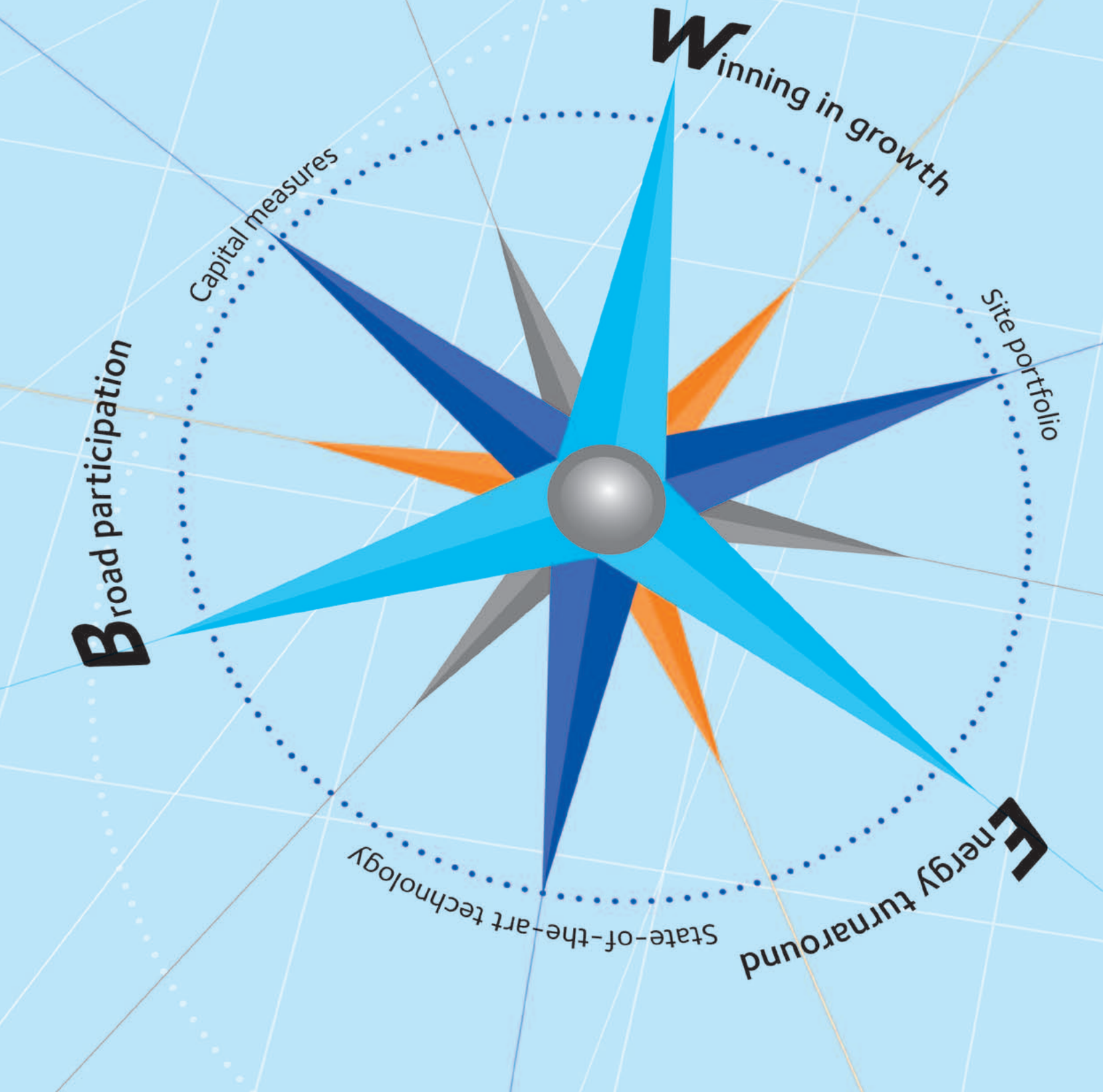
W.E.B on Course

WEB Windenergie AG
Annual Report 2011



Front gatefold cover

Key figures
W.E.B Windenergie Group

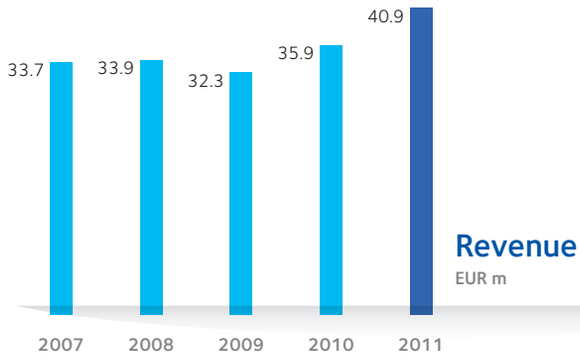
Financial figures	2011	2010	2009	2008	2007
EUR m					
Revenue	40.9	35.9	32.3	33.9	33.7
Results from operating activities	13.2	13.3	10.9	13.1	15.6
Financial results	-5.6	-6.6	-5.2	-11.8	-5.9
Profit from ordinary activities	7.6	6.7	5.7	1.3	9.6
Group net profit for the period	5.7	4.4	4.1	1.2	6.3
Total assets	261.6	244.1	246.0	221.9	231.2
Equity	79.9	76.0	66.3	68.7	68.4
Equity ratio (%)	30.5	31.1	26.9	31.0	29.6
Cash flow from operating activities	21.6	21.9	18.2	13.1	29.3
Capital expenditures	26.7	23.0	29.5	11.4	4.9
Return on equity (%)	7.3	6.4	6.2	1.7	9.2

Electricity generation[1]	2011	2010	2009	2008	2007
MWh					
Total electricity generation	**474,387**	**444,367**	**420,460**	**428,241**	**436,561**
thereof wind power	456,737	430,063	414,705	421,414	430,183
thereof hydropower	6,625	8,592	4,850	6,047	6,189
thereof photovoltaics	9,841	4,741	89	5	5
thereof other	1,184	971	816	775	184

Power plants	2011	2010	2009	2008	2007
Number as at Dec. 31					
Total number	**153**	**141**	**140**	**131**	**125**
thereof Austria	83	76	75	70	66
thereof Germany	55	51	51	49	48
thereof Czech Republic	7	7	7	6	5
thereof France	6	6	6	6	6
thereof Italy	2	1	1	—	—

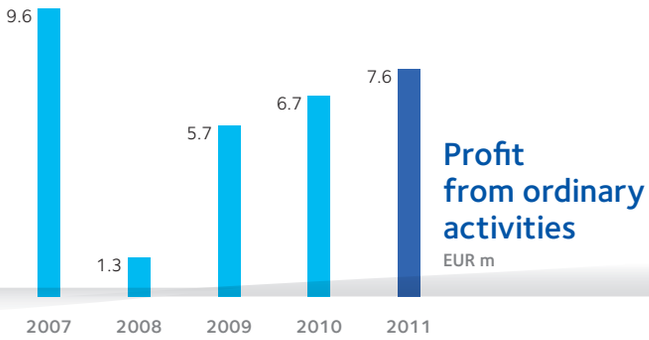
Power generating capacity[1]	2011	2010	2009	2008	2007
MW as at Dec. 31					
Total capacity	**238.9**	**220.9**	**219.0**	**201.7**	**196.3**
thereof Austria	130.8	118.3	116.4	106.9	103.5
thereof Germany	82.4	80.6	80.6	76.6	76.5
thereof Czech Republic	7.3	7.3	7.3	6.2	4.3
thereof France	12.0	12.0	12.0	12.0	12.0
thereof Italy	6.4	2.7	2.7	—	—

[1] Including strategic interests



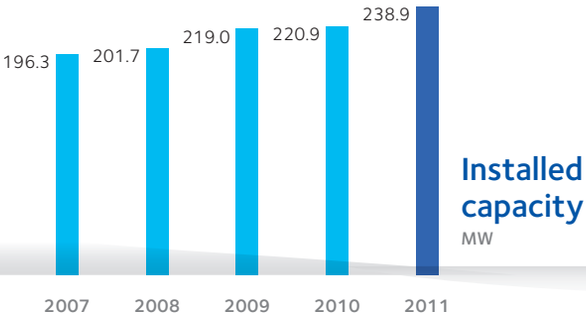
Revenue

EUR m



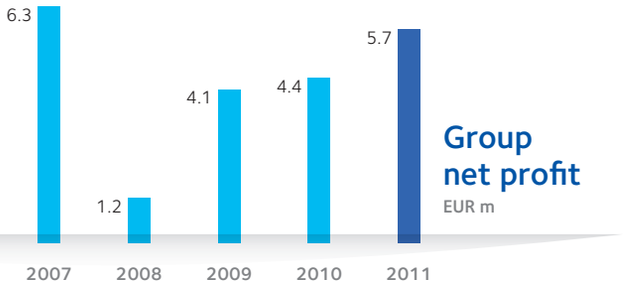
Profit from ordinary activities

EUR m



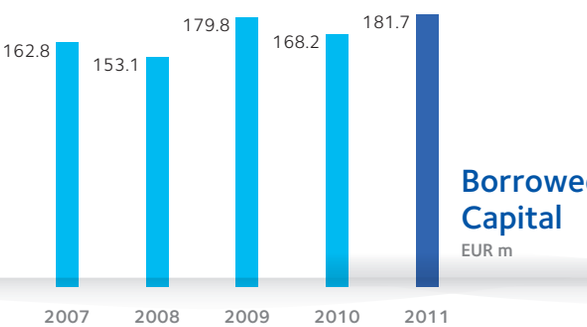
Installed capacity

MW



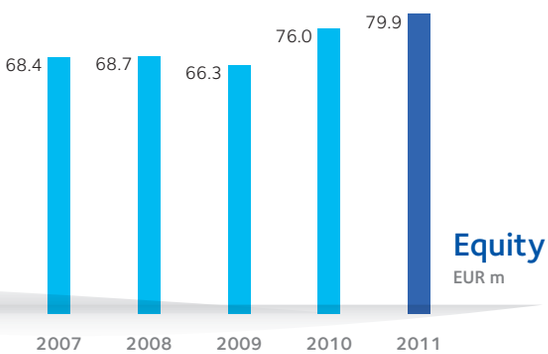
Group net profit

EUR m



Borrowed Capital

EUR m



Equity

EUR m

Contents

The W.E.B Windenergie Group

The W.E.B Windenergie Group headquartered in Pfaffenschlag in Lower Austria develops wind parks and operates a total of 153[1] power plants in Austria, Germany, the Czech Republic, France and Italy, and Canada in the future. The focus is on its core business area of wind energy, with 145[1] power plants. The company supplements this offering by operating in the fields of solar energy and hydropower as well.

The first 18 years of the W.E.B and its predecessor companies were characterised by steep growth. In the meantime, the W.E.B Windenergie Group is the largest independent Austrian producer of wind power.

At present, 3,377 people are shareholders of WEB Windenergie AG[1]. The capital stock of the company amounts to EUR 28,845,300. At present 288,453 W.E.B registered shares are in circulation.

In 2011, the annual production of the W.E.B Windenergie Group including its strategic interests totalled 474,387 MWh of clean electric power. The 153[1] power plants currently operated by W.E.B boast a total capacity of 239[1] MW and can thus indirectly cover the electricity requirements of about 160,000 households. Compared to electricity generated from fossil energy (coal, gas), W.E.B saves about 397,818 tons of the environmentally harmful gas carbon dioxide (CO_2) every year. In the coming years W.E.B aims to continue its success path and plans to double its installed power plant capacity to 450 MW by 2015.

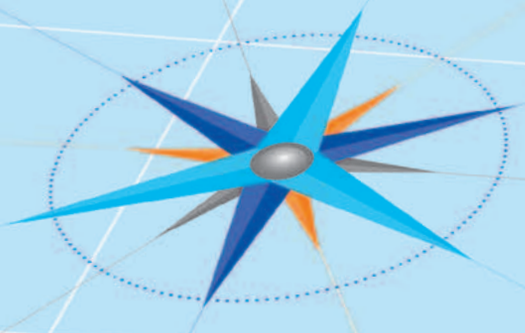
[1] Status May 2012

Key figures »

WEB Windenergie AG
Annual Report 2011

Status: May 2012

Highlights 2011



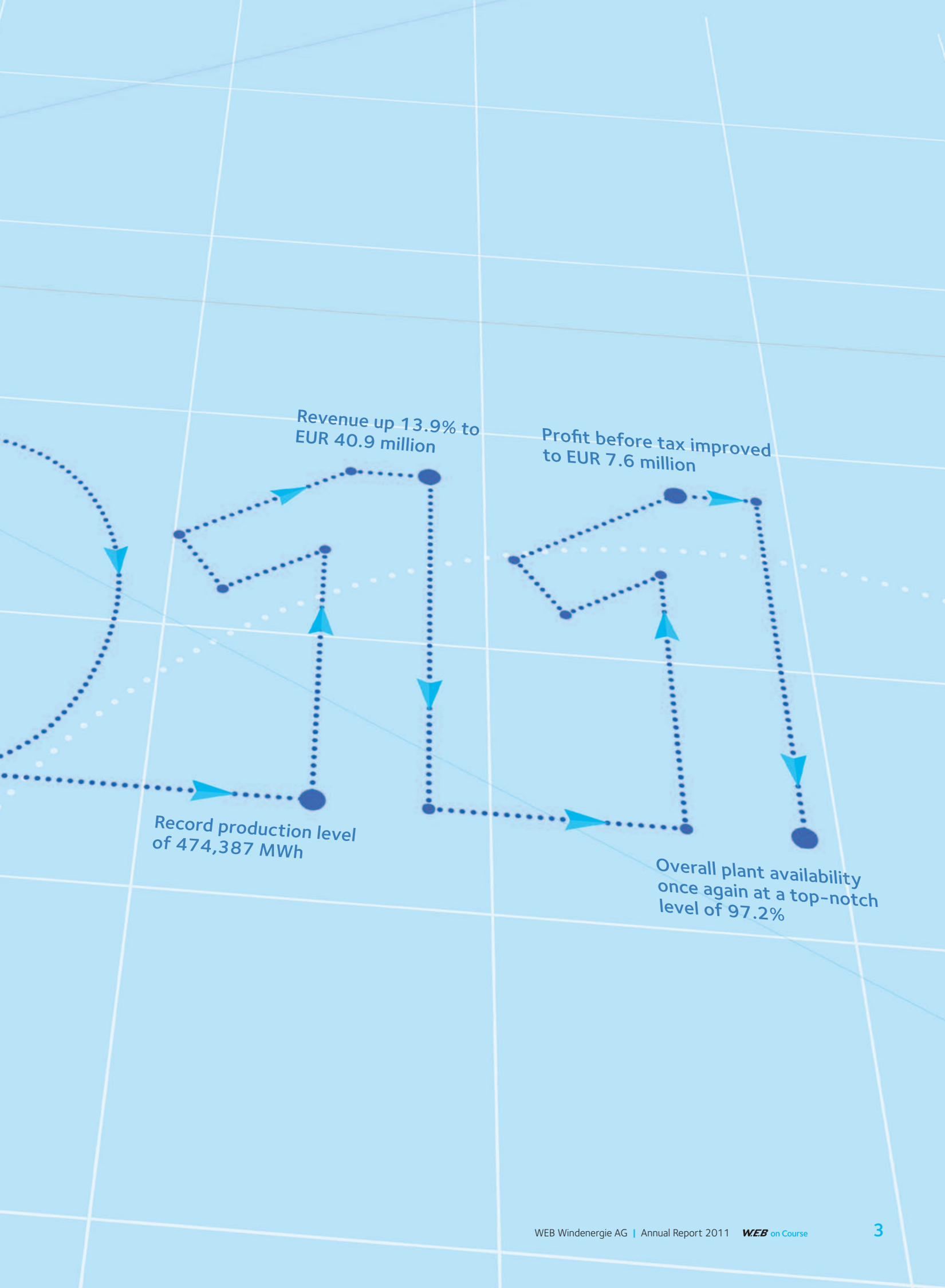
The region-wide "Waldviertel Wind Initiative" was launched in cooperation with the Waldviertel Business Forum and important political representatives. The future implementation is a milestone in the region's history.

Opening of the new wind farm in Höflein – further 12 MW capacity installed

The subsidiary in Canada begins operations. Initial projects are being submitted.

Following a resolution passed by the Annual General Meeting, a dividend is paid to shareholders of W.E.B for the first time in the company's history.

Construction begins on two new wind farms, Dürnkrut-Götzendorf (Lower Austria) and Plaine de l'Artois in France. The installed capacity expansion of these two wind farms totals 22.8 MW.


Revenue up 13.9% to
EUR 40.9 million
Profit before tax improved
to EUR 7.6 million
Record production level
of 474,387 MWh
Overall plant availability
once again at a top-notch
level of 97.2%

Editorial

W.E.B on Course

Following another successful year, W.E.B is not only well on course with respect to its growth objectives. The navigation is also right regarding our initial strategic alignment: as responsible and future-oriented people and citizens, we want to do our share to ensure a sustainable energy supply. What still sounded utopian ten or fifteen years ago has already become a reality. The energy turnaround is actually taking place and is increasingly becoming a public issue. The question is no longer if it is possible to stop relying on fossil fuels and nuclear power, but only when this will happen.

We believed in change to renewable energy at an early stage and committed ourselves to it early with a group of dedicated people, most of whom are still our shareholders. Our common challenge is now to continue remaining at the forefront of this energy turnaround. The future development requires people and companies who have faith in this vision on the basis of the right mix of dedication and entrepreneurial spirit. Our performance figures clearly illustrate our success. After a start-up phase and the consolidation of W.E.B as an important company within the sector, we have created a solid basis enabling us to help shape the energy turnaround in the future. We will do so with new technologies, strategies, methods and partners – but always on the basis of our corporate values.

Sincerely yours,

Andreas Dangl
Chief Executive Officer

Interview with the Management Board

"... are doing very well in implementing our ambitious goals ..."

A discussion with the Management Board members of WEB Windenergie AG, Andreas Dangl, Michael Trcka and Frank Dumeier.

Mr. Dangl, this annual report is being published under the strong motto "on course". Do you mean that W.E.B. is really doing well?

Andreas Dangl: Yes, one can certainly say that – and this is true on many levels. In recent years, following the successful development phase of W.E.B and its predecessor companies, we established the necessary structures for professional operations. We have a competent and motivated team, and are doing very well at implementing our ambitious goals. We are striving to expand our installed power plant capacity to 450 MW by the year 2015, and we are making progress in achieving this target. In this regard we operate with confidence, also in an international environment. And most important, our business results show that we are on the right path.

And what were the most important milestones in the past year?

Andreas Dangl: We made decisive progress in Canada, a new market we wanted to enter, and another wind farm is coming into being in France. In Austria we launched the "Waldviertel Wind Initiative", a revolutionary program for our region, and a further highlight was the exemplary coming on stream of the new wind farm in Höflein, which was made possible due to the cooperation with our partner Vestas. In 2011 there was also a premiere, namely we distributed a dividend to our shareholders for the first time. We also want to continue enabling our shareholders to share financially in our corporate success in the future as well. Finally, we issued another wind energy bond.

You can also be satisfied with the production and the business results despite this mixed wind year, can't you?

Frank Dumeier: Actually we have put one of the most difficult production year in our history behind us. Nevertheless, we were able to achieve almost 100% of the planned energy production, and we also set a new annual record with a total output of 474,387 MWh. This was made possible by our infrastructure, our employees who knuckled down at the right place and managed to come to grips with things. The overall plant availability was 97.2% in 2011. As a result, we rank among the best in the industry.

Michael Trcka: On this basis we were more than satisfied with the business results. Revenue climbed to EUR 40.9 million, and the profit before tax to EUR 7.6 million. All this once again substantiates our business model. In addition to the favourable regulatory conditions and the solid financing structure, this success is a tribute to our optimal business management.

Andreas Dangl:
"... want to emphasize our leading role in the energy turnaround ..."

And how did you succeed in achieving this improved operating performance?

Frank Dumeier: We put our entire maintenance, servicing and logistics on a new footing over the last three years. This includes new service contracts with our main suppliers as well as the decision to carry out some work ourselves. At the same time our own large component storage facility which opened in 2011 gives us a great deal of flexibility and autonomy. We also optimised production management and troubleshooting, for example improving online monitoring. All this combined to result in the previously mentioned overall plant availability of 97.2%. This is, in itself, an extremely high figure. Moreover, for the most part the remaining 2.8% tended to be in times of weak wind conditions. Also, a large part of these times are for maintenance work, inspections or shutting down the network which can be optimised in terms of scheduling.

What else would you say are the most important success factors in your business?

Michael Trcka: In addition to operational factors such as technical competence, a suitable location, the right strategic orientation etc., success in the coming years will certainly depend on the ability to effectively finance our ambitious growth path in an manner attractive to the company and our shareholders. We want to continue playing a leading role on the Austrian market for eco-investments.

You see the company as a driving force behind the energy turnaround. What provides the biggest impetus here? Is it the legal changes such as the Green Electricity Amendment Act, the stimulus provided by the catastrophe in Fukushima or new technologies and research and development?

Andreas Dangl: It is certainly a mixture of all these factors which have a positive impact on our business model. The goal is for us to be in the right place at the right time. Technology itself already opens up new, unforeseen possibilities and thus serves as the basis for further progress. One has to realize that today's plants can yield close to one hundred times the comparable performance of the first generation of wind energy facilities. Even in the forest you can build wind turbines, something which was inconceivable earlier. Thus we are in the midst of a very important development. We not only demonstrate that electricity from regenerative sources is competitive on a long-term basis, but it represents an insurance policy for the future energy supply. We help to cushion impending price rises related to primary energy shortages.

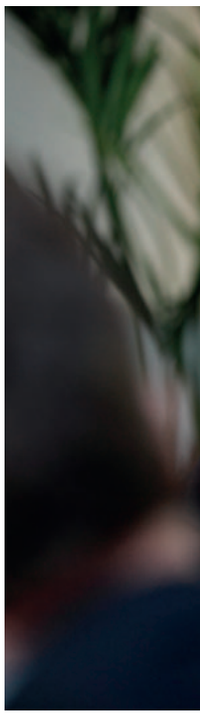
Frank Dumeier: Ten years ago the topic of the energy turnaround was absolutely linked to ecological fundamentalism. In the meantime, it has become a natural item on the agenda of every energy congress. One can only congratulate Western society that it recognizes that the energy turnaround not only makes sense, but is actually possible. It is the key factor which will enable our generation to minimize the use of fossil fuels and nuclear power to ensure our energy supply. In any case the technologies for this change are available.

What is the situation with respect to the 2010 decision to double your installed capacity to 450 MW? At present capacity is at about 240 MW. Is this objective still realistic, and what is the status of the current project pipeline?

Andreas Dangl: At the beginning I mentioned that this target is realistic. At present 25 wind turbines with a total capacity of 24.4 MW are under construction. Thus at the end of 2012 we will reach a capacity of 263 MW. In addition, we are also planning to acquire existing plants. Our pipeline encompasses further projects in different phases featuring a capacity of about 375 MW. This does not mean we will succeed in turning these plans into reality. In the course of a very structured project processing naturally projects will be rejected again and again. However, the expansion to 450 MW is clearly a realistic goal.

Frank Dumeier: An important element required to ensure growth are sound supply contracts for new turbines, which must be precisely tailored to our business model. The EUR 120 million package agreement recently concluded with Vestas has laid the groundwork for us to achieve our ambitious growth targets. We will go into greater detail to introduce our structured project management called the "Gate System" in this annual report. This is because we attach considerable importance to making sure that our shareholders and interested parties also understand the very complex and in-depth project appraisal and project management processes.

Michael Trcka: Naturally we do not only evaluate our projects very precisely, but our strategy itself is being tested. For this reason we carried out a comprehensive strategy project together with an external consultant and the entire management team. Within this



Michael Trcka:
"... we want to continue playing a leading role on the Austrian market for eco-investments ..."

framework our goals, strategies and relevant measures were specified, visualized and approved for implementation. The project ended up clearly confirming our approach. Thus we are continuing to target the right goals.

To what extent will the new market in Canada contribute to this growth path?

Frank Dumeier: We are also on track on the other side of the Atlantic. In 2011 we created the structure required to achieve a growth contribution of up to 20% of the total W.E.B volume on a medium-term basis. We are continually getting regulatory approval for the projects we have proposed, and are just negotiating a 100 MW package agreement with our turbine suppler for Canada alone.

Andreas Dangl: The energy supply in Canada is very decentrally structured so that projects are not overly big and involve a very strong local component. Thus local partners are always involved. This very much reflects our own approach emphasizing citizen participation, as we do not act like a foreign investor but as a partner. In this regard we are working very closely with the umbrella organization of municipalities in the province of Nova Scotia, and thus can effectively assert ourselves against the competition. The situation in Ontario is similar.

W.E.B is already characterised by a broad geographical diversification of its facilities. How are the other foreign markets of W.E.B developing?

Andreas Dangl: On balance very well, and the level of activity is high. We owe this not least to the strengthening of our team on the second management level. As a consequence we have laid the groundwork for exploiting market opportunities, also outside of Austria, as effectively as possible.

Frank Dumeier:
"... could achieve a production record despite a difficult wind year ..."

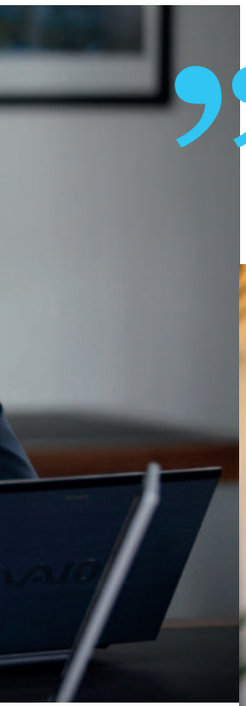
Michael Trcka: For example, we strengthened our presence in France in 2011 by commencing construction on our second wind farm, and also plan further expansion here. Similar to Canada we also created efficient structures in this market and see that this approach has proven its value.

In the Czech Republic we are in the process of acquiring a wind energy plant, and will integrate it into our company as one of only two projects being implemented in the country this year. W.E.B is successful in this eco-energy market which is considered to be difficult in comparison to Europe.

Frank Dumeier: We also want to further grow in Germany, where we achieve one-third of our revenue. Here the energy turnaround was practically invented. We have further expanded our presence, and are also increasing network density, above all in regions in which we are already active. A repowering of existing wind farms could be possible as well as acquisitions of existing wind parks.

Due to the fact that the legal and infrastructure framework is uncertain we have ceased activities in Bulgaria and South East Europe. We are concentrating on those markets where we have achieved a critical mass and have the structure for further expansion at our disposal. This does not mean that South East Europe will remain taboo for us indefinitely. Nor will we give the cold shoulder to good projects in Italy despite the unstable situation.

The Waldviertel Wind Initiative should also provide a substantial boost to growth for you and the entire region ...



Andreas Dangl:

"... we are getting closer and closer to expanding our installed power plant capacity to 450 MW ..."

Andreas Dangl: We are very proud of the founding of our joint initiative with the Waldviertel Business Forum, an association consisting of all prominent companies in the region. Our joint objective is to generate the volume of electricity corresponding to the needs of an entire region with a manageable number of wind parks. We not only see an opportunity to initiate projects but also to trigger a broad social discourse. This project would be an historical undertaking for the approximately 200,000 people in the region, because it would mean the biggest investment the Waldviertel has ever seen. We would not only provide a significant impetus in terms of energy and environmental policies, but also create important jobs in a structurally weak region.

The volume is quite impressive. There are few regions in Central Europe in which wind power has not played any role up until now, and which can still be developed due to technological progress. Work is already underway on the first implementation projects.

What about innovations? You are not a developer but more an applier of new technologies ...

Frank Dumeier: By no means do we limit ourselves to only acquiring the latest technologies. We view ourselves to be more like a driver of new developments. This means that when we see new requirements or opportunities we search for a partner who in turn works for us or together with us to search for an innovative solution. Thus we see ourselves first and foremost as a first mover, and do everything we can to act as a spearhead.

Did the direct marketing initiated in Germany in 2010 prove its worth? How did things proceed in 2011? The first feed-in guarantee periods are already expiring ...

Frank Dumeier: The system has proven to be effective and we have also tailored our mechanisms to the structures adjusted to the German Renewable Energy Sources Act. In order to optimise the situation from the perspective of the operator and electricity traders, we entered into a close cooperation with our partner KomSolution in Berlin, which already contributed a high six-digit amount to our earnings in 2011. Thus, we have further extended this cooperation in 2012 and also began international electricity supply networking. At present test applications are underway for the sale of electricity to Germany from the Imst hydropower plant and from a wind power facility in Vösendorf near Vienna whose subsidised tariffs have expired. We assume that we will be able to further promote these activities in the future.

To what extent are you confronted with contrary citizens? The issue of wind energy also provokes resistance on the part of the population here and there – especially with regard to forest wind farms.

Andreas Dangl: As W.E.B we have managed very well up until now. We try to avoid such problems on the basis of comprehensive analyses for every site and proactive communications. In addition, we select regions and sites where conflict potential is rather low. There are also few points of contact with us with respect to forest windfarms. Wind energy will be harvested "on the second floor", figuratively speaking, due to the large tower heights planned in the Waldviertel. Thus one need not fear that much interaction will take place. However, if there is the danger of contact with birds, one can switch off the turbines for the few affected hours by means of using bird detectors which for example can detect bats.

With regard to the topic of financing, you already issued the second wind energy bond in 2011. What share of your funding needs are you able to cover with the proceeds from this bond?

Michael Trcka: The share of our own financial resources required for investments in 2012 has been covered by our ongoing earnings and the proceeds from the bond issue. For 2013 the situation will depend on how many projects or acquisitions we implement. We always finance between 20% and 25% of our investments with our own resources. The rest is raised with bank loans.

Does this mean that there will likely be no further bond issue in 2012?

Andreas Dangl: From today's perspective, no. We are orienting our capital measures to our liquidity planning and only secure additional funding if there is a need for it.

Let us turn to the W.E.B share. For the first time you distributed a dividend for the 2010 financial year. Do you plan to do this again for 2011?

Michael Trcka: Yes, and we will propose to the Annual General Meeting to increase the dividend to EUR 10 per share. It is particularly important for us to offer our shareholders, most of whom helped us to build the company, an attractive return on their investment. On the medium term we are striving to achieve a payout ratio of about 33% of the Group net profit according to IFRS.

In the light of the overall developments on capital markets in recent years, the performance of your share was not so bad, even if it lost in value somewhat. It seems that investors like W.E.B.

Andreas Dangl: Yes definitely. But there are also shareholders who would hope for more when it comes to our share. However, at the present time the whole world prefers fixed-interest products, and we are also not immune to this development. Naturally we see the difference between the company value per share and the current share prices in the Traderoom. Our perception is that some long-term shareholders tend to cash in their gains. This may dampen the price development, but on the other hand makes it possible to acquire our share at a more favourable price.

Understandably not all shareholders feel the same way. But in this annual report we are presenting one of the best results since W.E.B was first established. Accordingly the value of the company grew once again. Shareholders also profited with a solid dividend.

One more thing in conclusion: how would you evaluate the company's development in 2012 so far from today's perspective?

Frank Dumeier: The year began promisingly. Up until now the "wind harvest" has proceeded very well, and photovoltaic production has surpassed the original targets. If this trend continues, we will outperform the results achieved in 2011.

Andreas Dangl: On balance, we will do everything in our power in 2011 to more strongly underline our leading role in the energy turnaround. We want to make a significant contribution to a sustainable, long-term oriented and above all viable energy supply for the benefit of our shareholders and the environment.

Thank you for this discussion.

The Company
Austrian Wind Power Pioneer

The roots of W.E.B

The cornerstone for today's W.E.B Windenergie Group was laid in 1995 with the construction of the first wind power plant in Michelbach (Lower Austria).

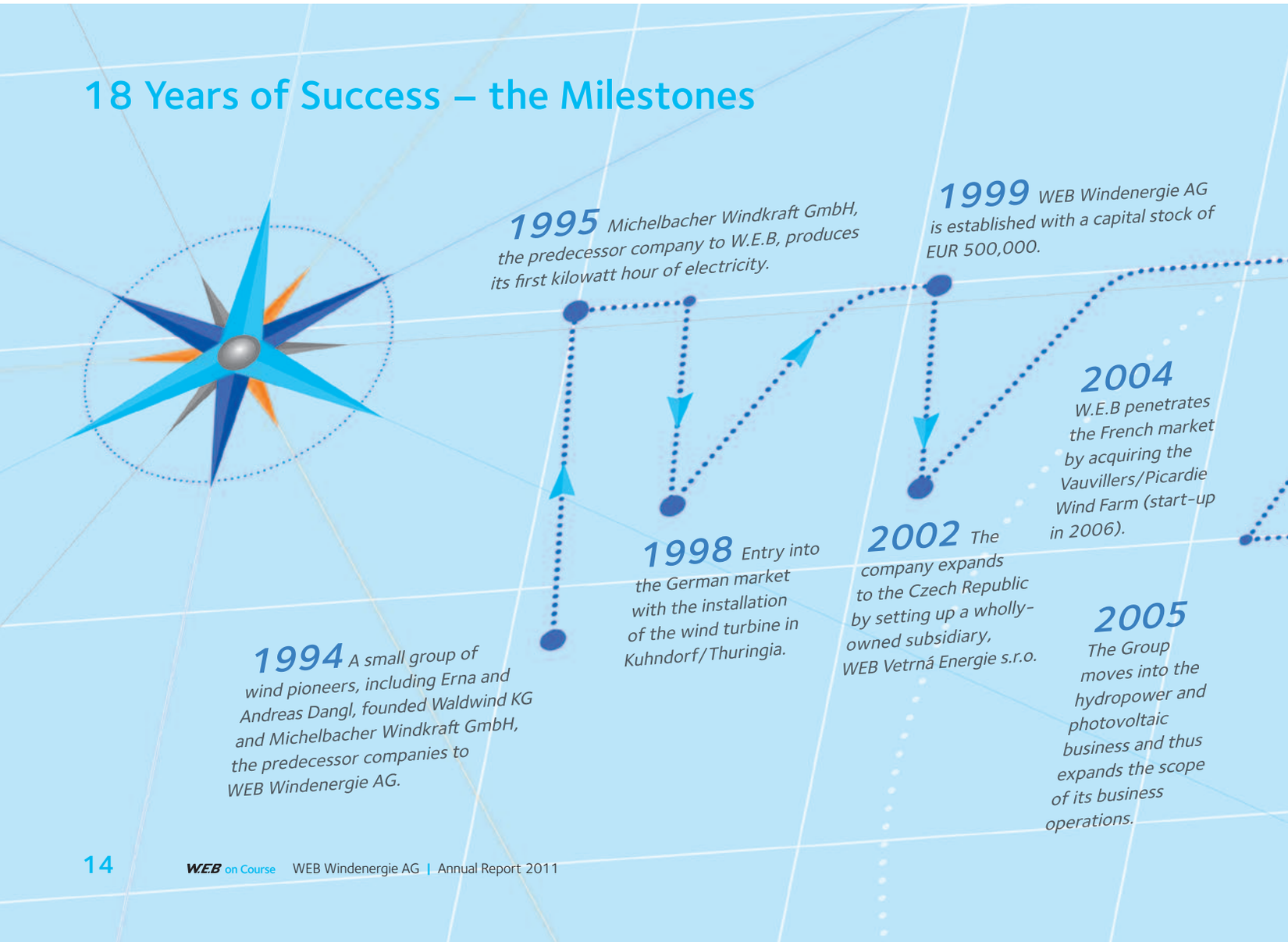
This project was implemented thanks to the involvement of committed people who were interested in the topic of wind energy for various reasons. Confidence and optimism for the future of renewable energy served as the basis for them to find common ground and still forms the foundation for the existence of the W.E.B Windergie Group today.

The company has expanded continuously over the past 18 successful years by carrying out numerous new in-house projects as well as incorporating plants of other operators. In addition to the domestic market of Austria, the W.E.B Windenergie Group operates today in Germany, the Czech Republic, Italy and France and will also be in the Canadian market in the near future.

In the meantime the installed capacity of the 153[1] wind turbines, photovoltaic and hydropower plants yield 239 MW of green energy. The volume of energy generated corresponds to the electricity requirements of about 160,000 Austrian households.

[1] Status: May 2012

18 Years of Success – the Milestones



Sustainable business model in a booming industry

Extensive experience

After 18 years of successful operations in the field of regenerative energy, W.E.B has gained extensive experience in this generally very stable business area. This know-how particularly benefits its shareholders.

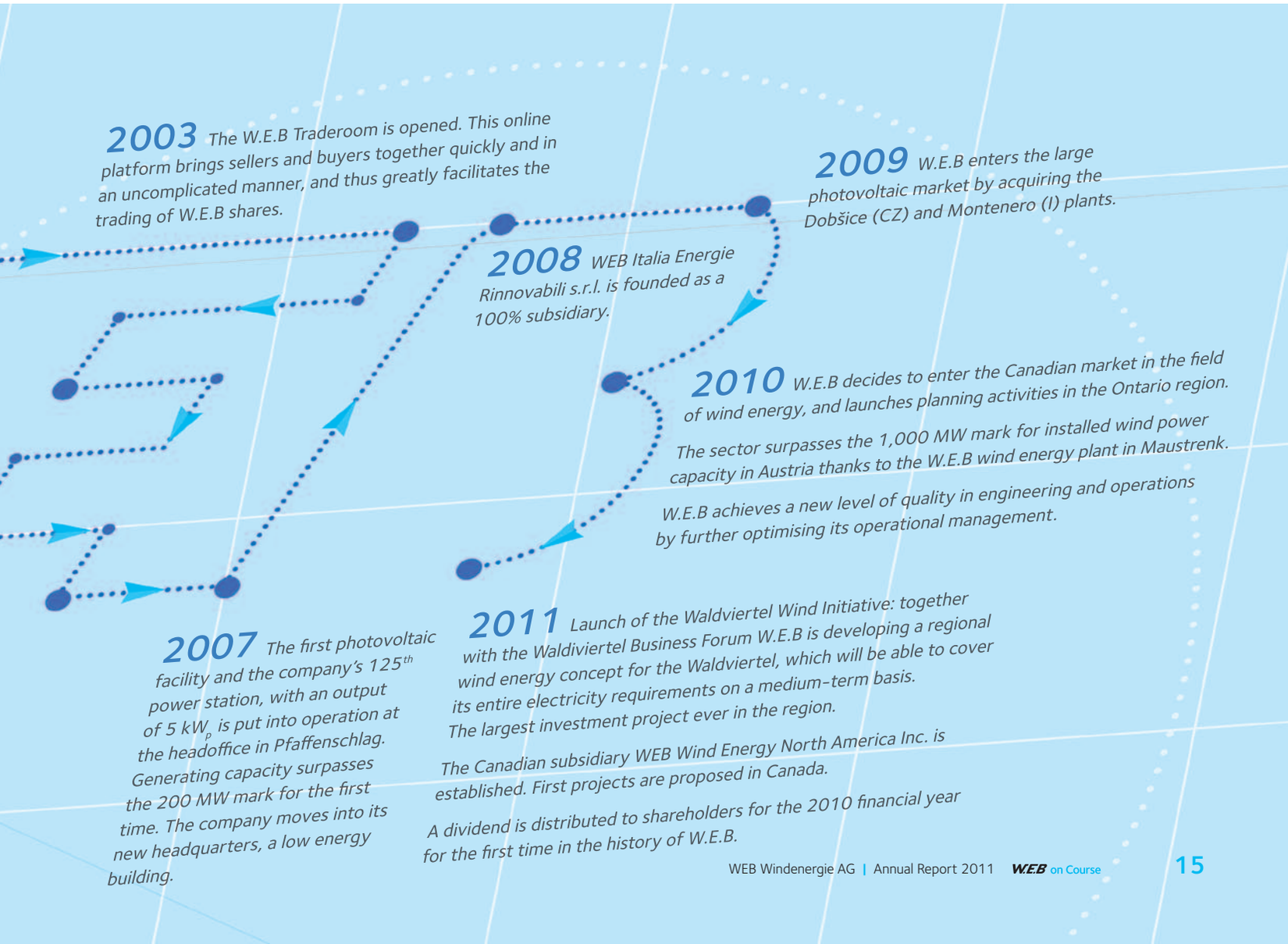
A true public limited company

WEB Windenergie AG is a company with public participation, whose shares are mostly held in free float by 3,377[1] private shareholders. No shareholder owns more than 4% of the shares and thus the voting rights. The 288,453 released shares at present are not listed on the stock market. The registered shares are directly traded among shareholders. The online Traderoom, established for this purpose, facilitates the uncomplicated sale and acquisition of shares.

Solid performance

The success story of the W.E.B Windenergie Group is demonstrated by the relevant figures. Both revenues and earnings show a long-term upward trend.

[1] Status: May 2012



Sites and Facilities

The company boasts a very solid balance sheet and financing structure. The cash flow, which also has continuously increased in line with the company's development, comprises a stable basis for further investments. Measured by its return on equity, W.E.B has generated an attractive average return on the capital invested by shareholders.

Future-oriented sector

The W.E.B Windenergie Group operates in a highly dynamic growth sector whose importance is continually increasing. Renewable energy sources are gaining in importance due to the declining availability of fossil fuels, which lead to high prices and increasing price volatility. Furthermore, the use of renewable energy sources results in virtually no greenhouse gas emissions, and is independent of expensive and environmentally harmful raw materials. Wind, sun and water are freely available.

Germany

- 8 **WP Weener**
  2 x 1,650 kW
- 9 **WT Görmin**
  1 x 660 kW
- 10 **WP Upgant Schott**
  2 x 600 kW
- 13 **WP Glaubitz**
  10 x 850 kW
- 16 **WP Wörbzig**
  12 x 1,650 kW
- 18 **WP Altentreptow**
  15 x 2,000 kW
  2 x 2,000 kW
- 21 **WP Kuhs**
  3 x 2,000 kW
- 30 **HPP Eberbach**
  1,100 kW
- 32 **WP Pensin**
  3 x 2,000 kW
- 40 **PV Francop**
  3.6 kW_P
- 41 **WP Francop**
  3 x 600 kW

France

- 31 **WP Vauvillers**
  6 x 2,000 kW

Italy

- 38 **PV Montenero I**
  2,752 kW_P
- 39 **PV Montenero II**
  3,675 kW_P

Czech Republic

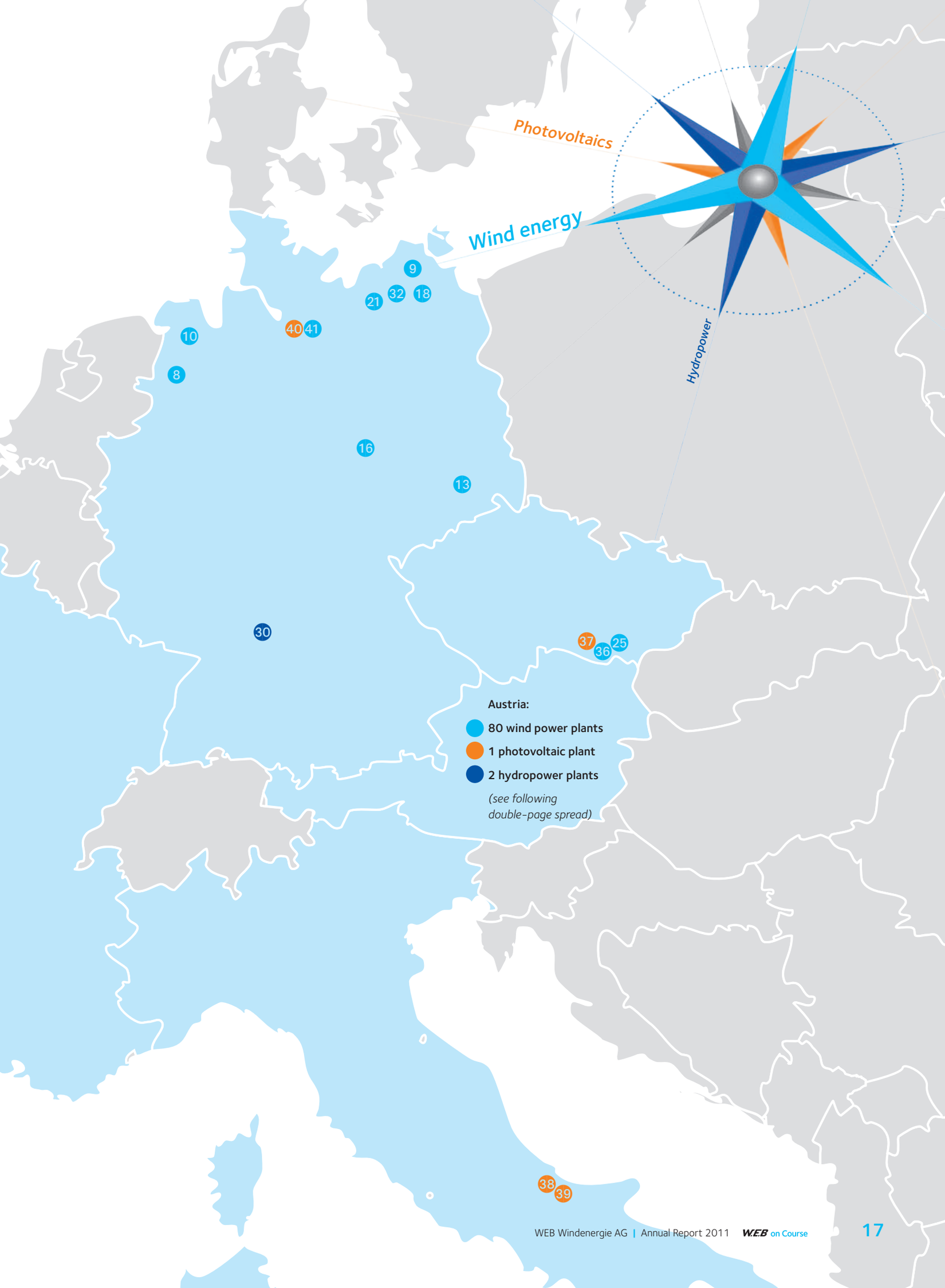
- 25 **WP Březany**
  5 x 850 kW
- 36 **WT Bantice**
  1 x 2,000 kW
- 37 **PV Dobšice**
  1,029 kW_P

Numbering according to the building/acquisition dates of the plants

PV ... Photovoltaic plant
WT ... Wind turbine
HPP ... Hydropower plant
WP ... Wind park

kW ... Kilowatt
kWh ... Kilowatt hour
kW_p ... Kilowatt peak

Status: May 2012


Photovoltaics
Wind energy
Hydropower
9
21
32
18
40
41
10
8
16
13
30
37
36
25
38
39
Austria:
80 wind power plants
1 photovoltaic plant
2 hydropower plants
(see following double-page spread)

Austria

1 **WT Michelbach**
1 x 225 kW

2 **WP Hagenbrunn**
1 x 600 kW
3 x 660 kW

3 **WT Vösendorf**
1 x 600 kW

4 **WP Grafenschlag**
2 x 600 kW

5 **WP Ober-strahlbach**
3 x 600 kW

6 **WP Parbasdorf**
3 x 600 kW

7 **WP Pottenbrunn**
5 x 500 kW
2 x 600 kW
1 x 2,000 kW

11 **WP Seyring**
1 x 600 kW
1 x 660 kW
1 x 750 kW

12 **WT Matzen**
1 x 750 kW

14 **WP Breitenlee**
3 x 850 kW

15 **WP Tauernwind**
4,550 kW
20% stake

17 **WP Sternwald**
6,860 kW
49% stake

19 **WP Neuhof**
9 x 2,000 kW
2 x 2,000 kW

20 **WP Lang-mannersdorf**
2 x 2,000 kW

22 **WP Stattersdorf**
4 x 600 kW

23 **WT Aspersdorf**
1 x 2,000 kW

24 **WP Maustrenk**
6 x 2,000 kW
1 x 2,000 kW

26 **WP Sigless**
3 x 2,000 kW

27 **WP Hohen-ruppersdorf-Spannberg**
3 x 2,000 kW

28 **WP Gols**
2 x 2,000 kW
1 x 2,000 kW

29 **WP Auersthal**
10 x 2,000 kW

33 **HPP group Imst**
Upper level: 380 kW
Lower level: 474 kW

34 **PV Pfaffenschlag**
5 kW_P

35 **WT Parndorf**
1 x 850 kW

42 **WP Höflein**
6 x 2,000 kW

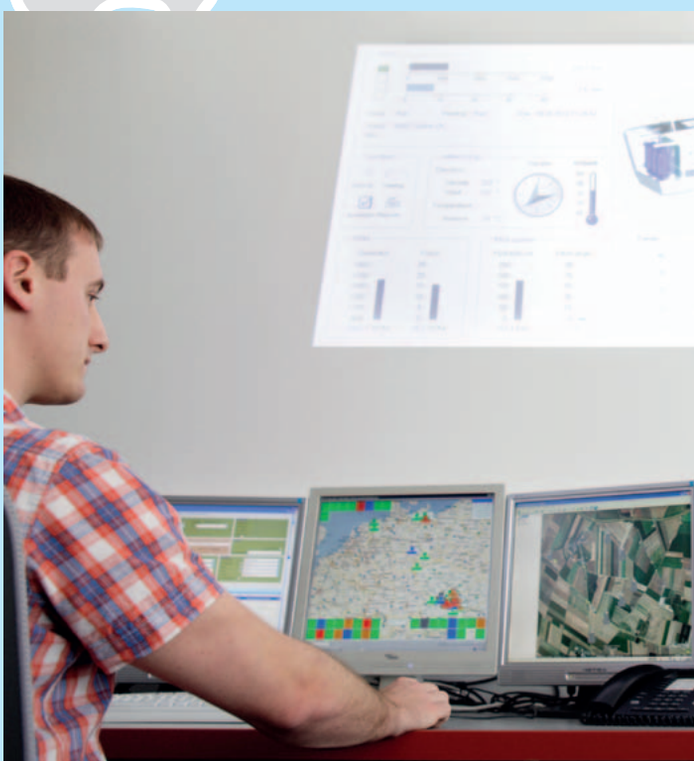
43 **PV Tauernwind**
400 kW_P
20% stake

Numbering according to the building/acquisition dates of the plants

PV ... Photovoltaic plant
WT ... Wind turbine
HPP ... Hydropower plant
WP ... Wind park

kW ... Kilowatt
kWh ... Kilowatt hour
kW_P ... Kilowatt peak

Status: May 2012



All facilities in the Group are monitored around the clock at W.E.B's control center.

Setting Course for the Energy Turnaround

Expansion of renewable energy sources – clearly defined goals

By 2020, 20% of Europe's energy is to come from renewable energy sources. This is the goal that Europe has set for itself. To attain it, the EU member states have been given requirements. These are derived from the respective national gross consumption of energy. The EU's Directive 2009/28/EC on the promotion of the use of energy from renewable sources commits Austria, to give an example, to increase its percentage from 23.3% in 2005 to 34% in 2020 by undertaking effective implementation measures. These binding measures were laid down in the National Action Plan for Renewable Energy in June 2010. The development of wind energy and of solar-produced electricity in both Austria and in the EU as a whole will make a key contribution to reaching the EU's objective. Austria is striving to attain generating capacities in wind power of 4 GW by 2020. This will be achieved by the setting up of new plants and by the repowering of existing facilities.

The generation of electricity by wind and solar power plants receives financial support from the state. The feed-in tariffs for electricity from renewable sources have been legally established in the EU member countries at levels making business sense for operators. To ensure the sustained cost effectiveness of these power plants, the tariffs are guaranteed to remain for 13 to 20 years at the level prevailing at the time of commissioning. The forms and conditions of support vary according to country and energy technology (wind or solar energy).

Most European countries have set up tax measures and official feed-in systems. Generators of electricity thus receive a

legally-stipulated price during a guaranteed term of operation. The price and not the amount of electricity have been set. This model offers generators of renewable energy a security of planning and financing. These traits make the model the most effective and efficient support mechanism available in Europe.

Austria is also using such a feed-in model. The country's Green Electricity Act requires OeMAG, the country's green electricity clearing agency, to purchase eco-electricity at the feed-in tariff established by the Act and in conjunction with the volume of support furnished on an annual basis.

Energy turnaround: change in energy policies

The "energy turnaround" is defined to be the realisation of a sustainable supply of renewable energy. It is comprised of the widespread deployment of renewable energy and the achievement of energy savings through a high rate of efficiency. "Energy turnaround" thus also involves a clear change in energy policies, also entailing the avoidance of an over-production of energy. This requires switching from an offer-driven energy supply to a system that is truly oriented towards demand. At the same time, the market will change. It will go from having centralized structures to being a decentralized system.

The use of renewable sources to produce energy on a decentralized basis provides a great security of supply. It also yields a large value added within regions. This gives rise to a lower rate of capital outflow from them.

Franz Angerer, Head of the Office for the Energy Industry at the Federal State Government of Lower Austria

"Nearly 20 years ago, the first modern wind power plants were set up in Lower Austria. Their builders were greeted with mild derision. This was because hardly anybody believed that wind would ever have the opportunity of playing a significant role in electricity supply. Quite a bit has changed since then. In 2011, more than 6% of the electricity produced in the EU's 27 member states stemmed from wind power. The European Commission's Energy Roadmap 2050 establishes a variety of scenarios. They forecast that this percentage will increase six to fourteen-fold during the period. This means that half of our electricity could come from wind power by 2050. We will get used to wind power. We should thank our lucky stars that we live in a country that has such a large wind power potential and so many wind power pioneers."

Strategy
Consistent Growth

Mission, vision, values

In 2011 the management of W.E.B initiated a comprehensive strategy process. In an initial step the so-called **W.E.B House** was designed in cooperation with top executives. In this case the mission (why W.E.B exists), specific corporate and department objectives as well as the vision of W.E.B were defined. The values make the house complete. With them we have described how we want to work. For everyone involved this visualization should provide an ongoing orientation and a binding picture of "their" W.E.B. The bottom line is that it should serve as the basis for us to keep this picture in mind and thus jointly keep our ship on course.

The following strategic orientation of our company should accompany and support us in our daily business operations:

In this process we also jointly discussed and developed *how* we want to work. We agreed upon the following values and anchored them in the W.E.B House:

Our Values

- **We communicate openly and honestly with shareholders, business partners and all interest groups, because their confidence is our capital.**
- **We prudently and responsibly handle the capital resources entrusted to our care.**
- **We embody business integrity and reliability.**
- **We implement and operate our power plants with respect for people and the environment.**
- **We enable people to participate in our success.**

Our Mission

"As a pioneer as well as an international and profitable operator of wind and solar power facilities, we are anchored with strong roots in the Waldviertel region and supported by a broad group of shareholders."

At the beginning of W.E.B there was a strong vision. From this vision of a small group of like-minded people today's W.E.B has evolved over the last 18 years into an international company.

The company has changed, and the world has changed as well. For this reason it was time to take a look into the future and define a new strategic orientation for the company. In line with the original pioneer spirit, W.E.B not only sees itself as a normal participant on the energy market. We have a clear commitment to play a leading role in shaping the future.

We have the following in sight on the horizon ahead of the W.E.B ship:

Our Vision

"To assume a leading role in the energy turnaround."

We are well aware of the demands placed upon us in this role, and are continually orienting the company on this basis.

Ambitious targets

We not only have a clear vision but also specific goals. One of our business objectives was defined two years ago, namely to double capacity to 450 MW. In the course of the strategy process the company's management together with top executives developed intermediate steps and goals along the way. In addition to the annual corporate objectives, detailed annual goals were defined for each W.E.B department in the W.E.B House.

In the future the position of WEB Windenergie AG as Austria's largest public owned company in the field of regenerative energy should not change in the future:

The strategic priorities of W.E.B at a glance

- The existing **power plant portfolio** will be continually **expanded**. By 2015, W.E.B plans to double the installed capacity – and thus revenue – to a total of 450 MW on the basis of new building, acquisitions and the repowering of existing plants. In this regard, wind power will continue to be its main pillar. Solar energy and hydropower will optimally complement the core business of wind energy.

  At the moment W.E.B is **concentrating on its core markets** of Austria, Germany, the Czech Republic, France, Italy and Canada. The international orientation of its strategy also enables W.E.B to sustainably balance the different underlying conditions in the various markets and optimally exploit the most favourable terms and conditions for public funding in order to construct additional power plants.

Moreover, a continually growing international portfolio of sites and power plants ensures stable and ongoing energy production. Due to the **balanced geographical diversification of the power plants**, unfavourable weather conditions can be optimally compensated for. The fact that high pressure and low pressure areas never spread all across Europe means that a constant minimum output is ensured. A year featuring weak wind conditions in Austria can thus only reduce total Group revenue to a limited extent.

- First-class performance with respect to engineering is enormously important in order to ensure long-term, stable business operations. Therefore, for W.E.B the ongoing **professionalization and improvement** of its service and maintenance concepts is an important pre-requisite in order to surpass the defined target of outperforming industry benchmarks for overall plant availability and service costs in the future as well.

- In the extremely dynamic industry of renewable energies, **the factor of innovation is of enormous importance**. For this reason, W.E.B is developing new concepts and technologies to improve energy yields in close cooperation with experts, research facilities and other operators. W.E.B continually strives to identify, test and implement new technological developments.

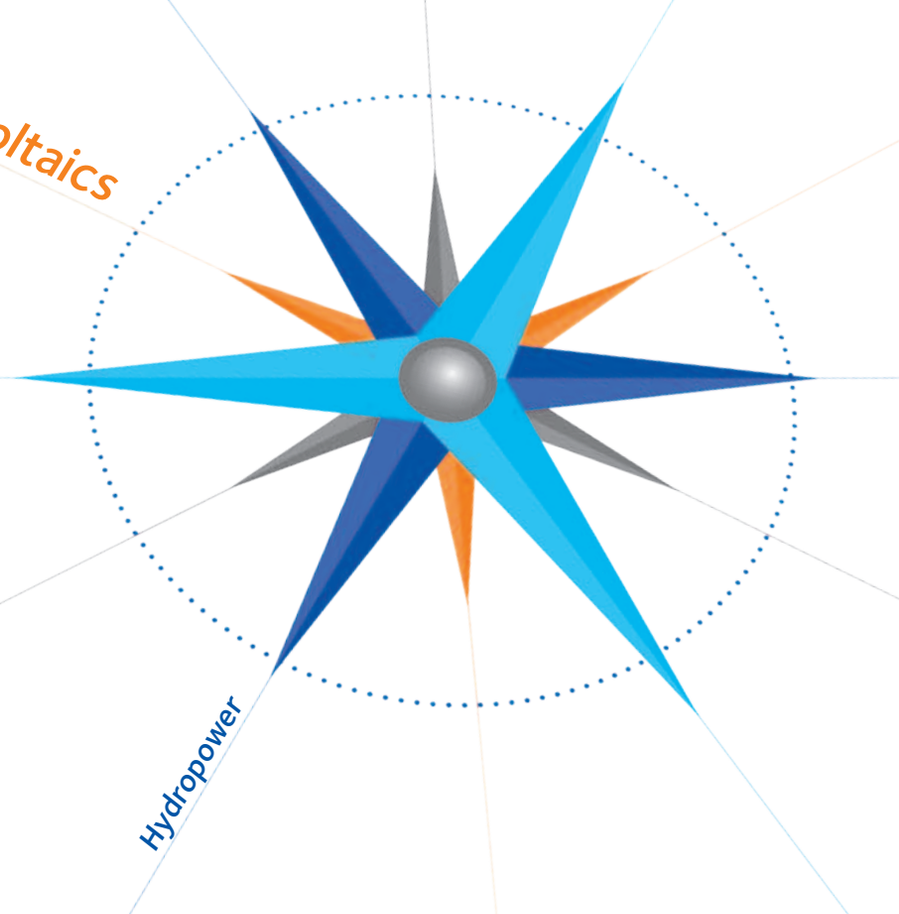
Clean energy from wind, sun and water

Wind power: Core competence of W.E.B

Wind power is the key energy among all the renewable energy sources. Electricity production on the basis of wind energy boasts enormous development potential due to its cost effectiveness and ecological sustainability. W.E.B has longstanding experience and top-notch know-how in this field. Therefore the building of new facilities or the expansion of existing plants in Austria and international markets is a key strategic pillar of W.E.B's future business development.

Starting in 2013, W.E.B plans to use turbines with a capacity of at least 3 MW, rotor diameters of more than 110 metres and tower heights exceeding 130 metres. As a consequence, sites which would not yet be economically feasible with conventional wind turbines can now be operated profitably.

Wind energy



Solar energy as an optimal addition

The spring, summer and autumn seasons usually bring strong earnings in the photovoltatics segment. For this reason, this technology is an ideal complement to wind power for W.E.B. Photovoltaic facilities can optimally compensate for the less favourable wind conditions during the year. The combination of these two technologies contributes to a constant generation of earnings. For W.E.B Italy is the regional focus for the building of new photovoltaic facilities due to its climatic conditions. At the same time W.E.B is also striving to implement new photovoltaic projects on its domestic market as well.

The worldwide potential to exploit solar energy is enormous. In recent years, optimisation in the production processes in the area of photovoltaics has led to significant cost reductions in building and operating these power plants as well as a significant rise in their output. Therefore WEB Windenergie AG is striving to further expand its activities in this segment. In its photovoltaic parks, W.E.B also relies on innovative tracking systems, in order to consistently align the facilities to solar radiation as a means of optimising power generation.

W.E.B competence center for photovoltaics

On the basis of its longstanding experience in the construction and operation of photovoltaic facilities, a core photovoltaics team has been established within W.E.B, consisting of project engineers, construction and plant managers as well as technicians. The objective is to penetrate new markets and further go ahead with the deployment of photovoltaic technology in the company.

In each case the implementation of a project depends on the prevailing conditions in the individual markets of the W.E.B Windenergie Group.

Hydropower rounds off the portfolio

W.E.B also operates one hydroelectric power plant with two power stations in Austria and another plant with two stations in Germany at the present time in order to round off its portfolio. Central Europe has a very dense network of hydropower plants. For this reason, new building is limited and development potential for hydropower has been exhausted for the most part.

New Power Plants and Expansion Projects

In 2011, the expansion of wind energy proceeded well in Austria. Thirty-one turbines with a total of 73 MW were built. Austria's Green Electricity Amendment Act 2012 had been authorized by the EU in the previous year. This had a positive effect, and this trend is also continuing this year as well.

The project development team at W.E.B worked hard on new projects. In 2011, W.E.B installed 12 MW in Höflein, Lower Austria. There is currently 24.4 MW under construction in Lower Austria and in France. Further projects are being prepared. They are in various process phases. To attain its growth objectives, W.E.B is both developing projects itself and purchasing plants belonging to other project operators.

W.E.B has an extensive pipeline of projects. However, not all of these potential projects will be realised. Several of them will be eliminated in the process when it turns out that their realisation is neither feasible nor possible from the business or ecological points of view as determined in the course of the comprehensive project evaluation at the beginning of the planning process.

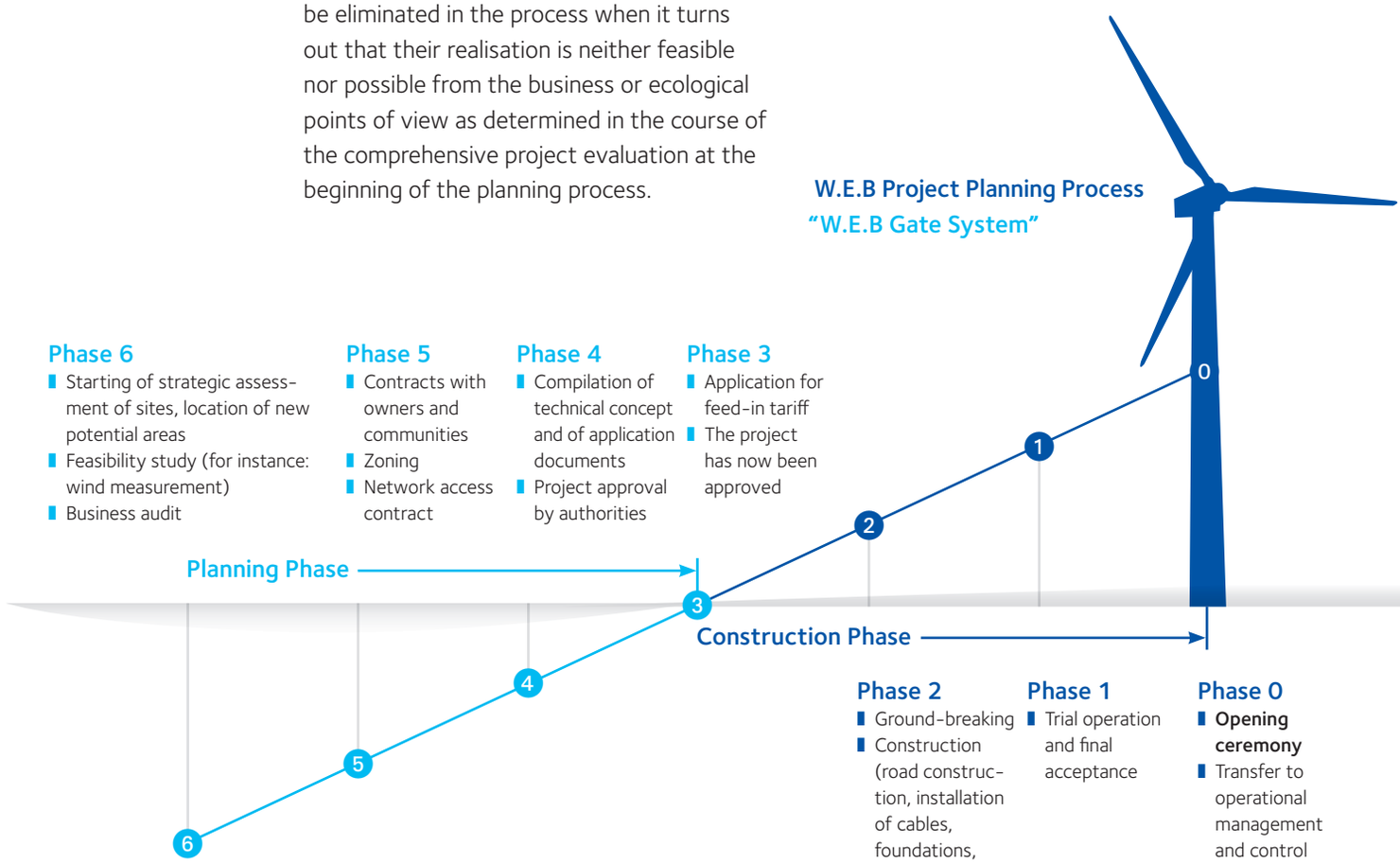
Complex projects, professional structures

The project development team plays a central role in the operative growth achieved by W.E.B. The team is responsible for new projects in the wind and photovoltaics areas. Their work starts with the strategic searching for sites and extends up to the commissioning of the turn-key plants.

The "W.E.B Gate System"

W.E.B's project development team uses a single, structured project planning process to pursue all of the projects undertaken in all W.E.B countries. To better convey the complexity of project planning and the length of the required periods of time, we are providing here a depiction of **W.E.B's project planning process** entitled the "W.E.B Gate System".

W.E.B Project Planning Process
"W.E.B Gate System"



A complete project planning cycle until the start-up of a new wind power plant usually takes about three to five years. The budget for further project planning is first approved when all the steps within a specified gate have been completed. The project manager works with a project team on each project, but individual work packages are carried out by specialists in the department.

Moreover, further departments within W.E.B as well as external partners are involved. All the threads come together with the project manager.

The projects have become increasingly complex over the years. The demands imposed by authorities with respect to preparing the requiring documents as well as the information needs of the public have increased in volume and complexity.

In the past many activities within a project had to be outsourced to external companies. In the meantime, the know-how of the teams has been significantly expanded and further developed thanks to training courses and targeted professional instruction along with the recruitment of qualified new employees with specialized qualifications. This enhanced use of in-house experts in the field of wind measurement, wind forecasts, electrical engineering as well as path and road construction contributes to a clearly higher value added within the company and a reduction of expenditure for various externally outsourced services. Nevertheless, W.E.B continues to work with reliable, longstanding partners on certain project steps.

The former project coordination department has become a professional planning department. The entire planning and design activities are thus on a solid and future-oriented footing.

Brigitte Bittner,
longstanding shareholder
of W.E.B

> I am convinced that W.E.B is 'well on course'. It has grown out of the pioneer phase and has turned into a stable and reliable partner in this promising sector. This maturing process is also shown in the distribution of dividends, which began in the past year. An investment in W.E.B is an investment in our future and in the future of our children and grandchildren.

Power plant start-ups and enhancements in 2011

Höflein wind park, Lower Austria

The W.E.B wind park in Höflein with a capacity of 12 MW has been operating since September 2011. On October 15, 2011 the facility was ceremoniously opened within the context of a big wind festival. Six Vestas V90 wind turbines were constructed in a technologically further developed version with steel towers at a height of 105 metres. The site is located in one of Austria's best wind regions and produces about 33,000 MWh of electricity each year.

Francop Wind Farm, Germany

W.E.B is coming closer to achieving its growth targets in different ways. The German subsidiary of W.E.B purchased three wind turbines each with a nominal capacity of 600 kW from an operating company near Hamburg.

This site should be subject to a "repowering" after the end of the life span of the old facilities and equipped with new, larger size turbines in line with local conditions.

Francop Photovoltaic Plant, Germany

W.E.B also acquired a photovoltaic plant from the same operating company with a capacity of 3.6 kW_p.

All four facilities have been in operation for more than 13 years. In the case of the photovoltaic plant the W.E.B photovoltaics team benefits from the interesting long-term data.

Wind power plant Grafenschlag, Lower Austria

The Grafenschlag operating consortium sold its Vestas V44 facility to W.EB. It is located in the Grafenschlag Wind Park (600 kW class), where W.E.B has already been operating the second plant since 1997. The initiative to sell the facility was launched by its owners, and is designed to enable this individual facility to be run on an optimal cost basis thanks to the operations management competencies of W.E.B.

Projects under construction

Dürnkrut-Götzendorf wind park, Lower Austria

The W.E.B Dürnkrut-Götzendorf wind park with an additional planned capacity of 10 MW has been under construction since the fall of 2011 in the tried and tested Weinviertel wind region, in the municipalities of Dürnkrut and Velm-Götzendorf. There W.E.B is building five Vestas V90 wind turbines, each with a capacity of 2 MW, in a technologically further developed version. The wind park will come on stream in the summer of 2012 and yield an annual output of about 26,200 MWh.

Plaine de l'Artois wind park, France

W.E.B is currently building another wind park with a total of 18 turbines and a capacity of 14.4 MW near the existing W.E.B Vauvillers wind park, located in one of France's best wind regions. Each of the Enercon E53 turbines has a capacity of 800 kW. The reason for choosing the small turbines is the guidelines defined by local authorities and the prevailing regional planning regulations.

The wind park will be connected to the grid as of the summer of 2012. Due to the current feed-in regulations, W.E.B itself will operate 15 of the turbines, and have a stake in the remaining three.

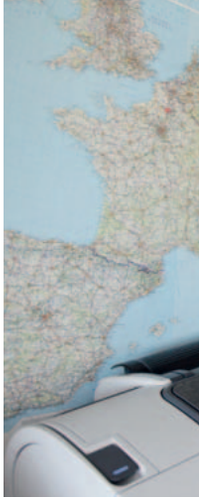
Current project planning

Deutsch Wagram

W.E.B is currently planning its first two 3 MW wind turbines in Deutsch Wagram. The two Vestas V112 facilities each boasting a capacity of 3.075 MW with a hub height of 119 metres should produce 17,200 MWh of electricity annually. At the present time the licensing and approval process (environmental impact assessment) is taking place. Construction is planned to begin in the middle of 2013, with start-up scheduled at the end of the same year.

Neuhof III
Matzen/Klein Harras

The planning process for the projects Neuhof III with a capacity of 12 MW and Matzen/Klein Harras with 15 MW has almost been completed. Both projects have been approved and are ready for construction. However, construction can first commence in 2013 due to the necessary modification measures being implemented by the network operator.



Weinviertel needs a grid expansion concept
In large parts of Eastern Austria (e.g. the Weinviertel and the Bruck/Leitha district), grid capacity is already being fully used. For this region, there will be delays with regard to the construction of further power plants. Due to the necessary, large-scale grid expansion work, many of the planned projects on the part of all operators will first be able to come on stream in four or even five years from now. However, in this respect W.E.B has a decisive advantage. It continually evaluates and pursues many different interesting projects. For this reason, it is in a position of shifting its attention to other project regions and thus compensate for such bottlenecks. Moreover, W.E.B takes advantage of such waiting periods to refit and re-engineer existing facilities, and further optimise its earnings with more technologically advanced equipment.

Flesquières, France

The expansion of W.E.B in France is to be furthered with this wind park. The new turbines with a total planned installed capacity of 7.2 MW are expected to generate about 14,300 MWh of electricity each year. At present the contracts are being finalised, and the ground-breaking ceremony is scheduled for the beginning of 2013.

Various Austrian projects

At present projects with a total planned capacity of 247 MW are in different stages of planning in the W.E.B pipeline (compared to 44 MW in the summer of 2011). The planned production amounts to about 664,199 MWh (summer of 2011: 109,000 MW). The focus of the planning efforts is on projects in the Waldviertel region, which should be implemented within the framework of the Waldviertel Wind Initiative. In order to be able to equip the upcoming projects on time, W.E.B recently concluded a comprehensive wind turbine supply contract for about 80 MW (investment volume of EUR 120 million) with Vestas.

Outlook for international projects

On an international level, W.E.B is focusing on markets in which it has already gained experience and created the required structures. However, this does not mean that W.E.B will not consider entering other markets. South East Europe is also being observed, but no W.E.B projects are currently being planned in the region.

At the moment the international project pipeline encompasses wind farms with a capacity of over 100 MW, most of which relates to new projects in Canada.

France: Here we see additional growth opportunities, particularly for greenfield projects. The further expansion of the company's business in France has already begun with the construction of the new wind park in Plaine de l'Artois. The planned wind park in Flesquières would be the next step. At present several projects are being pursued with local partners, with five to ten W.E.B projects planned over the next five years.

Germany: W.E.B already operates several wind parks in Germany. Here our current preference is to enhance and extend these facilities, for example on the basis of purchasing further wind turbines or repowering existing ones.

Italy: In Italy we are paying particular attention to photovoltaic projects, but are not disinclined to consider interesting wind power projects. Although Italy is generally following Europe's lead with respect to the field of renewable energy, there is no continuity in the underlying framework. We are carefully monitoring the market situation and will continue to evaluate new projects.

Czech Republic: The Czech Republic is not currently in line with EU policies pertaining to renewable energy. For this reason the situation here is somewhat more difficult. In the field of wind energy a moderate expansion seems feasible, while no new construction of photovoltaic facilities is possible under the current conditions. However, we are analysing the purchase of existing plants.

Stefan Moidl,
Managing Director of IG Windkraft,
the Austrian Wind Energy Association

"The energy turnaround is fully on course, and the future belongs to renewable energy sources. This can be shown by the past record year in Europe. About 72% of the newly built power generating capacities in the EU in 2011 relate to plants designed to exploit renewable energy sources. Austria is also pursuing this path with strong companies in the sector and a new legal framework. The energy turnaround in Europe is becoming a tangible reality thanks to ambitious and experienced power plant operators such as W.E.B.

W.E.B Growth Markets

Two regions will be especially important to W.E.B's future expansion. One of them is located "right next door" to W.E.B: the "Waldviertel", which is located in northwestern Austria. The other is located on the other side of the Atlantic: Canada.

Course across the Atlantic: Canada

In the previous year, W.E.B expanded into a new continent by entering Canada's wind energy market and set up a subsidiary there in the summer of 2011. WEB Wind Energy North America Inc. has two employees. Several reasons speak for Canada. Its climate, business environment and legal framework are very similar to those in W.E.B's existing markets. In addition, Canada's wind energy market is very young. It thus has a great deal of potential. It can be compared to that of Europe at the beginning of the new millennium. The demand for energy is also very high in Canada, the size of the country yields a sufficiency of available sites.

A final reason speaking for Canada: its model of citizen participation on the local and regional levels constitutes a customary and recognized structural model. In the final analysis, it completely corresponds to W.E.B's basic approach.

Each of Canada's provinces has a high degree of independence and of organization. W.E.B selected those provinces that provide the best preconditions and that have populations with a positive view of wind energy.

For these reasons, the regional focus of W.E.B's activities has currently been placed upon Nova Scotia and Ontario. Both provinces offer wind park projects with regional participation preferential feed-in tariff conditions. Groups of community residents are participating in the companies. Their jointly invested capital is used to implement the regional projects. This local participation is fostered through the setting of a higher feed-in tariff.

Canada's wind energy sector has a highly decentralized structure. Its projects have a strongly local orientation. For this reason, W.E.B realises individual projects by entering into corresponding partnerships with regional companies. W.E.B retains a majority stake in the equity of these companies if this is possible.

W.E.B is systematically pursuing a strategy of undertaking small-scale projects in Nova Scotia, as such are subject to a strongly-simplified approval process.

What has happened up until now

The office of WEB Wind Energy North America is located in Toronto. A small team has been intensively working for a year in the provinces of Nova Scotia and Ontario. The team has set up a strong partnership with Scotian Windfields Inc.

The project work has involved a large number of wind measurements since 2011. Lease options have been entered into to secure properties.

This has served as the basis for the creation of a considerably-sized project pipeline. It is comprised of completely-new projects (greenfield). To secure the requisite turbines in a timely way, W.E.B's group headquarters are currently negotiating contracts for more than 100 MW with turbine manufacturers.

Historic success

W.E.B recently received the initial approvals for a total capacity of 10 MW. These are set to come on stream as early as 2013. They include a top location near Nova Scotia's Bay of Fundy. This location forms part of W.E.B's history. It was there that W.E.B launched its efforts to enter Canada's market back in 2000. However, in those days the company was not capable of realising this project. W.E.B needed time to mature. That has successfully taken place and it is now precisely on this location that W.E.B's first project in Canada will be implemented.

windinitiative WALD VIERTEL
Bei uns wird der Strom grün.

A milestone in the regional supply of electricity: The Waldviertel Wind Initiative

In June, WEB Windenergie AG and the Waldviertel Business Forum launched the **Waldviertel Wind Initiative**. It is supported by prominent political decision-makers from the region, and consults with such local players as the regions' energy agency and the Waldviertel's regional consulting and management agency. The Initiative developed a region-wide wind concept. Its goal for the next few years is to systemically develop wind energy in the Waldviertel to the point that it meets 100% of the region's electricity requirements.

"Top floor" production of electricity from wind

The Waldviertel is one of the most important growth regions for wind energy in Austria. This form of energy's potential is particularly great in the region. This is due to a new and efficient turbine technology, which has increased the heights of the towers. It also enables the turbines to be installed in forest areas. This potential puts the Waldviertel in the position of being able to cover its entire electricity demand by building a moderate number of facilities. This will be an important step for the region's ecology and will give a boost to the local economy.

Wind energy: generating jobs

As shown by W.E.B's planned investment, the utilization of wind energy benefits the environment, helps achieve climate protection objectives, reduces energy dependency, and fosters growth - in the region's underdeveloped economy. The investment will generate jobs. These will start to come into being during the construction phase.

Care-taking approach

W.E.B's roots are in this region of beautiful landscapes. These are an asset eminently worth protecting. W.E.B is aware of the fact that landscapes are changed by the setting up of wind energy plants. This is why W.E.B is totally committed to developing wind energy in a way that is economically-efficient and respects the interests of as many parties as possible. To achieve this, a multi-stage development plan was developed for the individual districts of the Waldviertel.

Everybody can profit

The implementation of wind energy projects requires the establishment of working relationships among a large number of players. These include property owners, local communities – which provide access to public thoroughfares and spaces – and local residents. Their support is crucial, since it is they who will encounter the facilities every day.

To account for this, W.E.B created the **40/40/20 compensation model**. 40% of the entire site charge goes to the property owners. A further 40% is received by the community in which the facility is located, with the final 20% being dispatched to the district via the small regions.

Innovative remuneration model for property owners

Up until now only property owners on whose land the wind turbines were set up and over whose land the rotary blades extended have been compensated. Based on the land leasing model, all land owners in the project area within a radius of 300 meters from the wind turbine are considered beneficiaries entitled to remuneration for the site.

Property leasing model 80/15/5

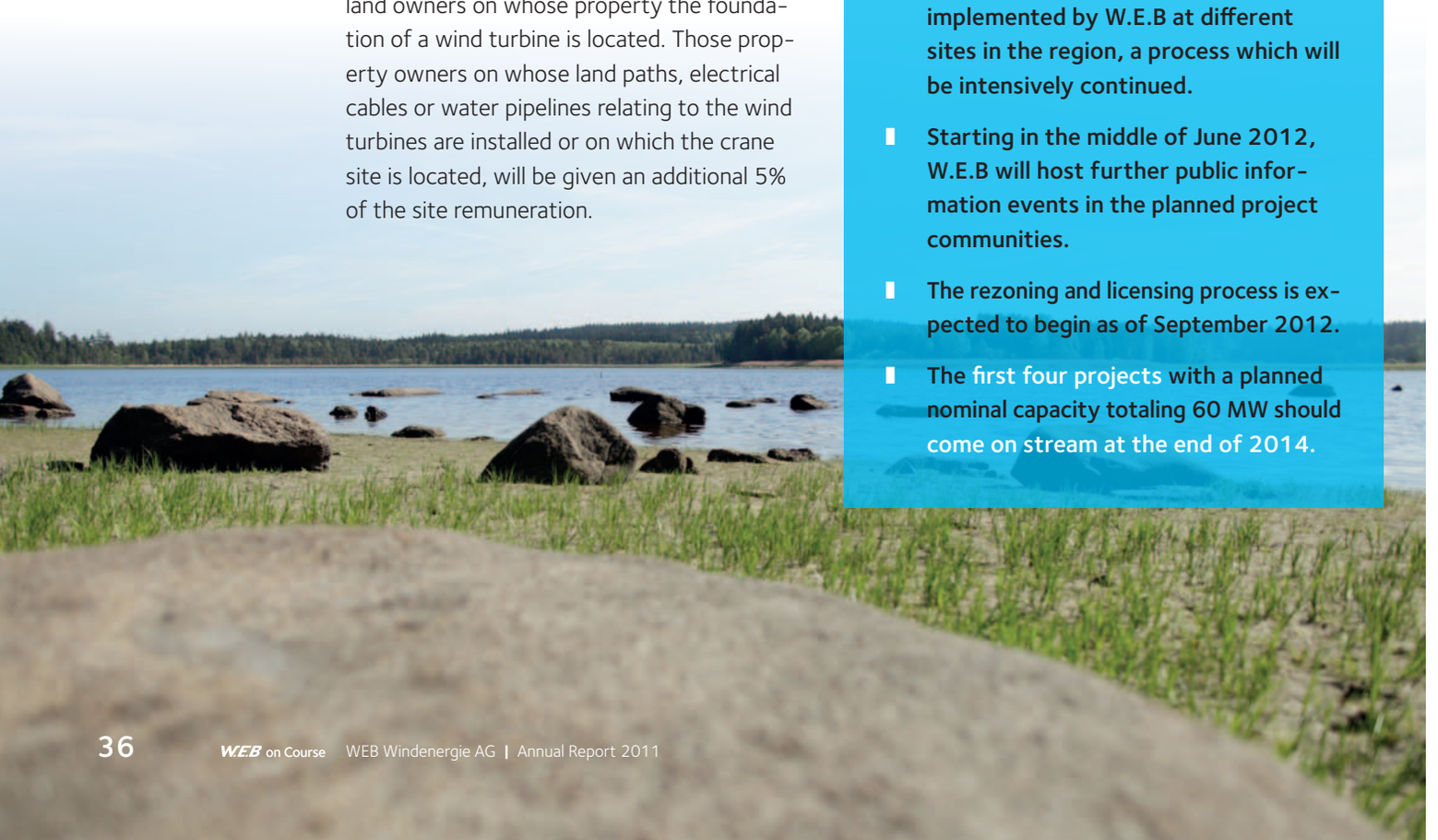
This distribution formula means that 80% of the remuneration designated for use of the land at a given site is given on a pro-rata basis to the land owners within the entire land area involved. 15% is also given to those land owners on whose property the foundation of a wind turbine is located. Those property owners on whose land paths, electrical cables or water pipelines relating to the wind turbines are installed or on which the crane site is located, will be given an additional 5% of the site remuneration.

The timetable until implementation

The different players involved in the Waldviertel Wind Initiative are pursuing an information and communications strategy which has been as open as possible from the very beginning. Initially talks were held with mayors and local decision-makers. Within the context of four public information events in the fall of 2011 which attracted a total of 600 participants, the initiators and regional experts presented the Waldviertel Wind Initiative to the general public. There was an enormously positive response from citizens, and potential concerns or misgivings were very limited.

In addition, the Waldviertel Business Forum and W.E.B were present in the small regions and communities in order to introduce the remuneration model and put it on the broadest footing possible.

- On May 15, 2012, the study "Wind Energy in the Waldviertel" carried out by the Federal Province of Lower Austria was presented. It serves as the basis for future wind power projects and can also be a decision-making aid for licensing and approval procedures.
- Since the beginning of 2011 comprehensive wind measurements have been implemented by W.E.B at different sites in the region, a process which will be intensively continued.
- Starting in the middle of June 2012, W.E.B will host further public information events in the planned project communities.
- The rezoning and licensing process is expected to begin as of September 2012.
- The first four projects with a planned nominal capacity totaling 60 MW should come on stream at the end of 2014.



Engineering and Operations

Operational Excellence

Plant availability at a record level

A key benchmark of the success of the ongoing operations of wind turbines is their overall availability: the greater it is, the larger the ongoing output. For this reason, W.E.B devotes all of its energies to maintaining and even increasing its top performance in this area in the future. The average age of the company's plants is increasing and now comes to 8.6 years. This makes this objective even more of a challenge. Therefore, a multi-stage concept designed to assure the attainment of availability and output objectives was introduced in 2010 and broadly-implemented in 2011. It made an important contribution to the increasing in 2011 of the total availability of W.E.B facilities to 97.2%. This figure was only achieved thanks to the optimisation of a number of processes and working procedures. To this end, W.E.B employs the appropriate technical concepts and processes and maintains a highly-trained and motivated team comprised of technicians and engineers. The team assures the trouble-free operation of W.E.B plants on the levels of "maintenance and service", "command and control services", "troubleshooting", and "technical optimisation".

Complexity reduced – resources saved – costs reduced

Efficiency and effectiveness are the key criteria for the selection of partners and suppliers. These explain why the W.E.B Windenergie Group has deliberately decided to work with only three manufacturers of wind turbines. This approach minimises the complexity of the entire value added chain, saving resources and costs in the process. The same principle is applied to W.E.B's suppliers of large components and of services. The cooperation with these selected strategic partners has been configured to be long-term in nature. It optimises the cost situation of W.E.B plants during their entire life cycle.

Comprehensive service agreements with manufactures

To secure the overall plant availability in the future, the cooperation with W.E.B's strategic partners was further intensified. A new contract featuring a total volume of EUR 120 million was concluded with Vestas. The contract comprises the supplying of the newest generation of wind turbines and of a comprehensive range of maintenance and other services. They will ensure the trouble-free operation of the turbines produced by the Danish market leader. This maintenance concept is unique as it yields a clear and high level of security of planning of operation costs. It also secures a high total availability over the long-term.

Real-time plant monitoring

W.E.B recognized early on the importance of instituting a fully-automated electronic monitoring of its plants. To this end, it maintains its central remote-access monitoring system at the most advanced state of technology. In the past, the operating data of all W.E.B plants – from the wind turbines in Austria's Waldviertel region to the photovoltaic park in Italy's Montenero – was centrally monitored and controlled via a data management system. In 2011, a new component was added to W.E.B's data monitoring: A complex software module was incorporated into it. It is used to analyze, evaluate and depict all operating data (data mining) in real time. To prepare technicians for on-site operations, the information required for the rendering of services is put on an ad hoc basis on the master displays. This increases the efficiency of deployment of the service team, reducing standstills and maintenance costs and increasing output in the process.

Materials and logistics know-how increases output

Proprietary technological and logistic expertise is being continually upgraded and deployed. This gives the company the capability to quickly and efficiently implement the appropriate solutions when rendering services and handling malfunctions. This is because the maximization of availabilities requires having the expertise to both solve problems and – another key factor – to deal with time. W.E.B therefore opened its own facility for large components in Vitis, Lower Austria in June 2011. It substantially expedites the precautionary exchange of complex spare parts in cases of service inspections or of disturbance. This enables a maximum reaction time of 24 hours after the malfunction report in case a generator needs to be replaced. In addition, it is possible to efficiently process, store and reuse defect modules. The large components storage facility also has a great selection of spare parts and modern repair modules. The reasonable increasing of storage facility inventories – which is in contrast to the reduction customary to other industries – ensures that components can be quickly exchanged in cases of malfunctions. This new form of storage and maintenance infrastructure optimises operations, reduces standstills and thus increases operating earnings on a long-term basis.

New generation technologies

The energy sector in the regenerative segment is characterised by an enormous dynamism of innovation. WEB Windenergie AG has been and remains the pioneer in this sector. To remain at the cutting edge, the company participates in the creation of the most advanced technological developments. It does so through the close working relationships

Hans Jorn Rieks, former President
Vestas Central Europe and
longtime "companion" of W.E.B

Professional and constructive working relationships between turbine manufacturers and operators are indispensable to the securing and purposefully optimising of wind power plants at a high level of efficiency. W.E.B has been a leader and the pacesetter in Austria's regenerative energy sector for many years. Its wind turbines are state-of-technology. It has entered into comprehensive service contracts with manufacturers and maintains a large stock of in-house technical know-how. These make it a benchmark setter in its sector.

entered into with research institutes, developers, suppliers and other operators. After having conducted a comprehensive phase of testing, W.E.B continually strives to implement the latest developments in its power plant park, so as to increase output on a long-term basis. In line with this, entirely new turbines of the 3 MW generation will be deployed starting in 2013. W.E.B also took part in the development of concepts increasing tower heights and rotor blade lengths. All of the preliminary work on this project was successfully pursued in 2011. This project will yield next-generation plants that are greater in height, are larger and boast enhanced performance. These will substantially improve the "energy harvest" and reduce the production costs per kWh.

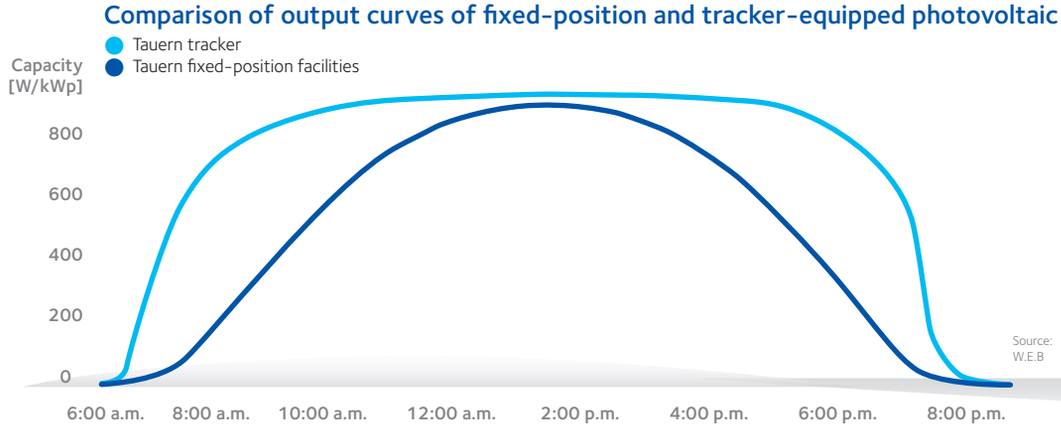
Successful implementation of innovation management

To bundle the large number of research and development initiatives undertaken by W.E.B, its R&D expertise was reconfigured in 2011. The result: a new and effective approach being implemented by the central department for innovation management. This assures the coordination of all relevant activities. Their purposeful pursuit is undertaken in close consultation with the entire Management Board, with external development teams, and with W.E.B partner companies. A product of these relationships – a non-contact torque sensor supplying high-resolution operating data – came into being in 2011 through the working relationship maintained with NCT Engineering GmbH, a German development company. The measurement data gained is used in the optimisation of the drive train, in the enhancement of performance, and in the reduction of wear and tear.

W.E.B tests photovoltaic tracking systems

Tracker systems have long been employed in the photovoltaic area to increase output. However, commercially-available systems are either too expensive or require too much maintenance to be widely-used. A cost-effective and robust tracking system was developed to solve these problems. It automatically and continually places the photovoltaic panels at an optimal angle to the sun. W.E.B initiated the "Test Tracker" project in 2011. It involved the setting up of a total of seven photovoltaic systems from this "pilot series" at a variety of locations. This enabled their testing in a range of operating environments (at high altitudes and under extreme conditions, in open spaces in forests, on buildings). A variety of modules and inverters was also tested. The projected increase of output of up to 30% (location-dependent) was also achieved. This new technology enables the cutting of production costs per kWh to a level below grid parity. This has removed all roadblocks to a greater use of W.E.B's photovoltaic plants.

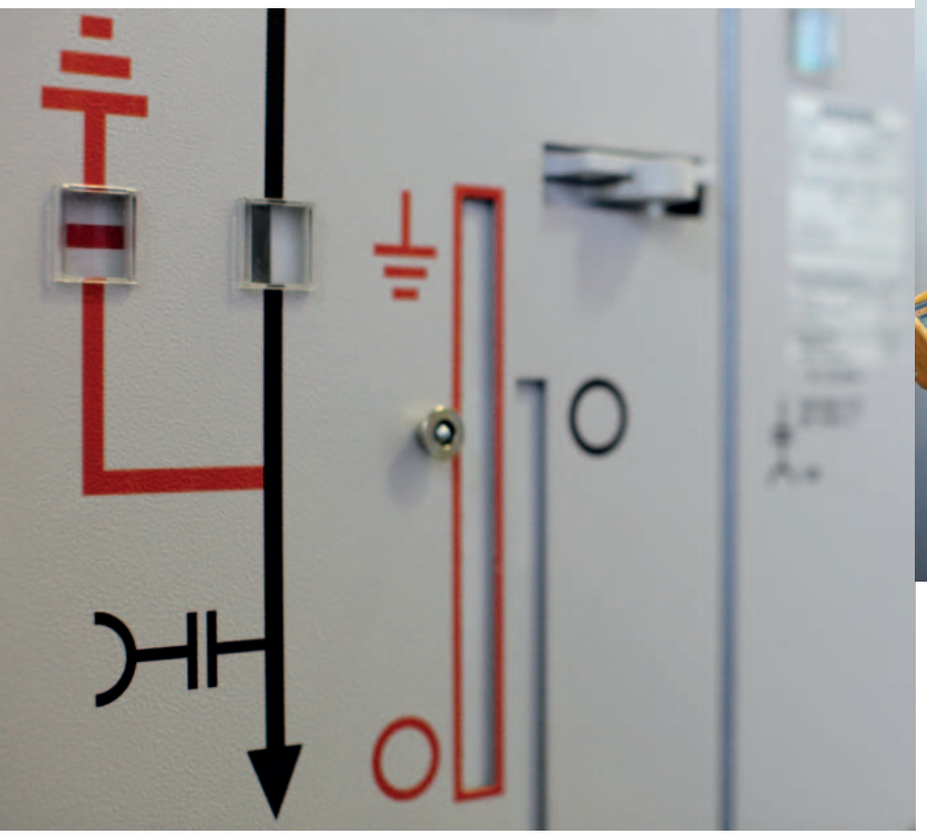
Comparison of output curves of fixed-position and tracker-equipped photovoltaic plants



Stabilization of regenerative energy output – solving the last equation of the energy turnaround ...

The world's need for energy is increasing. Conventional sources of energy damage humankind and the environment. These factors mean that the immense success of regenerative energy is not to be forestalled. A key to the forthcoming success of alternative energy is and will be the achievement of a constant availability – of a reliable supply of wind, water and solar-produced energy not influenced by nature-caused fluctuations in output. W.E.B views its playing an important role in the solution of the "last equation of the energy turnaround" as being a key responsibility.

For this reason, W.E.B Windenergie Group participated in the reporting year in a range of R&D projects in which renowned research institutes and industrial partners also took part. The Group's focus was developing technologies enabling the intermediate storage of regeneratively-produced energy. These projects are devoted to the generation and storage of hydrogen and to the development of electrochemical storage processes achieving up to an 80% rate of efficiency.



Sustainable Business Development

Sustainability as an integral part of business activities

Since it put its first wind power plant into operation in 1995, WEB Windenergie AG has ranked as a trailblazer with respect to Austria's energy turnaround policy. Since then, it has connected many power plants operating on the basis of regenerative energy sources to the power grid. The energy generating facilities of the W.E.B Windenergie Group produce clean, climate-friendly and environmentally-compatible electricity. Thus the company makes an important contribution towards a sustainable energy strategy on its domestic market of Austria as well as the current and future foreign markets of W.E.B.

Orientation to the interests of its stakeholders

From the very beginning W.E.B has relied on carrying out a comprehensive, direct dialogue with its stakeholders, i.e. shareholders, employees, neighbouring land owners and municipalities involved in the projects, interest groups, political decision makers and representatives of public authorities. This is because the future-oriented path reflected by W.E.B's business model requires convincing, pro-active entrepreneurial activity and the consistent striving to achieve a balance between the manifold demands of the various interest groups.

Clearly-defined sustainability strategy

On the basis of its business model WEB Windenergie AG has defined four core aspects of its sustainability strategy which should be taken into consideration within the context of its business activities: environment, society, employees and economy.

Environment

The environment naturally comprises a key aspect of the sustainability strategy pursued by WEB Windenergie AG. W.E.B has always considered one of its main tasks to be the proactive shaping of the energy turnaround i.e. the transition to an environmentally compatible and thus sustainable and future-oriented energy supply.

Resource conservation and climate protection

By taking advantage of the natural energy sources of wind, sun and water to generate clean electrical energy, W.E.B contributes to the sustainable preservation of resources. Moreover, with the expansion of regenerative energy sources, the share of power plants driven by fossil fuels such as oil, coal and gas will be reduced, and the emissions of the environmentally harmful greenhouse gas CO_2 will be correspondingly significantly decreased. This can be shown on the basis of specific figures. Each kilowatt hour of electricity generated from regenerative instead of fossil energy sources (e.g. oil, coal) saves 840 grams of CO_2.[1] Green energy from W.E.B's facilities thus considerably contributes to climate protection.

[1] Source: e-Control's annual power labelling report for 2011 (e-Control is the Austrian electricity market regulation authority)

Ecological balance sheet of W.E.B

W.E.B's electricity production in 2011 amounted to 474,387 MWh. This corresponds to CO_2 savings of 398,485 tons of CO_2. The CO_2 emissions generated by W.E.B in its business operations totalled about 667 tons. The difference in the CO_2 balance – the carbon footprint – thus comprises a very positive total of 397,818 tons of CO_2, which could be saved as a result of the company's power plants.

Ecological balance sheet of W.E.B

Electricity production of W.E.B = 474,387 MWh
≙ 398,485 tons of CO_2 savings (100%)

- 667 tons of CO_2 emissions (0.17%)

= 397,818 tons of CO_2 savings (99.83%)

The 667 tons of CO_2 generated by W.E.B in 2011 within the context of its business activities are comprised of the following:

Electricity production	Energy consumption for	Distance travelled km	Amount of CO_2 tons	
Mobility	Passenger cars (vehicle fleet, private cars)	1,155,690	302.8	
	Railway travel	6,237	0.3	
	Bus/taxi	6,355	0.4	
	Airplane travel	424,349	92.3	
Buildings	Electricity supply (also for cooling)		0	Buildings supplied with green electricity, geo-thermal collectors support cooling
	Heating		0	Energy from Biomass (pellets and wood chips)
Power plants	Electricity generation		271.0	For those power plants not supplied with green electricity)
Total			**666.8**	

Source: International Energy Agency, IEA Statistics

W.E.B guidelines for company passenger cars: In order to perform our business activities a certain level of mobility with passenger cars is required. We are aware of this. In order to keep CO_2 emissions to a minimum, W.E.B has developed internal guidelines for waste gas emissions with respect to the purchase of new company vehicles. Whereas the maximum level had been specified at 160 grams of CO_2 previously, this was already reduced to 120 grams of CO_2 for 2012. This internal limit will be permanently reduced. The use of electric powered vehicles is currently being evaluated.

Rapid energetic amortisation

Wind power plants comprise a particularly efficient technology for the sustainable generation of electrical energy. Depending on the quality of the site and the types of machinery involved, a wind power plant can already amortise itself in energy terms within a period of three to six months. This means that after this period of time the facilities have generated as much energy as originally required for building and putting them into operation. By the time the wind power plants of the W.E.B Windenergie Group have been dismantled, they will have produced 50 to 100 times more than the previous consumption of energy.

On the basis of the enormous development potential, photovoltaics will also comprise a key technology for generating energy from renewable energy sources. The production of photovoltaic components for a solar power plant is a complex and energy-intensive high-tech industrial process. In the meantime, the energetic amortisation time of the facilities has been reduced to about one year, depending on the quality of the site and the technology applied. On balance, a photovoltaic plant constructed in 2012 will generate about 15 to 20 times the amount of energy during its technical life cycle than was originally needed for the production of the raw materials and components and the construction logistics. By exploiting further technological development potential, the energy yield of photovoltaic facilities in the future will be further improved.

Society

The core business of W.E.B has a large number of positive effects on society, and fulfils the basic needs of individuals and society for security, stability, sustainability and quality of life. As a result W.E.B makes a significant contribution to positively influence the living environment of the present and future generations.

Renewable energies ensure the security of energy supplies

The investments of W.E.B in new power plant facilities serve to expand a tried and tested future-oriented technology. Due to the fact that global energy consumption is continually rising and the reserves of fossil raw materials are continually declining, this form of energy generation greatly contributes towards ensuring the reliability and security of the energy supply and a stabilization of today's enormously volatile energy and raw material prices in the medium-term. The unbalanced supply of energy based primarily on oil and gas in the light of their decreasing availability increasingly leads to unstable political conditions in many regions of the world, and also has perceptible effects on the developed industrial nations of Europe. In contrast, the energy plants such as those operated by W.E.B help to effectively counteract these developments, in order to provide for a secure and affordable energy supply in the future as well, a "life insurance policy for the electricity price" so to speak.

Economic activity in the region

Since 2001, WEB Windenergie AG has been a major employer in the northern Waldviertel region of Austria, and also directly and indirectly creates numerous additional jobs in a sector with a promising future. In this way the company makes a significant contribution to creating high-quality jobs in the region.

W.E.B is a member of the "Waldviertel Business Forum", in which successful companies in the Waldviertel area are committed to jointly working with political representatives to promote the sustainable development of the Waldviertel as an economic area and a viable living space. In this regard, efforts are made to identify and exploit the extensive development potential in order to ensure sustainable value creation in the region extending into the future.

The "Waldviertel Wind Initiative" described elsewhere in this report is also an initiative jointly launched with the Waldviertel Business Forum.

In addition, the "Waldviertel Qualification Network", a platform of companies designed to jointly support the professional advancement of employees, also does its share to secure and promote qualified jobs. WEB Windenergie AG has belonged to this initiative since 2010.

Respect and relationship management

Maintaining contact and good relations to the company's neighbours and local communities hosting wind power projects is also of primary importance. Naturally the W.E.B Windenergie Group precisely complies with all legal regulations in building its facilities, and continually evaluates the environmental impact of its activities. In addition to environmental impact assessments, this approach also encompasses maintaining a suitable distance between the facilities and residential areas and the highest possible level of environmental compatibility.

Johannes Gutmann, Founder and owner of SONNENTOR Kräuterhandels GmbH, a traditional and innovative organic Austrian company, based in the Waldviertel

Sustainable business activity means operating with foresightedness and taking today's and future generations into consideration. Social, ecological and economic concerns do not contract each other. This is clearly demonstrated by the successful course which visionary companies such as WEB Windenergie AG and SONNENTOR are pursuing in their respective business areas.

Social responsibility

W.E.B also assumes its corporate social responsibility in other areas as well. More specifically, it does so within the context of promoting local sports activities for youth.

The company has also sponsored the local soccer club since the building of its photovoltaic facility in Montenero di Bisaccia.

The international wheelchair tournament, which takes place every year in Groß Siegharts in the Waldviertel has been supported for several years within the context of W.E.B's sponsoring program as has Martin Legner, Austria's most successful wheelchair tennis player and longstanding W.E.B shareholder.

Networking

The IG Windkraft (Austrian Wind Energy Association) is the Austrian interest group for wind energy operators, turbine manufacturers and wind energy sponsors, and offers a platform for information and the exchange of views to all environmentally-conscious supporters of wind energy. As an active member of IG Windkraft, W.E.B maintains regular contact to the responsible decision makers in the wind energy sector.

For its part, IG Windkraft belongs to the European Wind Energy Association (EWEA) as well as the European Renewable Energies Federation (EREF).

On an international stage, W.E.B is also a member of the German Wind Energy Association (BWE), one of the largest such groups in the world in the field of renewable energies.

Furthermore, W.E.B belongs to the Czech Wind Energy Association (CSVE) and is striving to use this platform to support the expansion of wind energy usage in the Czech Republic.

Employees

The employees of the W.E.B Windenergie Group are a key factor underlying the company's success. Their commitment and know-how greatly contribute to sustainably ensuring this success. Keeping their importance in mind, W.E.B offers its employees further education and professional development programs and individual career development opportunities.

Supporting and encouraging employees

An essential part of W.E.B's further development is reflected in the employee development process which has been initiated recently.

Our everyday work is characterised by operational activities. We continually strive to complete the tasks assigned to us and do them correctly. One question arises from all this: do we always do the right thing? In order to fundamentally explore this question, W.E.B will reply in the future on the tried and tested "ABC method" of structured employee assessment and development. The aim of the strategic personnel development system is to align and equip employees with the competencies they need to meet the company's current and future requirements. In order to

achieve the ambitious goals defined by W.E.B, it is necessary to deploy suitable people in positions which are right for them, and to enable them to work in a team of active and independently acting employees. With respect to its human resources, W.E.B also has a clear commitment to being among the very best in the industry.

The newly set up internal further education event series called the "W.E.B Academy" regularly informs the team about current issues of relevance to the company and the industry, and trains them if necessary.

Moreover, W.E.B invested about EUR 660 per employee on average for external professional training and development measures in 2011.

The increasing internationalization of the company has not only changed the foreign language demands placed on all W.E.B employees. The share of international employees as a proportion of the total workforce of W.E.B has also increased. Several of them are already working locally in the respective W.E.B markets, whereas others have a permanent job at Group headquarters in Pfaffenschlag, and cultivate an intensive dialogue with colleagues and partners.

Important employer in the region

The increasing demands placed on employees also include a high degree of flexibility and commitment. In order to take these circumstances into consideration, W.E.B supports the flexibilisation of the working environment. The use of state-of-the-art communications technologies enables the location-independent and closely networked implementation of operational processes among the company's employees at all its national and international sites.

It goes without saying that the W.E.B Windenergie Group furnishes its workplaces with modern equipment. At the same time, the company attaches considerable importance to the careful use of all the working materials at its disposal.

The "W.E.B Rose Program" provides in part a vital balance to a challenging working day. Voluntary activities such as "Body time – fit in the day", offerings such as "Fruit for employees" and warm lunches delivered freshly from the region everyday ensure a balanced and pleasant working environment.

Employee structure

The exploitation of wind energy has become a major economic factor. In the meantime, the entire wind energy sector including suppliers and service companies has created jobs for more than 3,300 people in Austria.

Employees[1]	2011	2010
Salaried	42	30
Non-salaried	13	12
Total	**55**	**42**

[1] Development of the average number of employees: annual average in full-time equivalents (part-time employees are considered in this chart on a pro-rata basis with respect to their working time).

The principle of "dual management responsibility" applies to the management of the foreign subsidiaries of WEB Windenergie AG. This means that two managing directors share responsibility in each subsidiary. This four-eyes principle ensures the ongoing quality assurance and control of all operational processes.

Equal treatment of equally qualified female and male employees has always been standard practice at the W.E.B Windenergie Group. Accordingly the basic salaries for the same work in the respective departments are identical for women and men. This also applies to career development opportunities within the company.

On a management level there is an approximate numerical balance between the number of female and male executives.

Employee structure in 2011[1]	Female	Male
Management Board	0	3
Project planning	2	4
Marketing & communications	1.5	0
Housekeeping	1.3	0
Engineering and operations	0	7.1
Control centre	0.5	4.9
Service	0	10
Procurement & logistics	1	2
Finance & controlling	5	1
Legal affairs	2	0
IT	0	2
Human resources	0.5	0
Back office	4.2	0
Managing directors of subsidiaries excl. line management	1	2
Total	**19**	**36**

[1] Average based on full-time equivalents

The average age of W.E.B's staff in 2011 was 37.

Internal communications

Ensuring the highest possible level of transparency for all employees is an important cornerstone of W.E.B's corporate philosophy. The company distributes an internal newsletter entitled "W.E.B Intern" designed as a platform for the Management Board to regularly and directly provide all employees with the most important information pertaining to the company and the latest industry news.

One-on-one appraisal interviews are held once a year serving a mandatory exchange of views between managers and employees. The individuals involved discuss specific topics such as performance targets and appraisals, further education, personal feedback, developmental opportunities, unresolved issues, etc. These talks are based on a special handbook developed in accordance with the company's specific requirements.

Energy-conscious construction of Group headquarters

Since 2007, the corporate headquarters of WEB Windenergie AG have been located in a low-energy office building in the midst

W.E.B headquarters in Pfaffenschlag, Lower Austria – a low energy building constructed according to state-of-the-art environmental criteria

of a spacious green landscape in Pfaffenschlag. Built primarily out of wood and glass according to state-of-the-art environmental criteria, the corporate headquarters are housed in a particularly liveable building offering employees a pleasant working atmosphere. Corporate headquarters feature ecological energy management enabling W.E.B to remain faithful to the sustainability principles underlying its corporate philosophy in supplying energy to this edifice. Energy consumption of the main building, which is completely derived from renewable energy sources, is in the low energy standard range of a residential building. The air conditioning exploits the cooling effect of the ground, and water consumption also takes ecological considerations into account. Water which cannot be absorbed by the green roof area of the building is stored in a rainwater storage tank and is pumped to the sanitary facilities and used meaningfully as rinsing water.

Economy

Socially and ecologically responsible business operations are based on economic success. The energy turnaround can only be successfully concluded if its implementation is economically feasible. The operators of power plants based on renewable energy sources have also been able to clearly and conclusively prove in recent years, also in Austria, that the energy turnaround does not only offer enormous potential from a social and ecological point of view but also from an economic perspective. Wind energy generates solid earnings, long-term, measurable value, technological know-how and qualified jobs, and thus creates value in the regions.

Positive economic effects

The results speak for themselves. In the field of wind power alone, 625 wind turbines with a capacity of more than 1,000 MW are being operated in Austria, thus producing an average of 2.1 billion kWh of electricity each year. The profits do not only benefit the 83 operating companies and their owners, but also generate numerous positive effects for the benefit of employees and communities as well as the approximately 120 component supplier and service companies throughout Austria. These suppliers and service companies post revenues of several hundred million euros annually in Austria alone from customers in the renewable energy sector.

Efforts have paid off

The benefit for the domestic economy can be shown by using a simple example. The construction of a turbine with one megawatt capacity generates total value creation of about TEUR 470 in Austria, and jobs for about six people. The planned further expansion of wind energy in Austria to 2,578 MW by the year 2020[1] in accordance with the National Renewable Energy Action Plan will lead to about EUR 2.8 billion in investments and create a total of up to 36,000 new jobs.[2]

[1] National Renewable Energy Action Plan 2010 for Austria, Federal Ministry of Economy, Family and Youth

[2] Study: Wind energy as an economic factor, IG Windkraft, April 2011

Green Investment

From public participation to a public limited company

WEB Windenergie AG, which was founded on the basis of the idealistic commitment of a group of enthusiasts, succeeded in expanding this original idea at an early stage to also make it a profitable, long-term investment in the "conventional" form of a public limited company. The successful bundling of commitment and investment comprises the ideal basis for the realisation of W.E.B's goal to continue playing a leading role in the energy turnaround.

Broad-based ownership

Whereas the earlier business activities of W.E.B took place within the framework of a limited partnership or limited liability company, WEB Windenergie AG was established in 1999 as Austria's first public limited company in the industry. From the very beginning the shares of this company were broadly distributed among about 250 shareholders, a principle which has continued to apply to W.E.B until this very day. The concentration of shares or the dominating influence of individual shareholders is prevented by the maximum voting rights threshold of 10% as stipulated in the Articles of Association. In fact the decisions made at the Annual General Meeting reflect the wishes of a broadly diversified group of small shareholders.

Investing with a good conscience

On the basis of the successful combination of a commitment to protect the environment and the striving for profitability, W.E.B particularly targets investors whose focus is on sustainability and ensuring the quality of life of future generations. The investment made by shareholders and bond investors of W.E.B represents their personal contribution to generating clean electricity. In this regard they rely on the longstanding experience of an Austrian pioneer in this field which has created a good basis for successfully achieving its ambitious growth strategy thanks to its internationally diversified power plant portfolio and a very solid production, revenue and earnings development.

Attractive for investors with shares and bonds

From the very beginning W.E.B has done pioneering work. This was also demonstrated by its innovativeness in the field of corporate financing. In the autumn of 2010 it issued the first bond in Austria by a wind power company and has been present on the market since then with two financial products.

Thus W.E.B offers the best of both worlds. Depending on the specific interests and requirements of investors, they can select the particular option (share or bond) which best suits them. The bonds purchased by investors yield a consistent and predictable income each year from their investment in wind energy. In contrast, shares comprise a direct participation in the company, its development and growth opportunities. The bond has a fixed term to maturity and thus a limited investment horizon, whereas ownership of shares is of unlimited duration.

The company also profits from this dual offering, because corporate financing is correspondingly less dependent on fluctuations in investor preferences. This has proven to be a positive approach, particularly in the current capital market environment, because bonds have been recently met with considerably greater acceptance on the market. This was clearly shown by the capital raising measures carried out in the years 2010 and 2011.

Wilhelm Rasinger,
President, Austrian Investors' Association

> Consistent values, sustainable business models and clearly defined strategies have proven their value, especially in economically turbulent times. WEB Windenergie AG has grown steadily since its founding and today boasts a strong foundation for future success. The numbers add up, and W.E.B is on course.

Capital measures in 2010 and 2011: numerous new investors attracted

After years of successful development work W.E.B resolved upon its next major growth step by deciding to double its installed power plant capacity to 450 MW by the end of 2015. The planned required investment volume amounts to approximately EUR 300 million. In addition to its ongoing earnings W.E.B raised a total of EUR 20.9 million from a capital increase and two bond issues in the years 2010 and 2011 to finance these capital investments.

Thus W.E.B has not only fulfilled an important financial precondition enabling it to enter this next phase of its corporate growth, but also attracted new investors.

In scheduling and determining the volume of its capital raising measures, W.E.B orients itself to its strict liquidity planning and only raises financial resources to fulfil specific financing needs. The proceeds from the capital raising measures in 2010 and 2011 are designed to cover the company's own share of currently planned investments. The remaining 75% to 80% of the funds are financed on the basis of bank loans, which is standard practice at W.E.B.

Capital increase in 2010 and Austria's first wind energy bond

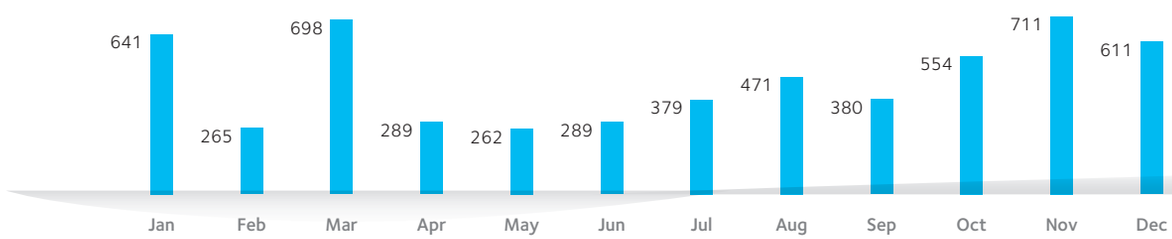
W.E.B raised a total of EUR 15.4 million in the fall of 2010 from a combined offering of new shares and a corporate bond. The bond raised EUR 10.16 million in fresh capital, whereas the remaining EUR 5.24 million was derived from investors subscribing to new shares.

W.E.B's 5% corporate bond 2010–2015 was the first wind power bond ever issued in Austria. Whereas the W.E.B share is not traded on the stock market, in the meantime the bond is quoted on the Third Market of the Vienna Stock Exchange. Thus this security can be traded on the normal capital market. The bond also features a fixed interest rate and is subject to a final tax.

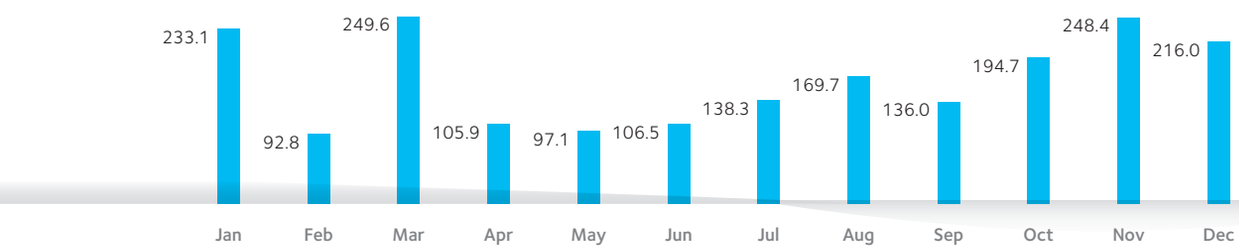
Successful bond issue in 2011

W.E.B raised a further EUR 6.5 million in proceeds from its second wind energy bond issue carried out in the fall of 2011. The offering featured a corporate bond 2011–2016 with a 5% interest rate. The entire issue volume had already been subscribed by investors a week before the end of the subscription period. Similar to the previous year's offering the bond is quoted on the Third Market of the Vienna Stock Exchange.

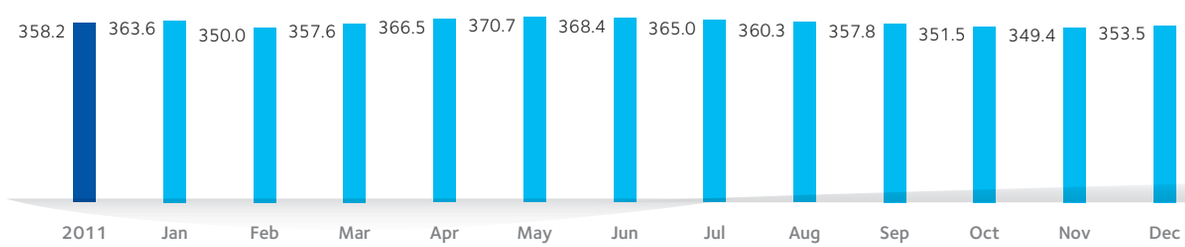
Numerous bond investors are also W.E.B shareholders and are thus taking advantage of both options to financially participate in the development of the company.



Shares traded in the Traderoom in 2011
Number of shares
2011 total: 5,550 shares



Trading volume in the Traderoom in 2011
TEUR
2011 total: EUR 1,988,095



Average share price in the Traderoom in 2011
EUR

The W.E.B share

A share is generally the most easily manageable form of participating in a company. A special feature of WEB Windenergie AG is that the share is not listed on the stock exchange. This enables share trading with practically no related costs, and thus also avoids being a major target for investors aiming to reap short-term gains. Shareholders of WEB Windenergie AG are more interested in a long-term and sustainable investment.

Dividends distributed for 2010 for the first time

Up until the year 2010 the profits generated by W.E.B were reinvested and thus contributed to ensuring or safeguarding further growth. Following redemption of the outstanding loans for the power plants constructed in the initial development phase, W.E.B began in the previous year to distribute part of its net profits to its shareholders. On the basis of these moderate dividends, shareholders not only profit from the potential enhancement in the value of the W.E.B share, but also from continuing corporate success provided that suitable profits are generated.

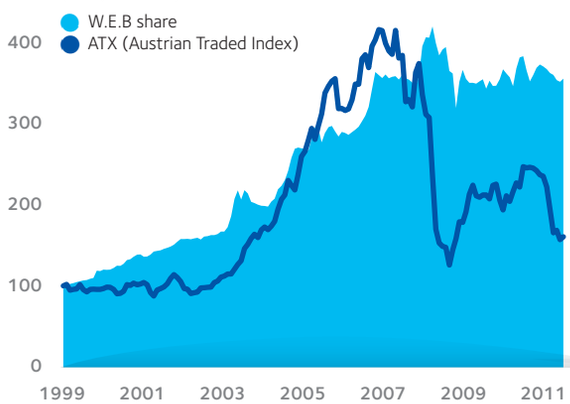
Management committed to clear dividend strategy

Shareholders of W.E.B have been very much in favour of the "combined growth and dividend strategy" launched by the company during the last business year (one third of net profits distributed as dividends, two-thirds designated to finance future growth). For this reason, the Management Board will propose to the Annual General Meeting on June 15, 2012 the distribution of a dividend amounting to EUR 10.00 per share (dividend proposal 2011: EUR 5.00) for the 2011 financial year in line with the strategic growth targets of the company. On the basis of the share price of EUR 353.5 in the Traderoom at the end of 2011, this comprises a dividend yield of 2.83%.

Online Traderoom facilitates share trading

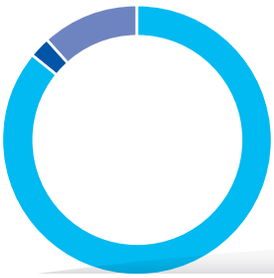
As previously mentioned, W.E.B shares are registered shares which are not listed on the stock exchange. The advantage is that a shareholder does not require a securities depot, and no fees arise in the course of concluding transactions. Sales and purchases of shares can be simply and conveniently processed via the so-called Traderoom on the Internet (www.traderoom.at), which is a platform where sellers and buyers of W.E.B shares meet and can directly carry out business transactions with each other. These transactions are carried out without the interference or help of WEB Windenergie AG, which in turn subsequently assumes the function of a back office for processing the concluded transactions at no charge and coordinates their entry into the share register (into which every shareholder is personally registered). Of course transactions involving W.E.B shares can also be implemented outside of the Traderoom.

Price of the W.E.B share[1] compared to ATX
(in %, indexed)



Source W.E.B

[1] Basis: average prices of the W.E.B share known to W.E.B
The value development in the past does not automatically allow conclusions to be drawn about its future development.



W.E.B shares traded in 2011

5,550 shares	In the Traderoom
175 shares	Private share trading with price quotation
738 shares	Private share trading without price quotation

Number of traded W.E.B shares	2011	2010	2009	2008	2007
In the Traderoom	5,550	10,307	10,798	14,621	13,732
Outside the Traderoom	913	5,089	1,491	1,732	1,563
Total	**6,463**	**15,396**	**12,289**	**16,353**	**15,295**

Trading and price statistics for 2011

On balance, a total of 5,550 shares valued at EUR 1.9 million were traded in the Traderoom in the 2011 financial year. The peak month for trading in quantitative terms was November 2011, featuring a trade volume of 711 shares.

On average, the W.E.B share was traded at a price of approximately EUR 358.2 in the Traderoom in 2011 (2010: EUR 361.7). This corresponds to a decline of about 1.0% in the course of the year.

W.E.B share remains very solid in comparison

These developments reflect the prevailing uncertainty with respect to shares resulting from the very difficult economic and capital market environment over the past three years. As a capital market participant W.E.B is not completely immune to these unfavourable conditions despite its successful corporate development. However, the W.E.B share performed quite well in comparison to the development of the ATX benchmark index on the Vienna Stock Exchange, which almost registered a 35% decline in value in 2011. Similar conclusions could be drawn by evaluating the performance of other European stock market or industry indices.

The W.E.B share also proved to be significantly more stable than shares of producers of wind power plants which have recently been under severe pressure due to the drop in power plant selling prices.

In the final analysis, investors in the W.E.B share could not achieve any gains from share price increases, but were spared the significant losses plaguing investments in other shares.

Solid long-term development of share value and returns

In particular, a long-term evaluation shows that the W.E.B share has been a solid investment. The share price has demonstrated a constant upward trend over a period of many years, and shareholders have also been paid dividends and thus participated in the dynamic corporate development since the previous year.

On balance, a shareholder, for example, who subscribed to new shares of W.E.B within the context of the 2002 capital increase and was paid the dividends distributed for the 2010 financial year benefited from a Total Shareholder Return of 152.2%. Thus a one and a half fold increase in the value of his investment was generated[1]. For a new investor first participating in the 2004 capital increase, the comparable figure was a 91.2% return or

close to double the original investment. This shows that investors with a long-term orientation have been able to profit from extremely attractive yields. Only new shareholders in recent years have had to suffer from initial losses for the time being, which are related to the difficult market environment.

Shareholders and ownership structure

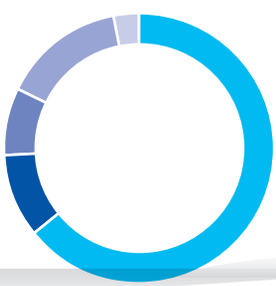
At the end of the 2011 reporting period, the number of shareholders of the Group parent company WEB Windenergie AG totaled 3,347 people.

The ownership structure was as follows: 3,186 shareholders each possess a stake of less than 0.1% in the company. These shareholders comprise by far the largest shareholder group, holding 146,371 of the 288,453 outstanding shares. 96.5% of WEB Windenergie AG is under Austrian ownership.

The company's Articles of Association stipulate a maximum voting rights threshold of 10%. For this reason, decisions made in the Annual General Meeting actually reflect the broadly diversified group of small shareholders.

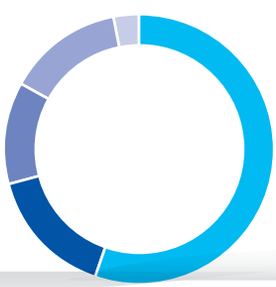
Shareholder structure[2]

Number of shareholders	Shareholders own	Number of shares
3,186	Less than 1% of W.E.B shares (up to 288 shares)	146,376
173	0.1% – 0.5% of W.E.B shares (288 to 1,440 shares)	92,737
14	0.5% – 1.0% of W.E.B shares (1,440 to 2,880 shares)	25,771
4	1.0% – 4.0% of W.E.B shares (2,880 to 11,520 shares)	23,569
3,377	**Total**	**288,453**



Capital distribution by region

64.27% Lower Austria
10.08% Vienna
8.01% Upper Austria
14.60% Rest of Austria
3.05% Outside of Austria



Shareholder distribution by region

55.43% Lower Austria
15.64% Vienna
12.23% Upper Austria
13.68% Rest of Austria
3.02% Outside of Austria

[1] The reference sales price used is the average selling price in the Traderoom achieved in 2011. The reference purchase price was assumed to be the purchase price paid when taking advantage of subscription rights.
[2] Status: May 2012

Investor relations

Transparency and integration

W.E.B places great emphasis on transparency in managing the company. As a result, each shareholder can actively participate in shaping the future of the company and is continually provided with information about the latest developments and plans.

Direct contact with owners and investors is of particular importance to W.E.B. Quick, comprehensive and above all individual reactions traditionally rank among the top priorities of the company. The fact that W.E.B shares are registered shares also contributes to the direct relationship between the company and its shareholders.

The magazine "W.E.B. aktuell" is published regularly, and provides a compact presentation of the most important current events and developments at W.E.B.

In addition to the W.E.B Annual Report, the focus of the information published by W.E.B is its Website www.windenergie.at. It provides regular up-to-date information on the company as well as an overview of media reports on W.E.B, amongst other services. All important financially-oriented dates are listed in the financial calendar, for example the publication dates of the regular interim reports.

Moreover, the already established series of events entitled "W.E.B Visions" were held throughout Austria in 2010 and 2011 within the context of the capital raising measures.

Corporate Governance
Transparency and Fairness

Corporate governance

Commitment to the Austrian Corporate Governance Code

The **Austrian Corporate Governance Code** provides Austrian public limited companies with a framework for the management and monitoring of the company oriented to internationally accepted standards, relevant EU recommendations and the stipulations contained in Austrian stock corporation law. These public companies can voluntarily choose to apply these rules. For WEB Windenergie AG, the code represents a key building block enabling the company to strengthen the confidence of shareholders, business partners, employees and the general public in the company.

Since the middle of 2006, WEB Windenergie AG has voluntarily committed itself to complying with the Austrian Corporate Governance Code in accordance with the following explanatory notes.

The Austrian Corporate Governance Code (in the January 2010 version) contains a total of 83 rules, which stipulate various levels of obligation for the particular company committed to compliance:

- **L-Rule (Legal Requirement):** The rule is based on mandatory legal requirements.
- **C-Rule (Comply or Explain):** The rule should be followed, but any deviation must be explained and the reasons stated.
- **R-Rule (Recommendation):** The nature of this rule is a recommendation; non-compliance with this rule requires neither disclosure nor explanation.

Implementation of the Austrian Corporate Governance Code by WEB Windenergie AG in the 2011 financial year

The Management Board and Supervisory Board continually strive, to the best of their ability, to comply with all rules contained in the Austrian Corporate Governance Code, and to optimise internal company standards on an ongoing basis. In those cases in which the company does not fully comply, it will provide a detailed explanation of the relevant reasons for its behavior. Aside from the relatively small size of the company, the starting position of WEB Windenergie AG fundamentally differs from those of other public companies due to the fact that it is not listed on the stock exchange, and it maintains regular personal contact with its shareholders, who are consistently registered shareholders. The following C-rules contained in the Austrian Corporate Governance Code (January 2010 version) were not complied with or only partially complied with during the period under review:

C-Rule 31: "The fixed and performance-linked annual remunerations of each individual Management Board member are to be disclosed in the Corporate Governance Report for each financial year. This shall also apply if the remuneration is paid through a management company."

The remuneration paid to the entire Management Board and the principles underlying the total amount paid are disclosed. The remuneration paid to the individual board members is not disclosed on the grounds of protecting the private sphere of the people involved.

C-Rule 36: "The Supervisory Board shall discuss the efficiency of its activities annually, in particular, its organization and work procedures (self-evaluation)."

A formal and explicit self-evaluation on the part of the Supervisory Board does not take place. However, the Supervisory Board regularly discusses and evaluates the effectiveness of its activities and their impact on the company within the framework of the Supervisory Board meetings.

C-Rule 39: "The Supervisory Board shall set up expert committees from among its members, depending on the specific circumstances of the enterprise and the number of Supervisory Board members. These committees shall serve to improve the efficiency of the work of the Supervisory Board and shall deal with complex issues. However, the Supervisory Board may discuss the issues of the committees with the entire Supervisory Board at its discretion. Each chairperson of a committee shall report periodically to the Supervisory Board on the work of the committee. The Supervisory Board shall ensure that a committee has the authorization to take decisions in urgent cases. The majority of the committee members shall meet the criteria for independence of the C-Rule 53. The Corporate Governance Report shall state the names of the committee members and the name of the chairperson. The Corporate Governance Report must disclose the number of meetings of the committees and discuss the activities of the committees."

The Supervisory Board of WEB Windenergie AG consists of a maximum of five members, and currently consists of only four members. Due to the small number of members, but also due to the specific nature of the company's operations, the company does not consider it useful to establish committees. As a result, the Supervisory Board performs its duties as a whole. The Austrian Corporate Governance Code also first stipulates the setting up of a nomination committee pursuant to C-Rule 41 respectively a remuneration committee pursuant to C-Rule 43 once the Supervisory Board expands to six members, i.e. reaches a "critical mass", a criterion which WEB Windenergie AG and its four Supervisory Board members do not fulfill at the present time. The internal rules of procedure of the Supervisory Board principally allows for establishing committees if necessary without requiring further authorization. In any case, consideration is given in the appointment of Supervisory Board members to an appropriate diversity of their professional competence.

C-Rule 49: "The company shall disclose in the Corporate Governance Report the object and remuneration of contracts subject to approval pursuant to L-Rule 48. A summary of contracts of the same kind shall be permitted."

The company does not publish a Corporate Governance Report in the absence of a legal obligation to do so. However, information on contracts subject to approval pursuant to L-Rule 48 is contained in the Notes to the consolidated financial statements (Section 7.3). This applies to the mandate agreement with the law firm Sattler & Schanda (Supervisory Board member Mr. Schanda is a partner of this law firm), as well as the lease agreement of WEB Windenergie AG with QR Dumeier Köbis GbR (the wife of the Management Board member Frank Dumeier is a managing partner of QR Dumeier Köbis GbR).

C-Rule 53: "The majority of the members of the Supervisory Board elected by the general meeting or delegated by shareholders in accordance with the articles of association shall be independent of the company and its Management Board. A member of the Supervisory Board shall be deemed as independent if said member does not have any business or personal relations to the company or its Management Board that constitute a material conflict of interests and is therefore suited to influence the behavior of the member.

The Supervisory Board shall define on the basis of this general clause the criteria that constitute independence and shall publish them in the Corporate Governance Report. The guidelines in Annex 1 shall serve as further orientation. According to the criteria defined, it shall be the responsibility of every member of the Supervisory Board to declare its independence vis-à-vis the Supervisory Board. The Corporate Governance Report shall clearly explain which members are deemed independent according to this assessment."

The majority of Supervisory Board members can be seen as being independent in accordance with this rule. There is one exception in the case of Stefan Bauer, who was first appointed to the Supervisory Board in 2005. Stefan Bauer is the nephew of Andreas Dangl. He performs his duties with the same prudence and diligence as every other member, and also refers to the aspect of liability laws.

The Supervisory Board of W.E.B has not explicitly defined the criteria that constitute independence. However, in this regard the company naturally complies in every way with this very clear legal regulation.

C-Rule 64: "The company shall disclose on its Website – if it has knowledge thereof – the current shareholder structure broken down by geographical origin and type of investor, any crossholdings, the existence of syndicate agreements, restrictions on voting rights, registered shares and their related rights and restrictions. Current changes in voting rights shall be disclosed without delay on the Website of the company."

The disclosure of the shareholder structure is contained in the annual report, which is, in turn, available for downloading on the Website. Current changes in voting rights, inasmuch as they are relevant, are announced in the quarterly information report "W.E.B aktuell", which is also available on the Website for downloading.

C-Rule 68: "The company shall publish annual financial reports, half-yearly financial reports and any other interim reports in English and German language, and shall make these available on the company's Website. If the annual financial report contains consolidated financial statements, the financial statements prepared under business law contained in the annual report need to be published and made available only in German language."

The company makes its annual financial report available on the company's Website in both German and English. In the absence of a stock market listing, the half-yearly financial reports and other interim reports are published on the Website in German.

C-Rule 74: "A calendar of corporate financial events shall be posted at least two months before the start of the new business year on the Website of the company and shall contain all dates of relevance for investors and other stakeholders such as the release of the annual and quarterly reports, annual general meetings, ex-dividend day, dividend payout day and investor relations activities."

WEB Windenergie AG publishes the most important dates of its financial year in the financial calendar on the company's Website at www.windenergie.at. WEB Windenergie AG continually strives to keep shareholders and other interest parties informed about the latest developments. In this regard, the relevant dates are announced on the Website at the earliest possible time and are continually updated.

From left to right:
Stefan Bauer,
Martin Zimmermann,
Andreas Dangl,
Josef Schweighofer,
Frank Dumeier,
Reinhard Schanda,
Michael Trcka

Board members

Supervisory Board

Josef Schweighofer
Chairman of the Supervisory Board
Business Unit Controller, responsible for circuit breakers and switches at the Power Distribution Components Division of Eaton GmbH, Schrems/Vienna.
Member of the Supervisory Board since July 5, 2002.
After his re-election, his term of office expires at the Annual General Meeting in 2016.

Reinhard Schanda
Deputy Chairman of the Supervisory Board
Lawyer and energy law expert, Chairman of the Advisory Board of the Austrian Wind Energy Association IG Windkraft.
Member of the Supervisory Board since June 19, 2009.
Current term of office expires at the Annual General Meeting in 2014.

Stefan Bauer
Divisional Procurement Engineer Electrical Sector at Eaton GmbH, Schrems.
Member of the Supervisory Board since May 1, 2005.
After his re-election the current term of office expires at the Annual General Meeting in 2016.

Martin Zimmermann
Farmer, Head of the Weinviertel Machinery Ring.
Member of the Supervisory Board since June 18, 2011.
Current term of office expires at the Annual General Meeting in 2016.

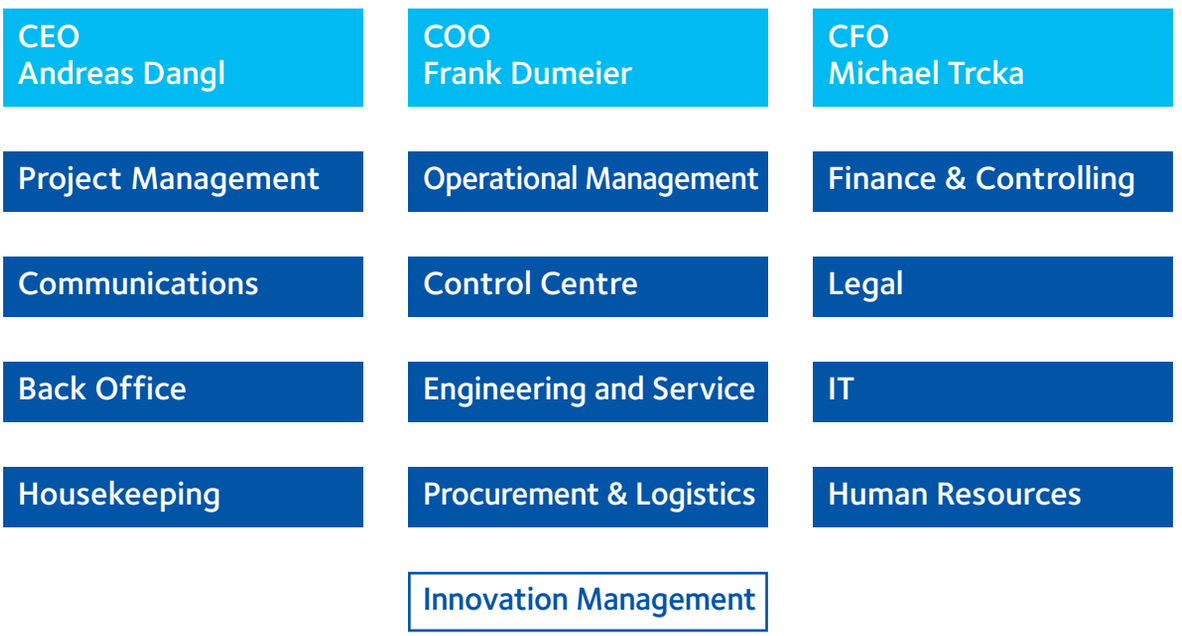
Management Board

Andreas Dangl
Chief Executive Officer
Born on November 2, 1962.
Born in the Waldviertel region of Austria, he is the founder of WEB Windenergie AG and co-founder of the Austrian Wind Energy Association IG Windkraft.
Current Management Board mandate: January 1, 2010 to June 30, 2013.

Frank Dumeier
Chief Operating Officer
Born on March 29, 1962.
Holding a PhD in engineering, he assumed the position of COO of W.E.B after working for an internationally operating company. He owns a wind turbine himself and contributes his extensive experience in operational management to the Management Board.
Current Management Board mandate: April 1, 2010 to March 31, 2015.

Michael Trcka
Chief Financial Officer
Born on November 10, 1970.
With a doctorate in business administration, he has been managing the finance division of W.E.B since May 1, 2009.
Current Management Board mandate: May 1, 2009 to April 30, 2014

Organizational structure



Ownership structure

100% subsidiaries

WEB Windenergie Betriebsgesellschaft Deutschland GmbH	Germany
WEB Energie du Vent SAS	France
Energie Verte Plaine d'Artois SAS	France
Société d'Electricité du Nord Sarl	France
WEB Větrná Energie s.r.o.	Czech Republic
WEB Italia Energie Rinnovabili s.r.l.	Italy
Società di Gestione Impianti Fotovoltaici s.r.l.	Italy
Regenerative Energy Bulgaria EOOD	Bulgaria
WEB Wind Energy North America Inc.	Canada

> 25% stake

WEB Energo d.o.o.	Bosnia and Herzegovina
Sternwind Errichtungs- und BetriebsgmbH	Austria
Sternwind Errichtungs- und BetriebsgmbH & Co KG	Austria
Windkraftanlagen Eschenau GmbH	Austria
SWEB Development Inc.	Canada
SWEB Development Limited Partnership	Canada

< 25% stake

Tauernwind Windkraftanlagen GmbH	Austria
The Wind Company GmbH	Austria
Weinviertler Energie GmbH & Co KG	Austria
BEB Bioenergie AG	Austria
oekostrom AG	Austria
Windkraft Simonsfeld AG	Austria
GESY Green Energy Solution GmbH	Germany

Group Management Report

General, scope of business

The W.E.B Windenergie Group designs and operates power plants based on renewable energy sources, in particular wind power. The Group's activities are mainly concentrated in Austria, Germany, France, Italy, the Czech Republic and Canada.

Renewable or regenerative energies encompass sustainable sources of power such as wind and solar energy as well as hydropower, which are available in unlimited quantities, in contrast to fossil or nuclear energy carriers. Their conversion to electricity does not reduce the reserves of the planet's raw materials, and thus corresponds to the concept of sustainable and responsible economic development. In the light of the continually growing global energy needs, the focus must be on measures to ensure a secure, future-oriented basic supply of energy, as well as to safeguard our irreplaceable living space and natural structures.

The parent company of the W.E.B Windenergie Group is WEB Windenergie AG, Pfaffenschlag. Information on those companies included in consolidation can be found in the Notes to the Consolidated Financial Statements.

Market and industry

The implementation of the EU directive passed in December 2008, which stipulates an increase in the share of energy from renewable sources to 20% of total electricity production by the year 2020, remains the most important driving force for the expanded use of renewable energies in Europe. In this regard, there are differences in the way each country is moving to fulfill this target.

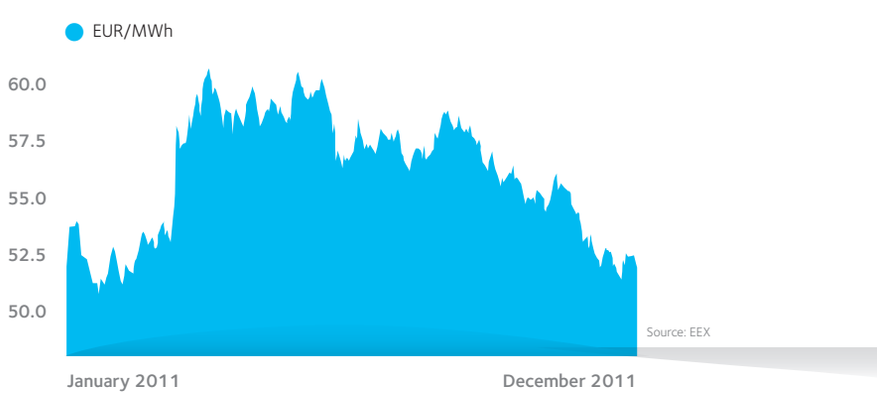
General conditions

Economic and energy sector environment

In the year 2011 Austrian electricity consumption stagnated, and only grew by 0.1% compared to the prior-year level.

Following a significant rise in electricity prices in the spring of 2011, which was related to the nuclear power plant catastrophe in Japan and the accompanying energy debate in Europe, amongst other reasons, the second half of 2011 was marked by a decrease in electricity prices to the level prevailing at the beginning of the year.

Development of electricity prices
Base Foreward 2012



Regulatory environment

In November 2010, the European Commission presented its energy strategy "Energy 2020 – A Strategy for Competitive, Sustainable and Secure Energy". This action plan stipulates five priorities, or areas of action to enable the EU to achieve its energy objectives for the year 2020: energy efficiency, completion of the internal energy market, technological leadership, consumer protection and international partnerships.

The European Commission defined its main objective as being the realisation of the energy efficiency targets contained in the EU Climate and Energy Package. Accordingly, Europe is committed to reducing its primary energy consumption by 20% compared to projections for the year 2020. Energy supply companies are required to motivate their customers to save energy, amongst other measures. Furthermore, energy efficiency should emerge as a key assessment criterion in approving new power generation capacities.

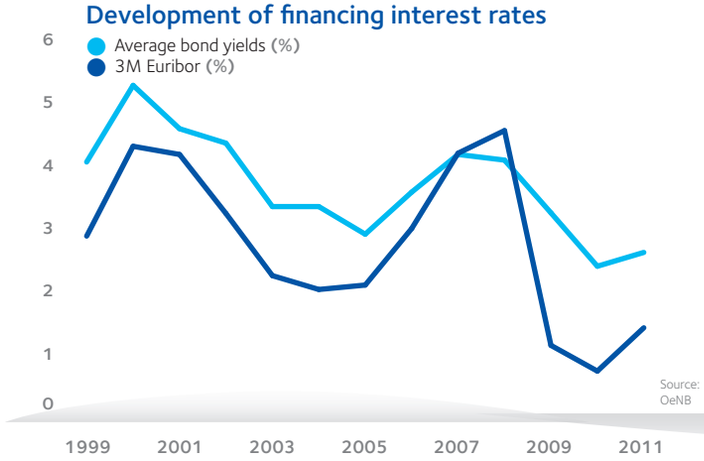
Moreover, within the context of this strategy there are regulatory requirements with respect to the increased use of renewable energy sources: the EU Directive 2099/28/EG aims to promote the use of energy from renewable energy sources and increase its share of total gross energy consumption from 8.5% in the year 2005 to 20% by 2020. National target values have been set for each member state. Austria is committed to raising its share of renewable energy from 23.3% in 2005 to 34% by 2020. The figure for 2010 was 30.8%.[1]

[1] Data for 2011 is not yet available.
Source: Federal Ministry of Agriculture, Environment, Forestry and Water Management

Financial markets – interest rates

In the year 2011, W.E.B once again profited from ongoing low interest rates. The development of average bond yields and the three month Euribor rate, which is relevant for short-term financing, is presented in the following chart:

Development of financing interest rates



Country-specific subsidy conditions

For the core domestic market of **Austria**, the Green Electricity Act 2012 stipulates a feed-in tariff of 9.5 ct/kWh for electricity generated by wind power, and is thus a major incentive for new wind power projects.

With its new Renewable Energy Act, **Germany** still offers a stable framework for the expansion of wind and photovoltaic projects, which is also based on the system of direct marketing. The reference site model also ensures the profitability of less attractive locations.

Due to changes in legal regulations in the **Czech Republic** and the related taxation of renewable energy projects, the Czech market has lost much of its appeal for investors.

In **Italy**, the laws passed in recent years and tariff decreases have made conditions more difficult. However, the continuous high number of sunny days should enable the development of profitable projects in the field of photovoltaics, even under the given regulatory framework.

Although **France** already ranks among Europe's most extensive users of wind energy, there is still considerable potential here for further projects.

Irrespective of its outstanding wind conditions, the **Bulgarian market** must be considered an insecure market at the present time, due to various uncertainties, for example in connection with network capacity, currency development, legal certainty, etc.

In several provinces of **Canada**, feed-in regulations feature fixed tariffs, similar to the European system. The resulting predictability and feasibility of new projects makes the market attractive to W.E.B.

Business development

For W.E.B, the 2011 financial year was characterised by difficult weather conditions and a related decline in proceeds from electricity sales, as well as lower financing costs due to the lower interest rates.

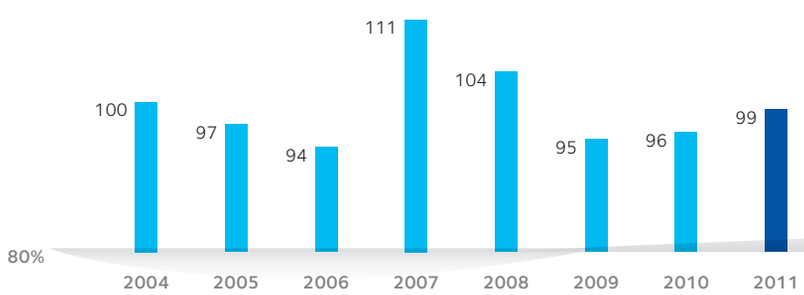
The company continued on its growth path by investing about EUR 26 million.

Influencing factors

In 2011, which turned out to be a very difficult weather year, the W.E.B Windenergie Group generated a record level of 443,088 MWh, thanks to its geographical spread of wind power plants and the outstanding plant availability. The actual production output was thus only 5,780 MWh below the figure forecast by the company on the basis of long-term experience and average weather conditions.

The W.E.B Windenergie Group continues to focus on income diversification based on the geographical spread of its wind, hydropower and photovoltaic power plants throughout Europe. Due to fluctuating meteorological conditions, actual output is frequently either higher or lower than the targeted figures. Whereas the company's power plants in Austria generated 6.6% less electricity in 2011 than expected, power generation of the facilities in Germany surpassed the planned production result by 9.2%. Electricity production in the Czech Republic was 6.5% lower than expected and France's output was down 4.6% from the targeted performance, whereas power generation in Italy was 4.1% below the budgeted figure. The interesting factor is the compensating effect of the technologies. Whereas wind power was 0.8% below expectations and thus almost met the targeted level, and photovoltaics only missed its planned target by 2.1%, hydropower generated 23.6% less energy than originally planned.

On balance, the production coefficient was 98.8% of the targeted level in 2011 (previous year: 96.0%).



Production coefficient of the W.E.B power plants
% of targeted level

Earnings

The profit after tax (= net profit for the period) in 2011 rose by TEUR 1,315.6 compared to the prior-year level. This can be attributed to an increase of revenue related to the rise in the number of wind turbines in operation, higher plant availability and the low interest rates as reflected in the improved financial results.

Consolidated income statement	2011	2010
TEUR		
Revenue	**40,888.1**	**35,899.3**
Other operating income	2,570.2	2,400.1
Operating income	**43,458.3**	**38,299.4**
Consumables and services used	-2,222.8	-1,542.0
Personnel expenses	-3,170.9	-2,515.7
Depreciation, amortisation and impairment	-16,222.6	-13,715.1
Other operating expenses	-8,625.7	-7,242.0
Subtotal	-30,242.0	-25,014.8
Results from operating activities (EBIT)	**13,216.5**	**13,284.7**
Financial results	**-5,634.7**	**-6,632.1**
Profit from ordinary activities	**7,581.6**	**6,652.6**
Income tax	-1,869.4	-2,255.9
Group net profit for the period	**5,712.2**	**4,396.6**

Revenue

Revenue in the year 2011 rose to EUR 40.9 million, an increase of about EUR 5.0 million from the previous year. Production increases based on the power plants which first came on stream in the year 2011 as well as increased plant availability and the higher feed-in tariffs from direct marketing in Germany were the primary reasons underlying the revenue improvement.

Electricity generation	2011		2010	
	Capacity	Production	Capacity	Production
	kW	kWh	kW	kWh
Austria	115,324	237,918,547	102,724	241,307,939
Germany	82,364	159,488,010	80,560	133,421,049
France	12,000	27,193,710	12,000	25,958,976
Czech Republic	7,280	9,895,257	7,280	10,740,026
Italy	6,427	8,592,292	2,752	3,631,978
Total	**223,395**	**443,087,816**	**205,316**	**416,059,968**

Other operating income

In the year 2011, other operating income rose by TEUR 170.1 to TEUR 2,570.2.

Consumables and services used

This item encompasses costs for electricity procurement, payments for network losses and electricity network utilisation fees (TEUR 768.1; previous year: TEUR 726.0) as well as the expenditures for materials used and costs that can be passed on. The overall rise in consumables and services used by TEUR 680.8 is mainly related to the increase in costs that can be passed on.

Personnel expenses

Total personnel expenses in 2011 at TEUR 3,170.9 were TEUR 655.2 higher than in the year 2010.

Other operating expenses

Other operating expenses rose in the 2011 financial year by TEUR 1,383.7 to TEUR 8,625.7.

This development is mainly related to the maintenance and repair contracts concluded with a wind turbine manufacturer as well as the taxes which had to be paid for the first time on proceeds from the photovoltaic facility in the Czech Republic. Moreover, maintenance and operating costs increased compared to the prior-year level due to the fact that the guarantees granted by the wind turbine producers expired in some cases.

Financial results

The interest rates prevailing in the year under review were somewhat lower than in the previous year. Despite the higher level of financial liabilities, the financial results improved due to the new lines of credit granted to the company.

All in all, the negative financial results were reduced by TEUR 997.4 to TEUR -5,634.7. This improvement is primarily the result of the low prevailing interest rates, proceeds from the disposal of equity stakes held by W.E.B (TEUR 175.1) and the higher valuation results compared to the prior-year.

Consolidated balance sheet	Dec. 31, 2011		Dec. 31, 2010	
	TEUR	%	TEUR	%
Non-current assets	233,836.1	89.4	226,650.1	92.8
Current assets	27,809.1	10.6	17,475.3	7.2
Total assets	**261,645.2**	**100.0**	**244,125.5**	**100.0**
Equity	79,907.2	30.5	75,972.3	31.1
Non-current liabilities	146,147.4	55.9	137,159.1	56.2
Current liabilities	35,590.6	13.6	30,994.1	12.7
Total equity and liabilities	**261,645.2**	**100.0**	**244,125.5**	**100.0**

In December 2011, W.E.B issued a bond featuring a subscribed capital of TEUR 6,464.0.

In the 2011 financial year, W.E.B founded the company WEB Wind Energy North America Inc. in Canada for project development and the operation of wind power facilities. The companies SWEB Development Inc. and SWEB Development Limited Partnership in which WEB Wind Energy North America Inc. owns a 51% stake was founded together with partners. In November of the reporting year the company Società di gestione impianti fotovoltaici was established in Italy. The purpose of the company is to operate photovoltaic facilities in Italy.

For a more detailed description of the balance sheet items, refer to the Notes to the Consolidated Financial Statements, Section 3.

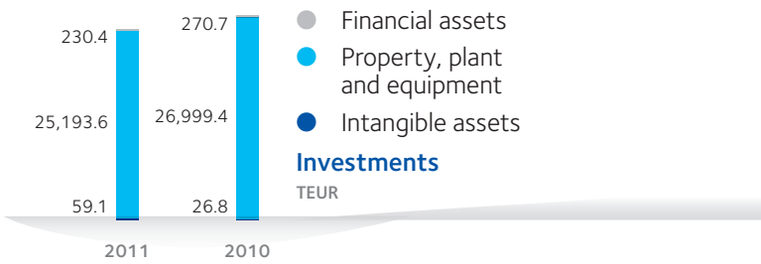
Financial position	2011	2010
TEUR		
Cash flow from operating activities	21.591,0	21.893,0
Cash flow from financing activities	13.864,9	-8.945,9
Cash flow from investing activities	-26.533,7	-23.045,0
Total cash flow	**8.922,2**	**-10.098,0**

For a more detailed description of the cash flow statement, refer to the Notes to the Consolidated Financial Statements, Section 7.1.

Dividends and profit distribution policy

In 2011 a dividend of EUR 5.00 per share or a total dividend payout of TEUR 1,442.3 was approved by the Annual General Meeting. The dividend was distributed at the end of July 2011.

This issue will be discussed in detail again at the next scheduled Annual General Meeting, and a dividend will once again be resolved upon if the shareholders agree.



Investments	2011	2010
TEUR	25,483.1	27,296.9

Investment activity in the 2011 financial year mainly related to the wind power plant in Höflein, Austria, and the wind farms being planned in Austria (in particular the Dürnkrut facility) and France. During the year under review existing wind farms were purchased i.e. a wind farm in Francop, Germany, and a wind power plant in Grafenschlag, Austria.

Financing

A long-term bank loan in euro was taken to finance the building of the Höflein Wind Farm in Austria. A long-term bank loan in euro was also used to purchase the wind farm in Francop, Germany. The acquisition of the wind power facility in Grafenschlag, Austria was financed from the available cash flow. In the 2011 financial year the cash inflow took place from the external financing concluded for the second photovoltaic plant located in Montenero, Italy (leasing model).

Partial debentures with a nominal value of EUR 1,000.00 were issued in the 2011 financial year, as in the previous year. The issue price of the partial debentures was stipulated at 100% of the nominal value, thus EUR 1,000.00 per partial debenture. As of December 16, 2011, the interest rate on the partial debentures will amount to 5% p.a. The interest payment is due on the 16th of December each year and payable (in each case on the "interest payment date").

The first interest payment date is thus December 16, 2012. The term to maturity of the partial debentures lasts until December 15, 2016. On balance, bonds totaling TEUR 6,464.0 were issued in the 2011 financial year.

Performance indicators

Indicators	2011	2010
EBIT margin	31.76%	33.60%
Net gearing	166.87%	170.55%
Return on equity	7.33%	6.41%

EBIT margin
The EBIT margin indicates the ratio of EBIT to revenue and thus shows the profitability of the company excluding the financial results, extraordinary items and taxes.

The W.E.B Windenergie Group was able to keep its EBIT margin at a very high level of 31.76% in 2011.

Net gearing
The indicator net gearing comprises the ratio of net debt, calculated on the basis of non-current financial liabilities less cash and cash equivalents, to the equity of the company. It is thus an important indicator used to evaluate the stability of a company.

In the 2011 financial year the W.E.B Windenergie Group succeeded in maintaining this indicator at almost the same high level as in the previous year. This represents an enhanced risk buffer for lenders.

Return on equity
The return on equity refers to the ratio of the Group net profit for the year to equity. It serves to measure the return on the capital supplied by investors within a specified period after deducting income tax.

In 2011, the return on equity of W.E.B reached a level of 7.33%.

Weighted average cost of capital
The costs of the capital employed are calculated by multiplying the capital employed by the weighted average cost of capital (WACC). The indicator WACC encompasses the weighted average of the rate of return demands of providers of equity and borrowed capital, and is derived from the return expectations observed on the capital market. The equity risk premium is determined with the help of the capital market pricing model. Equity and borrowing costs are weighted on the basis of the targeted capital structure.

The WACC of W.E.B in 2011 after deducting taxes was 6.44% and is calculated as follows:

W.E.B – Weighted average cost of capital

Employees

Employees comprise a key resource for a quickly growing company such as the W.E.B Windenergie Group.

The W.E.B Windenergie Group continually invests in the further education and professional development of its employees in line with the growth of the company.

	2011	2010	2009
Employees as at Dec. 31 (number)	59	52	40
Direct training costs per employee (EUR)	660	524	1,159
Average age as at Dec. 31 (years)	37	36	35

Significant events after the balance sheet date

Construction work on the Dürnkrut-Götzendorf wind park already began in Austria in December 2011 (five 2.0 MW Vestas wind turbines). In the meantime, road building work has been concluded. All the roads within the facility as well as the access to the public road network have been constructed or paved. In addition, all cables to the EVN AG transmission station were laid. Subsequently the power is then transmitted to the EVN transformer station in Spannberg. The required power lines for this are being laid by EVN. A total of 16,750 metres of power cables have been laid underground in this W.E.B wind park since construction began. The sites for the wind turbines have already been constructed. The mounting surfaces, onto which the cranes will be placed and the components will be stored during the construction phase, have already been completed. The next step is for the excavation pits for the foundation of all the five turbines to be dug with a corresponding time delay. Then the piles will be driven into the foundations to serve as the anchoring for the towers. Construction work on the turbines is planned to take place in June 2012. The wind farm is scheduled to come on stream in the summer of 2012.

Construction work on the Plaine de l'Artois wind park in France featuring a total of 18 Enercon wind turbines is in full swing. The first wind turbine has already been installed in the wind park, with additional turbines to follow in the coming weeks. The wind farm will also generate electricity for the W.E.B Windenergie Group as of the middle of 2012.

The announced second subscription period for the bond issued in December 2011 was not implemented.

Otherwise there were no significant events requiring disclosure after the balance sheet date.

Expected development

Risks and uncertainties

Risk management of the W.E.B Windenergie Group

The W.E.B Windenergie Group considers risk management to be a key instrument of corporate management. The aim of W.E.B's risk management is to protect the Group's assets, financial position and earnings, safeguard the existing and future potential for success and growth and react promptly to changes in the business environment.

A formal risk management system was introduced in the year 2011, serving as the basis for decision makers in the company to identify and discuss the main risk factors and evaluate the probability of occurrence and potential effects on business results.

Measures are developed and carried out to deal with the discernible risks. These measures are designed to reduce the potential damage as well as to decrease their probability of occurrence.

Risk information and measures are stored in a central data base and upgraded on a regular basis.

Price and political risk

Long-term guaranteed tariffs have been set for most of the electricity generated by the power plants operated by the W.E.B Windenergie Group. For this reason, the Group is only subject to market price and cyclical risks to a very small extent.

Guaranteed tariffs	Share of planned generation volume 2011	Share of planned generation volume 2010
Guarantee period expired	6.6%	0.0%
Up to 1 year	1.0%	7.0%
1 to 5 years	19.0%	1.7%
More than 5 years	73.4%	91.3%

These rates have been determined by existing regulations. Any changes to these laws or elimination of electricity tariff subsidies would comprise a significant threat to the profitability of the power generating facilities, but are highly unlikely.

Technical risks

WEB Windenergie AG and its subsidiaries operated a total of 153 own power plants as at December 31, 2011. This figure encompasses 145 wind power plants, three hydropower plants and five photovoltaic facilities. 134 of the wind turbines were purchased from the global market leader Vestas (including the plants from the manufacturer NEG Micon which merged with Vestas), and eleven plants from the German producer Enercon. Accordingly, the W.E.B Windenergie Group exclusively relies on manufacturers with longstanding market experience, thus keeping the technical risk to a minimum.

Foundations

Foundation damage in the form of crack formation occurred at several Vestas 2 MW class plants in Austria. In this case an agreement was reached with the manufacturer, in which Vestas will assume responsibility for the maintenance and monitoring of the foundations, thus ensuring their long-term stability.

Gear systems

After the experience gained in recent years, gearbox and generator damage increasingly occurs with the turbines manufactured by Vestas. For this reason, the competence of W.E.B has been enhanced in the field of damage prevention capabilities, and the technical and logistical prerequisites were created to enable the company to promptly carry out repairs on large components with its own resources.

Climatic and meteorological conditions

The production of energy from wind power and photovoltaic facilities strongly depends on weather conditions. The wind level is subject to considerable seasonal and annual fluctuations. The management takes account of this risk in selecting suitable project sites.

Rotor blades

The inspections carried out by independent experts during the reporting period did not detect any irregularities or damage to the rotor blades. A special team removed environmental damage. The condition of the rotor blades is state-of-the-art.

Operational management

The network availability of all wind power plants operated by the W.E.B Windenergie Group could be increased to 97.20% in 2011 from 97.07% in the previous year. This top performance could be achieved on the basis of the successfully implemented operational strategy. The new availability record was made possible by the outstanding work performed by the relevant employees on all five service and support levels in the company.

Special mention should be made of the cooperative partnership with the wind turbine producers Vestas and Enercon, as well as the effectiveness of the company's own, highly specialized teams. In addition to the extensive standard services provided by the manufacturers, inspections, preventive maintenance measures and special service tasks are carried out by W.E.B itself. This can be attributed to the high availability of spare parts, special tools, the first-rate training of employees and a suitable defect and failure management system at the company. The further optimisation of work processes and the mechanisms for the early detection of defects will continue to ensure this high technical level in the future as well.

Photovoltaics

In 2010 a large photovoltaic park was operated by the W.E.B Windenergie Group for the first time. After dealing with construction defects and guarantee deficiencies, the browning of the module was identified as a long-term risk. As a result, an agreement was reached with the manufacturer stipulating that it would assume the warranty in case a breakdown or malfunction of the module should arise. In addition, climate chamber and aging tests were carried out on the new park to begin with.

Project planning

The development of new power plant sites is a major part of the business activities carried out by WEB Windenergie AG. This work encompasses the opportunity to invest in wind and photovoltaic facilities at profitable sites. However, in every phase, from evaluation and planning to obtaining the required building permits and operating licenses, there is also the danger that a project will be cancelled. As a result, the project expenditures must be written down as an expense. Strict cost management and the regular evaluation of project costs, project feasibility and the probability of obtaining the necessary building and operating permits contribute to keeping this risk as low as possible. In the past more than 70% of the planned projects could be successfully realized.

Financial risks

Currency risks

The financing of the W.E.B Windenergie Group's power plants in the Czech Republic takes place in the local currency. This comprises a natural hedge, as the currency risk from compensatory feed-in remuneration is significantly reduced. This can be attributed to the fact that the feed-in remuneration, interest on loans and loan repayments all occur in the same currency. The same principle should be applied to finance the power plants in Canada.

In addition, W.E.B has secured lines of credit in Swiss Francs. However, their share of the total financing volume of the W.E.B Windenergie Group is relatively small. Thus it is not necessary to implement hedging transactions for foreign currency loans. More information is available in the Notes to the Consolidated Financial Statements in Note (10) Financial liabilities.

Interest rate risk

Loans for financing power plants are mostly subject to variable interest rates. A significant interest rate risk exists because power plant revenues are fixed (fixed feed-in tariffs). Roughly 34% of the risk involving existing financial liabilities with variable interest rates is hedged by fixed interest rate agreements (interest rate swaps). Accordingly, 52% of the financial liabilities are thus hedged by fixed interest agreements as of Dec. 31, 2011.

An increase in the interest rate of 1% would burden earnings to the amount of approximately TEUR 747 p.a.

Financial instruments

The existing original financial instruments used by the W.E.B Windenergie Group primarily consist of equity stakes, securities, loans and borrowings, trade receivables, cash at banks, financial liabilities, bonds and trade payables. The derivative financial instruments existing on the balance sheet date relate to interest rate swaps, and are explained in detail in the Notes to the Consolidated Financial Statements, Note (14) Derivative financial instruments.

Contingent liabilities amounting to TEUR 65.4 (previous year: TEUR 65.4) mainly relate to guarantees to financial institutions assumed on behalf of associated companies.

The amounts reported under assets and contingent liabilities comprise the maximum credit risk and default risk as at the balance sheet date.

With the exception of the interest rate swaps (see the Notes to the Consolidated Financial Statements), no specific hedging transactions were concluded in the 2011 financial year.

Financial futures/derivatives

Reference is made to the existing contracts and their financial accounting and valuation in Note (14) Derivative financial instruments in the Notes to the Consolidated Financial Statements.

Default risk

The W.E.B Windenergie Group supplies energy generated by its own power plants to both partially state-owned companies and private electricity traders with the highest credit ratings.

The lion's share of the revenue derived in Austria (approximately 92%) is achieved with OeMAG, Green Electricity Settlement Austria, and the rest with private companies with which a good business relationship has existed for many years.

The subsidiaries in Germany, the Czech Republic, France and Italy each deliver to the electricity companies responsible for purchasing green electricity in their respective markets.

Liquidity risks

All power plants in the Group are financed on a long-term basis, so that no liquidity risk will arise from the building or acquisition of additional power stations. Comprehensive collateral agreements for power plant facilities and the assignment of receivables have been concluded with financial institutions for existing financing. Furthermore, the W.E.B Windenergie Group has committed itself to complying with pre-defined financial performance indicators. Falling short of these targets could entitle a financial institution to immediately demand repayment. The effects of fluctuations in the cash flow from operating activities (above all fluctuations in electricity revenues due to the wind situation) are minimised by active liquidity management.

Development of the company

As a consequence of the Green Electricity Act which is currently valid in Austria, the building of wind turbines continues to make good economic sense in this market.

Up until the year 2009 very few wind power plants were constructed due to the low feed-in tariffs but projects continued to be developed. As a result, a large number of projects are ready for construction, especially in Burgenland and the Weinviertel region. However, in most cases the current network situation does not yet allow for the feeding-in of electricity generated by these wind power facilities. It can be expected that these projects can first be realized after a massive network expansion in the in the coming years. This also applies to the Austrian projects of W.E.B.

For this reason, W.E.B was also involved in the development of international projects in the year 2011 (focus on France and Canada) in addition to Austria. This approach will be maintained in the future in accordance with the liquidity situation of the company. The main emphasis of these activities will continue to be on the Austrian market, as in the past. Total contracted order commitments on the balance sheet date amounted to TEUR 108,740.0 and for the most part are directly linked to the further expansion of power plant capacities in Austria.

Pfaffenschlag, May 4, 2012
The Management Board

Andreas Dangl

Michael Trcka

Frank Dumeier

Research and development

The W.E.B Windenergie Group is continually working on minimising operating costs of its existing power plant facilities and maximising earnings. In this context, important development projects are pursued in order to enable their practical implementation.

The research and development activities of W.E.B were further intensified. In this regard, a new innovation management team was set up. The priority of the work was on the analysis of systems designed to integrate cyclically produced regenerative energy. Initial pilot applications are being prepared at the present time. An application for a research project on this issue is planned for 2012.

Otherwise no further research and development activities are being carried out.

Branch offices

WEB Windenergie AG does not operate any branch offices.

Consolidated Financial Statements (IFRS)

Consolidated income statement Jan. 1 – Dec. 31, 2011

TEUR	Note	2011	2010
Revenue	**16**	**40,888.1**	**35,899.3**
Other operating income	17	2,570.2	2,400.1
Operating income		**43,458.3**	**38,299.4**
Consumables and services used	18	-2,222.8	-1,542.0
Personnel expenses	19	-3,170.9	-2,515.7
Depreciation, amortisation and impairment	20	-16,222.6	-13,715.1
Other operating expenses	21	-8,625.7	-7,242.0
Subtotal		**-30,242.0**	**-25,014.8**
Results from operating activities (EBIT)		**13,216.3**	**13,284.7**
Share of profit/loss of associates	3	-26.1	-68.0
Result from other investments		164.6	128.6
Interest income	22	71.6	80.2
Interest expense	23	-5,404.6	-5,409.1
Other financial results	24	-440.2	-1,363.8
Financial results		**-5,634.7**	**-6,632.1**
Profit before tax		**7,581.6**	**6,652.6**
Income tax		-1,869.4	-2,255.9
Profit after tax (= Net profit for the period)		**5,712.2**	**4,396.6**
Thereof profit attributable to equity holders of the parent company		5,738.9	4,396.6
Thereof profit attributable to minority interest		-26.7	0.0
Earnings per share[1] (EUR)		**19.9**	**16.0**

[1] There is no difference between undiluted and diluted earnings per share

Consolidated statement of comprehensive income

TEUR	2011	2010
Profit after tax	**5,712.2**	**4,396.6**
Currency translation differences	-32.7	75.4
Revaluation of financial instruments held for sale	-66.2	333.7
Revaluation of cash flow hedges	-361.8	32.7
Income tax on the other result	125.7	-108.1
Total other comprehensive income	**-335.0**	**333.7**
Thereof profit attributable to equity holders of the parent company	-334.7	333.7
Thereof profit attributable to minority interest	-0.3	0.0
Total comprehensive income after tax	**5,377.2**	**4,730.3**

Consolidated balance sheet as at Dec. 31, 2011

TEUR

	Note	Dec. 31, 2011	Dec. 31, 2010
Assets			
Intangible assets	1	4,110.1	4,484.0
Property, plant and equipment	2	224,862.9	216,826.7
Investments in associates consolidated at equity	3	2,081.9	2,208.3
Other financial assets	4	2,755.0	3,103.1
Other non-current assets	5	26.2	28.0
Non-current assets		**233,836.1**	**226,650.1**
Inventories	6	2,257.2	1,819.0
Trade receivables	7	9,227.9	5,257.2
Other receivables and assets	8	3,521.2	6,516.9
Cash and cash equivalents	9	12,802.8	3,882.4
Current assets		**27,809.1**	**17,475.3**
Total assets		**261,645.2**	**244,125.5**
Equity and liabilities			
Share capital		28,845.3	28,845.3
Capital reserves		23,323.8	23,323.8
Other reserves		-746.8	-412.2
Retained earnings		28,511.9	24,215.3
Attributable to WEB Windenergie AG shareholders		*79,934.2*	*75,972.3*
Attributable to minority (non-controlling) interest		-27.0	0.0
Capital and reserves	**Section 3.3.**	**79,907.2**	**75,972.3**
Non-current financial liabilities	10	116,526.3	115,087.8
Corporate bonds	11	16,260.4	9,852.4
Deferred tax liabilities	12	8,476.1	8,347.5
Non-current provisions	13	4,211.3	3,825.1
Other non-current liabilities	11	673.3	46.4
Non-current liabilities		**146,147.4**	**137,159.1**
Current financial liabilities	10	25,099.0	17,911.6
Current provisions	13	2,305.4	952.5
Other current liabilities	14,15	8,186.2	12,130.0
Current liabilities		**35,590.6**	**30,994.1**
Total liabilities		**181,738.0**	**168,153.2**
Total equity and liabilities		**261,645.2**	**244,125.5**
Equity per share (EUR)		**277.0**	**276.5**

Consolidated cash flow statement

TEUR		2011	2010
Profit before tax		**7,581.6**	**6,652.6**
+ / –	Depreciation/ Revaluation of intangible assets and property, plant and equipment	16,222.6	13,004.1
+/–	Non-cash share of income from investments in associates	26.1	68.0
+/–	Revaluation and depreciation on financial assets	82.3	688.3
– / +	Gains/ losses from currency translations	141.3	258.3
+/–	Other non-cash financial results	-133.1	0.0
+/–	Gains/losses on the disposal of financial assets and other non-current assets	175.1	-86.1
+/–	Gains/losses on the disposal of non-current assets	82.0	705.9
+ / –	Increase/ decrease of non-current provisions	386.3	329.0
+/–	Change in deferred tax assets and liabilities	0.0	2,983.7
– / +	Increase/ decrease in inventories and receivables	-565.3	-3,004.6
+ / –	Increase/ decrease in current provisions	1,352.9	224.5
+ / –	Increase/ decrease in trade payables and other liabilities	-2,145.7	2,325.3
–	Income tax	-1,615.1	-2,255.9
Cash flow from operating activities		**21,591.0**	**21,893.0**
+	Payments received on the disposal of non-current assets	54.4	362.7
+	Payments received on the disposal of financial assets and other non-current assets	354.9	955.9
–	Net payments made for acquisitions of interests in associates	0.0	-1,100.0
–	Payments made for investments in intangible assets and property, plant and equipment	-26,712.6	-22,992.9
–	Payments made for the purchase of financial assets and other non-current assets	-230.4	-270.7
Cash flow from investing activities		**-26,533.7**	**-23,045.0**
–	Capital increase	0.0	4,964.6
–	Dividends paid	-1,442.3	0.0
+	Proceeds from financial liabilities	32,391.4	17,316.6
–	Cash outflow for the redemption of financial liabilities	-17,084.2	-31,227.1
Cash flow from financing activities		**13,864.9**	**-8,945.9**
Net change in cash and cash equivalents		**8,922.2**	**-10,098.0**
Net change in cash and cash equivalents[1]			
Cash and cash equivalents at the beginning of the period		3,882.4	13,966.7
Currency translation differences		-1.8	13.7
Cash and cash equivalents at the end of the period		12,802.8	3,882.4
Net change in cash and cash equivalents		**-8,922.7**	**10,098.0**

[1] For additional information refer to Note 7.1 Consolidated cash flow statement

Consolidated statement of changes in equity

TEUR

	Share capital	Capital reserves	Retained earnings	AFS reserves
Equity as at Jan. 1, 2010	**27,450.0**	**19,754.6**	**19,818.7**	**-170.8**
Profit after tax reported directly in equity from ...				
Currency translation differences	0.0	0.0	0.0	0.0
Revaluation of securities	0.0	0.0	0.0	241.7
Cash flow hedges and other hedges	0.0	0.0	0.0	0.0
Total profit after tax reported directly in equity	**0.0**	**0.0**	**0.0**	**241.7**
Profit after tax	0.0	0.0	4,396.6	0.0
Net profit for the period	**0.0**	**0.0**	**4,396.6**	**241.7**
Capital increase	1,395.3	3,841.5	0.0	0.0
Bond issuing costs	0.0	-272.2	0.0	0.0
Equity as at Jan. 1, 2011	**28,845.3**	**23,323.8**	**24,215.3**	**70.9**
Profit after tax reported directly in equity from ...				
Currency translation differences	0.0	0.0	0.0	0.0
Revaluation of securities	0.0	0.0	0.0	-50.2
Cash flow hedges and other hedges	0.0	0.0	0.0	0.0
Total profit after tax reported directly in equity	**0.0**	**0.0**	**0.0**	**-50.2**
Profit after tax	0.0	0.0	5,738.9	0.0
Net profit for the period	**0.0**	**0.0**	**5,738.9**	**-50.2**
Dividends	0.0	0.0	-1,442.3	0.0
Equity as at December 31, 2011	**28,845.3**	**23,323.8**	**28,511.9**	**20.7**

Hedging reserves	Currency translation differences	W.E.B shareholders	Minority interest	Total
-550.7	**-24.3**	**66,277.4**	**0.0**	**66,277.4**
0.0	75.4	75.4	0.0	75.4
0.0	0.0	241.7	0.0	241.7
16.6	0.0	16.6	0.0	16.6
16.6	**75.4**	**333.7**	**0.0**	**333.7**
0.0	0.0	4,396.6	0.0	4,396.6
16.6	**75.4**	**4,730.3**	**0.0**	**4,730.3**
0.0	0.0	5,236.8	0.0	5,236.8
0.0	0.0	-272.2	0.0	-272.2
-534.1	**51.1**	**75,972.3**	**0.0**	**75,972.3**
0.0	-32.4	-32.4	-0.3	-32.7
0.0	0.0	-50.2	0.0	-50.2
-252.1	0.0	-252.1	0.0	-252.1
-252.1	**-32.4**	**-334.7**	**-0.3**	**-335.0**
0.0	0.0	5,738.9	-26.7	5,712.2
-252.1	**-32.4**	**5,404.2**	**-27.0**	**5,377.2**
0.0	0.0	-1,442.3	0.0	-1,442.3
-786.2	**18.7**	**79,934.2**	**-27.0**	**79,907.2**

Notes to the Consolidated Financial Statements (IFRS)

1 The company

WEB Windenergie AG (in short: W.E.B) is headquartered in Lower Austria. Its address is Davidstr. 1, A-3834 Pfaffenschlag. Court of corporate registry is the State Court of Krems an der Donau (CN: 184649v). W.E.B joins with its subsidiaries in constituting the W.E.B Windenergie Group. The following consolidated financial statements for 2011 were compiled for the Group on a voluntary basis. In doing such, the IFRS, as they are to be employed in the EU, were used. There is no requirement to compile such consolidated financial statements. Despite this, these were put together. This was done to serve the interests of the shareholders and of the institutions providing outside capital. These financial statements fulfil all the stipulations placed on those that are required to be compiled in accordance with the IFRS as they are to be employed in the EU.

W.E.B Windenergie Group defines its core area of activity to be the planning and operating of power plants based on the use of regenerative energy. The company is internationally-oriented. Its technological diversification is attained through projects in the areas of wind power, photovoltaics and hydropower. These two traits constitute the basis for the professional management of challenges arising from the sustainable supply of energy. The increasing importance of this assignment stems from ecological aspects, from the rise in energy demand expected to ensue over the long term, and from depletion of fossil resources.

2 Principles of accounting and of balance sheet reporting and valuation methods

2.1 Principles of accounting

2.1.1 General

The consolidated financial statements of the W.E.B Windenergie Group as at 31.12.2011 were compiled according to the International Financial Reporting Standards (IFRS), as they are to be employed in the EU. The corporate legal rules stipulated by §239 and §243 of Austria's Corporate Code were also used in the compilation.

The balance sheet date of all fully-consolidated and at equity consolidated companies was the 31.12.2011. The accounting employed by the companies comprised in these consolidated financial statements is based on a single set of balance sheet reporting and valuation principles. The income statement was compiled using the nature of expense method.

These consolidated financial statements are compiled in euros.

Unless otherwise noted, all amounts listed in the commentaries and in the overviews provided by the charts are denoted in thousands of euros (TEUR). The adding of rounded-off amounts and of items reported as percentages can give rise, through the use of automatic means of calculations, to rounding-off caused differences in addition.

The financial statements were compiled according to the principle of historical cost, with the exception of the following significant balance sheet items:

- Derivative financial instruments are valuated at fair value.
- Financial instruments belonging to the "at fair value through profit or loss" category are valuated at fair value.
- Financial assets belonging to the "available for sale" category are valuated at fair value.

2.2 Scope and methods of consolidation

The companies (subsidiaries) under the controlling influence (control) of W.E.B are fully-consolidated. Control exists in cases in which the parent company is directly or indirectly capable of determining the company's financial and business policies. The consolidation of subsidiaries starts at the time of the attainment of controlling influence, and ends upon its cessation.

Both associated companies and joint ventures are reported in the balance sheets using the at equity method.

Shares held in participations reported at equity are initially carried in the balance sheets at their costs of procurement. They are carried in the following periods at their amortised shares of net assets. This results in their book values being annually increased or decreased by their shares of results, of dividends and of all further alterations in equity. In cases in which a participation carried at equity shows assets of negative value, this is reported to be zero, and the deficit is listed in the notes to the accounts until the participation's assets have attained a positive value.

In-group transactions, receivables, liabilities and significant unrealized profits (intermediate profits) are eliminated. Unrealised losses are only eliminated in cases in which the unrealised loss does not depict the result of an impairment in value.

2.2.1 Scope of consolidation

The companies consolidated in the Group comprise:

Name	Group holding	Method of consolidation
WEB Windenergie AG (AT)		Full consolidation
WEB Windenergie Betriebsgesellschaft Deutschland GmbH (DE)	100%	Full consolidation
WEB Italia Energie Rinnovabili s.r.l. (IT)	100%	Full consolidation
WEB Větrná Energie s.r.o. (CZ)	100%	Full consolidation
WEB Energie du Vent SAS (FR)	100%	Full consolidation
SASU Energie Verte Plaine d'Artois (FR)	100%	Full consolidation
Société d'Electricité du Nord SARL (FR)	100%	Full consolidation
WEB Wind Energy North America Inc. (CAN)	100%	Full consolidation
SWEB Development Inc. (CAN)	51%	Full consolidation
SWEB Development Limited Partnership (CAN)	51%	Full consolidation
Società di gestione impianti fotovoltaici s.r.l. (IT)	100%	Due to negligible importance, not comprised in the full consolidation
Regenerative Energy Bulgaria EOOD (BG)	100%	Due to negligible importance, not comprised in the full consolidation
WEB Energo d.o.o. (BA)	70%	Due to negligible importance, not comprised in the full consolidation
Tauernwind Windkraftanlagen GmbH (AT)	20%	At equity
Windkraftanlagen Eschenau GmbH (AT)	30%	At equity
Sternwind Errichtungs- und BetriebsgmbH (AT)	49%	At equity
Sternwind Errichtungs- und BetriebsgmbH & Co KG (AT)	49%	At equity

In financial year 2011, WEB Wind Energy North America Inc. was founded. The company is based in Canada. It develops projects and operates wind power facilities. SWEB Development and SWEB Development Limited Partnerships were founded with a partner. WEB Wind Energy North America Inc. holds a 51% stake in each of these companies. In November of the reporting year, Società di gestione impianti fotovoltaici was founded in Italy. The purpose of the company is the operation of photovoltaic facilities in Italy. The company did not launch full business activities during the year completed. For this reason, no full consolidation was undertaken for it during the financial year.

In further moves during the financial year, holdings were sold in PS-KW Energieoptimierungs GmbH (AT) and WEB energie regenerativa srl (RO).

The W.E.B Windenergie Group holds a 24% stake in The Wind Company GmbH. This stake was not consolidated at equity due to the current lack of decisive influence. This was caused by the limitation in the capability to reach decisions, and by the lack of significant business transactions. This situation makes the company of negligible importance in the depiction with the greatest possible accuracy of the Group's assets, finances, earnings and flows of funds.

2.2.2 Details of corporate acquisitions

SASU Energie Verte Plaine d'Artois

In the 2010 financial year, W.E.B purchased 100% of the shares of SASU Energie Verte Plaine d'Artois (headquarters: Lille, France; abbreviated to "EVPA"). This purchase was made by WEB Energie du Vent SAS and via a shares purchase contract dated 22.12.2010 (date of acquisition according to IFRS 3). EVPA, in turn, directly holds 100% of the shares of Société d'Electricité du Nord SARL (headquarters: Lille, France; abbreviated to "SEN"). Both companies were active in the planning of wind power plant projects. The cash price of purchase came to TEUR 604.0. A further TEUR 1,330.0 are due to fulfil certain preconditions (such as the securing of construction and operation permits, and the commissioning of the facilities). The procurement of the shares also involved the assumption of TEUR 496.0 in partners' loans.

The first condition associated with the recorded conditional purchase price was fulfilled in the reporting year. The instalment agreed upon in the contract and falling due upon the fulfilment of feed-in permit required for the project being undertaken by the companies amounted to TEUR 295.2. As stipulated in the contract, this was paid by W.E.B.

The payment of a purchase price liability of TEUR 295.2 reduced the conditional purchase price to TEUR 1,034.8. This was reported under short-term liabilities.

2.3 Currency translation

Business transactions in foreign currencies

Group companies recognize business transactions undertaken in foreign currencies at the mean rate of exchange prevailing on the day of the respective transaction. The translation into euros of monetary assets and liabilities maintained in foreign currencies on the balance sheet date is undertaken using the buying and selling rates of foreign exchange valid on this day. The foreign currency profits and losses were recognised in the financial year in a way affecting upon income.

Translation of separate financial statements in foreign currencies

The functional currencies of subsidiaries based outside the Eurozone are their respective national currencies (CZK, CAD). The translation of all assets and liabilities reporting in the separate financial statements of these companies is undertaken using the ECB's reference rates of exchange as at the balance sheet date. The items comprising the income statement are translated at the average rate of the financial year. The resultant foreign currency profits and losses are recognised in the equity's currency translation provisions.

Rate of exchange as at 31.12.2011	ECB reference rate	Average rate 2011
CZK	25.787	25.424
CHF	1.2156	—
CAD	1.3215	1.337

Rate of exchange as at 31.12.2010	ECB reference rate	Average rate 2010
CZK	25.061	25.767
CHF	1.2504	—
JPY	108.65	—

2.4 Methods of accounting and valuation

2.4.1 Newly-applied standards (IFRS) and interpretations (IFRIC)

As at 31.12.2011, there were no initially-relevant standards or interpretations applying to the W.E.B Windenergie Group. For this reason, these accounts contain no listing of the new standards (IFRC) or interpretations (IFRIC). Appendix 3 explains those areas of regulation not applying to the W.E.B Windenergie Group, and/or those not yet applicable in the EU.

2.4.2 Intangible assets

Intangible assets acquired through payment are measured in the balance sheet at their costs of procurement minus accumulated scheduled depreciation and value impairment losses. The intangible assets of the W.E.B Windenergie Group consist largely of water rights and IT software. The terms of utilisation have been laid down. Their costs of procurement are linearly depreciated on schedule during this term.

The terms of utilisation of these intangible assets comprises:

	Term of depreciation
Utilisation rights, water rights	16–40 years
Software	2–3 years

Utilisation rights acquired through payment are depreciated during the remaining term of these rights. Self-produced intangible assets are investigated to see whether they can be capitalised. Up until now, no self-produced intangible assets have been capitalised.

2.4.3 Property, plant and equipment

Property, plant and equipment are valuated at the costs of their procurement or production minus accumulated scheduled depreciation and value impairment losses. The same applies to hidden reserves and debts identified upon acquisition of companies and assignable to the property, plant and equipment in conjunction with a purchase price allocation. This also applies to costs of demolition to be capitalised at their cash value.

Obligations to demolish or to recultivate places of power generation are to be noted in leasing and portfolio contracts. With this depending upon the investment sum, the costs expected are to be calculated, or are to be set at the TEUR 30.0 per megawatt of installed output recommended by Germany's Bundesverband WindEnergie e.V., or at another experience-determined value.

The costs of procurement or production of property, plant and equipment comprise all costs incurred in rendering the asset in a condition permitting it to perform the use foreseen for it. These include project planning costs. They are capitalised upon the attainment of a sufficient degree of realisation. As a basic rule, this is documented by the Supervisory Board's passing of a project planning resolution. The costs arising from the general phase of project marketing are not capitalised. In the same manner, costs ensuing from significant deviations from the original project planning are recognized as expenditures.

The W.E.B Windenergie Group does not itself manufacture turbines. Its share of the proprietary services rendered upon such plants' assembly is of insignificant importance. The following rules apply to phases of construction of property, plant and equipment stretching over long periods of time.

In accordance with IAS 23, the interest paid on the outside capital until the time of completion of projects started upon after 1.1.2009 is to be capitalised. Depreciation is performed according to the straight-line method during the respective facilities' expected terms of economic utilisation.

Scheduled linear deprecation is performed throughout the Group using the following terms of utilisation:

	Term of depreciation
Wind power facilities	20 years
Photovoltaic facilities	20 years
Hydropower facilities	20–30 years
Office buildings	50 years
Hydropower facilities (buildings), operating halls	33 years
Property facilities	10–15 years
Other facilities, operating and business equipment	2–20 years

Grants supplied on a one-time basis by the public sector upon the setting up of facilities are subtracted from the costs of procurement of property, plant and equipment.

2.4.4 Financial assets

Financial instruments

A financial instrument is a contract leading simultaneously to one company's having a financial asset and to another one's having a financial liability or equity instrument.

Original financial instruments

The following categories of valuation are employed in the W.E.B Windenergie Group:

- AFS – "available for sale financial assets"
- LAR – "loans and receivables"
- FAAC – "financial assets at amortised cost"
- FLAC – "financial liabilities at amortised cost"
- FLFVPL – "financial liabilities at fair value through profit or loss"

IFRS 7 requires the notes to the accounts to include a division of the original financial instruments into classes and the associated valuation categories. In the W.E.B Windenergie Group, this takes the following form:

Classes and categories of evaluation of original and derivative financial instruments

Assets	
Securities	AFS
Participations (non-consolidated)	FAAC
Receivables, loans	LAR
Derivative financial assets	Hedging
Liabilities	
Financial liabilities	FLAC
Liabilities	FLAC
Other liabilities	FLFVPL
Derivative financial liabilities	Hedging

Securities are classified as being "available for sale". The valuation is made at the fair value based upon the stock market quotes. In accordance with IAS 39, changes in value are consigned in the provisions in a way not affecting earnings until the assets are sold.

The recognition of value impairments is undertaken upon the occurrence of significant objective indications in a way affecting earnings. The recognition of securities is undertaken as at the respective settlement date.

Other holdings for which a fair value cannot be established without undertaking considerable expenditure are reported at the costs of procurement.

2.4.5 Derivative financial instruments

The W.E.B Windenergie Group uses interest rate swaps to limit and manage the risks to business from changes in interest rates experienced in the financial sector. These derivative financial instruments are measured as at the time of contractual conclusion at the costs of procurement. They are to be valuated at fair value during the subsequent periods.

In the case of interest rate swaps, the fair value corresponds to the amount that the Group would either receive or have to pay upon the termination of the financial instrument on the respective closing date. This is calculated using the interest rates and interest structure curves pertaining to the closing date.

The market valuations of derivative financial instruments that are to be classified according to IAS 39 as cash flow hedge instruments are to be incorporated into the equity's revaluation reserves in a way not affecting earnings, in line with IAS 39. The realisation of the hedging transactions causes their recognition in a way impacting upon income.

Positive fair values are to be recognised in the receivables and other assets; negative ones in the other liabilities.

W.E.B fulfils the requirements imposed by IAS 39 upon hedge accounting in the following way: The commencement of a hedging measure is accompanied by the documentation of the relationship between the financial instrument being used as a securing instrument and the underlying transaction, and of the objective and strategy of hedging. This includes both the concrete assignment of the hedging instrument to the corresponding assets and liabilities or to (contractually-agreed upon) future transactions, and the measurement of the effectiveness of the hedging instruments being employed. The effectiveness of extant securing measures is monitored on an ongoing basis. This effectiveness has to be between 80% and 125%. A hedging relationship that becomes ineffective is disposed of.

2.4.6 Financial leasing

The capitalisation of wind power or photovoltaic facilities leased using financial leases employs the lower of their fair values or of the cash value of the minimum leasing instalments. They are linearly depreciated during the expected term of utility or during the contractual term, should that be shorter. The payment obligations ensuing from the leasing contracts are carried as liabilities in the financial liabilities.

2.4.7 Inventories

Inventories are carried at the lower of the costs of procurement or production or of their net disposal value as at the balance sheet date.

Costs of procurement comprise all costs of acquisition and of processing and finishing, as well as the other costs that were incurred in the rendering of the inventories in their present place and condition.

2.4.8 Intended for sale assets and communities of objects

"Intended for sale assets" are those assets that are capable of being sold in their condition and whose disposal is highly probable. These assets can include individual non-current assets, groups of assets (communities of objects), and business areas (activities no longer being pursued or discontinued operations). Liabilities that are to be disposed of along with assets in a transaction are components of community of objects that are intended for sale or of an activity no longer being pursued. Such debts are reported as "intended for sale liabilities".

2.4.9 Trade receivables, other receivables and assets

Trade receivables and other receivables are reported in the balance sheets at their costs of procurement minus the value impairments performed upon the portions expected to be non-collectable. The valuation of other assets is comprised of costs of procurement minus value impairment.

A value impairment occurs as soon as objective criteria indicate that a loss event has taken place subsequent to the initial recognition of the receivable, and in cases in which the event has a reliably-estimable negative effect upon expected future flows of payments. Objective criteria of a value impairment of a receivable include defaults on or delay of payment by or insolvency of a debtor, as well as disadvantageous alterations in its payment practices. The criteria also may take the form of economic conditions leading to defaults on receivables.

2.4.10 Liquid funds

Liquid funds comprise cash and cash equivalents. This includes cash accounts and short-term financial investments at banks that have an initial remaining term of up to three months. They are valuated at their fair value. As a general rule, this corresponds to the nominal value.

2.4.11 Value impairments of non-financial assets

Non-financial assets encompassed in the scope of IAS 36 are subject to impairment tests upon indications of a lessening of the sustaining of their book values. An annual impairment test is to be performed for goodwill, for intangible assets of undetermined term of utilisation, and for assets that are not yet ready for use. This does not depend upon the existence of an indication of value impairment. A value impairment arises in cases in which the book value exceeds the amount realisable from the asset. The realisable amount is the larger of the value in use or fair value minus costs of disposal. The value in use is determined using a capital value-oriented procedure according to the discounted cash flow method (DCF method).

In this method, the relevant flows of funds are derived using finance plans. These finance plans forecast the annual cash flows for the entire term of utilisation of a power plant. The initial basis for this planning is formed by earnings appraisals, information from plant manufacturers, experiences in the sector and know-how from experts. This is complemented by assessments made by the W.E.B Windenergie Group. These utilise experience-compiled values.

The capitalisation interest rate is the pre-tax interest rate. It reflects the market's current

assessment of the present value of the money and of the risks specific to the asset. A value impairment loss is the size of the amount needed to take into account the excess of the realisable amount over the book value. In cases in which the reasons for the value impairment cease in following periods, a value make-good is performed. The exception to this is goodwill.

2.4.12 Provisions

Provisions are constituted for all legal or de facto obligations existing on the balance sheet date vis-à-vis third parties that stem from past events and which will probably lead to an outflow of resources, and whose amounts can be reliably estimated. Provisions are carried at the amounts probably required to fulfil them. They are not offset against claims for reimbursement. In cases in which the provision to be valuated comprises a large number of items, the obligation is to be estimated. This is done by using their respective probability of occurrence to weight all possible events (expected value method).

In cases in which the cash value of the provision, which is determined on the basis of the discount rate of 5% customary to the market, diverges significantly from its nominal value, the former is to be used in the recognition of the obligation. Expenditures arising from the discounting of provisions are reported in interest expenditure.

2.4.13 Taxes

Expenditures for or earnings from income taxes comprise current and deferred taxes. The income taxes associated with transactions directly reported in the equity are recognised in the equity in a way not affecting earnings. The current taxes of the individual companies in the W.E.B Windenergie Group are calculated from the tax-liable incomes of the companies and from the rate of taxation to be applied in the respective countries.

The calculation of deferred taxes is performed for all temporary differences between the values of assets and liabilities carried in the IFRS consolidated financial statement and those tax values carried in the accounts of the individual companies. Tax advantages arising from extant losses carried forward and probably capable of being realised are, in addition, included in the calculations. Exceptions to this comprehensive accrual and deferral of taxes are constituted by the differences arising from goodwill that is not tax deductible and from temporary differences associated with participations. Deferred tax assets are not recognised in cases in which it is not probable that the tax advantages comprised in them are realisable. As in the previous year, the calculation of deferred taxes is based on the following rates of taxation: Austria (25%), Germany and Italy (30% respectively), France (33.33%) and Czech Republic (19%).

2.4.14 Financial liabilities

Financial liabilities are recognised upon inpayment and in the amount of the funds actually paid in. Liabilities in foreign currencies are measured at the rate of exchange prevailing at the balance sheet date.

The financial liabilities are calculated and recognised using the effective interest method.

2.4.15 Liabilities from trade liabilities and other liabilities

Trade liabilities and other liabilities are measured at their amortised costs.

2.4.16 Realisation of earnings

Revenues from sales and other operating income are regarded as being realised upon the rendering of the service or as at the point in time of transfer of risk. These are recognised under the precondition of a probable accrual of an economic benefit that can be reliably quantified.

Revenues arising from the sale of energy generated in proprietary wind parks are realised as at the time of electricity supply and according to the "completed contract method" procedure.

Revenues arising from operations and from other commercial and technical services are also realised as at the time of the completion of rendering of services and according to the "completed contract method" procedure.

Users' and licensing fees are either immediately realised, or are accrued or deferred and recognised on a pro rata temporis basis. Which option is selected depends on the respective business contents.

2.4.17 Interest expenditures and other financial results

Interest expenditures comprise all interest and similar expenditures incurred through the securing of outside capital and through financial leasing transactions.

The "other financial results" item comprises expenses, the results from securities transactions as well as the results of disposals of participations and from alterations of rates of foreign exchange involving financial liabilities.

The recognition of interest is undertaken using the effective interest method.

The realisation of dividends is undertaken at the time of the passing of the resolution on the payment of dividends.

2.4.18 Uncertainties in discretionary assessments and assumptions

The compilation of consolidated accounts according to the IFRS requires the making by corporate management of discretionary assessments and the establishment of assumptions about future developments. These can significantly affect the recognition and value of assets and liabilities, the reporting of other obligations existing as at the balance sheet date, and the accounting of earnings and expenditures during the financial year.

The following assumptions bear the non-inconsiderable risks of giving rise to significant adjustments of assets and liabilities during the next financial years.

- The Imst hydroelectric power plant had a book value of TEUR 8,122.9 as at 31.12.2011. This assessment was made on the basis of a forecast of cash flow extending during the planning period. A discount rate adapted to account for investment risk was applied to the assessment. In the year under review, this interest rate came to 5.19% after taxes. The value of the power plant is thus largely dependent upon the future development of electricity prices.

- The measurement of provisions for demolition costs yielded a book value of TEUR 4,203.5 as at 31.12.2011. This was made on the basis of assessments provided by experts, of experiences on costs accumulated through the demolition of comparable facilities, and of the assumption that a portion of the materials to be disposed of can be reused.

The assessment of the sustainable value of investments in wind park projects (prepayments made and facilities under construction, book value as at 31.12.2011: TEUR 12,142.5) has been made on the basis of assessment of the probability of realisation of the respective wind park. Lack of acceptance on the part of the local population or the failure to attain permits could lead to a rapid change in this probability of realisation. Forecasts of possible cash flows were compiled for the 20 year-term of each project. These substantiated their long-term values. The forecasts employed a discount rate that has been adapted to investment risk. In the year under review, this interest rate came to 5.80% after taxes.

3 Elucidations of the balance sheet

3.1 Non-current assets

(1) Intangible assets

TEUR 2011	Software	Utilisation rights	Total
Procurement costs as at 1.1.2011	**328.2**	**6,639.4**	**6,967.6**
Currency effects	0.1	0.0	0.1
Additions	59.1	0.0	59.1
Disposals	3.2	0.0	3.2
Procurement costs as at 31.12.2011	**384.1**	**6,639.4**	**7,023.6**
Accumulated changes in value as at 1.1.2011	**235.5**	**2,248.1**	**2,483.6**
Depreciation 2011	60.2	372.8	433.0
Disposals	3.2	0.0	3.2
Accumulated changes in value as at 31.12.2011	**292.5**	**2,620.9**	**2,913.4**
Net book value as at 31.12.2011	91.6	4,018.6	4,110.1
Net book value as at 31.12.2010	92.6	4,391.4	4,484.0

TEUR 2010	Software	Utilisation rights	Total
Procurement costs as at 1.1.2010	**301.4**	**7,069.6**	**7,371.0**
Additions	26.8	0.0	26.8
Disposals	0.0	430.2	430.2
Procurement costs as at 31.12.2010	**328.2**	**6,639.4**	**6,967.6**
Accumulated changes in value as at 1.1.2010	**164.2**	**1,917.4**	**2,081.6**
Depreciation 2010	71.3	382.7	454.0
Disposals	0.0	52.0	52.0
Accumulated changes in value as at 31.12.2010	**235.5**	**2,248.1**	**2,483.6**
Net book value as at 31.12.2010	92.6	4,391.4	4,484.0
Net book value as at 31.12.2009	137.2	5,152.2	5,289.4

The essential components of the intangible assets are the water rights in Imst, Austria (TEUR 1,097.1) and the licensing contracts in Wörbzig, Germany (TEUR 1,154.6). As at 31.12.2011, the remaining amortisation term for the water rights in Imst came to 34.5 years; that of the licensing contract in Wörbzig, 8 years.

(2) Property, plant and equipment

In the year under review, a value impairment of TEUR 276.6 was performed on the Imst hydropower plant. This was occasioned by the authorities' failure to approve support in the amount planned to the second part of the power plant. The value impairment is contained in the income statement's depreciation item.

In a further move, the project in Bulgaria was called off in the year under review, causing a write-off of TEUR 559.5. This was necessitated by the inadequacy of network infrastructure and by the lack of assurances regarding the feed-in tariff for the planned wind park. The expenditures for projects in the Czech Republic are also reported in the item on "prepayments made, facilities under construction". These expenditures were completely written off in the financial year (TEUR 247.6), as these projects are no longer being pursued.

TEUR 2011	Properties and buildings	Technical facilities and machines	Financial leasing	Other facilities, operating and business equipment	Prepayments made, facilities under construction	Total
Procurement/ production costs as at 1.1.2011	**10,318.8**	**227,369.6**	**45,437.2**	**1,821.9**	**11,503.9**	**296,451.3**
Currency effects	-1.2	-372.5	0.0	0.3	-0.2	-373.6
Additions	136.9	5,241.3	142.8	441.7	19,230.9	25,193.6
Disposals	6.0	28.6	0.0	133.8	1,768.2	1,936.6
Reclassifications	0.0	4,165.1	12,393.6	44.9	-16,603.6	0.0
Procurement/ production costs as at 31.12.2011	**10,448.5**	**236,374.6**	**57,973.7**	**2,174.9**	**12,362.8**	**319,334.5**
Accumulated depreciation as at 1.1.2011	**1,729.5**	**65,538.1**	**11,530.2**	**606.4**	**220.3**	**79,624.5**
Depreciation property, plant and equipment	142.8	11,396.7	2,851.2	315.2	0.0	14,705.9
Currency effects	0.0	-61.1	0.0	-0.4	0.0	-61.5
Value impairments	0.0	276.6	0.0	0.0	807.1	1,083.7
Disposals	0.0	7.7	0.0	66.1	807.1	880.9
Write-ups	0.0	0.0	0.0	0.0	0.0	0.0
Accumulated depreciation as at 31.12.2011	**1,872.3**	**77,142.5**	**14,381.4**	**855.0**	**220.3**	**94,471.5**
Net book value as at 31.12.2011	8,576.2	159,232.1	43,592.4	1,319.9	12,142.5	224,863.0
Net book value as at 31.12.2010	8,589.2	161,831.5	33,907.0	1,215.6	11,283.6	216,826.8

TEUR	Properties and buildings	Technical facilities and machines	Financial leasing	Other facilities, operating and business equipment	Prepayments made, facilities under construction	Total
2010						
Procurement/ production costs as at 1.1.2010	**9,386.9**	**231,958.0**	**24,119.3**	**1,421.5**	**3,453.3**	**270,339.0**
Currency effects	2.2	705.8	0.0	0.8	12.8	721.6
Additions	1,144.2	13,920.0	201.9	533.1	7,784.4	23,583.6
Changes in consolidated companies	0.0	0.0	0.0	0.0	3,415.9	3,415.9
Disposals	214.5	1,093.8	166.9	133.5	0.0	1,608.7
Reclassifications	0.0	-18,120.4	21,282.9	0.0	-3,162.5	0.0
Procurement/ production costs as at 31.12.2010	**10,318.8**	**227,369.6**	**45,437.2**	**1,821.9**	**11,503.9**	**296,451.3**
Accumulated depreciation as at 1.1.2010	**1,610.7**	**62,273.0**	**2,942.8**	**468.2**	**220.3**	**67,515.0**
Depreciation property, plant and equipment	145.5	11,667.1	1,210.4	238.1	0.0	13,261.1
Currency effects	0.0	81.3	0.0	0.5	0.0	81.8
Disposals	26.8	349.1	45.9	100.5	0.0	522.3
Write-ups	0.0	711.0	0.0	0.0	0.0	711.0
Reclassifications	0.0	-7,422.9	7,422.9	0.0	0.0	0.0
Accumulated depreciation as at 31.12.2010	**1,729.4**	**65,538.1**	**11,530.2**	**606.4**	**220.3**	**79,624.4**
Net book value as at 31.12.2010	8,589.2	161,831.2	33,907.0	1,215.6	11,283.6	216,826.9
Net book value as at 31.12.2009	7,776.2	169,685.0	21,176.5	953.3	3,233.0	202,824.0

The major additions to the "properties and buildings" item stemmed from the purchase of properties in Austria. These are for the Hohenruppersdorf-Spannberg and Höflein wind parks.

The largest additions to the "technical facilities and machines" item involve the wind park in Höflein, Austria (TEUR 15,420.2) and the hydropower plant in Imst, Austria (TEUR 538.8). In addition, two existing plants were acquired for a total of TEUR 852.8 on 1.6.2011 and on 1.7.2011 respectively. The first is located in Grafenschlag, Austria and has an installed capacity of 600 kW; the second, in Francop, Germany. It has an installed capacity of 1,800 kW.

The "prepayments made" and "facilities under construction" items essentially comprise the projects in Dürnkrut and Matzen-Klein Harras, Austria, and in Plaine d'Artois, France.

Disclosures on leased power plants

In the financial year, TEUR 43,592.4 of the book value of the property, plant and equipment stemmed from assets leased using financial leases. These involved the wind power plants in the Langmannersdorf, Neuhof and Stattersdorf wind parks, and the Montenero and the Montenero II photovoltaic facilities of WEB Italia.

The liabilities from financial leasing contracts have the following due dates, after having been offset against the prepayments made of TEUR 7,219.9 (previous year: TEUR 4,940.2):

Liabilities from financial leasing contracts

Minimum leasing payments: due dates and amounts

	31.12.2011			31.12.2010		
TEUR	Nominal value	Discounting	Cash value	Nominal value	Discounting	Cash value
Due in up to 1 year	4,055.1	1,167.8	2,887.3	3,412.5	963.4	2,449.1
Due in 1 to 5 years	17,025.1	3,915.2	13,109.9	13,650.0	2,963.4	10,686.6
Due in more than 5 years	19,830.0	2,894.1	17,744.1	14,160.8	1,236.2	12,924.6
Total	**40,910.3**	**7,977.1**	**33,741.3**	**31,223.3**	**5,163.0**	**26,060.3**

The remaining terms of the leasing contracts of the W.E.B Windenergie Group range as at 31.12.2011 from slightly more than five years to nearly 17 years.

(3) Associated companies consolidated at equity

The participations consolidated at equity developed as follows:

TEUR	2011	2010
Procurement costs		
As at 1.1.	1,046.3	857.3
Additions	105.0	105.0
Reclassifications	0.0	84.0
Disposals	380.4	0.0
As at 31.12.	770.8	1,046.3
Accumulated value write-ups (+) / write-downs (–)		
As at 1.1.	1,162.0	1,230.0
Depreciation	-45.5	-104.5
Write-ups	19.4	36.5
Disposals	175.1	0.0
As at 31.12.	1,311.1	1,162.0
Book value as at 1.1.	2,208.3	2,087.3
Book value as at 31.12.	**2,081.9**	**2,208.3**

The book values reported essentially involve Tauernwindkraftanlagen GmbH and Sternwind Errichtungs- und BetriebsgmbH & Co KG.

The participation in the company Ritten Hepperger GmbH, Italy (2008: 24.5%) was written off in the 2009 financial year. The company was wound up in the 2011 financial year. As at the last balance sheet date of 31.12.2009, the company's equity came to TEUR 20.0, and the annual deficit to TEUR 693.0.

The results of the at equity accounting were reported as either a write-up or a write-down. The holdings in PS-KW Energieoptimierungs GmbH and in WEB energie regenerativa srl were disposed of in the financial year. The sale of the holding in PS-KW Energieoptimierungs GmbH gave rise to earnings of TEUR 175.1. This was due to the losses registered by the company's having been recognised during the previous financial years on a pro rata temporis basis in the consolidated financial statements of the W.E.B Windenergie Group. No recognised losses are to be reported in the financial year.

A listing of the pro rata profits/losses from companies reported in the balance sheets at equity is to be found in Appendix 2 Financial Information.

(4) Other financial assets

The financial investments reported upon developed as follows:

TEUR 2011	Holdings in affiliated companies	Securities[1]	Participations	Loans	Total
Value prior to depreciation					
As at 1.1.2011	3.9	1,146.0	2,437.1	661.5	4,248.5
Reclassifications	0.0	0.0	0.0	0.0	0.0
Additions	10.0	0.2	115.3	0.0	125.4
Disposals	0.0	-255.9	0.0	-73.5	-329.5
As at 31.12.2011	13.9	890.1	2,552.4	588.0	4,044.4
Accumulated depreciation/write-ups					
As at 1.1.2011	0.0	-200.2	-912.1	-33.0	-1,145.3
Value impairments	0.0	-132.4	0.0	-31.3	-163.7
Value write-ups	0.0	14.9	0.0	0.0	14.9
Disposals	0.0	4.7	0.0	0.0	4.7
As at 31.12.2011	0.0	-312.9	-912.1	-64.4	-1,289.4
Book value as at 1.1.2011	3.9	945.8	1,525.0	628.4	3,103.1
Book value as at 31.12.2011	**13.9**	**577.2**	**1,640.3**	**523.6**	**2,755.0**

[1] These are exclusively "available for sale"

TEUR	Holdings in affiliated companies	Securities[1]	Participations	Loans	Total
2010					
Value prior to depreciation					
As at 1.1.2010	3.9	2,344.6[2]	2,272.2	825.2	5,445.9
Reclassifications	0.0	0.0	0.0	-84.0	-84.0
Additions	0.0	0.8	164.9	0.0	165.7
Disposals	0.0	-1,199.4	0.0	-79.7	-1,279.1
As at 31.12.2010	3.9	1,146.0	2,437.1	661.5	4,248.5
Accumulated depreciation/write-ups					
As at 1.1.2010	0.0	-706.5[2]	-421.9	-71.6	-1,200.0
Value impairments	0.0	-115.4	-490.2	0.0	-605.6
Value write-ups	0.0	84.6	0.0	0.0	84.6
Disposals	0.0	537.1	0.0	38.6	575.7
As at 31.12.2010	0.0	-200.2	-912.1	-33.0	-1,145.3
Book value as at 1.1.2010	3.9	1,638.0	1,850.3	753.6	4,245.8
Book value as at 31.12.2010	**3.9**	**945.8**	**1,525.0**	**628.4**	**3,103.1**

[1] These are exclusively "available for sale"
[2] Prior-year figures adjusted

The loans reported as at December 31, 2011 include those amounting to TEUR 73.5 (previous year: TEUR 73.5) falling due within one year.

The TEUR 10.0 in additions to holdings in affiliated companies resulted from the founding of the Italian company Società di gestione impianti fotovoltaici in November of the financial year. Its negligible importance to the Group led to its not being consolidated as at 31.12.2011. The participations are comprised as follows:

TEUR	31.12.2011	31.12.2010
Windkraft Simonsfeld AG	286.2	286.2
Weinviertler Energie GmbH & Co KG	150.0	150.0
BEB Bioenergie AG	100.6	100.6
oekostrom AG	498.0	498.0
GESY Green Energy Systems GmbH	15.2	0.0
The Wind Company GmbH	590.3	490.2
Total	**1,640.3**	**1,525.0**

The holdings in The Wind Company GmbH had to be written down by TEUR 490.2. This was reported in the balance sheets. The write-down was due to developments falling short of expectations and to delays experienced in the previous year in the development of projects.

The valuation approach mirrors the management's assessment of expected returns and of current project results. The management views the development of business at The Wind Company GmbH in the financial year as being constant. Management sees the opportunities for returns from projects as being greater than in the previous year. The valuation of the participations was retained at TEUR 590.3 (previous year: TEUR 490.2; the increase occurred on the basis of a shareholder resolution).

Reciprocal holdings existed with Windkraft Simonsfeld AG (2.09%). This company held 1,095 shares of WEB Windenergie AG.

Appendix 1 is to be consulted as to the disclosures made on participations in accordance with § 238 Z 2 of Austria's Commercial Code.

A listing of the proportionate shares of profits/losses from participations is to be found in Appendix 2.

(5) Other non-current assets

	31.12.2011	31.12.2010
TEUR		
Eschenau loan	26.2	28.0
Total	**26.2**	**28.0**

The loan reported as at 31.12.2011 was granted to Windpark Eschenau GmbH and showed the following development:

Loan Windpark Eschenau GmbH	31.12.2011			31.12.2010		
TEUR	Amortised PC (BV after VA)[1]	Effective interest	Cash value	Amortised PC (BV after VA)[1]	Effective interest	Cash value
Due in up to 1 year	4.4			4.4		
Due in more than 1 year	21.8			23.6		
	26.2	**7.00%**	**26.2**	**28.0**	**7.00%**	**28.0**

[1] PC ... procurement costs
BV ... book values
VA ... value adjustments

3.2 Current assets

(6) Inventories

TEUR	31.12.2011	31.12.2010
Consumables and spare parts	2,257.2	1,819.0

The inventories are primarily comprised of spare parts for wind power plants, as these cannot solely be used in conjunction with a single tangible asset.

(7) Trade receivables

TEUR	31.12.2011	31.12.2010
Receivables from the supply of electricity	7,785.0	3,594.7
Receivables from rental and leasing	434.5	536.5
Others	1,008.4	1,126.0
Total	**9,227.9**	**5,257.2**

The "Others" item primarily comprises receivables due from a manufacturer of wind power plants and related to indemnification for outages in output.

Trade receivables are neither value impaired nor delinquent.

(8) Other receivables and assets

The other miscellaneous receivables are comprised of the following:

TEUR	31.12.2011	31.12.2010
Receivables due from non-consolidated affiliated companies	192.9	212.7
Settlement accounts with partnerships	288.4	209.7
Other loans	0.0	13.4
Subtotal	**481.3**	**435.8**
Pledged bank deposits	920.0	458.0
Receivables due from tax authorities (essentially settlement of turnover tax, excess payments of income tax)	817.2	2,161.6
Prepaid fees	778.4	2,814.9
Market valuation of derivatives	5.5	0.0
Others	518.8	646.6
Total	**3,521.2**	**6,516.9**

Further disclosures

2011	Amortised procurement costs (BV after VA)[1]	Market value	Interest		Amortised procurement costs
TEUR	31.12.2011	31.12.2011	Fixed/ floating	Due in up to 1 year	Due in more than 1 year
Receivables due from affiliated companies (non-consolidated)					
Settlement account Regenerative Energy Bulgaria EOOD (Bulgaria)	142.9	142.9	Fixed	142.9	0.0
Settlement account WEB Energo d.o.o. (Bosnia and Herzegovina)	50.0	50.0	Fixed	50.0	0.0
Total	**192.9**	**192.9**		**192.9**	**0.0**

2010	Amortised procurement costs (BV after VA)[1]	Market value	Interest		Amortised procurement costs
TEUR	31.12.2010	31.12.2010	Fixed/ floating	Due in up to 1 year	Due in more than 1 year
Loans provided to employees	13.4	13.4	Fixed	13.4	0.0
Receivables due from affiliated companies (non-consolidated)					
Settlement account Regenerative Energy Bulgaria EOOD (Bulgaria)	162.7	162.7	Fixed	162.7	0.0
Settlement account WEB Energo d.o.o. (Bosnia and Herzegovina)	50.0	50.0	Fixed	50.0	0.0
Total	**226.1**	**226.1**		**226.1**	**0.0**

[1] BV ... book value
VA ... value impairment

Liquid funds, trade receivables and other current receivables have short remaining terms. For this reason, their book values are considered to be realistic estimates of their fair values.

Analysis of value-adjusted financial assets

Value-adjusted receivables and loans	Book value prior to value adjustments	Individual value adjustment	Book value after value adjustments
TEUR	31.12.2011	31.12.2011	31.12.2011
Due in up to 1 year	761.0	568.1	192.9
Total	**761.0**	**568.1**	**192.9**

The value adjustment performed on the receivable was required by the fact that it could not be fully paid by the company owing payment due to lack of funds.

Value-adjusted receivables and loans	Book value prior to value adjustments	Individual value adjustment	Book value after value adjustments
TEUR	31.12.2010	31.12.2010	31.12.2010
Due in up to 1 year	578.0	528.0	50.0
Total	**578.0**	**528.0**	**50.0**

The sustainable value of the receivables is assessed. This evaluation is based on the probability of default. There are no significant receivables that are delinquent but that have not been value adjusted.

(9) Cash and cash equivalents

	31.12.2011	31.12.2010
TEUR		
Short-term deposits at banks	12,795.8	3,879.4
Cash on hand	7.0	3.0
Total	**12,802.8**	**3,882.4**

Restrictions on the dispositions of the amounts contained in this item did not exist as at the balance sheet date.

The cash and cash equivalents correspond to the liquid funds carried in the cash flow statement as at the end of the period.

3.3 Equity

The changes are depicted in the "development of consolidated equity".

The share capital of WEB Windenergie AG is comprised of the following:
EUR 28,845,300.00 (previous year: EUR 28,845,300.00) in 288,453 shares (previous year: 288,453 shares). The share capital is fully paid in.

W.E.B's share capital is comprised of registered shares whose nominal value is EUR 100.00 each. As a basic rule and in accordance with the company's articles of association, the transferring of the shares requires the company's approval. This is granted by the Management Board and upon its consultation with the Supervisory Board.

The tied-up capital reserves come to EUR 23,323,840.56 (previous year: EUR 23,323,840.56). They came into being from in-payments made by the shareholders

(and contributions in kind), from which the assignable issuing costs have been deducted.

The other provisions are comprised of the differences ensuing from the translation of currencies and amounting to TEUR 18.7 (previous year: TEUR 51.1) and of the valuation provisions constituted according to IAS 39 and amounting to TEUR -765.5 (previous year: TEUR 463.3). The valuation provisions include both the valuations of securities and of hedging transactions.

The results per share were calculated by dividing the consolidated earnings by the weighted number of shares in circulation in 2011 (288,453 shares). There were no option rights for the issuing of new shares, nor were there any other items that could have diluted shareholding.

The cumulative results comprised the profits earned within the Group. These were lessened by the earnings paid out. The portion of these earnings that can be paid out to the shareholder is the "balance sheet profit" as at 31.12.2011 reported in the separate financial accounts of WEB Windenergie AG. These accounts were compiled in accordance with Austria's accounting principles.

WEB Windenergie AG is subject to the minimum capital requirements of the Austrian Stock Exchange Act. These minimum requirements were fulfilled in the financial year.

3.4 Non-current and current liabilities

(10) Financial liabilities

Liabilities due to banks	31.12.2011	31.12.2011	31.12.2011
TEUR	Total	Interest	Repayment
Due in up to 1 year	25,175.8	2,964.1	22,211.7
Due in 1 to 5 years	60,876.9	7,286.6	53,590.4
Due in more than 5 years	34,792.4	2,710.4	32,082.0
Total	**120,845.1**	**12,961.1**	**107,884.0**
Liabilities from financial lease contracts	40,910.3	7,977.1	33,741.3
Total	**161,755.4**	**20,938.2**	**141,625.3**

Liabilities due to banks	31.12.2010	31.12.2010	31.12.2010
TEUR	Total	Interest	Repayment
Due in up to 1 year	18,297.5	2,835.0	15,462.5
Due in 1 to 5 years	65,575.7	6,847.2	58,728.5
Due in more than 5 years	34,805.7	2,057.7	32,748.0
Total	**118,678.8**	**11,739.8**	**106,939.0**
Liabilities from financial lease contracts	31,223.3	5,163.0	26,060.3
Total	**149,902.1**	**16,902.8**	**132,999.3**

A listing of the due dates of liabilities from financial leasing contracts is to be found in (2) Property, plant and equipment, disclosures on leased power plants.

The following collateral has been provided to secure liabilities due to banks and from financial leases:

- Chattel mortgaging of the power plants
- Right of subrogation in the contracts for the delivery and receipt of electricity, and in those for utilisation and leasing
- Assignment of the claims arising from energy delivery contracts concluded with energy supply companies
- Assignment of the claims arising from machine and operations interruption insurance policies
- Limited personal encumbrance on the properties used in operations
- Security through entry in the registry of property

The following depicts the fixed interest rates and conditions of the financial liabilities:

Fixed interest rate until	Effective interest rate	Currency	Book value 31.12.2011
			in TEUR
2012	EURIBOR +1.55% margin	EUR	7,505.8
2013	LIBOR +1.50% margin	CHF	85.6
2014	EURIBOR +1.00% margin	EUR	1,939.2
2014	4.50%	EUR	1,316.5
2016	from EURIBOR +1.25% margin until EURIBOR +1.55% margin	EUR	8,279.7
2017	from EURIBOR +1.00% margin until EURIBOR +1.91% margin	EUR	19,259.2
2018	from EURIBOR +1.00% margin until EURIBOR +1.81% margin	EUR	23,931.5
2019	from EURIBOR +0.90% margin until EURIBOR +1.00% margin	EUR	16,822.7
2019	3.35%	EUR	9,980.8
2019	LIBOR +1.00% margin	CHF	549.8
2020	from PRIBOR +1.20% margin until PRIBOR +1.50% margin	CZK	4,110.2
2021	5.92%	EUR	8,604.9
2021	from EURIBOR +0.90% margin until EURIBOR +1.50% margin	EUR	7,290.0
2025	from EURIBOR +1.625% margin until EURIBOR +1.65% margin	EUR	18,988.8
2025	PRIBOR +2.20% margin	CZK	2,876.7
2028	EURIBOR +2.40% margin	EUR	10,083.9
			141,625.3

(11) Loans and other non-current liabilities

	Nominal amount	Issuing costs	Book value	Previous year
TEUR	31.12.2011	31.12.2011	31.12.2011	31.12.2010
Loans 2010–2015	10,163.0	-248.5	9,914.5	9,852.4
Loans 2011–2016	6,464.0	-118.1	6,345.9	0.0
Total loans	**16,627.0**	**-366.6**	**16,260.4**	**9,852.4**
Other non-current liabilities			673.3	46.4
			16,933.7	**9,898.8**

As at 16.12.2011, WEB Windenergie AG issued a wind power loan. The issuing volume came to TEUR 5,000.0, with a possible increasing to TEUR 8,000.0. The denomination was TEUR 1.0. The issuing price was 100% (TEUR 1.0 nominally). The term of the wind power loan is five years, from 16.12.2011 to 15.12.2016 at 100% of nominal value upon final maturity. The annual rate of interest amounts to 5% of the nominal value. The subscription period was from 12.10.2011 to 9.12.2011. The loan is listed on the Third Market of the Vienna Stock Exchange (ISIN: AT0000A0QZH8). It is deposited as a global certificate at the Österreichische Kontrollbank Aktiengesellschaft.

The issuing costs amounted to TEUR 118.1. These are being distributed during the term of the loan using the effective interest rate method. After deducting the issuing costs, the total amount of the subscribed-for loan came to TEUR 6,345.9 as at 31.12.2011.

As at 10.12.2010, WEB Windenergie AG issued Austria's first wind power loan. The issuing volume came to TEUR 10,000.0, with a possible increasing to TEUR 20,000.0. The denomination was TEUR 1.0. The issuing price was 100% (TEUR 1.0 nominally). The term of the first wind power loan in Austria is five years, from 10.12.2010 to 9.12.2015 at 100% of nominal value upon final maturity. The annual rate of interest amounts to 5% of the nominal value. The subscription period was from 2.11.2010 to 3.12.2010.

The loan is listed on the Third Market of the Vienna Stock Exchange (ISIN: AT0000A0K19). It is deposited as a global certificate at the Österreichische Kontrollbank Aktiengesellschaft.

The issuing costs amounted to TEUR 310.6. These are being distributed during the term of the loan using the effective interest rate method.

After deducting the issuing costs, the total amount of the subscribed-for loan came to TEUR 9,914.5 as at 31.12.2011.

The other non-current liabilities include other loans amounting to TEUR 35.7 (previous year: TEUR 46.4) and a liability to a wind turbine manufacturer in connection with the refitting and modernization of wind power facilities to the amount of TEUR 637.6 (previous year: TEUR 0.0). It has a remaining term of more than one year.

(12) Income taxes, deferred taxes (tax accrual and deferral)

Income taxes	2011	2010
TEUR		
Expenditures for current income taxes	-1,426.0	-231.6
Non-periodic expenditure for current income taxes	-189.1	-51.1
Changes in deferred taxes	-254.3	-1,973.2
Income taxes	**-1,869.4**	**-2,255.9**

The expenditure for tax in 2011 came to TEUR 1,869.4 (previous year: TEUR 2,255.9). It is TEUR 26.0 less (previous year: TEUR 592.7 more) than the computed tax expenditure of TEUR 1,895.4 (previous year: TEUR 1,663.2) yielded by the application of the rate of taxation of 25% upon the earnings before taxes.

The causes of the difference between the Group's computed and reported expenditure are as follows:

Tax reconciliation	2011	2010
TEUR		
Earnings before taxes	7,581.6	6,652.6
Rate of taxation	25%	25%
Computed income taxes	-1,895.4	-1,663.2
Adjustments for foreign rates of taxation	-249.0	-27.8
Tax reductions due to		
Earnings from participations	288.3	339.0
Others	0.0	79.7
Tax increases due to		
Non-deductible interest	-396.6	-362.4
Others	-54.8	-171.6
Expenditure for income taxes for the period	**-2,307.5**	**-1,806.3**
Non-periodic taxes	-189.1	-51.1
Non-periodic deferred taxes	622.8	-398.5
Reported expenditure for taxes	**-1,869.4**	**-2,255.9**
Effective rate of taxation	**24.7%**	**33.9%**
Effective rate of taxation (after deduction of non-periodic effects)	**30.4%**	**27.2%**

The differences existing between the valuations in the tax and IFRS balance sheets and the existing losses carried forward and capitalised as at the balance sheet date affect the accrued and deferred taxes reported in the balance sheet in the following way:

Tax deferrals	31.12.2011	31.12.2010
TEUR		
Assets		
Loss carried forward	1,963.0	2,488.0
Provisions for demolition costs	697.7	543.2
Market valuation of derivatives (interest swaps)	277.1	215.1
Financial investments	138.9	171.5
Costs of money procurement	72.9	88.9
Others	172.8	0.0
	3,322.5	**3,506.7**
Liabilities		
Fixed assets (including leasing)	-11,233.4	-11,275.6
Financial investments	-333.1	-292.9
Provisions for demolition costs	-86.0	-89.5
Receivables due to affiliated companies	-12.9	-13.2
Market valuation of derivatives (interest rate swaps)	0.0	-47.7
Financial liabilities and loans	-133.1	-118.9
Others	0.0	-16.4
	-11,798.6	**-11,854.2**
Deferred tax liabilities	**-8,476.1**	**-8,347.5**

The net position for deferred taxes changed during the period under review in the following way:

Deferred taxation	2011	2010
TEUR		
Initial amount 1.1.	-8,347.5	-5,255.7
Changes with no effect on income	125.7	-108.1
Changes with effect on income	-254.3	-1,973.2
Changes with no effect on income from corporate acquisitions	0.0	-1,010.5
Final amount on 31.12.	**-8,476.1**	**-8,347.5**

The calculation of deferred tax assets employed the 25% rate of corporate income tax in force in Austria. The taxation outside Austria was calculated using the tax rates applicable in the respective countries (see 2.4.13 Taxes).

The exploitation of deferred tax assets arising from tax-applicable losses carried forward is dependent, as a basic rule, upon the existence of tax-applicable earnings in future periods. In addition, there is an excess of deferred tax liabilities constituted from other items. Planning forecasts assume the presence of events having a correspondingly positive effect on taxation.

The other changes with no effect on income largely refer to profits and losses directly recognised in equity and ensuing from available for sale financial instruments and cash flow hedges.

	2011			2010		
TEUR	Amount before taxes	Income taxes	Amount after taxes	Amount before taxes	Income taxes	Amount after taxes
Changes from currency translation	-32.7	0.0	-32.7	75.4	0.0	75.4
Changes in the market value of available for sale financial instruments	-66.2	16.0	-50.2	333.7	-92.0	241.7
Changes in the market value of cash flow hedges	-361.8	109.7	-252.1	32.7	-16.1	16.6
Total of other results	**-460.7**	**125.7**	**-335.0**	**441.8**	**-108.1**	**333.7**

As at 31.12.2011, there were no significant temporary differences or tax-applicable losses carried forward for which no deferred tax assets had been recognised.

No taxes were accrued or deferred for temporary differences between the tax-applicable valuation of participations and the proportionate equity arising from shares in subsidiaries. This is because it is not to be assumed that these differences will be reversed in a foreseeable period of time.

(13) Other provisions

The other provisions are to be categorised as follows:

Analysis of provisions 2011	As at	Additions	Dis-solutions	Con-sumption	Interest component	Currency adjustment	As at
TEUR	1.1.2011						31.12.2011
Demolition costs	3,817.3	200.5	0.0	0.0	189.4	-3.6	4,203.6
Outstanding incoming invoices	202.2	489.3	0.0	-108.4	0.0	0.0	583.1
Recultivation	200.0	0.0	0.0	0.0	0.0	0.0	200.0
Income taxes	98.1	912.1	0.0	-98.1	0.0	0.0	912.1
Expenditures for lawyers, auditors and consultants	258.3	152.2	-11.0	-247.3	0.0	0.0	152.2
Personnel expense	201.7	269.0	0.0	-4.9	0.0	0.0	465.8
Total	**4,777.6**	**2,023.1**	**-11.0**	**-458.7**	**189.4**	**-3.6**	**6,516.8**
Thereof current	952.5						2,305.4
Thereof non-current	3,825.1						4,211.4

Defined contribution pension commitments were the only kind existing as at the balance sheet date. Ongoing payments were made. These facts obviated the need to constitute provisions for pensions.

The provisions for demolition costs are long-term in nature. These were constituted in accordance with contractual obligations and involve the dismantling of generating facilities at the ends of their terms of utility. The provisions bear an interest rate of 5%. The additions include capitalisation of demolition costs not affecting income and amounting to TEUR 200.5.

The provisions for personnel expenditure are primarily comprised of a provision for non-availed upon vacation amounting to TEUR 150.6 (previous year: TEUR 106.2), of one for working time credits amounting to TEUR 109.2 (previous year: TEUR 76.8), one for bonuses amounting to TEUR 196.9 (previous year: TEUR 58.5) and one for termination of employment compensation amounting to TEUR 7.8 (previous year: TEUR 7.8).

The provision for expenditures for lawyers, auditors and consultants largely comprise accruals made for the costs of compilation of the annual financial statements of the individual companies. This came to TEUR 33.4 (previous year: TEUR 16.2). The accrual was also constituted for the auditing of the annual financial statements. This amounted to TEUR 65.5 (previous year: TEUR 67.0). In addition, this item includes provisions of TEUR 15.0 (previous year: TEUR 30.0) for the compilation of the DCF appraisal. An accrual of TEUR 27.0 has been constituted for the compilation of the annual report (previous year: TEUR 27.0). Provisions have been made for the costs of legal consulting. These amount to TEUR 11.3 (previous year: TEUR 0.0).

The provisions for recultivation refer to obligations arising from officially-imposed requirements and involving a project now being planned.

The provisions constituted for income taxes include TEUR 489.2 (previous year: TEUR 32.3) for corporate income taxes and TEUR 422.9 (previous year: TEUR 65.8) for commercial taxes.

(14) Derivative financial instruments

The following financial derivative transactions existed as at 31.12.2011:

	Designation	Description	Volume TEUR	Term	Hedge accounting	Market value 31.12.2011	Market value 31.12.2010	Note
			TEUR			TEUR	TEUR	
1.	IRS EUR	Interest rate swap EUR/ 3M Euribor >> 4.4% fixed	12,000.0	14.10.2011	Cash flow hedge	0.0	-317.1	2011 concluded
2.	IRS EUR	Interest rate swap EUR/ 3M Euribor >> 1.56% fixed	10,000.0	6.10.2011	Cash flow hedge	0.0	-37.2	2011 concluded
3.	IRS EUR	Interest rate swap EUR/ 3M Euribor >> 2.63% fixed	20,000.0	6.10.2014	Cash flow hedge	-837.4	-506.2	
4.	IRS EUR	Interest rate swap EUR/ 3M Euribor >> 1.905% fixed	10,000.0	25.5.2015	Cash flow hedge	-231.4	151.5	
5.	IRS EUR	Interest rate swap EUR/ 3M Euribor >> 1.08% fixed	5,000.0	25.5.2012	Cash flow hedge	5.5	7.5	
		Total				**-1,063.3**	**-701.5**	

These hedging measures are interest rate swaps (IRS) transforming a financial liability with a floating rate of interest into one with a fixed rate.

The hedging relationship is designed to ensure a lack of effect on earnings. This was achieved in the financial year. This was due to the relationship of the unit of valuation and extant financing. After taking into consideration the effect upon taxes, TEUR -252.1 (previous year: TEUR 16.6) was recognised in the hedge provisions.

Elucidations to the derivatives existing as of the balance sheet date of 31.12.2011

1. Interest rate swap EUR
Concluded in the year under review.

2. Interest rate swap EUR
Concluded in the year under review.

3. Interest rate swap EUR
An interest rate swap with a basic amount of TEUR 20,000.0 and a term of up to 6.10.2014 was concluded in 2009. This transaction enabled W.E.B to exchange floating interest rates (3-month EURIBOR) for fixed interest rates (2.63%).

4. Interest rate swap EUR
An interest rate swap with a basic amount of TEUR 10,000.00 and a term of up to 25.5.2015 was entered into in 2010. This transaction enabled W.E.B to exchange floating interest rates (3-month EURIBOR) for fixed-interest rates (1.905%).

5. Interest rate swap EUR
An interest rate swap with a basic amount of TEUR 5,000.0 and a term of up to 25.5.2012 was entered into in 2010. This transaction enabled W.E.B to exchange floating interest rates (3-month EURIBOR) for fixed-interest rates (1.08%).

(15) Other current liabilities

In addition to the derivative financial liabilities, which are depicted in (14) Derivative financial instruments, the other current liabilities primarily include trade liabilities amounting to TEUR 3,181.9 (previous year: TEUR 5,669.6).

The conditional purchase price in France forms part of the Liabilities item. Detailed information on it can be found in section 2.2.2 Details of corporate acquisitions.

	31.12.2011	31.12.2010
TEUR		
Market value of derivative financial instruments	1,068.8	701.5
Trade liabilities	3,181.9	5,669.6
Other financial liabilities	0.0	104.8
Subtotal	**4,250.7**	**6,475.9**
Liabilities to taxation authorities	1,243.9	2,784.2
Liabilities from conditional purchase price France	1,034.8	1,330.0
Liabilities with companies with participatory relationships	447.4	0.0
Others	1,209.4	1,539.9
Total	**8,186.2**	**12,130.0**

4 Elucidations of income statement

(16) Revenues from sales

The revenues are to be categorised as follows:

TEUR	2011	2010
Wind power plants – revenues from electricity	36,002.2	32,411.6
Photovoltaic plants – revenues from electricity	4,327.0	2,116.3
Hydropower plants revenues from electricity	454.4	526.0
Other revenues	104.5	845.4
Total	**40,888.1**	**35,899.3**

The revenues from electricity are realised through the compilation as at the end of each month by the purchasers (largely public sector organisations or related bodies) of credit balances.

The other revenues stem from indemnification paid for outages in output by the wind power facilities. The indemnification is provided by manufacturers of wind power plants and insurers. In the previous year this item also contained indemnification from insurers amounting to TEUR 241.5. This was assigned in the year under review to the "Other operating income" item.

(17) Other operating income

TEUR	2011	2010
Revenues from charging on	1,347.3	714.6
Indemnification from insurers	535.3	0.0
Revenues from the charging on of Diesel	92.0	74.6
Rental revenues	73.0	72.3
Revenues from merchandise	64.7	44.0
Revenues from operational management	57.2	6.0
Revenues from services	19.8	19.6
Revenues from the retransferring of provisions	11.0	30.0
Revenues from value make-goods of assets	0.0	711.0
Reimbursement of costs	0.0	189.9
Revenues from the charging on of expenditures for projects	0.0	12.0
Revenues from the sale of investments	0.0	8.5
Other revenues and earnings	370.7	517.6
Total	**2,570.2**	**2,400.1**

The item "Revenues from charging on" comprises those arising from the charging on of expenditures not involving the W.E.B Windenergie Group.

(18) Expenditures for materials and other acquired production services

	2011	2010
TEUR		
Electricity expenditure power plants	393.8	493.7
Third party corporate services	1,317.2	815.5
Network losses fees	374.3	232.3
Goods employed	137.5	0.0
Others	0.0	0.5
Total	**2,222.8**	**1,542.0**

(19) Personnel expenses

	2011	2010
TEUR		
Wages and salaries	2,522.8	2,005.4
Expenditures for legally-required charges and contributions	566.4	457.5
Contributions to employees' pension fund	32.5	20.8
Expenditures for pension insurance	30.0	22.5
Other personnel expenses	19.2	9.5
Total	**3,170.9**	**2,515.7**

The average number of employees developed as follows:

	2011	2010
Number		
Employees	42	30
Workers	13	12
Total	**55**	**42**

Part-time employees are taken into account in this chart proportionate to their times of work.

(20) Depreciation

The depreciation of intangible assets and of property, plant and equipment amounted in the year under review to TEUR 15,138.9 (previous year: TEUR 13,715.1). Further, a total of TEUR 1,083.7 was recognized as value impairments. These involved write-downs of projects in Bulgaria and the Czech Republic as well as an impairment of the value of the hydropower plant in Imst.

(21) Other operating expenditure

	2011	2010
TEUR		
Maintenance and operation costs of power plants	3,573.7	2,868.7
Expenditures for rental and leasing of power plants	884.7	722.1
Expenditures for consulting	740.8	457.6
Expenditures for project planning	571.2	628.2
Insurance for power plants	563.2	590.2
Vehicle expenditure	225.0	104.3
Costs of advertising and representation	192.4	196.1
Travel expenses	194.3	146.6
Reimbursement of investment allowances (Austria's Federal Financial Court)	180.7	0.0
Czech photovoltaic charge	169.1	0.0
Membership fees	54.9	0.0
Remuneration Supervisory Board	52.0	52.0
Consumables	49.1	46.1
Value adjustments of receivables	40.0	528.7
Vocational and professional education	38.8	22.1
Other expenditures	1,095.7	879.3
Total	**8,625.7**	**7,242.0**

The expenditure incurred during the financial year for our official auditors KPMG Niederösterreich GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft and their domestic network companies amounted to a total of TEUR 67.8 (previous year: TEUR 109.5), of which TEUR 20.0 (previous year: TEUR 26.0) was attributable to the auditing of the individual financial statements and TEUR 39.3 (previous year: TEUR 68.6) to the auditing of the Group's consolidated financial statements. A further TEUR 8.6 (previous year: TEUR 14.9) was for other services.

Defaults on receivables

A value adjustment was performed during the previous year and the year under review of a receivable due from a participation, as the receivable was no longer viewed as being collectable.

Expenditures of some TEUR 13.0 (previous year: some TEUR 35.0) were recognised in the financial year for research and development.

(22) Interest earnings

TEUR	2011	2010
Fixed term deposits	13.1	5.7
Settlement accounts/ hire purchase agreements	23.3	67.3
Delinquency interest	24.7	0.0
Others	10.5	7.2
Total	**71.6**	**80.2**

(23) Interest expenditures

Expenditure for interest amounted in the year under review to TEUR 5,404.6 (previous year: TEUR 5,409.1).

In the year under review, the expenditure for interest was reduced by TEUR 82.9 (previous year: TEUR 29.6). This reduction accords to the stipulation of IAS 23 Capitalisation of Borrowing Costs, which rules that it is part of the costs of procurement of assets – the wind power plants at Höflein, Austria – and thus can be capitalised. These are written down during the term of utilisation of the asset. The costs of outside capital were directly related to the assets, and could be directly assigned to them.

The rate of financing costs averaged 3.09%.

(24) Other financial results

TEUR	2011	2010
Results from foreign currencies	-117.8	-260.4
Disposals of financial assets, valuation results, others	-133.0	-929.5
Discounting of provisions for demolition costs	-189.4	-173.9
Total	**-440.2**	**-1,363.8**

5 Supplemental details of financial instruments

Book values, valuations and fair values according to valuation categories

2011 TEUR	Valuation category	Book value 31.12.	Valuation according to IAS 39: Nominal value = current value	Amortised procurement costs	Procurement costs	Current value not affecting earnings	Current value affecting earnings	Current value 31.12.	Elucidation
Assets									
Cash and cash equivalents	Means of payment	12,802.8	12,802.8					12,802.8	(9)
Trade receivables	LAR	9,227.9		9,227.9				9,227.9	(7)
Loans and other receivables	LAR	2,763.5		2,763.5				2,763.5	
Thereof non-current		26.2		26.2				26.2	(5)
Thereof current		2,737.3		2,737.3				2,737.3	(8)
Other original financial assets									
Participations (non-consolidated)	FAAC	1,654.2		1,088.3	565.9			1,654.2	(4)
Available for sale securities	AFS	577.2				577.2		577.2	(4)
Loans	LAR	523.6		523.6				523.6	(4)
Derivative financial assets									
Derivatives with hedging relationship	Hedging	5.5				5.5		5.5	(8)
Liabilities									
Financial liabilities (including leasing)	FLAC	141,625.3		141,625.3				148,103.9	(10)
Other liabilities (without leasing)	FLAC	23,016.3		23,016.3				23,016.3	
Thereof non-current		16,933.6		16,933.6				16,933.6	(11)
Thereof current		6,082.6		6,082.6				6,082.6	(15)
Derivative financial liabilities									
Derivatives with hedging relationship	Hedging	1,068.8				1,068.8		1,068.8	(15)
Other liabilities – conditional purchase price	FLFVPL	1,034.8					1,034.8	1,034.8	(15)

Elucidation of the valuation categories:
LAR ... loans and receivables
FAAC ... financial assets at amortised cost
AFS ... available for sale financial instruments
FLAC ... financial liabilities at amortised cost
FLFVPL ... financial liabilities at fair value through profit or loss

2010	Valuation category	Book value 31.12.	Valuation according to IAS 39: Nominal value = current value	Amortised procurement costs	Procurement costs	Current value not affecting earnings	Current value affecting earnings	Current value 31.12.	Elucidation
TEUR									
Assets									
Cash and cash equivalents	Means of payment	3,882.4	3,882.4					3,882.4	(9)
Trade receivables	LAR	5,257.2		5,257.2				5,257.2	(7)
Loans and other receivables	LAR	463.8		463.8				463.8	
Thereof non-current		28.0		28.0				28.0	(5)
Thereof current		435.8		435.8				435.8	(8)
Other original financial assets									
Participations (non-consolidated)	FAAC	1,525.0		988.2	536.8			1,525.0	(4)
Available for sale securities	AFS	945.8				945.8		945.8	(4)
Derivative financial assets									
Derivatives with hedging relationship	Hedging	159.0				159.0		159.0	(15)
Liabilities									
Financial liabilities (including leasing)	FLAC	132,999.4		132,999.4				132,618.3	(13)
Other liabilities (without leasing)	FLAC	15,673.2		15,673.2				15,673.2	
Thereof non-current		9,898.8		9,898.8				9,898.8	(10)
Thereof current		5,774.4		5,774.4				5,774.4	(15)
Derivative financial liabilities									
Derivatives with hedging relationship	Hedging	860.5				860.5		860.5	(15)
Other liabilities – conditional purchase price	FLFVPL	1,330.0					1,330.0	1,330.0	

Elucidation of the valuation categories:
LAR ... loans and receivables
FAAC ... financial assets at amortised cost
AFS ... available for sale financial instruments
FLAC ... financial liabilities at amortised cost
FLFVPL ... financial liabilities at fair value through profit or loss

The book values of trade receivables, the loans and other receivables correspond approximately to the fair values, as their remaining terms are predominantly short-term.

The other non-current assets comprise participations (TEUR 1,640.3) and non-consolidated holdings in affiliated companies (TEUR 13.9) for which no price exists on the active market, and whose fair values cannot be reliably determined.

The other liabilities (without leasing) also primarily have short remaining terms. That is why the book values nearly depict the fair values. The fair values of financial liabilities (with this including leasing liabilities) were determined using a discounting of an interest rate oriented on those prevailing on markets. They contain liabilities due both to banks and from financial leases.

The valuation techniques applied by the W.E.B Windenergie Group and the assumptions used in the determination of the fair values of securities and shares are based on market values. The values of derivative financial instruments are derived from interest levels.

Net results according to valuation categories

	From the subsequent measurement						
2011	At fair value through profit and loss	At fair value not affecting income	Currency translation	Impairment	From disposals	Net result 2011	From interest
TEUR							
Cash and cash equivalents	0.0	0.0	0.0	0.0	0.0	0.0	45.7
Loans and receivables (LAR)	0.0	0.0	0.0	-71.4	0.0	-71.4	2.5
Available for sale financial assets (AFS)	0.0	8.1	0.0	0.0	-33.5	-25.4	0.0
Financial liabilities at amortised cost (FLAC)	0.0	0.0	-72.8	0.0	0.0	-72.8	-4,771.3
Hedging	0.0	252.1	0.0	0.0	0.0	252.1	-629.8
Total	**0.0**	**260.2**	**-72.8**	**-71.4**	**-33.5**	**82.5**	**-5,352.9**

	From the subsequent measurement						
2010	At fair value through profit and loss	At fair value not affecting income	Currency translation	Impairment	From disposals	Net result 2010	From interest
TEUR							
Cash and cash equivalents	0.0	0.0	0.0	0.0	0.0	0.0	-160.9
Loans and receivables (LAR)	0.0	0.0	0.0	-490.1	0.0	-490.1	8.2
Available for sale financial assets (AFS)	-197.8	241.7	0.0	0.0	-12.2	31.7	0.1
Financial liabilities at amortised cost (FLAC)	0.0	0.0	-409.3	0.0	0.0	-409.3	-4,023.2
Hedging	0.0	16.6	0.0	0.0	0.0	16.6	-1,167.5
Total	**-197.8**	**258.3**	**-409.3**	**-490.1**	**-12.2**	**-851.1**	**-5,343.3**

Financial instruments measured in the balance sheets at fair value

The following chart analyses the instruments measured at fair value according to the nature of the measurement methods.

To this end, three levels of measurement methods were defined:

- Level 1: Prices quoted for identical assets or liabilities on an active market (without adjustment)
- Level 2: Inputs that are either directly (for instance: as prices) or indirectly (for instance: derived from prices) observable for assets and that do not belong to Level 1
- Level 3: Inputs for assets and liabilities that do not depict any data observable on markets

The measurement of financial instruments is undertaken using prices on active markets (Level 1) and derived prices (Level 2).

	31.12.2011			31.12.2010		
TEUR	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Available for sale financial assets	577.2	0.0	0.0	945.8	0.0	0.0
Derivative financial assets	0.0	5.5	0.0	0.0	159.0	0.0
	577.2	**5.5**	**0.0**	**945.8**	**159.0**	**0.0**
Financial liabilities						
Derivative financial liabilities	0.0	1,068.8	0.0	0.0	860.5	0.0
Other liabilities – conditional purchase price	0.0	0.0	1,034.8	0.0	0.0	1,330.0
	0.0	**1,068.8**	**1,034.8**	**0.0**	**860.5**	**1,330.0**

In the year under review, there were no recategorisations between Level 1, Level 2 and Level 3.

The book values of financial assets issued as collateral amounted to TEUR 1,152.6 (previous year: TEUR 1,403.8). Of this, a part served as collateral for the contractual obligations of the W.E.B Windenergie Group to property owners for the dismantling of wind power plants upon the expiry of their terms of utility. The other part served as collateral for the W.E.B Windenergie Group's liabilities to banks.

6 Risk management

6.1 Other obligations and contingent liabilities

Liabilities to companies with which participatory relationships exist

TEUR	
Bill guaranty for a loan of Windpark Eschenau GmbH	65.4

WEB Windenergie AG holds a 30% stake in Windpark Eschenau GmbH. The latter took out a loan for the establishment of a wind park facility. WEB Windenergie AG issued a guarantee bond for this loan. Its maximum amount is TEUR 65.4 (previous year: TEUR 65.4). The outstanding loan amount as at 31.12.2011 for which WEB Windenergie AG has issued a bill of exchange to the bank (to serve as collateral) came to TEUR 13.9 (previous year: TEUR 22.3). This is less than the above sum, leaving as at 31.12.2011 a contingent liability of TEUR 13.9. This loan is being paid off by Windpark Eschenau on schedule, enabling the possible triggering of liability to be evaluated in any case as being less than 10%.

Financial obligations from the utilisation of property, plant and equipment not listed in the balance sheet

The total amount of financial liabilities arising from the utilisation of property, plant and equipment not listed in the balance sheet (rental payments for properties) will come to TEUR 693.7 (previous year: TEUR 689.9) for the following year. As a basic rule, the indexed five-fold amount is expected for the next five years. A precise statement cannot be made for the next five years, as the amount of rental payments depends on uncertainties (increases in the index of prices, adjustments tied to outputs produced by the wind power plants).

As at the balance sheet date, the amount of orders of property, plant and equipment for which contractual commitments exist came to TEUR 108,740.0.

Outstanding commitments to render payments for financial investments came to some TEUR 150.0.

Repurchasing obligation for wind power facility located in Vielau, Germany

In 2008, a hire-purchase agreement was concluded involving the wind power facility at Vielau, Germany with QR Dumeier-Köbis GbR, Baunatal, Germany. The agreement's term ends on 30.9.2017. During this contractual period, the W.E.B Windenergie Group is the legal owner of the wind power facility. The hire-purchase contract gives the hirer-purchaser the option of terminating it after having given proper notice. In case of a termination by the hirer-purchaser, the wind power facility in Vielau, Germany, would return to being part of the business property of the W.E.B Windenergie Group. As of this writing, the W.E.B Windenergie Group assesses the risk of a termination of the rental contract as being very small.

Liquidity risk

The W.E.B Windenergie Group met on schedule and properly in the year under review all the payment obligations (interest and repayment of principal) arising from loan liabilities. This also applied to all other liabilities for which no legal or content-related objections existed.

The company strives to fulfil as quickly as possible all those obligations to render payment in cases in which no reasons speak against their validity.

A depiction of the contractually-agreed upon outflows of funds in the area of financial liabilities encompassed by IFRS 7 is provided by (10) Financial liabilities.

Extensive pledges of investments and assignments of receivables have been agreed upon with financial institutes for extant financings. In addition, the W.E.B. Windenergie Group has committed itself to adhering to certain financial indicators. A breach of these indicators could entitle the financial institutes to call in their financing. In the financial year, the contractually-determined financial indicators were adhered to. The ramifications of fluctuations in operational flows of funds (primarily fluctuations in electricity revenues due to the wind situation) were minimised by engaging in proactive liquidity management.

The current liquidity situation and the ongoing liquidity planning were taken into account when making decisions on investments. Contractual commitments to order property, plant and equipment came as at the balance sheet date to TEUR 108,740.0. These commitments contain preliminary release orders amounting to TEUR 96,586.9 for wind power facilities produced by Vestas. These orders will only take effect upon the implementation of the projects.

Financial risks

The W.E.B Windenergie Group's financial assets, liabilities and planned transactions are exposed to risks on markets and from alterations of interest rates and rates of exchanges. The objective of financial risk management is to limit these market risks by undertaking operative and finances-oriented activities. With this depending upon the assessment of the risk, a selection of derivative and non-derivative hedging instruments are employed to this end. As a basic rule, security is procured only for those risks that could ramify upon the Group's cash flow. Derivative financial instruments are exclusively used as hedging instruments. They are not employed in trading and in other speculation-related purposes.

A listing of derivative financial instruments is to be found in (14) Derivative financial instruments.

Credit risk

The W.E.B Windenergie Group's operative business is exposed to default risk. This also applies to certain investment and financing activities. Transactions are contractually agreed upon in the investment and financing area with counterparties – to the greatest extent possible – of unimpeachable creditworthiness.

The maximum default risk corresponds to the book value of the financial assets plus the liabilities mentioned in chapter 6.1. This is because no separate agreements – such as netting agreements – exist.

The risk of defaults on receivables is limited by the fact that the majority of revenues are earned from public sector organisations and from related bodies. Despite this, extant default risks are taken into account by making individual (including flat-rate ones) value adjustments. As a basic rule, the credit risk associated with receivables can be assessed to be minor, since these are largely due within the short-term and since they are based on long-term business relationships. As at 31.12.2011, the maximum default risk associated with trade receivables came to TEUR 9,227.9 (previous year: TEUR 5,257.2). This amounted to TEUR 13,298.9 (previous year: TEUR 12,430.5) for all receivables, loans etc.

Interest change risk

The W.E.B Windenergie Group considers fluctuations in interest rates to be an essential risk to cash flow.

As at 31.12.2011, the percentage of financial liabilities bearing floating rates of interest (taking into account interest rate swaps entered

into) for which W.E.B Windenergie Group is exposed to interest rate risk came to 47.5%. A one percentage point increase in the interest rate borne by the portfolio of loans as at the balance sheet date would decrease earnings (before income taxes) by TEUR 746.9 p.a. (previous year: TEUR 396.6). The fixed-interest financial liabilities are exposed to a fair value risk of the customary extent.

The analysis of scenario imputes no change in all other factors.

As at 31.12.2011, interest rate swaps with a nominal value of TEUR 35,000.0 had been entered into. These swaps enable a switching from floating to fixed interest rates. These interest rate swaps have been designated as "cash flow hedges" in accordance with IAS 39. A detailed depiction of the derivative financial liabilities and of their fair values is to be found in the chart forming part of (14) Derivative financial instruments. The average remaining term comes to 2.0 years (previous year: 3.0 years). Alterations in rates of interest ramify upon the measurement of the interest rate swaps depicted and upon their recognition in the equity.

Currency risk

Currency risks arise from financial instruments that are denominated in a currency that differs from the functional one of the respective Group company in which they are measured.

The currency risks to which the W.E.B Windenergie Group is exposed result from investments, financing measures and operative activities. Foreign currency risks in the investment area exist for facilities and projects in the non-euro countries. As of this writing, the W.E.B Windenergie Group owns facilities in the Czech Republic. A financing in the country's currency constitutes a natural hedge between feed-in recompense and loan payments (interest and principal). In addition, investments have been made since the 2011 financial year in Canada. These formed part of project preparations. As at the balance sheet date, no project financing in the country's currency had been secured. Nor had any significant investments been made. An interest hedge for the equity (some 20%) committed to the facilities does not exist.

Currency risks in the financing area result from credit liabilities in foreign currencies. The credit liabilities denominated in Swiss francs have a current equivalent value of TEUR 635.4. No hedging exists for these credit liabilities. The interest rate swap hedges entered into are solely in euros.

Invoicing is undertaken mainly in euros. Trade receivables and liabilities exist essentially in the functional currency of the respective Group company. Thanks to this, no currency risk as defined by IFRS 7 results from these items.

Details of rate of exchange risks in accordance with IFRS 7

Financial liabilities	31.12.2011	31.12.2010
In thousands of units		
Amount in reporting currency	635.4	1,755.3
Of which		
CHF	778.1	2,150.3
JPY	0.0	4,496.7

The effects of hypothetical alterations of relevant risk variables on earnings and equity is shown by the following analysis of currency sensitivity, which accords to IFRS 7. Relevant risk variables are all non-functional currencies in which Group companies enter into financial instruments. The sensitivity analyses imputes that the values as at the balance sheet date are representative of the entire year.

A 10% rise or fall in the value of the respective functional currency vis-à-vis the follow key currencies would have influenced the

earnings before taxes and the equity in the following ways:

2011	10% rise	10% fall
TEUR	result	result
CHF	-70.6	57.8
Total	**-70.6**	**57.8**

2010	10% rise	10% fall
TEUR	result	result
CHF	-191.6	156.8
JPY	-4.5	3.7
Total	**-196.1**	**160.5**

Unresolved legal disputes
The WEB Windenergie Betriebsgesellschaft Deutschland GmbH is plaintiff in an administrative legal dispute involved a neighbouring operator of wind power facilities. At issue is the setting up in 2006 of a wind park. As the wind park was established according to plans, the opposing party's prospects of successfully asserting its objections are very small. The proceedings have, however, not yet been formally concluded. The responsible court of administrative matters has recently suggested the initiating of a mediation process.

7 Other details

7.1 Elucidations of the cash flow statement

The indirect method is applied to calculate the cash flow statement. The composition of the liquid funds can be found in the elucidation contained in (9) Liquid funds.

Interest receipts and payments are assigned to operating activities. Interest payments came to TEUR 4,638.2 (previous year: TEUR 4,023.2).

Payments of income taxes came to TEUR 1,615.1 (previous year: TEUR 290.0). These largely affected cash flows from operating activities.

7.2 Objectives of capital management

The objectives of the management of capital are the ensuring of the company's existence and the further development in Europe of the generation of electricity from renewable sources. A further goal is the achieving of an appropriate return on equity – 7% to 10% – over the long-term. An equity ratio of 20% to 30% is also striven for the long run. This will suffice to ensure against corporate risks, and is to be attained by optimally deploying the equity available. In 2011, the equity ratio came to 30.54%. The return on equity amounted to 7.33%.

The first dividend in the history of the company was paid out in the financial year. Total payout was TEUR 1,442.3, corresponding to a dividend of EUR 5.00 per share. A dividend from 2011 of EUR 10.00 per share is planned for 2012.
In the long run, 33% of the consolidated net profits are to be paid out in the form of dividends.

7.3 Business relationships with related companies and persons

The companies and persons (related parties) affiliated with the W.E.B Windenergie Group include all non-consolidated affiliated and associated companies and joint ventures, plus all members of the Management Board and of the Supervisory Board and their close relatives.

A list of Group companies is contained in Appendix 1 Group companies.

In the year under review and in the one previous to it, no significant business transactions were pursued with participations reported at equity in the balance sheets or with non-consolidated subsidiaries.

Reinhard Schanda is both a member of the Supervisory Board and a partner in the legal firm of Sattler und Schanda, which has received a commission from the company for legal consulting. These services are provided by Angela Heffermann, a lawyer at the firm. In its meeting on 26.6.2009, the Supervisory Board agreed to extend the commission. In the year under review, expenditures amounting to TEUR 16.1 were recognised. As at 31.12.2011, the legal firm Sattler und Schanda had outstanding fee notes amounting to TEUR 0.4 (previous year: TEUR 0.0) vis-à-vis the company.

The shareholders of QR Dumeier-Köbis GbR, Baunatal, Germany, are Sigrun Dumeier (wife of Frank Dumeier, COO) and Carmen Köbis (wife of Volker Köbis, Head of Technology). A hire-purchase contract with this company has been in force since 2008. It is for the wind power facility in Vielau, Germany. The contract has the conditions customary to the market. Revenues amounting to TEUR 13.2 (previous year: TEUR 14.5) were recorded in the year under review. As at 31.12.2011, receivables amounting to TEUR 434.5 (previous year: TEUR 536.5) were outstanding.

Martin Zimmermann was voted a member of the Supervisory Board at the Annual General Meeting in 2011. A contract has been entered into with him for the investment in and care of fallow land associated with locations in Austria for wind power plants. Expenditures of TEUR 3.1 were recorded in the year under review. As at 31.12.2011, no receivables were unpaid.

In the financial year, three close relatives of members of the Management Board were employed. Their total remuneration was within the bounds customary to markets, and came to TEUR 101.1 (previous year: TEUR 90.1).

Corporate bodies

a) Management Board

In financial year 2011, the Management Board was comprised of the following persons:

Andreas Dangl, born 2.11.1962
Chairman of the Management Board since 6.7.1999, collective representation

Michael Trcka, born 10.11.1970,
Chief Financial Officer since 1.5.2009, collective representation

Frank Dumeier, born 29.3.1962,
Chief Operating Officer since 1.4.2010, collective representation

b) Supervisory board

In financial year 2011, the Supervisory Board was comprised of the following persons:

Josef Schweighofer, born 26.8.1964, member of the Supervisory Board since 5.7.2002; since 17.1.2009, chairman of the Supervisory Board. Term of the period of function is until the Annual General Meeting in 2016.

Reinhard Schanda, born 16.1.1965, member of the Supervisory Board since 19.6.2009, since 17.6.2011, deputy chairman of the Supervisory Board. Term of the period of function is until the Annual General Meeting in 2014.

Stefan Bauer, born 20.9.1977, member of the Supervisory Board since 1.5.2005. Term of the period of function is until the Annual General Meeting in 2016.

Martin Zimmermann, born 23.12.1968, member of the Supervisory Board since 17.6.2011. Term of the period of function is until the Annual General Meeting in 2016.

Andreas Zajc, born 15.10.1968, member of the Supervisory Board until 17.6.2011.

c) Authorised signatory

Claudia Redl, born on 1.2.1983, was appointed authorised signatory on 15.9.2008. She joins with a member of the Management Board in representing the company.

Corporate bodies: remuneration

The members of the Management Board received in 2011 remuneration totalling TEUR 462.7 (previous year: TEUR 424.7). Of that TEUR 67.0 was results-dependent components determined by the results achieved in 2010. (previous year: TEUR 53.7 and involving the results in 2009). No remuneration was paid in the financial year to former members of the Management Board (previous year: TEUR 0.0).

No advances were granted to Group managing bodies in 2011 (previous year: TEUR 0.0). Defined benefit pension commitments have been made to the bodies. In the financial year, contributions amounting to TEUR 30.0 (previous year: TEUR 22.5) were paid into the pension fund. Other commitments to render payment do not exist.

In the year under review, remuneration paid to the Supervisory Board came to TEUR 52.0 (previous year: TEUR 52.0).

W.E.B has secured liability insurance for its bodies (D&O insurance policies). This insurance secures the company against liability risks incurred by actions undertaken by persons entrusted with responsibilities at W.E.B and at its subsidiaries. The costs are borne by the company.

8 Events after the balance sheet date

In December 2011, the construction of the wind park in Dürnkrut, Austria was commenced. This is to be the venue as at summer 2012 for five facilities manufactured by Vestas. They will have an output of 2.0 MW of electricity.

Construction is proceeding at full pace of the wind park in Plaine de l'Artois, France. The park is to have 18 Enercon facilities. The first facility has been assembled. It will be followed during the next few weeks by the other ones. This park will also start producing electricity for the W.E.B Windenergie Group in summer 2012.

A loan was issued in December 2011. After having been announced, a second subscription period was not staged.

Aside from the above, no significant events have taken place since the balance sheet date.

These financial statements were authorized on 4.5.2012 by the Management Board.

The individual financial statements of the parent company were reconciled with the International Financial Reporting Standards, and then incorporated into the Group's consolidated financial statements. The former were submitted on 4.5.2012 to the Supervisory Board for examination. The Supervisory Board has the options of either approving the annual financial statements, or delegating the doing of such to the Annual General Meeting.

Pfaffenschlag, May 4, 2012

Chairman of the Management Board
Andreas Dangl

Chief Financial Officer
Michael Trcka

Chief Operating Officer
Frank Dumeier

Appendix 1

Group companies

Details of participatory companies in accordance with §238 Z 2 of Austria's Commercial Code

Company	Head-quarters	Country	Nature of consoli-dation	Share of equity held	Balance sheet date	Equity	Income/ loss for the year	Equity in foreign currency	Net income/ loss for the year foreign currency	Rate of ex-change
						TEUR	TEUR			
WEB Windenergie AG	Pfaffen-schlag	Austria	FC		31.12.2011	62,986	3,378			
WEB Windenergie Betriebsgesellschaft Deutschland GmbH	Leer	Germany	FC	100%	31.12.2011	13,687	2,251			
WEB Energie du Vent SAS	Lezennes	France	FC	100%	31.12.2011	2,149	235			
WEB Větrná Energie s.r.o.	Brno	Czech Republic	FC	100%	31.12.2011	1,806	-11	46,579,732 CZK	-284,870 CZK	25.787
WEB Italia Energie Rinnovabili s.r.o.	Bolzano	Italy	FC	100%	31.12.2011	747	736			
Società di gestione impianti fotovoltaici	Monte-nero	Italy	NC	100%	31.12.2011[1]					
WEB Wind Energy North America Inc.	Ontario	Canada	FC	100%	31.12.2011	195	-127	257,258 CAD	-168,445 CAD	1.3215
Regenerative Energy Bulgaria EOOD	Sofia	Bulgaria	NC	100%	31.12.2011	-25	-13	-49,352 BGN	-24,977 BGN	1.9558
WEB Energo d.o.o.	Mrkonjić Grad	Bosnia and Herzego-vina	NC	70%	31.12.2010[1]	-400	-44	-579,941 KM	-63,398 KM	1.45
Tauernwind Windkraftanlagen GmbH	Potten-brunn	Austria	EQ	20%	31.12.2011	3,515	47			
Sternwind Errichtungs- und BetriebsgmbH	Bad Leon-felden	Austria	EQ	49%	31.12.2011	536	76			
Sternwind Errichtungs- und BetriebsgmbH & Co KG	Vorder-weißen-bach	Austria	EQ	49%	31.12.2011	2,642	323			
Windkraftanlagen Eschenau GmbH	Potten-brunn	Austria	EQ	30%	31.12.2011	31	-58			
The Wind Company GmbH	Vienna	Austria	NC	24%	31.12.2010[1]	3,413	-211			
SWEB Development Inc.	New Brunswick	Canada	FC	51%	31.12.2011[2]					
SWEB Development Limited Partnership	New Brunswick	Canada	FC	51%	31.12.2011[2]					
SASU Energie Verte Plaine d'Artois	Lille	France	FC	100%	31.12.2011	-10	-22			
Société d'Electricité du Nord SARL	Lille	France	FC	100%	31.12.2011	-38	42			

FC ... fully consolidated; EQ ... at equity valuation; NC ... non-consolidated

[1] As of the time of compilation of financial statements, no values as at 31.12.2011 were available

[2] Contained in the figures for WEB Wind Energy North America Inc.

Appendix 2

Financial information on associated companies

						Total				Proportionate			
Company	Head-quarters	Country	Nature of consoli-dation	Share of equity held	Balance sheet date	Assets	Liabil-ities	Rev-enues	Income/ loss for the year	Assets	Liabil-ities	Rev-enues	Income/ loss for the year
						TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Tauernwind Windkraft-anlagen GmbH	Potten-brunn	Austria	EQ	20%	31.12.2011	10,048	6,394	3,375	47	2,010	1,279	675	9
Non-current assets/liabilities						6,191	5,897			1,238	1,179		
Current assets/liabilities						3,857	497			771	99		
Windkraftanlagen Eschenau GmbH	Potten-brunn	Austria	EQ	30%	31.12.2011	280	189	82	-58	84	57	25	-18
Non-current assets/liabilities						244	134			73	40		
Current assets/liabilities						36	54			11	16		
Sternwind Errichtungs- und BetriebsgmbH	Bad Leon-felden	Austria	EQ	49%	31.12.2011	1,305	748	362	76	639	366	177	37
Non-current assets/liabilities						1,130	20			554	10		
Current assets/liabilities						174	728			85	357		
Sternwind Errichtungs- und BetriebsgmbH & Co KG	Vorder-weißen-bach	Austria	EQ	49%	31.12.2011	9,049	4,771	1,898	323	4,434	2,338	930	158
Non-current assets/liabilities						8,590	3,705			4,209	1,815		
Current assets/liabilities						459	1,066			225	522		
The Wind Company GmbH	Vienna	Austria	NC	24%	31.12.2010[1]	3,519	106	0	-211	845	26	0	-51
Non-current assets/liabilities						3,401	0			816	0		
Current assets/liabilities						118	97			28	23		

FC ... fully consolidated; EQ ... at equity valuation; NC ... non-consolidated

[1] As of the time of compilation of financial statements, no values as at 31.12.2011 were available

Appendix 3

IFRS and IFRIC not relevant to the W.E.B Windenergie Group

1. IFRS and IFRIC to be applied but with no effects upon the W.E.B Windenergie Group

Standard or interpretation		Taking effect[1]	Effects upon the W.E.B Windenergie Group
New interpretations			
IFRIC 14	Alteration: prepayment of minimum funding requirements	1.1.2011	None
Revised standards			
IAS 24	Alteration: disclosures of relationships with related companies and persons	1.1.2011	None
All	Improvements in the IFRS	1.1.2011	None

[1] The stipulations are to be applied respectively to the financial years that begin on or after the date of promulgation of the corresponding EU regulation

The alterations made in IAS 24 have revised the definition of related companies or persons. The new definition accords to symmetric viewpoint of relationships with related companies and persons. It clarifies which relationships between persons with controlling or significant influence or between managers in key positions and the companies making the disclosures have to be disclosed. The alterations arising from the initial applications of this revised standard will have no significant effects upon the consolidated financial statements of the W.E.B Windenergie Group.

The alterations in IFRIC 14 enable a company that has to fulfil minimum funding requirements associated with pension plans to extract the benefit from the prepayments rendered for them by recognising them as assets. The alterations arising from the initial application of these revised interpretations effects will have no significant effects upon the assets, finances or earnings of the W.E.B Windenergie Group.

2. IFRS and IRFRIC not yet to be applied

The IASB has resolved further standards that have been adopted by the EU and published in its Official Journal, but whose application, however, was not requisite in financial year 2011/2012. The company will not make use of the voluntary option of an earlier applicable date.

- Alterations in IFRS 7 Financial instruments: disclosure requirements when transferring financial assets (to be applied for the reporting periods beginning on or after July 1, 2011).

The following standards or alterations thereof or interpretations have been resolved by the IASB, but not yet adopted by the EU as of the time of compilation of the consolidated financial statements:

Standard	Contents	Taking effect[1]
New interpretations		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1.1.2013
Revisied Standards		
IAS 27	Separate Financial Statements	1.1.2013
IAS 28	Investments in Associates and Joint Ventures	1.1.2013
IFRS 9	Financial Instruments	1.1.2015
IFRS 10	Consolidated Financial Statements	1.1.2013
IFRS 11	Joint Arrangements	1.1.2013
IFRS 12	Disclosure of Interests in Other Entities	1.1.2013
IFRS 13	Fair Value Measurement	1.1.2013
Alterations of standards		
IAS 1	Presentation of Other Results	1.7.2012
IAS 12	Recovery of Underlying Assets	1.1.2012
IAS 19	Provision of Employee Benefits	1.1.2013
IAS 32	Offsetting Financial Assets and Financial Liabilities	1.1.2014
IFRS 1	Severe Hyperinflation and Fixed Dates in the Exceptions to Derecognitions	1.7.2011
IFRS 1	Government Loans	1.1.2013
IFRS 7	Offsetting Financial Assets and Financial Liabilities	1.1.2013

[1] The stipulations are to be applied respectively to the financial years that begin on or after the date of promulgation of the corresponding respective EU regulation

The ramifications of the future applications of the above standards and interpretations upon the consolidated financial statements of W.E.B are not assessable in advance.

Auditor's Report

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of

WEB Windenergie AG,
Pfaffenschlag,

for the **financial year extending from January 1, 2011 to December 31, 2011**.
These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2011, the consolidated income statements, the consolidated statement of comprehensive income, the consolidated cash flow statement, the statement of changes in shareholders' equity for the financial year ending December 31, 2011, as well as the consolidated notes to the accounts.

Management's responsibility for the consolidated financial statements

Management is responsible for the maintenance of consolidated accounts and for the preparation of the consolidated financial statements, derived from them in a way providing the fairest and most accurate possible depiction of the Group's assets, finances and earnings. These accounts and statements are in accordance with the International Financial Reporting Standards (IFRSs) in the way in which they are applied in the EU. Comprised in this responsibility is the designing, implementing and maintaining of an internal control system capable of facilitating the preparation of the consolidated financial statements, and of depicting in a fair and accurate way the Group's assets, finances and earnings. This precludes material misstatements, whether they be due to intentional or unintentional errors; the selection or application of accounting and valuation policies; the making of accounting estimates that seem reasonable under the circumstances given.

Auditor's responsibility and description of the manner and scope of the legally mandated audit of financial statements

Our responsibility is to use our audit to form and express an opinion on these consolidated financial statements. We conducted our audit in accordance with the laws and regulations applicable in Austria and with the International Standards on Auditing (ISAs), which are issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). These principles stipulate that we comply with professional requirements, and that we plan and perform the audit in a way yielding the reasonable assurance that the financial statements are free from material misstatements.

An audit involves performing procedures yielding verifications of the amounts and other items reported in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to intentional or unintentional errors. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements and of the entity's assets, finances and earnings in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluations of the appropriateness of accounting policies applied, and of the reasonableness of accounting estimates made by management, as well as an assessment of the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit opinion.

Auditor's opinion

Our audit did not give rise to any objections. Based on the results of our audit, in our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2011, and of its financial performance and its cash flows for the financial year from January 1, 2011 to December 31, 2011 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Statements on the Group Management Report

The Group Management Report is to be audited using the applicable legal codes, which stipulate that the report has to be in accordance with the consolidated financial statements. This includes assessing whether or not the other items contained in the Group Management Report misrepresent the Group's situation. The auditor's certificate also has to comprise statements on whether or not the Group Management is consistent with the consolidated financial statements.

In our opinion, the consolidated Management Report for the Group is consistent with the consolidated financial statements.

Mödling, May 4, 2012

KPMG Niederösterreich GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Heidi Schachinger m.p.	Eugen Strimitzer m.p.
Officially certified auditor	Officially certified auditor

The publication or transmission of the consolidated financial statements bearing our official auditors' certificate has to be confirmed by us. This certificate applies only to the complete German version of the consolidated financial statements (including the Consolidated Group Management Report). For any versions not meeting these stipulations the regulations established in § 281 paragraph 2 of the Austrian Business Enterprise Code apply.

Report of the Supervisory Board

pursuant to §96 Austrian Stock Corporation Act

Members of the Supervisory Board

Josef Schweighofer
Chairman

Stefan Bauer
Member

Reinhard Schanda
Deputy Chairman

Martin Zimmermann
Member

At the beginning of the 2011 financial year the Supervisory Board consisted of four persons: Josef Schweighofer (Chairman), Andreas Zajc (Deputy Chairman) as well as the members Stefan Bauer and Reinhard Schanda. Due to the fact that the Supervisory Board mandates of the first three individuals expired at the end of the 12th Annual General Meeting held on June 17, 2011, elections to the Supervisory Board were held at this Annual General Meeting. In this election Josef Schweighofer and Stefan Bauer were re-elected to the Supervisory Board, and Martin Zimmermann was elected to the Supervisory Board for the first time. Within the context of the constituent meeting of the Supervisory Board, Josef Schweighofer was re-elected to the position of Chairman of the Supervisory Board and Reinhard Schanda as Deputy Chairman.

The Supervisory Board responsible for supervising the company's business operations in the reporting period convened for a total of six meetings during the reporting period, fulfilling the responsibilities assigned to it by Austria's legal code and by the company's Articles of Association, and granted the required approval or rejection on specified transactions within the scope of its authority.

In its meetings the Supervisory Board discussed the business policies, the earnings situation and the future strategic orientation of the company on the basis of regularly, timely, written and oral reports provided by the Management Board. The Supervisory Board continuously monitored the management of the company on the basis of the comprehensive reporting on the part of the Management Board. The supervision of management activities which took place within the framework of an open discussion between the Management Board and Supervisory Board, did not give rise to any objectives.

In the year 2011 the current Management Board team consisting of the Chief Executive Officer Andreas Dangl, the Chief Financial Officer Michael Trcka and the Chief Operating Officer Frank Dumeier served together for the first time for an entire financial year. The Supervisory Board is convinced that this composition of the Management Board encompasses all the qualifications and experience required in order to continue to implement the growth steps which have been initiated, as well as to optimally master the challenges faced by the company in its everyday business operations. Moreover, the expansion of the second management level initiated in 2010 was for the most part successfully concluded in the year 2011.

At the beginning of the 2011 financial year the second photovoltaic facility (Montenero II) with an output of 3.7 MW was put into operation in Montenero, Italy and successfully connected to the grid. In the summer of 2011 six wind power plants each with an output of 2.0 MW came on stream in Höflein (Lower Austria). In addition, one existing wind turbine in Grafenschlag and three in Francop (Northern Germany) with a total output of 2.4 MW were acquired in 2011.

For strategic reasons the Supervisory Board gave its stamp of approval to the intensification of the company's business activities in Canada with respect to the implementation of Greenfield projects. For this purpose a subsidiary was founded in Canada in order to bundle the activities in this Country. The subsidiary is fully owned by WEB Windenergie AG. The project planning and development work and the operation of the wind power plants should be effectively managed with the support of Scotian Windfields Inc., a local company with longstanding experience. For this reason a joint venture development company as well as several project companies linked to the specific sites was established with this partner. According to the current status of the projects, construction of a plant will already begin at the end of this year, enabling the company to gain experience in connection with construction procedures and subsequently with the operation of wind power facilities in Canada.

Furthermore, an initiative was launched in order to provide added impetus to the further expansion of wind power in the company's domestic market in the Waldviertel region of Austria. For this reason, the so-called "Waldviertel Wind Initiative" was launched in the spring of 2011 together with proponents of wind energy. This platform is designed to emphasize the advantages of wind energy for the region and combat prejudices about this type of power generation. The project department of W.E.B is currently examining the economic feasibility in the light of state-of-the-art technologies and is negotiating with municipalities, property owners and network operators in order to create the legal framework needed to operate additional wind power plants in the Waldviertel region.

In contrast, a longstanding project in Shabla, Bulgaria, had to be discontinued. The economic, technical and legal conditions developed unfavorably, leading the company to decide to stop the project in 2011 and to terminate all activities in Bulgaria for the time being.

Several years ago, it was decided to stop expanding the company's operations in the field of hydropower. In 2011, it seized the opportunity and accepted the offer of an interested party to purchase the shares held by W.E.B (30%) in PS-KW Energieoptimierungs GmbH.

In the light of the planned growth in the field of wind energy, negotiations were carried out with Vestas about a framework agreement to purchase 27 turbines in the coming years. The talks were successfully concluded in the spring of 2011.

Furthermore, in 2011 direct sales to a local electricity provider were launched in Germany. At present, a considerable percentage of Germany's electricity production is sold via this sales channel.

At present, two wind power sites are being developed in Dürnkrut/Götzendorf (Lower Austria) as well as in Plaine de l'Artois, France. Both facilities should be connected to the power grid in 2012. In Dürnkrut/Götzendorf five Vestas turbines each with an output of 2.0 MW are being constructed. In Plaine de l'Artois 18 Enercon turbines each with an output of 800 kW are being constructed. For legal reasons relating to tariffs, only 15 of the 18 wind turbines are directly owned by W.E.B, and the company will have a stake in the other three.

In order to partially finance the planned investments, a corporate bond was issued in 2011. With a term to maturity of five years and an annual return on investment of 5%, the conditions were precisely the same as the bond issued in 2010. Following the issuing of 6,464 bonds each

at a nominal price of EUR 1,000.00 for a total volume of EUR 6,464,000.00, the bond issue was prematurely closed.

The Management Board presented the annual financial statements of WEB Windenergie AG as at December 31, 2011 to the Supervisory Board along with the Management Report. KPMG Niederösterreich GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, 2340 Mödling, which was appointed to serve as the auditors of the annual accounts, examined the financial statements for the 2011 financial year including the Management Report and issued its unqualified auditor's opinion. In line with its legal responsibilities, the financial statements audit was discussed in a joint meeting attended by the Management Board, Supervisory Board and the auditors.

The Supervisory Board examined and concurred with the conclusions of the financial statements audit, and formally approved the financial statements as at December 31, 2011 which were prepared by the Management Board, as well as the accompanying Management Board and the proposal of the Management Board for the appropriation of earnings. Pursuant to § 96 Para. 4 Austrian Stock Corporation Act, the financial statements for the 2011 financial year were thus formally adopted. With respect to the appropriation of the profit, the Supervisory Board approved the proposal of the Management Board to distribute a dividend of EUR 10.00 per share.

The Management Board presented the consolidated annual financial statements of WEB Windenergie AG as at December 31, 2011 to the Supervisory Board along with the Group Management Report. KPMG Niederösterreich GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, 2340 Mödling, which was appointed to serve as the auditors of the annual accounts, examined the consolidated financial statements for the 2011 financial year including the Group Management Report and issued its unqualified auditor's opinion. In line with its legal responsibilities, the financial statements audit was discussed in a joint meeting attended by the Management Board, Supervisory Board and the auditors. The Supervisory Board approved the consolidated financial statements and the Group Management Report.

The Supervisory Board would like to take this opportunity to thank the Management Board members Andreas Dangl, Michael Trcka and Frank Dumeier as well as all employees for their personal commitment and dedication in the 2011 financial year.

Pfaffenschlag, May 2012

On behalf of the Supervisory Board

Josef Schweighofer
Chairman of the Supervisory Board

Glossary

Corporate terms

20-20 Directive of the EU: The 20-20 Directive of the EU (also known as the RE Directive) requires all member states to generate 20% of their electricity from renewable energy sources by the year 2020.

Alternative energies: Alternative energies (also: *renewable* or *regenerative energies*) are energy sources or carriers that are considered to be inexhaustible from a human perspective (including biomass, geothermal, oceanic, solar, hydraulic and wind energy), in contrast to exhaustible fossil fuels.

Carbon dioxide (CO_2): *Carbon dioxide* is a chemical compound of carbon and oxygen, making it one of the carbon oxides. Others are carbon monoxide, carbon suboxide and the unstable carbon trioxide. The chemical formula is CO_2. Carbon dioxide is largely responsible for the greenhouse effect. For this reason, a high priority is placed upon the avoidance of emissions of CO_2, as stipulated by the Kyoto Protocol and other climate protection initiatives.

Direct marketing: Operators of facilities are also entitled to sell during the term of investment support the electricity produced by them to third parties. The facilities of W.E.B in Germany already produce electricity that is being directly supplied to such third parties as municipal power authorities. Once the above term has expired, such electricity can be sold on the open market.

Feed-in tariff: The amount of payment for the feeding-in of green electricity into the public power grid is set by legal regulations or ordinances. The tariff is designed to ensure the profitable operation of facilities generating green electricity by guaranteeing a fixed rate of recompense for electricity produced from renewable energy sources over a predetermined period of time. The tariff is oriented to the costs of the particular type of energy.

Fossil energy: *Fossil energy* is derived from such fossil fuels as brown coal, peat, natural gas and crude oil. These originated from biological decomposition in prehistoric geological time. The future supply of these energy sources is no longer ensured. This is due to the disproportionately high extraction of these energy sources from the earth over the past decades.

Glass fibre reinforced plastic (GRP): *Glass fibre reinforced plastic*, or *GRP*, is a fibre-plastic composite made of plastic and glass fibres. This material is important to W.E.B because it is incorporated into power houses and blades.

Global radiation value: The *global radiation value* is the most important indicator used in the planning of solar facilities. It refers to the emitting of sunlight, and is the sum of the direct and indirect irradiation upon a horizontal surface. It is usually reported as kWh per m² of irradiated surface. The alignment and the tilt of the facility determine how much of the incoming energy is transformed into heat or electricity.

Green electricity: The term *green electricity* refers to electrical energy generated in an ecologically compatible manner from renewable energy sources. This means that it is in harmony with nature and that it is acceptable from a sustainability perspective.

Green electricity support: This term refers to financial support (subsidies) provided to promote power generation from renewable energy sources, as well as measures designed to save energy or increase energy efficiency. See also *feed-in tariff*.

Hydropower/hydropower plant (HPP): *Hydropower* (also: hydraulic energy) is the energy contained in flowing water. This can be converted to mechanical energy by employing the appropriate equipment (water wheels, turbines). A *hydropower plant* is a facility for the extraction of the mechanical energy in water. In the past, energy was used directly. It powered mills. Today, such energy is primarily converted into electricity.

kW (kilowatt): One *kW (kilowatt)* corresponds to 1,000 watts. Named after the Scottish inventor James Watt, this unit of power relates to the change in energy for each interval of time (1 watt = 1 joule per second). The output of the human heart is 1.5 watts.

kWh (kilowatt hour): The energy unit *kWh (kilowatt hour)* corresponds to 1,000 watt hours. A watt hour is the energy consumed or generated at 1 watt for a period of one hour.

MW (megawatt): One *MW (megawatt)* equals one million watts. Also see the explanation provided for *kW*.

Overall availability: The *overall availability* takes account of all occurrences which could prevent the possibility of electricity being fed into the power grid (e.g. technical availability, power failures, shutdowns due to ice or storms, etc.)

Photovoltaics: *Photovoltaics* refers to the direct conversion of radiant energy, primarily sunlight, into electrical energy.

Power generation volume: The *power generation volume* refers to the annual output of electricity ensuing from a power plant or power generation network.

Pumped storage plant: *Pumped storage plants* are hydropower plants at which water is pumped up to storage sites at higher elevations (artificial lakes, underground reservoirs). This allows for the storage of large quantities of electrical energy during periods of low demand, for subsequent use in peak times. Pumped storage

plants thus comprise an interesting addition to the green electricity generation portfolio. This is due to the fact that wind energy, for example, is not as abundantly available during times of peak electricity consumption. Such plants thus impart a certain degree of flexibility of deployment to wind energy at certain times.

Regenerative energy (sources): See *alternative energies*

Reliability of supply: Changes in natural operating conditions cause the energy produced at facilities using such regenerative sources as primarily wind and photovoltaics to fluctuate. The overlapping of various kinds of energy and the uncoupling of energy supply from the final consumption of energy can assure the maintenance of a constant supply of energy.

Renewable energy (sources): See *alternative energies*

Smart grid/intelligent electricity network: The terms *smart grid* and *intelligent electricity network* designate the interactive linkage and management of electricity producers, storage facilities, electricity users and network resources into electricity transmission and distribution networks. This allows for the monitoring and optimal coordination of all parts of the network. The aim is to create a more efficient and reliable system, and, thus, a more secure energy supply. In particular, the reduction of the peak load in the network and the load transfer during periods of low demand enables a reconfiguration of the infrastructure. This results in cost advantages.

Solar power plant: See *photovoltaics*

Wind energy (WEF) or power (WPF) facility: A *WEF* or *WPF* takes the kinetic energy contained in wind and converts it into electricity. This is then fed into the public power grid. This transformation is a result of the kinetic energy of the wind current absorbed by rotor blades, causing them to turn. The rotor subsequently transmits the energy to gears that adapt the RPMs of rotation-produced energy for use by a generator, which converts this force into electrical energy.

Wind park (WP): A *wind park (WP)* refers to a site upon which two or more *wind energy facilities (WEFs)* have been located.

Business terms

Bond: A bond is an instrument used to secure outside capital on capital markets. It features precisely-stipulated conditions involving its interest rate, term and repayment obligations. This instrument is a form of security enabling the securitising of the claims of creditors.

Cash value: The *cash value* equals the present value of a future payment flow.

Corporate governance/Corporate Governance Code: *Corporate governance* is the international term used for the responsible management and supervision of a company. The Austrian *Corporate Governance Code* comprises all the relevant rules in Austria on this issue. Since its individual rules are not legally binding, compliance with the code is principally on a voluntary basis.

Discounted cash flow (DCF): This procedure is used to determine the value of companies and of the market value of real estate. It employs the financial concept of using the discounting of cash flows to determine the value of capital.

EBIT margin: The *EBIT margin* refers to the ratio of EBIT to the revenue generated. This indicator depicts the profitability of a company once the financial results, extraordinary items and taxes have been removed.

EURIBOR: The *EURIBOR* is the interbank interest rate for term deposits and fixed deposits in euros. This rate is quoted by representative banks (EURIBOR panel banks, currently consisting of 43 banks that actively participate in the euro money market). The highest and lowest 15% of the obtained values are eliminated before averaging.

Goodwill: Goodwill refers to the difference between the acquisition price and the net asset value of a company.

The goodwill of W.E.B is calculated once annually by an independent auditor according to the DCF method. The basis for the valuation is the projections prepared by W.E.B's management.

IAS: See *International Financial Reporting Standards (IFRS)*

Impairment test: An *impairment test* is a valuation test in which the book value (carrying amount) of an asset is compared with the actual market value (fair value/recoverable amount). If this is lower than the book value, a *loss in value (impairment)* is recognised.

International Financial Reporting Standards (IFRS)/ International Accounting Standards (IAS): The *International Financial Reporting Standards (IFRS)* are the international accounting and reporting standards applicable to publicly listed companies in the EU. As a company that is not publicly listed on the stock market,

WEB Windenergie AG voluntarily prepares consolidated financial statements in accordance with the IFRS. This is done to provide corporate information in a comparable form.

Net gearing: *Net gearing* is one of the key indicators used in evaluating the ability of a company to withstand crises. It is the ratio of net debt, calculated by subtracting cash and cash equivalents from the non-current financial liabilities, to the equity of the company.

Return on Equity (ROE): The *Return on Equity* refers to the net profit for the year in relation to the capital employed. It is a measure of the returns realised within a specified period of time on capital supplied by investors in equity. The figure is arrived at after having deducted income taxes.

W.E.B's key indicators for the period until 2009 were compiled on the basis of the balance sheet date as of December 31st. These figures were not adjusted – for reasons of comparability – with the last annual reports.

Third Market of the Vienna Stock Exchange: Listed on this segment are those securities that have not been authorized for official or regulated OTC trading. The Third Market is unregulated. Its preconditions for authorization of listing are laid down in Austria's Stock Exchanges Act.

Total shareholder return (TSR): The *TSR* is an indicator of how the value of a shareholding has developed over a predesignated period of time. It takes into account dividends paid during the period of consideration and any appreciations in stock quotes.

Value impairment: See *Impairment test*

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This annual report has been prepared with the utmost care. Despite this, typographical errors cannot be excluded. The use of IT in carrying out calculations can also give rise to errors of rounding off. This annual report also contains forward-looking assessments and statements. These are based on all currently available information. We hereby notify you that a wide variety of factors could cause actual circumstances, and thus actual results, to deviate from the forecasts contained in this report. Please note in this regard the notifications on probable developments, on risks and on uncertainties contained in the management report found on page 71.

Statements referring to people are valid for both men and women.

Editorial deadline: May 24, 2012

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W.E.B

W.E.B wind energy—it's our world

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