SEMI-ANNUAL REPORT **2013**

REPOWER

CONTENTS

Semi-annual report

OVERVIEW

- **Environment** *The first six months of the year were marked by a challenging economic environment and political uncertainties.*

- **Total operating revenue** *In the first half of 2013, the Repower Group generated total operating revenue of CHF 1.2 billion (+ 2% year-on-year).*

- **EBIT and profit** *At CHF 43 million (-17% year-on-year) EBIT was in line with expectations. Profit was up 53 per cent to CHF 29 million thanks to the positive financial result.*

- **Increased efficiency** *Repower's efficiency programme got underway in January, the effects of which will be fully felt in 2014.*

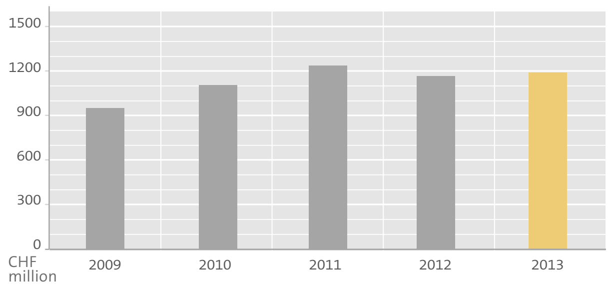
- **Italy and Romania** *Sales in these two countries contributed favourably to results, with Italy contributing around half of revenues and Romania has now emerged from a challenging phase and entered into the profit zone.*

- **Generation** *Wind power generation in the first half of 2013 was up year-on-year, while considerably less energy was generated by the gas-fired combined-cycle power plant in Teverola.*

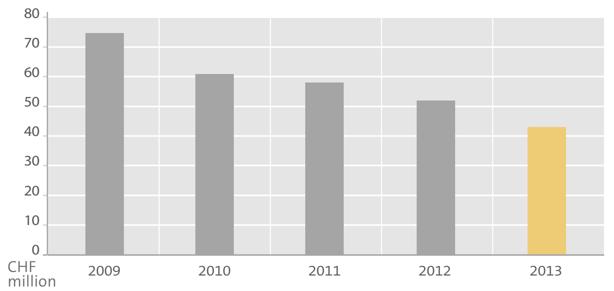
- **Innovation** *By means of innovative solutions Repower plans to focus even more strongly in future on the intelligent networking of energy systems.*

KEY FINANCIALS

CHF million	1st half-year 2012 restated	1st half-year 2013	Change
Revenue and income			
Total operating revenue	1,168	1,195	+ 2 %
Income before interest and income taxes (EBIT)	52	43	- 17 %
Group profit including minority interests	**19**	**29**	**+ 53 %**
Balance sheet			
Balance sheet total at 30.06.	2,303	2,364	+ 3 %
Equity at 30.06.	958	992	+ 4 %
Equity ratio	42 %	42 %	



Total operating revenue for first half-year



EBIT for first half-year

SHARE INFORMATION

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

CHF		1st half-year 2012	1st half-year 2013
Share price			
Share	High	437	210
	Low	275	151
Participation certificate (PC)	High	280	174
	Low	213	113

Dividend	**2009**	**2010**	**2011**	**2012**
Share	8.00	8.00	5.00	2.50
Participation certificate (PC)	8.00	8.00	5.00	2.50

ENERGY BALANCE SHEET

	1st half-year 2012	1st half-year 2013	Change
Electricity business in GWh			
Trading	4,066	5,114	+ 26 %
Supply/sales	3,359	2,999	- 11 %
Pumps, own use, losses	192	174	- 9 %
Electricity sales	**7,617**	**8,287**	**+ 9 %**
Trading	6,314	7,133	+ 13 %
Own generation	845	712	- 16 %
Energy from participations	458	442	- 3 %
Electricity procurement	**7,617**	**8,287**	**+ 9 %**
Gas business in 1,000 m^3			
Sales to end customers	93,760	123,320	+ 32 %
Trading (sales)	233,337	419,718	+ 80 %
Gas sales	**327,097**	**543,038**	**+ 66 %**
Teverola power plant (Italy) consumption	93,627	58,754	- 37 %

HEADCOUNT

at 30.06.	1st half-year 2012	1st half-year 2013
Switzerland	501	495
Italy	174	174
Germany	23	24
Romania	30	29
Czech Republic	25	26
Total	**753**	**748**
Trainees	30	30
Sales agents Italy	471	563

ELECTRICITY SALES 1ST HALF-YEAR 2013: 8,287 GWH

TRADING
- 5 % Long term*
- 45 % Mid term*
- 12 % Short term*

- 36 % Sales
- 2 % Pumps, own use, losses

ELECTRICITY PROCUREMENT 1ST HALF-YEAR 2013: 8,287 GWH

TRADING
- 14 % Long term*
- 34 % Mid term*
- 38 % Short term*

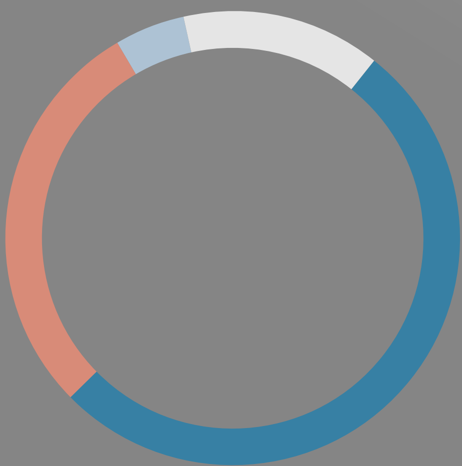
- 9 % Own generation
- 5 % Participations and drawing rights

** Trading contracts are classified based on the duration between the conclusion of the contract and the final delivery date (end of contract):*

***Short term** = up to 3 months*
***Mid term** = longer than 3 months and up to a maximum of 2 years following the year in which the contract was concluded*
***Long term** = all contracts with durations beyond those of mid-term contracts*

OWN GENERATION AND PARTICIPATIONS: 1,154 GWH

- 52 % Hydro
- 29 % Gas
- 5 % Wind
- 14 % Nuclear



OPERATING INCOME IN LINE WITH EXPECTATIONS – OVERALL CONDITIONS STILL UNCERTAIN

Repower had a turbulent start to the first half of 2013, when it announced measures designed to enhance efficiency in January. Various factors made this step necessary: while the continued heavy subsidising of new renewable energies led to market distortions, the persistently adverse economic situation in Europe resulted in sluggish electricity demand, which in turn led to an excess supply of electricity. The consequences have been a continued decline in prices on the markets. Against this backdrop, Repower closed the first half of 2013 with EBIT of CHF 43 million (- 17%), which is in line with expectations, and profit of CHF 29 million (+ 53%).

POLICYMAKERS CALLED TO ACT

In addition to the generally challenging economic environment, the energy industry is also being burdened by political uncertainty and regulations that are distorting the market. Policymakers, in particular, now need to take action: we must move ahead with Switzerland's 2050 Energy Strategy and the Energy Agreement with the EU to create clear overall conditions and investment security for energy companies. The goal must be to consider the entire international energy system from generation and storage through to consumption across all sectors and technologies. At the same time, there must be enough flexibility to allow market mechanisms to take hold and to open the door for innovation. The subsidies for new renewable energies that are currently causing market distortions are calling into question the cost-effectiveness of non-subsidised albeit equally sustainable renewable hydropower generation. As a result, energy prices have at times been below Repower's full costs. This price pressure is likely to continue in the medium term. Swiss large-scale hydropower is under pressure, with not only existing plants affected but also forward-looking projects. The current overall political conditions are thus paradoxically jeopardising the operation and expansion of a sustainable generation type that could otherwise play a significant role in energy reform.

During the consultation process for the federal government's 2050 Energy Strategy at the end of January, Repower seized the opportunity to express its concerns about the political structure of our energy future. To ensure that one of the energy goals at federal and cantonal level – expanding hydropower – can be met, the overall conditions for large-scale hydropower and pumped storage power plants must be clarified and improved immediately. This stipulation is also part of the "Energie-Initiative der Alpenländer" (Energy Initiative of the Alpine Countries) that was presented this spring by industry associations from Germany, Austria and Switzerland. Repower's position is that the system of the feed-in tariff needs to be replaced with a market-oriented quota model under which power suppliers are obliged to include a certain percentage of renewable energy in their generation or procurement portfolio. Repower is still of the opinion that this kind of model should be given priority over the emerging, enormous subsidy machine that threatens to expand to proven technologies, as a quota model would create the prerequisites for market-driven investment in renewables.

OPERATING INCOME MEETS EXPECTATIONS

In the first half of 2013, Repower generated revenues of CHF 1.2 billion in an environment characterised by low market prices. EBIT fell to CHF 43 million and was in line with expectations. At CHF 29 million, profit was higher than expected (+ 53 % year-on-year), which can be attributed to the positive financial result. Exchange rates developed favourably at a low level in the first half of 2013. Operating cash flow of CHF 31 million considerably

CHAIRMAN OF THE BOARD OF DIRECTORS DR EDUARD RIKLI (LEFT) AND CEO KURT BOBST:

"The current economic and regulatory environment is creating enormous challenges for the energy sector. Repower is meeting these challenges with innovative solutions, by focussing projects and implementing efficiency measures."

exceeded the previous year's figure (CHF -3 million), while net investments totalled CHF 31 million (previous year: CHF 72 million).

There were positive signs on the Romanian market: after stabilising the previous year, Repower entered into the black in the first half of 2013. Tailored solutions helped consolidate customer relationships. Repower is one of the leading private energy companies on the Romanian market and has a reputation as a quality-conscious and innovative partner. Electricity and gas sales in Italy also made a positive contribution to results, while trading is experiencing the effects of the difficult market situation in the marketing of electricity from our own generating facilities. Trading margins overall developed as expected.

Repower's own generation of hydropower in Switzerland (321 GWh) was on a par with the previous year's level. Wind power generation (57 GWh) increased year-on-year (+ 54 %), with the pleasing increase mainly attributable to the start-up of operation of the new wind farm in Lucera, Italy (in-depth report on pages 12 and 13). Electricity generation from the gas-fired combined-cycle power plant in Teverola, on the other hand, was considerably lower than the previous year (- 31 %).

EFFICIENCY PROGRAMME SHOWING THE FIRST EFFECTS

In January, Repower announced the measures it was introducing as part of its programme to enhance efficiency launched back in 2012. The measures included implementation of a parent company organisation with effect from 1 April 2013, the streamlining of organisational structures and the reduction in the headcount through redundancies, early retirement and natural attrition. Internal processes were also simplified and redundant activities eliminated. Not least of all, the efficiency programme includes plans to reduce investment volume considerably over the next 10-15 years, which will involve the streamlining of the project portfolio. The full effects of the efficiency programme will be felt in 2014. These measures will result in savings of around CHF 10 million a year for Repower. The first effects were already noticeable in the last half year, however, with operating expenses, for example, down by just under CHF 6 million. Furthermore, Repower was more cautious with investments in 2013 (CHF - 41 million).

POSITIONING WITH INNOVATIVE SOLUTIONS AND PARTNERSHIPS

To enhance its proven business model as a vertically integrated energy company with activities along the entire electricity value chain and activities in gas business, Repower is making a stronger commitment to forward-looking, innovative solutions for intelligent energy management and new technologies. While this may sound abstract, it took on concrete form in Repower's partnership with Swisscom that started at the beginning of the year. The joint venture company Swisscom Energy Solutions AG makes it possible for Repower customers to network their electrical heating systems in a virtual power plant that intelligently synchronises energy consumption, storage and generation. These system services contribute to grid stability and efficient electricity supply in Switzerland.

Repartner Produktions AG, which has been operational since 2012 with the involvement of Repower as the principal shareholder and eight energy supply companies, is also setting its sights on innovation and cooperation. The company, which gives energy supply companies access to procurement rights for diversified power generation, aims to gradually broaden its portfolio with investments in other plants. The conditions for securing

an interest in the planned combined-cycle gas turbine power plant in Leverkusen are currently being clarified.

Another of Repower's innovative commitments is in the field of electromobility. In Italy, Repower introduced on the market in May the PALINA charging station for electric cars and scooters. PALINA is also on display in the automobile museum in Turin. In addition, customers have extensive e-mobility services at their disposal when they purchase electricity. The first step was also taken in this direction in Switzerland when a PALINA was put into operation for electric vehicles in Grüsch.

Repower is convinced that the energy reform can only be achieved through the intelligent networking of energy systems, and is to this end actively working on developing appropriate innovative solutions.

PROJECTS IN A CHALLENGING ECONOMIC ENVIRONMENT

The economic and regulatory environment for pumped storage plants is currently very challenging and the outlook is difficult. Not under dispute, however, is the fact that as "electricity batteries" pumped storage plants are indispensable to the success of the energy reform over the short and long term. This is why Repower is moving ahead with the Lagobianco project. Lagobianco is well-positioned in terms of the foreseeable concession and project approval, as well as its technical layout. Further project development decisions will be taken during the course of the second half of the year.

The Chlus hydropower project in Lower Prättigau is another project faced with a competitive disadvantage due to the market distortions caused by subsidies granted to new renewables mentioned at the beginning of this section. If the overall, politically driven economic conditions remain uncertain, a hydropower plant that could make a substantial contribution to achieving the energy goals at federal and cantonal level would potentially be put at risk. Work on the concession project and on environmental impact statement level 1 continued in the first half of 2013. A public vote in this regard is scheduled for spring 2014 in the thirteen concession municipalities.

An important sub-goal was reached in the project to construct a combined-cycle gas turbine power plant in Leverkusen. In March the district government in Cologne made a preliminary decision on emissions control requirements and by doing so signalled the project's eligibility to receive approval. Other groundbreaking steps are planned for this year. Repower expects to be able to make an investment decision in the first quarter of 2014.

SALINE JONICHE: POPULAR INITIATIVE JEOPARDISING SUCCESSFUL FURTHER DEVELOPMENT OF REPOWER'S INTERNATIONAL BUSINESS

To guarantee the security of power supply, the European electricity mix has to be diversified and enough base load provided. This means that at least one more generation of conventional power plants is necessary. With this in mind, Repower is working with partners to develop a project to construct a modern coal-fired power plant in Saline Joniche in Calabria. After successful completion of the environmental impact assessment, the approval process is proceeding, headed by the Italian Ministry for Economic Development in cooperation with the region of Calabria and the local authorities.

The power plant planned in Italy, which will use the latest cutting-edge technology, is the subject of political discussions in Switzerland. Graubünden's electorate will vote on 22 September on an initiative launched by environmental organisations with the goal of blocking the Saline Joniche project. The initiative was overwhelmingly rejected by the parliament and the government of the Canton of Graubünden. Graubünden's parliament and government presented a counterproposal to the initiative. They emphasise that the initiative seriously undermines entrepreneurial freedom because Repower is planning its projects in line with its strategy in its various key markets, while carefully weighing up eco-

GIANTS IN THE WIND

The new wind farm in Lucera (Apulia) has been generating power since the autumn of 2012. The photos in this semi-annual report provide a glimpse of the latest plant in Repower's generation portfolio.

nomic, environmental and supply-related aspects in their development. It goes without saying that Repower complies strictly with all the relevant applicable laws and completely upholds all environmental standards.

Management is convinced that if the initiative were accepted, Repower would lose its credibility as a reliable partner, particularly in Italy. Business activities in Italy, where Repower generates around half of its revenues and operating profit, would be restricted. This would also have negative consequences for Graubünden as a business location where Repower provides jobs and pays taxes, not least due to its international activities. In addition, this would create a worrying precedent for other economic and industrial sectors. Ultimately, the initiators would also not achieve their primary objective of preventing the go-ahead of the Saline Joniche project even if the initiative were accepted: Repower is only one of several shareholders in the SEI S.p.A. project company, which means that the project will go ahead even without Repower.

You can find in-depth information on the project at www.repower.com/saline.

Repower has another power plant project in the pipeline in Italy: the approval process for the Campolattaro pumped storage plant in the province of Benevento is currently under way and a decision is expected by the end of the year at the earliest. Repower plans to carry out this project with partners and is currently in talks with prospective candidates.

In addition to these projects, Repower takes its business responsibility seriously and continuously invests in upgrading existing plants. The Cavaglia power plant, for example, was comprehensively modernised at a cost of around CHF 4.6 million in 2013. The operational building in the Landquart substation were renovated at a cost of approx. CHF 2.8 million and a photovoltaic system installed on the roof. Regular investments are also made in grid infrastructure maintenance.

CHALLENGING SIGNS FOR 2013/2014

The extremely strained market environment will also persist in the second half of 2013 and in 2014. As a result, Repower assumes that conditions will continue to be very challenging and difficult to forecast in both the 2013 financial year and in 2014. Repower does not expect market prices to recover in the short and medium term. From the present vantage point, Repower stands by its stated expectation that operating income in 2013 will be similar to 2012. Other regulatory requirements and decisions as well as policy decisions may have a significant impact on the energy market in Switzerland and in Europe and in turn impact operating income. Existing generation facilities and ongoing projects have to be continuously assessed for their profitability based on new policy decisions.

Dr Eduard Rikli
Chairman of the Board of Directors

Kurt Bobst
CEO

THE WIND IS BLOWING FROM LUCERA

THE LATEST REPOWER WIND FARM GETS OFF TO A PROMISING START

Thirteen new wind turbines have been turning in the wind in Italy since the autumn of 2012. At the beginning of last November, the latest and largest Repower wind farm officially went into operation two months ahead of schedule. With an installed capacity of 26 megawatts, it generates power for around 20,000 Italian households every year.

The 80-metre high wind masts tower above Lucera; each individual rotor blade is 45 metres long. In the first half of 2013 the wind turbines already generated more than 28 gigawatt hours of electricity and are thus on track to exceed the expected output of 52 gigawatt hours per year.

It's no coincidence that Repower chose the windy location of Lucera in the southern Italian province of Foggia as the site for the wind farm – wind is in plentiful supply! In addition to the excellent wind conditions, another determining factor in site selection was the good capabilities for connection to the national transmission grid. A 14-km long underground medium-voltage power line and a new transformation substation connect the wind farm to the high-voltage network of grid operator TERNA.

A REPOWER PROJECT FROM START TO FINISH

Repower developed the project on its own starting from the planning and the approval process through to supplier selection and the award of contracts. Following completion of the wind farm in Corleto Perticara (Basilicata) in 2004 – Repower was the first Swiss company at that time to create a wind farm in Italy – and the acquisition of an interest in the Giunchetto wind farm (Sicily) in 2010, this is the third Repower wind power project carried out in Italy.

Looking back: 2006 was the first time Repower started considering the idea of building a wind farm in the region of Apulia. Following intensive project work, environmental approval was granted in 2009 and was followed by the "Autorizzazione Unica" in the spring of 2011 when the region of Apulia gave Repower the go-ahead to construct and operate the wind farm. Construction began at the end of July 2011 and all of the wind turbines had already been erected just one year later. The total cost of the project was just under EUR 42 million, which was below the budgeted amount of EUR 45 million. In addition to the income from electricity sales, Repower benefits from the allocation of tradable green electricity certificates for the wind farm.

REPOWER GENERATES MORE POWER FROM WIND THAN IN ALL OF SWITZERLAND

Since the wind farm in Lucera started up operation, Repower operates five wind farms in Germany and Italy. With total installed capacity of 73 megawatts and around 140 gigawatt hours of annual wind power output, Repower generates more wind power than in all of Switzerland (approx. 92 GWh). And wind power will also play an important role for Repower in the future: the company has a target output of 100-150 megawatts in this area. It is therefore currently assessing the expansion of existing wind farms and the development of new wind farms in Germany and Italy.

LUCERA ON VIDEO AND IN AUDIO

Repower introduced its wind farm at two events in Italy and via various media. The project, for example, was part of an exhibition at the Triennale in Milan and at the "Festival della Scienza" in Genoa. The exhibition's website (www.hominesenergetici.it) includes a section about the wind farm.

VISION…

…is needed more than ever before.

A Repower employee looks over the 26-MW wind farm in the hills of Apulia.

Two films have also been made about the wind farm, with one portraying its layout and embedding in the environment in 3D and the other the construction of a wind turbine in fast motion. Both videos can be viewed at www.onlinereport.repower.com.

A Lucera app is also available: users can take a touch-operated tour of the wind farm and receive real-time information on its capacity and electricity generation. An original educational game lets users virtually put the turbines into motion to generate electricity and thus gain a fun look at how a wind farm works. The "Windfarm" app is available for downloading from the app store.

INTERVIEW WITH CLARA RISSO, HEAD OF RENEWABLE ENERGIES, REPOWER ITALY

What was the highlight of this extremely successful project for you?

One of the many highlights was the construction of the wind farm itself. In record time of just slightly more than one year, up to 150 workers handled more than 15,000 cubic metres of concrete and 12,000 tonnes of steel and installed 150 kilometres of cable – all within more than 50,000 man-hours. There was not a single accident, something that can't be taken for granted at a major construction site. The team was also unfazed by unusual events: work had to be suspended once temporarily due to snow and the construction of two wind turbines was delayed because we found the remains of kilns from the Neolithic period. But we were able to find a good solution to protect the ancient findings with an archaeologist we called in to help: they are now part of a recently opened exhibition in a museum in a community near Lucera.

How is the Lucera wind farm managed and maintained?

The operation of the wind farm is a good example of how the Repower office in Milan cooperates with the control centre of the Teverola gas-fired combined-cycle power plant, which monitors the plant. The staff in Teverola also take care of the plant's maintenance. This allows us to make the best possible use of synergies within the company. The farm generally generates electricity whenever there is enough wind and it is possible for power to be fed into the grid. There are thus no limits to power generation as long as technical availability is ensured.

How was your cooperation with the local authorities?

From the very outset, Repower has sought dialogue with the various stakeholder groups. As a result, we forged a constructive relationship with the authorities based on trust, which is what made the construction of the wind farm possible. As compensation measures for the project, we gave the communities affected two electric cars to use for their benefit. We also performed repair work on two sports facilities.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
REPOWER GROUP

Consolidated income statement

CHF thousands	01.01.-30.06.2012 restated unaudited	1.1.-30.06.2013 unaudited
Net sales	1,148,912	1,173,650
Own costs capitalised	7,266	6,827
Other operating income	12,270	14,165
Total operating revenue	**1,168,448**	**1,194,642**
Energy procurement	-975,482	-1,016,044
Concession fees	-8,624	-8,600
Personnel expenses	-44,893	-43,712
Material and third parties services	-15,110	-15,802
Other operating expenses	-45,239	-39,242
Income before interest, income taxes, depreciation and amortisation	**79,100**	**71,242**
Depreciation/amortisation and impairment	-26,605	-27,972
Income before interest and income taxes	**52,495**	**43,270**
Financial income	1,176	16,988
Financial expenses	-19,548	-13,403
Share of results of associates and partner plants	1,122	-128
Income before income taxes	**35,245**	**46,727**
Income taxes	-16,286	-17,370
Group profit including minority interests	**18,959**	**29,357**
Share of group profit attributable to Repower shareholders and participants	18,951	28,045
Share of group profit attributable to minority interests	8	1,312
Earnings per share (undiluted)	5.58	8.27

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

INTERIM CONSOLIDATED FINANCIAL STATEMENTS **REPOWER GROUP**

Consolidated statement of comprehensive income

CHF thousands	01.01.-30.06.2012 restated unaudited	1.1.-30.06.2013 unaudited
Group profit including minority interests	18,959	29,357
Actuarial profit/loss from pension plans of fully consolidated companies	8,682	12,849
Income taxes	-1,448	-2,144
Other comprehensive income after taxes, non-reclassifiable	7,234	10,705
Currency translation		
Effect from currency translation of fully consolidated companies	-2,178	4,809
Reclassified into profit or loss statement	114	-
Effect from currency translation of at-equity consolidated companies	-128	71
Fair value adjustments of financial instruments	416	654
Income taxes	-158	-249
Other comprehensive income after taxes, reclassifiable	-1,934	5,285
Other comprehensive income	**5,300**	**15,990**
Total comprehensive income	**24,259**	**45,347**
Share of profit or loss and other comprehensive income attributable to Repower shareholders and participants	24,537	42,972
Share of profit or loss and other comprehensive income attributable to minority interests	-278	2,375

Consolidated balance sheet

Assets	31.12.2012	30.06.2013
CHF thousands	restated unaudited	unaudited
Property, plant and equipment	1,069,249	1,079,554
Intangible assets	20,911	20,597
Investments in associates and partner plants	40,474	41,356
Other financial assets	63,456	112,673
Deferred tax assets	23,312	25,186
Non-current assets	**1,217,402**	**1,279,366**
Inventories	44,890	25,824
Receivables	508,662	529,962
Current income tax receivables	23,708	18,771
Prepaid expenses and accrued income	5,495	8,461
Securities and other financial instruments	205	2,812
Positive replacement values held-for-trading positions	138,612	199,426
Cash and cash equivalents	262,133	283,755
Current assets	**983,705**	**1,069,011**
Non-current assets held for sale	102,075	16,081
Total assets	**2,303,182**	**2,364,458**

INTERIM CONSOLIDATED FINANCIAL STATEMENTS **REPOWER GROUP**

Liabilities and shareholders' equity	31.12.2012	30.06.2013
	restated	
CHF thousands	unaudited	unaudited
Share capital	2,783	2,783
Participation capital	625	625
Treasury shares	-16	-16
Retained earnings (including Group profit)	916,366	939,143
Actuarial profit/loss from pension plans	5,858	16,489
Fair value adjustment of financial instruments	-856	-609
Accumulated translation differences	-46,358	-42,309
Shareholders' equity excluding minority interests	**878,402**	**916,106**
Minority interests	79,723	75,995
Shareholders' equity	**958,125**	**992,101**
Pension provisions	41,335	27,932
Other non-current provisions	16,381	15,495
Deferred tax liabilities	50,487	52,155
Non-current financial liabilities	546,500	539,307
Other non-current liabilities	1,627	1,656
Non-current liabilities	**656,330**	**636,545**
Current income tax liabilities	12,299	16,143
Current financial liabilities	42,276	48,304
Negative replacement values held-for-trading positions	126,024	193,331
Other current provisions	1,335	1,544
Other current liabilities	449,129	430,447
Deferred income and accrued expenses	36,434	37,278
Current liabilities	**667,497**	**727,047**
Liabilities		
Liabilities held for sale	21,230	8,765
Total liabilities and shareholders' equity	**2,303,182**	**2,364,458**

Changes in consolidated equity

CHF thousands	Share capital	Participa-tion capital	Treasury shares	Retained earnings	Actuarial profit/loss from pension plans	Fair value adj. for fin. instr.	Accu-mulated translation differences	Total Group equity	Minority interests	Total share-holders' equity
restated unaudited										
Equity at 1 January 2012	**2,783**	**625**	**-16**	**902,402**	**-**	**-1,214**	**-45,379**	**859,201**	**74,373**	**933,574**
Comprehensive income for the period				**18,951**	**7,183**	**157**	**-1,754**	**24,537**	**-278**	**24,259**
Dividends (excl. treasury shares)				-16,959				-16,959	-68	-17,027
Changes in consolidation								-	-211	-211
Purchase/sale of minority interests				151			177	328	4,557	4,885
Equity at 30 June 2012	**2,783**	**625**	**-16**	**904,545**	**7,183**	**-1,057**	**-46,956**	**867,107**	**78,373**	**945,480**
unaudited										
Equity at 1 January 2013	**2,783**	**625**	**-16**	**916,366**	**5,858**	**-856**	**-46,358**	**878,402**	**79,723**	**958,125**
Comprehensive income for the period				**28,045**	**10,631**	**247**	**4,049**	**42,972**	**2,375**	**45,347**
Dividends (excl. treasury shares)				-8,480				-8,480	-646	-9,126
Tax effect, treasury shares								-		-
Changes in consolidation								-		-
Purchase/sale of minority interests				3,212				3,212	-5,457	-2,245
Capital increase, minority interests								-		-
Equity at 30 June 2013	**2,783**	**625**	**-16**	**939,143**	**16,489**	**-609**	**-42,309**	**916,106**	**75,995**	**992,101**

INTERIM CONSOLIDATED FINANCIAL STATEMENTS **REPOWER GROUP**

Consolidated cash flow statement

CHF thousands		Note	1.1.-30.06.2012 restated unaudited	1.1.-30.06.2013 unaudited
Group profit including minority interests			18,959	29,357
Depreciation/amortisation and impairment			26,605	27,972
Impairment of non-current assets held for sale			3,697	-
Own costs capitalised			-7,266	-6,827
Change in pension provisions			1,670	-3,251
Change in other long term provisions			-503	-953
Change in deferred taxes			3,083	8
Share of results of associates and partner plants			-1,122	128
Dividends from associates and partner plants			36	450
Compound interest from non-current liabilities			287	676
Other income and expenses not affecting cash			7,973	-9,087
Change in net-current assets		6	-56,620	-7,960
Cash flow from operating activities			**-3,201**	**30,513**
Property, plant and equipment	- Additions		-60,598	-22,899
	- Disposals		264	1,751
Intangible assets	- Additions		-4,201	-1,525
	- Disposals		-	-
Group companies	- Acquisitions		-	-
	- Disposals		-115	-
Investments in associates and partner plants	- Investments		-	-1,389
	- Disposals		-	-
Non-current financial assets	- Investments		-	-
	- Disposals		657	22,783
Cash flow from investing activities			**-63,993**	**-1,279**
Additions to financial liabilities			8,673	5,156
Repayment of financial liabilities			-15	-551
Dividend payments			-17,027	-9,126
Purchase of treasury shares			-	-
Sale of treasury shares			-	-
Purchase/sale of minority interest			4,885	-2,245
Capital increase through minority interests			-	-
Cash flow from financing activities			**-3,484**	**-6,766**
Translation differences			**-2,597**	**1,114**
Change in cash and cash equivalents			**-73,275**	**23,582**
Cash and cash equivalents at 1 January			345,581	261,018
Cash and cash equivalents at 30 June		5	**272,306**	**284,600**
Cash flow from operating activities covers:				
Interest received			670	1,176
Interest paid			4,601	2,345
Income taxes paid			17,959	7,931

Notes to the interim consolidated financial statements

1) COMPANY INFORMATION

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

Dividends paid	**1.1. – 30.6.2012**	**1.1. – 30.6.2013**
Approved and paid dividends per share	CHF 5.00	CHF 2.50
Approved and paid dividends (including dividends on treasury shares)	TCHF 17,041	TCHF 8,520

The dividend payment for the 2012 financial year was approved by the Annual General Meeting on 15 May 2013.

2) PRINCIPLES OF CONSOLIDATION

Basis

The unaudited interim consolidated financial statements of the Repower Group as at 30 June 2013 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". The interim consolidated financial statements do not include all the information disclosed in the consolidated annual financial statements, and should therefore be read in conjunction with the consolidated annual financial statements as at 31 December 2012.

Foreign currencies were converted at the exchange rate of EUR/CHF 1.2338 on the balance sheet date and at an average rate of EUR/CHF 1.2301. Positions in other currencies are insignificant and were converted using the rates published by the European Central Bank (ECB Fixings). The unrealised exchange rate gains and losses on intragroup transactions are recognised in the consolidated cash flow statement under other income and expenses not affecting cash.

Accounting and valuation principles

The accounting and valuation principles used in these interim consolidated financial statements correspond to the principles applied in the consolidated financial statements as at 31 December 2012 with the exception of the new or revised standards described below which have been applied for the first time and have a significant impact on the interim financial statements.

New and revised accounting and valuation principles

IAS 1 requires OCI (other comprehensive income) items to be presented separately depending on whether they may be reclassified or not. Repower applied this rule for the first time in the 2013 semi-annual report. To reflect the change to IAS 1 "Presentation of Items of Other Comprehensive Income (OCI)", Repower 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 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 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.

Repower began applying the revised IAS 19 "Employee Benefits", published in June 2011, for the annual period beginning on 1 January 2013 in line with the transitional requirements. The revised guideline will be applied with retrospective effect. 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 they are incurred. Recognition of these gains or losses increases or decreases obligations and thus makes equity more volatile. Interest expense and the expected income from plan assets were previously recognised under pension costs (personnel expenses). The interest rate used to calculate the expected return on plan assets

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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 Repower'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 components. The pension provisions will still be shown as a separate balance sheet item. The presentation of the previous year's figures has been adjusted accordingly.

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

Effect on the group income statement	**01.01. - 30.06.2012**	**01.01. - 31.12.2012**
CHF thousands		
Personnel expenses	-857	1,599
Income before interest, income taxes, depreciation and amortisation	**-857**	**1,599**
Financial expenses	-554	-1,113
Income before income taxes	**-554**	**-1,113**
Income taxes	232	-82
Group profit including minority interests	**-1,179**	**404**
Share of group profit attributable to Repower shareholders and participants	-1,169	391
Share of group profit attributable to minority interests	-10	13
Earnings per share (undiluted)	-0.35	0.11

Effect on the other comprehensive income	**01.01. - 30.06.2012**	**01.01. - 31.12.2012**
CHF thousands		
Group profit including minority interests	-1,179	404
Actuarial profit/loss from pension plans of fully consolidated companies	8,682	7,078
Income taxes	-1,448	-1,161
Other comprehensive income after taxes, non-reclassifiable	7,234	5,917
Effect from currency translation of fully consolidated companies	2	1
Other comprehensive income after taxes, reclassifiable	2	1
Other comprehensive income	**7,236**	**5,918**
Total comprehensive income	**6,057**	**6,322**
Share of profit or loss and other comprehensive income attributable to Repower shareholders and participants	6,016	6,250
Share of profit or loss and other comprehensive income attributable to minority interests	41	72

Effect on the balace sheet	01.01.2012	31.12.2012
CHF thousands		
Deferred tax assets	229	217
Non-current assets	**229**	**217**
Total assets	**229**	**217**
Retained earnings (including Group profit)	-30,915	-30,524
Actuarial profit/loss from pension plans	-	5,858
Accumulated translation differences	-	1
Shareholders' equity excluding minority interests	**-30,915**	**-24,665**
Minority interests	-229	-157
Shareholders' equity	**-31,144**	**-24,822**
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	**229**	**217**

Effect on the cash flow statement	01.01. - 30.06.2012	01.01. - 31.12.2012
CHF thousands		
Group profit including minority interests	-1,179	404
Change in pension provisions	1,411	-487
Change in deferred taxes	-232	83
Cash flow from operating activities	-	-

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 parties to the joint operation must account for their share of the assets, liabilities, income and expenses. 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 interest. The introduction of the new standard prompted Repower to analyse and review all of its arrangements with partner plants. From Repower's point of view, there is no contractual arrangement governing Repower's joint control over the main activities of the partner plants, with the exception of Grischelectra AG. 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. Repower exercises 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 will be applied with retrospective effect. The financial effects on the consolidated financial statements as at 30 June 2013 are insignificant.

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IFRS 13 has 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 to 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 measurement 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. The classes were created on the basis of those used to present the additional disclosures on financial instruments as at 31 December in the 2012 Annual Report. These classes, which were created on the basis of balance sheet items, have been defined in more detail. They will be applied prospectively and are used for the first time in this report.

3) CHANGES IN CONSOLIDATION

Business acquisitions

No business acquisitions were made in the first half of 2013.

Business disposals

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 handed over all shares in Repower Transportnetz AG to Swissgrid AG on 3 January 2013. The two items "Assets held for sale" and "Liabilities held for sale", which were previously separate, have now been recognised under disposals. The selling price of TCHF 73,672 was consistent with the carrying amount. Financial assets were recognised to compensate for the disposal. These comprise the 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 had been repaid by 30 June 2013. In certain cases, Swissgrid has the right to convert the loan into own shares or to not or only partially pay the interest. The amount posted to compensate for the transfer of the assets 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 in the first half of 2013:

CHF thousands	**03.01.2013**
Property, plant and equipment	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 held for sale	73,672
Selling price	73,672
Profit/loss from the sale	**-**

Purchase/sale of minority interests

In the first half of 2013, Repower acquired additional minority interests in Repower Holding Surselva AG. The net cash outflow totalled TCHF 2,245 and the minority interests totalled TCHF 5,457. The difference was allocated to the majority partner's capital.

Companies included according to the equity method

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

4)) ASSET IMPAIRMENT AND IMPAIRMENT REVERSALS

In the first six months of 2013, an impairment of TCHF 900 was recognised for a power plant project in Italy.

5) CASH AND CASH EQUIVALENTS

Cash end equivalents for cash flow statement CHF thousands	30.06.2012 restated unaudited	30.06.2013 unaudited
Cash and cash equivalents	271,738	283,755
Cash and cash equivalents held for sale	7,395	845
Negative overdraft	-6,827	-
Total	**272,306**	**284,600**

6) CHANGE IN NET CURRENT ASSETS

Change in net-current assets CHF thousands	1.1.-30.06.2012 restated unaudited	1.1.-30.06.2013 unaudited
Change in inventories	5,543	19,759
Change in receivables	5,693	-13,388
Change in income tax receivables	5,716	5,336
Change in prepaid expenses and accrued income	-2,143	-2,875
Change in current income tax liabilities	-10,429	3,750
Change in other current liabilities	-61,441	-25,063
Change in other current provisions	-19,446	191
Change in deferred income and accrued expenses	4,252	762
Change in replacement values, held-for-trading positions	15,797	6,175
Change in securities and other financial instruments	-162	-2,607
Total change in net-current assets	**-56,620**	**-7,960**

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7) ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS AND ITEMS MEASURED AT FAIR VALUE

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.

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

Fair value hierarchy CHF thousands	**30.06.2013**	**Level 1**	**Level 2**	**Level 3**
Assets				
Recurring fair value measurements				
Fair value through profit or loss				
Financial instruments				
Securities and financial instruments	205	-	205	-
Positive replacement values				
Currency exchange forwards	2,607	-	2,607	-
Held-for-trading positions	199,426	24	199,402	-
Non-financial instruments				
None				
Non-recurring fair value measurements				
None				
Total at 30 June	**202,238**	**24**	**202,214**	**-**
Liabilities				
Recurring fair value measurements				
Fair value through profit or loss				
Financial instruments				
Negative replacement values				
Currency exchange forwards	137	-	137	-
Interest rate swaps	7,702	-	7,702	-
Held-for-trading positions	193,331	1	193,330	-
Not at fair value through profit or loss				
Interest rate swaps (hedge accounting)	641	-	641	-
Financial instruments not measured at fair value through profit or loss				
Long-term financial liabilities	579,034	-	579,034	-
Non-recurring fair value measurements				
None				
Total at 30 June	**780,845**	**1**	**780,844**	**-**

The fair value of the non-current financial liabilities is TCHF 579,675 (carrying amount TCHF 539,307) and comprises the "Interest-rate swaps (hedge accounting)" and "Loans and other financial liabilities". The carrying amount of the other financial instruments represents a reasonable estimate for their fair value or already corresponds to it.

Other non-current securities and positive replacement values of the forward exchange transactions are reported under "Securities and other financial instruments". The replacement values of all financial instruments from energy trading transactions open on the balance sheet date correspond to the items of the same name "Positive/negative replacement values held-for-trading positions". The item "Current financial liabilities" contains the negative replacement values of the forward exchange transactions and interest-rate swaps.

The 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 the fair value are as follows:

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

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

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

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

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8) ASSETS AND LIABILITIES HELD FOR SALE

SEI S.p.A. is currently developing a project to construct a coal-fired power plant in Saline Joniche using the most advanced technology available at present on the market. The Repower Group signed an agreement to sell part of the project company SEI S.p.A. The sale will take place at a price defined in the agreement. 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. Because the fair value less costs to sell is higher than the carrying amount, there is no need for impairment. In view of the assets and liabilities to be transferred until the transaction is completed, the values listed in the following table as at 30 June are provisional only:

CHF thousands	31.12.2012	30.06.2013
Property, plant and equipment	9,349	10,618
Deferred tax assets	3,663	3,730
Receivables	1,796	855
Current income tax receivables	22	24
Prepaid expenses and accrued income	6	9
Cash and Cash equivalents	1,015	845
Non-current assets held for sale	**15,851**	**16,081**
Non-current financial liabilities	7,755	7,736
Other current liabilities	1,087	832
Deferred income and accrued expenses	74	197
Liabilities held for sale	**8,916**	**8,765**

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 disposals".

9) OTHER DISCLOSURES

The investments in property, plant and equipment and intangible asset amounted to MCHF 24 in the first six months of 2013. These mainly include investments in or upgrades to different grid systems, the Teverola gas-fired combined-cycle power plant as well as investments in the projects Lagobianco pumped storage plant and the Leverkusen combined-cycle gas turbine power plant.

Financial income for the first half of 2013 improved year-on-year due to currency developments that were advantageous for Repower.

10) CONTINGENT LIABILITIES AND GUARANTEE OBLIGATIONS

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

11) ESTIMATION UNCERTAINTIES

Management makes estimations and assumptions in line with the IFRS accounting rules that affect the assets, liabilities, income and expenses of the reported figures and how they are presented. The actual values may deviate from the estimated values.

12) EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The interim consolidated financial statements were approved by the Board of Directors on 20 August 2013.

No further significant events requiring disclosure occurred after 30 June 2013.

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AN INSIDE VIEW

A Repower employee carries out maintenance work on the inside of a wind turbine, where the grid connection is located.

KEY DATES

2 April 2014	Publication of 2013 annual results
14 May 2014	Annual General Meeting in Landquart

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August 2013

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All the energy you need.