

**REPOWER**



SEMI-ANNUAL REPORT 2010



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## Semi-annual report

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## AT A GLANCE

- Since April, our Group has been operating under the name of Repower.
- The economic environment remained challenging, with low energy prices.
- Energy sales rose in the first half of 2010 to 12,082 Gigawatt hours (+ 79 % compared to first half last year).
- Total operating revenue came in at CHF 1.33 billion (+ 40 % compared to first half last year).
- Earnings before interest and income taxes (EBIT) of CHF 65 million lies within our expectations (- 13 % compared to first half last year).
- The weak euro exchange rate depressed Group profits, which were around CHF 18 million (- 68 % compared to first half last year).
- The "Lago Bianco" concession project has been completed.
- The purchase of wind farms in Germany and Italy allowed us to realize an important step in our strategy in this field.
- The sale of aurax electro ag is aimed at optimising future prospects in the changing installation market and will make it possible to focus on the core business.
- With the acquisition of elcomex EN, we have gained a foothold in the Romanian market.

### SHARE INFORMATION

Share capital	2,783,115 625,000	bearer shares participation certificates (PC)	at CHF 1.00 at CHF 1.00	CHF 2.8 million CHF 0.6 million
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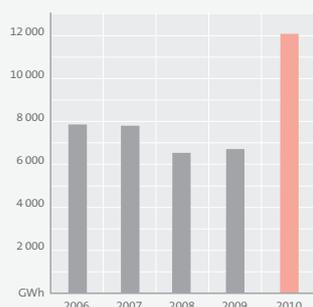
CHF			1st half-year 2009	1st half-year 2010
<b>Share price</b>	Bearer shares	High	490	505
		Low	360	420
Participation certificates (PC)	High		350	400
	Low		215	290

	2006	2007	2008	2009
<b>Dividend</b>				
Bearer shares	4.50	5.50	7.00	8.00
Participation certificates (PC)	4.50	5.50	7.00	8.00

## ENERGY BALANCE SHEET

## GWh

	1st half-year 2009	1st half-year 2010	Change
Contracts > 1 year	614	430	- 30 %
Contracts ≥ 1 month ≤ 1 year	1,930	6,236	+ 223 %
Spot < 1 month	1,964	3,045	+ 55 %
<b>Total trading</b>	<b>4,507</b>	<b>9,711</b>	<b>+ 115 %</b>
Supply/sales	1,976	2,239	+ 13 %
Pumps, own use, losses	248	131	- 47 %
<b>Energy sales</b>	<b>6,731</b>	<b>12,082</b>	<b>+ 79 %</b>
Contracts > 1 year	1,002	838	- 16 %
Contracts ≥ 1 month ≤ 1 year	2,367	6,715	+ 184 %
Spot < 1 month	2,197	3,505	+ 60 %
<b>Total trading</b>	<b>5,567</b>	<b>11,057</b>	<b>+ 99 %</b>
Own generation	585	550	- 6 %
Energy from participations	573	470	- 18 %
Miscellaneous	7	4	- 43 %
<b>Energy procurement</b>	<b>6,731</b>	<b>12,082</b>	<b>+ 79 %</b>
<b>Trading in held-for-trading positions</b>	<b>12,320</b>	<b>15,835</b>	<b>+ 29 %</b>

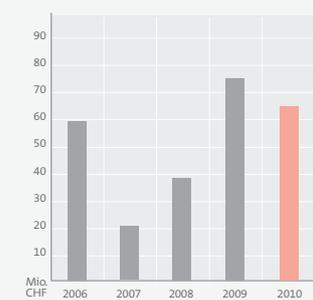


Energy sales in the first half-year.

## FINANCIAL HIGHLIGHTS

## CHF million

	1st half-year 2009	1st half-year 2010	Change
Total operating revenue	944	1,325	+ 40 %
Earnings before interest and income taxes (EBIT)	75	65	- 13 %
<b>Group profit</b>			
including minority interests	<b>56</b>	<b>18</b>	<b>- 68 %</b>
Balance sheet total	2,251	2,288	+ 2 %
<b>Equity</b>	<b>859</b>	<b>874</b>	<b>+ 2 %</b>



EBIT in the first half-year.

## OPERATIONS ON COURSE – CURRENCY FACTORS DEPRESS EARNINGS



**The first half of 2010 was mainly devoted to changing and modernising our corporate identity and initiating further important steps towards implementing our corporate strategy. Earnings for the first half of the year were depressed by currency factors. We are all the more pleased to note that our operations are on course in this difficult environment. The operating profit (EBIT) of CHF 65 million lies within our expectations.**

Rätia Energie has become Repower: since April 2010, our Group has been operating under the uniform Repower brand. The new name and associated new corporate identity will make our activities in all key markets easier. Furthermore, it reflects the growth of the past and supports the goals for the future. In addition, “Repower” symbolizes the commitment of all our employees to living out the corporate values with every day that passes: we build trust, take personal initiative and produce effect.

### OPERATIONS ON COURSE, EXCHANGE RATES DEPRESS EARNINGS

The Repower Group's total operating revenue for the first half of 2010 came to CHF 1.325 billion (+ 40 % compared to the first half of the previous year). The operating profit (EBIT) for the first six months of this year came to CHF 65 million (- 13 %). This means that our operations are on course, we have successfully achieved our objectives and are within the range of the expectations expressed in the spring. Prices below those of 2009 and persistently narrowing margins serve to make this outcome even more positive. The first half-year was dominated by the currency situation, as the euro lost more than ten percent against the Swiss franc. As Repower conducts around 90 percent of its business in euros, the sharp decline in the exchange rate consequently took its toll. Despite hedges, currency factors depressed the financial result by around CHF 25 million of unrealized losses on intra-group loans. This resulted in group profit for the first half of 2010 of CHF 18 million (- 68 %). Energy sales were up markedly, growing to 12.1 Terawatt hours compared to the first half of 2009. Shifts in the weights of short-term, me-



*Chairman of the Board of Directors Dr Eduard Rikli (on the left), CEO Kurt Bobst.*

dium-term and long-term contracts resulted from the changed market environment on the one hand and can be attributed to Repower Trading's increased activities in non-standard products (energy profile) on the other hand. In addition, around 78 million cubic metres of gas were sold in Italy – 60 million to consumers and 18 million through trading. The cash flow of CHF 1 million from operating activities also included an increase in net current assets of CHF 26 million in connection with the strong sales growth and the short-term investment of cash and cash equivalents in securities and other financial instruments.

#### PROJECTS PROGRESSING WELL

In the first half of the year 2010, we again made remarkable progress with important projects, taking us a step closer to our strategic goal of being a player in every component of the electricity value chain in all our key markets. We would like to highlight the following projects at this point:

- **Our presence in the Romanian market:** in mid-June Repower announced plans to acquire the Romanian distribution company elcomex EN. This enterprise sells electricity to business customers from Romania's SME segment and has a market share of just over 6 percent. With this move, Repower has opened up the opportunity of becoming an important player in the attractive Romanian SME customer niche, as it did in Italy and Germany. Romania is a country with major economic development potential. Moreover, the country may take on a genuine pivotal role in the energy field in the future.

For this reason, we not only want to integrate elcomex EN rapidly into our group, but also build up generating capacity in Romania in the medium-term.

- **Spinoff of the installation business:** in March, Repower sold its subsidiary aurax electro ag. The installation business is evidently developing more and more into a full-line provider's market. Against this background, Repower came to the conclusion that spinning off this business area and selling it to a large player offered the best long-term prospects for employees and opened up better opportunities for this business area.
- **Lago Bianco concession project completed:** the realisation of a 1000-MW pumped storage power plant in Upper Poschiavo has come a step closer. After broadly based discussions with cantonal and municipal authorities as well as environmental organisations, the Lago Bianco concession project was completed in mid-June and the technical report approved by the partners involved. The conclusion of the concession discussions and the referenda in Poschiavo and Pontresina, the communities affected by the concession, are expected before the end of 2010. The plant will help to stabilise the energy supply by pumping water from Lago di Poschiavo into Lago Bianco at times of low demand in order to generate electricity when demand is high.
- **Coal-fired power plant projects:** together with partners, we are working on the development of coal-fired power plants in Germany



*Working together to take projects forward: a public information meeting in Poschiavo about the Lago Bianco pumped storage power plant.*



(Brunsbüttel) and Italy (Saline Joniche). State-of-the-art technology will be used to construct plants that fit the energy policy situation in the two countries. Italy is heavily dependent on gas as a feedstock, making the development of alternative means of generation (coal, wind, hydropower) a matter of high priority. And in Germany, where almost 50 percent of electricity comes from coal-fired power plants, some of them obsolescent, the new plants will contribute to energy security. In addition, to underpin our sales and trading activities in both countries we need more in-house generation facilities that are technically diversified and with differently scheduled availability (base, medium and peak load). We were able to take approval procedures forward for both projects in the first half year. The dossiers are currently with the authorities.

- **Investments in wind energy:** we have been able to increase electricity generation from wind power substantially in the last few months. In April, we acquired a minority share of 39 percent in a wind farm in Giunchetto (Sicily, Italy), combined with an option to purchase the remaining 61 percent at a later date. We finalised the purchase of two wind farms in Germany in May: Prettin (Saxony-Anhalt) and Lübbenau (Brandenburg). We also wholly acquired the Corleto Perticara wind farm (Basilicata, Italy), in which Repower had previously owned a 67 percent stake. As a result of these activities, our wind power portfolio grew to four farms. We now have an installed capacity of 47 megawatts at our disposal, expected annual generation comes to around 90 Gigawatt hours.



#### FOCUS ON FOUR KEY MARKETS

The examples above show that Repower is working consistently in the direction set by its corporate strategy to secure long-term profitability: developing the key markets of Switzerland, Italy, Germany and Romania; realizing a diversified generation base; focusing on the electricity value chain with generation, trading and sales, rounded off in Switzerland by managing the distribution grids; trading in gas, CO<sub>2</sub> and certificates.

#### OUTLOOK

We expect the environment to remain difficult in the second half of the year. This applies in particular to the financial markets. However, the current situation, while dominated by risks, also presents some opportunities.

From the present point of view, we can stand by what we said in the spring: we expect operating profit for the year 2010 to fall slightly short of that of the previous year. Group profits will be strongly influenced by the development in exchange rates and at this point in time look unlikely to reach last year's level.

Dr Eduard Rikli  
Chairman of the Board of Directors

Kurt Bobst  
CEO

# OUR NEW NAME HAS BECOME WELL ESTABLISHED: REPOWER



*Repower: with a new name into the future.*



**Repower started 2010 as “Rätia Energie”. The name was changed in April. The new name and revamped corporate identity are intended to ensure and unify awareness of the group in all its markets. Now, in mid-2010, we are in a position to say that the launch has been successful. Repower has established itself quickly with its new brand.**

Four key markets, customers in several countries, a broad product portfolio, branch offices in a number of different linguistic regions in Europe and a wide range of ambitious projects: a company with this kind of operation depends on a memorable, internationally applicable brand which also has the power to unite people and cultures within its own boundaries. Repower – historically grown from a number of previous companies and different traditions – had to create this shared base as one of the foundations for successful future operations. The new name “Repower” not only forges links with the successful past but also implies a promise for the future.

#### REPOWER – A STRONG SHARED BASE

More than that: within the group “Repower” is also a symbol of a completely fresh start. At the same time as it launched the new name, Repower gave extensive consideration to its corporate and brand profile. This was done in the awareness that the same fundamental values, the same codes of conduct and a uniform orientation across cultures is an important foundation for success. The shared base has been designed to leave employees sufficient creative scope to enable them to respond fully to customer needs in every market.

Three basic rules lie at the heart of our thinking:

- We build trust
- We take personal initiative
- We produce effect



The principles appear simple – but this makes them all the more difficult to implement in our day-to-day work. In order to make these guiding principles visible across the whole group, human resources development, management development and communication projects were launched in parallel with the name change.

#### NEW IDENTITY AND LEGAL NAME CHANGE

9 April 2010 and 10 May 2010 saw important turning points in our company's history. In April, the new corporate identity was communicated internally and externally. And in May, the Annual General Meeting passed a resolution in favour of completing the legal formalities to rename the company. Appropriate communication of the actions we had taken went to customers, media, public authorities and partners in all Repower's key markets at the same time.

#### "REPOWER" POSITIVELY RECEIVED

In retrospect, we can say that the change of name and new corporate identity were largely welcomed. The name "Repower" soon became recognised. Internally, too, the new brand caught on: employees were evidently comfortable with it. The new corporate identity, new company name and joint events led to the perceptible liberation of new forces in Repower teams scattered over a dozen locations in six different countries. The foundations have been laid – and Repower will now continue to build on them!



# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## REPOWER GROUP

### Consolidated statement of comprehensive income

CHF thousands	1.1.-30.06.2009 unaudited	1.1.-30.06.2010 unaudited
Net sales	921,922	1,299,556
Own costs capitalised	5,399	6,261
Other operating income	16,293	19,534
<b>Total operating revenue</b>	<b>943,614</b>	<b>1,325,351</b>
Energy procurement	-742,121	-1,139,377
Concession fees	-7,320	-8,283
Personnel expenses	-43,417	-40,021
Material and services	-17,794	-15,376
Other operating expenses	-27,460	-31,501
<b>Income before interest, income taxes, depreciation and amortisation</b>	<b>105,502</b>	<b>90,793</b>
Depreciation/amortisation and impairment	-30,806	-25,780
<b>Income before interest and income taxes</b>	<b>74,696</b>	<b>65,013</b>
Financial income	40,898	18,690
Financial expenses	-41,244	-61,656
Share of results of associates and partner plants	25	-142
<b>Income before income taxes</b>	<b>74,375</b>	<b>21,905</b>
Income taxes	-18,001	-4,297
<b>Group profit including minority interests</b>	<b>56,374</b>	<b>17,608</b>
Group profit including minority interests	56,374	17,608
Effect of currency translation	3,708	-24,993
Fair value adjustment of financial instruments	-1,727	-2,340
Income taxes	432	796
<b>Comprehensive income</b>	<b>58,787</b>	<b>-8,929</b>
Share of Group profit attributable to Repower AG shareholders and participants	57,131	17,755
Share of Group profit attributable to minority interests	-757	-147
Share of Group result attributable to Repower AG shareholders and participants	58,647	-3,239
Share of Group result attributable to minority interests	140	-5,690
Earnings per share (undiluted)	CHF 16.84	CHF 5.24
There are no factors resulting in a dilution of earnings per share.		

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## REPOWER GROUP

### Consolidated balance sheet

Assets CHF thousands	31.12.2009 audited	30.06.2010 unaudited
Property, plant and equipment	1,071,766	1,095,248
Intangible assets	11,896	11,564
Investments in associates and partner plants	41,071	46,102
Other financial assets	70,848	72,326
Deferred tax assets	17,191	21,854
<b>Non – current assets</b>	<b>1,212,772</b>	<b>1,247,094</b>
Inventories	34,293	31,481
Receivables	612,158	662,444
Prepaid expenses and accrued income	12,825	20,986
Securities and other financial instruments	2,239	30,627
Positive replacement values, held-for-trading positions	180,114	101,824
Cash and cash equivalents	334,382	193,972
<b>Current assets</b>	<b>1,176,011</b>	<b>1,041,334</b>
<b>Total assets</b>	<b>2,388,783</b>	<b>2,288,428</b>

Liabilities and shareholders' equity CHF thousands	31.12.2009 audited	30.06.2010 unaudited
Share capital	2,783	2,783
Participation capital	625	625
Treasury shares	-16	-15
Capital reserves	17,732	17,732
Fair value adjustment of financial instruments	-2,116	-3,058
Retained earnings (including Group profit)	841,266	832,206
Accumulated translation differences	-5,596	-25,405
<b>Shareholders' equity excluding minority interests</b>	<b>854,678</b>	<b>824,868</b>
Minority interests	57,135	49,589
<b>Shareholders' equity</b>	<b>911,813</b>	<b>874,457</b>
Non-current provisions	63,778	66,023
Deferred tax liabilities	71,192	72,110
Non-current financial liabilities	527,963	513,794
Other non-current liabilities	56,538	55,598
<b>Non-current liabilities</b>	<b>719,471</b>	<b>707,525</b>
Current income tax liabilities	28,055	7,737
Current financial liabilities	67,832	47,687
Negative replacement values, held-for-trading positions	160,821	84,718
Current provisions	614	494
Other current liabilities	480,216	539,426
Deferred income and accrued expenses	19,961	26,384
<b>Current liabilities</b>	<b>757,499</b>	<b>706,446</b>
<b>Liabilities</b>	<b>1,476,970</b>	<b>1,413,971</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,388,783</b>	<b>2,288,428</b>

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## REPOWER GROUP

### Changes in consolidated equity

CHF thousands	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
<b>Equity at 1 January 2009</b>	2,783	625	-16	17,732	-1,604	758,044	-5,098	772,466	51,606	824,072
<b>Comprehensive income for the period</b>					-790	57,131	2,306	58,647	140	58,787
Dividends (excl. treasury shares)						-23,744		-23,744	-80	-23,824
Purchase/sale of treasury shares								-		-
Changes in consolidation								-		-
Purchase/sale of minority interests								-	32	32
Capital increase, minority interests								-	395	395
<b>Equity at 30 June 2009</b>	2,783	625	-16	17,732	-2,394	791,431	-2,792	807,369	52,093	859,462
<b>Equity at 1 January 2010</b>	2,783	625	-16	17,732	-2,116	841,266	-5,596	854,678	57,135	911,813
<b>Comprehensive income for the period</b>					-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								-		-
<b>Equity at 30 June 2010</b>	2,783	625	-15	17,732	-3,058	832,206	-25,405	824,868	49,589	874,457

## Consolidated cash flow statement

CHF thousands	1.1.-30.06.2009	1.1.-30.06.2010
	unaudited	unaudited
Group profit including minority interests	56,374	17,608
Depreciation/amortisation and impairment	30,806	25,780
Own costs capitalised	-5,399	-6,261
Change in provisions	-19,703	-148
Change in deferred taxes	-1,114	-2,795
Share of results of associates and partner plants	-25	-142
Compound interest from non – current liabilities	178	350
Dividends from associates and partner plants	41	41
Other income and expenses not affecting cash	-5,941	21,252
Change in inventories	-7,641	303
Change in receivables	31,013	-90,644
Change in prepaid expenses and accrued income	5,117	-6,946
Change in liabilities	-2,343	64,224
Change in deferred income and accrued expenses	7,735	7,394
Change in replacement values of held-for-trading positions	8,880	-219
Change in securities	-125	-28,331
<b>Cash flow from operating activities</b>	<b>97,853</b>	<b>1,466</b>
Property, plant and equipment:		
- Investments	-28,911	-28,559
- Disposals	43	988
Intangible assets:		
- Investments	-5,381	-1,492
- Disposals	-	-
Group companies:		
- Investments	-5	-61,312
- Disposals	-	2,798
Investments in associates and partner plants:		
- Investments	-12,353	-5,783
- Disposals	-	-
Non – current financial assets:		
- Investments	-	-6,646
- Disposals	209	-
<b>Cash flow from investing activities</b>	<b>-46,398</b>	<b>-100,006</b>
Additions to financial liabilities	-	20,000
Repayment of financial liabilities	-35,517	-27,184
Dividend payments	-23,824	-27,204
Purchase of treasury shares	-	-766
Sale of treasury shares	-	951
Purchase/sale of minority interests	-	-401
Capital increase through minority interests	395	-
<b>Cash flow from financing activities</b>	<b>-58,946</b>	<b>-34,604</b>
<b>Translation differences</b>	<b>2,760</b>	<b>-7,266</b>
<b>Change in cash and cash equivalents</b>	<b>-4,731</b>	<b>-140,410</b>
Cash and cash equivalents at 1 January	171,391	334,382
<b>Cash and cash equivalents at 30 June</b>	<b>166,660</b>	<b>193,972</b>
Cash flow from operating activities covers:		
Interest received	2,596	1,047
Interest paid	7,886	5,346
Income taxes paid	21,225	24,019

# 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 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 group also operates in the gas business.

The Repower Group conducts its activities by means of the business areas Assets, Market and Finance and the country organisations Switzerland, Italy, Germany and Eastern Europe (CEE). As the primary decision-makers, the Board of Directors and the Executive Board in keeping with the integrated business model have considered the results as a single unit for the purpose of assessing their earnings capabilities and making decisions about resource deployment.

#### 2) PRINCIPLES OF CONSOLIDATION

##### Basis

The unaudited interim consolidated financial statements of the Repower Group as at 30 June 2010 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 2009.

##### 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 2009, with the exception of the following new or revised standards and interpretations: IFRS 2 (Share-based Payment), IFRS 3 (Business Combinations), IAS 27 (Consolidated and Separate Financial Statements), revisions in the context of the Annual Improvements Projects 2007 - 2009, IFRIC 17 (Distribution of Non-cash Assets to Owners), IFRIC 18 (Transfers of Assets from Customers). The following are of particular relevance to the interim financial statements: in accordance with the IFRS 3 amendments, all transaction costs must be carried as expenses. In addition, changes in conditional purchase prices now have to be recognised in income instead of, as previously, written to goodwill. The amendments to IAS 27 state that all transactions with minority interests must be recognised in equity if there is no change of control.

Foreign currencies were converted at the exchange rate of EUR/CHF 1.325 on the balance sheet date and at an average rate of EUR/CHF 1.435. 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 transactions between consolidated companies are recognised in the consolidated cash flow statement under other income and expenses not affecting cash.

##### Seasonal nature of operating activities

In contrast to previous years, seasonal influences no longer affected the Repower Group's business operations.

##### Dividends paid

Approved and paid dividends per share

	1.1. – 30.6.2009	1.1. – 30.6.2010
CHF	7.00	8.00

Approved and paid dividends (including dividends on treasury shares)

	1.1. – 30.6.2009	1.1. – 30.6.2010
TCHF	23,857	27,265

The dividend payment for the last financial year was approved by the Annual General Meeting on 10 May 2010.

#### 3) CHANGES IN CONSOLIDATION

##### Business acquisitions (IFRS 3)

On 7 May 2010, 100% of the equity of PROASEGO Windpark Prettin Drei GmbH & Co. KG was acquired for MCHF 18 and on 28 May 2010 that of WKN Windkraftwerk Nord GmbH & Co. Windpark Lübbenau KG for MCHF 44. It is one of the Repower Group's strategic objectives to expand its in-house wind power generating capacity. The wind farms have an installed capacity of 10 MW and 16 MW. Both are in Germany. Considered individually, these business combinations are insignificant. They are therefore described here in aggregate. Figures are provisional.

The revenue and income earned by the two wind farms since their acquisition by Repower have no material effect on these interim financial statements. If the two companies had been acquired as at 1 January in this financial year, Repower's consolidated net revenue would have been TCHF 1,300,191 (first half last year TCHF 921,922) and its Group profit including minority interests TCHF 17,376 (first half last year TCHF 56,374).

The third party costs arising in connection with these transactions come to TCHF 268 and are recognised in other operating expenses.

The acquisition costs and the fair value of the identifiable assets and liabilities on the date of acquisition are summarised below:

CHF thousands	Fair value
Cash consideration	61,762
Deferred consideration	440
<b>Acquisition costs</b>	<b>62,202</b>
Acquired assets and liabilities:	
Fixed assets	63,098
Deferred tax assets	48
Receivables	3,106
Pre-paid expenses and accrued income	1,215
Liquid assets	450
<b>Identifiable assets</b>	<b>67,917</b>
Non-current provisions	3,522
Deferred tax liabilities	644
Current income tax liabilities	143
Other current liabilities	2,034
Deferred income and accrued expenses	10
<b>Identifiable liabilities</b>	<b>6,353</b>
Net assets acquired	61,564
Goodwill	638
<b>Acquisition costs</b>	<b>62,202</b>
Cash flow interrelated to the acquisition	
Acquired liquid assets	450
Cash consideration	-61,762
<b>Net cash outflow related to the acquisitions</b>	<b>-61,312</b>

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## REPOWER GROUP

The acquisition costs include a deferred balance of the purchase price of TCHF 440, which will be paid in the next two years subject to the vendor's adherence to guarantee commitments. An asset value for compensation payments of TCHF 440 was estimated for the right of retaining the deferred purchase price. The provisions position includes contingent liabilities with a fair value of TCHF 555 for contract risks. The provisional goodwill of TCHF 638 is related to expected synergies from the integration of the wind farms into the Repower Group. It is allocated entirely to Rätia Energie Wind Prettin GmbH and Rätia Energie Wind Lübbenau GmbH as cash generating units for the purpose of reviewing them for impairments.

As at 18 June, a contract was concluded for the acquisition of 80 % of the equity of elcomex EN SRL in Romania. Repower does not yet exercise control over the company due to suspensive conditions. Under the terms of the agreement, Repower will also take over the remaining 20 % at a later date.

### Business disposal

The disposal of all the shares of aurax electro ag and of TGK Skavica S.r.l. had the following effect on the assets and liabilities of the Repower Group.

	aurax electro ag	TGK Skavica S.r.l.	Total
Property, plant and equipment	500	3,687	4,187
Intangible assets	-	13	13
Deferred tax assets	63	23	86
Inventories	335	-	335
Receivables	1,245	314	1,559
Cash and cash equivalents	1,484	44	1,528
Accumulated translation differences	-	243	243
Minority interests	-59	-1,079	-1,138
Non-current provisions	-818	-	-818
Deferred tax liabilities	-	-1,217	-1,217
Current income tax liabilities	-105	-	-105
Current financial liabilities	-45	-	-45
Other current liabilities	-508	-25	-533
Deferred income and accrued expenses	-265	-	-265
Gain/loss	2,499	-2,003	496
Cash consideration received	4,326	0	4,326
Outflow of cash and cash equivalents	-1,484	-44	-1,528
<b>Net cash inflow related to the disposal</b>	<b>2,842</b>	<b>-44</b>	<b>2,798</b>

The pre-tax gains and losses from the disposal of the two group companies are recognised in other operating income and other operating expenses.

### Purchases/sales of minority interests

During this half year, the group acquired the remaining 33 % of the shares in Energia Sud S.r.l for a price of TCHF 428; at the time of the purchase these minority interests were worth TCHF 651. The difference was written to retained earnings. Repower therefore now owns 100 % of Energia Sud S.r.l. In addition, a stake of around 1 % in SWIBI AG was sold.

#### Companies included according to the equity method

Repower acquired 39 % of the equity of Aerochetto S.r.l. for TCHF 2,233 on 28 April 2010. In June 2010, a capital increase proportional to the shareholdings was made, increasing Repower's share to TCHF 5,783. Aerochetto S.r.l., as an associate, is included in the consolidated financial statements according to the equity method.

Aerochetto S.r.l. is the owner and operator of the Giunchetto wind farm (Sicily, Italy), which has an installed capacity of 29.75 MW. It was completed at the end of 2009 and will go on line in 2010.

Repower has the right to acquire the remaining shares in the company within six months of the close of its second productive year.

#### 4) 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.

#### 5) EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 20 July 2010, Repower AG issued a public bond in the amount of MCHF 115, resulting in an actual inflow of cash and cash equivalents of MCHF 112.

Repower is planning the construction of a combined cycle power plant with a capacity of approx. 430 MWel in Leverkusen, Germany. A total of around MCHF 480 will be invested by the time it is scheduled to commence operation in 2014. The documentation required for the approval process is currently being prepared.

The interim consolidated financial statements were approved by the Board of Directors on 20 August 2010.

No further significant events requiring disclosure occurred after 30 June 2010.

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## KEY DATES

23 March 2011	Publication of 2010 annual results
4 May 2011	Annual General Meeting in Schiers

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In the event of differing interpretations, the German text is definitive.

August 2010

