



SEMI-ANNUAL REPORT 2011



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**Martin Gredig, CFO:** “Group profit increased to CHF 32 million despite negative exchange rate factors.”

## FINANCIAL HIGHLIGHTS

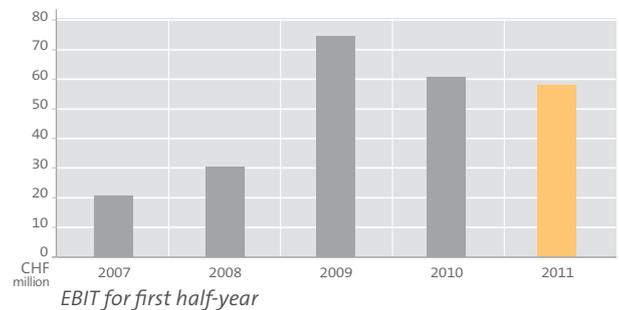
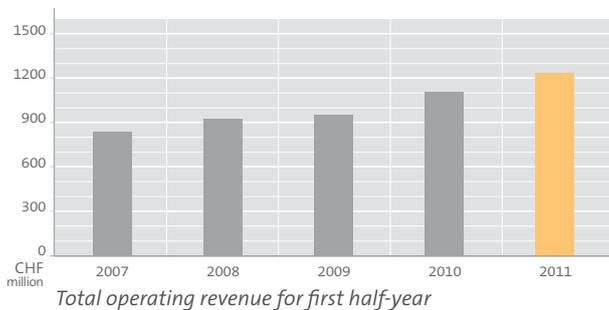
CHF million

### Revenue and income

	1 <sup>st</sup> half-year 2010	1 <sup>st</sup> half-year 2011	Change
Total operating revenue	1,099	1,230	+ 12 %
Income before interest and income taxes (EBIT)	61	58	- 5 %
Group profit including minority interests	14	32	+ 129 %

### Balance sheet and cash flows

Balance sheet total at 30.06.	2,305	2,430	+ 5 %
Equity at 30.06.	871	921	+ 6 %
Equity ratio	38 %	38 %	



## SHARE INFORMATION

Share capital	2,783,115 shares	at CHF	1.00	CHF 2.8 million
	625,000 participation certificates (PC)	at CHF	1.00	CHF 0.6 million

CHF

### Share price

		1 <sup>st</sup> half-year 2010	1 <sup>st</sup> half-year 2011
Share	High	505	569
	Low	420	405
Participation certificate (PC)	High	400	378
	Low	290	270

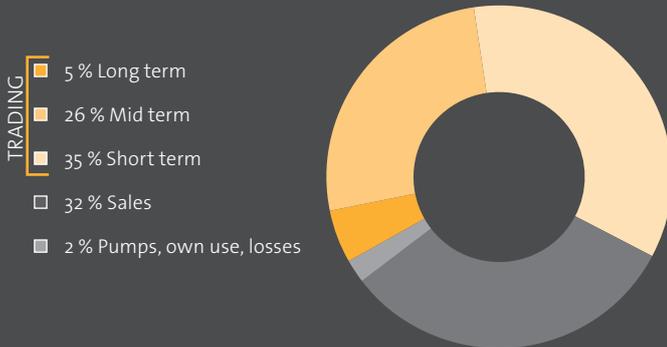
Dividend	2007	2008	2009	2010
Share	5.50	7.00	8.00	8.00
Participation certificate (PC)	5.50	7.00	8.00	8.00

## ENERGY BALANCE SHEET

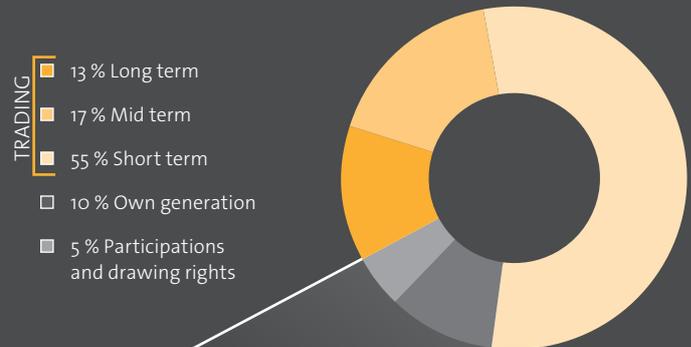
	1 <sup>st</sup> half-year 2010	1 <sup>st</sup> half-year 2011	Change
<b>Electricity business in GWh</b>			
Trading	6,787	6,494	- 4 %
Supply/sales	2,239	3,180	+ 42 %
Pumps, own use, losses	131	179	+ 37 %
<b>Electricity sales</b>	<b>9,157</b>	<b>9,853</b>	<b>+ 8 %</b>
Trading	8,133	8,377	+ 3 %
Own generation	550	948	+ 72 %
Energy from participations	470	524	+ 11 %
Miscellaneous	4	4	-
<b>Electricity procurement</b>	<b>9,157</b>	<b>9,853</b>	<b>+ 8 %</b>
<b>Gas business in 1,000 m<sup>3</sup></b>			
Sales to end customers	43,849	81,541	+ 86 %
Trading (sales)	14,970	179,307	+ 1,098 %
<b>Gas sales</b>	<b>58,819</b>	<b>260,848</b>	<b>+ 343 %</b>
Teverola power plant (Italy) consumption	28,730	128,156	+ 346 %

*Felix Vontobel, Head of Assets: “The realisation of the Taschinas power plant shows how the potential of hydropower can be effectively leveraged.”*

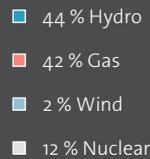
## ELECTRICITY SALES 1ST HALF-YEAR 2011



## ELECTRICITY PROCUREMENT 1ST HALF-YEAR 2011



## OWN GENERATION AND PARTICIPATIONS



\*Trading deals are classified based on the duration between their conclusion and final delivery date (end of contract):  
**Short term** = up to 3 months  
**Mid term** = longer than 3 months and up to a maximum of 2 years following the end of the year in which the deal was concluded  
**Long term** = all contracts with durations beyond those of mid-term deals

*Giovanni Jochum, Head of Market:* “Our project to create an investment company for energy utilities is attracting keen interest.”

## HEADCOUNT

at 30.06.

	1 <sup>st</sup> half-year 2010	1 <sup>st</sup> half-year 2011
Switzerland	452	480
Italy	163	172
Germany	13	17
Romania	5	28
Prague	24	25
<b>Total</b>	<b>657</b>	<b>722</b>
Trainees	33	30
Agents Italy	386	396

## GOOD OPERATING RESULT IN TURBULENT TIMES

*Chairman of the Board of Directors*

*Dr Eduard Rikli (on the left), CEO Kurt Bobst.*



The first half of 2011 was dominated by the political debate on the future of energy supply. Repower believes it has an obligation to contribute to the discussion and help shape the energy future. Despite the major unease on energy markets triggered by sweeping changes in North Africa and the Arab world as well as the accident in the Japanese nuclear power plants, we succeeded in increasing revenue to CHF 1.23 billion. The good operating income (EBIT) figure of CHF 58 million lies within our expectations.

### WELL EQUIPPED FOR THE ENERGY SHIFT

The devastating events in Fukushima in March have changed the energy policy landscape substantially, reviving the debate not only about the benefits and risks of nuclear power, but also about energy supply in general. Whether the Swiss Council of States will toe the Federal Council's line on opting out of building new nuclear power plants will become clear in autumn. The adopted approach prompts the energy industry, the politicians and the general public to give serious thought to the new principles governing the future shape of electricity supply. This calls for political far-sightedness: The task is to define the parameters of the energy future objectively and in an international context. The framework conditions must be designed so as to ensure legal certainty and, in so doing, inject impetus into power generation and encourage efficiency enhancements rather than impede them through excessive regulation. Moreover, grid and storage capacities are essential criteria for the gradual expansion of the use of new renewable energies in Europe. An involvement in international grid expansion therefore needs to be accorded high priority. Swiss-specific solutions – for instance, in terms of grid charges for pumped storage power plants – have to be avoided since they would weaken the international standing of Switzerland's energy industry.

Given the current situation, Repower feels confident about its strategy. We remain convinced that, thanks to the geographic and technical diversification of our power generating facilities, we can make a contribution to securing the long-term supply of energy at acceptable economic and ecological conditions.



### SOLID RESULT IN TURBULENT TIMES

In the first half of 2011, the Repower Group grew total operating revenue to CHF 1.23 billion (12 % higher than in the first half of 2010). As expected, operating income (EBIT) just fell short of the prior-year value, dropping 5 % to end the first half of 2011 at CHF 58 million. Given the strong Swiss franc and major uncertainty on the market, this result may be regarded as good. It is all the more remarkable given the fact that Repower conducts a large part of its business in euros and that the unfavourable exchange rate situation is exerting strong pressure on margins. This effect was to some extent cushioned by exploiting opportunities on the international electricity market. Repower's Romanian subsidiary, Elcomex EN, is currently having to contend with an extremely difficult market environment. Elcomex EN was faced with significant changes on the market in the first half of 2011, which resulted in reduced and at times negative margins. The reassessment led to additional impairments of goodwill and customer value totalling CHF 27 million. The associated reduction in liabilities in connection with the full takeover of Elcomex EN brought in compensation of CHF 13 million under "Other income".

Thanks to extensive currency hedging, financial expenses were limited to the cost of financing borrowings and the usual costs for bank transactions. This in turn led to a significant improvement in financial income over the prior year. Group profit was double the prior-year figure at CHF 32 million.

While the electricity arm of the energy business was on a par with the prior-year levels, we saw strong growth in gas sales. Hydropower

generation was negatively impacted by the dry spell at the beginning of the year, but this effect was cancelled out by reductions in reservoir levels due to revision work. The gas business performed well, growing strongly in keeping with our strategy of expanding gas trading activities. In the first half of 2011, the Group's total gas turnover volume amounted to 390 million cubic meters, corresponding to virtually four times the 2010 half-year figure.

### FURTHER DEVELOPMENT OF WIND AND HYDROPOWER PROJECTS

Repower drove forward with its strategic projects in the first six months of 2011, and made important strides in the hydropower area in particular:

- **Lagobianco pumped storage power plant - on track:** By the end of February 2011, all the concession municipalities for the Lagobianco project to build a 1,000-MW pumped storage power plant in Poschiavo had given the go-ahead. The concession application is now being prepared for submission to the Canton of Graubünden government. At the same time, detailed plans are being drawn up with a view to presenting the project for cantonal approval in the winter of 2011/2012. Work began on an exploratory tunnel at Lago di Poschiavo in summer to determine the geological conditions inside the mountain and provide information as a basis for decisions on the possible layout of the powerhouse. Since April 2011, all the activities related to the project have been carried out by the company Lagobianco SA, founded by Repower. Lagobianco SA is a wholly owned subsidiary of Repower AG and will be opened up to potential project partners at a later point in time.



### *Cutting-edge technology*

*The core element of the new Taschinas power plant – the machine group – in the underground powerhouse near Seewis. It comprises the generator, turbine and rotary valve, which is a safety element designed to close the pressure line.*



- **Taschinas hydropower plant connected to the grid:** Construction of the new facility in Lower Prättigau was successfully completed on schedule in April 2011. The new hydropower plant, with an installed capacity of around 10 megawatts, was connected to the grid in the spring. The Taschinas hydropower plant is an impressive expression of Repower's commitment to further developing the use of domestic hydropower through cost-effective, environmentally responsible projects.
- **Chlus hydropower plant:** To also exploit the potential of hydropower at the lowest level in Prättigau, Repower is working on the Chlus-Rhine project. The aim is to complete the concession project and the environmental impact statement by the end of the year and submit them to the concession municipalities in the spring of 2012.
- **Lucera wind farm under construction:** Another wind farm has been added to Repower's wind power portfolio, bringing their total to five: Lucera wind farm in Apulia, Italy, is now under construction. With thirteen turbines, the wind farm will have an installed capacity of 26 megawatts and is scheduled to go into operation in the second half of 2012. The investment costs amount to around EUR 45 million.
- **Power generation investment scheme attracting interest:** Repower's idea of offering small and medium-sized electrical utilities a stake in a joint power generation investment company has recently been attracting keen interest. A large part of the investment volume has already been allocated – with a 51 % share, Repower holds the ma-



majority stake. Thanks to this project, Repower is meeting the needs of utilities for cooperation on power-generating facilities. In the longer term, the potential for cooperation can be tapped along the entire value chain. The investment company is scheduled to go into operation at the beginning of 2012.

Progress on Repower's other strategic projects is also on schedule.

#### COHESIVE IMAGE FOR REPOWER ACROSS ALL MARKETS

In July 2011, the Romanian sales company Elcomex EN took over the name and visual identity of the Repower Group, to which Elcomex EN has belonged since 2010. Repower now operates in all markets under the same brand. All Elcomex EN employees were taken over by Repower. We regard Romania as a country with major development potential, which can in future act as a European energy hub. The renaming underscores our objective of making further inroads into the Romanian market through our sales and trading activities. Consistent with its strategy, Repower is also aiming for a phased development of its power-generating capacities in Romania.

In June, a case of embezzlement was uncovered at Repower's office in Milan. An individual who has since been suspended is alleged to have embezzled funds in the single-digit millions. The case was handed over to the responsible legal authorities. The incident has no repercussions on the Group's business activities, and neither customers nor partners are affected. It is a regrettable one-off incident. A systematic failure of management and control functions can be ruled out in our opinion.

#### OUTLOOK

The uncertainties dominating the market in terms of energy prices and exchange rates make it difficult to provide a reliable forecast. One thing, however, is certain: the environment will remain exceptionally challenging in the second half-year. Nevertheless, we firmly believe that we can weather the storms thanks to our positioning and the dedication of our employees. With regard to operating income, we abide by the statement we made in spring, and expect to close 2011 at a lower level than in 2010.

Dr Eduard Rikli  
Chairman of the Board of Directors

Kurt Bobst  
CEO

## TASCHINAS: A NEW REPOWER POWER PLANT

### *Water and electricity*

*The Landquart river flows past the narrows of Chlus. With the Chlus/Rhine project Repower aims to exploit the potential of this river with additional power plants.*

*The energy generated by the power plants in Prättigau will be distributed via a 50-kV line.*

Swiss hydropower is in demand – particularly in the current energy policy climate. So the commissioning of Repower's new Taschinas power plant this spring came at exactly the right time. The photographs in this semi-annual report provide an insight into this modern new plant.

Repower has been in the hydropower business for more than 100 years, and to this day continues to accord high priority to the development of new hydropower plants. Wherever it makes economic and ecological sense, it aims to exploit the limited options still available. In keeping with this conviction, Repower is working on several projects to build new facilities in its key markets. While hydropower alone cannot meet the growing demand for electricity, it is making an important contribution in this respect. This applies to pumped storage power plants, which enable the on-demand use of wind and solar power, as well as to new high-pressure and run-of-river power plants which generate high-value electricity. Incorporated in the European power supply system, they are in some ways the jewels in the power-generating crown.

#### **NEW POWER PLANT CONNECTED TO THE GRID SINCE SPRING**

Against this backdrop, Repower derived particular pleasure in commissioning the new Taschinas power plant in Graubünden in spring. After two and a half years of construction, the plant boasts a range of interesting details, is ideally adapted to the local conditions and is an excellent fit for the current and future use of hydropower in the Prättigau region. The constructive collaboration with the local authorities played a key role in the project's speedy realisation.

#### **PRÄTTIGAU - A HYDROPOWER REGION**

With its Klosters, Schlappin and Küblis power plants Repower already utilises the gradient in the valley of the Landquart river – starting with Davos Lake, which is used for storage. Repower is also pursuing a project to extend this power plant cascade in Lower Prättigau. The Chlus/Rhine project plans to build two new plants at the start of the valley near Landquart as well as in the vicinity of the Rhine. The new Taschinas



power plant now uses the Taschinas – a tributary that flows into the Landquart river near Grüşch. The water catchment is situated at an altitude of a good 1,000 meters, while the plant itself sits at around 650 meters above sea level. The water is first transported through a 3.2-kilometer-long pressure tunnel, and then fed over a 1.7-kilometer pressure line to the plant situated in a cavern within the Solavers fortress rock. The electricity generated is transported to the existing Lower Prättigau substation via a 50 kV underground cable, and from there fed into the grid.

#### BLUE FOR WATER - RED FOR ELECTRICITY

Both the layout of the underground facilities and their visual identity are unusual. The turbine and generator are superimposed on each other and colour-coded. The water-transporting components – including the turbine – are painted blue, while the generator is painted red. Other parts of the facility that serve security and control functions are yellow-coded.

#### ELECTRICITY FOR AROUND 10,000 HOUSEHOLDS

The Taschinas power plant has an installed capacity of 11.5 megawatts, and Repower expects it to generate around 41 million kilowatt hours of electricity per year: enough to meet the annual requirements of around 10,000 households. The new plant cost around CHF 60 million, and a large share of the contracts were awarded to companies in the region.

#### STRATEGY WORKING

The new Taschinas power plant is a concrete expression of Repower's strategic approach, the aim of which is to build up proprietary generation to feed the Group's growing sales and trading operations and avoid

unilateral dependencies. Repower's priority is therefore to focus on a geographically and technologically diversified mix with a clear emphasis on renewable energies. The Taschinas power plant also proves that it is not only possible to plan and build new plants within a short time frame, but that cost-effectiveness and environmental compatibility can go hand-in-hand.

#### A POWER PLANT FROM AN UNUSUAL PERSPECTIVE

The photographs in this Repower semi-annual report provide a 360° view of the new Taschinas power plant: a brand-new power plant shown from a fascinating and unusual perspective.



# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## REPOWER GROUP

### Consolidated statement of comprehensive income

CHF thousands	1.1.-30.06.2011 unaudited	1.1.-30.06.2010 unaudited restated*	1.1.-30.06.2011 unaudited
Net sales	1,299,556	1,073,260	1,200,737
Own costs capitalised	6,261	6,261	6,827
Other operating income	19,534	19,534	22,686
<b>Total operating revenue</b>	<b>1,325,351</b>	<b>1,099,055</b>	<b>1,230,250</b>
Energy procurement	-1,139,377	-917,377	-1,016,760
Concession fees	-8,283	-8,283	-8,463
Personnel expenses	-40,021	-40,021	-41,857
Material and third-party services	-15,376	-15,376	-9,497
Other operating expenses	-31,501	-31,501	-39,642
<b>Income before interest, income taxes, depreciation and amortisation</b>	<b>90,793</b>	<b>86,497</b>	<b>114,031</b>
Depreciation/amortisation and impairment	-25,780	-25,780	-55,745
<b>Income before interest and income taxes (EBIT)</b>	<b>65,013</b>	<b>60,717</b>	<b>58,286</b>
Financial income	18,690	18,690	2,053
Financial expenses	-61,656	-61,656	-11,554
Share of results of associates and partner plants	-142	-142	-618
<b>Income before income taxes</b>	<b>21,905</b>	<b>17,609</b>	<b>48,167</b>
Income taxes	-4,297	-3,581	-16,532
<b>Group profit including minority interests</b>	<b>17,608</b>	<b>14,028</b>	<b>31,635</b>
Group profit including minority interests	17,608	14,028	31,635
Effect of currency translation	-24,993	-24,993	-6,296
Fair value adjustment of financial instruments	-2,340	-2,340	1,491
Income taxes	796	796	-507
<b>Comprehensive income</b>	<b>-8,929</b>	<b>-12,509</b>	<b>26,323</b>
Share of Group profit attributable to Repower AG shareholders and participants	17,755	14,175	31,603
Share of Group profit attributable to minority interests	-147	-147	32
Share of comprehensive income attributable to Repower AG shareholders and participants	-3,239	-6,819	26,853
Share of comprehensive income attributable to minority interests	-5,690	-5,690	-530
Earnings per share (undiluted)	CHF 5.24	CHF 4.18	CHF 9.32
There are no factors resulting in a dilution of earnings per share.			

\* The prior-year values for 1 January to 30 June 2010 had to be restated due to an incorrect revenue classification. Further information is provided in the Notes (page 22).

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## REPOWER GROUP

### Consolidated balance sheet

Assets	31.12.2010	30.06.2011
CHF thousands	audited	unaudited
Property, plant and equipment	1,091,090	1,087,344
Intangible assets	46,547	20,898
Investments in associates and partner plants	51,784	48,826
Other financial assets	63,400	68,916
Deferred tax assets	14,915	14,146
<b>Non – current assets</b>	<b>1,267,736</b>	<b>1,240,130</b>
Inventories	30,154	31,622
Receivables	478,724	546,003
Prepaid expenses and accrued income	16,340	27,397
Securities and other financial instruments	5,889	79,628
Positive replacement values, held-for-trading positions	125,140	130,103
Cash and cash equivalents	349,975	374,776
<b>Current assets</b>	<b>1,006,222</b>	<b>1,189,528</b>
<b>Total assets</b>	<b>2,273,958</b>	<b>2,429,658</b>

Liabilities and shareholders' equity	31.12.2010	30.06.2011
CHF thousands	audited	unaudited
Share capital	2,783	2,783
Participation capital	625	625
Treasury shares	-16	-16
Capital reserves	17,732	17,732
Fair value adjustment of financial instruments	-1,798	-1,198
Retained earnings (including Group profit)	893,937	898,536
Accumulated translation differences	-39,988	-45,338
<b>Shareholders' equity excluding minority interests</b>	<b>873,275</b>	<b>873,124</b>
Minority interests	48,647	48,071
<b>Shareholders' equity</b>	<b>921,922</b>	<b>921,195</b>
Non-current provisions	28,159	29,200
Deferred tax liabilities	67,854	71,631
Non-current financial liabilities	599,495	568,100
Other non-current liabilities	56,782	61,747
<b>Non-current liabilities</b>	<b>752,290</b>	<b>730,678</b>
Current income tax liabilities	32,717	25,040
Current financial liabilities	66,120	127,773
Negative replacement values, held-for-trading positions	99,361	104,417
Current provisions	37,801	37,347
Other current liabilities	333,411	445,444
Deferred income and accrued expenses	30,336	37,764
<b>Current liabilities</b>	<b>599,746</b>	<b>777,785</b>
<b>Liabilities</b>	<b>1,352,036</b>	<b>1,508,463</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,273,958</b>	<b>2,429,658</b>

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## REPOWER GROUP

### Changes in consolidated equity

	Share capital	Participation capital	Treasury shares	Capital reserves	Fair value adj. for fin. instr.	Retained earnings	Accumulated translation differences	Total Group equity	Minority interests	Total shareholders' equity
Equity at 1 January 2010	2,783	625	-16	17,732	-2,116	841,266	-5,596	854,678	57,135	911,813
Comprehensive income for the period					-942	17,755	-20,052	-3,239	-5,690	-8,929
Dividends (excl. treasury shares)						-27,136		-27,136	-68	-27,204
Purchase/sale of treasury shares			1			72		73		73
Changes in consolidation							243	243	-1,138	-895
Purchase/sale of minority interests						249		249	-650	-401
Capital increase, minority interests								-		-
Equity at 30 June 2010	2,783	625	-15	17,732	-3,058	832,206	-25,405	824,868	49,589	874,457

Restated										
Equity at 1 January 2010	2,783	625	-16	17,732	-2,116	841,266	-5,596	854,678	57,135	911,813
Comprehensive income for the period					-942	14,175	-20,052	-6,819	-5,690	-12,509
Dividends (excl. treasury shares)						-27,136		-27,136	-68	-27,204
Purchase/sale of treasury shares			1			72		73		73
Changes in consolidation							243	243	-1,138	-895
Purchase/sale of minority interests						249		249	-650	-401
Capital increase, minority interests								-		-
Equity at 30 June 2010	2,783	625	-15	17,732	-3,058	828,626	-25,405	821,288	49,589	870,877

Equity at 1 January 2011	2,783	625	-16	17,732	-1,798	893,937	-39,988	873,275	48,647	921,922
Comprehensive income for the period					600	31,603	-5,350	26,853	-530	26,323
Dividends (excl. treasury shares)						-27,135		-27,135	-90	-27,225
Tax effect, treasury shares						118		118		118
Purchase/sale of minority interests						13		13	-20	-7
Capital increase, minority interests								-	64	64
Equity at 30 June 2011	2,783	625	-16	17,732	-1,198	898,536	-45,338	873,124	48,071	921,195

## Consolidated cash flow statement

CHF thousands	1.1.-30.06.2010	1.1.-30.06.2010	1.1.-30.06.2011
	unaudited	unaudited, restated	unaudited
Group profit including minority interests	17,608	14,028	31,635
Depreciation/amortisation and impairment	25,780	25,780	55,745
Own costs capitalised	-6,261	-6,261	-6,827
Change in provisions	-148	-148	563
Change in deferred taxes	-2,795	-3,511	3,740
Share of results of associates and partner plants	-142	-142	617
Compound interest from non – current liabilities	350	350	647
Dividends from associates and partner plants	41	41	41
Change in inventories	303	303	-1,831
Change in receivables	-90,644	-90,644	-86,368
Change in prepaid expenses and accrued income	-6,946	-6,946	-11,539
Change in liabilities	64,224	64,224	126,356
Change in deferred income and accrued expenses	7,394	7,394	8,103
Change in replacement values, held-for-trading positions	-219	4,077	252
Change in securities and other financial instruments	-28,331	-28,331	-73,739
Other income and expenses not affecting cash	21,252	21,252	61,742
<b>Cash flow from operating activities</b>	<b>1,466</b>	<b>1,466</b>	<b>109,137</b>
Property, plant and equipment:			
- Investments	-28,559	-28,559	-26,063
- Disposals	988	988	1,626
Intangible assets:			
- Investments	-1,492	-1,492	-4,323
- Disposals	-	-	-
Group companies:			
- Investments	-61,312	-61,312	-
- Disposals	2,798	2,798	-
Investments in associates and partner plants:			
- Investments	-5,783	-5,783	-1,049
- Disposals	-	-	3,662
Non – current financial assets:			
- Investments	-6,646	-6,646	-7,573
- Disposals	-	-	-
<b>Cash flow from investing activities</b>	<b>-100,006</b>	<b>-100,006</b>	<b>-33,720</b>
Additions to financial liabilities	20,000	20,000	664
Repayment of financial liabilities	-27,184	-27,184	-15,774
Dividend payments	-27,204	-27,204	-27,225
Purchase of treasury shares	-766	-766	-
Sale of treasury shares	951	951	-
Purchase/sale of minority interests	-401	-401	-7
Capital increase through minority interests	-	-	64
<b>Cash flow from financing activities</b>	<b>-34,604</b>	<b>-34,604</b>	<b>-42,278</b>
<b>Translation differences</b>	<b>-7,266</b>	<b>-7,266</b>	<b>-7,690</b>
<b>Change in cash and cash equivalents</b>	<b>-140,410</b>	<b>-140,410</b>	<b>25,449</b>
Cash and cash equivalents at 1 January	334,382	334,382	344,267
<b>Cash and cash equivalents at 30 June</b>	<b>193,972</b>	<b>193,972</b>	<b>369,716</b>
Cash flow from operating activities covers:			
Interest received	1,047	1,047	1,216
Interest paid	5,346	5,346	4 715
Income taxes paid	24,019	24,019	15,446

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## REPOWER GROUP

### Notes to the interim consolidated financial statements

#### 1) COMPANY INFORMATION

Repower AG, Poschiavo, is a listed stock corporation with its registered office in Switzerland. Repower is a vertically integrated group active in Switzerland and abroad in the fields of electricity generation, management, trading, sales, transmission and distribution. The company also trades and sells gas, emissions and green certificates in selected European markets.

Dividends paid	1.1. – 30.6.2010	1.1. – 30.6.2011
Approved and paid dividends per share	CHF 8.00	CHF 8.00
Approved and paid dividends (including dividends on treasury shares)	CHF thousands 27,265	CHF thousands 27,265

The dividend payment for the 2010 financial year was approved by the Annual General Meeting on 4 May 2011.

#### 2) PRINCIPLES OF CONSOLIDATION

##### Basis

The unaudited interim consolidated financial statements of the Repower Group as at 30 June 2011 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". The interim consolidated financial statements do not include all the information disclosed in the consolidated annual financial statements, and should therefore be read in conjunction with the consolidated annual financial statements as at 31 December 2010.

##### Changes in consolidation:

##### Business acquisitions

The project company Lagobianco SA was founded on 14 April 2011 as a wholly owned subsidiary of Repower AG for the purpose of building the planned pumped storage power plant between Lago Bianco and Lago di Poschiavo. All activities related to the project will be carried out in future by this company.

Disclosure related to the prior year: The acquisition costs for the Prettin and Lübbenau wind farms in the first half of 2010 amounted to TCHF 62,202. The net assets acquired amounted to TCHF 61,564; the resultant goodwill came to TCHF 638. Overall this resulted in a net cash outflow of TCHF 61,312.

##### Business disposals

In the previous year, Group companies aurax electro ag and TGK Skavica S.r.l. were sold. The pre-tax gains and losses from the disposal of these two companies were recognised under other operating income and other operating expenses, and amounted to TCHF 2,499 and TCHF 2,003 respectively. Overall, this resulted in a cash inflow of TCHF 2,798.

##### Companies included according to the equity method

Via Elbe Finance Holding GmbH & Co. KG, Repower holds a share in the project company SüdWestStrom StadtKraftWerk Brunsbüttel GmbH & Co. KG, headquartered in Pinneberg. As contractually agreed with the project lead SüdWestStrom Kraftwerk GmbH, Repower reduced its stake in the project company from 51 % to 36 % on 28 February 2011. The resultant income amounted to TCHF 815, which is recorded under other operating income. The transaction resulted in a cash inflow of TCHF 3,662.

### 3) ACCOUNTING AND VALUATION PRINCIPLES

The accounting and valuation principles used in these interim consolidated financial statements correspond to the methods applied in the consolidated annual financial statements as at 31 December 2010, with the exception of the following new or revised standards and interpretations: IAS 24 (Related Party Disclosures), IAS 32 (Financial Instruments: Presentation, Amendment to IAS 32 on Classification of Rights Issues denominated in a foreign currency), IFRIC 14 (The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction), IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments) and changes in the context of Annual Improvements Projects 2007 – 2010. The aforementioned new or revised standards have had no material impact on the interim financial statements.

Foreign currencies were converted at the exchange rate of EUR/CHF 1.219 on the balance sheet date and at an average rate of EUR/CHF 1.270. Positions in other currencies are insignificant and were converted using the rates published by the European Central Bank (ECB Fixings). The unrealised exchange rate gains and losses on intragroup transactions are recognised in the consolidated cash flow statement under other income and expenses not affecting cash.

#### Impairment of assets

Repower Furnizare România S.R.L. (formerly S.C. Elcomex EN S.R.L.), a subsidiary of Repower AG, is a company in Romania whose purpose is to sell electricity and natural gas to small and medium-sized enterprises (SMEs). Due to indications of impairment, Repower Furnizare România S.R.L. was subjected to an impairment test for the 2011 interim financial statements. Repower Furnizare România S.R.L. was identified as a Cash Generating Unit (CGU) for the impairment test.

The CGU consists of the following assets:

- Property, plant and equipment
- Intangible assets (goodwill, customers, software)
- Net current assets

The value of the CGU is provided by the intangible assets, in particular goodwill and customers. The impairment test confirmed the indications. A full impairment loss was recognised for the intangible assets in the amount of TCHF 27,424 arising from the acquisition, since the CGU no longer has any intrinsic value. The impairment loss was recognised in the consolidated statement of comprehensive income under depreciation/amortisation and impairment.

The impairment is mainly attributable to the following events:

- Significant changes on the market, leading to reduced and at times negative margins
- Discontinuation of all gas business operations from May 2011

To determine the intrinsic value of the CGU, the carrying amount was compared against the value in use. A fair value less costs to sell cannot be determined since at present there are no reference values for the Romanian market. When calculating the value in use, the current plans authorised by management were taken into account. The cash flow forecasts refer to a period of five years. The residual corporate value was extrapolated using a growth rate of 3%. A discount rate of 6.7% before tax (11.4% after tax) was applied. The main assumption on which the cash flows were calculated is a realistic estimate of gross margin, primarily based on the most recent economic developments.

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## REPOWER GROUP

CGU assets at 30 June 2011 CHF thousands	Before impairment	After impairment
<b>Property, plant and equipment</b>	<b>115</b>	<b>115</b>
Goodwill	18,720	-
Customers	8,704	-
Software	6	6
<b>Intangible assets</b>	<b>27,430</b>	<b>6</b>
Short-term receivables	8,211	8,211
Current liabilities	-10,088	-10,088
Cash and cash equivalents	-4	-4
<b>Net current assets</b>	<b>-1,881</b>	<b>-1,881</b>

Parallel to the impairment, lower expectations have resulted in a reduction in liabilities in connection with the full takeover of Repower Furnizare România S.R.L. Consequently, the related liability has declined from TCHF 13,450 to TCHF 396. The reduced liability has added TCHF 13,054 to other operating income.

### Correction to prior-year figures

In the 2010 interim financial statements, part of the energy profile business was classified as own use instead of held-for-trading. This led to an error as at 30 June 2010, as a result of which net sales were overstated by CHF 226 million and energy procurement by CHF 222 million. Adjusting the unrealised income lowered income before taxes by CHF 4 million to CHF 18 million as at 30 June 2010 (instead of CHF 22 million). The impact on interim earnings per share is CHF -1.06, which was consequently CHF 4.18 (instead of CHF 5.24).

This correction resulted in an overstatement of CHF 16 million in positive replacement values for held-for-trading positions in the balance sheet as at 30 June 2010. The figure for negative replacement values for held-for-trading positions, on the other hand, is CHF 20 million higher. Equity as at 30 June 2010 was CHF 4 million lower at CHF 871 million.

The prior-year figures in the consolidated statement of comprehensive income, changes in consolidated equity and the consolidated cash flow statements have been adjusted in accordance with the corrected comparative figures. The fault was already rectified in the annual financial statements as at 31 December 2010.

### Embezzlement

In a news release dated 23 June 2011, Repower announced that a Group company had fallen victim to an embezzlement: An individual who has already been suspended had embezzled funds by circumventing existing control mechanisms and engaging in fraudulent accounting. The fraud resulted in losses to Repower Vendita Italia S.p.A. of around EUR 4-6 million (CHF 5-7 million) over the 2003-2011 period. A loss of around EUR 1 million (CHF 1.3 million) is recognised in the 2011 interim financial statements under other operating expenses. The current status of information is not binding. Repower is in the process of clarifying the facts with external support. As soon as the situation is clear, the prior-year figures will be restated in the financial statements at 31 December 2011.

**4) CASH AND CASH EQUIVALENTS****Cash and cash equivalents for cash flow statement**

	<b>31.12.2010</b> audited	<b>30.06.2011</b> unaudited
CHF thousands		
Cash and cash equivalents	349,975	374,776
Negative overdrafts	-5,708	-5,060
<b>Total</b>	<b>344,267</b>	<b>369,716</b>

**5) CONTINGENT LIABILITIES AND GUARANTEE OBLIGATIONS**

The Repower Group is involved in various legal disputes arising from day-to-day business operations. However, as things stand at present these are not expected to give rise to any significant risks and costs for the Group. The Executive Board has made the requisite provisions based on currently available information and estimates. There are no other contingent liabilities or guarantee obligations.

**6) EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

The interim consolidated financial statements were approved by the Board of Directors on 17 August 2011.

No further significant events requiring disclosure occurred after 30 June 2011.

## ADDRESSES



### *Topography put to optimum use*

*The water is directed to the powerhouse in the mountain's interior via a 3.2 km pressure tunnel and a 1.7 km pressure line, thereby utilising a gradient of almost 400 meters.*



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## KEY DATES

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9 May 2012 Annual General Meeting

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August 2011

