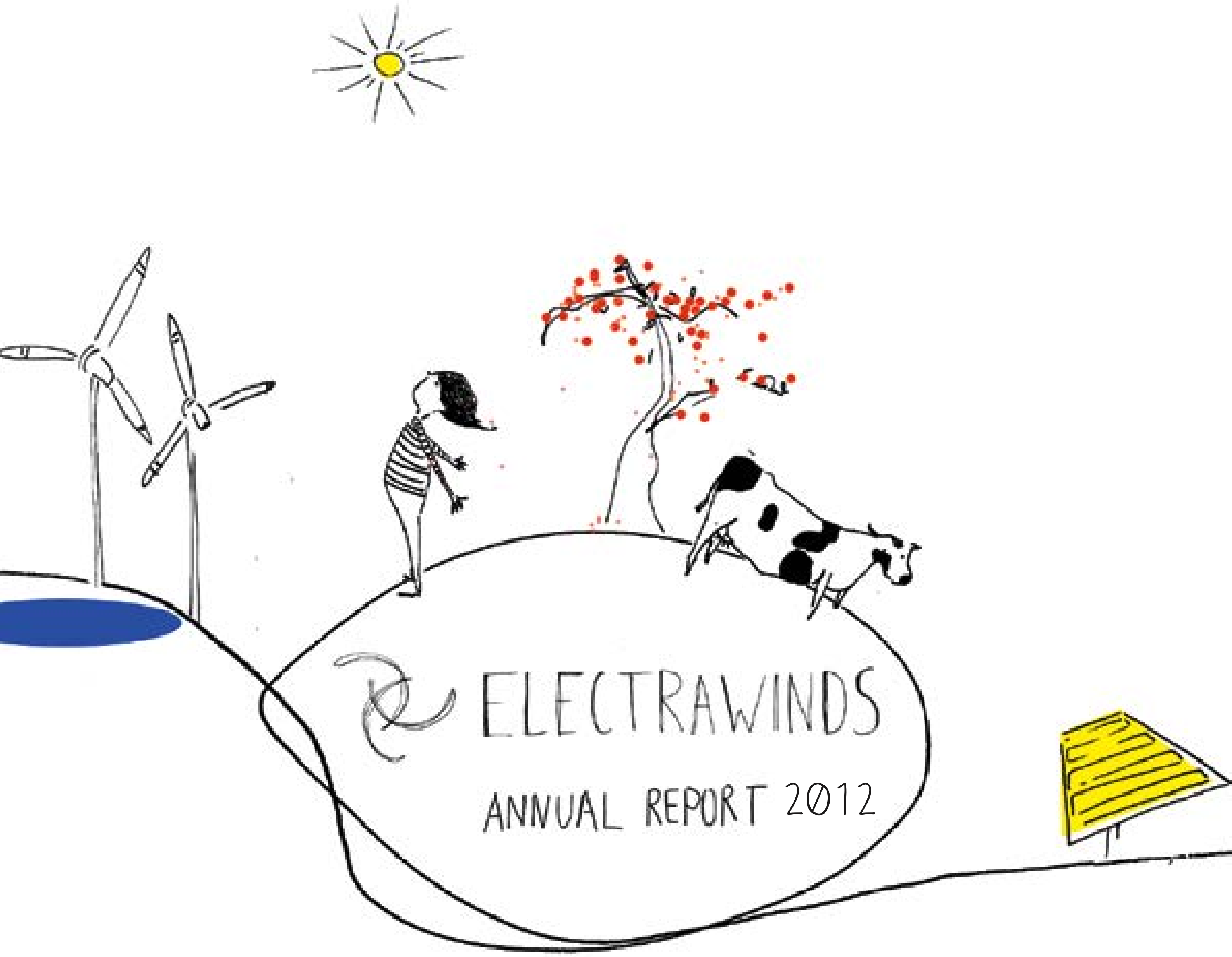
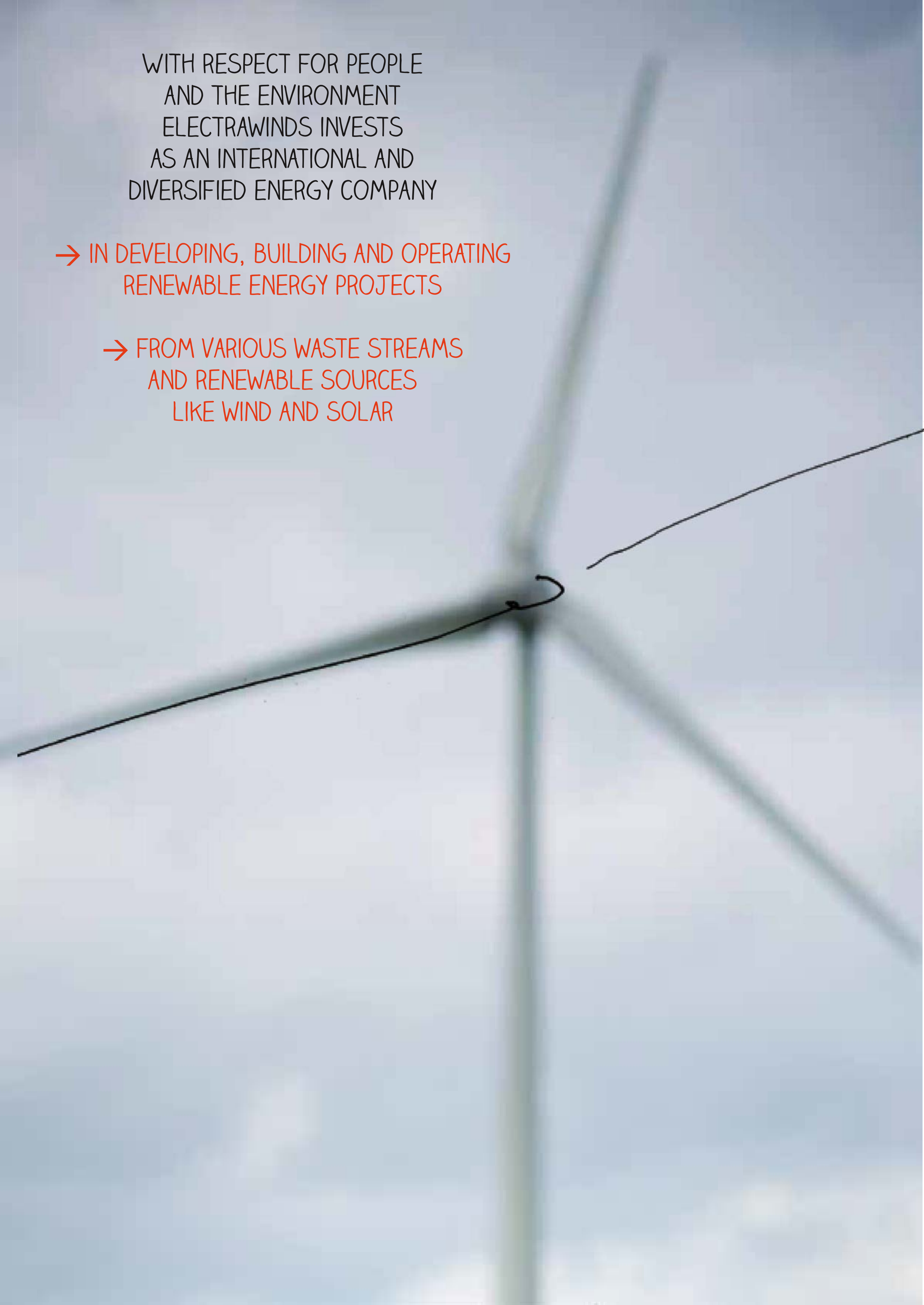
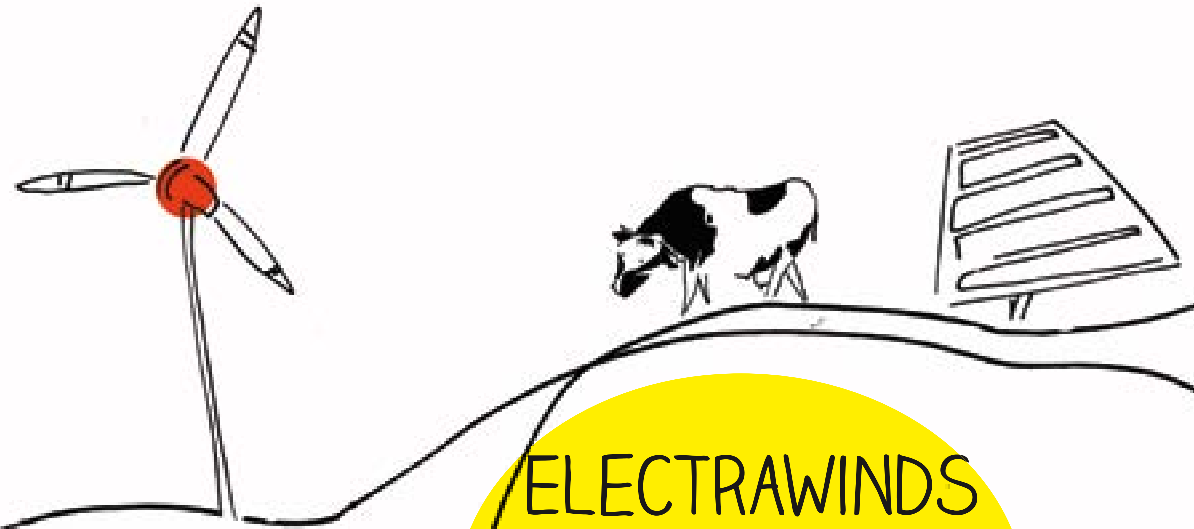

ELECTRAWINDS
ANNUAL REPORT 2012

WITH RESPECT FOR PEOPLE
AND THE ENVIRONMENT
ELECTRAWINDS INVESTS
AS AN INTERNATIONAL AND
DIVERSIFIED ENERGY COMPANY

→ IN DEVELOPING, BUILDING AND OPERATING RENEWABLE ENERGY PROJECTS

→ FROM VARIOUS WASTE STREAMS AND RENEWABLE SOURCES LIKE WIND AND SOLAR





ELECTRAWINDS

POWERED BY NATURE

Electrawinds is an international renewable energy company which was founded in Belgium.

As an electricity company, Electrawinds produces green energy from wind, biomass and solar. This involves recent installations that have been realised in good neighbourship.

In the biomass sector, the vertical integration-strategy in 2012 resulted in the initiation of rendering plants (Energo Zelena- Serbia) and the production of 2nd generation biodiesel (GreenFuel – The Netherlands).

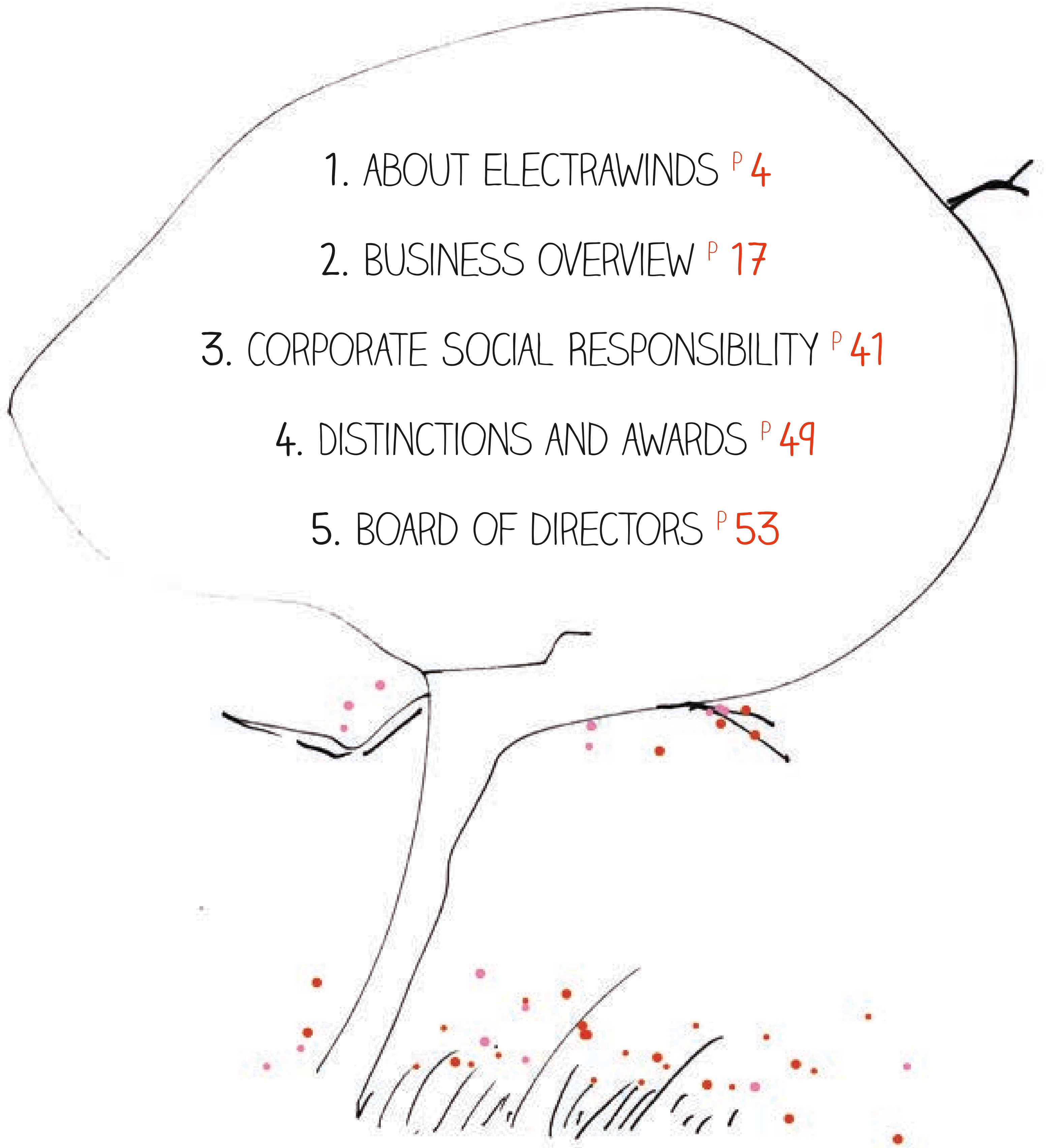
As a young enterprise, Electrawinds promotes a dynamic corporate culture that pays particular attention to sustainable and socially responsible enterprise.

KEY FIGURES

Key figures		December,31 2012	December,31 2011
Income statement			
Total operating revenue	M€	112.8	116.5
Sales	M€	108.2	111.6
Other operating income	M€	4.6	4.9
EBITDA*	M€	28.1	31.1
Net Result	M€	-42.9	-26.4
Cash flow from operations	M€	15.7	63.7
Balance sheet			
Total assets	M€	561.4	497.3
Equity	M€	85.5	64.4
Net senior financial debt (debt excl subdebt-cash)	M€	279.7	227.3
Capital expenditure	M€	79.6	49.1
Installed capacity (gross)			
Biomass	MW	72.5	72.5
Wind	MW	184.0	173.0
Solar	MW	8.8	5.9
Total	**MW**	**265.3**	**251.4**
Electricity production (in PCI)**			
Biomass	GWh	283	401
Wind	GWh	298	255
Solar	GWh	7	4
Total	**GWh**	**588**	**660**
Number of employees		244	230

(*) EBITDA: Earnings before Interest, Tax, Depreciation and Amortisation

(**) PCI: As Per Consolidated Interest



WIND FARM EVOLIS, KORTRIJK-BELGIUM

ABOUT ELECTRAWINDS

MAJOR ACHIEVEMENTS IN VERTICAL INTEGRATION STRATEGY

Above all, 2012 will be recorded in the annals of Electrawinds as the year of its initial public offering. The fact that the business combination with the listed investment fund ECT I (European Cleantech I) was finalised successfully displays perseverance and resilience. The confidence that so markedly characterises Electrawinds is sometimes put to the test, says CEO Luc Desender. He also points out important investments that were made in 2012 that reinforce Electrawinds' market position.

Luc Desender, CEO Electrawinds: The new capital increase from the IPO has had a major impact on the organisation. We had planned to complete the operation in June 2012, but in the end this could only be done in October. The vote was postponed twice because of the Euro crisis and uncertainty about the situation in Greece. This did actually put our self-confidence to the test at times. The fact that the stock exchange operation was still brought to a successful conclusion – despite the extremely difficult market conditions – has certainly reinforced our name and position in the market.

> What, apart from the listing, are the other most important matters that were achieved in 2012?
Luc Desender: The installed capacity was increased by 28.9 MW to 265.3 MW gross in 2012. Electrawinds invested in new projects for approximately EUR 80 million, despite the economic and monetary crisis. These projects include new wind farms in Belgium and Ireland, a number of solar projects in Italy, the Energo Zelena rendering company in Serbia and the acquisition and conversion of the GreenFuel biodiesel plant in The Netherlands.

> We could not help but notice that Energo Zelena and GreenFuel are not power plants?
Luc Desender: Strictly speaking, that's true, but both projects are major steps forward in terms of vertical integration and both of them reinforce our energy production activities. Having Energo Zelena means that we can guarantee part of our animal waste fat supply. The acquisition of the GreenFuel biodiesel plant allows us to use our animal waste fats to produce 2nd generation biofuel for transport, which complements production of renewable electricity from the same raw material. This increases the strength and flexibility of Electrawinds' business model. Once again, it is pioneering work but the experience that our team has accumulated in the biofuel plants of Ostend and Mouscron enable us to succeed in a short time span.

> Despite the increase in the installed production capacity, the turnover fell slightly in 2012, to EUR 112.8 million (-3% compared to 2011). How would you explain this?
Luc Desender: It is mainly a matter of timing. Electrawinds had planned to start having the refined fats converted to biodiesel by means of a so-called tolling contract in April 2012. The Dutch factory that was supposed to execute this did unfortunately not manage to start up production. Consequently, Electrawinds decided to take over and, to a large extent, convert the biodiesel plant. This caused a delay that lasted several months.

> How do you deal with that internally?
Luc Desender: We had obviously anticipated this. As far as electricity production is concerned, we switched to a so-called peak-shaving model in 2012, according to which we only produce power when electricity prices are at their highest. This way of working responds to the market's need for flexible use of production capacity and decreases the consumption of animal waste fats. The animal waste fat volumes that are freed up in this way are processed to produce 2nd generation biodiesel (editor's note: biodiesel produced from waste streams). Demand for this type of biodiesel is rising, since it is more sustainable than 1st generation biodiesel (editor's note: biodiesel produced from vegetable oils).

> What added value does 2nd generation biodiesel offer?
Luc Desender: Biodiesel from animal waste fats produces 83% less greenhouse gas emissions than fossil fuels. For 1st generation biodiesel (editor's note: from rapeseed oil, palm oil or soybean oil) the reduction only amounts to 20-40%. This is why the European Commission has proposed to limit the proportion of 1st generation biodiesel in blending to 5% (editor's note: biodiesel is blended with fossil fuel to increase the transport sector's sustainability). In other words: if the petroleum distribution industry must meet a blending quota of 10% by 2020, this increase will primarily need to be achieved by using 2nd generation biodiesel. It is, in fact, not so strange that Electrawinds should enter this market. We have been gaining experience in processing low-grade animal waste fats since 2005. We are in the perfect position to respond to making biodiesel production more sustainable, thanks to the acquisition of GreenFuel.

FOCUSING ON IMPLEMENTING ADVANCED PIPELINE PROJECTS

> What is the focus for 2013?
Luc Desender: It goes without saying that we are ensuring that the current installed production capacity yields maximum return and that we are increasing the production capacity of GreenFuel and Energo Zelena. We are also focusing on the current pipeline, which involves advancing new projects from the authorisation stage to the construction stage. We have invested heavily in this development over the past 3 years. Today, the extended pipeline contains more projects than needed to achieve an strong growth. After a number of years of sowing, 2013 is, more than ever, the time to start reaping. We are therefore focusing on realising those projects, that are almost ready for construction and for which the final steps are being taken to complete the authorisation and funding stages.

> Does this mean less development expenditure?
Luc Desender: By investing less in the search for new projects - which we can only expect to start working on in a number of years - and increasing our focus on advanced, existing development projects, we do actually expect to save costs that will have a positive effect on the trading result. Another important fact is the Board of Directors' decision of April 2013 to work on an additional recapitalisation this year. The extra funds will be used to realise the selected pipeline projects and to repay bank loans and subordinated loans for the holding, thus reducing interest charges and increasing financial flexibility.

> Do you feel that the economic crisis is changing the framework within which Electrawinds works?
Luc Desender: Authorities are being forced to cut costs because of the economic climate, and that has an impact on the existing support mechanisms and incentives for renewable energy. It also strikes me that large players are also starting to invest in this market, now that it has matured somewhat, which means that the margins are falling. We must therefore remain alert and ensure that we stay on top of things.

LUC DESENDER
CEO, ELECTRAWINDS

At the same time, I also notice strong support for continued investment in sustainable energy production. People's environmental awareness is rising and they also try to reduce the ecological footprint. In March 2013, the European Commission pointed out once more that far greater efforts are needed if we are to meet climate objectives set for 2020. Electrawinds can and certainly will play a role in this.

1.2 KEY EVENTS 2012

JANUARY

/ Start-up wind farm Shabla North, Bulgaria

MARCH

/ Financial close (Rabobank) & start construction wind farm Ballycadden, Ireland (phase 1)

/ Start-up Electrawinds Storage, Belgium – tank depot for external storage of liquid biomass

APRIL

/ Acquisition of Goes on Green, Netherlands (biodiesel plant)

MAY

/ Announcement of proposed business combination European Clean Tech I SE (ECT) & Electrawinds NV

/ Official opening of wind farm Berlare, Belgium Berlare, België

JUNE

/ Concession granted for off shore wind project Seastar, Belgium (12,5% Electrawinds)

/ Start-up of 2 solar projects in Italy (Dierre Legno & Manuli)

/ Electrawinds HQ and Electrawinds Biosteam receive the Charter of West Flanders for Sustainable enterprise certificate

2012

JULY

/ Financial close (KBC) & start construction wind farm Menen Grensland, Belgium

/ Concession granted for off shore wind project Mermaid, Belgium (8.1% Electrawinds)

AUGUST

/ FlanSea sets out test buoy (wave energy converter) in port of Ostend, Belgium

SEPTEMBER

/ ECT shareholders approve business combination with Electrawinds

/ Financial close (ING Lease) & start construction wind farm Perwez, Belgium

/ First shipment of biodiesel from GreenFuel, Netherlands

OCTOBER

/ Combined group (ECT-Electrawinds) is listed on the Frankfurt Stock Exchange

DECEMBER

/ Start-up wind farm Menen Grensland, Belgium

/ Start-up wind farm Ballycadden (Phase 1), Ireland

/ Start-up rendering company Energo Zelena, Serbia

/ Start-up wind farm Perwez, Belgium

/ Tecteo Group and Electrawinds join forces in developing wind energy in Belgian province of Liège

1.3 FROM PIONEER TO BUSINESS REFERENCE COMPANY

The DNA of Electrawinds

Since its incorporation in 1998, Electrawinds has experienced an extraordinary path. As a Belgian pioneer in the development of wind power, this distinctive energy company has evolved into an international enterprise with reference projects in diverse technologies (wind, biomass, solar) and in various countries.

In 2011 an investment in a rendering project in Serbia (project Energo Zelena) was made to ensure the supply of raw material in the biomass sector (liquid biomass). By taking over a biodiesel factory in The Netherlands (project GreenFuel) at the same time, Electrawinds has expanded its potential market for animal fats: this energy can be utilized in the production of 2nd generation biodiesel in addition to the production of electricity.

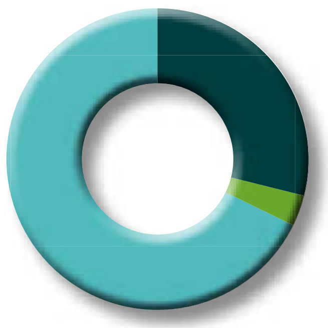
With the stock market flotation in Frankfurt on 11 October 2012, yet another important step was made in strengthening the capital base.

Technological diversification

A key characteristic of Electrawinds is the technological diversification. The strategic choice to develop other renewable energy technologies (biomass, solar, wind offshore, etc.) along with wind power plants, dates back to the early days.

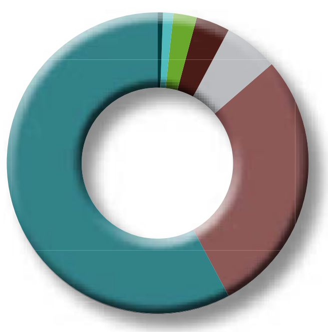
The technological diversification gives Electrawinds a competitive edge: it ensures both a balanced investment portfolio and smaller technological risks.

Installed per technology | Total: 265.3 MW **GROSS**

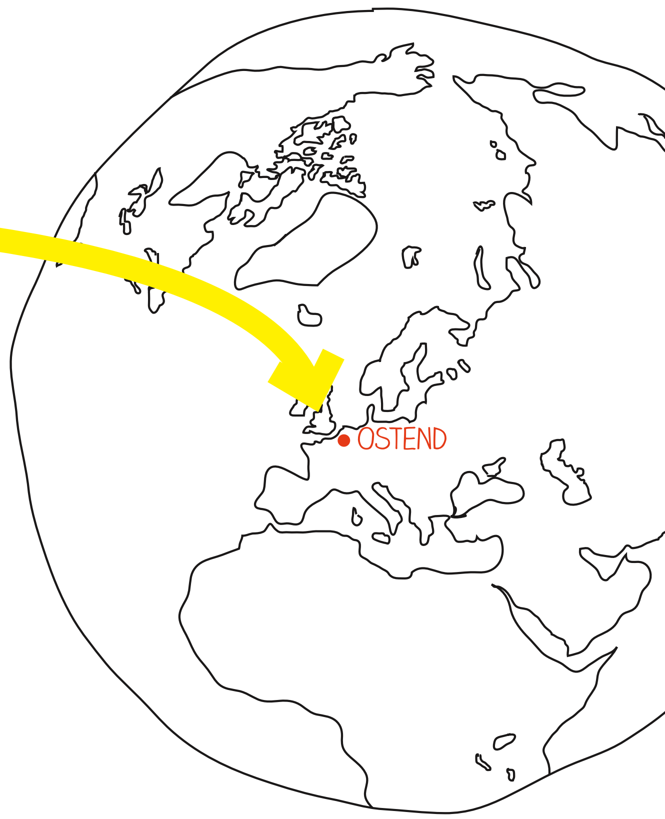


- Biomass | 27.3% | 72.5 MW
- Solar | 3.3% | 8.8 MW
- Wind Onshore | 69.4% | 184 MW

Installed per country | Total: 265.3 MW **GROSS**



- Belgium | 57,6% | 152.7 MW
- France | 28,8% | 76.3 MW
- Ireland | 5.7% | 15.0 MW
- Italy | 3.8% | 10.1 MW
- Bulgaria | 2.4% | 6.4 MW
- Romania | 1.1% | 3.0 MW
- South Africa | 0.7% | 1.8 MW



Geographical diversification

Electrawinds selects countries with good climatological conditions (presence of wind, sun and biomass streams) and significant potential for renewable energy.

An integrated energy production company

Electrawinds works in accordance with an integrated project procedure. All project development stages are completed in house: from the search for suitable locations and securing streams of biomass, setting up permit files, planning and executing construction, securing funding, etc. all the way through to actual operation.

After the projects have been completed, Electrawinds remains the sole owner or the majority shareholder. Thanks to accumulated know-how and experience, this integrated project procedure has a positive impact on timing and budget.

Diversified income stream

When projects are completed, Electrawinds obtains operating income from a combination of long-term power purchase agreements (green and grey electricity), gate fees, the sale of second generation biodiesel, the limited sale of minority shares, etc. This ensures a fairly stable and partly predictable stream of income that helps finance Electrawinds' continued growth and investments.

1.4 THE MILESTONES OF ELECTRAWINDS

15Y IN A NUTSHELL

1998

- Entrepreneur Luc Desender (Brugs Motoren Bedrijf) wants to be self-sufficient in electricity production as a solution for the high energy costs for his business. He sees potential in renewable energy. Electrawinds is born.

1999

- Start-up of the very first wind farm in Bruges, Belgium

2005

- Start-up of the very first biomass plant (liquid biomass) in Ostend, Belgium

2007

- Second biofuel plant in Mouscron, Belgium
- Start-up of first solar project in Middelkerke, Belgium

2008

- Start-up of first wind farm in Italy
- Start-up of first wind farm in France

2009

- Start-up of Biosteam plant in Ostend, Belgium
- Concession awarded for offshore wind farm Rentel, Belgium

2010

- Start-up of first wind turbine in South Africa
- Start-up of first wind farm in Romania
- Start-up of 3th biofuel plant GreenPower in Ostend, Belgium

2011

- Start-up first solar project in Italy
- Electrawinds participates in the off-shore wind farm Norther, Belgium
- Start-up first wind farm in Bulgaria

2012

- First listing on the Frankfurt Stock Exchange
- Electrawinds starts producing biodiesel, Netherlands
- Start-up rendering company Energo Zelena, Serbia
- Concession for offshore wind farms Seastar and Mermaid, Belgium
- Start-up first wind farm in Ireland

2013
2014
2015
...

HEADQUARTERS ELECTRAWINDS, OSTEND-BELGIUM

1.5 VALUES ELECTRAWINDS

FLEXIBLE

Electrawinds is an international energy company operating in a fast-evolving industry. In order to reinforce the unique market position, a constant alertness is required in order to cleverly respond to trends and opportunities. This requires flexibility of everyone within the organization.

ACTION-DRIVEN

Electrawinds' staff actively contributes towards achieving the company's mission: developing, constructing and the optimally operation of international renewable energy projects. They are given the necessary freedom and responsibility to enable them to accomplish this.

INNOVATIVE

Through creative and innovative thinking and acting, Electrawinds' staff succeed in optimising current processes and/or developing new processes or technologies. By integrating them into the business of Electrawinds, the existing business model is further strengthened.

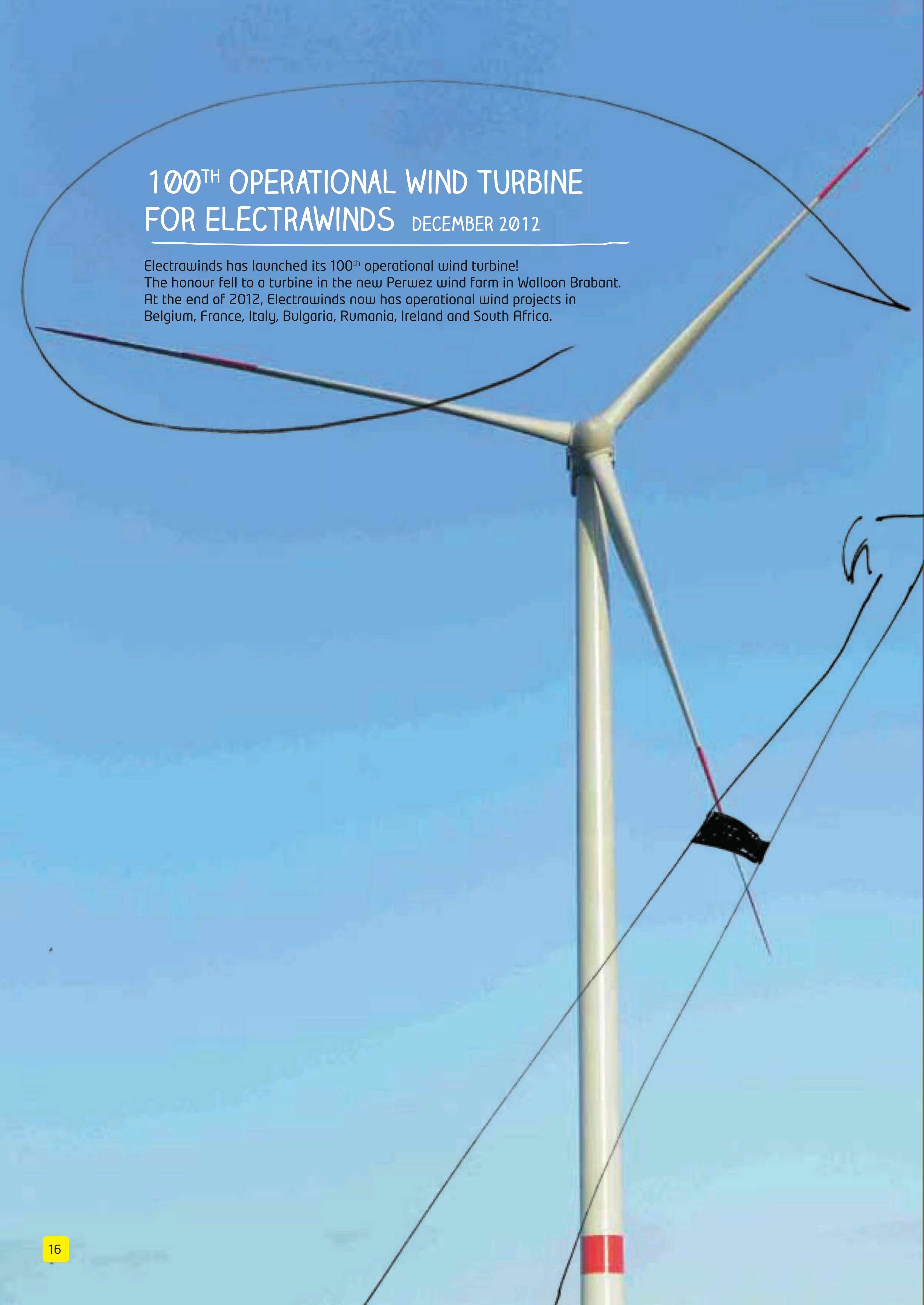
INTERNATIONAL

Electrawinds is internationally oriented and relies on staff that open up their mind and attitude to other ideas, opinions, cultures, nationalities, etc.

RESPECTFUL

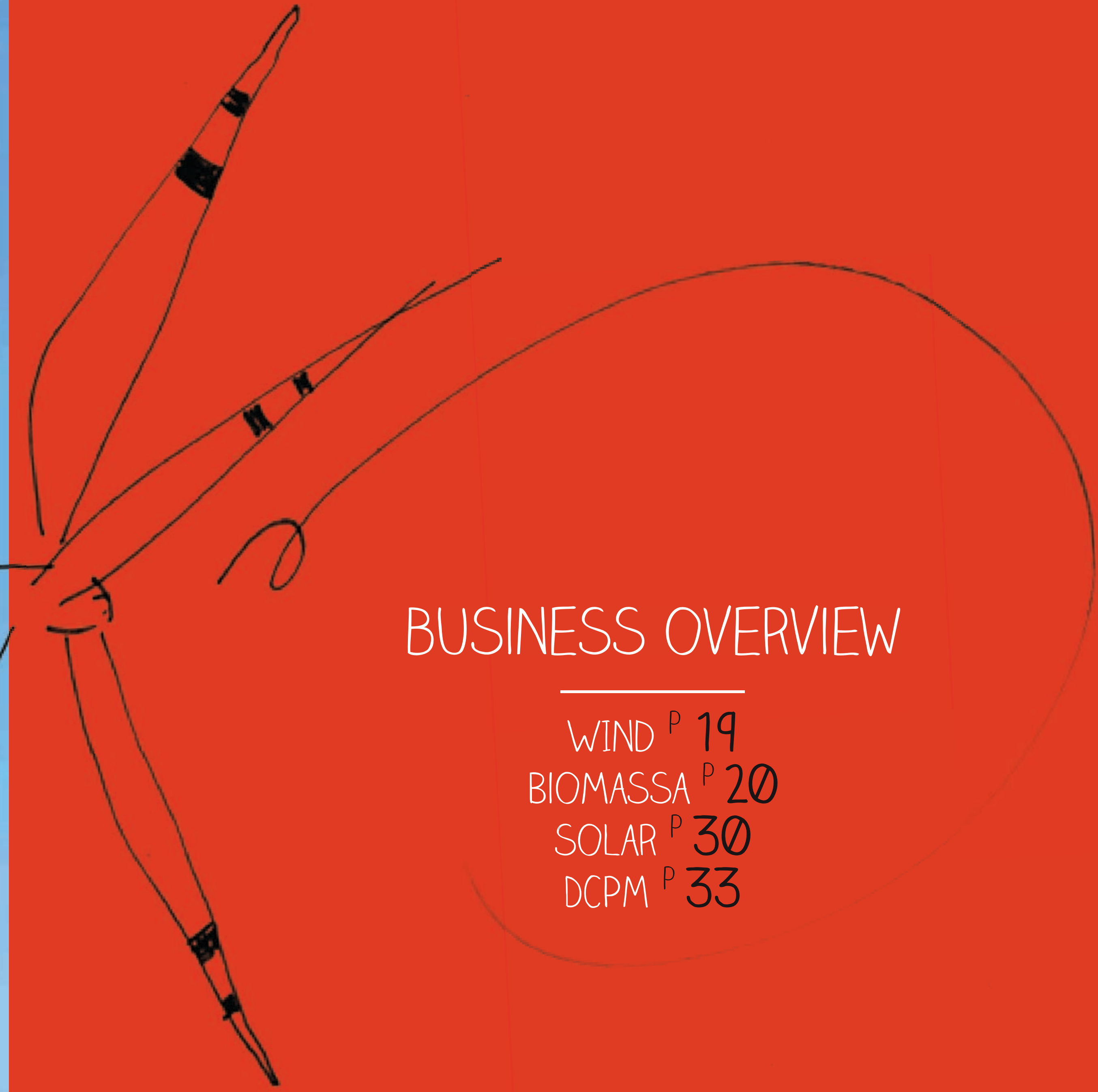
Electrawinds is mindful of sustainable development and corporate social responsibility. In addition to maximising economic surplus value, Electrawinds also creates added value for the environment and society in general. Electrawinds' community involvement is reflected in numerous initiatives.

By developing, constructing and operating renewable energy projects and providing environmentally-friendly solutions for specific waste streams, Electrawinds contributes to a better world that is less threatened by global warming, environmental pollution and energy shortages.

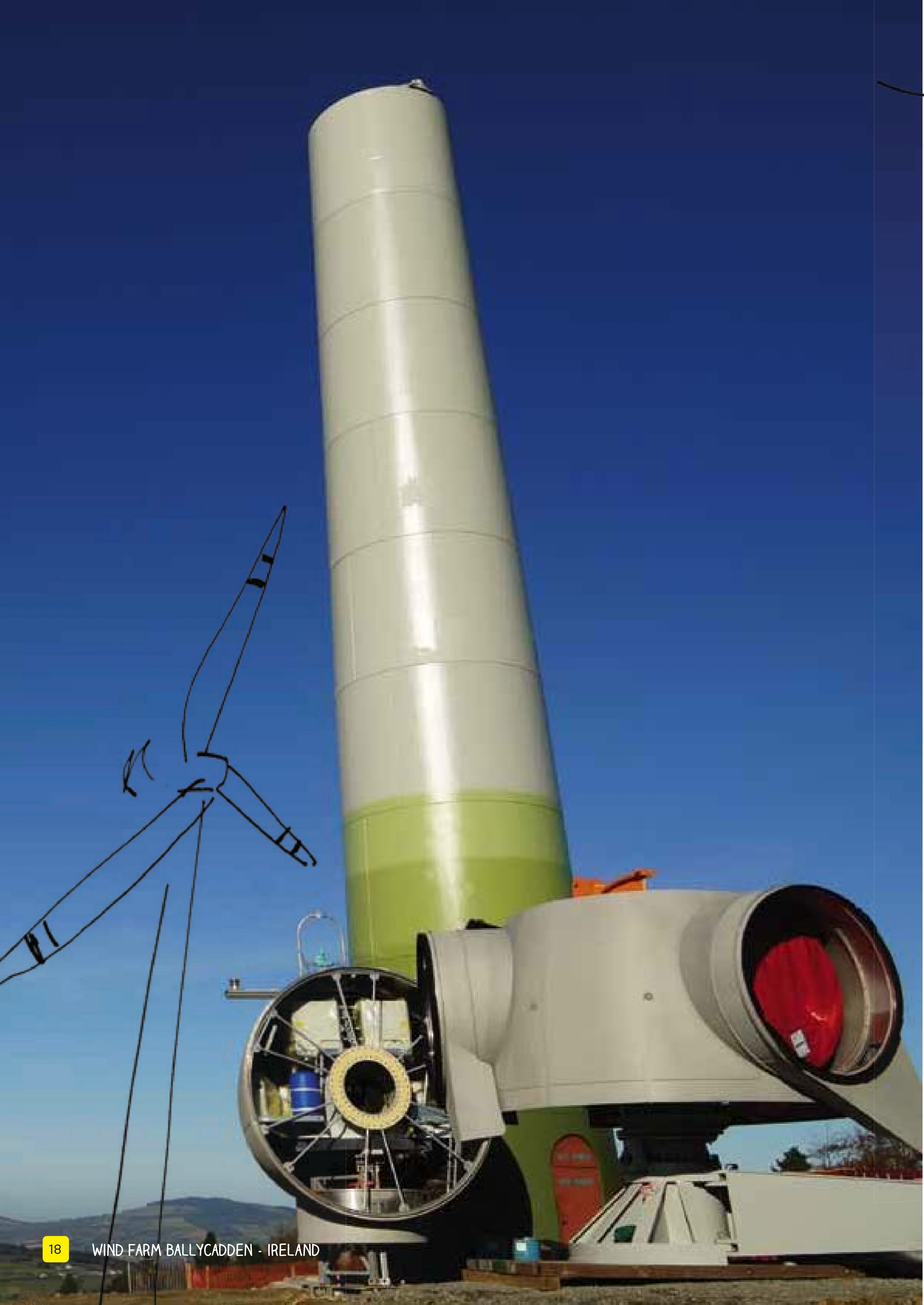


100TH OPERATIONAL WIND TURBINE FOR ELECTRAWINDS DECEMBER 2012

Electrawinds has launched its 100th operational wind turbine!
The honour fell to a turbine in the new Perwez wind farm in Walloon Brabant.
At the end of 2012, Electrawinds now has operational wind projects in Belgium, France, Italy, Bulgaria, Rumania, Ireland and South Africa.



BUSINESS OVERVIEW



2.1 WIND

All-in-one approach

In terms of installed capacity, the wind department is the largest within the Electrawinds group (184 MW gross out of 265.3 MW gross). Based on the geographical spread of its operational installations, it is also our most international department, with wind farms in Belgium, France, Italy, Ireland, Romania, Bulgaria and South Africa.

When developing new wind projects, Electrawinds opts for an all-in-one approach: the entire process - from development to operation - is designed and controlled by Electrawinds.

The development of new wind projects is based on criteria such as a supportive legislative framework, quality and location of the grid, favorable climatic conditions, etc.

Maximum yield

Electrawinds strives to achieve maximum yield by closely monitoring its operational wind farms. The operational centre in Ostend developed its own monitoring tool that monitors the state of wind turbines both at home and abroad. Quick interventions are planned if necessary and all technical and financial overviews are immediately available to the operations department.

To avoid loss of production, the usual maintenance and safety work is planned in function of the climatic conditions (during moderate or poor wind conditions).

WIND ONSHORE

Status	Country	Technology	Projects	Operational	MW gross	Share EW	MW net
Installed	Belgium	Wind Onshore	Brugge III	08/2004	12.6	100%	12.6
			Gistel	05/2007	2.3	100%	2.3
			Middelkerke	06/2007	0.8	100%	0.8
			Bastogne	02/2009	6.0	60%	3.6
			Leiedal Wind	04/2009	8.0	75%	6.0
			Ieper	07/2009	4.6	100%	4.6
			Kallo	01/2010	2.3	100%	2.3
			Maldegem	12/2010	16.1	70%	11.3
			Brugge I	01/2011	1.2	100%	1.2
			Zedelgem	01/2011	1.8	100%	1.8
			Berlare	12/2011	9.2	51%	4.7
			Perwez II	12/2012	4.0	100%	4.0
			Menen	12/2012	4.6	50%	2.3
	Italy	Wind Onshore	Pontedera	09/2008	8.0	100%	8.0
	France	Wind Onshore	Plelan le Grand (Rennes)	11/2008	12.0	65%	7.8
			La Tourelle	08/2009	2.3	100%	2.3
			Lanrivain	10/2009	8.0	100%	8.0
			Beau Soleil	02/2010	10.0	100%	10.0
			Crois de 3 Chesnots	02/2010	8.0	93%	7.4
			Penquer II	09/2010	4.0	40%	1.6
			Penquer	09/2010	12.0	100%	12.0
			Landier du Rohallet	10/2010	8.0	100%	8.0
			Pigeon Blanc	11/2010	12.0	70%	8.4
	Bulgaria	Wind Onshore	Shabla South	12/2011	4.0	100%	4.0
			Shabla North	02/2012	2.4	100%	2.4
	South Africa	Wind Onshore	Coega	06/2010	1.8	100%	1.8
	Romania	Wind Onshore	Topolog	12/2010	3.0	100%	3.0
	Ireland	Wind Onshore	Ballycadden 5/9	12/2012	15.0	51%	7.7
Total Installed					184.0		149.9
Under construction	Ireland	Wind Onshore	Ballycadden Windfarm ltd II 4/9	Q2/2013	9.2	51%	4.7
Total Under construction					9.2		4.7
Total					193.2		154.5

2.2 BIOMASS

2.2.1. General

Waste-to-energy

Electrawinds confirms its status as an undisputed pioneer in the field of biomass. The energy company has been investing in innovative and large-scale installations producing renewable energy from waste products since 2005. While wind and solar energy depend on climatological factors, renewable energy from biomass can guarantee stable and continuous energy production.

Electrawinds' strategy in biomass is based on the waste-to-energy principle without letting the supply of biomass plants interfere with the food chain. The advantage of this is twofold: it tackles the waste problem, while simultaneously producing renewable energy.

State-of-the-art-technology

Electrawinds' biomass plants are recent installations that were constructed by using the best available technology, to which additional improvements are made through investments in innovative techniques to further increase profitability. On average, the installations are four years old and they have relatively low operating and maintenance costs, thanks to a high degree of automation.

Various waste systems and technologies

Electrawinds succeeds in processing both liquid and solid waste. The **biofuel** plants produce energy from liquid biomass, such as animal waste fats. The **biosteam** plant uses solid materials, such as pre-treated household waste.

Electrawinds also does research on new technologies to convert waste products into high-quality energy sources as efficiently as possible. This enables Electrawinds to process and prepare existing biomass streams, which are as yet not profitable, so that they can be identified as a worthwhile source of energy.

BIOMASS

Status	Country	Technology	Projects	Operational	MW gross	Share EW	MW net
Installed	Belgium	Biomass	Biofuel Ostend	08/2005	17.8	100%	17.8
			Biofuel Moeskroen	02/2007	17.7	100%	17.7
			Biosteam Ostend	09/2009	17.9	80%	14.3
			Greenpower	11/2010	19.2	50%	9.6
Total					72.5		59.4

BIOSTEAM PLANT, OSTEND-BELGIUM

ADDITIONAL STORAGE IN ZEEBRUGGE
MARCH 2012

Electrawinds starts using an additional tank farm to store biomass. This concerns the former Verstichel tank farm along the Bruges-Zeebrugge Boudewijn Canal.

After years of vacancy and economic decline, Electrawinds has -after having purchased the property- fully remediated and renovated the site. It provides the power company with an additional storage capacity of 12,500 m³ to store liquid biomass.

2.2.2. Biofuel

Animal waste fat

Electrawinds' biofuel power stations (Biofuel Oostende, Greenpower Oostende, Biofuel Moeskroen) produce renewable energy from animal waste fats. These are bought on the international market and partially self-produced in the rendering installations in Serbia (Energo Zelena). After arrival at the refining division in Ostend, the waste fats are refined to biofuel that can be used for green electricity- (via ship engines) or second generation biodiesel production.

The refining department is capable of processing waste fats ranging from the highest to the lowest possible quality. This gives us a significant competitive edge as the ability to handle all categories of animal waste is complex and heavily regulated. Year after year, Electrawinds also manages to increase the quantities of fat that it refines.

Recycling residual heat

To attain optimal efficiency of the biofuel installations, the residual heat from the exhaust and from the cooling water circuit of the engines is also used in the production process.

Residual heat from exhaust
Heat from the exhaust (approx. 340 °C) generates steam, which is used both to power an additional turbine and to heat the buildings and tank depot.

Residual heat from the cooling water
In 2011 Electrawinds invested in the Evaporator to be able to recycle the cooling water of the engines. This system uses the hot cooling water to evaporate brackish water from the nearby Bruges-Ostend canal, which is then condensed into process water to supply the three Ostend biomass plants. Because the Evaporator is in a vacuum, the canal water boils at a temperature of 45 degrees Celsius.

Optimization of by-products

Early 2012, construction of a separate Glycerolysis installation was completed to recycle waste stream residue left after the refining process. This concerns the so-called Free Fatty Acids (FFA), which are formed while organic matter decomposes.

In the Glycerolysis installation, the fatty acids are mixed with glycerol, which causes a chemical reaction that reverses the decomposition process and produces a synthetic fat which, in turn can be used again as biofuel. On an annual basis, this enables Electrawinds to recuperate a substantial percentage of incoming fats that were lost in the past.

Vertical integration

In 2012, investment in rendering (Serbia) and biodiesel (The Netherlands) was made to strenghten existing projects in (liquid) biomass.

With the realization of the **rendering** plant Energo Zelena (Indjia, Serbia) in 2012, Electrawinds took an initial big step into vertical integration: the installation has access to animal waste fat (CAT1) which is the raw material for Electrawind's renewable energy production.

Along with ensuring the supply of raw material, the marketing possibilities have simultaneously been expanded. Due to the takeover of a **biodiesel** plant (GreenFuel, The Netherlands), the energy can indeed be utilized in the production of 2nd generation biodiesel along with the production of electricity.

This flexibility has an important economic and strategic advantage.

RENDERING energozelena

The rendering company Energo Zelena is a pioneering project in many sences: the first biomass project outside Belgium, the first rendering company, the first project realised in Serbia, the first great step in vertical integration, the first large-scale logistics project, etc.

The installation (operational since Q4 2012) has a processing capacity of 150,000 tonnes of animal waste per year and meets the strictest European and Serbian environmental and safety standards. Energo Zelena is a so-called zero waste plant, in which all incoming waste is converted into many useful products. The liquid fats are first refined and then used as fuel to produce energy. The meat and bone meal can be used in various industries.

The Energo Zelena rendering company responds to the Serbian government's Clean Serbia project, which aims to tackle the country's general waste problem.

Energo Zelena is a collaboration between Electrawinds and investment partners in which Electrawinds is the largest shareholder (64%). Construction works started in September 2011. The total investment amounts to € 21 million.

Energo Zelena comprises both a processing installation and its own logistics system, which collects the animal waste product from abattoirs and the Serbian meat industry in general. It mainly concerns CAT1 waste fats that are no longer fit for human or animal consumption and have to be destroyed for health and environmental reasons.

Over and above the environmental benefit, the installation also holds positive consequences for the Serbian economy: during the first stage, 32 employees were recruited. Employment will also rise as the capacity increases (up to 150,000 tonnes per year).

ENERGO ZELENA

- … is the first rendering company in Serbia in accordance with Serbian and European standards
- … processes animal waste (CAT 1), while duly respecting humanity and the environment
- … has various waste products (meat and bone meal and animal fat)
- … assigns a new destination to the waste products (fuel to produce energy)
- … is the first large vertical integration project for Electrawinds

BIODIESEL

In order to create additional marketing opportunities for the refined fats, besides the production of electricity, Electrawinds invested in a 2nd generation biodiesel production facility in 2012.

In April 2012, Electrawinds acquired controlling interest (70%) of an existing biodiesel plant in the Dutch Sluiskil, close to Terneuzen (Electrawinds GreenFuel). This gives Electrawinds the possibility to use the refined fats in the production of 2nd generation biodiesel (along with the production of electricity).

Both technologies start off by using the same raw material and are therefore perfectly complementary. In this way, not only are there benefits from the raw material, but also from the years of experience and know-how in the refinery division.

Electrawinds Green Fuel is a recent installation along the Gent-Terneuzen Canal in the so-called ARA-region (Antwerp-Rotterdam-Amsterdam) which is, from a logistics perspective, quite interesting.

EW GREENFUEL

... is in Sluiskil along the Ghent-Terneuzen canal
... is a part of the Heros Ecopark industrial zone
... was built as a biodiesel plant for vegetable (rapeseed and the like) and animal raw materials in 2009
... has a capacity to generate 250,000 tonnes of biodiesel per year
... has a storage capacity of 25,000 tonnes
... is majority owned (70%) by the Electrawinds Group
... has once again been manufacturing biodiesel since Q3 2012

DRASTIC WATER CONSUMPTION SAVINGS THROUGH EVAPORATOR

Electrawinds has started up a new and innovative project to process water by distilling water out of the Bruges-Ostend canal. The Evaporator uses the hot cooling water of the motors (Electrawinds Biomass NV) which comes into contact with canal water. Drastic savings are being made on water consumption, thanks to the Evaporator: the three biomass plants in Ostend consume up to 600 m³ water per day.

2.2.3. Biosteam

Green energy from household waste

The biosteam plant came into operation in 2009. This power plant processes mainly dried and selected household waste that is burnt in an incinerator. The heat that is produced in this way turns the water in the boiler into steam, which is converted into electricity by using a turbine and a generator.

Electrawinds' flagship

The Biosteam plant symbolises Electrawinds' increasing professional development. When it came into operation in 2009, it was the largest project that Electrawinds had ever undertaken (€ 90 million). Supply and off-take are guaranteed by a number of long-term contracts (10 to 15 years) with various suppliers.

Recovering energy and purifying exhaust were major considerations for constructing the biosteam plant. It is the first Electrawinds production unit to be awarded the Charter of West Flanders for Sustainable Enterprise certificate.

BIOSTEAM PLANT FACTS & FIGURES

Investment of EUR 90 million

160,000 tonnes of biomass waste per year

Installed capacity | 17.9 MW

Furnace temperature | 900 to 1000 °C

Green energy to meet annual consumption of

42,850 households*

Reduction in CO_2 emissions | 87,048 tonnes per year

Meets strictest European emission standards

* Based on an annual average consumption of 3500 kWh

BIOSTEAM PLANT, OSTEND-BELGIUM

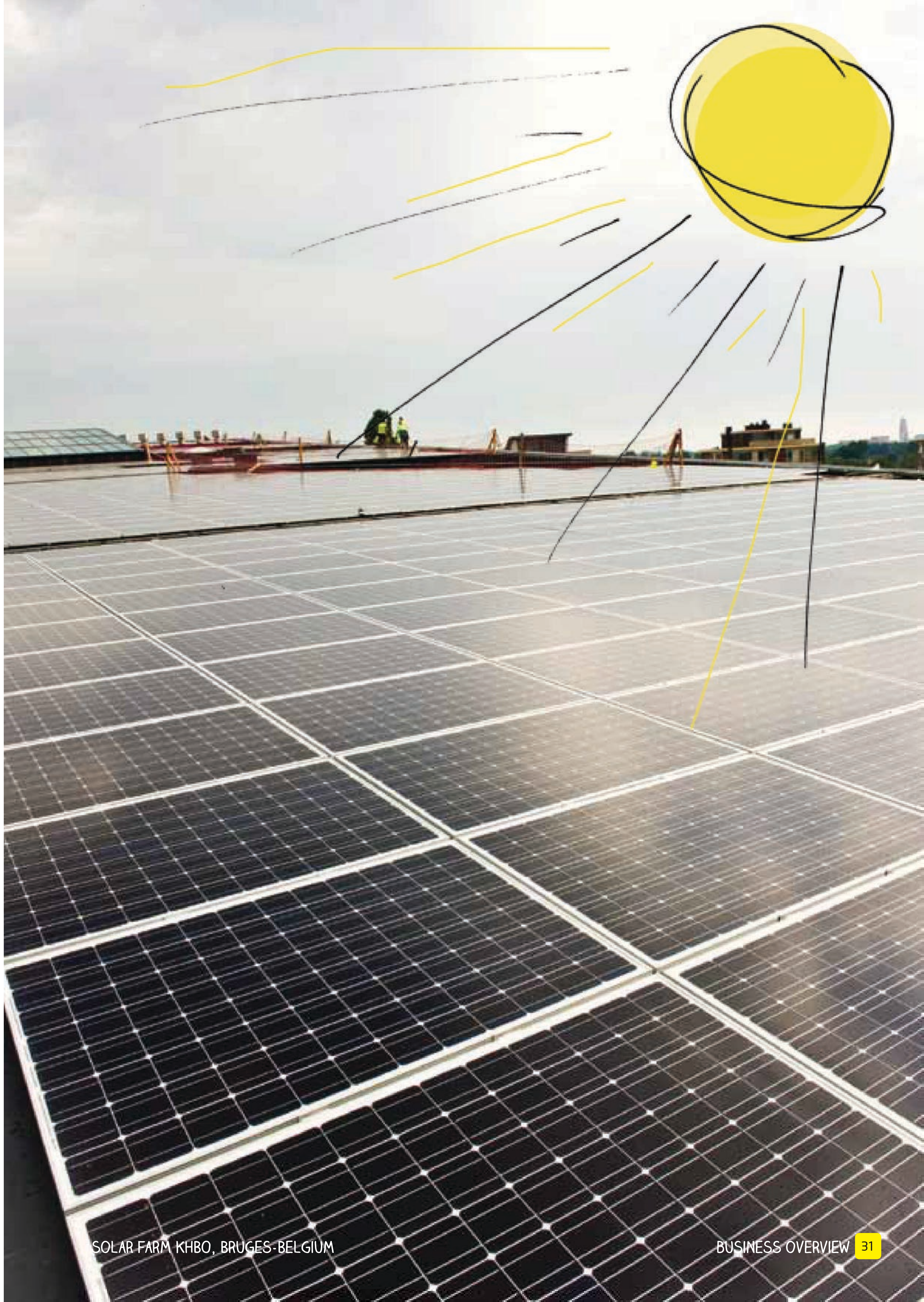
2.3 SOLAR

In 2007, Electrawinds completed a first solar park in Middlekerke (1.3MW), at that moment the biggest solar project in the Benelux. In recent years, 22 additional solar parks have been completed in Belgium and 3 in Italy.

Electrawinds developed solar parks on land/roofs via a right of superficies. Electrawinds takes care of the design, the construction and is also responsible for exploitation. The generated electricity is either (partially) used by those involved or (partially) injected into the electricity network.

SOLAR

Status	Country	Technology	Projects	Operational	MW gross	Share EW	MW net
Installed	Belgium	Solar	Solar Middelkerke	07/2007	1.3000	100%	1.3000
			Gruitrode Azento	01/2010	0.0748	100%	0.0748
			Kortemark Verduyn	02/2010	0.2710	100%	0.2710
			Veurne Furnibo	02/2010	0.0770	100%	0.0770
			Zwijndrecht DEME	02/2010	0.2270	100%	0.2270
			St-Pieters-Leeuw zwembad	03/2010	0.0864	100%	0.0864
			Wulpen Joy Invest	01/2011	0.0110	100%	0.0110
			Brugge Mercedes-Claeys	01/2011	0.1680	100%	0.1680
			Wevelgem Gilgemyn	03/2011	0.1700	100%	0.1700
			Veurne Enjoy Concrete	04/2011	0.2860	100%	0.2860
			Brugge Depondt	05/2011	0.1950	100%	0.1950
			Deinze NMBS	05/2011	0.0450	100%	0.0450
			Westrozebeke Pinguin	07/2011	1.0270	100%	1.0270
			Gullegem Planopack Belgium	08/2011	0.2590	100%	0.2590
			Roeselare Desotec Technics	08/2011	0.0650	100%	0.0650
			Aalst Penne	10/2011	0.2600	100%	0.2600
			Gent Zoutman	10/2011	0.7310	100%	0.7310
			Roeselare Desotec Distributie	11/2011	0.2550	100%	0.2550
			Roeselare Zoutman	11/2011	0.0900	100%	0.0900
			Brugge KHBO	01/2012	0.3550	100%	0.3550
			Oostende Goekint Graphics	03/2012	0.1210	100%	0.1210
			Kortrijk KU	03/2012	0.2980	100%	0.2980
			Leuven KU	04/2012	0.3120	100%	0.3120
	Italy	Solar	Pontedera Carpark	01/2011	0.2830	100%	0.2830
			Dierre Legno II	06/2012	0.8980	100%	0.8980
			Manuli 2	06/2012	0.9160	100%	0.9160
Totaal Installed					8.7812		8.7812



SOLAR FARM KHBO, BRUGES-BELGIUM

2.4. DCPM

Development & Construction & Portfolio Management (DCPM)

DCPM categorizes the following operations within the Electrawinds group:

2.4.1. Project development I encompasses securing the most suitable location, obtaining all mandatory permits, ensuring biomass flow, organization of the required funding

2.4.2. Construction activities I encompasses the technical implementation, the selection of subcontractors and capital goods, the supervision from the initial stage up to and including completion

2.4.3. Portfolio Management I encompasses daily operational, legal and financial management. Portfolio Management is also responsible for decision-making with regard to possible investments (& possible partial divestments)

2.4.1 Project development

Status 31 December 2012

DPCM

Technology	Total MW
Operational projects *	265.3
Projects under construction *	9.2
Authorized projects **	478.1
Projects in development **	1,442.4
Projects being screened **	822.8
Totaal	3,017.8

*gross
**net

Status definition

Operational projects | 265.3 MW gross
= projects providing power to the electricity grid

Projects under construction | 9.2 MW gross
= projects for which construction has started or PPA (Power Purchase Agreement) and funding have been Secured

Authorized projects | 478.1 MW net *
= projects for which building and environmental permits have been granted or domain concession has been obtained for offshore

Projects in development | 1,442.4 MW net *
= projects for which land lease agreements have been signed and the permit application process has been started

Projects being screened | 822.8 MW net *
= projects for which a feasibility study has been completed

** Figures are provided in MW net for projects in the pipeline, taking into account only EW's economic interest for all future projects in which external parties are involved*

STATUS 31 DECEMBER 2012

BELGIUM

	MW
installed	152.7
authorized	273.4
under development	392.5
screening	538.6
total	**1,357.1**

FRANCE

	MW
installed	76.3
authorized	52.2
under development	54.7
total	**183.3**

SOUTH AFRICA

	MW
installed	1.8
under development	145.0
total	**146.8**

IRELAND

	MW
installed	15.0
under construction	9.2
under development	12.2
total	**36.4**

ITALY

	MW
installed	10.1
under development	34.2
screening	9.4
total	**53.7**

SERBIA

	MW
installed (energo zelena)	n/a
under development	165.5
screening	253.0
total	**418.5**

POLAND

	MW
installed (rekupoil)	n/a
under development	22.0
screening	8.0
total	**30.0**

BULGARIA

	MW
installed	6.4
under development	201.3
total	**207.7**

ROMANIA

	MW
installed	3.0
authorized	152.2
under development	139.9
screening	13.8
total	**309.2**

UNITED KINGDOM

	MW
under development	64.1
total	**64.1**

KENYA

	MW
screening	211.0
total	**211.0**

Wind offshore

Belgian front runner

Electrawinds is one of the pioneers in the development of wind turbine farms on the Belgian North Sea. The application for concession agreements was started in 2004, after the federal government reserved a zone in Belgian territorial waters for the development of offshore wind energy.

By taking the lead in offshore wind a noteworthy result was achieved: Electrawinds has holdings in 4 of the 7 planned Belgian project areas (Nother, Seastar, Rentel and Mermaid).

	1. Norther	2. Rentel	3. Seastar	4. Mermaid
Total capacity	258 - 470 MW	288 - 312 MW	246 MW	462 MW
Electrawinds' shareholding	50%	12.5%	12.5%	8.1% (stake in consortium)
Project status	Concession granted and permits obtained	Concession granted, permit application filed	Concession granted	Concession granted
Partners with offshore experience	Eneco	Otary (o.a. Deme; Nuhma; Socofe)		Otary (65%) GDF-Suez (35%)

Norther

The offshore projects in which Electawinds participates all have final concession agreements, but are in different phases of development. The project Norther- thanks to the acquisition of all necessary (sea) permits has advanced the furthest. Completion is expected as from 2016.

Electrawinds developed the offshore wind farm Norther through a 50-50 joint venture with the Dutch energy company Eneco.

Otary RS

In order to join forces with other driving forces in offshore wind, Electrawinds joined the NV Otary RS, a Belgian consortium for wind energy at sea.

The Otary RS partnership (through the NV Otary RS) unites green energy producers, Electrawinds and Aspiravi, investment and development companies, Rent-A-Port and Power@Sea, dredging group and hydraulics specialist, DEME, Walloon environmental holding, SRIW Environnement and Flemish and Walloon energy and utility stake companies, Nuhma and Socofe. These partners are all involved in the development of offshore wind farms through stakes in one or more projects in the North Sea. The eight partners each have a 12.5% stake in Otary RS.

In a first phase Otary will focus on the development, construction and exploitation of the offshore wind farms Rentel, Seastar and Mermaid.

FlanSea

Together with the University of Gent and 6 business partners, Electrawinds is involved in the development of the so-called wave energy converter which converts the billow into electricity.

This will be an intricate buoy following the motion of the waves and its own movement in relation to the sea floor will make it possible to produce electricity.

The research project is called FlanSea and is executed with the support of the Flemish Agency for Innovation through Science and Technology (abbreviated IWT).
Testing of this prototype is expected in the course of 2013 off the coast of Ostend.

WAVE ENERGY CONVERTOR FLANSEA, OSTEND-BELGIUM

2.4.2 Construction activities

In 2012, Electrawinds further implemented the diversification strategy in wind and biomass as well as in solar to accomplish additional energy projects. The new installations have been built in 5 different countries (Belgium, Italy, The Netherlands, Ireland and Serbia) and are tangible proof of the continuing globalisation of the energy company.

NEW INSTALLATIONS REALIZED IN 2012

Energo Zelena-Serbia

Processing plant in Serbia for animal waste with a processing capacity of 150,000 tons animal waste per year

Wind farm Menen Grensland-Belgium

(Enercon E82)

Wind farm of 4.6 MW (50% Ew) in the industrial zone Menen Grensland.

Wind farm Ballycadden-Ireland

(phase1 - 15.0 MW Enercon E82)

Electrawinds' first wind farm in Ireland with a total installed capacity of 24.2 MW (51% EW). Phase 2 (9.2 MW) will be realized in 2013.

Wind farm Perwez | Belgium

(Vestas V90)

Wind farm of 4 MW in Perwez parallel to the E411 Namur-Brussels motorway.

2.4.3 Portfolio Management

Besides the operational, legal and financial monitoring of the existing project companies, the focus in 2012 was mainly to achieve an IPO through the business combination with European CleanTech I (ECT1).

Since 11 October 2011 the Electrawinds group -via its parent company Electrawinds SE- is listed on the Frankfurt Stock Exchange.

On April 27, 2012 Electrawinds took a majority stake in the biodiesel plant in Sluiskil (Electrawinds GreenFuel). The activities were integrated into the biomass segment.

GreenFuel-Netherlands

After the takeover of an existing biodiesel plant in the Netherlands (Sluiskil) in April 2012, the existing infrastructure was adjusted and renewed. Under the new name of Electrawinds Greenfuel, so-called 2nd generation biodiesel (biodiesel derived from waste streams) is being produced since August 2012.

The storage and production units with accompanying offices cover an area of approximately 21,500 m². The industrial site has direct access (and its own unloading quay) to the Ghent-Terneuzen canal and has a storage capacity of up to 25,000 m³ at its disposal.

As majority shareholder (70%), Electrawinds is responsible for all operational, logistics and commercial business activities as of the takeover.

Solar-Italy

Electrawinds realized in the course of 2012 two additional solar projects in San Geovanni al Natisone (province of Udine) and Ascoli Piceno (province Ascoli Piceno). The installations count respectively 3822 and 3740 panels and have a total capacity of 898 and 916 kWp

ELECTRAWINDS IS A COMPANY THAT HAS A HEART

OCTOBER 2012

Electrawinds joins the Red Cross Flanders blood collection action to find new blood donors. Employees at Head Office and the biomass plants in Ostend have been requested to register as volunteers. The appeal produced 21 new candidate donors. The Belgian Red Cross-Flanders has shown Electrawinds its appreciation by allocating it the title of Company having a Heart.

CORPORATE SOCIAL RESPONSIBILITY

3.1. THE SPIRIT OF ELECTRAWINDS

Enthusiastic corporate culture

The international character and the flexible manner in which Electrawinds responds to a rapidly evolving energy market has repercussion on the atmosphere within the organization.

Electrawinds endeavours to share this unique character of the enterprise through a corporate culture that enthuses all.

Every employee is an ambassador who contributes to the positive image of Electrawinds. This can only be achieved if the employee feels involved and respected.

	31/12/06	31/12/07	31/12/08	31/12/09	31/12/10	31/12/11	31/12/12
Number of Employees EW	28	78	113	145	180	230	244

Paying particular attention to expansion and development

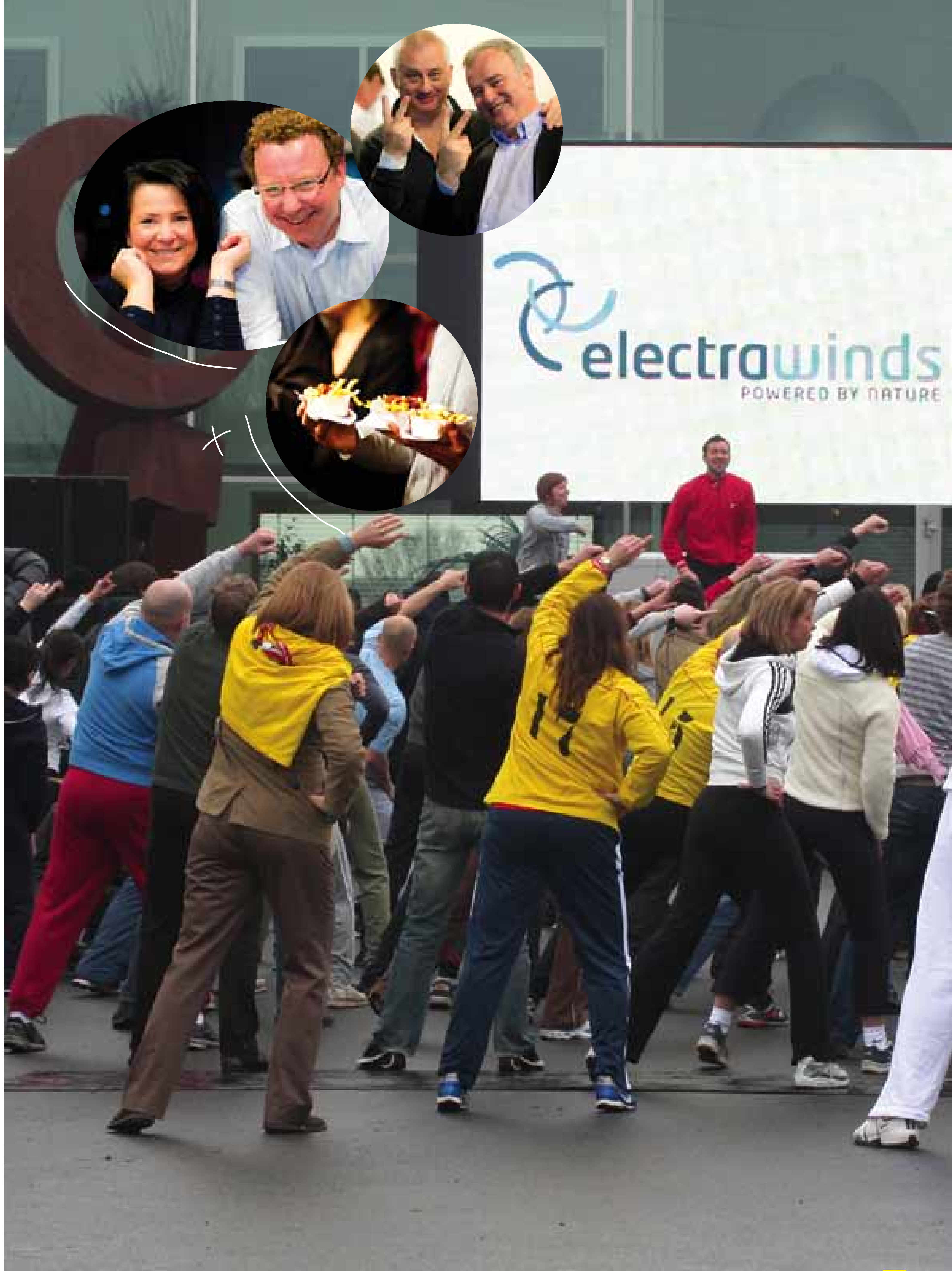
The competencies required for a certain position within the company are raised during performance interviews. Electrawinds finds it important to know all employees' fields of interest to enable that person to make headway. By knowing what interests its employees, the company can encourage them by providing relevant internal and external training courses.

Extensive internal communication

Employees are extensively informed of the company's activities through a wide range of communication channels. Besides a daily news update, there are weekly announcements on the notice boards, additional internal training initiatives every fortnight (Electrawinds Academy), monthly digital newsletters and informal information meetings (drink@work) and a multi-lingual internal magazine. Employees can also join the social media on which Electrawinds is active (Facebook, Twitter, etc).

Sport-conscious company

Electrawinds encourages a healthy and sport-loving attitude to life by offering a healthy diet (fruit, soup, salads, etc.) and sports activities (weekly spinning, participation in sports events, etc.) This provides a pleasant working environment which encourages the employee physically, mentally and socially.



WORKOUT DURING LUNCH BREAK, OSTEND-BELGIUM

ELECTRAWINDS DRIES RED CROSS TENTS

Electrawinds and the Red Cross (Ostend branch) have started an original collaboration that will benefit both organisations. In the future, the Red Cross will dry its intervention tents in the Ostend Biosteam plant's boiler room after service missions. In exchange for this, Electrawinds can call on the Red Cross to provide a first-aid station at its public events.

3.2. SOCIAL RESPONSIBILITY

Electrawinds is mindful of sustainable development and socially responsible enterprise. In addition to maximising economic surplus value, the company also creates added value for its staff, the environment and society in general.

3.2.1 Environmentally friendly Enterprise

By way of participating in the Charter of West Flanders for Sustainable Enterprise, action plans are drawn up every year to improve enterprise sustainability. The points of action apply to economic activities (Profit), the environment (Planet) and the organisation's social aspect (People).

3.2.2 People-friendly enterprise

Internal social aspect

Electrawinds strives to have staff that are proud of the organisation of which they are a part. This is inspired by the conviction that sustainable and people-oriented enterprise has a positive impact on commitment and talent development. At Electrawinds, staff can develop through on-the-job training, challenging projects and external and/or internal training courses (through the Electrawinds Academy).

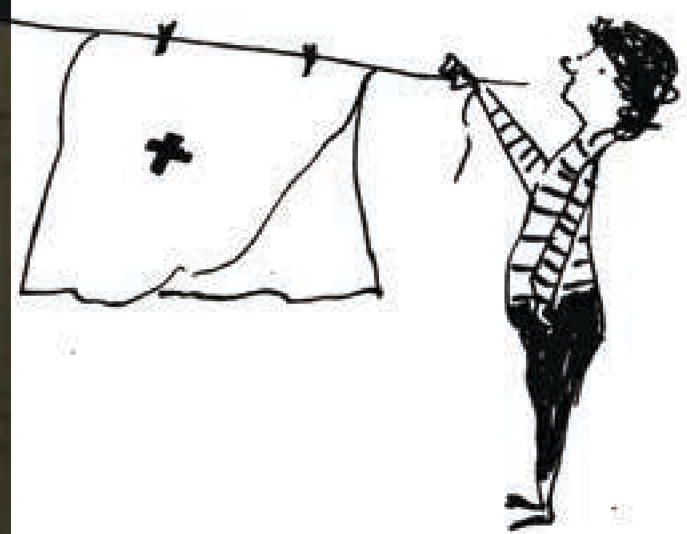
In addition to creating a pleasant and inspiring working environment, Electrawinds also takes suitable measures to offer staff a safe workplace. In the operational biomass plants, personal protective equipment, such as (dust) masks, safety goggles, heat-resistant and other protective clothing, is mandatory.

To increase safety, staff are given additional training courses, such as proper forklift operation or first aid. An evacuation plan has also been drawn up in consultation with local fire departments and is clearly communicated to the staff.

External social aspect

Electrawinds develops, builds and operates its projects in a spirit of good neighbourliness. The company establishes a dialogue by means of extensive communication with all stakeholders involved, such as political authorities, local residents, press, schools and pupils, interest groups, financial institutions, etc. They all play an important role in how the sustainability and general image of Electrawinds is perceived.

By organizing all kinds of meeting opportunities (informative meetings, school visits, company visits, open-company and open-site days, official openings, analyst presentations, etc.), Electrawinds profiles itself as a unique and open company that not only provides information about projects but also raises awareness about the need for and use of renewable energy in general.



3.3 SOCIAL INVOLVEMENT

Electrawinds' social involvement is reflected in the way in which it repays society. The company has undertaken commitments in various fields:

Community education & associations

Future generations are an important target group, as are the many organisations registering for a company visit every week. Electrawinds offers all of this free of charge because the company is convinced that this contributes to general awareness of climate change and renewable energy. The company's image and brand awareness are strengthened at the same time.

Scholarship in South Africa

Since January 2010, Electrawinds has an education programme for students in South Africa. An educational fund enables three local students with an interest in renewable energy to attain an engineering degree.

Combating poverty

Electrawinds supports the non-profit organisation Save Children of Hope, which is establishing a feeding programme in the Kenyan villages of Ebutayi and Eshitoye. Thanks to this organisation, 160 children receive a school uniform and a hot meal every day. Save Children of Hope also invests in infrastructure, such as a well and school buildings.

Innovative talent

Electrawinds supports passionate and innovative talent and is the main sponsor of the Helios, a solar boat built by two Industrial Engineering students at HOWEST (University College West Flanders).

Youth and sport

Electrawinds supports sporting associations and sponsors several sports clubs.

SPERM WHALE PROCESSED TO PRODUCE RENEWABLE ENERGY FEBRUARY 2012

The sperm whale that was washed onto the Belgian shore was processed by Electrawinds as a biomass product. The 12.5 tonnes of fat rendered 50,000 kWh of green energy. This is equal to the annual electricity consumption of 14 households.

The whale offal is regarded as CAT 1 fat that may not be processed in the food chain. After pre-processing, the organic end product was processed in Electrawinds' biofuel plant in Ostend.

DISTINCTIONS & AWARDS

West Flanders Ambassador

The West Flanders Provincial Executive named Electrawinds as Ambassador of West Flanders. This title is awarded to innovative companies that stand out because of their image and commitment and promote West Flanders as a dynamic region.

Sustainable Enterprise

Electrawinds received the Charter of West Flanders for Sustainable Enterprise certificate for both its head office and the Ostend biosteam plant. The certificate is issued to companies that improve their economic and environmental performance by way of an agreed plan of action.

Trends Gazelle Ambassador

Electrawinds' Ostend biomass plant was chosen as 'Trends Gazelle Ambassador' 2011 in the West Flanders medium-sized enterprises category. The title was awarded by Belgian financial-economic magazine Trends-Tendances to reward competitive and creative entrepreneurship.

Pride of Ostend

Electrawinds was declared the 'Pride of Ostend' in the Large Enterprise category. This contest is an initiative of the Province of West Flanders and the Ostend Economic House designed to stimulate and support entrepreneurship in the Province of West Flanders.

Healthy company in Belgium

In December of 2010, Electrawinds was awarded the title of 'Healthy Company in Belgium'. The judges praised Electrawinds' initiatives to improve the mental and physical health of its staff.

Best Newcomer of the Year 2010!

The Southern African Association for Energy Efficiency (SAEE) declared Electrawinds South Africa «Best Newcomer of the Year 2010». The agency praised the pioneering work of Electrawinds, which constructed the first commercial wind turbine in South Africa in 2010.

Syntra West Ambassador

Electrawinds was proclaimed Syntra West's first ambassador. The professional training centre awards this title to companies that invest in courses and continuous training for their staff.

Global Cleantech top 100

The Global Cleantech Forum included Electrawinds in the list of 100 private companies that are expected to be most influential in the so-called clean-tech sector during the next few years. Companies from all over the world are nominated. Electrawinds is the first Belgian company that has ever been included in the list.

Judges Prize for Creative Enterprise

Electrawinds was announced to be the example of courageous and creative enterprise in West Flanders at the Creative Entrepreneur Gala in Ostend. The local union for entrepreneurs (UNIZO) refers to Electrawinds as a source of inspiration to other entrepreneurs in the province.

ISCC-label for refinery department & Greenfuel

Sinds 2012 Electrawinds' refinery department in Ostend (Electrawinds biomass) and the biodiesel plant Greenfuel in Sluiskil are both ISCC certified. ISCC stands for International Sustainability & Carbon Certification and is a quality label indicating that raw materials are manufactured sustainably in accordance with the Renewable Energy Directive. The ISCC certificate is obtained subject and subsequent to an external audit by the ASG supervisory authority from Germany. The label definitely has an added value when selling the end product.

BOARD OF DIRECTORS

5.1 BOARD OF DIRECTORS

JO CORNU

Mr. Jo Cornu (acting as permanent representative of Mercodi BVBA) has been appointed as independent chairman of the Board on September 28th 2012.

PAUL VANDEKERCKHOVE

Mr. Paul Vandekerckhove (acting as permanent representative of Buraco NV) has been appointed as member of the Board on September 28th 2012.

Mr. Vandekerckhove, directly or indirectly, is a director of several companies belonging to the Electrawinds Group.

PAUL DESENDER

Mr. Paul Desender (acting as permanent representative PDS Consulting BVBA) has been appointed as member of the Board on September 28th 2012.

Mr. Paul Desender, directly or indirectly (through PDS Consulting BVBA) is a member of the Board of directors of several companies belonging to the Electrawinds Group, including a number of project companies.

WILLI MANNHEIMS

Mr. Willi Mannheims is one of the founders of European CleanTech I SE and was vice chairman until September 28th 2012 when the Business Combination with the Electrawinds group was completed.

On September 28th 2012 he has been re-appointed as member of the Board of Electrawinds SE.

DIRK DEWALS

Mr. Dirk Dewals has been appointed to the Board on September 28th 2012.

ALEXANDRE VANDEKERCKHOVE

Mr. Alexandre Vandekerckhove (acting as permanent representative of Winpar NV) has been appointed to the Board on September 28th 2012.

RUDI VANDER VENNET

Mr. Rudi Vander Vennet (acting as representative of Federale Participatie- en Investeringsmaatschappij NV) has been appointed to the Board on September 28th 2012.

ELECTRAWINDS STORAGE, BRUGES-BELGIUM

FINANCIAL REPORT

Electrawinds as listed company

Capital Markets information / Investor Relations

Introduction

The reverse asset acquisition which closed on October 11, 2012 resulted in a listing for Electrawinds on the Prime Standard segment on the Frankfurt Stock Exchange ("FSE"). Prior to that date, European CleanTech I SE (renamed into Electrawinds SE) was a listed 'special purpose acquisition company' with the sole purpose of merging with an operating business active in cleantech. This transaction was approved during an EGM held on September 28, 2012 and closed on October 11, 2012. In order to reflect this new structure for the existing and prospective shareholders of European CleanTech I SE, several initiatives have been taken; including:

- Establishment of an investor relation function within Electrawinds and the creation of a dedicated investor relations mailbox, investor.relations@electrawinds.eu, to interact with investors;
- Creation of a website, ewi.electrawinds.eu, as a platform to share information with (prospective) investors;
- Approval by an EGM held on December 20, 2012 to change the name of the company from European CleanTech I SE into Electrawinds SE
- At the same time, the ticker symbol has been changed from ECT to EWI
- The publication of an Investor Presentation at the occasion of an Analyst Meeting held on December 13, 2012. As of the date of this report, we are not aware of any sell-side equity analyst publishing broker notes on Electrawinds SE, but several contacts do exist which might or might not lead to coverage by analysts.

Throughout the course of 2013, further efforts will be undertaken to expand the interaction with the capital markets on top of the ongoing requirements as an issuer listed on the Prime Standard segment of the Frankfurt Stock Exchange which requires the highest level of transparency.

Outstanding securities

As of the date of this report and further detailed in the table below, the Company has the following outstanding securities:

- Shares:
  - 52,358,651 Class A shares outstanding, of which 5,328,608 shares are held as treasury shares.
  - 1,916,667 Class B shares which are convertible into Class A Shares under certain conditions and which have limited economic rights if not converted into A-Shares as explained in note 24 of the financial consolidated statements.
- Warrants:
  - 11,500,000 Class A Warrants with an exercise price of €11.5
  - 972,906 Class B Warrants with an exercise price of €11.5
  - 1,325,911 Financial Warrants
  - 162,651 ESOP Warrants

Shares outstanding of the Company [a]	
A-Shares (excl. treasury shares)	47,030,043
B-2 Shares [b]	958,333
B-3 Shares [c]	958,334
Total Shares outstanding	48,946,710
A-Shares held as treasury shares	*5,328,608*
Total incl treasury shrs (voting rights denominator)	*54,275,318*

a) Each share entitles the holder thereof to one vote

b) Convertible into A-shares at a Trigger Price of €11.00

c) Convertible into A-shares at a Trigger Price of €12.00

Trigger Price: Volume-weighted average public share price, on 20 out of 30 consecutive trading days equals or exceeds €11.00 and €12.00 respectively

Warrants Outstanding of the Company	
Class A Warrants [a]	11,500,000
Class B Warrants [a]	972,906
Financial Warrants [b]	1,325,911
ESOP Warrants [b]	162,651
Total Warrants Outstanding:	13,961,468

a) Strike-price €11.5; Cap €17.00
b) Warrants issued by Electrawinds NV, but the underlying security acquired upon the excercise of the warrant is exchangable into Class A- shares of the Company

As on the date of this report only 11,500,000 Class A shares as well as 11,500,000 Class A warrants are admitted for trading. During 1H2013, Electrawinds intends to file a listing prospectus in order to request a listing on the Frankfurt Stock Exchange for the other 40,858,651 Class A shares

A-Shares issued by the Company	
Shares out. & admitted for trading	7,129,725
Shares out. & not yet admitted for trading	39,900,318
Subtotal: A-Shares outstanding	47,030,043
Treasury shares & admitted for trading:	4,370,275
Treasury shares & not yet admitted for trading:	958,333
Total	52,358,651

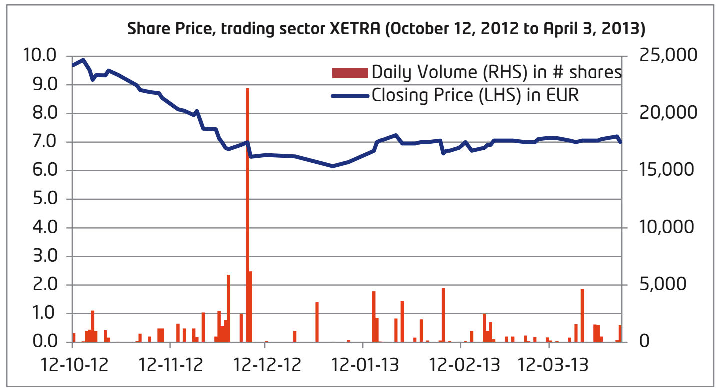
The securities admitted for trading have the following details:

	Class A shares	Class A Warrants
Ticker	EWI	EWIW
WKN	A1C4HF	A1E016
ISIN	LU0538936351	LU0538952044
# of securities adm for listing	11,500,000	11,500,000
Stock market segment	Regulated market Prime standard	
Listing venue	Frankfurt Stock Exchange	
Designated sponsor	Close Brothers Seydler Bank	
Specialist	Baader Bank	

Share price evolution

The listing does exist since October 2010, when the European CleanTech I SE was listed. This entity entered the consolidation scope of Electrawinds on October 11, 2012.

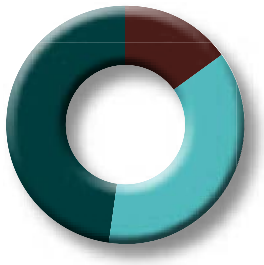
Just prior to the closing of the merger, the share price stood at €9.72. In the first few weeks thereafter, the share price dropped to a low of €6.16 on January 2, 2013, but has rebounded since then to stabilize around €7 per share. The market capitalization (based on the outstanding number of A-shares) stood at €296mio on December 28, 2012 and has increased to almost €330mio as per April 2013.



The average number of trade shares on XETRA amounts to 1,576 per day. In March 2013, Close Brothers Seydler Bank AG has been appointed as new Designated Sponsor in order to further enhance the liquidity of the share.

Shareholder Structure

The former owners of Electrawinds NV acquired 39,900,318 shares following the transaction with European CleanTech I SE. As a result, they have acquired 84.8% of the outstanding Class A-shares



Shareholders Table (Class-A Shares)	Class A-shares	in % of A-Shrs. Out.
Founders EW [a)]	22,403,759	47.6%
Institutional & Private Investors [b)]	17,496,559	37.2%
Free Float	7,129,725	15.2%
Total A-shares outstanding [(c)]	47,030,043	100.0%

a) lock-up of 12 months for Winpar, Luc Desender & Dominique Decoster and Paul Desender & Patricia Callewaert

b) lock-up of 6 months

c) excluding the 5,328,608 class A-shares by Electrawinds SE (treasury stock)

Voting rights notifications & director dealings

Directors and shareholders owning at least 5% of the voting rights, are required to notify this to the company. The notifications received by the company and published on ewi.electrawinds.eu have been summarized in the table below:

Shareholder Electrawinds SE	A Shares	B Shares	Total voting rights	
Winpar NV	14,684,353		14,684,353	27.1%
Luc Desender & Dominique Decoster	5,929,399		5,929,399	10.9%
Altizz Vermögensverwaltungsgesellschaft GmbH & Co, KG	864,825		864,825	1.6%
European CleanTech I Holding S.à r.l.		956,565	956,565	1.8%
Federale Participatie- en Investeringsmaatschappij NV	3,369,127	44,000	3,413,127	6.3%
Belfius Bank NV	1,700,163		1,700,163	3.1%
Paul Vandekerckhove & Beatrice Steverlynck	959,865		959,865	1.8%
Mannheims Beteiligungs GmbH	358,595	34,854	393,449	0.7%
Paul Desender & Patricia Callewaert	1,790,007		1,790,007	3.3%
Subtotal of shareholders who have submitted a voting rights notification	29,656,334	1,035,419	30,691,753	56.5%
Other shareholders [(a)]	17,373,709	881,248	18,254,957	33.6%
Total # of voting rights as of December 20, 2012 (excl treasury shares)	47,030,043	1,916,667	48,946,710	n.r.
Electrawinds SE (formerly European CleanTech I S.E) - Treasury shares	5,328,608		5,328,608	9.8%
Total # of voting rights as of December 20, 2012	52,358,651	1,916,667	54,275,318	100%
of which admitted on the Frankfurt Stock Exchange	11,500,000		11,500,000	

a) Other shareholders includes shareholders who have not been required to notify their stake in Electrawinds SE. As of the day of this report this group includes a.o. funds managed by Gimv (7.3% of total voting rights) and Demeter (2.8% of total voting rights).

Business development

Overall economic parameters

Following the IMF, global growth will strengthen gradually in 2013, but the recovery is slow. Global growth will reach 3.5% in 2013, from 3.2% in 2012. But downside risks remain significant, including prolonged stagnation in the euro area and excessive short-term fiscal tightening in the United States.

The IMF noted that the euro area continues to pose a large downside risk to the global outlook. While a sharp crisis has become less likely, "the risk of prolonged stagnation in the euro area would rise if the momentum for reform is not maintained," the IMF said. To head off this risk, adjustment programs by the periphery countries need to continue, and must be supported by the deployment of "firewalls" to prevent contagion as well as further steps toward banking union and fiscal integration.

For the United States, the IMF stressed that "the priority is to avoid excessive fiscal consolidation in the short term, promptly raise the debt ceiling, and agree on a credible medium-term fiscal consolidation plan, focused on entitlement and tax reform." The IMF emphasized the importance of a credible medium-term fiscal strategy in Japan.

For emerging market and developing economies, the world saw a sharp slowdown in China and most of the other emerging-market economies.

Specific sector parameters

Electricity:
In some geographies such as Belgium and Romania, producers of renewable electricity are exposed for part of the revenues to the evolution of electricity prices. In Belgium, an active wholesale market does exist which is organized by Belpex. Throughout 2012, the average base load spot price for electricity traded through the Belpex platform amounted to €47,0/MWh or 4,8% lower compared to €49,4/MWh in 2011. Given the existence of cross-border transmission capacity, allowing for export and import of electricity, a similar evolution could be observed in neighboring countries. The most cited reasons for this low price are:

- Lower demand for electricity because the economic crisis
- Higher supply from renewable sources (mainly wind & solar)
- Cheap marginal cost for coal fired power plants as its 2 main input factors trade at very low prices: coal and carbon emission rights

Electricity generated from wind and solar is intermittent, which has an impact on the stability of the grid. Therefore, an increasing opportunity does exist for producers with flexible production capacity that are shifting from a base load modus to a peak-shaving modus.

Regulatory environment:
On 27 March 2013, the European Commission published its first Renewable Energy Progress Report under the framework of the 2009 Renewable Energy Directive. Since the adoption of this directive and the introduction of legally binding renewable energy targets, most Member States experienced significant growth in renewable energy consumption. 2010 figures indicate that the EU as a whole is on its trajectory towards the 2020 targets with a renewable energy share of 12.7%. Moreover, in 2010 the majority of Member States already reached their 2011/2012 interim targets set in the Directive. However, as the trajectory grows steeper towards the end, **more efforts will still be needed from the Member States in order to reach the 2020 targets**.
But at the same time; an increasing awareness has risen about the impact of renewable energy on electricity bills and/or government budgets. This has resulted into a review of the regulatory support schemes in many countries in order to avoid overcompensation. These adjustments typically can have an impact on the regulatory support for new projects; although some side effects can have an impact on existing projects. As an example, the Flemish Region limits the tenor during which green certificates are awarded to producers of electricity from renewable sources (although certain extension possibilities exist).
The electricity transmission & distribution sector has to deal with the impact of an increasing share of decentralized & intermittent production from renewable sources. This leads to a higher cost and/or lower income and grid operators sometimes try to push down this burden by charging new grid fees to generators of renewable electricity. Although the 2009 Renewable Energy Directive aims to prevent and remove the existence of such barriers, such fees have been introduced in a.o. Belgium and Bulgaria.
In the sector of renewable fuel for transport, further initiatives have been taken in order to increase the sustainability. More and more countries are implementing double counting schemes which do promote the use of 2nd generation feedstocks based on waste as these typically lead to the highest GreenHouse Gas ("GHG") savings. The most commonly used waste-based feedstocks are Used Cooking Oils ("UCO") and cat-1 animal fats (cat 1 tallow). Volumes of biodiesel made from those feedstocks counts double towards the biofuel blending mandates. In an additional effort to promote sustainable biofuels, the European Commission has launched a proposal to limit the use of first generation biodiesel based on vegetable oils such as rapeseed oil, soy oil or palm oil. More specifically, a cap of 5% is proposed. If the proposal is adopted, the 10% blending target to be achieved by 2020 will need to come from a much higher share of next-generation biofuels such as waste-based biodiesel from UCO or tallow.

Results of operations, net assets and financial position

Results of operations

Total sales of the Group decreased from €111.6mio in 2011 to €108.2mio. The decrease is mainly attributable to the DCPM segment, which invoiced less electricity sales through Belpex and less external development and management fees.
The external sales of the Group of the operational segments increased from €99.6mio in 2011 to €102.6 in 2012. The Wind segment increased sales by 19,2% to €32.6mio in 2012 (2011: €27.3mio). The Solar segment almost doubled its revenue to €2.8mio in 2012 (2011: €1.6mio). The Bio segment faced difficult market conditions and external sales decreased from €70.7mio to €67.2mio in 2012 (-4,86%).

The consolidated EBITDA decreased from €31.1mio in 2011 to €28.1mio. Depreciations, amortizations and impairments were up €4.2mio to €31.5mio in 2012 compared to €27.3mio in 2011. Impairments increased from €0.0mio in 2011 to €4.1mio in 2012, being the classification of Vleemo NV as asset held for sale (€3.3mio) and €0.8mio impairment on capitalized projects. Depreciations amounting to €27.4mio (2011: €26.0mio) of which €27.2mio (2011: €25.8mio) are related to tangible assets.

The net financial loss of €25.9mio (2011: loss of €28.9mio) includes interest charges of €25.3mio (2011: €24.5mio), a loss of €4.9mio (2011: €3.9mio) on the fair value of the financial instruments. Further, the financial income includes a gain on a bargain purchase from the fair value acquisition calculation of Electrawinds Refuel BV amounting to €2.4mio, interest income of €0.5mio and a gain resulting from the fair value revaluation of the A warrants amounting to €1.2mio.
The listing fee, which is the result of a technical accounting calculation with respect to the reverse asset acquisition, amounts to €9.3mio.

Segment reporting

Bio

External sales in this segment decreased from €70.7mio in 2011 to €67.2mio in 2012. In 2012, EBITDA reached €13.6mio against €18.3mio in 2011. Sales and EBITDA in this segment were negatively influenced by high raw material costs and low sales prices of electricity. The acquisition of Electrawinds Refuel BV did not yet contribute to sales and EBITDA in 2012 as the start up of the biodiesel plant and integration in the group was still ongoing.

Wind

In the Wind segment, sales increased from €27.3mio in the previous year to €32.6 in 2012 (+19.2%). EBITDA increased from €22.7mio to €25.1mio (+10.8%). The increase of the sales can be explained by the start up of Electrawinds Berlare, the full year effect of Electrawinds Maldegem in Belgium, the start up of the wind turbine parks in Shabla (BG) and Ballycadden (IE).
Sales price were marked by lower grey electricity prices as well as a moderate drop in green certificates pricing following amendments in the legislation in Flanders.

Solar

The Solar segment achieved sales of €2.8mio during the reporting period (2011: €1.6mio) and an increased EBITDA of €2.3mio (2011: €1.4mio). The Solar segment acquired mainly 2 solar parks in Italy in 2012.

DCPM

The DCPM (Development, Construction and Portfolio Management) segment reported €5.6mio revenues compared to €11.9mio in 2011. The decrease is attributable to the reduced sales of electricity via Electrawinds Distributie NV on Belpex and the decrease of external management and development fees.

Balance sheet positions

As of December 31, 2012, the total assets of Electrawinds SE amounting to €561.4mio, compared to €497.3mio at the end of the previous reporting period.

Non-current assets amounting to €462.6mio in 2012, compared to €409.8mio in 2011, include intangible assets – projects in development – of €19.7mio (2011: €14.1mio) and tangible assets of €393.7mio (2011: €340.1mio). Goodwill decreased by €4.5mio due to the reclassification to assets held for sale of Vleemo NV at fair value.

Current assets amounts to €98.8mio against €87.4mio in 2011. Inventory rose by €7.9mio to €23.4mio. The increase in inventory is mainly attributable to the build up of tallow to be processed in 2013 . Receivables decreased slightly (2012: €24.9mio against 2011: €25.1mio) and the participation in Vleemo NV was classified at fair value as held for sale at the end of the reporting period. Cash and cash equivalents ended on December 31, 2012 with a balance of €37.5mio (2011: €36.9mio) of which €25.3mio was restricted.

Non-current liabilities decreased from €311.5mio to €286.5mio. On one hand the decrease is attributable to the fact that the subordinated loans of €53.8mio became current liabilities and partly offset by the increase of financial liabilities with €33.2mio.

Current liabilities increased from €121.4mio to €189.4mio largely resulting from the subordinated loan (€53.8mio) becoming current, the increase of short term financial liabilities (+€19.9mio), the increase of other liabilities (+€4.6mio) including the contingent earn out payments for the acquisition of Electrawinds Refuel BV and the decrease of trade payables of €9.5mio.

As at December 31, 2012, equity representing Electrawinds SE (after the reverse asset acquisition) amounted to €85.6mio. When compared to the equity of Electrawinds Group at yearend 2011, equity shows an increase of €21.2mio.

Net financial debt as at December 31, 2012 rose by €39.6mio, from €321.7mio to €361.3mio.

Capital expenditures

Capital expenditures were mainly focused on production buildings as well as in connection with new installations for the different segments.
Capital expenditures represented €79.6mio of which €22.0mio is attributable to the Bio segment (Energo Zelena doo, Electrawinds Refuel BV, Electrawinds Greenfuel BV), €36.6mio to the Wind segment (Ballycadden phase 1, Menen, Perwez) , €8.1mio to the Solar segment and €12.9 to the DCPM segment (Ballycadden phase 2).

Employees

The headcount grew from 230 on December 31, 2011 to 244 per end of 2012 (+6%). The headcount of the operational segments increased from 98 (2011) to 135 (2012), mainly driven by the acquisition of Electrawinds Greenfuel BV and the commissioning of the rendering plant of Energo Zelena in Serbia. On the other hand headcount of the business development team and supporting departments decreased from 132 (2011) to 109 (2012).

On reporting date, 153 staff were employed in Belgium (2011: 181), 8 in Italy (2011: 2), 6 in France (2011: 7), 53 in Eastern Europe (2011: 35) and 24 in other countries (2011: 5) of which 23 in The Netherlands (2011: 2).

Non-financial performance indicators

Electrawinds is mindful of sustainable development and is a socially responsible enterprise. In addition to maximizing economic value, the company also creates added value for its staff, the environment and society in general.

Internal social aspect

Electrawinds strives to have staff who are proud of the organisation of which they are a part. This is inspired by our conviction that sustainable and people-oriented enterprise has a positive impact on commitment and talent development. At Electrawinds, staff can develop through on-the-job training, challenging projects and internal and/or external training courses through the Electrawinds Academy.
In addition to creating a pleasant and inspiring working environment, Electrawinds also takes suitable measures to offer staff a safe workplace. In the operational biomass plants, personal protective equipment, such as (dust) masks, safety goggles, heat-resistant and other protective clothing, is mandatory. To increase safety, staff are given additional training courses, such as training courses as a forklift truck driver or in first aid. An evacuation plan has also been drawn up in consultation with local fire departments and is clearly communicated to the staff.

External social aspect

Electrawinds develops, builds and operates its projects in a spirit of good neighbourship. We establish a dialog by means of extensive communication with all stakeholders involved, such as political authorities, local residents, press, schools and pupils, interest groups, financial institutions, etc. They all play an important role in how the sustainability and general image of Electrawinds is perceived.

Major events in the reporting period

Initial Public Offering

Beginning of October 2012, Electrawinds went public on the Frankfurt Stock Exchange (Prime Standard). Electrawinds made use of a Special Purpose Acquisition Vehicle (SPAC), European Cleantech I SE, which was floated on the stock exchange since October 2010. Electrawinds SE is the successor company of a reverse asset acquisition resulting from a transaction between Electrawinds NV and European Cleantech I SE.

Acquisitions

Electrawinds Refuel BV

On April 27, 2012 the Group acquired 70% of the shares in Electrawinds Refuel BV, formerly Goes on Green Energy BV in Sluiskil, The Netherlands. Electrawinds Refuel BV, and its 100% subsidiary Electrawinds GreenFuel BV (formerly Goes on Green BV) operate a 250.000 metric tonnes Biodiesel plant. The biodiesel plant also contains a designated deep water loading/unloading quay, 25,000m³ storage capacity, and fully integrated logistics. The production process has been renewed and adjusted to manufacture so-called 2nd generation biodiesel (biodiesel derived from waste streams) under the new name of Electrawinds GreenFuel. Electrawinds will trade biodiesel on the European market. According to a European Directive, at least 10% of fossil fuels must be mixed with biodiesel by 2020. Biodiesel production from secondary raw materials (waste products) is strongly encouraged because of the environmental benefits compared to primary raw materials such as vegetable oils.

Electrawinds Solar srl & Reg 4 srl

The first solar project of Electrawinds Solar srl was realized in San Giovanni al Natisone (Province of Udine) at Dierre Legno s.r.l., a paint factory for furniture. The system consists of 3822 panels with a total capacity of 0.89 MWp. The second project is further south in the province of Ascoli Piceno, at Manuli Rubber Industries S.p.A., a company operating in the rubber industry. This solar system consists of 3740 panels with a total capacity of 0.916 MWp. The second project is operated by Reg 4 srl.
The total investment for both systems amounts to EUR 4.3 million and is financed by a contract with Leasint S.p.A., the Italian Gruppo Banca Intesa lease company.

Opportunities and risks

The Electrawinds Group is exposed to numerous risks and opportunities as part of its business activity.
The risk management strategy of the Group focuses on early and systematic detection and control of risks and to also take benefit from opportunities resulting from operating activities or improved market conditions.
The Electrawinds Group manages the risk throughout a set of measurements such as organizational structures, a framework of risk principles, risk measurement and monitoring processes. The underlying requirement is that the risks must always remain transparent and manageable.

Opportunities

The Board of the Group regularly debates the Group's strategic opportunities. The task of the Group's Board and management is to identify opportunities at the operational level and attain a better-than-expected earnings performance where possible.

Operating risk

The Electrawinds Group operates power generation equipment which, primarily in its biomass division, involves the handling of products or byproducts that are hazardous or potentially hazardous and may harm the environment. Therefore, the Electrawinds Group is subject to certain laws and regulations designed to control hazardous activities and prevent and control pollution and restore and protect wildlife and the quality of the environment.

The Electrawinds Group's main assets include, among other, wind turbines, biomass incinerators, transformers and interconnection infrastructure. Operating these assets involves risks of malfunction or unexpected service interruption as a result of events beyond its control, including accidents, equipment or control system malfunctions and breakdowns, manufacturing defects in plant components, natural disasters, terrorist attacks and other similar events.
The Electrawinds Group is of the opinion that all plants and other assets have full approvals of operations from the authorities.

Regulation risk

Currently, the development and profitability of renewable energy projects is significantly dependent on the existence of **regulatory frameworks and policies** in support of such development. Some countries by regulation have provided various incentives for electricity production from renewable sources. In particular, the European Union and its principal member states, including Belgium, France and Italy, have adopted policies actively supporting renewable energy. These include measures such as:

- requirements that a minimum proportion of the electricity sold by distributors has to be produced from renewable energy sources or taxes on electricity produced from fossil fuels;
- "green certificate", or "feed-in tariff" programs in which electricity produced from renewable energy sources may be sold at guaranteed minimum prices;
- subsidies; and
- tax incentives such as investment credits and accelerated depreciation of assets.

Some of the currently applicable incentives have a fixed duration and may expire in the next several years. There can be no assurance that other incentive policies will not be modified, that the regulatory measures supporting renewable energy sources will not be repealed in the future or that the Electrawinds Group will continue to benefit, with respect to production from new or existing plants,
from the type and level of currently applicable incentives.

The Electrawinds Group operates in a **highly regulated sector**. Its companies are subject to numerous laws and regulations in each of the countries in which they operate. The Electrawinds Group's renewable energy projects must comply with numerous legal and regulatory provisions. Among other things, these regulations relate to the design and construction of power plants (including obtaining building permits and other administrative authorizations), the operation of power plants, protection of the environment, including laws and regulations regarding protection of the landscape and noise pollution. These regulations significantly affect the manner in which the Electrawinds Group operates its business. Other areas of regulation affecting the Electrawinds Group include occupational health and safety, labor relations, competition, taxation, duties and levies.
The regulatory framework varies from country to country and is subject to changes that are difficult to foresee and which may have a negative effect on the Electrawinds Group.

Procurement risk

The Electrawinds Group's biomass projects require third party sourcing of feedstock to produce energy.

The Electrawinds Group's liquid biomass facilities include treatment and refining facilities that allow the use of a range of feedstock. These projects primarily use crude tallow as feedstock, although they may also use palm stearin and used cooking oils. The prices of tallow can fluctuate significantly over time. In addition, the supply of feedstock could be disrupted and, although the Electrawinds Group's projects generally maintain stocks of tallow, a sustained disruption could interfere with the production of energy at the liquid biomass facilities.
The Electrawinds Group's solid biomass operations depend on a regular source of solid biomass feedstock to operate at optimal levels . Although the Electrawinds Group has entered into longterm contracts with several suppliers for the regular delivery of feedstock in sufficient quantities to meet its solid biomass fuel requirements, there can be no assurance that it will be able to renew these contracts or enter into new contracts on acceptable terms after the initial term.
Furthermore, the availability and price of biomass feedstock may be negatively affected by a number of factors largely beyond the control of the Electrawinds Group, including interruptions in production by suppliers, decisions by suppliers to allocate feedstock to other parties (which may include competitors of the Electrawinds Group), price fluctuations, increasing transport costs, climate, and labor shortage.

Price risk

Purchase price of raw materials

The major raw materials are Tallow for the Biofuel plants and refuse derivated fuel ("RDF") for the bio steam plant. The price evolution and the continuation of delivery of the raw material are a major business risk. In order to control this risk long term delivery agreements have been concluded with the different suppliers. Over the last three years, the price per ton for crude tallow has fluctuated significantly, based on availability and demand. Significant increases in the market price of tallow will likely increase the Electrawinds Group's power generating costs, although the Group built a rendering plant in Serbia to produce crude tallow that can be sold at market rates, thus creating a partial hedge against increases in tallow prices.

Electricity price

In a number of countries (including Belgium) where the Group is active, it is exposed to the risk of changes in the price of electricity. Electrawinds can opt to fix the price with its suppliers for the coming quarters up to maximum 1 year.
In addition, the company uses derivative financial instruments to hedge its exposure to fluctuations in the price of electricity.

Interest rate, currency risk and liquidity risk

The Electrawinds Group is exposed to interest rate risks as part of its business activity. Derivative financial instruments are used in order to limit the interest rates. This relates to specific hedging of the risks arising from operational business. Financial instruments entered into and yet to be entered into are monitored at HQ.

The Electrawinds Group transacts the vast majority of its business in euro, and the capital expenditures and financing related to the development and construction of its projects are generally denominated in euro, including with respect to projects located outside of the euro zone. However, the operating revenue it generates from these projects, including those in Bulgaria, Romania, Serbia and South Africa, are in currencies other than euro, and it has projects under construction and in the pipeline in countries that do not use the euro as their functional currency. As a result, differences in the exchange rate between these local currencies and euro may affect the amount of operating revenue available to the project companies to make payments on their mainly euro-denominated debt.

Liquidity risks arise where payment obligations cannot be fulfilled or refinanced, can be partially fulfilled, or are fulfilled late due to a lack of liquidity.

Within a 12-month period following the end of the reporting period, significant debt maturities fall due for a total principal amount of €183mio at consolidated group level.

a) Out of the €183mio falling due during the next 12-months €45mio short-term maturities are due by the subsidiaries of Electrawinds NV (belonging to different Group segments) predominantly falling due under relevant project financing arrangements secured by project assets and governed by relevant covenants that were tested and met at the end of the reporting period. An amount of €25.3mio of cash and cash equivalents serves as a security for shortterm obligations for operational entities and therefore is not freely available.

b) The remainder of the short term maturities amounting to €138mio of which €106mio falling due by Electrawinds N.V. are subject to refinancing risk. The proceeds of the anticipated share capital plan and the ability to successfully refinance the debt of the company is crucial for the continuation and further development of our activities.
The Board of Electrawinds SE has appointed an advisor to assist the company in raising significant amounts of capital to ensure debt maturities are met and necessary funds for going concern are provided for. The Board of Directors of Electrawinds SE has approved a capital increase plan targeted at raising by beginning of Q3-2013 significant amounts of capital from existing shareholders and new shareholders to be used as capital increase in Electrawinds NV with the purpose of first repaying bank debt and subordinated shareholder debt falling due and secondly providing necessary funds for further growth of the company. In addition, the Electrawinds Group will pursue selected divestments of mainly minority stakes in its operating subsidiaries in its ordinary course of business within the company asset rotation and portfolio management activities providing further liquidity to the company.

The Groups' bank accounts are all operated and managed from its headquarters.

Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.
For the risk control assessment of customers, the Group takes into account past experience, its financial positions and other objective parameters. Accounts receivable are regularly monitored. The Group evaluates the concentration of risk with respect to trade receivables as low.
The credit risk for cash and cash equivalents and derivate financial instruments is considered moderate, since the counterparties are reputable banks with high quality external credit ratings.

Personnel risks

The Electrawinds Group's historical success is substantially attributable to the role played by a group of its senior management and key employees. If the Electrawinds Group loses the services of one or more of its core senior managers or key employees, or if one or more of them decide to join a competitor or otherwise compete directly or indirectly with the Electrawinds Group, it may not be able to manage its business as efficiently as in the past, which could prevent the Electrawinds Group from growing as quickly or as profitably as the Electrawinds Group expects and have a material adverse effect on the Electrawinds Group's competitive position, business, financial condition and results of operations.

IT Risks

The Electrawinds Group is dependent on technology for the efficient operation of its business. Apart from installations responsible for the production of electricity, the Electrawinds Group uses information technology systems for tracking the progress of its projects and monitoring its operations.
The computer and communications systems on which the Electrawinds Group relies could be disrupted due to various events, some of which are beyond the Electrawinds Group's control, including accidents, natural disasters, power failures, terrorist attacks, equipment failures or control system malfunctions and breakdowns, manufacturing defects, hardware and software failures, malicious software, computer viruses and hacker attacks, which in turn may lead to production downtimes with high losses or prevent the Electrawinds Group from utilizing its assets in the most efficient way.
Therefore the Electrawinds Group invests in continuous development of IT systems in order to ensure functionality and increase efficiency of the processes.

Expected development

Outlook 2013

Electrawinds made substantial expenditures in its multi-technology, multiple country project pipeline development in 2012. In 2013, the focus will be on converting selected projects from the development phase into the build & operation phase hereby lowering the project development expenses.

Within the Bio segment, the biodiesel production as well as the rendering operation in Serbia are expected to ramp-up as from Q2-2013 onwards.

The Electrawinds SE Board of Directors decided on April 22, 2013 to return to the capital market and to raise a substantial amount of equity by the beginning of Q3-2013. The proceeds from the capital increase will be employed to deleverage the company at holding level and finance ready-to-built projects from its pipeline.

Corporate governance

Corporate governance consists of a set of rules and conduct in accordance with which companies are managed and controlled. It involves mechanisms by means of which company managers ensure the due and proper running and performance of the company. The company is expected to protect the assets of the shareholders and in the long term the interests of the company and those of the shareholders should converge.

Good corporate governance ensures transparent and responsible company management that focuses on long-term success and therefore also reinforces the confidence of customers, shareholders and investors. The Board of Directors are naturally committed to the principles of proper and responsible company management.

The Company follows the ten principles of corporate governance of the Luxembourg Stock Exchange (the 'Ten Principles of corporate governance'), which came into effect on January 1, 2007.

This corporate governance Charter aims to describe the main aspects of the Company's corporate governance policy. The Ten Principles of corporate governance and their recommendations became an integral part of Electrawinds' business practice, contributing to the quality of our management and thereby building investor confidence.

Electrawinds' corporate governance covers the organization of the control and management of the Group. The term is also used in a narrower sense, to refer to the relationship between shareholders and management, and in particular the operation of the company's board. Electrawinds has developed an effective model of corporate governance that enables the company to take advantage of opportunities that may arise, whilst at the same time instituting the necessary controls over the associated risks. The rules and standards of corporate governance are considered to be important factors in the creation of prosperous market economies. A good corporate governance framework create a balance between a performance-orientated strategy on the one hand, and adherence to reliable risk management systems and internal controls on the other. The latter requires responsibility, integrity and transparency; a high-performance strategy requires entrepreneurial leadership.

The internal control process is defined and implemented by the company's board, management and personnel, with the aim of demonstrating that the following objectives have been reached:

- reliability of financial and accounting information;
- effectiveness and efficiency in the company's operations;
- compliance with applicable laws and regulations.

Our corporate governance framework based on transparency and responsibility
- will strengthen investors' confidence in Electrawinds;
- will benefit the other interested parties;
- will give Electrawinds access to lower-cost external financing;
- will bring macro-economic advantages, such as an improvement in economic efficiency and growth.

For the Group, it is important to ensure that its principles of corporate governance are regularly reviewed and the recommendations adapted.

Takeover law

The following disclosures are made in compliance with Article 11 of the Luxembourg Act of May 19, 2006 (the "Takeover Law")

Shares

The Company's issued share capital is amounting to €1.3mio represented by 54,275,318 shares as set out below:

Class of shares	Number of shares	%
Class A	52,358,651	96.47%
Class B2	958,333	1.77%
Class B3	958,334	1.77%
Total	54,275,318	100.0%

11,500,000 Class A shares are listed on the regulated market of the Frankfurt Stock Exchange of which 5,328,608 Class A shares are held by the Company as treasury shares.

The Class B2 and Class B3 shares are automatically converted into Class A shares when the conditions as set out in article 17 of the Koordinierte Statuten of December 21, 2012 are fulfilled. A copy of the articles of association can be found on **http://ewi.electrawinds.eu/articles-of-association.asp.**

Rights attached to shares

Each Share entitles the holder thereof to one vote.
All Shares carry equal rights as provided for by Luxembourg Law and as set forth in the Articles, including rights to receive dividends (if declared) or liquidation proceeds. However, each Class A Share is entitled to the same fraction of (and the Class B Shares are entitled to none of) any dividend distribution in excess of EUR 0.01. (Article 29)

In accordance with the Luxembourg Law of January 11, 2008, as amended (the "Transparency Law"), holders of voting rights in the Company are required to notify the Company and the Luxembourg Commission de Surveillance du Secteur Financier (CSSF) without undue delay, and no later than within four trading days, of the level of their holdings if they reach or pass certain downward or upward thresholds. The thresholds, as set out in Article 8 of the Transparency Law, are 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% and 66 2/3% of the Shares. The notification obligation also applies in defined cases in which a person is entitled to acquire, dispose of or exercise voting rights, as set out in Article 9 of the Transparency Law.

Restriction on voting rights

Each share issued and outstanding in Electrawinds SE represents one vote.
The Articles do not provide for any voting restrictions. Shareholder votes are exercisable by the persons who are shareholders on the record date as further set out in Article 8.4 of the Articles, and proxies must be received by the Company a certain time before the date of the relevant shareholder meeting, as set out in Article 12 of the Articles. In accordance with the Articles, the Company's Board of Directors may determine such other conditions as must be fulfilled by shareholders who take part in any meeting of shareholders in person or by proxy.
The Company recognizes only one holder per Share. In case a Share is owned by several persons, they must designate a single person to be considered as the sole owner of such Share in relation to the Company. The Company is entitled to suspend the exercise of all rights attached to a Share held by several owners until one owner has been designated.
In accordance with Article 28 of the Transparency Law, the exercise of voting rights related to the Shares exceeding the fraction that should have been notified under the respective provisions is suspended. The suspension of the exercise of voting rights is lifted the moment the shareholder makes the relevant notification.

Special control rights

There are no special control rights attaching to any of the shares, other than in respect to the declaration of dividend and interim dividend as set out in Article 29 and Article 30 of the Articles of Association.

Share transfer restrictions

As at the date of this report the shares of Winpar NV, Luc & Dominique Desender-Decoster and Paul & Patricia Desender-Callewaert are not freely transferable. The lock-up period is for 12 months starting at October 11, 2012.
The Class B2 and B3 shares are subject to restrictions as set out in Articles 17 and 18 of the Articles of Association.

Contractual transfer restrictions

Other than the provisions set out in Article 8 of the articles of association, Electrawinds SE is not aware of any factors, including agreements between shareholders, which may result in a restriction on the transfer of securities or voting rights.

Significant shareholdings

The details of the shareholders holding 5% or more of the shares as notified to Electrawinds SE are published under the voting rights notification on the investor relations website,
http://ewi.electrawinds.eu/voting-rights-notifications.asp
Furthermore the Company holds 5,328,608 Class A shares, or 9.82% of the total outstanding shares, as treasury shares.
The current major shareholders (more than 5%) known to Electrawinds SE are set out as below:

Shareholders	Amount of shares notified	%
Winpar NV	14,684,353	27.06%
Luc & Dominique Desender-Decoster	5,929,399	10.92%
Treasury shares	5,328,608	9.82%
Federale Participatie- en Investeringsmaatschappij NV	3,413,127	6.29%

System of control of the employee share scheme where control rights are not exercised directly by the employee

Electrawinds SE does not currently operate such employee share scheme.

Appointment of Board Members, Amendments to the Articles of Association

The appointment of Board members are subject to Luxembourg law and Articles 21 and 22 of the Articles of Association. The Articles are amended in accordance with Luxembourg law and Article 14 of the Articles.

Powers of the Board of Directors

The Board of Directors is vested with the broadest powers to take any actions necessary or useful to fulfill the Company's corporate object, with the exception of the actions reserved by law or by regulation or the Articles to the general meeting of shareholders.
The Board of Directors is authorized to issue Class A Shares and Class B Shares regardless of whether such Shares are paid for in cash or in kind, to grant options to subscribe for Shares and to issue any other instruments convertible into Shares within the limit of the authorized share capital of the Company, to such persons and on such terms as the Board sees fit, and specifically to proceed to such issue without reserving a preferential subscription right for the existing shareholders during a period of time of five years from the date of publication of the resolution of the exceptional general meeting of shareholders taken on December 20, 2012 in Luxembourg.

The effect of a takeover bid on significant agreements

Electrawinds SE is not party to any significant agreement which takes effect, alters or terminates upon a change of control of the Company following a takeover bid.

Agreements with Directors and employees

No agreements exist between Electrawinds SE and its Board of Directors or employees that provide for compensation if the Board members or employees resign or made redundant without valid reason, or if their employment ceases due to a takeover bid for the Company.

Responsibility statement

In accordance with Article 3(2) c) of the Transparancy Law the undersigned confirm that, to the best of their knowledge, the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and of the undertakings included in the consolidation taken as a whole. The undersigned further declare that, to the best of their knowledge, the Management Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with the description of the principal risks and uncertainties they face.

Luxembourg, April 22, 2013

Jo Cornu (acting as permanent representative of Mercodi BVBA)
Chairman of the Board of Directors of Electrawinds SE

Luc Desender (acting as permanent representative of LDS NV)
Chief Executive Officer of Electrawinds SE

Forward looking statements

This annual report contains forward-looking statements. In some cases, forward-looking statements can be identified by terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "should," "will," and "would," or the negative of those terms or other comparable terminology. Forward-looking statements speak only as of their date and include statements relating to expectations, beliefs, future plans and strategies and anticipated results thereof, anticipated events or trends and similar matters that are not historical facts. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future, and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements including, but not limited to, the risk factors described in the Prospectus. Electrawinds SE does not intend, not shall it undertake, to update any of these forward-looking statements. Past performance is not necessarily indicative of future results.

Financial Calendar

April 23, 2013
Announcement of the 2012 financial result

April 30, 2013
Publication of the audited annual consolidated financial report 2012

May 31, 2013
Annual General Meeting of Shareholders, Luxembourg

May 31, 2013
Publication of the consolidated financial statements Q1, 2013

August 30, 2013
Publication of the half year consolidated financial report

November 29, 2013
Publication of the consolidated financial statements Q3, 2013

2. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement for the year ended 31 December

'000€	Notes	December 31, 2012	December 31, 2011
Sales	6	108,156	111,555
Other operating income	6	4,660	4,928
Total operating revenue		112,816	116,483
Raw materials		-40,684	-44,117
Services and other goods		-34,948	-29,420
Employee benefits	7	-13,958	-13,290
Depreciation, amortisation & impairments		-31,477	-27,290
Provisions	27	-215	-477
Capitalized development costs		7,744	3,821
Other operating costs	9	-2,885	-2,416
Total operating costs		-116,423	-113,189
EBITDA		28,085	31,060
Operating result		-3,607	3,294
Share of result from equity accounted investments	17	-2,086	-2,076
Interest charges	8	-25,373	-24,534
Other financial charges	8	-7,440	-6,860
Other financial income	8	6,929	2,537
Listing fee	10/24	-9,249	
EBT (earnings before taxes)		-40,826	-27,639
Income taxes	11/28	-2,096	1,245
Result for the year		-42,922	-26,394
Attributable to:			
Owners of the parent		-41,914	-26,182
Non-controlling interests		-1,008	-212
Earnings per share in €	12		
Basic earnings per share		-0,93	-0,63
Diluted earnings per share		-0,93	-0,63

The accompanying notes are integral part of the consolidated financial statements

Consolidated statement of comprehensive income for the year ended 31 December

'000€	December 31, 2012	December 31, 2011
Result for the period	-42,922	-26,394
Other comprehensive income:		
- Disposal of interest in participations		8,309
- Exchange differences on translation of foreign operations	-651	-175
- Income tax effect		
Total comprehensive income for the period	-43,573	-18,260
Attributable to:		
Owners of the parent	-42,415	-18,048
Non-controlling interests	-1,158	-212

The accompanying notes are integral part of the consolidated financial statements

Consolidated statement of financial position for the year ended 31 December

'000€	Notes	December 31, 2012	December 31, 2011
Total non-current assets		462,639	409,815
Goodwill	13/16	16,698	20,723
Other intangible assets	14	19,690	14,111
Property, plant and equipment	15	393,656	340,075
Investments accounted for using the equity method	17	4,516	7,138
Other financial assets	18	7,825	6,497
Other long term receivables		233	233
Derivative financial instruments	30	114	397
Deferred tax assets	28	19,907	20,642
Total current assets		98,752	87,443
Inventories	21	23,381	15,433
Trade receivables	22	24,865	25,050
Other receivables	22	7,330	7,558
Prepaid expenses and accrued revenues		2,691	2,408
Cash and cash equivalents	23	37,510	36,921
Derivative financial instruments	30		73
Assets classified as held for sale	19	2,975	
Total assets		561,391	497,258

'000€	Notes	December 31, 2012	December 31, 2011
Equity and liabilities			
Equity attributable to the owners of the parent			
Share capital		1,303	62,659
Share premium		503,899	15,697
Retained earnings		-383,287	-25,425
Treasury shares		-53,339	0
Translation difference		-942	-441
Equity attributable to the owners of the parent		67,634	52,490
Non-controlling interests		17,876	11,863
Total equity	24	85,510	64,354
Total non-current liabilities		286,506	311,528
Subordinated loans	25	27,873	94,464
Subordinated loans - convertible			76,816
Subordinated loans - non-convertible		27,873	17,648
Other non-current liabilities		258,633	217,064
Bank loans	29	192,731	174,026
Finance lease liabilities	29	34,245	19,787
Other liabilities	26	3,464	3,273
Derivative financial instruments	30	19,160	14,689
Provisions	27	2,063	1,668
Deferred tax liabilities	28	6,970	3,621
Total current liabilities		189,375	121,377
Subordinated loans	25	53,791	0
Subordinated loans - convertible		53,791	
Other current liabilities		135,584	121,376
Trade payables	32	33,652	43,193
Short-term financial liabilities	29	90,201	70,360
Advances		90	2
Income tax and VAT related liabilities	32	763	1,127
Payroll related liabilities	32	1,554	1,515
Derivative financial instruments	30	148	64
Other liabilities	32	4,949	324
Accruals and deferred revenues		4,227	4,792
Total equity and liabilities		561,391	497,258

The accompanying notes are integral part of the consolidated financial statements

Consolidated statement of changes in equity for the year ended 31 December

000€	Note	Share capital	Share premium	Retained earnings	Treasury shares	Translation differences	Total attributable to owners of parent	Non controlling interests	Total equity
Balance at January 1, 2011		61,102	5,986	-7,085	0	-266	59,737	3,995	63,732
Share based payments transactions			833				833		833
Issuance of share capital		1,557	8,986				10,543		10,543
Transaction costs related to issue of share capital			-108				-108		-108
Changes in consolidation perimeter				-467			-467	8,080	7,613
Other equity movements		**1,557**	**9,711**	**-467**		**0**	**10,801**	**8,080**	**18,881**
Result for the period				-26,182			-26,182	-212	-26,394
Other comprehensive income:									
Disposal of interest in participations				8,309			8,309		8,309
Exchange differences on translations foreign operations						-175	-175		-175
Balance a December 31, 2011		62,659	15,697	-25,423	0	-441	52,490	11,863	64,354
Share based payments transactions			760				760		760
Issuance of share capital		28,191	-15,066				13,125		13,125
Tranaction costs related to the issuance of share capital			-9,086				-9,086		-9,086
Changes in consolidation perimeter				-67			-67	7,171	7,104
Other equity movements		**28,191**	**-23,392**	**-67**	**0**	**0**	**4,732**	**7,171**	**11,903**
Result of the period				**-41,914**			**-41,914**	**-1,008**	**-42,922**
Exchange differences on translations foreign operations						-501	-501	-150	-651
Other comprehensive income		**0**	**0**	**0**	**0**	**-501**	**-501**	**-150**	**-651**
Equity effect from the reverse asset acquisition:									
As-if capital increase				63,597			63,597		63,597
Distribution of profits to shareholder				-14,562			-14,562		-14,562
Purchase of treasury shares					-53,339		-53,339		-53,339
Reclassification of balance sheet Electrawinds NV at January 1, 2012		-62,659		62,659					
Reclassification of capital increase in Electrawinds NV at October 10, 2012		-28,190		15,066			-13,124		-13,124
Reclassification of capital increase in Electrawinds NV at October 26, 2012		-42,100		42,100					
Existing shares of Electrawinds SE		345	110,935	-111,280					
Reclassification of the contribution in kind of Electrawinds NV		43,057	398,046	-365,881			75,222		75,222
Founding B warrants (cash receipt at grant date)				-4,969			-4,969		-4,969
Founding B warrants (IFRS 2 measurements)			2,613	-2,613					
Total effect from the reverse asset acquisition		**-89,547**	**511,594**	**-315,883**	**-53,339**	**0**	**52,825**	**0**	**52,825**
Balance at December 31, 2012	24	1,303	503,899	-383,287	-53,339	-942	67,633	17,876	85,510


BIOSTEAM PLANT, OSTEND-BELGIUM

Consolidated statement of cash flows for the year ended 31 December

'000€	Notes	December 31, 2012	December 31, 2011
Operating activities			
Operating result		**-3.607**	**3.295**
Adjustments for non-cash items:		**32.802**	**28.741**
Share based payment transaction expense	7	760	833
Movements in provisions	27	565	618
Depreciation of intangible assets	14	236	195
Depreciation of property, plant and equipment	15	27.194	25.765
Impairment	16	4.047	1.330
Change in working capital		**-13.344**	**31.718**
Inventories	21	-7.948	-13.042
Trade and other receivables	22	413	36.005
Trade and other payables	32	-9.452	7.646
Prepaid expenses and accrued revenues		-283	-901
Income tax and payroll related liabilities	32	-324	-461
Other liabilities	32	4.817	984
Accrued charges and deferred income		-565	1.486
Income tax paid	**11**	**-136**	**-45**
Total cash from operating activities		15.715	63.709
Financing activities			
Reverse acquisition - Distribution to shareholders	24	-14.562	
Reverse acquisition - Own shares	24	-53.339	
Reverse asset acquisition, net of cash acquired	24	107.687	
Listing fee	10/24	9.249	
Proceeds from issuance subordinated loans	25	10.225	22.905
Repayment of subordinated loans	25	-23.205	-10.000
Proceeds from loans	29	103.960	514.809
Repayment of loans	29	-50.898	-550.467
Interest paid in cash	8	-24.478	-22.765
Other financial result in cash	8	784	-399
Proceeds from the issue of share capital		4.039	10.435
Share of result from equity accounted investments	17	2.086	2.076
Total cash from financing activities		71.549	-33.407

'000€	Notes	December 31, 2012	December 31, 2011
Investing activities			
Intangible assets	14	-6.522	-3.732
Purchase of property, plant and equipment	15	-73.036	-45.388
Proceeds from disposals of property, plant and equipment	15	492	1.209
Purchase of investments in joint ventures and associates	17	-1.673	-2.185
Purchase of other financial assets	18	-750	-2.996
Acquisition/divestment bus,combinations		-5.186	13.358
Acquisitions	34	-2.211	0
Proceeds from divestments			13.358
Assets held for sale	19	-2.975	
Total cash used in investing activities		-86.675	-39.733
Net foreign exchange difference		-294	
Net increase in cash and cash equivalents		883	-9.431
Cash and cash equivalents at the beginning of the period		36.921	46.352
Cash and cash equivalents at the end of the period	23	37.510	36.921

The accompanying notes are integral part of the consolidated financial statements

3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Electrawinds SE (the 'Company' or the 'Group') and its subsidiaries is the successor company of a reverse acquisition of Electrawinds SE (formerly named European Cleantech I SE) and Electrawinds NV with effect from October 11, 2012. The reverse asset acquisition was the result of a plan of arrangement whereby Electrawinds NV was acquired by Electrawinds SE with the former Electrawinds NV shareholders receiving de facto control of Electrawinds SE and with the management and Board of Directors of Electrawinds NV becoming the management and Board of Directors of Electrawinds SE.

The consolidated financial statements of Electrawinds SE have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted for use in the European Union. All standards and interpretations issued by the International Accounting Standards Board (IASB) and the Internattional Financial Reporting Interpretations Committee (IFRIC) effective year end 2012 and adopted by the European Union are applied by Electrawinds SE.

Electrawinds SE is an international energy company operating in green energy production.

Electrawinds develops, constructs and operates renewable energy plants that produce green energy from wind, solar and biomass resources.

Electrawinds is organized in 3 operational segments according to the different technologies: Bio, Wind and Solar and one segment called "Development & Construction an Portfolio Management" or DCPM.

The Wind segment, in terms of installed capacity, is the largest within the Electrawinds group (184.0MW out of 265.3MW). Based on the geographical spread of its operational installations, it is also our most international department, with wind farms in Belgium, France, Italy, Romania, Bulgaria, Ireland and South Africa. Electrawinds is both active in on-shore as well as off-shore wind energy projects.

The Bio segment operates biomass plants for a total of 72.5MW and in 2012 the Group further diversified operations by the acquisition of Electrawinds Refuel BV (biodiesel) and the start up of the rendering plant in Serbia.

The Solar segment develops, constructs and operates solar installations in Belgium and Italy. The gross installed capacity amounts to 8.8MW per end of 2012.

The Group's legal parent company is Electrawinds SE, a company incorporated as a Société Européenne under the law of Luxembourg. Electrawinds SE was incorporated on October 9, 2010 as European Cleantech I SE and renamed Electrawinds SE on December 20th, 2012. Electrawinds SE has its registered office at 40 avenue Monterey, L-2163 Luxembourg. Electrawinds SE carried out its initial public offering on the regulated market (Regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapier-börse) on October 10, 2010.

On October 11, 2012, Electrawinds NV completed its reverse asset acquisition of Electrawinds SE pursuant to the terms and conditions of the share purchase and acquisition agreement. Further to detailed analysis in respect to the terms and conditions of the transaction between European Cleantech I SE and Electrawinds NV, management has determined the transaction as a reverse asset acquisition rather than a business combination. The acquisition did not meet the definition of a business combination in accordance with IFRS 3 'business combinations'. Instead, the acquisition has been treated as a group recapitalization, using the principles of reverse acquisition accounting in IFRS 3 'business combinations', since the substance of the transaction is that Electrawinds NV has effectively been recapitalized. The consolidated financial statements have been prepared as if Electrawinds NV had acquired Electrawinds SE and its controlled entities, not vice versa as represented by the legal position. Due to the reverse acquisition treatment, the prior period figures of the presented consolidated financial statements will not match with those of former European Cleantech I SE because the numbers represent the financial consolidated statement of Electrawinds NV. Further information on the reverse asset acquisition is presented in note 24.

The Group includes all relevant companies in which Electrawinds SE, directly or indirectly, has a majority of the voting rights and is able to determine the financial and business policies based on the so-called control concept. As consequence of the acquisition, from a legal point of view, of Electrawinds NV on October 11, 2012, the basis of consolidation as at December 31, 2011 was extended to include Electrawinds NV and its controlled entities. All companies consolidated can be seen in the list of consolidated subsidiaries of the Group (note 33).

The consolidated financial statements as of and for the year ended December 31, 2012 were approved by Electrawinds SE's Board of Directors on April 22, 2012.

2. Adoption of new and revised accounting standards

A. IFRS accounting standards adopted as from 2012

- IAS 12 Income Taxes (Amendment) - Deferred Taxes: Recovery of Underlying Assets
- IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements

The IFRS accounting standards adopted as from 2012 did not have a material impact on the consolidated financial statements.

B. New and revised IFRS's issued but not yet effective and not early adopted

- IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1.
  The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012, and will therefore be applied in the Group's first annual report after becoming effective.
- IAS 19 Employee Benefits (Revised)
  The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment becomes effective for annual periods beginning on or after 1 January 2013.
- IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
  As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013
- IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32
  These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.
- IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7
  These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.
- IFRS 9 Financial Instruments: Classification and Measurement
- IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

- IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements
  IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the Group. This standard becomes effective for annual periods beginning on or after 1 January 2014.
- IFRS 11 Joint Arrangements
  IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers.
  IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.
- IFRS 12 Disclosure of Interests in Other Entities
  IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but has no impact on the Group's financial position or performance. This standard becomes effective for annual accounts on or after 1 January 2013.
- IFRS 13 Fair Value Measurement
  IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The standard becomes effective for annual periods beginning on or after 1 January 2013.
- Annual improvements May 2012

  IAS 1 Presentation of financial statements
  This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information.
  IAS 16 Property Plant and Equipment
  This improvement clarifies that major spare parts and servicing equipment that meet the definition of property plant and equipment are not inventory.
  IAS 32 Financial instruments, Presentation
  This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income taxes.
  IAS 34 Interim financial statements
  The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

These improvements are effective for annual periods beginning on or after 1 January 2013.

Management is currently assessing the impact of these new pronouncements.

3. Significant accounting policies

3.1 Basis of preparation - going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet, next to its operational expenditures, the mandatory repayment terms of the banking facilities and subordinated loans as described in the liquidity risk disclosure.

The Electrawinds SE Board of Directors has decided on April 22, 2013, to launch a capital increase plan to be completed by the beginning of Q3-2013. The capital increase plan consists out of 3 parts and is aimed at raising substantial amounts of new capital from

- existing shareholders, of which some have indicated, subject to certain conditions (all of which are currently assessed as probable of being reached) their support for a substantial amount,
- new identified parties for substantial amounts
- a capital markets transaction as third part of the capital increase transaction.

It is management's assessment that the current and reasonably expected future results of these actions, should allow the Company to continue as a going-concern. However, in case the above actions would not timely materialize and/or only bring limited amounts of new capital to the company, further mitigations measures would be needed such as the acceleration of the assets divestment program, deferral of the realization of new projects, further expenses reduction, renegotiation of financing terms with the banks etc. in order to be able to continue as going-concern.

3.2 Basis of consolidation

General

The consolidated financial statements comprise the financial statements of the parent company, Electrawinds SE, and all of its subsidiaries as of 31 December 2012.

Subsidiaries

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through more than half of the voting rights. All subsidiaries have a reporting date at 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.
Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests

Non-controlling interests, presented as part of equity, represent the portion of the subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Investments in associate companies and joint ventures
Entities whose economic activities are controlled jointly by the Group and other venturers independent of the Group (joint ventures) are accounted for using the equity method of accounting.

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Investments in associates are initially measured at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustments attributable to the Group's share in the associate is not recognized separately and is included in the amount recognized as investment in associates.
The carrying amount of the investment in associates is increased or decreased to recognized the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policy of the Group.
Unrealized gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities.

3.3 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognized in the acquiree's financial statements prior to acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.
Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognized amount of any non-controlling interest in the acquire and c) acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognized in profit immediately.

3.4 Foreign currency translation

The consolidated financial statements are presented in euro, which is also the functional currency of the parent company.

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the euro (the Group's presentation currency) are translated into euro upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into euro at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into euro at the closing rate. Income and expenses have been translated into euro at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognized in equity are reclassified to profit or loss and recognized as part of the gain or loss on disposal.

3.5 Segment information

The Group is organized in in 4 business segments, representing different subsidiaries. A business segment is a group of assets and operations engaged in providing products or services.
The executive management committee monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

3.6 Revenue recognition

General

Revenue is recognized when it is probable that the economic benefits associated with a transaction will flow to the entity and the amount of the revenue can be measured reliably. In case of forward energy sales contracts at a fixed fee that is independent of the delivered volumes, revenue arising from these contracts is recognized on a straight–line basis over the contract period since the fair value of the services does not substantially change over the periods. Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms excluding taxes and duties.

Sale of electricity

Electricity is delivered to clients for which the production is measured continuously via meters. Revenue is measured monthly based on the measured production.

Sales of Green Certificates

The green certificates granted to the company in function of the amount of electricity and heat produced using renewable energy sources are recognized as revenue for an amount equal to their estimated realizable value based upon confirmed productions.

Sales of Heat

Steam is delivered to clients for whom the consumption is measured continuously via meters. Revenue is measured monthly based on the measured consumption.

Sales of Free Fatty Acids (FFA)

FFA (Free Fatty Acids) are by-products from the tallow refining process and are recognized in revenue at delivery.

Sales of Refuse Derived Fuel (RDF)

These revenues relate to the gate fees paid by the suppliers of the waste burned at the biosteam plant and are recognized in revenue at delivery.

Sale of Biodiesel

The revenue of the sale of biodiesel is recognized at delivery of the biodiesel.

3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in interest charges.

3.8 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized.

See note 3.3 Business combinations on how goodwill is initially determined.

Goodwill is carried at cost less accumulated impairment losses. Refer to note 3.11 for a description of impairment testing procedure.

Where goodwill has been allocated to a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in the circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

3.9 Intangible assets

General

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and impairments.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the respective expenditures are reflected in the income statement in the year in which the expenditures are incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement under the line depreciation, amortization and impairment.

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on an as-needed basis. The group has no intangible assets assigned as with indefinite useful life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

The external and internally incurred development costs (such as obtaining permits, project design, negotiating with local authorities, waste supply, engineering, etc.) are capitalized on a project-by-project basis. A project cost allocation system is in place to measure the development expenses per project. On a permanent basis, the company assess potential need for impairment of capitalized development costs. During the project development phase, the capitalized development costs are included in the intangible assets. Once a project is in operation, the intangible assets are classified to the relevant tangible asset and depreciated according to the useful life of the tangible asset.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any impairments.

Software

Computer software costs that are identifiable and have probable economic benefits are recognized as assets. Computer software costs are amortized on a straight line basis over the period of their expected useful lives, but not exceeding 3 years.

3.10 Property, plant and equipment

Property, plant and equipment is recognised if it is probable that future economic benefits attributable to the asset will flow to the Group and if costs can be measured reliably. After initial recognition, all items of property, plant and equipment are measured at cost less any accumulated depreciation and impairments, if any.

Such cost includes the cost of replacing part of property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Such approach is also applied to the cost of major inspections of power plants which is depreciated separately over the period until the next major inspection.

Government grants related to property, plant and equipment as well as contributions by third parties for the financing of such item are deducted from the acquisition value of the asset.

Depreciation starts when an asset comes into operation. Power plants are considered available for use as from the commissioning date, ic the start of electricity production. Estimated useful lives of the major components of property, plant and equipment are as follows:

Buildings	20 years
Wind facilities	
Windmills	20 years
Foundations	20 years
Grid Connections	20 years
Security systems and facilities	20 years
Biofuel facilities	
Fuel processing unit	10 years
Tank park	15 years
Energy production unit	10 years
Gas recovery unit	10 years
Steam generator	10 years
Solar farms	
Solar panels	20 years
Foundations	20 years
Grid connections	20 years
Security systems and facilities	4 years
Small tools and equipment	3 years
Vehicles	5 years
Hardware	3 years
Furniture	10 years
Office equipment	5 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and assets under construction), using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the income statement.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the income statement on a straight line basis over the lease term.

3.11 Impairment testing of non-financial assets

The Group assesses whether there is an indication that an asset may be impaired at each reporting date. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU), which identification is based largely on independent cash inflows, fair value less costs to sell and its value in use and is determined per individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognized in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as of 31 December either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

3.12 Financial instruments – initial recognition and subsequent measurement

(a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets. The Group determines the classification of its financial assets at initial recognition.

Financial assets are measured initially at fair value plus transaction costs except for those assets carried at fair value through profit and loss which are initially measured at fair value.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables and derivative financial instruments

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. The Group has not designated any derivative as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance cost in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

The rights to receive cash flows from the asset have expired The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(b) Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired at each reporting date. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults

Financial assets carried at amortized cost

For financial assets carried at amortized cost the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

(c) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments. The Group did not assign any derivatives as effective hedging instruments.

Borrowings and other interest-bearing financial liabilities are measured at amortized cost using the effective interest rate method.

At initial recognition, any fees, transaction costs, premiums and discounts are deducted from the nominal value of the related borrowings or financial liabilities. The premiums and transaction costs are included in the calculation of the effective interest rate and amortized over the expected life of the instrument.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the income statement.

Derivative financial instruments

The Group uses derivative financial instruments such as interest rate swaps and forward commodity contracts to hedge its interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently revalued at fair value.

All derivative financial instruments are accounted for at fair value through profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(e) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

3.13 Inventories

Inventories are stated at the lower of cost (full production cost) or net realizable value (market value less any applicable selling expenses).

The cost of inventories is comprised of all costs of purchases and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is based on the weighted average cost.

The major inventory categories and their cost valuation can be summarized as follows:

Crude raw materials

The book value of crude inventory is determined using the moving average purchase price increased with the additional acquisition costs (transport, taxes, etc.).

Other raw materials and consumables

The other raw materials and consumables consist mainly of:

- Additives for the processing unit (silicon powder, acids, filters, methanol, etc.)
- Light fuel (for start-up and restart of the motors)
- Lubricants
- Maintenance products (salt, minerals, etc.)
- Laboratory supplies

Their book value is determined using the moving average purchase price increased with the additional acquisition costs (transport, taxes, etc.).

Biofuel (after processing crude)

The book value of the processed biofuel is determined using the moving average cost for the crude increased with the full cost of the processing and tank storage unit.

Spare parts

The book value of the spare parts is determined using the moving average purchase price increased with the additional acquisition costs (transport, taxes, etc.).

3.14 Income taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.15 Receivables

At initial recognition, trade receivables are recognized at fair value which generally corresponds to the nominal value. An impairment loss is recognized based on the risk of uncollectable amounts.

3.16 Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with maturities of three months or less.

3.17 Equity - cost of equity transactions

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

3.18 Treasury shares

The purchase by any Group entity of Electrawinds' SE equity instruments results in the recognition of treasury shares. The consideration paid is deducted from equity.

3.19 Employee benefits

Electrawinds sponsors post-employment benefits through a defined contribution plan. For a defined contribution plan, Electrawinds pays fixed contributions usually to a separate entity and will have no legal obligation to pay further contributions, regardless of the performance of funds held to satisfy future benefit payments. The contributions are based on a forfeited amount or a percentage of the salary. The regular contribution expenses constitute an expense for the year in which they are due.

3.20 Share based payments

Employee benefits that are paid in shares are recognized as cost in accordance with IFRS 2 – Share-based payments.
Warrants are measured at grant date using a Black and Scholes model. The model takes into account the characteristics of the plan (exercise price, exercise period), and market assumptions at grant date (risk free interest rate, share price, volatility, expected dividends). The employee cost related to share options is recognized over the vesting period together with a direct recognition in equity.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

3.21 Government grants

A government grant is recognized in the statement of financial position initially as deferred income when there is reasonable assurance that it will be received and that the company will comply with the conditions attached to it. Grants that compensate the company for expenses incurred are recognized as other operating income on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the company for the acquisition of an asset are presented by deducting them from the acquisition cost of the related asset in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

3.22 Provisions

In accordance with IAS 37 – Provisions, contingent liabilities and contingent assets, a provision is recognized when the Group has a present obligation (legal or constructive) for which it is probable the settlement will require an outflow of resources and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the statement of financial position date.

3.23 Earnings per share

The group calculates both basic and diluted earnings per share in accordance with IAS 33, Earnings per share. Under IAS 33, a basic earnings per share is computed using the weighted average number of shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of shares outstanding during the period plus the dilutive effect of warrants outstanding during the period. As diluted earnings per share cannot be higher than basic earnings per share, diluted earnings per share are kept equal to basic earnings per share in case of negative net earnings.

4. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Share based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 35.

4.2 Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Group's latest approved budget forecast. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

4.3 Impairment of goodwill

The Group tests the goodwill for impairment annually or more frequently if there are indications that goodwill might be impaired (see Note 16 'Goodwill')

4.4 Development

Development costs are capitalized in accordance with the accounting policy (see note 14). Initial capitalization of costs is based on management's judgment that technological and economical feasibility is objectively confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

The Group tests the capitalized development for impairment if there are indications that capitalized development might be impaired.

4.5 Useful lives of property, plant and equipment

As described at 3.10 above, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the previous year, the directors determined that the useful life of wind facilities is 20 years instead of the 12 years till the reporting period ended December 31, 2010. The directors have based their decision on the high quality wind turbines used and useful life estimations of other energy production companies.

4.6 Provisions

The Group is exposed to different risks. Management assumes that the provisions cover the different risks of the Group. However, it is possible that the situation will change and the costs are not covered with the existing provisions or the costs are lower than expected. Any arising changes can have effects on future periods. For details on provisions, refer to note 27.

4.7 Earn out payments related to acquisitions

The basis for the calculation of potential earn-out payments is the managements' best estimate of the terms in the acquisition agreements. The earn-out payments are mostly conditional and based on the outcome of future development projects. If the final outcome differs from the initial estimation, such adjustment will recognized in the income statement.

4.8 Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

5. Segment information

For management purposes, the group is organized into business units based on their products and services and has four reporting segments as follows:

- Bio, Wind, Solar and DCPM. The division DCPM (Development, Construction and Portfolio Management) is the Group's developing and construction entity, gives financial, logistic and intellectual support to the Bio, Wind and Solar division and manages the portfolio of SPV's.

The geographical segment information gives an overview of the regions where the Group has its activities.

The executive management (chief operating decision makers) monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segments performance is evaluated based on net result and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

Electrawinds SE (formerly European Cleantech I SE), which has been subject of the reverse asset acquisition, is assigned to the segment "DCPM".

The segment results are as follows:

'000€	Bio	Wind	Solar	DCPM	Intersegment	Consolidated 2012
External sales	67,229	32,550	2,818	5,729	-170	108,156
Intersegment sales	2,139			8,424	-10,563	
Other operating income	2,702	526	33	1,656	-257	4,660
Total operating revenues	72,070	33,076	2,851	15,809	-10,990	112,816
Raw materials	-39,353	-2		-3,199	1,870	-40,684
Services and other goods	-12,941	-8,147	-568	-15,762	2,470	-34,948
Employee benefits	-5,278	-32		-8,173	-475	-13,958
Depreciation, amortisation & impairments	-15,092	-10,243	-1,193	-5,567	618	-31,477
Provisions	2	-171		-46		-215
Capitalized development costs	9	1,305		3,283	3,147	7,744
Other operating costs	-921	-1,077	-19	-867	-1	-2,885
Total operating costs	-73,574	-18,367	-1,780	-30,331	7,629	-116,423
EBITDA	13,586	25,122	2,264	-8,908	-3,979	28,085
Operating result	-1,503	14,708	1,071	-14,522	-3,362	-3,607
Share of result from equity accounted investments	-1,788	-48		-250		-2,086
Interest charges	-6,801	-9,616	-1,000	-12,806	4,850	-25,373
Interest income	3,235	418	26	8,101	-4,851	6,929
Other financial result	-1,418	-5,519	-2	-503	1	-7,440
Listing fee				-9,249		-9,249
EBT (earnings before taxes)	-8,276	-57	96	-29,228	-3,362	-40,827
Income taxes	-807	-2,354	431	-508	1,142	-2,096
Result for the year	-9,083	-2,411	526	-29,737	-2,220	-42,922

Statement of financial position:

'000€	Bio	Wind	Solar	DCPM	Intersegment	Consolidated 2012
Segment assets	208,228	267,806	25,825	264,129	-204,597	561,391
Consolidated segment assets	208,228	267,806	25,825	264,129	-204,597	561,391
Segment liabilities (Debt, provisions)	153,000	228,465	21,467	148,615	-75,666	475,883
Unallocated liabilities (Equity)	55,228	39,341	4,358	115,514	-128,931	85,510
Consolidated segment liabilities	208,228	267,806	25,825	264,129	-204,597	561,391
Capital expenditure	21,996	36,610	8,074	12,876		79,556

Electrawinds has a significant concentration of sales with three customers representing more than 10% each of the Group's sales). These customers are investment grade utility providers. The largest one is in the Bio and Wind segment and represented sales of €16.0mio. The second and third largest customer buys electricity and stood for €10.9mio respectively €10.8mio.

Operating segment information as per December 31, 2011

'000€	Bio	Wind	Solar	DCPM	Intersegment	Consolidated 2011
External sales	70,661	27,307	1,639	10,502	1,446	111,555
Intersegment sales	2,426	684		12,005	-15,115	
Other operating income	2,958	721		2,084	-835	4,928
Total operating revenues	76,045	28,712	1,639	24,591	-14,504	116,483
Raw materials	-41,178	-76		-5,305	2,442	-44,117
Services and other goods	-10,566	-6,028	-281	-15,792	3,247	-29,420
Employee benefits	-5,024	-33		-7,400	-833	-13,290
Depreciation, amortisation & impairments	-13,092	-11,618	-446	-2,184	50	-27,290
Provisions	-38	-457		18		-477
Capitalized development costs	46	1,036		-1,616	4,355	3,821
Other operating costs	-994	-942	-6	-496	22	-2,416
Total operating costs	-70,846	-18,118	-733	-32,775	9,283	-113,189
EBITDA	18,329	22,668	1,351	-6,017	-5,269	31,061
Operating result	5,199	10,594	906	-8,184	-5,220	3,294
Share of result from equity accounted investments	-2,233	227		-70		-2,076
Interest charges	-6,264	-9,594	-525	-11,086	2,935	-24,534
Other financial charges	-1,158	-4,081	-3	-1,617		-6,860
Other financial income	973	404	6	4,088	-2,935	2,537
EBT (earnings before taxes)	-3,482	-2,450	383	-16,869	-5,219	-27,637
Income taxes	-647	-1,447	95	1,484	1,760	1,245
Result for the year	-4,129	-3,897	478	-15,385	-3,459	-26,394
Segment assets	168,097	217,980	13,011	248,068	-149,898	497,258
Consolidated segment assets	168,097	217,980	13,011	248,068	-149,898	497,258
Segment liabilities (Debt, provisions)	118,142	191,766	10,260	159,400	-46,664	432,905
Unallocated liabilities (Equity)	49,954	26,214	2,751	88,668	-103,234	64,354
Consolidated segment liabilities	168,097	217,980	13,011	248,068	-149,898	497,258
Capital expenditure	10,114	27,911	4,020	6,521	554	49,120

Geographical information:

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Geographic segment information as per December 31, 2012

'000€	Belgium	France	Italy	Eastern Europe	Other	Group
External sales	90,156	12,568	2,240	2,675	517	108,156
Non-current assets	237,519	109,272	15,813	35,549	44,466	442,619

Non-current assets are excluding financial instruments and deferred tax assets.

Geographic segment information as per December 31, 2011

'000€	Belgium	France	Italy	Eastern Europe	Other	Group
External sales	97,443	11,379	1,925	881	-73	111,555
Non-current assets	233,617	112,716	12,232	21,210	9,001	388,777

6. Total operating revenues

Total sales

'000€	December 31, 2012	December 31, 2011
Wind	**32,550**	**27,307**
Electricity sales	32,550	27,307
Bio	**67,230**	**70,661**
Electricity sales	31,476	49,995
Sales of refuse derived fuel	8,710	9,059
Sales of palm stearines	4,569	5,992
Sales of free fatty acids	3,871	2,047
Sales of CHP	1,305	779
Sales of heat production	34	154
Sales of refined tallow	12,327	2,511
Sales of Biodiesel	4,853	
Other	85	124
Solar	**2,818**	**1,639**
Electricity sales	2,818	1,639
DCPM	**5,558**	**11,948**
Electricity sales	2,950	5,684
Management services to third parties	1,550	5,784
Sales of used cook oils	1,058	480
Total sales	108,156	111,555

Electricity sales of the Wind segment increased by 19.2% compared to 2011. This is mainly due to the commissioning of wind turbine parks in Bulgaria and the full year contribution of Electrawinds Berlare. Electricity sales of the solar parks increased by 71.9% from €1.6mio to €2.8mio by the commissioning of solar parks in Belgium and Italy.

Electricity sales in the DCPM segment concerns the sale of electricity via Belpex.

Other operating income

The other operating income amounts to €4.7mio compared to €4.9mio in 2011 and relates to re-invoicing of costs, insurances indemnities and other indemnities for damages.

7. Employee remuneration

'000€	December 31, 2012	December 31, 2011
Wages and salaries	-12,888	-12,165
Pension costs	-310	-292
Share based payments	-760	-833
Total personnel costs	-13,958	-13,290

Compared to 2011, personnel costs increased by €0.7 mio or 5%. The headcount grew from 230 on December 31, 2011 to 244 per end of 2012 (+6%). The headcount of the operational segments increased from 98 (2011) to 135 (2012), mainly driven by the acquisition of Electrawinds Greenfuel BV and the commissioning of the rendering plant of Energo Zelena in Serbia. On the other hand headcount of the business development team and supporting departments decreased from 132 (2011) to 109 (2012).

The contributions for pension schemes consist of defined contributions schemes (see note 36). For details concerning the share based payments, we refer to note 35.

8. Financial result

Interest charges are composed as follows:

'000€	December 31, 2012	December 31, 2011
Interest on bank loans	-12,359	-11,815
Interest on subordinated loans	-10,505	-9,647
Interest on straight loans	-1,278	-1,132
Leasing interest	-1,208	-1,106
Other interest	-23	-834
Total	-25,373	-24,534

Other financial charges can be analyzed as hereunder:

'000€	Note	December 31, 2012	December 31, 2011
Fair value losses on financial instruments at FVTPL	30	-5,637	-4,478
Foreign currency exchange losses		-1,307	-1,569
Other financial charges		-496	-814
Total		-7,440	-6,860

Other financial income:

'000€	Note	December 31, 2012	December 31, 2011
Fair value gains on financial instruments at FVTPL	30	727	555
Interest income		1,534	1,378
Foreign currency exchange gains		1,052	604
Net change in fair value of financial liabilities at fair value through profit and loss	26	1,173	
Gain from a bargain purchase	34	2,443	
Total		6,929	2,537

The net change in fair value of financial liabilities is further disclosed in note 26. The gains and losses on the fair value on financial instruments at FVTPL are disclosed in note 30.

The gain from a bargain purchase is the result of the fair value acquisition accounting of Electrawinds Refuel BV. More details can be found under the section Business combinations in note 34.

9. Other operating charges

Other operating costs amounting to €2.9mio (2011: €2.4mio) These costs refer mainly to non-income taxes.

10. Listing fee

The deemed cost of the shares issued is €63,6mio. This represents the fair value of the shares that Electrawinds NV would have had to issue for the ratio of ownership interest in the combined entity to be the same, if the transaction had taken the legal form of Electrawinds NV acquiring 100% of the shares in Electrawinds SE.
Since the carrying amount of Electrawinds SE's net assets adds up to €54.3mio (see note 24), the remaining difference of €9.3mio is considered as listing fee cost in profit and loss.

11. Income taxes

'000€	Note	December 31, 2012	December 31, 2011
Current taxes		-136	-45
Deferred taxes		-1,960	1,290
Total income taxes	28	-2,096	1,245

12. Earnings per share

Earnings per shares (EPS) are calculated by dividing the profit attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period.

For the present financial statements of Electrawinds SE the earnings per share are calculated according to the rules applicable for a reverse acquisition.

Profits represent those of Electrawinds NV (legal subsidiary) for the periods presented plus profits of Electrawinds SE (legal acquirer) from the date of the reverse asset acquisition.

IFRS 3 B26 require that the weighted average number of shares outstanding during the period the reverse asset acquisition took place is calculated as follows:

(i)from the beginning of the period to the acquisition date, the number of shares used to calculate the EPS is based on the number of shares issued by the legal parent company to acquire the legal subsidiary (Electrawinds NV), and

(ii)for the period after the acquisition, the actual number of shares issued by the legal parent company (Electrawinds SE), which comprises the original number of shares plus the shares issued as a result of the reverse asset acquisition, shall be considered for calculating the EPS.

a) Basic earnings per share

The calculation of basic EPS at December 31, 2012, is based on the profit attributable to the owners of the parent of €-41.914 (2011: €-26.182) and the weighted average number of ordinary shares outstanding of 44.708.756 A shares and 239.583 B2 shares and 239.583 B3 shares respectively. For the previous year the notional weighted average numbers of ordinary shares outstanding are 41.356.526.

	December 31, 2012	December 31, 2011
Profit of the year attributable to equity holders of the company (in '000€)	-41,914	-26,182
Weighted average number of ordinary shares outstanding	45,187,923	41,356,526
Basic earnings per share (EUR/share)	-0.93	-0.63

b) Diluted earnings per share

Diluted EPS are calculated by increasing the average number of shares outstanding by the total number of potential shares arising from option rights. The Group has 11.500.000 outstanding public warrants. The warrants are not dilutive as the average market price of the ordinary shares is below the exercise price of the warrants.

Additionally, as described under note 24 Equity, B2 and B3 shares that are not converted to public shares on or prior to the fifth anniversary of the consummation of the reverse asset acquisition will no longer be convertible into public shares and will be redeemed.

As a result, the basic earnings per share equal the dilutive EPS.

13. Goodwill

The carrying amount of goodwill as per year end 2012 amounts to €16.7mio (2011: €20.7mio).

The net carrying amount of goodwill can be analysed as follows:

'000€	Note	December 31, 2012	December 31, 2011
Gross carrying amount at the beginning of the reporting period		20,787	11,462
Acquired through business combinations			
Additions		624	9,325
Gross carrying amount at the end of the reporting period		21,411	20,787
Impairments at the beginning of the reporting period		-64	-64
Additions		8	
Impairment loss recognised	16	-4,657	
Impairments at the end of the reporting period		-4,713	-64
Net carrying amount		16,698	20,723

For the purpose of annual impairment testing (see note 16) goodwill is allocated to the following cash-generating units, which are expected to benefit from the synergies of the business combinations in which the goodwill arises.

'000€	December 31, 2012	December 31, 2011
Bio	9,524	4,995
DCPM	4,606	8,657
Wind	2,559	7,062
Solar	9	9
Goodwill	16,698	20,723

The goodwill in the Wind segment decreased due to the impairment of goodwill of Vleemo NV and classification as asset held for sale (see note 19). The goodwill arising from the Biofuel operations in Serbia switched between DCPM and Bio segment in 2012 as the rendering plant became operational.

The goodwill allocated to the DCPM segment consist mainly of goodwill allocated to Norther (€3.6mio), Pinewood Wind (€0.6mio) and Atmosphere (€0.4mio).

14. Intangible assets

'000€	Software	Capitalised development	Total
Acquisition value			
Balance at December 31, 2010	371	11.846	12.217
Change in consolidation scope	-190	-1.390	-1.581
Additions:			
- separately acquired/internal developments	125	3.607	3.732
Disposals	-77		-77
Other movements	605		605
Balance at December 31, 2011	834	14.062	14.896
- separately acquired/internal developments	359	6.163	6.522
Disposals	-444		-444
Currency translation differences		-376	-376
Balance at December 31, 2012	749	19.849	20.598
Amortisation			
Balance at December 31, 2010	-111	-268	-379
Change in consolidation scope	74	78	152
Amortisations of the year	-179	-16	-195
Other movements	-135	-228	-363
Balance at December 31, 2011	-351	-434	-785
Amortisations of the year	-184	-51	-235
Disposals	115		115
Currency translation adjustments	0	-3	-3
Balance at December 31, 2012	-420	-488	-908
Net carrying amount			
At December 31, 2011	483	13.628	14.111
At December 31, 2012	329	19.361	19.690

New investments in development projects are related mainly to wind projects in Ireland, Romania and South Africa.
The change in consolidation scope in 2011 relates mostly to the acquisition of Electrawinds Plus nv, the entry in the consolidation scope of Zelena nv, Energo Zelena doo and the deconsolidation of Penquer Eolien sas.
Currently, the Group does not hold intangible assets with an indefinite live.

15. Property, plant and equipment

€ '000	Land & Buildings	Equipment	Furniture & Vehicles	Finance lease	Under construction	Other assets	Total
Acquistion values							
Balance at January 1, 2011	24,684	236,922	2,365	40,117	72,803	18	376,909
Change in consolidation scope	889	-3,117	13		1,932		-283
Additions	856	609	1,079	1,899	40,932	14	45,389
Disposals	-805	-17	-205	-37	-74		-1,138
Reclass from/to intangible assets		-23	-605		-315		-943
Impairments					-1,329		-1,329
Other movements	70	72,690	-61		-72,699		
Currency translation adjustments	-26	-259	-11		-543		-839
Balance at December 31, 2011	25,668	306,806	2,575	41,979	40,706	32	417,766
Balance at January 1, 2012	25,668	306,806	2,575	41,979	40,706	32	417,766
Change in consolidation scope		11,985	47		243		12,275
Additions	546	3,418	282	18,722	50,067	1	73,036
Disposals		-1,438	-53	-63	-974		-2,528
Reclass from/to intangible assets		1,577			-2,564		-987
Sale	-660						-660
Other movements	7,192	41,847	995	3,238	-53,272		
Currency translation adjustments	-143	-429	-15	-12	-102		-701
Balance at December 31, 2012	32,603	363,766	3,831	63,864	34,105	33	498,201
Depreciation							
Balance at January 1, 2011	-2,323	-39,336	-911	-7,772	-5	-7	-50,356
Change in consolidation scope		-1,575	-7				-1,582
Depreciations of the year	-1,159	-21,131	-513	-2,955		-6	-25,765
Disposals		20	18	34			72
Other movements		-245	165				-80
Currency translation adjustments		17	2				19
Balance at December 31, 2011	-3,482	-62,250	-1,247	-10,693	-5	-13	-77,692
Balance at January 1, 2012	-3,482	-62,250	-1,247	-10,693	-5	-13	-77,692
Change in consolidation scope			-3				-3
Depreciations of the year	-1,291	-21,443	-711	-3,744		-5	-27,194
Disposals		111	10	47			168
Currency translation adjustments		175	2			-2	175
Balance at December 31, 2012	-4,773	-83,407	-1,949	-14,390	-5	-20	-104,545
Net carrying amount							
At December 31, 2011	22,186	244,556	1,328	31,286	40,701	19	340,074
At December 31, 2012	27,829	280,359	1,882	49,474	34,100	13	393,655

In 2012 the construction of the rendering plant in Serbia was commissioned adding another €5.5mio to land and building. Electrawinds Storage NV completed its investment in additional storage capacity in the inner port of Zeebrugge (€1.0mio).
During 2012, the wind parks of Shabla and Shabla South in Bulgaria, (€10.3mio) and Berlare in Belgium (€12.9mio), the tanks of Electrawinds Storage (€3.1mio), Energo Zelena (€9.4mio) and Electrawinds Greenfuel (€3.8mio) became operational adding €41.8mio to installations and equipment.

The fair value assessment of Electrawinds Refuel BV and Electrawinds Greenfuel BV at acquisition date resulted in a recognition of €12.0mio installations as disclosed in note 34.

Finance leases relate almost entirely to equipment such as wind turbines, engines for biofuel installations and solar parks. Finance lease liabilities are secured by the related assets under finance leases.

Assets under construction can be allocated per technology as follows:

'000€	Bio	Wind	Solar	Other	Total
Belgium	31	5,548		2,775	8,354
Netherlands	800				800
Other	332	23,084		1,530	24,946
December 31, 2012	1,163	28,632		4,305	34,100

'000€	Bio	Wind	Solar	Other	Total
Belgium	9,714	9,792	2,361	85	21,952
Other	2,874	15,808		66	18,748
December 31, 2011	12,588	25,600	2,361	151	40,700

The assets under construction in the Wind segment refer to Grensland Power NV and Ballycadden Wind Farm Ltd in Ireland.

Based on the Group's management assessment of the current state of wind facilities with high quality wind turbines and useful life estimates of other energy production companies, the Board of Directors decided in 2011 to update the useful life estimates for wind facilities from 12 years to 20 years.

Grants are deducted from the carrying amount of the asset. The grants are recognized in profit or loss over the life of the asset as a reduced depreciation expense.

The majority of property, plant and equipment is pledged as security for bank loans.

16. Impairments - Goodwill testing

Impairments in the income statement can be analyzed as follows:

	Note	December 31, 2012
Impairment of goodwill	13	-4,657
Impairment of assets under construction	15	-752
Impairment of receivables	22	-150
Impairment gain on the classification as asset held for sale	19	1,512
Total impairments		-4,047

Impairment testing of goodwill

The recoverable amount of the CGU's are determined based on a value in use calculation using cash flow projections, covering a period of 9 years and taking into account a terminal value.

Bio

The testing of the carrying value of the goodwill of the cash generating unit Bio, which represents a major portion of the consolidated goodwill, is based upon the future cash flows derived from the Company's business plan and a terminal value for the periods thereafter. For the period beyond 4 years no growth rate was taken into consideration.

Key assumptions for the calculation of the recoverable amounts of the Bio segment as at December 31, 2012:

Planned NOPLAT (Net operating profit less adjusted taxes) margins are established based on the observed margins during past years. The future free cash flows are derived from the assets in their current condition and taking into account future maintenance/replacement investments.
The weighted average cost of capital used for the discounting of the forecasted cash flow amounts is determined at 7.3% for Belgian and Dutch activities of the Bio segment and 11.4% for Energo Zelena doo rendering activity in Serbia.
The net present value of future cash flow based on the Company's business plan using the above described weighted average cost of capital exceed the carrying value of the assets in the Bio segment, so that no impairment was needed at the end of 2012.
Based on current knowledge and the execution of the business plan, reasonable sensitivity testing of the assumptions of the business plan would also not generate material impairments for the Bio segment.

Wind

Key assumptions for the impairment testing of the Wind segment includes the long term business plan taking into account the projects installed per end of 2012 and the important value drivers such as wind yields, electricity prices, tenor of regulatory support schemes and level of regulatory support. For the WACC calculation, 3 geographies have been taken into account (BE,FR and other) and the applied WACC is based on the weighting of the carrying value per geography. The applied WACC varies between 5.5% and 6.2%. The impairment test calculates with a limited terminal value as a reflection of the option to repower the projects at the end of the project life.
The impairment test did not show any indication that impairment would be needed. The sensitivity test, with an increase of the WACC with 1% and decrease of sales with 5%, also indicated no need for impairment.

The discount rates for the cash generating units are as follows:

	Discount rates	
	December 31, 2012	December 31, 2011
Bio	7.3% - 11.4%	8%
Wind	5.1 - 6.2%	5.9%

Management is not currently aware of probable changes that would necessitate changes in its key estimates.

STEAM TURBINE GREENPOWER, OSTEND-BELGIUM

17. Investments accounted for using the equity method - Joint ventures and associates

At the end of the reporting period, the company accounts for 1 associates and 6 joint ventures using the equity method. All associates and joint ventures have a reporting date of December 31.

Joint ventures

			Ownership interest	
Name of joint venture	Principal activity	Date creation	December 31, 2012	December 31, 2011
Electrawinds Greenpower Oostende NV	Biomass	9/04/2009	50.00%	50.00%
Grenslandpower NV	Wind	4/10/2010		50.00%
Biomelec SAS	DCPM	5/10/2010	50.00%	50.00%
Norther NV	DCPM	27/10/2011	50.00%	50.00%
Pinewood Wind Ltd	DCPM	30/01/2012	50.00%	-
Les Royeux Energies SAS	DCPM	29/02/2012	50.00%	-
Les Haut Bosquet Energies SAS	DCPM	29/02/2012	50.00%	-

Electrawinds NV acquired an additional 0.0263% of shares of Grenslandpower NV, which became fully consolidated in 2012.

The share of results of joint ventures can be analyzed as follows:

Joint ventures	December 31, 2012	December 31, 2011
Gross carrying amount	4,702	5,330
Share in the result of associated companies (Joint ventures)	-2,038	-2,258
Additions	1,673	1,630
Change in consolidation scope	-170	
Carrying amount at the end of the reporting period	4,167	4,702

The aggregate amounts of the joint ventures can be summarized as follows:

'000 €	December 31, 2012	December 31, 2011
Non-current assets	27,044	26,778
Current assets	2,585	4,075
Total assets	29,629	30,853
Non-current liabilities	14	2
Current liabilities	5,322	5,691
Total liabilities	5,336	5,693
Net assets	24,293	25,161
Group's share of net assets in joint ventures	4,166	4,585
Sales	812	8,031
Total loss for the year	-4,077	-4,517
Group's share in the loss for the year	-2,038	-2,258

Associates

			Ownership interest	
Name of associate	Principal activity	Date creation	December 31, 2012	December 31, 2011
Penquer Eolien SAS	Wind	9/05/2011	40%	40%
Vleemo NV	Wind	1/03/2010	-	25%

Electrawinds NV classified its participation of 25% in Vleemo NV in 2012 as assets held for sale. For more details, we refer to note 19.

Associates	December 31, 2012	December 31, 2011
Gross carrying amount	1,859	1,172
Share in the result of associated companies (Associates)	-48	227
Change in consolidation scope	-1,462	460
Carrying amount at the end of the reporting period	349	1,859

The aggregate amounts of the associates can be summarized as follows:

'000 €	December 31, 2012	December 31, 2011
Total assets	6,385	29,310
Total liabilities	5,513	22,468
Net assets	872	6,842
Group's share of net assets in joint ventures	349	1,859
Sales	750	5,922
Total loss for the year	-120	1,002
Group's share in the loss for the year	-48	182

The shares of the associates and the joint ventures are not publicly listed on the stock exchange and hence published price quotes are not available.

The Group did not receive any dividends from joint venturers and associates.

18. Other financial assets

Other financial assets concerns:

- shares in Otary RS NV, Rentel NV, Energy 5 AD and Plug at Sea NV, amounting to €1.3mio;

			Ownership interest	
Name of other financial assets	Principal activity	Date creation	December 31, 2012	December 31, 2011
Energy 5 AD	DCPM	6/10/2010	6.00%	6.00%
Otary RS NV	DCPM	21/01/2011	12.50%	12.50%
Rentel NV	DCPM	9/12/2011	12.50%	12.50%
Plug at Sea NV	DCPM	24/12/2012	9.09%	-

- a loan amounting to €6.2mio to Electrawinds Greenpower NV and €0.2mio to Energy 5;
- cash guarantees, such as Belgian social security guarantees and guarantees for rental agreements, amounting to €0.2mio

totaling €7.8mio (2011: €6.5mio).

These loans are interest bearing and unsecured.

19. Assets classified as held for sale

The Group intends to dispose its participation in Vleemo NV. Vleemo NV, in which Electrawinds holds a 25% participation, was previously accounted for using the equity method.

Based on the signed term sheet and best estimate by the management following net assets were identified at December 31, 2012:

Fair value of the net assets: 2,975,000€
Impairment goodwill: - 4,502,688€
Fair value adjustment via impairment gain: 1,527,688€

Vleemo NV was previously reported under the Wind segment.

20. Financial assets and liabilities

The carrying amount presented in the financial statements relate to the following assets and liabilities. In general, the carrying amounts are assumed to be a close approximation of the fair value.

'000 €	December 31, 2012	December 31, 2011
Financial assets		
Non- current assets		
Other financial assets	7,825	6,497
Other long term receivables	233	233
Derivative financial instruments		
Put option electricity	114	397
Current assets		
Trade receivables	24,865	25,050
Other receivables	7,330	7,558
Derivative financial instruments		
Currency rate swap		73
Cash and short-term deposits	37,510	36,921
Total	77,877	76,729
Financial liabilities		
Non-Current Liabilities		
Subordinated loans	27,873	94,464
Bank loans	192,731	174,026
Financial leasing	34,245	19,787
Other loans	1,739	3,273
Other financial liabilities through profit & loss (A Warrant)	1,725	
Derivative financial instruments		
Put option gas		138
Interest rate derivatives	19,160	14,551
Current Liabilities		
Subordinated loans	53,791	
Short-term debts	90,201	70,360
Trade payables	33,652	43,193
Advances	90	2
Derivative financial instruments		
Interest rate derivatives	146	64
Total	455,353	419,858

Financial assets and liabilities through profit and loss reflect the change in fair value of interest rate swaps that are not designated in hedge relationships, but are nevertheless intended to reduce the level of interest rate risks for future interest charges.

Loans and receivables are held to maturity and generate a fixed or variable interest income/cost.

Other financial assets
A significant portion of the other financial assets consist of investments in shares of non-listed companies. The Group holds non-controlling interests (between 6% and 12.5%) in entities that develops on- and offshore wind projects. The unquoted ordinary shares have been impaired based on the net assets of the underlying.

Other financial liabilities through profit and loss (A warrants)
The fair value of the quoted debt securities is determined by reference to published quotations in an active market.

21. Inventories

'000€	December 31, 2012	December 31, 2011
Raw materials and components	18,024	14,771
Consumables	1,801	697
Finished goods	3,563	
Goods purchased for resale	67	39
Inventory impairments	-74	-74
Inventories	23,381	15,433

Inventories are stated at cost. The carrying value of inventories is pledged as a security for financial liabilities (note 41).

22. Trade and other receivables

The trade receivables remained, although the increase of wind parks in Belgium and Bulgaria, constant. The invoices to issue relate mainly to the sale of green certificates. They are invoiced on a monthly basis after receipt from the regulators.

'000€	December 31, 2012	December 31, 2011
Trade receivables	24,865	25,050
V.A.T. receivable	5,438	2,731
Taxes and withholding taxes to be recovered	85	195
Other receivables	1,806	562
Grants receivable	170	4,088
Other receivables - amt written off	-169	-19
Other receivables	7,330	7,576

The level of V.A.T. receivables, amounting to €5.4mio, and the increase compared to 2011, can be explained by the construction activities in Serbia and the construction of solar parks in Italy.

The other receivables comprise mainly receivables towards associated companies.

As of December 31, 2012, other receivables of €0.2mio were impaired.

Ageing of the trade receivables not impaired:

'000€	December 31, 2012	December 31, 2011
not past due	16,632	20,824
overdue 1-30 days	4,273	1,796
overdue 31-60 days	1,606	875
overdue 61-90 days	247	660
overdue > 90 days	2,107	895
Total	24,865	25,050

The amount of more than 90 days overdue relates mainly to the late delivery by the government of green certificates.

The grants receivable refer to government grants granted to stimulate investments in renewable energy. There are no unfulfilled conditions or other contingencies attached to these government grants.

Segment	Entity	Total grant until December 31, 2011	Received 2012	Total grant until December 31, 2012	Collected in previous periods	Collected in 2012	Receivable December 31, 2012
BIO	Electrawinds Biostoom NV	1,900		1,900	1,900		
	Electrawinds Biomasse Mouscron SA	2,499		2,499	2,499		
	Subtotal Bio	4,399		4,399	4,399		
WIND	SRL Pontedera Eolica	1,425		1,425	1,425		
	Electrawinds Maldegem NV	884		884	619	265	
	Electrawinds Berlare NV	494		494	247	100	148
	Electrawinds Wind Belgium NV	1,550		1,550	1,550		
	Electrawinds Bastogne SA	782		782	391	369	22
	Subtotal Wind	5,135		5,135	4,232	734	170
SOLAR	Electrawinds Solar NV	1,267		1,267	1,267		
	Subtotal Solar	1,267		1,267	1,267		
	Total	10,801		10,801	9,898	734	170

23. Cash and cash equivalents

'000€	December 31, 2012	December 31, 2011
Short-term deposits	24,581	19,287
Cash at bank and in hand	12,929	17,634
Cash and cash equivalents	37,510	36,921

The average effective interest rate on short term bank deposits varies between 0.75% and 1.25%. These deposits have an average maturity date less than 1 month.
Part of the cash and cash equivalents is considered to be restricted since it serves to maintain a minimum level as security for certain short-term obligations (2012: €25.3mio, 2011: €19.5mio).

24 Equity

On May 2, 2012, Electrawinds SE (previously named European Cleantech I SE), and the previous shareholders of Electrawinds NV signed a share purchase and acquisition agreement in connection with the acquisition of Electrawinds NV in consideration for:

- the payment of 14,562,044€ in cash,
- 39,900,321 new Class A shares of European Cleantech I SE.

For full information concerning the proxy statement and supplements to the proxy statement, we refer to our investor relations website
(http://ewi.electrawinds.eu/business-combination.asp).

Electrawinds SE is a publicly listed company having no operating business prior to the closing of the acquisition. The entity comprised mainly cash positions which were collected from investors with the objective of investing in an operating non-listed company. Therefore, Electrawinds SE does not meet the definition of a business in terms of IFRS 3.

The transaction is deemed to be a capital transaction on the part of Electrawinds NV and is the equivalent to the issuance of shares by Electrawinds NV in exchange for the net assets of Electrawinds SE (as-if capital increase). The deemed new shares are virtually allocated to Electrawinds SE's pre-deal shareholders in relation to the economically acquired significant holding interest in Electrawinds NV.

Basically the reverse asset acquisition is accounted for similarly to accounting for a reverse acquisition of a business combination under IFRS 3. However, in the absence of a business combination, recognition of goodwill and intangible assets does not apply. To the extent that there is a difference between the fair value of net assets of Electrawinds SE before the acquisition and the fair value of the equity instruments held by its former owners after the acquisition, there will be a listing fee that is expensed on the date of the reverse asset acquisition.

The deemed cost of the shares issued is €63,6mio. This represents the fair value of shares that Electrawinds NV would have had to issue for the ratio of ownership interest in the combined entity to be the same, if the transaction had taken the legal form of Electrawinds NV acquiring 100 % of the shares in Electrawinds SE.

Since the carrying amount of Electrawinds SE's net assets adds up to €54.3mio, the remaining difference of €9.3mio is considered as financial cost in profit and loss.

Fair value of net assets of Electrawinds SE:

Fair value	000€
Cash and cash equivalents	115,239
Other receivables	9
Non current financial liabilities	-5,355
Trade and other payables	-2,206
Redemption of shares	-53,339
Net assets acquired	54,348

Cash inflow on group recapitalisation after distribution	000€
Cash and cash equivalents in subsidiary acquired	115,239
Redemption shares	-53,339
Distribution of profits to shareholder	-14,562
Cash inflow on group recapitalisation after distribution	47,338

As the consolidation is prepared on the basis of Electrawinds NV's financial statements, the consolidated financial statements are presented as a continuation of Electrawinds NV's consolidated financial statements added by the reverse asset acquisition. Although equity in total comprises Electrawinds NV's equity after the 'as-if-capital-increase' (former capital plus value of reverse asset acquisition), the legal capital has to show Electrawinds SE's subscribed capital. From a legal perspective, the subscribed capital of a listed entity reflects the shareholder's par value.

The cash consideration of €14.6mio paid by Electrawinds SE (the accounting acquiree) has been accounted for as a distribution from the consolidated Group to a part of the acquirer's (Electrawinds NV) shareholders.

Share capital of Electrawinds SE

The share capital of Electrawinds SE has developed as follows:

	EUR
Balance at January 1, 2010	
Capital increase from IPO (October 20, 2010)	345,000
Balance at December 31, 2010	345,000
Balance at January 1, 2011	345,000
Balance at December 31, 2011	345,000
Balance at January 1, 2012	345,000
Capital increase from the issuing of A shares October 11, 2012	900,170
Capital increase from the issuing of A shares December 20, 2012	57,437
Balance at December 31, 2012	1,302,608

The number of shares of Electrawinds SE has developed as follows:

	Total shares	A shares	B1 Shares	B2 Shares	B3 Shares
Number of shares January 1, 2010					
issuing of shares IPO October 20, 2010	14,375,000	11,500,000	958,333	958,333	958,334
Number of shares December 31, 2010	14,375,000	11,500,000	958,333	958,333	958,334
Number of shares January 1, 2011	14,375,000	11,500,000	958,333	958,333	958,334
Number of shares December 31, 2011	14,375,000	11,500,000	958,333	958,333	958,334
Number of shares January 1, 2012	14,375,000	11,500,000	958,333	958,333	958,334
Issuing of new A shares, October 11, 2012	37,507,102	37,507,102			
Conversion of B1 into A shares, October 11, 2012		958,333	-958,333		
Issuing of new A shares, December 20, 2012	2,393,216	2,393,216			
Number of shares December 31, 2012	54,275,318	52,358,651	0	958,333	958,334

The share capital as per December 20, 2012 consists of 54,275,318 shares. The total number of shares can be divided into 52,358,651 A shares, of which 11,500,000 shares are listed on the Frankfurter Börse, including 5,328,608 A shares held by the company in treasury as a result of the business combination, 958,333 B2 shares and 958,334 B3 shares.

At the consummation of the business combination on October 11, 2012 Electrawinds SE issued 37,507,102 new A shares and transfer them to the former owners of Electrawinds NV. The company acquired at this phase 94.2% of the shares of Electrawinds NV.

Furthermore, as a consequence of the business combination, all 958,333 B1 shares automatically have been converted into A shares at a ratio of 1 B1 share for 1 A share.

In the course of the acquisition of Electrawinds NV, 5,328,608 A shares, which have been validly redeemed for a price of 10.01€ per A share, have been transferred to the company as treasury shares. The treasury shares were deducted from equity according to IAS 32.

On December 20, 2012 the company issued 2,393,216 new A share and transfer them to the previous owners of Electrawinds NV. The company acquired the remaining 5,8% of the shares of Electrawinds NV.

Conversion into public shares

The sponsor shares are redeemable shares in the sense of the Luxembourg Company Law and have the same rights as the public shares, except as described below.
The Sponsor Shares will be automatically converted into Public Shares, at a ratio of one Public Share for each Sponsor Share as follows:

- the 958,333 class B2 redeemable Shares, with no nominal value, being one third of the Sponsor Shares (representing 1.77% of the Company's current share capital) will be converted into Public Shares if the Daily VWAP (as defined below) on any twenty (20) out of any thirty (30) consecutive Trading Days (as defined below) following the date of the consummation of an initial business combination of the Company equals or exceeds 11.00€;
- the 958,334 class B3 redeemable Shares, with no nominal value, being one third of the Sponsor Shares (representing 1.77% of the Company's current share capital) will be converted into Public Shares if the Daily VWAP (as defined below) on any twenty (20) out of any thirty (30) consecutive Trading Days (as defined below) following the date of the consummation of an initial business combination of the Company equals or exceeds €12.00.

For this purpose, the **"Daily VWAP"** is the per Public Share volume-weighted average price on Xetra as reported by Bloomberg in respect of a Trading Day (or if such volume-weighted average price is unavailable from Bloomberg, the volume weighted average share price of the Public Shares on such Trading Day determined by an internationally recognized investment bank selected by the Company). If the applicable Daily VWAP threshold is met prior to the consummation of an initial business combination of the Company, the conversion will take place on the date of consummation of an initial business combination of the Company. **"Trading Day"** refers to any day (other than a Saturday or Sunday) on which the Frankfurt Stock Exchange is open for business.

Dividend rights

In the event that distributions are made after the date of the consummation of an initial business combination of the Company, (i) each Public Share and each Sponsor Share shall be entitled to receive the same amount to the extent such amount does not exceed one eurocent (€0.01) per Share and (ii) each Public Share shall be entitled to the same fraction of (and the Sponsor Shares shall be entitled to none of) any distribution in excess of one eurocent (€0.01). In the event that distributions are made prior to the date of the consummation of an initial business combination, each share shall be entitled to receive the same fraction of the annual net profits.

Voting rights

Each Sponsor B Share is entitled to one vote at any ordinary or extraordinary general meeting of Shareholders, except under circumstances in which the Articles provide otherwise. Any Sponsor B Shares that are not converted into Public Shares on or prior to the fifth anniversary of the consummation of an initial business combination of the Company will no longer be convertible into Public Shares and will be redeemed within six (6) months of such date at a price equal to €0.024 per Sponsor Share (subject to availability of sufficient funds).

Transfer restrictions

Each of the Sponsors and the Additional Investor has agreed not to sell or otherwise transfer the Sponsor Shares and its or his portion of the Public Shares that may be issued upon conversion of the Sponsor Shares for a period of twelve (12) months following the consummation of an initial business combination of the Company (subject to certain limited exceptions described herein) without the prior consent of the Managers. Such lock-up undertakings have been reconfirmed by Sponsor S.à.r.l. in connection with the Business Combination in the Sponsor Support Letter.

Redemption provisions

The Sponsor B Shares will be redeemed by the Company at a redemption price equal to their par value within six (6) months of the fifth anniversary of the consummation of the Business Combination if they have not previously been converted into Public Shares.

Listing

The Sponsor B Shares are not and will not be listed on a stock exchange.

Authorized capital

The company's authorized capital amounts to 140,000,000 shares, divided into 138,083,333 A shares, 958,333 B2 shares and 958,334 B3 shares, without nominal value.

Authorized capital	in shares	in €
Authorized capital on December 31, 2011	84,000,000	2,016,000
Authorized capital on December 31, 2012	140,000,000	3,360,000

Share premium account

The share premium account is as follows:

	'000€
At December 31, 2010	5,986
Share based payments transactions	833
Issuance of share capital	8,986
Transaction costs related to issue of share capital	-108
At December 31, 2011	15,697
Share based payments transactions	760
Issuance of share capital	-15,066
Transaction costs related to issue of share capital	-9,086
Existing shares of Electrawinds SE	110,935
Reclassification of the contribution in kind of Electrawinds NV	398,046
Founding B warrants (IFRS 2 at measurement)	2,613
At December 31, 2012	503,899

The share based payment transactions is used to recognize the value of equity-settled share based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 35 for further details of these plans.

Retained earnings

Other effects from the reverse asset acquisition are related to the merger of Electrawinds SE with Electrawinds NV. As the consolidated financial statements represent a continuation of the financial statements of Electrawinds NV, the equity recognized in the consolidated financial statements is those of Electrawinds NV (the accounting acquirer). Although equity in total comprises Electrawinds NV equity after the "as-if capital increase", the legal capital has to show the legal parent's (Electrawinds SE) share capital. This is required from a legal perspective. The share capital of a listed entity reflects the shareholder's par value. As a result, there is a reclassification between share capital, share premium account and retained earnings in order to reflect the legal parent's share capital after the reverse asset acquisition.

Treasury shares

	Number of shares	'000€
At December 31, 2010	0	0
At December 31, 2011	0	0
Purchase of treasury shares in the reverse asset acquisition	5,328,608	53,339
At December 31, 2012	5,328,608	53,339

The book value of the treasury shares was deducted from equity. Treasury shares are recognized at cost which is the consideration paid in cash.

25. Subordinated debt

Subordinated debt with warrants

The subordinated debt with warrants is valued at amortized cost and is shown in the following table

Lenders	DG Infra+ NV; Gemeentelijke Holding NV	DG Infra+ NV; Gimv NV, Gimv-XL Partners Comm. VA, Adviesbeheer Gimv-XL NV	Gimv NV, Adviesbeheer Gimv-XL NV; Gimv-XL Partners Comm, VA; Dexia Bank België NV	PMV NV	FPIM NV	TOTAL
Issue date	31/03/2008	23/12/2008	24/12/2009	13/09/2011	15/09/2011	
Tenor	5 years	5 years	3 years	3 years	3 years	
Nominal Value per 1/1/2010	20,160	30,000	17,500			67,660
Accumulated capitalization of interest		2,164	1,050			3,214
Prepayment in 2010			-4,375			-4,375
Nominal value per December 31, 2010	20,160	32,164	14,175			66,499
New loans - nominal value				10,000	10,000	20,000
Capitalization of interest during 2011		1,126	1,418			2,543
Prepayment in 2011					-10,000	-10,000
Nominal value per December 31, 2011	20,160	33,289	15,593	10,000	0	79,042
Capitalization of interest during 2012		1,158	0			1,158
Prepayment in 2012	-10,080		-13,125			-23,205
Repayment of intrest			-2,468			-2,468
Nominal value per December 31, 2012	10,080	34,447	0	10,000	0	54,527
Transaction Fees	-252	-281	-277			-809
Derecognition of transaction fees upon prepayment			-69			-69
Share premium recognition	-1,568	-2,085	-841			-4,494
Derecognition of share premium upon prepayment			148			148
At amortized cost December 31, 2010	18,340	29,798	13,136			61,274
Transaction Fees				-109	-109	-217
Share premium recognition				-272	-272	-543
At amortized cost December 31, 2011	18,340	30,924	14,554	9,620	-381	73,057
At amortized cost December 31, 2012	10,080	34,447	0	9,620	-380	53,767
Cumulative recognition in P&L of share premium	771	671	254			1,697
Cumulative recognition in P&L of transaction cost	141	122	112			376
At carrying value December 31, 2010	19,252	30,592	13,503	0	0	63,346
Cumulative recognition in P&L of share premium	335	410	210	27	272	1,253
Cumulative recognition in P&L of transaction cost	50	56	208	10	109	433
At carrying value December 31,2011	19,637	32,184	15,339	9,657	0	76,816
Cumulative recognition in P&L of share premium	462	466	229	80		1,238
Cumulative recognition in P&L of transaction cost	61	131	103	36		331
At carrying value December 31, 2012	10,080	33,939	0	9,773	0	53,791
of which:						
long term liabilities						
short term liabilities	10,080	33,939	0	9,773		53,791

On October 10, 2012, Electrawinds NV repaid €13.1mio of which €3.9mio was repaid to Belfius Bank NV and €9.2mio to GIMV NV, GIMV XL NV and GIMV Adviesbeheer XL NV. The lenders converted 682,883 warrants into share capital of Electrawinds NV on October 10, 2012.

As contractually foreseen, DG Infra+ NV and Electrawinds NV extended the repayment date with 3 months to June 30, 2013 of the subordinated loan issued on March 31, 2008.

Warrant holder	Total warrants December 31, 2012	Total warrants December 31, 2011	Exercise price	Grant date	Expiration date
DG Infra+ NV	560,000	560,000	18	31/03/2008	24/12/2013
Gemeentelijke Holding NV	560,000	560,000	18	31/03/2008	24/12/2013
Gimv-XL Partners Comm.VA	735,632	735,632	20	23/12/2008	23/12/2013
Gimv NV	450,072	450,072	20	23/12/2008	23/12/2013
Adviesbeheer Gimv-XL NV	64,296	64,296	20	23/12/2008	23/12/2013
DG Infra+ NV	250,000	250,000	20	23/12/2008	23/12/2013
Belfius Bank NV		204,865	19,22	24/12/2009	23/12/2012
Gimv-XL Partners Comm,VA		281,316	19,22	24/12/2009	23/12/2012
Gimv NV		172,114	19,22	24/12/2009	23/12/2012
Adviesbeheer Gimv-XL NV		24,588	19,22	24/12/2009	23/12/2012
Participatiemaatschappij Vlaanderen NV		520,291	19,22	23/08/2011	
	2,620,000	3,823,174			

The Financial Warrant Share Acquisition Agreement has been modified per May 2, 2012, replacing 2,620,000 Electrawinds NV shares by 1,325,911 Electrawinds SE.

The 682,883 Financial Warrants acquired on December 24, 2009, by Belfius Bank nv, Gimv-XL Partners Comm.VA, Gimv NV and Adviesbeheer Gimv-XL NV were exercised on October 10, 2012.

On May 2, 2012, Electrawinds NV and Participatiemaatschappij Vlaanderen NV entered into an agreement stipulating that the 520.291 warrants on which Participatiemaatschappij Vlaanderen NV subscribed on August 23, 2011, will be forfeited.

For the warrants in connection with Class B and ESOP warrants, we refer to the disclosure of share based payments in note 35.

Other subordinated loans

The other subordinated loans comprise the following loans:

Lender '000€	Nominal value	Carrying amount at amortized cost	December 31, 2012	December 31, 2011
Groenkracht CVBA (Electrawinds NV)	15,369	15,369	15,369	8,719
Les Energies de l'Ouest (Park Eolien Croix des 3 Chesnots)	150	150	150	150
Mindest SA (Electrawinds Biomassa Oostende NV)	500	500	500	500
DG Infra Yield (Electrawinds Brugge NV)	7,375	7,375	7,375	7,375
Sogeparlux (Electrawinds Bastogne SA)	575	575	575	575
NEIF Amorica BV (Electrawinds Maldegem NV)	468	468	468	468
NEIF Amorica BV (Pigeon Blanc SAS)	612	612	612	612
DG Infra Yield (Electrawinds Berlare)	1,000	1,000	1,000	
Saffelberg & Serge Ameye (Electrawinds BV)	1,824	1,824	1,824	
Total	27,873	27,873	27,873	18,399
of which:				
long term subordinated loans	27,873	27,873	27,873	17,648
short term financial liabilities				750

Electrawinds received a number of subordinated loans from Groenkracht CVBA. The loans have a typically term between 2 and 4 years and are renewable. Groenkracht CVBA was authorized by a Ministerial Decree of June 24, 2008 as a co-operative company allowed to attract funds to be invested in renewable energy to the benefit of the partners in the co-operative company. In 2012, Groenkracht granted Electrawinds new subordinated loans for an amount of €7.9mio. (2011: €1.25mio).

These subordinated debts are valued at amortized costs.

26. Other liabilities

Public warrants

The other non-current liabilities contains a financial liability resulting from fair value measurement of the public warrants of €1.7mio.

Electrawinds SE completed its initial public offering of 11,500,000 units consisting each of one share and one warrant, both traded on the Frankfurt Stock Exchange.

Public warrants are classified as financial liabilities at fair value through profit and loss. As at the consummation of the reverse asset acquisition, the financial liability resulting from public warrants amounted to €2.9mio.

As at December 31, 2012, the rating of one public warrant on the Frankfurt Stock Exchange (Frankfürter Wertpapierbörse) was at €0.15, hence a fair value adjustment of €1.2mio was recorded at December 31, 2012 in other financial income.

27. Provisions for risks and charges

'000€	Provisions for pensions and similar obligations	Provisions for dismantling costs	Provisions others	TOTAL
Balance at January 1, 2011	59	1,067		1,126
Additions through business combinations		-40		-40
Charged to Profit & Loss - Expensed	8	493	3	504
Other movements		105		105
Balance at December 31, 2011	40	1,625	3	1,668
Provision as part of the acquisition cost		180		180
Charged to Profit & Loss - Additions	47	171	-3	215
Balance at December 31, 2012	87	1,976	0	2,063

The Group's provisions for pensions and similar obligations relate to the legal obligations of the activities in Italy.

The Group recognises a provision for the expected cost of dismantling the wind turbines where it is a legal obligation, as in France. In 2012 additional provisions for dismantling costs were made for an amount of €0.4mio (2011: €0.6mio). These provisions do not affect the profit and loss account for the French companies since this is part of the acquisition cost.

The provisions affecting the profit and loss account related in 2011 to pensions and other provisions, which together had a negative impact on the profit and loss account of €0.2mio (2011: negative impact of €0.5mio).

GREENPOWER, OSTEND-BELGIUM

28. Deferred tax assets and liabilities

'000€	December 31, 2011	Movement 2012	Other movements	December 31, 2012
Non-current assets				
Other intangible assets	-1,130	335		-795
Property, plant and equipment	1,069	2,604		3,673
Current assets				
Inventory	76	117		193
Non-current liabilities				
Financial instruments	2,656	-1,584		1,072
Provisions	46			46
Subordinated loans	-923	-354		-1,277
Total deferred tax on timing differences	1,794	1,118		2,912
Prior year adjustment			-59	-59
Changes in consolidation perimeter	339			
Total deferred tax on timing differences	2,133	1,118	-59	2,853
Deferred taxes on loss carryforwards	6,406	-647	-907	4,852
Deferred taxes on tax incentives:				
> On Notional Interest Deduction	73	-15		58
> On Investment Deduction	8,409	-180		8,229
Change in consolidation scope			-3,055	-3,055
Deferred tax asset and liabilities, net	17,021	1,960	-4,021	12,937
Deferred tax asset	20,642	-1,642	907	19,907
Deferred tax liability	-3,621	-294	-3,055	-6,970
Current taxes		-136		
Corporate income taxes recoverable				
Corporate income taxes payable		-136		
Net tax asset	17,021	2,096	-4,021	12,937
Impact of taxes on statement of operations		-2,096		
Current taxes		-136		
Deferred taxes		-1,960		

Tax loss carry forward

For the companies for which a tax return stating a loss carried forward has been filed, a deferred tax asset at the applicable corporate tax rate has been recognized. However, no deferred tax asset is recognized on tax losses unless its use against taxable profit is expected in a near future.

in '000€	Total amount	Tax losses without recognition of tax benefit	Tax losses with recognition of tax benefit	Deferred tax asset on recognized tax loss carried forward	Deferred tax benefit not recognized
As of December 31, 2010	45,353	25,181	20,172	6,771	8,561
Through income statement	**23,764**	**25,994**	**-2,230**	**-372**	**7,634**
Additions	26,167	24,342	1,824	452	7,634
Used	-2,960		-2,960	-1,006	
Write off deferred tax asset				-368	
Other	558	1,651	-1,094	550	
Not recognized in prior years	558		558	550	
Other movements				7	
Prior year restatement				7	
As of December 31, 2011	69,117	51,175	17,942	6,406	16,195
Through income statement	**39,579**	**37,415**	**2,164**	**-647**	**11,617**
Additions	39,382	37,415	1,967	284	11,617
Used	-102		-102	-38	
Write off deferred tax asset				-931	
Other	300		300	38	
Not recognized in prior years				38	
Other movements	-64			-907	
Prior year restatement	-64			-907	
As of December 31, 2012	108,632	88,590	20,107	4,852	27,812

The carrying amount of the deferred tax assets is reviewed at the end of each reporting period. The carrying of amount of deferred tax assets in connection with tax loss carried forward has been reduced at December 31, 2012 by €0.9mio of which €0.3mio relates to Electrawinds South Africa and Indian Ocean Islands, €0.3mio to Electrawinds Italy, €0.1mio to Electrawinds Romania and €0.1mio to Electrawinds Poland.

Investment deduction

In order to stimulate investments in energy projects the Belgian government has implemented a system of tax incentives. The company receives a tax credit of 13.5% on the amount invested in qualifying assets. The unused tax credit can be carried forward for un unlimited period.

The remaining deductible amount and the related tax benefit is for the 2 years ended December 31, 2012 and December 31, 2011 as follows:

	Total amount	Investments deductions without recognition of tax benefit	Investment deductions with recognition of tax benefit	Deferred tax asset on recognized investment deductions	Deferred tax benefit not recognized
As of December 31, 2010	25,963	1,349	24,614	8,094	482
Through income statement	**892**	**31**	**861**	**315**	**10**
Additions	2,403	31	2,372	806	10
Used	-1,511		-1,511	-514	
Other movements	**57**	**0**	**57**	**22**	**0**
Prior year restatement	57		57	22	
As of December 31, 2011	26,912	1,380	25,533	8,409	492
Through income statement	**-530**	**0**	**-530**	**-180**	**0**
Additions	3,006		3,006	1,022	
Used	-3,669		-3,669	-1,247	
Other	133		133	45	
As of December 31, 2012	26,382	1,380	25,003	8,228	492

Notional interest deduction

Under certain conditions, the Belgian companies receive a tax credit on the net equity. The tax credit is calculated as a percentage (on average 3%) of the net equity and is deductible from the taxable basis. As from January 1st, 2012, companies are not authorized to carry forward any excess notional interest deduction. Past notional interest deduction can be carried forward for 7 years.

	Total amount	Notional interest deductions without recognition of tax benefit	Notional interest deductions with recognition of tax benefit	Deferred tax asset on recognized notional interest	Deferred tax benefit not recognized
As of December 31, 2010	480	161	319	99	60
Through income statement	**564**	**591**	**-27**	**-28**	**201**
Additions	1,316	591	725	247	201
Used	-752		-752	-256	
Other movements	**-64**	**0**	**-64**	**-18**	**0**
Change in conso scope	6		6	6	
Prior year restatement	-70		-70	-24	
As of December 31, 2011	980	752	228	73	260
Through income statement	**-43**	**0**	**-43**	**-15**	**0**
Additions	206		206	70	
Used	-251		-251	-85	
Other	2		2	1	
As of December 31, 2012	937	752	186	59	260

Summary of the deferred tax charge for 2011 and deferred tax position as of December 31, 2012:

'000€	December 31, 2012	December 31, 2011
Result before taxes	-40,826	-27,638
Statutory tax rate	33.99%	33.99%
Normal income taxes	13,877	9,394
Adjustments for tax rate differences in foreign jurisdictions	-1,557	-1,264
Adjustments for tax exempt income		
Capital gains	0	3,098
Relating to equity accounted investments	-237	
Adjustments for non deductible expenses		
Other non deductible expenses	-589	-521
Listing fee	-3,144	
Adjustment on fair value of other financial liabilities	391	
Transaction cost	2,046	
Recognition tax benefit from tax incentive		
On tax incentive not accounted for in prior years		
Tax loss carryforward		
Investment deductions		
Recognised and used in 2009		
On current year use of recognized tax incentives		
Investment deductions	-1,247	-514
Notional interest deduction	-85	-256
On tax effect recognized on current year tax incentives		
Investment deductions	1,022	247
Notional interest deduction	70	806
Incentive used in current year without prior recognition of the tax benefit		
Investment deductions		
Notional interest deduction		
Deferred taxes on loss carryforward		
Tax losses without recognition of a deferred tax asset	-11,617	-8,274
Tax losses used in current year	-38	-1,006
Recognition on deferred tax asset on prior year losses not recognized	0	187
Tax losses used in current year without prior recognition of the tax benefit	0	
Adjustments on deferred taxes		
Impairment on tax benefit tax loss carried forward	-931	-368
Other differences	-56	-284
Income taxes as per consolidated income statement	-2,096	1,245

29. Financial debt

The aggregate financial debt as per December 31, 2012 amounts to €317.2mio (2011: €264.2mio).

000€	Leasing	Bank debt	Total Non Current Borrowings	Leasing - current portion	Short term bank debt	Bank debt - current portion	Total Current Borrowings	Total
At December 31, 2010	21,483	204,076	225,559	3,657	51,721	22,654	78,032	303,591
Additions through business combinations		-4,318	-4,318			416	416	-3,902
New debts	1,745	15,329	17,074		445,971	51,764	497,735	514,809
Repayments	-10	-16,547	-16,557	-4,630	-465,885	-63,253	-533,768	-550,325
Transfers	-3,431	-24,514	-27,945	4,239		23,706	27,945	
At December 31, 2011	19,787	174,026	193,813	3,266	31,807	35,287	70,360	264,173
New debts	20,754	43,869	64,623	160	10,003	29,175	39,338	103,960
Repayments	-1,054	-416	-1,470	-5,244	-128	-44,056	-49,428	-50,898
Transfers	-5,234	-24,727	-29,961	5,235		24,726	29,961	
Currency translation differences	-8	-21	-29	-2		-28	-30	-59
At December 31, 2012	34,245	192,731	226,976	3,416	41,682	45,104	90,201	317,176

Assets held under lease agreements (including the current portion) is €37.6 mio compared to €23.0 mio per end of 2011. This amount almost exclusively consists of finance leases of the MAN machines, wind turbines and solar panels, recognized as property, plant and equipment. The increase of the leasings compared to 2011 concerns mainly solar parks (+€8.2mio) and wind parks (+€3.2mio) in Belgium and solar parks in Italy (+€3.2mio). The total future interest payable related to the financial leasing amounts to €10.9 million per December 31, 2012 and €7.0 million per December 31, 2011.

Future minimum lease payments

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2012	2011	2012	2011	2012	2011
Less than one year	5,197	4,526	1,782	1,260	3,415	3,266
Between one and five years	22,210	14,747	6,580	4,921	15,630	9,826
More than five years	21,153	10,785	2,538	824	18,615	9,961
	48,561	30,058	10,901	7,005	37,660	23,053

The maturity of the financial debt is as follows:

000€	Leasing	Bank debt	Total Non Current Borrowings	Leasing - current portion	Short term bank debt	Bank debt - current portion	Total Current Borrowings	Total
Within 1 year				3,416	41,682	45,104	90,201	90,201
Between 2 and 5 years	15,621	119,613	135,234					135,234
More than 5 years	18,624	73,118	91,742					91,742
At December 31, 2012	34,245	192,731	226,976	3,416	41,682	45,104	90,201	317,176
Within 1 year				3,266	31,807	35,287	70,360	70,360
Between 2 and 5 years	9,826	94,685	104,511					104,511
More than 5 years	9,961	79,341	89,302					89,302
At December 31, 2011	19,787	174,026	193,813	3,266	31,807	35,287	70,360	264,173

The nominal value of the bank borrowings is €279.54mio (2011: €241.1mio).
Bank borrowings are at fixed interest rates based on Euribor 3m + a margin between 85 and 550 bps.
Most of the bank loans are subject to covenants testing debt service ratio's.
At the reporting date, Electrawinds N.V. tested covenants governing short term straight loan facilities with 4 banks whereby solvency test covenants where not met with 2 out of 4 banks amongst others due to differences in definition. In the meantime, this was discussed with the 4 banks and the straight loan facilities were extended. Electrawinds SE Board of Directors decided on April 22, 2013 to launch a capital increase plan to be completed by early Q3-2013 targeted to raise significant amounts of capital. Proceeds of the capital increase are planned to be used to pay down the straight loans and subordinated debt at Electrawinds N.V. level.

30. Derivative financial instruments

As per December 31, 2012, the outstanding derivative financial instruments represent a net liability on the statement of financial position of €19.2 million (2011: €14.3mio). The increase of the liability of €4.9 million is mainly due to the decreased interest rates. The changes in fair value are included in the income statement in the line item "other financial results".

'000€	Fair value December 31, 2011	Change in fair value	Fair value December 31, 2012
Interest rate derivatives	-14,690	-4,617	-19,307
Put option gas	9	-9	0
Put option electricity	397	-284	113
Total	-14,283	-4,910	-19,194

The fair value as per December 31, 2012 has been recorded on a contract by contract basis. Contracts for which the fair value is positive are presented as an asset, whilst contracts for which the fair value is negative are presented as a liability. In addition, a distinction has been made between current and non-current assets/liabilities in function of the maturity date of the contracts.

'000€	December 31, 2012	December 31, 2011
Non-current assets	114	397
Current assets		73
Non-current liabilities	-19,160	-14,689
Current liabilities	-148	-64
Total	-19,194	-14,283

31. Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the reporting period ending 31 December 2012, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements. For the current year, for the non quoted investments the fair value is deemed to be substantive value since business has not yet been fully start up.

As of 31 December 2012, the Group held the following financial instruments measured at fair value:

'000€	December 31, 2012	Level 1	Level 2	Level 3
Assets measured at fair value				
Financial assets at fair value through profit or loss				
Put option electricity	114		114	
Other financial assets	1.314			1.314
Liabilities measured at fair value				
Financial assets at fair value through profit or loss				
Interest rate derivatives	19.306		19.306	

'000€	December 31, 2012	Level 1	Level 2	Level 3
Assets measured at fair value				
Financial assets at fair value through profit or loss				
Put option gas	73		73	
Put option electricity	397		397	
Liabilities measured at fair value				
Financial assets at fair value through profit or loss				
Put option gas	64		64	
Interest rate derivatives	14.689		14.689	

32. Trade and other payables

000€	December 31, 2012	December 31, 2011
Trade payables	33,652	43,193
Income tax and VAT related liabilities	763	1,127
Payroll related liabilities	1,554	1,515
Other liabilities & advances	5,039	325
Other payables	7,356	2,967

Trade payables are non-interest bearing and are normally settled on 30-day terms. Other payables are non-interest bearing and have an average term of 3 to 6 months.

33. List of consolidated subsidiaries, joint venturers and associates of Electrawinds SE

Following entities are fully consolidated subsidiaries of the Group:

Company	Country of incorporation	Owership December 31,2012	Owership December 31, 2011	Segment December 31, 2012
Electrawinds SE	LU			DCPM
Electrawinds NV	BE	100.00%	100.00%	DCPM
Greenco NV	BE	100.00%	100.00%	DCPM
Energy Construct NV	BE	100.00%	100.00%	DCPM
Electrawinds France SAS	FR	100.00%	100.00%	DCPM
Electrawinds Italia SpA	IT	100.00%	100.00%	DCPM
Electrawinds Biomassa NV	BE	100.00%	100.00%	Bio
Electrawinds Biomasse Mouscron SA	BE	100.00%	100.00%	Bio
Electrawinds Biostoom NV	BE	80.00%	80.00%	Bio
Electrawinds Evolis Biomassa NV	BE	100.00%	100.00%	DCPM
Biomarcs SAS	FR	100.00%	100.00%	Bio
Electrawinds Brugge NV	BE	100.00%	100.00%	Wind
Electrawinds Wind Belgium NV	BE	100.00%	100.00%	Wind
Electrawinds Bastogne SA	BE	60.00%	60.00%	Wind
Electrawinds Distributie NV	BE	100.00%	100.00%	DCPM
Electrawinds BV	NL	100.00%	100.00%	DCPM
Brocéliande Energies Locales SAS	FR	65.00%	65.00%	Wind
Electrawinds Evolis Wind NV	BE	75.00%	75.00%	Wind
Electrawinds Poland LTD	PL	100.00%	100.00%	DCPM
Electrawinds Pontedera srl	IT	100.00%	100.00%	Wind
Electrawinds Bulgaria PLC	BG	100.00%	100.00%	DCPM
SC Electrawinds - RSA	RO	100.00%	100.00%	DCPM
Electrawinds Solar NV	BE	100.00%	100.00%	Solar
Athmosphère SRL	IT	100.00%	100.00%	DCPM
Electrawinds Bretagne 1 SAS	FR	100.00%	100.00%	Wind
Electrawinds Shabla South JSCo	BG	100.00%	100.00%	Wind
Chimconsult SRL	RO	100.00%	100.00%	Wind
Zon aan Zee NV	BE	100.00%	100.00%	Solar
Societé du Parc Eolien La Tourelle SAS	FR	100.00%	100.00%	Wind
Parc Eolien Croix des 3 Chesnots SAS	FR	93.00%	93.00%	Wind
Zelena NV	BE	64.00%	64.00%	Bio
Energo Zelena doo	SR	64.00%	64.00%	Bio
Electrawinds Windpark Maldegem NV	BE	70.00%	70.00%	Wind
Electrawinds Windpark Berlare NV	BE	51.00%	51.00%	Wind
Grenslandpower NV	BE	50.01%		Wind
Focalia Energies SAS	FR		75.00%	DCPM
Electrawinds Shabla JSCo	BG	100.00%	100.00%	Wind
Focalia 42 SAS	FR		75.00%	DCPM
Pigeon Blanc SAS	FR	70.00%	70.00%	Wind
Electrawinds Windpark Sint-Lievens-Houtem NV	BE	100.00%	100.00%	DCPM
Electrawinds-S (Serbia) D.o.o. Beograd	SR	100.00%	100.00%	DCPM
Electrawinds Africa & Indian OceanIslands PTY	SA	100.00%	100.00%	Wind
Electrawinds Morbihan SAS	FR	100.00%	100.00%	DCPM
Energo Services CVBA	BE	100.00%	100.00%	DCPM
Ballycadden Wind Farm Ltd	IE	51.00%	51.00%	Wind
Electrawinds Offshore NV	BE	100.00%	100.00%	DCPM
Electrawinds Vran srl	RO	100.00%	100.00%	DCPM
Elnu NV	BE	100.00%	100.00%	DCPM
Electrawinds Genco Biomass srl	RO	75.00%	75.00%	DCPM
Electrawinds Storage NV	BE	100.00%	100.00%	Bio
Electrawinds Coega (Proprietary) Ltd	SA	97.24%	100.00%	DCPM
Electrawinds Kenya Ltd	KE	100.00%	-	DCPM
Electrawinds Wesley Proprietary Ltd	SA	85.71%	100.00%	DCPM
Electrawinds Seeland Proprietary Ltd	SA	85.71%	100.00%	DCPM
Electrawinds SEWECO Proprietary Ltd	SA	100.00%	100.00%	DCPM
Electrawinds UK Ltd	GB	100.00%	-	DCPM
Enfinity San Severo srl	IT	75.00%	-	DCPM
Enfinity Alexina srl	IT	75.00%	-	DCPM
Electrawinds K-Wind doo	SR	100.00%	-	DCPM
Electrawinds Plus NV	BE	100.00%	100.00%	Wind
Electrawinds Solar srl	IT	100.00%	-	Solar
Electrawinds ReFuel BV	NL	70.00%	-	Bio
Electrawinds GreenFuel BV	NL	70.00%	-	Bio
Reg 4 srl	IT	100.00%		Solar
Cogeland sas	FR	68.00%		DCPM

Focalia Energies sas and Focalia 42 sas were liquidated in 2012.

Following entities are joint ventures of the Group and consolidated via equity method:

Company	Country of incorporation	Owership December 31,2012	Owership December 31, 2011	Segment
Electrawinds Greenpower Oostende NV	BE	50.00%	50.00%	Bio
Grenslandpower NV	BE	-	50.00%	DCPM
Biomelec SAS	FR	50.00%	50.00%	Bio
Norther SA	BE	50.00%	50.00%	DCPM
Pinewood Wind Ltd	IE	50.00%	-	DCPM
Les Royeux Energies SAS	FR	50.00%		DCPM
Le Haut Bosquet Energies SAS	FR	50.00%		DCPM

Following entities are associates of the Group and consolidated via equity method:

Company	Country of incorporation	Owership December 31, 2012	Owership December 31, 2011	Segment
Penquer Eolien SAS	FR	40.00%	40.00%	Wind
Vleemo NV	BE	-	25.00%	Wind

Following entities were incorporated during the reporting period:

Electrawinds Kenya Ltd

Electrawinds Kenya Ltd was incorporated on November 9th, 2011, and is a 100% subsidiary of Electrawinds SE. Electrawinds Kenya intends to develop wind, bio and other green energy projects in Kenia.

Electrawinds UK Ltd

Electrawinds UK Ltd was incorporated on March 9th, 2012, and is a 100% subsidiary of Electrawinds SE. The company will develop wind projects in the UK.

Electrawinds K-Wind doo

Electrawinds K-Wind doo was incorporated on March 9th, 2012, and is a 100% subsidiary of Electrawinds SE. The company will develop wind projects in Serbia.

Electrawinds Solar srl

Electrawinds Solar srl was incorporated on April 26th, 2012, and is a 100% subsidiary of Electrawinds SE and operates a solar park of 0,898MwH.

Cogeland sas

Cogeland sas was incorporated on August 26th, 2012. Electrawinds SE, via its subsidiary Electrawinds France sas, holds 68% of the share capital of the company. Archimbaud sas is owner of the minority interest of 32%. The company intends to develop a Bio project in France.

Les Royeux Energies sas and Les Haut Bosquet Energies sas

Both companies are incorporated on February 29, 2012 in a 50% cooperation with Valorem sas and intend to develop wind projects.

34. Business combinations

34.1 Acquisition of subsidiaries

Reg 4 srl

The Group acquired 100% of the interests of Reg 4 srl on July 4th, 2012, as part of the expansion of the Solar segment.

Reg 4 srl operates a solar park in Italy of 0.916 MwH. Reg 4 srl contributed revenue of €0.2mio and a net loss of 36,000€ to the Group for the period July 4th, 2012 to December 31, 2012. If the acquisition had occurred on January 1st, 2012, Reg 4 srl would have contributed revenue of €0.4mio and a net gain of 67,000€.

The assets and liabilities arising from the acquisition are as follows:

Reg 4 srl 000€	Fair value	Acquiree's carying amount
Intangible assets	99	99
Tangible fixed assets	1.590	1.590
Assets under construction	1.590	1.590
Working capital	-1.008	-1.008
Trade debtors	19	19
Other debtors	155	155
Trade payables	-1.182	-1.182
Cash and cash equivalent	1	1
Fair value of net assets	681	681
Interest part of Electrawinds NV	**100%**	
Fair value part of Reg 4 srl	**681**	
Purchase consideration at fair value settled in cash	676	
Gain on bargain purchase	-5	

Electrawinds San Severo srl

On January 30th, 2012, the Group acquired 75% of the shares of Enfinity San Severo (now Electrawinds San Severo srl) as part of a transaction involving Electrawinds San Severo srl, Electrawinds Alexina srl and Pinewood Wind Ltd. The purchase consideration for Electrawinds San Severo amounts to 70,000€. The goodwill on the acquisition of Electrawinds San Severo srl is impaired at December 31, 2012. The company holds a portfolio of wind projects in east of Italy. As a development company of wind projects, the company did not contribute to the 2012 results.

Electrawinds San Severo srl 000€	Fair value	Acquiree's carying amount
Intangible assets		324
Working capital	51	-346
Other debtors	61	61
Trade debts	-10	-10
Other amounts payable		-398
Fair value of net assets	51	-22
Interest part of Electrawinds NV	**75%**	
Fair value part of Electrawinds NV	**38**	
Purchase consideration settled in cash	69	
Goodwill	31	

Electrawinds Alexina srl

On January 30th, 2012, the Group acquired 75% of the shares of Enfinity Alexina srl (now Electrawinds Alexina srl) as part of a transaction involving Electrawinds San Severo srl, Electrawinds Alexina srl and Pinewood Wind Ltd. The purchase consideration for Electrawinds Alexina amount to 70,000€. The goodwill on the acquisition of Electrawinds Alexina srl is impaired at December 31, 2012. The company holds a portfolio of wind projects near Pescara in the east of Italy. As a development company of wind projects, the company did not contribute to the 2012 results.

Enfinity Alexina srl 000€	Fair value	Acquiree's carying amount
Intangible assets		383
Working capital	62	-410
Other debtors	73	73
Trade payables	-10	-10
Other amounts payable		-473
Fair value of net assets	62	-28
Interest part of Electrawinds NV	**75%**	
Fair value part of Electrawinds NV	**47**	
Purchase consideration settled in cash	69	
Goodwill	23	

Electrawinds Refuel BV

On April 27, 2012 Electrawinds acquired 70% of the shares of Goes on Green Energy BV (now Electrawinds Refuel BV). Goes on Green Energy BV is the 100% shareholder of Goes on Green BV (now Electrawinds Greenfuel BV). Both companies are located in Sluiskil, the Netherlands. Goes on Green Energy BV owns a biodiesel plant with a nominal capacity of 250.000MT per year. The Group acquired Electrawinds Refuel BV because of the vertically integration strategy which intends to diversify the range of products coming from the process of fat refining.

Subconsolidation Electrawinds Refuel BV 000€	Fair value	Acquiree's carrying amount
Tangible fixed assets	12,032	47
Land & buildings	11,985	
Plant, machinery & equipment	47	47
Working capital	-1,007	-1,232
Inventory	225	
Other debtors	234	234
Trade debts	-888	-888
Other amounts payable	-578	-578
Financial debt	-193	-193
Cash and cash equivalent	5	5
Deferred tax assets on TLCF	907	
Deferred tax assets on timing difference	-3,055	
Fair value of net assets	8,684	-1,378
Interest part of Electrawinds NV	**70%**	
Fair value part of Electrawinds NV	**6,079**	
Purchase consideration paid in cash	1,395	
Purchase consideration as contingent liability	2,240	
Gain on bargain purchase	-2,443	

The installations of Goes on Green Energy BV were built in 2008 for a total amount of approximately €50.0mio and impaired in the statutory accounts. The fair value of the installations has been determined and estimated by the management, at €12.0mio.

The fair value of the deferred tax assets is determined at €0.9mio. The group is preparing the application to the Dutch tax authorities that the part, attributable to Electrawinds Refuel BV and Electrawinds Greenfuel BV, of the tax losses of the former fiscal unity can be used to compensate future benefits.

The consideration transferred in cash amounts to €1.4mio. The acquisition agreement includes a deferred contingent consideration liability of €2.2mio which is conditional depending on performance conditions for the first time based on production figures of 2013.

A gain on bargain purchase of €2.4mio is the result of the fair value assessment of the property, plant and equipment and recognized in the income statement under financial result.

From the date of the acquisition, the revenue from Biodiesel, via Electrawinds Biomassa NV, amounted to €4.9mio. It is impracticable to indicate the revenue and profit before tax if the combination had taken place at the beginning of 2012, because of the extensive initial start up period and investments that are made to get the production plant ready in order to deliver biodiesel as intended by the management.

34.2 Acquisition of associated interests

Pinewood Wind Ltd

On January 30th, 2012, Electrawinds acquired 50% of the shares of Pinewood Wind Ltd, based in Ireland. The company is developing a wind project estimated at 22MW.
The acquisition of Pinewood Wind Ltd was settled in cash amounting to 30,000€. A contingent consideration liability of 522,500€ was taken into account considering the purchase consideration.

Pinewood Wind Ltd	Fair value	Acquiree's carying amount
Intangible assets	88	
Tangible fixed assets	39	
Plant, machinery & equipment	39	
Working capital	-202	-202
Other amounts payable	-202	-202
Deferred taxes	-16	
Fair value of net assets	-91	-202
Part of Electrawinds NV	**50%**	
Fair value part of Electrawinds NV	**-45**	
Purchase consideration settled in cash	2	
Contingent consideration liability	523	
Goodwill	570	

The goodwill of €0.6mio comprises the value of the wind projects in development. These projects are not separately recognized. Goodwill is allocated entirely of the DCPM segment. None of the goodwill recognized is expected to be deductible for income tax purposes. The goodwill relating to Pinewood is included in the carrying amount of the investment. As a development company of wind projects, the company did not contribute to the 2012 results.

35. Share based payments

Class B Warrants

Immediately prior to the IPO of European Cleantech I SE on October 18, 2010 the Company raised further funds through a private placement of 4 968 678 Class B warrants with the founding shareholders, for an aggregate subscription price of €4,968,678 (1€ per Class B warrant). As long as the Class B Warrants are held by the founding shareholders or their affiliates: they will not be redeemable and they may be exercised on a cashless basis at the holder's option. According to these conditions Class B Warrants are treated as equity under IFRS 2.

Class B warrants are exchangeable into Class A shares at an exercise price of €11.5.

These Class B warrants, subscribed by the founding shareholders, are measured as at the grant date, October 18, 2010, using a binominal model for an amount of €2,6mio.

A Release agreement regarding Class B warrants, dated October 11, 2012 reduced the number of Class B warrants from 4,968,678 warrants to 972,906 Class B warrants. The subscription price is set at €5.10704836849. As of date of these financial statements, none of the Class B warrants have been exercised.

There were 3,995,772 B warrants forfeited, no warrants exercised or no expired warrants in the reporting period.

ESOP Warrants Electrawinds NV

In 2008, Electrawinds NV issued 459,000 registered ESOP Warrants in the framework of the "stock option plan 2008". Electrawinds NV granted a total of 435,729 ESOP Warrants to key employees and senior managers as ESOP Participants. As per December 31, 2012, a total of 321,400 ESOP Warrants have been granted and allocated to the ESOP Participants and remain outstanding. The ESOP Warrants that have not been granted at October 11, 2012, will be canceled by Electrawinds NV. On May 2nd, 2012, Electrawinds SE entered with each ESOP Participant into an agreement to sell and contribute any new ordinary registered shares in Electrawinds NV to be issued by Electrawinds NV upon the exercise of the ESOP Warrants to the Company, either on the 30th day, or at the election of the respective ESOP Participant, on the 380th day following the issuance of such shares, against issuance of new public shares by the Company, applying the same valuation as in connection with the business combination

Date of plan	Beneficiaries	# of warrants granted	#of shares upon exercise	Exercise date
November 2008	Senior & Key managers	271,400	271,400	November 2013 or exit
March 2011	Senior & Key managers	50,000	50,000	March 2016 or exit

Activity under the ESOP warrant plan for the two years ended 31 December was as follows:

	Number of warrants	Weighted average exercise price
Outstanding as at December 31, 2010	271,400	12.50
Granted	100,000	19.22
Outstanding as at December 31, 2011	371,400	14.31
Forfeited	-50,000	
Outstanding as at December 31, 2012	321,400	16.38

The fair values of warrants granted were determined using a variation of the Black and Scholes model that takes into account factors specific to the share incentive plans, such as the vesting period.

The following principal assumptions were used in the valuation:

	Stock warrant plan 2 Senior & Key managers	Stock warrant plan 2 Senior & Key managers
Grant date	November 17th, 2008	March 16th, 2011
Vesting period ends	November 17th, 2013	March 16th, 2016
Share price at date of grant	19	19.22
Volatility	0%	0%
Option life	5 years	5 years
Dividend yield	0%	0%
Risk-free investment rate	3.31%	3.31%
Fair value at grant date (per share Electrawinds NV)	19.00	19.22
Exercise price at date of grant (per share Electrawinds NV)	12.50	19.22
Exercisable from/to	November 15th till december 15th	March 15th till April 15th
Weighted average remaining contractual life	0.96	3.25

36. Retirement benefit plans

The group operates defined contribution retirement plans. The assets of the plans are held separately from those of the Group in funds under control of trustees. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognized in the consolidated income statement of €0.3mio (2011: €0.3mio) represents contributions to these plans at rates specified in the rules of the plans.

At December 31, 2012, contributions amounting to 23,900€ due in respect of the 2012 reporting period had not been paid to these plans. (2011: 25,500€)
These amounts were paid subsequent to the end of the reporting period.

The Group operates no defined benefit plans. The Group has no post-employment benefit plans to employees.

37. Operating leases

The group companies lease the land of the windmill and solar farms through long-term lease contracts. The future minimum lease payments under non-cancellable leases are analyzed below:

December 31, 2012		Future payments		
'000 €	Annual rent	< 1 year	1 - 5 years	> 5 years
Windmill farms	966	1,048	4,197	14,681
Solar farms	220	141	565	1,848
Office buildings	271	213	134	0
Total	1,457	1,402	4,896	16,529

December 31, 2011		Future payments		
'000 €	Annual rent	< 1 year	1 - 5 years	> 5 years
Windmill farms	795	828	3,318	12,213
Solar farms	64	141	565	1,848
Office buildings	94	109	384	239
Total	953	1,078	4,267	14,300

In addition, the group companies have also entered into operational leasing agreements for the rent of small equipment and cars. The length of these contracts varies from 1 to 4 years. The expenses attributable to these contracts are as follows:

'000 €	December 31, 2012	December 31, 2011
Office rent & Land	974	174
Rent office furniture	76	49
Rent equipment	83	181
Rent cars	159	161
Rent other	87	59
External Store	2,452	1,134
Total	3,831	1,758

The increase in 2012 of office rent & land is attributable to the rent payments for the land in Sluiskil (NL) of Electrawinds Refuel BV. The external storage increased to due increased inventory of fats.

38. Ultimate controlling parties and related party transactions

The company has no ultimate controlling party.

Entities and natural persons (and their families) are considered related parties if they are in a position to control Electrawinds SE or to exert a significant influence on its financial and business policies. For the purpose of assessing the significant influence exercised by related parties on the financial or business policies of Electrawinds SE, the existence of fiduciary relationships is taken into account in addition to the existing control relationship.

'000€	December 31, 2012	December 31,2011
Expenses		
Board of Directors	200	180
Key management staff	2,403	2,508
Joint ventures & Associates	238	2,656
Other related parties	39,174	46,407
Income		
Key management staff	17	26
Joint ventures & Associates	1,530	7,867
Other related parties	5,769	319
Total payables		
Board of Directors	51	15
Key management staff	123	78
Joint ventures & Associates		108
Other related parties	9,848	10,311
Total receivables		
Key management staff	243	237
Joint ventures & Associates	8,092	9,179
Other related parties	2,590	

Transactions with associates and joint ventures

Transactions with Joint Ventures and Associates refer to Greenpower, Vleemo, Rentel, Otary, Norther and Energy5. The company delivered services to Greenpower for an amount of €0.2 mio (2011: €2.7mio) and Greenpower sold electricity output to Electrawinds Distributie NV for an amount of €0.8 mio (2011: €7.8mio). The Group had outstanding receivable balances with Greenpower NV for an amount of €7.9mio (2011: €9.1 mio) of which €6.2 refers to a loan and €1.7 mio to commercial services. On the other hand, the Group has no outstanding payables towards Greenpower NV (2011: €0.1 mio).
The Group invoiced in 2012 for €0.8mio to other associates and joint ventures, mainly for management and development services of which at the end of 2012, €0.2mio was outstanding.

Transactions with key management personnel

Key management of the Group are the executive members of the Board of Directors and members of the management.
The composition of the Board is described on page 53.
The remuneration of the Board of Directors for 2012 amounts to €0.2 mio (2011: €0.2mio).

'000€	December 31, 2012	December 31, 2011
Short term employee benefits	2,314	2,508
Share based payments	475	833
Total remuneration	2,789	3,341

The Group has no future obligations, such as post-employment benefits, termination benefits or other obligations towards key management personnel.

At the end of the reporting period the Group had €0.2mio receivables towards Key management personnel and €0.2mio payables.

Transactions with other related parties

Other related parties refer to Mindest SA and Capital Advice. Mindest SA is controlled by shareholder and former director of Electrawinds NV Bertrand Bornhauser. A supply agreement for the delivery of the raw materials for the Biomass plant was concluded between Mindest SA and Biomassa NV. The total purchases from Mindest SA amounted to €38.0 million in 2012 (€45.9 million during 2011) of which €9.3mio was outstanding as at December 31, 2012 (2011: €10.0 mio). The Group supplied FFA's to Mindest for a total amount of €5.8mio (2011: 0.3 mio), of which €2.6mio were outstanding at the end of 2012 (2011: €0). Finally, during 2006 the company obtained a subordinated loan of €0.5 million at an interest rate of 5.00 % p.a from Mindest SA, which is still outstanding.

Capital Advice NV, of which Alexandre Vandekerckhove (permanent representative of Winpar NV) is a shareholder and director, advises the Group on its capital structure and funding. The total fees for those services amounted to €1.2mio (2011: €0.5mio) which was fully paid at reporting date.

All amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

39. Financial risk management

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that stem directly from its operations. The Group holds available for sale investments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The group's risk management is coordinated at its headquarters, in close co-operation with the Board of Directors. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

Market risk

Foreign exchange risk

The foreign exchange risk on the Group's activities abroad are limited: on the one hand, operations in countries outside the Euro zone only recently started, on the other hand the foreign exchange risk on the wind and bio projects in these regions are limited as the capital expenditures as well as the financing were made in Euros.
The currency rates against euro relevant to the annual financial statements are:

	December 31, 2012	Average 2012	December 31, 2011	Average 2011
BGN	1.95538	1.95538	1.95538	1.95538
GBP	0.8187	0.81119	.	.
KES	113.111	106.97566	.	.
PLN	4.0882	4.17708	4.4168	4.12649
RON	4.4287	4.45328	4.3197	4.2437
RSD	113.7183	112.43915	104.6409	102.57844
ZAR	11.4374	10.53581	10.72	10.10081

Volume risk

In order to mitigate the risk related to the fact that produced electricity cannot be stored, the Group concludes long term Power Purchase Agreements with its customers.

Price risk

Purchase price of raw materials
The major raw materials are animal fats for the Biomass plants and RDF for the bio steam plant. The price evolution and the continuation of delivery of the raw material are a major business risk. In order to control this risk long term supply agreements have been concluded with the different suppliers. As the price of some raw materials is to a certain extent linked to the gas price, the company has also used derivatives to reduce the impact of fluctuations of its raw material cost. A total gas volume of 473,520 MWh was hedged for a 2-year period starting on January 1st 2010.

Electricity price

In a number of countries (including Belgium) where the Group is active, it is exposed to the risk of changes in the price of electricity. Electrawinds can opt to fix the price with its suppliers for the coming quarters up to maximum 1 year.
In addition, the company uses derivative financial instruments to hedge its exposure to fluctuations in the price of electricity. In December 2007, Electrawinds Biostoom NV entered into a forward starting put option in order to secure a minimum price of an annual volume of 120.000 MWh during a 10-year period. A premium of €2.1mio was paid in February 2008.
In order to optimize the electricity prices the Group also buys, through its affiliate, Electrawinds Distribution NV, electricity from the operating entities in the Bio segment and resells on the Belpex spot market or sells forward in bilateral over the counter contracts to utility providers.

Interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risks. The largest part of those borrowings is hedged by means of interest rate derivatives. The Group uses following types of derivatives:

Interest rate swap (IRS)
Electrawinds pays a fixed interest rate and receives a floating rate payment that matches the interest payable on the loan.

Interest rate cap
By means of paying an upfront premium, Electrawinds effectively caps its interest charge at the strike level of the option.

The following table shows the outstanding notional amounts of the interest rate swaps:

December 31, 2012	Total	Due within 1 year	Due between 1 - 5 years	Due between 5 - 10 years	Due after 10 years
IRS	200,693	12,567		103,831	84,295
IRS callable	3,952		3,952		
Total	204,645	12,567	3,952	103,831	84,295

December 31, 2011	Total	Due within 1 year	Due between 1 - 5 years	Due between 5 - 10 years	Due after 10 years
IRS	155,456		7,167	101,279	47,010
IRS callable	3,952		3,952		
Total	159,408	0	11,119	101,279	47,010

Sensitivity analysis
The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 1% (2011: +/-1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the short term interest rate on the reporting date. All other variables are held constant.

000€	1%	-1%
December 31, 2012	-344	344
December 31, 2011	-538	538

An increase of the short term interest rates by 1% would result in an increase of financial expenses by €0.3mio.

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. Reports on the equity portfolio are submitted to the senior management of the Group on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.
At reporting date, the exposure to listed equity securities at fair value was €19.7mio. A decrease or increase by 10% of the trading price has an impact of €3.4mio only on equity (treasury shares), but does not have an effect on profit or loss.

Public warrant fair value risk

The Group's public warrants are accounted for as financial liability recognized at fair value through the income statement. The fair value of the public warrants is based on the quoted market price at reporting date. A change in the market price of the public warrants will impact the income statement and the equity as well as the amount of the liability. An increasing market price for the public warrants would result in a higher liability and a loss in the comprehensive income.
Sensitivity analysis
The closing price for the public warrants for the year ended December 31, 2012 was quoted at 0.15€. An increase in the market price of 10% would result in a loss and a negative impact of €0.173 whereas a decrease of 10% in the market price would result in a gain and a positive equity impact of €0.173€.

Regulatory support

As producer of "renewable energy" the company is entitled to "green certificates". This portion of the company's revenues is subject to governmental energy policy.

Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Trade receivable risk

For the risk control assessment of customers, the Group takes into account past experience, its financial positions and other objective parameters. Accounts receivable are regularly monitored.
The Group evaluates the concentration of risk with respect to trade receivables as low.

Financial instruments and cash deposits

The credit risk for cash and cash equivalents and derivate financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and cash outflows due in a day-to-day business. Cash forecast and liquidity needs are monitored, through intensive communication with the different departments and countries, in various time bands. The Groups' bank accounts are all operated and managed from its headquarters.

Within a 12-month period following the end of the reporting period, significant debt maturities fall due for a total principal amount of €183mio at consolidated group level.

A) Out of the €183mio falling due during the next 12-months €45mio short-term maturities are due by the subsidiaries of Electrawinds NV (belonging to different Group segments) predominantly falling due under relevant project financing arrangements secured by project assets and governed by relevant covenants that were tested and met at the end of the reporting period. An amount of €25.3mio of cash and cash equivalents serves as a security on obligations for operational entities and therefore is not freely available.

B) The remainder of the short term maturities amounting to €138mio of which €106mio falling due by Electrawinds N.V. are subject to refinancing risk. The proceeds of the anticipated share capital plan and the ability to successfully refinance the debt of the company are crucial for the continuation and further development of our activities.

C) The Board of Electrawinds SE has appointed an advisor to assist the company in raising significant amounts of capital to ensure debt maturities are met and necessary funds for going concern are provided for. The Board of Directors of Electrawinds SE has approved a capital increase plan targeted at raising by beginning of Q3-2013 significant amounts of capital from existing shareholders and new shareholders to be used as capital increase in Electrawinds NV with the purpose of first repaying bank debt and subordinated shareholder debt falling due and secondly providing necessary funds for further growth of the company. In addition, the Electrawinds Group will pursue selected divestments of mainly minority stakes in its operating subsidiaries in its ordinary course of business within the company asset rotation and portfolio management activities.

The Electrawinds SE Board of Directors has decided on April 22, 2013, to launch a capital increase plan to be completed by the beginning of Q3-2013. The capital increase plan consists out of 3 parts and is aimed at raising substantial amounts of new capital from

- existing shareholders, of which some have indicated, subject to certain conditions (all of which are currently assessed as probable of being reached) their support for a substantial amount,
- new identified parties for substantial amounts
- a capital markets transaction as third part of the capital increase transaction.

It is management's assessment that the current and reasonably expected future results of these actions, should allow the Company to continue as a going-concern. However, in case the above actions would not timely materialize and/or only bring limited amounts of new capital to the company, further mitigations measures would be needed such as the acceleration of the assets divestment program, deferral of the realization of new projects, further expenses reduction, renegotiation of financing terms with the banks etc. in order to be able to continue as going-concern.

Balance at December 31, 2012	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
Bank borrowings	86,787	119,613	73,118	279,518
Leasings	3,415	15,621	18,624	37,660
Subordinated debt	53,791	27,873		81,664
Derivative financial instruments	148	1,962	17,198	19,308
Trade payables	33,652			33,652
Other current liabilities	4,949			4,949
Total	182,742	165,069	108,940	456,751

Balance at December 31, 2011	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
Bank borrowings	67,094	94,685	79,341	241,120
Leasings	3,266	9,826	9,961	23,053
Subordinated debt		94,464		94,464
Derivative financial instruments	64	230	14,459	14,753
Trade payables	43,193			43,193
Other current liabilities	324			324
Total	113,941	199,205	103,761	416,907

The financial liability resulting from the public warrants is not subject to liquidity risk. Public warrants will be settled net in shares and therefore the exercising of the public warrants will not trigger any cash outflows.

40. Capital risk management

The Group' s capital management objectives are:
• to ensure the Group's ability to continue as a going concern; and
• to provide an adequate return to shareholders

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Management evaluates its capital needs based on following data:

'000€	December 31, 2012	December 31, 2011
Bank borrowings and leasings	317,177	264,173
Cash and cash equivalents	-37,510	-36,921
Net senior financial debt	279,667	227,252
Equity	85,510	64,352
Subordinated loans falling due within 1 year	53,791	
Subordinated loans falling due after 1 year	27,873	94,494
Total equity and subordinated loans	**167,174**	**158,816**
Gearing ratio	**167%**	**143%**

Net financial debt is calculated as a total of non current and current borrowings less cash and cash equivalents.

We refer to note 39 above for more explanation for a full description on the liquidity risk.

41. Off-balance sheet commitments

The main characteristics of the financial liabilities including covenants and off-balance sheet commitments are detailed below:

'000€	December 31, 2012	December 31, 2011
Mortgages	47,856	45,844
Mortgages rights	205,857	188,808
Pledge on the floating assets	28,795	28,611
Mandate Pledge floating assets	150,927	140,159
Guarantees of Electrawinds NV on behalf of subsidiaries	11,630	11,074
Total guarantees	**445,065**	**414,496**
Bank guarantee towards landlords	431	720
Bank guarantee towards suppliers	16,514	96
Bank guarantee towards goverment	4,771	4,744
Total bank guarantees	**21,716**	**5,560**
Total contractual commitments	**13,681**	**26,366**
Total guarantees and commitments	480,462	446,422

The company has issued bank guarantees for an amount of €21.7mio (2011: €5.6mio)in order to guarantee commitments towards suppliers, customers and the landlords of rented premises. The increase of guarantees towards suppliers is entirely attributable to Enercon and Vestas for the construction of wind mill parks in Ireland (Ballycadden) and Perwez in Belgium.
Contractual commitments for the acquisition of property, plant and equipment are made in the normal course of business as Electrawinds enters into firm purchase commitments for the acquisition of technical equipment and machinery. Those commitments relate to the construction of electricity production units and the acquisition of technical equipment.

The size of the outstanding commitments at year end 2012 is equal to €13.7mio (2011: €26.4mio) as detailed below:

'000€	December 31, 2012	December 31, 2011
Purchase Wind Turbines	12,249	18,287
Purchase biofuel installations	1,432	8,080
Total outstanding commitments	13,681	26,367

Electrawinds concluded an agreement for the acquisition of Caledon Wind Energy Trading Pty ("Caledon"). Under the terms and conditions of this agreement the acquisition of Caledon ultimately depends on the result of the third Bid submission phase in South Africa. This third bid submission is currently foreseen in August 2013. The total purchase consideration could amount to proximally €5,5mio for the development of up to 50MW wind turbines.

42. Contingent assets and liabilities

The Group is involved in a number of discussions and legal procedures with various suppliers related to damages.

Barry Callebaut Belgium nv has initiated legal proceedings before court against Electrawinds NV for the non-execution of a biomass project. The total claim amounts to €11.6mio (excluding interest). During 2012, the court rejected the claim of Barry Callebaut Belgium NV, but they appealed.

In addition to the above mentioned proceeding, the Group is subject to other claims and legal proceedings incidental to the normal conduct of its business.

Management considers the claims mentioned above to be unjustified and the probability that they will require settlement at the Group's expense to be remote. This evaluation is consistent with external independent legal advice.

Further information on these contingencies is omitted so as not to prejudice the Group's position in related disputes.

43. Remuneration of members of Board of Directors and the management board

The compensation of the Board members of Electrawinds SE consists of a fixed component. The mandate of each directors is remunerated at €30,000 a year. The compensation of the chairman of the Board of Directors amounts to €50,000 a year. The mandates of Mr Dirk Dewals and Mr Rudi Vander Vennet are not remunerated. During 2012, total payments to directors amounted to €200,000 (2011: Electrawinds NV €180,000).

We refer to the management report, note 25 and note 35 for a description of the shares and warrants held by directors.

In 2012, 9 (2011: 7) meetings took place, of which 7 meetings concerned Electrawinds NV and another 2 concerned Electrawinds SE after the reverse asset acquisition.

44. Events after the reporting period

The Electrawinds SE Board of Directors decided on April 22, 2013 to continue the capital reinforcement measures by launching a capital increase program to be completed by beginning Q3, 2013. The proceeds of this fund raising will be used to retire bank debt and subordinated debt at holding level (in order to substantially reduce the interest expenses) as well as to provide the necessary funds to growth the installed base by realizing the ready-to-built projects from the pipeline.

45. Authorization of financial statements

The consolidated financial statements for the year ended 2012 (including comparatives) were approved by the Board of Directors on April 22, 2013.

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46. Independent auditor's report

Report on the consolidated financial statements

Following our appointment, we have audited the accompanying consolidated financial statements of Electrawinds SE, which comprise the consolidated statement of financial position as at 31 December 2012 together with the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Electrawinds SE as of 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of matter

Without qualifying our opinion, we draw your attention to Notes 3.1 and 39 of the consolidated financial statements which indicates that the Company and its subsidiaries have significant debt maturities falling due within 12 months. The realization of the Company's refinancing plans, which is currently in progress, is crucial for the continuation of the Company's operations, its results and its financial position. Although the Board of Directors has developed a plan to meet such refinancing obligations, there are significant uncertainties as regard to the actual implementation of certain steps of the plan.

These circumstances constitute a material uncertainty which may cast significant doubt about the ability of the group to continue its operations as a going concern. The financial statements do not include any adjustments that would result if the group was unable to continue as a going concern.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

Luxembourg, 22 April 2013

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé

Bruno DI BARTOLOMEO

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