ANNUAL REPORT **2013**

REPOWER

Strong partnerships in the interest of innovation

The future of energy presents significant challenges. Repower and its partners are joining forces to tackle them.

Find out more on the following pages »

Cooperation and innovation are keys to success

With the changes taking place in the energy sector, effective cooperation with partners matters more and more. Reshaping the energy system poses major challenges that the industry can only overcome through joint efforts. It is all about sharing know-how, joining forces, and bringing innovations to market. Repower has a long track record of intensive partnerships in project development, generation, trading, distribution, sales, and devising innovative solutions.

So in this year's Annual Report we are also giving space to our partners, as well as glimpses into some typical examples of the numerous projects currently under way:

PROJECT DEVELOPMENT – Repower is working on a project to build a combined-cycle gas turbine power plant at CHEMPARK in Leverkusen, in close cooperation with the site operator CURRENTA.

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GENERATION – The Repartner partnership model provides access to international generation capacity for power supply companies such as the Liechtensteinische Kraftwerke, Wasserwerke Zug, and IBAarau.

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TRADING – "Repricer" is an innovative online tool from Repower that municipal utilities and industrial customers can use to procure electricity quickly and easily at wholesale prices.

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DISTRIBUTION – Repower provides grid maintenance and power distribution services to downstream municipal utilities such as "Azienda Elettrica Comunale Brusio" and "Impresa Elettrica Comunale Poschiavo".

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SALES – Repower is not only an energy supplier, but also an advisor and equal partner for its customers – for example, the Grand Plaza Hotel in Bucharest, Romania, and the Braccialini Group in Italy.

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INNOVATIVE SYSTEMS – The BeSmart project mixes Swisscom telecommunications know-how with Repower energy expertise to create a profitable collaboration.

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OVERVIEW

- *The Repower Group's total operating revenue for 2013 amounted to CHF 2,365 million, a similar level to that of the previous year.*

- *As a result of extensive value adjustments to projects, existing plants both in Switzerland and abroad, and long-term procurement agreements, the Repower Group is reporting a 2013 operating result (EBIT) of negative CHF 150 million and a loss of CHF 152 million.*

- *Considered in light of the challenging environment, results before these value adjustments are favourable: adjusted EBIT was CHF 74 million (2012: CHF 112 million = - 34 %), adjusted profit was CHF 33 million (2012: CHF 51 million = - 35%).*

- *With an equity base of CHF 805 million (39 % equity ratio), Repower remains in a sound financial position. Moreover, the company has the broad foundation it needs thanks to an international presence and diversified activities along the entire value chain.*

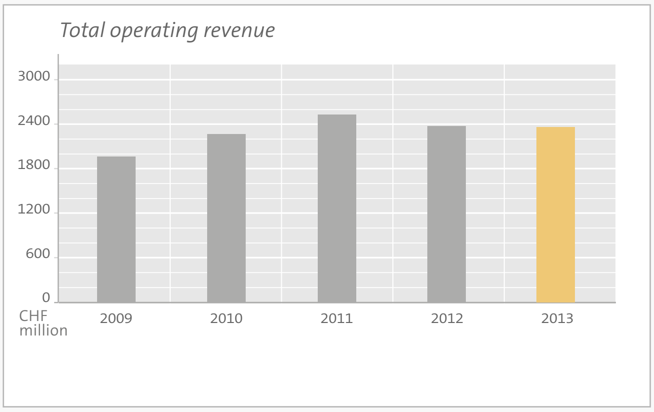
- *The efficiency programme introduced at the beginning of 2013 yielded savings of CHF 7 million. The full effects of the programme will be felt for the first time in 2014, leading to annual cost reductions of around CHF 15 million.*

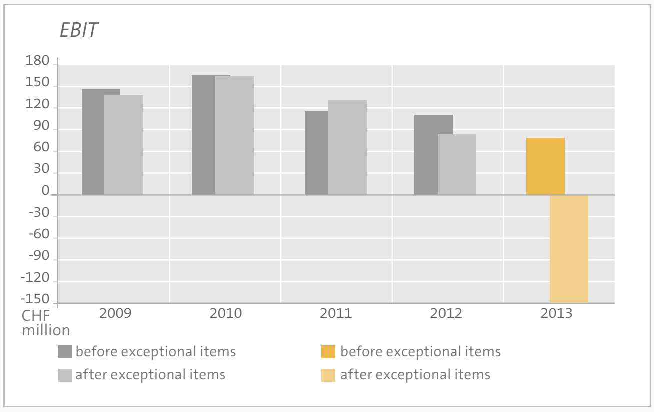
- *The total volume of electricity sold in 2013 rose by 7 per cent compared with the previous year. Gas business continues to increase in importance: the trading and sales volume for 2013 posted a 135 per cent increase compared to 2012.*

- *Thanks to its employees' extensive know-how, Repower made successful progress with innovative projects to develop the new business field "New Tech Business". Examples include the "BeSmart" virtual power plant in cooperation with Swisscom, and the PALINA electric vehicle charging station.*

FINANCIAL HIGHLIGHTS

CHF million	2013	2012 Restated
Revenue and income		
Total operating revenue	2,365	2,372
Income before interest, income taxes, depreciation and amortisation (EBITDA)	74	148
Depreciation/amortisation and impairment	- 224	- 65
Income before interest and income taxes (EBIT)	- 150	83
Group profit including minority interests	**- 152**	**31**
Balance sheet		
Balance sheet total at 31 December	2,043	2,302
Equity at 31 December	805	957
Equity ratio	39 %	42 %





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		2013	2012
Share price			
Shares	High	210	410
	Low	135	191
Participation certificates (PC)	High	174	280
	Low	97	172

Dividend	**2013*)**	**2012**	**2011**	**2010**
Shares	2.00	2.50	5.00	8.00
Participation certificates (PC)	2.00	2.50	5.00	8.00

*) 2013 dividend subject to decision by the Annual General Meeting.
There are no restrictions on transferability or voting rights.

ENERGY BALANCE SHEET

	2013	2012	Change
Electricity business in GWh			
Trading	10,751	9,049	+ 19 %
Supply/sales	5,908	6,516	- 9 %
Pumps, own use, losses	353	393	- 10 %
Electricity sales	**17,012**	**15,958**	**+ 7 %**
Trading	14,698	12,970	+ 13 %
Own generation	1,371	1,890	- 27 %
Energy from participations	943	1,098	- 14 %
Electricity procurement	**17,012**	**15,958**	**+ 7 %**
Gas business in 1,000 m^3			
Sales to end customers	208,624	171,271	+ 22 %
Trading (sales)	1,291,990	468,512	+ 176 %
Gas sales	**1,500,614**	**639,783**	**+ 135 %**
Consumption of Teverola gas-fired power plant (Italy)	106,483	206,821	- 49 %

HEADCOUNT

at 31 December	2013	2012
Switzerland	484	512
Italy	173	179
Germany	24	23
Romania	28	29
Czech Republic	24	26
Total*	**733**	**769**
Trainees	30	30
Sales consultants Italy	498	485

* For the numbers in full-time equivalents (FTEs) see Note 2 in the consolidated financial statements.

ELECTRICITY SALES 2013: 17,012 GWH

TRADING
- 5 % long term*
- 46 % mid term*
- 12 % short term*

- 35 % sales
- 2 % pumps, own use, losses

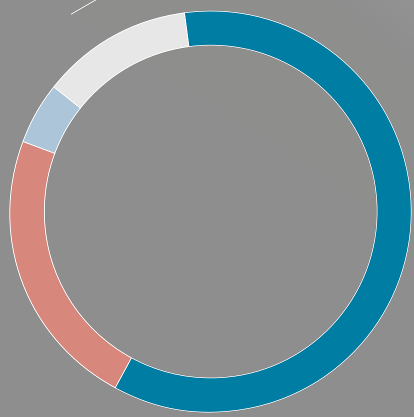
ELECTRICITY PROCUREMENT IN 2013: 17,012 GWH

TRADING
- 13 % long term*
- 35 % mid term*
- 38 % short term*

- 8 % own generation
- 6 % participations and drawing rights

OWN GENERATION AND PARTICIPATIONS: 2,314 GWH

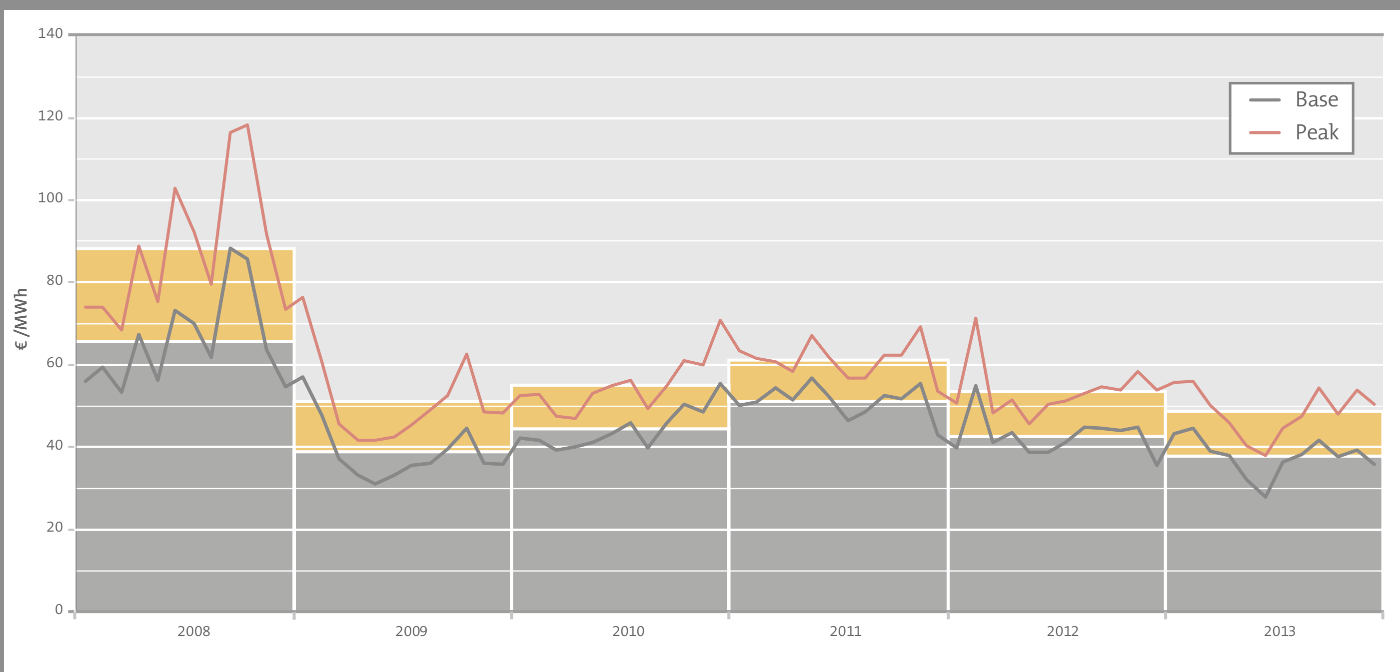
- 60 % hydro
- 23 % gas
- 5 % wind
- 12 % nuclear



** 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

ELECTRICITY TRADING PRICES ON THE EEX EUROPEAN EXCHANGE



The decline since 2008 in electricity trading prices on the EEX, the leading European energy exchange, reflects a persistently difficult market environment (source: Repower).

CHALLENGING POLITICAL AND ECONOMIC CONDITIONS

The persistently low electricity prices made 2013 a challenging year for protagonists in the energy market. Such an environment jeopardises the cost-effectiveness of existing conventional generating facilities and new projects. Hydropower in particular is under great pressure. From a strategic perspective, Repower consolidated its core business and continued to drive forward its activities for intelligent system integration in 2013.

Three factors in particular are behind the persistently low electricity prices: firstly, the market is distorted by the excessive subsidising of new renewable energies. The preferential feed-in of fully subsidised solar and wind energy is pushing non-subsidised plants – and in particular, the large-scale hydropower plants – out of the market. Secondly, electricity consumption in many countries remains low, which, in conjunction with the first point, leads to overcapacity. And thirdly, the CO_2 and coal prices, which have a significant influence on the electricity price, are also very low.

The low EUR/CHF exchange rate also did nothing to help the situation in 2013, and there are no signs that it will rise significantly in the foreseeable future. Repower will take this into account and adjust to this situation. Regulatory uncertainties are also dampening market players' willingness to invest.

The introduction of capacity markets is currently a much-discussed topic. Such markets would not compensate power plant operators for feeding in electricity, but instead for holding reserve capacities in their flexibly deployable plants. From Repower's perspective, capacity markets are not a suitable way to bolster hydropower, which is currently being disadvantaged by the market. They would merely be an additional distortion to the market, as they would only combat the symptoms of current perturbations, rather than tackling their causes.

HYDROPOWER IS UNDER PRESSURE

The consequences of the challenging political and economic conditions described above are plain: existing power plants and new projects are falling in value, with particularly negative effects on large-scale hydropower plants. This is an extremely unwelcome development, as it endangers the viability of our valuable domestic hydropower, from which Switzerland generates around 60 per cent of its electricity, and with it the federal 2050 energy strategy, in which this energy source represents an important pillar.

Investments in non-subsidised new plants are not commercially viable at present, which has led to extensive value adjustments to all power plant projects of Repower. The company will therefore direct future investment more strongly at subsidised generation plants and furthermore expand into new, innovative business fields. Nonetheless, hydropower remains of key importance. Repower is convinced that the energy transition cannot be brought about without hydropower as its foundation.

Considered in light of the challenging environment, Repower's results are favourable at an operational level (see the Report of the CEO on pages 12 to 15).

A LEVEL PLAYING FIELD FOR SWITZERLAND

An increased market orientation is essential in light of the current challenges in the electricity market. In order to improve the framework conditions for hydropower, pumped storage plants and other systemically

DR EDUARD RIKLI, CHAIRMAN OF THE BOARD OF DIRECTORS:

"Thanks to its sound position and innovative capacity, Repower can master the current challenges."

relevant plants, Repower is campaigning for the replacement of the current compensation models for renewable energies – feed-in remuneration (KEV) in Switzerland and Renewable Energy Act (EEG) in Germany – by a market-based quota system. This would mean that the most efficient renewable plants would be constructed first. It may, however, be some time before such market models gain traction. In the interim, the interests of large-scale hydropower generation must be ensured as effectively as possible by adapting the current subsidy models. Priority should be given to renovating and expanding existing plants and projects of national importance.

Repower also takes the view that obliging utilities to make their customers save energy should be avoided. This would contradict the increased substitution of fossil fuels by electrical energy, which is something that is an express aspiration in terms of the energy transition. It would also be damaging to the economy, difficult to tally with the desire for market liberalisation and would hamper new, innovative offerings.

Reshaping the energy system requires a pan-European perspective. Electricity flows do not end at national borders, so going it alone would be counterproductive. For Swiss companies that operate abroad, the basic preconditions for successful international activities are legal certainty and a level playing field.

ESTABLISHMENT OF NEW BUSINESS FIELD "NEW TECH BUSINESS"

Repower consolidated its strategic orientation in its core business in 2013. It is based on vertical integration along the entire electricity value chain in the four key markets of Switzerland, Italy, Germany and Romania and on activities in the gas business. Cooperation with other energy providers is an integral component of the strategy to strengthen the company's position, a partnership model that is to be further extended.

In addition, Repower also devoted its energies to establishing a new business field "New Tech Business". The changing energy environment increasingly requires technological innovations to drive change. Against the background of the energy transition, intelligent system integration, the inclusion of decentralised structures and increasing energy efficiency are becoming more important. Repower will intensify its efforts in this area.

In terms of interests in coal-fired power plants, Repower will be adhering to the overall strategic approach formulated by the government of Canton of Graubünden, its majority shareholder. This owner strategy, combined with overall developments in the environment, has prompted a resolution from Repower's Board of Directors not to consider any more interests in coal-fired generation plants. Repower will withdraw from the Saline Joniche project on a controlled basis by the end of 2015 at the latest while complying with the contractual obligations that are in place.

The challenges in the energy sector will remain for some time. Thanks to its standing in key markets, its healthy balance sheet and its innovative capacity, Repower is well positioned to master them.

RESULT ADVERSELY IMPACTED BY EXTENSIVE VALUE ADJUSTMENTS – BALANCE SHEET REMAINS SOLID

The energy sector is in a state of flux. Europe's energy transition project has presented it with a Herculean political and technological challenge that has wide-ranging effects on the market, to which Repower is not immune. The strengths and experience that the company has acquired over years help it to act on the market with know-how, dynamism and innovative ideas despite these turbulences.

Market prices are unlikely to recover in the foreseeable future due to the continuing distortions, the ongoing low level of electricity consumption and the similarly low CO_2 prices. Repower therefore had to carry out value adjustments amounting to CHF 232 million at the end of 2013. These affected all current power plant projects (CHF 110 million), as the current energy policy environment is not conducive to investments in non-subsidised technologies. They also mean that Repower has had to take account of the anticipated price expectations in its value adjustments for existing plants in Switzerland and abroad (CHF 64 million) and long-term procurement agreements (CHF 50 million). Finally, there were value adjustments to ongoing IT projects (CHF 8 million). These exceptional items have no negative impact on Repower's operational business. Thanks to its stable financing structure and solid equity base of CHF 805 million (equity ratio of 39 %) the company continues to have a sound foundation for its activities. Details of the value adjustments are presented on pages 76 ff. of this Annual Report.

FAVOURABLE OPERATING RESULT BEFORE VALUE ADJUSTMENTS

In 2013, Repower posted total operating revenue of CHF 2.4 billion. Due to the extensive value adjustments, the company reported an EBIT of negative CHF 150 million in 2013 and a loss of CHF 152 million. Given the challenging market situation, the result before exceptional items is favourable, with EBIT of CHF 74 million (2012: CHF 112 million = - 34 %) and profit of CHF 33 million (2012: CHF 51 million = - 35 %).

The challenging situation also affected the trading business. Market conditions have changed; the environment is subject to strong political influence which has resulted in low trading margins. Repower has, however, acted in accordance with the difficult situation and optimised its assets. In 2013, Repower traded a total of almost 11 terawatt hours of electricity (+ 19 % compared to 2012) and around 1.5 billion cubic metres of gas (+ 135 % compared to 2012).

EFFICIENCY PROGRAMME ON TRACK

To bolster performance in the coming years, Repower introduced a programme to enhance efficiency at the start of 2013. The full effects of the programme, which will result in savings of around CHF 15 million per year, will be felt for the first time in 2014, although the measures already produced a very positive financial effect in 2013: the total savings amounted to CHF 7 million. The efficiency programme includes a simplification of the organisational structure, downsizing of the Executive Board, cost reductions in the areas of consulting, mobile communication, vehicles and insurance, and a streamlining of the project portfolio with a reduction in investments, including capital expenditure for modernisation and replacement to a maximum of CHF 700 million in the next 10 years. In 2014 Repower will continue rigorously pursuing its efforts to implement the efficiency programme and go on with its strict cost control. Processes to simplify the legal structures at Repower in Switzerland are currently underway. Repower Holding Surselva AG and Repower Klosters AG, both subsidiaries of Repower AG, are merged into Repower Schweiz AG, reduc-

KURT BOBST, CEO:

"The operating result before value adjustments shows that Repower achieved a favourable performance even in a turbulent environment."

ing the administrative burden and, in particular, making it easier to process regulatory requirements. A similar process was conducted in Italy at the start of 2014, when Repower Holding Italia S.p.A. was integrated with Repower Italia S.p.A.

SEGMENT REPORTING INTRODUCED

Repower reports its financial figures by market for the first time in the 2013 financial statements. This is based on the rule on segment reporting in the international financial reporting standards (IFRS 8). The Repower Group's Swiss and Italian markets were identified as segments subject to reporting requirements.

MARKET SWITZERLAND

Repower's "Market Switzerland" business segment includes activities along the entire electricity value chain, from generation to trading, sales and distribution, as well as activities in the innovative "New Tech Business". In 2013, **adjusted EBIT** from the Swiss market amounted to CHF 51 million, which is 46 per cent less than the previous year, primarily due to the low level of prices.

Electricity generation from the company's own hydropower plants in the Canton of Graubünden was an impressive 730 gigawatt hours in 2013, exceeding expectations. Although the current environment is not making it easier to maintain capital expenditure for modernisation and maintenance, Repower is determined to keep its 17 hydropower plants in good shape. The company spent around CHF 11 million on doing so in 2013. Full renovation of the Palü and Cavaglia power plants is worthy of particular mention in this regard.

Repower also invests in the maintenance of its **distribution grids** and substations on an ongoing basis to ensure supplies; in 2013, for example, the Schiers and Disentis substations were fully renovated. Investments in this area amounted to around CHF 24.5 million. In total, Repower invested around CHF 35 million in its generation and grid infrastructure in the Canton of Graubünden in 2013.

As envisaged in the Electricity Supply Act, Repower Transportnetz AG and thus Repower's transmission grids were ceded to Swissgrid AG at the start of 2013. Repower will retain responsibility for maintenance work at its former plants in 2014. The company secured an initial maintenance contract for 2015 to 2019 in an invitation to tender.

Via its **Trading Poschiavo** wing, Repower sold a total of around eight terawatt hours of electricity in 2013. In particular, the traders were able to optimise the cross-border activities that had been built up over years and the generation of Repower's power plants in a profitable manner. Moreover, Repower launched its "Repricer" procurement platform as a new offering for small and medium-sized energy supply companies and business customers. The online portal allows them to obtain an offer based on current wholesale prices to cover their electricity needs and, if they wish, to conclude the transaction online straight away. Further information on Repricer is presented on page 21. In addition, Trading Poschiavo conducted its first forays into cross-commodity trading in 2013.

In **Sales**, Repower sold nearly 800 gigawatt hours of electricity to its customers in Switzerland. Since the start of 2013, Repower has supplied its customers with its Aquapower product, which is generated 100 per cent from Swiss hydropower, as standard. In total, around 77 per cent of its customers were supplied with this product by the end of 2013. Almost 20 per cent actively chose the cheapest "Mixpower" and around three per cent opted for one of the two green electricity products, "Purepower" and "Solarpower", or for an individual renewable mix. In addition to these four aforementioned products, Repower launched the innovative "Privapower" offering for owners of photovoltaic systems. The new pricing model allows small producers to use the electricity generated on their roofs themselves. Repower also contributed to the greater use of solar energy in the Canton of Graubünden by introducing a solar energy register for a large proportion of the canton.

Repower continued to pursue its **cooperation strategy** in 2013: the generation investment company Repartner Produktions AG (see also page 18 ff.) was successfully further developed. Repower also intensified its contacts with municipal utilities to which it offers grid operation services. Finally, a mention must be made of the collaboration with SWiBi: the Repower subsidiary, which offers services from metering to energy billing, increased its proportion of external customers by over 30 per cent in 2013. EKT Holding AG in Arbon acquired a 22.5 per cent stake in SWiBi on 1 October 2013.

Repower also successfully drove forward its activities in the innovative **"New Tech Business"** in 2013. The number of customers in the BeSmart project has now grown to more than 4000 households (see pages 28 and 29 for more information). Finally, Repower entered the electromobility business in 2013 and is currently looking at setting up a charging infrastructure in the Canton of Graubünden.

MARKET ITALY

The "Market Italy" business segment also includes activities along the entire electricity value chain, as well as the gas business and innovative solutions. As in the Swiss market, **adjusted EBIT** from the Italian market (CHF 38 million) posted a decline in 2013. Given the strained economic situation, Italy's contribution to results can be described as good overall, although the high tax burden narrowed the result.

In **Generation**, the gas-fired combined cycle power plant in Teverola 2013 faced challenges due to low margins and was used in the ancillary services market in particular. Wind power generation met the expectations.

In **Trading Milan**, electricity sales rose substantially to 1.8 terawatt hours, while the gas business was also expanded and is therefore achieving greater significance. Trading sold a total of almost 1.3 billion cubic metres of gas. In addition, procurement for the sale and development of tailored products was optimised. There was also a further system-side development in Trading: The cross-location Allegro platform was expanded to include the electricity trading activities of Trading Milan.

In correlation with the increase in Trading, Repower Italy's **Sales** saw its gas business grow thanks to a successfully expanded customer portfolio. A total of 209 million cubic metres of gas was sold to customers. Sales of electricity were on a similar level to the previous year. Repower continued to successfully optimise its customer portfolio and stabilise its receivables.

The services that Repower offers its customers in Italy again proved their worth in 2013. Thanks to a network of almost 500 sales consultants, its customers benefit from individual energy advice. The Verde Dentro offering remains extremely popular. Verde Dentro includes both the supply of green electricity and the provision of electric vehicles ranging from electric cars to scooters and e-bikes. E-mobility does, however, require the presence of charging stations. Repower developed such a station and successfully launched "PALINA" in 2013. The additional activities in the **"New Tech Business"**, the pilot projects involving thermal imaging and intelligent electricity meters must also be mentioned at this point.

OTHER SEGMENTS AND ACTIVITIES

This segment produced an adjusted EBIT of CHF - 15 million. In the **German market**, Repower remains committed to its SME customer segment, focusing on high quality and excellent customer service. It was therefore no coincidence that the sales company was again rated as one of the "most customer-oriented service providers in Germany" in 2013. In generation, income from the company's wind farms was below expectations in 2013. In the **Romanian market**, Repower achieved a marked improvement in its results in 2013, despite unchanged sales volumes, with the positive trend set to continue. This promising development is largely due to the optimisation of electricity procurement and the customer portfolio. Repower is also constantly in touch with its customers in Romania and offers them tailored offerings and competent energy advice. **Trading Prague** posted encouraging results in 2013. The **Corporate Centre** sector was impacted by the aforementioned efficiency programme in 2013, under whose auspices enormous efforts were made to reduce costs.

GENERATION PROJECTS IN A CHALLENGING ENVIRONMENT

The value adjustments that Repower undertook on its projects at the end of 2013 reflect the present challenging market conditions for both existing plants and new projects. Repower is using 2013 and 2014 to undertake a comprehensive situation analysis on its generation projects.

The **Leverkusen** project, which is aimed at establishing a highly efficient **combined-cycle gas turbine power plant** at the most important location for the chemical industry in Germany, achieved a decisive step in the approval process in 2013: the Cologne district authority, as the licensing authority, issued the preliminary decision under the German immission control act in March. The search for partners, preparatory work on the construction site and negotiations on the awarding of contracts were also continued. Despite the generally difficult market situation, the highly flexible combined power plant is well positioned thanks to contribution margins from the supply of steam to companies based in this centre of the chemical industry and subsidies to plants that combine the production of heat and power. More details about the project and the cooperation with the chemical park operator CURRENTA are presented on pages 16 and 17 of this Annual Report.

Further planning work of the **Lagobianco** project was concluded in 2013. In addition, a start was made on the planning project for the 1000 MW **pumped storage plant** planned for Poschiavo. The next step in the approval process is the Canton of Graubünden's concession approval decision.

Repower is convinced that flexible pumped storage power plants will come to play a key role in offsetting the irregular electricity generation from new renewable energies. Of the possible projects, Lagobianco is very well positioned. However, a delay of several years is probable due to the difficult market environment resulting from incorrect subsidy models. Repower is therefore reducing its expenses for the further development of the project to the necessary minimum; once the concession has been granted by the cantonal government, the project approval is planned to be obtained in stages and, in particular, allow the required renovation of existing plants forming part of the overall Lagobianco concept.

The project to construct the **Chlus hydropower plant** in the lower Prättigau/Graubünden Rhine valley region is also confronted by a challenging environment. It is anticipated that the 12 municipalities affected will grant the concession to use the hydropower in the next few months; if the result is positive, a concession application will be submitted and the further planning undertaken. Intensive efforts were devoted to the first stage of the environmental impact statement and the associated expert opinions and on the technical report for the concession project last year. With a planned installed capacity of around 62 megawatts and an annual generation of approximately 214 gigawatt hours Chlus can make a significant contribution to the Canton of Graubünden's hydropower expansion targets and to the federal 2050 energy strategy. The power plant will complement the existing plants in Prättigau and has the support of environmental organisations.

In Italy, the approval process for the 570 MW **Campolattaro pumped storage plant** in the Campania region is under way. Negotiations with potential investors are currently ongoing. The plant will provide important storage capacities for electricity from wind and solar power generated in Southern Italy.

At the end of 2013, Repower decided to withdraw from the planned, state-of-the-art **Saline Joniche coal-fired power plant project** on a controlled basis due to the "coal initiative". Further important arguments for this decision were the political uncertainties, the generally unclear legal situation and the rapidly changing market conditions. Repower is thus adhering to the overall strategic approach formulated by the Canton of Graubünden, the majority shareholder. Repower will have completed its controlled withdrawal from the project by the end of 2015 at the latest while fulfilling its contractual obligations.

Repower also launched a new project in 2013, with plans for the construction of a cross-border **merchant line** between Bergell and Valchiavenna. The fully subterranean 220 kV power line will connect the substations in Castasegna (Switzerland) and Mese (Italy), thus increasing the security of supply and transport capacities between the two countries.

THANKS

An environment characterised by numerous challenges and uncertainties places especial demands on employees. At this point I offer thanks for their huge effort, the loyalty, and the professionalism with which they set about their everyday duties. My thanks also go to our customers, business partners, and shareholders for their trust and cooperation in the last year.

OUTLOOK

Repower anticipates that the strained market environment will persist. There are no indications of any improvement in the short to medium term. There is also no prospect of any rapid political reform of the energy markets in Germany and Switzerland. Repower therefore currently anticipates that it will be very challenging to sustain the 2014 results at the level of the 2013 operating result (before value adjustments).

Repower will continue to place great emphasis on consolidating and optimising its core business and to pursue the partnership model to strengthen its position. It will also continue its efficiency programme and implement further measures. Repower does, however, also see opportunities in the changing energy environment: the increasing importance of the interplay between generation, storage and consumption opens up opportunities for innovative solutions for intelligent system integration. Repower will drive forward the further development of this area, creating the preconditions for enduring success.

EXPLOITING SYNERGIES TO THE FULL
IN-DEPTH REPORT ON "COOPERATION AND INNOVATION" – PART 1

In Leverkusen – the city in North Rhine-Westphalia situated in the heart of a chemical region – Repower found a suitable location to build a combined-cycle gas turbine power plant, not least because CURRENTA, the manager and operator of the CHEMPARK, proved to be the ideal partner.

To complement its existing trading and sales activities, Repower is aiming to build up its own generation capacity in the key market of Germany. Following the acquisition of two wind farms, Repower is now planning to build a high-efficiency, environmentally friendly combined-cycle gas turbine (CCGT) power plant with process steam extraction at CHEMPARK in Leverkusen, in close cooperation with CURRENTA, a joint venture of Bayer and LANXESS. This combined heat and power generation plant will have an electrical capacity of around 550 MW_{el}. The combined gas and steam turbine process enables the energy in the natural gas to be converted to electricity, so that the ultra-modern power plant will achieve an electrical efficiency level of more than 60 per cent. The heat will be even better utilised by extracting the process steam and delivering it to CURRENTA, allowing the plant to achieve a fuel efficiency of around 80 per cent. The project also supports Germany's climate policy, since heat and power cogeneration is a key criterion for reaching the country's CO_2 reduction and energy efficiency targets. Moreover, it makes a cost-efficient contribution to ensuring security of supply.

LOCATION WITH POTENTIAL

The CHEMPARK in Leverkusen was selected as the project location since the conditions there are ideal for the cost-effective planning of a CCGT power plant. The three branches of CHEMPARK – Leverkusen, Dormagen and Krefeld-Uerdingen – house more than 70 companies. CURRENTA supports these companies by providing a comprehensive service portfolio, covering everything from training, infrastructure and analytics to supply, recycling, safety and security. More than 5,000 chemicals are manufactured on the 480-hectare complex in Leverkusen. Some 28,000 employees work to ensure that the CHEMPARK Leverkusen continues to grow. This location offers all the right conditions for the development and operation of a CCGT power plant that offers both partners major benefits: steam for the CHEMPARK and electricity for Repower. And a secure supply of steam from the power plant for the CHEMPARK companies will enhance the site's attractiveness as a business location, as well as ensuring the competitiveness of the chemical park's partners. This proximity is also advantageous for Repower, since the closer to the sales market the heat can be generated, the better heat and power cogeneration can be utilised. Repower also benefits from the power plant's integration in CHEMPARK's existing infrastructure, since it can make use of the existing utilities such as industrial water and fully demineralised water.

SHARED VIEWS OF THE FUTURE

Thanks to the cooperative spirit of the partnership between Repower and CURRENTA, a comprehensive set of agreements was signed back in November 2012. Together with CURRENTA, Repower has drawn up a heat delivery contract that is tailored to the needs of the heat purchaser yet still allows Repower to respond flexibly to the electricity and balancing energy market. The agreements also set down the requisite property rights and govern the use of CURRENTA services. The cooperation is founded on a shared understanding and a commitment to open communication between all parties. Repower and CURRENTA are also able to benefit from synergies in terms of

Common objective: Heiko Schmitt and Uwe Wittka of CURRENTA and Daniel Fritsche, Head of the gas and steam power plant project Leverkusen at Repower (from left), visit the project site in CHEMPARK Leverkusen.

the permit procedure and connection planning. Among other things, CURRENTA decided to build a new culvert (supply line below the River Rhine) to supply gas to the power plant.

Repower and CURRENTA – a partnership that exploits synergies to the full, ensuring the best possible conditions for a successful project.

INTERVIEW WITH UWE WITTKA, CHEMPARK SITES

Mr Wittka, what distinguishes the partnership with Repower?
We've known each other for some years now, during which time the basis of trust has steadily grown. Our cross-border partnership is informed by a high degree of mutual appreciation. And there are no disadvantages in the fact that Switzerland's negotiating culture is sometimes different from that of the Rhineland. I know few projects in which cooperation is imbued with such respect.

Can you name the advantages of the planned power plant from CURRENTA's standpoint?
The planned power plant offers security of supply and greater energy efficiency for the CHEMPARK. As a chemical park operator, we are responsible for providing various utilities, and supplying steam is an essential part of these tasks. After all, in the chemical industry steam is the most important source of energy, since it fuels all chemical processes. The power plant will allow us to purchase steam in the form we need, and this is a huge support for our own systems.

How will the power plant enhance the CHEMPARK "landscape"?
For us, the planned CCGT power plant ideally complements our existing infrastructure. It will ideally supplement older facilities. The new plant's energy efficiency deserves special mention in this context, since modern technology allows energy to be used cost-effectively.

At present, Germany's energy policy does not provide any reliable framework for investment. How do you see things developing?
Supply needs security. The new technologies that support security of supply – and this includes a modern CCGT power plant – must be promoted.

EQUAL PARTNERSHIP

IN-DEPTH REPORT ON "COOPERATION AND INNOVATION" – PART 2

The Repartner partnership model, to which eight energy suppliers besides Repower currently belong, provides electricity suppliers with long-term access to the European electricity market and to diversified generation capacity. Cooperation par excellence – and an illustration of how Repower acts as an interface between electricity suppliers and the international market.

The core competence and main task of energy supply companies is to provide their customers with round-the-clock electricity. To ensure they are able to meet this pledge, they need long-term, secure purchase rights or interests in power generating facilities, since they are not always able to procure electricity themselves on the international market or to develop their own generation facilities. This is where Repartner can help: through their share in the generation investment company, small and medium-sized electricity suppliers gain access to Repower's technologically and geographically diversified power generation and project portfolio, enabling them to plan their electricity supplies accurately and obtain them from sustainable sources .

This is the case, for instance, with Liechtensteinische Kraftwerke (LKW). With around 200 employees, the company is extremely short on proprietary generation: in other words, it can only cover a small proportion of consumer-side demand from its own facilities. This is a not insignificant disadvantage for the basic service provider in the Principality of Liechtenstein, particularly when energy exchange prices are high. From the outset, LKW targeted investments and partnerships with a view to reducing this disadvantage and optimise risks. In Repower the company found a partner that provided it with access to international generation capacities. As initial partner with the largest minority holding (10 per cent), LKW helped to shape the process for building up the investment company. Says Gerald Marxer, Chairman of the Executive Board of LKW and member of the Board of Directors of Repartner Produktions AG: "During the foundation phase Repower offered us the opportunity to engage in a highly constructive process to jointly develop an innovative idea. Even this early phase was marked by a spirit of give-and-take in the search for solutions from which all partners benefit."

GERALD MARXER, CHAIRMAN OF THE EXECUTIVE BOARD OF LKW AND MEMBER OF THE BOARD OF DIRECTORS OF REPARTNER PRODUKTIONS AG:

"Repower's international project portfolio allows Liechtensteinische Kraftwerke to optimise risks and play a role in building up generation capacities at the most suitable locations for the various technologies."

Change of scene: IBAarau AG supplies electricity, drinking water, natural gas and heating to more than 20 municipalities in the cantons of Aargau and Solothurn. Its workforce of more than 300 also work in the fields of transformer and engine servicing, electrical installations and telecommunications. "With the transformation of the energy market, partnerships in numerous areas have become an even more important success factor for IBAarau AG," explains Dr Hans-Kaspar Scherrer, Chairman of the Executive Board. Therefore, in addition to its own activities with other utilities, the company sought a

"The positive feedback from energy suppliers following the launch of Repartner attests to the success of this model." At the headquarters of Liechtensteinische Kraftwerke (LKW) in Schaan, Gerald Marxer, Chairman of the Executive Board of LKW and member of the Board of Directors of Repartner Produktions AG (left), confers with Samuel Enggist, Head of Market and Sales Switzerland at Repower and Managing Director of Repartner Produktions AG.

partner that could complement its expertise in the field of international and national electricity generation and electricity trading. One of the essential criteria for a potential partner for IBAarau was the willingness to engage in a fair and cooperative partnership with municipal utilities and regional electricity utilities. Repower met this criterion and responded to the needs of IBAarau: the Aargau utility was also a founding partner of Repartner Produktions AG and now holds a share of seven per cent.

DR HANS-KASPAR SCHERRER, CHAIRMAN OF THE EXECUTIVE BOARD OF IBAARAU AG:
"The interest in Repartner Produktions AG enables us to use a broad and diversified range of generation technologies and large-scale facilities which IBAarau could not access on its own."

Wasserwerke Zug AG (WWZ) also played an active role in shaping the Repartner model from the outset. The utility has a staff of around 300 and offers services in the areas of water, electricity, natural gas and telecommunications in the canton of Zug and in parts of neighbouring cantons. With its seven per cent interest in Repartner Produktions AG, WWZ is aiming to increase its share of proprietary energy. "This will allow us to supplement short-term market procurement with long-term, reliable generation-based procurement at stable prices. In addition to access to Repower generation projects and professional project development, the partners are able to exploit synergies in operations and commercialisation," explains Andreas Widmer, CEO of WWZ and member of the Board of Directors of Repartner Produktions AG.

ANDREAS WIDMER, CEO OF WASSERWERKE ZUG AG AND MEMBER OF THE BOARD OF DIRECTORS OF REPARTNER PRODUKTIONS AG:
"For small and medium-sized energy suppliers, the management and commercialisation of power generation as well as access to trading abroad represent a major challenge. But within this partnership we are able to safeguard our interests optimally and efficiently in every respect."

However, in addition to its principal function as an energy purchasing instrument, Repartner has since its inception increasingly evolved to become a platform on which partners can exchange views on current market issues. For example, in the autumn of 2013 a works outing was organised to Leverkusen, at which Repartner shareholders were able to gain an in-depth insight into the planned combined-cycle gas turbine power plant. Says Samuel Enggist, Head of Market and Sales Switzerland at Repower and Managing Director of Repartner Produktions AG: "The regular Repartner information events offer participating companies the opportunity to engage in active networking and discuss the burning national and international energy issues." This way, participants not only boost their competitiveness but also have the opportunity to advocate their interests on an equal footing with all partners.

REPARTNER PRODUKTIONS AG

Founded around two years ago, Repartner Produktions AG (Repartner) has grown to become a successful generation investment company in a challenging environment. In addition to principal shareholder Repower and founding partners Liechtensteinische Kraftwerke (LKW), IBAarau and Wasserwerke Zug (WWZ), shareholders now include Energie Wasser Luzern (ewl), Kantonales Elektrizitätswerk Nidwalden (EWN), Aziende Industriali di Lugano (AIL), IBC Energie Wasser Chur and Rhiienergie with holdings of between one per cent (corresponding to 4 MW) and ten per cent. Repower's share of 59 per cent includes reserve shareholdings for additional partners. For Repower the advantage of the partner model is that, thanks to the participation of its partners, it can play a greater role in projects where the investment volume is pooled. Repartner's generation and project portfolio is ideally tailored to the needs of electricity utilities in terms of load and technologies, comprising as it does a balanced mix of hydro, wind and gas power, geographically distributed among Switzerland, Germany, Italy and France. When complete, the Repartner portfolio will have a capacity of around 400 megawatts, equivalent to an average annual generating volume of 1,800 gigawatt hours. Worth special mention in this context is the project for a combined-cycle gas turbine power plant in Leverkusen (see also article on pages 16 and 17), for which a stake of Repartner Produktions AG is currently under consideration.

The participating electricity utilities can use this portfolio to cover their requirements for base, medium and peak load energy as well as new renewable energies. In addition, they are regularly informed about the performance of the plants and receive project status updates. Repower acts as the interface between energy suppliers and the international market, with the partnership benefiting in particular from its trading expertise.

REPRICER
ELECTRICITY TRADING MADE EASY

Repricer is the name of an innovative new Repower offering for electricity suppliers, municipal utilities and large industrial customers. It consists of a web-based real-time pricing and procurement platform which offers electrical utilities and industrial customers a fast, easy way of obtaining offers at current market prices and if they wish they can conclude the transaction online straight away. The platform is designed to meet the growing need of electricity utilities and large industrial customers for a flexible, market-oriented method of procuring electricity on the wholesale market.

Samuel Bontadelli, Head of Trading Poschiavo at Repower, explains the background and functions of the online tool in the following interview.

INTERVIEW WITH SAMUEL BONTADELLI, HEAD OF TRADING POSCHIAVO AT REPOWER

What's the idea behind Repricer?

The basic idea is to bring electricity utilities and large industry closer to the market, provide them with access to wholesale prices, and create transparency. We also want the tool to help make the Swiss market more dynamic.

What are the benefits for Repricer users?

Based on a framework agreement, partners and customers can enter the required volume of electricity and delivery period on the platform, and in real time receive a price calculation based on current wholesale prices and, shortly after this, a binding offer from a Repower trader. As an alternative to these standard products, electricity utilities can upload their load profile to the tool, which Repower will then use as a basis for an offer tailored exactly to their requirements. If they are interested, the transaction can be performed immediately. The platform also allows customers to build up market know-how and raise their awareness of prices.

What are the benefits of the tool for Repower?

The phased liberalisation of the Swiss energy market is also increasing the need for such flexible and transparent procurement options. Our long-term goal is to use the platform to generate sales volume and exploit economies of scale for our portfolio management purposes. We are committed to continually expanding the tool: at present we are adding functions for gas sales. We also want to expand it to other markets in which we operate.

Interested parties have the opportunity to test the platform for themselves, at no obligation: a free demo version is available for this purpose at www.repower.com/repricer.

The people behind the tool: once Repricer has calculated the price, Repower traders validate the offer for the customer, who then has the option of purchasing the required volume of electricity immediately.

COMMITTED TO CONTINUITY
IN-DEPTH REPORT ON "COOPERATION AND INNOVATION" – PART 3

As an international energy company with strong local roots in Graubünden, Repower increasingly collaborates on grid systems with downstream municipal utilities. As local and regional electricity suppliers, these utilities dominate the canton's electricity landscape and are responsible in their supply region for ensuring that their customers are never without power, that the street lights go on at night, and that electricity meters are correctly read. A look at Valposchiavo – a model of decades of successful cooperation.

With its population of 4,400, Valposchiavo is located at 552 to 3900 meters above sea level, only a stone's throw from the Italian border. With chestnut trees in the south and snow-capped mountains in the north, it boasts a viaduct, Italian flair, stone cellars and a relationship with hydropower that goes back more than 100 years. And it is in Valposchiavo, in the south-eastern corner of Switzerland, that Repower has its roots. Yet it has no direct end customers there. This apparent paradox is grounded in history: while the erstwhile Kraftwerke Brusio – subsequently Rätia Energie and now Repower – has been responsible since its foundation more than a hundred years ago for the construction, operation and maintenance of the hydroelectric power plants in the valley, supplying power to the end customers - the residents of Valposchiavo – has always been the responsibility of the two valley municipalities – Poschiavo and Brusio. So a cooperation between the two local municipalities and Repower stands to reason, given the company's origins and close ties with the valley.

For Brusio this cooperation assumed a new form in 2012, when the municipality decided to outsource to Repower most of its power supply operations, which until then had been performed by the municipality's own Azienda Elettrica Comunale Brusio (AECB) utility. Since then Repower has been responsible for the planning, maintenance and upkeep of the distribution grids and transformers on municipal land. It is also responsible for the callout service and for rectifying grid faults. The customer service – meter reading, installation checks, billing, changes of address – is provided by service provider SWiBi, a Repower subsidiary. "Under the terms of a service agreement, Repower is responsible for most of the operational tasks at AECB, and also for customer care via SWiBi. However, the municipality remains the sole decision-making authority – for example in terms of defining the electricity tariff in the supply region," says Giacum Krüger, Head of Repower's Technical Services Grid Engadine and Poschiavo about the close collaboration. Strategic issues are deliberated on by an administrative committee consisting of two municipal representatives and a Repower representative. The administrative committee is also the supervising body for the cooperation.

The "Impresa Elettrica Comunale Poschiavo" is to the valley's other municipality, Poschiavo, what the AECB is to Brusio. Here the link with Repower is a close one: As in Brusio, part of the electricity is delivered to the municipality in the form of concession energy, in compensation for the use of hydropower in the valley. Repower distributes the electricity over the municipality's own grid and is also responsible for fault correction. This cooperation, too is defined and controlled by an administrative committee, but the municipality remains responsible for billing and customer contact.

"The two examples in Brusio and Poschiavo demonstrate that cooperation with downstream utilities can take different forms depending on the municipalities' needs. What's important is for the responsibilities to be clearly

Joint planning: Arturo Plozza, mayor of the municipality of Brusio (left), and Giacum Krüger, Head of Technical Services Grid Engadine/Poschiavo at Repower, discuss the cooperation between the "Azienda Elettrica Comunale Brusio" and Repower at the company's headquarters in Poschiavo.

regulated and for the cooperation to be based on transparency and continual dialogues," says Giacum Krüger, who represents Repower in an advisory capacity on the administrative committees in Brusio and Poschiavo.

INTERVIEW WITH ARTURO PLOZZA, MAYOR OF BRUSIO

Why did the municipality of Brusio decide to outsource its electricity supply operations to Repower?

Brusio owns Azienda Elettrica Comunale Brusio, which supplies electricity to the municipality from its own distribution grid. AECB has always been managed autonomously by an individual who was responsible for technical and administrative matters. But it has always relied on Repower for operational support and personnel. In view of increasingly stricter standards and the growing challenge of managing AECB competently in compliance with the law and with safety regulations, the municipality of Brusio handed over these tasks to Repower and SWiBi under the terms of a fixed-term outsourcing agreement. However, the municipality remains the owner of the facilities and also has full decision-making authority.

Which mechanisms are in place to ensure that the municipality of Brusio remains independent with the AECB administration?

As already mentioned, the municipality of Brusio remains the owner of the entire infrastructure as well as of AECB. However, operational management and administrative support has been delegated to Repower and SWiBi respectively, provisionally for the next three years. The administrative committee is responsible for strategic matters and for management and control issues. Authority for approving quotations for operating costs and capital expenditure, however, remains with the municipal council or the governing body, which in the case of Brusio is the municipal assembly.

How have you experienced the cooperation with Repower over the past two years?

The collaboration is excellent. The wealth of expertise of both partners, Repower and SWiBi, has been a huge help. Cooperation with the individuals responsible at Repower and SWiBi is on an extremely professional footing and has proved beneficial for everyone involved.

MAKE A CUSTOMER, NOT A SALE

IN-DEPTH REPORT ON "COOPERATION AND INNOVATION" – PART 4

Guests entering the Grand Plaza Hotel in Bucharest walk into a foyer bathed in light, warmly welcomed by numerous small lamps lit by electricity from Repower. The friendly atmosphere makes holidaymakers and corporate travellers alike feel at home. It is the mix of cosy hotel ambiance and a sophisticated energy concept that helps to create a welcoming environment for the guests. Repower is committed to building a solid relationship with the hotel by delivering state-of-the-art energy consulting services that cater not only to the hotel's needs but also to those of its clients.

In Romania, Repower enjoys a reputation as a reliable and experienced supplier committed to customer focus. The organisation's solid portfolio comprises around 470 business customers with more than 1,000 connection points. In this Eastern European country, Repower is a strong player in the liberalised electricity market, being one of the four largest non-state energy providers. The company supplies electricity to end consumers, mainly in the SME segment (small and medium-sized enterprises), with requirements ranging between 0.5 and 20 gigawatt hours. On the competitive market, Repower Romania has a market share of more than five per cent in this customer segment. In 2013, the company sold approximately 1.31 terawatt hours of electricity to its Romanian customers and is constantly upgrading its procurement portfolio in the interests of secure supply. It aims to diversify its sources with the emphasis on renewables (i.e. solar and wind power, hydroelectricity and energy derived from biomass). As well as participating in various public auctions, Repower obtains electricity from small and independent producers.

Repower places major value on fostering customer loyalty. The company not only endeavours to win new customers, but above all dedicates a great deal of time and effort in maintaining contacts with existing customers. Consequently, Repower positions itself on the Romanian market as one of the leading providers in terms of quality and commitment to service. Its customers benefit from personalised analyses, tailor-made offers and services that reflect the high standards typical of a Swiss company. This was one reason why the Grand Plaza Hotel decided to opt for Repower as its electricity provider. The hotel is part of a group of 21 companies (restaurants, residential and office buildings) – and they all get their electricity from Repower. With its 285 rooms on 18 floors, a restaurant as well as meeting and event rooms, the hotel calls for all-round energy management. For Repower this is an integral part of its service offerings. As Laurențiu Udrescu, Electricity Sales Manager, puts it, "It's very important for us to maintain personal contact with our customers. This is the best way to respond to their individual needs. We assess each customer's power consumption habits separately, proposing adequate solutions to reduce costs." Repower also offers the hotel advice on energy efficiency, a telemetering system and infrared thermography. "By carefully analysing electricity consumption within their building, we show our business customers how they can keep on improving the way they manage their energy," explains Laurențiu Udrescu. But to adapt its services as closely as possible to customers' requirements, Repower is also dependent on their cooperation, and in this case the company collaborates with the hotel's technical manager, who draws up reliable forecasts of electricity consumption, which Repower then takes as a basis for its procurement and supply.

Customer service on the ground: Laurenţiu Udrescu, Electricity Sales Manager at Repower Romania, advises Laura Hamzea of the Grand Plaza Hotel in Bucharest on the best possible energy use within the building.

Repower and the Grand Plaza Hotel enjoy a good partnership that goes back many years. Courtesy of the Grand Plaza Hotel, Repower had the opportunity to use the hotel foyer as the location for some extraordinary 360° photos for an advertising campaign.

The Romanian energy market
Romania is to Eastern Europe what Switzerland is to Central Europe – an energy hub situated between East and West, between North and South. The country has almost 22 million inhabitants and a great deal of growth potential since, even though it has more than 2.5 times Switzerland's population, it consumes some 10 per cent less electricity.

The installed generation capacity is around 22 gigawatts, of which more than 85 per cent is state-owned. Around 55 terawatt hours of electricity a year is generated. In the last two years there has been an explosion of new renewables producers, which has increased installed capacity to approximately 3.2 gigawatts (15 % of overall capacity).

Repower entered the Romanian supply market in 2010, when it took over the supplier Elcomex EN, which had been operating on the market since the liberalisation in 2004. Since its market entry, Repower has been able to position itself successfully thanks to its high quality standards, innovative products and made-to-measure solutions for customers. Its young and innovative team possesses outstanding know-how, and the Repower brand is a byword on the Romanian market for credibility and competence.

COOPERATION IN THE INTEREST OF SUSTAINABILITY

IN-DEPTH REPORT ON “COOPERATION AND INNOVATION” – PART 5

Cooperation at the highest level — this is a fitting description of the partnership between Repower and its customer Braccialini, a leading leather goods manufacturer in Italy. What brought the two companies together was the concept behind Repower’s ‘Verde Dentro’ energy offering: sustainability and innovation.

Repower closely monitors changes and trends on the market. So it stands to reason that it is among the pioneers in the growing spread of e-mobility and the development of charging stations for electric cars where leading-edge technology and elegant design are harmoniously combined.

For its part, Braccialini has for some years been pursuing a corporate strategy and market approach that focuses on social and environmental responsibility. So it was no coincidence that the company opted for Repower’s ‘Scelta Verde Dentro’ offering, including the related e-mobility offerings: part of an entire range of investments in sustainability which the Braccialini Group has made in recent years. The best example is the renovated headquarters near Florence: a Feng Shui inspired garden-factory the main facade of which immediately draws the eye. It is entirely covered in ivy, which protects the building against fluctuations in temperature and also acts as a sound muffler. All this is rounded off with a system to catch rainwater for irrigating the garden, plus two small renewable facilities.

By selecting ‘Verde Dentro’, the Braccialini Group achieved its CO_2 emissions target of zero in 2013: electricity needs at head office, sales outlets and shops are fully covered by renewable energy from Repower’s Corleto Perticara wind farm.

E-MOBILITY SERVICES INCLUDED IN THE OFFERING

Braccialini also makes ample use of the fully electric vehicles issued by Repower as part of the ‘Verde Dentro’ offering: a Renault Fluence limousine for customer services, and a Kangoo Renault minivan for deliveries and other errands, which is extremely practical particularly for trips within the historic centre of Florence, where traffic is restricted. The e-bike is freely available to employees, who can register to use it via an internal reservation system. The company car park has a special area reserved for electric cars. And of course for the Repower PALINA charging station.

Braccialini was also able to communicate the advantages of ‘Verde Dentro’ in order to enhance its modern and responsible business approach. And it gave creativity free rein when it came to the labels for the electric cars: the company logo was promptly given a green look, evoking the ivy facade at head office. Targeted communications were also issued via the media and social networks.

The driver behind the sustainable strategy adopted by the Group is CEO Riccardo Braccialini: “An entrepreneur takes his social responsibility seriously when he acts in an environmentally friendly way. We must also think of the generations to come. So for us Repower’s was the only feasible solution, since it has taken us one more step towards our sustainability goal.”

PERSONAL ENERGY ADVICE

The linchpin for collaboration with Braccialini is Repower energy consultant Alessio Baccetti. With professionalism and skill he has won the trust of the customer, for whom his advice has directly translated into financial savings.

"For us the only feasible solution on the market was Repower's 'Verde Dentro', which has enabled us to take one more step towards our sustainability goal." Riccardo Braccialini, CEO of the Braccialini Group (left), talking with Repower energy consultant Alessio Baccetti at the Braccialini headquarters near Florence.

The energy consultant has skilfully implemented the key values and principles with which Repower differentiates itself on the market: it's not just a matter of selling energy, but of delivering excellent service thereafter. This is how to cultivate a close relationship with customers based on trust and the ability to listen and identify the needs of the company, in order to provide products tailored to its individual needs.

Customer portrait: Braccialini Group
Braccialini is one of Italy's largest leather goods manufacturers, and manages numerous trademarks either directly owned or under licence. The Group has made a name for itself through innovation and flexibility: craftsmanship blended with modern technology, design combined with ingenious systems. The history of the Braccialini Group goes back 50 years. Its eight collections include AmazonLife, a special eco-friendly product line. The rubber used in AmazonLife products is harvested by indigenous tribes in the Amazonian rainforest, providing an important source of income for the local population.
The Group is active in more than 70 countries around the world.

NETWORKED AND CONNECTED

IN-DEPTH REPORT ON “COOPERATION AND INNOVATION” – PART 6

In future, growing importance will be attached to smart networking for energy systems. BeSmart is an innovative solution developed by Swisscom, which has brought Repower on board as a strong partner in the energy sector. It is energy efficiency made easy – showing why telecommunications and energy know-how go hand in hand.

Greater energy efficiency, storage options, security of supply, smart grid – these are only a few of the buzzwords that everyone is talking about in connection with the energy transition. To bring all these components together in a harmonious whole so as to contribute to the energy future, “intelligent system networking” is the order of the day. This is precisely the motive behind the cooperation between Swisscom and Repower. In early 2013 Repower acquired a 35 per cent stake in Swisscom subsidiary Swisscom Energy Solutions AG. The Olten-based start-up now employs 15 highly qualified staff. The aim of the partnership is to link individual customers’ electrical heating systems such as heat pumps, night storage heaters and water boilers to form a virtual, intelligently-managed power plant. Intelligent management means that the interconnected systems can be coordinated to switch on or off at short notice in order to meet the growing demand for system services which can then be sold on to the national grid operator Swissgrid. The Federal Office for Energy (FOE) supports BeSmart as part of the so-called BFE flagship programme set up to promote energy solutions as role models for the energy future. The Canton of Graubünden also supports the flagship project and, in its role model function in the public sector, promotes its nationwide spread.

GIOVANNI JOCHUM, HEAD OF TRADING AND NEW MARKETS AT REPOWER AND MEMBER OF THE BOARD OF DIRECTORS OF SWISSCOM ENERGY SOLUTIONS AG:

“Intelligent system networking will play a leading role in the energy transition. The required skills fit ideally in the cooperation between Swisscom and Repower.”

ADJUSTING CONSUMPTION TO INTERMITTENT GENERATION

The approach adopted by Swisscom Energy Solutions AG focuses on demand-side management, i.e. dynamic and efficient management at the consumer end. The relationship between electricity supply and demand is reversed: rather than tailoring electricity generation to electricity demand, as has been the case up to now, consumption is adjusted to meet the available generation capacity. The resultant balancing capacity helps to keep the electricity grid stable even with the fluctuating feed-in from new renewable energies, and thus ensures security of supply. In addition to demand-side management, Repower also provides balancing capacities on the generation side from its hydroelectric power plants. In future, photovoltaic facilities could be integrated in the system for the same purpose (see interview right).

OFFERING PROVING POPULAR

Following initial successes in south-eastern Switzerland, the innovative model is now offered throughout Switzerland. Since the commercial launch in the spring of 2013, more than 4,000 private customers have already signed up for BeSmart. Other interested customers can do so on

"Repower is dynamic and motivational, and as such provides us with energy in both the literal and figurative sense. It also implements decisions extremely quickly. Swisscom itself can take a leaf out of Repower's book." Frédéric Gastaldo, CEO of Swisscom Energy Solutions AG (left), and Giovanni Jochum, Head of Trading & New Markets and member of the Executive Board of Repower.

be-smart.ch. Frédéric Gastaldo, CEO of Swisscom Energy Solutions AG, explains in the interview how customers can benefit from joining up and why Repower is an ideal partner for Swisscom.

INTERVIEW WITH FRÉDÉRIC GASTALDO, CEO OF SWISSCOM ENERGY SOLUTIONS AG

As a young company, Swisscom Energy Solutions AG has made a promising start. What potential do you see for the future?

In future the integration of new renewable energies in the grid will play a leading role. This calls for secondary balancing capacity which enables electricity consumption to be adjusted at short notice to the fluctuating volumes of electricity generated by renewables. BeSmart already provides this type of capacity. We believe this can be expanded in future so that not only heating systems but also photovoltaic systems can be connected to the system. This will help to improve the management of electricity from new renewables and will also allow us to expand our customer base. At the moment we are developing hardware and software with this in mind.

Customers who sign up for BeSmart make an important contribution to the energy transition. But how do they benefit from it?

Firstly, they get a free control system for their heating system. Without BeSmart a customer would need to spend around CHF 1,000, plus the costs of installation and connection to the grid. This type of system is advantageous for customers because they can use a Smartphone app to manage their consumption in real time and remotely. This increases control over their consumption and improves their home comfort. It also increases their sense of security, since they immediately receive an alert in the event of functional defects. And last but not least, BeSmart gives customers the opportunity to save on costs: by betting eco mode – for example while away on holiday – they can save on heating electricity and thus cut down on costs.

Why is Repower an ideal partner for Swisscom?

Repower is an excellent partner for us for many reasons. Firstly, while Swisscom has major know-how in the telecommunications and IT areas, it has little experience in the electricity sector. Repower's in-depth know-how in this field is an ideal fit as it brings the knowledge we lack to the cooperation. Secondly, with its hydroelectric power plants Repower can, if required, supplement the capacities of our virtual power plant. Besides these basic reasons, there are numerous "soft" factors at play: Repower is dynamic and motivational, and as such provides us with energy in both the literal and figurative sense. It also implements decisions extremely quickly. Swisscom itself can take a leaf out of Repower's book in this respect. In short: it is a constructive, enriching cooperation that has worked well from the outset.

CORPORATE GOVERNANCE

This section complies with the structure of the SIX Corporate Governance Directive and contains key information on corporate governance in the Repower Group.
The information is also available at www.repower.com/governance.

BASIC PRINCIPLES

The principles of corporate governance are laid down in the Articles of Association and in the Organisational Regulations and related Assignment of Authority and Responsibility (available at www.repower.com/governance). The Board of Directors and Executive Board regularly review these principles and revise them as and when required.

GROUP STRUCTURE AND SHAREHOLDERS

The Repower Group consists of Repower AG and its holdings. The registered office of Repower AG is in Brusio in the Canton of Graubünden, and its mailing address is in Poschiavo. The Repower Group is a vertically integrated energy company with activities along the entire electricity value chain (generation, trading, transmission, sales and distribution) as well as in the diversified trading business. On 1 April 2013 the corporate structure of Repower AG was changed from a matrix organisation to a parent company organisation. The company now consists of five business divisions and two administrative units which report directly to the CEO.

The Generation division coordinates the management and maintenance of assets relating to the generation, transmission and distribution of electricity in Switzerland, implements and evaluates new assets relating to the generation of electricity, operates and develops merchant lines and devotes its activities to the general development and expansion of generation facilities for the Repower Group.

The Market CH and Services division is responsible for the operation, maintenance and expansion of distribution grids and the distribution of electricity and green electricity certificates to end customers, and manages the Human Resources and Services units.

The Trading and New Markets division manages European energy trading and is responsible for market analyses. This division is also responsible for expanding energy trading in Switzerland, Italy and selected European markets, as well as managing and further developing sales in Germany and Romania and overseeing the related projects. The Trading and New Markets division also coordinates sales activities in the markets.

The Italy division is responsible for sales of electricity, natural gas and green electricity certificates to end customers, and for the operation and maintenance of generating facilities in Italy.

The Finance division manages accounting, controlling, treasury and IT activities.

The Communication and Legal and Risk units report directly to the CEO.

The individual operations are managed centrally by Repower AG and are

Arturo Plozza and Giancarlo Plozza from the municipality of Brusio, along with Giacum Krüger of Repower (from left), visit a transformer station that the company set up for the "Azienda Elettrica Comunale Brusio".

More on this partnership on pages 22 and 23.

not organised into separate legal structures. However, if management by Repower AG is deemed impossible or inefficient for legal, fiscal or regulatory reasons, or if new legal entities are acquired (for example through acquisition), management is handled by legally independent subsidiaries. An overview of shareholdings is shown on pages 86 to 92.

Repower AG shares and participation certificates are listed on the SIX Swiss Exchange.

Effective 28 March 2013, the Canton of Graubünden and Axpo Trading AG each acquired half of the 24.6 per cent interest in Repower previously held by Alpiq AG. The acquisition was communicated in the media release dated 2 April 2013. The internal transfer of the Repower interest from Axpo Trading AG to Axpo Holding AG was published on the home page of the SIX Disclosure Office on 14 May 2013.

The Canton of Graubünden currently holds 58.3 per cent and Axpo Holding AG (Axpo) 33.7 per cent of the shares, i.e. together they hold 92 per cent of the voting rights. The principal shareholders are committed to one another through a shareholders' agreement. As a core provision of this agreement, the parties agree that in future Repower AG must continue to operate as a private, independent Graubünden company managed according to business management principles. The shareholders' agreement also contains limitations on transferability as well as detailed provisions governing corporate governance. In particular, the shareholders' agreement obliges the parties to reach a decision by consensus (right of veto) on issues of strategic importance. Consequently, under Swiss securities law the Canton of Graubünden and Axpo constitute a shareholder group controlling 92 per cent of the capital.

This shareholding structure is a transitional structure. In the planned definitive structure, the Canton of Graubünden will hold up to 55 per cent and Axpo up to 21.6 per cent of the shares in Repower AG, while a suitable strategic investor will hold at least 15.6 per cent. The intention is to implement this targeted structure in the short to medium term.

Detailed information on completed and planned transactions is published on the home page of the Takeover Commission, see in particular Takeover Commission rulings 521/01 and 521/2 dated 13 November 2012 and 27 March 2013 respectively.

No cross-shareholdings exist. The remaining 8 per cent of the shares are in free float. The participation certificates can also be freely traded.

REPOWER ORGANISATION 2013

- **CEO**
  - Communications
  - Legal and Risk
  - **Generation**
    - Generation CH
    - Project Development
    - Lagobianco
    - Leverkusen CCGT
  - **Market CH and Services**
    - Grid
    - Market and Sales
    - Human Resources
    - Services
  - **Trading and New Markets**
    - Trading Poschiavo
    - Trading Prague
    - Market DE
    - Market RO
  - **Italy**
    - Generation ITA
    - Trading Milano
    - Sales ITA
    - Finance ITA
    - Strategy & Business Development ITA
  - **Finance**
    - Accounting
    - Controlling
    - IT

Working closely together:

Giovanni Jochum, Head of Trading and New Markets at Repower (left), and Frédéric Gastaldo, CEO of Swisscom Energy Solutions AG, prepare for their next BeSmart meeting at the Repower office in Zurich.

More on this innovative project on pages 28 and 29.

CAPITAL STRUCTURE

The share capital of Repower AG (information on the share capital is given on pages 7 and 95 of the Annual Report) consists of 2,783,115 shares (Securities No. 1640583) and 625,000 participation certificates (Securities No. 1640584), each with a par value of CHF 1. Each share entitles the holder to one vote at the Annual General Meeting. Each share has a dividend entitlement of equal value. There are no preferential rights or restrictions on voting rights. No authorised or conditional capital exists. Repower AG has no outstanding participation certificates. Repower AG has issued no convertible bonds, options or other securities that entitle the holders to shares or participation certificates in Repower AG. Based on the stock exchange prices for shares and participation certificates, the company had a market capitalisation of CHF 483 million at the end of 2013.

BOARD OF DIRECTORS

MEMBERS

The members of the Board of Directors are listed on pages 38 to 41 of the Annual Report. No member of the Board of Directors of Repower AG performs operational management tasks for the company. Members of the Board of Directors do not sit on the Executive Board of Repower AG or on that of any other Group company. In the three financial years preceding the year under review, no member of the Board of Directors was entrusted with any executive functions within the Repower Group. Some members of the Board of Directors perform executive functions for Axpo Holding AG (one of the principal shareholders) or its affiliated companies. Normal business relations exist with these companies.

ELECTION AND TERM OF OFFICE

The members of the Board of Directors are elected by the Annual General Meeting for a three-year term. The election procedure is based on the principle of total renewal, whereby the members are generally elected collectively as a group in a single ballot. Newly elected members assume the term of office of their respective predecessor. As the last regular election was held at the 2011 Annual General Meeting, the term of office of all members of the Board of Directors will expire at the 2014 Annual General Meeting. The Board of Directors currently comprises twelve members, the maximum permissible number under the Articles of Association. Re-election is possible. According to the Organisational Regulations, members of the Board of Directors must give up their seats on the board as a rule at the Annual General Meeting following the end of the year in which they reach 70 years of age. The Board of Directors may make exceptions to this rule.

INTERNAL ORGANISATION

The Board of Directors is self-constituting and elects its Chairman, Vice Chairman and Secretary. The Secretary need not be a member of the Board of Directors. There is also a Board Committee that performs the duties of a Nomination, Compensation and Audit Committee, in addition to other responsibilities. The Board of Directors appoints the Board Committee from among its own members. The Chairman and Vice Chairman automatically serve on the Board Committee by virtue of their office. Members of the Board Committee are elected for the same term of office as the Board of Directors. The four members of the Board Committee are listed on pages 38 to 40 of the Annual Report. In addition to its duties as Nomination,

Compensation and Audit Committee, the Board Committee advises the Board of Directors on business that comes before it, and issues recommendations. It also has the authority to make final decisions on certain types of business (see Assignment of Authority and Responsibility for the Board of Directors and Executive Board).

Together with the Secretary and the CEO, the Chairman of the Board of Directors draws up the agenda for meetings of the Board of Directors and Board Committee. Members of these two boards generally receive proposals relating to each agenda item eight days in advance of meetings: these proposals include background documentation as well as an evaluation and a motion by the Executive Board and - for meetings of the Board of Directors - by the Board Committee. The Board of Directors meets as often as business requires, but at least twice a year; meetings are called by the Chairman or by the Vice Chairman if the Chairman is prevented from doing so. The Board of Directors generally meets at least once a quarter. The Board of Directors must be convened whenever one of its members or the CEO requests a meeting in writing, specifying the reason.

In the year under review the Board of Directors met ten times and the Board Committee six times. The Board Committee convened three times as Audit Committee and once as Compensation Committee. The normal meeting duration for both bodies is half a day.

The CEO and CFO generally attend every meeting of the Board of Directors and the Board Committee; the other members of the Executive Board attend the meetings as and when required in order to explain the proposals. The Board of Directors is deemed to have a quorum if the majority of its members are present. The Board of Directors passes resolutions by a majority vote. The Chairman does not have a casting vote. Minutes are taken of the business and resolutions of the Board of Directors and are submitted to the Board for approval at its next meeting. The Board Committee and Board of Directors follow the same procedures.

BOARD COMMITTEE AS AUDIT COMMITTEE

The Board Committee, in its capacity as Audit Committee, evaluates the efficacy of the external audit and the functional effectiveness of the risk management processes. It may commission the external auditors or other external consultants to carry out special audits for the purpose of internal control. The Board Committee also reviews the status of company compliance with various standards (annual compliance report). The Committee critically reviews the individual and consolidated financial statements, and the interim financial statements intended for publication. It discusses the financial statements with the CFO and, if the Committee deems it necessary, with the external auditor-in-charge. Finally, the Committee decides whether to recommend to the Board of Directors that the individual and consolidated financial statements be presented to the Annual General Meeting for approval. It evaluates the services and fees of the external auditors and verifies their independence. It also determines whether the auditing activity is compatible with any existing consulting mandates.

BOARD COMMITTEE AS COMPENSATION COMMITTEE

The Board Committee, in its capacity as Compensation Committee, deals with compensation policies, primarily concerning compensation at senior

Working together on innovation: Repower energy consultant Alessio Baccetti (left) and Riccardo Braccialini, CEO of the Braccialini Group, in front of PALINA. This charging station for electric vehicles, which was developed by Repower, can be used by the customer directly in front of its headquarters.

More on this project on pages 26 & 27.

management level. It has the authority to define the terms and conditions of contracts of employment for Executive Board members. It ensures that the company offers competitive, performance-based total compensation packages in order to attract and retain persons with the necessary skills and attributes.

BOARD COMMITTEE AS NOMINATION COMMITTEE

The Nomination Committee handles the preparations for electing and re-electing individuals to the Board of Directors based on the shareholder structure and for electing the Chief Executive Officer of the Repower Group (CEO), the CEO's deputy and the other members of the Executive Board.

ASSIGNMENT OF AUTHORITY AND RESPONSIBILITY TO THE BOARD OF DIRECTORS AND EXECUTIVE BOARD

Types of authority granted to the Board of Directors and the Executive Board are defined in the Organisational Regulations and the related Assignment of Authority and Responsibility. The Board of Directors is responsible for the overall direction and strategic orientation of the Repower Group and for supervising the Executive Board. It reviews and determines on an annual basis the objectives and strategy of the Repower Group as well as the corporate policy in all sectors, and makes decisions regarding short- and long-term business planning. It also deals with the organisational structure, accounting structure, internal control system and financial planning, the appointment and discharge of the persons entrusted with management and representation (namely the CEO, deputy CEO and the other members of the Executive Board), preparation of the Annual Report, preparations for the Annual General Meeting and implementation of its resolutions. The Board of Directors has delegated overall operational management of the Repower Group to the CEO. The CEO has delegated certain management functions to the members of the Executive Board. Some types of business or transactions must be presented to the Board of Directors and/or the Board Committee for a decision in accordance with the Assignment of Authority and Responsibility (Annex to the Organisational Regulations). The Assignment of Authority and Responsibility can be viewed at www.repower.com/governance.

INFORMATION AND CONTROL INSTRUMENTS VIS-À-VIS THE EXECUTIVE BOARD

At each meeting of the Board of Directors and the Board Committee, the CEO and the members of the Executive Board report on current business developments, important business transactions and the status of major projects. Aside from these meetings, any member of the Board of Directors may ask the CEO to provide information about the course of business and also, if the Chairman agrees, about individual transactions. Supervision and control of the Executive Board is handled by approving the annual planning and on the basis of detailed quarterly reporting comparing actual and target figures. Quarterly reporting includes data on energy sales volume and procurement, the income statement and balance sheet (including expected values for the most important key figures, namely energy sales, total operating revenue, operating income, profit, capital expenditure, property, plant and equipment, total assets, equity, economic value added), energy trading risks (market risks and counterparty risks) and key projects. Important key figures on the individual markets (in particular the Swiss and Italian markets), trading and the Corporate Centre also form part of the quarterly reporting. Repower also carries out segment reporting in accordance with IFRS 8 (for more information, see page 62 "Segment reporting" and page 112 ff.). The Board of Directors also receives quarterly progress reports and final performance reports on key projects, as well as – if specifically requested – status reports on individual business activities. Annual and long-term planning covers corporate objectives, key projects and financial planning. In addition, risk management and auditors' reports support the assessment of business management and the risk situation. Repower has a risk management system which is described in detail in a concept issued by the Board of Directors. At the end of each year the Board of Directors defines the risk strategy for the following financial year. Significant risks must be brought to the attention of the Board of Directors at least once a year, with quarterly updates to advise the Board of Directors of any changes in these risks. A description of the risk and financial risk management policies of the Repower Group can be found on pages 69 to 73. The auditors draw up a comprehensive report once a year documenting the key findings of their audit.

EXECUTIVE BOARD OF THE REPOWER GROUP

Kurt Bobst
CEO (Chairman of the Executive Board of the Repower Group)

Felix Vontobel
Head of Generation / Deputy CEO

Stefan Kessler
CFO (Head of Finance)

Giovanni Jochum
Head of Trading and New Markets

Fabio Bocchiola
Head of Italy

Alfred Janka
Head of Market CH and Services (until 28.02.2014)

The list on pages 42 and 43 provides detailed information on members of the Executive Board (name, age, position, nationality, date of joining the company, educational and professional background, and other activities and interests). No management tasks were transferred to third parties.

COMPENSATION, SHAREHOLDINGS AND LOANS

NATURE AND METHOD OF DETERMINING COMPENSATION

Under the Articles of Association and Organisational Regulations, incumbent members of the Board of Directors receive compensation based on their workload and responsibilities. This consists of a fixed compensation plus meeting expenses. The compensation is not dependent on company performance and is set by the Board of Directors. The Board of Directors last adjusted the fixed compensation and meeting expenses in 2006 based on comparisons with compensation received by members of Board of Directors of Swiss energy-sector companies of a comparable size. The compensation is reviewed at unspecified intervals and redefined if necessary.

Compensation for members of the Executive Board comprises a fixed basic salary plus a variable bonus, which can amount to up to 40 per cent of the annual basic salary if operating targets are met. The fixed basic salary and the variable bonus are defined annually by the Board Committee in its role as Compensation Committee. A proposal from the CEO oriented around the development of the group serves as the basis for the fixed basic salary. In its capacity as Compensation Committee, the Board Committee uses its discretion to weight this reference standard to define the fixed basic salary. The bonus depends on whether the financial targets of the Repower Group and personal performance objectives are met. EBIT, EVA (economic value added) and the net debt/EBITDA figures of the Repower Group serve as common goals and are weighted to account for 50 per cent of the bonus determined. Between three and five personal performance goals are set for each member of the Executive Board and also account for 50 per cent of the bonus determined.

The profit-based bonus which was introduced for the 2007 financial year was abolished at the end of 2012.

The CEO submits to the Board Committee, in its capacity as Compensation Committee, a proposal as to how the individual compensation components are to be determined. In its role as Compensation Committee, the Board Committee makes the final decision. Individual performance is evaluated at the end of the reporting period in a meeting with the individual's line manager, based on the objectives agreed upon at the beginning of the fiscal year. All compensation components take the form of compensation in cash. The Board Committee must brief the Board of Directors on the progress of the bonus-setting and compensation process. This is done by means of minutes to be submitted immediately following meetings on such matters, as well as a verbal briefing by the Chairman of the Board of Directors at the next meeting of the Board of Directors. During the financial year, one meeting was held by the Board Committee in its capacity as Compensation Committee for the purpose of setting compensation. Members of the Executive Board and the remaining members of the Board of Directors may neither attend nor participate in any meetings of the Board Committee in its capacity as Compensation Committee. The CEO, however, is called on in an advisory capacity for certain parts of these meetings. No external consultants were engaged for the purpose of structuring the compensation.

SHAREHOLDERS' RIGHTS OF PARTICIPATION

Shareholders' rights to assets and participation are in accordance with the law and the Articles of Association. None of the provisions of the Articles of Association deviate from statutory provisions, with the exception of the placement of an item of business on the agenda of the Annual General Meeting. In order to do so, a shareholder or several shareholders must hold at least CHF 100,000 of share capital and submit a written request at least 50 days prior to the Annual General Meeting.

One shareholder or several shareholders who together hold at least 10 per cent of the share capital may request in writing that an Extraordinary General Meeting be convened, provided that the request states the proposals and the item of business. An ordinary General Meeting of Shareholders takes place every year, no more than six months after the end of the financial year.

Each shareholder may be represented at the Annual General Meeting by another shareholder by proxy. Each share entitles the holder to one vote at the Annual General Meeting.

CHANGE OF CONTROL AND DEFENSIVE MEASURES

The mandatory offer requirement under Swiss securities law applies, since the Articles of Association do not include any provision in this regard. No clauses pertaining to change of control exist either for members of the Executive Board or for members of the Board of Directors. Repower does not provide a "golden parachute" for senior management. There are no long-term contractual commitments with members of the Board of Directors or the Executive Board. No severance payments have been agreed.

AUDITORS

Since 1996, PricewaterhouseCoopers based in Chur, Switzerland, has been appointed annually by the Annual General Meeting as the statutory auditors and Group auditors. The auditor-in-charge, Beat Inauen, has been responsible for the mandate since 2010. In 2013 PricewaterhouseCoopers was paid a total fee of TCHF 950 for their auditing services for the Group and TCHF 559 for other consulting services. The fees for other consulting services comprise the following: TCHF 469 for tax consulting, TCHF 69 for project-related consulting and TCHF 21 for other consulting services.

SUPERVISION AND CONTROL INSTRUMENTS VIS-À-VIS THE AUDITORS

The Board Committee, in its capacity as Audit Committee and on behalf of the Board of Directors, supervises the credentials, independence and performance of the auditors and their audit experts. It obtains information at least once a year from the audit managers and the Executive Board concerning planning, implementation and results of the audit work. The Board Committee asks the auditors to provide the audit plans and any proposals for improving the internal control systems. The auditors draw up for the Board of Directors a comprehensive report with findings on accounting practices, internal controls, the performance and results of the audit. The items and improvements discussed in the report are reviewed by the auditors in an interim audit and the results are presented to the Board Committee. In 2013 representatives of the external auditors participated in three meetings of the Board Committee in its capacity as Audit Committee.

INFORMATION POLICY

Repower provides its shareholders, potential investors and other stakeholder groups with comprehensive, timely and regular information in the form of annual and semi-annual reports, at the annual press conference and the Annual General Meeting of Shareholders. Important developments are communicated via media releases (link to request media releases by e-mail: www.repower.com/subscribe-to-newsreleases). The website www.repower.com, which is regularly updated, serves as an additional source of information.

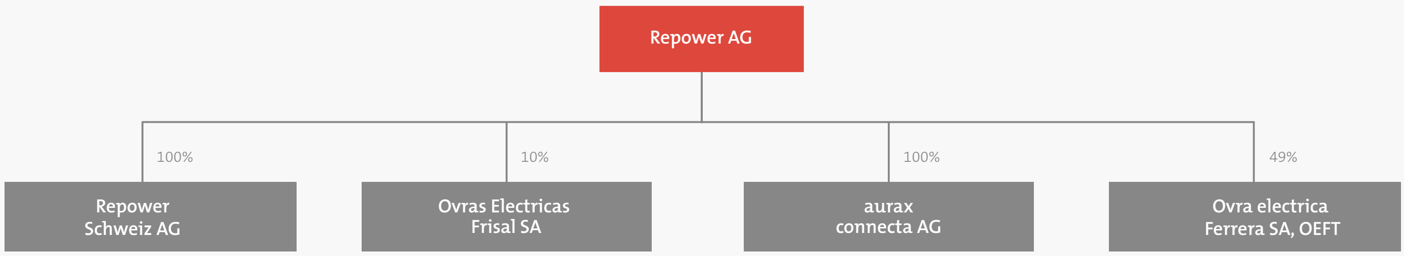
IMPLEMENTATION OF THE ORDINANCE AGAINST EXCESSIVE COMPENSATION IN LISTED STOCK COMPANIES

The Ordinance against Excessive Compensation in Listed Stock Companies (OaEC), which came into force on 1 January 2014, will be fully implemented at the 2015 Annual General Meeting. In a first step, the legal requirements will be implemented for the 2014 Annual General Meeting, i.e.: individual election of the Chairman of the Board of Directors as well as members of the Board of Directors and the Compensation Committee by the Annual General Meeting, and appointment of an independent proxy by the Board of Directors (for 2014 AGM) or by the Annual General Meeting (for 2015 AGM). The term of office of the elected individuals now expires at the end of the next Annual General Meeting (one-year term of office).

EVENTS AFTER THE BALANCE SHEET DATE

As a result of streamlining its structures, Repower AG announced the reorganisation and downsizing of its Executive Board on 28 February 2014. For this reason Alfred Janka, Head of Market and Services Switzerland, has left Repower. CEO Kurt Bobst is taking over his role for the interim. The new organisational structure is to be announced in April 2014.

The legal structure of the Repower Group in Switzerland is being streamlined. This process is scheduled for completion by the end of June 2014. Thereafter the definitive structure will be as follows:



BOARD OF DIRECTORS

MEMBERS OF THE BOARD OF DIRECTORS ARE ELECTED TO SERVE UNTIL THE 2014 ANNUAL GENERAL MEETING

DR EDUARD RIKLI (1951)

Swiss citizen, Dr.sc.techn., Dipl. Masch.-Ing. ETH

Member of the Board since 2010

Chairman of the Board of Directors and the Board Committee

PROFESSIONAL CAREER

Previous

- Head of Sulzer Turbo Product Division (1990 – 1995)
- Member of the Sulzer Executive Committee (1996 – 2003)
- Head of Corporate Development, Sulzer Group (1996 – 1998)
- Head of Sulzer Roteq Division (1998 – 2000)
- Head of Sulzer Services and Equipment Division (2000 – 2001)
- Head of Sulzer Metco Division (2001 – 2003)
- Chief Executive Officer, Mikron Group (2004 – 2009)

Current

- Self-employed

OTHER ACTIVITIES AND FUNCTIONS

Positions on boards of major corporations, organisations and foundations

- Chairman of the Board of Directors of Brütsch / Rüegger AG, Urdorf
- Member of the Boards of Directors of Delta JS AG, Zurich (Technopark), Hatebur Umformmaschinen AG, Reinach, Mikron Holding AG, Biel, Nova Werke AG, Effretikon, and Bioengineering AG, Wald
- Member of the Boards of Trustees of the Technopark Foundation, Zurich, the Technorama Foundation, Winterthur, and other foundations
- Chairman of the Industrial Advisory Board of the Federal Institute of Technology, Zurich, Department of Mechanical Engineering
- Member of the Executive Board of Swissmem Zurich

Permanent positions with important interest groups

- Member of the SBB Infrastructure Technology Council

DR HANS SCHULZ (1959)

German citizen; Dr. Ing. Mechanical Engineering, Certified Industrial Engineer

Member of the Board since 2008

Vice Chairman of the Board and the Board Committee

PROFESSIONAL CAREER

Previous

- Head of Coating Division of Balzers and Leybold (subsequently renamed Coating Services Division Balzers of Unaxis), Head of Balzers Thin Films Division, from 1999 member of the extended Executive Board of Unaxis (1996 – 2005)
- Member of the Executive Board of Nordostschweizerische Kraftwerke, Head of NOK Grids, Head of NOK Trading and Sales (2006 – 2007)
- CEO of EGL AG (2008 – 2012)

Current

- Head of Trading & Sales at Axpo Trading AG, since 2012

OTHER ACTIVITIES AND FUNCTIONS

Positions on boards of major corporations, organisations and foundations

- Member of the Boards of Directors of Axpo Italia S.p.a and Repower Klosters AG
- Member of the Executive Board of Axpo Holding AG

Permanent positions with important interest groups

- Member of the Executive Board of swisselectric

Dr Eduard Rikli

Dr Hans Schulz

Dr Martin Schmid

Dr Rudolf Huber

Placi Berther

Christoffel Brändli

Claudio Lardi

Rolf W. Mathis

Roger Vetsch

Dr Myriam Meyer Stutz

Gerhard Jochum

Dr Manfred Thumann

DR MARTIN SCHMID (1969)

Swiss citizen; Dr. iur. HSG, lawyer

Member of the Board since 2008

Member of the Board Committee

PROFESSIONAL CAREER

Previous

- Assistant at the Institute for Financial Science and Financial Law/IFF, University of St. Gallen, part-time positions with PricewaterhouseCoopers and part-time freelance lawyer (1997 – 2002)
- Member of the Cantonal Executive Council, Head of the Department for Justice, Security and Health (2003 – 2008)
- Head of the Department for Finance and Municipalities (2008 – 2011)

Current

- Lawyer with Kunz Schmid, lawyers and notaries, Chur

OTHER ACTIVITIES AND FUNCTIONS

Positions on boards of major corporations, organisations and foundations

- Chairman of the Board of Directors of Engadiner Kraftwerke AG
- Chairman of the Board of Directors of Calanda Kies und Beton Gruppe
- Vice Chairman of the Boards of Directors of Kraftwerke Hinterrhein AG, Repower Holding Surselva AG and Repower Klosters AG
- Chairman of the Board of Trustees and Board of Directors of the Cantonal Hospital of Graubünden
- Member of the Boards of Directors of Fontavis AG, Baar, and UBS Clean Energy Infrastructure Switzerland AG

Official functions and political offices

- Member of the Council of States of the Canton of Graubünden

DR RUDOLF HUBER (1955)

Swiss citizen, Dr. oec.publ.

Member of the Board since 2013

Member of the Board Committee

PROFESSIONAL CAREER

Previous

- Bucher-Guyer AG (now Bucher Industries): Head of Finance Department / CFO (1986 – 1992)
- Geberit AG: CFO and member of the Executive Board (1992 –2004)

Current

From 2005:

- Freelance consultant and owner of Axega GmbH consulting firm, Zurich
- Lecturer at the University of St. Gallen and lecturer at the Lucerne University of Applied Sciences and Arts
- Holder of various Board of Directors and Advisory Board mandates

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OTHER ACTIVITIES AND FUNCTIONS

Positions on boards of major corporations, organisations and foundations

- Member of the Board of Directors of Swiss Prime Site AG, Olten (since 2002)
- Member of the Boards of Directors of Georg Fischer AG, Schaffhausen and WICOR Holding AG, Rapperswil-Jona (since 2006)
- Member of the Board of Directors and Board of Trustees of Hoerbiger Holding AG (since 2008)
- Member of the Board of Directors (and Chairman since 2009) of Looser Holding AG, Arbon (since 2008)
- External member (and Chairman since 2011) of the Shareholders' Committee of Peri GmbH, Weissenhorn, Germany (since 2009)

Official functions and political offices
- President of the CFO Forum Switzerland (CFOs) (since 2006)

PLACI BERTHER (1959)
Swiss citizen; lic. iur., lawyer
Member of the Board since 2011

PROFESSIONAL CAREER
Previous
- Mayor of Tujetsch (Sedrun) (1993 – 2005)
- Freelance lawyer in Chur / Sedrun (1990 – 2002)
- Member of the Vorderrhein District Court (1991 – 1994)
- President of the Vorderrhein District Court (1995 – 2000)

Current
- Freelance lawyer in Sedrun since 2001

OTHER ACTIVITIES AND FUNCTIONS
Positions on boards of major corporations, organisations and foundations
- President of the Administrative Commission of the Catholic Regional Church, Graubünden
- Member of the Board of Repower Holding Surselva AG

Official functions and political offices
- Member of the Parliament of the Canton of Graubünden (since 2000)

CHRISTOFFEL BRÄNDLI (1943)
Swiss citizen, mag. oec. HSG
Member of the Board since 1996

PROFESSIONAL CAREER
Previous
- Member of the Executive Council of Canton of Graubünden (1983 – 1994)
- Member of the Council of States of Canton of Graubünden (1995 – 2011)

Current
- Business consultant, since 1994

OTHER ACTIVITIES AND FUNCTIONS
Positions on boards of major corporations, organisations and foundations
- President of Santésuisse

CLAUDIO LARDI (1955)
Swiss citizen; lic. iur., lawyer
Member of the Board since 2011

PROFESSIONAL CAREER
Previous
- Member of the Executive Council of Canton of Graubünden (1999 – 2010)
- Lawyer, until 1998
- Secretary-General of an international hotel and restaurant holding company (1986 – 1996)

Current
- Lawyer, since 2011

OTHER ACTIVITIES AND FUNCTIONS
Positions on boards of major corporations, organisations and foundations
- President of the Hilton Ray Hartmann Foundation
- Member of the Board of Directors of educa.ch
- Member for Switzerland of the Consulta Culturale Italia Svizzera
- Chairman of Caritas Graubünden
- Chairman of the Board of Education of the Education Centre for Health and Social Affairs, Chur

ROLF W. MATHIS (1956)
Swiss citizen; dipl. Masch. Ing. ETH, Wirtsch.-Ing. STV
Member of the Board since 2003

PROFESSIONAL CAREER
Previous
- BBC (ABB), design engineer (1979 – 1982)
- Defence Services Group, project engineer and section head (1982 – 1987)
- Various positions at Von Roll Betec AG, latterly as Head of Business Unit (1990 – 1998)

Current
- Member of the Executive Board of Axpo Power AG and Head of Hydroenergy Division, since 1998

OTHER ACTIVITIES AND FUNCTIONS
Positions on boards of major corporations, organisations and foundations
- Chairman of the Boards of Kraftwerke Hinterrhein AG, Kraftwerke Vorderrhein AG (KVR), Maggia Kraftwerke AG, Kraftwerke Sarganserland AG (KSL), Kraftwerke Linth-Limmern AG (KLL), Albula-Landwasser Kraftwerke AG, Misoxer Kraftwerke AG and Kraftwerke Mattmark AG
- Member of the Boards of Directors of Repower Holding Surselva AG, Blenio Kraftwerke AG, Grande Dixence SA and Force Motrice de Mauvoisin SA

Permanent positions with important interest groups
- Member of the Executive Board of Schweizerischer Wasserwirtschaftsverband (Swiss Water Management Association) and VGB PowerTech

ROGER VETSCH (1965)
Swiss citizen, Dipl. Bauing. FH
Member of the Board since 2012

PROFESSIONAL CAREER
Previous
- Took over construction company Vetsch Klosters (1996)
- Managing Director of construction company Anton Vetsch Klosters (1990 – 1996)
- Degree in civil engineering from the University of Applied Sciences, Rapperswil (1988)

Current
- Managing Director and owner of construction company Vetsch Klosters since 1996

OTHER ACTIVITIES AND FUNCTIONS
Positions on boards of major corporations, organisations and foundations
- Member of the Board of Directors of Kieswerk Arieschbach AG, Fideris

Official functions and political offices
- Member of the Parliament of Canton of Graubünden (since 1997)
- Chairman of the local BDP party in Klosters-Serneus

DR MYRIAM MEYER STUTZ (1962)

Swiss citizen; Dr. sc. techn. ETH / Dipl. Masch.-Ing. ETH

Member of the Board since 2013

PROFESSIONAL CAREER

Previous

- Head of the Engineering Division of SR Technics (1998 – 2000)
- Member of the Executive Board of Flight Operations, Swissair (2000 – 2002)
- Member of the Executive Board of RCH, Roche (2002 – 2005)
- CEO of RUAG Aerospace (2005 – 2008)
- Group CEO of WIFAG-Polytype Holding AG (2009 – 2011)

Current

- Freelance business consultant for strategy, technology and innovation

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OTHER ACTIVITIES AND FUNCTIONS

Positions on boards of major corporations, organisations and foundations

- Member of the Board of Directors of SITA (aviation)
- Member of the Board of Directors of Bedag Informatik AG
- Vice President and member of the Steering Committee of the Commission for Technology and Innovation (CTI)
- Member of the Board of Trustees of Swisscontact
- Member of the Advisory Committee on International Development Cooperation (IC/SDC)
- Member of the Industrial Advisory Board of the Federal Institute of Technology, Zurich, Department of Mechanical Engineering

GERHARD JOCHUM (1953)

German citizen; degree in economics (Dipl. FH)

Member of the Board since 2013

PROFESSIONAL CAREER

Previous

- Managing partner of a consulting firm specialising in the energy business, Bonn and Saarbrücken (1975 – 1985)
- Head of department at a municipal and regional energy utility, Saarbrücken (1985 – 1994)
- Chairman of the Management Board of swb AG, Bremen (1994 – 2000)
- Member of the Management Board of EnBW Energie Baden-Württemberg AG, Karlsruhe, and Chairman of the Management Board of Neckarwerke Stuttgart AG, Stuttgart (2000 – 2003)

Current

- BÜRO JOCHUM, Berlin, since 2003

OTHER ACTIVITIES AND FUNCTIONS

Positions on boards of major corporations, organisations and foundations

- Chairman of the Supervisory Board of GASAG Berliner Gaswerke Aktiengesellschaft, Berlin
- Member of the Supervisory Board of GDF SUEZ Energie Deutschland AG, Berlin
- Member of the Advisory Board of Deutsche Bank AG, Frankfurt
- Member of the Shareholders' Committee of Ludwig-Bölkow Systemtechnik GmbH, Ottobrunn nr Munich
- Chairman of the Board of the Privatstiftung Wozabal Unternehmensgruppe, Linz, Austria

Permanent positions with important interest groups

- Permanent advisor to German Energy Agency (DENA), Berlin

DR MANFRED THUMANN (1954)

Swiss citizen, Dr. Ing.

Member of the Board since 2013

PROFESSIONAL CAREER

Previous

- Head of Axpo Assets Division (from 2013)
- Chief Executive Officer (CEO) of Axpo AG (2007 – 2012)
- Member of the Group Executive Board, Axpo Holding AG (since 2004)
- Member of Axpo AG Executive Board, responsible for nuclear power division, and Managing Director of Kernkraftwerk Leibstadt AG (2003 – 2007)
- Director of gas turbine business at Alstom (1997 – 2003)
- Prior to this: various roles at ABB Group and as a researcher at the German Aerospace Centre

Current

- Head of Assets , Axpo

OTHER ACTIVITIES AND FUNCTIONS

Positions on boards of major corporations, organisations and foundations

- Member of Group Management and Head of Assets at Axpo
- Chairman of the Boards of Directors of Kernkraftwerk Leibstadt AG, Axpo Grid AG, Ersatz Kernkraftwerk Beznau AG and Resun AG
- Vice Chairman of the Boards of Directors of Kernkraftwerk Gösgen-Däniken AG, Ersatz Kernkraftwerk Mühleberg AG, Axpo Power AG and Kernkraftwerk Niederamt AG
- Member of the Board of Directors of swissgrid AG

Permanent positions with important interest groups

- Member of the Executive Board of swisselectric
- Member of the Swiss Federal Energy Research Commission (CORE)

EXECUTIVE BOARD

KURT BOBST (1965)

Swiss citizen; federally certified controller

CEO since 2008

PREVIOUS SENIOR POSITIONS

- Head of Administration at SABAG Hägendorf (1985 – 1992)
- Head of Financial Accounting at Atel (1992 – 1995)
- Business consultant at PwC and A.T. Kearney (1995 – 2001)
- Head of Management Consulting at Pöyry, CEO of Pöyry Switzerland (2002 – 2008)

POSITIONS ON BOARDS OF MAJOR CORPORATIONS, ORGANISATIONS AND FOUNDATIONS

- Vice Chairman of the Board of Grischelectra AG
- Chairman of the Boards of Directors of Repower Holding Surselva AG and Repower Klosters AG
- Member of the Board of Directors of Repartner Produktions AG

PERMANENT POSITIONS WITH IMPORTANT INTEREST GROUPS

- Member of the Executive Board of the Association of Swiss Electricity Suppliers (VSE)

FELIX VONTOBEL (1958)

Swiss citizen; dipl. Elektroingenieur FH

Kraftwerke Brusio (now Repower AG) since 1987

Deputy Director of Kraftwerke Brusio since 1992

Deputy CEO since 2000

Head of Generation

PREVIOUS SENIOR POSITIONS

- Commissioning engineer at BBC (ABB) (1982 – 1985)
- Project manager and commissioning engineer for biotechnology research and production installations at Bioengineering AG (1985 – 1987)

POSITIONS ON BOARDS OF MAJOR CORPORATIONS, ORGANISATIONS AND FOUNDATIONS

- Member of the Board of Directors of EL.IT.E S.p.A.
- Member of the Board of Directors of Kraftwerke Hinterrhein AG
- Member of the Management Board of the Swiss Association for Water Management

STEFAN KESSLER (1973)

Swiss citizen; lic. iur. HSG, lawyer, LL.M

Rätia Energie (now Repower AG) since 2005

Member of the Executive Board since 2011

CFO (Head of Finance)

PREVIOUS SENIOR POSITIONS

- Legal counsel at LGT Group (2001 – 2004)
- Lawyer at Baker & McKenzie (2004 – 2005)

THE REPOWER EXECUTIVE BOARD

(back row):

Fabio Bocchiola, Giovanni Jochum, Alfred Janka

(front row):

Stefan Kessler, Kurt Bobst, Felix Vontobel

GIOVANNI JOCHUM (1964)

Swiss citizen; lic. oec. HSG
Kraftwerke Brusio (now Repower AG) since 1993
Deputy Director of Kraftwerke Brusio since 1998
Member of the Executive Board since 2000
Head of Trading and New Markets

PREVIOUS SENIOR POSITIONS

- Auditor with Revisuisse Price Waterhouse (1990 – 1992)

POSITIONS ON BOARDS OF MAJOR CORPORATIONS, ORGANISATIONS AND FOUNDATIONS

- Chairman of the Board of Directors of Repartner Produktions AG
- Member of the Boards of Directors of AKEB, Repower Holding Surselva AG and Repower Klosters AG
- Member of the Management Committee of the Institute for Operations Research and Computational Finance/CC Energy Management, University of St. Gallen

FABIO BOCCHIOLA (1964)

Italian citizen; diploma in business administration, piano diploma from the Conservatorium in Brescia
Rezia Energia Italia S.p.A. (now Repower Italia S.p.A.) since 2002
Member of the Executive Board since 2010
Head of Italy

PREVIOUS SENIOR POSITIONS

- DALKIA, Regional Manager, Central and Southern Italy, with one-year experience in France (1990 – 1995)
- ASTER, Assistant Operations Manager (1995 – 1996)
- EDISON, Key Account Manager (1996 – 1999)
- EnBW, Head of Sales (2000 – 2002)

PERMANENT POSITIONS WITH IMPORTANT INTEREST GROUPS

- Member of the Energia Concorrente Committee
- Member of the Committee of the Swiss Chamber of Commerce in Italy

ALFRED JANKA (1957)

Swiss citizen, Dipl. Ing. HTL
Member of the Executive Board since 2012 until 28.02.2014
Head of Market CH and Services

PREVIOUS SENIOR POSITIONS

- Various management positions at Swisscom (1986 – 2001)
- Director of IBC Energie Wasser Chur (2001 – 2011)

POSITIONS ON BOARDS OF MAJOR CORPORATIONS, ORGANISATIONS AND FOUNDATIONS

- Chairman of the Board of Directors of Swibi AG
- Member of the Board of Directors of Repartner Produktions AG
- Member of the Supervisory Board of Electrosuisse

FINANCIAL REPORT

Consolidated Financial Statements of the Repower Group

Financial Statements of Repower AG

COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE REPOWER GROUP

GROUP RESULT IMPACTED BY MARKET SITUATION AND EXCEPTIONAL ITEMS

CHALLENGING MARKET CONDITIONS NECESSITATE EXCEPTIONAL NON-CASH-RELEVANT ADJUSTMENTS – EQUITY REMAINS SOLID

In its press release dated 16 December 2013, Repower announced that a reassessment of future energy price trends has resulted in the need to record extraordinary impairment charges on projects, contracts in progress and existing generation assets in its 2013 financial statements. In addition, it announced a controlled withdrawal from the Saline Joniche coal-fired power plant project by the end of 2015 at the latest.

The aforementioned adjustments significantly reduced the results by around CHF 232 million before interest and income tax, resulting in a loss of CHF 150 million before interest and income taxes. The Group loss including minority interests amounted to CHF 152 million. These impairment losses are non-cash-relevant.

The following comments on the financial statements of the Repower Group refer exclusively to operating results before exceptional items in order to provide a true picture of the financial figures in the year under review. The comments on the balance sheet are based on the figures obtained after extraordinary impairment losses. The comments in accordance with IFRS accounting standards and the related explanations can be found on page 49 ff. of the 2013 Financial Report.

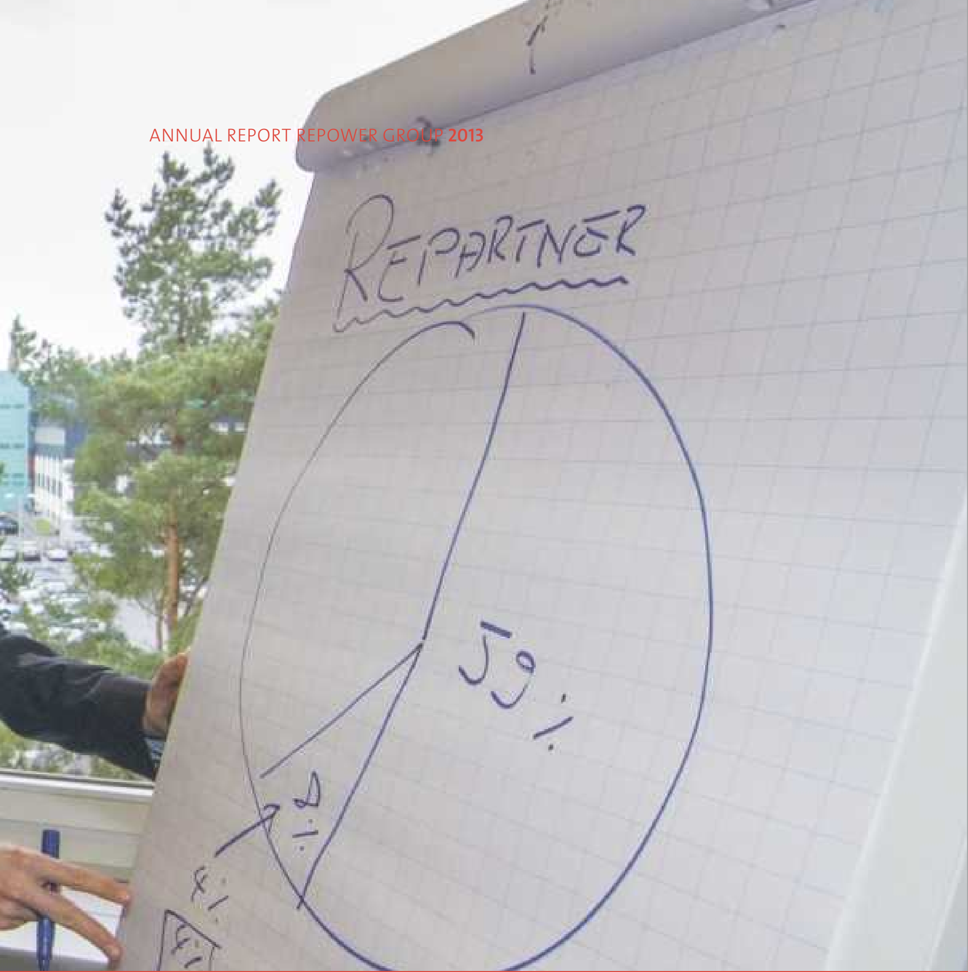
At CHF 2,325 million, energy sales remained stable (previous year: CHF 2,330 million). Energy sales in the Swiss and Italian markets remained largely unchanged compared with the previous year. Gross margins before exceptional items decreased by CHF 46 million to CHF 305 million (previous year: CHF 351 million), equivalent to a decline of 13 per cent.

Concession fees, personnel expenses and other operating expenses before exceptional items were around CHF 8 million lower year-on-year at CHF 217 million: these reductions primarily concern the reduction in personnel, administrative and IT costs as a result of the efficiency programme launched in early 2013. The aforementioned exceptional items consist of: gain due to change in pension plan to defined contribution and reduction in the conversion rate totalling around CHF 12 million, impairment losses of around CHF 12 million recognised in other operating expenses for the Saline Joniche project, and other exceptional items related to the efficiency programme, IT and adjustments in the value of receivables totalling CHF 5 million.

At CHF 54 million before exceptional value adjustments, scheduled depreciation, amortisation and impairment was on a par with the previous year (CHF 55 million).

At CHF 74 million before exceptional items, the Repower Group's operating result (EBIT) was some CHF 38 million or 34 per cent below the prior-year figure of CHF 112 million adjusted for exceptional items.
Given the market distortions in the energy sector, this result can be considered favourable.

The financial result and the share of results of associates improved by CHF 22 million to end the year at CHF 9 million (previous year: CHF 31 mil-



Among partners:

Gerald Marxer, CEO of Liechtensteinische Kraftwerke (left), and Samuel Enggist, Head of Market and Sales Switzerland at Repower, discuss Repartner Produktions AG.

More on this innovative model on pages 18 to 20.

lion). This strong rise is almost exclusively attributable to the euro's slight recovery against the Swiss franc and to currency risk management activities. Income taxes before exceptional items were largely in line with expectations.

Group profit including minority interests and before exceptional items amounted to CHF 33 million (previous year: CHF 51 million).

Cash flow from operating activities was 29 per cent higher at CHF 69 million. Repower was able to use these funds for investments and dividend payments and to significantly reduce net debt.

BALANCE SHEET STRUCTURE REMAINS STRONG

Non-current assets were CHF 143 million lower at CHF 1,074 million, primarily due to impairment losses totalling CHF 220 million recognised for tangible assets and adjustments in the value of other financial assets. The latter concern an impairment of around CHF 50 million recognised for long-term contracts and a gain of around CHF 50 million from the transfer of Repower's transmission grid to Swissgrid in return for shares in Swissgrid AG and a loan to Swissgrid AG. Deferred tax assets also rose by around CHF 20 million. Current assets were CHF 15 million lower at CHF 969 million (previous year: CHF 984 million). At 31 December 2013, the Repower Group enjoyed a comfortable liquidity situation with cash and cash equivalents of CHF 273 million (previous year: CHF 262 million).

Non-current liabilities fell by CHF 47 million, mainly due to a reduction in pension provisions (- CHF 14 million), deferred tax liabilities (- CHF 10 million) and non-current financial liabilities (- CHF 23 million; additional repayments related to financing for the Teverola gas-fired combined cycle power plant). Current liabilities dropped by CHF 47 million to CHF 620 million, mainly due to a reduction in negative replacement values for held-for-trading positions (CHF 21 million) and in other current liabilities (CHF 26 million).

While total assets narrowed by 11 per cent to CHF 2,034 million (previous year: CHF 2,302 million), with shareholders' equity at CHF 805 million (previous year: CHF 957 million), the equity ratio remained solid at 39 per cent.

Tables show values in TCHF unless otherwise noted.

Consolidated income statement

	Note	2013	2012 Restated*
Net sales		2,324,801	2,329,691
Own costs capitalised		14,842	16,379
Other operating income		25,850	25,593
Total operating revenue	1	**2,365,493**	**2,371,663**
Energy procurement		-2,070,215	-1,979,113
Concession fees		-17,388	-17,351
Personnel expenses	2	-81,744	-94,222
Material and third parties services		-32,004	-29,755
Other operating expenses		-90,178	-102,851
Income before interest, income taxes, depreciation and amortisation (EBITDA)		**73,964**	**148,371**
Depreciation/amortisation and impairment	3	-224,238	-65,377
Income before interest and income taxes (EBIT)		**-150,274**	**82,994**
Financial income	4	2,941	4,116
Financial expenses	4	-9,618	-36,005
Share of results of associates and partner plants	9	-2,654	473
Income before income taxes		**-159,605**	**51,578**
Income taxes	5	7,406	-20,345
Group profit including minority interests		**-152,199**	**31,233**
Share of Group profit attributable to Repower shareholders and participants		-133,406	30,700
Share of Group profit attributable to minority interests		-18,793	533
Earnings per share (undiluted)	6	CHF -39.31	CHF 9.05

There are no factors resulting in a dilution of earnings per share.

The Notes are an integral part of these consolidated financial statements.

* See pages 57 - 59

Tables show values in TCHF unless otherwise noted.

Consolidated statement of comprehensive income

	Note	2013	2012 Restated*
Group profit including minority interests		**-152,199**	**31,233**
Actuarial profit/loss from pension plans of fully consolidated companies	18	7,004	7,078
Actuarial profit/loss from pension plans of at-equity consolidated companies	9	338	-81
Income taxes	5	-1,163	-1,160
Other comprehensive income after taxes, non-recyclable		**6,179**	**5,837**
Currency translation			
Effect from currency translation of fully consolidated companies		2,734	-928
Reclassified into profit or loss statement		-	-101
Effect from currency translation of at-equity consolidated companies	9	205	-79
Reclassified into profit or loss statement		-	-310
Fair value adjustments of financial instruments		1,077	946
Income taxes	5	-418	-360
Other comprehensive income after taxes, recyclable		**3,598**	**-832**
Other comprehensive income		**9,777**	**5,005**
Total comprehensive income		**-142,422**	**36,238**
Share of profit or loss and other comprehensive income attributable to Repower shareholders and participants		-124,757	35,679
Share of profit or loss and other comprehensive income attributable to minority interests		-17,665	559

The Notes are an integral part of these consolidated financial statements.

* See pages 57 - 59

Tables show values in TCHF unless otherwise noted.

Consolidated balance sheet

Assets	Note	31.12.2013	31.12.2012 Restated*	01.01.2012 Restated*
Tangible assets	7	918,250	1,069,249	1,041,145
Intangible assets	8	11,048	20,911	15,853
Investments in associates and partner plants	9	38,668	39,702	39,317
Other financial assets	10	62,103	63,456	67,054
Deferred tax assets	5	43,770	23,312	25,659
Non-current assets		**1,073,839**	**1,216,630**	**1,189,028**
Inventories	11	40,329	44,890	37,794
Receivables	12	510,129	508,663	593,814
Current income tax receivables		15,049	23,708	13,681
Prepaid expenses and accrued income	23	5,749	5,495	5,414
Securities and other financial instruments	13	490	205	1,491
Positive replacement values held for trading positions	14	123,884	138,612	107,204
Cash and cash equivalents	15	272,993	262,133	340,112
Current assets		**968,623**	**983,706**	**1,099,510**
Assets held for sale	27	837	102,075	79,067
Total assets		**2,043,299**	**2,302,411**	**2,367,605**

The Notes are an integral part of these consolidated financial statements.

* See pages 57 - 59

Tables show values in TCHF unless otherwise noted.

Consolidated balance sheet

Liabilities and shareholders' equity	Note	31.12.2013	31.12.2012 Restated*	01.01.2012 Restated*
Share capital	16	2,783	2,783	2,783
Participation capital	16	625	625	625
Treasury shares		-12	-16	-16
Retained earnings (including Group profit)		778,219	915,676	901,742
Actuarial profit/loss from pension plans		11,858	5,777	-
Fair value adjustment of financial instruments		-454	-856	-1,214
Accumulated translation differences		-44,192	-46,358	-45,379
Shareholders' equity excluding minority interests		**748,827**	**877,631**	**858,541**
Minority interests		56,124	79,723	74,373
Shareholders' equity		**804,951**	**957,354**	**932,914**
Pension provisions	18	26,706	41,335	45,094
Other non-current provisions	19	16,541	16,381	18,979
Deferred tax liabilities	5	40,839	50,487	52,794
Non-current financial liabilities	17	523,080	546,500	565,652
Other non-current liabilities	20	1,758	1,627	2,237
Non-current liabilities		**608,924**	**656,330**	**684,756**
Current income tax liabilities		14,430	12,300	28,388
Current financial liabilities	22	37,633	42,275	46,728
Negative replacement values held for trading positions	14	104,239	126,024	85,076
Other current provisions	19	780	1,335	21,484
Other current liabilities	21	422,698	449,129	527,272
Deferred income and accrued expenses	23	40,550	36,434	30,756
Current liabilities		**620,330**	**667,497**	**739,704**
Liabilities		**1,229,254**	**1,323,827**	**1,424,460**
Liabilities held for sale	27	9,094	21,230	10,231
Total liabilities and shareholders' equity		**2,043,299**	**2,302,411**	**2,367,605**

The Notes are an integral part of these consolidated financial statements.

* See pages 57 - 59

Tables show values in TCHF unless otherwise noted.

Changes in consolidated shareholders' equity

	Share capital	Participation capital	Treasury shares	Retained earnings	Actuarial profit/loss from pension plans	Fair value adj. for fin. instr.	Accumulated translation differences	Total Group equity	Minority interests	Total shareholders' equity
Equity at 1 January 2012	**2,783**	**625**	**-16**	**933,099**	**-**	**-1,214**	**-45,379**	**889,898**	**74,602**	**964,500**
Comprehensive income for the period				**30,341**	**-**	**358**	**-1,157**	**29,542**	**487**	**30,029**
Dividends (excl. treasury shares)				-16,959				-16,959	-68	-17,027
Tax effect treasury shares				42				42		42
Purchase/sale of treasury shares								-		-
Changes in consolidated companies								-	-211	-211
Purchase/sale of minority interests				151			177	328	4,572	4,900
Capital increase, minority interests								-	498	498
Equity at 31 December 2012	**2,783**	**625**	**-16**	**946,674**	**0**	**-856**	**-46,359**	**902,851**	**79,880**	**982,731**
Restated*										
Equity at 1 January 2012	**2,783**	**625**	**-16**	**901,742**	**-**	**-1,214**	**-45,379**	**858,541**	**74,373**	**932,914**
Comprehensive income for the period				**30,700**	**5,777**	**358**	**-1,156**	**35,679**	**559**	**36,238**
Dividends (excl. treasury shares)				-16,959				-16,959	-68	-17,027
Tax effect treasury shares				42				42		42
Purchase/sale of treasury shares								-		-
Changes in consolidated companies								-	-211	-211
Purchase/sale of minority interests				151			177	328	4,572	4,900
Capital increase, minority interests								-	498	498
Equity at 31 December 2012	**2,783**	**625**	**-16**	**915,676**	**5,777**	**-856**	**-46,358**	**877,631**	**79,723**	**957,354**
Comprehensive income for the period				**-133,406**	**6,081**	**402**	**2,166**	**-124,757**	**-17,665**	**-142,422**
Dividends (excl. treasury shares)				-8,480				-8,480	-646	-9,126
Purchase/sale of treasury shares			3	443				446		446
Tax effect treasury shares				111				111		111
Changes in consolidated companies				-				-		-
Purchase/sale of minority interests			1	3,875				3,876	-5,288	-1,412
Capital increase, minority interests				-				-		-
Equity at 31 December 2013	**2,783**	**625**	**-12**	**778,219**	**11,858**	**-454**	**-44,192**	**748,827**	**56,124**	**804,951**

The Notes are an integral part of these consolidated financial statements.

* See pages 57 - 59

Tables show values in TCHF unless otherwise noted.

Consolidated cash flow statement

	Note	2013	2012 Restated*
Operating activities			
Group profit including minority interests		-152,199	31,233
Depreciation/amortisation and impairment	7/8	224,238	65,377
Impairment of non-current assets held for sale	27	11,663	3,697
Impairment of prepayments of certificates of origin and of long term power purchases	10	50,193	-
Own costs capitalised	7/8	-14,842	-16,379
Change in pension provisions	18	-7,669	3,333
Change in other long term provisions		-373	-3,047
Compound interest from non-current liabilities		1,028	1,028
Share of results of associates and partner plants	9	2,654	-473
Other income and expenses not affecting cash		-2,472	7,643
Change in deferred taxes		-31,477	-5,500
Dividends from associates and partner plants	9	664	260
Change in net-current assets	23	-12,154	-33,329
Cash flow from operating activities		**69,254**	**53,843**
Investing activities			
Additions of tangible assets	7	-48,980	-108,896
Sales of tangible assets		1,797	3,206
Additions of intangible assets	8	-2,310	-5,156
Sales of group companies		-	-37
Additions of investments in associates and partner plants	9	-1,741	-332
Sales of investments in associates and partner plants		-	241
Repayments of non current financial assets	26	23,663	1,183
Cash flow from investing activities		**-27,571**	**-109,791**

The Notes are an integral part of these consolidated financial statements.

* See pages 57 - 59

Tables show values in TCHF unless otherwise noted.

Consolidated cash flow statement

	Note	2013	2012 Restated*
Financing activities			
Additions to financial liabilities		5,282	8,353
Repayment of financial liabilities		-25,373	-24,970
Dividend payments		-9,126	-17,027
Sale of treasury shares		446	-
Purchase/sale of minority interest	9	-1,412	4,900
Capital increase through minority interests		-	498
Cash flow from financing activities		**-30,183**	**-28,246**
Translation differences		546	-369
Change in cash and cash equivalents		**12,046**	**-84,563**
Cash and cash equivalents at 1 January	15	261,018	345,581
Cash and cash equivalents at 31 December	15	**273,064**	**261,018**
Cash flow from operating activities covers:			
Interest received		2,675	1,588
Interest paid		-15,358	-16,601
Income taxes paid		-17,448	-49,982

The Notes are an integral part of these consolidated financial statements.

* See pages 57 - 59

Tables show values in TCHF unless otherwise noted.

1) CONSOLIDATED ACCOUNTING PRINCIPLES

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 generation, management, trading, sales, transmission and distribution of electricity. The company also trades and sells gas, emission certificates and certificates of origin in selected European markets. The business activities and main operations are described in detail in this Annual Report.

The 2013 consolidated financial statements of the Repower Group were authorised by the Board of Directors on 31 March 2014 and are subject to the approval of the Annual General Meeting on 14 May 2014.

While the presentation of the financial report differs significantly compared to the previous year, the content has not changed.

2) SUMMARY OF ACCOUNTING AND VALUATION PRINCIPLES

Preparation of financial statements

The consolidated financial statements of the Repower Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB). All current standards and interpretations were applied in preparing the consolidated financial statements, which provide a true and fair view of the financial position, results of operations and cash flows of the Repower Group and comply with Swiss law.

The reporting currency for the consolidated financial statements is the Swiss franc (CHF). With the exception of items designated otherwise, all figures are rounded in thousands of Swiss francs (CHF thousands).

The consolidated financial statements were prepared on the basis of historical costs, with the exception of specific positions such as replacement values in respect of held-for-trading positions, inventories as well as securities and other financial instruments for which IFRS requires other valuation methods. These are explained in the following accounting and valuation principles.

The accounting and valuation principles used correspond to the principles applied in the previous year. All standards and interpretations in force on the balance sheet date were applied when preparing the consolidated financial statements.

Significant new and revised accounting and valuation principles

New and revised standards and interpretations which came into force on 1 January 2013 are listed in the following table and are explained in more detail if they have a significant impact on the consolidated financial statements of the Repower Group.

Standard/ interpretation	Title	Applicable for annual periods beginnig on	Application
IAS/IFRS	Annual cycle developments 2009 - 2011	01.01.2013	retrospective
IAS 1	Disclosure of OCI components in the financial statements	01.07.2012	retrospective
IAS 19	Employee benefits: amendments on recognition and disclosure of defined benefit plans	01.01.2013	retrospective
IFRS 7	Amendments on offsetting of financial instruments	01.01.2013	retrospective
IFRS 10	Consolidated financial statements	01.01.2013	retrospective
IFRS 11	Joint arrangements	01.01.2013	retrospective
IFRS 12	Disclosure of interests in other entities	01.01.2013	retrospective
IFRS 12	Amendments of IFRS 10, IFRS 11 and IFRS 12 - transition	01.01.2013	retrospective
IFRS 12	Amendments of IFRS 10, IFRS 11 and IAS 27 - investments companies	01.01.2013	retrospective
IFRS 13	Fair value measurement	01.01.2013	prospective

Tables show values in TCHF unless otherwise noted.

IAS 1 requires OCI (other comprehensive income) items to be presented separately depending on whether they may be reclassified or not. To reflect the change to IAS 1 "Presentation of Items of Other Comprehensive Income (OCI)", the Repower Group revised how other comprehensive income is presented in the statement of comprehensive income. Greater weight is ascribed to other comprehensive income when it is grouped into items that are subsequently reclassified (recycling) in the income statement for specific reasons and into items that are not subsequently reclassified in the income statement and when greater volatility is expected in shareholders' equity with the application of the revised IAS 19 "Employee Benefits". The statement of comprehensive income includes the two reporting components "Consolidated income statement" and "Consolidated statement of comprehensive income". The presentation of the previous year's figures has been adjusted.

The Repower Group applied the revised IAS 19 "Employee Benefits", published in June 2011, for the first time in its 2013 Semi-Annual Report. As a result, the opening balances as at 1 January 2012 and the prior-year period have been adjusted. Up to now, application of the corridor approach has meant that actuarial gains and losses have been largely unrecognised. Actuarial gains and losses result from adjustments to actuarial parameters (e.g. discount rate, changes in the value of externally financed plan assets, retirement age, life expectancy, changes in salaries and pension trends). The actuarial gains and losses must now be recognised under other comprehensive income in the period in which they are incurred. Recognition of these gains or losses increases or decreases obligations and thus makes shareholders' equity more volatile. Interest expense and the expected return on plan assets were previously recognised under pension costs (personnel expenses). The interest rate used to calculate the expected return on plan assets must now correspond to the discount rate for benefit obligations. The net interest expense/income is made up of the net pension obligation/asset and the interest rate used to discount the obligation. This net interest component corresponds to the effect of the compounded interest of the non-current net pension obligation or the non-current net pension asset. From the Repower Group's standpoint, this net interest component should be allocated to the financial result and is reported there. The difference between this amount and the effective return on plan assets is recognised in other comprehensive income via the revaluation component. The pension provisions are still shown as a separate balance sheet item. The presentation of the previous year's figures has been adjusted accordingly.

The restatement and the financial effects of the revised standard can be seen in the table below:

Effects on the consolidated income statement:

	2012
Personnel expenses	1,814
Other operating expenses	-215
Income before interest, income taxes, depreciation and amortisation (EBITDA)	**1,599**
Financial expenses	-1,113
Share of results of associates and partner plants	-30
Income before income taxes	**456**
Income taxes	-82
Group profit including minority interests	**374**
Share of group profit attributable to Repower shareholders and participants	361
Share of group profit attributable to minority interests	13
Earnings per share (undiluted)	0.11

Tables show values in TCHF unless otherwise noted.

Effects on the consolidated statement of comprehensive income

	2012
Group profit including minority interests	374
Actuarial profit/loss from pension plans of fully consolidated companies	7,078
Actuarial profit/loss from pension plans of at-equity consolidated companies	-81
Income taxes	-1,160
Other comprehensive income after taxes, non-recyclable	5,837
Effect from currency translation of fully consolidated companies	1
Other comprehensive income after taxes, recyclable	1
Other comprehensive income	**5,838**
Total comprehensive income	**6,212**
Share of profit or loss and other comprehensive income attributable to Repower shareholders and participants	6,140
Share of profit or loss and other comprehensive income attributable to minority interests	72

Effects on the consolidated balance sheet

	01.01.2012	31.12.2012
Investments in associates and partner plants	-660	-771
Deferred tax assets	229	217
Non-current assets	**-431**	**-554**
Total assets	**-431**	**-554**
Retained earnings (including Group profit)	-31,575	-31,214
Actuarial profit/loss from pension plans	-	5,777
Accumulated translation differences	-	1
Shareholders' equity excluding minority interests	**-31,575**	**-25,436**
Minority interests	-229	-157
Shareholders' equity	**-31,804**	**-25,593**
Pension provisions	37,454	29,889
Deferred tax liabilities	-6,081	-4,850
Non-current liabilities	**31,373**	**25,039**
Total liabilities and shareholders' equity	**-431**	**-554**

Tables show values in TCHF unless otherwise noted.

Effects on the consolidated cash flow statement:

	2012
Group profit including minority interests	374
Share of results of associates and partner plants	30
Change in pension provisions	-487
Change in deferred taxes	83
Cash flow from operating activities	-

The amendments to IFRS 7 require additional disclosures, in particular a reconciliation between the gross and net amounts set off.

The core (unchanged) principle of IFRS 10 is that a parent entity which controls one or more other entities must present consolidated financial statements. The principle whereby the parent entity and its subsidiaries must present consolidated financial statements as a single entity, as well as the applicable consolidation methods, remain unchanged. IFRS 10 changes the definition of “control“. Control exists when the entity has the power to decide on the relevant processes and activities of another entity, is exposed to variable returns from its involvement, and has the ability to affect those returns through its power over the other entity. The new standard has no significant impact on the consolidated financial statements of the Repower Group.

The new IFRS 11 standard “Joint Arrangements” has resulted in a revision of the existing accounting regulations for joint arrangements. The standard distinguishes between joint operations and joint ventures. Joint operations are joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Under such arrangements, the joint operator must account for its share of the assets, liabilities, income and expenses relating to its involvement in a joint operation. In the case of joint ventures, the parties that exercise joint control have a right to the net assets arising from the arrangement. Joint ventures of this type are accounted for using the equity method in accordance with IAS 28. The criterion for a joint operation is that the parties are bound by a contractual arrangement that gives them joint control. In addition to being governed by an explicit arrangement, joint control can also be implicit, i.e. indirect, based on the ownership ratio. The introduction of the new standard prompted the Repower Group to re-assess and review its arrangements with partner plants. With the exception of Grischelectra AG, there is no contractual arrangement governing the Repower Group’s control over the main activities of the partner plants. Repower exerts a significant influence over these companies and will continue to account for them using the equity method. Grischelectra AG is managed jointly with the Canton of Graubünden. Energy procurement rights are bundled in Grischelectra AG. The Repower Group administers all procurement rights related to Grischelectra and classifies this joint arrangement as a joint operation. All assets, liabilities, income and expenses of the company must therefore be recognised on a proportional basis rather than accounted for using the equity method. The new standard is applied retrospectively. The financial effects on the consolidated financial statements as at 31 December 2013 are insignificant.

IFRS 12 consolidates the disclosure requirements of several standards concerning an entity’s investments in other entities, and defines additional requirements. The objective of IFRS 12 is to require disclosure of the nature of, and measurement of the risks associated with, an entity’s interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 has now also been revised. IFRS 13 defines fair value, provides guidelines for measuring fair value, and requires disclosures about fair value measurements. This standard serves as the sole mechanism for determining fair value when another standard requires fair value measurements and requires the application of IFRS 13 in determining fair value. It is applicable for financial as well as non-financial assets and liabilities. IFRS 13.91ff. now requires, in particular, the notes to the financial statements to include information on how fair value is determined. The standard distinguishes between fair value measurements on a recurring and non-recurring basis. More extensive details must be provided for recurring measurements as well as for measurements categorised within Level 3. Moreover, all assets and liabilities measured at fair value must be disclosed by class. Application will be made prospectively.

The Repower Group is currently analysing and assessing the impact of the following new or revised standards and interpretations whose adoption in the Repower Group’s consolidated financial statements is not yet compulsory. They will be adopted no later than the financial year beginning on the date given in the table.

Tables show values in TCHF unless otherwise noted.

Standard/ interpretation	Title	Applicable for annual periods beginnig on	Application
IAS 19	Amendments IAS 19 - Recognition of employee contributions	01.07.2014	retrospective
IAS 32	Amendments on offsetting of Financial Assets and Financial Liabilities	01.01.2014	retrospective
IFRS 9	Financial instruments	01.01.2018	retrospective

In November 2013 an amendment to IAS 19 was published, under which companies with contributions linked to the number of years of service (typical of Swiss BVG pension plans) may opt whether or not to apply risk sharing. Specifically, paragraph 93 on the accounting for employee contributions was amended and extended. The new standard must be adopted for periods beginning on or after 1 July 2014, with due consideration to IAS 8. However, companies may also opt for early adoption, in which case they could also exercise the right to apply risk-sharing as from 31 December 2013. The Repower Group has opted against early adoption.

The amendments to IAS 32 will not have any significant impact on the consolidated financial statements of the Repower Group. It is still only possible to offset financial instruments if there is a legally enforceable right to offset the amounts and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously. A clarification was also issued to the effect that offsetting is only possible if no further offsetting requirements are outstanding on the balance sheet date. In general, this affects unconditional netting rights. In the case of conditional netting rights, offsetting is permitted only if these rights have been complied with on the balance sheet date. The 2013 consolidated financial statements of the Repower Group take into account both the current provisions of IAS 32 and the clarification which is applicable for annual periods beginning on or after 1 January 2014.

The impact on the consolidated financial statements of IFRS 9 “Financial Instruments” cannot yet be reliably determined. The Repower Group is currently analysing this standard and the related interpretations and expects to see a change in its reporting at the present point in time.

3) CONSOLIDATION

Scope of consolidation

The consolidated financial statements cover Repower AG and all Swiss and foreign companies over which Repower AG exercises control. Control exists when Repower has the power to decide on the relevant processes and activities of the Swiss or foreign entity, is exposed to variable returns from its involvement, and has the ability to affect those returns through its decision-making authority over the other entity. These companies are fully consolidated and designated as Group companies. They are included in the consolidated financial statements from the date on which control has been transferred to the Repower Group, and deconsolidated when such control has ended. For all consolidated companies, the financial year ends on 31 December.

A joint arrangement is an arrangement in which two or more parties exercise joint control. IFRS 11 distinguishes between joint operations and joint ventures. Joint control is the contractually agreed sharing of control over the arrangement, which exists only when the relevant business decisions require the unanimous consent of the parties sharing control. In addition to being governed by an explicit arrangement, joint control can also be implicit, i.e. indirect, based on the ownership interest. Joint operations are joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Assets, liabilities, income and expenses arising from joint operations are recognised in relation to the partner’s ownership interest. The (proportionate) inclusion of assets, liabilities, income and expenses is based on the share (e.g. of output) contractually agreed between the parties. This need not necessarily be the same as the parties’ share of capital in the legal entity. A joint venture is a joint arrangement in which the parties exercising joint control over the arrangement are entitled to the net assets of the arrangement. Joint ventures are accounted for using the equity method in accordance with IAS 28.

Investments in associates whose financial and business policies Repower Group is unable to control but over which it is able to exert a significant influence are accounted for in the consolidated financial statements using the equity method.

Partner plants are power plants which Repower plans, builds, maintains and/or operates in conjunction with partners. By acquiring a stake in a partner plant, both the acquirer and future partners undertake, in accordance with the memorandum of association, to assume a share of the annual costs commensurate with their stake in the authorised capital. In return partners have the right to procure, at cost, a share of the services and energy produced by the partner plant that corresponds to their share of the authorised capital (electricity purchase obligation or electricity purchase right).

The partner plants are accounted for depending on the quality of the potential influence or composition of the entity’s articles of incorporation and other agreements between the entity and/or its shareholders. Repower exercises significant influence over the main activities of partner plants

Tables show values in TCHF unless otherwise noted.

AKEB Aktiengesellschaft für Kernenergie-Beteiligungen and Kraftwerke Hinterrhein AG; hence they are classified as associates and accounted for in the Repower Group's financial statements using the equity method. Grischelectra AG is managed jointly with the Canton of Graubünden. Repower administers all procurement rights related to Grischelectra AG and classifies this joint arrangement as a joint operation; hence Grischelectra AG's assets, liabilities, income and expenses must be included in the Group's consolidated financial statements .

The companies included in the consolidation and any changes in the scope of consolidation are listed in Note 9.

Consolidation method

The Repower Group accounts for business combinations using the purchase method. The acquisition costs are calculated by measuring the purchased net assets at fair value on the date of acquisition. A positive difference is capitalised as goodwill and subject to an annual impairment test. A negative difference is recognised in profit or loss as negative goodwill on the date of acquisition. In the case of an acquisition achieved via successive share purchases, the fair value of the interests already held in the acquired entity must be remeasured at the time of acquisition. The resultant gain or loss must be recognised in profit or loss. Non-controlling interests are accounted for in accordance with their proportionate share in identifiable net assets.

Acquisition-related costs are recognised as expenses in the period in which they are incurred. Conditional payments are recognised at fair value on the date of acquisition. Changes in fair value are recognised in profit or loss in subsequent periods.

Fully consolidated companies are included in the consolidated financial statements in their entirety (assets, liabilities, income and expenses). A change in the interest in an entity that does not affect its full consolidation is recognised as an equity transaction and recorded by adjusting the carrying amounts of the controlling and non-controlling interests. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent company. It is recognised in profit or loss only if the sale results in a loss of control and the subsidiary is therefore deconsolidated. At the same time, all positions in the statement of other comprehensive income (OCI) requiring reclassification are reclassified (recycling).

Investments in associates and joint ventures are accounted for using the equity method on the basis of the share of equity, whereby shares in an associate are initially recognised at cost. A positive difference between the total purchase price and share of the acquired equity remeasured at the time of acquisition is capitalised as goodwill within the participating interest position. A negative difference is charged to profit or loss. The carrying amount of the investment subsequently increases or decreases depending on the investor's share of the gain/loss of the investment, which is recognised in profit or loss. Distributions from investments reduce the carrying amount of the shares. Non-cash increases and decreases in the carrying amount in the associate's financial statements are recognised directly in the investor's equity. If associates and joint ventures apply accounting and valuation principles that deviate from those adopted by the Repower Group, appropriate adjustments are made in the consolidated financial statements.

Joint operations are joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Under such arrangements, the joint operator must account for its share of the assets, liabilities, income and expenses relating to its involvement in a joint operation.

Intragroup transactions

All intragroup transactions (receivables and payables, income and expenses) as well as the share of a subsidiary's equity attributable to a parent company are eliminated. Existing shares of equity attributable to minority shareholders, as well as their share in the results of consolidated entities, are recognised separately. Gains arising from intragroup transactions and holdings are eliminated in the income statement.

The agreed prices, which are based on market prices, apply for internal billing between Group companies. Electricity purchased from partner plants is billed at actual cost to the Repower Group on the basis of existing partner contracts – irrespective of market prices.

Currency translation

Each Group company determines the functional currency in which it draws up its individual financial statements. Foreign currency transactions are converted using the Group company's functional currency at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted to the functional currency at the closing rate on the balance sheet date. Currency translation differences are recognised in profit or loss. Non-monetary foreign currency items carried at fair value are translated at the rate that existed on the date on which the fair values were determined.

Tables show values in TCHF unless otherwise noted.

The consolidated financial statements are drawn up and presented in Swiss francs. The functional currency for the significant foreign Group companies is the euro. Assets and liabilities of Group companies are translated into Swiss francs at the closing rate on the balance sheet date. Income statement items are translated using the average exchange rate for the year. The following CHF exchange rates are incorporated in the Repower Group's consolidated financial statements:

		Closing exchange rate		Average exchange rate	
Currency	Unit	31.12.2013	31.12.2012	2013	2012
BAM	1	0.61900	0.62050	0.62205	0.60801
CZK	100	4.48000	4.81000	4.73565	4.78856
EUR	1	1.22760	1.20800	1.23113	1.20540
GBP	1	1.47700	1.48540	1.44923	1.48463
HRK	100	16.09800	15.98200	16.24098	16.02925
HUF	100	0.41190	0.41330	0.41421	0.41608
MKD	100	1.99550	1.92470	1.98078	1.94352
PLN	100	29.49000	29.54000	29.30527	29.11011
RON	100	27.54517	27.19387	27.88257	27.07921
RSD	1	0.01073	0.01076	0.01090	0.01064
USD	1	0.89280	0.91550	0.92659	0.93705

When translating the functional currency into the reporting currency, the translation differences between the closing exchange rate and the average exchange rate are recognised as an effect of currency translation under other comprehensive income in the statement of comprehensive income. If Group companies or associates are disposed of, the cumulative amount of the translation differences are reclassified to profit or loss.

Segment reporting

Repower's segment reporting is based on internal management and reporting structures (management approach) so as to provide the information used by management for steering and assessing the business performance and development of the individual segments. Within the Repower Group, segment reporting is therefore carried out in line with the method for internal reporting to the primary decision-maker. The CEO of the Repower Group has been designated as the principal decision-maker for Repower. For each business segment, internal steering, performance measurement and capital allocation are carried out on the basis of the segment's income before interest and income taxes (EBIT).

Repower's Market Switzerland and Market Italy have been identified as reportable segments.

- Market Switzerland covers the generation of electricity in Repower's own power plants and in plants operated by partners, as well as trading in electricity, gas and other commodities and certificates. Other elements in the value chain comprise the distribution and sale of energy to end customers and distribution partners in Switzerland. Additional business activities cover the provision of energy and communication services.
- Market Italy also covers the generation of electricity in Repower's own power plants, trading in electricity, gas and certificates, and the delivery of electricity and gas to end customers. Energy efficiency services complete the offerings.

No operating divisions were combined to create the reportable business segments. Other Repower Group business operations are combined under the other segments and activities segment. The main sources of revenue are the generation, distribution and trading activities of Repower companies in Germany, Romania and Eastern Europe. Reconciliation with the consolidated figures of the Repower Group is based on the two reportable business segments plus other segments and activities, which are shown together with the consolidation effects.

4) ACCOUNTING AND VALUATION PRINCIPLES

Tangible assets

Tangible assets are recognised at acquisition or production cost less accumulated depreciation and any impairment losses. The acquisition or production cost of tangible assets covers its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less government grants. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also considered part of acquisition/production costs. Significant individual components are recorded and depreciated separately. Depreciation is calculated using the straight-line method based on the estimated technical and economic life of the asset or, at most, over the concession period in the case of energy generating facilities. The optional revaluation model is not applied.

Tables show values in TCHF unless otherwise noted.

Any residual values are taken into account when determining an asset's useful life. An asset's useful life and residual value are reviewed annually. If an asset is sold or for any other reason is no longer able to provide future economic benefits, it is derecognised from property, plant and equipment. The resulting gain or loss (difference between the net selling price and the net carrying amount of the derecognised asset) is recognised in profit or loss in the period in which the asset is derecognised.

Estimated useful lives are calculated in accordance with the recommendations of the Association of Swiss Electricity Companies and are within the following ranges for each category:

Category	Useful life
Power plants	20 – 80 years depending on the type of facility and concession period
Grids	15 – 40 years
Land	Indefinite; any impairments are recognised immediately
Buildings	30 – 60 years
Plant and business equipment	3 – 20 years
Assets under construction	Reclassification to the corresponding category when available for use; any impairments are recognised immediately

Investments in upgrades or improvements to plant and equipment are capitalised if they significantly extend the useful life, increase the original capacity or substantially enhance the quality of generation. Repairs, maintenance and regular servicing of buildings and operating installations are expensed as incurred. Costs for regular major overhauls are capitalised and depreciated.

Assets under construction cover property, generation assets and equipment not yet completed. Generally, during the construction phase these items are not depreciated unless impairment is recognised immediately. Borrowing costs related to construction are capitalised along with other acquisition and production costs. Depreciation of the asset commences only when the asset under construction is completed/ready for use and the borrowing costs are no longer capitalised.

Tangible assets are tested on each balance sheet date for indications of impairment. If indications of impairment are identified, the recoverable amount is measured and an impairment test is performed. If the recoverable amount (the higher of the value less costs to sell and value in use) is below the carrying amount, the asset's carrying amount is reduced to the recoverable amount. The value in use is calculated based on an underlying business plan which projects the terms and useful lives of individual projects and assets. These are discounted using an appropriate rate of interest before tax. If the reasons for a previously recognised impairment no longer exist, the impairment is reversed, at most, to what the carrying amount would have been had the impairment not been recognised.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset or funds that are part of a general pool are considered part of the acquisition/production costs of the asset and are capitalised. Other borrowing costs are recognised as an expense in accordance with IAS 23.8.

Finance leases

Leasing agreements are recognised if all the risks and rewards incident to ownership of the asset are substantially transferred to the company. A leased object and a corresponding liability are capitalised at the lower of the fair value or present value of the minimum leasing payments. They are amortised over the shorter of their estimated useful lives or the duration of the lease if there is uncertainty as to whether ownership of the leased object will be transferred to the Repower Group on expiry of the lease. Any impairment losses are recognised in profit or loss. If the reasons for a previously recognised impairment no longer exist, the impairment is reversed, at most, to what the carrying amount would have been had the impairment not been recognised. The lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Interest and amortisation components are charged to profit or loss.

Operating leases

Income and expenses for operating leases are recognised in profit or loss on a straight-line basis over the lease term.

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Intangible assets

Self-constructed assets are capitalised at production cost if they meet the criteria for recognition. If the criteria for capitalisation are not fulfilled, the costs are recognised as an expense in profit or loss in the year in which they were incurred. Self-constructed intangible assets in the Repower Group primarily consist of software, which are recognised under other intangible assets. Intangible assets acquired against payment are recognised at cost and have either a definite or an indefinite useful life.

Intangible assets with a limited useful life are amortised using the straight-line method over their useful lives. Anticipated residual values are included when determining the amortisation. They are tested for indications of impairment on each balance sheet date. If indications of impairment are identified, the recoverable amount of the intangible assets is determined in the same way as for property, plant and equipment, and an impairment test is performed. The estimated useful lives for the individual categories are within the following ranges:

Customer relations	13 – 15 years
Brands	15 years
Other intangible assets	3 – 5 years

Intangible assets with an indefinite useful life are not amortised but tested annually for indications of impairment. The recoverable amount is determined in the same way as for property, plant and equipment. Any impairment losses are recognised in profit or loss. The assumption of an indefinite useful life is also reviewed annually. If events or circumstances indicate that a definite or indefinite useful life needs to be revised, this revised estimate is carried out in the current period.

Goodwill from business combinations

Business combinations are included in the Group financial statements using the purchase method. Goodwill corresponds to the difference between the acquisition costs and the fair value of the acquired company's identifiable assets, liabilities and contingent liabilities on the date of acquisition. The acquisition costs cover all consideration transferred to acquire the company, including any deferred and contingent purchase prices measured at fair value. If the acquisition costs are lower than the fair value, goodwill is negative and is recognised in profit or loss at the time of acquisition.

Goodwill is allocated to a cash-generating unit from the date of acquisition for the purpose of impairment testing. A cash-generating unit corresponds to the smallest identifiable group of assets that generates cash inflows within a company whose goodwill is monitored by internal management for impairment purposes. Goodwill is tested for impairment at least once a year. If the carrying amount of the unit is higher than the recoverable amount in accordance with IAS 36, an impairment loss is recognised in profit or loss in the reporting period in question.

For investments acquired in associates, the difference between the acquisition cost of the investment and its share of the fair value of the identifiable net assets is determined. The difference is disclosed together with the investments under investments in associates.

Investments in associates

Associates are entities over which Repower can exercise significant influence but not control, and which do not constitute joint arrangements. They are accounted for using the equity method. Investments measured using the equity method are accounted for at the company's proportionate share in equity plus any goodwill.

The inclusion of significant associates requires the annual financial statements to be drawn up in accordance with IFRS. Where such financial statements are not available, transitional statements are drawn up. The closing date for partner plants is usually 30 September and may therefore differ from the closing date for the Repower Group. Important events occurring between the closing date for these partner plants and the closing date for the Repower Group are taken into account in the consolidated financial statements.

Financial assets

All financial assets are recognised initially at fair value. Purchases are recorded on the settlement date. For financial assets or financial liabilities that are not measured at fair value through profit or loss, transaction costs must also be factored in if they are directly attributable to the acquisition of the asset or financial liability. Transaction costs for assets and liabilities measured at fair value through profit or loss are therefore immediately recognised in profit or loss.

In the event of a premium or discount for assets and liabilities not measured at fair value through profit or loss, the financial asset or liability is measured at its present value and accumulates interest or is discounted in the income statement over its term by applying the effective interest method. The result is recognised in profit or loss in the period in which it was incurred.

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Options (conditional forward transactions) are recognised at cost in the amount of the option premium. Other derivatives (unconditional forward transactions) have acquisition costs that are equal to zero and are not recognised on initial measurement.

Different methods are used to measure the various categories of financial assets. Loans and receivables are measured at amortised cost using the effective interest method. If financial assets are classified as short term, the present value is not discounted. The carrying amount is assumed to be the fair value less any necessary impairment losses. For financial assets measured at fair value through profit or loss, the gain or loss that results from a change in the fair value and is not part of a hedge is recognised in profit or loss. A profit or loss that results from a change in the fair value of financial assets classified as "available for sale" that are not part of a hedge is recognised in other income until the asset is derecognised. Profits or losses entered before the asset is derecognised are reclassified in the income statement on disposal of the asset (recycling). Any impairments are recognised in profit or loss. For equity instruments which are neither listed nor permit a reliable estimate to be made of their fair value, the fair value corresponds to the acquisition value less impairments.

The Notes to the consolidated financial statements provide information on the measurement category applied.

Financial assets not recognised at market values are tested for impairment on each balance sheet date. If there is objective evidence that an impairment loss has occurred, such as insolvency, payment default or other significant financial difficulties on the part of the issuer or debtor, an impairment calculation is performed. For interest-bearing assets carried at amortised cost, the impairment is measured as the difference between the carrying amount and the lower present value of estimated future cash inflows, discounted at the asset's original effective interest rate.

Trade accounts receivable from customers who are also suppliers and trade accounts payable to suppliers who are also customers are offset respectively against trade accounts payable or trade accounts receivable if the contract terms provide for this, the intention to offset exists and is legally permitted (netting).

Financial assets are no longer recognised if the rights, obligations, opportunities and risks associated with their ownership have largely been transferred.

Held-for-trading positions / Replacement values

Contracts in the form of forward transactions (forwards and futures) conducted with the intention of achieving a trading profit or margin (held for trading) are treated as derivative financial instruments in accordance with IAS 39 and recognised as held-for-trading positions. On the balance sheet date, all open derivative financial instruments from energy trading transactions are measured at fair value through profit or loss, and the positive and negative replacement values are recognised under assets and liabilities. The open contracts are measured on the basis of market data from electricity exchanges (e.g. EEX Leipzig). For contracts for which no liquid market exists, measurement is based on a valuation model.

Current transactions are offset at positive and negative replacement value if the respective contract terms provide for this and the intention to offset exists and is legally permitted. Realised and unrealised income from held-for-trading positions is recognised net as "profit from held-for-trading positions".

To reduce currency risks, forward exchange transactions are conducted in euros. Interest rate swaps can also be employed to reduce the interest rate risk of variable loans. If these types of financial instruments exist at the end of the year, they are measured at fair value through profit or loss. For accounting purposes, these and similar financial transactions are treated as derivative financial instruments in accordance with IAS 39, and if the values are positive they are reported as replacement values under "securities and other financial instruments" and "other financial assets". If the values are negative, they are reported under "current financial liabilities" and "non-current financial liabilities".

Hedge accounting

The Repower Group uses interest rate derivatives. Interest rate swaps have been concluded to hedge the company's interest rate risk exposure relating to the variable-rate loan in respect of the construction of the gas-fired combined-cycle power plant in Teverola in order to safeguard against unforeseeable fluctuations in cash flows over the term of the loan. The effective portion of the gain or loss from the cash flow hedge is recognised directly in other income under "fair value adjustments of financial instruments", while the ineffective portion is recognised immediately in profit or loss. The amounts recognised in other income are reclassified in the income statement in the period in which the hedge transaction was concluded.

Tables show values in TCHF unless otherwise noted.

Inventories

Inventories comprise materials used for operating purposes (e.g. operating materials, replacement parts and consumables) as well as CO_2 or electricity quality certificates (origin, generation type). As long as these assets are not held for trading purposes, they are measured at the lower of acquisition/production cost and net realisable value. Acquisition/production costs are measured using the weighted average cost method. The net realisable value corresponds to the estimated selling price less the estimated costs necessary to make the sale. Inventories for trading purposes are measured at fair value less costs to sell.

Assets and liabilities held for sale

Assets or groups of assets as well as directly attributable liabilities (disposal groups) are classified as held for sale if the benefit embodied in the residual carrying amount is not to be realised through their continued use but primarily from their sale. The prerequisite is that the value of the asset can be sold directly and the sale is sufficiently probable. Non-current assets (or disposal groups) are recognised at the lower of the carrying amount and the fair value less costs to sell. The value of assets and liabilities held for sale is reported separately under “current assets” and “current liabilities” as “assets held for sale” and “liabilities held for sale”.

A discontinued operation is a part of the company that was sold or held for sale and represents a separate major business line or geographic branch of business. The results of discontinued operations are shown separately from the ongoing business activities (continued operations).

Treasury shares

Treasury shares and participation certificates are deducted from equity. Under IFRS, no gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of an entity’s own equity instruments.

Provisions

Provisions are recognised for obligations (legal or constructive) resulting from a past event when it is probable that an outflow of resources will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation. If some or all of the expenditure required to settle a provision is expected to be reimbursed by another party (e.g. due to an insurance policy), the reimbursement is recognised separately when it is virtually certain that the reimbursement will be received. If the interest effect is a significant influencing factor, estimated future cash flows are discounted to determine the provision amount.

Provisions are reviewed periodically and revised in line with current developments. Pre-tax interest rates are used as discount rates that reflect current market assessments of the interest effect and the risks specific to the liability.

Financial liabilities

Financial liabilities are subdivided into financial liabilities held for trading and other financial liabilities. Financial liabilities held for trading are the opposite of financial assets. They consist of financial obligations which are entered into with the intention of repaying them or profiting from them in the short time. This category also includes financial derivatives not included under hedge accounting which are currently accorded a negative market value. They are initially and subsequently measured at market value. Transaction costs are recognised directly as an expense. Other financial liabilities include all debts not measured at fair value through profit or loss. The debts are initially recognised at fair value on the date of acquisition and measured at amortised cost using the effective interest method. The Notes to the financial statements provide information on the measurement categories applied.

Pension funds

On the balance sheet date, employees of the Repower Group in Switzerland were members of the pension funds PKE Pensionskasse Energie Genossenschaft and the PKE Vorsorgestiftung Energie. These are legally independent pension funds operating as defined benefit and defined contribution plans, respectively, in accordance with the Federal Law on Occupational Pensions for Old Age, Survivors and Disability (BVG).

The costs and obligations of the Group arising from defined benefit pension plans are calculated using the projected unit credit method. In line with actuarial calculations performed on the balance sheet date, the total cost of a pension plan is based on the years of service rendered by the respective employees and their projected salaries until retirement, and is charged annually to the income statement. Pension fund obligations are measured according to the present value of estimated future pension benefits based on the yields on corporate bonds with an AA rating or higher and similar residual terms to maturity. The interest rate used to calculate the expected return on plan assets must correspond to the discount rate for pension obligations. At Repower, the net interest rate components calculated in this way are allocated to the financial result. The difference versus the effective return on plan assets, as well as the actuarial gains and losses from adjustments to actuarial parameters (e.g. discount rate, retirement age, life expectancy, changes in salaries and returns), is recognised in other income under equity in the period in which it is incurred. Past service cost is accounted for under pension costs (personnel expenses).

Tables show values in TCHF unless otherwise noted.

Employees in foreign Group companies are insured under state pension plans which are independent of the Group. With the exception of the above pension plans, there are no significant long-term employee benefits provided by the Group.

Income taxes

Income taxes comprise current and deferred income taxes. Current income taxes are calculated based on the current tax rates on the earnings of the individual Group companies reported in the consolidated income statement.

Deferred taxes are recognised in the consolidated financial statements based on the measurement of differences between the taxable value of the assets and liabilities and their carrying amounts. Deferred income taxes are calculated under IFRS using the balance sheet liability method based on temporary differences, i.e. differences between the taxable value of an asset or liability and its carrying amount in the balance sheet. The taxable value of an asset or liability is the value of this asset or liability for tax purposes.

Deferred tax assets related to loss carryforwards are recognised only to the extent that it is probable that temporary differences or taxable profit will be available against which the tax loss carryforward can be netted.

Revenue

Revenue covers sales and services to third parties after deducting price discounts and value added tax. Revenue is recognised in the income statement when delivery or service fulfilment has been performed.

Energy transactions conducted for the purpose of managing the Group's own energy-generating plants, as well as energy procurement contracts for the physical delivery of energy to customers, are treated as "own use" transactions in accordance with IAS 39 and settled gross under "revenue from energy sales" and "energy procurement". Energy transactions conducted with the intention of achieving a trading margin are treated as held-for-trading transactions in accordance with IAS 39 and recognised net under "profit from held-for-trading positions".

On the balance sheet date, all open derivative financial instruments from energy trading transactions are measured at fair value and the positive and negative replacement values are recognised under assets and liabilities. Realised and unrealised income from these transactions is disclosed net as "net result from held-for-trading positions" under "net sales".

Contingent liabilities

Liabilities arising from a past event for which the probability of an outflow of funds is considered possible but not probable, or for which the obligation cannot be reliably estimated, are not recognised in the balance sheet but disclosed in the Notes to the consolidated financial statements.

Share-based payments

No employee share participation programmes or other forms of share-based payments exist.

5) CAPITAL AND ENTERPRISE VALUE MANAGEMENT

Capital management practices are based on the Repower Group's overall strategic goals. The most important goals of capital management are:

- Optimised allocation of capital, taking returns and risk into account
- Achievement of a market-appropriate interest on deployed capital
- Timely availability of sufficient liquidity
- Acceptable cap on debt

These objectives are measured and monitored using the strategic performance indicators of Economic Value Added, the equity ratio and the net debt ratio (net debt/EBITDA). Targets for the strategic parameters are determined by the Board of Directors. The Board of Directors also specifies the risk targets to be monitored by the Executive Board. Only minor changes have been made to Repower's strategic direction since the previous year.

Repower's capital is managed and allocated taking into account the Group's financial development and risk structure. To manage this capital the Group can, for instance, borrow or repay capital, carry out capital increases or reductions, or change its dividend policy. The Repower Group is not subject to any prescribed regulatory minimum capital requirements.

Tables show values in TCHF unless otherwise noted.

Positive Economic Value Added means that the company has generated economic added value within a defined period. This is the case if operating income is higher than borrowing costs. The borrowing costs reflect the expected interest on net operating assets (NOA).

Repower calculates Economic Value Added as follows: Economic Value Added = NOPAT – (NOA x WACC)

Operating income corresponds to net operating profit after tax (NOPAT). Borrowing costs are obtained by multiplying average net operating assets by the borrowing rate. This rate reflects the weighted average cost of capital (WACC). The parameters used to calculate the WACC are regularly reviewed and adjusted if necessary to take into account significant market developments. In 2013 the WACC after tax was 6.2 per cent (previous year: 6.2 %). Interest-bearing capital results from current and non-current operating assets, adjusted by cash and cash equivalents not required for operational purposes and available non-interest-bearing capital. The average net operating assets are calculated as a mean between the value at the start and end of the financial year in order to obtain a better picture of tied-up capital throughout the year.

The equity ratio (including non-controlling interests) describes the relationship between equity including non-controlling interests and total assets.

The net debt ratio is the ratio between net debt (interest-bearing liabilities plus pension and provisions for pensions and reversions, minus cash and cash equivalents and securities) and EBITDA. This key figure indicates the number of years within which the company is likely to be able to meet its financial obligations, assuming the amounts remain unchanged. This key indicator expresses a company's ability to reduce debts or raise further loans for the purpose of business development.

The target figure for Economic Value Added is CHF -50 million, accumulated over a period of ten years since the 2013 financial year, while the equity ratio must be kept within the 35-45 per cent range. In principle, the net debt ratio must not exceed 3. These key figures and their individual parameters also have an impact on Repower's credit rating and thus its borrowing costs.

Economic Value Added

	2013	**2012 Restated**
in CHF millions		
EBIT	-150.3	83.0
Calculatory tax rate	30.0%	30.0%
NOPAT	-105.2	58.1
NOA [1)]	1,339.7	1,396.0
WACC	6.2%	6.2%
Capital costs	83.1	86.6
Economic Value Added	-188.3	-28.5

1) Average based on start and end of year

Tables show values in TCHF unless otherwise noted.

Equity ratio

in CHF millions	31.12.2013	31.12.2012 Restated
Total balance sheet	2043.3	2302.4
Equity including minority interests	805.0	957.4
Equity quote (including minority interests)	39.4%	41.6%

Net debt ratio

in CHF millions	31.12.2013	31.12.2012 Restated
Net debt	327.5	381.4
EBITDA [1)]	135.9	148.4
Net debt ratio	2.4	2.6

1) 2013 figure adjusted for impairments (CHF 61.9 million) in EBITDA.

As in 2012, a negative Economic Value Added was generated in 2013. The equity ratio and net debt ratio targets were adhered to.

6) RISK MANAGEMENT AND FINANCIAL RISK MANAGEMENT

Principles

The Repower Group identifies and manages risks based on a Group-wide management approach. The instruments applied are the Enterprise Risk Management function, the concept of three lines of defence against risk, the integrated risk management process, and a culture of risk awareness. There are four main categories of risk to which Repower is exposed: business and strategic risks, market and credit risks, compliance risks, and financial reporting risks.

This report focuses on market and counterparty risks and liquidity risks as the main risks to which the operating activities of Repower are exposed. Activities aimed at managing compliance and regulatory risks, business and strategic risks and financial reporting risks are described at the end of this section. The task of risk management is to mitigate and actively control risks as well as to ensure an early-warning system for the various management levels. The parameters set by the Board of Directors and the Executive Board are implemented in the form of guidelines, directives and risk limit systems. The aim is to ensure a reasonable balance between business risks entered into, earnings, investments and risk-bearing capital. Compliance with the parameters set for each risk category is regularly reviewed and reported.

Market risks

Repower is exposed to various market risks within the scope of its business activities. The most important of these are energy price risks, interest rate risks and currency risks.

Energy price risks

Energy transactions, including proprietary trading, are conducted for the purpose of procuring energy and fuels in order to cover physical delivery contracts, to sell Repower's own generation volumes and to optimise the overall portfolio. When establishing energy price risks in accordance with IAS 39, a distinction is made between positions held for own use and those held for trading (HfT). The units responsible for sales and generation conduct the transactions on the basis of the internal market model so as to ensure that a structure is in place to mitigate trading risks. Energy price risks arising from price volatility, changes in the price level and pricing structures and from changing market correlations are subject to defined limits and monitored by risk management on trading days. Each month the Risk Management Committee (RMC) assesses the risk situation in the energy business. The Board of Directors and the Executive Board are kept informed about the risk situation through reports submitted by the RMC on a quarterly basis and ad hoc reports in the case of extraordinary events.

Interest rate risks

Interest rate risks primarily concern changes in interest rates on non-current interest-bearing liabilities. In the event that the agreed interest rate is variable, changes in interest rates represent an interest rate risk. Due to the long investment horizon for capital-intensive power plants and grids,

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Repower primarily obtains long-term financial loans with phased terms to maturity. The interest situation and hedging options are continuously reviewed. Derivative financial instruments – in particular interest rate swaps – are used and under certain conditions recognised as hedging relationships (hedge accounting). Another interest rate risk exists with regard to variable-rate positions of current assets, in particular in the case of sight deposits. This risk is minimised by pursuing an active cash management policy.

Currency risks

Energy deliveries and services are paid for and sold by the Repower Group mainly in euros and partly in Swiss francs. The foreign Group companies conduct nearly all of their other transactions in their functional currency. These transactions are not subject to currency risks. There is, however, a risk of currency fluctuation on those positions denominated in euros for Repower AG and their Group companies with a functional currency other than the euro. Intragroup loans are particularly subject to currency risks. The currency risk is largely eliminated by agreements for netting receivables and liabilities in the foreign currency. Forward exchange transactions are conducted to reduce the currency risk. Net investments in foreign Group companies are also exposed to exchange rate fluctuations. However, these long-term commitments are not hedged.

Counterparty risks

Counterparty risks consist of settlement risks and replacement risks:

Settlement risks

Settlement risks arise if customers are unable to meet their financial obligations as agreed. These risks are managed on the basis of ongoing credit checks on counterparties and collateral management.

Replacement risks

Replacement risks arise if, as a result of the counterparty defaulting, the position can only be procured or sold on the market at unfavourable conditions.

Settlement and replacement risks are taken into account in the limit system and when measuring the risk exposure.

Liquidity risks

Liquidity risks arise if the Repower Group cannot meet its obligations as agreed or is unable to do so under economically viable conditions. Repower continuously monitors the risk of liquidity shortfalls. Cash flow forecasts are used to anticipate future liquidity performance in order to respond in good time in the event of a surplus or a shortfall. The standard requires liquidity risk to be based exclusively on financial liabilities. To indicate the effective liquidity risk related to derivative financial instruments, the next table in the section “Derivative financial liabilities” shows cash inflows and outflows from contracts with negative and positive fair values. At the balance sheet date, financial liabilities exist with the following due dates (amounts represent the contractual, undiscounted cash flows):

Tables show values in TCHF unless otherwise noted.

2013 financial year

	Carrying amount	Cash flows	< 4 months	4-12 months	1-5 years	> 5 years
Derivative financial liabilities	**-13,070**	**17,880**	**19,055**	**57,952**	**-55,654**	**-3,473**
Forward foreign currency contracts	98					
Cash inflow		3	3	-	-	-
Cash outflow		101	101	-	-	-
Energy trading transactions	-19,645					
Cash inflow		2,949,482	708,318	1,744,426	496,738	-
Cash outflow		2,925,027	689,083	1,685,787	550,157	-
Interest rate swaps	6,477					
Cash inflow		298	-	17	66	215
Cash outflow		6,775	82	704	2,301	3,688
Non derivative financial liabilities	**976,535**	**976,535**	**411,517**	**43,177**	**357,349**	**164,492**
Non-current financial liabilities	521,841	521,841	-	-	357,349	164,492
Current financial liabilities	31,996	31,996	1,372	30,624	-	-
Other current liabilities	422,698	422,698	410,145	12,553	-	-

2012 financial year

	Carrying amount	Cash flows	< 4 months	4-12 months	1-5 years	> 5 years
Restated						
Derivative financial liabilities	**2,476**	**123,788**	**50,646**	**90,707**	**-9,254**	**-8,311**
Forward foreign currency contracts	600					
Cash inflow		-	-	-	-	-
Cash outflow		600	600	-	-	-
Energy trading transactions	-12,588					
Cash inflow		3,741,350	869,642	2,288,577	582,658	473
Cash outflow		3,602,498	818,262	2,196,182	587,581	473
Interest rate swaps	14,464					
Cash inflow		-	-	-	-	-
Cash outflow		14,464	134	1,688	4,331	8,311
Non derivative financial liabilities	**1,022,840**	**1,022,840**	**434,395**	**43,213**	**356,746**	**188,486**
Non-current financial liabilities	545,232	545,232	-	-	356,746	188,486
Current financial liabilities	28,479	28,479	2,277	26,202	-	-
Other current liabilities	449,129	449,129	432,118	17,011	-	-

Trade accounts receivable include the following overdue and non-impaired amounts:

	31.12.2013	**31.12.2012 Restated**
Less than 30 days overdue	23,695	15,819
31-60 days overdue	1,549	9,104
61-90 days overdue	3,822	8,117
91-180 days overdue	9,762	17,039
181-360 days overdue	13,773	10,484
More than 360 days overdue	30,953	32,033

The total amount of receivables which are neither impaired nor overdue is TCHF 369,962 (previous year: TCHF 357,795). There are no indications that would necessitate an impairment loss being recognised for these receivables.

Tables show values in TCHF unless otherwise noted.

Allowances for doubtful accounts amounted to:

	31.12.2013	31.12.2012 Restated
At 1 January	27,211	21,468
Additions	8,476	24,467
Utilizations	-7,416	-18,458
Reversal	-194	-116
Translation differences	431	-150
Total	**28,508**	**27,211**

In the case of single significant items where receipt of payment is uncertain, individual impairments are determined based on internal and external credit rating information. In addition, lump-sum impairments are calculated based on historical accounts receivable losses and current information. Neither collateral nor any other enhancements are available for doubtful receivables.

At the balance sheet date, Repower also has the following bank credit lines which have been secured but remain unused:

	31.12.2013	31.12.2012
Unused general credit lines	160,000	160,000
Additional unused credit lines for the purpose of issuing guarantees	17,814	13,956

Sensitivity analyses of market risks

On the balance sheet date, Repower performs a sensitivity analysis for each market risk category to determine the potential impact of various scenarios on net profit for the year and equity. During this analysis, the impact of individual factors is investigated, meaning that mutual dependencies of individual risk variables are not taken into consideration. The following scenarios were analysed for each of the individual market risk categories:

Energy price risks

Own use positions use are not measured at fair value (IAS 39) and, accordingly, net profit for the year and equity are not affected. In the case of positions held for trading, the Value at Risk (VaR) for the open positions of the next 24 months is calculated with a confidence level of 99 per cent based on the changes in the trading price corresponding to the historical 180-day volatility. To improve the analysis of the liquid positions, the period under review was extended from 12 to 24 months. As a result of changes to the risk model, items that used to be accounted for individually are now considered in aggregate due to existing interdependencies, which leads to a change in the figures reported in the previous year.

	31.12.2013	31.12.2012
Energy, gas, CO_2	8,863	19,203

Interest rate risks

Valuation effects may occur in the case of financial instruments for which an interest rate has been agreed and which are measured at fair value. The impact of the interest swaps held to which the valuation principle of hedge accounting does not apply is shown along with the financial liabilities with variable interest rates. The analysis was performed in 2013 and 2012 for interest rates which were 50 bp higher and lower.

Tables show values in TCHF unless otherwise noted.

	31.12.2013	31.12.2012
Impact on net income and equity due to a higher interest rate	4,265	4,794
Impact on net income and equity due to a lower interest rate	-3,967	-5,010

Currency risks

Currency risks exist mainly in connection with euro positions for trade accounts receivable and payable, derivative receivables and payables from forward exchange transactions, cash and cash equivalents, intragroup loans, open financial instruments from energy trading transactions as well as non-current financial liabilities. The analysis was performed using euro exchange rates which were 10 per cent higher and lower than the closing rate. The closing rate for the year under review is CHF/EUR 1.2276 (previous year: CHF/EUR 1.2080).

	31.12.2013		31.12.2012	
	FX Rate EUR/CHF	Effect	FX Rate EUR/CHF	Effect
Impact on net income and equity due to a higher exchange rate	1.3504	35,920	1.3288	35,937
Impact on net income and equity due to a lower exchange rate	1.1048	-35,920	1.0872	-35,937

In 2013 the CHF to EUR exchange rate set by the Swiss National Bank remained fixed at a minimum of CHF 1.20.

Compliance risks

The business activities of the Repower Group and the constantly changing legal and regulatory environment give rise to numerous compliance risks. The Compliance function helps the Executive Board and employees to identify and deal with these risks. The compliance risks identified and evaluated as part of the annual risk and control evaluation process serve as a planning basis for the activities of the Compliance function. It also takes the changing legal and regulatory requirements into account. By means of communication activities, training, development of the Repower policy for reporting concerns and violations, direct advice, analysis and resolution of cases, it contributes to monitoring and reporting for the purpose of controlling compliance risks. It also makes a valuable contribution to fostering a culture of compliance and the Repower code of conduct.

The Compliance function comprises the Group and Country Compliance Officer for Switzerland, the Compliance Officer for Italy, who works full time for the Compliance function, and the Compliance Officers for Germany, the Czech Republic and Romania, who spend part of their time working for the Compliance function. The Group and Country Compliance Officer for Switzerland is part of the Enterprise Risk Management (ERM) function and heads up the Compliance function Group-wide in terms of strategic and technical aspects and can report directly to the CEO and/or the Chairman of the Board of Directors.

The Compliance function develops its activities on a solid foundation approved by the Board of Directors upon which it creates an effective compliance programme every year. It has up-to-date and adequate systems at its disposal.

Business and strategic risks

The Repower Group continuously evaluates the company risks for every area. The ERM and Controlling functions support this process by contributing their independent assessments. The controls for handling risks are identified, evaluated and enhanced in risk assessment or in separate processes.

The Repower Group relies here on an adequate and robust infrastructure as well as modern and tried-and-tested systems.

Financial reporting risks

The internal control system (ICS) is used for financial reporting risks. One of the goals of the ICS is to guarantee correct, complete and reliable reporting. The person responsible at Repower for the ICS regularly checks and updates the system.

Tables show values in TCHF unless otherwise noted.

7) ESTIMATION UNCERTAINTIES

Assumptions and sources

Management makes estimations and assumptions in line with IFRS accounting rules that affect the assets, liabilities, income and expenses of the reported figures and how they are presented. The estimations and assumptions are made taking into account past findings and various factors that exist at the time the financial statements are drawn up. These are used as the basis for all assets and liabilities in the balance sheet that cannot be directly measured or have other sources. The actual values may deviate from the estimated values. The estimates and assumptions are periodically reviewed. Changes to the estimates are necessary if the circumstances on which the assumptions are based change or have changed and are recognised in the respective period. The following section describes the most important estimates and assumptions in the assets and liabilities in the balance sheet that could render important changes necessary:

Tangible assets

The Repower Group reported tangible assets at a total carrying amount of CHF 918 million at 31 December 2013 (Note 7). These values are tested for indications of impairment on each balance sheet date. If indications of impairment are identified, the recoverable amount is calculated in accordance with the provisions of IAS 36 and, if necessary, an impairment is recognised. Estimates of the useful life and residual value of the asset are reviewed annually based on technical and economic developments, and revised as necessary. Changes to laws or ordinances, particularly relating to the environment and energy, could lead to significant changes in useful lives and thus depreciation periods or impairments of parts of assets.

Grids

The Electricity Supply Act (StromVG) and the Electricity Supply Ordinance (StromVV) came into force on 1 January 2008. Under the terms of the Electricity Supply Act, the high-voltage grid (220/380kV) must be transferred to the national grid company (Swissgrid) within five years. The high-voltage grids of Repower AG have been fully integrated into Repower Transportnetz AG. Repower Transportnetz AG was transferred to the national grid company on 3 January 2013. The provisional transfer value of the company is based on the ElCom tariff ruling of 2012 with value of plant calculated as of 31 December 2012, results of Post Closing Due Diligence, and the financial statements of 31 December 2012. The provisional transfer value of the company is a total of MCHF 73.5 (Note 26). The definitive values of the integrated transmission grids are determined with consideration for the principle of equal treatment of all former transmission grid owners under the scope of what is known as revaluation 2.The prerequisite here is that all legally enforceable rulings on the still ongoing tariff proceedings of the years 2009 to 2012 and the currently suspended proceedings on margin differences 2011 and 2012 are available. In its ruling on 11 November 2013 relating to “Transaction transmission grid/definitive value”, the Swiss Federal Administrative Court upheld the appeals of several former transmission grid owners, particularly their objection to the valuation method used to determine the definitive value for the transfer. As a result, ElCom must review the valuation method to be used and recalculate the definitive value of the Swiss transmission grid. The final contribution value may vary significantly from the provisional contribution value. Management is of the opinion that the definitive transfer value will not be lower than the contribution value currently appearing in the consolidated financial statements.

A regulatory uncertainty exists with regard to distribution grids because ElCom proceedings are still underway. The figure estimated for the assets is thus uncertain, as are the earnings they can potentially generate in the future. Possible negative factors cannot be estimated at this point in time.

Receivables and liabilities

Trade accounts receivable amounting to CHF 455 million (previous year: CHF 456 million) are measured by applying individual and lump-sum adjustments to the non-impaired positions based on their maturity structure and historical experience. Effective losses on receivables may deviate from these estimates.

In individual countries, invoicing and payment of the national grid operator and any rulings of the regulator sometimes involve a delay of more than a year. The best possible estimates have been made in the cases where indicated. Definitive invoicing, payments and rulings may vary from these estimates and affect the overall results. Deviations of this kind are recognised in profit or loss for the following year.

Provisions

Provisions are recognised taking into account the best possible estimate of the amount and date of the probable cash outflow.

Tables show values in TCHF unless otherwise noted.

Pension fund obligation

Most employees of the Repower Group are insured with the pension fund PKE Pensionskasse Energie. The calculations of the balances and liabilities reported for this fund are based on statistical and actuarial assumptions. This is particularly the case with the recognised pension fund obligation, which totalled around CHF 27 million at 31 December 2013 (previous year restated: CHF 41 million), which is dependent on assumptions such as the discount rate, future wage and salary rises and expected increases in pension benefits. Factors such as the rate of employee turnover and the life expectancy of the insureds are defined by independent actuaries. The assumptions underlying the actuarial calculations can deviate considerably from the actual results due to changes in market conditions and the economic environment, higher or lower rates of turnover, longer or shorter life expectancy of the insureds or as a result of other estimated factors.

Planned projects

The Repower Group invests in various projects involving tangible assets according to clearly defined rules. The various projects are in different phases of development. The earlier the project development phase, the more difficult it is to judge whether a project will be carried out. The feasibility of projects and the subsequent profit-generating operation or a possible sale depend on various factors such as the legal framework and how the market environment develops in the future. As a result, the figure reported for assets under construction on the balance sheet date and the value of the project companies that Repower has invested in and are recognised in accordance with the equity method may deviate from the future realisable value. In the year under review, all planned projects were assessed for their cost-effectiveness. Significant value adjustments were necessary as a result of the challenging energy policy environment (Note 7).

Tables show values in TCHF unless otherwise noted.

NOTES

1 Total operating revenue

	2013	2012
Revenue from energy sales	2,327,246	2,339,445
Profit from held-for- trading positions	-2,445	-9,754
Total net revenue	**2,324,801**	**2,329,691**
Own costs capitalised	**14,842**	**16,379**
Income from the sale of associates	-	569
Income from adjustment of residual purchase obligation Repower Furnizare România S.r.l.	-	391
Gain from the sale of tangible assets	1,724	250
Revenue from other operating activities [1)]	24,126	24,383
Other operating income	**25,850**	**25,593**
Total	**2,365,493**	**2,371,663**

1) Primarily income from services rendered not stemming from core business.

2 Personnel expenses

	2013	2012 Restated
Wages and salaries	68,568	71,575
Social security costs	16,180	13,950
Pension costs	7,122	6,067
Gain from change of pension plan	-12,313	-
Other personnel costs	2,187	2,630
Total	**81,744**	**94,222**

Headcount	**31.12.2013**	**31.12.2012**
Full-time equivalent employees	707	746
Trainees	30	29

Average	**2013**	**2012**
Full-time equivalent employees	727	724
Trainees	29	30

3 Depreciation/amortisation and impairment

	2013	2012
Depreciation of tangible assets	50,505	48,751
Impairment of tangible assets	162,178	13,171
Amortisation of intangible assets	3,700	3,455
Impairment of intangible assets	7,855	-
Total	**224,238**	**65,377**

Impairments of tangible and intangible assets are explained in Notes 7 and 8. Impairments of advance payments, certificates of origin and prepaid long-term electricity procurement agreements are recognised under energy procurement (Note 10).

Tables show values in TCHF unless otherwise noted.

4 Financial result

	2013	2012 Restated
Financial income:		
Interest income on current bank deposits	1,158	3,440
Interest receivables and dividends income from financial assets held for sale	1,301	154
Interest income from loans to related parties	482	522
Financial income	**2,941**	**4,116**
Interest expense:		
Loans	-18,339	-19,266
Liabilities for financial leasing	-27	-437
Provisions: compound interest	-480	-465
Net interest on pension provisions	-842	-1,114
Other positions	-1,149	-1,133
Net gains (losses) from FX translation of financial activities	4,165	-3,395
Net gains (losses) from change of fair value of financial instruments:		
Marketable equities	-12	-1,266
Forward foreign currency contracts	2,818	-4,170
Interest rate swaps	6,929	-1,491
Other financial expenses	-3,522	-3,582
Value adjustments of financial instruments	-33	-244
Financial expenses	**-10,492**	**-36,563**
Minus: borrowing costs capitalised on qualifying assets	874	558
Total finance costs	**-9,618**	**-36,005**
Net financial result	**-6,677**	**-31,889**

Tables show values in TCHF unless otherwise noted.

5 Income taxes

	2013	2012 Restated
Income taxes charged to the income statement		
Current income taxes	20,563	24,169
Deferred income taxes	-27,969	-3,824
Total	**-7,406**	**20,345**
Income taxes charged to other comprehensive income	**1,581**	**1,520**

The reconciliation between the actual tax burden and the expected tax charge for the years ending 31 December 2013 and 31 December 2012 is as follows:

	2013	2012 Restated
Reconciliation		
Profit/(loss) before income taxes	-159,605	51,578
Income tax rate parent company	16,7%	16,7%
Income taxes at expected income tax rate	-26,622	8,603
Tax effect from income taxed at other rates	-10,367	5,033
Tax effect from tax-free income	-1,815	-3,731
Tax effect from non-tax-deductible expenses	1,797	3,589
Tax losses in the current year for which no deferred tax assets were recognised	10,621	1,142
Tax loss carryforwards for which no deferred tax assets were recognised	-229	-480
Value adjustment of previously capitalised tax loss carryforwards	3,312	1,750
Tax burden/relief subsequently recognised for previous years	-312	848
Regional production tax - Italy (IRAP)	-1,032	3,698
Not usable deferred tax assets	16,580	-
Non-usable withholding tax	653	-
Other	8	-107
Income taxes charged to the income statement	**-7,406**	**20,345**
Effective income tax rate	4,6%	39,4%

Tables show values in TCHF unless otherwise noted.

Deferred income taxes by origin of difference

	31.12.2013	31.12.2012 Restated
Assets		
Tangible assets	26,196	4,701
Other non-current assets	9,088	8,412
Current assets	10,739	10,002
Provisions	5,043	1,591
Liabilities	8,539	21,236
Loss carryforwards/tax credits	7,660	5,505
Total	**67,265**	**51,447**
Liabilities		
Tangible assets	42,283	49,435
Other non-current assets	2,546	1,728
Current assets	8,427	17,419
Provisions	8,682	7,757
Liabilities	2,396	2,283
Total	**64,334**	**78,622**
thereof disclosed in the balance sheet as:		
Deferred tax assets	-43,770	-23,312
Deferred tax liabilities	40,839	50,487
Net deferred income tax receivables (liabilities)	**-2,931**	**27,175**

Tables show values in TCHF unless otherwise noted.

Change in deferred taxes 2013 by category

	Tangible assets	Other non-current assets	Current assets	Provisions	Liabilities	Loss carryforwards tax credits	Total
Opening balance 2013	**-44,734**	**6,684**	**-7,417**	**-6,166**	**18,953**	**5,505**	**-27,175**
Changes due to acquisitions	-	-	-	-	-	-	-
Changes due to sales	-	-	-	-	-	-	-
Changes in the consolidated income statement	28,247	-3,063	9,673	3,685	-12,519	1,946	27,969
Reported as "Assets/liabilities held for sale"	-	2,986	-	-	2	406	3,394
Changes in other comprehensive income	-	-	-	-1,163	-418	-	-1,581
Translation differences	399	-65	56	6	125	-88	433
Other [1)]	-	-	-	-	-	-109	-109
Closing balance 2013	**-16,088**	**6,542**	**2,312**	**-3,638**	**6,143**	**7,660**	**2,931**

1) Transfer of loss carryforwards within the Italian tax group which were booked as a reduction in the current tax receivable in the tax group.

Change in deferred taxes 2012 by category

	Tangible assets	Other non-current assets	Current assets	Provisions	Liabilities	Loss carryforwards tax credits	Total
Restated							
Opening balance 2012	**-48,170**	**12,081**	**-6,849**	**-4,262**	**14,830**	**5,235**	**-27,135**
Changes due to acquisitions	-	-	-	-	-	-	-
Changes due to sales	-	-264	-	-	-	-21	-285
Changes in the consolidated income statement	2,067	-1,855	-1,101	-728	4,515	926	3,824
Reported as "Assets/liabilities held for sale"	1,390	-3,260	553	-	-2	-400	-1,719
Changes in other comprehensive income	-	-	-	-1,160	-360	-	-1,520
Translation differences	-21	-18	-20	-16	-30	-74	-179
Other [1)]	-	-	-	-	-	-161	-161
Closing balance 2012	**-44,734**	**6,684**	**-7,417**	**-6,166**	**18,953**	**5,505**	**-27,175**

1) Transfer of loss carryforwards within the Italian tax group which were booked as a reduction in the current tax receivables in the tax group.

Tax loss carryforwards

Individual group companies had tax loss carryforwards totalling TCHF 92,733 (previous year: TCHF 42,620) at 31 December 2013. This year's increase was the result of new losses in the current financial year in connection with impairments (Note 7). Deferred tax assets are capitalised only to the extent that it is probable that the tax credits can be realised. On the balance sheet date the Group had uncapitalised tax loss carryforwards of TCHF 62,635 (previous year: TCHF 19,333), since the future utilisation of these amounts for tax purposes is not probable. These are due on the following dates:

Tables show values in TCHF unless otherwise noted.

Unrecognised tax loss carryforwards

	31.12.2013	31.12.2012
Due within 1 year	21	12
Due in 1-3 years	1,456	1,191
Due in 4-7 years	14,891	15,443
Due after 7 years or no due date	46,267	2,687
Total	**62,635**	**19,333**

6 Result per share

	2013	2012 Restated
Total shares issued at a par value of 1 CHF	2,783,115 pieces	2,783,115 pieces
Total participation certificates issued at a par value of 1 CHF	625,000 pieces	625,000 pieces
Less treasury shares (annual average)	-11,270 pieces	-12,156 pieces
Less treasury participation certificates (annual average)	-3,104 pieces	-4,107 pieces
Average number of shares in circulation	**3,393,741 pieces**	**3,391,852 pieces**
Share of Group profit attributable to Repower shareholders and participants	-133,406	30,700
Earnings per share (undiluted)	CHF -39.31	CHF 9.05
There are no factors resulting in a dilution of earnings per share.		
Dividends	6 816 *)	8,520
Dividend per share	CHF 2.00 *)	CHF 2.50

*) 2013 dividend subject to approval by the Annual General Meeting

A repayment from capital reserves of CHF 2.00 per share is proposed, which corresponds to a total amount of TCHF 6,816. This total amount will be reduced further since no repayment will be made on the treasury shares.

Tables show values in TCHF unless otherwise noted.

7 Tangible assets

	Power plants	Grids	Assets under construction	Land and buildings	Other	Total
Gross values at 1 January 2012	**825,650**	**733,410**	**90,536**	**112,736**	**52,510**	**1,814,842**
Reclassifications	-333	-14	-3,164	4,709	1,423	2,621
Own costs capitalised	442	390	15,238	-	-	16,070
Additions	51,331	516	50,239	4,105	2,705	108,896
Disposals	-915	-7,846	-90	-433	-7,010	-16,294
Disposals from changes in consolidation	-	-	-	-	-31	-31
Reclassifications IFRS 5	-	-21,115	-19,732	-	-33	-40,880
Reclassifications between asset classes	19,077	22,089	-52,574	7,896	3,512	-
Translation differences	-2,134	-	-62	-248	-109	-2,553
Gross values at 31 December 2012	**893,118**	**727,430**	**80,391**	**128,765**	**52,967**	**1,882,671**
Accumulated depreciation and impairments at 1 January 2012	**-318,949**	**-381,626**	**-20,712**	**-34,119**	**-18,291**	**-773,697**
Reclassifications	309	-346	8,164	-4,706	-9,595	-6,174
Depreciation	-25,012	-17,717	-	-2,017	-4,005	-48,751
Impairments	-9,150	-1,000	-500	-1,971	-550	-13,171
Disposals	127	6,744	-	407	4,969	12,247
Disposals from changes in consolidation	-	-	-	-	23	23
Reclassifications IFRS 5	-	5,253	10,384	-	31	15,668
Reclassifications between asset classes	25	-1	-	-5	-19	-
Translation differences	414	-	-23	19	23	433
Accumulated depreciation and impairments at 31 December 2012	**-352,236**	**-388,693**	**-2,687**	**-42,392**	**-27,414**	**-813,422**
Net values at 31 December 2012	**540,882**	**338,737**	**77,704**	**86,373**	**25,553**	**1,069,249**
thereof security pledged for debts						2,816
Gross values at 1 January 2013	**893,118**	**727,430**	**80,391**	**128,765**	**52,967**	**1,882,671**
Own costs capitalised	-	332	14,480	-	-	14,812
Additions	3,238	414	43,420	185	1,723	48,980
Disposals	-731	-14,199	-2,960	-478	-2,324	-20,692
Reclassifications IFRS 5	-	-	-2,482	-	-1	-2,483
Reclassifications between asset classes	10,367	18,194	-30,151	577	1,251	238
Translation differences	6,428	-	543	703	264	7,938
Gross values at 31 December 2013	**912,420**	**732,171**	**103,241**	**129,752**	**53,880**	**1,931,464**
Accumulated depreciation and impairments at 1 January 2013	**-352,236**	**-388,693**	**-2,687**	**-42,392**	**-27,414**	**-813,422**
Depreciation	-27,074	-17,400	-	-2,125	-3,906	-50,505
Impairments	-62,304	-	-85,225	-14,630	-19	-162,178
Disposals	616	8,847	2,331	301	2,023	14,118
Reclassifications IFRS 5	-	-	168	-	1	169
Translation differences	-1,194	-	-119	-18	-65	-1,396
Accumulated depreciation and impairments at 31 December 2013	**-442,192**	**-397,246**	**-85,532**	**-58,864**	**-29,380**	**-1,013,214**
Net values at 31 December 2013	**470,228**	**334,925**	**17,709**	**70,888**	**24,500**	**918,250**
thereof security pledged for debts						2,703

Tables show values in TCHF unless otherwise noted.

The pledged fixed assets were put up as collateral for the investment loans and mortgages as listed in Notes 17 and 22. Insured value of tangible assets: CHF 1,769 million (previous year: CHF 1,447 million). In the year under review, TCHF 874 in borrowing costs (previous year: TCHF 558) were capitalised for assets under construction. A financing cost rate of 2.97 per cent was used (previous year: 3.03%).

Impairment of tangible assets

In the reporting year, there were extensive impairments of tangible assets, which are shown broken down by segment. Both existing plants and projects are affected. The intrinsic value was determined by means of the discounted cash flow method (calculation of the value in use). The time period in the business plan is the same as the time periods of the individual plants and projects.

Market Switzerland segment

Existing plants

Impairment losses of CHF 3.5 million were recognised on various small hydroelectric plants. The WACC before tax is between 4.2 and 5.4 per cent. The main reason for the impairment is reduced returns due to lower anticipated market prices.

Projects

The current energy policy environment is not conducive to investments in non-subsidised technologies. As a result, an impairment loss of CHF 77.5 million was recognised relating to the project portfolio. This mainly affects the Lagobianco project (CHF 50 million), the Leverkusen combined-cycle gas turbine power plant (CHF 12.5 million), the Chlus project (CHF 9.5 million), the Taschinas 2 project (CHF 4.9 million) as well as projects for small hydroelectric plants (CHF 0.6 million). The WACC before tax is between 5.3 and 6.9 per cent. The reasons for the larger positions are outlined below:

The Lagobianco project is currently not cost-effective due to the adverse market situation for pumped storage plants (high investment costs coupled with inadequate price differences between pumps and turbines). The recoverable amount of the project is presently smaller than the reported carrying amount. An impairment loss was recognised to meet the requirements of IAS 36.59.

Due to the uncertain market situation for combined-cycle gas turbine power plants in Germany (design of the electricity market does not create incentives to invest in conventional power plants), the Leverkusen combined-cycle gas turbine power plant project is currently not cost-effective. The recoverable amount of the project is presently smaller than the reported carrying amount. An impairment loss was recognised to meet the requirements of IAS 36.59.

Due to the difficult market situation for Swiss hydropower (low stock market prices), the Chlus project is not currently cost-effective. The recoverable amount of the project is presently smaller than the reported carrying amount. An impairment loss was recognised to meet the requirements of IAS 36.59.

The Taschinas 2 project was formerly linked to the Chlus project. After the Chlus project was fundamentally overhauled, the new plan was to carry out Taschinas 2 independently. Whether or not the project will be carried out is currently questionable due to the adverse market situation for Swiss hydropower (low stock market prices). Implementation and thus the cash flows associated with this project are uncertain.

Market Italy segment

Existing plants

An impairment loss of CHF 57.1 million was recognised relating to the Teverola (CHF 51.4 million) and Corleto Perticara (CHF 5.7 million) power plants. The WACC before tax is 8.7 per cent.

Teverola is a combined-cycle gas turbine power plant. Market conditions for the Teverola combined-cycle gas turbine power plant are challenging as a result of the massive expansion of renewable energies in southern Italy (which are given priority over conventional power plants for feed-in to the grid) as well as the decline in electricity consumption in the Italian market. Both developments are leading to a reduction in the spark spread and to less than optimum utilisation of the power plant.

The Corleto Perticara power plant is a wind farm. Due to the massive expansion of renewable energies, the market prices in southern Italy for the current financial year have fallen by more than 30 per cent compared to the 2012 financial year. An increase in prices for certificates of origin were not able to compensate for the drop in prices. In addition, the national grid operator is planning to relocate the current grid connection, which will likely generate considerable extra costs. Repower assumes that the wind farm will be closed at the end of 2016.

Tables show values in TCHF unless otherwise noted.

Projects
An impairment loss of CHF 21 million was recognised relating to the project portfolio, which is broken down as follows: impairment of a property related to the Saline Joniche project (CHF 13.3 million), Campolattaro pumped storage plant (CHF 4.0 million), Pontremoli wind farm (CHF 2.7 million) and the Pistoia combined-cycle gas turbine power plant (CHF 1.0 million). The reasons for the larger positions are outlined below:

In terms of interests in coal-fired power plants, Repower will be adhering to the overall strategic approach formulated by the government of Canton of Graubünden, its majority shareholder. This owner strategy, combined with overall developments in the environment, has prompted a resolution from Repower's Board of Directors not to consider any more interests in coal-fired generation plants. We no longer anticipate recoverable utilisation of the property planned for the coal-fired power plant. An impairment loss was recognised on the property related to the Saline Joniche project.

As a result of the change in market and regulatory conditions, formerly profitable system services for pumped storage plants in Italy are no longer compensated. This directly impacts the intrinsic value of the Campolattaro project. The WACC before tax is 10.1 per cent.

Now that the new incentive system introduced in July 2012 for renewable energies has been eliminated with the exception of photovoltaics (Decreto Ministeriale FER), there is no incentive to pursue the Pontremoli wind farm project.

Segment "Other segments and activities"
The return flows from the wind farms in Germany subsidised under the German Renewable Energy Act (EEG) are heavily dependent on how much wind there is. The anticipated wind yield is less than expected, which led to an impairment loss being recognised on the Lübbenau wind farm of CHF 3.1 million. The WACC before tax is 7.8 per cent.

Impairments from the previous year
The principal impairment in the previous year concerns a small hydroelectric plant including property amounting to 10.8 million in the "Market Switzerland" segment.

Leased tangible assets
The net carrying amount of the motor vehicles held as part of the finance leasing agreement totalled TCHF 714 (previous year: TCHF 1,100) at the closing date. More information about the finance leasing can be found in Note 30.

Tables show values in TCHF unless otherwise noted.

8 Intangible assets

	Goodwill	Customer relations	Other	Total
Gross values at 1 January 2012	**546**	**16,144**	**16,351**	**33,041**
Reclassifications	-	-302	6,569	6,267
Own costs capitalised	-	-	309	309
Additions	-	-	5,156	5,156
Disposals	-	-	-566	-566
Disposals from changes in consolidation	-	-	-178	-178
Translation differences	-3	-340	-106	-449
Gross values at 31 December 2012	**543**	**15,502**	**27,535**	**43,580**
Accumulated amortisation and impairments at 1 January 2012	**-**	**-12,577**	**-4,611**	**-17,188**
Reclassifications	-	302	-3,015	-2,713
Amortisation	-	-386	-3,069	-3,455
Disposals	-	-	173	173
Disposals from changes in consolidation	-	-	178	178
Translation differences	-	317	19	336
Accumulated depreciation and impairments at 31 December 2012	**-**	**-12,344**	**-10,325**	**-22,669**
Net values at 31 December 2012	**543**	**3,158**	**17,210**	**20,911**
Gross values at 1 January 2013	**543**	**15,502**	**27,535**	**43,580**
Own costs capitalised	-	-	30	30
Additions	-	-	2,310	2,310
Disposals	-220	-	-3,490	-3,710
Reclassifications between asset classes	-	-	-238	-238
Translation differences	9	224	88	321
Gross values at 31 December 2013	**332**	**15,726**	**26,235**	**42,293**
Accumulated amortisation and impairments at 1 January 2013	**-**	**-12,344**	**-10,325**	**-22,669**
Amortisation	-	-394	-3,306	-3,700
Impairments	-220	-	-7,635	-7,855
Disposals	220	-	2,988	3,208
Translation differences	-	-172	-57	-229
Accumulated depreciation and impairments at 31 December 2013	**-**	**-12,910**	**-18,335**	**-31,245**
Net values at 31 December 2013	**332**	**2,816**	**7,900**	**11,048**

Impairment losses of CHF 7.6 million were recognised for software in the 2013 financial year. The main reasons for these impairments are changes to the software requirements and a lower performance than anticipated. The impairment is distributed between the Market Switzerland (CHF 3.9 million) and other segments and activities (CHF 3.7 million) segments.

Tables show values in TCHF unless otherwise noted.

9 Disclosures of interests in other entities (IFRS 12)

Type of interest and number

	31.12.2013	31.12.2012 Restated
Subsidiaries	46	47
of which domestic	14	15
of which foreign	32	32
Associates	6	5
of which domestic	4	3
of which foreign	2	2
Joint operations	1	1
of which domestic	1	1
of which foreign	0	0

Tables show values in TCHF unless otherwise noted.

Subsidiaries

List of fully consolidated companies as at 31 December 2013 and 2012

Company	Head office	Currency	Issued capital	Holding 31.12.2013	Holding 31.12.2012	Purpose
Repower AG	Poschiavo	CHF	3,408,115	-	-	H/G/E
Repower Klosters AG	Klosters	CHF	16,000,000	99.94%	99.88%	C/G
Repower Ilanz AG	Ilanz	CHF	250,000	99.66%	95.63%	C/G
aurax connecta ag	Ilanz	CHF	100,000	99.66%	95.63%	S
Repower Holding Surselva AG	Waltensburg	CHF	5,000,000	99.66%	95.63%	H
Ovra electrica Ferrera SA	Trun	CHF	3,000,000	48.83%	46.86%	G
Vulcanus Projekt AG	Poschiavo	CHF	100,000	60.00%	60.00%	PC
SWIBI AG	Landquart	CHF	500,000	76.68%	99.18%	S
Repower Immobilien AG	Poschiavo	CHF	50,000	100.00%	100.00%	RE
Repower Consulta AG	Ilanz	CHF	700,000	99.66%	95.63%	RE
Alvezza SA in Liquidation	Disentis	CHF	500,000	61.79%	59.29%	RE
Elbe Beteiligungs AG	Poschiavo	CHF	1,000,000	100.00%	100.00%	H
Lagobianco SA	Poschiavo	CHF	1,000,000	100.00%	100.00%	PC
Repartner Produktions AG	Poschiavo	CHF	20,000,000	59.00%	59.00%	G/PC
Elbe Finance Holding GmbH & Co KG	Dortmund	EUR	25,000	100.00%	100.00%	H
Elbe Finance Holding Verwaltungs-GmbH	Dortmund	EUR	25,000	100.00%	100.00%	H
Repower Deutschland GmbH	Dortmund	EUR	25,000	100.00%	100.00%	C
Repower Wind Deutschland GmbH	Dortmund	EUR	25,000	59.00%	59.00%	H
Repower Wind Prettin GmbH	Dortmund	EUR	25,000	59.00%	59.00%	G
Repower Wind Lübbenau GmbH	Dortmund	EUR	25,000	59.00%	59.00%	G
Repower GuD Leverkusen Verwaltungs-GmbH	Dortmund	EUR	25,000	100.00%	100.00%	H
Repower GuD Leverkusen GmbH & Co. KG	Dortmund	EUR	25,000	100.00%	100.00%	PC
Repower Holding Italia S.p.A.	Milan	EUR	55,838,568	100.00%	100.00%	H
Repower Italia S.p.A.	Milan	EUR	2,000,000	100.00%	100.00%	E
Repower Vendita Italia S.p.A.	Milan	EUR	4,000,000	100.00%	100.00%	C
Repower Produzione Italia S.p.A.	Milan	EUR	120,000	100.00%	100.00%	H
SET S.p.A.	Milan	EUR	120,000	61.00%	61.00%	G
Energia Sud S.r.l.	Milan	EUR	1,500,000	100.00%	100.00%	G
SEA S.p.A.	Milan	EUR	120,000	100.00%	100.00%	PC
REC S.r.l.	Milan	EUR	10,000	100.00%	100.00%	PC
MERA S.r.l.	Milan	EUR	100,000	100.00%	100.00%	PC
SEI S.p.A.	Milan	EUR	120,000	57.50%	57.50%	PC
Immobiliare Saline S.r.l.	Milan	EUR	10,000	100.00%	100.00%	RE
REV S.r.l.	Milan	EUR	10,000	100.00%	100.00%	S
Forze Motrici Pistoia S.r.l.	Milan	EUR	13,466	100.00%	100.00%	H
Energia Eolica Pontremoli S.r.l.	Milan	EUR	50,000	100.00%	100.00%	PC

Tables show values in TCHF unless otherwise noted.

Company	Head office	Currency	Issued capital	Holding 31.12.2013	Holding 31.12.2012	Purpose
Repower Trading Česká republika s.r.o.	Prague	CZK	3,000,000	100.00%	100.00%	E
S.C. Repower Vanzari Romania S.R.L.	Bucharest	RON	165,000	100.00%	100.00%	E
Repower Magyarország Kft.	Budapest	HUF	50,000,000	100.00%	100.00%	E
Repower Serbia d.o.o. Beograd	Belgrade	RSD	20,000	100.00%	100.00%	E
Repower Macedonia DOOEL Skopje	Skopje	MKD	19,970	100.00%	100.00%	E
Repower Slovenskà republika s.r.o.	Bratislava	EUR	49,791	100.00%	100.00%	E
Repower Polska Sp. z.o.o.	Warsaw	PLN	75,000	100.00%	100.00%	E
Repower Adria d.o.o	Sarajevo	BAM	1,000,000	100.00%	100.00%	E
Repower Hrvatska d.o.o.	Zagreb	HRK	366,000	100.00%	100.00%	E
Repower Furnizare România S.r.l.	Bucharest	RON	45,510,000	100.00%	100.00%	E

Key:

E Energy business	C Customer (supply/sales)	RE Real estate	GC Grid company
G Generation	H Holding or purchase rights	S Services	PC Project company

The date of the financial statements of the subsidiaries on which the Group financial statements are based is consistent with the date of the consolidated financial statements.

Ovra electrica Ferrera SA, Trun, is a power plant company in which the local community holds a 51 per cent stake. The Repower Group bears full operating responsibility for this company via Repower Holding Surselva AG, and sells 100 per cent of the energy generated on the market. The Repower Group therefore exercises overall control; hence Ovra electrica Ferrera SA is fully consolidated.

Changes in the ownership interests without loss of control

Repower sold 22.5 per cent of its shares in the subsidiary SWIBI AG in the 2013 financial year. It also acquired minority interests in Repower Klosters AG and Repower Holding Surselva AG, which were covered in part by treasury shares. The net cash outflow of TCHF 1,412 is offset against the minority interests totalling TCHF -5,288 and outgoing treasury shares in the amount of TCHF 1. The difference was allocated to the majority shareholder's capital.

In the 2012 financial year, Repower sold another 6 per cent of its shares in Repartner Produktions AG to third-party energy supply companies and adjusted the previous purchase price of the shares. The net cash inflow of TCHF 4,900 was offset against the minority interests of TCHF 4,572. The difference was allocated to the majority shareholder's capital.

Consequences of the loss of subsidiary control

On 3 January 2013 Repower sold Repower Transportnetz AG to Swissgrid AG. The resulting profit/loss is zero. The transaction is described in Note 26.

Tables show values in TCHF unless otherwise noted.

The following overview provides information on the subsidiaries with significant minority interests:

Key figures for subsidiaries with significant minority interests

	2013 SET S.p.A.	2012 SET S.p.A.
Minority interest	39%	39%
Balance sheet at 31.12.		
Non-current assets	214,944	252,772
Current assets	28,023	32,135
Non-current financial liabilities	-95,070	-110,946
Other non-current liabilities	-1,811	-1,637
Current financial liabilities	-30,078	-24,114
Other current liabilities	-42,542	-46,680
Share of equity attributable to Repower shareholders and participants	-44,814	-61,933
Share of equity attributable to minority interests	-28,652	-39,597
Income statement		
Revenue	88,475	162,504
Expense	-118,936	-162,815
Share of Group profit attributable to Repower shareholders and participants	-18,581	-190
Share of Group profit attributable to minority interests	-11,880	-121
Share of profit or loss and other comprehensive income attributable to Repower shareholders and participants	1,463	-34
Share of profit or loss and other comprehensive income attributable to minority interests	935	-22
Share of profit or loss and comprehensive income attributable to Repower shareholders and participants	-17,118	-224
Share of profit or loss and comprehensive income attributable to minority interests	-10,945	-143
Dividends payment to minority interest	-	-
Cash flow from operating activities	17,587	-1,772
Cash flow from investing activities	-3,217	-851
Cash flow from financing activities	-11,080	-207
Total cash flow	**3,290**	**-2,830**

Tables show values in TCHF unless otherwise noted.

Associates

Partner plants classified as associates are listed under associated partner plants. The other holdings categorised as associates form the group other associates. Both classes are accounted for using the equity method.

Associates partner plants	Head office	Currency	Issued capital	Holding	Closing date	Purpose
AKEB Aktiengesellschaft für Kernenergie-Beteiligungen	Lucerne	CHF	90 000 000	7.00%	31.12.	H
Kraftwerke Hinterrhein AG	Thusis	CHF	100 000 000	6.50%	30.09.	G

Other associates	Head office	Currency	Issued capital	Holding	Closing date	Purpose
EL.IT.E. S.p.A.	Milan	EUR	3 888 500	46.55%	31.12.	GC
Aerochetto S.r.l.	Catania	EUR	2,000,000	39.00%	31.12.	G
Rhiienergie AG	Tamins	CHF	915,000	21.73%	31.12.	C
Swisscom Energy Solutions AG	Ittigen	CHF	3,969,728	35.00%	31.12.	S

Key:

G Generation
H Holding or purchase rights
C Customer (supply/sales)
GC Grid company
S Services

Repower's holdings in the AKEB and KHR partner plants only amount to 7 per cent and 6.5 per cent respectively. It does, however, have the binding right of nomination of a mandate and can make use of this guaranteed seat on the Board of Directors to be involved in the financial and business policy decision-making processes of the partner plants.

Investments in associates changed as follows:

Investments in associates

	2013	2012 Restated
Carrying amounts at 1 January	**39,702**	**39,317**
Investments	1,741	332
Dividends	-664	-260
Effect of currency translations	205	-79
Share of the result	-2,654	473
Actuarial profit/loss	338	-81
Carrying amounts at 31 December	**38,668**	**39,702**

Repower acquired 35 per cent of Swisscom Energy Solutions AG during the year. The Swisscom subsidiary has developed an innovative solution for intelligent and sustainable electricity consumption management.

The key figures for both partner plants classified as associates are shown individually, while the key figures of other associates are presented together.

Tables show values in TCHF unless otherwise noted.

Key figures for associates partner plants

	2013	2012 Restated	2013	2012 Restated
	Gross values	Gross values	Repower's share	Repower's share
Balance sheet at 31.12.				
Current assets	899,188	866,138	60,895	58,752
Non-current assets	101,499	113,801	6,723	7,750
Pension provisions	-13,610	-12,933	-885	-842
Non-current financial liabilities	-475,000	-405,000	-31,775	-27,150
Other non-current liabilities	-80,342	-82,847	-5,624	-5,799
Current financial liabilities	-15,005	-75,000	-1,000	-5,200
Other current liabilities	-80,590	-62,840	-5,389	-4,160
Income statement				
Revenue	333,473	328,853	22,954	22,678
Expense	-263,349	-244,191	-18,197	-16,881
Depreciation and impairments	-68,116	-65,696	-4,688	-4,512
Interest income	6,201	6,169	422	420
Interest expense	-12,555	-12,169	-841	-821
Income taxes	-2,805	-3,105	-183	-203
Gain or loss	-7,151	9,861	-533	681
Other comprehensive income	-5,199	-1,236	-338	-81
Comprehensive income	-12,350	8,625	-871	600

Key figures for other associates

	2013	2012 Restated	2013	2012 Restated
	Gross values	Gross values	Repower's share	Repower's share
Balance sheet at 31.12.				
Non-current assets	106,897	105,195	38,805	38,549
Current assets	26,679	28,389	9,716	10,354
Non-current liabilities	-58,707	-63,598	-21,816	-24,126
Current liabilities	-27,691	-20,926	-10,982	-8,426
Income statement				
Revenue	25,136	29,336	7,789	9,793
Expense	-31,337	-30,262	-9,910	-10,001
Gain or loss	-6,201	-926	-2,121	-208
Other comprehensive income	-	-	-	-
Comprehensive income	-6,201	-926	-2,121	-208

Tables show values in TCHF unless otherwise noted.

Joint operations	Head office	Currency	Issued capital	Holding	Closing date	Purpose
Grischelectra AG	Chur	CHF	1,000,000 (20 % paid in)	11.00%	30.09.	H

Key:
H Holding or purchase rights

Grischelectra AG is classified as a joint arrangement. The company's business is selling electricity procurement rights. Based on the interest of 11 per cent and other votes granted through a guaranteed proxy, Repower manages the company together with the Canton of Graubünden. Repower procures 100 per cent of the energy bundled in Grischelectra AG from hydropower in return for reimbursement of the generation costs. From an economic perspective, Repower is indirectly responsible for Grischelectra's liabilities. The holding in Grischelectra was classified as a joint operation. In contrast to the shares held, Repower includes 100 per cent of the company assets, debts, expenses and earnings in its consolidated financial statements.

10 Other financial assets

	31.12.2013	31.12.2012
Prepaid guarantees of origin	-	7,167
Prepaid electricity procurement agreements	-	43,780
Active loans	33,688	5,787
Other non-current securities	28,415	6,722
Total	**62,103**	**63,456**

The prepayment for certificates of origin and prepaid long-term electricity procurement agreements are amortised on the basis of the physical delivery of electricity and held solely for this purpose. These positions were fully impaired in the amount of TCHF 50,193 in the 2013 financial year. Together with the planned amortisation, this impairment is recognised under energy procurement and concerns the Market Switzerland segment.

The loans granted are allocated to the category loans and receivables and recognised at amortised cost. All other non-current securities are classified as "available for sale" and measured at fair value. This does not affect listed shares or equity securities for which there is no active market and hence for which the fair value cannot be reliably determined. The fair value corresponds to the acquisition value less impairments.

Significant components of other financial assets relate to loans granted to Swissgrid in the 2013 financial year and Swissgrid shares from the sale of Repower Transportnetz AG (Note 26).

11 Inventories

	31.12.2013	31.12.2012
Guarantees of origin	16,397	16,350
Emissions certificates	2,593	2,141
Emissions certificates held-for-trading	-	2,614
Gas	12,061	14,539
Material inventories	9,278	9,246
Total	**40,329**	**44,890**

Inventories consist of material inventories, gas inventories and certificates, and are measured at the lower of acquisition costs and net realisable value. Certificates that are not necessary for own generation needs and which are held for trading purposes are measured at fair value less selling costs. No impairment loss was recognised in the current financial year or in the previous year.

Tables show values in TCHF unless otherwise noted.

12 Receivables

	31.12.2013	31.12.2012 Restated
Trade accounts receivable	483,384	483,218
Allowances for doubtful accounts	-28,508	-27,211
Other receivables	54,633	52,305
Other receivables towards associates and partner plants	620	351
Total	**510,129**	**508,663**

All receivables fall into the category loans and receivables and are measured at amortised cost. The total sum of receivables at 31 December 2013 (and 31 December 2012) falls due within one year. Due to their short-term nature, the carrying amounts are assumed to be fair values.

The maturity structure of the receivables and the development of impairments are shown in the section risk management and financial risk management.

13 Securities and other financial instruments

	31.12.2013	31.12.2012
Marketable equities	-	-
Other securities	189	205
Positive replacement values	301	-
Total	**490**	**205**

Securities and other financial instruments fall into the “held for trading” category and are measured at fair value.

Positive replacement values were comprised of forward exchange transactions and an interest rate swap at the 2013 reporting date.

In the previous year, marketable equities were written down in profit or loss in the Market Switzerland segment. The issuing company is currently being liquidated. No major payment returns are anticipated. The expenses arising from the write-down of TCHF 1,266 were charged to financial expenses.

14 Positive/negative replacement values for held-for-trading positions

	31.12.2013	31.12.2012
Positive replacement values	123,884	138,612
Negative replacement values	104,239	126,024

The figures for the replacement values correspond to all financial instruments from energy trading transactions open on the balance sheet date. The replacement value corresponds to the fair value of the open financial instruments. Positive replacement values represent receivables and therefore an asset. Negative replacement values represent obligations and therefore a liability.

Replacement values of held-for-trading positions relate to forward contracts measured at current market values.
Forward contracts cover forwards and futures with flexible profiles. The replacement value is the difference in price compared to the closing price. The price fluctuations of forward contracts are recorded by adjusting the replacement values, since there is no daily financial balancing of fluctuations in value.

The employment of held-for-trading positions exposes the company to credit and market risks. If the counterparty fails to fulfil its obligations arising from the contract, the counterparty risk for the company corresponds to the positive replacement value. These risks related to held-for-trading positions are limited by imposing high requirements on contract partners’ creditworthiness. An obligation by the company towards the counterparty exists in the event of a negative replacement value. In this case the counterparty bears the risk.

Tables show values in TCHF unless otherwise noted.

15 Cash and cash equivalents

	31.12.2013	31.12.2012 Restated
Sight deposits	271,259	261,868
Cash invested for less than 90 days	1,734	265
Total	**272,993**	**262,133**

All cash and cash equivalents fall into the category loans and receivables and are measured at amortised cost. The average interest rate on CHF-denominated cash and cash equivalents was 0.15 per cent (previous year: 0.3 %) and 0.15 per cent for EUR-denominated cash and cash equivalents (previous year: 0.3 %).

Cash and cash equivalents are held in the following currencies:

	31.12.2013	31.12.2012 Restated
Swiss francs	71,053	55,987
Euro (translated)	193,645	204,334
RON (translated)	7,039	203
Other currencies (translated)	1,256	1,609
Total	**272,993**	**262,133**

All positions are freely disposable or are due within 90 days. The carrying amounts correspond approximately to the fair values.

Cash and cash equivalents for the cash flow statement

	31.12.2013	31.12.2012 Restated
Cash and cash equivalents	272,993	262,133
Cash and cash equivalents held for sale [1]	71	1,015
Negative overdrafts [2]	-	-2,130
Total	**273,064**	**261,018**

1) Cash and cash equivalents held for sale are disclosed under “assets held for sale” (Note 27). These must be added again to cash and cash equivalents for the cash flow statement.

2) Negative overdrafts are liabilities due to banks that are integrated in the payment transactions of the Group companies. These are disclosed under current financial liabilities (Note 22).

Tables show values in TCHF unless otherwise noted.

16 Share capital

		31.12.2013	31.12.2012
Share capital	2,783,115 at a par value of CHF 1	2,783	2,783
Participation capital	625,000 at a par value of CHF 1	625	625
Share and participation capital		**3,408**	**3,408**

Existing shareholders and their direct share of voting rights:		
Canton of Graubünden	58.30%	46.00%
Alpiq AG, Olten	0.00%	24.60%
Axpo Holding AG, Baden	33.70%	0.00%
Axpo Trading AG, Dietikon	0.00%	21.40%
Other (free float)	8.00%	8.00%

Participation certificates carry no voting rights at the Annual General Meeting but are subject to the same provisions as shares. The number of share and participation capital remained unchanged over the previous year.

In the 2013 financial year, the Canton of Graubünden and Axpo Trading AG each acquired half of the shares held by Alpiq AG. Axpo Trading AG transferred its shares in Repower AG to Axpo Holding AG.

Treasury shares

	Number of shares	Average price in CHF	Number of participation certificates	Average price in CHF
Values at 31 December 2011	12,156		4,107	
Purchases	-	-	-	-
Disposals	-	-	-	-
Values at 31 December 2012	**12,156**		**4,107**	
Purchases	-	-	-	-
Disposals	-1,393	164	-2,007	109
Treasury shares transfer	-379	171	-	-
Values at 31 December 2013	**10,384**		**2,100**	

In the year under review 1,393 shares (previous year: none) and 2,007 participation certificates (previous year: none) were sold and no shares (previous year: none) and no participation certificates (previous year: none) were acquired. Also in the 2013 financial year, Repower transferred treasury shares for the acquisition of minority interests in Repower Holding Surselva AG and Repower Klosters AG to the sellers of the shares partly by way of a compensation payment. The balances of this transaction are reported under the line item “share transfer”. At 31 December 2013 the treasury share portfolio totalled 10,384 shares (previous year: 12,156) with a par value of TCHF 10 and 2,100 participation certificates (previous year: 4,107) with a par value of TCHF 2.

Tables show values in TCHF unless otherwise noted.

17 Non-current financial liabilities

	Currency	Due date	Interest rate	31.12.2013	31.12.2012
Note	CHF	10.04.2017	3.625%	15,000	15,000
Note	CHF	30.03.2018	3.660%	25,000	25,000
Note	CHF	20.03.2023	3.625%	10,000	10,000
Note	CHF	28.06.2030	2.500%	20,000	20,000
Bank loan	CHF	11.12.2020	3.100%	10,000	10,000
Bank loan	CHF	04.07.2016	3.360%	50,000	50,000
Bank loan (SET)1)	EUR	30.06.2014	variable	-	12,080
Bank loan (SET)1)	EUR	30.06.2015	5.017%	67,518	66,440
Interest rate swaps (SET)1)	EUR	30.06.2014		-	1,268
Loans				**197,518**	**209,788**
Debenture bond par value	CHF	18.11.2016	2.500%	200,000	200,000
Net expenditures	CHF			-727	-1,109
Debenture bond par value	CHF	20.07.2022	2.375%	115,000	115,000
Net expenditures	CHF			-1,903	-2,130
Bonds				**312,370**	**311,761**
Investment loan 2)	CHF	31.12.2015	no interest	152	304
Investment loan 2)	CHF	31.12.2020	no interest	1,275	1,488
Investment loan 2)	CHF	31.12.2015	no interest	47	94
Loan (minority interest)3)	CHF	31.12.2070	2.700%	9,060	9,129
Loan (minority interest)	EUR	31.12.2014	variable	-	12,151
Residual purchase obligation Forze Motrici Pistoia S.r.l.	EUR	31.12.2017	7.650%	1,135	1,117
Interest rate swap	CHF	11.12.2020		1,239	-
Liabilities for financial leasing 4)	CHF		2.500%	284	668
Other financial liabilities				**13,192**	**24,951**
Total				**523,080**	**546,500**
Financial liabilities are carried in the following currencies:					
Swiss francs				454,427	453,444
Euro (translated)				68,653	93,056

With the exception of interest rate swaps, all non-current financial liabilities fall into the category other financial liabilities and are recognised at amortised cost using the effective interest method.

The weighted average interest rate based on the nominal value on the balance sheet date was 3.0 per cent (previous year: 3.0 %). The fair value of non-current financial liabilities amounted to TCHF 545,972 (previous year: TCHF 604,467).

Repower has fully complied with all credit and loan agreements.

1) Interest rate swaps are used to hedge the variable-interest rate SET bank loan and hedge accounting applied. The value adjustment of TCHF 1,077 (previous year: TCHF 946), of which TCH 420 apply to minority interests (previous year: TCHF 369), was recognised in the consolidated statement of comprehensive income (fair value adjustment of financial instruments) after taking into account deferred income taxes of TCHF -418 (previous year: TCHF -360), of which TCHF -163 apply to minority interests (previous year: TCHF -140). The maturity dates of the interest rate swaps are the same as the maturity dates for payment of the SET loan interest. Interest rate swaps are subject to hedge accounting and are carried at fair value. The adjustment in value is recorded under other comprehensive income. The interest rate swaps (SET) will expire in 2014 and are disclosed under current financial liabilities at 31 December 2013 (Note 22).

2) Mortgage assignments were pledged as security for the investment loan of TCHF 1,275 (previous year: TCHF 1,488). The fixed assets pledged in this connection are disclosed in Note 7.

Tables show values in TCHF unless otherwise noted.

3) In the 2011 financial year the minority shareholders of Repartner Produktions AG granted an interest-free loan of TCHF 15,925 commensurate with their interests to finance the expansion of Repower's Taschinas hydropower plant in Grüsch. The terms of the loan stipulate repayment on a straight-line basis originally over 59 years as well as pro-rata compensation based on the EBIT generated by the Taschinas power plant. Financial liabilities are to be recognised at the time they are acquired at fair value. Since no market price is available, this is determined on the basis of the present value of expected future cash flows. The interest rate applied is 2.7 per cent. The interest rate advantage for the interest-free shareholder loan amounted to TCHF 8,004 and was classified as a hidden contribution which was taken into account at Group level as a capital increase in non-controlling interests.

   Over the course of 2012 other partners were acquired for Repartner Produktions AG that also granted the company interest-free loans. Entry into the partnership was with retrospective effect and under the same terms and conditions as the previous partners. The additionally granted loan amount at the beginning of the year totalled TCHF 1,356.

   There were no changes in 2013.

   At the end of 2013 the liability component of the interest-free loan amounted to TCHF 9,129 (previous year: TCHF 9,196) and is amortised using the effective interest method, with the short-term portion recognised under current financial liabilities in the amount of TCHF 69 (previous year: TCHF 67).

4) The detailed maturities of leasing commitments can be found in Note 30.

18 Pension fund obligation

Repower operates defined benefit plans, with the two main plans established in Switzerland. On the balance sheet date, employees in Switzerland were members of the legally independent pension funds PKE Pensionskasse Energie Genossenschaft or PKE Vorsorgestiftung Energie. Both are pension funds within the meaning of the Federal Law on Occupational Pensions for Old Age, Survivors and Disability (BVG). The law governs the benefits employees are entitled to as well as the organisation and financing of pension funds. Both funds aim to provide occupational pensions for employees of the affiliated companies and their family members and survivors that cover the economic consequences of old age, disability and death. PKE Pensionskasse Energie Genossenschaft is a defined benefit plan and PKE Vorsorgestiftung a defined contribution plan in Switzerland in accordance with the BVG. Under the defined benefit plan, benefits paid out in the case of an insured event are defined in advance based on the insured's insured salary. Under the defined contribution plan, the benefits paid out in the case of an insured event are based on the insured's contributions plus interest.

An equal number of employer and employee representatives make up the governing bodies of the two funds. The Board of Directors or Board of Trustees of the respective fund defines each fund's goals and principles as well as regulates and monitors investments (investment strategy, investment policy, investment guidelines). The financial interests of the insureds assume top priority in the management of fund assets. Assets must be managed in accordance with the respective investment regulations so as to guarantee the timely payment of benefits and compliance with the fund's investment risk limits.

In the event of any necessary restructuring measures, the companies determine the interest rate and shortfall contributions to be paid together with their insureds. The contribution of the companies must be at least as high as the sum of the contributions of the insureds. Both the defined benefit and defined contribution plans within the meaning of the BVG represent defined benefit plans under IFRS. The probability and scope of any restructuring measures as a result of a plan shortfall can be reduced in the defined contribution plan (in accordance with BVG) by lowering the interest rate applied to the capital accrued by beneficiaries. This is not possible, however, under a defined benefit plan (in accordance with BVG). The underperformance of fund assets is detrimental to the pension fund and hence its contribution margin.

Repower is exposed to various risks in connection with defined benefit plans, with longevity risk, interest rate risk, capital market/investment risk playing a key role.

The defined contribution plan operated by PKE Vorsorgestiftung Energie will pay out pensions in two parts with effect from 1 January 2014: 90 per cent of the pension will be guaranteed as a basic pension and 10 per cent as a variable pension, depending on PKE's coverage ratio. If the coverage ratio is below 90 per cent, only the basic pension will be paid out. If the coverage ratio is higher than 120 per cent, the target pension will be increased by a maximum of 10 per cent. The variable component will be redefined each year and be valid for an entire year. This rule makes it possible for future retirees to also contribute to eliminating a potential coverage shortfall. They can, however, also participate in a positive development.

Changes to the plans adopted in the 2013 financial year resulted in income from past service costs (gain due to plan changes) in the amount of TCHF 12,313, which had to be recognised directly in profit or loss. The shift from the defined benefit pension plan with PKE Pensionskasse Energie Genossenschaft to the defined contribution pension plan with PKE Vorsorgestiftung Energie gives rise to gains totalling TCHF 10,512 due to pension plan changes. The reduction in the conversion rates applied to defined contribution plans results in gains due to pension plan changes totalling TCHF 1,801.

Tables show values in TCHF unless otherwise noted.

The following table provides an overview of the balances recognised in relation to the pension plans in the consolidated financial statements:

2013	Swiss pension plans	Italian pension plans	Total
Fair value of plan assets	164,795	-	164,795
Present value of funded obligations	-187,979	-	-187,979
Deficit of funded plans	**-23,184**	**-**	**-23,184**
Present value of unfunded obligations	-	-3,522	-3,522
Total of defined benefit pension plans	**-23,184**	**-3,522**	**-26,706**
Current service cost (Personnel expenses)	-6,652	-470	-7,122
Administration cost	-204	-	-204
Interest cost	-710	-132	-842
Gain from plan change	12,313	-	12,313
Income statement charge	**4,747**	**-602**	**4,145**
Other comprehensive income	**6,965**	**39**	**7,004**

2012 Restated	Swiss pension plans	Italian pension plans	Total
Fair value of plan assets	159,377	-	159,377
Present value of funded obligations	-197,732	-	-197,732
Deficit of funded plans	**-38,355**	**-**	**-38,355**
Present value of unfunded obligations	-	-2,980	-2,980
Total of defined benefit pension plans	**-38,355**	**-2,980**	**-41,335**
Current service cost (Personnel expenses)	-5,575	-492	-6,067
Administration cost	-214	-	-214
Interest cost	-1,003	-111	-1,114
Income statement charge	**-6,792**	**-603**	**-7,395**
Other comprehensive income	**7,171**	**-93**	**7,078**

The present value of the defined benefit obligation of the Swiss pension plans is broken down as follows into the individual groups of pension beneficiaries:

	2013	**2012 Restated**
Swiss pension plans		
Active members	120,183	130,038
Pensioners	67,796	67,694
Total Present value of obligation	**187,979**	**197,732**

All pension commitments are vested.

The weighted average term of the defined benefit pension obligation under the defined benefit and defined contribution plans total 13.9 years (previous year 16.3 years) at 31 December 2013.

Tables show values in TCHF unless otherwise noted.

The investment strategy is based on the results of an asset & liability analysis. The following table provides a breakdown of the plan assets and strategy of the investment portfolio:

	Quoted market prices in active markets	Prices in non active markets	Total	in %	Strategy in %
2013					
Cash and cash equivalents	6,313	-	6,313	4.00%	2.00%
Debt instruments	48,529	-	48,529	30.00%	31.00%
Equity instruments	61,188	-	61,188	37.00%	42.00%
Real estate	8,400	23,481	31,881	19.00%	14.00%
Other	294	16,590	16,884	10.00%	11.00%
Total	**124,724**	**40,071**	**164,795**	**100.00%**	**100.00%**

	Quoted market prices in active markets	Prices in non active markets	Total	in %	Strategy in %
2012					
Cash and cash equivalents	3,774	-	3,774	3.00%	2.00%
Debt instruments	46,024	-	46,024	29.00%	31.00%
Equity instruments	62,370	-	62,370	39.00%	42.00%
Real estate	9,034	21,742	30,776	19.00%	14.00%
Other	495	15,938	16,433	10.00%	11.00%
Total	**121,697**	**37,680**	**159,377**	**100.00%**	**100.00%**

Tables show values in TCHF unless otherwise noted.

Fluctuations in pension provisions with separate reconciliation statements for the plan assets and the present value of the defined benefit obligation are shown in the table below:

	Present value of obligation	Fair value of plan assets	Total
Restated			
At 1 January 2012	**-185,072**	**139,978**	**-45,094**
Current service cost	-6,067	-	-6,067
Administration cost	-	-214	-214
Interest expenses/income	-4,441	3,327	-1,114
Income statement	**-10,508**	**3,113**	**-7,395**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/income	-	13,111	13,111
Actuarial gain/losses from changes in demographic assumptions	-		-
Actuarial gain/losses from changes in financial assumptions	-6,342		-6,342
Experience gains/losses	309		309
Other comprehensive income	**-6,033**	**13,111**	**7,078**
Exchange differences	14		14
Contributions:			-
Employer contributions	-	4,062	4,062
Employee contributions	-2,487	2,487	-
Benefits paid	3,374	-3,374	-
At 31 December 2012	**-200,712**	**159,377**	**-41,335**
At 1 January 2013	**-200,712**	**159,377**	**-41,335**
Current service cost	-7,122	-	-7,122
Administration cost	-	-204	-204
Interest expenses/income	-3,715	2,873	-842
Gain from plan change	12,313	-	12,313
Income statement	**1,476**	**2,669**	**4,145**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/income	-	10,858	10,858
Actuarial gain/losses from changes in demographic assumptions	-9,822	-	-9,822
Actuarial gain/losses from changes in financial assumptions	10,781	-	10,781
Experience gains/losses	-4,813	-	-4,813
Other comprehensive income	**-3,854**	**10,858**	**7,004**
Exchange differences	-44	-	-44
Contributions:			
Employer contributions	-	3,524	3,524
Employee contributions	-2,328	2,328	-
Benefits paid	13,961	-13,961	-
At 31 December 2013	**-191,501**	**164,795**	**-26,706**

Tables show values in TCHF unless otherwise noted.

The key actuarial assumptions are as follows:

	2013 CH	2013 IT	2012 CH	2012 IT
Discount rate	2.20%	4.00%	1.85%	4.00%
Salary growth rate	1.50%	(2.50%)	1.50%	(2.50%)
Pension growth rate	0.00%	0.00%	0.00%	0.00%
Mortality table	BVG 2010 GT	BVG 2010 GT	BVG 2010 (2011 P)	BVG 2010 (2011 P)

The average retirement age is 63.

An increase or decline in the key actuarial parameters would affect the present value of the defined benefit obligation at 31 December 2013 as follows:

	Impact on present value of obligation		
	Change in assumptions	Increase in assumption	Decrease in assumption
Discount rate	0.25%	-5,922	6,273
Salary growth rate	0.50%	1,423	-1,333

Employer contributions of TCHF 4,104 (previous year: TCHF 3,997) are expected for the 2014 financial year.

19 Other provisions

	Reversion provisions	Litigations and court proceedings	Dismantling provisions	Other provisions	Total
Other current provisions	472	325	-	538	1,335
Other non-current provisions	13,165	-	1,894	1,322	16,381
At 31 December 2012	**13,637**	**325**	**1,894**	**1,860**	**17,716**
Additions	-	-	0	777	777
Utilisations	-474	-331	-	-700	-1,505
Reversals of provisions	-	-	-	-215	-215
Interests	437	-	43	-	480
Interest rate adjustments	-	-	-	-	-
Translation differences	-	6	31	31	68
At 31 December 2013	**13,600**	**-**	**1,968**	**1,753**	**17,321**
Expected maturity up to 1 year	472	-	-	308	780
Other current provisions	**472**	**-**	**-**	**308**	**780**
Expected maturity within 2-5 years	1,745	-	-	27	1,772
Expected maturity in more than 5 years	11,383	-	1,968	1,418	14,769
Other non-current provisions	**13,128**	**-**	**1,968**	**1,445**	**16,541**

Reversion provisions

Reversion provisions have been set aside for the extensive deliveries of free energy to the municipality of Poschiavo.

Other provisions

Other provisions cover various minor risks which are individually regarded as insignificant.

Tables show values in TCHF unless otherwise noted.

20 Other non-current liabilities

	31.12.2013	31.12.2012
Other non-current liabilities	1,758	1,627
Total	**1,758**	**1,627**

21 Other current liabilities

	31.12.2013	31.12.2012 Restated
Trade accounts payable	365,217	380,866
Other liabilities	57,481	68,263
Total	**422,698**	**449,129**

All positions fall into the category other liabilities and are recognised at amortised cost. They are due within one year. The fair values have been taken as the carrying amounts.

22 Current financial liabilities

	31.12.2013	31.12.2012 Restated
Current financial liabilities	31,638	28,041
Negative replacement values	5,637	13,796
Liabilities for financial leasing	358	438
Total	**37,633**	**42,275**

Current financial liabilities and leasing commitments fall into the other financial liabilities category and are recognised at amortised cost. Due to their short-term nature, the fair values are taken as the carrying amounts. The replacement values consist of forward exchange transactions and interest rate swaps and correspond to the market value.

More information on the interest rate swaps (SET) totalling TCHF 211 that are disclosed under negative replacement values at 31 December 2013 can be found in footnote 1 of Note 17.

The mortgage assignments were pledged as security for the mortgage of TCH 1,426 (previous year: TCHF 1,445) recognised under current financial liabilities. The fixed assets pledged in this connection are disclosed in Note 7.

Tables show values in TCHF unless otherwise noted.

23 Information about net current assets for the cash flow statement

	2013	2012 Restated
Change in net-current assets		
Change in inventories	5,086	-7,346
Change in receivables	1,946	79,940
Change in income tax receivables	8,998	-10,008
Change in prepaid expenses and accrued income	-178	-121
Change in income tax liabilities	2,068	-15,964
Change in other current liabilities	-29,754	-74,937
Change in current provisions	-570	-20,142
Change in deferred income and accrued expenses	4,354	5,758
Change in replacement values, held for trading positions	-8,966	9,700
Change in securities and other financial instruments	1	1,286
Change in net-current assets held for sale	4,861	-1,495
Total change in net-current assets	**-12,154**	**-33,329**

Prepaid expenses and accrued income

	31.12.2013	31.12.2012
Prepayment of energy and transport rights	51	5
Other prepaid expenses	5,698	5,490
Total	**5,749**	**5,495**

Deferred income and accrued expenses

	31.12.2013	31.12.2012 Restated
Accrued interest	4,265	4,267
Accrued annual leave and overtime	7,982	7,936
Accrued other personnel expenses	3,730	5,785
Accrued capital, other taxes, charges and levies	5,411	5,059
Other accrued expenses	19,162	13,387
Total	**40,550**	**36,434**

The accruals and deferrals contain both prepaid as well as deferred positions.

The accrued anticipatory income is allocated to the category other financial receivables and the deferred anticipatory expenses to the category other financial liabilities. They are measured at amortised cost and are due within one year. The fair values have been taken as the carrying amounts.

Tables show values in TCHF unless otherwise noted.

24 Transactions with related parties

Scope of transactions between the Group and related parties

	2013	2012	2013	2012	2013	2012	2013	2012
	Energy sales		Other income		Energy procurement		Other expenses	
Canton of Graubünden [1)]	81	81	-	-	-	-	-	-
Alpiq Group	5,123	38,682	357	440	22,993	95,523	37	422
Axpo Group	76,606	84,266	84	105	53,478	50,285	402	650
Main shareholders	**81,810**	**123,029**	**441**	**545**	**76,471**	**145,808**	**439**	**1,072**
Kraftwerke Hinterrhein AG	109	363	26	-	3,385	3,992	-	19
AKEB Aktiengesellschaft für Kernenergie-Beteiligungen	-	-	8	-	16,801	16,977	-	-
Rhiienergie AG, Tamins	3,120	3,452	4	-	-	-	10	-
EL.IT.E S.p.A.	-	-	258	256	2,301	2,293		-
Aerochetto S.r.l.	131	73	41	-	-	-		-
Associates and partner plants	**3,360**	**3,888**	**337**	**256**	**22,487**	**23,262**	**10**	**19**

Scope of transactions between the Group and related parties

	2013	2012	2013	2012	2013	2012	2013	2012
	Receivables at 31 December		Current liabilities at 31 December		Other non-current liabilities at 31 December		Active loans at 31 December	
Canton of Graubünden [1)]	-	-	-	-	-	-	-	-
Alpiq Group	-	6,559	-	10,408	-	-	-	-
Axpo Group	4,091	13,975	11,199	7,252	-	-	-	-
Main shareholders	**4,091**	**20,534**	**11,199**	**17,660**	**-**	**-**	**-**	**-**
Kraftwerke Hinterrhein AG	123	-	45	682	-	-	-	-
AKEB Aktiengesellschaft für Kernenergie-Beteiligungen	-	-	-	-	-	-	-	-
Rhiienergie AG, Tamins	238	391	-	-	-	-	-	-
EL.IT.E S.p.A.	259	256	-	-	-	-	4,211	5,327
Aerochetto S.r.l.	-	-	-	-	-	-	-	-
Associates and partner plants	**620**	**647**	**45**	**682**	**-**	**-**	**4,211**	**5,327**

At 31 December 2013 the positive replacement values of held-for-trading positions in respect of the Alpiq Group amounted to TCHF 0 (previous year: TCHF 3,645) and of the Axpo Group TCHF 0 (previous year: TCHF 0). At 31 December 2013 the negative replacement values of held-for-trading positions in respect of the Alpiq Group amounted to TCHF 0 (previous year: TCHF 12,596) and of the Axpo Group TCHF 18,685 (previous year: TCHF 363).

1) In its role as shareholder, the Canton of Graubünden constitutes a related party. However, acts of jurisdiction (levying of taxes, licence fees, charges, etc.) are carried out on a legal basis and are therefore not recorded under transactions with related parties. Significant energy transactions with the Canton of Graubünden are conducted via Grischelectra AG, which is recognised as a joint arrangement.

Tables show values in TCHF unless otherwise noted.

Members of the Board of Directors and Executive Board

In 2013 and 2012 Repower paid the following compensation to members of the Board of Directors and Executive Board:

	2013	2012
Gross salaries (fixed) and reimbursements	2,937,426	2,987,920
Gross salaries (variable)	375,857	654,915
Pension funds and other personnel costs	819,511	885,419
Total	**4,132,794**	**4,528,254**

In the 2013 financial year, payments in kind for car allowances were paid to members of the Executive Board in the amount of TCHF 57 (previous year: TCHF 44). These positions are reported in the category "gross salaries (fixed) and compensation".

Additional disclosures on compensation and shareholdings of Group governing bodies in accordance with the Swiss Code of Obligations are provided in the Notes to the financial statements of Repower AG.

25 Additional disclosures on financial instruments

	31.12.2013 Carrying amount	31.12.2012 Carrying amount
Assets		
Derivative financial instruments	**124,185**	**138,612**
Held for trading	**124,185**	**138,612**
Forward foreign currency contracts	3	-
Energy trading transactions	123,884	138,612
Interest rate swaps	298	-
Non-derivative financial instruments	**860,999**	**807,218**
Loans and receivables	**832,395**	**800,291**
Active loans	33,688	5,787
Receivables	525,178	532,371
Trade accounts receivables	454,876	456,007
Other receivables	55,253	52,656
Current income tax receivables	15,049	23,708
Prepaid expenses and accrued income	536	-
Cash and cash equivalents	272,993	262,133
Held for trading	**189**	**205**
Shares, bonds, other securities	189	205
Available for sale	**28,415**	**6,722**
Other financial assets	28,415	6,722
At 31.12.	**985,184**	**945,830**

Tables show values in TCHF unless otherwise noted.

	31.12.2013 Carrying amount	31.12.2012 Carrying amount
Liabilities		
Derivative financial instruments	**111,115**	**141,088**
Held for trading	**110,904**	**139,820**
Forward foreign currency contracts	101	600
Energy trading transactions	104,239	126,024
Interest rate swaps	6,564	13,196
Hedge accounting	**211**	**1,268**
Interest rate swaps	211	1,268
Non-derivative financial instruments	**1,016,832**	**1,059,274**
Other financial liabilities	**1,016,832**	**1,059,274**
Bank loans and mortgages, other	521,557	544,564
Current financial liabilities	31,638	28,041
Liabilities for financial leasing	642	1,106
Other current liabilities	**422,698**	**449,129**
Trade accounts payable	365,217	380,866
Other liabilities	57,481	68,263
Accrued expenses	40,297	36,434
At 31.12.	**1,127,947**	**1,200,362**

The carrying amount of each financial instrument represents a reasonable estimate for the fair value with the exception of the following positions:

	31.12.2013 Carrying amount	31.12.2013 Fair value	31.12.2012 Carrying amount	31.12.2012 Fair value
Loans, other non current financial liabilities (incl. long term leasing)	521,841	544,733	545,232	603,199

Measurement hierarchy

Measurements at fair value in the balance sheet are classified using a three-level hierarchy based on the type and quality of the fair values (market prices). The following levels exist:

Level 1: Publicly quoted market prices for the respective financial instrument (e.g. stock market prices).
Level 2: Market prices that are not generally accessible and possibly derived from prices for similar financial instruments or underlying goods.
Level 3: Prices that are not based on market data

Tables show values in TCHF unless otherwise noted.

Fair value hierarchy

Recurring measurement of

	31.12.2013	Level 1	Level 2	Level 3
Assets				
Derivative financial instruments	**124,185**	**19**	**124,166**	**-**
Held for trading	**124,185**	**19**	**124,166**	**-**
Forward foreign currency contracts	3	-	3	-
Energy trading transactions	123,884	19	123,865	-
Interest rate swaps	298	-	298	-
Non-derivative financial instruments	**189**	**-**	**189**	**-**
Shares, bonds, other securities	189	-	189	-

Recurring measurement of

	31.12.2013	Level 1	Level 2	Level 3
Liabilities				
Derivative financial instruments	**111,115**	**-**	**111,115**	**-**
Forward foreign currency contracts	101	-	101	-
Energy trading transactions	104,239	-	104,239	-
Interest rate swaps	6,775	-	6,775	-
Hedge accounting	211	-	211	-
Speculative	6,564	-	6,564	-
Financial instruments that are not measured at fair value	**544,733**	**-**	**544,733**	**-**
Loans	544,733	-	544,733	-

There are currently no indications for a one-time measurement of a fair value.

In the Repower Group, transfers of positions measured at fair value to and from a level generally take place at the end of the period. There were no transfers between levels at the end of 2013. There were no changes in the measurement methods nor were positions measured at fair value shifted within the individual categories.

Change in positions reported under assets

Forward exchange transactions and interest rate swaps under the group of derivative financial instruments as well as shares, bonds, other securities under the group of non-derivative financial instruments are components of the balance sheet position “securities and other financial instruments”. The energy trading transactions under the group of derivative financial instruments correspond to the balance sheet position “positive replacement values held-for-trading positions”.

Change in positions reported under liabilities

Forward exchange transactions and interest rate swaps under the group of derivative financial instruments are components of the balance sheet positions “non-current financial liabilities” and “current financial liabilities”. The energy trading transactions under the group of derivative financial instruments correspond to the balance sheet position “negative replacement values held-for-trading positions”. Loans and leasing commitments under the group of financial instruments that are not measured at fair value are components of the balance sheet position “non-current financial liabilities”.

Tables show values in TCHF unless otherwise noted.

Basic measurement methods and assumptions

Fair values are determined by applying standard market measurement methods taking into account the market data available on the measurement date. The measurement methods and assumptions used to calculate fair values are as follows:

The price curves of the last trading day for the various products and maturities on stock exchanges or with brokers are incorporated into the measurement of the energy trading transactions (positive/negative replacement values of the held-for-trading positions) classified as Level 1 and 2. The replacement value is the difference in price compared to the closing price.

Observable currency curves of active markets are incorporated into the fair value measurement of forward exchange transactions. Interest differences between individual currencies are taken into account when determining the fair value.

Observable yield curves of active markets are incorporated into the fair value measurement of interest rate swaps.

A present value calculation is used to determine the fair value of the non-current loan. Observable capital market rates of active markets are used as input parameters and increased by Repower's observable credit risk. Loans in euros are converted to Swiss francs at the closing rate.

The table below shows the financial assets that were netted as well as enforceable global netting agreements and similar agreements:

	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	Receivables / other current liabilities	Receivables / other current liabilities	Positive / negative replacement values	Positive / negative replacement values
Assets				
Gross amount of financial assets before offsetting	869,174	775,391	344,605	454,847
Gross amount of financial liabilities that have been offset with financial assets in the balance sheet	-359,045	-266,729	-220,721	-316,235
Net amount of financial assets in the balance sheet	**510,129**	**508,662**	**123,884**	**138,612**
Gross amounts that have led to no netting with financial assets (financial instruments and cash collateral received)	-	-	-	-
Net amount	**510,129**	**508,662**	**123,884**	**138,612**

	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	Other current liabilities / receivables	Other current liabilities / receivables	Negative / positive replacement values	Negative / positive replacement values
Liabilities				
Gross amount of financial liabilities before offsetting	-781,743	-715,858	-324,960	-442,259
Gross amount of financial assets that have been offset with financial liabilities in the balance sheet	359,045	266,729	220,721	316,235
Net amount of financial liabilities in the balance sheet	**-422,698**	**-449,129**	**-104,239**	**-126,024**
Gross amounts that have led to no netting with financial liabilities (financial instruments and cash collateral received)	-	-	-	-
Net amount	**-422,698**	**-449,129**	**-104,239**	**-126,024**

Tables show values in TCHF unless otherwise noted.

26 Business combinations and disposals

2013 financial year

Disposal of Repower Transportnetz AG

The Electricity Supply Act (StromVG) which came into force on 1 January 2008 requires that ownership of the Swiss transmission system be transferred to Swissgrid AG. Repower transferred all shares in Repower Transportnetz AG to Swissgrid AG on 3 January 2013.The two balance sheet positions “assets held for sale” and “liabilities held for sale”, which were previously separate, have now been adjusted. The selling price of TCHF 73,672 was consistent with the carrying amount and financial assets recorded as a consideration. These comprise new Swissgrid shares (TCHF 22,204) and a receivable from Swissgrid in the form of a loan (TCHF 51,468), TCHF 22,042 of which was repaid in the 2013 financial year. In certain cases, Swissgrid has the right to convert the loan into own shares or to not pay the interest or to only pay part of the interest. The consideration recorded is a provisional value. The final transfer value is not yet available. The complete disposal of the shares in Repower Transportnetz AG had the following effect on the assets and liabilities of the Repower Group:

	03.01.2013
Tangible assets	82,646
Inventories	72
Receivables	3,506
Cash and cash equivalents	-
Assets held for sale	**86,224**
Deferred tax liabilities	12,019
Other current liabilities	189
Deferred income and accrued expenses	344
Liabilities held for sale	**12,552**
Carrying value disposal group	73,672
Selling price	73,672
Profit/loss from sale	-

The expected consideration was adjusted to TCHF 73,447 in the course of the 2013 financial year. The loss of TCHF 225 is disclosed under “other operating expenses” in the Market Switzerland segment.

In the 2013 financial year, there were no business combinations.

2012 financial year

In the 2012 financial year, there were no business combinations or disposals.

Tables show values in TCHF unless otherwise noted.

Disposal of shares in RES S.p.A.

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:

	30.06.2012
Tangible assets	8
Deferred tax assets	170
Receivables	326
Prepaid expenses, accruals and deferred income	20
Cash and equivalents	115
Cumulative translation differences	-101
Minority interest	-211
Other current liabilities	-209
Loss	-40
Selling price	**78**
Cash consideration received	78
Outflow of cash and cash equivalents	-115
Net cash outflow related to the disposal	**-37**

The pre-tax loss from the disposal of both Group companies was recognised in other operating expenses.

27 Assets and liabilities held for sale

Assets and liabilities held for sale – SEI S.p.A.

SEI S.p.A. is developing a project to construct a coal-fired power plant in Saline Joniche using the most advanced technology on the market. The Repower Group signed an agreement to sell part of the SEI S.p.A. project company and already classified it as held-for-sale in the previous year. In terms of interests in coal-fired power plants, Repower will be adhering to the overall strategic approach formulated by the government of Canton Graubünden, its majority shareholder, in 2013. This owner strategy, combined with overall developments in the environment, has prompted a resolution from Repower's Board of Directors not to consider any more interests in coal-fired generation plants. Repower will withdraw from the Saline Joniche project on a controlled basis by the end of 2015 at the latest while complying with the contractual obligations that are in place. Under IFRS 5, assets and liabilities (disposal group) held for sale are measured at the lower of the carrying amount and fair value less costs to sell.

The fair value is the price that would have to be obtained or paid in a regular transaction between market participants on 31 December 2013 upon the transfer of SEI S.p.A. The purchase price will be determined on the basis of the probability of the expected profitable implementation and expected cash inflows from the operation of the project and the power plant as at 31 December 2013. Determining a fair value currently involves a great deal of uncertainty. Due to the uncertain market environment and the continued low energy prices feared in the future, third parties would currently assume the probability of the project's implementation as being low and factor this in when determining the purchase price, and as a result attribute no material value to the project.

Due to indications of impairment, an impairment loss of TCHF 11,663 was ascribed to the tangible assets of the disposal group. This impairment is recognised in the consolidated income statement under "other operating expenses". The disposal group belongs to the Market Italy business segment.

Tables show values in TCHF unless otherwise noted.

In view of the assets and liabilities to be transferred until the transaction is finally completed, the values listed in the following table as at 31 December 2013 are to be considered provisional:

	31.12.2013	31.12.2012
Tangible assets	-	9,349
Deferred tax assets	-	3,663
Receivables	760	1,818
Accrued income and prepaid expenses	6	6
Cash and cash equivalents	71	1,015
Assets held for sale	**837**	**15,851**
Non-current financial liabilities	-	7,755
Current financial liabilities	7,856	-
Other current liabilities	1,057	1,087
Deferred income and accrued expenses	181	74
Liabilities held for sale	**9,094**	**8,916**

The foreign currency differences of the SEI S.p.A that are contained in equity amount to TCHF 1,135 for the Repower Group and TCHF 564 for the non-controlling interests.

Assets and liabilities held for sale – Repower Transportnetz AG

Repower Transportnetz AG was classified as held for sale until 3 January 2013. More information on the completed disposal can be found in the section "Business combinations and disposals". The previous year's balances can be found in the table below.

	31.12.2012
Tangible assets	82,646
Inventories	72
Receivables	3,506
Cash and cash equivalents	-
Assets held for sale	**86,224**
Deferred tax liabilities	12,019
Other current liabilities	189
Deferred income and accrued expenses	106
Liabilities held for sale	**12,314**

Tables show values in TCHF unless otherwise noted.

28 Segment reporting

	Market Switzerland	Market Italy	Other segments and activities and consolidation	Group
2013				
Net sales from energy sales - third party	667,670	1,414,967	244,609	2,327,246
Net sales from energy sales between segments	61,850	10,011	-71,861	-
Income from held for trading positions - third party	-19,361	-6,913	23,829	-2,445
Income from held for trading positions between segments	3,063	6,153	-9,216	-
Own costs capitalised	13,525	1,316	1	14,842
Other operating income - third party	20,502	1,546	3,802	25,850
Other operating income between segments	3,393	700	-4,093	-
Operating revenue	**750,642**	**1,427,780**	**187,071**	**2,365,493**
Energy procurement - third party	-596,894	-1,256,797	-216,524	-2,070,215
Energy procurement between segments	-9,765	-42,164	51,929	-
Operating expenses (without energy) - third party	-96,998	-79,051	-45,265	-221,314
Operating expenses (without energy) between segments	-18,535	-8,049	26,584	-
Income before interest, income taxes, depreciation and amortisation (EBITDA)	**28,450**	**41,719**	**3,795**	**73,964**
Depreciations	-30,594	-17,233	-6,378	-54,205
Impairments	-84,925	-78,015	-7,093	-170,033
Income before interest and income taxes	**-87,069**	**-53,529**	**-9,676**	**-150,274**
Financial income				2,941
Financial expenses				-9,618
Share of results of associates and partner plants				-2,654
Income before income taxes				**-159,605**
Headcount at 31 December	346	169	192	707
Tangible assets	604,471	239,159	74,620	918,250
Intangible assets	4,662	4,355	2,031	11,048
Investments in associates and partner plants	26,528	8,051	4,089	38,668
Total non-current assets	**635,661**	**251,565**	**80,740**	**967,966**
Investments in tangible and intangible assets	43,349	7,002	939	51,290

Tables show values in TCHF unless otherwise noted.

	Market Switzerland	Market Italy	Other segments and activities and consolidation	Group
2012				
Net sales from energy sales - third party	664,519	1,440,439	234,487	2,339,445
Net sales from energy sales between segments	62,078	6,128	-68,206	-
Income from held for trading positions - third party	16,935	-9,435	-17,254	-9,754
Income from held for trading positions between segments	-9,499	7,043	2,456	-
Own costs capitalised	14,036	1,721	622	16,379
Other operating income - third party	19,672	3,363	2,558	25,593
Other operating income between segments	2,409	585	-2,994	-
Operating revenue	**770,150**	**1,449,844**	**151,669**	**2,371,663**
Energy procurement - third party	-517,058	-1,274,118	-187,937	-1,979,113
Energy procurement between segments	-6,097	-32,366	38,463	-
Operating expenses (without energy) - third party	-93,429	-83,564	-67,186	-244,179
Operating expenses (without energy) between segments	-25,735	-2,490	28,225	-
Income before interest, income taxes, depreciation and amortisation (EBITDA)	**127,831**	**57,306**	**-36,766**	**148,371**
Depreciations	-30,274	-16,368	-5,564	-52,206
Impairments	-12,943	-	-228	-13,171
Income before interest and income taxes	**84,614**	**40,938**	**-42,558**	**82,994**
Financial income				4,116
Financial expenses				-36,005
Share of results of associates and partner plants				473
Income before income taxes				**51,578**
Headcount at 31 December	351	178	217	746
Tangible assets	665,680	322,345	81,224	1,069,249
Intangible assets	7,892	4,916	8,103	20,911
Investments in associates and partner plants	26,825	8,669	4,208	39,702
Total non-current assets	**700,397**	**335,930**	**93,535**	**1,129,862**
Investments in tangible and intangible assets	67,849	41,742	4,461	114,052

Information by product

	2013	2012
Power, inclusive considerations for energy transmission	1,886,483	1,898,453
Gas	345,795	290,031
Other	92,523	141,207
Total	**2,324,801**	**2,329,691**

Information by country

The information on income from external customers by country can be found in the tables above. The non-current assets are allocated to the location of the accounting entity. They do not contain financial instruments or deferred tax assets.

Tables show values in TCHF unless otherwise noted.

Non-current assets

	31.12.2013	31.12.2012 Restated
Switzerland	674,605	790,020
Italy	251,668	336,032
Other countries	41,693	54,759
Total	**967,966**	**1,180,811**

Customers with a share of revenue above 10 per cent

No customer in the Repower Group had a share of revenue of more than 10 per cent in 2013. In the previous year, two individual customers had a revenue share of more than 10 per cent. Of the revenues of CHF 2,330 million, a total of CHF 697 million can be accounted for by the revenues from these Group customers in 2012.

29 Contingent liabilities and guarantee obligations

In several countries there are regulatory authorities overseeing the electricity sector. One of their tasks is to monitor the legitimacy of prices. Regulators can initiate retrospective pricing adjustments after the end of the financial year, which should subsequently be recognised in profit or loss. Liabilities can arise if the regulators do not recognise the cost declarations.

Repower is involved in various legal disputes arising from its 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 set aside the requisite provisions based on currently available information and estimates.

There are no other contingent liabilities, guarantee obligations or other obligations stemming from litigation risks.

30 Obligations under leasing arrangements

Leasing contracts that mainly transfer the economic risk to Repower are recognised as finance leasing arrangements. All other leasing contracts are classified as operating leasing arrangements. Assets which are recognised in connection with a finance lease are depreciated in accordance with the guidelines explained under property, plant and equipment. If the depreciation period of the asset is greater than the length of the lease agreement, the asset is depreciated over the term of the leasing contract.

The total of the future minimum leasing payments for every subsequent period are:

Operating leasing arrangements

	31.12.2013	31.12.2012 Restated
Due within 1 year	4,200	4,124
Due in 1-5 years	5,528	8,051
Due after 5 years	3,389	3,691
Total	**13,117**	**15,866**

At the reporting date of the current financial year, the outstanding minimum lease payments consisted of TCHF 9,345 for property and buildings, TCHF 2,547 for motor vehicles and TCHF 1,225 for IT hardware. At the reporting date of the previous financial year, the outstanding minimum lease payments consisted of TCHF 12,135 for property and buildings, TCHF 2,213 for motor vehicles and TCHF 1,519 for IT hardware.

Tables show values in TCHF unless otherwise noted.

Only in the case of motor vehicle leasing contracts is Repower required to pay a standard market surcharge if it uses the vehicles beyond the contractually agreed km limit. Repower does not intend to purchase any of the leased vehicles or IT hardware at the end of the leasing period.

Finance leasing arrangements

	31.12.2013	31.12.2012
Sum of minimum lease payments		
Due within 1 year	371	440
Due in 1-5 years	289	714
Due after 5 years	-	-
Total	**660**	**1,154**
Future interests	**-18**	**-48**
Liabilities for financial leasing	**642**	**1,106**
Present value of liabilities for financial leasing		
Due within 1 year	358	438
Due in 1-5 years	284	668
Due after 5 years	-	-
Total	**642**	**1,106**

The finance leasing arrangements only cover motor vehicles. The lease liabilities are contained in financial liabilities. If Repower uses the vehicles beyond the agreed km limit, it must pay a standard market surcharge. Repower does not intend to acquire the leased vehicles at the end of the lease agreement.

31 Risk assessment

Risk management is a fundamental component of Repower's business activities. Repower has an established risk management process in place. The main risks relevant to the Group are identified and assessed, and their probability of occurrence and impact is measured as part of a regular risk identification process. The Board Committee and Executive Board evaluate and monitor all significant risks identified and regularly brief the Board of Directors. The Board of Directors or the Executive Board defines appropriate measures to avoid, mitigate, transfer or control these risks. The measures are then permanently monitored.

Further details on risk management and financial risk management are provided on pages 69 to 73 of the consolidated financial statements.

32 Events occurring after the balance sheet date

Approval of Group financial statements

The Group financial statements were approved for publication by the Board of Directors on 31 March 2014. They depend on the approval of the Annual General Meeting, which will take place on 14 May 2014.

REPORT OF THE AUDITORS

Report of the statutory auditor
to the General Meeting of
Repower AG
Poschiavo

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Repower AG, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, changes in consolidated equity, consolidated cash flow statement and notes (pages 49 to 115), for the year ended 31 December 2013.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

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Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Beat Inauen	Martin Bettinaglio
Audit expert Auditor in charge	Audit expert

Chur, 31 March 2014

Tables show values in TCHF unless otherwise noted.

Income statement

	Note	2013	2012
Net sales		643,931	665,303
Own costs capitalised		4,389	4,430
Other operating income		31,903	28,183
Total operating revenue	1	**680,223**	**697,916**
Energy procurement		-564,401	-537,515
Material and third parties services		-7,813	-7,098
Personnel expenses		-47,804	-51,808
Concession fees		-8,353	-8,287
Depreciation/amortisation and impairment	2	-10,997	-26,181
Other operating expenses		-27,662	-36,380
Operating expenses		**-667,030**	**-667,269**
Operating income before interest and income taxes		**13,193**	**30,647**
Financial income		35,017	15,962
Financial expense		-14,540	-24,462
Non-operating income		142	169
Income before taxes		**33,812**	**22,316**
Gains on the sale of assets		59,474	490
Extraordinary income		25,380	-
Extraordinary expenses		-50,193	-57
Profit before taxes		**68,473**	**22,749**
Taxes		-1,902	-1,642
Net income for the year		**66,571**	**21,107**

Tables show values in TCHF unless otherwise noted.

Balance sheet

Assets	Note	31.12.2013	31.12.2012
Tangible assets		156,951	149,918
Intangible assets	3	24,801	27,480
Financial assets	4	676,557	662,604
Non-current assets		**858,309**	**840,002**
Inventories		2,531	3,615
Trade accounts receivable	5	418,241	361,898
Other receivables	5	166,003	83,573
Prepaid expenses and accrued income	6	2,558	10,143
Financial current assets		1,514	1,548
Cash and cash equivalents		178,801	181,283
Current assets		**769,648**	**642,060**
Total assets		**1,627,957**	**1,482,062**

Tables show values in TCHF unless otherwise noted.

Liabilities and shareholders' equity	Note	**31.12.2013**	**31.12.2012**
Share capital		2,783	2,783
Participation capital		625	625
Reserves for treasury shares		3,667	4,688
Legal reserves		43,797	52,276
Other reserves		498,294	477,273
Retained earnings		78,218	31,648
Equity	7	**627,384**	**569,293**
Provisions	8	**19,551**	**52,506**
Non-current liabilities	9	**489,024**	**490,060**
Trade accounts payable		369,456	319,305
Other current liabilities		97,722	21,796
Deferred income and accrued expenses		24,820	29,102
Current liabilities	10	**491,998**	**370,203**
Liabilities		**1,000,573**	**912,769**
Total liabilities and shareholder's equity		**1,627,957**	**1,482,062**

Tables show values in TCHF unless otherwise noted.

NOTES

Total operating revenue

	2013	2012
Revenue from energy sales	662,972	649,626
Profit from held-for- trading positions	-22,553	24,592
Profit from held-for- trading positions towards group companies	3,512	-8,915
Total net revenue	**643,931**	**665,303**
Own costs capitalised	**4,389**	**4,430**
Revenue from other operating activities	31,903	28,183
Other operating income	**31,903**	**28,183**
Total operating revenue	**680,223**	**697,916**

Depreciation/amortisation and impairment

	2013	2012
Depreciation of tangible assets	6,991	7,888
Amortisation of intangible assets	4,006	3,761
Impairment of tangible assets	-	11,267
Impairment of financial assets	-	3,265
Total	**10,997**	**26,181**

Intangible assets

	31.12.2013	31.12.2012
Reversion waiver compensation	30,825	30,825
Value adjustment waiver compensation	-20,036	-18,495
Software	14,012	15,150
Total	**24,801**	**27,480**

Tables show values in TCHF unless otherwise noted.

Financial assets

	31.12.2013	31.12.2012
Investments	407,476	389,425
Long-term prepayments	-	50,947
Loans to Group companies	188,319	191,725
Other financial assets	80,762	30,507
Total	**676,557**	**662,604**

Receivables

	31.12.2013	31.12.2012
Related parties (shareholders)	25,646	45,521
Group companies	146,794	115,572
Positive replacement values held for trading positions	70,202	-
Other receivables	341,602	284,378
Total	**584,244**	**445,471**

Prepaid expenses and accrued income

	31.12.2013	31.12.2012
Group companies	1,871	9,688
Other	687	455
Total	**2,558**	**10,143**

Tables show values in TCHF unless otherwise noted.

7 Equity

	31.12.2013	31.12.2012
Share capital 2,783,115 shares at a par value of 1 CHF per share	2,783	2,783
Participation capital 625,000 participation certificates at a par value of 1 CHF per share	625	625
Share capital	**3,408**	**3,408**
Reserves for treasury shares	3,667	4,688
Capital reserves	26,674	35,153
Other legal reserves	17,123	17,123
Other reserves	498,294	477,273
Reserves	**545,758**	**534,237**
Retained earnings carried forward	11,647	10,541
Net income for the year	66,571	21,107
Retained earnings	**78,218**	**31,648**
Equity	**627,384**	**569,293**

Share capital

Significant shareholders as defined by the Swiss Code of Obligations (OR) 663 c (share of capital and voting rights):

	31.12.2013	31.12.2012
Canton of Graubünden	58.30%	46.00%
Alpiq AG, Olten	0.00%	24.60%
Axpo Holding AG, Baden	33.70%	0.00%
Axpo Trading AG, Dietikon	0.00%	21.40%

In the 2013 financial year, the Canton of Graubünden and Axpo Trading AG each acquired half of the shares held by Alpiq AG. Axpo Trading AG transferred its shares in Repower AG to Axpo Holding AG.

Treasury shares

	Number of shares	Average price in CHF	Number of participation certificates	Average price in CHF
Values at 31 December 2011	12,156		4,107	
Purchases	-	-	-	-
Disposals	-	-	-	-
Values at 31 December 2012	**12,156**		**4,107**	
Purchases	-	-	-	-
Disposals	-1,393	164	-2,007	109
Treasury shares exchange	-379	171	-	-
Values at 31 December 2013	**10,384**		**2,100**	

In the reporting year, 9 registered shares of Repower Holding Surselva AG were exchanged for 146 shares, and 100 registered shares of Repower Klosters AG were exchanged for 233 shares. A total of 379 shares were thus exchanged.

Tables show values in TCHF unless otherwise noted.

8 Provisions

	31.12.2013	31.12.2012
For reversion	-	25,375
For reversion waiver compensation	7,800	7,800
For contract risks	4,800	4,800
Other risks	6,951	14,531
Total	**19,551**	**52,506**

9 Non-current liabilities

			31.12.2013	31.12.2012
Debenture bond	2.500%	2009-2016	200,000	200,000
Debenture bond	2.375%	2010-2022	115,000	115,000
Loan	2.500%	2010-2030	20,000	20,000
Note	3.625%	2008-2017	15,000	15,000
Note	3.660%	2008-2018	25,000	25,000
Note	3.625%	2008-2023	10,000	10,000
Bank loan	3.360%	2006-2016	50,000	50,000
Bank loan	3.100%	2005-2020	10,000	10,000
Towards group companies			43,878	44,648
Liabilities for financial leasing			146	412
Total			**489,024**	**490,060**

10 Current liabilities

	31.12.2013	31.12.2012
Related parties (shareholders)	21,952	2
Group companies	29,695	18,208
Deferred income and accrued expenses third parties	23,254	27,338
Deferred income and accrued expenses group companies	1,566	1,764
Negative replacement values held for trading positions	83,429	-
Other obligations	332,102	322,891
Current liabilities	**491,998**	**370,203**

There are no liabilities due to pension plans (previous year: none). Liabilities due to the Canton of Graubünden which are not explicitly attributable to its status as a shareholder of Repower AG are not disclosed separately.

Tables show values in TCHF unless otherwise noted.

OTHER INFORMATION

Non-current assets
The fire insurance value for property is CHF 56 million (previous year: CHF 56 million).
An additional property insurance policy covers all the relevant risks of the Repower Group's Swiss companies. The insurance covers the value of property, plant and equipment excluding real estate and land to the value of CHF 1,066 million (previous year: CHF 1,156 million).

Investments
The table on pages 87 to 92 of the consolidated financial statements summarises the main interests held directly or indirectly by Repower AG.

Provision policy
Risks related to delivery and sales contracts are regularly assessed in line with market developments and the necessary provisions recognised or adjusted in profit or loss.

Net release of hidden reserves
In the reporting year, pre-tax income was improved by releasing hidden reserves in the amount of CHF 39.4 million (previous year: CHF 7 million).

Sureties, guarantee obligations and pledges in favour of third parties
Joint liability for VAT Group taxation with Repower Klosters AG, Repower Immobilien AG, Repower Holding Surselva AG, aurax connecta ag, Repower Consulta AG, Repower Ilanz AG, SWIBI AG, Vulcanus Projekt AG, Elbe Beteiligungs AG, Lagobianco SA, Repartner Produktions AG and Ovra electrica Ferrera SA.

To the benefit of group companies, letters of intent and financing agreements amounting to EUR 258 million (equivalent to CHF 317 million) were concluded (previous year: EUR 336 million, equivalent to CHF 406 million). Recognised lease liabilities totalled TCHF 379 (previous year: TCHF 697).

No other sureties, guarantee obligations or pledge agreements exist.

Information on the risk assessment process and related measures
Repower AG is fully integrated in the risk assessment and management process at Group level. The main risks relevant for Repower AG are directly incorporated at Group level in the Group-wide risk management process, where they are comprehensively managed, controlled and monitored. Explanations on risk assessment at Group level are provided in the Notes to the consolidated financial statements on pages 69 to 73.

These financial statements were drawn up using the transitional provisions for the new accounting law pursuant to the provisions of the Swiss Code of Obligations for bookkeeping and accounting which were valid until 31 December 2012.

Tables show values in TCHF unless otherwise noted.

CHF		Compensation [1]	Compensation for additional services	Total comp. 2013	Total comp. 2012
Dr Eduard Rikli, Chairman		129,625	-	129,625	133,875
Kurt Baumgartner, Vice Chairman [2]	until 15.05.13	32,418	-	32,418	96,000
Dr Hans Schulz, Vice Chairman [2]	from 15.05.13	75,223	-	75,223	45,900
Placi Berther		50,575	-	50,575	48,769
Christoffel Brändli		40,143	-	40,143	40,143
Dr Guy Bühler [2]	until 15.05.13	30,681	-	30,681	82,000
Rudolf Hübscher	until 09.05.12	-	-	-	15,872
Claudio Lardi		43,563	-	43,563	41,438
Rolf W. Mathis [2]		43,300	-	43,300	43,900
Dr Martin Schmid		114,538	-	114,538	118,787
Daniel Spinnler [2]	until 15.05.13	15,341	-	15,341	24,062
Antonio Taormina [2]	until 09.05.12	-	-	-	17,828
Roger Vetsch	from 09.05.12	37,188	-	37,188	25,566
Michael Wider [2]	until 15.05.13	11,341	-	11,341	29,000
Dr Rudolf Huber	from 15.05.13	52,401	-	52,401	-
Dr Myriam Meyer Stutz [2]	from 15.05.13	25,659	-	25,659	-
Gerhard Jochum	from 15.05.13	27,263	-	27,263	-
Dr Manfred Thumann [2]	from 15.05.13	25,659	-	25,659	-
Total		**754,918**	**0**	**754,918**	**763,140**

1) The compensation amount includes a Board of Directors fee and meeting expenses.
2) In line with the instructions of the members of the Board of Directors concerned, the total compensation or Board of Directors fee is transferred to the members' employer.

CHF	Gross salaries (fixed)	Gross salaries (variable)	Retirement provision and other services	Total comp. 2013	Total comp. 2012
Kurt Bobst, CEO	477,290	75,000	159,283	711,573	776,452
Other Executive Board members	1,705,218	300,857	660,228	2,666,303	2,988,662
Total	**2,182,508**	**375,857**	**819,511**	**3,377,876**	**3,765,114**

In the 2007 financial year, a profit-sharing model was introduced for members of the Executive Board which led to the first bonus payments in 2010. The model is explained in the Corporate Governance section of the Annual Report. At 31 December 2013 there are no obligations arising from the profit-sharing model (previous year: none). In the 2013 financial year, payments in kind for car allowances were paid to members of the Executive Board in the amount of TCHF 57 (previous year: TCHF 44). These positions are reported in the category "gross salaries (fixed)".

No other compensation or loans exist in accordance with Art. 663b^{bis} of the Code of Obligations.

Tables show values in TCHF unless otherwise noted.

Disclosures in accordance with Art. 663c of the Code of Obligations at 31 December of the financial year:

	Shares 2013	Shares 2012	PC 2013	PC 2012
Dr Eduard Rikli, Chairman of the Board of Directors	100	100	-	-
Placi Berther	9	9	-	-
Christoffel Brändli	14	14	-	-
Rolf W. Mathis	5	5	-	-
Roger Vetsch	25	-	-	-

	Shares 2013	Shares 2012	PC 2013	PC 2012
Kurt Bobst, CEO	50	50	100	100
Felix Vontobel	50	50	50	50
Fabio Bocchiola	5	5	-	-
Giovanni Jochum	25	25	300	300

There are no other factors requiring disclosure under the terms of Arts. 663b and 633c of the Code of Obligations.

Tables show values in TCHF unless otherwise noted.

THE BOARD OF DIRECTORS PROPOSES THE FOLLOWING APPROPRIATION OF RETAINED EARNINGS TO THE ANNUAL GENERAL MEETING:

Net income for the year 2013	CHF	66,570,961
Retained earnings carried forward	CHF	11,646,922
Retained earnings	**CHF**	**78,217,883**

Allocation to other reserves	CHF	-40,000,000
Balance carried forward	**CHF**	**38,217,883**

Furthermore, the Board of Directors proposes to the General Assembly the distribution, from reserves of capital, of CHF 2.00 for every share and participation certificate:

Capital reserves carried forwards 1)	CHF	26,673,436
Dividend on share capital of 2.8 million CHF 2)	CHF	-5,566,230
Dividend on participation capital of 0.6 million CHF 2)	CHF	-1,250,000
Capital reserves carried forward on the next year	**CHF**	**19,857,206**

Dividend per share/participation certificates, gross	CHF	2.00
./. 35% withholding tax	CHF	-
Net payment	**CHF**	**2.00**

1) No dividend was paid on the 12,156 shares and 4,107 participation certificates held by Repower AG on the payout date (23 May 2013), thus increasing the capital reserves carried forward by CHF 40,658.

2) Qualifies as tax-neutral repayment of capital in accordance with Art. 20 of the Federal Law on Direct Federal Tax, and Art. 5 of the Federal Law on Withholding Tax.

No dividend is paid on shares or participation certificates held by Repower AG on the payout date. This can reduce the actual dividend payout accordingly.

Subject to the approval of the Annual General Meeting, the dividend will be paid from capital reserves starting on 21 May 2014 on presentation of coupon No. 11 for a share with a par value of CHF 1.00 or coupon No. 11 for a participation certificate with a par value of CHF 1.00.

Poschiavo, 31 March 2014

For the Board of Directors:

Dr Eduard Rikli
Chairman of the Board of Directors

REPORT OF THE AUDITORS

Report of the statutory auditor
to the General Meeting of
Repower AG
Poschiavo

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Repower AG, which comprise the income statement, balance sheet and notes (pages 119 to 129), for the year ended 31 December 2013.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2013 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of reserves comply with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Beat Inauen	Martin Bettinaglio
Audit expert Auditor in charge	Audit expert

Chur, 31 March 2014

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at the following locations:

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KEY DATES

14 May 2014	Annual General Meeting in Landquart
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29 April 2015	Annual General Meeting

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