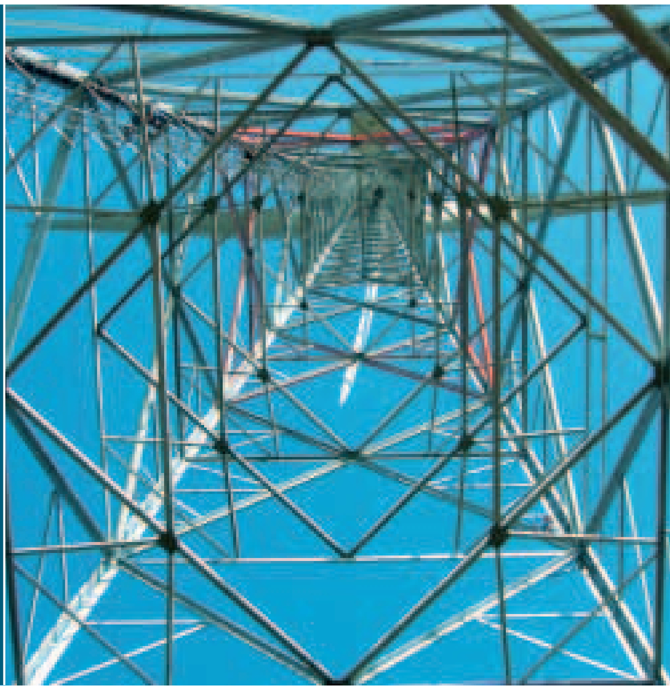


The changes in inventories of EUR 32 million primarily relate to the completion of short term contracts. As a result of this effect, consolidated total revenues rose by 73 % to EUR 552 million.

The sharp rise in global demand for wind turbines led to buy-side shortages for a number of core components (gearboxes, bearers) in 2006. However, thanks to close relations with its suppliers, a flexible sourcing system with early and ongoing quota reconciliation and the qualification of additional suppliers ("2+1 supplier strategy"), Nordex was able to meet its sales forecasts in full. However, some projects were delayed during the year, although this did not lead to any major additional expense as Nordex is and was able to take recourse to its suppliers for part of these expenses.

The shortages should ease by the end of 2007 as numerous suppliers are currently in the process of creating additional production capacity. As well as this, some turbine producers have increased their own production content and are, for example, producing their own gearboxes.

EARNINGS SITUATION



The Nordex Group's earnings before interest and tax (EBIT) came to EUR 16.6 million (2005: loss of EUR 5.3 million after exceptionals). This translated into an EBIT margin of 3.2 %, i.e. in line with forecasts. The improved earnings were primarily due to greater capacity utilisation. Thus, for example, the personnel cost ratio contracted from 10.7 to 7.6 % and the depreciation ratio from 3.7 to 2.5 %, whereas sales widened by 66 %. The earnings improvement program implemented in spring 2005 also made a positive contribution. As of the end of 2006, activities accounting for around EUR 30 million had been implemented particularly in purchasing (37 %), service (35 %) and technical optimisation (12 %). However, only part of these measures had any impact on the bottom-line in 2006.

The cost of raw materials exerted the opposite effect, which it was not possible to fully pass on to the market. Although Nordex raised its sell-side prices, this affected only around 50 % of the projects completed in 2006. In other words, the large proportion of projects with low margin contributions signed prior to 2006 prevented an even greater improvement in earnings from occurring in the year under review. In addition, Nordex invested in opening up new markets such as China and France in 2006.

All told, the cost of materials ratio widened from 78.1 % in the previous year to 80.9 %. The fact that this ratio contracted sequentially from quarter to quarter in 2006 reflects the progress made with the earnings improvement program and the rising share of projects with better margin contributions.

Other operating income net of other operating expenses rose less quickly than business volumes by 43 % from EUR 23.8 million to EUR 34.2 million. Despite the substantial improvement in liquidity in the year under review (December 31, 2006: EUR 132 million), net borrowing costs increased by 30 % to EUR 3.9 million (2005: EUR 3.0 million). This was primarily due to the utilisation of guarantees for advance payments in projects and contract fulfillment bonds, reflecting the heightened volume of business. The write-off of two older shares in Chinese associates of EUR 1.8 million no longer forming part of the Company's operating business also made itself felt. In fiscal 2006, Nordex AG set aside deferred taxes of an additional EUR 5.7 million on German tax losses on account of the improved earnings outlook. Including current and deferred taxes, tax expense came to EUR 0.1 million. Consolidated net income for the period ending December 31, 2006 rose to 12.6 million (2005: net loss of EUR 8.2 million). This includes net loss of EUR 0.2 million attributable to minorities. Accordingly, the net income attributable to the shareholders stands at EUR 12.8 million, equivalent to earnings per share of EUR 0.21 (2005: loss of EUR 0.15).

ASSETS AND FINANCIAL CONDITION

The Nordex Group's balance sheet structure improved again substantially as of December 31, 2006, with equity rising by 134 % to EUR 149 million (December 31, 2005: EUR 64 million). As total assets doubled to EUR 457.4 million, this means that the equity ratio widened to 32 % (December 31, 2005: 27.0 %). This was primarily due to the equity issue executed in May 2006 (net proceeds of EUR 70 million). Cash and cash equivalents grew even more sharply by a factor of 6.8 to EUR 132 million as of the balance sheet date (December 31, 2005: EUR 19.5 million). At the same time, Nordex was able to reduce its bank liabilities from EUR 7.1 million to EUR 1.2 million. In addition to the proceeds from the equity issue, this was primarily due to the high advance payments received for current and future projects. Generally speaking, Nordex is now able to demand a reservation fee for future projects.

In the interests of ensuring a reliable basis for the growth in its operative business, Nordex steadily increased inventories in the course of the year. As of the balance sheet date, inventories were up 99 %, climbing to EUR 141 million (December 31, 2005: EUR 71 million). Receivables and future receivables from construction contracts increased by 80 % to EUR 78 million (December 31, 2005: EUR 43 million) also as a result of the increase in business volumes. At EUR 66 million, trade payables were virtually unchanged over the previous year (December 31, 2005: EUR 64 million). As the interest effect of cash discounts is generally higher than interest on short-term cash at banks, Nordex did not seek any increase in trade credit terms.

The Nordex Group's working capital (relative to total revenues) excluding reservation fees for future projects stood at 10.5 % (December 31, 2005: 10.5 %). However, the Management Board assumes that it will not be possible to maintain this low ratio in the long term but does aim to keep it below 20 %.

Despite the increase in inventories, the Nordex Group achieved a net cash inflow from operating activities of EUR 65 million (2005: net outflow of EUR 21 million). However, this net cash inflow also includes the reservation fees of around EUR 45 million accepted for future projects. All told, Nordex was able to finance its strong growth in 2006 internally even without the reservation fees.

Net cash used for investing activities came to EUR 19 million particularly as a result of greater spending on property, plant and equipment in connection with the establishment of production facilities in China (approx. EUR 6 million).

The net cash generated by financing activities stood at EUR 66 million following the equity issue and the almost complete repayment of current bank loans.

CAPITAL SPENDING

In the period under review, Nordex increased its capital spending by around 113 % to EUR 19.2 million (previous year: EUR 9 million). The main focus was on property, plant and equipment. Thus, Nordex spent EUR 3.7 million on assets under construction, EUR 4.3 million on operating and business equipment and EUR 3.3 million on technical equipment and machinery. This reflects the extensions to and optimisation of production structures on the one hand and the pre-recapitalisation postponement of certain investments on the other. As in the previous year, the largest single item comprised capitalised development expenses of EUR 6.8 million (previous year: EUR 5.6 million).

Internal structures strengthened: Nordex recruited around 180 new employees in 2006.

RESEARCH AND DEVELOPMENT

The Nordex Group's development activities in 2006 focused on the following areas:

The series launch of the new N90/2500 as a fast and slow-turning turbine. Related to this was a revised machine platform (K08), which had an impact on the rotor blade, pitch, operation management, main shaft, generator and frequency converter components. The range of towers available for the turbine was also extended with the addition of 100 and 120 meter high steel/concrete hybrid towers.

Moreover, a new development project was commenced with the aim of safeguarding Nordex's position as a leading supplier of series-produced turbines in the high-growth 2.3 – 3.0 MW segment in the long term. The aim of this project is to develop a new turbine with a rotor diameter of around 100 meters for weaker non-coastal locations based also on the K08 machine platform. The main differences concern the operation management, the frequency converter system and, of course, the rotor.

At the same time, work was performed on cost and process optimisation for the K08 program particularly with respect to the machine bearer, the main bearing and the nacelle including the cooling system.

Further areas of activity concerned the redesign and testing of the N90 offshore turbine, which was installed off the coast near Rostock in spring 2006. In addition, the N90/2500 was engineered to meet US standard and grid and climatic conditions.

Preliminary studies detailing innovative generator and transmission models were completed for the development of a turbine class bigger than 3.0 MW.

In 2006, Nordex applied for 19 patents (national patents), up from 8 in 2005. 72 suggestions were received in the in-company suggestion system. At the same time, the second audit for ISO 9001 recertification, which is required once every three years, was completed in the year under review. Nordex has been using this internationally acknowledged system for improving its internal business processes and quality management system since 1992. Recertification by Bureau Veritas Quality International (BVQI) was completed at the beginning of 2007.

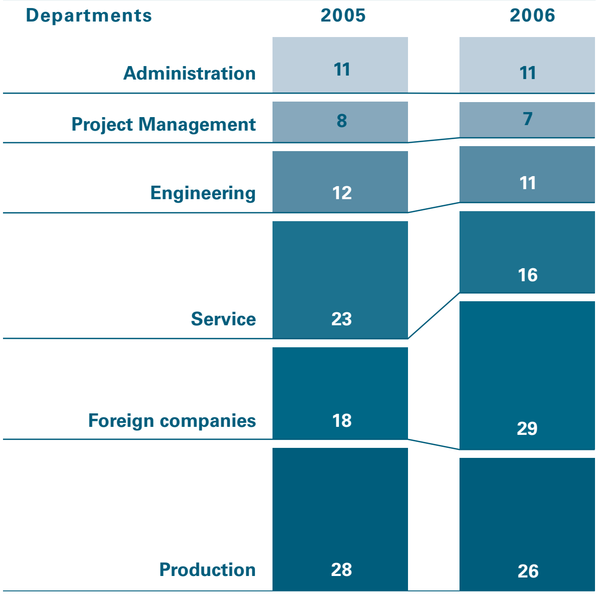
EMPLOYEES

In 2006, the annual average number of employees at the Group level rose to 814 (December 31, 2005: 721). Roughly 180 new employees were recruited by the subsidiaries in the growth markets of China, France and the United Kingdom as well as in Project Management (up 18 %) and Production (up 26 %). At the same time, the number of external employees in the production areas was increased by 21 % to 172. In this way, it was possible for Nordex to react swiftly to rising production requirements and to select new employees on the job. This year, the percentage of external employees is to be reduced in favor of the Company's own staff.

Employee breakdown by segment shows a clear leaning towards the operative units Production and Service (including the foreign companies' service staff). With roughly 120 employees in Central Engineering, the strong technological focus is also clearly in evidence.

Nordex launched extensive personnel training programmes in 2006. Thus, six university graduates commenced management traineeships at the Company for the first time, with further courses of this type being prepared. Management staff as well as management trainees are also undergoing further qualification. In the year under review, 22 candidates completed the program. At the same time, a second course with 28 participants was commenced. Comparable training and qualification activities are available for technical staff.

EMPLOYEES (%) BY SEGMENT (INCLUDING AFFILIATED COMPANIES)



(Source: EWEA)

REMUNERATION SYSTEM

The employees of the Nordex Group receive an annual salary which is paid in twelve monthly installments; technical employees receive a basic monthly wage plus overtime, night, weekend and public-holiday surcharges. These surcharges have been fixed in a company agreement entered into with the employee representatives. At the same time, flexible work time models in the form of work time accounts are possible, meaning that overtime surcharges are the exception rather than the rule. The service contracts for management staff provide for a basic salary and generally also performance-tied variable components based on target agreements. In individual cases, Nordex grants non-cash benefits to employees in the form of company car arrangements, food advances and training assistance. There is currently no stock option programme for employees.

Nordex offers all employees in Germany a company pension in the form of remuneration conversion to which it adds a maximum of 10 % of the converted amount. The compensation paid to the Management Board comprises fixed and performance-tied variable components. The variable components are calculated on the basis of the Group's net earnings. The variable component comprises 40 – 50 % of the total compensation. In addition to a company car, which may also be used privately, contributions to pension savings schemes are also provided up to the maximum amount permitted under the statutory pension system. Other than this, there are no material fringe benefits. The Management Board contracts have a term of between three and five years. One contract may be terminated at the end of any calendar year subject to six months' notice.

50 – 60 % growth per year:
Bright outlook for Nordex.

OUTLOOK

According to experts (MAKE Consulting), the global market for wind turbines (new capacity installed) will grow by an annual average of around 13 % between now and 2011. The main markets will be Europe (up 11%), Asia/Pacific (up 16 %) and America (up 15 %). Looking ahead over the next four years, sales potential will be far from exhausted. This can be seen from the fact that even then wind power will still only make a small contribution to total electricity requirements. In fact, in 2011 it will probably only cover around 2 % of the world demand for electricity. By contrast, individual countries' energy policies provide for targets in the double-digit region.

Nordex plans to continue growing more quickly than the market in the medium term. Thus, sales in 2007 are expected to rise by around 50 % to over EUR 750 million. By comparison, growth of 13 % is projected for the world market in the same year (MAKE Consulting). This sales forecast is based on the high volume of firm and contingent orders which had a volume of around EUR 1.2 million as of December 31, 2006. The main foreign markets are France, the United Kingdom, Italy and China, which together account for around 70 % of the planned sales. Order receipts are expected to reach a volume of EUR 1 billion this year (2006: EUR 767 million). As a result, business volumes should increase to around EUR 1 billion in 2008. To accommodate this volume, Nordex will be investing in extensions to its production capacity in Europe this year with the interim target of achieving an annual capacity of 1,000 MW.

Operating profit (EBIT) is to increase roughly threefold this year to around EUR 50 million, as a result of which the EBIT margin will double to around 6 %. This improvement will be based primarily on two factors: greater capacity utilisation and the execution of more lucrative projects. The EBIT margin is to widen again in 2008 thanks to further advances in the implementation of the current cost-cutting efforts. Further opportunities will also arise on the buy side as numerous producers of components for core components of wind turbines are widening their capacity. This could give rise to more favorable sourcing conditions in 2008. In the long term, the Management Board is seeking a margin of up to 10 % assuming favorable market conditions.

Nordex wants to strengthen its growth path by recruiting additional staff. Thus, by the end of 2007, the Group expects to have a headcount of some 1,550 (December 31, 2006: 1,005). The general improvement in the sector's image and the Company's financial stability have heightened its appeal as an employer to qualified staff.

With respect to Nordex AG's future development, the Management Board expects a further improvement in earnings thanks to the favorable business prospects for Nordex Energy GmbH.

Given the uncertainty inherent in forward-looking statements, it should be noted that actual events may vary considerably from expectations if the assumptions underlying the forward-looking statements prove to be incorrect.

MAIN ELEMENTS OF GUIDANCE FOR 2007

	2005	2006	2007e
Order receipts	EUR 395 mn	EUR 767 mn	EUR 1.000 mn
Sales	EUR 309 mn	EUR 514 mn	≥EUR 750 mn
EBIT margin	–5.1 %	3.0 %	~6.0 %

RISKS AND OPPORTUNITIES

In pursuing their business, all business entities are exposed to certain risks. In view of 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 monitoring risks on an ongoing basis and implementing suitable countermeasures. Risk management was implemented as an integral component of core processes. to ensure end-to-end risk tracking from the offer stage right through to service processes. One particular aspect concerns the rolling budgeting operations during project work and risk tracking in the guarantee phase. 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 the previous year, the number of identified risks dropped by four to 30 individual risks, which can be assigned to the following main risk groups:

1. General external risks
2. General internal risks
3. Output-related risks
4. Financial risks

Of these, two were considered to be material, 13 as requiring monitoring and 15 acceptable.

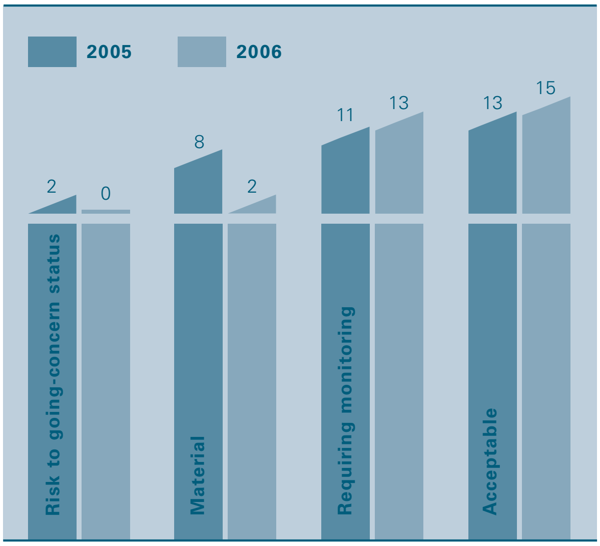
Given the Group's substantially improved assets and results of operations, Nordex has revised its criteria for classifying risk. Whereas in 2005 a risk with a probability of at least 66 % and involving a loss of more than EUR 6 million was considered to pose a threat to the Company's going concern status, this limit has now been raised to an amount of over EUR 25 million. In some cases, however, the risks have been revised with respect to their loss potential. All in all, the risk situation has improved decisively.

Payment flows in foreign currencies are generally recorded as risk items. The Group members report their currency exposure centrally to Nordex AG. All hedging of foreign currency transactions is transacted by Nordex AG's Treasury department to ensure that all current foreign-currency items and, thus, potential risk, can be monitored on an ongoing basis.

Liquidity risk is managed by central Treasury at Nordex AG. The Group members report their medium-term planned incoming and outgoing payments on a weekly basis. In addition, they provide details of expected guarantee requirements on the basis of current sales plans. A liquidity and guarantee plan setting out finance and investment requirements for the coming 12 months is used for this purpose.

The risk exposure of Nordex AG, as the parent company in the Nordex Group, is directly related to the business performance of the Nordex Group.

RISK SITUATION 2005 VS. 2006



Material risks

The main 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 energy systems. Nordex, a number of competitors as well as an utility have lodged an appeal against these claims. If these claims are upheld, the producers of wind energy systems meeting these conditions may have to pay royalties to the owner of the patent. The value at risk was lowered compared with the previous year.

The second main risk relates to the current tight situation in the procurement market. Delivery shortfalls may disrupt the production process and result in delays in the completion of wind farms. As a result, Nordex may be subject to penalties and also fail to achieve its growth targets. Nordex has addressed this problem by adopting a multi-supplier strategy, early ordering of requirements and the qualification of new partners.

Opportunities

The growing attention in public debate being paid to climatic change has precipitated extensive political decisions in the OECD countries and a number of emerging markets in favor of the greater use of renewable energies. This could result in a further improvement in the sales situation. Thus, there is a very real possibility that the PTC scheme in the United States will be renewed beyond 2008 or a national RPS introduced. Moreover, there is a good chance that the price of electricity from renewable sources will continue to rise as the levies on conventionally produced electricity are increasing or bonus payments are fixed for "green electricity". In this case, it will be possible to increase sell-side prices of wind turbines.

International trade in CO_2 certificates is relevant particularly for countries which currently do not have effective systems for promoting the use of renewable energies. If the climate debate leads to reasonable prices for these certificates, this could allow new markets to be entered.

With the sector's generally improved image and Nordex's status as a financially reliable partner, its position as an potential emloyer in the recruitment market for qualified candidates could undergo continued massive improvement. In 2006, there were shortages of highly qualified staff in some cases.

What is more, there is a good chance that the new production facilities in China will reach full capacity utilisation more quickly than planned and thus break even at an early stage.

The Company's heightened renown could also have a favorable effect on financing structures.

If the calculated risk in connection with order handling or during the guarantee period for wind power systems proves to be less pronounced than expected, this will also have a favorable effect on Nordex's profitability.

Deviations of a positive or negative type in all of the opportunities and risks presented here must be expected in view of the inherent uncertainty of all forward-looking statements.

Management Board related parties report

With respect to all legal transactions and actions occurring in 2006 and subject to compulsory reporting, the Company received reasonable remuneration and was not placed at any disadvantage as a result of any such transaction or action in the light of the circumstances known to the Management Board as of the date on which the transaction or activity in question was performed.

Disclosures in accordance with Sections 289 (4); 315 (4) of the German Commercial Code (new version)

In accordance with the amendments to Sections 289 (4) and 315 (4) of the German Commercial Code taking effect on January 1, 2007, the following further mandatory disclosures are made:

- In the period under review, the Company's fully paid up share capital of EUR 58,818,818, divided into 58,818,818 bearer shares, was increased by EUR 5,526,182 to EUR 64,345,000 through the issue of 5,526,182 new bearer shares using in full the Authorised Capital I available as of the date of this issue. To each share is attached one voting right. As at December 31, 2006, the Company had Authorised Capital I of EUR 16,086,250, equivalent to 16,086,250 shares, Contingent Capital I of EUR 15,086,250, equivalent to 15,086,250 shares, as well as Contingent Capital II of EUR 1,000,000, equivalent to 1,000,000 shares, each with a notional value of EUR 1.00 per share. The aforementioned capital was established in the year under review by resolutions passed by the shareholders at the annual general meeting.

- The notifications submitted by shareholders of the Company in accordance with the German Securities Trading Act indicate that some of Nordex AG's financial investors have entered into agreements to pool voting rights. The underlying agreements are not known to the Company.

- As of the balance sheet date, the following companies held more than 10 % of the voting rights with respect to Nordex AG. CMP Fonds I GmbH, Berlin, held 17,149,365 shares and, thus, 26.65 % of the voting rights. Stichting Administratiekantoor GS NDX Investment Trust, Amsterdam, held 11,222,138 shares and, thus, 17.44 % of the voting rights.

- The appointment and dismissal of members of the Management Board is governed by Sections 84 and 85 of the German Stock Corporation Act; Section 7 of the Company's bylaws corresponds to the statutory provisions.

  In accordance with Section 179 of the German Stock Corporation Act, the Company's bylaws may only be amended with a resolution passed by the shareholders. Contrary to the statutory provisions, Section 19 of the Company's bylaws stipulates that a simple majority of the votes cast and a simple majority of the capital represented are sufficient for passing a resolution to amend the bylaws unless a higher qualified majority of the votes cast and/or capital represented is mandated by law. Section 25 of the Company's bylaws makes use of the statutory option of authorising the Supervisory Board to make amendments to the version of the bylaws.

- The Management Board is permitted to issue new shares using the Authorised Capital I and the Contingent Capital I and II established by the shareholders at the annual general meeting held on May 15, 2006. In accordance with the statutory provisions in connection with Section 4 of the Company's bylaws, this permission granted to the Management Board entails the following:

Authorised capital I

In accordance with Section 4 (2) of the Company's bylaws, the Management Board is authorised with the Supervisory Board's approval to raise the Company's capital once or repeatedly by up to EUR 16,086,250 by issuing new bearer shares on a cash or non-cash basis up until April 30, 2011 (Authorised Capital I). The Management Board is additionally authorised with the Supervisory Board's approval to exclude the shareholders' pre-emptive subscription rights including but not limited to in the following cases:

- in the event of cash equity issues particularly for the purpose of acquiring companies, parts of companies or equity interests;
- if, in the case of a cash equity issue for which the pre-emptive subscription rights are excluded, the total share of the capital does not exceed 10% of the share capital in existence on the date on which the resolution to utilise Authorised Capital I is passed and the issue price of the new shares is less than the market price of the shares of the same class and rights already listed as of the date on which the final issue price is determined by the Management Board as defined in Section 203 (1) and (2) in connection with Section 186 (3) 4 of the German Stock Corporation Action, and
- for fractional amounts.

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

Contingent capital I

The Management Board is authorised with the Supervisory Board's approval to grant once or repeatedly bearer debentures with conversion rights and/or obligations (convertible bonds) as well as options with warrants on the Company's bearer shares with a prorated share of the Company's share capital of a total of EUR 15,086,250 on or by April 30, 2011. The total nominal amount of the debentures granted may not exceed an amount of EUR 150,862,500 and their term may not exceed 20 years.

The shareholders have a right to subscribe to the debentures. The debentures may also be transferred to one or more financial institutes with the obligation to offer them to the shareholders. The Management Board is authorised with the Supervisory Board's approval to exclude the shareholders' subscription rights in order to

- offer the debentures for subscription to individual investors or strategic partners provided that the volume of shares to be issued upon conversion of the debentures does not exceed 10% of the share capital in existence on the date on which the resolution to utilise this authorisation is passed in accordance with Sections 221 (4) Sentence 2; 186 (3) Sentence 4 of the German Stock Corporation Act and the issue price does not exceed the theoretical market price of the debentures calculated using acknowledged methods of financial mathematics (particularly the Black/Scholes model).
- eliminate fractional amounts.

Such shares issued on the basis of the corresponding authorisation using authorized capital in accordance with the resolution granting such authorisation and excluding the shareholders' pre-emptive subscription rights in accordance with Section 186 (3) Sentence 4 of the German Stock Corporation Act count towards the limit in accordance with Sections 221 (4) Sentence 2; 186 (3) Sentence 4 of the German Stock Corporation Act.

The conversion or subscription price of a share equals the average closing price of the Company's shares determined on the Frankfurt stock exchange in Xetra trading (or a replacement system with comparable functions) on the last ten trading days prior to the day on which the Supervisory Board passes a resolution approving the issue of the debentures. When the conversion right or, where applicable, conversion obligation is exercised, a payment covering the difference between the conversion price and the issue price of the convertible bond shall be made.

Notwithstanding the provision contained in Section 9 (1) of the German Stock Corporation Act, the conversion or subscription price may be reduced in accordance with a non-dilution clause after the conditions of the convertible bond or option have been determined if during the option or conversion period the Company increases its share capital, issues further bonds with warrants or convertible bonds or grants or guarantees warrants and the holders of existing option or conversion rights are not granted any subscription rights of the type to which they would be entitled after exercise of the option and conversion rights and the Company does so by granting exclusive subscription rights to its shareholders or by means of an equity issue using the Company's own funds. In addition, the conversion and subscription conditions may provide for an adjustment in the option and conversion rights in the event of a cut in the Company's capital.

The Management Board is authorised with the Supervisory Board's approval to determine the further details of the issue and rights attaching to the debentures including but not limited to the interest rate, duration, issue and exercise periods, denomination and termination of the debentures. The conversion and subscription conditions may provide for the Company to grant holders treasury stock in lieu of new shares using Contingent Capital I in the exercise of the conversion or subscription rights.

Contingent Capital II

The Management Board is authorized with the Supervisory Board's approval to issue up to 1,000,000 subscription rights for shares in Nordex AG in accordance with the following terms ("stock option plan") on or by December 31, 2008. The main elements of the stock option plan are as follows:

(1) Eligible persons

Under the stock option plan, rights to subscribe to bearer shares issued by the Company ("subscription rights") are granted to members of the management of affiliated companies in which the Company holds a majority interest as defined in Sections 15 et seq. of the German Stock Corporation Act and which themselves are not listed ("Nordex Group") as well as to the executives and other staff of the Company provided that such persons are not members of the Company's Management Board. A total of 1,000,000 subscription rights ("total volume") may be issued to all eligible persons in their entirety during the term of the stock option plan until April 30, 2011. The subscription rights are assigned to the individual groups of the eligible persons as follows:

(a) up to 700,000 to members of the management of German and non-German Nordex Group companies,

(b) up to 300,000 to executives and employees of the Company.

The precise number of eligible persons in these two groups and the volume of the stock options which they are to be offered are determined by the Management Board in the light of the individual performance and capabilities of the eligible persons.

(2) Grant periods

The grant of subscription rights is confined to four periods per year ("grant periods"). Subscription rights may be granted within 21 days after the announcement of the results for the previous fiscal year or within 21 days after the announcement of the results for the applicable quarter of the current fiscal year provided that this is no later than two weeks prior to the end of the current quarter and, for the final time, in the grant period following the day on which the results for the second quarter of the 2008 fiscal year are announced. For this purpose, the results are deemed to have been announced on the date of first publication of the final results for the quarter or fiscal year in question.

The day on which the subscription rights are allocated ("allocation day") is determined by the Management Board with the approval of the Supervisory Board.

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

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

The exercise of subscription rights is confined to two periods per year ("exercise periods"). The subscription rights may be exercised (i) within 28 days after the announcement of the results for the previous fiscal year or (ii) within 28 days after the announcement of the results of the second quarter of the current fiscal year and for the final time in the exercise period following the day on which the results for the 2010 fiscal year are announced. The subscription rights may not be exercised outside these exercise periods.

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

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

(a) Content and target

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

(b) Exercise price

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

(5) Settlement of subscription rights

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

The conditions for the stock option plan should be such that this choice is available to the Company. A cash settlement should equal the difference between the exercise price and the opening price of the Company's ordinary shares in Xetra trading (or a replacement system with comparable functions) on the Frankfurt Stock Exchange on the day on which the subscription right is exercised.

(6) Further rules

The Management Board is authorised with the Supervisory Board's approval to determine further option conditions including details of the grant, the form and the settlement of subscription rights as well as the conditions for exercise. This also applies to the provision for dilution protection in the event of any changes to the Company's capital. The dilution protection is to comply with the usual practices of the capital markets unless an adjustment mechanism is provided for by law.

(7) Tax

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

(8) Reporting duty

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

- Nordex Energie GmbH has entered into a license contract with pro+pro Energiesysteme GmbH & Co. KG, which has since been amalgamated by REpower Systems AG, under the terms of which Nordex may produce and distribute S70 and S77 type wind power systems and work on further developments to such systems free of any restrictions for an unlimited period of time. The licensor may terminate the license contract for good cause if a direct competitor of the licensor acquires either directly or indirectly a share of at least 25 % of the voting capital of the licensee or the entity which controls it, i.e. Nordex AG. In this connection, the Company is of the view that even in the event of the termination of the license contract for good cause Nordex will still be authorised to produce and distribute wind power systems of the licensed and now further developed model. In any case, however, it would be possible to use the new and further developments embodied in the systems without utilising the licensed expertise by means of technical modifications which would be possible at reasonable expense and to continue producing and distributing these wind power systems.

Events after the balance sheet date

Nordex started up the operation of a new plant for the production of rotor blades for the 1.5 MW class in China on January 24, 2007. After the start-up phase and the planned extensions to the facility, up to 800 rotor blades (400 MW) per year are to be produced here as of 2008/09.

New business has continued to grow since the beginning of the year, with new orders valued at around EUR 217 million at the end of February 2007 (February 28, 2006: EUR 183 million). At the same time, there is a clear trend in favor of larger projects. Thus, customers from the UK and Spain have signed individual contracts for more than EUR 60 million and EUR 50 million, respectively.

Branches

The head offices of Nordex Aktiengesellschaft are located in Rostock. The Company maintains a branch in Norderstedt, which is the seat of Nordex AG's head quarter.

Rostock, March 2007

T. Richterich	C. Pedersen	H. Müller
CEO	*COO Sales*	*COO Operations*

CORPORATE GOVERNANCE REPORT

The Transparency and Disclosure Act (Section 161 of the German Stock Corporation Act) took effect on August 8, 2002, imposing on the management board and the supervisory board of a listed company the obligation to declare once a year whether they complied with the German Corporate Governance Board and are still doing so or which recommendations contained in the Code are not applied. The Code sets out the main statutory rules for the governance and supervision of listed companies as well as internationally recognised 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. As a result of the amendments to the Code of June 2, 2005, Nordex is now disclosing details of the recommendations not adopted (see Point 2.3.4), sets out the compensation paid to the Supervisory Board in the corporate governance report and has published the declarations of conformance for the past five years.

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 German Stock Corporation Act

The recommendations set out in the German Corporate Governance Code as amended on June 12, 2006 were conformed to in fiscal 2006 save for the following exceptions. This will also continue to be the case in the future.

2.3.4 Transmission of annual general meeting

Nordex has so far not transmitted its annual general meeting using modern communication facilities (e.g. the Internet). It has not adopted this recommendation as it takes the view that the costs are not justified given the small interest expressed by its shareholders to date. Moreover, only a small number of shareholders have the technology required to watch the annual general meeting on a streamed basis. At the moment, Nordex considers press work to be a more suitable method of communicating the details of the debate conducted at the annual general meeting.

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 reasonable deductible would not have any effect on the insurance premium.

4.2.3 + 4.2.4 + 4.2.5 Individual breakdown of Management Board compensation

As the Company's shareholders have made use of their right under Section 286 (5) of the German Commercial Code and passed a resolution dispensing with the individualised disclosure required by Section 285 (1) No. 9 lit. a Sentence 5 – 9 and Section 314 (1) No. 6 lit. a) Sentence 5 and 9 of the German Commercial Code of the total compensation paid to the members of the Company's Management Board for a period of five years commencing on January 1, 2006, i.e. up to and including the 2010 fiscal year, Nordex continues to refrain from individualising the compensation paid to members of the Management Board including benefits received by third parties in consideration of the performance of their duties in this capacity. The compensation paid to the Management Board is disclosed on page 92f the Annual Report. The Company does not think that details of the compensation system constitute need-to-know information for the capital markets. However, the Company wishes to state that all members of the Management Board hold shares in Nordex AG: Thomas Richterich (Chairman) and Dr. Hansjörg Müller (Operations) hold 206,143 and 164,915 shares respectively (and Dr. Müller with a further 4,500 shares) via dormant sub-participations (excluding voting and selling rights) and are thus exposed to the stock. Carsten Pedersen (Sales and Marketing) holds 99,000 shares directly and roughly 2.65 million shares indirectly via his 50% stake in Nordvest A/S.

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 individualised compensation paid to members of the Supervisory Board is set out in the Company's bylaws (www.nordex-online.com/online-service). This amount equals EUR 15,000 per year for each member of the Supervisory Board. The chairman receives double and its deputy one-and-a-half times this amount.

NORDEX COMPLIES WITH THE FOLLOW-UP ADMISSION RULES STIPULATED FOR THE PRIME STANDARD.

4.3.2 + 5.5.2 Potential conflicts of interest

In two cases, members of Nordex AG's Supervisory Board hold management functions with the Company's business partners. In one case, a member of the Management Board holds shares in a business partner. There were no material conflicts of interest in any of the three cases. The details are as follows:

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

Martin Rey, who is a member of Nordex's Supervisory Board, is executive director of Babcock & Brown Ltd., Sydney, and managing director of Babcock & Brown GmbH, Munich. In 2006, companies in the Babcock & Brown Group acquired wind turbines from Nordex. Mr. Rey was not personally involved in the contractual negotiations between Nordex and Babcock & Brown and did not exercise any material influence on these.

Management Board member Carsten Pedersen holds a share in Welcon A/S. In the year under review, Welcon was a supplier of towers to the Nordex Group. The purchasing relations with Welcon comply strictly with arms-length requirements. Orders are placed only after intensive comparisons of prices and services. Mr. Pedersen in his capacity as COO Sales and Marketing is not involved in these decisions. 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.

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 Company will continue to publish its quarterly reports within the usual period of 60 days after the end of the period in question.

Director´s dealings

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

DATE	PERSON	POSITION	NUMBER OF SHARES	ISIN MARKET	PRICE PER SHARE	TOTAL VOLUME
12/08/2006	Dr. Hansjörg Müller	COO Operations	49 Sale*	DE000A0D6554 Xetra	12.749 €	624.68 €
12/08/2006	Thomas Richterich	CEO	62 Sale*	DE000A0D6554 Xetra	12.749 €	790.41 €
12/07/2006	Dr. Hansjörg Müller	COO Operations	49 Sale*	DE000A0D6554 Xetra	12.803 €	627.37 €
12/07/2006	Thomas Richterich	CEO	62 Sale*	DE000A0D6554 Xetra	12.803 €	793.81 €
12/05/2006	Dr. Hansjörg Müller	COO Operations	7 Sale*	DE000A0D6554 Xetra	12.554 €	87.88 €
12/05/2006	Thomas Richterich	CEO	9 Sale*	DE000A0D6554 Xetra	12.554 €	112.99 €
12/04/2006	Dr. Hansjörg Müller	COO Operations	10 Sale*	DE000A0D6554 Xetra	12.594 €	125.94 €
12/04/2006	Thomas Richterich	CEO	11 Sale*	DE000A0D6554 Xetra	12.594 €	138.53 €
12/01/2006	Dr. Hansjörg Müller	COO Operations	10 Sale*	DE000A0D6554 Xetra	12.344 €	123.44 €
12/01/2006	Thomas Richterich	CEO	12 Sale*	DE000A0D6554 Xetra	12.344 €	148.13 €
11/28/2006	Dr. Hansjörg Müller	COO Operations	177 Sale*	DE000A0D6554 Xetra	12.481 €	2,209.08 €
11/28/2006	Thomas Richterich	CEO	222 Sale*	DE000A0D6554 Xetra	12.481 €	2,770.71 €
11/27/2006	Dr. Hansjörg Müller	COO Operations	246 Sale*	DE000A0D6554 Xetra	12.768 €	3,140.96 €
11/27/2006	Thomas Richterich	CEO	308 Sale*	DE000A0D6554 Xetra	12.768 €	3,932.58 €
11/06/2006	Dr. Hansjörg Müller	COO Operations	1,408 Purchase	DE000A0D6554 Xetra	11.30 €	15,910.40 €
11/06/2006	Dr. Hansjörg Müller	COO Operations	592 Purchase	DE000A0D6554 Xetra	11.30 €	6,689.60 €
06/09/2006	Dr. Hans Seifert	Member of Supervisory Board	25,000 Purchase	DE000A0D6554 Xetra	11.85 €	296,250 €
05/23/2006	Dr. Hans Seifert	Member of Supervisory Board	25,000 Purchase	DE000A0D6554 Xetra	11.64 €	291,000 €
05/22/2006	Dr. Hansjörg Müller	COO Operations	2,500 Purchase	DE000A0D6554 Xetra	10.30 €	25,750 €
05/22/2006	Dr. Hansjörg Müller	COO Operations	34,537 Sale*	off the floor	12.74 €	440,001 €
05/22/2006	Thomas Richterich	CEO	43,171 Sale*	off the floor	12.74 €	549,999 €

*Pro-rated sale of dormant sub-participation via financial investors CMP Fonds I GmbH and Goldman Sachs


5.20 P.M. SARDINIA. 38 °C. GLARING SUN. BARREN COUNTRY. PROVEN TECHNOLOGY HAS BEEN USED HERE FOR CENTURIES TO ACHIEVE THE GREATEST POSSIBLE YIELD –
NOW ALSO 46,000 MWH OF ELECTRICITY A YEAR!
NORDEX
We've got the power.

CONSOLIDATED BALANCE SHEET (IFRS) AS OF DECEMBER 31, 2006

CONSOLIDATED BALANCE SHEET

as of December 31, 2006 (IFRS)

	(Notes)	Dec. 31, 2006 EUR 000s	Dec. 31, 2005 EUR 000s
Cash and cash equivalents	(1)	131,909	19,493
Trade receivables and future receivables from construction contracts	(2)	77,606	42,964
Inventories	(3)	141,197	71,051
Current financial assets	(4)	1,298	715
Other current assets	(5)	15,073	15,552
Current assets		**367,083**	**149,775**
Property, plant and equipment	(6)	27,837	21,381
Goodwill	(7)	9,960	9,960
Capitalised development costs	(8)	11,731	11,273
Other intangible assets	(9)	876	2,323
Non-current financial assets	(10)	7,156	9,773
Other non-current assets	(11)	1,077	867
Deferred tax assets	(12)	31,721	26,021
Non-current assets		**90,358**	**81,598**
Assets		**457,441**	**231,373**
Trade payables	(13)	66,480	64,063
Provisions for income tax	(14)	1,209	578
Other provisions	(15)	34,311	35,198
Other current liabilities	(16)	186,054	45,674
Current liabilities		**288,054**	**145,513**
Non-current borrowings	(17)	1,199	7,057
Pensions and similar obligations	(18)	449	404
Other non-current liabilities	(19)	7,953	8,079
Deferred tax liabilities	(12)	11,260	6,867
Non-current liabilities		**20,861**	**22,407**
Shareholders' equity	**(20)**	**148,526**	**63,453**
Shareholders' equity and liabilities		**457,441**	**231,373**

CONSILIDATED INCOME STATEMENT

(IFRS) from January 1, 2006 to December 31, 2006

	(Notes)	Jan. 1, 2006 – Dec. 31, 2006 EUR 000s	Jan. 1, 2005 – Dec. 31, 2005 EUR 000s
Sales	(21)	513,649	308,970
Changes in inventories and other own work capitalised	(22)	38,604	10,452
Total revenues		**552,253**	**319,422**
Other operating income	(23)	8,460	4,657
Cost of materials	(24)	–446,527	–249,553
Personnel costs	(25)	–41,782	–34,083
Depreciation/amortisation	(26)	–13,019	–11,696
Other operating expenses	(27)	–42,828	–28,643
Operating profit/loss before exceptionals		**16,557**	**104**
Exceptional income		0	7,354
Exceptional expenses		0	–12,745
Exceptionals	(28)	0	–5,391
Operating profit/loss		**16,557**	**–5,287**
Depreciation on financial assets		–1,845	0
Other interest and similar income		1,755	1,338
Interest and similar expenses		–3,778	–4,304
Net financial result	(29)	–3,868	–2,966
Profit/loss from ordinary activity before tax		**12,689**	**–8,253**
Income taxes	(30)	–101	36
Net income/loss		**12,588**	**–8,217**
Minority interests	(31)	–202	0
Minority interests		**12,790**	**–8,217**
Earnings/loss per share*)	(32)	0.21	–0.15

*) based on weighted number of shares:

01.01.2006–31.12.2006 62,042 thousand Shares

01.01.2005–31.12.2005 54,133 thousand Shares

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS) FOR 2006

	Issued capital	Share premium	Other equity components	Foreign currency translation	Minority interests	Consolidated net profit/carried forward	Consolidated net profit/loss	Total equity
	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s
January 1, 2005	52,050	147,578	–12,349	110	0	–177,187	–7,712	2,490
Consolidated net loss for stub fiscal year 2004 carried forward	0	0	0	0	0	–7,712	7,712	0
Withdrawals from share premium account	0	–147,057	0	0	0	147,057	0	0
Income from capital reduction	–46,845	0	0	0	0	46,845	0	0
Equity issue								
Cash equity issue	41,640	0	0	0	0	0	0	41,640
Non-cash equity increase	11,974	15,925	0	0	0	0	0	27,899
Equity issue costs netted	0	0	–676	0	0	0	0	–676
Exchange rate differences	0	0	0	317	0	0	0	317
Consolidated net loss for 2005	0	0	0	0	0	0	–8,217	–8,217
December 31, 2005	58,819	16,446	–13,025	427	0	9,003	–8,217	63,453

	Issued capital	Share premium	Other equity components	Foreign currency translation	Minority interests	Consolidated net profit/carried forward	Consolidated net profit/loss	Total equity
	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s
January 1, 2006	58,819	16,446	–13,025	427	0	9,003	–8,217	63,453
Consolidated net loss for fiscal year 2005 carried forward	0	0	0	0	0	–8,217	8,217	0
Cash equity issue	5,526	66,314	0	0	0	0	0	71,840
Equity issue costs netted	0	0	–900	0	0	0	0	–900
Value surplus from first-time consolidation Nordex Italia S.r.l.	0	0	–512	0	0	0	0	–512
Value surplus from derivative financial instruments	0	0	–333	0	0	0	0	–333
Exchange rate differences	0	0	0	–103	0	0	0	–103
Net earnings attributable to the shareholders in 2006 (excluding minority interests)	0	0	0	0	0	0	12,790	12,790
Minority interests	0	0	0	0	2,291	0	0	2,291
December 31, 2006	64,345	82,760	–14,770	324	2,291	786	12,790	148,526

CONSOLIDATED CASH FLOW STATEMENT (IFRS)

for the fiscal year from January 1, 2006 to December 31, 2006

		Jan. 1, 2006 – Dec. 31, 2006 EUR 000s	Jan. 1, 2005 – Dec. 31, 2005 EUR 000s
Operating activities:			
Net profit / loss for the year		12.588	–8.217
+	**Depreciation on non-current assets**	14.864	11.696
–/+	**Decrease/increase in pension provisions**	45	28
+/–	**Increase/decrease in other provisions and tax provisions**	– 19.881	8.074
+	**Loss from disposal of non-current assets**	40	212
–/+	**Increase/decrease in inventories**	– 70.146	– 23.523
–/+	**Increase/decrease in trade receivables and future receivables from construction contracts as well as other assets not assigned to investing or financing activities**	– 34.375	– 12.627
–/+	**Decrease/increase in trade payables and other liabilities not allocated to investing or financing activities**	163.439	4.225
+/–	**Changes in deferred taxes**	– 1.307	– 441
=	**Cash flow from operating activities**	**65.267**	**– 20.573**
Investing activities:			
+	**Payments received from the disposal of property, plant and equipment/intangible assets**	210	0
+	**Payments received from the disposal of financial assets**	157	214
–	**Payments made for investments in property, plant and equipment/intangible assets**	– 19.075	–8.818
–	**Payments made for investments in financial assets**	–126	–2
=	**Cash flow from investing activities**	**– 18.834**	**– 8.606**
Financing activities:			
+	**Payments received on account of capital increase**	71.840	69.539
+	**Change in current bank loans**	– 5.858	– 30.509
=	**Cash flow from financing activities**	**65.982**	**39.030**
Cash change in liquidity		112.415	9.851
+	**Cash and cash equivalents at the beginning of the period**	19.493	9.407
+	**Changes due to extensions to companies consolidated**	4	231
+	**Exchange rate-induced change in cash and cash equivalents**	–3	4
=	**Cash and cash equivalents at the end of the period (Cash and cash equivalents carried on the face of the consolidated balance sheet)**	131.909	19.493

The net profit/loss for the year includes interest and similar expenditure of EUR 3.778 million (previous year: EUR 4.304 million) as well as interest and similar income of EUR 1.755 million (previous year: EUR 1.338 million).
Cash flows from income taxes come to EUR 0.090 million (previous year: EUR 1.202 million)

MOVEMENTS IN NON-CURRENT ASSETS EXCLUDING DEFERRED TAX

for the fiscal years to December 31, 2006 and 2005

	Acquisition and production costs				
	Commencing balance Jan. 1, 2006 EUR 000s	Additions EUR 000s	First-time consoli-dation EUR 000s	Disposals EUR 000s	Reclassifi-cation EUR 000s
I. Property, plant and equipment					
1. Land, land-like rights and buildings	16,237	482	0	165	0
2. Technical equipment and machinery	14,508	2,250	2,086	1,024	–114
3. Other equipment, operating and business equipment	16,062	3,178	161	746	114
4. Advance payments made and assets under construction	65	3,544	181	65	0
Total property, plant and equipment	**46,872**	**9,454**	**2,428**	**2,000**	**0**
II. Intangible assets					
1. Goodwill	14,461	0	0	0	0
2. Capitalised development costs	21,497	6,820	0	3,591	0
3. Other intangible assets	10,533	373	0	75	0
Total intangible assets	**46,491**	**7,193**	**0**	**3,666**	**0**
III. Non-current financial assets					
1. Investments in associates	5,666	7	0	31	0
2. Loans to associates	1,153	0	0	5	0
3. Other loans	2,954	119	0	862	0
Total non-current financial assets	**9,773**	**126**	**0**	**898**	**0**
Other non-current assets	**867**	**210**	**0**	**0**	**0**
Total non-current assets excluding deferred tax	**104,003**	**16,983**	**2,428**	**6,564**	**0**

	Acquisition and production costs				
	Commencing balance Jan. 1, 2005 EUR 000s	Additions EUR 000s	First-time consoli-dation EUR 000s	Disposals EUR 000s	Reclassifi-cation EUR 000s
I. Property, plant and equipment					
1. Land, land-like rights and buildings	15,951	243	0	0	43
2. Technical equipment and machinery	13,736	791	0	19	0
3. Other equipment, operating and business equipment	14,336	1,831	76	355	174
4. Advance payments made and assets under construction	289	0	0	7	–217
Total property, plant and equipment	**44,312**	**2,865**	**76**	**381**	**0**
II. Intangible assets					
1. Goodwill	14,461	0	0	0	0
2. Capitalised development costs	22,874	5,615	0	6,992	0
3. Other intangible assets	10,271	262	0	0	0
Total intangible assets	**47,606**	**5,877**	**0**	**6,992**	**0**
III. Non-current financial assets					
1. Investments in associates	1,915	2	0	843	4,592
2. Loans to associates	1,262	0	0	0	–109
3. Other loans	2,744	214	0	4	0
Total non-current financial assets	**5,921**	**216**	**0**	**847**	**4,483**
Other non-current assets	**247**	**620**	**0**	**0**	**0**
Total non-current assets excluding deferred tax	**98,086**	**9,578**	**76**	**8,220**	**4,483**

		Depreciation							
	Closing balance Dec. 31, 2006 EUR 000s	Commencing balance Jan. 1, 2006 EUR 000s	Additions EUR 000s	First-time consolidation EUR 000s	Disposals EUR 000s	Reclassifi-cation EUR 000s	Closing balance Dec. 31, 2006 EUR 000s	Book value Dec. 31, 2006 EUR 000s	Book value Dec. 31, 2005 EUR 000s
	16,554	3,421	714	0	110	0	4,025	12,529	12,816
	17,706	10,922	1,996	11	791	0	12,138	5,568	3,586
	18,769	11,148	2,235	7	636	0	12,754	6,015	4,914
	3,725	0	0	0	0	0	0	3,725	65
	56,754	**25,491**	**4,945**	**18**	**1,537**	**0**	**28,917**	**27,837**	**21,381**
	14,461	4,501	0	0	0	0	4,501	9,960	9,960
	24,726	10,224	6,311	0	3,540	0	12,995	11,731	11,273
	10,831	8,210	1,745	0	0	0	9,955	876	2,323
	50,018	**22,935**	**8,056**	**0**	**3,540**	**0**	**27,451**	**22,567**	**23,556**
	5,642	0	1,845	0	0	0	1,845	3,797	5,666
	1,148	0	0	0	0	0	0	1,148	1,153
	2,211	0	0	0	0	0	0	2,211	2,954
	9,001	**0**	**1,845**	**0**	**0**	**0**	**1,845**	**7,156**	**9,773**
	1,077	**0**	**0**	**0**	**0**	**0**	**0**	**1,077**	**867**
	116,850	**48,426**	**14,846**	**18**	**5,077**	**0**	**58,213**	**58,637**	**55,577**

		Depreciation							
	Closing balance Dec. 31, 2006 EUR 000s	Commencing balance Jan. 1, 2006 EUR 000s	Additions EUR 000s	First-time consolidation EUR 000s	Disposals EUR 000s	Reclassifi-cation EUR 000s	Closing balance Dec. 31, 2006 EUR 000s	Book value Dec. 31, 2006 EUR 000s	Book value Dec. 31, 2005 EUR 000s
	16,237	2,737	684	0	0	0	3,421	12,816	13,214
	14,508	8,914	2,023	0	15	0	10,922	3,586	4,822
	16,062	9,361	2,067	2	282	0	11,148	4,914	4,975
	65	0	0	0	0	0	0	65	289
	46,872	**21,012**	**4,774**	**2**	**297**	**0**	**25,491**	**21,381**	**23,300**
	14,461	4,501	0	0	0	0	4,501	9,960	9,960
	21,497	11,871	5,217	0	6,864	0	10,224	11,273	11,003
	10,533	6,507	1,703	0	0	0	8,210	2,323	3,764
	46,491	**22,879**	**6,920**	**0**	**6,864**	**0**	**22,935**	**23,556**	**24,727**
	5,666	400	0	0	400	0	0	5,666	1,515
	1,153	0	0	0	0	0	0	1,153	1,262
	2,954	0	0	0	0	0	0	2,954	2,744
	9,773	**400**	**0**	**0**	**400**	**0**	**0**	**9,773**	**5,521**
	867	**0**	**0**	**0**	**0**	**0**	**0**	**867**	**247**
	104,003	**44,291**	**11,694**	**2**	**7,561**	**0**	**48,426**	**55,577**	**53,795**


NORDEX

NORDEX AKTIENGESELLSCHAFT, ROSTOCK CONSOLIDATED IFRS FINANCIAL STATEMENTS FOR THE FISCAL YEAR FROM JANUARY 1, 2006 UNTIL DECEMBER 31, 2006

NOTES ON RECOGNITION AND MEASUREMENT PRINCIPLES

General information

Nordex Aktiengesellschaft (Nordex AG), a listed stock corporation incorporated in accordance with German law, and its subsidiaries develop, manufacture and distribute wind power systems, particularly large megawatt-class turbines. Nordex Aktiengesellschaft is domiciled in Rostock. However, its headquarters are located in Bornbarch 2, 22848 Norderstedt.

Nordex AG stock is admitted to regulated trading subject to the advanced admission duties (Prime Standard) stipulated by Deutsche Börse. Its nominal capital as of December 31, 2006 stands at EUR 64,345,000.00 (December 31, 2005: EUR 58,818,818.00) and is divided into 64,345,000 (December 31, 2005: 58,818,818) no-par-value shares with a notional value of EUR 1.00 each.

Nordex AG's consolidated financial statements for the year ending December 31, 2006 were approved for publication in a resolution passed by the Management Board on March 5, 2007. The consolidated financial statements had not yet been approved in accordance with Section 170 et seq. of the German Stock Corporation Act.

The consolidated financial statements of Nordex AG and its subsidiaries were prepared in accordance with Section 315a of the German Commercial Code using the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union. In this connection, all International Financial Reporting Standards and interpretations of the International Financial Reporting Interpretations Committee binding as of December 31, 2006 were applied.

The consolidated financial statements were prepared using the historical cost method. The consolidated financial statements are prepared in TEUR (thousands of euros).

In fiscal 2006, Nordex applied the current/non-current distinction provided for in IAS 1 for accounting for assets and liabilities.

At Nordex AG and all its consolidated companies, the fiscal year is identical to the calendar year. Other than this, there are no changes in the accounting and measurement methods used compared with the previous year.

Effects of new accounting standards

In December 2004, the IASB issued a modified version of IAS 19 (Employee Benefits). As a result of these amendments, there is an additional option for the immediate recognition of actuarial gains and losses from defined-benefit pension obligations. Accordingly, these can now be shown under equity in the period in which they arise. Nordex AG has not made use of this option and continues to take actuarial gains and losses exceeding the defined corridor to the income statement.

IFRIC 4 was applied for the first time as of January 1, 2006. This interpretation provides guidance on the criteria for determining whether an agreement contains an embedded lease. The application of this interpretation did not have any effect on the consolidated financial statements.

The changes to the scope of applicability of IAS 39 with respect to the recognition and measurement of financial guarantees which are not insurance contracts did not have any effect on the consolidated financial statements. No use was made of the option provided in the revisions to IAS 39 for measuring financial assets and liabilities at their fair value.

In January 2006, the IASB issued IFRS 7 (Financial Instruments: Disclosures), which governs the compulsory disclosures for assessing risks in connection with financial instruments and replaces the former IAS 30 and the disclosure requirements contained in IAS 32. IFRS 7 must be applied for the first time to fiscal years commencing on or after January 1, 2007. Nordex AG has not made use of the option of earlier adoption of IFRS 7.

Aside from the additional disclosures required in the notes, the Company does not expect any material impact on the Group's assets, financial condition and results of operations as a result of first-time application of this standard.

IFRIC 8 provides guidance on the scope of application of IFRS 2 (Share-based payments). The interpretation must be applied for the first time in fiscal years commencing on or after May 1, 2006. Nordex has not made use of the option of voluntary earlier adoption. The effects of this interpretation on the Nordex Group's net assets, financial situation and results of operations are currently being reviewed, meaning that no final assessment is possible at this stage.

IFRIC 9 contains explanatory notes on the recognition of embedded derivatives. Nordex does not expect the application of this interpretation to exert any material influence on the Group's net assets, financial situation and results of operations. The interpretation must be applied for the first time in fiscal years commencing on or after June 1, 2006.

The revised IAS 1 requires additional disclosures with respect to the aims, methods and processes in connection with the Group's capital management. Nordex does not expect the application of this standard to exert any material influence on the Group's net assets, financial situation and results of operations. The standard must be applied for the first time in fiscal years commencing on or after January 1, 2007.

Companies consolidated

The consolidated financial statements for the year ending December 31, 2006 include Nordex as well as all material related companies. The financial statements of the subsidiaries were prepared using uniform accounting and measurement methods with the same balance sheet date as that applied for the parent company's financial statements. A related company is defined as one on whose business and financial policy Nordex is able to exercise dominant control either directly or indirectly.

Shares in subsidiaries which are of subordinate importance for the Group's net asset, financial condition and results of operations are carried at cost as they are not marketable assets for which a fair value can be reliably determined. The non-consolidated companies are set out in the list attached to these notes.

The following companies are consolidated:

Name	Share in capital/voting rights Dec. 31, 2006 %	Share in capital/voting rights Dec. 31, 2005 %	Equity Single-entity accounts (IFRS) Dec. 31, 2006 EUR 000s	Equity Single-entity accounts (IFRS) Dec. 31, 2005 EUR 000s
Nordex AG, Rostock (Parent company)*	–	–	138,929	61,405
Nordex Energy GmbH, Norderstedt*	100.0	100.0	18,861	15,009
Nordex Grundstücksverwaltung GmbH, Norderstedt*	100.0	100.0	52	52
Nordex Energy B.V., Rotterdam / Netherlands	100.0	100.0	–412	–222
Nordex Energy Ibérica S.A., Barcelona/Spain	100.0	100.0	–1,188	–846
Nordex USA Inc., Arlington, Texas/ United States	100.0	100.0	–1,485	–1,537
Nordex UK Ltd., Didsbury/United Kingdom	100.0	100.0	–3,810	–1,921
Nordex France S.A.S., La Plaine Saint-Denis / France	100.0	100.0	–2,440	–6,794
Nordex (Baoding) Wind Power Co. Ltd., Baoding/PR China	100.0	100.0	1,453	458
Nordex Italia Srl., Milan / Italy	100.0	100.0	–987	–501
Nordex (Dongying) Wind Power Equipment Manufacturing Co., Ltd., Dongying/PR China	100.0	–	1,491	–
Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd., Yinchuan / PR China	50.0**	–	4,269***	–

*) Equity after profit/loss transfer.
**) In the event of a parity of votes, Nordex Energy GmbH exercises the casting vote on the Board of Directors, which is the company's highest governance body.
***) Equivalent to 100% of capital

Nordex Energy GmbH has held a 40 % stake in Xi'an Nordex Wind Turbine Co. Ltd. in China since fiscal 1998/1999. 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 28.2. This investment was previously recognised at cost pursuant to IAS 39.46 et seq. In fiscal 2006, the carrying value of the investment was written off in full.

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 the domestic subsidiaries.

In addition, reference is made to the list of shareholdings as of December 31, 2006 attached to these notes.

Changes to companies consolidated

Acquisitions are recognized in accordance with IFRS 3.14 using the purchase method. Accordingly, the net profit or loss of the newly acquired companies is included in full in the consolidated financial statements in 2006.

The consolidated financial statements as of December 31, 2006 include for the first time Nordex Italia Srl., Milan, which had previously not been consolidated for materiality reasons. Nordex Italia Srl. is a wholly owned subsidiary of Nordex Energy BV, Rotterdam, Netherlands. Its purpose is to engage in distribution, project management and the provision of services in connection with wind power systems acquired from Nordex Energy GmbH, Norderstedt.

In a contracted dated November 9, 2005, Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd., Ningxia, China, was incorporated in 2006 by Nordex Energy GmbH, Ningxia Electric Power Group Co. Ltd. and Ningxia Tanjing Electric Energy Development Group Co. Ltd. for the purpose of producing wind power systems. The shares in registered capital break down as follows:

	Percentage share	Registered Capital USD 000s	Registered Capital* EUR 000s
Nordex Energy GmbH	50 %	3,000	2,493
Ningxia Electric Power Group Co. Ltd.	40 %	2,400	1,995
Ningxia Tanjing Electric Energy Development Group Co. Ltd.	10 %	600	499
	100 %	6,000	4,987

*) converted at the exchange rate prevailing on the day of acquisition of USD/EUR 0.8311.

In the event of a parity of votes cast by the shareholders, Nordex Energy GmbH exercises the casting vote on the Board of Directors, which is the company's highest governance body. Accordingly, Nordex Energy GmbH has the majority of voting rights, meaning that it controls Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd. in accordance with IAS 27.13.

The acquired company contributed sales of EUR 8.180 million and a net loss for the period of EUR 0.404 million to the Group. 50 percent of its sales and net loss for the period are attributable to third parties.

Of the total acquisition costs (including third-party interests) for the shares, cash contributions accounted for EUR 3.989 million as of the date of incorporation. Of this, Nordex Energy GmbH paid EUR 1.495 million. In addition, it transferred technology worth EUR 0.998 million.

Nordex (Dongying) Wind Power Equipment Manufacturing Co. Ltd. was incorporated on October 12, 2006 for the purpose of developing, producing, distributing and servicing components for wind power systems.

The newly incorporated company contributed sales of EUR nil and a net loss for the period of EUR 0.298 million to the Group.

The net assets relating to incorporation are valued at EUR 1.829 million and comprise cash deposits of TEUR 0.613 and the non-cash contributions made by Nordex Energy GmbH of EUR 1.216 million.

Acquisition accounting

Subsidiaries consolidated for the first time were recognised using the purchase method of accounting as of the date of acquisition (IFRS 3). In accordance with IFRS 3.25, 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 recognised as an intangible asset and included in non-current assets. Goodwill was recognised in accordance with the limited retrospective application rules in IFRS 3.85 for the first time in the financial statements for the stub fiscal year ending December 31, 2004. Accordingly, as of October 1, 2004, goodwill is no longer written down over its economic life of 15 years as in previous years but undergoes annual impairment testing.

Other consolidation measures

As part of liability consolidation, all receivables and liabilities between consolidated companies of EUR 57.445 million (December 31, 2005: EUR 56.358 million) are netted against each other.

Internal transactions as well as unrealised gains and losses from internal transactions were eliminated. 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 180.818 million (January 1 until December 31, 2005: EUR 45.489 million) were netted against each other.

Principles of currency translation

The assets and liabilities of foreign consolidated companies whose functional currency is not the euro are translated to euro at the exchange rate prevailing on the balance sheet date. Expenses and income are translated at annual average exchange rates. All cumulative differences arising from the translation of the equity capital of foreign subsidiaries arising from changes in exchange rates are shown separately under equity.

The foreign-currency receivables from and liabilities to non-consolidated companies are converted at the end-of-year rate. Any differences resulting from currency translation are taken to the consolidated income statement.

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

Exchange rate EUR 1.00 equals	Average rates for the year		Exchange rates on December 31	
	2006	2005	2006	2005
USD	1.2557	1.2387	1.3218	1.1856
GBP	0.6818	0.6826	0.6729	0.6792
RMB	10.0037	9.7429	10.3356	9.5515

NOTES ON THE BALANCE SHEET AND THE INCOME STATEMENT

General notes on accounting and valuation methods

Cash and cash equivalents

Cash and cash equivalents include cash in hand and short-term bank deposits with terms of less than three months.

Goodwill, capitalized development expenses and other intangible assets

Intangible assets include licenses acquired, software and the development costs for new and further-developed wind turbines. In addition, they include material goodwill arising from acquisition accounting.

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 lives or, if earlier, until the license expires.

Development costs are capitalised if the technical feasibility of completion of intangible asset, so that it is available for use or sale and the intention for the intangible asset to be completed, used or sold can be demonstrated. In addition, Nordex AG must be able to demonstrate the generation of a future economic benefit as a result of the asset and the availability of the resources to complete the asset and reliably measure the expenditure attributable to the intangible asset during its development. The cost of production for such assets includes all costs directly attributable to the production process as well as the production-related overheads. Financing costs are not capitalised. Capitalised development costs are written down on a straight line over the period in which the project is expected to generate sales, however no longer than five years.

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

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

If there is any evidence pointing to impairment in the value of the asset and the realisable amount is below the amortised acquisition or production costs, the asset is written down on a non-scheduled basis. If the reasons for the impairment no longer apply, the impairment loss is reversed. Evidence of impairment may include age, damage, price decline or changes in market interest rates.

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 ending December 31, 2004, an annual impairment test is conducted pursuant to IAS 36. There were no impairment charges taken in fiscal 2006 as the recoverable value of Nordex Energy GmbH was higher than the book value of the goodwill. The recoverable 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. Cash flows 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 on 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 in connection with the Company's product range.

Property, plant and equipment

Property, plant and equipment are reported at cost and, where subject to wear and tear, written down on a scheduled basis. Depreciation charges are taken on the basis of their expected useful lives on a straight-line basis.

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 the material opportunities and risks rest with Nordex AG, the leased assets are recognised 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.

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 calculated for 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 %

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

Repair and maintenance costs are expended upon arising. Material additions and improvements are capitalized.

Borrowing costs

Borrowing costs are recognised as expense in the period in which they are incurred.

Financial assets

The equity instruments carried as financial assets are measured at their cost less impairment as there is no active market for them and their fair value cannot be reliably determined. Loans are recognised at their redemption amount.

Inventories

Inventories are reported at their cost of acquisition or production. Generally speaking, averages are used to calculate the cost of acquisition or production. The production costs include full costs (IAS 2) and are calculated on the basis of normal capacity utilisation. Specifically, the production costs include directly attributable costs as well as material and production overheads including production-related charges and pension expenses. In addition, production-related administrative overheads are assigned to production costs. Borrowing costs are not capitalised 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 reversal 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).

Trade receivables and future receivables from construction contracts

Trade and other receivables are carried at their nominal value. Discernible risks an considered by less reasonable adjustments that are calculated on the basis of individual risk estimates and historical values.

Future receivables from construction contracts are measured 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 recognised on a prorated basis in accordance with the stage of completion provided that the stage of completion, total costs and total revenues from the orders in question can be reliably calculated pursuant to IAS 11. The stage of completion of the individual contracts is calculated using the cost-to-cost method (IAS 11.30a). Total revenues from the contract are carried in accordance with the stage of completion provided that the above-mentioned conditions are met. Contract costs entail the costs directly attributable to the order and a share of the overheads. Receivables denominated in another currency are recognised at the mean exchange rate prevailing on the balance-sheet date.

Income taxes/deferred taxes

Income taxes are calculated in accordance with the tax rules of the countries in which the Group operates.

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 utilisation of existing domestic tax losses carried-forward and there is reasonable certainty that they will be realised.

Deferred taxes were measured on the basis of the tax rates applicable or expected to be applicable in the individual countries on the date on which they are realised. 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 losses 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.

Pensions and similar obligations

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 expected future salary and pension increases as well as other actuarial assumptions.

Provisions for tax and other provisions

Income 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. Non-current 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 recognised at the present value of the lease payments.

Contrary to the consolidated financial statements for the previous year, post-completion project costs, personnel provisions and provisions for outstanding invoices are no longer allocated to other provisions but are reported under liabilities as accruals. Provisions are distinguished from other liabilities in accordance with IAS 37.11, which states that accruals are to be reported as part of trade and other payables. Accruals are liabilities arising from the supply of goods and services, including amounts due to employees. They differ from provisions due to the substantially greater degree of certainty concerning the timing and amount of the future expenditure required in settlement (IAS 37.11b). The post-completion project costs primarily comprise the cost of guarantee insurance, guarantee commission and any additional work necessary. Amounts due to employees comprise amounts relating to accrued vacation pay, vacation and Christmas bonuses, bonus payments and contributions for the industrial compensation society. The previous year's figures have been restated accordingly in the interests of comparability.

Hedging policies and financial instruments

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 Nordex AG as 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.

Derivative financial instruments

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 recognised under other equity components (reserves for cash flow hedges) 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.

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 standardised 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.

See Note 17 Non-current financial liabilities for details of the hedging methods for non-current financial liabilities.

Sales

Sales comprise revenues from the sale of wind power systems, the completion of construction contracts for customers as well as revenues from service contracts. As a matter of principle, revenues from the sale of wind power systems are recognized upon the sytems going into operation. In the case of construction contracts for customers, revenues are generally recognized in accordance with the percentage-of-completion method, 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 agreed installment. Revenues from service contracts are recognized upon the service being provided.

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. General guarantee provisions are set aside on the date on which the net sales in question are recognised. Development expenses are recognised 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.

Cost of materials/Other operating expenses

In contrast to the previous fiscal year, expenses for external staff are reported under other operating expenses and not under the cost of materials. The figures for the previous year have been restated accordingly.

Exceptionals

In 2006 there were no exceptional charges. In 2005, net exceptional charges had come to EUR 5.391 million.

Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires management to make critical accounting estimates and judgements which may have an impact on the amounts reported and related disclosures. Although these estimates are made with management's best knowledge based on current events and activities, deviations between actual events and these estimates may arise.

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

The Group submits goodwill to an impairment test at least once a year. This necessitates an estimate of the value in use of the cash generating units to which the goodwill has been assigned. To estimate the value in use, the Group must estimate the likely future cash flows from the cash generating unit and additionally select an appropriate discount rate to calculate the present value of this cash flow. As of December 31, 2006, the carrying value of the goodwill stood at EUR 9.96 million (December 31, 2005: EUR 9.96 million). Further details can be found in the section discussing the recognition and measurement methods for intangible assets.

The Group reviews the fair value of the capitalized development costs at least once a year. In doing so, the Management Board assumes a useful life of 5 years for the purpose of calculating depreciation expense on capitalised development costs. In addition, the likely economic benefit of the development is determined by estimating the values in use of the cash generating units to which capitalised development costs are allocated. Past development costs which have become technically antiquated are written off. As at December 31, 2006, the Group capitalised development costs of EUR 11.731 million (December 31, 2005: EUR 11.273 million). In 2006, development costs of EUR 0.085 million (previous year: EUR 0.170 million), which had been capitalised in former years, were written off.

Nordex AG capitalises deferred tax on the tax losses of the parent company. The deferred tax assets are calculated on the basis of the medium-term forecast for the German part of the Nordex Group including adjustments allowing for future uncertainty. As at December 31, 2006, the deferred taxes on tax losses stood at EUR 31.70 million (December 31, 2005: EUR 26.00 million).

NOTES ON THE BALANCE SHEET

(1) Cash and cash equivalents

This item comprises almost exclusively bank balances. Of this sum, EUR 0.738 million (December 31, 2005: EUR 0.393 million) has been deposited in a trust account with a bank subject to withdrawal restrictions.

(2) Trade receivables and future receivables from construction contracts

Trade receivables break down as follows:

	Dec. 31, 2006 EUR 000s	Dec. 31, 2005 EUR 000s
Gross trade payables	36,419	28,276
less adjustments	–7,089	–6,481
Trade receivables (net)	29,330	21,795

Receivables worth EUR 3.192 million (December 31, 2005: EUR 4.905 million) were written down and the difference taken to the income statement in the year under review.

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 realised in accordance with the cost-to-cost method. Part payments received were deducted. Orders which on balance produce a loss are allowed for in accordance with loss-free valuation. As in the previous year, the residual terms are less than one year.

For the purpose of loss-free valuation, adjustments of EUR 1.202 million (December 31, 2005: EUR 0.221 million) were taken on future receivables from construction contracts in fiscal 2006.

Receivables from construction contracts broke down as follows:

	Dec. 31, 2006 EUR 000s	Dec. 31, 2005 EUR 000s
Accrued contract costs	241,507	150,793
Prorated realised profits on contracts including bringing-forward effects	20,879	8,239
Subtotal	262,386	159,032
less part payments received	–214,110	–137,863
	48,276	21,169

(3) Inventories

	Dec. 31, 2006 EUR 000s	Dec. 31, 2005 EUR 000s
Raw materials and supplies	82,791	45,811
Unfinished goods and services	47,796	16,247
Advance payments made	10,610	8,993
	141,197	71,051

Raw materials and supplies primarily comprise inventories held by Nordex Energy GmbH not assigned to individual wind power systems. Unfinished goods and services relate to wind power systems 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 power systems for which no specific order had been received or the level of work performed was too little as of the balance-sheet date.

The carrying value of the receivables includes depreciation charges of EUR 5.646 million (December 31, 2005: EUR 5.004 million).

(4) Current financial assets

Current financial assets primarily related to partial amounts due for payment within one year of two long-term loans (EUR 1.117 million; December 31, 2005: EUR 0.635 million) as well as loans to related non-consolidated companies (EUR 0.181 million; December 31, 2005: EUR 0.080 million).

(5) Other current assets

Other current assets break down as follows:

	Dec. 31, 2006 EUR 000s	Dec. 31, 2005 EUR 000s
Deferred income	637	981
Receivables from non-consolidated related companies and associates	3,553	4,981
Tax reimbursement claims	5,013	2,637
Bonus claims against suppliers	600	1,178
Deposits	529	553
Insurance claims	785	1,843
Loans granted for project development activities	1,570	1,960
Creditors with debit accounts	1,403	1,924
Other	3,722	1,084
Other current assets (gross)	17,812	17,140
Less adjustments	–2,739	–1,589
Other current assets (net)	15,073	15,552

As in the previous year, prepaid expenses primarily comprise advance payments for insurance policies. As in the previous year, the residual terms are less than one year.

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.

(6) Property, plant and equipment

Property, plant and equipment including finance leases recognized break down as follows:

	Dec. 31, 2006 EUR 000s	Dec. 31, 2005 EUR 000s
Properties, property-like rights and buildings	12,531	12,816
Technical equipment and machinery	5,570	3,586
Other equipment, operating and business equipment	6,011	4,914
Part payments made and assets under construction	3,725	65
	27,837	21,381

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 reported as non-current assets (net book value on December 31, 2006: EUR 7.400 million) is subject to obligations under future lease payments of EUR 8.079 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 000s	1–5 years EUR 000s	> 5 years EUR 000s
Lease payments	673	2,690	6,726
Previous year	673	2,690	7,398
Discount amounts	21	432	2,926
Previous year	21	432	3,326
Present values	652	2,258	3,800
Previous year	652	2,258	4,072

Covenants on the property, plant and equipment in the year under review comprised a land charge of EUR 11.2 million (previous year: EUR 11.2 million) on properties in Rostock at which the nacelle production facility is located.

In addition to the capitalised 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.

(7) Goodwill

See explanations on recognition and measurement methods under intangible assets. Goodwill is unchanged over the previous year at EUR 9.960 million.

(8) Capitalised development costs

As of the balance sheet date, development costs of EUR 24.726 million (December 31, 2005: EUR 21.497 million) are capitalised in accordance with IAS 38. In fiscal 2006, development expenses of EUR 6.820 million were capitalised for the first time. Further development expenses of EUR 4.428 million (previous year EUR 3.338 million) also arising in the year under review did not meet the criteria for capitalisation.

(9) Other intangible assets

Other intangible assets break down as follows:

	Dec. 31, 2006 EUR 000s	Dec. 31, 2005 EUR 000s
Concessions, trade and similar rights	10,861	10,533
Less cumulative amortization	–9,985	–8,210
Other intangible assets (net)	876	2,323

Amortisation calculated for other intangible assets came to EUR 1.745 million in the year under review (December 31, 2005: EUR 1.703 million).

Concessions, trade and similar rights includes a license acquired from REpower Systems AG for valuable consideration, which was written off in full as of the balance sheet date. This license, which permits Nordex Energy GmbH to produce and sell the S70/S77 series turbines, continues to form the basis for further development of this series.

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

(10) Non-current financial assets

Non-current financial assets break down as follows:

	Dec. 31, 2006 EUR 000s	Dec. 31, 2005 EUR 000s
Investments in associates	3,796	5,666
Loans to associates	1,148	1,153
Other loans	2,212	2,954
	7,156	9,773

Other loans comprise the non-current part of a loan of EUR 3.272 million, of which an amount of EUR 2.212 million has a term of more than one year.

Investments in associates break down as follows:

	Dec. 31, 2006 EUR 000s	Dec. 31, 2005 EUR 000s
Nordex Energy Equipment Services (Shanghai) Co Ltd.	188	188
Nordex Italia Srl.	0	10
Nordex Windpark Beteiligung GmbH	25	25
natcon7 GmbH	21	21
Nordex Windpark Verwaltung GmbH	25	25
Quingdao Huawei Wind Power Co. Ltd.	3,506	4,592
Nordex Hellas Monoprosopi EPE	18	19
Xi´an Nordex Wind Turbine Co. Ltd.	0	758
Atria Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Rostock KG	5	5
Other	8	23
	3,796	5,666

In addition, reference is made to the list of shareholdings as of December 31, 2006 attached as Appendix B.

Loans to associates concern a loan to Atria Grundstückverwaltungsgesellschaft mbH & Co. Objekt Rostock KG in connection with the lease for a production hall and administrative building.

The 40 percent share in Xi´an Nordex Wind Turbine Co. Ltd. was written off in full in the year under review. In addition, the share in Qingdao Huawei Wind Power Co. Ltd. of EUR 1.087 million was adjusted. The share in Xi'an was adjusted to allow for the fact that this entity no longer forms part of the Nordex Group's operating business. The carrying value of the share in Quingdao was written down due to reduced earnings expectations for that entity.

(11) Other non-current assets

Other non-current assets break down as follows:

	Dec. 31, 2006 EUR 000s	Dec. 31, 2005 EUR 000s
Other non-current receivables	620	620
Land	0	110
Deposits	137	137
Other non-current receivables from customers	320	0
	1,077	867

(12) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are described in Note 30 Income taxes.

(13) Trade payables

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

(14) Provisions for income tax

The provisions for income tax relate to income tax expense of EUR 0.576 million expected in connection with the external tax audit of Nordex AG as well as the consolidated German companies for 1999, 2000 and 2001. The additional provisions of EUR 0.633 related to French income tax.

(15) Other provisions

Movements in other provisions break down as follows:

	Jan. 1, 2006 EUR 000s	Consumption EUR 000s	Discount EUR 000s	Reversal EUR 000s	Additions EUR 000s	Reclassification EUR 000s	Dec. 31, 2006 EUR 000s
Individual guarantees	15,776	6,977	110	1,975	8,030	0	14,964
General guarantees, service, maintenance	18,506	9,580	0	211	7,338	0	16,053
Other	916	241	0	383	3,002	0	3,294
	35,198	16,798	110	2,569	18,370	0	34,311

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.

Non-current provisions of EUR 3.057 million (December 31, 2005: EUR 3.451 million) for specific payment plans were discounted at a rate of 4%. It is not possible to definitively determine the timing of the outflow of the economic resources in connection with the provisions for orders (individual guarantees, general guarantees, service and maintenance).

Other provisions have been set aside for the cost of the annual general meeting, the cost of having the parent-company financial statements and consolidated financial statements prepared and audited as well as litigation risks.

In contrast to the previous year, provisions for post-completion project costs, personnel provisions (provisions for accrued vacation pay, bonuses and contributions for industrial compensation societies) as well as provisions for outstanding invoices are reported as accruals within other current liabilities (see description in the general notes on recognition and measurement methods). Accruals for the previous year have been restated accordingly and stand at EUR 19.625 million.

(16) Other current liabilities

Other current liabilities break down as follows:

	Dec. 31, 2006 EUR 000s	Dec. 31, 2005 EUR 000s
Deferred income	1,693	2,369
Liabilities to non-consolidated related companies	14	245
Other tax liabilities	15,708	4,772
Social security liabilities	1,725	1,165
Advance payments received	139,411	16,322
Foreign currency forwards/swaps	333	0
Accruals	23,843	19,625
Other	3,327	1,176
	186,054	45,674

As of the balance sheet date, other current liabilities additionally included accruals, which had been reported under other provisions in the previous year. This concerns post-completion project costs of EUR 18.022 million (December 31, 2005: EUR 16.378 million). In contrast to the previous year, other liabilities also include personnel liabilities of EUR 5.399 million (December 31, 2005: EUR 2.846 million) and liabilities for outstanding invoices of EUR 0.422 million (December 31, 2005: EUR 0.401 million). The figures for the previous year have been restated accordingly.

Foreign currency forwards/swaps

One foreign currency forward was outstanding as of the balance sheet date. The underlying transaction is being hedge in the form of a cash flow hedge and relates to the sale of a wind farm in the United Kingdom. The hedged risk concerns the GBP/EUR exchange rate risk. The transaction expires on March 15, 2007. As at December 31, 2006, the foreign currency forward had a fair value of EUR 6.867 million (EUR 6.538 million on the date on which the commitment arose). This amount is based on the market value confirmed by the bank. The transaction is used to hedge the cash flow and is classed as effective. For this reason, the change in fair value (down EUR 0.392 million) is recognised under equity.

Two foreign currency swaps were outstanding as of the balance sheet date and relate to the sale of a wind farm in China. The hedged risk concerns the USD/EUR exchange rate risk. The swaps expire on January 22, 2007 and February 28, 2007, respectively. As at December 31, 2006, the foreign currency swaps had a fair value of EUR 1.327 million (EUR 1.323 million on the date on which the commitment arose). This amount is based on the market values confirmed by the bank. The transaction is used to hedge the cash flow and is classed as effective. For this reason, the change in fair value (down EUR 0.004 million) is recognised under equity.

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

(17) Non-current borrowings

Liabilities to banks (EUR 1.199 million; December 31, 2005: EUR 7.057 million) relate to cash credit facilities utilised. As of December 31, 2006 there were non-utilised cash/guarantee facilities of EUR 18.354 million (December 31, 2005: EUR 43.487 million).

The cash credit facilities provided by the creditor banks are subject to a uniform interest rate of EURIBOR plus 150 basis points up to a maximum of 7% p.a. The guarantee facilities used by the Nordex Group are subject to a uniform rate of 1.5% p.a. The guarantee and cash credit facilities have been granted to the Nordex Group for a period of three years and 364 days and expire on April 3, 2009. Notwithstanding this, the guarantee facilities granted by Euler Hermes Kreditversicherungs AG and Zürich Versicherung AG (Deutschland) totaling EUR 28.3 million initially expire on April 7, 2007 and are subject to annual renewal. In addition, KfW and Commerzbank AG joined the loan syndicate in the year under review. The new guarantee facility of

EUR 15 million granted by KfW is initially limited until June 30, 2008. Commerzbank AG granted a guarantee facility of EUR 10 million and a combined cash/guarantee facility of EUR 10 million initially expiring on December 31, 2007. Following the expiry of this period, Commerzbank AG intends to consider renewing the cash and guarantee facilities granted. Otherwise, these cash and guarantee 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, Nordex Windpark Beteiligung GmbH and Nordex Energy B.V., the assignment of 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.

(18) Pensions and similar obligations

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:

Nominal interest rate	4.25 % (previous year: 4.25 %)
Wage and salary trend	N/A (previous year: 2.5 %)
Pension trend	1.5 % (previous year: 1,5 %)
Fluctuation rate	Dependent on age falling from
– men	15 % (aged 20) auf 0 % (aged 55)
– women	25 % (aged 20) auf 0 % (aged 55)

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

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

	Dec. 31, 2006 EUR 000s	Dec. 31, 2005 EUR 000s
Present value of defined benefit obligations	610	605
Non-amortised actuarial gains (-)/losses (+)	–161	–201
Amount shown on balance sheet	449	404

Total pension expenses comprise the following components:

	Fiscal year 2006 EUR 000s	Fiscal year 2005 EUR 000s
Current service cost	19	16
Interest expense	25	25
Amortisation of actuarial gains/losses	19	6
	63	47

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

	Fiscal year 2006 EUR 000s	Fiscal year 2005 EUR 000s
Amount carried on balance sheet on January 1	404	376
Pension expenses	63	47
Pension payments	–18	–19
Amount carried on balance sheet on December 31	449	404

(19) Other non-current liabilities

Other non-current liabilities relate to liabilities under leases. Of these, a sum of EUR 7.274 million has a residual term of over five years (December 31, 2005: EUR 7.474 million) and a sum of EUR 0.679 million a term of between one and five years (December 31, 2005: EUR 0.604 million).

(20) Shareholders' equity

	Dec. 31, 2006 EUR 000s	Dec. 31, 2005 EUR 000s
Issued capital	64,345	58,819
Share premium account	82,760	16,446
Other equity components	–14,770	–13,025
Foreign-currency translation	324	427
Minority interests	2,291	0
Consolidated net profit carried forward	786	9,003
Consolidated net profit/loss	12,790	–8,217
	148,526	63,453

The Company's fully paid up share capital of EUR 58,818,818, divided into 58,818,818 bearer shares, was increased by EUR 5,526,182 to EUR 64,345,000 through the issue of 5,526,182 new bearer shares using in full the Authorised Capital I available as of the date of this issue. The number of shares outstanding changed in the year under review as follows:

ISSUED SHARE CAPITAL	EUR
Balance on January 1, 2006	58,818,818
Equity issue in the year under review	5,526,182
Balance on December 31, 2006	64,345,000

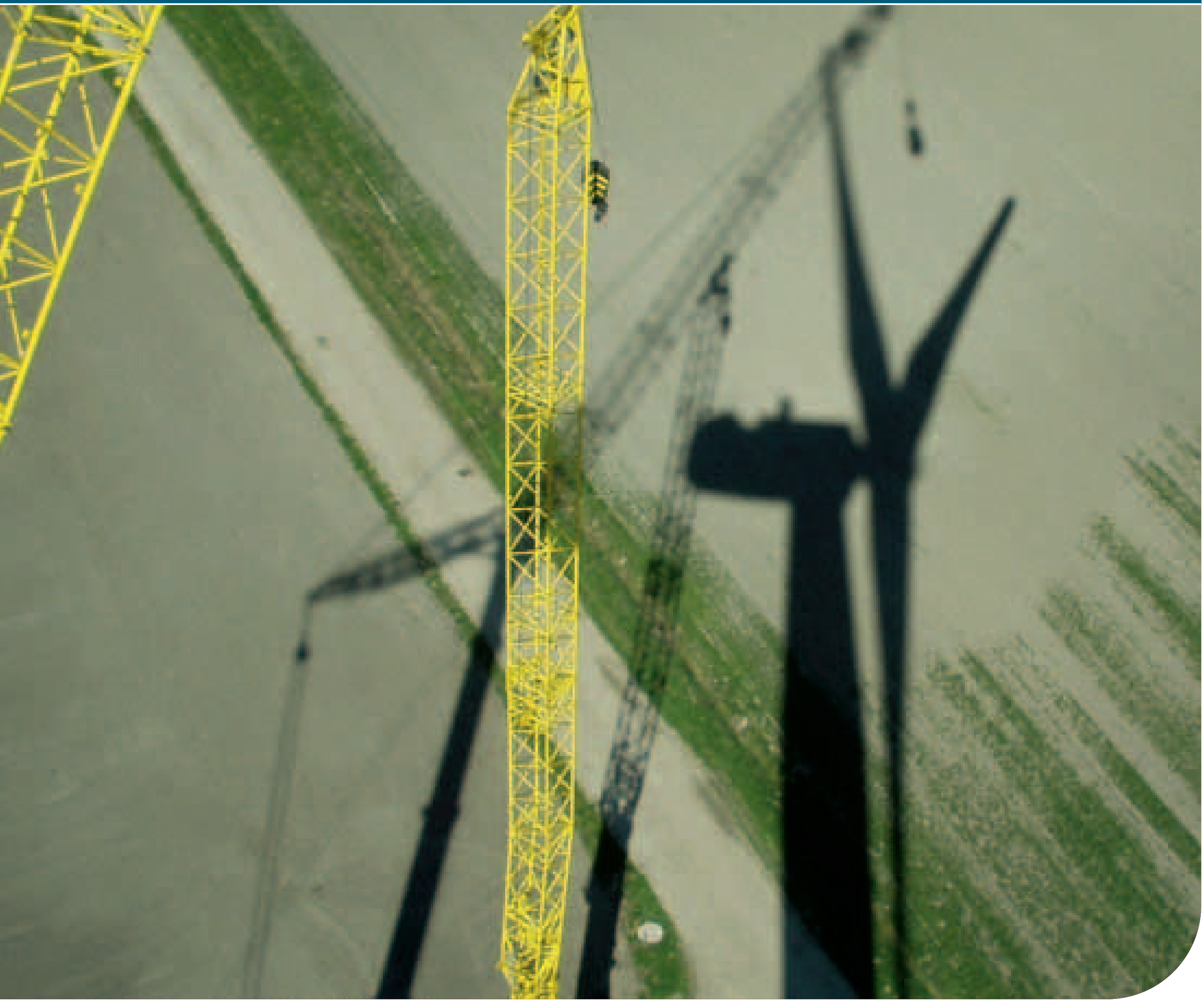
NORDEX AG SHARES OUTSTANDING	Number
Balance on January 1, 2006	58,818,818
Cash issue of new shares	5,526,182
Balance on December 31, 2006	64,345,000

As at December 31, 2006, the Company had Authorised Capital I of EUR 16,086,250, equivalent to 16,086,250 shares, Contingent Capital I of EUR 15,086,250 equivalent to 15,086,250 shares, and Contingent Capital II of EUR 1,000,000, equivalent to 1,000,000 shares, each with a notional value of EUR 1.00 per share. The aforementioned capital was established in the year under review by resolutions passed by the shareholders at the annual general meeting.

The **share premium account** of EUR 82.760 million (December 31, 2005: EUR 16.446 million) comprises the additional paid-in capital of EUR 66.314 million in connection with the aforementioned cash equity issue.

Other equity components of EUR -14.770 million (December 31, 2005: EUR -13.025 million) comprise the netted equity issue costs of EUR -1.500 million, on which deferred taxes of EUR 0.600 million have been recognized. This item also includes the difference arising from the first-time consolidation of Nordex Italia Srl. of EUR -0.512 million and changes of EUR -0.333 million in the fair value of the cash flow hedges.

Minority interests include the capital contribution of EUR 2.493 million and prorated share in net profit loss of EUR -0.202 million in the fully consolidated company Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd. attributable to third parties.



NOTES ON THE INCOME STATEMENT

(21) Sales

Sales break down by region as follows:

	Fiscal year 2006 EUR million	Fiscal year 2005 EUR million
Germany	107.2	142.1
Rest of Europe	378.8	158.2
Rest of the world	27.6	8.6
Total	513.6	308.9

Of this item, sales of EUR 268.335 million (2005: EUR 141.073 million) arose from the application of the percentage-of-completion method for construction contracts provided for in IAS 11.

(22) Changes in inventories and other own work capitalised

Own work capitalised in the year under review is valued at EUR 7.056 million (2005: EUR 5.756 million), of which EUR 6.820 million (2005: EUR 5.615 million) relates to expenses for developing and enhancing new and existing wind turbines. Changes in inventories in fiscal 2006 equal EUR 31.548 million (2005: EUR 4.696 million).

(23) Other operating income

Other operating income breaks down as follows:

	Fiscal year 2006 EUR 000s	Fiscal year 2005 EUR 000s
Insurance claims indemnified	1,050	32
Sales of towers and rotors	1,018	0
Grants received	905	210
Income from the disposal of non-current assets	751	0
Income from additional agreement for project rights	720	0
Income from the reversal of provisions	522	227
Income from currency translation gains	450	452
Income from settlements	153	313
Feed-in income	0	891
Other	2,891	2,532
	8,460	**4,657**

(24) Cost of materials

The cost of materials breaks down as follows:

	Fiscal year 2006 EUR 000s	Fiscal year 2005 EUR 000s
Cost of raw materials and supplies	351,987	228,596
Cost of services bought	94,540	20,957
	446,527	249,553

The cost of services bought results from external freight services, changes in order provisions, commission and externally sourced order-handling services. In contrast to the previous year, the cost of external staff of EUR 5.692 million is reported under other operating expenses. The previous year's figure has been restated accordingly (EUR 1.750 million).

(25) Personnel costs

	Fiscal year 2006 EUR 000s	Fiscal year 2005 EUR 000s
Wages and salaries	35,217	28,635
Social security and pension and support expenses	6,565	5,448
	41,782	34,083

Group employee numbers were as follows:

Fiscal year	Average	Balance sheet date
2006	814	1,005
2005	721	721
Change compared with fiscal 2005	93	284

(26) Depreciation/amortisation

Depreciation/amortisation breaks down as follows:

	Fiscal year 2006 EUR 000s	Fiscal year 2005 EUR 000s
Depreciation charges on property, plant and equipment	4,963	4,776
Amortisation charges on capitalised development expenditure	6,311	5,217
Amortisation charges on other intangible assets	1,745	1,703
	13,019	11,696

(27) Other operating expenses

Other operating expenses break down as follows:

	Fiscal year 2006 EUR 000s	Fiscal year 2005 EUR 000s
External services	8,734	3,290
Rental and lease expenses	5,787	5,405
Travel expenses	4,696	3,248
Legal and consulting costs	3,277	3,149
IT costs	1,835	1,072
Telecommunications	1,386	1,137
Advertising	1,286	882
Maintenance	1,188	1,160
Other	14,639	9,300
	42,828	28,643

In contrast to the previous year, the cost of external staff has been reported under other operating expenses. The figures for the previous year have been restated accordingly.

(28) Exceptionals

In connection with the restructuring of the Nordex Group, exceptional charges arose in fiscal 2002/2003 in particular as well as in the following fiscal years up until 2005. In 2006 there were no exceptional charges.

In the previous year, the exceptional charges of EUR 5.391 broke down as follows: Additions to or reversals of provisions EUR 3.256 million), changes to depreciation of raw materials and supplies (EUR –1.444 million), adjustments of trade receivables (EUR 4.243 million) and other exceptional charges (EUR –0.664 million).

(29) Net financial result

	Fiscal year 2006 EUR 000s	Fiscal year 2005 EUR 000s
Interest and similar expenses	–3,778	–4,304
Depreciation on financial assets	–1,845	0
Other interest and similar income	1,755	1,338
Net interest expenditure	–3,868	–2,966

(30) Income taxes

Income taxes include the current income taxes (paid or owed) in the individual countries as well as deferred taxes. The Nordex Group's current income tax expense was calculated on the basis of tax rates applicable or announced as of the balance sheet date.

Deferred taxes were measured on the basis of the tax rates applicable or expected to be applicable in the individual countries on the date on which they are realised. A tax rate of 40.0 % was applied to various assets and liabilities for the purpose of calculating domestic deferred tax as of December 31, 2006. Deferred tax assets for domestic tax losses (foreign tax losses 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.

Income taxes break down as follows:

	Fiscal year 2006 EUR 000s	Fiscal year 2005 EUR 000s
Current tax expense		
Tax refund for previous years	3	183
Adjustment to provisions for income taxes for fiscal 2000/2001	0	–126
Income tax expense of branches	–76	–12
Capital gains tax	–9	0
French income taxes	–715	0
Chinese income taxes	–8	0
Total	–805	45
Deferred taxes		
From the reconciliation of the tax bases in the single-entity financial statements with IFRS	–2,445	–997
From consolidation	–1,945	–1,212
From tax losses	5,700	2,200
From the cost of the equity issue	–600	0
Other	–6	0
Total	704	–9
Net tax income/expenditure	–101	36

The Management Board currently assumes that of the existing corporate tax losses of EUR 194 million (December 31, 2005: EUR 194 million) and trade tax losses of EUR 204 million (December 31, 2005: EUR 205 million), a figure of EUR 80 million (December 31, 2005: EUR 59 million) and EUR 86 million (December 31, 2005: EUR 71 million) should be available for utilisation at the level of Nordex AG. This assessment and the calculation of the deferred tax assets on tax losses is based on the medium-term forecasts for the German part of the Nordex Group based on a medium-term forecast including adjustments to allow for future uncertainties. The relevant legislation does not stipulate any maximum period in which tax losses must be utilised.

As of December 31, 2006, the consolidated foreign companies had the following accounting loss carryforwards which largely match the tax losses:

	Currency	Loss carryforwards
Nordex Energy B.V.	EUR	–436
Nordex Iberica S.A.	EUR	–1,249
Nordex USA Inc.	EUR	–2,067
Nordex UK Limited	EUR	–4,100
Nordex France S.A.S.	EUR	–3,485
Nordex Italia Srl.	EUR	–1,037
Nordex (Baoding) Wind Power Co. Ltd., Baoding / PR China	EUR	–238
Nordex (Dongying) Wind Power Equipment Manufacturing Co., Ltd., Dongying / PR China	EUR	–298
Nordex (Yinchuan) Wind Power Manufacturing Co. Ltd., Yinchuan / PR China	EUR	–404

No deferred tax assets have been recognised on the above loss carryforwards in view of future uncertainties. Deferred tax liabilities in an amount of EUR 0.600 million have been recognised for the transaction costs incurred in connection with the equity issue executed in 2006, which are reported as other equity components.

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

	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2005
	EUR 000s	EUR 000s	EUR 000s	EUR 000s
Non-current assets (less other liabilities classed as finance leases)	0	0	4,421	4,299
Inventories	0	0	6,792	2,504
Receivables	0	0	34	41
Pension provisions	21	21	13	23
Tax losses	31,700	26,000	0	0
	31,721	26,021	11,260	6,867

The following table reconciles the tax expense/income expected for the year in question with actual tax expense/income reported. For the purposes of calculating the expected tax expense/income, the Group tax rate of 40% for 2006 is multiplied by earnings before tax as defined in IFRS.

The causes of the differences between expected and actual tax expense at the Group level can be seen from the following table:

	Fiscal year 2006	Fiscal year 2005
	EUR 000s	EUR 000s
Loss before tax	12,689	– 8,253
Expected tax expense(-)/ income (+) at a rate of 40 %	–5,076	3,301
Non-deductible operating expenses	– 20	– 28
Tax-free government grants	0	6
Adjustments to actual income taxes paid in earlier years	– 81	– 47
Deferred tax assets on losses from earlier years	5,700	0
Non-capitalised tax loss carryforwards	– 632	– 3,198
Other tax effects	8	2
Actual net tax income / expense	– 101	36
Effective tax rate (%)	0.8 %	– %

(31) Minority interests

Minority interests in consolidated net profit stand at EUR – 0.202 million (previous year: nil) and are due solely to third-party interests in Nordex Yinchuan in China (nacelle production).

(32) Earnings/loss per share

Earnings per share (EPS) are calculated by taking the quotient of the consolidated net loss 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 December 31, 2005 or on December 31, 2006

	Fiscal year 2006	Fiscal year 2005
Net profit (+) / loss (-) for the year	EUR 000s 12,588	EUR 000s – 8,217
Of which minority interests	EUR 000s – 202	0
Net profit (+) / loss (-) for the year excluding minority interests	EUR 000s 12,790	EUR 000s – 8,217
Weighted average number of shares	62,042,424	54,133,159
Earnings / loss per share	EUR 0.21	EUR – 0.15

Earnings per share in fiscal 2006 were calculated on the basis of the weighted average number of shares outstanding in fiscal 2006.


NORDEX

OTHER DISCLOSURES

Consolidated cash flow statement

The consolidated cash flow statement separates cash inflows and cash outflows. In this connection, it breaks down into net cash generated by/used in operating activities, investing activities and financing activities. The cash and cash equivalents reported in the consolidated cash flow statement include cash on hand and at banks as well as current bank deposits less current bank liabilities. The changes in the items of the balance sheet used for determining changes in the cash flow statement cannot be directly derived from the balance sheet as non-cash currency effects and changes to the companies consolidated are eliminated.

Cash flow from operating activities is calculated using the indirect method, i.e. earnings before tax are not adjusted for cash expenses and income. Cash flow from operating activities allow for changes in working capital.

Cash flow from operating activities improved over the previous year by EUR 85.840 million from a net outflow of EUR -20.573 million to net inflow of EUR 65.267 million primarily are a result of the increase in business volumes over the previous year. Thus, trade liabilities and other liabilities not attributable to investing or financing activities rose by EUR 159.214 million to EUR 163.439 million. This includes cash inflows from advance payments received of EUR 149.705 million.

The increase in business volumes was accompanied by an increase in net cash used in inventories from EUR – 46.623 million to EUR – 70.146 million. At the same time, net cash used in trade receivables and receivables from construction contracts widened by EUR – 21.748 million to EUR – 34.375 million.

Cash flow used in investing activities increased by EUR –10.228 million over the previous year from EUR –8.606 million to EUR –18.834 million reflecting the increased business volumes as well as the investments in the Nordex Group’s future growth. Of this, the commencement of operations by the Chinese rotor blade and nacelle production facilities, which had been established in 2006, accounted for EUR 2.428 million.

The cash flow of EUR 65.982 million from financing activities was dominated in the year under review by payments of EUR 71.840 million received from the equity issue. At the same time, current bank liabilities of EUR 5.858 million were repaid. As of the balance sheet date, liabilities to banks under cash credit facilities were valued at EUR 1.199 million.

Cash and cash equivalents, which include cash in hand and cash at bank, increased by EUR 112.416 million over the previous year to EUR 131.909 million. Of this, cash changes accounted for EUR 112.415 million less currency translation differences of EUR – 0.003 million.

Contingent liabilities

The Nordex Group has contingent liabilities of EUR 855.846 million (December 31, 2005: EUR 311.888 million) arising from the provision of collateral in favor of third parties for consolidated and non-consolidated related companies. The joint and several liability for the liabilities of affiliated companies to banks in connection with bank guarantees accounts for EUR 221.806 million. The contingent liabilities primarily relate to guarantees issued to customers as well as letter of comfort. 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.

Leases

In the year under review, lease payments of EUR 2.348 million (December 31, 2005: EUR 2.425 million) were made. These were primarily for leased passenger vehicles.

Other financial obligations

Other financial obligations relate to operating lease and rental obligations of EUR 7.917 million (December 31, 2005: EUR 8.102 million) with the following terms:

Fiscal year ending	Maturity < 1 year EUR 000s	Maturity 1–5 years EUR 000s	Maturity > 5 years EUR 000s
Dec. 31, 2006	2,277	4,984	656
Dec. 31, 2005	2,103	4,506	1,493

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

Notes on related parties

In three cases, Parties related to the Nordex Group as defined in IAS 24.9 exercised management functions for business partners in 2006. However, there is no evidence of any conflict of interests.

The details are as follows:

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

Martin Rey, who is a member of Nordex's Supervisory Board, is executive director of Babcock & Brown Ltd., Sydney and managing director of Babcock & Brown GmbH, Munich. In 2006, companies in the Babcock & Brown Group acquired wind turbines from Nordex. Mr. Rey was not personally involved in the contractual negotiations between Nordex and Babcock & Brown and did not exercise any material influence on these.

Management Board member Carsten Pedersen holds a share in Welcon A/S. In the year under review, Welcon was a supplier of towers to the Nordex Group. The purchasing relations with Welcon comply strictly with arms-length requirements. Orders are placed only after intensive comparisons of prices and services. Mr. Pedersen in his capacity as COO Sales and Marketing is not involved in these decisions. 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.

Transactions with related parties as at December 31, 2006

Related person	Company	Transaction	Fiscal year	Sales EUR 000s
Dr. Hans Fechner	G. Siempelkamp GmbH & Co. KG	Supplier of cast parts	2006	2,676
Martin Rey	Babcock & Brown Ltd.	Sale of wind power systems and project companies	2006	61,409
Carsten Pedersen	Welcon A/S	Supplier of towers	2006	22,609

In 2006, CMP-Fonds 1 GmbH, Berlin, hereinafter referred to as "CMP", and GS Equity Markets, L.P. (Bermuda), hereinafter referred to as "GS", as well as further shareholders held shares in the Company via a voting pool.

Up until May 22, 2006, CMP held 35.24 % and GS 23.06 % of the Company's shares as co-leaders of the 63.32 % of the shares held in the voting pool. Following the equity issue, CMP held 26.65 % and GS 17.44 % of the Company's shares, equivalent to 47.88 % in the pool. On account of their co-leadership of the pool, GS and CMP are deemed to exert control over the Company as defined in Section 17 of the German Stock Corporation Act. GS as a subsidiary is in turn controlled by Goldman Sachs Group Inc., hereinafter referred to as "GS Inc.".

On July 27, 2006, CMP assumed leadership of the pool in accordance with an internal agreement, meaning that as of that date CMP exerted sole control over the Company as defined in Section 17 of the German Stock Corporation Act.

In the period under review, the following transactions and actions were completed between the Company and the controlling companies CMP and, up to July 27, 2006, GS and GS Inc. as well as a further company affiliated with them:

Goldman, Sachs & Co. oHG as a company affiliated with GS and GS inc. was retained together with Bayerische Hypo- und Vereinsbank AG to prepare and execute the May 2006 equity issue, in connection with which the shareholders' pre-emptive subscription rights had been excluded, and to place the shares issued with institutional investors. In consideration of these services, Goldman, Sachs & Co. oHG and Bayerische Hypo- und Vereinsbank AG received commission of 2 percent of the issue proceeds. The remuneration and the other arrangements in connection with the transaction were agreed on arms-length terms.

Events after the balance sheet date

Any events occurring after the balance sheet date caused by economic factors arising prior to December 31, 2006 are included in the consolidated financial statements as of December 31, 2006.

Corporate Governance Code declaration pursuant to Section 161 of the German Stock Corporation Act

The declaration stipulated by Section 161 of the German Stock Corporation Act has been issued for fiscal 2006 and made available to the shareholders.

Nordex AG Management Board and Supervisory Board

The Supervisory Board comprised the following members in fiscal 2006:

Yves Schmitt
(Chairman of the Supervisory board)
CMP Capital Management-Partners GmbH (executive shareholder)
CMP Fonds I GmbH (managing director)
TAP Management GmbH (managing director)
Turn-Around Partners GmbH & Co. KGaA (member of the Management Board)
Schmitt Vermögensverwaltungs-und Beteiligungs GmbH (executive shareholder)
Flemming Dental AG (member of the supervisory board)
Unterland Flexible Packaging AG (member of the supervisory board)
Rebhan GmbH & Co. KG (member of the board of directors)

Jens-Peter Schmitt
(Deputy Chairman of the Supervisory Board)
Attorney, Aquasystem d.o.o. (chairman of the supervisory board)

Dr.-Ing. Hans Fechner
Spokesman of the Management Board of G. Siempelkamp GmbH & Co. KG
Spokesman of the management of Siempelkamp Maschinen- und Anlagenbau GmbH & Co. KG
Chairman of the advisory board of ATR Industrie-Elektronik GmbH & Co. KG
Chairman of the advisory board of W. Strothmann GmbH
Chairman of the advisory board of Siempelkamp Handling Systeme GmbH
Member of the advisory board of Sicoplan N.V., Belgium
Chairman of the advisory board of Siempelkamp Limited Partnership, United States
Chairman of the advisory board of Siempelkamp srl, Italy
Member of the advisory board of RWTÜV e.V.
Member of the advisory board of MEP Management + Equity Partners AG
Member of the advisory board of Deutsche Bank AG

Jan Klatten
Managing shareholder of momentum Beteiligungsgesellschaft mbH

Martin Rey
Managing director of Babcock & Brown Ltd.
Executive director of Babcock & Brown Ltd.
Renerco AG (chairman of the supervisory board)
HVB Fonds Finance GmbH (chairman of the advisory board)

Dr.-Ing. Hans Seifert
Management consultant
Firestorm AG (chairman of the supervisory board)
BAxx AG (member of the supervisory board)
Micrologica AG i.L. (member of the supervisory board)

The members of the Management Board in fiscal 2006 were:

- Thomas Richterich, Hamburg (Chief Executive Officer, finance and controlling)
- Carsten Risvig Pedersen, Brande (COO Sales and Marketing)
- Dr. Hansjörg Müller, Hamburg (COO Operations)

The members of the Supervisory Board and the Management Board held the following shares in the Company as of December 31, 2006:

		Shares
Carsten Pedersen	COO Sales and Marketing	99,000 and a further 2,652,551 via a 50% holding in Nordvest A/S
Dr. Hansjörg Müller	COO Operations	4,500
Yves Schmitt	Chairman of the Supervisory Board	182,695*
Jan Klatten	Supervisory Board	1,500,000**
Jens-Peter Schmitt	Supervisory Board	11,250
Dr. Hans Seifert	Supervisory Board	50,000

* indirectly via the share held in CMP Fonds I GmbH
** via a sub-participation held by momentum Beteiligungsgesellschaft GmbH in CMP Fonds I GmbH

Financial investors CMP Fonds 1 GmbH and Goldman Sachs entered into agreements with individual members of the Management Board concerning dormant sub-participations (December 31, 2006, equivalent to 371,058 shares). These agreements provide for a share in the gains in the event of these financial investors selling shares in Nordex AG.

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

	Fiscal year 2006 EUR	Fiscal year 2005 EUR
Supervisory Board	115,706	113,045
Management Board	1,539,970	790,750

The compensation paid to the Management Board comprises fixed and performance-tied variable components. In accordance with the sub-participation agreements in force between the principal financial investors and individual members of the Management Board, profit-participation bonuses totaling EUR 1,680 were paid in 2006.

The shareholders passed a resolution at the annual general meting of May 15, 2006 dispensing with the individualization of the remuneration paid to individual members of the Management Board.

The individualized compensation paid to members of the Supervisory Board is set out in the Company's bylaws (www.nordex-online.com/online-service). This amount equals EUR 15,000 per year for each member of the Supervisory Board. The chairman receives double and its deputy one-and-a-half times this amount. In addition, the members of the Supervisory Board are entitled to claim reimbursement of expenses incurred.

Benefits / pension provisions for former members of the Management Board

Pension provisions of EUR 0.110 million (December 31, 2005: EUR 0.102 million) had been set aside as of December 31, 2006 to cover entitlement vesting to two former members of the Management Board.

Auditor's fee

The fees payable to the auditors in 2006 came to EUR 0.075 million (2005: EUR 0.068 million) for auditing the financial statements and EUR 0.044 million (2005: EUR 56) for other services.

Rostock, March 2007

T. Richterich *CEO*	C. Pedersen *COO Sales*	H. Müller *COO Operations*

SEGMENT REPORTING

The Nordex Group is engaged in the development, production, servicing and marketing of wind power systems. In addition to development and production, it provides preliminary project development services to support marketing, acquires rights and creates the infrastructure required to construct wind turbines at suitable locations. The Nordex Group is essentially a single-product company, meaning that secondary segment reporting can be dispensed with. Nordex breaks down its business into three geographic segments – Germany, the Rest of Europe and the Rest of the World. This reflects the structure of the regional sales structure and takes account of local differences in risk and growth profiles. Nordex AG operates solely as a holding company and can therefore not be allocated to any of the three segments. In fiscal 2006, the "Non-Germany" segment was divided into the "Rest of Europe" and the "Rest of the World" to provide a better guide to its market position. The comparative figures for the previous year have been restated accordingly. The Rest of Europe comprises Europe excluding Germany. The Rest of the World comprises North America and Asia. Segmentation is based on the current and expected market shares and market growth for Nordex.

Historically, the German market has been the largest-volume market for Nordex. Given moderate growth conditions, Nordex will attempt to steadily widen its market shares in the future. The Rest of Europe (particularly France) was the segment with the greatest sales in 2006. Against the backdrop of the EU's harmonisation efforts, the members of the European Union are converging in both political and economic terms. In the medium to long term, there is expected to be demand for electricity produced from wind power in EU countries. Accordingly, Nordex plans to widen its market share step by step in Europe as well. Asia as well as the United States must be viewed in terms of the potential for growth. The strong growth in demand in Asia prompted Nordex to establish nacelle and rotor blade production operations for the S70/S77 wind power system in China in 2006 with the aim of supplying the Asian from that base. Demand in the United States is also expected to be strong.

EUR 000s	Germany		Europe (excluding Germany)		Rest of the World	
	2006	2005 adjusted	2006	2005 adjusted	2006	2005 adjusted
Sales						
External sales	107,231	142,125	378,834	160,215	27,547	8,549
Sales between segments	4,858	5,200	141,836	27,673	9,807	269
Total sales	**112,089**	**147,325**	**520,670**	**187,888**	**37,354**	**8,818**
EBIT	**4,495**	**718**	**26,131**	**1,950**	**1,152**	**391**
Other information						
Segment assets	160,580	113,112	343,512	91,814	34,437	13,245
Interest-bearing assets	2,176	902	29,994	11,111	5,531	193
Income tax claims	31,721	26,021	0	0	0	0
Capitalized development costs	11,731	11,273	0	0	0	0
Group assets	**206,208**	**151,308**	**373,506**	**102,925**	**39,968**	**13,438**
Segment liabilities	105,402	80,372	405,792	106,455	22,316	11,254
Income tax liabilities	5,401	5,202	5,305	1,558	554	107
Liabilities subject to interest	1,165	3	27	54	0	0
Liabilities under financial leases	8,078	8,191	0	0	0	0
Consolidated liabilities	**120,046**	**93,768**	**411,124**	**108,067**	**22,870**	**11,361**
Capital spending	4,940	2,427	897	456	9,938	5,204
Depreciation/amortization	8,682	6,027	385	269	259	2

*At the level of Nordex AG operating assets and liabilities are reported before capital and debt consolidation.

Segment sales comprise sales with third parties (external sales) as well as internal Group sales between the individual regions. The prices of deliveries between the individual segments are fixed on an arm's length basis. External sales are assigned on the basis of the customer's location. Segment earnings are consolidated on the basis of external sales. The following table reconciles segment earnings with earnings before interest and tax (EBIT), segment assets with consolidated assets and segment liabilities with consolidated liabilities:

Segment earnings before interest and tax (EBIT) comprise the segment income less allocated expenses.

The cost of materials and other operating expenses are allocated to the individual segments on the basis of the segment sales in question.

Segment assets include all current and non-current assets with the exception of deferred tax assets, capitalised development costs and interest-bearing assts. Accordingly, depreciation is reported without any allowance for capitalised development costs.

Segment liabilities contain all liabilities with the exception of deferred tax liabilities and liabilities subject to interest.

Total (Regions)		**Consolidation**		**Total Group (excluding Nordex AG)**		**NORDEX AG* after consolidation**		**Total Group**	
2006	**2005 adjusted**	**2006**	**2005 adjusted**	**2006**	**2005 adjusted**	**2006**	**2005 adjusted**	**2006**	**2005 adjusted**
513,612	310,889	0	0	513,612	310,889	37	68	513,649	310,957
156,501	33,142	–156,501	–35,129	0	–1,987	0	0	0	–1,987
670,113	**344,031**	**–156,501**	**–35,129**	**513,612**	**308,902**	**37**	**68**	**513,649**	**308,970**
31,778	**3,059**	**0**	**0**	**31,778**	**3,059**	**–15,062**	**–8,199**	**16,716**	**–5,140**
538,529	218,171	–311,322	–64,614	227,207	153,557	54,873	21,029	282,080	174,586
37,701	12,206	0	0	37,701	12,206	94,208	7,287	131,909	19,493
31,721	26,021	0	0	31,721	26,021	0	0	31,721	26,021
11,731	11,273	0	0	11,731	11,273	0	0	11,731	11,273
619,682	**267,671**	**–311,322**	**–64,614**	**308,360**	**203,057**	**149,081**	**28,316**	**457,441**	**231,373**
533,510	198,081	–263,315	–55,176	270,195	142,905	18,183	2,900	288,378	145,805
11,260	6,867	0	0	11,260	6,867	0	0	11,260	6,867
1,192	57	0	0	1,192	57	7	7,000	1,199	7,057
8,078	8,191	0	0	8,078	8,191	0	0	8,078	8,191
554,040	**213,196**	**–263,315**	**–55,176**	**290,725**	**158,020**	**18,190**	**9,900**	**308,915**	**167,920**
15,775	8,087	–4,248	–4,941	11,527	3,146	853	273	12,380	3,419
9,326	6,298	–1,249	0	8,077	6,298	476	181	8,553	6,479

AUDITOR'S CERTIFICATE

We have audited the financial statements, comprising the balance sheet, the income statement and the notes, together with the bookkeeping system and the management report of the Company and the Group of Nordex Aktiengesellschaft, Rostock, for the fiscal year from January 1, 2006 to December 31, 2006. The maintenance of the books and records and the preparation of the financial statements and management report of the Company and the Group in accordance with German commercial law are the responsibility of the Company's statutory representatives. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the management report of the Company and the Group based on our audit.

We conducted our audit of the financial statements in accordance with Section 317 of the German Commercial Code 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 financial statements and the management report of the Company and the Group 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 financial statements and the management report of the Company and the Group 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 financial statements and the management report of the Company and the Group. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the results of our audit, the financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with the principles of proper accounting. The management report of the Company and the Group is consistent with the financial statements and on the whole provides a suitable understanding of the Group's position and suitably presents the risks to future development.

Hamburg, March 6, 2007.
Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Götze	Beyer
Wirtschaftsprüfer	*Wirtschaftsprüfer*
(German Public Auditor)	*(German Public Auditor)*

4.15 P.M. COUNTY LIMERICK, IRELAND.
KNOCKAWARRIGA WIND FARM WITH NINE NORDEX N90 TURBINES. COLD WINTERS. RAINY SUMMERS. WOOL USED TO BE THE ONLY SOURCE OF WARMTH. NOW THE WIND HELPS, TOO.
NORDEX
We've got the power.

ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR FROM JANUARY 1, 2006 UNTIL DECEMBER 31, 2006

BALANCE SHEET

as of December 31, 2006

ASSETS	Dec. 31, 2006 EUR	Dec. 31, 2005 EUR
A. Non-current assets		
I. Intangible assets		
Concessions, industrial property rights and similar rights and assets	308,511.07	53,722.19
II. Property, plant and equipment		
Other equipment, operating and business equipment	446,527.90	324,268.18
III. Financial assets		
Shares in affiliated companies	32,481,929.01	32,481,929.01
	33,236,967.98	**32,859,919.38**
B. Current assets		
I. Receivables and other assets		
1. Receivables from affiliated companies	17,385,391.51	27,506,861.20
2. Other assets	6,030,366.04	3,629,927.32
	23,415,757.55	**31,136,788.52**
II. Cash in hand, cash at banks	94,208,760.16	7,287,128.47
	117,624,517.71	38,423,916.99
	150,861,485.69	**71,283,836.37**

LIABILITIES AND SHAREHOLDERS' EQUITY	Dec. 31, 2006 EUR	Dec. 31, 2005 EUR
A. Shareholders' equity		
I. Issued share capital	64,345,000.00	58,818,818.00
II. Share premium account	82,759,866.00	16,445,682.00
III. Accumulated deficit	– 14,744,897.54	– 13,828,269.91
	132,359,968.46	**61,436,230.09**
B. Provisions		
1. Provisions for pensions and similar obligations	110,339.00	102,263.00
2. Tax provisions	570,159.00	570,159.00
3. Other provisions	1,591,654.15	904,185.75
	2,272,152.15	**1,576,607.75**
C. Liabilities		
1. Liabilities to banks	6,850.44	7,000,622.90
2. Trade payables	722,610.55	1,023,799.79
3. Liabilities to affiliated companies	15,232,012.38	0.00
4. Other liabilities	267,891.71	246,575.84
– of which tax	107,863.78	67,786.29
– of which for social security	22.37	63,277.56
	16,229,365.08	**8,270,998.53**
	150,861,485.69	**71,283,836.37**

INCOME STATEMENT

from January 1, 2006 until December 31, 2006

	Jan. 1, 2006 – Dec. 31, 2006 EUR	Jan. 1, 2005 – Dec. 31, 2005 EUR
1. Sales	10,816,789.02	5,663,696.98
2. Other operating income	613,065.33	1,022,869.18
3. Personnel costs		
a.) Wages and salaries	–4,703,981.45	–3,243,097.27
b.) Social security and pension and support expenses	–540,543.23	–450,620.91
– of which for pensions	39,845.02	24,293.91
4. Amortization/depreciation charges on intangible assets and tangible assets	–475,777.21	–181,023.25
5. Other operating expenses	–9,587,641.37	–9,700,027.26
6. Income from profit transfer agreements	1,416,235.00	0.00
7. Expenditure on loss absorption	0.00	–4,928,512.23
8. Other interest and similar income	2,252,048.90	1,084,484.33
– of which from affiliated companies	1,172,635.25	1,029,665.76
9. Interest and similar expenses	–699,779.59	–1,032,798.35
– of which to affiliated companies	6,078.81	0.00
10. Earnings from ordinary activity	–909,584.60	–11,765,028.78
11. Income taxes	–6,251.61	100,574.17
12. Other taxes	–791.42	684.50
13. Net loss for the fiscal year	–916,627.63	–11,663,770.11
14. Loss carried forward	–13,828,269.91	–196,066,667.81
15. Withdrawals from share premium account	0.00	147,577,668.01
16. Allocations to share premium account	0.00	520,500.00
17. Proceeds from capital reduction	0.00	46,845,000.00
18. Accumulated deficit	–14,744,897.54	–13,828,269.91

STATEMENT OF ASSET MOVEMENTS

of December 31, 2006

	Gross values		
	Cost of acquisition or production Jan. 1, 2006 EUR	Additions EUR	Disposals EUR
I. Intangible assets			
Concessions, industrial property rights and similar rights and assets	197,273.96	487,710.15	0.00
	197,273.96	487,710.15	0.00
II. Property, plant and equipment			
Other equipment, operating and business equipment	647,085.57	365,115.66	0.00
	647,085.57	365,115.66	0.00
III. Financial assets			
Shares in affiliated companies	38,405,106.08	0.00	0.00
	38,405,106.08	0.00	0.00
	39,249,465.61	852,825.81	0.00

Cost of acquisition or production Dec. 31, 2006 EUR	Depreciation Depreciation Jan. 1, 2006 EUR	Additions EUR	Disposals EUR	Depreciation Dec. 31, 2006 EUR	Net values Book value Dec. 31, 2006 EUR	Book value Dec. 31, 2005 EUR
684,984.11	143,551.77	232,921.27	0.00	376,473.04	308,511.07	53,722.19
684,984.11	143,551.77	232,921.27	0.00	376,473.04	308,511.07	53,722.19
1,012,201.23	322,817.39	242,855.94	0.00	565,673.33	446,527.90	324,268.18
1,012,201.23	322,817.39	242,855.94	0.00	565,673.33	446,527.90	324,268.18
38,405,106.08	5,923,177.07	0.00	0.00	5,923,177.07	32,481,929.01	32,481,929.01
38,405,106.08	5,923,177.07	0.00	0.00	5,923,177.07	32,481,929.01	32,481,929.01
40,102,291.42	6,389,546.23	475,777.21	0.00	6,865,323.44	33,236,967.98	32,859,919.38

ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR FROM JANUARY 1, 2006 UNTIL DECEMBER 31, 2006

I. GENERAL NOTES ON THE ANNUAL FINANCIAL STATEMENTS

The financial statements of Nordex Aktiengesellschaft for the fiscal year commencing January 1, 2006 and ending December 31, 2006 were prepared in accordance with the provisions of the German Commercial Code for large companies and the relevant provisions of the German Stock Corporations 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.

The financial statements for 2006 of Nordex Aktiengesellschaft have been published in the electronic Bundesanzeiger and the companies register at www.ebundesanzeiger.de and www.unternehmensregister.de, respectively.

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 prepared up to an amount considered reasonable in the light of sound commercial judgment.

Liabilities are shown at their redemption value.

Currency translation

Foreign-currency amounts are translated 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 Dec. 31, 2006 EUR 000s
Nordex Energy GmbH, Norderstedt	31,632
Nordex Grundstücksverwaltung GmbH, Norderstedt	750
Nordex Windpark Beteiligung GmbH, Norderstedt	25
Nordex Energy B.V., Rotterdam	25
natcon7 GmbH	25
Nordex Windpark Verwaltung GmbH	25
	32,482

(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, cash and cash equivalents comprise solely bank balances.

(5) Shareholders' equity

The Company's fully paid up share capital of EUR 58,818,818, divided into 58,818,818 bearer shares, was increased by EUR 5,526,182 to EUR 64,345,000 through the issue of 5,526,182 new bearer shares using in full the Authorized Capital I available as of the date of this issue. The share capital and the number of shares outstanding changed in the year under review as follows:

Issued share capital	EUR 000s
Balance on January 1, 2006	58,819
Capital increase in fiscal 2006	5,526
	64,345
Share premium account	
Balance on January 1, 2006	16,446
Capital increase in fiscal 2006	66,314
	82,760
Accumulated deficit	
Loss carried forward	– 13,828
Net profit/loss for the year	– 917
	– 14,745
Shareholders' equity on December 31, 2006	**132,360**

As at December 31, 2006, the Company had Authorized Capital I of EUR 16,086,250, equivalent to 16,086,250 shares, Contingent Capital I of EUR 15,086,250, equivalent to 15,086,250 shares, and Contingent Capital II of EUR 1,000,000, equivalent to 1,000,000 shares, each with a notional value of EUR 1.00 per share. The aforementioned capital was established in the year under review by resolutions passed by the shareholders at the annual general meeting.

In the year under review, the Company received the following notifications in accordance with Section 21 (1) of the German Securities Trading Act and disclosed them in accordance with Section 25 (1) Sentence 1 of that Act:

a) The share of voting rights held by CMP-Fonds I GmbH, Berlin, Germany in the Company dropped below the threshold of 50 % on May 22, 2006, coming to 47.88 %. Of this, 21.24 percentage points were attributable to CMP-Fonds I GmbH in accordance with Section 22 (2) Sentence 1 of the German Securities Trading Act.

b) The share of voting rights held by The Goldman Sachs Group Inc., Wilmington, United States in the Company dropped below the threshold of 50 % on May 22, 2006, coming to 47.88 %. The Goldman Sachs Group Inc. itself did not hold any shares in the Company; 17.43 percentage points were attributable to The Goldman Sachs Group Inc. in accordance with Section 22 (1) Sentence 1 No. 1 of the German Securities Trading Act and 30.45 percentage points in accordance with Section 22 (2) Sentence 1 of the German Securities Trading Act.

c) The share of voting rights held by GS Equity Markets L.P. (Bermuda), Bermudas, in the Company dropped below the threshold of 50 % on May 22, 2006, coming to 47.88 %. Of this, 30.45 percentage points were attributable to GS Equity Markets L.P in accordance with Section 22 (2) Sentence 1 of the German Securities Trading Act.

d) The share of voting rights held by GSEM (DEL) L.L.C., Wilmington, United States and GSEM (DEL) Inc., Wilmington, United States, in the Company dropped below the threshold of 50 % on May 22, 2006, coming to 47.88 % Neither GSEM (DEL) L.L.C. nor GSEM (DEL) Inc. themselves held shares in the Company; 17.43 percentage points were attributable to GSEM (DEL) L.L.C. and GSEM (DEL) Inc. in accordance with Section 22 (1) Sentence 1 No. 1 of the German Securities Trading Act and 30.45 percentage points in accordance with Section 22 (2) Sentence 1 of the German Securities Trading Act.

e) The share of voting rights held by Stichting Administratiekantoor GS NDX Investment Trust, Amsterdam, Netherlands, in the Company exceeded the threshold of 5% and also 10 % on July 27, 2006, coming to 17.44 %. Thereupon, the share of voting rights held by Stichting Administratiekantoor GS NDX Investment Trust in the Company exceeded the threshold of 25% on October 9, 2006, coming to 47.88 %. Of these voting rights, 30.45 percentage points were attributable to Stichting Administratiekantoor GS NDX Investment Trust in accordance with Section 22 (2) Sentence 1 of the German Securities Trading Act.

f) The share of voting rights held by Bayerische Hypo- und Vereinsbank AG, Munich, Germany, in the Company dropped below the threshold of 5 % on May 22, 2006, coming to 4.71 %.

g) The share of voting rights held by UniCredito Italiano S.p.A., Milan, Italy, in the Company dropped below the threshold of 5 % on May 22, 2006, coming to 4.71 %. This share of voting rights was attributable to UniCredito S.p.A. in accordance with Section 22 (2) Sentence 1 No. 1 of the German Securities Trading Act.

h) The share of voting rights held by HSH Nordbank AG, Kiel, Germany, in the Company exceeded the thresholds of 10 % and 25 % on May 22, 2006, coming to 47.88 %. Of this, a share of the voting rights of 3.79 percentage points was attributable to the share held by HSH Nordbank AG itself; 44.09 percentage points were attributable to HSH Nordbank AG in accordance with Section 22 (2) Sentence 1 of the German Securities Trading Act.

i) The share of voting rights held by DWS Investment GmbH, Frankfurt am Main, Germany, as a subsidiary of Deutsche Bank Aktiengesellschaft, Frankfurt am Main, Germany, in the Company exceeded the threshold of 5 % on July 21, 2006, coming to 6.40 %.

(6) Provisions

Other provisions primarily relate to personnel provisions (EUR 1.150 million) particularly for bonuses and accrued vacation pay as well as costs in connection with the annual general meeting, the preparation and audit of the financial statements (EUR 0.285 million) and provisions for interest arising from the external tax audit (EUR 0.157 million).

(7) Liabilities

As in the previous year, the liabilities to banks of EUR 0.007 million (previous year: EUR 7.001 million) have a residual term of less than one year.

The liabilities to banks of EUR 7.001 million outstanding as of December 31, 2005 were settled in full upon falling due for payment in January 2006 in accordance with cash clearing arrangements.

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 0.007 million; previous year EUR 7.001 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

There are contingent liabilities of EUR 855.846 million (previous year: EUR 311.888 million) in connection with collateral pledged for affiliated companies.

Nordex Aktiengesellschaft has undertaken towards Nordex Energy B.V., Rotterdam, Netherlands (an affiliated company) to supply the latter company with the funds which it requires to settle its financial obligations at all times until December 31, 2007.

Nordex Aktiengesellschaft has assumed joint and several liability for the funds granted to Atria Grundstücksverwaltungsgesellschaft mbH & Co. 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 contracts and leases stood at EUR 0.827 million (previous year: EUR 1.347 million) and break down by year as follows:

2007 EUR 000s (PY)	2008–2011 EUR 000s (PY)	after 2011 EUR 000s (PY)	Total EUR 000s (PY)
194 (381)	633 (812)	0 (154)	827 (1,347)

IV. NOTES ON THE INCOME STATEMENT

(1) Sales

Sales comprise group transfer payments received for services (EUR 8.634 million) as well as commission on contract performance bonds issued for Group companies (EUR 2.182 million).

(2) Other operating income

Other operating income primarily comprises proceeds from expenses recharged to Group members.

(3) Personnel costs

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

Fiscal year	Average	Balance sheet date
2006	55	66
2005	48	46

(4) Depreciation/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 expenses of EUR 3.586 million, insurance costs of EUR 0.450 million, rental and lease payments of EUR 0.549 million, advertising expenses of EUR 1.071 million and IT costs of EUR 1.532 million.

(6) Income from profit transfer agreements

Income from profit transfer agreements relates to Nordex Energy GmbH (EUR 1.404 million) and Nordex Grundstücksverwaltung GmbH (EUR 0.012 million), with which profit transfer agreements are in force.

(7) Expenditure on loss absorption

Expenditure on loss absorption in 2005 referred to the loss absorbed from Nordex Energy GmbH (EUR -4.827 million) and Nordex Grundstücksverwaltung GmbH (EUR -0.102 million) in accordance with the applicable profit transfer agreements.

(8) Other interest and similar income

In year under review, other interest and similar income primarily comprises interest income on bank balances and interest income of EUR 1.079 million and interest income of EUR 1.173 million from affiliated companies.

(9) Interest and similar expenses

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

V. OTHER DISCLOSURES

(1) Shareholdings
The full list of shareholdings is attached to these Notes.

(2) Corporate governance declaration
The declaration stipulated by Section 161 of the German Stock Corporation Act has been issued for fiscal 2006 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 fiscal 2006:

Yves Schmitt
(chairman of the Supervisory board)
CMP Capital Management-Partners GmbH (executive shareholder)
CMP Fonds I GmbH (managing director)
TAP Management GmbH (managing director)
Turn-Around Partners GmbH & Co. KGaA (member of the Management Board)
Schmitt Vermögensverwaltungs-und Beteiligungs GmbH (executive shareholder)
Flemming Dental AG (member of the supervisory board)
Unterland Flexible Packaging AG (member of the supervisory board)
Rebhan GmbH & Co. KG (member of the board of directors)

Jens-Peter Schmitt
(Chairman of the Supervisory Board)
Attorney, Aquasystem d.o.o. (chairman of the supervisory board)

Dr.-Ing. Hans Fechner
Spokesman of the Management Board of G. Siempelkamp GmbH & Co. KG
Spokesman for the management of Siempelkamp Maschinen- und Anlagenbau GmbH & Co. KG
Chairman of the advisory board of ATR Industrie-Elektronik GmbH & Co. KG
Chairman of the advisory board of W. Strothmann GmbH
Chairman of the advisory board of Siempelkamp Handling Systeme GmbH
Member of the advisory board of Sicoplan N.V., Belgium
Chairman of the advisory board of Siempelkamp Limited Partnership, United States
Chairman of the advisory board of Siempelkamp srl, Italy
Member of the advisory board of RWTÜV e.V.
Member of the advisory board of MEP Management + Equity Partners AG
Member of the advisory board of Deutsche Bank AG

Jan Klatten
Managing shareholder of momentum Beteiligungsgesellschaft mbH

Martin Rey
Managing director of Babcock & Brown GmbH
Executive director of Babcock & Brown Ltd.
Renerco AG (chairman of the supervisory board)
HVB Fonds Finance GmbH (chairman of the advisory board)

Dr. Ing. Hans Seifert
Management consultant
Firestorm AG (chairman of the supervisory board)
BAxx AG (member of the supervisory board)
Micrologica AG i.L. (member of the supervisory board)

The members of the Management Board in fiscal 2006 were:

- Thomas Richterich, Hamburg (Chief Executive Officer, finance and controlling)
- Carsten Risvig Pedersen, Brande (COO Sales and Marketing)
- Dr. Hansjörg Müller, Hamburg (COO Operations)

The members of the Management Board and the Supervisory Board held as at December 31, 2006 the following stocks:

		Shares
Carsten Pedersen	COO Sales and Marketing	99,000 and a further 2,652,551 via a 50% holding in Nordvest A/S
Dr. Hansjörg Müller	COO Operations	4,500
Yves Schmitt	Chairman of the Supervisory Board	182,695*
Jan Klatten	Supervisory Board	1,500,000**
Jens-Peter Schmitt	Supervisory Board	11,250
Dr. Hans Seifert	Supervisory Board	50,000

* Indirectly via the share held in CMP Fonds I GmbH
** Via a sub-participation held by momentum Beteiligungsgesellschaft GmbH in CMP Fonds I GmbH

The financial investors CMP Fonds I and Goldman Sachs have agreed with several members of the Management Board a dormant sub-participation in Nordex AG (as of December 31, 2006: 371,058 shares), which includes a profit share in the case of sales of shares by these investors.

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

	Fiscal year 2006 EUR	Fiscal year 2005 EUR
Supervisory Board	115,706	113,045
Management Board	1,539,970	790,750

The compensation paid to the Management Board comprises fixed and performance-tied variable components.

The shareholders passed a resolution at the annual general meting of May 15, 2006 dispensing with the individualization of the remuneration paid to individual members of the Management Board.

The individualized compensation paid to members of the Supervisory Board is set out in the Company's bylaws (www.nordex-online.com/online-service). This amount equals EUR 15,000 per year for each member of the Supervisory Board. The chairman receives double and its deputy one-and-a-half times this amount. In addition, the members of the Supervisory Board are entitled to claim reimbursement of expenses incurred.

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

Pension provisions of EUR 0.110 million (previous year: EUR 0.102 million) had been set aside as of December 31, 2006 to cover entitlement vesting to two former members of the Management Board.

(6) Auditor's fee

The fees payable to the auditors in 2006 came to EUR 0.075 million for auditing the financial statements and EUR 0.044 million for other services. Due to a technical fault, the auditor fees for fiscal 2005 were not disclosed: These fees amount to EUR 0.068 million for auditing the financial statements and EUR 0.056 million for other services.

(7) Utilization of Nordex Aktiengesellschaft's unappropriated result

Nordex Aktiengesellschaft's unappropriated net loss is to be carried forward.

(8) Foreign currency forwards/swaps

One foreign currency forward was outstanding as of the balance sheet date. The underlying transaction is being hedge in the form of a cash flow hedge and relates to the sale of a wind farm in the United Kingdom. The hedged risk concerns the GBP/EUR exchange rate risk. The transaction expires on March 15, 2007. As at December 31, 2006, the foreign currency forward had a fair value of EUR 6.867 million (EUR 6.538 million on the date on which the commitment arose). This amount is based on the market value confirmed by the bank. The transaction is used to hedge the cash flow and is classed as effective.

Two foreign currency swaps were outstanding as of the balance sheet date. and relate to the sale of a wind farm in China. The hedged risk concerns the USD/EUR exchange rate risk. The swaps expire on January 22, 2007 and February 28, 2007, respectively. As at December 31, 2006, the foreign currency swaps had a fair value of EUR 1.327 million (EUR 1.323 million on the date on which the commitment arose). This amount is based on the market values confirmed by the bank. The transaction is used to hedge the cash flow and is classed as effective.

Rostock, March 2007

T. Richterich	C. Pedersen	H. Müller
CEO	*COO Sales*	*COO Operations*

LIST OF SHAREHOLDERS AS OF DECEMBER 31, 2006

	Currency	Share in in capital %
Consolidated related companies		
(Consolidated related 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	EUR	100
Nordex USA Inc., Arlington, United States	EUR	100
Nordex France SAS, La Plaine Saint-Denis, France	EUR	100
Nordex Energy Ibérica S.A., Barcelona, Spain	EUR	100
Nordex Italia Srl., Milan, Italy	EUR	100
Nordex (Baoding) Wind Power Co. Ltd., Baoding, China	EUR	100
Nordex (Yinchuan) Wind Power Equipment Manufacturing Co.Ltd., Yinchuan, China	EUR	50
Nordex (Dongying) Wind Power Equipment Manufacturing Co.Ltd., Dongying China	EUR	100
Non consolidated related companies		
(values taken from local GAAP statements)		
Nordex Windpark Verwaltung GmbH, Norderstedt, Germany	EUR	100
n@tcon7 GmbH, Norderstedt, Germany	EUR	75
Nordex Windpark Beteiligung GmbH, Norderstedt, Germany	EUR	100
Parc Éolien d`Auneau SAS, Paris, France***	EUR	100
Les Ventes de la Chipotte, SAS, Paris, France***	EUR	100
Energies des Monts du Bassin de Saint-Dié-des-Vosges, SAS, Paris, France***	EUR	100
Parc Éolien des Bornes de Cerqueux SAS, Paris, France***	EUR	100
Parc Éolien de Fresnes-en-Saulnois, SAS, Paris, France***	EUR	100
Parc Éolien de Dehlingen, SAS, Paris, France***	EUR	100
Parc Éolien du Fouy, SAS, Paris, France***	EUR	100
Parc Éolien des Crêtes, SAS, Paris, France***	EUR	100
Parc Éolien des Joyeuses, SAS, Paris, France***	EUR	100
Parc Éolien des Tilleuls, SAS, Paris, France***	EUR	100
Parc Éolien des Vignes, SAS, Paris, France***	EUR	100
Parc Éolien des Barbes d'Or, SAS, Paris, France***	EUR	100
Parc Éolien de la Chaussée de César Sud, SAS, Paris, France***	EUR	100
Parc Éolien du Chemin de Malavillers, SAS, Paris, France***	EUR	100
Parc Éolien du Chemin de Serrouville, SAS, Paris, France***	EUR	100
Parc Éolien de Mazeray et de Bignay, SAS, Paris, France***	EUR	100
Parc Éolien des Mistandines, SAS, Paris, France***	EUR	100
Parc Éolien des Coudrays, SAS, Paris, France***	EUR	100
Parc Éolien des Croquettes, SAS, Paris, France***	EUR	100
Parc Éolien de l'Alizier, SAS, Paris, France***	EUR	100
Parc Éolien de la Chaussée de César Nord, SAS, Paris, France***	EUR	100
NPV Erste 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 (Shanghai) Co. Ltd., Pudong, Shanghai**	EUR	100
Qingdao Huawei Wind Power Co. Ltd., Qingdao, China**	EUR	67
Investments (not consolidated)		
(values taken from local GAAP statements)		
Atria Grundstücksverwaltungsgesellschaft GmbH & Co. Objekt Rostock KG (limited partner share)**	EUR	94
Xi´an Nordex Wind Turbine Co. Ltd., Xi´an, China*****	EUR	40
Catalana D´Energies Renovables, S. L., Reus, Spain	EUR	33
Société d'Energie Éolienne de Cambon Sarl, La Martyre, France	EUR	50
Parc d' Energie de Conlie P.E.C., Sarl, La Martyre, France****	EUR	50
Société èolienne de Rouessè-Vassè S.E.R.V Sarl, Rouessè Vassè FR****	EUR	50
Société Bretonne d'Energie d'Armorique SBEA Sarl, Pleyber Christ FR****	EUR	33

*) Profit transfer agreement; net profit/loss and equity after profit transfer

***) Preliminary financial statements as of December 31, 2006

****) Companies established in 2006; preliminary financial statements

Net profit/loss Jan. 1, 2006 – Dec. 31, 2006	Shareholders' equity Dec. 31, 2006	Share held via
5,683,933.37	138,929,389.46	–
– 189,358.19	– 411,829.39	Nordex Aktiengesellschaft
0.00	– 52,000.00	Nordex Aktiengesellschaft
3,851,477.14	18,860,604.95	Nordex Aktiengesellschaft
– 1,842,111.02	– 3,810,181.91	Nordex Energy B. V.
– 110,996.75	– 1,484,805.13	Nordex Energy B.V.
4,354,108.91	– 2,440,486.09	Nordex Energy B. V.
– 341,346.28	– 1,187,742.29	Nordex Energy B. V.
– 484,947.32	– 986,810.68	Nordex Energy B. V.
–70,980.53	1,452,594.34	Nordex Energy GmbH
–404,089.75	4,269,412.54	Nordex Energy GmbH
–297,761.00	1,491,098.82	Nordex Energy GmbH
–1,084.49	16,357.52	Nordex Aktiengesellschaft
164,428.63	289,311.51	Nordex Aktiengesellschaft
–46,603.79	–162,640.43	Nordex Aktiengesellschaft
–8,483.36	13,312.40	Nordex Windpark Beteiligung GmbH
–3,002.46	27,201.35	Nordex Windpark Beteiligung GmbH
–3,207.44	26,888.77	Nordex Windpark Beteiligung GmbH
–23,273.01	4,036.47	Nordex Windpark Beteiligung GmbH
–15,097.59	21,902.41	Nordex Windpark Beteiligung GmbH
–3,293.70	33,706.30	Nordex Windpark Beteiligung GmbH
–3,298.07	33,701.93	Nordex Windpark Beteiligung GmbH
–3,343.07	33,656.93	Nordex Windpark Beteiligung GmbH
–3,349.69	33,650.31	Nordex Windpark Beteiligung GmbH
–3,349.69	33,650.31	Nordex Windpark Beteiligung GmbH
–3,274.90	33,725.01	Nordex Windpark Beteiligung GmbH
–3,349.69	33,650.31	Nordex Windpark Beteiligung GmbH
–3,333.76	33,666.24	Nordex Windpark Beteiligung GmbH
–3,297.26	33,702.74	Nordex Windpark Beteiligung GmbH
–3,255.35	33,744.65	Nordex Windpark Beteiligung GmbH
–3,298.32	33,701.68	Nordex Windpark Beteiligung GmbH
–3,353.03	33,646.97	Nordex Windpark Beteiligung GmbH
–3,260.79	33,739.21	Nordex Windpark Beteiligung GmbH
–3,271.49	33,728.51	Nordex Windpark Beteiligung GmbH
–3,287.57	33,712.43	Nordex Windpark Beteiligung GmbH
–3,265.95	33,734.05	Nordex Windpark Beteiligung GmbH
–5,847.59	38,149.35	Nordex Grundstücksverwaltung GmbH
–347.59	46,555.87	Nordex Grundstücksverwaltung GmbH
– 596.06	– 2,972.29	Nordex Windpark Verwaltung GmbH
–296,640.93	– 3,455,194.75	Nordex Energy GmbH
–13,406.91	424,815.10	Nordex Energy GmbH
–99,995.61	4,424,159.20	Nordex Energy GmbH
–11,724.29	– 239,085.47	Nordex Energy GmbH
–390,078.91	915,631.81	Nordex Energy GmbH
–17,632.26	50,305.69	Nordex Energy Ibérica S. A.
–2,323.32	676.68	Nordex France S.A.S.
–1,970.91	1,029.09	Nordex France S.A.S.
–4,327.16	– 1,327.16	Nordex France S.A.S.
–1,770.74	1,229.26	Nordex France S.A.S.

**) Annual financial statements as of December 31, 2005 (fiscal year from January 1, 2005 until December 31, 2005)

*****) Annual financial statements as of December 31, 2004 (fiscal year from January 1, 2004 until December 31, 2004)

AUDITOR'S CERTIFICATE

We have audited the consolidated financial statements compiled by Nordex Aktiengesellschaft, Rostock, comprising the balance sheet, income statement, cash flow statement, statement of equity movements and notes for the fiscal year commencing on January 1, 2006 and ending on December 31, 2006 as well as the management report of the Company and the Group, which has been combined with the parent company management report. The preparation of the consolidated financial statements and the management report of the Company and the Group, in accordance with the International Financial Reporting Standards (IFRS), as they are to be applied in the EU, and the additional accounting provisions in accordance with Article 315a (1) HGB is the responsibility of the Company's Management Board. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the management report of the Company and the Group based on our audit.

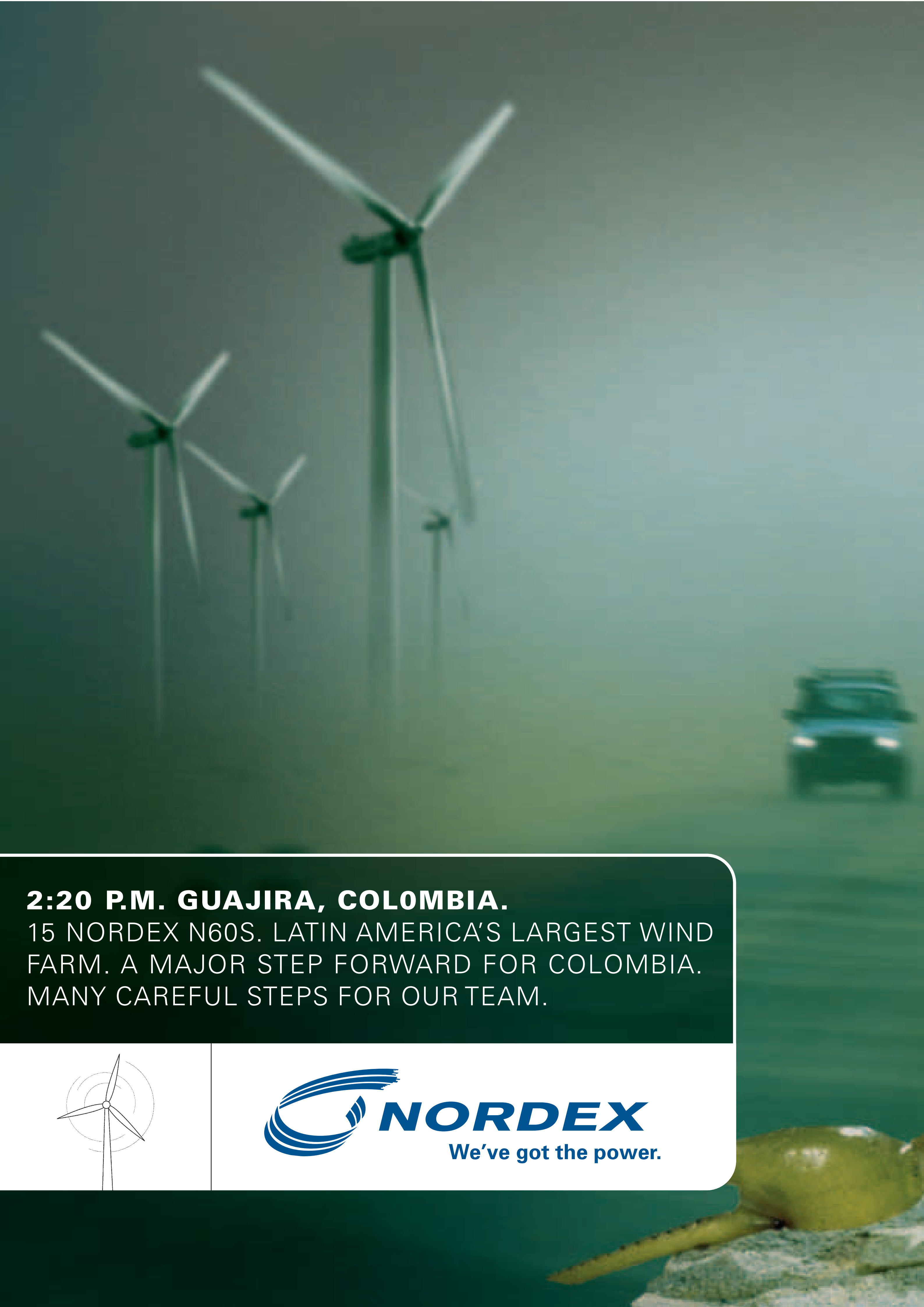
We conducted our audit of the Group financial statements in accordance with Section 317 of the German Commercial Code and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that material misstatements affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements and the management report of the Company and the Group in accordance with the applicable accounting principles are detected with reasonable assurance. 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 effectiveness of the internal control system and the evidence supporting disclosures in the books and records as well as the consolidated financial statements and the management report of the Company and the Group are examined primarily on a random-sample basis within the framework of the audit. The audit includes an assessment of the financial statements of the companies included in the Group, the definition of the consolidation perimeter, the accounting and consolidation principles applied and the significant estimates made by the statutory representatives as well as an appraisal of the overall situation presented by the consolidated financial statements and the Group management report, which has been combined with the parent company management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the results of our audit, the consolidated financial statements comply with IFRS as they are to be applied in the EU, the supplementary provisions of German commercial law in accordance with Section 315a (1) of the German Commercial Code and in the light of these provisions give a true and fair view of the net assets, financial position and results of operations of the Group. The management report of the Company and the Group is consistent with the consolidated financial statements and on the whole provides a suitable understanding of the Group's position and suitably presents the risks to future development.

Hamburg, March 2, 2007
Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Götze	Beyer
Wirtschaftsprüfer	*Wirtschaftsprüfer*
(German Public Auditor)	*(German Public Auditor)*


2:20 P.M. GUAJIRA, COLOMBIA.
15 NORDEX N60S. LATIN AMERICA'S LARGEST WIND FARM. A MAJOR STEP FORWARD FOR COLOMBIA. MANY CAREFUL STEPS FOR OUR TEAM.
NORDEX
We've got the power.

GLOSSARY

Corporate Governance	The German corporate governance government commission devised a code in 2002 comprising nationally and internationally acknowledged standards for fair and responsible corporate governance. Under Section 161 of the German Stock Corporations Act, all listed companies are required to disclose a declaration of conformity.
EBIT	Earnings before interest and tax
EEG	German Renewable Energies Act. In force since April 1, 2000, it governs the feeding-in of regenerative energy into the German electricity grid.
Generator	The generator of a wind power system converts mechanical energy into electrical energy.
Transmission	The transmission is located between the slow rotor shaft and the fast generator shaft. It ensures that the generator shaft revolves roughly 70 times more quickly than the rotor shaft.
GWEC	Global Wind Energy Council
Kilowatt (kW)	Measures energy per time unit, expressed in watts. One kilowatt equals 1,000 watts.
Megawatt (MW)	One megawatt equals 1,000 kilowatts.
Offshore-turbines	Turbines located on the mainland.
Pitch control	Auf dem Festland errichtete Anlagen.
Pitchregelung	Pitch-controlled turbines ensure that the rotor speed remains the same by allowing the pitch of the blades to be adjusted.
POC	Percentage of completion. The method stipulated by international accounting rules for recognizing revenues.
Prime Standard	Deutsche Börse restructured its indices in 2003. In this connection, new admission rules were defined. The most stringent requirements (including compliance with international reporting standards, quarterly reporting etc.) are known as the Prime Standard. As a matter of principle, only Prime Standard companies are eligible for inclusion in an index.
PTC	Production tax credit. The PTC lowers the assessment basis for income tax payable by US wind turbine operators. At the moment, the PTC equals 1.9 US cents per kilowatt/hour.

Repowering This refers to the replacement of old turbines by larger, more modern ones. This generally entails complete dismantling of the old installation as the foundations and towers must meet the requirements of the specific turbine. In established markets in particular (Denmark, Germany and the United States), the first few wind farms have already been repowered.

Rotor The rotor of a wind turbine comprises the blades and the hub. Nordex wind turbines always have three blades. The rotor is linked to the mains haft.

ROC Renewable Obligation Certificate. Controlling mechanism used in the United Kingdom, specifying the compulsory percentage of renewable energies in the national electricity grid. Utilities failing to reach this target must acquire "green" certificates as a sanction.

RPS Renewable Portfolio Standards. Various US states have adopted Renewable Portfolio Standards to stipulate the minimum share of regenerative energy in the electricity grid.

Stall control With stall-controlled turbines, the rotor blades are attached to the hub at a fixed angle. The aerodynamic stall effect determines the rotor speed.

Electricity costs The cost of generating one kilowatt/hour of electricity.

TecDAX Deutsche Börse AG reorganized the German stock market in March 2003, introducing the TecDAX as the new index for the 30 largest technology stocks beneath the DAX 30.

TWh Terawatt/hours equivalent to 1 million MWh

Availability Period during which the wind turbine is on line.

Full-load hours The yield of a turbine depends on the wind speed. Turbines achieve their maximum output at wind speeds of between 13 and 15 m/s. The number of theoretical full-load hours per year characterizes the quality of wind-farm sites. These range from 1,800 (Germany) to 2,900 hours (UK).

Wind farm Wind farms comprise several wind turbines operated in tandem.

Working capital The customer's capital used during the realization phase of an order

Certification Wind turbines are certified according to certain guidelines to ensure that they are constructed correctly and can be operated safely. In Germany, Germanische Lloyd (GL) and TÜV Nord are the certifying agents.

Stock held by members of the Management Board and the Supervisory Board

		Shares
Carsten Pedersen	COO Sales	99,000 and a further 2,652,551 million via a 50 % holding in Nordvest A/S
Dr. Hansjörg Müller	COO Operations	4,500
Yves Schmitt	Chairman of the Supervisory Board	182,695*
Jan Klatten	Member of the Supervisory Board	1,500,000**
Jens-Peter Schmitt	Member of the Supervisory Board	11,250
Dr. Hans Seifert	Member of the Supervisory Board	50,000

* indirectly via a share held in CMP Fonds I GmbH
** via a sub-participation held by momentum Beteiligungsgesellschaft GmbH in CMP Fonds I GmbH

The financial investors CMP Fonds I and Goldman Sachs have agreed with several members of the Management Board a dormant sub-participation in Nordex AG (as of December 31, 2006: 371,058 shares), which includes a profit share in the case of sales of shares by these investors.

CALENDAR OF EVENTS

Report on fiscal 2006
with press and analyst conference
April 17, 2007

Annual general meeting in Rostock
May 15, 2007

Report on the first quarter of fiscal 2007
May 15, 2007

Report on the first half of fiscal 2007
with telephone conference
August 23, 2007

Report on the third quarter of fiscal 2007
with telephone conference
November 15, 2007

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