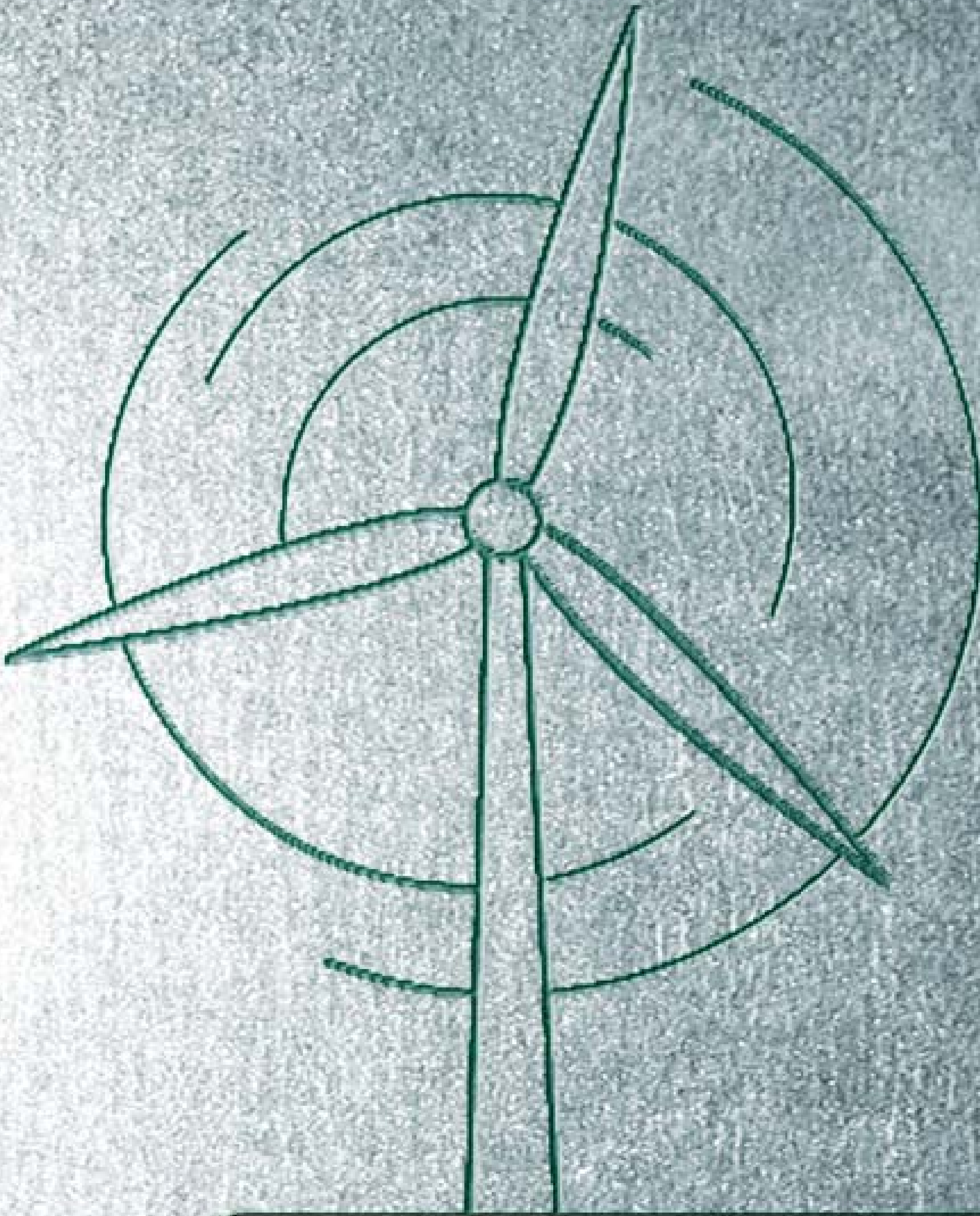


ANNUAL REPORT 2005

www.nordex-online.com

NORDEX
We've got the power.

Contents

THE NORDEX GROUP

Nordex AG

Nordex Energy GmbH 100 %

- Nordex Energy Equipment Services Co. Ltd., China (100 %)
- Xi'an Nordex Wind Turbine Co. Ltd., China (40 %)
- Nordex Baoding Wind Power Co. Ltd. (100 %)
- Qingdao Huawai Wind Power Co. Ltd. (66,6 %)
- Nordex Hellas Monoprosopi EPE, Griechenland (100 %)

Nordex Energy B.V. 100 %

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

PERFORMANCE INDICATORS AT A GLANCE

		2000/01	2001/02	2002/03	2003/04	R 2004	2004[4]	2005
Order receipts	Mio. €	410	501	148	230	62	237	395
Sales	Mio. €	347	439	196	222	59	214	309
Foreign business	%	36	37	46	48	51	k. A.	55
Total revenues	Mio. €	354	445	215	219	62	217	319
EBITDA (before exceptionals)	Mio. €	20,0	27,1	–52,4	–14,5	–0,6	–9,7	11,9
EBIT (before exceptionals)	Mio. €	14,1	18,1	–63,2	–25,5	–3,3	–21,7	0,3
Exceptionals[1]	Mio. €	–	–	–108,9	–2,5	–2,2	–4,8	–5,4
EBIT (after exceptionals)	Mio. €	14,1	17,8	–172,1	–28,0	–5,5	–26,5	–5,1
Cash flow[2]	Mio. €	58,4	–12,6	–43,9	–2,7	7,5	–4,6	10,1
Capital spending[5]	Mio. €	22,3	31,3	13,2	11,6	3,1	12,4	9,0
Earnings per share[3]	€	0,14	0,39	–2,96	–0,64	–0,15	–0,62	–0,14
Personnel	ø	651	791	867	726	689	689	721

[1] Not calculated in the previous periods
[2] Change in cash and cash equivalents
[3] Based on 52.05 million shares; as of 2005: based on 58.8 million shares
[4] Pro-forma for fiscal 2004 (annual financial statements not audited)
[5] Excluding reclassified current assets

LETTER TO THE SHAREHOLDERS

Dear shareholders,

Following the successful completion of its recapitalization program in spring 2005, Nordex has returned to the market. Even during our phase of financial weakness hardly any customers doubted the quality of our products and services, something which is reflected in the sharp rise in new business since early summer 2005. Yet, it is not all homegrown. The booming global market has clearly also been very helpful for us, with North American customers in particular causing an international sell-out of wind turbines. All told, some 44 % more turbines were assembled in 2005 than in the previous year. There is hardly a sector in the capital goods industry which can match this rate of growth.

Needless to say, a boom of this magnitude is not without its problems. Thus, for example, sourcing of components was not always easy at times, adding to project costs during the year. By improving our procurement processes and making use of the strong dedication of our staff, however, we were able to turn the corner as planned. In fact, we have been generating operating profit since June 2005 and have thus overachieved the target which we had set ourselves for 2005. As you know, we have further goals, however. In 2008, we want to achieve an EBIT margin of up to 10 % and started laying the foundations for this in spring 2005. Our efficiency-boosting program is on course towards reaching this goal. However, it also assumes further growth in business volumes.

Looking ahead over the next few years, we want to gain doubledigit market share in our main markets. Preliminary initiatives were launched in 2005. Thus, in China, Nordex will be one of the first operators to offer locally-produced large turbines, a key requirement for opening up this market. We have prepared plans to reenter the markets in India and the United States. In Western Europe, where Nordex is well positioned, we are already registering rising demand. In the next few years, we want to use this basis to continue growing more quickly than the market. What is important for you to know is that we will be able to materially finance this growth without any external help. However, this does not mean that we are not working with strong partners such as our banks and financial investors as well as international distribution and license partners in China and Japan.

Our operating success is reflected in our stock price, as testified to by gains of over 160 % since the day on which the new stock was listed for the first time. After the ardors which many shareholders have experienced in the recent past, this is an important signal showing that Nordex is a worthwhile investment again! We have made use of the second chance which you and our many partners have given us and this will continue to be our inspiration for the future.

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 management, joined the MAN Group in 1989, 1994 – 1997 head of controlling at MAN Gutehoffnungshütte AG, 1997 – 1999 head of controlling at Ferrostaal AG, 1998 – 2000 commercial director at Ferrostaal Industrial Plant Services GmbH, 2000 – 2002 head of controlling at Babcock Borsig AG, 2002 commercial director at Babcock Borsig Power GmbH, member of the Nordex AG Management Board since 2002.

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 Management Board:
Dr. Hansjörg Müller, Thomas Richterich, Carsten Pedersen.

THE SUPERVISORY BOARD

Yves Schmitt, *Berlin (since June 10, 2005)*
Chairman of the Supervisory Board Chairman of the Management Committee and member of the Audit Committee Managing shareholder of CMP Capital Management-Partners GmbH

Jens-Peter Schmitt, *Haan (since January 26, 2005)*
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 CommitteeSpokesman of the Management Board of G. Siempelkamp GmbH & Co. KG

Martin Rey, *Weßling (since June 10, 2005)*
Chairman of the Audit Committee and a member of the Management Committee Executive director of Babcock & Brown Ltd., Sydney and managing director of Babcock & Brown GmbH, Munich

Jan Klatten, *Munich (since June 10, 2005)*
Member of the Strategy and Technology Committee Managing shareholder of Momentum Beteiligungsgesellschaft mbH

Dr.-Ing. Hans Seifert, *Krailling (since June 10, 2005)*
Member of the Strategy and Technology Committee Management consultant

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

Hans Berger, *Kiel (until June 10, 2005)*
Deputy Chairman of the Management Board of HSH Nordbank AG

Dr. Gerd Jäger, *Essen (until June 10, 2005)*
Member of the Management Board of RWE Power AG Spokesman for the Management Board of Harpen AG

Flemming Pedersen, *Give (until June 10, 2005)*
Director of BBK Holding ApS
Director of FP Product A/S

Bernd Sattig, *Leonberg (until June 10, 2005)*
Self-employed management consultant

REPORT OF THE SUPERVISORY BOARD

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

In the course of 2005, the Supervisory Board held five ordinary meetings and one extraordinary meeting on a joint basis as well as 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 optimization and efficiency enhancements as well as key material personnel decisions.

MAIN TOPICS OF DISCUSSION BY THE SUPERVISORY BOARD.

After Dr. von Perfall's resignation in January 2005, Mr. Jens Peter Schmitt, who had been appointed to the Supervisory Board on January 26, 2005 by the relevant court of law, was elected Chairman of the Supervisory Board at the **ordinary meeting on February 21, 2005.** In addition, nominations were submitted for the committees, so that the Supervisory Board was able to reconstitute itself in a resolution passed in writing on the same day following the annual general meeting. The purpose of this was to ensure the continued functioning of the Supervisory Board during Nordex's crucial recapitalization phase. At the same time, the preliminary parent-company and consolidated annual financial statements as of December 31, 2004 (2004 stub fiscal year) were discussed in the presence of the external auditors from Ernst & Young. Key subjects of interest concerned the Group's liquidity and earnings situation as well as its equity capital. On the basis of the preliminary results, a high billing-induced inflow of cash and cash equivalents as well as operating loss resulting in a further decline in

shareholders' equity was expected. Deliberations also focused on the budget for fiscal 2005. In this connection, the Management Board explained that a further loss was likely in the first quarter of 2005 due to low capacity utilization and that this could result in negative equity. However, it added that overindebtedness could be avoided with the shareholders' approval of the recapitalization plans. The Management Board stated that as of the second quarter (following the completion of recapitalization) business volumes would grow substantially, with the Group returning to profit-making territory in the third and fourth quarters on the basis of full capacity utilization.

The **extraordinary meeting held on March 23, 2005** was devoted to discussion of the parent-company and consolidated annual financial statements as of December 31, 2004. The auditor explained the differences between these and the preliminary financial statements, which he had presented at the meeting held on February 21, 2005. In addition, the operating risks in connection with patents in Germany and the United States were discussed. A further subject concerned order books. In this connection, the Management Board explained that many large customers were first awaiting the completion of recapitalization before awarding contracts, meaning that order receipts would be up sharply in the second quarter. A further item on the agenda concerned the progress being made with recapitalization. The Management Board declared that all conditions for the letters of intent to be signed with CMP Capital Management-Partners and Goldman Sachs had been satisfied and that the cash equity issue would be executed in full (EUR 41.64 million) effective March 29, 2005. At the same time, Nordex would receive the agreed higher credit facilities. The bylaws were revised to reflect the changes to the share capital resulting from the capital reduction and the cash equity issue. When asked by the Supervisory Board, the Management Board excluded the possibility of the Company being overindebted as of March 31, 2005 on the basis of Nordex AG's assets and liabilities as well as receivables from affiliated companies and the carrying values of its subsidiaries. The Management Board also stated that this had been confirmed in examinations relating to insolvency law.

On **May 13, 2005,** the Supervisory Board passed a resolution in writing approving the use of the Company's authorized capital for the planned non-cash equity issue.

The **18th ordinary meeting** of the Supervisory Board took place ahead of the annual general meeting of **June 10, 2005.** During the meeting, the Management Board explained the interim financial statements as of March 31, 2005 as well as the outlook for fiscal 2005. Order receipts and sales fell short of forecasts in the first quarter. However, the Management Board added that the shortfall in the first quarter had already been recouped in the current quarter (following the completion of recapitalization), stating that the low business volumes were due to delays in deliveries from suppliers. However, it said that full-year sales targets could still be achieved thanks to a smooth logistics process. The cost of materials ratio was in line with forecasts. Moreover, the Management Board explained trends in personnel costs and the exceptional expenses incurred in conjunction with recapitalization. It projected only a small net operating loss for the second quarter, adding that as sales grew working capital would rise to 20 – 30 % by year-end. In order to shorten project turnaround times, Nordex must build up exposure to suppliers for components with long delivery periods. In addition, the Management Board reported that various suppliers (particularly for cams and transmission) were operating at close to full capacity utilization on account of strong US demand. Further deliberations concerned possible balance sheet risks. Given the high capacity utilization planned for the second half of the year, there is a certain risk with respect to the availability of input products, although this is being contained by means of close contacts with suppliers.

SHORTEN PROJECTS TURN-AROUND TIMES DUE TO CHANGED SOURCING POLICY.

On **July 4, 2005,** the Supervisory Board, which had been newly elected on June 10, met for the first time in its new composition. Four new members had been appointed to the Supervisory Board, while the offices held by Mrs. Jens-Peter Schmitt and Dr. Hans Fechner were also renewed. The Supervisory Board elected Mr. Yves Schmitt to the position of Chairman and Mr. Jens-Peter Schmitt to the position of Deputy Chairman. In addition, committee membership was assigned as follows: Audit Committee: Martin Rey (Chairman), Yves Schmitt, Jens-Peter Schmitt. Management Committee: Yves Schmitt (Chairman), Jens-Peter Schmitt, Martin Rey. Strategy and Technology Committee: Dr.-Ing. Hans Fechner (Chairman), Dr. Ing. Hans Seifert, Jan Klatten. A further item of the agenda dealt with potential conflicts of interest on the part of members of the Supervisory Board. Thus, the Management Board disclosed the master contract between Nordex and tower supplier Welcon, in which Carsten Pedersen (COO Sales and Marketing) holds a 50 % share. In this connection, the Management Board gave its assurance that the contracts had been entered into on arms length terms and that Mr. Pedersen was not involved in any decision-making processes. A further subject of discussion concerned the budget for the current fiscal year and present business performance. The Management Board reported that after muted new business in the first quarter Nordex had received new orders of around EUR 123 million in the second quarter, with a further EUR 145 million expected for the second half of the year. The profit contribution margin was in line with forecasts. The Management Board went on to answer questions relating to group guarantees which had particularly been issued in connection with foreign projects being handled by subsidiaries and which were exposed to the usual risk. In connection with project development activities in Germany and France, it stated that Nordex had incurred only a very small volume of stranded investments on account of high approval rates. On the other hand, it said that Nordex would be discontinuing these activities in China and Spain. The future product strategy was discussed in the light of planned spending on rotor blade production and the development of the N90/2500 with a new transmission system. In addition, the Management Board briefed the Supervisory Board on the progress being made in talks with key suppliers. In spite of higher raw material prices in some cases, Nordex had been able to achieve lower prices and agree on more flexible procurement operations in the form of "rolling demand" in several cases.

FLEXIBLE PROCUREMENT OPERATIONS SECURED BY "ROLLING DEMAND".

With respect to the current state of business, the Management Board forecast operating profit for June for the first time in tandem with high capacity utilization. It added that restricted availability of core components could give rise to a certain risk with respect to target achievement in the second half of 2005. The Management Board explained that the first few credit insurers had reinstated facilities for Nordex with others to follow. All told, it still considered the full-year targets to be realistic.

After this, the Management Board described the progress made in talks to establish a new joint venture in China. Given the high demand for wind turbines in China and the local-content requirements, Nordex must establish new production structures to remain competitive. A further advantage offered by the potential partner was that it would contribute orders for around 200 MW upon the contract being signed. Finally, the Supervisory Board agreed to renew the service contracts with Mr. Thomas Richterich and Dr. Hansjörg Müller and to name Mr. Richterich Chairman of the Management Board.

The **20th ordinary meeting held on September 26, 2005** was primarily devoted to the report on the current state of business and the outlook for fiscal 2006. The Management Board explained that Nordex had registered order receipts of approx. EUR 244 million and planned to achieve a greater margin contribution with new projects on account of the strong demand. In response to questions, the Management Board explained that allowance had already been made in the budget for possible penalty risks arising from project delays caused by sourcing shortfalls. With respect to financing requirements for order receipts expected up until 2006, it additionally said that guarantees were largely covered by existing facilities and that the banks had signaled willingness to discuss the possibility of accommodating any additional requirements. The growth course was underpinned by production and procurement. Sourcing was safeguarded for fiscal 2006 following the signing of new master contracts, new tenders, a 2+1 supplier strategy and the establishment of facilities with two key credit insurance companies. At that stage, the budget for the current fiscal year was realistic according to the Management Board. The Chairman of the Audit Committee also reported on the main points which had been defined for the audit. The audit by Ernst & Young of the annual financial statements was to concentrate on inter-company obligations and Nordex France S.A.S. as this company was expected to generate considerable project volumes in 2006. The auditors were to perform preliminary work in mid October. Finally, the Management Board updated the Supervisory Board on the status of the efficiency-boosting program which had been launched in the spring and which aimed to achieve substantial cost cuts against the backdrop of rising revenues.

At **its 21st ordinary meeting on November 28, 2005**, the Supervisory Board discussed and passed resolutions relating to current business performance, the budget for fiscal 2006, the strategy in China and further corporate financing. The Management Board explained that order receipts of a further EUR 111 million were expected by the end of the year. Loss at the EBIT level (after exceptionals) came to around EUR 0.8 million. Capital utilization was above average due to the preliminary financing of an internal project but without any risks as acceptance by an investor was guaranteed. Nordex expected to be able to handle business volumes of around EUR 400 million in fiscal 2006. In response to a question, the Management Board stated that this figure did not yet include any specific projects from the United States. Upon re-entering the US market, Nordex initially wanted to accept only minor contracts to cap project management and service risks. It went on to say that the current production capacities in Rostock were able to handle a business volume of around EUR 750 million. With production processes less hectic, Nordex expected to generate sales of at least EUR 400 million in 2006. A reduction of the cost of materials ratio to around 78 % was possible in 2006 due to heightened internal production of rotor blades. The working capital ratio would fluctuate between 15 and 25 % in 2006. This was followed by discussion on the budgets for product maintenance and development.

In addition, the Management Board briefed the Supervisory Board on the state of negotiations for the joint venture contract for turbine production in China. In this connection, cover for possible liability risks was discussed. In addition, the Management Board provided information on project development activities in France, stating that a further 17 project companies were about to be established as a basis for the development of the same number of wind farms. Finally, it updated the Supervisory Board on the state of talks with the core banks on additions to guarantee facilities.

Installation times shortened due to rotor assembly in one step.

COMPOSITION OF THE SUPERVISORY BOARD.

On January 26, 2005, Mr. Jens-Peter Schmitt was appointed to the Supervisory Board following Dr. Eberhard Freiherr von Perfall's resignation in January 2005. At the annual general meeting held on June 10, 2005, Yves Schmitt, Jan Klatten, Martin Rey and Dr.-Ing. Hans Seifert were elected to the Supervisory Board and the offices of Jens-Peter Schmitt und Dr.-Ing. Hans Fechner renewed. On behalf of the Company, the Supervisory Board wishes to thank its former members Dr. Eberhard Freiherr von Perfall, Hans Berger, Dr. Gerd Jäger, Flemming Pedersen and Bernd Sattig for their contributions in the past. On July 4, 2005, the Supervisory Board elected Mr. Yves Schmitt Chairman and Mr. Jens-Peter Schmitt Deputy Chairman.

The annual financial statements of Nordex AG and the consolidated annual financial statements for the Nordex Group for the year ending December 31, 2005 as well as the combined management report for Nordex AG and the Nordex Group for fiscal 2005 including the accounts 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 June 10, 2005 and engaged by the Supervisory Board.

N90 on the Danish test site Risoe.

AUDIT OF THE NORDEX AG AND NORDEX GROUP ANNUAL FINANCIAL STATEMENTS.

The annual financial statements, the consolidated annual financial statements and the combined management report for Nordex AG and the Nordex Group, the annual report, the auditors' report concerning the financial statements and the dependency report were presented to all members of the Supervisory Board in good time prior to the meeting of March 23, 2006 at which the balance sheet was approved. The documents were discussed at length during the meeting, which was also attended by the auditors signing the auditors' report, who additionally presented the results of the audit and were available to answer questions. The Supervisory Board and its Audit Committee approved the results of the audit.

The Supervisory Board examined the annual financial statements of Nordex AG and the consolidated annual financial statements, the dependency report as well as the combined management report for Nordex AG and the Nordex Group. On the basis of the final results of such examination, it did not raise any objections. The Supervisory Board approved the parent-company and consolidated annual financial statements prepared by the Management Board for the year ending December 31, 2005. 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.

Rostock, March 23, 2006

The Supervisory Board

Yves Schmitt
(Chairman)

Regulated rise cabling in a turbine tower.

THE STOCK

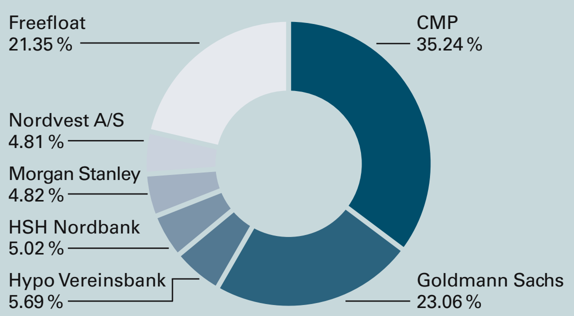
The price of the new, converted Nordex stock (ISIN: DE000A0D6554) rose by 166 % to EUR 5.0 (December 30, 2005), up from its initial listing price of EUR 1.88 on April 21, 2005, when it was admitted to the Frankfurt Stock Exchange. In February 2006, the stock peaked at over EUR 9.00 on individual days. The main reasons for this generally strong performance were:

1. the turnaround in operating earnings as a result of recapitalization, among other things, 2. booming international demand for wind turbines and 3. the general recovery in the stock markets. Demand for Nordex stock in XETRA trading and on the stock market floor particularly rose after the release of the quarterly figures. With a relatively small free float of around 21 %, this generally caused prices to rise. In summer 2005, Nordex turned the corner at the operating level in tandem with better-than-expected new business. This success was communicated to analysts and investors at regular conferences.

At the same time, news of the sharp rise in demand for wind turbines in the United States and new political decisions with respect to the promotion of renewable energies spurred the stock prices of listed wind turbine companies. However, this performance was marred at the end of 2005 by repeated profit warnings issued by a Danish competitor. A comparison with the TecDAX indicates that Nordex is benefiting from the generally more optimistic sentiment on equities markets. Given that the index also hit highs for the year at the beginning of October 2005 and the beginning of February 2006.

On an encouraging note, average trading volumes did not change after the expiry of the lockup period for the new principal shareholders. In other words, there were no transactions subject to compulsory disclosure. Since June 2005, around 74 % of the stock has been held by the following financial investors: CMP (Capital Management-Partners), Goldman Sachs, HypoVereinsbank, HSH Nordbank and Morgan Stanley. Danish company Nordvest A/S owned by founder and COO Sales and Marketing Carsten Pedersen holds a further 4.8 % of the Company's capital. In addition, Management Board members Thomas Richterich (Chairman) and Dr. Hansjörg Müller (Operations) hold 250,000 and 200,000 shares, respectively, via dormant sub-participations (excluding voting and selling rights) and are thus exposed to the stock. The Company has only limited information available from public sources as to the structure of its free float. According to what information is available, international fund companies specializing in growth investments still hold sizeable shares in Nordex, albeit all below 5 % of the share capital.

NORDEX AG SHAREHOLDER STRUCTURE

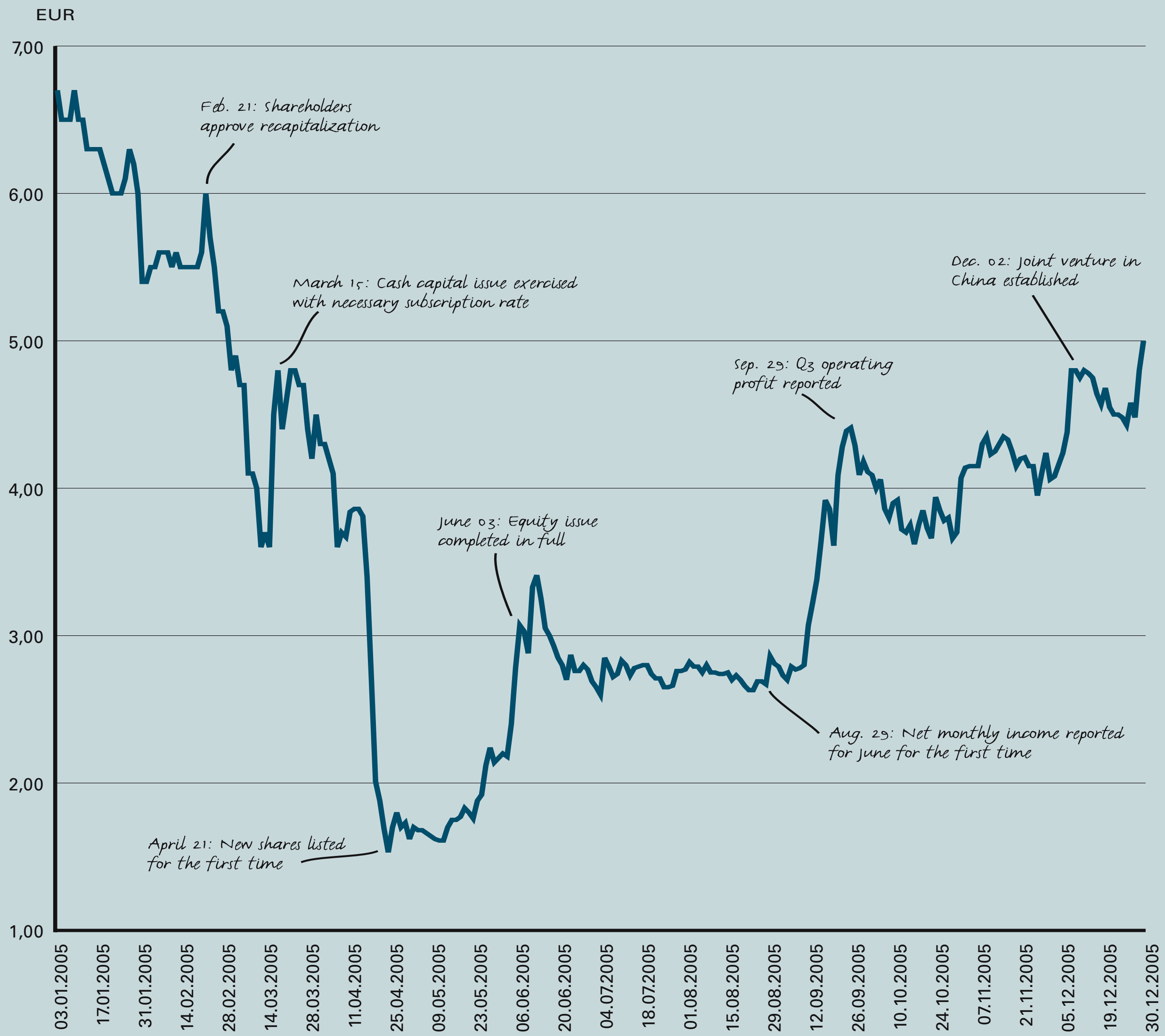


The key purpose of investor relations is to prevent short-term speculative fluctuation in the stock by means of appropriate management of expectations and by stabilizing the shareholder structure. This is being achieved by building up comprehensive and strong international coverage of Nordex stock as well as close and ongoing contact with potential shareholders.

The increase in trading volumes has prompted the first few sector analysts to resume coverage of the stock. At the moment, the Company is engaged in talks with a series of further institutes with a view to achieving regular publication of research studies.

Share performance of the Nordex stock

significant increase in 2005.



*The stock performance prior to April 21 was increased by a factor of 10 to allow for the 10:1 capital reduction.

THE FISCAL YEAR AT A GLANCE

SUCCESSFUL TURNAROUND AFTER CHALLENGING YEARS.

December 28, 2004
Nordex signed contracts with CMP Capital Management-Partners and Goldman Sachs for the recapitalization of the Company. Under these contracts, the investors undertook to subscribe to at least 30 million new shares after the planned 10:1 capital reduction.

December 31, 2004
The Nordex Group's equity ratio hit a low of 1.3 %.

February 19, 2005
Employees of the Nordex Group agreed to a voluntary contingent salary cut as their contribution to restructuring the Company.

February 21, 2005
The shareholders of Nordex AG agreed to the recapitalization plans with a majority of 99.8 %.

March 30, 2005
The cash equity issue of EUR 41.46 million was placed in full.

May 23, 2005
As expected, Nordex published muted business figures for the first quarter of 2005. Order receipts were down by half due to uncertainty surrounding the Company's future accompanied by a roughly 35 % decline in sales. The operating loss came to EUR 7.1 million primarily as a result of low capacity utilization.

June 3, 2005
The non-cash equity issue (conversion of bank liabilities of EUR 27.9 million into 12 million new shares) was completed, marking the completion of recapitalization at Nordex AG. As a result, share capital was raised to EUR 58.8 million.

June 29, 2005
The US government renewed the production tax credit (PTC) system, a tax allowance for wind farm operators, until the end of 2007, thus triggering a boom in demand for wind turbines in the United States.

June 30, 2005
Order receipts in the second half of 2005 surged by 175 % in the wake of progress made in recapitalizing the Company, with sales up 17 %. In June, the month with the highest sales in the quarter, Nordex generated operating profit for the first time again.

June 30, 2005
In the first half of 2005, Nordex's market share in Germany widened from 4 to 8 %.

September 30, 2005
Nordex's new business rose by 100 % in the third quarter. Sales were unable to keep pace with this growth as strong global demand had caused shortfalls in the availability of key components. Even so, the Group posted operating profit of EUR 0.1 million again for the quarter for the first time.

October 14, 2005
In its coalition agreement, the newly elected German government comprising CDU/CSU and SPD expressed its commitment to extending the use of renewable energies. The share of renewable energies in total electricity consumption is to widen to 20 % by 2020. The basic structure of the Renewable Energies Act is to be retained.

November 8, 2005
The Chinese government announced plans for massive extensions to renewable energies. A total of 30,000 MW of wind energy alone is to be fed into the national grid by the year 2020 (end of 2005: approx. 1,300 MW). All told, roughly 15 % of energy requirements are to be covered by regenerative sources by then.

December 2, 2005
Nordex forged a joint venture with a regional utility in the province of Ningxia, China for the local production of 1.5 MW turbines. At the same time, it received a major order for the delivery of over 130 turbines of this type.

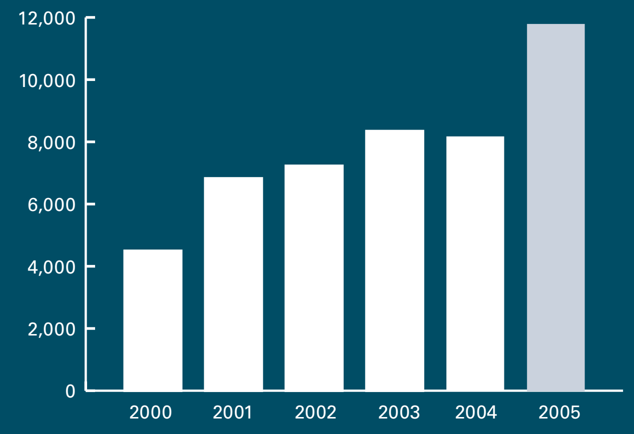
December 31, 2005
The Nordex Group's order intake rose by 67 % to EUR 395 million in 2005, with foreign business accounting for around 62 %.

January 1, 2006
In China, the Act for Promoting Renewable Energies came into force. In addition to providing tax allowances, the Act introduces a graduated price mechanism and governs the obligation to accept electricity produced from renewable sources.

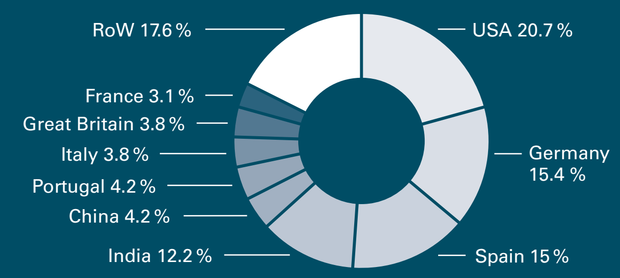
Bestseller N90: Share in new business more than 70 >%.


6.20 P.M. THE SCOTTISH HIGHLANDS,
EARLSBURN WIND FARM. RAINY SUMMERS,
ICY WINTERS AND CONSTANT HARSH WINDS.
THE NORDEX N80'S NATURAL HABITAT.
NORDEX
We've got the power.

NEW INSTALLED CAPACITY



MARKETS IN 2005



COMBINED MANAGEMENT REPORT FOR NORDEX AG AND NORDEX GROUP

1. MARKET TRENDS

On the basis of preliminary data (source: GWEC), global sales of wind turbine measured in terms of new installed capacity rose by around 44 % in 2005. This growth was driven by North America (up approx. 420 %) and Asia (up around 74 %). Accounting for 54 % of the global market, Europe was again the main sales region in 2005. However, demand on the Continent rose by only around 6 %. On the one hand, new business contracted in the mature wind power markets of Germany (down 12 %) and Spain (down 15 %), although this was recouped by the European growth markets. With new capacity of almost 2,500 MW, the United States ranked No. 1 in the top ten markets. It was followed by Germany (1,800 MW) and Spain (1,760 MW) and then for the first time two Asian countries, namely India (1,430 MW) and China (500 MW). Then came Portugal (500 MW), Italy (452 MW), the United Kingdom (446 MW) and France (367 MW).

Endless energy from wind: wind farm in California.

Nordex N90 wind farm "Ketzin" near Berlin.

United States

Although Nordex is currently not supplying any turbines to the United States, it is benefiting indirectly from the strong demand in that country as numerous competitors are working at full capacity utilization on US projects in the short to medium term. Accordingly, they are not able to take part in invitations for tenders in Europe and Asia.

UTILITIES HAVE BEEN INVESTING IN WIND ENERGY SINCE THE COST OF FOSSIL FUELS STARTED RISING DRASTICALLY.

The reason for the US boom is the early decision made in June 2005 to renew the production tax credit (PTC) system until the end of 2007. This system guarantees wind farm operators a tax allowance of 1.9 cents per kilowatt/hour (kWh) during the first ten years of operation. In addition, individual states have introduced renewable portfolio standards (RPS) to encourage the use of renewable energies. Under the RPS system, utilities are obliged to obtain a fixed part of their electricity from regenerative sources. Texas, for example, doubled its RPS in August 2005 to 20 %. At the same time, more and more utilities have been investing in renewable energies since the cost of fossil energy sources started rising drastically as a result of natural or artificial constraints on supply. In this way, wind energy is already a competitive alternative at good US locations. Thus, for example, the price of crude oil (OPEC basket) rose by over 40 % in 2005 alone. Given the prospect of threatened energy shortages, US president George W. Bush announced intensified public spending on renewable energies such as wind and solar power in January 2006. Experts such as the American Wind Energy Association (AWEA) therefore project sustained strong demand for wind turbines.

Nordex has embarked on preparations to sell its large turbines in the North America and will be in a position to do so as of 2007. However, this hinges on a solution for a patent registered in the United States for variable-speed turbines being found in the form of a settlement or technical modifications. Until now, Nordex has supplied stall turbines for US projects.

Germany

At around 12 %, the decline in new installations in Germany was not as pronounced as expected. In 2005, new capacity of around 1,800 MW was hooked up to the grid. Nordex was able to buck this trend by growing again in Germany, as a result of which its market share doubled from 4 % to around 8 %. With a cumulative output of 18,427 MW, Germany accounts for roughly 31 % of global wind power capacity. The decline in new business is primarily due to the growing scarcity of non-coastal locations with suitable wind conditions. However, a further contributory factor is the amendments to construction permit rules. The first step in this respect was taken by the new CDU-led state government in North Rhine-Westphalia, which prescribed greater clearances and lower minimum heights. An initiative brought before the Upper House of Parliament in Germany aimed at abolishing the privileges for wind turbines was rejected due to the resistance of other CDU state governments. This reflects the consensus now found within the new German federal government, which expressed its commitment in the coalition agreement to further extensions to renewable energies. In fact, the share of renewable energies in total electricity production is to be widened from around 10 % at present to 20 % by 2020. This has prompted Commerzbank, which was the largest financer of wind farms in Germany up until 2002, to announce plans to extend its business again.

However, further growth of wind power capacity in Germany materially hinges on developments in the offshore and repowering segments. As of the end of 2005, no wind turbine located in German coastal waters had been linked to the grid. The main reason for the delays concerns the ambitious plans of primarily establishing wind farms outside the 12 nautical mile zone, something which poses considerable technical challenges in connection with the construction of the necessary base and the cables for the transmission of electricity. The German Federal Ministry of the Environment originally wanted to have 500 MW of capacity installed by 2006. Yet, technical problems have arisen with preliminary projects closer to the coast in Denmark and the United Kingdom due to deficiencies still exhibited by the latest large-scale turbines. It is also with this in mind that Nordex has developed its first offshore prototypes on the basis of proven onshore systems. The first N90/2300 kW turbine was built off the coast of Denmark near Frederikshavn in summer 2003, followed in February 2006 by the first N90/2300 kW turbine off the Rostock ocean port. Thus, Nordex is well poised to gain a share of the German offshore market which will comprise some 25,000 MW by 2030 according to BMU forecasts. Repowering business is equally muted. In 2005, capacity of only 12 MW was dismantled and renewed. This is in spite of the fact that small turbines (< 750 kW) account for roughly 25 % of the total German fleet. These are turbines which are suitable for repowering activities. Yet, many small turbines are situated outside areas suitable as sites for wind farms, meaning that these areas cannot be rezoned. What is more, construction height restrictions are preventing substitution with new, larger and thus more efficient systems. The projections of the German Wind Power Institute, according to which wind power could experience a renaissance in the next decade, also hinge on amendments to construction law.

Tortosa: 37 x Nordex N62.

Wind farm Merdelou (France).

Western Europe

In Spain, demand weakened by around 15 % over the previous year. However, at 1,760 MW it was still well above the average for previous years. The sustained high sales volumes are due to a fixed-price system based on a reference electricity rate (tarifa media de referencia, TEM – currently 7.8 cents/kWh). Operators receive 90 % over 5 years, 85 % over a further 10 years and thereafter 80 % of the TEM. The TEM is to be increased by an average of 1.4 % – 2 % by 2010. A key problem in Spain concerns the gaps in the national electricity grid, which frequently cause delays in the development of locations offering good wind conditions.

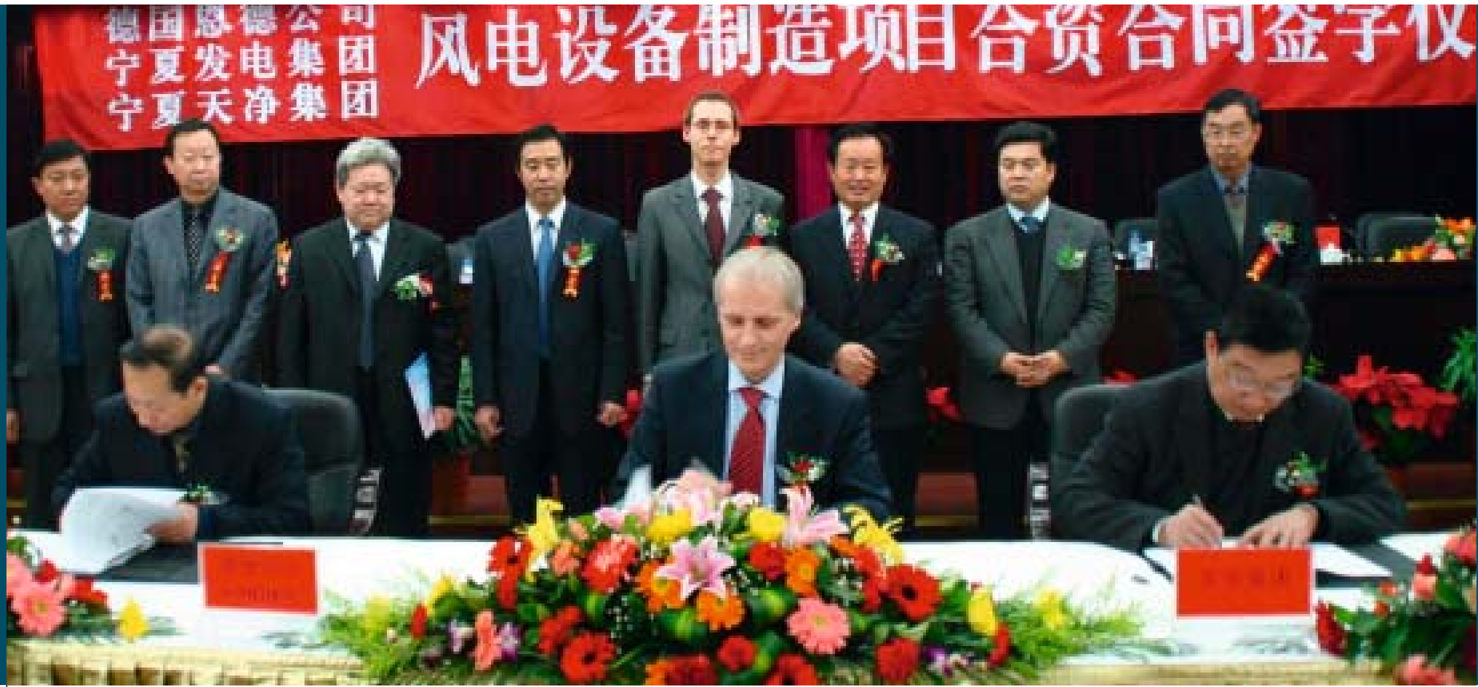
Market access for foreign operators is difficult as a certain level of local content must be included in projects. For this reason, Nordex has sold part of its internally developed projects to a Spanish partner. However, it remains the supplier of the 37 megawatt turbines for the Tortosa wind farm. Experts assume that looking forward demand will level off at a high level in Spain.

Alongside France, **Portugal** is one of the European markets with the highest rate of growth. In 2005, new capacity of around 500 MW went on line, equivalent to growth of over 80 % compared with the previous year. With market share of around 14 %, Nordex was able to defend its position. This success was materially due to the established business relations with the large developers and operators in this country such as Enersis and Generg. The strong demand was particularly triggered by an extensive subsidization program. The government's energy policy aims to reduce energy imports from their current level of over 80 % and to increase the share of renewable energies to 39 % by 2010. Wind power is to particularly make up for the weather-related decline in hydroelectricity. The installed wind power base is to be raised from around 1,000 MW (end of 2005) to a total of 3,750 MW by 2010. Incentives to achieve these goals are being provided in the form of a variable scale of attractive feed-in remuneration rates based on full load hours of up to 8.3 cents/kWh as well as investment advances.

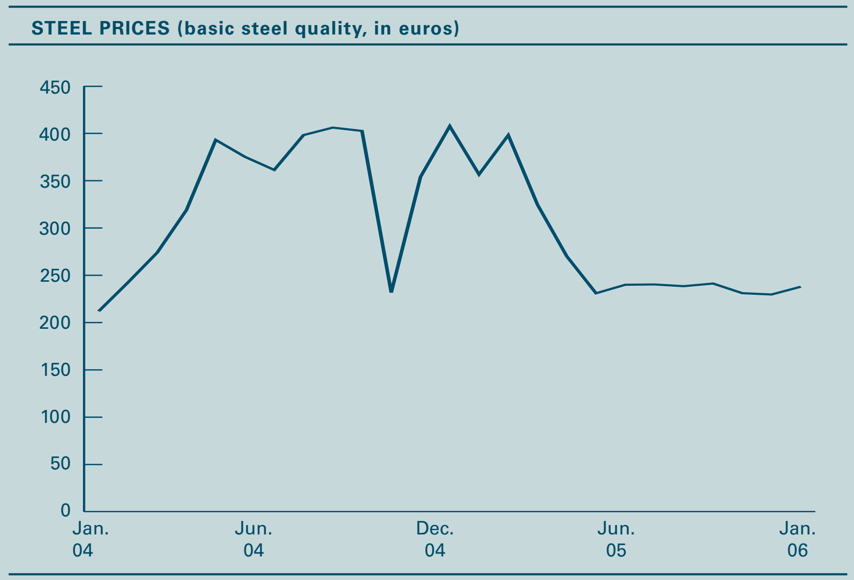
Demand in the **United Kingdom and Italy** also grew in 2005 in line with expectations, with both markets expanding by doubledigit rates. However, preliminary questions concerning the strain on the electricity grids caused by the rising share of windproduced energy were raised. This is prompting more and more utilities to define more stringent conditions for the transmission of windgenerated electricity grids. With its advanced management systems, Nordex generally has no trouble complying with these requirements. Capacity extensions in the United Kingdom were hampered in 2005 by the delay of individual offshore projects for cost and pricerelated reasons. With price levels the highest in Europe (approx. EUR 0.13 per kWh), offshore business is unfolding more slowly.

Nordex did not construct any new wind farms in either of these markets in 2005. However, it managed to reenter the market at the beginning of 2006 via largescale projects. In 2003, Nordex had held 26 % of the UK market thanks in particular to its large turbines, which are certified for strong-wind locations.

After starting at a low level, **France** was the fastest growing European market (up 166 %). This is primarily due to the high initial remuneration of 8.36 euro cents per kilowatt/hour and the government's ambitious targets (2010: 10,000 MW). At the same time, the first major wave of project developments was completed. As a supplier of turbines, Nordex was able to achieve a market share of around 10 % in the period under review. With over 200 MW of approved projects, most of which were sold in 2005, the Company is one of the market leaders in project management. This has yielded orders worth EUR 178 million (approx. 170 MW) for Nordex turbines. In summer 2005, the government amended the Act on the Future Supply of Energy. As a result, projects with an output of over 12 MW are now also eligible for the remuneration guaranteed by law, something which will materially facilitate the further development of wind energy.



Nordex signed new Joint Venture in China.



Asia

According to the Chinese National Development and Reform Commission (NDRC), new installed capacity in **China** rose by some 150 % to 500 MW in 2005. This growth is due partially to the concession projects involving volumes of around 3,000 MW for which tenders have been invited since 2003. In addition, it reflects the effects of the Act for the Promotion of Renewable Energies, which was passed in spring 2005 and came into effect on January 1, 2006. The purpose of the Act is to widen the installed basis from a current 1,300 MW or so to 30,000 MW by 2020. This translates into annual average new construction of some 2,000 MW. The government has earmarked around USD 184 billion between now and 2020, by which time it wants the country to generate 15 % of its electricity from renewable sources. The government price controls for electricity produced from wind energy provided for a surcharge on the trading price of electricity for 15 operating years. Given the lower local cost structures, this income will ensure that most of the planned projects can be operated profitably.

Up until 2002, Nordex was the leading operator in **China** with around 45 % of the market. This success was due to its early entry into the market in the mid nineties and the establishment of a joint venture for the production of 600 kW turbines in Xi'an. In the ensuing years, its market share shrank on account of growing demand for large turbines. Since the beginning of 2005, Nordex has been setting up facilities for the local production of its large turbines. Thus, the spring saw the establishment of rotor blade production facilities for 1.3 MW turbines, while this was followed in December by a joint venture forged with the regional utility of the province of Ningxia for the establishment of production facilities for 1.5 MW turbines. The contract signed between the two parties also provides for the delivery of around 130 turbines of this type. Nordex is currently engaged in talks for further extensions to its activities in this country.

India remained a stable market for wind turbines in 2005, with new installed output rising by some 63 % to 1,430 MW. Following the downswing at the end of the nineties, demand recovered in 2003, when the Electricity Act took effect and the "Renewable Energy Program" was established. Under this program, electricity producers are given free access to transmission grids. As well as this, India is promoting renewable energies by means of income tax credits, investment grants and preferential interest rates as well as reduced customs on imports. However, the market is calling for local production structures. At the moment, Nordex is in talks with potential Indian partners with a view to establishing suitable structures. One advantage in this respect is that the Nordex name enjoys a good reputation in India as the Company assembled roughly 270 stable turbines with its then partner BHEL up until the end of the nineties.

Prices

For the first time in 20 years, the wind power energy recorded an increase in specific investment costs. The average selling price per installed kilowatt/hour rose substantially in 2005 (Windpower Monthly 1/2006) due to the higher costs of steel, copper and plastics for rotor blades. In December 2005, however, the price of steel (turbular towers) was roughly 30 % off its January 2005 high, with the average price for 2005 10 % down on the previous year. Rising demand for wind farms also left traces on selling prices of wind turbines. At the end of 2005, US customers in particular were willing to accept surcharges on prices for guaranteed short-term deliveries. However, it must be remembered that individual producers had granted considerable price concessions in 2004 on account of surplus capacity. Nordex was able to recoup part of the additional cost of steel components by technical and business measures. At the same time, it was possible to renew the price guarantees until 2006 with some suppliers. All told, over 90 % of the materials required for 2006 have been secured on a contractual level.

Despite this trend, the competitiveness of wind power remained intact in 2005. This is because the price of conventional sources of energy rose in the same period of time: oil was up roughly 40 % (OECD basket), gas around 25 % and German power station coal 17 %. As a result, the spot price of electricity in Germany climbed to as much as 6.9 euro cents per kWh for base load electricity and 9.3 euro cents per kWh for peak load electricity. The statutory remuneration rate for new wind farms stood at 8.6 euro cents in 2005 in Germany and was thus almost on a par with the level for base load electricity and below the spot price. Comparable trends were evident in other countries in Germany. As a result, the first wind farm operators in the United States have started selling electricity in the spot market rather than entering into long-term electricity supply contracts with utilities. This highlights the strong potential for growth which wind energy exhibits given good wind resources around the world and the limited sources of fossil energy, the price of which is set to continue rising in the face of mounting ecological restrictions.

2. BUSINESS PERFORMANCE

The comparative data provided in this section for analysis purposes is taken from the last 12-month reporting period, namely fiscal 2003/04, due to the limited comparability of the stub fiscal year from October 1 until December 31, 2004.

In the period under review, Nordex AG remained the parent company of the Nordex Group and did not exercise any operative functions. Nordex AG is responsible for financing the Group companies. The Group parent has entered into profit transfer agreements with the main domestic Group members. Nordex AG's net loss for the year contracted by around 46 % to EUR 11.7 million in fiscal 2005 (2003/04: net loss of EUR 21.6 million) and was materially affected by the cost of recapitalization as well as the absorption of the loss sustained by Nordex Energy GmbH, with which a profit transfer agreement is in force. Nordex Energy GmbH's loss in the year under review came to EUR 4.8 million.

In fiscal 2005, Nordex AG's equity ratio improved from 7.3 % to 86.2 % due to its recapitalization. Successfully completed in spring 2005, the recapitalization program involved a 10:1 capital reduction, a cash capital increase of EUR 41.64 million and a non-cash capital increase in which bank liabilities of around EUR 28 million were converted into 12 million new shares (with a nominal value of EUR 1 each). In this connection, bank liabilities were reduced from EUR 37.5 million (December 31, 2004) to EUR 7.0 million.

On the balance sheet date, Nordex had cash at banks of EUR 7.3 million. Receivables from affiliated companies rose from EUR 7.5 million to EUR 27.5 million as Nordex AG financed a greater volume of its subsidiaries' activities.

In fiscal 2005, the Nordex Group's order intake surged by 72 % to EUR 394.9 million (2003/04: EUR 230.1 million). The basis for this unexpectedly strong showing was the Group's successful recapitalization program in spring 2005. Once Nordex had reinforced its equity basis sufficiently, customer confidence returned, with customers' banks willing to finance projects involving Nordex as the supplier. This is also reflected in new business in the course of the year. Whereas Nordex had registered new orders of only around EUR 35 million in the first quarter (prior to the completion of recapitalization), volumes in the following quarters substantially exceeded EUR 100 million, with the second quarter in fact yielding a historical high of EUR 122.8 million. A further determinant was rising global demand for wind turbines as of summer 2005 (particularly following the extensions to the PTC in June).

ORDER RECEIPTS BY REGION

EUR million	2003/04	2005
Germany	80.4	150.2
France	0	177.6
Rest of Europe	144.3	48.5
Asia	5.4	18.6
Total	230.1	394.9

ORDER RECEIPTS BY TURBINE

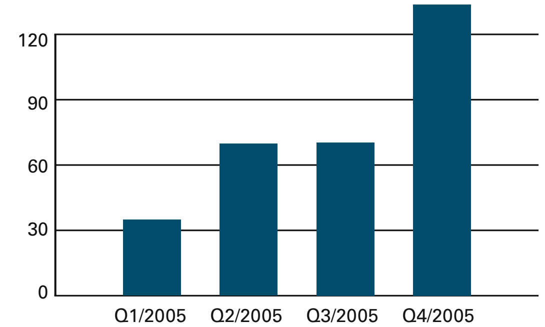
EUR million	2003/04	2005
N80/N90	122.9	283.0
S70/S77	57.2	88.1
N60	50.0	23.3
sub-MW	0.0	0.5
Total	230.1	394.9

N90 Offshore –
Main pillar in the water.

The share of foreign orders in Nordex's new business shrank from 65 % to 62 % as the Company was able to bind customers in Germany in particular and postpone projects until after the recapitalization measures had been completed. As a result of this "catching up effect", new business in Germany expanded by 88 % to EUR 150 million (2003/04: EUR 80.4 million). Special mention should also be made of the continued high order receipts from France of EUR 177.6 million (2003/04: EUR 0.0 million). Consequently, Nordex generated more new business in a foreign market than in Germany for the first time. In 2004, Nordex France had received construction permits for 17 wind farms with a total capacity of over 200 MW. It entered into contracts with investors for roughly 170 MW in 2005. These projects with Nordex turbines will be completed this year for the most part. As well as this, a further 200 MW or so are currently in the project development phase. Nordex also received orders from Portugal, the Netherlands, the Czech Republic and China.

The share of N80/N90 turbines (2,500 and 2,300 kW respectively) in total new business widened to 72 % (2003/04: 53.4 %). On the other hand, the proportion of S70 and S77 (1,500 kW) turbines narrowed to 22 % (2003/04: 24.9 %). Accounting for only 6 %, the N60 (1,300 kW) continued to lose importance (2003/04: 21.7 %). This turbine was mostly sold to China, where demand for this robust model remains stable. During the period under review, the order backlog rose in value by 79 % to EUR 248.2 million (December 31, 2004: EUR 138.9 million). This figure solely comprises projects backed by firm contracts for which construction purposes have been granted and Nordex has already received an advance payment.

SALES BY QUARTER (in EUR Millions)



In the period under review, the Nordex Group increased its sales by roughly 39 % to EUR 309 million (2003/04: EUR 221.6 million), with business volumes widening sharply in the fourth quarter in particular. During this period, the Group recorded sales of around EUR 134 million (Q4/2004: EUR 59.2 million) thanks to improved availability of materials, which reduced production turnaround times compared with the third quarter. The sharp rise in global demand for wind turbines caused capacity shortfalls on the part of many suppliers as of summer 2005. However, by working closely with its suppliers, using a flexible procurement system providing for early reservations of quotas, certifying additional suppliers and obtaining new facilities from credit insurers, Nordex was able to ease the situation in the fourth quarter of the year. With own work capitalized of EUR 5.7 million, which primarily comprises capitalized development expenses, and an increase of EUR 4.7 million in inventories due to the commencement of work on new projects, total revenues rose by 46 % to EUR 319.4 million (2003/04: EUR 218.8 million).

Roughly 91 % of sales were generated by turbine construction and 9 % by the provision of services. In the turbine construction segment, the share of sales contributed by Germany contracted to around 45 % (fiscal 2003/04: 53 %). On the other hand, there was an aboveaverage increase in business in other European countries, with Nordex completing several large projects in Portugal, France and Spain in particular. Europe excluding Germany accounted for almost 52 % of consolidated sales (2003/04: 36 %), with Asia (China) contributing roughly 3 %.

Thanks to the favorable order intake in earlier years, the proportion of sales of the N80/N90 series continued to widen in fiscal 2005 to around 59 % (2003/04: 42 %). On the other hand, the share of Nordex S70/77 turbines shrank to 30 % (2003/04: 39 %). This also applies to the N60/1,300 kW turbine, which is particularly sold in Asia. It contributed 11 % (2003/04: 17 %) to sales.

SALES BY REGION (turbine construction only)

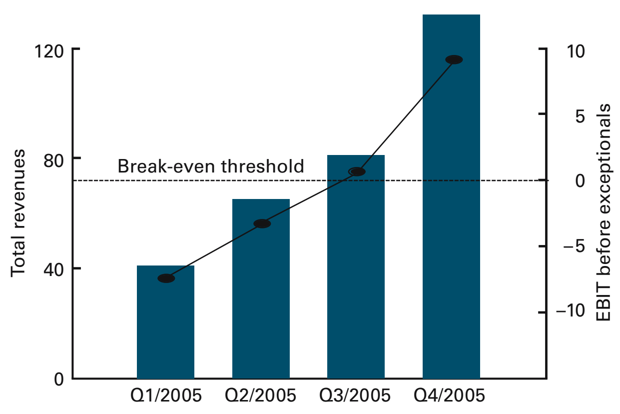
in %	2003/04	2005
Germany	53	45
Europe	36	52
Asia	5	3
America	7	0

SALES BY TURBINE (turbine construction only)

in %	2003/04	2005
N80/N90	42	59
S70/S77	39	30
N60	17	11
sub-MW	2	0

EARNINGS SITUATION

TOTAL REVENUES AND EBIT (before exceptionals) BY QUARTER



The Nordex Group's operating profit before exceptionals exceeded forecasts in 2005. With earnings before interest, tax and exceptionals rising to EUR 0.3 million (2003/04: loss at the EBIT level of EUR 25.5 million). In the fourth quarter of 2005 alone, it generated operating profit (before exceptionals) of EUR 9.4 million. In this way, it was able to completely recoup the operating loss before exceptionals of EUR 9.3 million which had arisen in the first half of the year. At the beginning of the fiscal year, the Group had been unable to make full use of its capacity on account of its weak prerecapitalization financial condition and, with revenues of EUR 104.8 million as of June 30, 2005, fell short of the breakeven threshold of around EUR 75 million per quarter.

The cost of materials ratio declined to 78.7 % (2003/04: 79.2 %), but still remained slightly above the target. This was due to delays in the commencement of internal production of the NR45 rotor blade, the greater use of external staff in production areas and additional installation costs caused by delivery delays as a result of temporary material shortages. On the other hand, staff costs were trimmed, with the staff cost ratio shrinking to 10.7 % (2003/04: 15.8 %). With staff costs virtually unchanged over the previous year, the voluntary contingent salary cut accepted by staff made itself felt. The number of employees rose again particularly due to the establishment of rotor blade production facilities in China. Other operating expenses net of other operating income declined by 9 % to EUR 22.1 million (2003/04: EUR 24.3 million). Legal and consulting costs were particularly lower following the completion of operative and financial restructuring. Gross profit widened by 50 % to EUR 68.1 million (2003/04: EUR 45.5 million).

In the period under review, exceptionals of EUR 5.4 million (2003/04: EUR 2.5 million) arose particularly in connection with recapitalization, adjustments to receivables – including for a wind farm project in Greece – and warranty expenses for projects comprising older wind turbines. Nordex's net financial result was reduced primarily as a result of the 41 % decline in bank liabilities to EUR 3.0 million (2003/04: EUR 5.1 million) after the completion of recapitalization. Net loss for the year shrank by 75 % to EUR 8.2 million (2003/04: EUR 33.5 million).

ASSETS AND FINANCIAL CONDITION

The Group's equity basis as of December 31, 2005 was significantly improved primarily as a result of the recapitalization completed in spring 2005. As a result, the equity ratio rose from 1.3 % to a solid 27.4 % in tandem with an increase in equity capital from EUR 2.5 million to EUR 63.4 million. At the same time, liabilities to banks dropped by around 81 % to EUR 7.1 million due for the most part to the conversion of bank liabilities worth EUR 28 million into equity (non-cash capital increase). The Group's cash also improved markedly, with cash and cash equivalents doubling to EUR 19.5 million as of the balance sheet date (previous year: EUR 9.4 million).

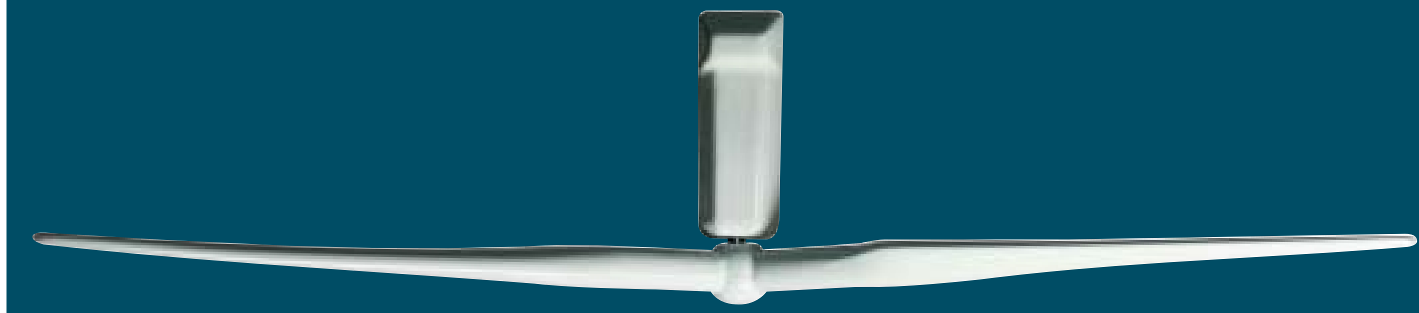
In preparation of contracts to be performed in the short term together with a general rise in business volumes, inventories widened by around 50 % to EUR 71.1 million (2003/04: EUR 46.5 million). In response to temporary sourcing instabilities in 2005, Nordex has started to place the input products and materials required for contracts in stock roughly one month ahead of the scheduled commencement of the project to reduce project turnaround times and to avoid unexpected delay-induced costs. Trade receivables and future receivables from construction contracts also rose by around 44 % to EUR 43.0 million (December 31, 2004: EUR 29.9 million). This was due to the commencement of work on numerous short-term contracts, resulting in an increase in future receivables from construction contracts from EUR 7.9 million to EUR 21.2 million. This also explains the 61 % increase in trade payables to around EUR 64.1 million (December 31, 2004: EUR 39.8 million). This significant increase reflects both wider business volumes as well as heightened trust on the part of business partners. Thanks to the high volume of advance payments received (advance payment ratio: 97 %), the Group was able to keep its working capital ratio at a relative low 14.5 % and thus at the bottom end of the internal forecast range.

During recapitalization, the creditor banks granted the Group new credit facilities of EUR 60 million (cash and bonding facilities). A further increase in the bonding facilities was achieved at the end of 2005. From the Company's point of view, finance for the planned medium term growth is secure thanks to the constructive partnership with its creditor banks.

A net cash inflow of EUR 10.1 million was recorded for the fiscal year as a whole. Net cash inflow from financing activities of EUR 39 million was offset by a net cash outflow from operating and investing activities of a combined EUR 29.0 million primarily resulting from additional inventories in response to growing business volumes.

CAPITAL SPENDING

In fiscal 2005, the Nordex Group's non-current assets increased by around EUR 9.0 million (2003/04: EUR 11.6 million). At EUR 5.6 million, capitalized development activities formed a key aspect of the capex budget with product maintenance and further development of the N80/N90 series playing a key role. Thus, work was completed on the N90/2,500, the prototype of which Nordex has been operating at a test site in Denmark since December 2004. In summer 2005, the N90 rotor blade NR45 went into series production after undergoing an extensive redesign. Further development work was also performed on the offshore package for this turbine. The prototype was constructed off the coast near the Rostock sea port in February 2006. The Company spent a further EUR 1.9 million on factory and business equipment - primarily tools and IT systems - and roughly EUR 0.8 million on technical equipment and machinery especially in connection with extensions to rotor blade production in Rostock. At the same time, a sum of around EUR 0.7 million was spent on concessions and industry property rights, land and buildings as well as loans.



RESEARCH AND DEVELOPMENT

First offshore turbine in Germany
completed in February 2006.

Development activity concentrated on engineering work on the new N90/2500, with the availability and reliability of the pitch system, azimuth system, drive train and rotor blade improved. For example, the pitch drive was fitted with an enhanced battery charge management system that provides rechargeable sets of batteries with a temperature-based voltage and performs an automatic charge test of the batteries every two hours. An active hydraulic rotor brake allows the turbine to be disconnected from the grid in idle times and thus reduces strain on the drive train. In addition, an active drive train damper was developed for the N90/2500 to permit load-reduced operation of the turbine. The azimuth system was reinforced by a more sophisticated brake and drive system. At the same time, an intelligent management system ensures minimum-strain wind direction alignment under extreme conditions.

Working in conjunction with a partner, Nordex developed a compact coupler mechanism which has a special output bifurcation system capable of reliably converting the high torque generated by large turbines. In this mechanism, the rotor torque is absorbed by two planet gears and converted, with the two branches converging again in a third planet great. Torque and speed are then converted again and passed from the spur gear to the generator. This transmission was originally developed for turbines with a nominal output of more than 3.0 MW and thus constitutes a preliminary step in work on the 100 meter class (3 – 4 MW) planned for 2008.

The NR 45 rotor blade uses a new type of glass fiber which exhibits a 10 % increase in tensile strength compared with conventional fibers. No carbon fiber is used for cost reasons and on account of possible sourcing problems. The production process has been modified with Nordex now using a new type of VAP (vacuum assisted process) film preventing even the smallest air pockets in the blade structures. In addition, Nordex produces the weight-bearing structures (webs, spars) separately from the aerodynamic casing to maximum production reliability and quality. Nordex has also achieved key progress in optimizing noise emission with a new geometry for the blade tip. The new profile generates substantially less noise. A further advantage is that the high aluminum content of the tip acts as an extraordinarily effective lightning conductor, offering added safety over many conventional rotor blades.

At the same time, work was carried out on preparing the series for deployment in climatic zones with temperatures of up to 40 °C. The changes made include improved cooling of the main components and the switch boxes. Nordex has developed a modular tower system with standardized elements to lower production and logistic costs.

The assembly and maintenance design and electrical systems were optimized for the offshore version of the N80/90.

PERSONNEL

As of December 31, 2005, the number of employees rose slightly by 32 to 721 (December 31, 2004: 689). Headcount was increased in the growth markets of China, France, Portugal and the UK in the production, service and project management areas in particular.

In addition, Nordex utilized 165 external employees (December 31, 2004: 13) in the production to cope with the heightened business volume with minimum delay. As of December 31, 2005, there were 189 external employees across the Group as a whole (December 31, 2004: 25). This proportion is to be reduced again step by step in favor of internal staff.

In late summer 2005, Nordex launched a program to develop junior executives coming from within the Company. Roughly 20 junior executives in the project management, engineering, marketing and procurement area are currently undergoing a twelve-month executive training program. A similar program was commenced in December 2005 with 18 foremen and shift managers from the three production sites in Rostock.

EVENTS AFTER THE CONCLUSION OF THE YEAR UNDER REVIEW

In the first quarter of 2006, Nordex successfully returned to the highgrowth UK market, gaining two projects from potential largescale customers in Scotland for its N80/2500 kW strongwind turbine. Awarded by Falck Renewables and utility npower renewables, the contracts had a combined value of EUR 44 million. Meanwhile, Nordex received its first major order in Italy since the establishment of its sales subsidiary Nordex Intalia srl. Developer Energia Verde ordered 14 Nordex S77/1500 kW turbines for EUR 25 million.

In Germany, Nordex was able to sell an internally developed wind farm project to Danish investor group Scan Energy for EUR 34 million. At the same time, it assembled the first offshore turbine in Germany in February 2006. As a result, Nordex has positioned itself well for this market of the future.

EARNINGS IMPROVEMENT PLAN

Following the completion of its operative restructuring, Nordex embarked on a new earnings improvement plan in March 2005. The aim is to achieve a sustained EBIT margin of 10 % together with substantially higher sales as of 2008. The fact that this target is achievable in the wind power industry has been demonstrated in a comprehensive comparison of the competition. Efficiency gains are being sought in the following areas in particular: Service, procurement and logistics, target costing and technical improvements. In many cases, these modules comprise individual measures which will take considerable time to unleash their full effect on earnings. One example of this is the technical modifications. A period of at least 18 months is required from the completion of the specification phase to implementation in series production.

As of the balance sheet date, around 90 % of the planned measures had been defined, i.e. the implementation details including allocation of responsibilities had been finalized. By the end of December 2005, roughly 17 % of the activities had been implemented and will have a positive effect on earnings this fiscal year for the first time. The definition phase is to be completed in the first half of 2006, with all measures to be in place by the end of 2007.

Implementation of the program is being overseen by an experienced Nordex team who proved themselves during operative restructuring between summer 2003 and spring 2005. This program achieved sustained savings of around EUR 73 million.

Nordex has been certified in accordance with ISO 9001:1994 since 1992 and conducts annual internal audits. Nordex's quality management system aims at creating and maintaining transparent, crossdepartmental processes, optimizing internal processes, enhancing on-site safety and proactively avoiding error-related costs. The next recertification is scheduled for 2007 and will again be performed by Bureau Veritas Quality International (BVQI).

OUTLOOK

Market experts project continued global growth in the market for wind turbines, with demand to expand by an annual average of around 10 % between now and 2015. The only exception could be 2008 if no replacement system is implemented for the PTCs in the United States, which expire at the end of 2007. The main markets are expected to be Europe (45-50 %) as well as America and Asia (around 25 % each).

Against this backdrop and given its ample order backlog as of December 31, 2005 (EUR 248.2 million), the Group anticipates a further substantial increase in business volumes in 2006 generating sales of over EUR 400 million. At the same time, Nordex has secured quotas from its suppliers early on in order to avoid any shortfalls on the supply side. Further related activities include the qualification of new international suppliers and additions to inventories for projects for which fixed contracts have been signed.

As part of the efficiency-boosting efforts, the cost of materials ratio is to be cut on a sustained basis accompanied by further progress in reducing the staff cost ratio. All told, the Group is striving for EBIT of around EUR 10 million and net income for the year. Business volumes permitting, the EBIT margin is to be widened from 2.5 % to 10 % by 2008. Management projects an increase of over 20 % per year in sales during this period. In other words, Nordex wants to grow more quickly than the market. At the same time, the share in sales coming from Germany will decline to around 20 %. In addition to other European countries, Asia and North America in particular will gain in importance. Thanks to the market initiatives which have been implemented or are planned for Asia and North America, there is a good chance of boosting sales volumes more quickly provided that sufficient warranty facilities and corresponding production capacities are available.

RISK REPORT

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

Nordex AG has such a system, which tracks all discernible risks to the Group and classifies them according to likelihood and loss potential. Risk officers in the central operative and strategic departments are responsible for observing risks on an ongoing basis and implementing suitable countermeasures. 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 warranty phase. At the same time, extensive semiannual risk audits are executed so that trends in the Company's risk situation can be evaluated on an ongoing basis. Compared with the last risk inventory as of June 30, 2005, the number of risks identified has dropped at 6 to 34 individual risks spread over 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 jeopardize the Company's continued existence, eight were considered to be material, 11 worthy of being monitored and 13 acceptable.

Risks to the Company's status as a going concern

The following section describes only the risks to the Company's status as a going concern:

As in the previous period, the new risks to the Company's status as a going concern include the alleged breach of industrial property rights held by a competitor in connection with general compliance with the grid connection conditions for wind energy systems. Nordex, a number of competitors as well as an German 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. There is a further patent-related risk with respect to possible comparable effects in connection with the potential breach of a patent relating to the control of variable-speed turbines.

The risks capable of jeopardizing the Company's status as a going concern arising from its poor financial condition in 2004 were eliminated as a result of recapitalization.

Material risks

As the parent company, Nordex AG bears the risk of any default in connection with the finance of its subsidiaries' operative business. Depending on the economic performance of the related companies, the settlement of receivables from related companies as well as the fair value of the investments carried as financial assets may be at risk. In addition, Nordex AG is exposed to a financial risk on account of the obligation which it has accepted towards the creditor banks to avoid any material deviation from the targets defined by the Management Board.

Other main risks which Nordex systematically observes and addresses by means of systematic counter measures include the loss of key skills and capabilities as a result of the defection of experienced employees, global compliance with grid connection rules, early detection of series defects, availability of sufficient warranty facilities, availability problems in the wake of faulty services, limited resources for opening up new markets, changes in the industrial promotion situation in key markets as well as dependence on individual core suppliers. The Company is satisfied that adequate steps have been taken to control operative and strategic risks.

Management Board related parties report

As the Management Board of a controlled company, we hereby declare in accordance with Section 312 of the German Stock Corporations Act that no transactions subject to compulsory disclosure or measures taken at the instigation or in the interests of the controlling companies arose in 2005.

Rostock, March 2006

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

CORPORATE GOVERNANCE REPORT

The Transparency and Disclosure Act (Section 161 of the German Stock Corporations Act) took effect on August 8, 2002, imposing on the management board and the supervisory board of all listed companies 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 recognized 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 which came into effect on June 2, 2005, Nordex is now disclosing details of the recommendations which it has not adopted (see Point 2.3.4) and setting out the compensation paid to the Supervisory Board in the corporate governance report. In addition, it 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 WITH THE GERMAN CORPORATE GOVERNANCE CODE.

The recommendations set out in the German Corporate Governance Code as amended on June 2, 2005 were conformed to in fiscal 2005 save for the following exceptions. This will also continue to be the case in the future.

2.3.4. Live 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 Individual breakdown of compensation of the members of the Management Board

Nordex continues not to break down the compensation payable to members of its Management Board. As well as this, it does not publicly disclose the basic elements of the existing flexible compensation system for the Management Board as it does not think that details of the compensation system constitute need-to-know information for the capital markets. However, the Company wishes to state that all members of the Management Board hold shares in Nordex AG: Thomas Richterich (Chairman) holds 250,000 and Dr. Hansjörg Müller (Operations) 200,000 shares via dormant sub-participations (excluding voting and selling rights) and are thus exposed to the stock. Carsten Pedersen (Sales and Marketing) holds roughly 2.83 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 performancetied remuneration. Nordex is not convinced that this form of remuneration is conducive to an improvement in the quality of supervisory activities. The individualized compensation paid to members of the Supervisory Board is set out in the Company's bylaws (www.nordex-online.com/online-service). 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.

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. This does not give rise to any material conflicts of interest. 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 2005, 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. 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 plantengineering 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	NAME	POSITION	ACTION	NUMBER OF SHARES	PRICE	VOLUME	STOCKMARKET
12/9/05	Carsten Pedersen	COO Sales	Acquisition	20.000	4,75 €	95.000 €	Frankfurt
9/7/05	Carsten Pedersen	COO Sales	Acquisition	20.000	2,804 €	56.080 €	Frankfurt
8/12/05	Thomas Richterich	Chief Executive Officer	Acquisition of a dormant subparticipation	250.000	1 €	250.000 €	N/A
8/12/05	Hansjörg Müller	COO Operations	Acquisition of a dormant subparticipation	200.000	1 €	200.000 €	N/A
4/13/05	Nordvest A/S	Legal entity closely related to a member of the Managemend Board	Sale	11.528	3,87 €	44.613 €	Frankfurt
4/13/05	Nordvest A/S	Legal entity closely related to a member of the Managemend Board	Sale	925	3,90 €	3.608 €	Frankfurt
4/12/05	Nordvest A/S	Legal entity closely related to a member of the Managemend Board	Sale	6.000	3,908 €	23.448 €	Frankfurt
4/12/05	Nordvest A/S	Legal entity closely related to a member of the Managemend Board	Sale	16.463	4,015 €	66.099 €	Frankfurt
3/15/05	Nordvest A/S	Legal entity closely related to a member of the Managemend Board	Acquisition	2.500.000	1 €	2.500.000 €	N/A
3/15/05	Carsten Pedersen	COO Sales	Acquisition	8.000	1 €	8.000 €	N/A


THE POWERFUL MODEL FOR ANY
CONDITIONS: **THE NORDEX N90/25000.**
NORDEX
We’ve got the power.

CONSOLIDATED BALANCE SHEET (IFRS) AS OF DECEMBER 31, 2005

CONSOLIDATED BALANCE SHEET

as of December 31, 2005 (IFRS)

	(Notes)	Dec. 31, 2005 EUR 000s	Dec. 31, 2004 EUR 000s
Cash and cash equivalents	(1)	19,493	9,407
Trade receivables and future receivables construction contracts	(2)	42,964	29,931
Inventories	(3)	71,051	47,528
Current financial assets	(4)	715	5,249
Other current assets	(5)	15,552	16,557
Current assets		149,775	108,692
Property, plant and equipment	(6)	21,381	23,300
Goodwill	(7)	9,960	9,960
Capitalized development costs	(8)	11,273	11,003
Other intangible assets	(9)	2,323	3,764
Non-current financial assets	(10)	9,773	5,521
Other non-current assets	(11)	867	247
Deferred tax assets	(12)	26,021	23,895
Non-current assets		81,598	77,690
Assets		231,373	186,382
Trade payables	(13)	64,063	39,842
Provisions for income tax	(14)	578	2,257
Other provisions	(15)	54,823	59,451
Other current liabilities	(16)	26,049	31,027
Current liabilities		145,513	132,577
Non-current borrowings	(17)	7,057	37,566
Pensions and similar obligations	(18)	404	376
Other non-current liabilities	(19)	8,079	8,191
Deferred tax liabilities	(20)	6,867	5,182
Non-current liabilities		22,407	51,315
Shareholders'equity	(21)	63,453	2,490
Shareholders' equity and liabilities		231,373	186,382

CONSOLIDATED INCOME STATEMENT

for the year commencing January 1, 2005 and ending December 31, 2005 (IFRS)

	(Notes)	Jan. 1, 2005 – Dec. 31, 2005 EUR 000s	Oct. 1, 2004 – Dec. 31, 2004 EUR 000s	Oct. 1, 2003 – Sep. 30, 2004 EUR 000s
Sales	(22)	308,970	59,228	221,572
Changes in inventories and other own work capitalized	(23)	10,452	2,379	–2,810
Total revenues		319,422	61,607	218,762
Other operating income	(24)	4,657	2,987	694
Cost of materials	(25)	–251,303	–48,250	–173,281
Personnel costs	(26)	–34,083	–8,550	–34,528
Depreciation/amortization (excluding goodwill)	(27)	–11,696	–2,637	–10,979
Goodwill amortization		0	0	–1,137
Other operating expenses	(28)	–26,746	–8,419	–24,998
Operating profit/loss before exceptionals		251	–3,262	–25,467
Exceptional income		7,354	1,933	22,180
Exceptional expenses		–12,745	–4,182	–24,696
Exceptionals	(29)	–5,391	–2,249	–2,516
Operating profit/loss		–5,140	–5,511	–27,983
Other interest and similar income		1,338	153	640
Interest and similar expenses		–4,304	–1,628	–5,698
Net interest expenditure		–2,966	–1,475	–5,058
Profit/loss from ordinary activity before tax		–8,106	–6,986	–33,041
Income taxes	(30)	36	–561	292
Other taxes	(31)	–147	–165	–708
Net loss for the fiscal year		–8,217	–7,712	–33,457
Net loss per share*)		–0.15	–1.48	–6.43

*) Based on 54.133 million shares (previous year: 5.205 million shares)

COSOLIDATED CASH FLOW STATEMENT (IFRS)

for the fiscal year commencing January 1, 2005 and ending December 31, 2005

	Jan. 1, 2005 – Dec. 31, 2005 EUR 000s	Oct. 1, 2004 – Dec. 31, 2004 EUR 000s	Oct. 1, 2003 – Sep. 30, 2004 EUR 000s
Operating activities:			
Net profit/loss for the year	–8,217	–7,712	–33,457
Depreciation on non-current assets	11,696	2,637	12,185
Decrease/increase in pension provisions	28	–160	46
Increase/decrease in other provisions and tax provisions	–6,307	–6,880	–4,641
Loss from disposal of non-current assets	212	153	201
Increase/decrease in inventories	–23,523	–1,062	41,766
Increase/decrease in trade receivables and future receivables from construction contracts as well as other assets not assigned to investing or financing activities	–12,627	25,936	–6,574
Decrease/increase in trade payables and other liabilities not allocated to investing or financing activities	18,606	8,038	–8,559
Changes in deferred taxes	–441	646	–140
Cash flow from operating activities	**–20,573**	**21,596**	**827**
Investing activities:			
Payments received from the disposal of property, plant and equipment/intangible assets	0	51	4,012
Payments received from the disposal of financial assets	214	14	0
Payments made for investments in property, plant and equipment/intangible assets	–8,818	–2,827	–7,113
Payments made for investments in financial assets	–2	–2	–25
Cash flow from investing activities	**–8,606**	**–2,764**	**–3,126**
Financing activities:			
Payments received on account of capital increase	69,539	0	0
Change in short-term bank loans	–30,509	–11,351	–391
Cash flow from financing activities	**39,030**	**–11,351**	**–391**
Cash change in cash and cash equivalents	9,851	7,481	–2,690
Cash and cash equivalents at the beginning of the period	9,407	1,930	4,617
Changes due to extensions to consolidation perimeter	231	0	0
Exchange rate-induced change in cash and cash equivalents	4	–4	3
Cash and cash equivalents at the end of the period (Cash and cash equivalents carried on the face of the consolidated balance sheet)	19,493	9,407	1,930

The net profit/loss for the year includes interest and similar expenditure of EUR 4.303 million (previous year: EUR 1.628 million) as well as interest and similar income of EUR 1.329 million (previous year: EUR 0.153 million).
Cash flows from income taxes come to EUR 1.202 million (previous year: EUR 0.002 million).

CONSOLIDATED STATEMENT OF EQUITY MOVEMENTS (IFRS) FOR 2005

	Issued capital EUR 000s	Share premium EUR 000s	Other equity components EUR 000s	Foreign currency equalization item EUR 000s	Consolidated net profit/loss brought forward EUR 000s	Consolidated net profit/loss EUR 000s	Total shareholders' equity EUR 000s
Balance on October 1, 2004	52,050	147,578	–12,349	17	–143,730	–33,457	10,109
Consolidated net loss for the year 2003/2004 carried forward	0	0	0	0	–33,457	33,457	0
Exchange rate differences	0	0	0	93	0	0	93
Consolidated net loss for the year	0	0	0	0	0	–7,712	–7,712
Balance on December 31, 2004	52,050	147,578	–12,349	110	–177,187	–7,712	2,490

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

CONSOLIDATED STATEMENTS OF ASSET MOVEMENTS

for the year ending December 31, 2005

	Acquisition and production costs						Depreciation							
	Starting balance Jan. 1, 2005 EUR 000s	Addition EUR 000s	First-time consoli-dation EUR 000s	Disposals EUR 000s	Reclassi-fication EUR 000s	Closing balance Dec. 31, 2005 EUR 000s	Starting balance Jan. 1, 2005 EUR 000s	Addition EUR 000s	First-time consoli-dation EUR 000s	Disposals EUR 000s	Reclassi-fication EUR 000s	Closing-amount Dec. 31, 2005 EUR 000s	Book value Dec. 31, 2005 EUR 000s	Book value Dec. 31, 2004 EUR 000s
I. Intangible assets														
1. Concessions, trade and similar rights	10,271	262	0	0	0	10,533	6,507	1,703	0	0	0	8,210	2,323	3,764
2. Capitalized development costs	22,874	5,615	0	6,992	0	21,497	11,871	5,217	0	6,864	0	10,224	11,273	11,003
3. Goodwill	14,461	0	0	0	0	14,461	4,501	0	0	0	0	4,501	9,960	9,960
Total intangible assets	**47,606**	**5,877**	**0**	**6,992**	**0**	**46,491**	**22,879**	**6,920**	**0**	**6,864**	**0**	**22,935**	**23,556**	**24,727**
II. Property, plant and equipment														
1. Properties, property-like rights and buildings	15,951	243	0	0	43	16,237	2,737	684	0	0	43	3,421	12,816	13,214
2. Technical equipment and machinery	13,736	791	0	19	0	14,508	8,914	2,023	0	15	0	10,922	3,586	4,822
3. Other equipment, operating and business equipment	14,336	1,831	76	355	174	16,062	9,361	2,067	2	282	174	11,148	4,914	4,975
4. Advance payments made and assets under construction	289	0	0	7	–217	65	0	0	0	0	–217	0	65	289
Total property, plant and equipment	**44,312**	**2,865**	**76**	**381**	**0**	**46,872**	**21,012**	**4,774**	**2**	**297**	**0**	**25,491**	**21,381**	**23,300**
III. Financial assets														
1. Shares in affiliated companies	5,111	0	0	231	0	4,880	0	0	0	0	0	0	4,880	5,111
2. Loans to associates	1,312	0	0	0	0	1,312	0	0	0	0	0	0	1,312	1,312
3. Investments in associates	1,396	2	0	610	0	788	400	0	0	400	0	0	788	996
4. Other loans	3,351	161	0	4	0	3,508	0	0	0	0	0	0	3,508	3,351
Total financial assets	**11,170**	**163**	**0**	**845**	**0**	**10,488**	**400**	**0**	**0**	**400**	**0**	**0**	**10,488**	**10,770**
Total non-current assets	**103,088**	**8,905**	**76**	**8,218**	**0**	**103,851**	**44,291**	**11,694**	**2**	**7,561**	**0**	**48,426**	**55,425**	**58,797**

	Acquisition and production costs						Depreciation							
	Starting balance Jan. 1, 2004 EUR 000s	Addition EUR 000s	First-time consoli-dation EUR 000s	Disposals EUR 000s	Reclassi-fication EUR 000s	Closing balance Dec. 31, 2004 EUR 000s	Starting balance Jan. 1, 2004 EUR 000s	Addition EUR 000s	First-time consoli-dation EUR 000s	Disposals EUR 000s	Reclassi-fication EUR 000s	Closing-amount Dec. 31, 2004 EUR 000s	Book value Dec. 31, 2004 EUR 000s	Book value Dec. 31, 2003 EUR 000s
I. Intangible assets														
1. Concessions, trade and similar rights	9,917	127	0	0	227	10,271	6,082	425	0	0	0	6,507	3,764	3,835
2. Capitalized development cost	20,911	1,963	0	0	0	22,874	10,961	910	0	0	0	11,871	11,003	9,950
3. Goodwill	14,461	0	0	0	0	14,461	4,501	0	0	0	0	4,501	9,960	9,960
Total intangible assets	**45,289**	**2,090**	**0**	**0**	**227**	**47,606**	**21,544**	**1,335**	**0**	**0**	**0**	**22,879**	**24,727**	**23,745**
II. Property, plant and equipment														
1. Properties, property-like rights and buildings	16,057	14	0	120	0	15,951	2,699	152	0	114	0	2,737	13,214	13,358
2. Technical equipment and machinery	15,624	231	0	2,119	0	13,736	8,525	612	0	223	0	8,914	4,822	7,099
3. Other equipment, operating and business equipment	14,362	268	0	294	0	14,336	9,065	538	0	242	0	9,361	4,975	5,297
4. Advance payments made and assets under construction	292	224	0	0	–227	289	0	0	0	0	0	0	289	292
Total property, plant and equipment	**46,335**	**737**	**0**	**2,533**	**–227**	**44,312**	**20,289**	**1,302**	**0**	**579**	**0**	**21,012**	**23,300**	**26,046**
III. Financial assets														
1. Shares in affiliated companies	888	231	0	0	3,992	5,111	400	0	0	0	–400	400	4,711	488
2. Loans to associates	1,325	0	0	13	0	1,312	0	0	0	0	0	0	1,312	1,325
3. Investments in associates	796	0	0	0	600	1,396	0	0	0	0	400	0	1,396	796
4. Other loans	49	2	0	1	3,301	3,351	0	0	0	0	0	0	3,351	49
Total financial assets	**3,058**	**233**	**0**	**14**	**7,893**	**11,170**	**400**	**0**	**0**	**0**	**0**	**400**	**10,770**	**2,658**
Total non-current assets	**94,682**	**3,060**	**0**	**2,547**	**7,893**	**103,088**	**42,233**	**2,637**	**0**	**579**	**0**	**44,291**	**58,797**	**52,449**

NORDEX AKTIENGESELLSCHAFT, ROSTOCK CONSOLIDATED IFRS FINANCIAL STATEMENTS FOR THE FISCAL YEAR FROM JANUARY 1, 2005 UNTIL DECEMBER 31, 2005

NOTES ON ACCOUNTING AND MEASUREMENT PRINCIPLES

General information

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, 2005 stands at EUR 58,818,818.00 (December 31, 2004: EUR 52,050,000) and is divided into 58,818,818 (December 31, 2004: 52,050,000.00) 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, 2005 were approved for publication in a resolution passed by the Management Board on March 6, 2006.

The consolidated financial statements of Nordex Aktiengesellschaft (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, 2005 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 2005, Nordex applied for the first time the current/non-current distinction provided for in IAS 1 for accounting for assets and liabilities. The balance sheet for the previous year, which had been based on German GAAP requirements, was restated accordingly.

Nordex AG and all the companies included in the consolidated financial statements converted their fiscal year to the calendar year as of December 31, 2004. As a result, the previous year's figures in the income statement cover only the three months of the stub fiscal 2004 year, meaning that they are not fully comparable with the figures for the year under review. In the interests of comparability, the figures for the fiscal year from October 1, 2003 to September 30, 2004 are also included in the income statement. In the notes on the individual items of the income statement, the figures for fiscal 2003/2004 are also included for comparison purposes. 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 Bene-fits). 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.

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.

The Company does not expect any material impact on its assets, financial condition and results of operations as a result of first-time application of this standard.

Companies consolidated

The consolidated financial statements for the year ending December 31, 2005 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 listed attached to these notes.

The following companies are consolidated:

Name	Share in capital/ voting rights Dec. 31, 2005 %	Share in capital/ voting rights Dec. 31, 2004 %	Equity Singleentity accounts (IFRS) Dec. 31, 2005 EUR 000s	Equity Singleentity accounts (IFRS) Dec. 31, 2004 EUR 000s
Nordex AG, Rostock (Parent company)*)	–	–	61,405	3,524
Nordex Energy GmbH, Norderstedt*)	100.0	100.0	15,009	16,836
Nordex Grundstücksverwaltung GmbH, Norderstedt*)	100.0	100.0	52	52
Nordex Energy B.V., Rotterdam/ Netherlands	100.0	100.0	– 222	– 64
Nordex Energy Ibérica S.A., Barcelona/Spain	100.0	100.0	– 846	– 1,440
Nordex USA Inc., Grand Prairie, Texas/United States	100.0	100.0	– 1,537	– 3,828
Nordex UK Ltd., Cheadle Hulme, Chesterfield/UK	100.0	100.0	– 1,921	– 518
Nordex France S.A.S., Saint-Denis La Plaine/France	100.0	100.0	– 6,794	– 5,790
Nordex (Baoding) Wind Power Co. Ltd., Baoding/China	100.0	100.0	458	0

*) Equity after profit/loss transfer

In the year under review, the newly established related company Nordex (Baoding) Wind Power Co. Ltd., Baoding, China was consolidated for the first time.

Nordex Energy GmbH has held a 40 % stake in Xi'an Nordex Wind Turbine Co. Ltd. in China since fiscal 1998/99. As the majority shareholder is the Chinese government, the exercise-of-control requirement provided for in IAS 27.12 et seq. 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 is recognized at cost pursuant to IAS 39.46 et seq.

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 these domestic subsidiaries.

Acquisition accounting

Subsidiaries consolidated for the first time were recognized using the purchase method of accounting in the form of the book value method as of the date of acquisition (IAS 22, valid as of the date of first-time consolidation). In accordance with IAS 22.20, the date of acquisition was defined as the day on which control of the net assets and operations of the consolidated company is effectively transferred to Nordex AG. For the purpose of acquisition accounting, the cost of acquisition was netted against the prorated equity of the subsidiary in question. Any difference between the cost of acquisition and the prorated equity capital attributable to undisclosed reserves or liabilities is assigned to the subsidiaries' assets and liabilities commensurate with the Group's share in the undisclosed reserves or liabilities. Any goodwill arising on consolidation is recognized as an intangible asset and included in non-current assets. Goodwill was recognized 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, 2005, goodwill is no longer written down over its economic life of 15 years as in previous years but under-goes annual impairment testing.

Other consolidation measures

As part of liability consolidation, all receivables and liabilities between consolidated companies of EUR 56.358 million (December 31, 2004: EUR 30.128 million) are netted against each other.

Internal transactions as well as unrealized 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 45.489 million (October 1 – December 31, 2004: EUR 2.501 million) were netted against each other.

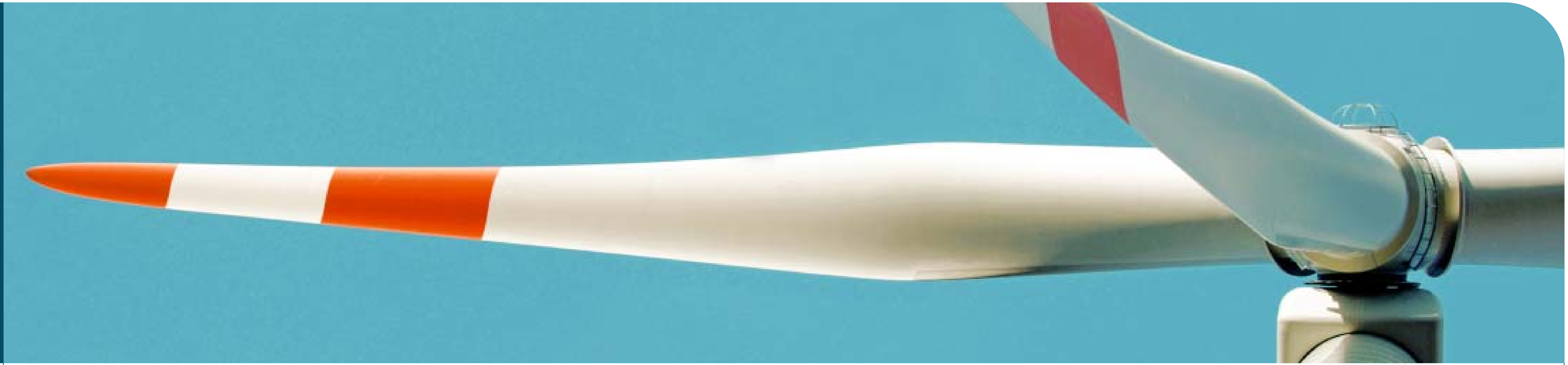
Principles of currency translation

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 and liabilities of non-consolidated companies are converted at the rate prevailing on the balance-sheet date. Any differences resulting from currency translation are taken to the 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	Averages rates for the year			Exchange rates on December 31		
	2005	Stub	2004/2003	2005	Stubyear	2004/2003
USD	1.2387	1.2963	1.1979	1.1856	1.3408	1.2218
GBP	0.6826	0.6950	0.6798	0.6792	0.6950	0.6813
RMB	9.7429	–	–	9.5515	–	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 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 capitalized if the Group is able to demonstrate the technical feasibility of the completion of the assets and intends to do so and to use or sell it. 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 over-heads. Financing costs are not capitalized. Capitalized 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
Capitalized development costs	5 years	20 %
Licenses, software and similar rights	2–5 years	20–50 %

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

Goodwill was written down on a scheduled basis for a final time in fiscal 2003/2004 in accordance with IFRS 3.79. As of the stub fiscal year, an annual impairment test is conducted pursuant to IAS 36. There were no impairment charges taken in fiscal 2005 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 following the successful completion of the recapitalization plans in connection with the Company's product range.

Property, plant and equipment

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

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 recognized as of the date on which the lease is signed in an amount equaling the fair value of the leased asset or the present value of the minimum lease payments, whichever is the lower. The leased asset is written down on a straight-line basis over its assumed life expectancy or the term of the lease, whichever is the shorter (IAS 17).

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

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

	Useful life	Depreciation rate
Properties, property-like rights and buildings (depreciation charges taken on buildings only)	10–33 years	3–10 %
Technical equipment and machinery	3–16 years	6.25–33.33 %
Office and business equipment	2–18 years	5.56–50 %

If there is any evidence indicating any impairment in the value of the asset and the realizable amount is below the amortized acquisition or production costs, the asset is written down on a non-scheduled basis. If the reasons for the non-scheduled writedown 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 recognized 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 recognized at their redemption amount.

Inventories

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

Trade receivables and future receivables from construction contracts

Trade and other receivables are carried at their nominal value less reasonable adjustments to allow for discernible risks 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 recognized on a prorated basis in accordance with the stage of completion provided that the stage of completion, total costs and total revenues from the orders in question can be reliably calculated pursuant to IAS 11. The stage of completion of the individual 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. Borrowing costs are recognized as expenses.

Receivables denominated in another currency are recognized 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 utilization of existing domestic tax loss carryforwards and there is reasonable certainty that they will be realized.

Deferred taxes were measured on the basis of the tax rates applicable or expected to be applicable in the individual countries on the date on which they are realized. A tax rate of 40.0 % was applied to various assets and liabilities for the purpose of calculating domestic deferred tax. Deferred tax assets for domestic tax loss carryforwards (foreign loss carryforwards were not allowed for) were calculated using a tax rate of 25 % plus the 5.5 % solidarity surcharge in the case of corporate tax and 16.67 % in the case of trade tax.

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. Long-term provisions with respect to which the date of the cash outflow is known, were discounted.

Liabilities

As a general rule, liabilities are carried at their redemption value. Liabilities under financial leases are recognized at the present value of the lease payments.

Liabilities denominated in another currency are recognized at the mean exchange rate prevailing on the balance-sheet date.

Derivative financial instruments

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

If the derivative is used to hedge expected future incoming or outgoing foreign-currency payments and if the conditions for hedge accounting (cash flow hedge) are satisfied, changes in the fair value of the derivative are netted against retained earnings pursuant to IAS 39. If, by way of exception, the conditions for hedge accounting are not met, the change in the fair value of the derivative financial instrument is taken to the income statement prior to the underlying transaction being recognized. There were no derivative financial instruments as of the balance sheet date.

Sales

Sales comprise revenues from the sale of wind turbines, 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 turbines are recognized upon the turbines 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 first installment. Revenues from service contracts are recognized upon the service being provided.

Operating expenses

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 recognized. Development expenses are recognized in the year in which they arise unless they are capitalized pursuant to IAS 38. Interest income and expenses are recognized in the period in which they arise.

Exceptionals

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

Exceptionals are broken down into exceptional income and exceptional expenses in fiscal 2005. The balance of these two items used in the previous two years has been adjusted accordingly.

Critical accounting estimates and judgements

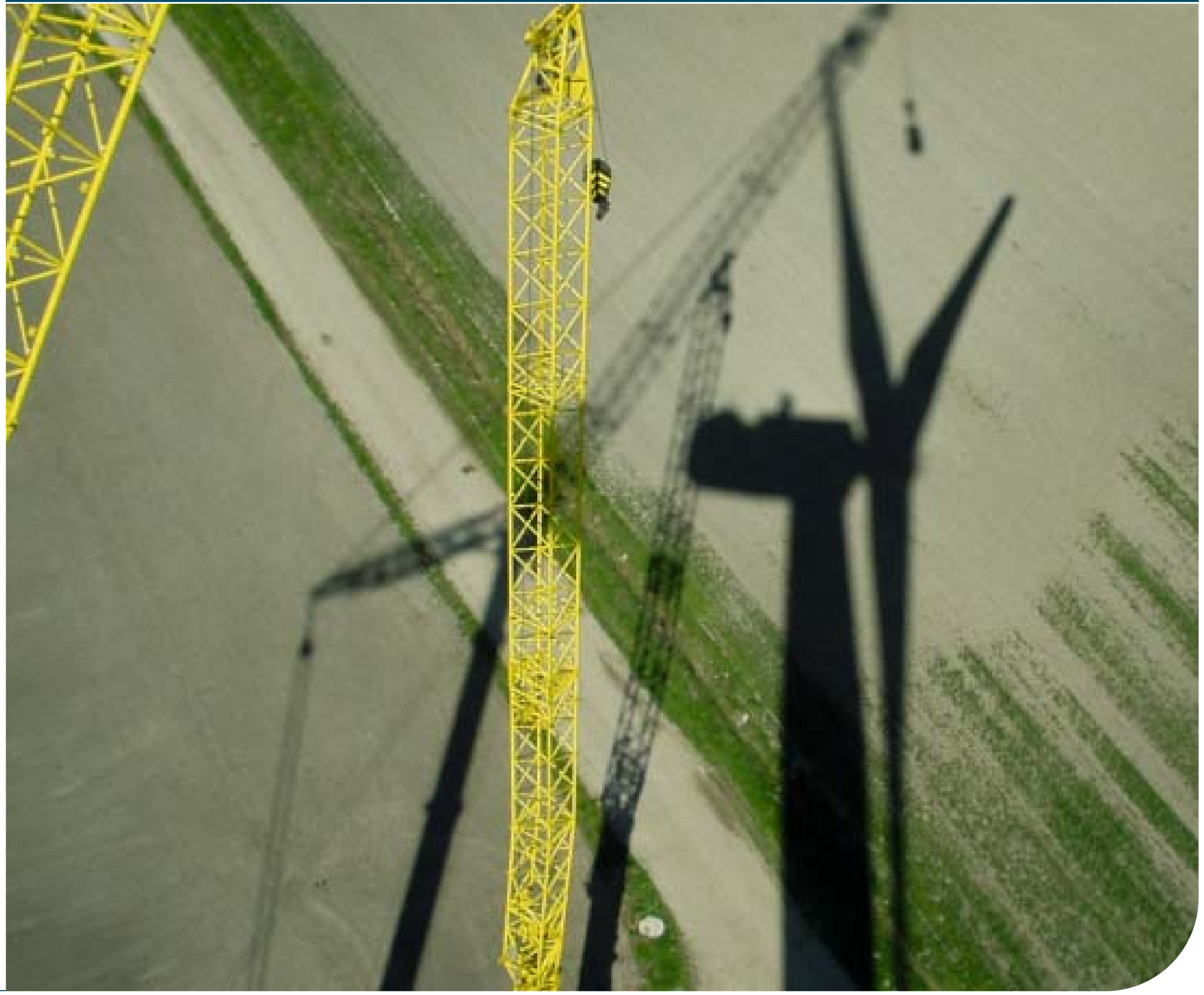
The preparation of financial statements in accordance with IFRS requires management to make critical accounting estimates and judgements which may have an impact on the amounts reported and related disclosures. Although these estimates are made with management's best knowledge based on current events 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, 2005, the carrying value of the goodwill stood at EUR 9.960 million (December 31, 2004: EUR 9.960 million). Further details can be found in the section discuss-ing the recognition and measurement methods for intangible assets.

Nordex AG 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 capitalized 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 capitalized development costs are allocated. Past development costs which have become technically antiquated are written off. As of December 31, 2005, Nordex had capitalized developments costs of EUR 11.273 million (December 31, 2004: EUR 11.002 million). In the year under review, development costs of EUR 0.170 million (December 31, 2004: EUR 0) which had been capitalized in former years were written off.

Nordex AG capitalizes deferred tax on the loss carryforwards of the parent company. Deferred tax assets are calculated on the basis of a long-term forecast (5 years) for the German part of the Nordex Group. As of December 31, 2005, the deferred taxes on loss carryforwards stood at EUR 26 million (December 31, 2004: EUR 23.8 million).



NOTES ON THE BALANCE SHEET

(1) Cash and cash equivalents

This item comprises almost exclusively bank balances. Of this sum, EUR 0.393 million (December 31, 2004: EUR 0.445 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, 2005 EUR 000s	Dec. 31, 2004 EUR 000s
Gross trade payables	28,276	31,209
less adjustments	–6,481	–9,217
Trade receivables (net)	21,795	21,992

Receivables worth EUR 4.905 million (October 1 – December 31, 2004: EUR 1.967 million) were written down and the difference taken to the income statement in the year under review. All the adjustments made in fiscal 2005 were recognized as exceptionals.

This item also comprises unfinished orders carried in accordance with the percent-age-of-completion method provided for in IAS 11. The item comprises the order costs incurred as of the balance sheet date and the prorated profit on orders realized in accordance with the cost-to-cost method. Part payments received were deducted. 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 0.221 million (October 1 – December 31, 2004: EUR 0.412 million) were taken on future receivables from construction contracts in fiscal 2005.

Receivables from construction contracts broke down as follows:

	Dec. 31, 2005 EUR 000s	Dec. 31, 2004 EUR 000s
Accrued contract costs	150,793	76,173
Prorated realized profits on contracts including bringing-forward effects	8,239	2,132
Subtotal	159,032	78,305
less part payments received	–137,263	–70,366
	21,169	7,939

(3) Inventories

	Dec. 31, 2005 EUR 000s	Dec. 31, 2004 EUR 000s
Raw materials and supplies	45,811	32,472
Unfinished goods and services	16,247	11,551
Advance payments made	8,993	3,505
	71,051	47,528

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

The book value of the receivables includes depreciation charges of EUR 5.004 million (December 31, 2004: 6.571 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 0.635 million; December 31, 2004: EUR 0.607 million) as well as loans to related non-consolidated companies (EUR 0.080 million; December 31, 2004: EUR 0.050 million).

The share in Qingdao Huawei Wind Power Co. Ltd. (EUR 4.592 million), which was recognized as a current financial asset as of December 31, 2004, has been reclassified as non-current as there is no longer any intention to sell it in the short term.

(5) Other current assets

Other current assets break down as follows:

	Dec. 31, 2005	Dec. 31, 2004
	EUR 000s	EUR 000s
Prepaid expenses	981	2.151
Receivables from non-consolidated related companies and associates	4,981	4,103
Tax reimbursement claims	2,637	274
Bonus claims against suppliers	1,178	0
Deposits	553	551
Insurance claims	1,843	700
Loans granted for project development activities	1,960	3,115
Creditors with debit accounts	1,924	1,612
Other	1,084	5,282
Other current assets (gross)	17,140	17,788
less adjustments	–1,589	–1,211
Other current assets (net)	15,552	16,577

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, 2005	Dec. 31, 2004
	EUR 000s	EUR 000s
Properties, property-like rights and buildings	12,817	13,214
Technical equipment and machinery	3,586	4,822
Other equipment, operating and business equipment	4,914	4,975
Part payments made and assets under construction	65	289
	21,381	23,300

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 carried as non-current assets (net book value on December 31, 2005: EUR 7.648 million) are subject to obligations under future lease payments of EUR 8.191 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	1–5 years	> 5 years
	EUR 000s	EUR 000s	EUR 000s
Lease payments Previous year	673	2,690	7,398
previous year	673	2,690	8,071
Discount amounts Previous year	21	432	3,326
previous year	21	432	3,743
Present values Previous year	652	2,258	4,072
previous year	652	2,258	4,328

In fiscal 2005, covenants on the property, plant and equipment comprised a land charge of EUR 10 million on a property in Rostock at which the nacelle production site is located.

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

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

(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) Capitalized development costs

As of the balance sheet date, development costs of EUR 21.497 million (December 31, 2004: EUR 22.874 million) are capitalized in accordance with IAS 38. In fiscal 2005, development expenses of EUR 5.615 million were capitalized for the first time. Further development expenses of EUR 3.338 million also arising in the year under review did not meet the criteria for capitalization.

(9) Other intangible assets

Other intangible assets break down as follows:

	Dec. 31, 2005	Dec. 31, 2004
	EUR 000s	EUR 000s
Concessions, trade and similar rights	10,533	10,271
less cumulative amortization	–8,210	–6,507
Other intangible assets (net)	2,323	3,764

Amortization calculated for other intangible assets came to EUR 1.703 million in the year under review (October 1–December 31, 2004: EUR 0.425 million).

Concessions, trade and similar rights include a license acquired from REpower Systems AG for valuable consideration with a book value on December 31, 2005 of EUR 0.790 million (December 31, 2004: EUR 1.580 million). Cumulative amortization for the license acquired from REpower Systems AG came to EUR 3.298 million as of December 31, 2005 (December 31, 2004: EUR 2.508 million). This license, which permits Nordex Energy GmbH to sell the S70/S77 series turbines, continues to form the basis for further development of this series. It is being written down over a residual period of roughly one year and is subject to a covenant preventing Nordex Energy GmbH from reselling it.

Nordex AG 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, 2005 EUR 000s	Dec. 31, 2004 EUR 000s
Investments in associates	5,666	1,515
Loans to associates	1,153	1,262
Other loans	2,954	2,744
	9,773	5,521

Other loans comprise the non-current part of a loan of EUR 3.482 million, of which an amount of EUR 2.954 million has a term of more than one year.

Investments in associates break down as follows:

	Dec. 31, 2005 EUR 000s	Dec. 31, 2004 EUR 000s
Nordex Energy Equipment Services Co Ltd.	188	188
Nordex Italia Srl.	10	10
Nordex Windparkbeteiligungs GmbH	25	25
natcon7 GmbH	21	21
Nordex Windpark Verwaltung GmbH	25	25
Quingdao Huawei Wind Power Co. Ltd.	4,592	0
Nordex Hellas Monoprosopi EPE	19	19
Nordex (Baoding) Wind Power Co. Ltd.	0	231
Xi´an Nordex Wind Turbine Co. Ltd.	758	758
Atria Grundstücksverwaltungsgesellschaft GmbH & Co.	5	5
Moulins à Vent de Fitou S.A.	0	200
Catalana D´Energies Renovables, S.L.	22	23
Société d´Energie Éolinenne de Cambon Sarl, France	1	0
Other investments	0	10
	5,666	1,515

In addition, reference is made to the list of shareholdings as of December 31, 2005 attached to these Notes.

The share in Qingdao (EUR 4.592 million), which was recognized as an available-for-sale financial asset as of December 31, 2004, has been reclassified as a non-current financial assets as there is no longer any intention to sell it in the short term.

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.

(11) Other non-current assets

Other non-current assets break down as follows:

	Dec. 31, 2005 EUR 000s	Dec. 31, 2004 EUR 000s
Other claims	620	0
Land	110	110
Deposits	137	137
	867	247

(12) Deferred tax assets

This item breaks down as follows:

	Dec. 31, 2005 EUR 000s	Dec. 31, 2004 EUR 000s
Deferred taxes from the reconciliation of the individual financial statements with IFRS		
– Pension provisions	21	24
– Other provisions	0	71
Deferred taxes on loss carryforwards	26,000	23,800
	26,021	23,895

(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 expected in connection with the external tax audit of Nordex AG as well as the consolidated German companies for 1999, 2000 and 2001.

(15) Other provisions

Movements in other provisions break down as follows:

	Jan. 1, 05 EUR 000s	Consumption EUR 000s	Discount EUR 000s	Reversal EUR 000s	Additions EUR 000s	Reclassi-fication EUR 000s	Dec. 31, 05 EUR 000s
Individual guarantees	23,050	10,115	133	3,234	5,829	113	15,776
General guarantees, service, maintenance	20,940	9,282	0	149	6,997	0	18,506
Post-completion costs	12,096	7,038	0	1,735	13,055	0	16,378
Personnel	2,286	2,078	0	80	2,718	0	2,846
Other	1,079	520	0	238	1,109	–113	1,317
	59,451	29,033	133	5,436	29,708	0	54,823

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 3.451 million (December 31, 2004: EUR 4.472 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 as well as post-completion cost).

Personnel provisions primarily include sums set aside for outstanding vacation entitlement, bonuses and contributions to industrial compensation societies. Other provisions have been set aside for outstanding invoices, the cost of having the parent-company and consolidated financial statements prepared and audited as well as litigation risks.

(16) Other current liabilities

Other current liabilities break down as follows:

	Dec. 31, 2005 EUR 000s	Dec. 31, 2004 EUR 000s
Deferred income	2,369	1,379
Liabilities to non-consolidated related companies	245	395
Other tax liabilities	4,772	3,356
Social security liabilities	1,165	646
Advance payments received	16,322	23,989
Other	1,176	1,262
	26,049	31,027

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 7.057 million; December 31, 2004: EUR 37.566 million) relate to cash credit facilities utilized. As of the balance sheet date, non-utilized cash credit facilities of EUR 26.268 million (December 31, 2004: EUR 11.398 million) and non-utilized guarantee credit facilities of EUR 17.219 million (December 31, 2004: EUR 7.582 million) were available.

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 und Zürich Versicherung AG (Deutschland) totaling EUR 25.5 million initially expire on April 7, 2006 and are subject to annual renewal. These cash and guarantee credit facilities may only be terminated for good cause (non-compliance with the agreed covenants).

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

(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 5 %)
Wage and salary trend	2.5 %
Pension trend	1.5 %
Fluctuation rate	Dependent on age falling from
– men	15 % (aged 20) to 0 % (aged 55)
– women	25 % (aged 20) to 0 % (aged 55)

The statistical probability data set out in the Prof. Dr. Heubeck 2005G mortality tables (December 31, 2004: 1998 mortality tables) was used as the biometric basis for calculations.

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

	Dec. 31, 2005 EUR 000s	Dec. 31, 2004 EUR 000s
Present value of defined benefit obligations	605	515
Non-amortized actuarial gains (-)/losses (+)	–201	–139
Amount shown on balance sheet	404	376

Total pension expenses comprise the following components:

	Fiscal 2005 EUR 000s	Stub fiscal year 2004 EUR 000s
Current service cost	16	4
Interest expense	25	7
Amortization of actuarial gains/losses	6	–113
Past service cost	0	–53
	47	–155

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

	Fiscal 2005 EUR 000s	Stub fiscal year 2004 EUR 000s
Amount carried on balance sheet on January 1 (previous year: October 1)	376	536
Pension expenses	47	–155
Pension payments	–19	–5
Amount carried on balance sheet on December 31	404	376

(19) Other non-current liabilities

Other long-term liabilities primarily relate to leasing liabilities. Of these, a sum of EUR 7.474 million has a residual term of over five years (December 31, 2004: EUR 7.652 million) and a sum of EUR 0.604 million a term of between one and five years (December 31, 2004: EUR 0.523 million).

(20) Deferred tax liabilities

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

This item breaks down as follows:

	Dec. 31, 2005 EUR 000s	Dec. 31, 2004 EUR 000s
Non-current assets (less other liabilities classed as finance leases)	4,299	4,243
Receivables	41	54
Inventories	2,504	853
Pension provisions	23	32
	6,867	5,182

(21) Shareholders' equity

Nordex AG's previous issued share capital was reduced by EUR 46.845 million from EUR 52.050 million, divided into 52,050,000 bearer shares, to EUR 5.205 million, divided into 5,205,000 bearer shares. This capital reduction was executed in accordance with the rules on simplified capital reductions (Sections 229 et seq. of the German Stock Corporations Act) on a 10:1 basis in order to cover impairment losses of a total of EUR 46.325 million as well as other losses and to allocate a sum of EUR 0.521 to the retained earnings, which had previously been exhausted to cover losses. The capital reduction was executed by combining ten bearer shares to form a single bearer share.

At the same time, the fully paid-up share capital, which had been reduced to EUR 5.205 million, was increased by EUR 41.640 million on a cash basis through the issue of 41,640,000 bearer shares. In addition, there was a non-cash equity issue using authorized capital I in the year under review through the contribution of bank liabilities of EUR 27.899 million through the issue of 11,973,818 new shares with a nominal value of EUR 1 per share. The number of shares outstanding changed in the year under review as follows:

	Nordex AG shares outstanding
Number on January 1, 2005:	52,050,000
Simplified 10:1 reduction in share capital	–46,845,000
Cash issue of new shares	41,640,000
Non cash issue of new shares	11,973,818
Number on December 31, 2005:	58,818,818

Nordex AG had authorized capital of EUR 5.526 million on December 31, 2005, equivalent to 5,526,182 shares with a notional value of EUR 1.00 each.

The share premium (EUR 16.446 million) comprises allocations in connection with the above-mentioned simplified capital reduction of EUR 0.521 million and the premium on the non-cash equity issue executed in the year under review (EUR 15.925 million). In the year under review, the consolidated statement of equity movements was retro-spectively restated to reconcile consolidated share premium with that stated in the parent-company annual financial statements prepared in accordance with German accounting law.

NOTES ON THE INCOME STATEMENT

In the interests of direct comparability, the previous-year figures for the individual items of the income statement refer to the twelve-month fiscal 2003/2004. A full comparison with stub fiscal year 2004, which comprised three months, is not possible.

(22) Sales

Sales break down by region as follows:

	Fiscal 2005 EUR mn	Stub fiscal year 2004 EUR mn	Fiscal 2003/2004 EUR mn
Germany	142.2	28.8	115.5
Rest of Europe	158.2	29.9	84.2
America	0.1	0.1	12.8
Asia	8.5	0.4	9.1
Total	309.0	59.2	221.6

Of this item, sales of EUR 48.572 million (2003/2004: EUR 45.886 million) arose from the application of the percentage-of-completion method for construction contracts provided for in IAS 11.

(23) Changes in inventories and other own work capitalized

Own work capitalized in the year under review is valued at EUR 5.756 million (2003/2004: EUR 6.151 million), of which EUR 5.615 million (2003/2004: EUR 5.727 million) relates to expenses for developing and enhancing new and existing wind turbines. Changes in inventories in fiscal 2005 equal EUR 4.696 million (2003/2004: – EUR 8.961 million).

(24) Other operating income

Other operating income primarily comprises exchange rate gains of EUR 0.452 million and feed-in income of EUR 0.891 million in connection with a wind farm.

(25) Cost of materials

The cost of materials breaks down as follows:

	Fiscal 2005 EUR 000s	Stub fiscal year 2004 EUR 000s	Fiscal 2003/2004 EUR 000s
Cost of raw materials and supplies	228,596	41,477	143,220
Cost of services bought	22,707	6,773	30,061
	251,303	48,250	173,281

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

(26) Personnel costs

	Fiscal 2005 EUR 000s	Stub fiscal year 2004 EUR 000s	Fiscal 2003/2004 EUR 000s
Wages and salaries	28,635	7,122	29,049
Social security and pension and support expenses	5,448	1,428	5,479
	34,083	8,550	34,528

Group employee numbers were as follows:

Fiscal year	Average	Balance sheet date
2005	721	721
Stub fiscal year 2004	691	689
2003/2004	726	691
Changes since stub fiscal year 2004	30	32

(27) Depreciation/amortization

Depreciation/amortization breaks down as follows:

	Fiscal 2005	Stub fiscal year 2004	Fiscal 2003/2004
	EUR 000s	EUR 000s	EUR 000s
Amortization charges on intangible assets	1,703	425	1,561
Amortization charges on capitalized development expenditure	5,217	910	3,833
Depreciation charges on property, plant and equipment	4,776	1,302	5,585
	11,696	2,637	10,979

(28) Other operating expenses

Other operating expenses break down into travel expenses (EUR 3.248 million, 2003/2004: EUR 3.000 million), legal and consulting costs (EUR 3.149 million; 2003/2004: EUR 3.903 million) and rental expenses (EUR 2.980 million, 2003/2004: EUR 3.035 million).

(29) 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 two fiscal years. The exceptionals break down as follows:

	Fiscal 2005	Stub fiscal year 2004	Fiscal 2003/2004
	EUR 000s	EUR 000s	EUR 000s
Additions to/reversals of provisions	3,256	311	7,280
Changes in impairment charges on raw materials and supplies	–1,444	–629	–3,144
Impairment charges on trade receivables (net)	4,243	980	2,402
Unscheduled depreciation charges on medium and long-term assets	0	0	68
Impairment charges on unfinished project as part of loss-free valuation	0	188	224
Other exceptionals	–664	1,399	–4,314
	5,391	2,249	2,516

The exceptional additions to/reversal of provisions primarily relate to individual guarantee risks, for which EUR 3.234 million was reversed and EUR 6.490 million added.

The impairment charges on raw materials and supplies were lower than on December 31, 2004 primarily as a result of specific destocking (EUR 1.444 million).

Customer insolvencies and higher payment default risks necessitated charges on trade receivables, which are also carried as exceptionals. All told, there were additions to adjustments of EUR 5.805 million less reversed adjustments of EUR 1.562 million.

Other exceptionals relate to consulting expenses in connection with the restructuring of the Group (EUR 0.450 million) as well as income from insurance claims (EUR 1.114 million).

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

	Fiscal 2005	Stub fiscal year 2004	Fiscal 2003/2004
	EUR 000s	EUR 000s	EUR 000s
Reclassification from sales/changes in inventories	0	188	224
Reclassification from other operating income	–2,677	–509	–10,982
Reclassification from cost of materials	–177	–275	3,358
Reclassification from depreciation/amortization	0	0	68
Reclassification from other operating expenses	8,245	2,844	9,848
	5,391	2,249	2,516

All told, exceptional income and expenses break down as follows:

	Fiscal 2005	Stub fiscal year 2004	Fiscal 2003/2004
	EUR 000s	EUR 000s	EUR 000s
Exceptional income			
Reversal of provisions for individual guarantees	3,234	796	8,158
Changes in impairment charges on raw materials and supplies	1,444	629	3,143
Reversal of impairment charges on trade receivables	1,562	217	530
Insurance claims	1,114	246	5,036
Other exceptional income	0	45	5,313
	7,354	**1,933**	**22,180**
Exceptional expenses			
Additions to provisions for individual guarantees	6,490	1,150	15,881
Additions to impairment charges on trade receivables	5,805	1,197	2,932
Consulting expenses for restructuring the Group	450	1,123	1,315
Other exceptional expenses	0	712	4,568
	12,745	**4,182**	**24,696**
Total net exceptionals	**5,391**	**2,249**	**2,516**

The figure presented in the income statement for the previous year has been restated to show exceptional income and expenses separately.

(30) Income taxes

Income taxes break down as follows:

	Fiscal 2005	Stub fiscal year 2004	Fiscal 2003/2004
	EUR 000s	EUR 000s	EUR 000s
Deferred taxes	–9	–643	140
Current tax expense	45	82	152
Net tax income/expenditure	36	–561	292

On the basis of the Management Board's unchanged assumptions, of the existing corporate tax loss carryfowards of EUR 194 million (December 31, 2004: EUR 182 million) as well as trade tax loss carryforwards of EUR 208 million (December 31, 2004: EUR 196 million), a sum of EUR 59.337 million and EUR 70.807 million, respectively, is expected to be available for utilization Nordex AG. This assessment and the calculation of the deferred tax credits on loss carryforwards is based on the long-term forecasts for the German part of the Nordex Group based on a forward-looking period of five years. The relevant legislation does not stipulate any maximum period in which tax loss carryforwards must be used.

The transaction costs incurred in connection with the equity issues executed in 2005, which were charged to reserves, are included in deferred tax liabilities in an amount of EUR 0.451 million.

As of December 31, 2005, the consolidated foreign companies have the following accounting loss carryforwards which largely match the tax carryforward:

	Currency	Loss carryforwards
Nordex Energy B.V.	EUR	247,000
Nordex Iberica S.A.	EUR	908,000
Nordex USA Inc.	USD	6,835,000
Nordex UK Ltd.	GBP	1,306,000
Nordex France S.A.S.	EUR	5,824,000

For precautionary reasons, no deferred taxes have been calculated for the above loss carryforwards.

Deferred taxes break down as follows:

	Fiscal 2005 EUR 000s	Stub fiscal year 2004 EUR 000s	Fiscal 2003/2004 EUR 000s
Deferred taxes from the reconciliation of the individual financial statements with IFRS	–997	–643	112
Deferred taxes from consolidation measures	–1,212	0	28
Deferred tax assets on tax loss carryforwards	2,200	0	0
Deferred tax assets/liabilities	–9	–643	140

Current tax expense includes tax reimbursements for fiscal 2002 and 2003 of EUR 0.183 million as well as an adjustment to tax provisions of EUR 0.126 million arising from the external tax audit for fiscal 2000 and 2001. In addition, allowance has been made for income tax of EUR 0.012 million for an operation in Portugal in the year under review.

In connection with the external tax audit of the parent company in the year under review, tax payments of EUR 1.426 million were made. This did not have effect on the income statement as provision had already been made for them as of December 31, 2004.

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

	Fiscal 2005 EUR 000s	Stub fiscal year 2004 EUR 000s
Loss before tax	–8,253	–7,151
Expected tax income at a rate of 40 %	3,301	2,860
Non-deductible operating expenses	–28	–6
Tax-free government grants	6	0
Adjustments to actual income taxes paid in earlier years	–47	0
Non-capitalized tax loss carryforwards	–3,198	–3,417
Other tax effects	2	2
Actual net tax expenditure	36	–561

(31) Other taxes

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

OTHER DISCLOSURES

Segment reporting

The Nordex Group is engaged in the development, production and marketing of wind turbines. In addition to development and production, it provides preliminary project development services to support marketing, acquires rights and creates the infrastructure required to construct wind turbines at suitable locations. The Nordex Group is essentially a single-product company. In terms of business, Nordex distinguishes between German and non-German business segments. The non-German geographic segment comprises Asia, Europe excluding Germany and the United States. Asian and US business was immaterial in the year under review and is not analyzed in any further detail. The following section provides details on segment income, assets and capital spending.

Segment income compared with the stub fiscal year 2004 and fiscal 2003/04 is as follows:

	Fiscal 2005 EUR mn	Stub fiscal year 2004 EUR mn	Fiscal 2003/2004 EUR mn
Germany	142.2	28.8	115.5
Non-Germany	166.8	30.4	106.1
	309.0	59.2	221.6

Segment assets on December 31, 2005 and on December 31, 2004 were as follows:

	Dec. 31, 2005 EUR 000s	Dec. 31, 2004 EUR 000s
Germany	128,942	126,026
Non-Germany	76,410	36,460
	205,352	162,486

Segment capital spending on December 31, 2005 and on December 31, 2004 was as follows:

	Dec. 31, 2005 EUR 000s	Dec. 31, 2004 EUR 000s
Germany	8,315	2,685
Non-Germany	665	374
	8,980	3,059

Contingent liabilities

The Nordex Group has contingent liabilities arising from the provision of collateral in favor of third parties for consolidated and non-consolidated related companies of EUR 311.888 million (December 31, 2004: EUR 120.362 million) and in the previous year (December 31, 2004) under joint and several liability for bank liabilities held by related companies of EUR 0.016 million. The contingent liabilities primarily relate to guarantees issued to customers. Provisions of the same amount have been set aside in cases in which an outflow of economic benefits is expected as a result of the guarantees issued.

Leases

In the year under review, lease payments of EUR 2.425 million (October 1–December 31, 2004: EUR 1.572 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 8.102 million (December 31, 2004: EUR 9.020 million) with the following terms:

Fiscal year	Maturity < 1 year EUR 000s	Maturity 1–5 years EUR 000s	Maturity > 5 years EUR 000s
Dec. 31, 2005	2,103	4,506	1,493
Dec. 31, 2004	2,291	5,518	1,507
Sep. 30, 2004	2,309	4,355	2,356

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

Hedging policy and financial derivatives

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

All of the Nordex Group's counterparties in contracts for derivative financial instruments are domestic and foreign banks with investment-grade ratings. This requirement ensures that default risks with respect to counterparties' payment obligations are largely secured.

All transactions involving derivative financial instruments are subject to strict monitoring, which is particularly ensured by a strict separation of trading, back-office and supervisory functions.

No derivative hedges were entered into in 2005.

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

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

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

IFRS consolidated loss per share

Loss per share is calculated by taking the quotient of the consolidated net loss and the weighted average number of shares outstanding in the fiscal year. As there were no shares outstanding capable of diluting earnings per share either on December 31, 2004 or on December 31, 2005.

	2005	Stub fiscal year	2003/2004
Consolidated net loss for the year	−8,217 EUR mn	−7,712 EUR mn	33,457 EUR mn
Weighted average number of shares	54,133,159	5,205,000	5,205,000
Net loss per share	−0.15 EUR	−1.48 EUR	−6.43 EUR

Loss per share in fiscal 2005 was calculated on the basis of the weighted average number of shares outstanding in fiscal 2005. Loss per share for the stub fiscal year ending December 31, 2004 and for fiscal 2003/04 has been restated to allow for the simplified 10:1 capital reduction executed in 2005.

Notes on related parties

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

Of the aforementioned companies, only Nordvest A/S held a share of 4.8 % in Nordex as at December 31, 2005 and no longer exerts any significant influence. Carsten Pedersen, COO Sales and Marketing, also holds a share in Nordvest A/S. Since the Babcock companies filed for insolvency, trade relations are now largely confined to Babcock-Giesserei GmbH, which has not filed for insolvency.

In four cases, present members of Nordex AG's Supervisory Board or members who left the Supervisory Board in fiscal 2005 hold positions on the boards of the Company's business partners or maintain business relations with other producers of wind turbines. However, there is no evidence of any conflict of interests.

The details are as follows:

Flemming Pedersen, a member of Nordex AG's Supervisory Board until June 10, 2005, simultaneously holds an office on the supervisory board of tower supplier Welcon, from whom the Nordex Group purchases some of its towers. The purchasing relations with Welcon A/S strictly comply with arms-length requirements. Orders are placed only after intensive comparisons of prices and services. As Welcon A/S is one of the most efficient producers of towers in Northern Europe, it has been one of the Nordex Group's suppliers for many years.

Secondly, HSH Nordbank AG is linked to Nordex AG via the credit facilities extended. Hans Berger, a member of that bank's management board, was also a member of Nordex AG's Supervisory Board until June 10, 2005. Mr. Berger is not directly responsible for business relations with Nordex and therefore does not exert any direct influence.

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

Martin Rey, who is a member of the Supervisory Board, is managing director of Babcock & Brown Ltd, a member of the Babcock & Brown Group. In fiscal 2005, the Nordex Group maintained business relations with the Babcock & Brown Group and in this connection sold a share in a limited partnership which owns the project rights to a wind farm and operates this wind farm and entered into a contract for the addition of a further four wind turbines to this wind farm. Mr. Rey is not directly responsible for business relations with Nordex and therefore does not exert any direct influence.

Transactions with related parties as at December 31, 2005

Related person	Company	Type of transaction	Sales in year under review EUR 000s
Flemming Pedersen	Welcon A/S	Supplier of towers	11,440
Dr.-Ing. Hans Fechner	G. Siempelkamp GmbH & Co.	Supplier of cast parts	3,789
Martin Rey	Babcock & Brown Ltd.	Purchase of share in limited partnership, wind turbines	458

In addition, as of the balance sheet date there were order obligations with the companies of the aforementioned related persons roughly equaling the previous year's amounts.

During fiscal 2005, GS Equity Markets, L. P. (Bermuda) and CMP-Fonds 1 GmbH, Berlin, held 23.1 % and 35.2 %, respectively, of the Company's capital following the completion of various capital measures on June 23, 2005. Under the terms of a pool agreement, Equity Markets, L.P. (Bermuda) and CMP-Fonds 1 GmbH, Berlin pooled their voting rights and thus acquired control of the Company in accordance with Section 17 of the German Stock Corporations Act. Accordingly, the Company was controlled by GS Equity Markets, L. P. (Bermuda) and CMP-Fonds 1 GmbH, Berlin, from April 4, 2005 until the end of the fiscal year.

In fiscal 2005, no transactions or actions subject to compulsory disclosure were executed or omitted in the interests or at the instigation of the controlling companies GS Equity Markets, L. P. (Bermuda) and CMP-Fonds 1 GmbH, Berlin or any entities related to them.

Events after the balance sheet date

Allowance is made in the consolidated financial statements as of December 31, 2005 for any events occurring after the balance sheet date caused by economic factors arising prior to December 31, 2005.

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

The declaration stipulated by Section 161 of the Joint Stock Companies Act has been issued for fiscal 2005 and made available to the shareholders.

Nordex AG Management Board and Supervisory Board

The Supervisory Board comprised the following members in fiscal 2005:

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

Dr.-Ing. Hans Fechner
Managing director of G. Siempelkamp GmbH & Co. KG
Spokesman for the management of Siempelkamp Maschinen- und Anlagenbau GmbH & Co. KG
Siempelkamp Handling Systeme GmbH (chairman of the advisory board)
ATR Industrie-Elektronik GmbH & Co. KG (chairman of the advisory board)
Ferrocontrol Steuerungssysteme GmbH & Co. (member of the advisory board)
W. Strothmann GmbH (member of the advisory board)
RWTÜV Essen (member of the management board)
MCG Management Consulting St. Gallen (member of the management board)

Hans Berger (until June 10, 2005)
Deputy Chairman of the Management Board of HSH Nordbank AG
DekaBank Deutsche Girozentrale (member of the management board)
eBanking Services Nord GmbH (member of the supervisory board)
FinanzIT GmbH (member of the supervisory board)
HSH Nordbank International S.A. (member of the management board)
schleswig-holstein.de Beteiligungs GmbH & Co. KG (chairman of the supervisory board)
SIZ Informatik-Zentrum der Sparkassenorganisation GmbH (deputy chairman of the supervisory board)
S-NetLine GmbH (chairman of the supervisory board)
S-Online Schleswig-Holstein GbR – in Auflösung (chairman of the supervisory board)

Dr. Gerd Jäger (until June 10, 2005)
Member of the management board of RWE Power AG
Spokesman for the Management Board of Harpen AG
RADAG Rheinkraftwerk Albbruck-Dogern AG (chairman of the supervisory board)
Kernkraftwerk Grundremmingen GmbH (chairman of the supervisory board)
Schluchseewerk AG (deputy chairman of the supervisory board)
STEAG AG (member of the supervisory board)
DWK Deutsche Gesellschaft für Wiederaufbereitung von Kernbrennstoffen mbH
(chairman of the management board)
Gesellschaft für Nuklear-Service mbH (deputy chairman of the supervisory board)
KELAG-Kärntner Elektrizitäts-Aktiengesellschaft (member of the supervisory board)
Kärntner Energieholding Beteiligungs GmbH (member of the supervisory board)
Société Electricique l´Our S.A. (member of the management board)
Société Luxembourgeoise de Centrales Nucléaires (Conseil d´Administration)
URENCO Ltd. (board of directors)

Flemming Pedersen (until June 10, 2005)
Director of BBK Holding ApS (and member of the supervisory board)
Director of FP Product A/S (and member of the supervisory board)
Brande Investerings- og Finanzierungsselskab (member of the supervisory board)
Brande Handel A/S (member of the supervisory board)
Brande Stal A/S (member of the supervisory board)
Nordvest A/S (member of the supervisory board)
Welcon A/S (member of the supervisory board)

Bernd Sattig (until June 10, 2005)
Self-employed management consultant
Search Partners AG (chairman of the supervisory board)
Mohr Präzisionsteile GmbH (deputy chairman of the advisory board)

Jens-Peter Schmitt
(since January 26, 2005, Chairman of the Supervisory Board from February 21 until July 4, 2005,
Deputy Chairman of the Supervisory Board since July 4, 2005)
Attorney
Aquasystem d.o.o. (chairman of the supervisory board)

Yves Schmitt (since June 10, 2005, Chairman of the Supervisory Board since July 4, 2005)
Managing shareholder of CMP Capital Management-Partners GmbH
Flemming Dental (member of the supervisory board)
Unterland A.G. (member of the supervisory board)
Rebhan GmbH & Co. KG (member of the management board)
Vermögensgesellschaft Wohnpark Jasmund GmbH & Co. KG (member of the advisory board)

Jan Klatten (since June 10, 2005)
Managing shareholder of momentum Beteiligungsgesellschaft mbH

Martin Rey (since June 10, 2005)
Managing 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 (since June 10, 2005)
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 2005 were:

- Thomas Richterich, Kamp-Lintfort (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 the following stocks and stock options in the fiscal year:

		Stocks	Stock options
Carsten Pedersen	COO Sales and Marketing	40,000 and a further 2.83 million through a 50 % holding in Nordvest A/S	16,666
Thomas Richterich	Chief Executive Officer	250,000*	
Dr. Hansjörg Müller	COO Operations	200,000*	

* dormant subparticipation in financial investors

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

	Fiscal 2005 EUR	Stub fiscal year 2004 EUR	Fiscal 2003/2004 EUR
Supervisory Board	113,045	28,125	71,150
Management Board	790,750	289,094	820,320

Benefits/pension provisions for former members of the Management Board

Pension provisions of EUR 0.102 million (December 31, 2004: EUR 0.097 million) had been set aside as of December 31, 2005 to cover entitlement vesting to two former members of the Management Board.

Auditors' fees

The fees payable to the auditors in fiscal 2005 came to EUR 0.068 million (stub fiscal year 2004: EUR 0.143 million) for auditing the annual financial statements and EUR 0.056 million (stub fiscal year 2004: EUR 0) for other services.

In addition, the following stock option program has been installed:

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

Rostock, March 2006

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

AUDITOR'S REPORT

We have issued the following auditor's report on the consolidated financial statements and the Group management report, which has been combined with the parent company management report:

"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, 2005 and ending on December 31, 2005 as well as the Group management report, which has been combined with the parent company management report. The preparation of the consolidated financial statements and the Group management report, which has been combined with the parent company management report, 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 consolidated financial statements and the Group management report, which has been combined with the parent company management report, on our audit.

We conducted our audit of the Group financial statements in accordance with Article 317 HGB 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 misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated annual financial statements in accordance with the applicable principles of proper accounting and in the Group management report, which has been combined with the parent company management report, 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 accounting-related internal control system and the evidence supporting the disclosures in the Group annual financial statements and the Group management report, which has been combined with the parent company management report, are examined primarily on a test 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 annual 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 Article 315a (1) HGB 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 Group management report, which has been combined with the parent company management report, is consistent with the consolidated annual financial statements and on the whole provides a suitable understanding of the Group's position and suitably presents the risks to future development."

Düsseldorf, March 10, 2006
Ernst & Young AG
Wirtschaftsprüfungsgesellschaft

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

23:20 HOURS. THE ESTONIAN COAST. PAKRI WIND FARM, PARTIALLY FINANCED VIA EMISSION RIGHTS TRADING. FOR NORDEX, A FURTHER WIND FARM. FOR ESTONIA, 1.3 MILLION TONS OF CO_2 LESS. **FOR THE WORLD, A STRONG SIGNAL.**
NORDEX
We've got the power.

ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR FROM JANUARY 1, 2005 UNTIL DECEMBER 31, 2005

BALANCE SHEET NORDEX AG

AS December 31, 2005

ASSETS	Dec. 31, 2005 EUR	Dec. 31, 2004 EUR
A. Non-current assets		
I. Intangible assets Concessions, industrial property rights and similar rights and assets	53,722.19	78,165.03
II. Property, plant and equipment		
Other equipment, operating and business equipment	324,268.18	208,323.44
III. Financial assets		
Shares in affiliated companies	32,481,929.01	32,481,929.01
	32,859,919.38	**32,768,417.48**
B. Current assets		
I. Receivables and other assets		
1. Receivables from affiliated companies	27,506,861.20	7,498,413.33
2. Other assets	3,629,927.32	2,227,207.61
	31,136,788.52	**9,725,620.94**
II. Cash in hand, bank balances	7,287,128.47	5,926,893.34
	38,423,916.99	15,652,514.28
C. Prepaid expenses	0.00	166,786.62
	71,283,836.37	**48,587,718.38**

Liabilities and shareholders' equity	Dec. 31, 2005 EUR	Dec. 31, 2004 EUR
A. Shareholders' equity		
I. Issued share capital	58,818,818.00	52,050,000.00
II. Share premium account	16,445,682.00	147,577,668.01
III. Accumulated deficit	– 13,828,269.91	– 196,066,667.81
	61,436,230.09	**3,561,000.20**
B. Provisions		
1. Provisions for pensions and similar obligations	102,263.00	96,662.00
2. Tax provisions	570,159.00	1,870,828.00
3. Other provisions	904,185.75	774,562.50
	1,576,607.75	**2,742,052.50**
C. Liabilities		
1. Liabilities to banks	7,000,622.90	37,502,273.05
2. Trade payables	1,023,799.79	2,489,079.54
3. Liabilities to affiliated companies	0.00	2,015,229.44
4. Other liabilities	246,575.84	278,083.65
– of which tax	67,786.29	165,873.46
– of which for social security	63,277.56	70,369.59
	8,270,998.53	**42,284,665.68**
	71,283,836.37	**48,587,718.38**

STATEMENT OF ASSET MOVEMENTS NORDEX AG

as December 31, 2005

	Gross values				Depreciation				Net values	
	Cost of acquisition or production Jan. 1, 2005 EUR	Additions EUR	Disposals EUR	Cost of acquisition or production Dec. 31, 2005 EUR	Depreciation Jan. 1, 2005 EUR	Additions EUR	Disposals EUR	Depreciation Dec. 31, 2005 EUR	Book value Dec. 31, 2005 EUR	Book value Dec. 31, 2004 EUR
I. Intangible assets										
Concessions, industrial property rights and similar rights and assets	187,764.56	9,509.40	0.00	197,273.96	109,599.53	33,952.24	0.00	143,551.77	53,722.19	78,165.03
	187,764.56	9,509.40	0.00	197,273.96	109,599.53	33,952.24	0.00	143,551.77	53,722.19	78,165.03
II. Property, plant and equipment										
Other equipment, operating and business equipment	384,433.43	263,961.14	1,309.00	647,085.57	176,109.99	147,071.01	363.61	322,817.39	324,268.18	208,323.44
	384,433.43	263,961.14	1,309.00	647,085.57	176,109.99	147,071.01	363.61	322,817.39	324,268.18	208,323.44
III. Financial assets										
1. Shares in affiliated companies	38,405,106.08	0.00	0.00	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	0.00	0.00	38,405,106.08	5,923,177.07	0.00	0.00	5,923,177.07	32,481,929.01	32,481,929.01
	38,977,304.07	273,470.54	1,309.00	39,249,465.61	6,208,886.59	181,023.25	363.61	6,389,546.23	32,859,919.38	32,768,417.48

INCOME STATEMENT

from January 1, 2005 until December 31, 2005

	Jan. 1, 2005 – Dec. 31, 2005 EUR	Oct. 1, 2004 – Dec. 31, 2004 EUR
1. Sales	5,663,696.98	2,374,016.05
2. Other operating income	1,022,869.18	108,170.30
3. Personnel costs		
a.) Wages and salaries	–3,243,097.27	–879,831.02
b.) Social security and pension and support expenses	–450,620.91	–140,559.46
– of which pensions	24,293.91	–23,519.78
4. Amortization/depreciation charges on intangible assets and tangible assets	–181,023.25	–26,759.30
5. Other operating expenses	–9,700,027.26	–2,934,285.80
6. Income from profit transfer agreements	0.00	555,323.84
7. Expenditure on loss absorption	–4,928,512.23	–4,640,266.04
8. Other interest and similar income	1,084,484.33	28,034.20
– of which from affiliated companies	1,029,665.76	6,484.97
9. Depreciation on financial assets	0.00	–725,000.00
10. Interest and similar expenses	–1,032,798.35	–846,399.42
– of which to affiliated companies	0.00	0.00
11. Earnings from ordinary activity	–11,765,028.78	–7,127,556.65
12. Income tax refunds	100,574.17	79,678.42
13. Other taxes	684.50	–342.00
14. Net loss for the fiscal year	–11,663,770.11	–7,048,220.23
15. Loss carried forward	–196,066,667.81	–189,018,447.58
16. Withdrawals from share premium account	147,057,168.01	0.00
17. Allocations to share premium account	520,500.00	0.00
18. Proceeds from capital reduction	46,845,000.00	0.00
19. Accumulated deficit	–13,828,269.91	–196,066,667.81

ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR FROM JANUARY 1, 2005 UNTIL DECEMBER 31, 2005

I. GENERAL NOTES ON THE ANNUAL FINACIAL STATEMENTS

The annual financial statements of Nordex Aktiengesellschaft for the fiscal year commencing January 1, 2005 and ending December 31, 2005 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.

Nordex AG's annual financial statements for the 2005 fiscal year have been lodged with the commercial register of Rostock under HRB 8790. At their annual general meeting on May 12, 2004, the shareholders of Nordex AG passed a resolution converting the fiscal year to the calendar year and inserting a stub fiscal year from October 1 through December 31, 2004. Accordingly, the previous-year figures in the balance sheet and the income statement are not fully comparable due to the changed balance sheet date and the shorter fiscal year.

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 6a of the Income Tax Act and the 2005 mortality tables developed by Prof. Dr. Klaus Heubeck. 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 to these Notes. 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, 2005 EUR 000s
Nordex Energy GmbH, Norderstedt	31,632
natcon7 GmbH , Norderstedt	750
Nordex Windpark Verwaltung GmbH, Norderstedt	25
Nordex Grundstücksverwaltung GmbH, Norderstedt	25
Nordex Windpark Beteiligung GmbH, Norderstedt	25
Nordex Energy B.V., Rotterdam	25
	32,482

In addition, a full list of shareholdings is attached to these Notes.

(3) Receivables and other assets

Receivables from affiliated companies primarily relate to clearing accounts via which all the companies of the Nordex Group receive the liquidity they require for continued growth as well as cost allocation in accordance with service contracts in force with affiliated companies. Receivables from affiliated companies of EUR 0.979 million have a term of more than one year.

(4) Bank balances

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

(5) Shareholders' equity

On the balance sheet date, issued shared capital stood at EUR 58,818,818 divided into a total of 58,818,818 no-par-value shares. Nordex Aktiengesellschaft has authorized capital of EUR 5,526,182.

Issued share capital	EUR 000s
Balance on January 1, 2005	52,050
Capital reduction in fiscal 2005	- 46,845
Capital increase in fiscal 2005	53,614
	58,819
Share premium account	
Balance on January 1, 2005	147,578
Withdrawals from share premium account	– 147,578
Allocations to share premium account	521
Capital increase in fiscal 2005	15,925
	16,446
Accumulated deficit	
Loss carried forward	– 196,067
Withdrawals from share premium account	147,578
Allocations to share premium account	– 521
Proceeds from capital reduction	46,845
Net loss for 2005	– 11,664
	– 13,829
Shareholders' equity on December 31, 2005	**61,436**

The Company's issued share capital was reduced by EUR 46.845 million from EUR 52.050 million, divided into 52,050,000 bearer shares, to EUR 5.205 million, divided into 5,205,000 bearer shares. This capital reduction was executed in accordance with the rules on simplified capital reductions (Sections 229 et seq. of the German Stock Corporations Act) on a 10:1 basis in order to cover impairment losses of a total of EUR 46.325 million as well as other losses and to allocate a sum of EUR 0.521 to retained earnings, which had previously been exhausted to cover losses. The capital reduction was executed by combining ten bearer shares to form a single bearer share.

CMP Fonds I GmbH, Berlin, Germany, notified the Company pursuant to Section 21 (1) of the Securities Trading Act that its share of voting rights exceeded the thresholds of 5 %, 10 % and 25 % on March 31, 2005 and the threshold of 50 % on April 4, 2005 and thereupon stood at 67.15 %. On March 31, 2005, CMP Fonds I directly acquired 20,728,950 shares in Nordex Aktiengesellschaft, equivalent to 44.25 % of the voting rights. On April 4, 2005, Goldman Sachs International initially acquired 10,728,950 shares, equivalent to 22.9 % of the voting rights of Nordex Aktiengesellschaft, and transferred these on the same day to GS Equity Markets L.P. (Bermuda). The voting rights arising from these 10,728,950 shares were deemed to be held by CMP Fonds I GmbH pursuant to a voting rights pooling agreement in accordance with Section 22 (2) of the Securities Trading Act.

The Goldman Sachs Group, Inc., Wilmington (Delaware), United States, notified the Company pursuant to Sections 21 (1); 22 (2); 24 of the Securities Trading Act that.

a) the share of voting rights held by Goldman Sachs International, London, United Kingdom, in Nordex Aktiengesellschaft exceeded the thresholds of 5 %, 10 % and 25 % on March 31, 2005, thereupon standing at 49.19 %, equivalent to 23,039,035 shares. This block contained 20,728,950 shares, equivalent to 44.25 %, which were deemed to be held by Goldman Sachs International in accordance with Section 22 (2) Sentence 1 of the Securities Trading Act. On April 4, 2005 the threshold of 50 % was initially exceeded, with the share of voting rights coming to 72.08 %, equivalent to 33,767,985 shares. This block contained 20,728,950 shares, equivalent to 44.25 %, which were deemed to be held by Goldman Sachs International in accordance with Section 22 (2) Sentence 1 of the Securities Trading Act. Similarly, on April 4, 2005, the share of voting rights dropped below the thresholds of 5 %, 10 %, 25 % and 50 %, thereupon standing at 4.93 %, equivalent to 2,310,085 shares;

b) the share in voting rights held by Goldman Sachs Holdings (U.K.), London, United Kingdom, Goldman Sachs Group Holdings (U.K.), London, United Kingdom, and Goldman Sachs (UK) L.L.C, Wilmington (Delaware), United States in Nordex Aktiengesellschaft together with the share in voting rights held by Goldman Sachs International exceeded and then dropped below the thresholds of 5 %, 10 %, 25 % and 50 % on March 31/April 4, 2005; however, these companies themselves did not and continue not to hold any shares in Nordex Aktiengesellschaft. Instead, they are deemed to hold the shares referred to in a) which are held by or deemed to be held by Goldman Sachs International in accordance with Section 22 (1) Sentence 1 No. 2 Sentence 2 of the Securities Trading Act;

c) the share of voting rights held by GS Equity Markets L.P. (Bermuda), Hamilton, Bermuda, in Nordex Aktiengesellschaft exceeded the thresholds of 5 %, 10 %, 25 % and 50 % on April 4, 2005, thereupon standing at 67.15 %, equivalent to 31,457,900 shares. This block contained 20,728,950 shares, equivalent to 44.25%, which were deemed to be held by GS Equity Markets L.P. (Bermuda) in accordance with Section 22 (2) Sentence 1 of the Securities Trading Act;

d) the share in voting rights held by GSEM (DEL) Inc. and GSEM (DEL) L.L.C., both Wilmington (Delaware), United States together with the share in the voting rights held by GS Equity Markets L.P. (Bermuda) exceeded the thresholds of 5 %, 10 %, 25 % and 50 %. These companies themselves do not hold any shares in Nordex Aktiengesellschaft. Instead, they are deemed to be the holders of the shares referred to in c) held by or deemed to be held by GS Equity Markets L.P. (Bermuda) in accordance with Section 22 (1) Sentence 1 No. 1 Sentence 2 of the Securities Trading Act;

e) the share in the voting rights held by The Goldman Sachs Group, Inc., Wilmington (Delaware), United States, in Nordex Aktiengesellschaft together with the share in the voting rights held by Goldman Sachs International exceeded the thresholds of 5 %, 10 %, 25 % and 50 %, with the share of voting rights coming to 72.13 %, equivalent to 33,787,122 shares; The Goldman Sachs Group, Inc. itself does not hold any shares in Nordex Aktiengesellschaft. However, it is deemed to hold the shares referred to in a) in accordance with Section 22 (1) Sentence 1 No. 1 of the Securities Trading Act;

WestLB AG, Düsseldorf, Germany notified the Company pursuant to Section 21 (1) of the Securities Trading Act that its share of the voting rights in Nordex Aktiengesellschaft dropped below the thresholds of 25 %, 10 % and 5 % on March 30, 2005, thereupon standing at 3.31 %.

Landesbank Nordrhein-Westfalen, Düsseldorf, notified the Company pursuant to Section 21 (1) Sentence 1; Section 22 (1) No. 1 of the Securities Trading Act that its share of the voting rights in Nordex Aktiengesellschaft dropped below the threshold of 25 % on October 20, 2004, thereupon standing at 0 %.

Bayerische Hypo- und Vereinsbank Aktiengesellschaft, Munich, notified the Company pursuant to Section 21 (1) of the Securities Trading Act that its share of the voting rights in Nordex Aktiengesellschaft exceeded the threshold of 5 % on June 2, 2005, thereupon standing at 5.69 %. UniCredito Italiano S.p.A., Genua, Itality, notified the Company pursuant to Section 21 (1) Sentence 1; Section 22 (1) No. 1 of the Securities Trading Act that its share of the voting rights in Nordex Aktiengesellschaft dropped below the threshold of 5 % on November 17, 2005, thereupon standing at 5.69 %.

HSH Nordbank AG, Kiel, notified the Company pursuant to Section 21 (1) of the Securities Trading Act that its share of the voting rights in Nordex Aktiengesellschaft exceeded the threshold of 5 % on June 2, 2005, thereupon standing at 5.02 %.

Morgan Stanley Bank International Limited, London, United Kingdom, notified the Company pursuant to Section 21 (1) of the Securities Trading Act that its share of the voting rights in Nordex Aktiengesellschaft exceeded the threshold of 5 % on June 2, 2005, thereupon standing at 8.60 %. Morgan Stanley Bank International Limited, London, United Kingdom, notified the Company pursuant to Section 21 (1) Sentence 1 of the Securities Trading Act that its share of the voting rights in Nordex Aktiengesellschaft dropped below the threshold of 5 % on June 23, 2005, thereupon standing at 4.82 %.

Nordvest A/S, Give, Denmark, notified the Company pursuant to Section 21 (1) of the Securities Trading Act that its share of the voting rights in Nordex Aktiengesellschaft dropped below the threshold of 5 % on June 2, 2005, thereupon standing at 4.81 %. CJ Holding A/S, Give, Denmark, notified the Company pursuant to Section 21 (1); Section 22 (1) No. 1 of the Securities Trading Act that its share of the voting rights in Nordex Aktiengesellschaft dropped below the threshold of 5 % on June 2, 2005, thereupon standing at 4.81 %. Mrs. Jens Pedersen and Carsten Pedersen, Denmark, notified the Company pursuant to Section 21 (1); Section 22 (1) No. 1 of the Securities Trading Act that their share of the voting rights in Nordex Aktiengesellschaft dropped below the threshold of 5 % on June 2, 2005, thereupon standing at 4.81 % and that this share is attributable to both gentlemen in full.

(6) Provisions

Other provisions primarily relate to personnel provisions (EUR 0.389 million) particularly for bonuses and vacation entitlement as well as costs in connection with the preparation and audit of the annual financial statements (EUR 0.216 million) and interest in connection with the external tax audit (EUR 0.282 million).

(7) Liabilities

As in the previous year, the bank liabilities of EUR 7.001 million (previous year: EUR 37.502 million) have a residual term of less than one year and are due to one bank subject to a cash-pool agreement.

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 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

Nordex Aktiengesellschaft holds contingent liabilities from the provision of collateral for affiliated companies equaling EUR 311.888 million (previous year: EUR 107.143 million) as well as joint and several liability for the bank liabilities of affiliated companies of EUR 0.016 million.

Nordex Aktiengesellschaft has undertaken towards Nordex B.V., Rotterdam, Netherlands (an affiliated company) until December 31, 2006 to supply the latter company with the funds which it requires to settle its financial obligations at all times.

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

As of the balance sheet date, total other financial obligations from rental and leasing contracts stood at EUR 1.347 million (previous year; EUR 1.727 million) and break down by year as follows:

2006 EUR 000s (PY)	2007–2010 EUR 000s (PY)	after 2010 EUR 000s (PY)	Total EUR 000s (PY)
381 (416)	812 (1,159)	154 (152)	1,347 (1,727)

IV. NOTES ON THE INCOME STATEMENT

(1) Sales

Sales comprise solely group transfer payments. Of the group transfer payments, a sum of EUR 0.709 million (previous year: EUR 1.001 million) was charged to foreign subsidiaries.

(2) Other operating income

Other operating income primarily comprises income from a settlement agreement.

(3) Personnel costs

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

Fiscal year	Average	Balance sheet date
2005	48	46
Oct. 1 – Dec. 31, 2004	48	50

(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 3.411 million, insurance costs of EUR 0.813 million, rental and leasing payments of EUR 0.531 million, advertising expenses of EUR 0.756 million and IT costs of EUR 1.123 million.

(6) Income from profit transfer agreements

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

(7) Expenditure on loss absorption

Expenditure on loss absorption relates to the loss absorbed from Nordex Energy GmbH (EUR 4.827 million) and Nordex Grundstücksverwaltung GmbH (EUR 0.102 million) for 2005 in accordance with the profit transfer agreements in force with those companies.

(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 1.030 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.

(10) Income taxes

Income from income taxes of EUR 0.101 million concerns rebates in connection with assessment notices for 2002 and 2003 concerning corporate tax and the solidarity surcharge.

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 Joint Stock Companies Act has been issued for fiscal 2005 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 2005:

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

Dr.-Ing. Hans Fechner
Managing director of G. Siempelkamp GmbH & Co. KG
Spokesman for the management of Siempelkamp Maschinen- und Anlagenbau GmbH & Co. KG
Siempelkamp Handling Systeme GmbH (chairman of the advisory board)
ATR Industrie-Elektronik GmbH & Co. KG (chairman of the advisory board)
Ferrocontrol Steuerungssysteme GmbH & Co. (member of the advisory board)
W. Strothmann GmbH (member of the advisory board)
RWTÜV Essen (member of the management board)
MCG Management Consulting St. Gallen (member of the management board)

Hans Berger, (until June 10, 2005)
Deputy Chairman of the Management Board of HSH Nordbank AG
DekaBank Deutsche Girozentrale (member of the management board)
eBanking Services Nord GmbH (member of the supervisory board)
FinanzIT GmbH (member of the supervisory board)
HSH Nordbank International S.A. (member of the management board)
schleswig-holstein.de Beteiligungs GmbH & Co. KG (chairman of the supervisory board)
SIZ Informatik-Zentrum der Sparkassenorganisation GmbH (deputy chairman of the supervisory board)
S-NetLine GmbH (chairman of the supervisory board)
S-Online Schleswig-Holstein GbR – in Auflösung (chairman of the supervisory board)

Dr. Gerd Jäger, (until June 10, 2005)
Member of the management board of RWE Power AG
Spokesman for the Management Board of Harpen AG
RADAG Rheinkraftwerk Albbruck-Dogern AG (chairman of the supervisory board)
Kernkraftwerk Grundremmingen GmbH (chairman of the supervisory board)
Schluchseewerk AG (deputy chairman of the supervisory board)
STEAG AG (member of the supervisory board)
DWK Deutsche Gesellschaft für Wiederaufbereitung von Kernbrennstoffen mbH
(chairman of the management board)
Gesellschaft für Nuklear-Service mbH (deputy chairman of the supervisory board)
KELAG-Kärntner Elektrizitäts-Aktiengesellschaft (member of the supervisory board)
Kärntner Energieholding Beteiligungs GmbH (member of the supervisory board)
Société Electricique l´Our S.A. (member of the management board)
Société Luxembourgeoise de Centrales Nucléaires (Conseil d´Administration)
URENCO Ltd. (board of directors)

Flemming Pedersen, (until June 10, 2005)
Director of BBK Holding ApS (and member of the supervisory board)
Director of FP Product A/S (and member of the supervisory board)
Brande Investerings- og Finanzierungsselskab (member of the supervisory board)
Brande Handel A/S (member of the supervisory board)
Brande Stal A/S (member of the supervisory board)
Nordvest A/S (member of the supervisory board)
Welcon A/S (member of the supervisory board)

Bernd Sattig, (until June 10, 2005)
Self-employed management consultant
Search Partners AG (chairman of the supervisory board)
Mohr Präzisionsteile GmbH (deputy chairman of the advisory board)

Jens-Peter Schmitt
(Chairman of the Supervisory Board since February 26, 2005 and Deputy Chairman since July 4)
Attorney
Aquasystem d.o.o. (chairman of the supervisory board)

Yves Schmitt (since June 10, 2005, Chairman of the Supervisory Board since July 4)
Managing shareholder of CMP Capital Management-Partners GmbH
Flemming Dental (member of the supervisory board)
Unterland A.G. (member of the supervisory board)
Rebhan GmbH & Co. KG (member of the management board)
Vermögensgesellschaft Wohnpark Jasmund GmbH & Co. KG (member of the advisory board)

Jan Klatten (since June 10, 2005)
Managing shareholder of momentum Beteiligungsgesellschaft mbH

Martin Rey, (since June 10, 2005)
Managing 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, (since June 10, 2005)
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 2005 were:

- Thomas Richterich, Kamp-Lintfort (Chief Executive Officer, finance and controlling)
- Carsten Risvig Pedersen, Hamburg (COO Sales and Marketing)
- Hansjörg Müller, Munich (COO Operations)

The members of the Management Board and the Supervisory Board held the following stocks and stock options in fiscal 2005:

		Stocks	Stock options
Carsten Pedersen	COO Sales and Marketing	40,000 and a further 2.83 million through a 50 % holding in Nordvest A/S	16,666
Thomas Richterich	Chief Executive Officer	250,000*	
Dr. Hansjörg Müller	COO Operations	200,000*	

*dormant sub-participation in financial investors

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

	Jan. 1 – Dec. 31, 2005 EUR	Oct. 1 – Dec. 31, 2004 EUR
Supervisory Board	113,045	28,125
Management Board	790,750	289,095

(5) Benefits/pension provisions for former members of the Management Board
Pension provisions of EUR 0.102 million (previous year: EUR 0.097 million) had been set aside as of December 31, 2005 to cover entitlement vesting to two former members of the Management Board.

(6) Utilization of Nordex Aktiengesellschaft's unappropriated result
Nordex Aktiengesellschaft's unappropriated result is to be carried forward.

Rostock, March 2006

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

SHAREHOLDINGS AS AT DECEMBER 31, 2005

	Currency	Share in Capital %	Profit/loss Jan. 1, 2005 – Dec. 31, 2005	Equity capital Dec. 31, .2005	Total assets Dec. 31, 2005	Liabilities Dec. 31, 2005	Sales Jan. 1, 2005 – Dec. 31, 2005	Held via
Consolidated affiliated companies								
Nordex AG, Rostock (parent company)	EUR	–	–11,663,770.11	61,436,230.09	71,283,836.37	9,847,606.28	5,663,696.98	–
Nordex Energy B.V., Rotterdam, Netherlands	EUR	100	– 158,034.91	– 222,471.20	3,439,190.20	3,661,661.40	0.00	Nordex AG
Nordex Grundstücksverwaltung GmbH, Norderstedt, Germany*	EUR	100	–101,594.71	– 49,594.71	3,248,275.77	3,220,870.48	90,684.89	Nordex AG
Nordex Energy GmbH, Norderstedt, Germany*	EUR	100	– 4,826,917.52	6,254,033.74	145,171,841.03	138,917,807.29	241,168,533.90	Nordex AG
Nordex UK Ltd., Didsbury, United Kingdom	GBP	100	– 939,775.00	– 1,304,714.00	776,569.00	2,081,283.00	679,818.00	Nordex Energy B. V.
Nordex USA Inc., Arlington, USA	USD	100	3,391,356.00	– 1,822,499.00	4,228,733.00	6,051,231.00	197,092.90	Nordex Energy B. V.
Nordex France SAS, La Plaine Saint-Denis, France**	EUR	100	– 1,004,179.04	– 6,794,594.66	59,680,719.12	66,475,313.78	27,760,755.58	Nordex Energy B. V.
Nordex Energy Ibérica S.A., Barcelona, Spain	EUR	100	593,122.51	– 846,396.01	12,115,040.73	12,961,436.74	28,444,256.48	Nordex Energy B. V.
Nordex (Baoding) Wind Power Co. Ltd., Baoding, China	CNY	100	–1,628,419.66	4,374,167.84	10,488,020.01	6,113,852.17	6,130,857.28	Nordex Energy GmbH
Non-consolidated affiliated companies								
Nordex Windpark Verwaltung GmbH, Norderstedt, Germany***	EUR	100	–3,295.39	17,442.01	20,849.87	3,407.86	0.00	Nordex AG
n@tcon7 GmbH, Norderstedt, Germany	EUR	75	–1,667.00	124,882.88	468,168.54	343,285.66	1,552,023.73	Nordex AG
Nordex Windpark Beteiligung GmbH, Norderstedt, Germany	EUR	100	–133,070.53	–116,036.64	2,327,708.14	2,443,744.78	0.00	Nordex AG
Parc Éolien d´Auneau SAS, Paris, France	EUR	100	–7,642.18	23,795.76	208,684.60	184,888.84	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien de Blancfossé SAS, Paris, France	EUR	100	–1,183.68	31,987.01	74,036.24	42,049.23	0.00	Nordex Windpark Beteiligung GmbH
Parc Èolien de Breteuil SAS, Paris, France	EUR	100	–2,168.04	28,224.22	170,560.10	142,335.88	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien de Domainville SAS, Paris, France	EUR	100	–1,166.49	32,012.07	70,707.99	38,695.92	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien de Feuquières SAS, Paris, France	EUR	100	–965.35	32,203.81	32,203.81	0.00	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien de la Soulaye SAS, Paris, France	EUR	100	–1,099.02	32,096.21	48,844.12	16,347.91	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien de Noyers de St. Martin SAS, Paris, France	EUR	100	–2,549.04	29,106.83	498,326.29	469,219.46	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien des Bornes de Cerqueux SAS, Paris, France	EUR	100	–3,454.54	29,309.48	509,311.01	480,001.53	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien de Fresnes-en-Saulnois, SAS, Paris, France****	EUR	100	0.00	37,000.00	0.00	0.00	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien de Dehlingen SAS, Paris, France****	EUR	100	0.00	37,000.00	0.00	0.00	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien du Fouy SAS, Paris, France****	EUR	100	0.00	37,000.00	0.00	0.00	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien des Crêtes, SAS, Paris, France****	EUR	100	0.00	37,000.00	0.00	0.00	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien des Joyeuses, SAS, Paris, France****	EUR	100	0.00	37,000.00	0.00	0.00	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien des Tilleuls, SAS, Paris, France****	EUR	100	0.00	37,000.00	0.00	0.00	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien des Vignes, SAS, Paris, France****	EUR	100	0.00	37,000.00	0.00	0.00	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien des Barbes d'Or, SAS, Paris, France****	EUR	100	0.00	37,000.00	0.00	0.00	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien de la Chaussée de César Sud, SAS, Paris, France****	EUR	100	0.00	37,000.00	0.00	0.00	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien du Chemin de Malavillers, SAS, Paris, France****	EUR	100	0.00	37,000.00	0.00	0.00	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien du Chemin de Serrouville, SAS, Paris, France****	EUR	100	0.00	37,000.00	0.00	0.00	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien de Mazeray et de Bignay, SAS, Paris, France****	EUR	100	0.00	37,000.00	0.00	0.00	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien des Mistandines, SAS, Paris, France****	EUR	100	0.00	37,000.00	0.00	0.00	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien des Coudrays, SAS, Paris, France****	EUR	100	0.00	37,000.00	0.00	0.00	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien des Croquettes, SAS, Paris, France****	EUR	100	0.00	37,000.00	0.00	0.00	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien de l'Alizier, SAS, Paris, France****	EUR	100	0.00	37,000.00	0.00	0.00	0.00	Nordex Windpark Beteiligung GmbH
Parc Éolien de la Chaussée de César Nord, SAS, Paris, France****	EUR	100	0.00	37,000.00	0.00	0.00	0.00	Nordex Windpark Beteiligung GmbH
Nordex Italia Srl., Borgo San Lorenzo, Italy*****	EUR	100	– 21,622.00	– 263,914.00	45,480.00	309,394.00	0.00	Nordex Energy B. V.
NPV Windpark Reinsfeld GmbH & Co. KG, Norderstedt, Germany	EUR	100	– 39,533.97	8,079.31	7,841.20	– 238.11	0.00	Nordex Grundstücksverwaltung GmbH
NPV Erste Windpark GmbH & Co. KG, Norderstedt, Germany	EUR	100	–3,391.00	43,996.94	43,911.83	– 85.11	0.00	Nordex Grundstücksverwaltung GmbH
NPV Dritte Windpark GmbH & Co. KG, Norderstedt, Germany	EUR	100	–540.44	46,903.46	46,818.35	–85.11	0.00	Nordex Grundstücksverwaltung GmbH
Sechste Windpark Support GmbH & Co. KG, Osnabrück, Germany	EUR	100	– 772.00	– 2,376.23	2,491.29	2,491.29	0.00	Nordex Grundstücksverwaltung GmbH
Nordex Hellas Monoprosopi EPE, Kifissia, Greece	EUR	100	–318,714.01	– 3,158,553.82	510,398.36	3,668,952.18	496,337.56	Nordex Energy GmbH
Nordex Energy Equipment Services Co. Ltd., Pudong, Shanghai	CNY	100	–134,118.67	4,390,718.93	8,440,157.07	4,049,438.14	3,124,721.17	Nordex Energy GmbH
Qingdao Huawei Wind Power Co. Ltd., Qingdao, China	CNY	67	–1,000,326.12	45,726,339.80	124,568,699.88	78,842,360.08	16,283,487.13	Nordex Energy GmbH
Investee								
Atria Grundstücksverwaltungsgesellschaft GmbH & Co. Objekt Rostock KG (Kommanditbeteiligung) *****	EUR	94	15,868.22	– 227,314.71	8,657,615.43	8,657,615.43	634,108.40	Nordex Energy GmbH
Xian Nordex Wind Turbine Co. Ltd., Xian, China *****	CNY	40	–3,902,232.37	9,463,604.09	23,221,734.98	13,758,130.89	42,573,639.35	Nordex Energy GmbH
Catalana D´Energies Renovables, S. L., Reus, Spain	EUR	33	–1,973.64	66,760.26	817,279.83	750,519.57	0.00	Nordex Energy Ibérica S. A.
Société d'Energie Éolienne de Cambon Sarl, France ****	EUR	50	0.00	3,000.00	–	0.00	0.00	Nordex France SAS

*) Profit transfer agreement; net profit/loss after profit transfer agreement in accordance with local rules
****) Companies established in 2005
) Fiscal year October 1, 2004 – December 31, 2005 *) Preliminary financial statements as of December 31, 2005
*****) Annual financial statements as of December 31, 2004 (fiscal year from January 1, 2004 until December 31, 2004)

AUDITOR'S REPORT

We have issued the following auditor's report on the financial statements and the management report, which has been combined with the Group management report:

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 Nordex Aktiengesellschaft, Rostock, which has been combined with the Group management report, for the business year from January 1, 2005 to December 31, 2005. The maintenance of the books and records and the preparation of the annual financial statements and management report 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 based on our audit.

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

Our audit has not led to any reservations.

In our opinion based on the results of our audit, the annual 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 is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development."

Düsseldorf, March 3, 2006
Ernst & Young AG
Wirtschaftsprüfungsgesellschaft

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

GLOSSARY

Availability Period during which the wind turbine is on line.

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) is the certifying agent.

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.

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

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).

Generator The generator of a wind turbine converts mechanical energy into electrical energy.

GWEC Global Wind Energy Council.

Kilowatt Measures energy per time unit, expressed in watts. One kilowatt equals 1,000 watts.

MW One megawatt equals 1,000 kilowatts.

Offshore turbines Turbines operated in coastal waters. Offshore turbines can make use of stronger and steadier wind conditions. On the downside, however, the bases and connections to the grid are more expensive.

Onshore turbines Turbines located on the mainland.

Pitch control 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 mater 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.

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.

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.

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.

Stock and stock options held by members of the Company's corporate-governance bodies:

		Stocks	Stock options
Carsten Pedersen	COO Sales	49,000 and a further 2.83 million through a 50 % holding in Nordvest A/S	16,666
Thomas Richterich	Chief Executive Officer	250,000*	
Dr. Hansjörg Müller	COO Operations	200,000*	
Yves Schmitt	Chairman of the Supervisory Board	182,695**	
Jan Klatten	Member of the Supervisory Board	1.500,000***	

* Acquisition of a sub-share with the financial investors
** indirectly via the share held in CMP GmbH
*** via a subshare held in momentum-capital GmbH

CALENDAR OF EVENTS

Annual general meeting in Rostock
May 15, 2006

Report on the first quarter of fiscal 2006
May 30, 2006

Report on the first half of fiscal 2006 with telephone conference
August 25, 2006

Report on the third quarter of fiscal 2006 with telephone conference
November 23, 2006

Report on fiscal 2006 with press and analyst conference
April 26, 2007

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Design: Heuer & Sachse Werbeagentur GmbH, Paul-Dessau-Straße 3c, 22761 Hamburg, Germany
Photos: Nordex, Getty Images, Paul Langrock
Lithography: LITHOKONTORWENIG, Hamburg, www.lithokontor.de
Printed by: Offsetdruck Lehmann, Norderstedt

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