



SEMI-ANNUAL REPORT 2012

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Semi-annual report

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OVERVIEW

- *Repower posted total operating revenue of CHF 1.17 billion in the first half of 2012 (- 5 %).*
- *The operating result (EBIT) was CHF 53 million and thus 9 % below the prior-year figure.*
- *Group profit was impacted by currency and interest rate trends and ended the first half of 2012 at CHF 20 million (- 37 %).*

- *Work on expanding the power generation portfolio progressed according to plan. Repower is also investing in renovations to existing generating facilities and in the grid infrastructure.*
- *Sales of electricity increased by six per cent, while sales of gas rose by fifteen per cent. Both areas made a positive contribution to results.*
- *Despite a tight market and low energy prices, Repower Trading generated good results.*

Stefan Kessler, CFO: “Despite a tight market environment, Repower recorded a satisfactory operating result in the first half of 2012.”

KEY FINANCIALS

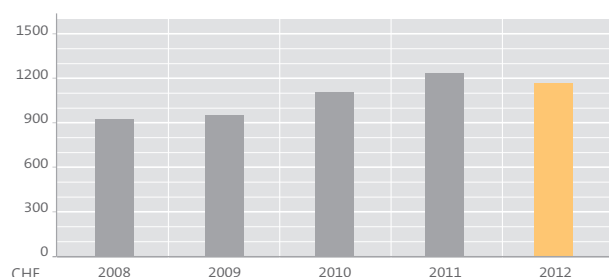
CHF million

Revenue and income

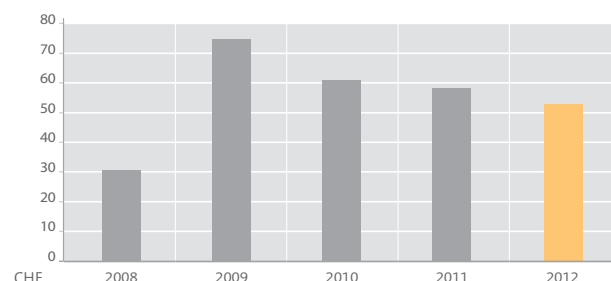
	1 st half-year 2011	1 st half-year 2012	Change
Total operating revenue	1,230	1,168	- 5 %
Income before interest and income taxes (EBIT)	58	53	- 9 %
Group profit including minority interests	32	20	- 37 %

Balance sheet and cash flows

Balance sheet total at 30. 06.	2,425	2,314	- 5 %
Equity at 30. 06.	915	970	+ 6 %
Equity ratio	38 %	42 %	



Total operating revenue for first half-year



EBIT for first half-year

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

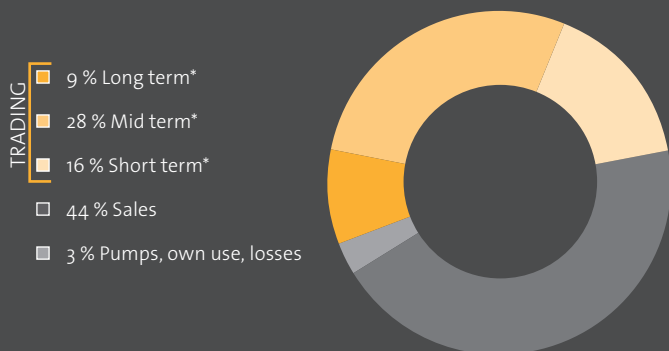
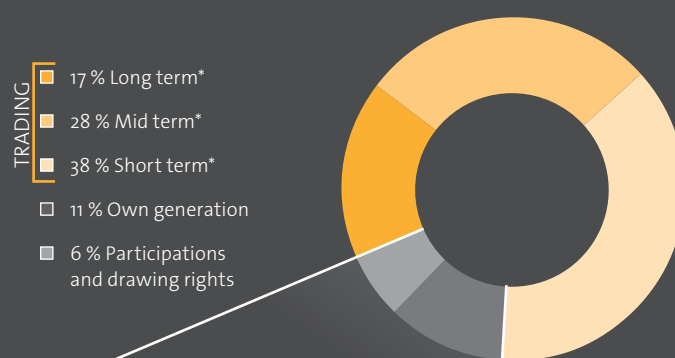
		1 st half-year 2011	1 st half-year 2012
Share	High	569	437
	Low	405	275
Participation certificate (PC)	High	378	280
	Low	270	213

Dividend	2008	2009	2010	2011
Share	7.00	8.00	8.00	5.00
Participation certificate (PC)	7.00	8.00	8.00	5.00

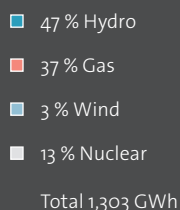
ENERGY BALANCE SHEET

	1 st half-year 2011	1 st half-year 2012	Change
Electricity business in GWh			
Trading	6,494	4,066	- 37 %
Supply/sales	3,180	3,359	+ 6 %
Pumps, own use, losses	179	192	+ 7 %
Electricity sales	9,853	7,617	- 23 %
Trading	8,377	6,314	- 25 %
Own generation	948	845	- 11 %
Energy from participations	524	458	- 13 %
Miscellaneous	4	-	-
Electricity procurement	9,853	7,617	- 23 %
Gas business in 1,000 m³			
Sales to end customers	81,541	93,760	+ 15 %
Trading (sales)	179,307	233,337	+ 30 %
Gas sales	260,848	327,097	+ 25 %
Teverola power plant (Italy) consumption	128,156	93,627	- 27 %

Felix Vontobel, Head of Assets: “Thanks to good weather conditions and high plant availability, Repower saw a gratifying year-on-year increase of nineteen per cent in own generation of hydroelectricity and wind power.”

ELECTRICITY SALES 1ST HALF-YEAR 2012: 7,617 GWhELECTRICITY PROCUREMENT 1ST HALF-YEAR 2012: 7,617 GWh

OWN GENERATION AND PARTICIPATIONS



* Trading contracts are classified based on the duration between the conclusion of the contract and the 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 year in which the contract was concluded

Long term = all contracts with durations beyond those of mid-term contracts

Giovanni Jochum, Head of Market: “Gas sales in Trading increased by one third over the previous year's period.”

HEADCOUNT

at 30.06.

	1 st half-year 2011	1 st half-year 2012
Switzerland	480	501
Italy	172	174
Germany	17	23
Romania	28	30
Prague	25	25
Total	722	753
Trainees	30	30
Sales agents	396	471

SATISFACTORY HALF-YEAR RESULT DESPITE LOW ENERGY PRICES

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

The energy sector continues to face a difficult market environment. Besides the development of the euro, low energy prices are also impacting business. Against this backdrop, Repower recorded a satisfactory operating result (EBIT) of CHF 53 million for the first half of 2012. Net profit amounted to CHF 20 million.

The economic situation remained extremely difficult in the first half of 2012. The financial and sovereign debt crises of the eurozone countries dampened demand, driving down energy consumption in the corporate sector. The euro exchange rate has come under further pressure in recent months, and while the Swiss National Bank's commitment to enforce a minimum Swiss franc/euro exchange rate has eased the situation to some extent for Swiss companies who generate much of their revenue in euros, the exchange rate situation remains unfavourable and there is no rapid improvement in sight. Prices on energy markets have declined further since last year. This applies in particular to prices for medium- and long-term electricity products (calendar prices), with the exception of some countries in Eastern Europe, where electricity prices are high due to state intervention and dry weather conditions. While energy prices are influenced by the economic situation and by weather conditions, prices on electricity exchanges are being significantly driven down, due in particular to market distortion caused by feed-in tariffs for wind and solar power.

SATISFACTORY RESULT IN A DIFFICULT MARKET ENVIRONMENT

In the first half of 2012, the Repower Group posted total operating revenue of CHF 1.17 billion (- 5 %) and EBIT of CHF 53 million (- 9 % compared to the prior year). These figures are in line with the expectations announced in spring and represent a satisfactory result given the current market situation. Positive contributors to the result were the trading activities in Switzerland and Italy, where Repower succeeded in positioning itself well despite the difficult market environment and low prices. At 7,617 gigawatt hours, energy sales were well below the prior-year figure (- 23 %). The higher volume of electricity generated from Repower's own wind farms and hydropower plants (358 GWh in



all, representing an increase of 19 %) was well utilised on the market. Conversely, low liquidity in the markets of Eastern Europe had an unfavourable effect on electricity trading in this region.

Margins from sales also made a positive contribution to the result, with the total volume of electricity sold rising by six per cent to 3,359 gigawatt hours. Finally, the gas business continued to perform well, with Repower posting a thirty per cent increase in gas sales in trading year-on-year. Together with sales, a total of 327 million cubic meters of gas were sold.

Group profit ended the first six months of 2012 at CHF 20 million (- 37 %). The main factors weighing on group profit were the losses resulting from exchange rate and interest rate trends in the first half of 2012. Moreover, the tax expense is very high due to the substantial share of results accounted for by Italy.

WORK ON PROJECT PORTFOLIO SUCCESSFULLY DRIVEN FORWARD

The current economic and energy policy landscape is not very conducive to the realisation of large-scale power generation projects: even if the Federal Council's energy strategy has set the course in Switzerland, concrete details of the legal framework conditions have yet to be defined. Urgently required spending on projects to upgrade and expand electricity generation is being delayed due to the lack of incentives to invest. Until renewable energy generation is promoted by feed-in tariffs rather than quota models, there will be little incentive to manage energy efficiently or to renovate the power generation portfolio as efficiently as possible. Repower is committed to generating electricity based on a mix of different technologies that is adjusted to the differ-

ent markets. This is the only way to guarantee a secure supply under economically and ecologically acceptable conditions. In addition to intermittent wind and solar power, this also calls for controllable base and medium load as well as storage capacities. This belief is reflected in our power generation and project portfolio. We drove forward various projects in the Assets division in the period under review. The following projects and milestones deserve special mention:

- **Lucera wind farm:** Construction work on the wind farm in Lucera (Apulia) is at an advanced stage. By the end of June, eleven of the wind farm's thirteen wind turbines with a total installed capacity of 26 megawatts had been erected. The wind farm is scheduled to go into operation in autumn 2012. The application for permission to expand the farm by another fifteen wind turbines is currently at the environmental impact assessment stage. Once it is up and running, Lucera will expand Repower's wind power portfolio to five wind farms with a total capacity of 73 megawatts.
- **Lagobianco pumped storage power plant:** The request for concession approval for the planned 1,000-megawatt pumped storage power plant in Upper Poschiavo was submitted to the Graubünden cantonal government in November 2011, and has since been under review by the responsible departments. At the same time, Lagobianco SA is working intensively on various sub-projects in the technology, finance and environmental areas. At present the request for project approval is being drawn up for submission once the concession request has been approved. This covers the planning project as well as assessments of the environmental impact during construction (Environmental Impact Statement II). The current work also includes

Strengthening cohesion

Employees from various locations and divisions meet up to attend further training modules. This offers them the opportunity to exchange ideas and experiences on an informal basis.



a search for investment partners and drilling tests in the project region to serve as a basis for further planning.

- **Chlus project:** The aim of Repower's Chlus project in Lower Prättigau is to further increase the volume of electricity generated from hydropower. In the course of working out the technical details and conducting environmental assessments in spring 2012, the costs were found to be significantly higher than had originally been assumed. Repower is now looking into several options to reduce costs. Options will be analysed to determine whether, and if so which, adjustments are needed in order to guarantee the project's profitability. Repower continues to accord very high priority to the project and is planning to decide on an option by the end of the year in order to be in a position to submit the amended concession documentation to the political authorities as soon as possible.
- **Saline Joniche project:** An important milestone was reached in the project for the coal-fired power plant in Saline Joniche (Calabria): In June the Presidency of Italy's Council of Ministers signed the environmental impact assessment ("Decreto di Valutazione d'Impatto Ambientale") for the planned power plant. The approval process is now entering the next phase, in which the region of Calabria will be closely involved.
- **Leverkusen combined cycle power plant:** The project to build a 400-megawatt combined cycle power plant on the grounds of the chemical industry site in Leverkusen is at the core of our efforts to expand our own generation capacities in Germany. The first half of 2012 saw the launch of the approval process and virtual finalisation of the tendering documentation.



- **Investments in renovations to existing plants:** Repower is investing in existing hydropower plants and in the grid infrastructure in various regions of the canton of Graubünden. The aim of this revision and renovation work is to ensure that the plants remain in good working order and to secure a reliable supply of electricity well into the future. Total investment spending on the projects, which are carried out between the end of 2011 and 2013, amounts to more than CHF 20 million.

Due to the lack of clarity concerning the future legal framework, the SüdWestStrom Kraftwerk GmbH decided on 19 July 2012 to discontinue planning work for the construction of a coal-fired power plant in Brunsbüttel. Repower had already fully written down its 36% interest in the project company at the end of 2011, having concluded that the project was unlikely to be implemented in the foreseeable future due to economic factors and the energy policy situation. The necessary steps have been taken to liquidate the project company.

INNOVATIVE SALES AND COOPERATION MODELS

Sales activities underwent positive development in the first half of 2012. With its innovative offerings and products and its high-quality customer care, Repower positions itself successfully in the key markets. The "Verde Dentro" offering in Italy is attracting keen interest in the tourism industry and also, increasingly, in the commercial sector. Thanks to this comprehensive offering, Repower is among the pioneers of e-mobility in Italy.

In Switzerland, Repartner Produktions AG can look back on its first six months of operation. The model, which allows other energy providers to participate in a diversified power generation portfolio, is virtually booked out. In the period under review, Repower and the eight par-

ticipating partners were able to purchase 24.5 gigawatt hours from the Taschinas hydropower plant and almost thirty gigawatt hours from the Lübbenau and Prettin wind farms. This is equivalent to the annual electricity consumption of 12,000 households. The generation volume is now being gradually expanded in line with the development of Repower's project portfolio.

OUTLOOK

The market environment will remain difficult in the second half of 2012. As things stand at present, we therefore continue to expect to end 2012 with lower operating results than in the previous year.

Dr. Eduard Rikli
Chairman of the Board of Directors

Kurt Bobst
CEO

REPOWER ACADEMY:

A VERSATILE FURTHER TRAINING AND CAREER DEVELOPMENT PROGRAMME

Acquiring new knowledge

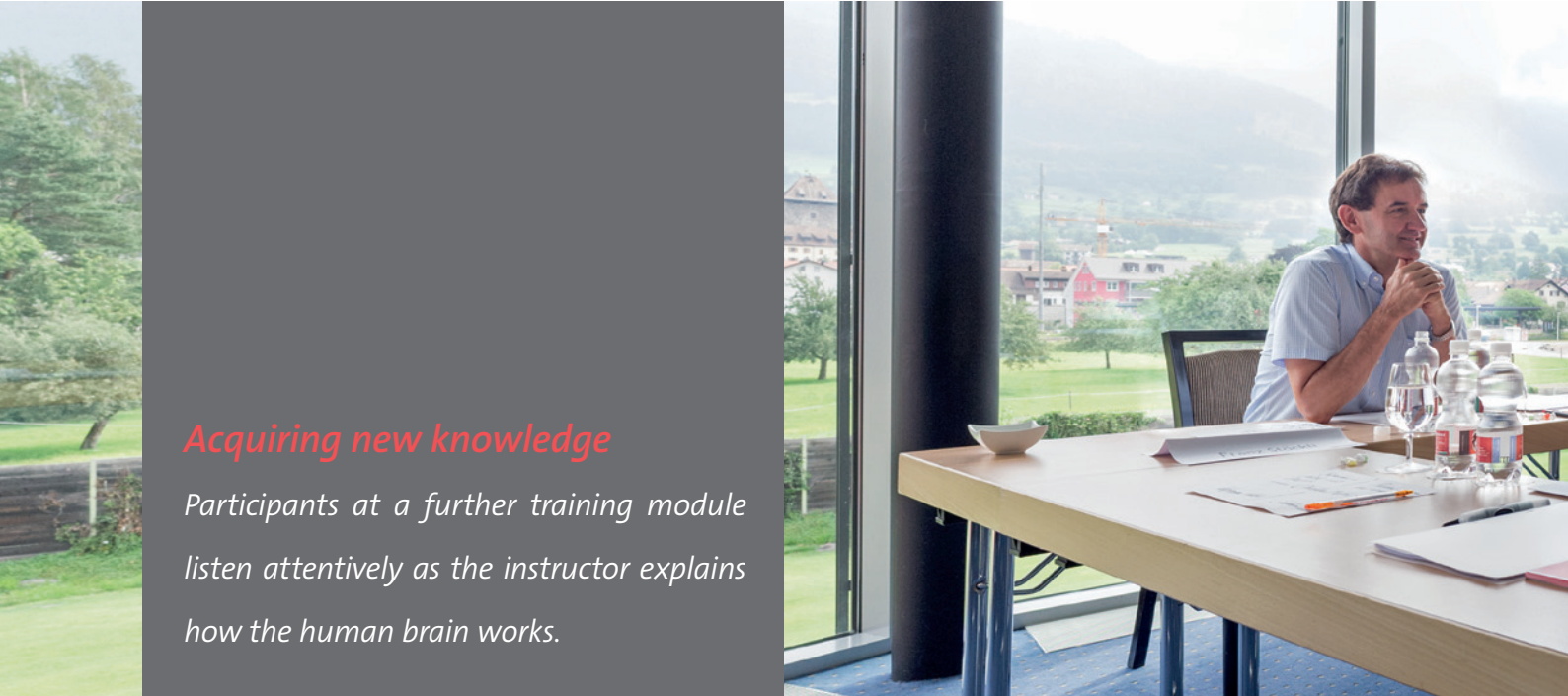
Participants at a further training module listen attentively as the instructor explains how the human brain works.

At Repower, encouraging and promoting employees is accorded high value. The company invests not only in vocational training for apprentices, but since 2011 has also been offering a comprehensive range of in-house development courses for employees and management. During the courses, employees not only work on honing their skills, but also network with colleagues from across the company, thereby reaffirming our corporate values.

The internal further training and career development programme is based on the belief that employees need to have additional skills if they are to perform their tasks successfully – regardless of their area of expertise. With this in mind, job profiles have been divided into various job families, each with several levels. Each level is assigned a specific set of core competences. These are not skills specific to a particular area of expertise but rather key competences such as understanding the organisation, management, communication, business acumen, team spirit and language skills. At annual performance appraisal discussions, the employee's actual profile is compared against the required skills profile and their further training and career development programme individually defined.

MANUELA BOLCH: *“The ‘Meeting Culture’ module showed me how to identify and involve different types of individuals at meetings.”*

Employees not only enhance their skills during the course of these further training modules, but also have the opportunity to exchange ideas and experiences beyond divisional and national boundaries. This is not only essential for their understanding of the company they work for; more importantly, it often allows them to find a solution to the problems they encounter in their day-to-day work. Work colleagues give each other valuable tips, identify weak spots and come up with ideas of how to improve business processes.





IDENTIFYING AND FOSTERING TALENT

Various career development elements have been launched alongside the further training programme, with employees now able to take advantage of career planning talks, while their line managers receive support in the form of coaching on management tasks. Employees who show great promise and exceptional commitment can apply to join the "Special Development Group". As a member of this group, they are systematically fostered and promoted and are given the opportunity to expand their network of contacts. For two years they work closely with the Executive Board on selected projects.

POSITIVE EXPERIENCE IN THE FIRST YEAR

The Academy courses are attracting keen interest: in the space of only one year, around one third of employees have already attended one or more courses. Feedback from participants is highly positive: employees benefit not only from the content of the courses, but also from the chance to exchange experiences with colleagues. In addition to attending courses, they also have the possibility of learning some content by self-study. E-learning modules are available on the intranet for this purpose. This platform is now to be used by other departments for special training or information purposes.

MAURO ISEPPONI: *"The 'Leadership & Management' course taught me new methods, and I was able to learn from other participants' practical experience."*

The Switzerland country organisation offers a somewhat different form of internal knowledge transfer at events entitled "Lunch and Learn". Every two months during the lunch break, an employee gives a presentation on an issue of topical relevance to his or her division and answers colleagues' questions. Participants can continue their work-related discussions and personal conversations over lunch following the presentation.

PETER ALIESCH: *"Negotiation situations are always a challenge. The 'Negotiation Skills' module gave me additional tools to work with."*

REPOWER ACADEMY LOOKS TO THE FUTURE

The further training programme is being adapted and extended as and when necessary based on the experience acquired. New courses are being offered aimed at specific experts, such as construction site managers or employees who deal with customers. Individuals with major management or technical potential can also benefit from an internal mentoring scheme.

Repower's Academy offerings send out a strong signal for the promotion and development of its employees. The aim is to ensure that the company can continue to count on highly motivated and skilled staff.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

REPOWER GROUP

Consolidated statement of comprehensive income

CHF thousands	1.1.-30.06.2011 unaudited	1.1.-30.06.2012 unaudited
Net sales	1,200,737	1,148,912
Own costs capitalised	6,827	7,266
Other operating income	22,686	12,270
Total operating revenue	1,230,250	1,168,448
Energy procurement	-1,016,760	-975,554
Concession fees	-8,463	-8,624
Personnel expenses	-41,857	-44,036
Material and third-party services	-9,497	-15,110
Other operating expenses	-39,642	-45,163
Income before interest, income taxes, depreciation and amortisation	114,031	79,961
Depreciation/amortisation and impairment	-55,745	-26,605
Income before interest and income taxes	58,286	53,356
Financial income	2,053	1,176
Financial expenses	-11,554	-18,994
Share of results of associates and partner plants	-618	1,122
Income before income taxes	48,167	36,660
Income taxes	-16,532	-16,517
Group profit including minority interests	31,635	20,143
Group profit including minority interests	31,635	20,143
Currency translations		
Unrealised changes	-6,296	-2,308
Transfer to income statement	-	114
Cash flow hedges		
Value adjustment	1,491	416
Income taxes	-507	-158
Comprehensive income	26,323	18,207
Share of Group profit attributable to Repower shareholders and participants	31,603	20,125
Share of Group profit attributable to minority interests	32	18
Share of comprehensive income attributable to Repower shareholders and participants	26,853	18,526
Share of comprehensive income attributable to minority interests	-530	-319
Earnings per share (undiluted)	CHF 9.32	CHF 5.93
There are no factors resulting in a dilution of earnings per share.		

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

REPOWER GROUP

Consolidated balance sheet

Assets	31.12.2011	30.06.2012
CHF thousands	audited	unaudited
Property, plant and equipment	1,041,145	1,062,876
Intangible assets	15,853	18,010
Investments in associates and partner plants	40,004	40,963
Other financial assets	67,054	64,626
Deferred income taxes	25,430	22,024
Non-current assets	1,189,486	1,208,499
Inventories	37,794	31,915
Receivables	606,728	583,524
Prepaid expenses and accrued income	5,414	7,502
Securities and other financial instruments	1,491	1,653
Positive replacement values held-for-trading positions	107,204	116,532
Cash and cash equivalents	339,873	271,576
Current assets	1,098,504	1,012,702
Non current assets held for sale	79,067	92,926
Total assets	2,367,057	2,314,127

Liabilities and shareholders' equity	31.12.2011	30.06.2012
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	-1,214	-1,057
Retained earnings (including Group profit)	915,367	918,684
Accumulated translation differences	-45,379	-46,958
Shareholders' equity excluding minority interests	889,898	891,793
Minority interests	74,602	78,561
Shareholders' equity	964,500	970,354
Non-current provisions	26,619	26,324
Deferred tax liabilities	58,875	58,831
Non-current financial liabilities	565,652	554,430
Other non-current liabilities	2,237	2,416
Non-current liabilities	653,383	642,001
Current income tax liabilities	28,388	17,846
Current financial liabilities	48,548	66,397
Negative replacement values held-for-trading positions	85,076	110,093
Current provisions	21,484	2,026
Other current liabilities	524,706	459,910
Deferred income and accrued expenses	30,741	34,950
Current liabilities	738,943	691,222
Liabilities	1,392,326	1,333,223
Liabilities held for sale	10,231	10,550
Total liabilities and shareholders' equity	2,367,057	2,314,127

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 share-holders' equity
Equity at 1 January 2011	2,783	625	-16	17,732	-1,798	886,781	-39,138	866,969	48,647	915,616
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	891,380	-44,488	866,818	48,071	914,889
Equity at 1 January 2012	2,783	625	-16	17,732	-1,214	915,367	-45,379	889,898	74,602	964,500
Comprehensive income for the period					157	20,125	-1,756	18,526	-319	18,207
Dividends (excl. treasury shares)						-16,959		-16,959	-68	-17,027
Changes in consolidation								-	-211	-211
Purchase/sale of minority interests						151	177	328	4,557	4,885
Equity at 30 June 2012	2,783	625	-16	17,732	-1,057	918,684	-46,958	891,793	78,561	970,354

Consolidated cash flow statement

CHF thousands		1.1.-30.06.2011 unaudited	1.1.-30.06.2012 unaudited
Group profit including minority interests		31,635	20,143
Depreciation/amortisation and impairment		55,745	26,605
Impairment of disposal groups		-	3,697
Own costs capitalised		-6,827	-7,266
Change in provisions		563	-19,690
Change in deferred taxes		3,740	3,037
Share of results of associates and partner plants		618	-1,122
Compound interest from non-current liabilities		647	287
Dividends from associates and partner plants		41	37
Change in inventories		-1,831	5,543
Change in receivables		-86,368	14,305
Change in receivables held for sale		-	-2,871
Change in prepaid expenses and accrued income		-11,539	-2,143
Change in liabilities		126,356	-70,136
Change in deferred income and accrued expenses		8,103	4,248
Change in liabilities held for sale		-	319
Change in replacement values, held for trading positions		252	15,797
Change in securities and other financial instruments		-73,739	-162
Other income and expenses not affecting cash		61,741	7,973
Cash flow from operating activities		109,137	-1,399
Property, plant and equipment	- Investments	-26,063	-60,598
	- Disposals	1,626	264
Intangible assets	- Investments	-4,323	-4,201
	- Disposals	-	-
Group companies	- Investments	-	-
	- Disposals	-	-115
Investments in associates and partner plants	- Investments	-1,049	-
	- Disposals	3,662	-
Non-current financial assets	- Investments	-7,573	-
	- Disposals	-	657
Cash flow from investing activities		-33,720	-63,993
Additions to financial liabilities		664	8,673
Repayment of financial liabilities		-15,774	-1,740
Dividend payments		-27,225	-17,027
Purchase of treasury shares		-	-
Sale of treasury shares		-	-
Purchase/sale of minority interest		-7	4,885
Capital increase through minority interests		64	-
Cash flow from financing activities		-42,278	-5,209
Translation differences		-7,690	-2,597
Change in cash and cash equivalents		25,449	-73,198
Cash and cash equivalents at 1 January		344,267	345,342
Cash and cash equivalents at 30 June		369,716	272,144
Cash flow from operating activities covers:			
Interest received		1,216	670
Interest paid		4,715	6,170
Income taxes paid		15,446	17,959

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, emission certificates and certificates of origin in selected European markets.

Dividends paid	1.1. – 30.6.2011	1.1. – 30.6.2012
Approved and paid dividends per share	CHF 8.00	CHF 5.00
Approved and paid dividends (including dividends on treasury shares)	CHF thousands 27,265	CHF thousands 17,041

The dividend payment for the 2011 financial year was approved by the Annual General Meeting on 9 May 2012.

2) PRINCIPLES OF CONSOLIDATION

Basis

The unaudited interim consolidated financial statements of the Repower Group as at 30 June 2012 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 2011.

Changes in consolidation:

Business acquisitions

No business acquisitions were made in the first half of 2012.

Business disposals

The disposal of all the shares in RES S.p.A. and the related disposal of its subsidiary Prodomo d.o.o. had the following effect on the assets and liabilities of the Repower Group in the first half of 2012.

CHF thousands	Total
Property, plant and equipment	8
Deferred income taxes	170
Receivables	326
Prepaid expenses and accrued income	20
Cash and cash equivalents	115
Accumulated translation differences	114
Minority interests	-211
Other current liabilities	-209
Loss	-255
Selling price	78
Cash consideration received	-
Outflow of cash and cash equivalents	-115
Net cash outflow related to the disposal	-115

The disposal was made in June 2012. The price of TCHF 78 has not yet been paid. The pre-tax loss from the disposal of both Group companies is recognised in other operating expenses.

Purchases/sales of minority interests

In the first half of 2012, Repower sold an additional six per cent of its shares in Repartner Produktions AG to third-party electrical utilities and adjusted the former purchase price of the shares. The net cash inflow totalled TCHF 4,885 and the minority interests totalled TCHF 4,557. The difference was allocated to the majority partner's capital.

Companies consolidated according to the equity method

Disclosure related to the prior year: via Elbe Finance Holding GmbH & Co. KG, headquartered in Dortmund, Repower holds a share in the project company SüdWestStrom StadtKraftWerk Brunsbüttel GmbH & Co. KG, headquartered in Pinneberg. As contractually agreed with the majority owner of the project SüdWestStrom Kraftwerk GmbH & Co. KG, Repower reduced its stake in the project company from 51 per cent to 36 per cent on 28 February 2011. The resulting income amounted to TCHF 815, which is recorded under other operating income. The transaction resulted in a cash inflow of TCHF 3,662. The stake was fully impaired in the second half of 2011.

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 2011. There are no new standards and interpretations which need to be applied in the current reporting period and have a material impact on the interim financial statements.

Foreign currencies were converted at the exchange rate of EUR/CHF 1.203 on the balance sheet date and at an average rate of EUR/CHF 1.205. 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.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

REPOWER GROUP

Impairment/reversal of impairment on assets

In the first half of 2012 an impairment on assets of CHF 1 million was recognised. Due to a ruling by the Administrative Court in the first half of 2012, additional parts of assets in Poschiavo had to be assigned to Grid Level 1, as a consequence of which these will also be transferred to Swissgrid AG at the end of 2012. The carrying amount of these assets is CHF 16.9 million. The planned disposal is an impairment indicator. The carrying amount was compared against the expected transaction value for these assets, as a result of which an impairment loss of CHF 1 million was recognised in the consolidated statement of comprehensive income under depreciation/amortisation and impairment. These assets are now part of the disposal group which was measured in connection with the valuation of assets and liabilities held for sale under IFRS 5. No impairment reversals were recognised.

In the prior-year period intangible assets, in particular goodwill and the customer list, of Repower Furnizare România S.R.L totalling TCHF 27,424 were subject to full impairment. Parallel to the impairment, lower expectations resulted in a reduction in the residual purchase obligation resulting from the acquisition of Repower Furnizare. The reduction in the liability resulted in the addition of TCHF 13,054 to other operating income.

Embezzlement

Repower suffered two offences involving property in 2011. There is no connection between the two cases. The loss in Italy of CHF 1 million was already accounted for in the 2011 interim financial statements under other operating expenses. The effect on income after tax of the financial offence in Switzerland, which relates to the first half of 2011, amounts to TCHF 976. For reasons of materiality, the prior-year figures were not adjusted.

4) CASH AND CASH EQUIVALENTS

Cash and equivalents for the cash flow	30.06.2011 unaudited	30.06.2012 unaudited
CHF thousands		
Cash and cash equivalents	374,776	271,576
Cash and cash equivalents held for sale	-	7,395
Overdraft facilities due at any time	-5,060	-6,827
Total	369,716	272,144

5) ASSETS AND LIABILITIES HELD FOR SALE

The Electricity Supply Act (StromVG) which came into force on 1 January 2008 requires ownership of the Swiss transmission grid to be transferred to Swissgrid AG by the end of 2012. To this end, Level 1 Grids are to be transferred to Swissgrid by the end of 2012. In the consolidated annual financial statements of the Repower Group as at 31 December 2011 the transaction was expected to be completed on 1 July 2012. This deadline was not met. By law, the grids must be transferred to Swissgrid by 31 December 2012 and hence in the second half of 2012. The assets and liabilities of Repower Transportnetz AG have been classified as held for sale since 1 July 2011, and are disclosed separately in the balance sheet under "Assets held for sale" and "Liabilities held for sale". The transfer will be made at a market price set by the Federal Electricity Commission (ElCom). The assets and liabilities (disposal group) are measured at the lower of the carrying amount and expected selling price.

At 30 June 2012 the carrying amount of the full disposal group was compared against the currently expected transaction value. Due to indications of impairment, an impairment charge of CHF 3.7 million was made on the property, plant and equipment of the disposal group. This impairment charge is recognised in the statement of comprehensive income under other operating expenses.

In view of the assets and liabilities to be transferred until the transaction is completed, the values listed in the following table as at 30 June are provisional only:

	31.12.2011	30.06.2012
CHF thousands		
Property, plant and equipment	72,612	82,660
Receivables	-	2,871
Cash and cash equivalents	6,455	7,395
Non-current assets held for sale	79,067	92,926
Deferred tax liabilities	10,076	10,354
Other current liabilities	155	192
Deferred income and accrued expenses	-	4
Liabilities held for sale	10,231	10,550

6) OTHER DISCLOSURES

Investments in property, plant and equipment and intangible assets in the first half of 2012 amounted to CHF 64.8 million. This mainly concerned investments in the Lucera wind farm and Lagobianco pumped storage power plant projects as well as the acquisition of two small power plants by the Igiser Mülbach.

7) 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.

8) EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The interim consolidated financial statements were approved by the Board of Directors on 16 August 2012.

No further significant events requiring disclosure occurred after 30 June 2012.

ADDRESSES

Teamwork

Course participants work in small groups on concrete tasks. This promotes team spirit.

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KEY DATES

3 April 2013	Publication of 2012 annual results
15 May 2013	Annual General Meeting in Poschiavo

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August 2012

