

21 NOVEMBER 2002

Management Report

Notes on the interim balance

In the period between 30 September 2002 and the time this interim report was prepared, no events have occurred that have any major bearing on the Group's assets, liabilities, financial position and profit or loss. The Group makes use of the exemption rule provided by § 232a HGB (German Commercial Code). In addition to EnergieKontor AG, the companies listed below were included in the scope of consolidation:

- EnergieKontor-EK-GmbH
- EnergieKontor Umwelt GmbH
- EnergieKontor Windkraft GmbH
- EnergieKontor Infrastruktur und Anlagen GmbH
- EnergieKontor-WSB-GmbH
- EnergieKontor-VB-GmbH
- WPS Windkraft GmbH
- EnergieKontor Portugal Trandeiras GmbH
- EnergieKontor Ocean Wind AG
- EnergieKontor Portugal – Energia Eólica, Lda (Share ownership 99,9%)
- Hellenic EnergieKontor SA (Share ownership 51%)
- EnergieKontor Zarax GmbH
- EnergieKontor Portugal Márao GmbH
- EnergieKontor UK GmbH
- EnergieKontor UK CC GmbH(*)
- EnergieKontor UK FM GmbH(*)
- EnergieKontor UK MOMA GmbH(*)
- EnergieKontor UK Ltd.
- EnergieKontor Iberia S.L.
- EnergieKontor Griechenland Epanosifi GmbH
- EnergieKontor-WSB-GmbH & Co. Wind-Solar-Bau KG
- EnergieKontor Ökofonds GmbH
- EnergieKontor Infraestructuras Y Construcción
- EnergieKontor UK Construction Ltd.
- Ekéol SAS-Groupe EnergieKontor
- L&L Rotorservice GmbH (Share ownership 55%)
- L&L Rotorservice GbR (Share ownership 55%)
- EnergieKontor UK Offshore Ltd.
- EnergieKontor Spanien GmbH (*)
- EnergieKontor Seixinhos GmbH (*)
- EnergieKontor Montemouro GmH (*)
- EnergieKontor Griechenland Antirrio GmbH (*)
- EnergieKontor Mojon Alto GmbH (*)

via EnergieKontor Windkraft GmbH

- EnergieKontor Umwelt GmbH & Co. Ökologische Wohnimmobilien KG (Share ownership 40%, consolidated at equity)

via EnergieKontor-VB-GmbH

- EnergieKontor-EK-GmbH & Co. Projektgesellschaft für ökologische Energieanwendung KG

If there are no details given on deviating share ownerships, these are 100% holdings.

(*) These are new companies founded during the reporting period.

Market trend

In the first nine months of 2002, about 35% more wind energy was fed into the electricity grid than in the comparable period of the previous record year 2001 (source: BWE, German Federal Wind Energy Association). By 30 September, 1,377 wind-power plants with a total output of 1,889 megawatts (MW) were connected to the power grid for the first time throughout Germany. This means that the total installed capacity in the first nine months of the current year could be increased up to about 10,643 MW (up 20% compared with the end of the previous year). This means that in a normal wind year, as much as about four percent of the German power requirements can potentially be covered from wind power. In the federal state of Schleswig-Holstein, wind energy alone can generate about 25% of the needed electricity in that state.

Course of Business

In the first nine months of the year 2002, 26 wind-power generators in four wind farms with a total output of 39 MW were set up in **Germany**. Construction work has started on one wind farm and approval has been granted to two projects as well as to another two in accordance with § 8a BImSchG (the German Federal Immission Control Act). Preparatory work on the authorisation procedures has been begun in the case of three further projects. Planning has begun on nine wind farms. In the reporting period, the acquisitions department (contractual securing of locations) was able to conclude contracts for an overall capacity of approx. 140 MW. **Abroad**, in Portugal, sites for projects with a total output of 52 MW were in the acquisition process in the period under review. In Spain, EnergieKontor was in the process of securing sites for wind farms with a potential capacity of up to 210 MW. In Great Britain, work was continued on the construction of the »Moel Moelogan« wind farm in North Wales by EnergieKontor UK Construction Ltd.. Construction on the Portuguese wind farm »Trandeiras« was also continued as planned. Regarding the **offshore** activities, EnergieKontor AG managed further to continue work on the environmental compatibility studies according to plan for the »Borkum Riffgrund West« and »Nordergründe« projects. In addition and following its nine-month report, EnergieKontor was able to submit the documents for the environmental planning procedure (ROV) for its Nordergründe project. In the period under review, the **sale** of the wind farms »Beerfeld« in Germany and »Zarax I« on the Greek island of Evia, with an equity volume totalling EUR 5,746 thousand was finalised. Sale of the wind farms »Trandeiras« in Portugal and the German projects »Hohengüstow«, »Altlüdersdorf« and »Lengers« was begun. The total investment volume of these four wind farms amounts to EUR 72,498 thousand, with an equity to be placed amounting to EUR 29,270 thousand.

Sales revenue in the first nine months of 2002 amounted to EUR 47,382 thousand. This includes returns from the project design and construction of wind farms as well as the sale of shares in wind-farm funds amounting to EUR 43,077 thousand. The service division contributed earnings amounting to EUR 4,305 thousand to the sales revenue. **Earnings before tax (and minority interests)** totalled EUR 3,102 thousand. Traditionally, most of the sales revenue from the wind-farm project business comes in the fourth quarter of each year, so it does not make sense to project these figures linearly onto the whole year as this would give a false picture. As of 21 August 2002, due to an application of the company to the Deutsche Börse AG, the shares of EnergieKontor AG have been listed on the Geregelter Markt segment.

Personnel situation

On 30 September 2002, EnergieKontor AG employed a total of 104 permanent full-time employees and 29 part-time employees at its offices in Bremen, Bremerhaven and Krefeld in Germany as well as in France, Greece, Great Britain, Portugal and Spain. Furthermore, EnergieKontor AG regularly employs casual staff and people on practical sandwich courses to cover staff requirements at peak periods as well as people working on a freelance basis in the exploration of and canvassing for sites. As of 30 September 2002, the L&L Rotor-service-Group, in which EnergieKontor AG has a 55% holding, also employed 77 staff on a full-time, and 8 staff on a part-time basis.

Share ownership of management and supervisory bodies

At the end of the period under review, the members of the executive board, Dr Bodo Wilkens and Günter Lammers, each held 5,031,100 individual bearer shares. This equals a total of 64.29 percent of the share capital of EUR 15,650,510. Each of these shares has full dividend rights from the 2000 financial year onwards. In the period under review and up until the point in time at which this report was prepared, the members of the executive and supervisory board did not conduct any securities transactions subject to disclosure requirements. In the period under review and up until the point in time at which this report was prepared, Dr Hans-Joachim Huss, a member of the supervisory board, held 780 shares in EnergieKontor AG.

Output capacity installed in Germany

	MW
31.12.2000	6,113
31.12.2001	8,750
30.09.2002	10,643

Consolidated profit and loss account

in accordance with IAS

	Quarterly report III/2002 01.07.2002 - 30.09.2002 EUR thousand	Quarterly report III/2001 01.07.2001 - 30.09.2001 EUR thousand	Nine-month report 01.01.2002 - 30.09.2002 EUR thousand	Nine-month report 01.01.2001 - 30.09.2001 EUR thousand
Sales	17,957	25,723	47,382	48,238
Other operating revenue	63	122	158	505
Total operating performance	18,020	25,845	47,540	48,743
Cost of materials	-12,865	-21,850	-34,220	-37,802
Personnel costs	-2,041	-1,500	-5,970	-3,972
Depreciation on assets	-261	-183	-841	-305
Other operating expenses	-1,579	-1,054	-4,206	-2,244
Operating expenses	-16,746	-24,587	-45,238	-44,323
Operating income	1,274	1,257	2,302	4,420
Interest and similar income	650	402	1,662	1,079
Interest and similar expenses	-276	-129	-843	-295
Interest income	374	273	819	784
Expenses from participations in associated companies	-7	-6	-19	-19
Income from investments	-7	-6	-19	-19
Profit before taxes (and minority interests)	1,642	1,524	3,102	5,185
Taxes on earnings and income	-615	-583	-1,195	-2,023
Profit before minority interests	1,026	941	1,907	3,162
Minority holdings	17	-38	54	63
Consolidated profit for the year	1,044	903	1,961	3,225

Earnings per share

in accordance with IAS

	Quarterly report III/2002 01.07.2002 - 30.09.2002 EUR thousand	Quarterly report III/2001 01.07.2001 - 30.09.2001 EUR thousand	Nine-month report 01.01.2002 - 30.09.2002 EUR thousand	Nine-month report 01.01.2001 - 30.09.2001 EUR thousand
Earnings per share (basic) in EUR	0.07	0.06	0.13	0.21
Earnings per share (diluted) in EUR	0.07	0.06	0.13	0.21
Average number of outstanding shares (basic) ¹	15,650,510	15,650,510	15,650,510	15,650,510
Average number of outstanding shares (diluted) ¹	15,650,510	15,650,510	15,650,510	15,650,510
EBT	1,642	1,524	3,102	5,185
EBIT	1,268	1,251	2,283	4,401
EBITDA	1,528	1,434	3,124	4,706

(1) For ease of comparability, the average figure for all periods under review was uniformly arrived at on the basis of the probable weighted average of the number of shares in 2002, i.e., the current number of 15,650,510 shares.

Consolidated cash flow statement

in accordance with IAS

	Nine-month report 01.01.2002 - 30.09.2002 TEUR	Nine-month report 01.01.2001 - 30.09.2001 TEUR
Consolidated profit for the year	1,962	3,224
Depreciation and amortisation	841	305
Changes in provisions	-3,757	-2,524
Changes in advance payments received	24,232	6,524
Changes in debtors and other assets	-7,803	-23,070
Changes in other assets	37	52
Changes in liabilities	-32,002	4,957
Changes in other liabilities	-88	-74
Outflow of funds from business activities	-16,580	-10,606
Outpayments for investments in assets	-403	1,116
Outflow of funds from investing activities	-403	1,116
Capital increase net (after IPO costs)		18,831
Change in long-term loans	-37	
Change in short-term loans	14,957	5,030
Dividends	-1,722	-1,327
Outflow/Inflow of funds from financing activities	13,199	22,534
Cash-affecting changes in fund level (not more than 3 months)	-3,784	13,044
Funds (not more than 3 months) at 01.01.	50,492	32,562
Liquid funds (not more than 3 months) at 30.09.	46,708	45,607

Consolidated changes in equity

in accordance with IAS

Changes in equity 01.01.2002 – 30.09.2002	Subscribed capital EUR thousand	Capital Reserve EUR thousand	Profit Reserves EUR thousand	Profits brought forward EUR thousand	Consolidated Net Income EUR thousand	Sum Total EUR thousand	Number of Shares thousand pcs.
Status as of 01.01.2002	15,651	40,278	3,350		7,262	66,541	15,651
Transfer of profits from 2001				7,262	-7,262		
Dividend payment				-1,722		-1,722	
Consolidated net income					1,961	1,961	
Status as of 30.09.2002	15,651	40,278	3,350	5,541	1,961	66,781	15,651
Changes in equity 01.01.2001 – 30.09.2001	Subscribed capital EUR thousand	Capital Reserve EUR thousand	Profit Reserves EUR thousand	Profits brought forward EUR thousand	Consolidated Net Income EUR thousand	Sum Total EUR thousand	Number of Shares thousand pcs.
Status as of 01.01.2001	3,500	23,673	178		5,347	32,698	3,500
Transfer of profits from 2000				5,347	-5,347		
Capital increase (IPO)	270					270	270
Agio IPO		19,170				19,170	
Capital increase (acquisition)	128	8,953				9,081	128
IPO costs (net charges)		-609				-609	
Dividend payment				-1,327		-1,327	
Consolidated net income for the year					3,224	3,224	
Status as of 30.09.2001	3,898	51,187	178	4,021	3,224	62,507	3,898

Notes on key items

Consolidated balance sheet

The amount of receivables and other assets at 30 September 2002 (all in all EUR 85,567 thousand) has risen from the amount at 31 December 2001 (EUR 81,839 thousand). The rise in securities in current assets from EUR 354 thousand to EUR 5,146 thousand mainly results from the acquisition of shares in the wind farms Debstedt and Sievern which are intended for resale. The liquid funds are basically the capital received as part of going public and the cash capital increase carried out in 2001 and put back for impending investments. The reduction in inventories as of 30 September 2002 by EUR 7,711 thousand down to EUR 109 thousand from 31 December 2001 (EUR 7,820 thousand) is the result of the inventories being used in specific projects in the meantime.

The drop in provisions and liabilities recorded in comparison with the end of 2001 is likewise attributable to work on the wind farms nearing completion at the end of the year as already mentioned above. This meant that at the end of the period under review there were fewer suppliers' invoices outstanding than at the end of 2001.

The composition of, and the change in, equity capital can be seen from the statement of changes in equity shown above.

Profit and Loss Account

In the period under review revenues amounting to EUR 47,382 thousand were achieved. These consist of revenues from project planning, erecting and selling wind farms amounting to EUR 43,077 thousand as well as revenues from customer services amounting to EUR 4,305 thousand. The other operating revenues amounting to EUR 158 thousand mainly include revenues from the release of provisions and income received in advance and expenses accrued.

Segmental reporting

Grouping the activities by like types is inappropriate since the activities of the Energiekontor group deal only with project planning, the erection and sale of wind farms as well as supplementary customer services connected with the management of wind-farm operator companies.

Likewise, a geographical breakdown is not necessary since the expenditure incurred in the period under review and the sales revenue earned up until 30 September 2002 are almost all borne or earned by the German companies within the Group.

Group indicators as of 30 September 2002

in accordance with IAS

Sales revenue in EUR '000	47,382
Pre-tax results in EUR '000	3,102
EBIT in EUR '000	2,283
EBITDA in EUR '000	3,124
Earnings from ordinary activities in EUR '000	3,102
Consolidated result at 30.09.2002 in EUR '000	1,961
Consolidated net earnings in accordance with DVFA/SG in EUR '000	1,961
Earnings per share (basic) in accordance with DVFA/SG in EURO (30.09.01: EUR 0.21)	0.13
Equity capital in EUR '000	66,781
Equity ratio in %	44.96
Cash flow (EUR '000)	-3,784
Number of individual share certificates (1 EURO)	15,650,510

Share price performance

(01.01.02 – 30.09.02)

Prices in EURO (Closing prices, Frankfurt Stock Exchange)*



* according to the share split dated 7 Nov 2001

Source: Deutsche Börse AG

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