Senvion SE
Hamburg

Short-form audit report
Consolidated financial statements and
Group management report
31 March 2015

Translation form the German language

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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Note:

We have issued the audit opinion presented below in compliance with legal and professional requirements subject to the conditions described in the enclosed "Engagement Terms, Liability and Conditions of Use".

Translation of the German audit opinion concerning the audit of financial statements and management report prepared in German

Audit opinion

We have audited the consolidated financial statements prepared by Senvion SE, Hamburg, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 1 April 2014 to 31 March 2015. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs [International Financial Reporting Standards] as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Translation of the German audit opinion concerning the audit of financial statements and management report prepared in German

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, 29 May 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Grummer	Machner
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Senvion SE, Hamburg
Consolidated Financial Statements
for the financial year 2014/2015

Senvion SE, Hamburg

Consolidated statement of financial position

Assets	Notes	2015/03/31 EUR	2014/03/31 EUR
Current assets			
Liquid funds	4.1.1	301,375,052	269,924,033
Gross amount due from customers for contract work as an asset	4.1.2	311,161,120	362,132,930
Trade accounts receivable	4.1.3	178,008,377	155,490,878
Receivables from related parties	4.1.4	32,009,293	23,575,480
Inventories	4.1.5	241,056,125	236,365,116
Receivables from income taxes		1,986,098	1,901,764
Other financial assets	4.1.6	2,234,369	9,419,382
Other miscellaneous assets	4.1.6	96,159,999	99,317,279
		1,163,990,433	**1,158,126,862**
Assets of disposal group classified as held for sale	**4.3**	**16,460,814**	**13,293,159**
Total current assets		**1,180,451,247**	**1,171,420,021**
Non-current assets			
Other intangible assets	4.2.1	125,766,227	104,075,442
Goodwill		15,632,175	15,632,175
Property, plant and equipment	4.2.2	205,188,112	201,221,894
Other financial investment		65,999	66,000
Loans granted		2,751,675	13,231,089
Deferred taxes	4.2.3	6,061,842	8,033,167
Total other non-current assets		3,661,549	7,396
Total non-current assets		**359,127,579**	**342,267,163**
Total assets		**1,539,578,826**	**1,513,687,184**

Shareholders` equity and liabilities	Notes	2015/03/31 EUR	2014/03/31 EUR
Current liabilities			
Short-term loans and current portion of long-term loans	7.2.	7,567,832	8,304,839
Trade accounts payable		337,188,743	331,135,526
Liabilities to related parties		10,851,371	3,508,425
Advance payments received	4.4.1	151,213,772	153,418,261
Gross amounts due to customers for contract work as a liability	4.1.2	16,531,255	20,747,367
Provisions	4.4.2	125,986,044	150,690,471
Deferred income	4.4.3	33,454,065	29,222,288
Income tax liabilities	4.4.4	27,070,170	4,907,593
Other financial liabilities	4.4.5	22,511,235	29,835,286
Other miscellaneous liabilities	4.4.5	18,118,412	15,969,858
Total current liabilities		**750,492,899**	**747,739,914**
Liabilities of disposal group classified as held for sale	4.3	**2,395,955**	**3,242,881**
Total current liabilities		**752,888,854**	**750,982,795**
Non-current liabilities			
Long-term loans	4.5	14,345,956	21,889,393
Deferred taxes	4.2.3	94,573,460	97,106,165
Other non-current financial liabilities		1,000,000	11,102,011
Total non-current liabilities		**109,919,416**	**130,097,569**
Equity			
Subscribed capital	4.6.1	9,220,179	9,220,179
Additional paid-in capital	4.6.2	299,220,430	303,675,502
Other reserves		3,096,741	3,425,016
Revaluation reserve		776,000	776,000
Currency translation		3,163,558	1,002,071
Cash flow hedging reserve		-842,817	1,646,945
Retained earnings		358,193,626	311,208,716
Equity attributable to shareholders of the parent company		**669,730,976**	**627,529,413**
Non-controlling interests	4.6.3	7,039,580	5,077,407
Total equity		**676,770,556**	**632,606,820**
Total equity and liabilities		**1,539,578,826**	**1,513,687,184**

Senvion SE, Hamburg

Consolidated income statement

	Notes	2014/04/01-2015/03/31 EUR	2013/04/01-2014/03/31 EUR
Revenues	5.1	1,926,244,479	1,806,018,709
Changes in work in progress		34,067,977	15,842,975
Work performed by the entity and capitalized		38,766,933	23,438,775
Total performance		**1,999,079,389**	**1,845,300,459**
Other operating income	5.2	33,738,275	43,714,388
Cost of materials/cost of purchased services		-1,490,579,586	-1,401,633,425
Personnel expenses	5.3	-208,928,598	-196,234,604
Depreciation of property, plant and equipment and amortization of intangible assets		-56,123,579	-44,628,562
Other operating expenses	5.4	-184,714,297	-145,320,792
Result from operating activities before exceptional items from reorganization		**92,471,604**	**101,197,464**
Exceptional items from reorganization	5.5	0	-38,041,113
Result from operating activities		**92,471,604**	**63,156,351**
Interest and similar financial income	5.6	1,975,953	1,127,446
Interest and similar financial expenses	5.6	-19,968,368	-16,193,670
Result before income taxes		**74,479,189**	**48,090,127**
Income tax expense	4.2.3	-28,146,708	-20,220,685
Profit / loss for the period from continuing operations		**46,332,481**	**27,869,442**
Profit / loss for the period from discontinued operations	4.3	1,211,118	-7,535,016
Net income for the period		**47,543,599**	**20,334,426**
Share of net income for the period attributable to non-controlling interests		558,689	-3,475,904
Continuing operations		0	0
Discontinued operations		558,689	-3,475,904
Share of net income for the period attributable to shareholders of the parent		**46,984,910**	**23,810,330**
Continuing operations		46,332,481	27,869,442
Discontinued operations		652,429	-4,059,112

Senvion SE, Hamburg

Consolidated statement of comprehensive income

	2014/04/01-2015/03/31 EUR	2013/04/01-2014/03/31 EUR
Net income for the period	**47,543,599**	**20,334,426**
Other comprehensive income to be reclassified to profit of loss in subsequent periods (net of tax)		
Other expenses/income from cash flow hedges	-3,516,950	2,655,064
Deferred taxes on other expenses/income from cash flow hedges	1,027,188	-772,889
Expenses/income of cash flow hedges after tax	**-2,489,762**	1,882,175
Currency translation	3,564,971	1,521,219
Other comprehensive income	**1,075,209**	**3,403,394**
Total comprehensive income	**48,618,808**	**23,737,820**
Share of net income for the period attributable to non-controlling interests from discontinued operations	1,962,173	-3,833,928
Share of net income for the period attributable to shareholders of the parent company	46,656,635	27,571,748

Senvion SE, Hamburg

Consolidated statement of cash flows

	Notes 9	2014/04/01-2015/03/31 EUR	2013/04/01-2014/03/31 EUR
Cash flow from operating activities			
Profit before income taxes		75,690,307	40,555,111
Adjustments for:			
Depreciation on property, plant and equipment, amortization of intangible assets and write-offs on financial assets		56,123,579	44,628,562
Interest income		-1,975,953	-1,127,446
Interest expenses		19,968,368	16,193,670
Increase/decrease in provisions		-24,704,427	32,192,112
Profit/loss from sales of property, plant and equipment, intangible and other long-term assets		70,787	819,584
Change in working capital		30,144,263	-19,575,805
Interest received		1,975,953	1,127,446
Interest paid		-25,405,329	-10,246,693
Income tax paid		-11,884,449	6,251,871
Cash flow from operating activities*		**120,003,099**	**110,818,412**
Cash flow from investing activities			
Cash receipts from the sale of property, plant and equipment, intangible and other long-term assets		1,811,886	3,671,113
Cash payments for the purchase of intangible assets		-43,555,236	-25,588,902
Cash payments from purchase of property, plant and equipment and other long-term assets		-39,290,465	-43,584,345
Acquisition of subsidiary: Net of cash acquired		102,376	0
Cash flow from investing activities**		**-80,931,439**	**-65,502,134**
Cash flow from financing activities			
Cash repayments of amounts borrowed		-7,543,437	-8,171,462
Cash flow from financing activities		**-7,543,437**	**-8,171,462**
Increase/decrease in cash and cash equivalents		**31,528,223**	**37,144,816**
Cash and cash equivalents at the beginning of the period		268,521,022	231,376,206
Cash and cash equivalents at the end of the period		**300,049,245**	**268,521,022**
Liquid funds		301,375,052	269,924,033
Cash displayed in „Assets of disposal group classified as held for sale“		6,242,025	6,901,828
Short-term bank liabilities		-7,567,832	-8,304,839
Cash and cash equivalents at the end of the period		**300,049,245**	**268,521,022**
* thereof from discontinued operations		-663,316	2,574,777
** thereof from discontinued operations		3,514	-7,849

Senvion SE, Hamburg

Consolidated statement of changes in shareholders’ equity

EUR	Subscribed capital	Additional paid-in capital	Currency translation *	Cash flow hedging reserve	Revaluation reserve	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Balance at 2013/04/01	**9,220,179**	**303,675,502**	**-877,174**	**-235,230**	**776,000**	**287,398,385**	**599,957,662**	**8,911,336**	**608,868,998**
Net income for the period						23,810,330	23,810,330	-3,475,904	20,334,426
Other income/expense from cash flow hedges				2,655,064			2,655,064		2,655,064
Deferred taxes on other income/expense from cash flow hedges				-772,889			-772,889		-772,889
Currency translation			1,879,245				1,879,245	-358,026	1,521,219
Comprehensive Income			1,879,245	1,882,175		23,810,330	27,571,750	-3,833,928	23,737,822
Balance at 2014/03/31	**9,220,179**	**303,675,502**	**1,002,071**	**1,646,945**	**776,000**	**311,208,715**	**627,529,413**	**5,077,407**	**632,606,820**

Due to rounding differences, figures in the consolidated statement of changes in equity may deviate by 1 euro from those displayed in the consolidated statement of financial position and the consolidated income statement.

* *Thereof from discontinued operations as of 31 March 2014: 683 k EUR*

EUR	Subscribed capital	Additional paid-in capital	Currency translation *	Cash flow hedging reserve	Revaluation reserve	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Balance at 2014/04/01	**9,220,179**	**303,675,502**	**1,002,071**	**1,646,945**	**776,000**	**311,208,716**	**627,529,413**	**5,077,407**	**632,606,820**
Net income for the period						46,984,910	46,984,910	558,689	47,543,599
Other income/expense from cash flow hedges				-3,516,950			-3,516,950		-3,516,950
Deferred taxes on other income/expense from cash flow hedges				1,027,188			1,027,188		1,027,188
Currency translation			2,161,487				2,161,487	1,403,484	3,564,971
Comprehensive Income			2,161,487	-2,489,762		46,984,910	46,656,635	1,962,173	48,618,808
Common control transactions		-4,455,072					-4,455,072		-4,455,072
Balance at 2015/03/31	**9,220,179**	**299,220,430**	**3,163,558**	**-842,817**	**776,000**	**358,193,626**	**669,730,976**	**7,039,580**	**676,770,556**

Due to rounding differences, figures in the consolidated statement of changes in equity may deviate by 1 euro from those displayed in the consolidated statement of financial position and the consolidated income statement.

* *Thereof from discontinued operations as of 31 March 2015: 2,333 k EUR*

SENVION
wind energy solutions

Senvion SE, Hamburg

Notes to the consolidated financial statements to the financial year 2014/2015

1 Introduction

The Senvion Group (Senvion) with Senvion SE, Überseering 10, 22297 Hamburg, Federal Republic of Germany, as its parent company, operates in the area of manufacturing and selling wind energy turbines as well as developing and providing turnkey wind farms.

Senvion SE has an obligation to prepare consolidated financial statements for the financial year ended 31 March 2015. The consolidated financial statements for the year ended 31 March 2015 were prepared in accordance with section 315a (1) of the German Commercial Code (HGB) in the currently valid version of the International Financial Reporting Standards (IFRS) as applicable in the European Union. The IFRS comprise the International Financial Reporting Standards and International Accounting Standards (IAS) published by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC). The requirements of the IFRSs have been met in full and result in a true and fair view of the net assets, financial position and results of operations of Senvion.

The consolidated financial statements and Group management report of the Company are published in the Federal Gazette (Bundesanzeiger).

The financial statements as of 31 March 2015 were approved by the Exceutive Board on 29 May 2015.

Individual items of the consolidated statement of financial position and the income statement have been summarized to improve the clarity of presentation. These items are explained in the notes. The consolidated financial statements are prepared with the euro as the presentation currency. The income statement is presented using the nature of expense method. Unless otherwise stated, all figures in the notes are accurate to the nearest thousand euro (k EUR) using commercial rounding.

As permitted under IAS 1, the company presents its statement of comprehensive income by presenting the income statement as a separate statement. The consolidated financial statements are prepared on a historical cost basis, except for derivative financial instruments, which are measured at fair value as of the reporting date.

2 Consolidation

2.1 Principles of consolidation

These consolidated financial statements include all significant directly or indirectly controlled German and foreign subsidiaries.

Subsidiaries are consolidated from the date of acquisition, being the date on which Senvion obtained control, and continue to be consolidated until the date when such control ceases. Control is achieved when Senvion is exposed, or has rights, to variable returns from its involvement with investee and has the ability to affect those returns through its power over the investee. Specifically, Senvion controls an investee if and only if Senvion has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When Senvion has less than a majority of the voting or similar rights of an investee, Senvion considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

Senvion re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full. Profit or loss and each component of other comprehensive income (OCI) are attributed to the shareholders of the parent company of the Group and to the non-controlling interests.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If Senvion loses control over a subsidiary it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary

- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate

2.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to other comprehensive income.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Business combinations under common control are not in the scope of IFRS 3. A business combination under common control is a transaction whereby the Group acquires a business which is ultimately controlled by the same party before and after the transaction. Senvion is applying the pooling of interest method to account for business combinations under common control. Assets and liabilities of the transferred business are recorded on the basis of their carrying amounts in the most recent consolidated financial statements of the transferring party. Comparative financial information for periods before the transaction took place is not adjusted.

2.3 Scope of consolidation

2.3.1 Fully consolidated companies

The consolidated group includes Senvion SE as well as the following German and foreign companies which are fully consolidated in the consolidated financial statements:

	Share in %
Project companies	
Senvion Betriebs- und Beteiligungsgesellschaft mbH (formerly REpower Betriebs- und Beteiligungs GmbH), Rendsburg , Germany	100.00
Senvion Windpark Betriebs GmbH (formerly REpower Windpark Betriebs GmbH), Hamburg, Germany	100.00
Senvion Investitions- und Projektierungs GmbH & Co.KG, Rendsburg (formerly REpower Investitions- und Projektierungs GmbH & Co. KG), Rendsburg, Germany	100.00
Windpark Blockland GmbH & Co. KG, Hamburg, Germany	100.00
Yorke Peninsula Wind Farm Project Pty Ltd, Melbourne, Australia	80.00
Production and services companies	
PowerBlades GmbH, Bremerhaven, Germany	100.00
Senvion Deutschland GmbH, Hamburg, Germany	100.00
REpower North (China) Ltd., Baotou, PR China	53.87
PowerBlades S.A., Vagos, Portugal	100.00
Ventipower S.A., Oliveira de Frades, Portugal	100.00
RiaBlades S.A., Vagos, Portugal	100.00
Ventinveste Indústria, SGPS, S.A., Oliveira de Frades, Portugal	100.00
RETC Renewable Energy Technology Center GmbH, Hamburg, Germany	100.00
Senvion India Ltd (formerly REpower India Ltd), Pune, India	100.00
PowerBlades Industries Inc., Québec, Canada	100.00
Sales companies	
Senvion France S.A.S. , Courbevoie, France	100.00
Senvion Italia S.r.l., Milan, Italy	100.00
Senvion Holding Pty Ltd (formerly RECA Holdings Pty Ltd), Melbourne, Australia	100.00
Senvion Australia Pty Ltd, Melbourne, Australia	100.00
Senvion (Beijing) Trading Co. Ltd. (formerly REpower Wind Systems Trading), Beijing, PR China	100.00
Senvion USA Corp., Denver, U.S.A.	100.00
Senvion Canada Inc., Montreal, Canada	100.00
Senvion Benelux b.v.b.a., Ostend, Belgium	100.00
Senvion UK Ltd., Edinburgh, UK	100.00
Senvion Polska, Sp.z o.o., Warsaw, Poland	100.00
Senvion Portugal S.A., Porto, Portugal	100.00
Senvion Scandinavia AB, Västerås, Sweden	100.00
Senvion Romania SRL, Bucharest, Romania	100.00
Senvion Austria GmbH, Ernstbrunn, Austria	100.00
Senvion Netherlands B.V., Nijkerk, Netherlands	100.00
Senvion Turkey Rüzgar Türbinleri Limited Şirketi, Istanbul, Turkey	100.00
Senvion (Shanghai) Trading Co. Ltd (still in phase of establishment), Shanghai, PR China	100.00
Shelf or shell companies	
WEL Windenergie Logistik GmbH, Schloß Holte-Stukenbrock, Germany	100.00

Senvion Deutschland GmbH has utilised the simplifications permitted under section 264 (3) HGB for the preparation, auditing and publication of the annual financial statements and management report for the financial year 2014/15.

PowerBlades GmbH has utilised the simplifications permitted under section 264 (3) HGB for the preparation and publication of the annual financial statements and management report for the financial year 2014/15.

2.3.2 Changes in the scope of consolidation

The group adopted IFRS 10 *Consolidated financial statements* in the current financial period. The change from IAS 27 to IFRS 10 had no impact on the scope of consolidation of the group.

As part of the expansion of its service and marketing activities, Senvion SE established Senvion Netherlands B.V., headquartered in Nijkerk, Netherlands, in April 2014 as well as Senvion Turkey Rüzgar Türbinleri Limited Şirketi, headquartered in Istanbul, Turkey, in June 2014. In addition, Senvion SE has started to established Senvion (Shanghai) Trading Co. Ltd, headquartered in Shanghai, PR China since March 2015. The articles of associations were signed on 7 April 2015.

On 31 March 2014, Senvion entered into a share purchase agreement with Valum Holding B.V., Amsterdam, Netherlands (a subsidiary of the ultimate parent), for the acquisition of 80% of the interest in Yorke Peninsula Wind Farm Project Pty. Ltd, Melbourne, Australia. The contract, which was contingent upon approval of the financing parties of the syndicated credit facility, became effective in June 2014.

As Yorke Peninsula Wind Farm Project Pty Ltd, Melbourne, Australia, was previously controlled by Valum Holding B.V., Amsterdam, Netherlands, a 100% subsidiary of Suzlon Energy Ltd, Pune, India, which also owns 100% of the shares in Senvion SE indirectly through its subsidiaries, the transfer was considered to be a business combination under common control.

Therefore, the assets and liabilities of Yorke Peninsula Wind Farm Project Pty Ltd were recognised at their carrying value recognised prior to the transaction in the consolidated financial statements under IFRS of the ultimate parent entity of Senvion SE. The difference between the consideration transferred and the net assets recognised as of transfer date were recognised directly in equity. Comparative financial information for periods before the transaction was not adjusted.

The following table shows the carrying amounts of assets and liabilities recorded as of transaction date:

	1 June 2014 Carrying amounts k EUR
Other current assets	3
Intangible assets	333
Trade accounts payable	528
Net assets acquired	-192
Cost of acquisition	4,263
Amounts recorded directly in Equity	4,455

The cost of acquisition was offset against an outstanding receivable of Suzlon Energy Ltd, Pune, India. The net profit of the group for the financial year 2014/2015 include a net loss of 1 k EUR and no revenue from York Peninsula Wind Farm Project Pty Ltd.

The entity Repower Northern Europe A/S, Aarhus was liquidated with effect from 30 September 2014 and is no longer part of the scope of consolidation. The deconsolidation took place at the same date.

In the financial year 2013/14 REpower España S.L., Madrid, Spain was liquidated with effect from 19 December 2013. Furthermore, as part of the expansion of its service and marketing activities, Senvion SE established Senvion Austria GmbH, headquartered in Ernstbrunn, Austria, in March 2014.

3 Accounting policies

The accounting policies applied in the consolidated financial statements for the financial year 2014/15 were adjusted to reflect the new standards, as stated in note 3.19.

3.1 Liquid funds

Cash and Cash equivalents include cash at bank and in hand and short-term deposits with an original maturity of three months or less. The cash equivalents are subject to an insignificant risk of changes in value.

3.2 Receivables and other financial assets

Trade receivables, receivables from related parties and other primary financial assets designated to the loans and receivables category are carried at fair value plus transaction costs on initial recognition. Subsequent measurement is at amortized cost using the effective interest rate method. Valuation allowances for impairment are determined on the basis of empirical values and individual risk assessments. Valuation allowances on trade receivables are reported in an allowance account for impairments are recognized via an allowance account or in the form of a direct write-down of the carrying amount of the receivable depending on the reliability of the assessment of the risk of impairment. An impairment loss is recognized when the carrying amount of a financial asset is higher than the present value of the expected future cash flows.

An impairment test is performed at each reporting date and on an ongoing basis throughout the year. The following triggers, amongst other things, may provide objective evidence of impairment:

- Significant financial difficulty of the obligor;
- The lender granting a concession to the borrower for economic or legal reasons relating to the borrower's financial difficulty;
- Likely insolvency or need for restructuring on the part of the borrower;
- Loss of an active market for the financial asset due to financial difficulties.

3.3 Inventories

Inventories comprise raw materials and supplies and work in progress. Raw materials and supplies are carried at the lower of cost or net realizable value. Work in progress is measured at the lower of cost or net realisable value. Net realizable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is calculated using the weighted average cost basis and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. In addition to material and production overheads, manufacturing costs comprise overheads attributable within the meaning of IAS 2, but not financing costs.

3.4 Property, plant and equipment

Property, plant and equipment is stated at cost and depreciated on a straight-line basis over their useful life. Cost includes all expenses for purchasing the assets, insofar as these can be reliably calculated or estimated. The manufacturing costs of internally generated equipment comprise direct costs as well as attributable overheads.

The assessment of depreciation is based on the following estimated useful lives:

	Useful life
	in years
Buildings	25-50
Technical equipment, plant and machinery	5-12
Office and operating equipment	3-14

3.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention 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

Capitalized development costs comprise all direct costs and overheads attributable to the development process. Development costs that account for customer specific production orders are recorded in capitalized orders. Financing costs are not capitalized.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

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 are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Acquired intangible assets are amortized on a straight line basis. Amortization of capitalised development cost is recognized on the basis of volume or on a straight line basis. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. If the volume of wind turbines benefiting from the respective development cost can be estimated with reasonable assurance, amortization is recognised on the basis of quantity of produced wind turbines. For all other development costs, amortization is recognized on a straight-line basis from the start of production for the expected product lifetime of the developed models or technologies.

	Useful life
	in years
Capitalized development costs	5*
Licences, software	3

* in years or according to quantity

3.6 Impairment of property, plant and equipment and intangible assets

Senvion SE performs impairment testing for items of property, plant and equipment and intangible assets.

In accordance with IAS 36, annual goodwill impairment testing is performed at the level of the cash generating units (or group of cash-generating units) to which goodwill is allocated in the Group's internal reporting system (impairment-only approach).

These cash generating units generally correspond to the individual Group companies. This does not include Group companies whose cash inflows are not independent from other group entities. In such cases, the Group companies in question form a group of cash-generating units for impairment testing purposes.

The recoverable amount is calculated on the basis of the value in use. The annual impairment test was performed as of 31 December 2014 (Prior period: 31 March 2014). Value in use is calculated on the basis of the budget for the last quarter of the current year and the next three years. The discount rate of 6.5% (previous period: 6.5%) is calculated using the WACC (weighted average cost of capital) approach. The beta factor applied in the calculation and the ratio of the fair value of equity to debt were determined by reference to a corresponding peer group. The significant assumption underlying the budget is the projected number of turbines installed and sold in the respective period. This assumption is based both on the existing order backlog including work in progress as of 31 December 2014 as well as forecasted sales. The growth rate used to extrapolate cashflow projections beyond the three year period was 1.0% (previous year: 1.0%).

Impairment is recognized for other intangible assets and property, plant and equipment if certain events or developments result in the carrying amount of the asset no longer being covered by the expected proceeds of disposal or the discounted net cash flows from continued use. If the recoverable amount of individual assets cannot be calculated, the cash flow is calculated for the next highest group of assets for which such a cash flow can be calculated. Impairment losses are reversed if the reasons for their recognition no longer apply in subsequent periods.

Impairment cannot be reversed in excess of the carrying amount that would have applied if no impairment had been recognized. Goodwill impairment will not be reversed.

Impairment losses totalling 35 k EUR were recognised on software and other licences in the first nine months of the financial year 2014/15. Under property, plant and equipment, no impairment losses were recognised in the financial year 2014/15.

3.7 Assets of disposal group classified as held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition and the sale is expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement. Property and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

The activities of REpower North (China) are displayed as a discontinued operation in this financial information (refer to Note 4.3).

3.8 Loans granted

Loans granted which are allocated to the loans and receivables category are carried at fair value on initial recognition. Subsequent measurement is at amortized cost using the effective interest rate method.

3.9 Provisions

Provisions are recognized in accordance with IAS 37. These relate to legal or constructive obligations for which settlement is probable to result in an outflow of financial resources and whose amount can be reliably estimated.

Warranty provisions are recognized both for known individual risks and for general risks. Specific technical warranty risks can be individually quantified by comprehensive documentation and are taken into consideration in the form of individual provisions. The economic risk and the level of provisioning are evaluated on an ongoing basis in coordination with the technical departments, taking existing risks into account.

Provisions are recognized for general risks on the basis of experience. The system for recognizing general warranty provisions is as follows: for turbines erected, provisions are recognized for the anticipated future costs per year of the warranty for the entire contractual warranty period. The anticipated costs are determined on the basis of past experience and reviewed on an ongoing basis. Due to the uncertainty involved the estimated costs, and hence the amount of the provisions, may differ from actual costs.

3.10 Liabilities

Trade accounts payable are measured at amortised cost using the effective interest rate method.

3.11 Revenue recognition

Revenue includes all revenues from the sale of wind energy turbines, license revenues, electricity revenues and revenues from service and maintenance contracts.

Wind Turbines

Revenue from the sale of wind turbines includes the production, delivery and installation of wind turbines. To a limited degree Senvion sells single components and spare parts of wind turbines.

The production, delivery and installation of wind turbines consist principally of fixed price contracts. If the outcome of such a contract can be reliably measured, in accordance with IAS 11, revenue associated with the construction contract is recognised by reference to the stage of completion of the contract activity at year end (the percentage of completion method). The outcome of a construction contract can be estimated reliably when:

- The total contract revenue can be measured reliably
- It is probable that the economic benefits associated with the contract will flow to the entity
- The costs to complete the contract and the stage of completion can be measured reliably
- The contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates

When the outcome of a construction cannot be estimated reliably (generally during early stages of a contract), contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable. In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on the proportion of total contract costs incurred to date and the estimated total contract costs. Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue, and they can be reliably measured.

Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: site labour costs (including site supervision);

costs of materials used in construction; costs of design, and technical assistance that is directly related to the contract.

Single components and spare parts

Revenue from single components and spare parts are recognized in accordance with IAS 18. They are regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, revenue is recognised only when all the significant conditions are satisfied.

License, electricity and service and maintenance

Revenues from licenses and electricity are also treated according to IAS 18. License revenues are generated from volume-based licenses. Revenues from service and maintenance contracts are recognised as the respective services are rendered; advance payments are deferred.

Interest income

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

3.12 Income tax expense

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at 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 recognised for all taxable temporary differences, except:

- When 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 recognised 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 utilised, except:

- When 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 recognised 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 utilised

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 utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised 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 realised 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 relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

3.13 Borrowing costs

If borrowing costs cannot be allocated to qualifying assets in accordance with IAS 23, they are expensed and not included in cost.

3.14 Government grants (investment subsidies)

Government grants are recognized depending on the nature of the subsidized expenses. Insofar as subsidies relate to capitalized assets, the grants received serve to reduce the cost of the subsidized assets. Grants provided as an expenditure allowance are recognized in the income statement of the financial year in which the subsidized expenses are incurred.

3.15 Transactions in foreign currencies

The Group's financial statements are presented in Euros, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by Senvion and the subsidiaries at their respective functional currency spot rates prevailing at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Euro at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

3.16 Exceptional items from reorganization

Senvion discloses exceptional items by virtue of their nature, size or incidence to allow a better understanding of the underlying trading performance of the Group.

3.17 Financial instruments

A financial instrument is any contract that gives rise to a financial asset to one entity and a financial liability or equity instrument of another entity. As a matter of principle, financial instruments are recognized as soon as a Senvion company becomes a party to a financial instrument. Financial assets are recognized on delivery, i.e. the date of order fulfilment. Derivative financial instruments are recognized at the trade date. Financial assets and financial liabilities are generally reported separately; they are only offset if the reporting entity has a right to offset and the intention to settle on a net basis.

Financial instruments consist of cash and cash equivalents, receivables, equity instruments held in other companies (i.e. shares in project corporations) and other financial assets as well as financial liabilities and loans, insofar as these are based on contracts. The initial recognition of financial assets is at fair value plus directly attributable transaction costs, insofar as the financial assets are not recognized at fair value through profit and loss. Subsequent measurement is at fair value or amortized cost using the effective interest rate, depending on the designation of the individual financial instruments to the IAS 39 categories.

Financial liabilities are carried at fair value less transaction costs on initial recognition and at amortized cost using the effective interest rate method in subsequent measurement.

Financial assets are derecognized if the rights to the cash flows resulting from the assets have expired or substantially all of the risks have been transferred to a third party such that the criteria for derecognition are met. Financial liabilities are derecognized if the relevant obligations have expired or been cancelled.

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

Derivative financial instruments are employed to hedge foreign exchange and interest rate risks. Derivative financial instruments are carried at fair value. The recognition of changes in the fair value of derivative financial instruments depends on whether these instruments are deployed as hedging instruments and the conditions for hedge accounting in accordance with IAS 39 are met.

If these conditions are not met despite the existence of a hedging relationship, the derivative financial instruments are allocated to the category “at fair value through profit and loss” and the changes in fair value are recognized directly in income.

The effective portion of the change in the fair value of a derivative financial instrument which was classified as a hedging instrument and which meets the definition of a cash flow hedge is recognized in other comprehensive income, net of tax. The ineffective portion is recognized in profit or loss. The effective portion is recognized in profit or loss when the hedged item is also recognized in profit or loss.

The group measures financial instruments such as derivatives at fair value at each reporting date. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarised in the note 7.2 and 7.3.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.18 Use of assumptions

The preparation of these interim consolidated financial statements requires the Group's management to make estimates and assumptions that form the basis for the value of assets and liabilities and revenue and expenses in the financial year. Key estimates and assumptions relate to impairment tests (see note 3.6 Impairment of property, plant and equipment and intangible assets), warranty provisions (see note 4.4.2 Provisions), the realisation of revenue according to the percentage of completion method (see note 4.1.2 Gross amount due from/to customers for contract work as an asset/as a liability) and income taxes (see note 4.2.3) and are described below:

- Impairment tests

The recoverable amount used in the impairment test is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units are disclosed and further explained in Note 3.6.

- Warranty provisions

Specific warranty provisions include expenses for material and labour, which will be incurred to repair individual defects which fall within the respective warranty period. The amount of cost provided is subject to estimates, such as the population of affected turbines as well as the severance and complexity of technical defects.

General warranty provisions are accounted for based on a historical 5 year average cost rate per turbine class.

- Revenue according to the percentage of completion method

The percentage of completion and the revenue to recognise are determined on the basis of a large number of estimates, such as estimated future cost to complete a project. Consequently, the group has implemented an internal financial budgeting and reporting system to adequately measure incurred and future cost required to completion. The group reviews monthly the estimates of contract revenue and contract costs as the contract progresses.

- Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised.

3.19 New accounting standards and their application

Financial reporting at Senvion SE in accordance with the IFRS is based on the IASB accounting standards adopted by the European Commission in the context of the endorsement process for the European Union, in accordance with Regulation (EC) no. 1606/2002 in conjunction with section 315a (1) of the German Commercial Code (HGB). The new IFRSs and amendments to existing IFRSs published by the IASB are mandatory only following a corresponding resolution by the Commission as part of the endorsement process.

The new standards on consolidation (IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements”, IFRS 12 “Disclosure of Interests in Other Entities”, and the resulting changes to IAS 27 “Separate Financial Statements”, and IAS 28 “Investments in Associates”) have been applicable since 1 April 2014. Their initial application had no effects on the Senvion Group´s net assets, financial position and result of operations. Also the first-time adoption of other amended standards had no impact on the financial statements of the group.

The following standards and interpretations published by the IASB and IFRIC are not yet mandatory because they have not yet been endorsed by the EU or the date of their first mandatory application has not yet been reached:

Standards / interpretations		Mandatory application	Endorsement by European Commission	Expected Effects
IFRIC 21	Levies	17 June 2014	Yes	No effects
IAS 19	Benefit Plans: Employee Contributions	1 July 2014	Yes	No material effects
Annual Improvements	Improvements to IFRS (2010-2012)	1 July 2015	Yes	No material effects
Annual Improvements	Improvements to IFRS (2011-2013)	1 July 2015	Yes	No material effects
Annual Improvements	Improvements to IFRS (2012-2014)	Expected: 1 Januar 2016	No	No material effects
IAS 16, IAS 38	Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets with regard to clarification of acceptable methods of depreciation and amortisation	Expected: 1 Januar 2016	No	Effects are still analysed
IAS 1	Disclosures	Expected: 1 January 2016	No	No material effects
IFRS 11	Amendments to IFRS 11 Joint Arrangements	Expected: 1 January 2016	No	No material effects
IAS 16, IAS 41	Amendments to IAS 16 Property, Plant and Equipment and IAS 41 with regard to biological assets	Expected: 1 January 2016	No	No effects
IFRS 10, IAS 28	Amendments with regard to investment entities	Expected: 1 January 2016	No	No effects
IAS 27	Amendments with regard to Equity Method in Separate Financial Statements	Expected: 1 January 2016	No	No effects
IFRS 15	Revenue from Contracts with Customers	Expected: 1 January 2017	No	Effects are still analysed
IFRS 9, IFRS 7 und IAS 39	Amendment in November 2013 with regard to hedge accounting, impairment, disclosures on the transition to IFRS 9 and amendments to IFRS 7, and classification and measurement of financial assets and liabilities	Expected: 1 January 2018	No	Effects are still analysed
IFRS 14	Regulatory deferral accounts	Expected: 1 January 2018	No	No effects

4 Consolidated statement of financial position

4.1 Total current assets

4.1.1 Liquid funds

In financial year 2014/2015 an amount of 319 k EUR (previous year: 0k EUR) was restricted on access to liquid funds.

4.1.2 Gross amount due from/to customers for contract work as an asset/as a liability

This item is used to report work in progress which is recognized using the percentage-of-completion method in accordance with IAS 11. Advance payments on the contracts recognized are deducted directly.

	2015/03/31 k EUR	2014/03/31 k EUR
Receivables	1,374,312	1,436,044
Less advance payments received	-1,079,682	-1,094,658
	294,630	**341,386**

The net amount of 294,630 k EUR (previous year: 341,386 k EUR) presented consists of gross amounts due from customers for contract work as an asset with an amount of 311,161 k EUR (previous year: 362,133 k EUR) and as a liability with an amount of 16,531 k EUR (previous year: 20,747 k EUR).

In the financial year 2014/15 bad debt allowances on gross amounts due from customers for contract work as an asset were recognized in an amount of 2,586 k EUR (previous year: 0 k EUR).

The contract revenue for the financial year 2014/2015 and the aggregate amount of costs incurred to 31 March 2015 were as follows:

	2014/04/01- 2015/03/31 k EUR	2013/04/01- 2014/03/31 k EUR
Contract revenue for the period	1,711,255	1,612,703

	2015/03/31 k EUR	2014/03/31 k EUR
aggregated amount of costs incurred to date	-1,097,710	-1,123,185

4.1.3 Trade accounts receivable

Trade accounts receivable primarily relate to receivables from customers for the delivery of wind turbines.

	2015/03/31 k EUR	2014/03/31 k EUR
Trade accounts receivable (after bad debt allowances)	178,008	155,491

In financial year 2014/15, additions to specific valuation allowances of 11,952 k EUR were recognized on trade accounts receivable (previous year: 1,541 k EUR).

	2015/03/31 k EUR	2014/03/31 k EUR
Changes in bad debt allowances		
At the start of the fiscal year	6,220	10,800
Reversals and utilizations	-1,372	-6,121
Additions	11,952	1,541
At the end of the fiscal year	**16,800**	**6,220**

The maturity structure of trade accounts receivable was as follows:

k EUR		Not past due as of the end of the reporting period nor impairment	As of the end of the reporting period past due as follows		
			Less than 30 days	Between 30 and 180 days	More than 180 days
as of 2015/03/31					
Trade accounts receivable before bad debt allowances	**194,808**	148,155	11,598	22,990	12,065
Bad debt allowances	**16,800**	33	52	10,295	6,420
Trade Accounts receivable after bad debt allowances	**178,008**	148,122	11,546	12,695	5,645
as of 2014/03/31					
Trade accounts receivable before bad debt allowances	**161,711**	129,139	9,783	10,399	12,390
Bad debt allowances	**6,220**	0	0	454	5,766
Trade Accounts receivable after bad debt allowances	**155,491**	129,139	9,783	9,945	6,624

In the case of the trade accounts receivable that were neither impaired nor overdue, there was no evidence of the debtors being unable to meet their payment obligations as of the reporting date. For further information on the treatment of financial risks refer to note 7.2 “Information on the nature and extent of risks associated with financial instruments”.

Senvion SE requires collateral from its customers depending on the outcome of credit checks. Collateral is generally requested after signature of the purchase contract in the form of bank guarantees or Group warranties for the purchase price less any advance payments made. Accordingly, the nominal value of the collateral received typically exceeds the current level of accounts receivable. As of 31 March 2015, the value of the collateral received was 2,700.69 m EUR (previous year: 2,134.05 m EUR).

There were no trade accounts receivables whose terms were renegotiated and that would otherwise have been overdue or impaired, either at the current reporting date or in the previous year.

4.1.4 Receivables from related parties

This item is composed as follows:

Receivables from related parties	2015/03/31 k EUR	2014/03/31 k EUR
Suzlon Energy Australia Pty Ltd	31,806	23,175
Other	203	400
	32,009	**23,575**

4.1.5 Inventories

As of 31 March 2015, valuation allowances on inventories amounted to 12,678 k EUR (previous year: 5,293 k EUR). Expenses for raw materials and supplies amounted to 1,050,531 k EUR in the year under review (previous year: 1,085,301 k EUR).

	2015/03/31 k EUR	2014/03/31 k EUR
Raw materials and supplies	170,056	199,433
Work in progress	71,000	36,932
	241,056	**236,365**

4.1.6 Other current assets

This item is composed as follows:

	2015/03/31 k EUR	2014/03/31 k EUR
Other miscellaneous assets		
Receivables from other taxes	33,075	45,477
Advance payments on inventories	30,155	17,943
Deferred financing fees for guarantees	3,662	700
Others	29,268	35,197
	96,160	**99,317**
Other financial assets		
Derivative financial instruments	0	7,542
Others	2,234	1877
	2,234	**9,419**

4.2 Total non-current assets

4.2.1 Other intangible assets

In the financial year 2014/15, research and development costs amounted to 57,505 k EUR (previous year: 44,935 k EUR).

Of the development costs 38,767 k EUR were capitalized (previous year: 23,439 k EUR). Amortization of capitalized development costs amounted to 16,710 k EUR in the financial year 2014/15 (previous year: 10,500 k EUR).

The development of other intangible assets is shown in the consolidated statement of changes in non-current assets.

4.2.2 Property, plant and equipment

Land and buildings relate primarily to the Group's own production sites and administrative buildings.

Technical equipment and machinery primarily relates to facilities for the production of wind turbines. No own work was capitalised in either the current year or the previous year.

At the reporting date, assets under construction relate primarily to expenses for the construction of rotor blade moulds.

Land and buildings of Senvion SE- unchanged to previous year - in the amount of 46,678 k EUR serve as collateral in the financial year (refer to note 4.5).

The development of property, plant and equipment is shown in the consolidated statement of changes in non-current assets.

Government grants

In the financial year 2014/15, Senvion received grants totalling 1,749 k EUR within Germany (previous year period: 2,748 k EUR).

The funds received primarily relate to development projects for the optimisation of turbine components.

Outside Germany, Senvion received subsidies in the amount of 7 k CAD in Canada (previous year: 31 k CAD). These grants are related to staff development.

4.2.3 Income taxes

Current income tax expense in the individual countries and deferred taxes are reported as income taxes. Income tax expense is composed as follows:

	2014/04/01-2015/03/31 k EUR	2013/04/01-2014/03/31 k EUR
Deferred taxes	184	14,363
thereof: temporary differences	-12,241	19,397
thereof: tax loss carryforwards	12,425	-5,034
Current income taxes	25,354	4,248
Current income taxes for previous years	2,609	1,610
Income taxes	**28,147**	**20,221**

In 2015, the corporation tax rate for companies in Germany was 15% plus the solidarity surcharge of 5.5% of this amount, meaning that the total corporation tax rate was 15.825% equal to the previous year. Including trade tax, the total tax rate was 29.395% (previous year: 29.11%).

With regard to minimum taxation, the utilization of tax loss carry forwards in Germany is restricted. There are no restrictions for a positive basis of assessment of up to 1 m EUR. No more than 60% of any amounts exceeding this level may be reduced by offsetting against existing tax loss carry forwards in the period. Unused tax loss carry forwards are carried forward to the next period. There are no temporary restrictions to carry forward unused tax losses.

The effects of different tax rates in Germany and abroad compared with the tax rate of the Group parent are presented under tax rate differences in the following reconciliation:

	2014/15 k EUR	2013/14 k EUR
IFRS profit before income tax from continuing operations	**74,479**	**48,090**
Expected tax expense	21,893	14,000
Income taxes for previous year	2,609	1,610
Non-deductible operating expenses	1,420	1588
Additions to/reductions in trade income tax (GewESt)	429	220
Changes in tax rates	252	201
Ineligible foreign taxes	240	185
Different tax rates	-59	61
Inclusion of at-equity companies	0	0
Employee option programs/share options	0	0
Valuation adjustment of deferred taxes on tax loss carryforwards	1,733	1,082
Other tax effects	-370	1,392
Actual income tax expense	**28,147**	**20,221**

The non-deductible operating expenses primarily result from special features of the tax regulations of the country of residence of the international companies.

Income tax expense from the valuation adjustment of tax loss carry forwards mainly relate to Senvion SE, Senvion Holding Pty Ltd and Senvion Australia Pty Ltd., Australia.

The effect of income taxes for previous years in the amount of 2,609 k EUR (previous year 1,610 k EUR) relates in the amount of 1,500 k EUR to the finalization of the tax audit in Italy and in the amount of 1,100 k EUR to Canadian withholding tax.

Deferred tax assets and deferred tax liabilities are composed as follows as of the reporting date:

	2015/03/31 k EUR	2014/03/31 k EUR
Deferred tax assets		
Inventories and receivables	327,154	609
Provisions	7,508	1,656
Tax loss carryforwards	6,228	18,653
Property, plant and equipment	32	542
Other	3,795	2,095
Total deferred tax assets	344,717	23,555
Offsetting	-338,655	-15,522
Deferred tax assets after offsetting	**6,062**	**8,033**
Deferred tax liabilities		
Future accounts receivable/liabilities from contract orders	396,095	79,915
Development costs	33,795	28,004
Property, plant and equipment	537	712
Other	2,802	3,997
Total deferred tax liabilities	433,229	112,628
Offsetting	-338,655	-15,522
Deferred tax liabilities after offsetting	**94,574**	**97,106**

Deferred taxes include deferred tax assets of 351 k EUR (previous year: 676 k EUR deferred tax liabilities) for temporary differences recognised in other comprehensive income.

According to the current status, tax loss carry forwards can be carried forward without restriction in subsequent years in almost all countries where tax loss carry forwards occur. Exceptions include the tax loss carry forwards of RiaBlades S.A., Vagos, Portugal, which amounted to 7,490 k EUR (previous year: 6,830 k EUR). The tax loss carry forwards forfeits until 2017, subject to the companies recording positive earnings.

No deferred tax assets were recognised on corporation tax losses totalling 16,388 k EUR (previous year: 7,451 k EUR) as well as trade tax losses of 162 k EUR (previous year: 203 k EUR) due to the lack of prospects for offsetting in the near future.

According to IAS 12 deferred taxes have to be recognized for temporary differences between the tax base of investments in subsidiaries, associates and interests in joint ventures and the equity of these subsidiaries, associates and joint ventures in group accounting (so called outside basis differences) to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. As Senvion SE and the concerned subsidiaries qualify as limited liability companies a future reverse of these differences will mainly be tax exempt according to § 8b KStG and hence qualify as a permanent difference. According to IAS 12.39 no deferred tax liability shall be recognized for any possible temporary differences (e.g. resulting from fictitious 5% non-deductible expenses related to tax free income from subsidiaries (§ 8b III KStG)) if the parent company is able to control that the temporary differences will not reserve in the foreseeable future. As no reversal of such temporary differences is expected, the existing deferred taxes liability related to outside basis differences of 457 k EUR were not recognized.

4.3 Assets and Liabilities of disposal group classified as held for sale

The assets and liabilities of REpower North (China) are recognised as held for sale as a consequence of the initiated sales activities of the shares in REpower North (China).

In financial year 2012/13, the sales process failed after the buyer unexpectedly withdrew from the firm purchase commitment, which was beyond the group's control. Senvion continued to classify the assets and liabilities of Repower North (China) Ltd. as held for sale as of 31 March 2014, after liquidation measures were initiated whilst the group had simultaneously continued to identify other potential buyers throughout the period.

During the financial year 2014/15 a future increase of capital via a further investor, who would become the majority shareholder through that transaction, was concluded by a shareholder resolution. A corresponding letter of intent with this investor was already signed in January 2015. The entry of the new investor was delayed due to legal requirements in China and the fact that one of the current joint venture partner is a state-owned company underlying special regulations. The entry of the new investor is supposed to happen in financial year 2015/16. After the entry of the new investor Senvion will not have power or control over Repower North (China) anymore. Senvion will then act as a minority shareholder.

A condensed cash flow statement of REpower North (China) is shown below.

	2014/04/01-2015/03/31 k EUR	2013/04/01-2014/03/31 k EUR
Cash flow from operating activities	-663	2,575
Cash flow from investing activities	3	-8
Total cash flow	**-660**	**2,567**

As of 31 March 2015, the assets and liabilities of REpower North (China) are composed as follows:

	2015/03/31 k EUR	2014/03/31 k EUR
Assets of disposal group classified as held for sale		
Inventories	6,742	5,091
Liquid Funds	6,242	6,902
Other current assets	10,768	8,591
Impairment of disposal of group classified as held for sale due to liquidation measurements	-7,291	-7,291
	16,461	**13,293**
Liabilities of disposal group classified as held for sale		
Advance payment received	322	612
Provision and other liabilities	2,074	2,631
	2,396	**3,243**
Cumulative other comprehensive income associated with the discontinued operations		
Currency translation differences	4,330	1,288

Impairment of assets of disposal group classified as held for sale was recorded in financial year 2013/14 based on the measures taken in the liquidation of the company.

For the fiscal year 2014/15 the profit/loss from discontinued operations and the profit/loss from marking-to-market of the assets held for sale are composed as follows:

	2014/04/01-2015/03/31 k EUR	2013/04/01-2014/03/31 k EUR
Income	3,846	5,132
Expenses	2,635	12,667
Earnings before taxes from discontinued operations	**1,211**	**-7,535**
Taxes	0	0
Earnings after taxes from discontinued operations	**1,211**	**-7,535**

4.4 Total current liabilities

4.4.1 Advance payments received

Advance payments from customers for orders for which no production work has been carried out are reported as advance payments received.

4.4.2 Provisions

Provisions developed as follows in the year under review:

	As of 2014/04/01 k EUR	Additions k EUR	Utilization k EUR	Reversal k EUR	As of 2015/03/31 k EUR
Specific warranty provisions	100,297	29,539	-40,876	0	88,960
General warranty provisions	44,060	33,341	-42,238	-921	34,242
Warranty provisions	**144,357**	62,880	-83,114	-921	**123,202**
Other provisions	6,333	1,803	-4,995	-357	2,784
Total provisions	**150,690**	64,683	-88,109	-1,278	**125,986**

Other provisions primarily relate to provisions for legal disputes arising from sourcing transactions, for which specific information has not been disclosed in accordance with IAS 37.92.

4.4.3 Deferred income

Prepayments for revenue from service and maintenance are mainly reported as deferred income. Straight-line amortization is applied for these deferred positions over the entire term of the rendered service.

4.4.4 Income tax liabilities

Income tax liabilities primarily relate to current taxes for the financial year.

4.4.5 Other current liabilities

Other current liabilities are composed as follows:

	2015/03/31 k EUR	2014/03/31 k EUR
Other financial liabilities		
Liabilities to employees	20,578	21,558
Derivative financial instruments	1,325	5,966
Other	609	2,311
	22,512	**29,835**
Miscellaneous other liabilities		
Liabilities from other taxes	8,739	8,156
Social security liabilities	1,531	1,290
Other	7,848	6,524
	18,118	**15,970**

4.5 Long-term loans

Long-term loans totalling 14,346 k EUR (previous year: 21,889 k EUR) relate to liabilities to banks. The interest rate for bank loans remained unchanged between 3.64% and 5.5% per annum.

On 31 March 2014, Senvion SE took out a new syndicated line of credit for 850,000 k EUR which replaced the financing provided by the syndicated line of credit for 750,000 k EUR. This contract became effective on 7 April 2014. 820,000 k EUR of the new syndicated credit line can be utilised in the form of guarantees and 30,000 k EUR as a cash loan until 31 March 2017. Transaction costs incurred for the new syndicated credit line of 10,937 k EUR are deferred over the term of the new agreement. As of 31 March 2015 short term deferred financing fees amounted to 3,662 k EUR (previous year: 700 k EUR) and long term deferred financing fees amounted to 3,662 k EUR(previous year: 0 k EUR) The syndicated line of credit was secured by way of rights from registered patents and patent applications of Senvion SE. The banking syndicate received a blanket assignment of outstanding receivables of Senvion SE as well as an assignment of finished goods, work in progress as well as raw materials and supplies by way of additional security. Furthermore, the line of credit agreement contains rights of termination for the lender that become valid as soon as regulated defaults occur. These breaches of contract may include the conclusion of control and profit transfer agreements, failure to comply with certain financial covenants, or a change of control. Moreover, dividend payments are permitted only to a limited extent.

On the reporting date, due to acquisition of Senvion by Centerbridge Partners, L.P., New York, USA, Senvion has negotiated a new credit line of 950 m EUR. With the sale of Senvion Group to the new shareholder this credit line will replace the syndicated line of credit of 850 m EUR. Refer also to note 15 material events after the reporting date.

Furthermore on 28 November 2014 Senvion concluded a new contract with the European Investment Bank (Europäische Investitionsbank) totalling 90,000 k EUR. As of 31 March 2015 this credit was still under conditions precedent. This credit is earmarked and covers a part of the investment volume of Senvion Group. The conditions regarding volume and termination of the drawings and types of repayments and interest are mostly flexible. The European Investment Bank participates pari passu in the securities available to the bank consortium from the syndicated loan.

For details regarding the utilization of the line of credit please refer to note 7.2 Liquidity risk.

4.6 Total equity capital

The change in equity components is shown in the consolidated statement of changes in shareholders´ equity.

4.6.1 Subscribed capital

At 31 March 2015 the share capital of Senvion amounted to 9,220,179 EUR (previous year: 9,220,179 EUR) and was divided into 9,220,179 (previous year: 9,220,179) no-par value ordinary bearer shares, each with a notional interest in the share capital of 1.00 EUR.

4.6.2 Additional paid-in capital

The additional paid-in capital results from the initial public offering of Senvion SE in 2002. In the year under review 299,220 k EUR was reported under this item (previous year: 303,675 k EUR).

The decrease in capital reserves by 4,455 k EUR is due to the acquisition of 80% of the shares in Yorke Peninsula Wind Farm Project Pty Ltd, Melbourne, Australia from a Suzlon group company. As this is a business combination under common control the difference between the consideration transferred and the balance of the carrying amount of the transferred assets and liabilities was offset against additional paid-in capital, refer also to note 2.3.2 Changes in the scope of consolidation.

4.6.3 Non-controlling interests

Non-controlling interests relate to the shares held by third parties in international Group companies. These mainly include shares of third parties in the financial years 2013/14 and 2014/15 in REpower North (China).

5 Income statement disclosures

5.1 Revenues

In the financial years 2014/15 and 2013/14, the operations of companies of Senvion Group related almost exclusively to the development and manufacture of wind turbines and wind turbine projects.

	2014/04/01-2015/03/31 k EUR	2013/04/01-2014/03/31 k EUR
Revenue from sale of wind turbines	1,711,255	1,612,703
Service/maintenance and material sales	194,026	173,978
License revenues	6,043	929
Electricity revenues	893	1,293
Other	14,027	17,116
	1,926,244	**1,806,019**

5.2 Other operating income

Other operating income is composed as follows:

	2014/04/01-2015/03/31 k EUR	2013/04/01-2014/03/31 k EUR
Currency translation gains	15,105	14,003
Insurance payments/compensations	7,536	6,511
Income from hedging transactions	5,920	9,296
Investment subsidies, research and development subsidies	1,754	2,777
Income from reversal of provisions	1,278	5,674
Income from reversal of bad debt allowances	895	998
Gain on disposal of non-current assets	75	105
Other	1,175	4,350
	33,738	43,714

5.3 Personnel expenses

	2014/04/01-2015/03/31 k EUR	2013/04/01-2014/03/31 k EUR
Wages and salaries	175,317	163,969
Social security contributions	33,611	32,266
	208,928	**196,235**

The average number of employees of the financial year 2014/15 was 3,460 (previous year: 3,261).

Thereof the average number of administration staff was 1.805 and 1.655 were industrial employees.

5.4 Other operating expenses

Other operating expenses are composed as follows:

	2014/04/01-2015/03/31 k EUR	2013/04/01-2014/03/31 k EUR
Legal and consulting costs	40,338	13,923
Purchased services	28,781	21,764
Money transaction costs/currency translation losses	19,163	26,957
Compensation for loss of production	17,334	6,495
Office and land costs	15,051	16,495
IT & telecommunication costs	14,255	15,247
Travel expenses	10,710	11,015
Vehicle costs	8,917	8,875
Cost of training and appointing staff	8,326	5,032
Write-offs/write-downs of receivables	8,106	1,541
Other	13,733	17,977
	184,714	145,321

5.5 Exceptional items from reorganisation

In the previous financial year, due to the implementation of the „Power" efficiency enhancement system initiated by the management of Senvion SE in April 2013 costs in the amount of 38,041 k EUR were recognized as exceptional items. These costs relate to legal and consulting costs for the implementation of "Power" in the amount of 21,535 k EUR and to personnel costs in the amount of 16,506 k EUR which result from the early redundancies of staff and cancellation of employment contracts. The "Power" efficiency enhancement system was finalized as of 31 March 2014.

5.6 Financial result

Other interests and similar expenses largely relate to guarantee commissions and interest on loans taken out by the Company.

6 Contingent liabilities and other financial obligations

	2015/03/31 k EUR	2014/03/31 k EUR
Other financial obligations		
Obligations from leases and rentral contracts		
Due within one year	13,631	14,287
Due within 1 and 5 years	25,361	83,455
Due in more than 5 years	31,667	233,685
	70,659	**331,427**
Purchase commitments	**546,879**	**489,246**
thereof for purchase of inventories	544,890	483,914
thereof for purchase of property, plant and equipment	1,989	5,332

On 31 March 2014, Senvion took out a new syndicated loan, which replaced the financing provided by the syndicated loan concluded on 29 February 2012. For the new syndicated loan, rights from registered patents and patent applications of Senvion SE were again assigned to the lender. Furthermore the banking syndicate received a blanket assignment of outstanding receivables of Senvion SE as well as an assignment of finished goods, work in progress as well as raw materials and supplies by way of additional security.

All leases at Senvion SE and the companies included in the scope of consolidation are operating leases. Lease payments are recognized directly in income on a straight-line basis over the term of the lease.

Obligations from leases and rental contracts relate primarily to obligations for the rental of office and warehouse space. Expenses amounting to 16,678 k EUR (previous year: 15,918 k EUR) were recognised for leases and rental contracts in financial year 2014/15.

In the financial year 2014/15 the two remaining shipping charter agreements for offshore systems were terminated due to a changed market environment. The amount invested so far (6,537 k EUR) and previously recognized as other current assets was expensed.

7 Financial risks and financial instruments

7.1 Principles of risk management

With regard to its assets, financial liabilities and planned transactions, Senvion is subject to risks arising from changes in raw materials and purchase prices, exchange rates, interest rates and share prices. The aim of financial risk management is to limit these market risks through ongoing operating and financially oriented activities. To this end, specific hedging instruments are employed depending on the assessment of the respective risk. Risks are only hedged if they affect the Group’s cash flow. Derivative financial instruments are only employed to hedge exchange rate risks, particularly those relating to larger customer or purchasing contracts in foreign currency, and are not used for trading or other speculative purposes.

The principles of financial policy are agreed on an annual basis by the Executive Board and monitored by the Supervisory Board. The implementation of financial policy and ongoing risk management is the responsibility of the Group’s treasury department with the involvement of the Group’s controlling department. Certain transactions require the prior consent of the Executive Board, which is also regularly informed of the scope and amount of the current risk exposure. The treasury department considers the effective management of financial instruments and market risks as one of its main functions. In order to assess the effects of the different events on the market, simulation calculations are performed using various worst-case and market scenarios.

7.2 Information on the nature and extent of risks associated with financial instruments

Credit and default risk is constantly monitored. Before entering into purchase and delivery contracts, the Group checks the customer’s credit rating using a standardized credit check process including the evaluation of information from external rating agencies and credit agencies and the analysis of financial information. The group requires collateral depending upon the rating´s results and materiality considerations. The result of the credit check process is documented for each customer.

The credit and default risk of financial assets is limited to a maximum of the amounts reported on the asset side of the consolidated statement of financial position.

Exchange rate risks only exist insofar as deliveries are made to countries outside the euro zone or cross-border deliveries are made from such countries. Risks within the meaning of IFRS 7 arise from financial instruments that are denominated in a currency other than the functional currency and that are of a monetary nature; exchange rate differences arising from the translation of financial statements into the Group currency are not included.

IFRS 7 requires a currency sensitivity analysis showing the effects of hypothetical changes in relevant risk variables on earnings and shareholders' equity. Foreign currency sensitivity is calculated for primary monetary financial instruments (cash and cash equivalents, trade receivables and payables, other assets and other liabilities) by simulating a 10% increase or decrease in the value of all foreign currencies against the functional currency.

The simulated appreciation or devaluation of the relevant currencies would have impacted the financial statements as of 31 March 2015 as follows:

Currency risk

The following table presents the impact from changes in foreign currency exchange rates on the group's net profit for all material foreign currencies.

2015/03/31	USD	AUD	CAD	GBP
Sensitivity analysis - Total	Profit impact in k EUR			
Exchange rate + 10%	-412	-716	2,549	-133
Exchange rate - 10%	503	875	-3,273	163
2014/03/31	**USD**	**AUD**	**CAD**	**GBP**
Sensitivity analysis - Total	Profit impact in k EUR			
Exchange rate + 10%	2,492	845	1,189	520
Exchange rate - 10%	-3,660	-1,376	-1,769	-636

A change in foreign currency exchange rates would have no impact on the group's net profit for financial instruments designated as hedges. The following table presents the impact on the group's equity / other comprehensive income from changes in the fair value of derivative financial instruments.

2015/03/31	Fair value of derivative financial instruments designated as cash flow hedges
Sensitivity analysis - Total	Impact on equity in k EUR
Exchange rate + 10%	2,674
Exchange rate - 10%	-3,268
2014/03/31	**Fair value of derivative financial instruments designated as cash flow hedges**
Sensitivity analysis - Total	Impact on equity in k EUR
Exchange rate + 10%	6,599
Exchange rate - 10%	-2,925

At Senvion SE, exchange rate risk primarily arises from operating activities when contracts are concluded in a currency other than the EUR. The primary risks are in connection with foreign currencies presented in the table above. The treasury department centrally identifies and monitors potential exchange rate risks from transactions and payments in foreign currency. Regarding transactions in foreign currency, subsidiaries and other departments report directly to the treasury department. The group hedges individual transactions and payments in foreign currency against potential risks from a change in exchange rates. Cash outflows and inflows in the same foreign currency are offset and the net exposure is calculated and separately monitored for eachforeign currency.

The risk position per currency measured in this manner is monitored and managed by the treasury department. Hedges are concluded to limit this risk. Exchange rate risks in the Company's operating activities are hedged using forward exchange contracts, currency swaps, currency options and derivatives.

Transacting or holding such contracts for trading or speculation purposes is not permitted. Derivative financial instruments that do not meet the conditions for hedge accounting are placed in the "held for trading" category.

Liquidity risk

Liquidity risk is monitored as part of rolling liquidity planning. Financing is provided mainly through advance payments for projects from customers. Payments made and received are monitored continuously as part of liquidity planning. The utilization regarding the syndicated line of credit and other guarantees as of 31 March 2015 is as follows:

2015/03/31	Credit facility total m EUR	Utilized m EUR	Remaining m EUR
Syndicated line of credit	850.0	369.3	480.7
- Guarantees	*820.0*	*367.9*	452.1
- Cash loan	*30.0*	*1.4*	28.6
Guarantees other	10.6	4.9	5.7
Total	**860.6**	**374.2**	**486.4**

* from rental guarantees

2014/03/31	Credit facility total m EUR	Utilized m EUR	Remaining m EUR
Syndicated line of credit	750.0	494.7	255.3
- Guarantees	*725.0*	*493.4*	*231.6*
- Cash loan	*25.0*	*1.3**	*23.7*
Guarantees other	36.4	12.6	23.8
Total	**786.4**	**507.3**	**279.1**

* from rental guarantees

For further details to the credit facilities please refer to note 4.5 Long-term loans.

The following table shows the contractually agreed, undiscounted interest and principal payments for the Senvion Group's primary financial liabilities and derivative financial instruments with a negative fair value. Derivatives with positive fair values constitute assets, and hence are not included.

Maturity of financial liabilities

	Carrying amount as of 2015/03/31 k EUR	Cash flows up to 1 year k EUR	Cash flows between 1 and 5 years k EUR	Cash flows more than 5 years k EUR
Short-term loans and current portion of long-term loans	7,568	8,461	0	0
- thereof redemption payments		*7,568*	*0*	*0*
- thereof interest payments		*893*	*0*	*0*
Trade accounts payable	337,189	337,189	0	0
Liabilities to related parties	10,851	10,851	0	0
Derivatives	1,325	1,325	0	0
Long-term loans	14,346	0	15,067	454
- thereof redemption payments		*0*	*13,901*	*445*
- thereof interest payments		*0*	*1,166*	*9*
Other financial liabilities	*22,186*	*21,186*	*1,000*	0
Total	**393,465**	**379,012**	**16,067**	**454**

	Carrying amount as of 2014/03/31 k EUR	Cash flows up to 1 year k EUR	Cash flows between 1 and 5 years k EUR	Cash flows more than 5 years k EUR
Short-term loans and current portion of long-term loans	8,305	9,576	0	0
- thereof redemption payments		*8,305*	*0*	*0*
- thereof interest payments		*1,271*	*0*	*0*
Trade accounts payable	331,136	331,136	0	0
Liabilities to related parties	3,508	3,508	0	0
Derivatives	5,966	5,966	0	0
Long-term loans	21,889	0	22,536	1,476
- thereof redemption payments		*0*	*20,480*	*1,409*
- thereof interest payments		*0*	*2,056*	*67*
Other financial liabilities	34,971	23,869	11,102	0
Total	**405,775**	**374,055**	**33,638**	**1,476**

This table contains those financial instruments held as of 31 March 2015 and 31 March 2014 for which the Group had entered into contractual payment obligations. Foreign currency amounts are converted using the closing rate.

Outstanding receivables of Senvion as well as an assignment of finished goods, work in progress and raw materials and supplies were pledged as collateral as of 31 March 2015 for the new syndicated loan (see also note 4.5).

As of 31 March 2015, as in the previous year, no financial assets were pledged as collateral.

Interest rate risk

Within the Group, interest rate changes result in an increase or decrease in the interest expense for variable-interest loans and overdrafts. The Company does not have any material assets or liabilities that are sensitive to interest rates.

The recording, measurement and monitoring of potential interest rate risks from external financing is performed centrally by the treasury department. Hedges may be concluded to limit interest rate risks. Interest rate risks are hedged using interest rate swaps, interest rate caps and derivatives if deemed material. Transacting or holding such contracts for trading or speculation purposes is not permitted.

Financial derivatives

The following table shows the carrying amounts and nominal volumes of financial derivatives as of 31 March 2015 and 31 March 2014:

Financial derivatives	2015/03/31		2014/03/31	
	Carrying amount k EUR	Nominal value k EUR	Carrying amount k EUR	Nominal value k EUR
Assets				
Currency swaps				
not used in hedges	0	0	27	3,650
Forward exchange contracts				
not used in hedges	0	0	2,664	37,472
used in cashflow hedges	0	0	2,313	49,458
Currency option transactions				
not used in hedges	0	0	2,538	28,153
Liabilities				
Currency swaps				
not used in hedges	51	20,764	205	17,866
used in cashflow hedges	50	2,715	0	0
Forward exchange contracts				
not used in hedges	38	8,723	5,761	85,185
used in cashflow hedges	1,153	30,889	0	0
Currency option transactions				
not used in hedges	33	5,684	0	0

The effective portion of the changes in the fair value of financial derivatives used in cash flow hedging recognised in other comprehensive income, net of taxes, amounted to -2,490 k EUR (previous year: 1,882 k EUR).

During the financial year 2014/15, the amount transferred from other comprehensive income to profit or loss as part of cash flow hedge accounting was 787 k EUR (previous year: 76 k EUR), which is presented in “other operating income” and -329 k EUR (previous year: 0 k EUR), which is presented in “other operating expenses”.

In the past financial year no amounts (previous year: 272 k EUR) were transferred from other comprehensive income to profit or loss due to the discontinuation of underlying transactions.

As of 31 March 2015 as in the previous year, there were no ineffective portions of the change in the fair value of hedging instruments used in cash flow hedging.

The following table shows when the book values of the derivatives used for cash flow hedging are expected to be recognized in profit or loss:

Occurence and recognistion in profit an loss	Carrying amount k EUR	up to 1 year k EUR	between 1 and 5 years k EUR	more than 5 years k EUR
2015/03/31				
Forward exchange contracts				
Assets	0	0	0	0
Liabilities	1,153	1,153	0	0
Currency swaps				
Assets	0	0	0	0
Liabilities	50	50	0	0
2014/03/31				
Forward exchange contracts				
Assets	2,313	1,611	702	0
Liabilities	0	0	0	0

7.3 Information on the significance of financial instruments for the consolidated financial statements

Based on the relevant consolidated statement of financial position items, the relationships between the classification of financial instruments in accordance with IFRS 7 and the carrying amounts of the financial instruments including Liquid funds not allocated to any IAS 39 category are shown in the following tables:

	Category*	2015/03/31		2014/03/31	
		Carrying amount k EUR	Fair value k EUR	Carrying amount k EUR	Fair value k EUR
Liquid funds	n.a.	301,375	301,375	269,924	269,924
Gross amount due from customers for contract work as an asset	L+R	311,161	311,161	362,133	362,133
Trade accounts receivable	L+R	178,008	178,008	155,490	155,490
Loans granted	L+R	2,752	2,905	13,231	13,278
Other financial assets - miscellaneous	L+R	567	567	138	138
Other financial assets - loans	L+R	1,667	1,667	1,739	1,739
Other financial investments	L+R	66	66	66	66
Receivables from related parties	L+R	32,009	32,009	23,575	23,575
Total L+R	**L+R**	**827,605**	-	**826,296**	-
Other financial assets - financial derivatives held for trading	HfT	0	0	5,229	5,229
Other financial assets - financial derivatives classified as hedge instruments	n.a.	0	0	2,313	2,313

** L+R: loans and receivables*
HfT: held for trading

Liquid funds, gross amount due from customers for contract work as an asset, trade accounts receivable, receivables from related parties and other financial assets generally have a term of 12 months or less, meaning that their carrying amounts on the reporting date correspond closely to their fair values.

The fair values of non-current receivables correspond to the present value of the payments associated with these assets, taking into account the current parameters reflecting changes in conditions and expectations due to market- and partner-related developments.

Financial liabilities are shown in the following table:

	Category*	2015/03/31		2014/03/31	
		Carrying amount k EUR	Fair Value k EUR	Carrying amount k EUR	Fair Value k EUR
Trade accounts payable	OL	337,189	337,189	331,136	331,136
Liabilities to related parties	OL	10,851	10,851	3,508	3,508
Long-term loans	OL	14,346	14,346	21,889	22,127
Short-term loans and current portion of long-term loans	OL	7,568	7,568	8,305	8,395
Other non-current financial liabilities	OL	1,000	1,003	11,102	11,178
Other current financial liabilities	OL	21,186	21,186	23,869	18,459
Total OL	**OL**	**392,140**	**-**	**399,809**	**-**
Other financial liabilities - financial derivatives held for trading	HFT	122	122	5,966	5,966
Other financial liabilities - financial derivatives classified as hedge instruments	n.a.	1,203	1,203	0	0

** OL: other liabilities*

The fair values of liabilities to banks and other financial liabilities mainly correspond to the present values of the payments associated with the debts, taking into account the relevant interest rate structure and the credit spread. This relates primarily to fixed-rate construction financing for the construction projects in Bremerhaven, Osterrönfeld and the Portuguese production companies.

Due to the short-term of trade accounts payable, liabilities to related parties and other financial liabilities, it is assumed that their carrying amounts and fair values are identical.

The following table provides a breakdown of the fair value hierarchy of financial assets and financial liabilities carried at fair value at the reporting date. This implies a differentiation between instruments which fair values are directly observable on active markets (level 1), which fair values are based on observable material input data (level 2) and which fair values are based non-observable material input data (level 3):

2015/03/31	Carrying amount k EUR	Level 1 k EUR	Level 2 k EUR	Level 3 k EUR
Liabilities				
Held for Trading (HfT)	122	0	122	0
Derivative financial instruments classified as hedge instruments	1.203	0	1.203	0
Total liabilities	**1.325**	**0**	**1.325**	**0**

2014/03/31	Carrying amount k EUR	Level 1 k EUR	Level 2 k EUR	Level 3 k EUR
Assets carried at fair value				
Held for Trading (HfT)	5,229	0	5,229	0
Derivative financial instruments classified as hedge instruments	2,313	0	2,313	0
Total assets	**7,542**	**0**	**7,542**	**0**
Liabilities				
Held for Trading (HfT)	5,966	0	5,966	0
Total liabilities	**5,966**	**0**	**5,966**	**0**

There have been no transfers between any level during the actual and previous period.

The following methods and assumptions were used to estimate the fair values of instruments for which the fair value is disclosed and those which are recognised at fair value:

- Long-term receivables are evaluated by the group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project (Level 3 measurement). Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As of 31 March 2015, the fair values of such receivables, net of allowances, were not materially different from their carrying values.
- The group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and foreign exchange spot and forward rates. As of 31 March 2015, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk.
- Fair values of the group’s borrowings and loans and other financial liabilities are determined by using DCF method using a discount rate that reflects the issuer’s borrowing rate as of the end of the reporting period (Level 3 measurement). The own non-performance risk as of 31 March 2015 was assessed to be insignificant.

Net gains and losses on loans and receivables consist primarily of results from bad debt allowances and reversals thereof. With regard to bad debt allowances, please see the notes on trade accounts receivable (4.1.3) and other current assets (4.1.6). The net results of bad debt allowances and reversals thereof are primarily reported in other operating expenses.

The following table shows the net gains and losses for each valuation category:

	Net gain/loss	
	2014/04/01-2015/03/31 k EUR	2013/04/01-2014/03/31 k EUR
Loans and Receivables (L+R)	-17,745	4,580
Financial instruments Held for Trading (HfT)	615	-237
Total	**-17,130**	**4,343**

Senvion has received collateral amounting to 2,700.69 m EUR (previous year: 2,134.05 m EUR); this represents the fair value of the collateral, which primarily relates to standard industry guarantees from third parties for obligations of customers and suppliers for which Senvion has carried out preliminary work or made advance payments. For further information please refer to note 4.1.3 Trade accounts receivable.

8 Capital management

The aim of the Group's capital management is to ensure that it maintains a good equity ratio and a high credit rating in order to support its business activities and maximize shareholder value. This is especially significant in the context of growth targets.

Senvion has a balanced capital structure. Shareholders' equity covers non-current assets by more than 100%. The Company is not subject to any statutory capital requirements.

The Group monitors its capital on the basis of the equity ratio, this being the ratio of the shareholders' equity reported in the IFRS consolidated financial statements to total assets. Another figure used in capital management is net working capital or the net working capital ratio. Net working capital is calculated as follows: current assets (adjusted for liquid funds) minus current liabilities (adjusted for provisions). To calculate the net working capital ratio, this net figure is compared with the total operating performance for the last 12 months.

9 Information on the consolidated statement of cash flows

In accordance with IAS 7, the consolidated statement of cash flows is classified into the areas operating activity, investing activity and financing activity. The cash and cash equivalents shown in the cash flow statement contain cash and bank balances. Short-term bank liabilities are deducted.

The indirect method was used to calculate the cash flow from operating activity. The cash flow statement starts with net income for the year before taxes. The cash outflows from interest and taxes were allocated to ongoing business activity and recognized separately there.

The cash flow from investing activities is composed of payments for investment in intangible assets and in property, plant and equipment as well as receipts for the disposal of fixed assets.

10 Related parties disclosures

For Senvion Group, related parties as defined by IAS 24 are, in particular, shareholders, subsidiaries, unless they are already included in the consolidated financial statements as consolidated entities, joint ventures and associates including close family members and intermediary companies. Subsidiaries of associates are also related parties.

In addition, members of the management and Supervisory Board are related parties as defined by IAS 24, as are people who hold a key position in the management of a parent company of the Senvion SE Group.

The composition and remuneration of the Executive Board and Supervisory Board are described in notes 11 and 12 respectively.

In addition to business relationships with the subsidiaries included in the consolidated financial statements by means of full consolidation, there were the following business relationships with related parties.

The following transactions were concluded with the shareholder Suzlon Energy Ltd., the ultimate parent of Senvion SE, and its subsidiaries as well as its related parties:

10.1 Senvion SE transactions with Suzlon Energy Ltd. and / or affiliated companies of Suzlon Energy Ltd. In financial year 2014/15

Company	Content	Services / Goods obtained 2014/15 EUR	Services / Goods delivered 2014/15 EUR	Receivables 2015/03/31 EUR	Liabilities 2015/03/31 EUR
Suzlon Energy Ltd. / SE Blades Ltd., India	Supply contract no. REP-027-2008 dated 18/31 January 2008 for the supply of RE45 rotor blades to Senvion SE and other Group companies in the period from 2008 to 2011 with a volume of around 77 m EUR. No orders in 2014/15.	--	--	1,389,964 Prepayments	131,229
SE Blades Ltd., Indien	Purchase of moulds (details see below)	2,000,000	--	--	--
SE Electricals Ltd., India	Advance Payment of costs for the production ramp-up of the facility in Padubidri, India	--	--	99,000 Prepayments	--
SE Electricals Ltd., India	Supply agreement for generators. Orders in 2014/15: 195 k EUR	2,314,751		573,500	448,415
Suzlon Wind International Ltd., India	Job Order for production of nacelles and hubs in Padubidri, India, and Supply agreement (orders) Orders in 2014/15: 242 k EUR With effect from 1 August 2014 the contract was terminated. The six months' period of notice ended at 31 January 2015.	1,140,632	--	--	657,183
Suzlon Global Service, Hadapsar, Indien	Order based repair work in 2014/15 of Suzlon for a blade transport damage to maintain legal warranty.	13,768	--		13,768

In March 2015 two RE45 moulds and the relating equipment have been sold by SE Blades Limited to Senvion SE for a purchase price of 2 m EUR. At the reporting date the sales price has already been settled.

At the reporting date Senvion SE has two further open claims against SE Blades Ltd.

Firstly Senvion SE suffered a damage of about 105 k EUR in connection with the blade racks relating to an order of 28 Sets of blades at SE Blades. Another claim of 53 k AUD refers to a blade repair at an Australian windfarm assigned to SE Blades in December 2013. In July 2014 SE Blades was requested in writing to settle the damage respectively to refund the costs incurred.

10.2 Transactions between subsidiaries of Senvion SE and / or affiliated companies of Suzlon Energy Ltd. In financial year 2014/15

10.2.1 PowerBlades GmbH, Bremerhaven

On 9 April, 2014, a notification of defects was sent by PowerBlades GmbH, Bremerhaven, to SE Blades, Udupi, India, regarding insufficient repairs on 35 sets of RE45 rotor blades in business year 2012/13. In July 2014 SE Blades was requested in writing to settle the damage of 350 k EUR.

10.2.2 Senvion Australia Pty Ltd., Melbourne, Australia (Senvion Australia)

Company	Content	Services / Goods obtained 2014/15 EUR	Services / Goods delivered 2014/15 EUR	Receivables 2015/03/31 EUR	Liabilities 2015/03/31 EUR
Suzlon Energy Australia Pty Ltd, Australia (SEA)	Facilities and Service Agreement: Senvion Australia supports SEA within the area of Service and Maintenance, Contract dated October 5, 2011 (Cost + Margin (3%)); Termination with contract dated 13 March 2015 (details see below)**	1,348,636	11,680,852	31,806,164*	7,872,031

* The reported receivables due from SEA have been already reduced by 6,156 k AUD (4,263 k EUR) out of the share purchase agreement relating to Yorke Peninsula Wind Farm Project Pty Ltd as described further below. Furthermore for technical reasons the received payments by SEA's customers have increased the value of the amount shown as liabilities rather than reduced the amount shown as receivables.

** The impact of the contracts of 13 March 2015 (details find below) have already been considered in the balances above.

Aiming at the back transfer of the service business for Suzlon turbines in Australia that had been originally acquired in 2011, Senvion Australia Pty Ltd (SENA), Suzlon Energy Australia Pty Ltd (SEA) and Suzlon Energy A/S entered into an asset sale agreement on 13 March 2015 (ASA). The ASA provides that certain specified assets will be transferred from SENA to SEA with effect from 31 December 2014 (Effective Date), subject to completion taking place under the ASA. Completion was scheduled to take place on 30 March 2015 and was initially conditional on four conditions precedent being either satisfied or waived. On 30 March 2015 the parties to the ASA confirmed that all conditions precedent had either been satisfied or waived. The parties further confirmed that completion would be postponed from 30 March 2015 to 30 April 2015. At this point of time the ASA is a legally binding unconditional contract which is scheduled to complete on 30 April 2015. On that date SEA will be required to pay SENA approximately 34.5 m AUD being the purchase price for the assets, the outstanding intercompany loan balance and the estimated employment payment representing the approximate salary and wages costs incurred by SENA for the period of 1 January 2015 to 30 April 2015 for those employees transferring to SEA. The payment became due on 30 April 2015.

The terms and conditions in the ASA broadly correspond with the terms and conditions of the original asset sale agreement from October 2011. Nevertheless there are some changes which were made as part of this transaction, particularly in relation to the warranty regime reflecting the fact that the present transaction is to simply effect the return of assets which original came from SEA.

In the context of the ASA in a further contract closed on the same date between the identical parties and depending on the same conditions like the ASA the termination of the Facilities and Service Agreement from 5 October 2011 was set.

On 31 March 2014 Senvion entered into a share purchase agreement with Valum Holding B.V., Amsterdam, The Netherlands, for the acquisition of 80% of the interest in Yorke Peninsula Wind Farm Project Pty Ltd, Melbourne, Australia for a consideration of 6,156 k AUD (4,263 k EUR). The contract had been contingent upon the approval of the financing parties of the syndicated credit facitliy. The approval was received in June 2014. The purchase price was offset against receivables from Senvion Australia Pty Ltd.

In the reporting period related with the acquisition an amount of 300 k AUD connected to the achievement of a certain project milestone had to be paid by Senvion SE to the original owners of the shares of whom they were bought by Valum. A second amount of 800 k AUD will be due in the future when another certain project milestone had been reached. This payment will also have to be carried by Senvion as long as a resale of the shares has not taken place.

10.2.3 Senvion USA Corp., Denver, U.S.A.

Company	Content	Services / Goods obtained 2014/15 EUR	Services / Goods delivered 2014/15 EUR	Receivables 2015/03/31 EUR	Liabilities 2015/03/31 EUR
Suzlon Wind Energy Corporation, USA	Service Level Agreement dated July 2012 concerning various services in relation with project management, service and commissioning of WECs, contract management, logistics and delivery in the US. Furthermore Suzlon supplies HSE services (Health, Safety and Environment).	210,991	--	--	483,693

10.2.4 Senvion Canada Inc., Montreal, Canada

Company	Content	Services / Goods obtained 2014/15 EUR	Services / Goods delivered 2014/15 EUR	Receivables 2015/03/31 EUR	Liabilities 2015/03/31 EUR
Suzlon Wind Energy Corporation, USA	HSE services (Health, Safety and Environment) from Suzlon	149,554	--	--	255,914

10.2.5 PowerBlades Industries Inc., Québec, Canada

Company	Content	Services / Goods obtained 2014/15 EUR	Services / Goods delivered 2014/15 EUR	Receivables 2015/3/31 EUR	Liabilities 2015/3/31 EUR
Suzlon Rotor Corp., India	Sales contract dated 1 October 2013, concerning diverse fixed assets delivered by Suzlon Rotor Corp. to Power Blades Industries Inc.	--	--	--	656,387

10.2.6 Senvion India Ltd., Pune, India

Company	Content	Services / Goods obtained 2014/15 EUR	Services / Goods delivered 2014/15 EUR	Receivables 2015/03/31 EUR	Liabilities 2015/03/31 EUR
Suzlon Energy Ltd., India	Service agreement dated 1 January 2013 for the provision of accounting and tax consulting services and service in the HR and IT area for Senvion activities in India.	86,031	--	--	206,733
Suzlon Wind International Ltd., India	Senvion India pays rent to Suzlon Wind International Ltd.	36,740	--	--	62,079

10.2.7 REpower North (China) Ltd., Baotou, PR China

On the basis of the blades supply contract between REpower North (China) Ltd. and Suzlon Energy Ltd. dated 1 November 2007 concerning RE40 blades, no blades were supplied to Senvion Group in fiscal year 2008/09. The blade supplies committed for 2008 on the basis of this contract therefore had to be purchased by the Senvion Group on the European market from other blade suppliers. However, the contract prices and conditions agreed with Suzlon could not be met and additional transport costs were incurred. The additional expenses of 7.73 m EUR were transferred from REpower North (China) Ltd., Baotou, China to Suzlon Group during the fiscal year 2009/10. An agreement for the balancing with Suzlon Group (Settlement Agreement) has been set up during the fiscal year 2010/11.

10.3 Transactions with related parties in financial year 2014/2013

10.3.1 Senvion SE's transactions with Suzlon Energy Ltd., its subsidiaries and its related parties in financial year 2014/13

Company	Content	Services / Goods obtained 2013/14 EUR	Services / Goods delivered 2013/14 EUR	Receivables 2014/03/31 EUR	Liabilities 2014/03/31 EUR
Suzlon Energy Ltd. / SE Blades Ltd., India	Supply contract no. REP-027-2008 dated 18/31 January 2008 for the supply of RE45 rotor blades to Senvion SE and other Group companies in the period from 2008 to 2011 with a volume of around 77 m EUR. The contract was prolonged and transferred onto Suzlon Composites which was renamed to SE Blades. Orders in 2013/14: 98 k EUR	6,094,257	--	1,389,964	120,820
SE Blades B.V., Hengelo, Netherlands	Consultancy Agreement in relation with „fatigue crack detection" at MM92-blades dated 2012/08/10; Realized volume in financial years 2012/2013 and 2013/2014 about 26 k EUR (at 100 EUR per hour)	13,762	--	--	13,762
SE Blades B.V., Hengelo, Netherlands	Consultancy Agreement in relation with „process qualification and process design for REpower Rotorblade RE59.8" dated 2013/04/16 and 2013/04/17	69,087	--	--	69,087
SE Forge Ltd., India	Supply agreement concerning hubs and main frames for MM92 turbines, Orders in 2013/2014: 95 k EUR	183,400	--	--	98,952

Company	Content	Services / Goods obtained 2013/14 EUR	Services / Goods delivered 2013/14 EUR	Receivables 2014/03/31 EUR	Liabilities 2014/03/31 EUR
SE Electricals Ltd., India	Advance Payment of costs for the production ramp-up of the facility in Padubidri, India	--	--	99,000 Prepayments	--
SE Electricals Ltd., India	Supply agreement for generators.	487,500	--	1,686,000 Prepayments	--
Suzlon Wind International Ltd., India	Job Order for production of nacelles and hubs in Padubidri, India, and Supply agreement (several orders) about nacelle covers, spinners, smaller composite parts, including rework, and 24 sets of Top/Bottom Boxes, Orders in 2013/14: 1,134 k EUR	1,560,988	--	--	858,919
Suzlon Wind Energy Spain, S.L.U.	Service on Senvion WTG in connection with orders for blade repairs by Suzlon	10,033	--	--	10,033
Suzlon Wind Energy Corporation, USA	Sales agency agreement dated 11 January 2011 between Senvion and Suzlon. Suzlon supports Senvion in marketing its wind turbines (MM82, MM92, 3.XM series) in the USA and by amendment to the agency agreement also in Canada (excluding the Quebec region).	No transactions under this contract in the fiscal year 2013/14.			
Suzlon Energy Australia Pt. Ltd, Australia	Agency agreement dated 11 January 2011 between Senvion and Suzlon. Suzlon supports Senvion in marketing its wind turbines (MM82, MM92, 3.XM series) in Australia	No transactions under this contract in the fiscal year 2013/14.			

10.3.2 Transactions by Senvion SE subsidiaries with Suzlon Energy Ltd., its subsidiaries and its related parties in financial year 2014/13

10.3.2.1 PowerBlades GmbH, Bremerhaven

On 9 April 2014, a notification of defects was sent by PowerBlades GmbH, Bremerhaven, to SE Blades, Aarhus, Denmark, regarding insufficient repairs on 35 sets of RE45 rotor blades in business year 2012/13. The estimated maximum total damages are 350 k EUR.

10.3.2.2 RECA Holdings Pty Ltd., Melbourne, Australia

Company	Content	Services / Goods obtained 2013/14 EUR	Services / Goods delivered 2013/14 EUR	Receivables 2014/03/31 EUR	Liabilities 2014/03/31 EUR
Suzlon Energy Australia Pty Ltd, Australia (SEA)	Facilities and Service Agreement: RECA supports SEA within the area of Service and Maintenance, Contract dated 5 October 2011 (Cost + Margin (3%))	1,082,788	13,491,167	23,175,563	2,596,992
Suzlon Energy Australia Pty Ltd, Australia	Consultancy Services Agreement dated 28 February 2011: Utilization of Suzlon Australia services related to tender preparation or project management	No transactions under this contract in the fiscal year 2013/14.			

On 31 December 2013, Senvion Australia Pty Ltd agreed with Suzlon Energy Australia Pty Ltd, that starting on 1 January, 2014, Senvion will be reimbursed for its services rendered under the Facilities and Service Agreement as of 5 October 2011 directly by the customers of SEA in Australia. A payment direction deed was signed between Senvion Australia and SEA, which is currently in the process of being supplemented by individual customer agreements between SEA and its customers. Other terms and conditions under the facility and service agreement remain unchanged. In the period from 1 January 2014 until 31 March 2014 for services rendered under the agreement, customer payments of 1,922 k EUR were transferred by SEA to Senvion Australia for those customers where the agreements are still pending.

On 31 March 2014 Senvion entered into a share purchase agreement with Valum Holding B.V., Amsterdam, The Netherlands, for the acquisition of 80% of the interest in Yorke Peninsula Wind Farm Project Pty Ltd, Melbourne, Australia for a consideration of 6,200 k AUD (4,222 k EUR). The contract is contingent upon the approval of the financing parties of the syndicated credit facitliy. The approval was outstanding as of 31 March 2014. The purchase price shall be offset against receivables from RECA Holding Pty Ltd. Yorke Peninsula Wind Farm Project Pty Ltd's business objective is the development and construction of a wind farm in Australia. The entity has been granted development approval to develop the wind farm in its intended location. Development is currently pursued and the application of the construction approval is being prepared. Owing to the uncertainty of the value of wind farm projects under development, the parties have agreed to include a contingent purchase price in the agreement. Dependent upon the point in time of sale of the wind farm to investors or any other party, the seller will receive 50% to 60% of future sales proceeds, after initial and future acquisition and development cost of Senvion have been deducted. Accordingly, the seller will receive an amount equal to a maximum of 60% (if sale occurs prior to 31 December 2014, otherwise 50%) of the sales proceeds (up to a maximum of 30,000 k AUD) after initial acquisition cost (6,200 k AUD) and future development cost incurred by Senvion have been deducted.

10.3.2.3 Senvion USA Corp., Denver, U.S.A.

Company	Content	Services / Goods obtained 2013/14 EUR	Services / Goods delivered 2013/14 EUR	Receivables 2014/03/31 EUR	Liabilities 2014/03/31 EUR
Suzlon Wind Energy Corporation, USA	Service Level Agreement dated July 2012 concerning various services in relation with project management, service and commissioning of WECs, contract management, logistics and delivery in the US. Furthermore Suzlon supplies HSE services (Health, Safety and Environment).	222,892	--	--	183,352

10.3.2.4 Senvion Canada Inc., Montreal, Canada

Company	Content	Services / Goods obtained 2013/14 EUR	Services / Goods delivered 2013/14 EUR	Receivables 2014/03/31 EUR	Liabilities 2014/03/31 EUR
Suzlon Wind Energy Corporation, USA	HSE services (Health, Safety and Environment) from Suzlon	106,847	--	--	--

10.3.2.5 PowerBlades Industries Inc., Québec, Canada

Company	Content	Services / Goods obtained 2013/14 EUR	Services / Goods delivered 2013/14 EUR	Receivables 2014/03/31 EUR	Liabilities 2014/03/31 EUR
Suzlon Rotor Corp., India	Sales contract dated 1 October 2013, concerning diverse fixed assets delivered by Suzlon Rotor Corp. to PowerBlades Industries Inc.	621,234	--	--	621,234

10.3.2.6 REpower Systems Northern Europe A/S, Aarhus, Denmark

Company	Content	Services / Goods obtained 2013/14 EUR	Services / Goods delivered 2013/14 EUR	Receivables 2014/03/31 EUR	Liabilities 2014/03/31 EUR
Suzlon Wind Energy A/S, Denmark	Performance of HR related services and rent payments from REpower A/S to Suzlon A/S.	278,232	--	--	--

The company REpower Systems Northern Europe A/S is in the process of liquidation since March 2014. As a result, work contracts with all employees of the subsidiary were terminated. Employees from Suzlon Wind Energy A/S, Aarhus, Denmark, performed all legal and HR related services in connection with the closure. Furthermore, Suzlon Wind Energy A/S terminated office rent and telecommunication contracts and took care of other organizational matters on behalf of REpower Systems Northern Europe A/S. In the upcoming months, Suzlon Wind Energy A/S will also render accounting and reporting services until all statutory requirements for liquidation of the company are fulfilled. Cost was recharged from Suzlon Wind Energy to REpower on the basis of actual HR cost and time spent on behalf of REpower Systems Northern Europe A/S.

10.3.2.7 REpower India Ltd., Pune, India

Company	Content	Services / Goods obtained 2013/14 EUR	Services / Goods delivered 2013/14 EUR	Receivables 2014/03/31 EUR	Liabilities 2014/03/31 EUR
Suzlon Energy Ltd., India	Service agreement dated 1 January 2013 for the provision of accounting and tax consulting services and service in the HR and IT area for Senvion activities in India.	80,788	--	--	86,700
Suzlon Wind International Ltd., India	REpower India pays rent to Suzlon Wind International Ltd.	24,133	--	--	26,298

In financial year 2012/2013 Senvion SE has acquired Microsoft software and server licenses through its subsidiary REpower India Ltd, Pune, India, from DELL India. Although the transaction has not been executed between Senvion and Suzlon Energy Ltd. or any of its affiliates, the acquisition occurred under the enterprise agreement and its conditions Suzlon Energy Ltd. has negotiated with Microsoft for its global subsidiaries. In financial year 2013/2014, Microsoft has acknowledged the transfer of licenses as agreed in the enterprise agreement.

REpower North (China) Ltd., Baotou, VR China

On the basis of the blades supply contract between REpower North (China) Ltd. and Suzlon Energy Ltd. dated 1 November 2007 concerning RE40 blades, no blades were supplied to Senvion Group in fiscal year 2008/09. The blade supplies committed for 2008 on the basis of this contract therefore had to be purchased by the Senvion Group on the European market from other blade suppliers. However, the contract prices and conditions agreed with Suzlon could not be met and additional transport costs were incurred. The additional expenses of 7.73 m EUR were transferred from REpower North (China) Ltd., Baotou, China to Suzlon Group during the fiscal year 2009/10. An agreement for the balancing with Suzlon Group (Settlement Agreement) has been set up during the fiscal year 2010/11.

11 Information on the corporate bodies of Senvion SE, Hamburg

The following are or were appointed as members of the Supervisory Board:

- Mr. Tulsi R. Tanti, Director Suzlon Energy Ltd, Pune, India (Chairman) (until 2015/04/28)
- Mr. Frans H. J. Visscher, Employee Suzlon Energy Ltd, (Deputy Chairmann) (until 2015/04/28)
- Mr. Thomas Rex, Team leader production electrics, Breydin, Germany
- Mr. Bernhard Band, Employee Suzlon Energy Ltd, Tellingstedt, Germany
- Mr. Ravi Uppal, CEO Indal Steel & Power, Neu Delhi, India (until 2015/04/28)
- Mr. Vinod R. Tanti, Employee Suzlon Energy Ltd, Pune, India (since 2014/10/20 until 2015/04/28)
- Mr. Kirtikant J. Vagadia, Employee Suzlon Energy Ltd, Pune, India (until 2014/10/16)

The following are or were appointed to the Executive Board of Senvion SE:

- Mr. Andreas Nauen, CEO, Hamburg (Chairman)
- Mr. Lars Rytter, COO, Hamburg, Germany
- Mr. Russell Burton Stoddart, CTO, Hamburg, Germany
- Mr. Kirtikant J. Vagadia, CFO, Pune, India (from 2014/12/01 until 2015/02/13)
- Mr. Alex Joseph De Ryck, CSO, Antwerpen, Belgien (until 2014/12/15)
- Mr. Marcus A. Wassenberg, CFO, Hamburg, Germany (until 2014/09/15)

12 Remuneration for the Supervisory Board and the Executive Board of Senvion SE

The remuneration of members of the Supervisory Board was adjusted by resolution of the extraordinary general meetings on 19 and 20 December 2011.

For the financial year 2014/15, remuneration in accordance with the Articles of Association in the version dated 31 May 2011 and the resolutions of the extraordinary general meetings of 19 and 20 December 2011 of 359,777.78 EUR (previous year: 360,000 EUR) was paid to the Supervisory Board.

The actual remuneration paid to the Executive Board members in the financial year 2014/15 was calculated and determined on the basis of the remuneration schemes applicable to each Executive Board member.

The total remuneration of the current Executive Board for the financial year 2014/15 amounts to 1,865,468 EUR (previous year: 1,574,671 EUR). The remuneration includes current salaries in the amount of 1,187,506 EUR, retirements benefits of 286 EUR, non-recurring payments of 578,667 EUR and other benefits of 99,009 EUR.

In the past financial year 2014/15, total remuneration of 1,391,527 EUR (previous year: 396,667 EUR) was paid to departed Executive Board members. The remuneration includes current salaries in the amount of 506,250 EUR, compensations of 175,000 EUR, non-recurring payments of 365,500 EUR and other benefits of 353,777 EUR.

13 Information on the remuneration paid to the auditor

In total, an amount of 455 k EUR (previous year: 410 k EUR) was expensed as a fee for auditing the consolidated financial statements and the annual financial statements of the parent company and its subsidiaries for the past financial year. Furthermore additional expenses in the amount of 43 k EUR were recorded in the financial year 2014/15 for the financial year 2013/14. In addition, fees totalling 4,063 k EUR (previous year: 1,779 k EUR) were agreed in the period under review for services outside the audit of these companies. Here, 386 k EUR (previous year: 486 k EUR) were attributable to tax consultation and 3,677 k EUR (previous year: 1,293 k EUR) to other services.

14 Material events after the reporting date

As of 29 April 2015 Suzlon Energy Limited, Pune, India has sold 100% of their shares in Senvion SE to Centerbridge Partners L.P., New York, USA. With effect from the same date, due to the sale to Centerbridge, Senvion SE has entered into a new syndicated credit line of 950 m EUR. With the sale of Senvion Group to the new shareholder this line of credit will replace the existing syndicated credit line of 850 m EUR.

Furthermore, with completion of the transaction the representatives of the previous shareholder stepped down from the Supervisory Board. The resignation of Tulsi R. Tanti, Frans H. J Visscher, Vinod R. Tanti and Ravi Uppal took place on 28 April 2015.

On 4 May 2015 Mr. Stefan Kowski, Mr. Steven M. Silver, Mr. Todd Morgan and Mr. Martin Skiba were elected to the Supervisory Board as representatives of the new shareholder.

The consolidated financial statements were prepared on 29 May 2015 and consequently released for submission to the Supervisory Board. The consolidated financial statements will be presented to the Supervisory Board for approval in the Supervisory Board meeting on 18 June 2015.

Hamburg, 29 May 2015

The Executive Board

Andreas Nauen (CEO)

Lars Rytter (COO)

Russell Stoddart (CTO)

	Acquisitions and production costs						Depreciation and amortization							Book values	
	Balance 2014/04/01 EUR	Additions EUR	Reclassifications EUR	Disposals EUR	Exchange differences EUR	Balance 2015/03/31 EUR	Balance 2014/04/01 EUR	Additions EUR	Zugänge aus Erstkonsolidierung EUR	Reclassifications EUR	Disposals EUR	Exchange differences EUR	Balance 2015/03/31 EUR	2015/03/31 EUR	2014/03/31 EUR
Fixed Assets															
I. Intangible Assets															
1. Software and other licences	38,027,563.29	1,640,372.05	6,261,984.81	-161,488.57	13,260.54	46,172,621.14	21,749,638.40	5,831,132.27	56,302.50	4,033,945.10	-159,984.95	2,610.44	31,513,643.76	14,658,977.38	16,277,924.89
2. Goodwill	18,869,870.00	0.00	0.00	0.00	0.00	18,869,870.00	3,237,696.00	0.00	0.00	0.00	0.00	0.00	3,237,696.00	15,632,174.00	15,632,174.00
3. Development costs	109,124,791.98	38,766,933.19	0.00	0.00	0.00	147,891,725.17	23,262,140.88	16,710,362.70	0.00	0.00	0.00	0.00	39,972,503.58	107,919,221.59	85,862,651.10
4. Advance payments	1,934,866.50	3,137,280.67	-1,884,119.05	0.00	0.00	3,188,028.12	0.00	0.00	0.00	0.00	0.00	0.00		3,188,028.12	1,934,866.50
Total intangible assets	**167,957,091.77**	**43,544,585.91**	**4,377,865.76**	**-161,488.57**	**13,260.54**	**216,122,244.43**	**48,249,475.28**	**22,541,494.97**	**56,302.50**	**4,033,945.10**	**-159,984.95**	**2,610.44**	**74,723,843.34**	**141,398,401.09**	**119,707,616.49**
II. Property, plant and equipment															
1. Land, leasehold rights and buildings on non-owned land	125,942,407.44	751,877.45	3,890,077.92	-335,568.05	482,408.67	130,731,203.43	20,076,333.72	4,837,225.15	0.00	-4,018,343.22	-124,968.06	79,757.47	20,850,005.06	109,881,198.37	105,866,073.72
2. Technical equipment, plant and machinery	123,420,953.32	11,308,076.23	6,535,937.06	-760,343.00	470,632.12	140,975,255.73	66,826,575.84	20,991,537.30	0.00	349,097.29	-415,619.91	189,446.57	87,941,037.09	53,034,218.64	56,594,377.48
3. Other equipment, fixtures, fittings and equipment	63,117,778.77	8,784,677.17	756,380.03	-1,682,573.83	588,114.85	71,564,376.99	40,557,680.63	7,753,321.95	0.00	-45,619.17	-1,193,258.18	409,707.10	47,481,832.33	24,082,544.66	22,560,098.14
4. Advance payments and plant and machinery in process of constrution	18,434,455.29	17,562,777.41	-15,560,260.77	-353,602.96	20,811.86	20,104,180.83	2,233,110.76	0.00	0.00	-319,080.00	0.00	0.00	1,914,030.76	18,190,150.07	16,201,344.53
Total fixed Property, plant and equipment	**330,915,594.82**	**38,407,408.26**	**-4,377,865.76**	**-3,132,087.84**	**1,561,967.50**	**363,375,016.98**	**129,693,700.95**	**33,582,084.40**	**0.00**	**-4,033,945.10**	**-1,733,846.15**	**678,911.14**	**158,186,905.24**	**205,188,111.74**	**201,221,893.87**
Total fixed assets	**498,872,686.59**	**81,951,994.17**	**0.00**	**-3,293,576.41**	**1,575,228.04**	**579,497,261.41**	**177,943,176.23**	**56,123,579.37**	**56,302.50**	**0.00**	**-1,893,831.10**	**681,521.58**	**232,910,748.58**	**346,586,512.83**	**320,929,510.36**

	Acquisitions and production costs							Depreciation and amortization							Book values	
	Balance 2013/04/01	Additions	Additions from first consolidation	Reclassifications	Disposals	Exchange differences	Balance 2014/03/31	Balance 2013/04/01	Additions	Additions from first consolidation	Reclassifications	Disposals	Exchange differences	Balance 2014/03/31	2014/03/31	2013/03/31
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Fixed Assets																
I. Intangible Assets																
1. Software and other licences	38,267,711.63	1,042,784.71	0.00	422,494.19	-1,698,444.45	-6,982.79	38,027,563.29	20,823,204.15	2,628,017.25	0.00	0.00	-1,695,773.45	-5,809.55	21,749,638.40	16,277,924.89	17,444,507.48
2. Goodwill	18,869,870.00	0.00	0.00	0.00	0.00	0.00	18,869,870.00	3,237,696.00	0.00	0.00	0.00	0.00	0.00	3,237,696.00	15,632,174.00	15,632,174.00
3. Development costs	85,686,016.97	23,438,775.01	0.00	0.00	0.00	0.00	109,124,791.98	12,762,082.64	10,500,058.24	0.00	0.00	0.00	0.00	23,262,140.88	85,862,651.10	72,923,934.33
4. Advance payments	0.00	1,100,666.50		856,262.50	-22,062.50	0.00	1,934,866.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,934,866.50	0.00
Total intangible assets	**142,823,598.60**	**25,582,226.22**	**0.00**	**1,278,756.69**	**-1,720,506.95**	**-6,982.79**	**167,957,091.77**	**36,822,982.79**	**13,128,075.49**	**0.00**	**0.00**	**-1,695,773.45**	**-5,809.55**	**48,249,475.28**	**119,707,616.49**	**106,000,615.81**
II. Property, plant and equipment																
1. Land, leasehold rights and buildings on non-owned land	116,905,985.28	7,110,675.88	0.00	2,275,000.00	-133,855.03	-215,398.69	125,942,407.44	15,156,321.99	5,001,308.60	0.00	0.00	-24,359.82	-56,937.05	20,076,333.72	105,866,073.72	101,749,663.29
2. Technical equipment, plant and machinery	109,569,566.74	15,073,005.11	0.00	2,559,311.42	-3,422,995.73	-357,934.22	123,420,953.32	50,498,021.34	18,816,351.55	0.00	511,391.91	-2,909,832.83	-89,356.13	66,826,575.84	56,594,377.48	59,071,545.40
3. Other equipment, fixtures, fittings and equipment	62,086,651.09	5,699,330.58	0.00	9,943.64	-4,326,133.74	-352,012.80	63,117,778.77	37,667,010.93	7,309,828.41	0.00	-511,391.91	-3,619,175.69	-288,591.11	40,557,680.63	22,560,098.14	24,419,640.16
4. Advance payments and plant and machinery in process of constrution	9,318,644.32	16,191,795.18	0.00	-6,123,011.75	-952,972.46	0.00	18,434,455.29	2,700,572.76	372,998.00	0.00	0.00	-840,460.00	0.00	2,233,110.76	16,201,344.53	6,618,071.56
Total fixed Property, plant and equipment	**297,880,847.43**	**44,074,806.75**	**0.00**	**-1,278,756.69**	**-8,835,956.96**	**-925,345.71**	**330,915,594.82**	**106,021,927.02**	**31,500,486.56**	**0.00**	**0.00**	**-7,393,828.34**	**-434,884.29**	**129,693,700.95**	**201,221,893.87**	**191,858,920.41**
Total fixed assets	**440,704,446.03**	**69,657,032.97**	**0.00**	**0.00**	**-10,556,463.91**	**-932,328.50**	**498,872,686.59**	**142,844,909.81**	**44,628,562.05**	**0.00**	**0.00**	**-9,089,601.79**	**-440,693.84**	**177,943,176.23**	**320,929,510.36**	**297,859,536.22**

SENVION
wind energy solutions

Senvion SE, Hamburg
Group Management Report for the fiscal year 2014/15

1. Bases of the Senvion group

a. Business model and strategy

Senvion SE is an independent company that, in the period covered by this report, was part of the Suzlon Group. Senvion is an international provider of wind turbines. The engineering company, with international operations and headquarters in Hamburg, is one of the world's leading manufacturers of onshore and offshore wind turbines. Its product portfolio comprises wind turbines with nominal powers of 2.0 to 6.15 megawatts (MW), rotor diameters ranging between 82 and 152 meters and further specifications tailored to customer requirements.

Senvion's core expertise lies in the production and installation of wind turbines. Senvion develops, manufactures, sells and erects turbines, and also offers its customers project-specific solutions in the fields of transport, installation and foundations. Senvion's customers may also benefit from a broad range of service and maintenance options. Senvion's main focus is ensuring the long-term availability of its wind turbines.

Since the establishment of Senvion, more than 5,855 wind turbines with a combined output of over 11,900 MW were installed (i.e. physically erected) around the world by the end of 2014, giving Senvion considerable experience in the production and installation of turbines. In 2014, Senvion commissioned 1,477 MW of power (wind turbines with grid connection), equivalent to a global market share of around 2.8%.

A wide distribution network with branches in Europe, America, Asia and Australia provides international consultancy services and sells Senvion wind turbines. This means that regional conditions can be taken into account and the customer has a direct, competent and multilingual contact person on-site.

Senvion's state-of-the-art manufacturing plants are currently located in Germany, Portugal and Canada. Its wind turbine production plants in Germany are located in Husum in Northern Germany, in Bremerhaven and in Trampe near Berlin. Its plant in Husum manufactures nacelles and rotor hubs for the MM series (2 megawatts nominal power), while the plant in Trampe, Brandenburg, also produces 3 megawatt turbines in addition to MM series turbines. The Bremerhaven site is ideally suited to the production of 6.XM offshore wind turbines (6 megawatts nominal power); 3.XM series turbines (3 megawatts nominal power) are also produced there. The subsidiary PowerBlades GmbH is also located in Bremerhaven. Senvion-specific rotor blades for offshore wind turbines are manufactured there. Other rotor blade production sites are located in Vagos, Portugal, which manufactures the RE45, RE51, RE55 and RE61 rotor blades, and Welland in Ontario, Canada, which manufactures the RE45 rotor blades. Nacelles and rotor hubs for the 2 megawatt class are also produced in Oliviera de Frades, Portugal.

Senvion's modern development center is located in Osterrönfeld in the German state of Schleswig-Holstein. This center houses the innovative research and development department, regularly cooperating with universities, the department responsible for remote monitoring of the global wind turbine fleet, technical support and the service department. Furthermore, an engineering office in Osnabrück works on the ongoing development of Senvion turbines.

Senvion will remain a quality supplier and continue to offer its customers reliable wind turbines with high availability. In so doing, Senvion will manage all process stages from planning to installation on an integrated basis. Customers can also choose from a range of individually tailored service options, so that these high-quality turbines can be maintained by Senvion. The customer can thus obtain a suitable service package from a single source.

Senvion's core sales markets are Germany, the UK, France, Canada and Australia. The satellite markets of the US, Turkey, Austria, Poland, Ireland, The Netherlands, Sweden, Belgium, Portugal, Japan, Romania and Italy are served by the hub structure.

b. Research and development

Senvion's development activities cover all wind turbine and rotor blade types that Senvion itself manufactures. In the fiscal year 2014/15, research and development expenses amounted to 57.5 million euros (prior year: 44.9 million euros). Of the development expenses, 38.8 million euros were capitalized in this fiscal year (prior year: 23.4 million euros); 15.9 million euros concerned third-party services (prior year 6.5 million euros), e.g. for temporary workers, consulting services or certification costs.

This year again, one focus of development activities was the further expansion of the 3 megawatt platform. Several prototypes of the 3.0M122, the IEC3A low-wind version, were successfully installed and validated. The 3.XM product line with three rotor variants thus now covers all wind classes. The wind turbines' electrical system was further developed to reflect the raised electrical quality requirements of grid supply on the German market (product: DFIG+). To increase energy yield, the rotor blades on the 3.2MM114 turbine were first fitted with vortex generators (3.2M114VG). The nominal power of this turbine was then increased to 3.4 megawatts (3.4M114). This new, powerful rotor also forms the basis of an update to the 3.XM fleet with regard to future grid requirements (ENTSO-E code). In particular, we are developing a new electrical power train based on a full scale converter (NES).

We also pressed ahead with the further development of the successful 2 megawatt platform in the fiscal year 2014/15. The projects focused on the ongoing development of existing wind turbine types. Similar to the 3 megawatt platform, the wind turbines' transformer technology was further developed to reflect the raised electrical quality requirements of grid supply on the German market (product: DFIG+). The existing hot climate option was extended for the Australian market to also cover the more powerful NGx converter generation. A prototype was successfully commissioned at the Bald Hills wind farm. A further measurement system was installed for the highest-rated 2 megawatt wind turbine platform at the Neuengamme wind farm to record power curves and sound levels. At the same time, this system enables the validation of an optimized tower version. In addition, new versions of the 2 megawatt platform with hub heights of 64 m and 75 m were developed to meet the market requirements in the UK and France.

Significant progress was also made in the ongoing development of the 6M offshore platform, of particular note being the successful installation and commissioning of the 6.2M152 prototype in December 2014. The prototype passed trial runs in March 2015 with an excellent availability of 99.6%. The turbine, which has a rotor diameter of 152 m and a lifetime of 25 years, will make a significant contribution to reducing offshore power generation costs and boosts Senvion's position in this key market.

2. Economic report

a. Economic and sector related circumstances

Economic development

The aftermath of the financial and economic crisis continued to be felt in the past year. According to a report by the International Monetary Fund (IMF), global gross domestic product (GDP) in 2014 grew by 3.4% in comparison with 2013 (2013: growth of 3.2%).

As in the past, the emerging economies made the greatest contribution to global growth, their GDP rising by 4.4%, while industrialized countries generated an increase of 1.8%. For the euro zone as a whole, the IMF reported a GDP growth of 0.9%. Germany, in particular, showed initial signs of recovery, in contrast to countries on the southern periphery of the Union that are still struggling with the ramifications of the crisis.

Falling energy prices and a strong dollar are behind the wait-and-see policy of the Federal Reserve System (FED) regarding changes to interest rates. This approach has proven prescient in the recent past; no adjustment is expected in the coming months and the FED will be able to leave interest rates close to zero, as has been the case since 2008. Since the start of the year, a strong contraction in the American economy's rate of expansion has also been observed. Inflation and growth projections were additionally scaled back following the last meeting of the US Federal Reserve.

The trillion-euro asset purchase program announced by the European Central Bank (ECB) in March 2015, entailing the purchase of bonds worth 60 billion euros every month until September 2016, aims to prevent a slide into deflation on the continent. Falling consumer prices could derail economic growth over the longer term. Monetary easing was flanked by the ECB's reduction in the base rate in September of last year, bringing it to a record low of just 0.05% (previously 0.15%).

Overall, the German economy showed itself to be in good shape in 2014. According to the Federal Statistical Office, the real GDP grew by 1.5%. The German economy as a whole thus proved resilient in a challenging environment and even managed to outdo the average figure of 1.2% in the last ten years.

Consumer spending was the main driver of growth in Germany in the past year. Private households' spending rose by 1.1% year-on-year in real terms, while the government's consumption expenditure increased by 1.0% compared to the prior year. This is in no small part due to the high figure of 42.7 million people in gainful employment (+0.9%).

Despite a relatively difficult external environment, exports saw a price-adjusted increase of 3.7%, while imports grew by 3.3%. The external component of the GDP thus made a relatively minor contribution of 0.4% to the growth.

Oil prices have fallen by more than half since the summer of 2014, easing the financial strain on consumers and businesses alike in the current year. At the current price level, this translates to cost savings of just under 21 billion euros or 0.8% of the GDP.

Sector development

The global wind energy market recorded an increase in installed wind power capacity of around 49 gigawatts (GW) in 2014. This represents a considerable rise in new installations compared to the 34 GW in 2013. The cumulated global capacity of 321 GW has risen to 370 GW. Overall, the increase in installed capacity seen in 2014 is in part due to the recovery of the American market and record numbers of new installations in Germany and China. Experts are anticipating further growth of the markets for 2015. Over the coming years, the offshore market will expand from 1.8 GW in 2014 to 9.6 GW of annual grid connections, with particularly sharp growth from 2017 on. The Asia-Pacific region has seen a strong rise in commissioned capacity from 17.5 GW to 23.5 GW. Just under 20 GW of new capacity was installed in China; this equates to around 41% of the worldwide installed capacity and represents an important contribution to growth in the wind energy sector. Assisted by a stable framework for wind energy subsidies, new grid connections in India rose from 1.7 GW in 2013 to 2.3 GW in 2014. With its very high level of energy demand, India is still regarded as one of the world's most dynamic wind energy markets. Analysts are expecting a further increase in 2015, which in part will benefit from the reintroduction of the "Generation Based Incentive" (GBI).

The American wind energy market showed recovery in 2014, with 4.8 GW of newly commissioned capacity well above the figure of just above 1 GW in 2013. This was mainly due to the retention of the Production Tax Credit (PTC) incentive in 2014. The short-notice extension of the expired PTC means that a further 13 GW of power are expected in the next two years. Discussions are currently being held with regard to further extension of the PTC into the next few years, which are being monitored by Senvion. Canada (21% growth between 2013 and 2014) and the Latin American nations (in particular Brazil, with growth in annual new installations of around 430%) continue to display positive growth. Experts estimate that the Brazilian market will see future new installations of between 2 GW and 3 GW a year, while the Mexican market will post new installations of around 1 GW. Due to high local value-added rates, however, these developments are subject to considerable entry barriers.

The expansion and integration of renewable energy remains the central focus of economic policy in a number of countries around the world. Over the course of recent fiscal years, it has become clear that the intensity of efforts made and the attractiveness of conditions differ depending on the nature of governments in power. While countries like Canada continue to foster the economic conditions required for renewable energies, other countries like China are sealing themselves off from the international market. Some countries have in fact completely turned their backs on making any initial steps toward creating a green energy sector. Following the nuclear disaster in Fukushima and efforts to establish an alternative energy model, Japan and its new government found themselves back where they started with their former energy sector based around nuclear energy.

The European market for wind power, defined by the well-known research firm MAKE as a market segment and thus, in contrast to the prior year (analysis only of EU member states), analyzed below, saw around 13 GW of newly commissioned capacity in 2014, an increase on 2013 (12.5 GW in Europe). The German market particularly stood out with a record-breaking 5.3 GW of new capacity. Political uncertainty regarding support measures in France and Poland was largely eliminated.

Of the just under 13 GW of newly commissioned capacity in Europe, around 11.5 GW related to onshore turbines and 1.5 GW to offshore installations. As such, a slightly higher number of new onshore turbines were installed than in the prior year (10.7 GW in 2013). Europe's total cumulative capacity as at the end of 2014 came to 134 GW, some 10% above the figure of around 122 GW at the end of 2013.

With around 5.3 GW of new capacity (3.2 GW in 2013), Germany is the frontrunner among the EU member states, followed by the United Kingdom with just under 1.8 GW (2.4 GW in 2013). Germany thus saw a surge in newly commissioned capacity compared to the prior year, while Poland reported a sharp fall from 900 MW to 400 MW, chiefly due to uncertainties in the general political situation. France also saw a sharp rise with just under one GW of new commissions (630 MW in 2013). Sweden (1017 MW), Turkey (824 MW) and Austria (411 MW) also reported considerable growth.

Energy policy in 2014 was marked by rigorous reforms with an ambitious timetable set out by the German Ministry of Economic Affairs and Energy under Sigmar Gabriel. Swift agreement gave the market a decisive boost and yielded cautious optimism, reflected in rising expansion figures. The amendment was passed in mid-2014 as "EEG 2014" (2014 Renewable Energy Sources Act) and includes a moderate decrease in the renewable energies surcharge and the gradual convergence of renewable energies within a competitive market environment with a tendering model from 2017 on. The change in German state aid from guaranteed subsidies toward a competitively-based framework marks a major break in the system. Initial discussions reveal close dialogue between government and the sector, which could result in a constructive outcome to the first round of tendering in 2017. Specific aspects of the tendering process are first expected in summer 2015. The reforms proposed by the Ministry of Economic Affairs are systematically geared toward the global stage and, in addition to the EEG, also cover the design of the electricity market. The “Green Paper” published in the fall of 2014 examines the question of security of supply in view of a changing power generation structure with a growing share of renewable energies. Alongside discussion of what are known as “no-regret” measures required under the general development of infrastructure regardless of electrical design, the Green Book rejects fully-fledged capacity markets. A final decision regarding the proposed reforms and related measures is expected in the summer of 2015.

The wind energy sector as a whole saw employment growth of just under 12% from 2012 to 2013. While 121,800 people were employed in the wind energy sector in 2012, according to a study published by DIW ECON, the figure rose to 137,800 in 2013. In the course of this year, the sector grew in all the German federal states, albeit with regional differences. This development is attributable to the 28% expansion in onshore capacity compared to the prior year. The wind energy industry branch is a very important employer and has a significant effect on value creation. It also accounts for a considerable share of jobs and value creation in other countries.

b. Results in the fiscal year 2014/15 and comparison with forecasts

Results compared to forecasts		
Key figure	**May 2014 forecast**	**Final result**
Order intake	Moderate increase	Minor decrease (1.6 billion euros compared with 1.7 billion euros)
Revenue	1.90 billion euros with a fluctuation of around 10 percent	1.93 billion euros
Annual result	Higher result	47.5 million euros compared to 20.3 million euros in prior year

The reasons underlying the differences between the prior-year forecasts and the actual results are explained in greater detail below.

The wind energy market proved challenging in 2014. Due to market uncertainty regarding EEG reforms at the start of the fiscal year order intake fell slightly short of expectations. Nevertheless Senvion continued to stand its ground in this market environment, generating revenues of 1.9 billion euros in the past fiscal year and meeting the expectations.

Overall the operating result, the margin and the annual result increased on the prior fiscal year in which Senvion successfully carried out internal restructuring. In the fiscal year 2014/15, earnings before interest and taxes (EBIT) came to 92.5 million euros, 29.3 million euros more than the prior year (allowing for one-off expenses in the amount of 38.0 million euros arising from the restructuring process). The related margin rose from 3.4% to 4.6%. Like forecasted the overall result achieved an significant increase from 20.3 million euros to 47.5 million euros.

Order situation and installed capacity

In the fiscal year 2014/15, Senvion reported a consistently maintained high order intake of 1,570 MW (prior year: 1,611 MW) worth around 1.6 billion euros (prior year: 1.7 billion euros). This data on the order backlog and order intake takes only effective contracts into account, and does not include contracts under conditions precedent (CP contracts). Germany remains the most important market for Senvion, accounting for 48% of the overall order intake. The UK, however, also saw a strong rise of 52% in order takes compared to the prior year, making it the second strongest country after Germany. It is followed by France and Portugal, where Senvion managed to score a great success in 2014 with a major order for 172 MW.

The order backlog, including work in progress, stood at 2,360 MW as of the balance sheet date (prior year: 2,515 MW). Compared to the prior year (2.6 billion euros), this represents a constant order volume, including work in progress, to approximately 2.6 billion euros. Germany is the frontrunner in terms of order backlog, where the majority of demand is for 3 megawatt wind turbines. The UK, Canada and France also recorded high order backlogs as of the balance sheet date.

In the fiscal year 2014/15, Senvion installed wind turbines with a total output of 1,844 MW. Compared to the prior year (1,487 MW), this equates to an increase of 24%, largely explained by the installation of the Nordsee Ost offshore wind farm (48 wind turbines). With an installed capacity of 646 MW, the Senvion MM92 remained the most-installed turbine, followed by the Senvion 3.2M with an installed capacity of 507 MW. The offshore 6M series reached an installed capacity of 326 MW in the past year, primarily due to the installation of the Nordsee Ost wind turbines. The Senvion MM100 wind turbine contributed 114 MW of installed volume capacity.

An analysis by country shows that Germany made by far the largest contribution to installations, at 999 MW, and thus also to the revenues. Output of 250 MW was installed in Canada, followed by Australia (187 MW), France (163 MW) and the UK (106 MW).

Based on invoicing, the total output for the fiscal year 2014/15 is 1,600 MW (prior year: 1,415 MW).

Significant order intakes

Particular highlights in this reporting period were the volume of orders acquired in Germany and the UK, and larger orders to supply and install wind turbines in Portugal and Canada.

A key event in the past fiscal year was the signing of a turnkey agreement to supply and install 84 wind turbines with a combined nominal power of 172 MW for five wind farms in Portugal. The “Ancora” project is part of a tender from the Portuguese government to provide a total output of 400 MW since 2006. The Moimenta I and II wind farms will each feature 21 Senvion MM92 turbines. Eleven MM92 turbines will be installed at the Picos Vale do Chão wind farm, and a further 19 MM92 turbines at the Três Marcos wind farm. Twelve MM100 turbines from Senvion are destined for the Sernancelhe wind farm. The construction of the Sernancelhe and Picos Vale do Chão wind farms is scheduled to start in the summer of 2015. Work to build the Moimenta I and II and the Três Marcos wind farms will begin in the fall of 2015. The wind turbines will be installed from late summer 2015 on.

In Germany, order intakes saw a slight year-on-year decline (-12%), in part due to market uncertainty regarding EEG reforms at the start of the fiscal year. Despite this, it is worth stressing the continuing successful work with community wind farms. Various contracts to supply a total of 63 wind turbines with a combined capacity of 198 MW for 13 community wind farm projects were signed. In addition, the largest project to date involving the 3.0M122 wind turbine was acquired in Germany. At the Burgsteinfurt wind farm, eight turbines with a nominal power of 24 MW were already installed in Q4 of the fiscal year.

The signing of four contracts with a leading renewable energies development company, to supply four MM82 turbines and 18 MM92 turbines (total nominal power: 45 MW) in the UK, was another highlight of the past fiscal year. Construction of the four wind farms Grange in North Lincolnshire, Kelmarsh and Winwick near Northampton and Chiplow in Norfolk will begin in September 2015.

Senvion also posted another important new order in Canada: in August 2014, a contract was signed to supply 37 MM92 wind turbines with a combined output of over 76 MW for a wind farm in Québec. The turbines are due to be installed from the summer of 2015 on.

Worthy of note in connection with a positive order situation is the French market, where various contracts to supply a total of 69 wind turbines with a combined capacity of over 142 MW became effective in the past fiscal year.

c. Financial position

Revenue and earnings position

Compared to the fiscal year 2013/2014, revenue grew by 6.7% from 1,806.0 million euros to 1,926.2 million euros. Accounting for inventory changes, which increased by 18.2 million euros to 34.1 million euros, and own work capitalized in the amount of 38.8 million euros (prior year: 23.4 million euros), total turnover and operating revenue was boosted to 1,999.1 million euros (prior year: 1,845.3 million euros). This equates to a year-on-year increase of 8.3%.

The installation of wind turbines made a significant contribution to the generation of revenues. Revenues are determined in accordance with the percentage of completion method pursuant to IAS 11, under which both completed projects and projects in work are reflected in revenues on a pro rata basis. A portion of the positive growth in revenue also came from service and maintenance of wind turbines, thanks to the rise in the number of turbines furnished with a service agreement.

Other operating income fell from 43.7 million euros to 33.7 million euros. It primarily includes income from currency translation differences (15.1 million euros), income from insurance compensation payments or damages (7.5 million euros) and income from hedging transactions (5.9 million euros). The main cause of the decline in other operating income in the fiscal year 2014/15 was reduced income from the reversal of provisions (4.4 million euros) and hedging transactions (3.4 million euros).

Due to the increased total turnover and operating revenue, expenses for materials and related services also rose by 6.3% to 1,490.6 million euros. The cost of materials ratio was 74.6%, a reduction of 1.4 percentage points compared to the prior financial year.

Due to the rise in employee numbers, personnel expenses increased in absolute terms from 196.2 million euros to 208.9 million euros; in relation to the increase in total turnover and operating revenue, however, the personnel expenses ratio was actually just below the level of the prior year, at 10.5%.

Depreciation on property, plant and equipment and intangible assets amounted to 56.1 million euros (prior year: 44.6 million euros). This increase is mainly due to increased depreciation on development expenses of in total 16.7 million euros (prior year: 10.5 million euros).

Other operating expenses rose by 39.4 million euros to 184.7 million euros. This increase was in particular the result of expenses for legal and consulting costs (+26.4 million euros), expenses for payment of damages for performance failure (+10.8 million euros) and a rise in bad debt provisions (+6.6 million euros). This was countered by expenses arising from exchange rate fluctuations (-7.8 million euros) and other expenses (-4.2 million euros).

In total, this led to a 46.4% increase in earnings before interest and taxes (EBIT), to 92.5 million euros (prior year: 63.2 million euros, allowing for one-off expenses in the amount of 38.0 million euros arising from the restructuring process). The EBIT margin rose from 3.4% (after one-off effects) to 4.6%.

In the reporting period one-off expenses in the amount of 6.5 million euros occurred relating to the write off of charter contracts that the company signed in the past for three ships to be built especially for offshore O&M with non-refundable advances at cancellation. Taking the one-off expenses into account this led to adjusted earnings before interest, taxes, depreciation and amortization of 155.1 million euros (prior year 145.8 million euros before one-offs) and an adjusted EBIT of 99.0 million euros (prior year 101.2 million euros before one-offs). In the upcoming business year further one-off costs may arise due to business model changes.

The selected measures EBIT and EBITDA are independent of regional income taxation or different financing structures and therefore provide an optimal and objective basis to the management for decision-making.

	31 March 2015 / in million euros
EBITDA	148.6
One off Sea supply shipping	6.5
Adjusted EBITDA	155.1

Compared to the prior year, the financial result fell from -15.1 million euros to -18.0 million euros, but financial income rose marginally, by 0.9 million euros to 2.0 million euros, as did financial expenses, which grew from 16.2 million euros to 20.0 million euros. Overall, earnings before tax (EBT) increased by 26.4 million euros to 74.5 million euros.

Income tax expenses for the past fiscal year stood at 28.1 million euros and were thus 7.9 million euros up on the prior fiscal year in absolute terms. Due to the exceptional rise in EBT, the relative tax rate of 37.8% declined (prior year: 42.0%).

In total, Senvion achieved an annual result of 47.5 million euros, up 27.2 million euros on the prior year. This includes a positive result in the past fiscal year from discontinued business areas in the amount of 1.2 million euros (prior year: -7.5 million euros).

Asset and capital structure

The balance sheet total rose by 25.9 million euros year-on-year to 1,539.6 million euros.

On the asset side, this development is mainly attributable to the increase of 16.9 million euros in non-current assets to 359.1 million euros, while current assets rose by just 5.9 million euros to 1,164.0 million euros. Assets held for sale further saw a 3.2 million euro rise to 16.5 million euros. Overall, proportions on the asset side of the balance sheet have changed marginally in favor of non-current assets.

The increase in liabilities is due to the increase in equity of 44.2 million euros to 676.8 million euros and a rise of 2.7 million euros in current liabilities to 750.5 million euros. This is countered by the reduction of 20.2 million euros in non-current liabilities to 109.9 million euros. In addition, liabilities in connection with non-current assets for sale, saw a drop of 0.8 million euros and now come to 2.4 million euros. In total, the equity ratio rose sharply by 2.2 percentage points, to 44.0% (prior year: 41.8%). As such, total equity capital continues to provide a very stable financial basis for sound economic activity.

On the asset side, the increase in current assets results from rises by 31.5 million euros in cash and cash equivalents to 301.4 million euros, rises by 22.5 million euros in trade account receivables to 178.0 million euros, rises by 8.4 million euros in receivables from associates to 32.0 million euros and rises by 4.7 million euros in inventories to 241.1 million euros. In addition, income taxes receivable increased marginally from 1.9 million euros to 2.0 million euros.

In the period covered by the report, these were offset by reductions from 362.1 million euros in gross amounts due from customers for production orders to 311.2 million euros, reductions of 7.2 million euros in other financial assets to 2.2 million euros and reductions from 99.3 million euros in other assets to 96.2 million euros.

Assets held for sale totaled 16.5 million euros as of the balance sheet date (prior year: 13.3 million euros). This involves the assets of REpower North (China) Ltd., the shares of which will be liquidated following a strategic withdrawal from the Chinese market.

The growth in non-current assets results from increases by 21.7 million euros in other intangible assets to 125.8 million euros – primarily due to the capitalization of development costs –, by 4.0 million euros in tangible fixed assets to 205.2 million euros and by 3.7 million euros in other assets, to 3.7 million euros. By contrast, issued loans fell by 10.5 million euros to 2.8 million euros, and deferred taxes saw a decline by 2.0 million euros to 6.1 million euros. The decline of the issued loans is caused by the reorganization of the Portuguese entities und the necessary changes in consolidation.

In the fiscal year 2014/15, Senvion invested 82.0 million euros in property, plant and equipment and intangible assets throughout the Group (prior year: 69.7 million euros). This equates to a year-on-year increase of 13.0 million euros.

While the increase in intangible assets mainly concerns capitalized development costs (38.8 million euros), investments in tangible assets over the reporting year were used, for example, for construction and acquisition of various rotor blade types.

On the liabilities side, the increase in current liabilities results from rises by 22.2 million euros in liabilities from income tax to 27.1 million euros, essentially resulting from a rose of the provision for tax audit of Senvion SE (11.4 million euros) and current taxes for 2014/15 (10.1 million euros), by 7.3 million euros in liabilities to associates to 10.9 million euros, by 6.1 million euros in trade accounts payable to 337.2 million euros, by 29.2 million euros in deferred revenue items to 33.5 million euros and by 2.1 million euros in other liabilities to 18.1 million euros.

By contrast, provisions fell by 24.7 million euros due to utilization and reversals based on the latest information to 126.0 million euros, other financial liabilities declined by 7.3 million euros to 22.5 million euros and gross amounts due to customers for production orders declined by 4.2 million euros to 16.5 million euros. In addition, prepayments received fell slightly from 153.4 million euros to 151.2 million euros, as did short-term loans, from 8.3 million euros to 7.6 million euros.

The decline in non-current liabilities results from the reduction of 10.1 million euros in other financial liabilities to 1.0 million euros. This reduction is essentially due to the reorganization of the Portuguese entities und the necessary changes in consolidation. In addition, long-term loans were reduced by 7.5 million euros to 14.3 million euros. Deferred tax liabilities also saw a drop of 2.5 million euros to 94.6 million euros.

In the current reporting period, equity increased by 44.2 million euros to 676.8 million euros. This equates to an increase of 7.0%, and results from the rise of 47.0 million euros in consolidated retained earnings associated with the positive annual result to 358.2 million euros with a simultaneous contraction of capital reserves from 303.7 million euros to 299.2 million euros. Other reserves saw a marginal fall of 0.3 million euros to 3.1 million euros. Non-controlling interests also increased by 2.0 million euros to 7.0 million euros.

At the end of the fiscal year, the Group had solid liquidity (cash and cash equivalents) of 300.0 million euros (prior year: 268.5 million euros). The cash flow shows an inflow of funds totaling 31.5 million euros (comparative period: 37.1 million euros). This change is primarily the result of a negative cash flow from investing and financing activities, combined with a substantially positive cash flow from operating activities. The outflow of funds from investing activities is mainly attributable to cash payments for the purchase of property, plant and equipment and intangible assets. The cash flow from financing activities of -7.5 million euros is the result of the repayment of loans (prior year: -8.2 million euros).

Financial position

Senvion also reports a healthy financial position for the fiscal year 2014/15. At 301.4 million euros, cash and cash equivalents remain at a high level.

Senvion's financial management is geared towards efficient use of available resources. The Group financing policy objectives are to secure liquidity, contain financial risks and optimize financing costs by means of an adequate capital structure. Financial activities are designed based on the operating business and Senvion's strategic alignment.

Financing requirements stem primarily from guarantees, especially those used to hedge advance payments and contractual obligations. As of the reporting date, available credit lines amounted to 879.8 million euros, 49.2 million euros of which represented cash credit lines and 830.6 million euros guarantee lines. This includes an amount of 10.6 million euros jointly backed by other lenders for guarantee lines and 19.2 million euros for construction financing. The other 850 million euros were provided as part of a syndicated credit facility signed on March 31, 2014.

The loan agreement contains typical termination rights for the lenders that become effective in connection with certain contractual changes. These include the conclusion of contracts of domination or profit transfer agreements with the parent company, the failure to comply with certain financial covenants or a change of control. The terms are variable and based on debt levels. Interest rate risks may arise from changes in the EURIBOR rate if cash credit lines are drawn on.

As at the reporting date, Senvion has negotiated a new loan agreement worth 950 million euros due to the sale to Centerbridge Partners, L.P. On the sale to the new shareholder, this loan agreement will replace the agreement worth 850 million euros.

Apart from the construction financing as of March 31, 2015, the credit lines have only been utilized in the amount of approximately 374.2 million euros for issuance of sureties and guarantees. This was also the case in the prior year, with utilization of approximately 507.3 million euros.

The loans were taken out primarily for the long-term financing of investments in production facilities and are fixed-rate.

Exchange rate risks arise from business operations when payment is due in foreign currency. The primary risks are in connection with the currency pairs EUR/USD, EUR/CAD, EUR/AUD and EUR/GBP. The Treasury centrally identifies and monitors potential risks in connection with foreign currency transactions and payments. The subsidiaries and business units thus report directly to Treasury with regard to these foreign currency transactions.

Senvion conducts hedging transactions to contain these risks. Exchange rate risks in Senvion's operating activities are hedged using forward exchange contracts, currency swaps, currency options and derivatives. Transacting or holding such contracts for trading or speculation purposes is not permitted.

d. Summary of the business performance and the business position

Overall, Senvion considers its business performance as well as net assets, financial position and results of operations as positive. In the past fiscal year, Senvion held up well in the wind energy market, with order backlogs at a consistently high level. Information relating to the expected future development is included in the forecast report.

e. Non-financial performance indicators

Employees and responsibility

Employees and responsibility

In the fiscal year 2014/15, core issues in human resources (HR) included the launch of the ERA remuneration system at Senvion Deutschland GmbH and PowerBlades GmbH. The majority of inconsistencies with regard to the remuneration system at Senvion were also resolved. As part of the ICS (internal control system) project, HR processes and control mechanisms were reviewed, redesigned or modified. The SAP HCM module was adjusted and configured in line with compliance requirements, while the authorization concept received an update. All international HR colleagues from the subsidiaries attended the international HR meeting in Hamburg, and agreed international policies on the topics of recruitment, development and training as well as compensation and benefits.

At the end of the fiscal year 2014/15, Senvion had 3,467 employees worldwide (prior year: 3,375 employees). The increase in personnel was primarily seen in production and service; particularly worthy of note in this connection is the rotor blade factory in Portugal (Ria Blades), which in the future will be the largest production facility within Senvion.

The subsidiary PowerBlades GmbH used short-time work in the period from March 2014 to February 2015. The time was partially used to increase employee qualifications, a process which was carried out in close cooperation and with the support of the state of Bremen. At the end of 2014, employees were notified of the discontinuation of short-time work, as production will be used to capacity for two offshore orders in the coming fiscal year.

At Senvion, vocational training is offered in the areas of mechatronics and technical product design. As of March 31, 2015, 40 employees were undertaking dual vocational training (prior year: 42 employees). Fifteen employees successfully completed training in the past fiscal year (prior year: 11 employees) and were partially taken on with temporary or permanent contracts. In Bremerhaven, work began to establish in-house training in cooperation with Berufliche Bildung Bremerhaven (BBB), with an initial ten trainees receiving training contracts from Senvion.

In the area of HR development, the young professionals promotion program JUMP was relaunched: 17 employees will complete the 13-month program that ends in February 2016. In addition, work continues on the development of a management development program, which will be piloted in Q1 of the next fiscal year.

A total of 2.21 million euros (prior year: 2.14 million euros) was invested in the professional development of Senvion employees. A further 1.5 million euros were invested in project-related training expenses (prior year: 0.6 million euros).

4. Report on risks and opportunities

a. Risk management

Senvion's financial, earnings and asset position is influenced by a wide range of opportunities and risks that may impact Senvion from outside or result from Senvion's own business activities. In order to ensure that any risks taken are commensurate with the opportunities that arise from them, Senvion has implemented an early warning risk system in accordance with the requirements of Section 91 (II) of the German Stock Corporation Act (AktG). This is used to record, document, analyze and track identified risks and measures for controlling and minimizing these risks on a systematic and structured basis.

Comprehensive risk inventories are produced on a quarterly basis as part of quarterly risk reporting in order to identify all material risks and to assess these in terms of the potential financial impact and likelihood of occurrence in the current and subsequent fiscal years. The assessment of amounts of damages relates to EBIT; potential liquidity effects are also recorded. Each risk is measured for three scenarios which differ in terms of the severity of impact on Senvion – the best, the expected, and the most serious case. This procedure makes it possible to determine the cumulative effect of individual risks by means of statistical analyses.

The executive board of Senvion has adopted binding risk policies to ensure proper risk management and commissioned risk management to create detailed training documentation for employees that is reviewed annually to ensure it is up-to-date.

Each individual operating unit is responsible for the early identification and management of risks. A risk owner is clearly assigned to each risk and is responsible for monitoring that risk and any established leading indicators and taking steps to contain and document risks. The risk owner is also responsible for ensuring that the measures are implemented. Thorough risk monitoring is ensured along the value creation chain and is regularly checked to ensure it is complete. A two-level process is in place for documenting and releasing documented risks before forwarding to risk management for further analysis and review.

Senvion's internal binding risk policies to ensure proper risk management, which have been approved by the executive board, specify that unexpected risks must be reported immediately to the executive board (ad hoc notification).

Central risk management regularly reports in detail to the executive board and supervisory board audit committee on risks affecting any area of the Group, and on changes in Senvion 's risk situation and any countermeasures taken to control and minimize identified risks.

b. Individual risks and opportunities

For better manageability, risks identified are categorized into specific risk categories. The sequence in which risks are discussed has no bearing on the potential extent of financial impact or likelihood of occurrence.

Strategic and economic risks and opportunities

Risks to Senvion particularly arise with regard to competitiveness, the market entry of potential new competitors or the launch of technical innovations and products by competitors. This also includes the risks of market entry into new geographical markets or business segments. General global economic development may impact Senvion's financial, earnings and asset position positively or negatively.

Senvion counters market risks in general by means of in-depth analyses performed by the newly created Business Intelligence business unit. In order to ensure continued existence in a challenging market environment, Senvion will continue to cultivate new and promising markets and enter these markets following an extensive analysis of the opportunities and risks. This is coordinated by the central new markets unit.

Competition remains fierce in the offshore sector, manifested in the market entry of new competitors and the formation of joint venture activities among several competitors, for example. At the same time, capital-intensive offshore wind projects seem to be suffering the effects of the reluctance of electricity suppliers and banks to finance these types of project. Nevertheless, the size of the offshore sector and potential new offshore markets may present Senvion with an opportunity for lasting growth.

Business-related risks also include sales risks. These arise particularly due to the risk of postponement of individual projects by customers of Senvion or other external circumstances. This also includes possible delays due to limited operating resources (e.g. installation capacities) or delays caused by the reluctance of financial institutions to finance wind projects. The intensity of price competition is still not dying down. Senvion will counter the challenges created by this price competition by maintaining its technological leadership and the intelligent management of scarce operating resources.

Risks are countered by various opportunities that may have a positive impact on the financial, earnings and asset position of Senvion. These include entry into new and promising markets, both in and outside Europe, to participate in the development of capacity expansion for the generation of wind power in countries which in the past were not concerned about the expansion of renewable energies. Senvion also regularly measures market trends based on defined criteria to form a basis for its decisions. In addition, detailed market monitoring is carried out by the Strategy department.

Financial risks and opportunities

Financial risks under Section 315 (II) of the German Commercial Code (HGB) are risks that have a direct impact on the financial situation of Senvion. These are described individually in section 7 of the notes to the consolidated financial statements. Cash flows in foreign currencies, for example, create a foreign currency risk, which is managed centrally by the Treasury in accordance with internal policies. Hedging transactions may be entered into to contain foreign currency risk from underlying exposures of the same nominal value.

Given the uncertainty as to the economic outlook and continuing relatively low interest rates, there is additionally a risk of interest rates rising. Interest rate hedging transactions can also be conducted in accordance with specified internal guidelines to manage this risk.

The risk of being unable to meet current or future payment obligations, or of only being able to do so under changed conditions, is known as the liquidity risk. This is also centrally managed by Senvion's Treasury department. This risk may arise in particular from mismatches between payment receipts and payment obligations. Rolling liquidity planning is used to manage this risk; the group companies report their payment receipts and outgoing payments for the short and medium term once a week. The liquidity situation is thus constantly reviewed and is also reported on to the executive board every week.

All credit lines and loans are monitored by the lender in relation to defined financial indicators. Financing in place can be withdrawn only for extraordinary reasons, including failure to meet such financial targets.

Technical problems which could harm the reputation of Senvion may also entail financial risks. It is possible, for example, that customers may withhold payment due to technical issues or demand additional guarantees to secure their claims.

General financial and tax risks also exist, such as the possibility of default or monetary risks which may arise from an unanticipated change in tax legislation in a country. Senvion is further subject to regular tax audits carried out by domestic and foreign financial authorities. These may result in demands for payment of tax arrears. Senvion is expanding its central taxes department to minimize this risk.

The completed prolongation of the existing credit facility may also provide opportunities that have a positive impact on the financial, earnings and asset position of Senvion. While the financing arrangement provides the basis for ongoing business activity (e.g. by means of securing prepayments from customers), the significant extension of the facilities and the participation of new, previously uninvolved financial institutions also sends a positive signal that the financing parties have lasting confidence in Senvion's business model.

Technological risks and opportunities

Both the development of new technologies and optimization of existing technologies harbor considerable risks. If development requirements of the market or customers cannot be implemented, this may lead to a market launch being delayed and, therefore, drive up development costs. Extensive testing and simulation is conducted to manage this risk. If the development of the offshore market fails to meet expectations, Senvion faces risks that may considerably affect its financial, earnings and asset position.

Structured, intensive research and development efforts are conducted to mitigate the risk of losing technology leadership. In addition, patents held by third parties may limit development options, especially because patent competition remains intense on the market.

There is also the risk of defective purchased components creating production or design defects in entire series. Qualitative problems like this would significantly affect the financial, earnings and asset position of Senvion, especially if important components are affected. Senvion's reputation would be impaired at the same time. A number of measures are in place to counter the risk of potential qualitative problems: careful monitoring of production by quality assurance, extensive warranty agreements with suppliers and, in serious situations, intensive handling of the problem by an interdisciplinary team. Senvion also tries to implement appropriate insurance coverage wherever possible in order to minimize this risk. Senvion is thus so far the only manufacturer of offshore wind turbines in the world to have taken out an insurance policy from a well-known provider to cover serial damage and defects for offshore wind farms.

Despite wide-ranging actions to ensure quality, it is not possible to completely rule out technical defects; exceptional cases may arise in which a defect is identified late and results in additional costs or delayed acceptance by the customer.

Senvion strives to remain a technology leader in its business through continuous and intensive research activity. This includes advancing existing models in the onshore segment (e.g. promoting existing options for cold climate regions or models for low wind speeds) as well as the evolution of our offshore models toward higher energy efficiency. In the future, too, Senvion will continue to focus on increasing its development activities to open up new opportunities to both lastingly improve existing technologies and expand its technology leadership, and create products suitable for successful market entry into new markets, including markets outside Europe.

Supply chain risks and opportunities

Supply chain risks are split up into procurement and production risks. Fluctuating commodity prices affect the financial and earnings situation of Senvion, as they can have a negative impact on the prices for individual purchased components. There is also a general risk of supplier default.

In relation to components manufactured by certain manufacturers only, there is a risk of dependency on individual suppliers. Senvion is responding to this risk by qualifying alternative suppliers and increasing in-house production.

Production risks include in particular the risk of delayed production and therefore delays to individual projects as a result of bottlenecks in production capacity or the availability of materials.

Transport risks also exist which may arise, for example, due to a neglected infrastructure for heavy load logistics.

Opportunities in this area are particularly available through service activities, which represent a high-yield segment of Senvion. This includes extending the current service portfolio as well as the prolongation of service contracts.

Operational risks

The main risks classified by Senvion as operational pertain to operating structures and processes, including staff and IT infrastructure-related risks.

In order to prevent undesirable employee turnover, HR works to improve the attractiveness of Senvion as an employer with a range of measures. These include a management training program and an extensive internal training and professional development program.

To minimize risks associated with IT system failures, Senvion again implemented numerous security measures in the fiscal year 2014/15 (including firewalls and antivirus software). Senvion is also continuing to work steadily on IT processes supporting internal structures. It is also collaborating with a renowned partner in its IT infrastructure management to reduce IT-related risks to business activities.

Legal and regulatory risks and opportunities

As Senvion operates in various countries with differing legislation and specifications, this gives rise to legal risks. These stem from legal court and out-of-court claims from third parties, for example those arising from contractual relationships with customers or suppliers. Risks may also result from general legal developments.

Appropriate steps have been taken to manage litigation risks in coordination with the relevant departments. Senvion creates provisions for legal disputes if the obligations arising from them are likely to take effect and the amount of the obligations can be determined to a sufficiently accurate degree. However, it is possible that provisions formed for pending cases may prove to be inadequate and that, as a result, considerable additional expenses may be incurred due to final judgments in some of these cases. This also applies to legal disputes for which Senvion had not seen the need to establish provisions. The outcome of legal disputes can never be predicted with absolute certainty, as this is the nature of litigation.

Various legislative changes, both national and (non-)European, could also affect the financial, earnings or asset position of Senvion. These include changes to legislation affecting renewable energies subsidies and feed-in tariffs, as well as technical directives. Since Senvion operates internationally, this also applies to legislative changes outside Germany that could accordingly lead to changes in demand.

The political environment and its aim to promote the development of renewable energy as well as the current political conditions will provide opportunities for Senvion. Countries which have not yet placed emphasis on the development of generating energy through renewable resources are becoming more interested in renewable energies, especially in wind energy. This also involves the creation of a reliable legal framework.

Regular assessment of Senvion’s risk situation includes examination of the potential overall impact of all individual risks in combination.

Internal control system

Senvion has implemented a comprehensive internal control system (ICS) in order to ensure proper conduct of business activities. The relevant unit is responsible for designing the ICS and carrying out and documenting the defined controls.

The objective of the internal accounting control system at Senvion is to avoid the risk of material misstatements in accounting, to identify significant incorrect assessments and to ensure compliance with the relevant accounting regulations. This involves group-wide standardized accounting policies as well as regular performance and documentation of preventative and exploratory audits.

The plausibility of project calculations is also regularly reviewed. Ongoing calculation means that the development of project costs can be precisely monitored at the time of creation. Suitable organizational measures such as separation of functions and control review, regular analysis of key figures by financial control, and procedural instructions (i.e. account assignment manual, inventory procedures) ensure proper preparation of financial reporting. A standardized procedure is guaranteed by a number of group-wide specifications and directives.

Ongoing optimization of the IT system landscape also ensures that suitable processes are automated, meaning that manual processes which are more prone to error can be replaced with appropriate system-managed alternatives. An electronic workflow was launched in Accounting Control, for example, to minimize potential sources of error.

During all audits conducted during the fiscal year, internal audit also reviews the functionality of the internal control system of the unit undergoing an audit. The efficiency and effectiveness of the defined checks carried out by the ICS are also reviewed annually by internal audit. This draws on the respective unit's self-assessment method (CSA – controlled self-assessment). Samples of self-assessments prepared by the unit being audited are inspected by internal audit. Appropriate planning ensures that internal audit reviews all checks within a defined timeframe and that a certain proportion of checks from the previous year's sample are reviewed each year.

The executive board and supervisory board audit committee are notified regularly of material review/audit findings.

5. Supplementary report

Since 1 April 2015, the following events of special significance have occurred that we expect to have a material impact on the asset, financial and earnings position of the Senvion Group:

As of 29 April 2015 Suzlon Energy Limited, Pune, India has sold 100% of their shares in Senvion to Centerbridge Partners L.P, New York, USA. With effect from the same date, due to the sale to Centerbridge Partners L.P, New York, USA, Senvion has entered into a new syndicated credit line of 950 m EUR. With the sale of Senvion Group to the new shareholder this line of credit will replace the existing syndicated credit line of 850 m EUR.

Furthermore with completion of the transaction the representatives of the previous shareholder stepped down from the Supervisory Board. The resignation of Tulsi R. Tanti, Frans H. J Visscher, Vinod R. Tanti and Ravi Uppal took place on 28 April 2015.

On 4 May 2015 Stefan Kowski, Steven M. Silver, Todd Morgan and Martin Skiba were elected to the Supervisory Board as representatives of the new shareholder.

6. Forecast report

Expected development of the overall economic environment

Following the global downturn in sentiment arising from the 2011 global economic crisis, signs of recovery are currently emerging. Nevertheless, there is still some uncertainty on the financial markets and problems caused by some countries' overstrained public finances. This is also reflected in the ifo Business Climate Index, which was at 103.4 points when the recovery began in November 2014 and had risen to 107.9 points in Q1 2015 (prior quarter: 105.5 points). Experts, however, warn that the fallout from the crisis has not yet been stemmed. At European level, risks exist in the form of the Ukraine crisis – and the resulting conflict with Russia – and in the continuing difficult financial situation in some southern European countries. In addition, the ECB is attempting to counteract the threat of deflation by dropping its base rate to 0.05% and pursuing an expansive monetary policy. Since March 2015 and provisionally until September 2016, the ECB is purchasing bonds valued at 60 billion euros every month to stimulate bank lending and thus also consumer spending.

At global level, the International Monetary Fund (IMF) is now an expecting economic growth of just 3.5% for 2015, 0.4% less than forecast in 2014. This is in line with developments over recent years, as medium-term growth rates have had to be adjusted downward for every year since 2011. This impacts not only developed economies but also the emerging economies – although net losses and remaining growth remain at higher levels there. For 2015, the IMF is anticipating growth of 3.6% with regard to the gross domestic product (GDP). Although the euro zone will recover in the medium term and pull out of recession, spurred on by the weaker euro, cheaper oil and consistently low interest rates, it still faces a slowdown in demand growth from the emerging economies and greater reluctance to invest. As a result, the IMF forecasts growth of just 1.2% for the euro zone (Germany: 1.3%). After 2014, a year in which China saw slower growth than at any time in the last 24 years with just 7.4%, the economy is due to grow by just 6.8% in 2015. The anticipated economic growth forecast for the US, by contrast, was upped to 3.6% for 2015 on the back of strong domestic demand.

Growth as measured against GDP rose by 0.9% in the euro area in 2014, contrasting the negative growth of -0.5% in 2013. It is to be expected, however, that growth may be weakened by the uncertainties on the political stage regarding the Greek debt crisis and the conflict with Russia. This is also reflected in the heterogeneous situation in the euro area concerning GDP growth, debt and unemployment. In November 2014, for example, very high unemployment was seen in Greece (25.7%), Spain (23.9%) and Cyprus (16.8%) as compared to the euro zone as a whole (11.5%), while unemployment in Germany was at just 5%. In terms of national debt in relation to the GDP, too, these countries are in part significantly above the Maastricht limits of -3%, with Greece at -3.5%, Spain at -5.8% and Cyprus at -8.8%. Germany, by contrast, has not only taken on no new debt but, at 0.7%, is even in the positive range and economically on a better footing than the euro area average.

Sector development

Senvion uses the analytic data provided by the leading research and consultancy company MAKE to evaluate the development of the sector. Their analyses and studies are updated on a regular basis and embrace a more cautious approach than other research companies.

MAKE believes that more new onshore capacity will be commissioned around the world in 2015, with approximately 52 GW (47 GW in 2014): in China with approx. 21.0 GW (approx. 20.0 GW in 2014), the US with approx. 7.8 GW (approx. 5.0 GW in 2014), Germany with approx. 3.5 GW (4.8 GW in 2014) and Canada with approx. 1.6 GW (1.9 GW in 2014). Installation figures are expected to recover worldwide thanks to clarity regarding general political conditions (strike price in the UK, auction system in Poland, changes to underlying conditions in Italy) and new emerging markets (Brazil, Argentina, Mexico, Chile, Japan, South Africa).

The development of the Levelized Cost of Energy (LCOE) is a key driver of growth in the wind energy sector and ensures that the industry remains competitive. This factor is a standard calculation tool for all project participants and primarily demonstrates the cost of producing electricity, taking into account all influencing factors such as operation, maintenance and financing. Onshore electricity is approaching “grid parity”, the cost point (break-even) at which the cost of producing wind energy becomes cheaper than the purchase of traditional generation methods on the stock market (the average spot electricity price is used as a measure here). The cost of producing wind energy is already far below that of solar or nuclear energy, for example. MAKE is convinced that these developments will have a positive effect on the demand for wind energy and justify a long-term increase in installations on this basis.

For 2015, MAKE expect a further increase in new commissioned capacity in the US, to 7,800 MW (4,827 MW in 2014). This development is primarily being driven by backlogged projects in the course of the expired PTC (some approved projects postponed to coming years). The PTC is a production tax credit awarded by the government, but this will not help to normalize the US energy market in the short term. Fracking is still having a negative impact on investment in renewable energies because it is a cheap – albeit very environmentally harmful – alternative form of energy production. Here, high-pressure water is used to release trapped gas from between layers of shale rock.

The year 2014 in European energy and climate policy was marked by tensions between security of supply and climate policy objectives. In the light of the growing Ukraine crisis, independence from Russian natural gas exports and Europe's general energy independence came to the fore. On the development trajectory of EU energy policy, the climate and energy framework until 2030 adopted in October 2014 is a milestone agreement which sets a share of 27% for renewable energies across Europe. As expected, the pan-European objective was not broken down into separate national objectives, thus mitigating any binding commitments to expand renewable energy in member states. At the same time, considerable differences in the energy policy strategies of individual member states regarding conventional power generation were highlighted, for example the UK's strategy to reduce CO2 by the introduction of new subsidies for nuclear power. In this context, the newly appointed Climate Action and Energy/Energy Union Commissioners are facing the challenge of boosting the internal energy market and coordinating a common approach to European energy policy.

For Europe, MAKE is expecting newly commissioned capacity of just under 13.3 GW in 2015 (13 GW in 2014). Positive growth is primarily expected in Germany, Denmark, Finland, Norway, Poland and Italy. Markets such as the UK and France will also maintain a high level of installed volume capacity. New installations (onshore and offshore) of around 5.5 GW are anticipated in Senvion's core German market. Looking toward 2017 (launch of the auction process), MAKE does not believe that general political conditions will create much uncertainty with regard to capital expenditure. It should also be noted that forecasts differentiate between the generation of revenues and installed capacity: the majority of revenues are already generated during project development and production. As the lead time until a wind turbine is constructed can last up to twelve months, revenues are transacted earlier than forecast market growth.

Business outlook for the Senvion and the group

In the fiscal year 2013/14, Senvion already bolstered itself against market risks by means of an extensive future-oriented program. Senvion has established a functional structure so that Senvion can be more agile, more competitive and less dependent in the medium term on market volatility. Senvion thus maintains growth opportunities even in uncertain market phases. Senvion will identify, implement and track improvement measures on an ongoing basis in order to streamline processes continually and reduce product costs. An appropriate project structure has therefore been created in order to prepare Senvion for the challenges of the market on a permanent basis. In so doing, Senvion is countering increasing competitive pressure in particular.

Considerably improved growth in new orders is anticipated for the wind energy sector in 2015. For the fiscal year 2015/16, Senvion is also expecting an increase in the low two-figure percentage in order intakes compared to the present fiscal year. Accounting for the guardedly positive economic environment, the executive board is expecting a slight increase in revenues in the fiscal year 2015/16 compared to 2014/15. In detail revenue is expected to come in at 2.05 billion euros, with a fluctuation of around 10 percent. Expected revenue is essentially to be generated in the regions Germany, Great Britain, Portugal and France. The earnings before interest, taxes, depreciation and amortization are expected to be 170 million euros and the earnings before interest and taxes are anticipated to be 110 million euros; both with a fluctuation of around 10 percent.

Senvion's declared aim remains the commitment to achieve profitability on a sustainable basis.

7. Closing statement on the report on relations with affiliated companies

We hereby declare that Senvion received appropriate compensation in every transaction listed in the report on relations with affiliated companies in view of the circumstances known to the executive board at the time the transactions were conducted. Furthermore, we declare that Senvion has neither conducted nor omitted to perform other transactions or actions subject to disclosure.

Hamburg, 29 May 2015

Andreas Nauen (CEO) Lars Rytter (COO)

Russell Stoddart (CTO)

Translation from the German language

Engagement Terms, Liability and Conditions of Use

We, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, conducted our audit of this financial reporting on behalf of the Company. Besides satisfying the legal disclosure requirement (Sec. 325 HGB ["Handelsgesetzbuch": German Commercial Code]) for statutory audits, the audit opinion is addressed exclusively to the Company and was issued for internal purposes only. It is not intended for any other purpose or to serve as a decision-making basis for third parties. The result of voluntary audits summarized in the audit opinion is thus not intended to serve as a decision-making basis for third parties and must not be used for purposes other than those intended.

Our work is based on our engagement agreement for the audit of these financial statements including the General Engagement Terms for "Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften" [German Public Auditors and Public Audit Firms] as issued by the Institute of Public Auditors in Germany ["Institut der Wirtschaftsprüfer": IDW] on 1. January 2002.

To clarify, we point out that we assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the audit opinion to reflect events or circumstances arising after it was issued, unless required to do so by law.

It is the sole responsibility of anyone taking note of the summarized result of our work contained in this audit opinion to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.