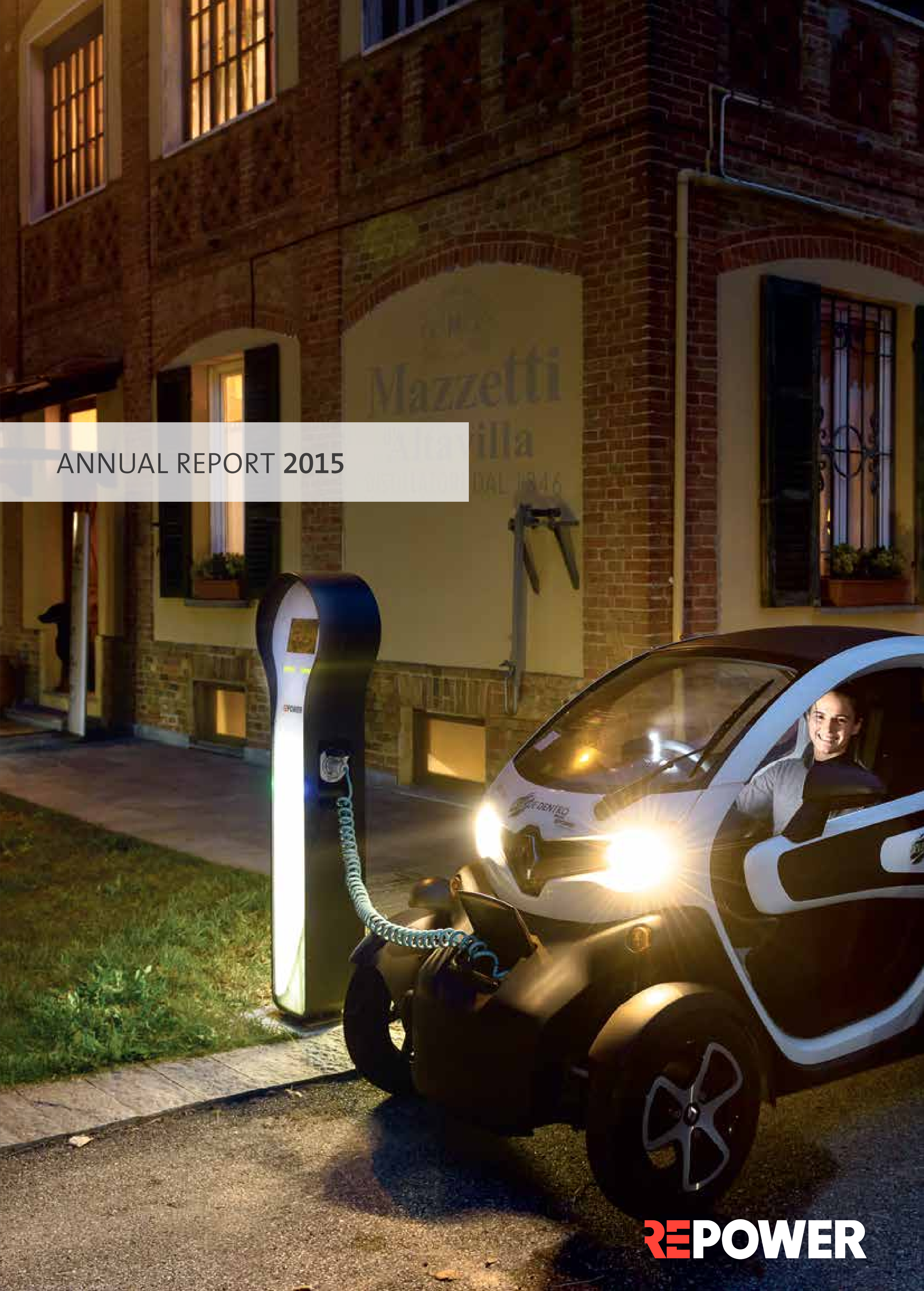
ANNUAL REPORT **2015**



REPOWER

CUSTOMERS CENTRE STAGE

Repower is increasingly evolving into a service and sales organisation, so customer focus is top priority. The images in this annual report also put our customer at centre stage. They give an insight into the diversity of Repower's large customer segment in Switzerland and Italy, with portraits ranging from a hotel on the Ligurian coast and a grappa distillery in Piemont to the Swiss Grand Resort, a Surselva ski resort, and a campground in Poschiavo.

Cover
Buzzing around in a Twizy from Repower: the Mazzetti distillery in Altavilla in Piemont produces its grappa with green power from Repower; Elisa Belvedere Mazzetti represents the seventh generation of the entrepreneurial family.

CONTENTS

OVERVIEW

- *Repower generated **total operating revenue** of CHF 1,896 million in 2015 (down 17% on the previous year).*

- ***Operating income** (EBIT) came to CHF - 69 million; the result was a net loss of CHF 136 million.*

- *EBIT was hit hard by **impairments**, notably on the Teverola combined-cycle gas turbine plant, coupled with various **provisions**. Extremely challenging market conditions, with another **decline in energy prices** and a **strong franc**, also had a massive impact on results.*

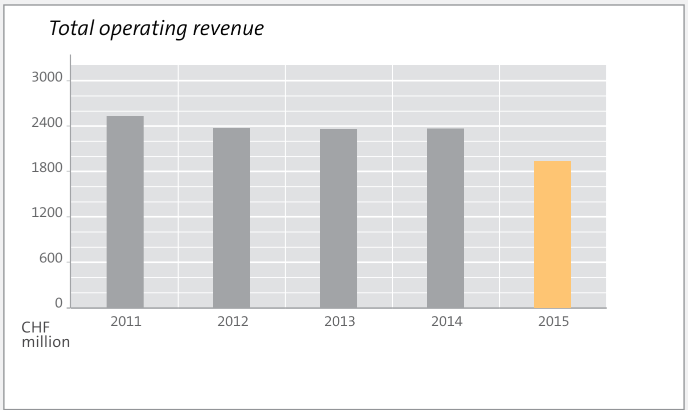
- *Thanks to its know-how in generation, grids, trading and sales, in 2015 Repower was again able to deliver numerous **contracts for third parties**. It intends to step up efforts in this area even more.*

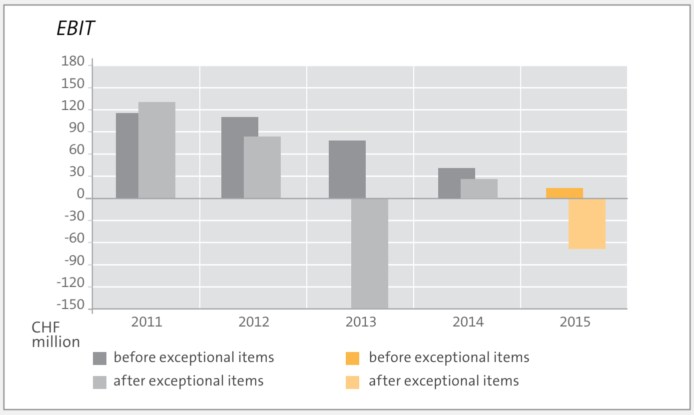
- *Repower's strategic realignment – restructuring to create a sales and service organisation, generating 100 per cent renewable energy, and focusing on the Swiss and Italian markets – is a response to radical changes in the energy market. Details on the **2025 strategy** can be found on page 11.*

FINANCIAL HIGHLIGHTS

CHF million	2015	2014 Restated*
Revenue and income		
Total operating revenue	1,896	2,273
Income before interest, taxes, depreciation and amortisation (EBITDA)	46	77
Depreciation/amortisation and impairment	- 115	- 51
Income before interest and taxes (EBIT)	- 69	26
Group result	**- 136**	**- 33**
Balance sheet		
Balance sheet total at 31 December	1,828	2,126
Equity at 31 December	600	766
Equity ratio	33%	36%

* See page 50





SHARE INFORMATION

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

CHF

Share price				2015	2014
Shares			High	118	157
			Low	55	102
Participation certificates (PC)			High	95	115
			Low	55	87

Dividend		2015*)	2014	2013	2012
Shares		0.00	0.00	2.00	2.50
Participation certificates (PC)		0.00	0.00	2.00	2.50

**) 2015 dividend subject to decision by the Annual General Meeting. There are no restrictions on transferability or voting rights.*

ENERGY BALANCE SHEET

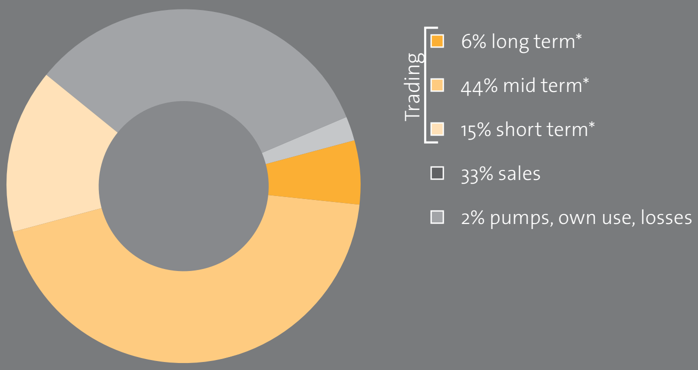
Electricity business in GWh	2015	2014	Change
Trading	11,560	11,153	+4%
Supply/sales	5,782	5,945	-3%
Pumps, own use, losses	341	325	+5%
Electricity sales	**17,683**	**17,423**	**+1%**
Trading	14,894	14,770	+1%
Own generation	1,701	1,471	+16%
Energy from participations	1,088	1,182	-8%
Electricity procurement	**17,683**	**17,423**	**+1%**
Gas business in 1,000 m³			
Sales to end customers	235,599	222,580	+6%
Trading (sales)	919,752	710,906	+29%
Held for trading	1,309,715	1,187,975	+10%
Gas sales	**2,465,066**	**2,121,461**	**+16%**
Consumption of Teverola gas-fired power plant (Italy)	174,045	119,312	+46%

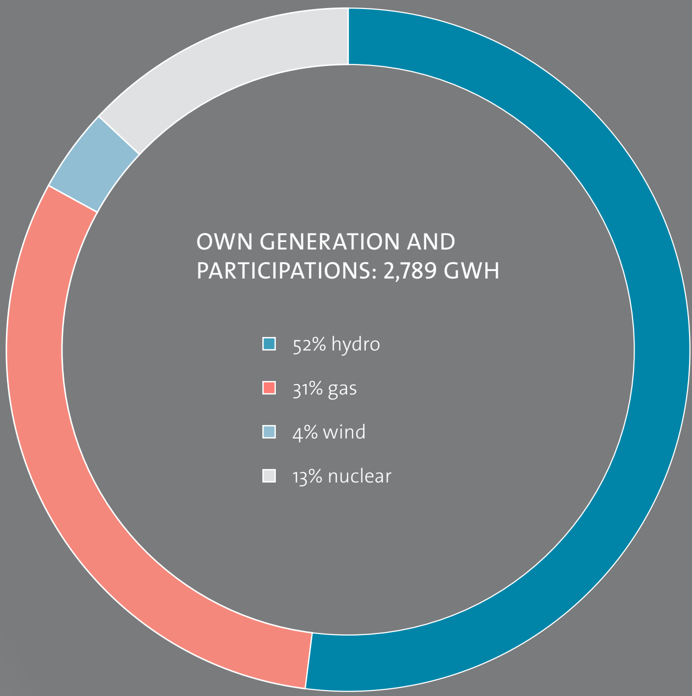
HEADCOUNT

at 31 December	2015	2014
Switzerland	446	456
Italy	159	163
Germany	-	19
Romania	30	28
Czech Republic	21	25
Total*	**656**	**691**
Trainees	30	30
Sales consultants Italy	465	513

** For the numbers in full-time equivalents (FTEs) see page 65 of this report (Note 2 in the consolidated financial statements).*

ELECTRICITY SALES 2015: 17,683 GWH



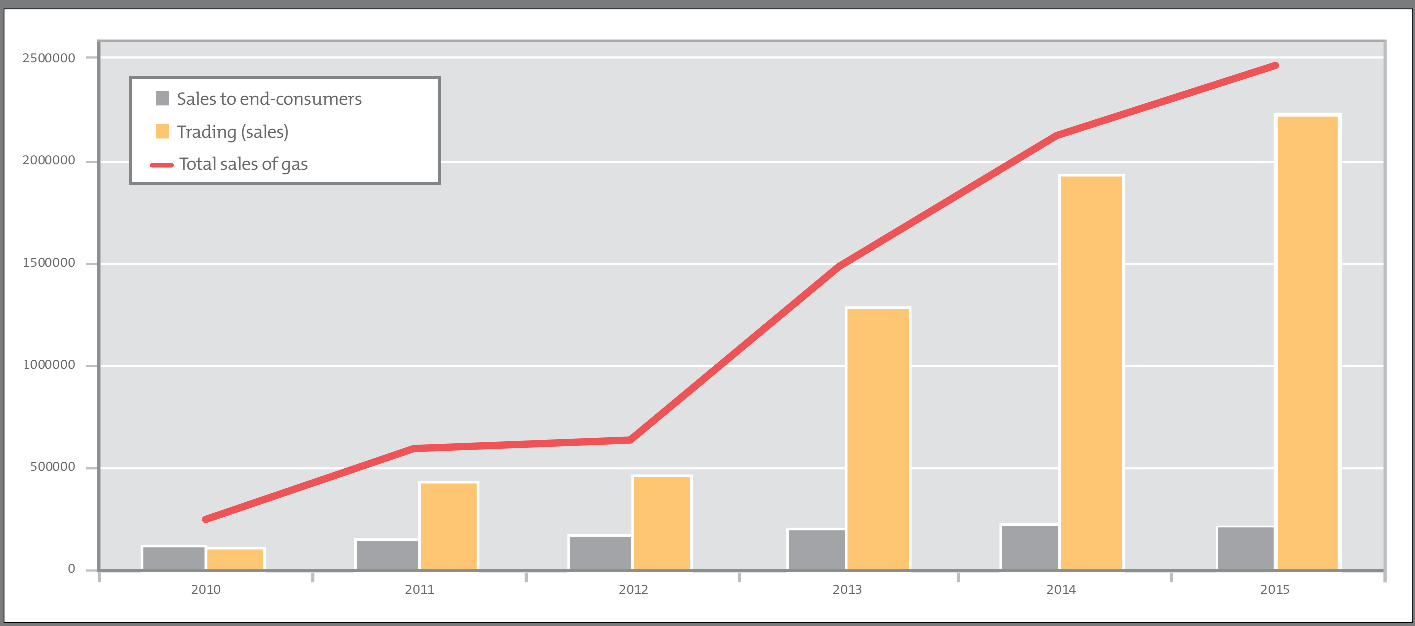


ELECTRICITY PROCUREMENT 2015: 17,683 GWH

** 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 midterm deals*

TOTAL GAS SALES 2015: 2.465 BILLION CUBIC METRES
IN 1,000 M³



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

“By repositioning as a sales and service organisation, Repower is attempting to reduce its dependence on the absolute price of electricity.”

FOREWORD FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO

Repower finished 2015 with the announcement of a strategic realignment, designed to respond to changes in the energy industry and position the company for the future. In the year under review the group generated total operating revenue of CHF 1.9 billion in a challenging environment.

HIGHLIGHTS OF 2015

Last year the Executive Board and Board of Directors embarked on the intensive process of formulating the **new 2025 corporate strategy**. The overarching goal is to reduce dependence on the absolute price of energy and to increasingly market services. Efforts to restructure to become a sales and service organisation will be built on the company's core generation, grid, trading and sales competencies. At the same time we are very keen to collaborate with partners. The cornerstones of the repositioning are described on page 11 of this report.

The year under review saw a reorganisation of Repower's **energy trading business**. This entailed withdrawing from the eastern European markets and ceasing trading operations out of Prague.

In 2015 the company also worked on numerous **contracts for outside companies**. These included maintaining power grids for other grid operators, planning the renovation of switching stations in Ticino and the Lower Engadine, developing a power generation optimisation tool for the Swiss Federal Railways, and managing portfolios and balance groups on behalf of energy utilities.

Last year 2015 Repower also continued to develop **offerings related to electric vehicles**, comprising electric vehicle charging stations for private or public use bundled with services such as installation, operation and maintenance.

Last but not least, in 2015 Repower completed the **sale of interests in Swissgrid AG** that had been announced the previous year. The transaction brought Repower around CHF 59 million.

OPERATING ENVIRONMENT

The year under review was dominated by weak economic growth around the world. There was another dramatic year-on-year drop in **forward prices** of oil, gas, coal and electricity traded on the energy market. Added to this was the continued weakness of the euro zone and the **decision to remove the floor on the EUR/CHF exchange rate** in January 2015. All these factors had a massive impact on Repower's annual results.

Not only this, but the **political framework shaping the future of energy** set out in the Swiss government's 2050 energy strategy remains the subject of parliamentary debate, meaning companies operating in the energy industry still have no reliable points of reference to work from.

RESULTS

In 2015 the Repower Group generated **total operating revenue** of CHF 1.9 billion, a decline of 17 per cent versus the prior year. **Operating income (EBIT)** came to CHF - 69 million. This figure includes impairments on the combined-cycle gas turbine plant in Teverola, Italy (CHF 50 million), and power plants in Switzerland and Germany (CHF 17 million), provisions for long-term agreements (CHF 2 million), interests in nuclear power (CHF 3 million), impairment on overdue receivables in Italy (CHF 12 million), and expenses in connection with the discontinuation of trading in Prague (CHF 2 million). EBIT before these exceptional items came to CHF 12 million. The **net loss** came to CHF 136 million, or CHF 47 million before exceptional items. There was a decline in cash flow owing to a persistently tough market environment. The balance sheet total was CHF 1,828 million, while equity came to CHF 600 million.

EFFICIENCY PROGRAMME

Since the launch of our efficiency programme in 2013 we have implemented numerous measures that have resulted in sustained **savings of more than CHF 20 million a year**. The last projects under the programme are close to completion. The strategic realignment we have decided on should continue where the efficiency programme left off and generate further cost synergies.

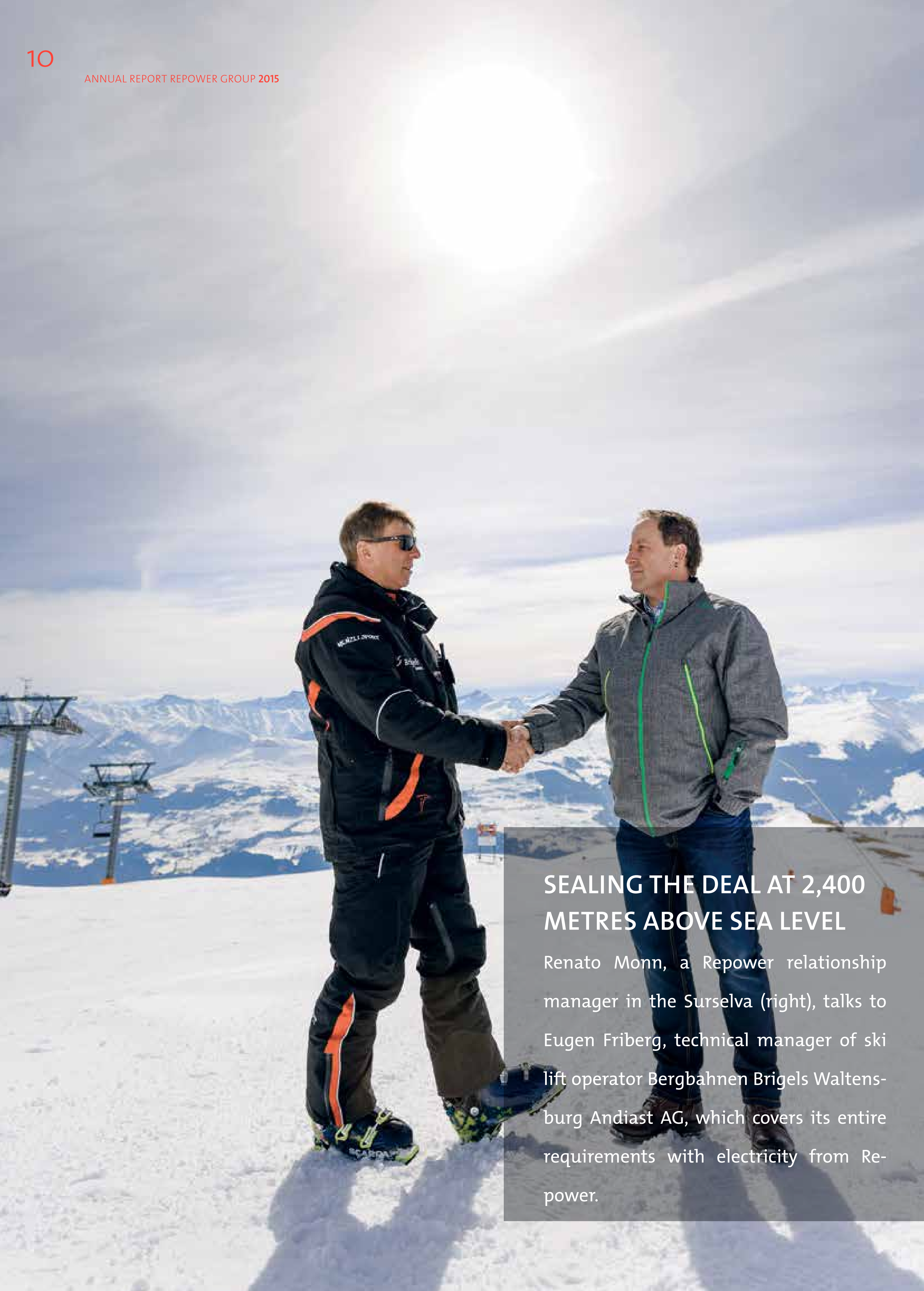
THANK YOU

In the year under review we could again count on the hard work and dedication of our staff and the loyalty of our shareholders and customers. We would like to express our warmest thanks to them and to all the other people and partners connected with our organisation.

OUTLOOK AND OBJECTIVES

The energy industry is changing, and Repower is changing with it. Building on its know-how in generation, grids, trading and sales, the company will gradually transform from a pure power producer into a **full-blown energy services provider**. This **new strategic alignment** will reduce our dependence on the absolute price of electricity and create the foundation for sustained, successful development. There should be no doubt, however, that the general market environment will remain tense in the next few years. Existing long-term agreements mean that the persistently low price of electricity will continue to impact Repower until its procurement portfolio has been streamlined, and we can expect results to remain weak in the short to medium term. However, we are convinced that the strategic decisions we have made have put us on the right course for the longer term. Repower has the **professionalism and expertise**, the **capacity to innovate**, the **flexibility**, and the **ability to forge partnerships** it needs, to not only face these challenges but to also see and exploit the opportunities they bring.

Dr Eduard Rikli	**Kurt Bobst**
Chairman of the Board of Directors	**CEO**



SEALING THE DEAL AT 2,400 METRES ABOVE SEA LEVEL

Renato Monn, a Repower relationship manager in the Surselva (right), talks to Eugen Friberg, technical manager of ski lift operator Bergbahnen Brigels Waltensburg Andiast AG, which covers its entire requirements with electricity from Repower.

INTO THE FUTURE WITH A NEW STRATEGY

In 2015, Repower realigned its strategy in response to radical changes in the energy environment. The cornerstones of the realigned strategy are a closer focus on services and sales, concentration on the Swiss and Italian markets, 100 per cent renewable generation, and the delisting of Repower's securities from the stock exchange.

The world of energy has changed radically in recent months and years, and continues to do so. Efforts to shift from nuclear power and fossil fuels to renewable energy resources, years of declining energy prices, the digital revolution and changing customer needs are all confronting energy companies with new challenges. Added to this are influencing factors that are affecting the entire business world, such as the generally poor development of the economy and the removal of the floor on the EUR/CHF exchange rate. Repower's 2025 strategy and the repositioning it entails are the response to these far-reaching changes. The company will be gearing itself even more closely to the market, focusing its energies, and remodelling the organisation. The strategy will be put into practice in the coming months.

SALES AND SERVICE ORGANISATION

Repower will be systematically realigning its business model with the aim of repositioning as a sales and service organisation. This will involve drawing heavily on the company's core competencies in generation, grids, trading and sales. Even in the past Repower has exploited its know-how in these areas to provide services to third parties, and in the future will specialise even more closely in these strengths to target other energy providers and large customers in particular. Repower's aim is to pursue a nationwide reseller strategy in Switzerland.

It will be driving ahead with efforts to develop innovative, needs-based products and services. The focus will be on products and services adding value for customers by harnessing market and technological trends around decentralised generation and storage, control, electric transportation and data management. This way Repower will be able to augment its portfolio of classic energy services and progressively reduce its dependence on the absolute price of electricity.

To implement this new business model, Repower plans to forge strategic partnerships. In this connection it is currently examining potential cooperations.

FOCUS ON SWITZERLAND AND ITALY

Repower will be focusing its activities on its two key markets, Switzerland and Italy. In both countries it intends to expand its offering of energy management, safety, efficiency and electric transportation services and reinforce its sales operations. In Italy it will also be extending its network of agents. Given that its operations in these countries complement each other, Repower will be seeking to generate synergy between the two markets.

Following the decision to focus efforts on Switzerland and Italy, Repower is currently looking into the sale of its business in Romania. The company continues to operate, albeit without a physical base, in Germany, supplying German municipal utilities and large customers with customised energy solutions out of Zurich (the so-called origination business).

100 PER CENT RENEWABLE

More than 55 per cent of the electricity generated by Repower at its plants comes from renewable resources, with tried-and-tested hydropower accounting for the lion's share.

In the future the company will be generating 100 per cent renewable energy. To this end Repower is currently looking into the sale of its nuclear power interests and its majority holding in the Teverola combined-cycle gas turbine plant in the Campania region of southern Italy.

Repower also intends to consolidate and develop its portfolio of hydropower assets, still the backbone of its own generation capacity, adapting it to profit as much as possible from subsidies under the Swiss feed-in remuneration at cost (KEV) scheme.

DELISTING OF SECURITIES AND INTRODUCTION OF STANDARD REGISTERED SHARES

Two classes of Repower equity (bearer shares and participation certificates) are currently listed on the SIX Swiss Exchange. Given the tighter regulation, this state of affairs no longer matches Repower's needs. Not only that, but it creates disproportionately high costs. For this reason the Board of Directors has decided to delist Repower securities; SIX Swiss Exchange has approved delisting at the end of April 2016. Following delisting the company will organise off-exchange trading in Repower securities.

Repower's Annual General Meeting on 12 May 2016 will also vote on a motion to convert the existing bearer shares and participation certificates one for one into standard registered shares. This will harmonise and simplify the company's capital structure.

The changing market environment is creating opportunities for innovative companies able to reduce their dependency on the absolute price of electricity by successfully adopting new business models and providing new sales, trading, generation and grid solutions. Repower intends to systematically build on its strengths and seize these opportunities. The company is convinced that the strategic realignment and the new business model will create a solid foundation to successfully reposition Repower for the future.

MARKET SWITZERLAND

In Switzerland, services for third parties continued to make a pleasing contribution to sales in 2015. The traditional Generation and Trading businesses continue to operate in a challenging environment. Among other things, Sales developed new electric transport offerings, and moved forward successfully with the reseller strategy.

SALES & MARKETING

In its supply area in Southeast Switzerland, Repower serves around **50,000 private and commercial customers**, giving them the choice between five electricity products: Aquapower, Purepower, Solarpower, Mixpower and the newly launched Smartpower (see section on Grid). In addition to selling direct to end-customers, last year Repower moved ahead with its **reseller strategy** in Switzerland. In this connection it was able to acquire a further partner for its production investment company **Repartner Produktions AG**: Elektrizitätswerk des Kantons Thurgau (EKT). In addition, Rhiienergie increased its interest in Repartner Produktions AG.

From its base in Switzerland, Sales also runs the origination business in Germany, where it provides customised power products to more than 80 municipal works and other large customers.

Last year Repower put a lot of effort into its **electric transportation services**. In collaboration with ABB and Repower Italy, Sales brought the second generation of the PALINA charging station to market, worked on setting up a smart charging infrastructure network in Canton Graubünden, and put together new offerings scheduled for launch all over Switzerland in early 2016. This includes subscriptions covering the installation, operation and maintenance of charging stations plus access to the network. Repower's offerings are particularly geared to customers in the tourism and catering sector, but also to commercial, municipal and private customers.

The **tiko** storage network set up by Swisscom and Repower in collaboration with partners attracted new distribution partners, namely Aziende Industriali di Lugano, Aziende Municipalizzate Bellinzona and Società Elettrica Sopracenerina, all of which have incorporated tiko in their product portfolios for end-consumers. tiko connects consumers' heating systems, including heat pumps, to create a pool which it then manages, among other things to provide ancillary services to grid operator Swissgrid.

GRID

Last year Repower, Axpo and ewz merged their high-voltage grids in northern Graubünden to create a **grid association**. The results after a year of joint operation are positive. The three companies have been able to increase the security of supply, generate synergy for future grid expansion efforts, and optimise costs – also to the benefit of end-consumers.

In 2015 Repower also moved forward with plans to build a cross-border **merchant line in Val Bregaglia (Bergell)**. The approval process for construction and operation of the line is currently under way: partial permission has been granted in some areas, and the first so-called Conferenza dei Servizi in Italy gave the project a positive assessment.

Last but not least, Grid joined forces with Sales to develop a new tariff called **Smartpower** and bring it to market, initially for pilot customers. Under this innovative new offering, prices are determined by output rather than electricity use. This enables customers to shape the future of energy by managing and optimising their own energy use. The package also includes Smart Meter, an intelligent electricity meter, and Smart Manager, which enables the automatic management of electrically powered equipment.

At the end of the year the Federal Electricity Commission (ElCom) concluded its examination of Repower's grid usage tariffs. Repower is satisfied with the outcome of the review, which confirmed the main figures and provides urgently needed legal security with regard to future investment.

To assure **security of supply**, Repower invests in its grid assets on an ongoing basis, with capital expenditure in this area totalling almost CHF 13 million in 2015. Expenditure on regular maintenance came to around CHF 9 million.

TRADING

Last year the Trading business, which operates out of Poschiavo, was again dominated by even lower market prices. Only spot prices in Switzerland showed any signs of a slight recovery, but this effect was more than offset by currency effects. In this challenging environment Repower concentrated on optimising the management of its own assets. This included cross-border capacity between Italy and Switzerland, which continued to underpin earnings in 2015. This so-called **asset optimisation**, which increasingly focused on short-term horizons (intraday markets and ancillary services), in conjunction with a systematic hedging strategy, softened the negative effects of low market prices.

Given the challenging market situation, Repower's **market access** business on the wholesale markets can be described as satisfactory.

GENERATION AND PROJECTS

At 707 gigawatt hours, the volume of energy generated by the company's own hydropower facilities in Canton Graubünden in 2015 came in above the 10-year average. However, the market price of electricity remained so low that it was not possible to profitably capitalise on this. Last year Repower continued to invest in maintaining the operating status of its assets with clearly focused capital expenditure of around CHF 4.8 million.

In April 2015, Repower submitted the application for approval of the **Lagobianco pumped-storage project** to the Canton Graubünden authorities. The same month the company also handed in the request for concession approval for the **Chlus hydropower project** following signature of the relevant agreements with the 12 concession-granting municipalities. Given the economic environment and Repower's limited scope for investment, a decision to proceed with realising the Lagobianco project is still not conceivable. However, since the Chlus plant would eliminate positive and negative surge in the Landquart and enable fish passage along the entire river, significant co-funding with resources earmarked for river restoration and rehabilitation would be possible for this project. Not only this, but as part of the first package of measures related to the Swiss federal government's energy strategy, funding has been earmarked for projects such as Chlus. Repower also submitted an application for approval of the **Taschinas 2 hydropower plant** concession and project. Finally, Canton Graubünden authorised the renovation of the **Morteratsch power plant**, enabling the plant to generate double the amount of electricity. Thanks to the feed-in remuneration at cost (KEV) scheme, Morteratsch can also be run profitably in the difficult environment that prevails at present. Preliminary construction commenced in 2015, and the main work will begin in the spring of 2016.

CONTRIBUTION TO EBIT

The Market Switzerland segment's contribution to operating income in 2015 came to CHF 16 million. This figure includes impairments on the company's own hydropower generation assets and a wind farm in Germany totalling CHF 17 million plus additional provisions of CHF 5 million for long-term agreements and interests in nuclear power.

NEWTECH

The job of the NewTech unit is to monitor **market and technological trends**, develop innovative products, services and business models to market launch, and look into potential strategic partnerships with other companies. Another facet of its work is promoting a **culture of innovation** within the group by means of various initiatives.

Repower sees the future potential of energy in various areas, particularly energy efficiency, system integration and control, data management and electric transportation.

GERMANY

In 2015 total volumes of energy generated at the two **wind farms in Prettin and Lübbenau**, wholly owned by Repartner Produktions AG, were above the average of previous years. In May 2015, changes in the economic fundamentals prompted Repower to sell its project to construct a **combined cycle gas turbine (CCGT) plant in Leverkusen** to STEAG GmbH. Finally, in July 2015 Repower concluded the move to **withdraw from the retail business** in Germany by selling its portfolio of end customers to Enovos Deutschland SE. However, Germany remains an important trading market for Repower, which continues to provide origination services to large German customers and municipal works.

SERVICES FOR THIRD PARTIES: A KEY PILLAR OF BUSINESS

Providing services is an increasingly important part of Repower's business. In 2015 the company worked on numerous contracts for outside customers in areas ranging from Generation and Grid to Trading, Sales & Marketing.

GENERATION

In 2015 Repower continued to work on many different service contracts. These included the engineering for the renovation of the **220-kV Avegno substation** in Canton Ticino, where planning was completed and the building application submitted. If the approval process runs according to plan, construction is likely to commence in autumn 2016. Repower also worked on the renovation of the **Pradella switching station** run by Engadiner Kraftwerke in the Lower Engadine. Various other maintenance and planning contracts for customers in sectors including the railways are proof that Repower is getting increasingly firmly established in this business. Sales from services in Generation came to around CHF 5 million in 2015.

GRID

Services for third parties continued to play a prominent role in Grid in 2015. Engadiner Kraftwerke (EKW) has commissioned Repower to **maintain and expand its grid** in the Lower Engadine. One year into the five-year contract and there are only successes to report. Repower provided **electrical access** as part of a major multi-year project with Bergbahnen Weisse Arena AG in Laax. The project was concluded in the year under review. Service contracts in Grid contributed a total of around CHF 6 million to Repower's sales revenues.

TRADING

The Trading unit, in collaboration with Sales, is also increasingly positioning itself as a provider of services to third parties. For example Repower **manages portfolios and balance groups** on behalf of medium-sized energy utilities in Switzerland. Other services include **providing market information**, **access to the wholesale markets**, and **marketing flexibility**. Repower continued to offer these services in 2015. Added to this was a contract to set up a **power generation optimisation system** for Swiss Federal Railways (SBB). Last year Repower managed to successfully complete and commission the system. Repower will continue to work with SBB, providing system support and various other wholesale market services.

SALES & MARKETING

In 2015 Sales & Marketing continued to facilitate efforts to market grid, generation and trading services by providing sales and marketing support, as well as developing services itself, for example in relation to **electric vehicles**. Sales & Marketing also pushed ahead with its **partner strategy** to set up cooperation with other energy utilities. Among other things, the unit organised information events to enable utilities to network and pool experience.

On the strength of its proven technical track record, Repower intends to position itself even more firmly as a service provider in the future.

"ENERGY FROM REPOWER BRINGS SPIRITS TO LIFE – JUST LIKE OUR GRAPPA."

Two entrepreneurial sisters: Nicoletta and Claudia Mazzetti among the casks in the cellars of Distilleria Mazzetti in Altavilla Monferrato (Piemont). They use Repower's Verde Dentro offering for one-stop green power supply and electric vehicle services, getting expert advice and support from Repower sales consultant Piero Guarino.

MARKET ITALY

In 2015, Repower Italy focused even more closely on energy services for its customers as well as expanding its offering of products and services. The aim is to firmly position Repower Italy as a full-service provider placing great emphasis on individual advice, and to gradually reduce dependence on the absolute price of energy.

SALES

In 2015 Repower Italy's sales company sold 3.6 terawatt hours of electricity (up 5 per cent on the prior year) and 236 million cubic metres of gas (up 6 per cent on the previous year) to consumers.

Verde Dentro, a package bundling the supply of energy with electric vehicle services, became established as a tried-and-tested product in 2015. More than 160 **PALINA charging stations** have already been installed in Italy. These PALINAS are also part of the Verde Dentro package.

After a successful trial phase, two innovative products, VAMPA and eFFettiva, were officially brought to market in 2015. **VAMPA** is a thermal imaging service that enables customers to identify and prevent faults and hazards such as overheating and the damage they can potentially cause to electrical equipment. More than 70 customers have signed up for the product since its market launch. Like VAMPA, the **eFFettiva** service also helps consumers in terms of energy efficiency, enabling them to reduce their electricity consumption without sacrificing performance, comfort or convenience. Specially designed software captures and visualises the customer's energy consumption in real time. Repower evaluates the measurements to give the customer targeted advice on how to boost their efficiency and optimise their energy performance.

Last but not least, 2015 saw successful efforts to manage accounts receivable, with outstanding accounts reduced by around EUR 8.4 million.

In addition to the established small and medium-sized business segment, Repower is attempting to extend its portfolio to include customers at both the smaller and larger ends of the scale. This will also involve the use of specific IT applications. The plan is to introduce an online platform to manage small customers, and harness the existing Repricer tool (see section on Trading in Milan) to provide the necessary technical support for large customers. A sales campaign has already resulted in the first successes in terms of acquiring large customers.

To achieve this growth, Repower intends to strengthen its **countrywide network of sales consultants**, who currently number around 500. Plans also include ongoing training and the recruitment of new sales personnel to boost presence throughout Italy and be able to offer business customers personal service in line with their needs. The focus is on extra services that will differentiate Repower from the competition and enable the company to evolve into a "personal trainer" for energy matters.

In 2015 Repower increased awareness by means of a communications campaign. Nationwide advertising was an efficient way of building the Repower brand and opening new sales channels.

TRADING IN MILAN

Repower trades in electricity, gas and green power certificates out of Milan. The main role of the trading team is to ensure **optimum management of the company's own assets**. This includes capacity from the Trans Austria gas pipeline, managing gas storage, deployment of the Teverola plant, and procuring energy for Sales. Trading plays a key role in terms of efforts to optimise volumes sold in the Italian sales market.

In 2015, two terawatt hours of electricity were sold via Trading in Milan (down 13 per cent on the previous year). Sales of gas came to 920 million cubic metres, an increase of 29 per cent. The gas business continued to gain in importance, thanks among other things to the addition of a gas module to the **Repricer** procurement platform. Gas customers can now get a quote for their supply needs in real time. This new service met with a great response in the market, with the web-based system receiving around 800 enquiries, of which some 100 were closed successfully.

GENERATION

The environment for thermal power plants remained tough last year. Despite this, the **combined-cycle gas turbine plant in Teverola** was deployed slightly more frequently than in previous years, primarily on the day-ahead market. Thanks to favourable weather conditions, Repower's own **wind farms in Lucera and Corleto Perticara** produced slightly more electricity than in 2014. The volume of energy generated by the **Giunchetto wind farm**, in which Repower holds an interest, was also higher than the prior year. In 2015 the environmental ministry confirmed the environmental compatibility of the **Campolattaro pumped storage project** in the province of Benevento. Potential investors are currently doing due diligence on the project.

CONTRIBUTION TO EBIT

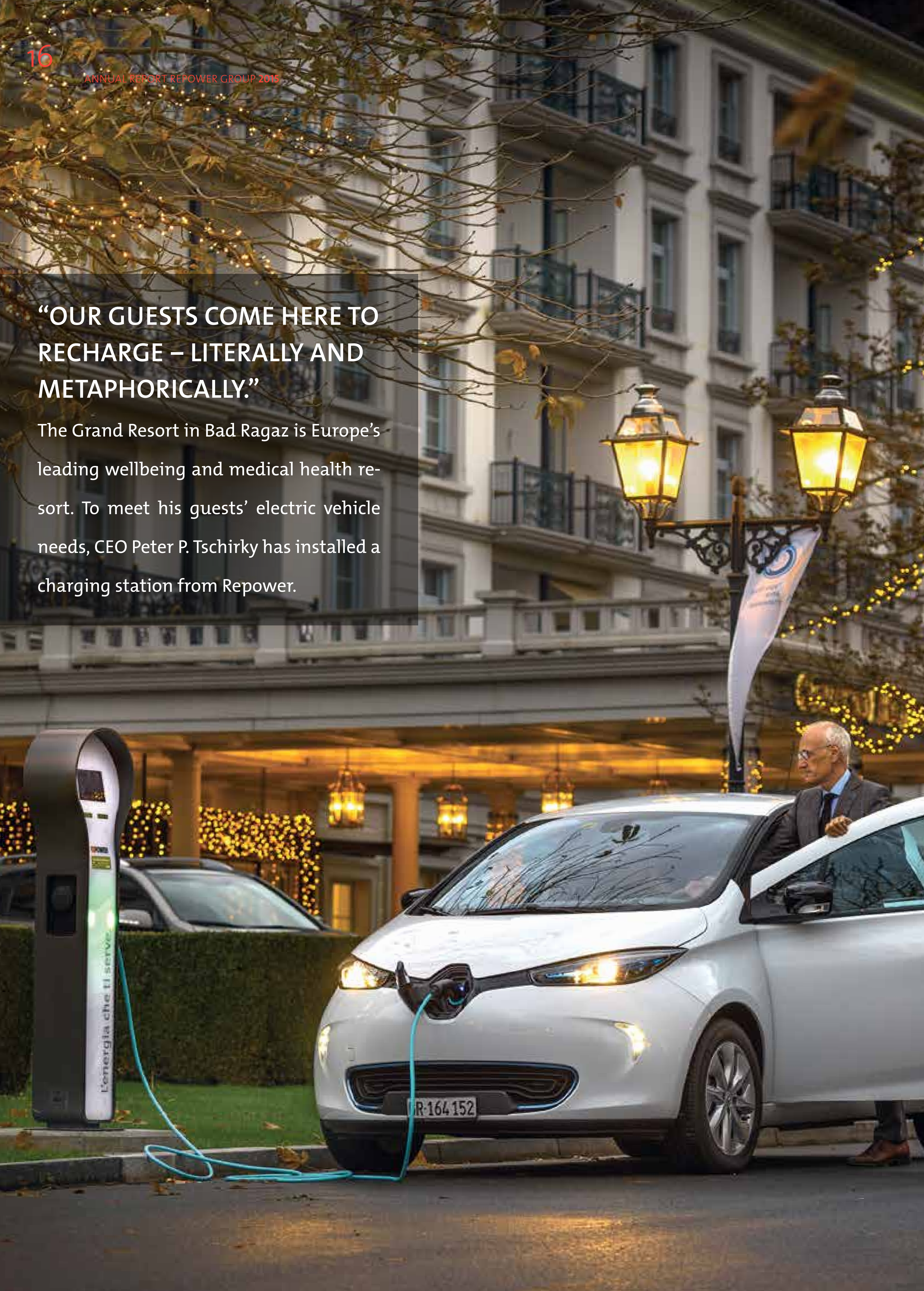
The Market Italy segment posted operating income (EBIT) of CHF - 60 million (after exceptional items) in 2015. This figure includes impairments of CHF 50 million on the combined-cycle gas turbine plant in Teverola and CHF 12 million on older overdue receivables in the Italian sales business.

INNOVATION

The main role of Repower Italy's Strategy & Business Development units is to rapidly identify market trends, develop new offerings from initial concept to market launch, and promote a culture of innovation within the organisation. One project with these goals is **FOCUS**, a service for large customers that are legally required to furnish energy certification. Repower conducts an energy audit, writes a report and final evaluation, and submits it to the authority responsible. In the first few months more than 50 companies had already made use of the service. Another innovative service currently under development at Repower is **DIODA**. It involves promoting energy efficiency by replacing conventional light bulbs with LED lighting. The service, currently at the test phase, has produced promising results at around 30 pilot customers.

"OUR GUESTS COME HERE TO RECHARGE – LITERALLY AND METAPHORICALLY."

The Grand Resort in Bad Ragaz is Europe's leading wellbeing and medical health resort. To meet his guests' electric vehicle needs, CEO Peter P. Tschirky has installed a charging station from Repower.



OTHER SEGMENTS AND ACTIVITIES

In 2015, group functions faced further challenges in connection with implementing Repower's efficiency programme. The focus in Romania was on optimising the sales portfolio and developing new offerings to actively counter stiff competitive pressure.

GROUP FUNCTIONS

The group functions (Legal & Risk, Human Resources & Business Support, Communications, Finance and IT) provide centralised services to the entire organisation. In 2015 these services continued to be dominated by efforts to reduce costs.

The merger of Repower Schweiz AG with Repower AG took place with effect 1 January 2015. The merger reduces administrative expense and helps streamline corporate structures. Repower also continued to dispose of non-operational assets. Various properties have already have been sold, with the disposal of others still under way.

ROMANIA

At the beginning of 2015 Repower Romania successfully brought Naturepower to market. The TÜV-certified product consists of 100 per cent renewables. Another new addition to the range is a thermal imaging service enabling customers to identify faults in electrical equipment. Last year Repower also continued to work on optimising its sales portfolio by not renewing unprofitable contracts and focusing on smaller customers.

Repower in Romania commissioned a comprehensive IT platform to support its sales activities. The platform streamlines internal processes by integrating functions for generating forecasts of consumption, managing customer and energy data, and invoicing, and additional modules in a single system. To counter heavy competition in the Romanian market, Repower also reoriented its sales and distribution strategy and strengthened its network of sales consultants.

These efforts underscore Repower's belief that there is still major potential for innovative energy providers in the young and rapidly growing Romanian market. However, under the Group's new strategic orientation, efforts will be focused on the key markets of Switzerland and Italy. For this reason, Repower is looking into the sale of its business in Romania.

TRADING IN PRAGUE

In September 2015 Repower decided to restructure its trading operations. As a result, trading in Prague was discontinued at the end of the year.

CONTRIBUTION TO EBIT

Other segments and activities posted operating income (EBIT) of CHF - 24 million in 2015. The costs of selling the Prague trading portfolio had a major detrimental impact on these results.


11
12
6
Brigels
12

“BY SUPPLYING THE ENERGY FOR OUR CHAIRLIFTS, SNOW-MAKERS AND RESTAURANTS, REPOWER HELPS GIVE OUR GUESTS THE ULTIMATE SNOW EXPERIENCE.”

Beat Zenklusen, manager of Bergbahnen Brigels Waltensburg Andiast AG, in front of “his” snow cannon.

-46%

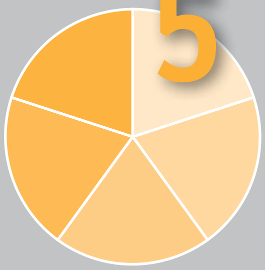
decline in occupational accidents over the last ten years

30

trainees in seven different trades

342

staff with safety training (2015)



5

high-quality green power products:
Aquapower (Switzerland)
Purepower (Switzerland)
Solarpower (Switzerland)
Naturepower (Romania)
Verde Dentro (Italy)

17

million francs

in concession charges paid into the public coffers (2015)

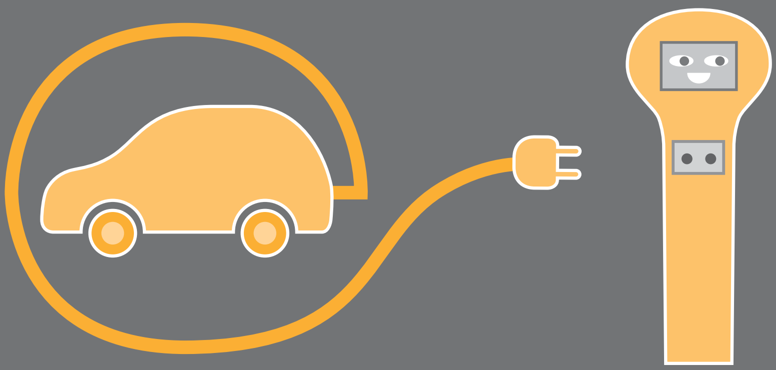
16 of our own hydropower plants

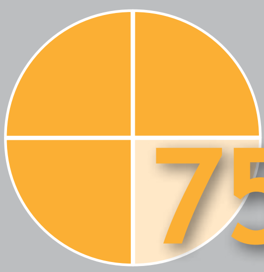
4 wind farms

6 photovoltaic installations

180

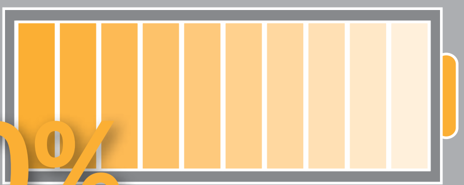
Repower electric vehicle charging stations installed in Italy and Switzerland





75%

of employees “really satisfied” according to 2015 staff survey



100%

renewable generation under Repower’s 2025 strategy

SUSTAINABILITY

Workplace safety and the environment, modern terms of employment and encouraging innovation are an integral part of Repower's corporate philosophy. Added to this, the strategic alignment means the company's electricity generation will in future be 100 per cent renewable.

ENVIRONMENTAL AND WORKPLACE SAFETY

When staff are working on power plants, electricity pylons and switching stations, **safety standards** have to be even more stringent than usual. For this reason Repower places great emphasis on ensuring the appropriate preventive measures are in place. This includes regular training (for example an annual safety day), appropriate clothing and equipment, internal safety controls, and external audits. Repower has OHSAS 18001:2007 certification for its **occupational health and safety management systems**. Thanks to a variety of measures, Repower has managed to reduce the number of accidents at work by 46 per cent over the last ten years.

Repower also has a certified **environmental management system** (ISO 14001:2004). Here too, the company is working hard to increase employee awareness and continually improve its environmental footprint. A good example is the fact that the entire electricity requirements of Repower's administrative buildings in Switzerland are covered by **Purepower green power**. Only **heat pumps** are used to heat Repower's office buildings. Other measures involve the systematic use of video conferencing to avoid unnecessary car journeys between company offices, and efforts to optimise the company's **fleet management**: between the start of 2012 and the end of 2015, Repower reduced its fleet of vehicles by 30 cars. Recently the company has also started to use electric vehicles, and is running a project aimed at finding further ways of optimising in this area.

EMPLOYEES

Repower is well aware of its important role as an employer to more than 650 people. The company strives for **fair and competitive conditions of employment** through systematic management development, an appropriate pay policy, modern tools and comprehensive internal communications. Repower offers young professionals 30 apprenticeships in seven trades spread over different areas of Canton Graubünden.

In 2015 Repower conducted its biennial **group-wide employee survey**. The response rate was very good indeed (80 per cent), and all in all, considering the challenging market environment, the results can be viewed as satisfactory. According to the survey, Repower's strengths include good customer focus, job content, information, plus tools and the workplace. Staff see room for improvement in terms of pay, cross-departmental collaboration and dealing with change.

COMPLIANCE

Repower has a **compliance function** to ensure compliance with laws and internal regulations. The emphasis is on fair market behaviour, data protection, avoiding insider trading, dealing with conflicts of interest, and true and fair accounting. Every year a compliance report is produced and the compliance risks are identified and assessed. Repower's compliance function acts in a preventive, advisory role, but is also the first point of contact in the event of concerns or violations. In this capacity the compliance officer received a total of six reports, two of which were pursued in more depth.

PRODUCTS AND GENERATION

Customers of Repower Switzerland who do not actively opt for another product are supplied with Aquapower, 100 per cent Swiss hydropower, as standard. Repower also offers other **green power products**: Purepower, 100 per cent generated from resources in Graubünden, and Solarpower, 100 per cent Graubünden solar energy. At the beginning of 2015 Repower launched the country's first TÜV Rheinland-certified green power product.

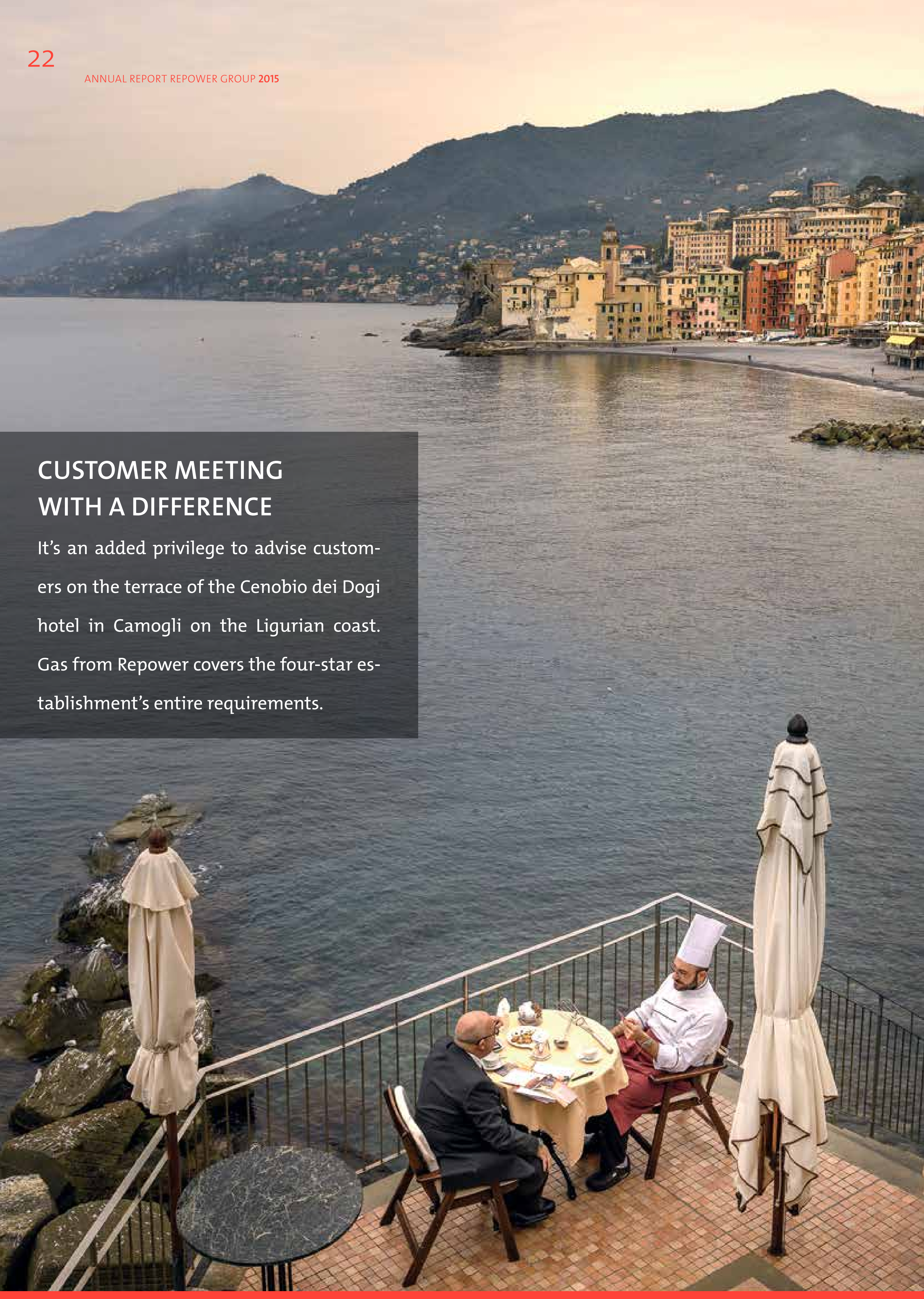
At the beginning of 2016 Repower in Switzerland brought its innovative **Smartpower** tariff to market, initially on a trial basis. This makes it the first Swiss grid operator to introduce a purely output-dependent tariff for grid use by private households. Customers choosing Smartpower can help shape the energy transition by using energy intelligently.

Electric vehicles are playing an increasingly prominent role at Repower in both Italy and Switzerland. In Italy, since 2012 Repower has been successfully offering Verde Dentro, a package including electric vehicle services in addition to supplying green power. Depending on the package, Verde Dentro customers can opt for an electric bike, scooter or car. While electric cars still only account for a very modest share of road users, growth rates are considerable, and use will continue to increase rapidly in the future. In Canton Graubünden Repower currently operates a good 20 charging stations for electric vehicles, and is working hard to expand the network all over Switzerland. To this purpose it developed offerings for commercial, private and municipal customers, hotels and restaurants in 2015. These services are bundled in the form of a subscription covering the installation, operation and maintenance of a charging station plus access to the charging network. The service is easy and convenient to use: people running electric vehicles have access to charging stations via an RFID card or an app on their smartphone.

Under the new strategic alignment announced by Repower in December 2015, in the future the company will generate all its power from **100 per cent renewable resources** (hydro, wind and photovoltaic). In this connection Repower is currently looking into the sale of its nuclear power interests and its combined-cycle gas turbine plant in Teverola in Italy.

CUSTOMER MEETING WITH A DIFFERENCE

It's an added privilege to advise customers on the terrace of the Cenobio dei Dogi hotel in Camogli on the Ligurian coast. Gas from Repower covers the four-star establishment's entire requirements.



CORPORATE GOVERNANCE

This section complies with the structure of the SIX Corporate Governance Directive, the transparency rules laid down in the Ordinance against Excessive Compensation in Listed Stock Companies (OaEC), and the principles set down in the Swiss Code of Best Practice for Corporate Governance, 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 Canton Graubünden, and its postal address is Via da Clalt 307, 7742 Poschiavo. Repower AG is an international energy company based in Switzerland. The group operates along the entire electricity value chain (generation, trading, transmission, sales and distribution). In various European markets it is also involved in the gas business. The Repower Group employs around 660 people. The operational group structure comprises four divisions – Generation/Grid, Market, Italy, and Finance – plus four administrative units reporting direct to the CEO (see the diagram showing Repower's organisation in 2015 on page 24).

The Generation/Grid division coordinates the management and maintenance of assets for the generation, transmission and distribution of electricity in Switzerland, implements and evaluates new power generation assets, operates and develops merchant lines, and devotes its activities to the general development and expansion of generation facilities for the Repower Group. The Generation/Grid division is also responsible for operating, maintaining and expanding distribution grids in the company's supply area.

The Market division manages European energy trading and market analysis. It is also in charge of expanding energy trading activities in Switzerland, Italy and selected European markets, and overseeing related projects. Beyond this, the Market division coordinates sales activities in the Italian, Romanian and Swiss markets. In Switzerland it is also responsible for sales of electricity and green power certificates to end-consumers.

The Italy division is in charge of sales of electricity, natural gas and green power certificates to end-consumers and the operation and maintenance of generation facilities in Italy.

The Finance division manages accounting, controlling and IT activities. The treasury and real estate departments also operate within this division.

The Communications, Human Resources & Business Support and Legal & Risk units, plus the NewTech unit, report directly to the CEO.

The individual operations are managed centrally by Repower AG and are 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 added (for example through acquisition), management is handled by legally independent subsidiaries. An overview of shareholdings is shown on pages 73 to 78. Special mention goes to the merger of Repower Schweiz AG with Repower AG, which took place retroactively with effect 1 January 2015.

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

Canton Graubünden currently holds 58.3 per cent of the shares, and Axpo Holding AG (Axpo) 33.7 per cent; together they thus 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 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 Canton 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, Canton Graubünden will hold up to 55 per cent and Axpo up to 21.4 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 target structure in the short to medium term.

Detailed information on completed and planned transactions is published on the homepage of the Takeover Commission; see in particular Takeover Commission rulings 521/01 and 521/02 dated 13 November 2012 and 27 March 2013 respectively.

No cross-shareholdings exist. The remaining 8 per cent of the shares and participation certificates are in free float.

CAPITAL STRUCTURE

The share capital of Repower AG (information on the share capital is given on pages 5 and 81 of the Annual Report) consists of 2,783,115 bearer shares (Swiss securities no. 1640583) and 625,000 participation certificates (Swiss securities no. 1640584), each with a par value of CHF 1. Each bearer share entitles the holder to one vote at the Annual General Meeting. The shares and participation certificates have 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 dividend right 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 188 million at the end of 2015.

BOARD OF DIRECTORS

MEMBERS

The members of the Board of Directors are listed on pages 28 to 31 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.

Under the terms of the Articles of Association, no member of the Board of Directors may assume more than fifteen mandates at other legal entities, and no more than four of these may be at listed companies. Certain mandates are not subject to this limit (see Art. 23 Para 3 of the Articles of Association).

ELECTION AND TERM OF OFFICE

The members and Chairman of the Board of Directors are elected by the general meeting on an individual basis. The term of office ends with the completion of the next Annual General Meeting. Newly elected members complete the terms of office of their predecessors. 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.

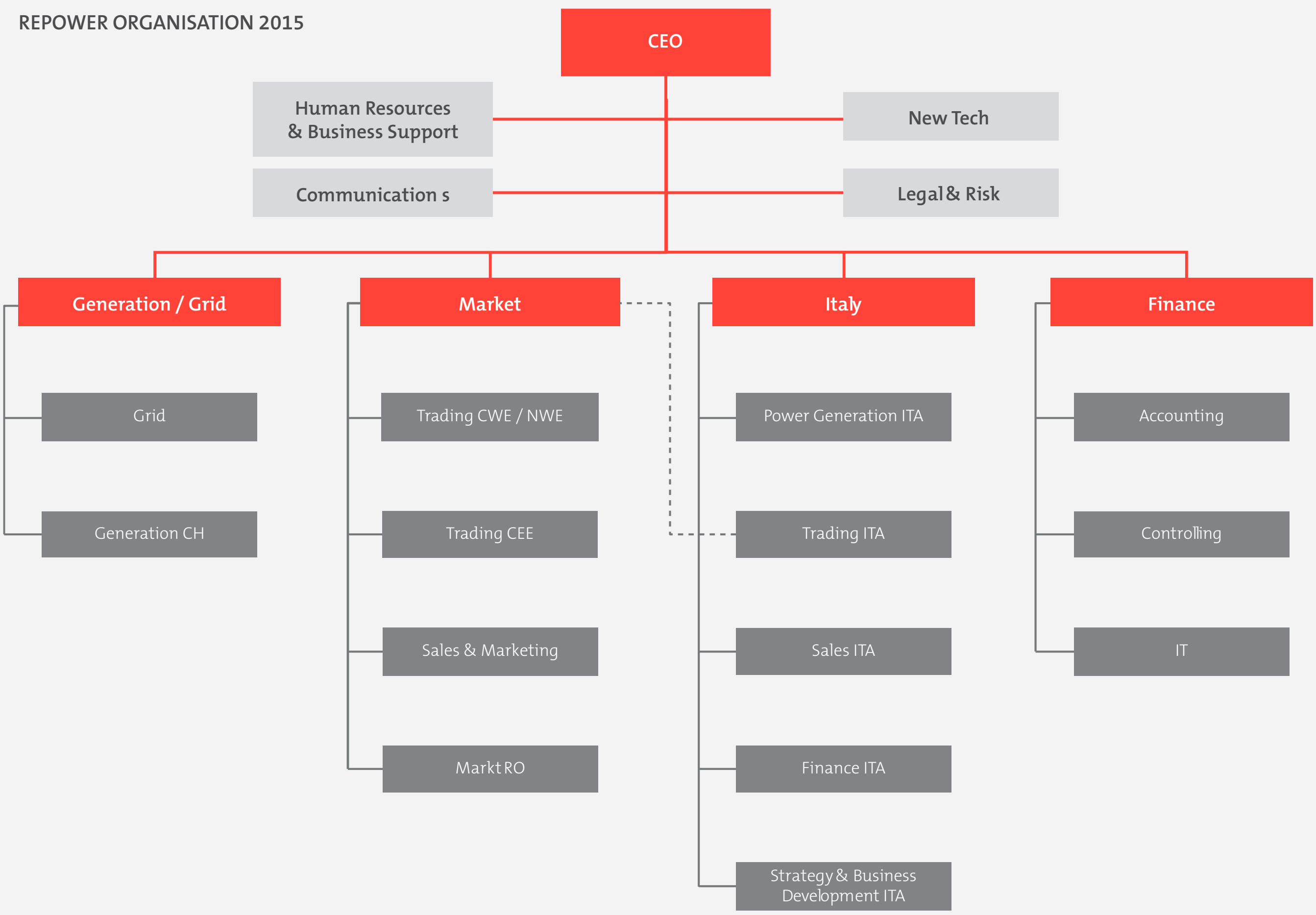
The rules governing the appointment of the members of the Compensation Committee are detailed in the Compensation Report on page 34.

The independent proxy is elected by the Annual General Meeting for a term of office ending with the completion of the next Annual General Meeting; re-election is possible. The Annual General Meeting held on 29 April 2015 elected Dr Peter Philipp (Chur) as independent proxy.

INTERNAL ORGANISATION

Apart from the election of the Chairman, the Board of Directors organises itself. It elects its 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 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 29 and 30 of the Annual Report. In addition to its duties as

REPOWER ORGANISATION 2015



Nomination 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). The organisation of the Compensation Committee is described in the Compensation Report on page 34.

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 the Board of Directors 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 at the invitation of the Chairman or, if the latter is not available, of the Vice Chairman, as often as required to conduct its business, but at least twice a year. 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 makes a written request to this effect, stating the reason.

The CEO and CFO generally attend every meeting of the Board of Directors. The other members of the Executive Board attend the meetings as and when required in order to explain the proposals. The Board of Directors basically constitutes 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 in terms of convocation, procedure of the meetings and decisionmaking.

In the year under review the Board of Directors met twelve times, the Board Committee fifteen times and the Compensation Committee once. The Board Committee met eight times in its capacity as Audit Committee and once in its capacity as Nomination Committee. Meetings of the bodies normally last half a day.

BOARD COMMITTEE IN ITS CAPACITY 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 can engage the external auditor or other external advisors to perform 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, insofar as this is deemed necessary, with the head of the external auditors. Finally, it also decides whether the individual and consolidated financial statements can be recommended to the Board of Directors for submission to the Annual General Meeting. It evaluates the services and fees of the external auditors and verifies their independence. It also determines whether the auditing role is compatible with any consulting mandates.

BOARD COMMITTEE IN ITS CAPACITY AS NOMINATION COMMITTEE

In its capacity as Nomination Committee the Board Committee prepares re-elections and new elections within the Board of Directors and the election of the CEO of the Repower Group, their deputy and the other Executive Board members.

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 corporate 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, and making decisions on compensation policy and drawing up the Compensation Report. The Board of Directors has delegated the entire 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).

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 the volumes of energy sold and procured, the income statement and balance sheet (including expected values for the most important key figures, namely energy sales, total operating revenue, operating income, profit, cash flow, 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 does segment reporting in accordance with IFRS 8 (for more information, see page 52 "Segment reporting" and page 99 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 there are risk management and auditors' reports to facilitate the assessment of management and the risk situation. Repower has a risk management system which is described in detail in a policy 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 58 to 62. 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/Grid, Deputy CEO

Stefan Kessler
CFO (Head of Finance)

Giovanni Jochum
Head of Market

Fabio Bocchiola
Head of Italy

The list on pages 32 and 33 provides detailed information on members of the Executive Board (name, age, position, nationality, date of joining the company, professional background, and other activities and interests). No management tasks were transferred to third parties.

Under the terms of the Articles of Association, no member of the Executive Board may assume more than ten mandates at other legal entities, and no more than two of these may be at listed companies. Certain mandates are not subject to this limit (see Art. 23 Para 3 of the Articles of Association).

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. 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 granting another shareholder authority in writing or by granting the independent proxy authority in writing or electronically. 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.

AUDITOR

Since 2015, Ernst & Young AG, Zurich, Switzerland, has served as the statutory auditor and Group auditor appointed annually by the Annual General Meeting. The auditor-in-charge, Alessandro Miolo, has been responsible for the engagement since that time. Ernst & Young AG was paid a total fee of CHF 443,000 for its auditing services for the Group in the 2015 financial year and CHF 8,000 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, monitors the credentials, independence and performance of the auditor and its audit experts. It obtains information at least once a year from the audit managers and the Executive Board concerning the planning, execution and findings of the audit work. The Board Committee asks the auditors to provide the audit plans and any proposals for improving internal controls. The auditors draw up for the Board of Directors a comprehensive report with findings on accounting practices, internal controls, the execution 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 2015 representatives of the external auditor participated in three meetings of the Board Committee in its capacity as Audit Committee.

Information policy

Repower AG provides its shareholders, potential investors and other stakeholders 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 news releases (link to request news 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 new Ordinance against Excessive Compensation in Listed Stock Companies (OaEC) in force since 1 January 2014 was implemented in full at the 2015 Annual General Meeting.

EVENTS AFTER THE BALANCE SHEET DATE

At its meeting on 17 December 2015 the Board of Directors resolved to have Repower securities delisted. An application for delisting has been submitted to SIX Swiss Exchange, SIX Swiss Exchange has fixed 29 April 2016 as the date Repower securities are delisted, with 28 April 2016 the last day of trading on SIX Swiss Exchange. Following delisting the company will organise off-exchange trading in Repower securities.

The Board of Directors has also resolved to put a motion to Repower's Annual General Meeting to convert the current bearer shares and participation certificates into registered shares on a one-for-one basis. This will harmonise and simplify the company's capital structure. This motion will be voted on at the Annual General Meeting held in Landquart on 12 May 2016.

MEMBERS OF THE BOARD OF DIRECTORS

- DR EDUARD RIKLI
- DR MANFRED THUMANN
- DR MARTIN SCHMID
- DR RUDOLF HUBER
- PLACI BERTHER
- CLAUDIO LARDI
- ROLF W. MATHIS
- ROGER VETSCH
- DR MYRIAM MEYER STUTZ
- GERHARD JOCHUM
- DOMENICO DE LUCA
- PETER MOLINARI

BOARD OF DIRECTORS*

MEMBERS OF THE BOARD OF DIRECTORS ARE ELECTED TO SERVE UNTIL THE 2016 ANNUAL GENERAL MEETING

DR EDUARD RIKLI (B. 1951)

Swiss citizen, Dr. sc. techn., dipl. Masch.-Ing. ETH
Member of the Board since 2010
Chairman of the Board of Directors, the Board Committee and the Compensation Committee

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PROFESSIONAL CAREER

Previous

- Head of Sulzer Turbo Product Division (1990–95)
- Member of the Sulzer Executive Committee (1996–2003)
- Head of Corporate Development, Sulzer Group (1996–98)
- Head of Sulzer Roteq Division (1998–2000)
- Head of Sulzer Services and Equipment Division (2000–01)
- Head of Sulzer Metco Division (2001–03)
- Chief Executive Officer, Mikron Group (2004–09)

Current

- Self-employed

MATERIAL ACTIVITIES AND INDICATION OF INTEREST

Positions on boards of major corporations, organisations and foundations

- Chairman of the Board of Directors of Brütsch/Rüegger Holding AG
- Member of the boards of directors of Delta JS AG, Hatebur Umformmaschinen AG, Mikron Holding AG, Nova Werke AG, and Bioengineering AG
- 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

Permanent positions with important interest groups

- Member of the Executive Board of Swissmem Zurich

DR MANFRED THUMANN (B. 1954)

Swiss citizen; Dr. Ing.
Member of the Board since 2013
Vice Chairman of the Board of Directors, the Board Committee and the Compensation Committee

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PROFESSIONAL CAREER

Previous

- Various roles at ABB Group and as a researcher at the German Aerospace Centre
- Director of gas turbine business, Alstom (1997–2003)
- Member of Axpo AG Executive, responsible for nuclear power division and managing director of Kernkraftwerk Leibstadt AG (2003–07)
- Member of the Group Executive, Axpo Holding AG (2004–14)
- Chief Executive Officer (CEO) of Axpo AG (2007–12)
- Head of Assets Division, Axpo (2013–14)

Current

- CEO of Venga GmbH, Lengnau

DR MARTIN SCHMID (B. 1969)

Swiss citizen; Dr. iur. HSG, lawyer
Member of the Board since 2008
Member of the Board Committee and Compensation 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 independent lawyer (1997–2002)
- Member of the Cantonal Executive Council, Head of the Department of Justice, Security and Health (2003–08)
- Head of the Department of Finance and Municipalities (2008–11)

Current

- Lawyer with Kunz Schmid, lawyers and notaries, Chur

MATERIAL ACTIVITIES AND INDICATION OF INTEREST

Positions on boards of major corporations, organisations and foundations

- Chairman of the boards of directors of Engadiner Kraftwerke AG, Calanda Kies und Beton Gruppe, the Swiss Gas Industry Association (VSG) and Entwicklung Schweiz
- 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, UBS Clean Energy Infrastructure Switzerland AG and Swissgas AG

Permanent positions with important interest groups

- Member of the executive committees of economiesuisse, Energieforum Schweiz (Swiss Energy Forum) and the Swiss Energy Council

Official functions and political offices

- Member of the Swiss Council of States for Canton Graubünden

DR RUDOLF HUBER (B. 1955)

Swiss citizen; Dr. oec. publ.
Member of the Board since 2013
Member of the Board Committee and Compensation Committee

PROFESSIONAL CAREER

Previous

- Bucher-Guyer AG (now Bucher Industries): Head of Group Finance/CFO of Bucher-Guyer AG (1986–92)
- Geberit AG: CFO and member of the Executive Board (1992–2004)

Current

- Independent consultant and proprietor of consulting firm Axega GmbH, Zurich
- Adjunct lecturer at the University of St Gallen and lecturer at the Lucerne University of Applied Sciences and Arts
- Member of various boards of directors and advisory boards

MATERIAL ACTIVITIES AND INDICATION OF INTEREST

Positions on boards of major corporations, organisations and foundations

- Chairman of the Board of Directors and CEO of Looser Holding AG
- Member of the boards of directors of Swiss Prime Site AG and WICOR Holding AG
- Member of the Board of Directors of Hoerbiger Holding AG and of the Board of Trustees of the Hoerbiger Foundation
- Chairman of the Advisory Board of Peri GmbH, Weissenhorn, Germany

PLACI BERTHER (B. 1959)

Swiss citizen; lic. iur., lawyer

Member of the Board since 2011

PROFESSIONAL CAREER

Previous

- Independent lawyer in Chur/Sedrun (1990–2002)
- Member of the Vorderrhein District Court (1991–94)
- Mayor of Tujetsch, Sedrun (1993–2005)
- President of the Vorderrhein District Court (1995–2000)
- Member of the Graubünden cantonal parliament (2000–14)

Current

- Independent lawyer

MATERIAL ACTIVITIES AND INDICATION OF INTEREST

Permanent positions with important interest groups

- President of the Administrative Commission of the Catholic Regional Church, Graubünden

CLAUDIO LARDI (B. 1955)

Swiss citizen; lic. iur., lawyer

Member of the Board since 2011

PROFESSIONAL CAREER

Previous

- Secretary-general of an international hotel and restaurant holding company (1986–96)
- Lawyer, until 1998
- Member of the Executive Council of Canton Graubünden (1999–2010)

Current

- Lawyer

MATERIAL ACTIVITIES AND INDICATION OF INTEREST

Positions on boards of major corporations, organisations and foundations

- President of the Hilton Ray Hartmann Foundation
- Member of the boards of directors of educa.ch and Oleodotto del Reno SA

Permanent positions with important interest groups

- 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
- Chairman of historic RhB

ROLF W. MATHIS (B. 1956)

Swiss citizen; dipl. Masch. Ing. ETH, Wirtsch.-Ing. STV

Member of the Board since 2003

PROFESSIONAL CAREER

Previous

- BBC (ABB), design engineer (1979–82)
- Defence Services Group, project engineer and section head (1982–87)
- Various positions at Von Roll Betec AG, latterly as Head of Business Unit (1990–98)

Current

- Senior Manager, Axpo Power AG

MATERIAL ACTIVITIES AND INDICATION OF INTEREST

Positions on boards of major corporations, organisations and foundations

- Chairman of the boards of directors of 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 Blenio Kraftwerke AG, Grande Dixence SA and Force Motrice de Mauvoisin SA

Permanent positions with important interest groups

- Member of the executive boards of Schweizerischer Wasserwirtschafts-verband (Swiss Water Management Association) and VGB PowerTech

ROGER VETSCH (B. 1965)

Swiss citizen; dipl. Bauingenieur FH

Member of the Board since 2012

PROFESSIONAL CAREER

Previous

- Degree in civil engineering from the University of Applied Sciences Rapperswil (1988)
- Managing director of construction company Anton Vetsch Klosters (1990–96)
- Took over construction company Vetsch Klosters (1996)

Current

- Owner and managing director of construction company Vetsch Klosters

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MATERIAL ACTIVITIES AND INDICATION OF INTEREST

Positions on boards of major corporations, organisations and foundations

- Chairman of the Board of Directors of Kieswerk Arieschbach AG

Official functions and political offices

- Member of the Graubünden cantonal parliament
- Chairman of the local BDP party in Klosters-Serneus

DR MYRIAM MEYER STUTZ (B. 1962)

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

Member of the Board since 2013

PROFESSIONAL CAREER

Previous

- Director of engineering division, SR Technics (1998–2000)
- Vice president, Swissair Flight Operations, Swissair (2000–02)
- Member of the executive management of Roche Consumer Health, Roche (2002–05)
- CEO, RUAG Aerospace (2005–08)
- Group CEO, WIFAG-Polytype Holding AG (2009–11)

Current

- Owner and CEO of mmtec

MATERIAL ACTIVITIES AND INDICATION OF INTEREST

Positions on boards of major corporations, organisations and foundations

- Member of the boards of directors of Swiss Post Ltd and 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 Supervisory Board of Wienerberger AG, Vienna

Permanent positions with important interest groups

- Member of the Advisory Committee on International Development Cooperation (IC/SDC)
- Member of the Industrial Advisory Board of the Swiss Federal Institute of Technology (ETH), Zurich, Department of Mechanical and Process Engineering

GERHARD JOCHUM (B. 1953)

German citizen; degree in economics

Member of the Board since 2013

PROFESSIONAL CAREER

Previous

- Managing partner of a consulting firm specialised in the energy business, Bonn and Saarbrücken (1975–85)
- Head of department at a municipal and regional energy utility, Saarbrücken (1985–94)
- 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 (2000–03)

Current

- BÜRO JOCHUM, Berlin

MATERIAL ACTIVITIES AND INDICATION OF INTEREST

Positions on boards of major corporations, organisations and foundations

- Chairman of the Supervisory Board of GASAG Berliner Gaswerke Aktiengesellschaft, Berlin
- Member of the supervisory boards of GDF SUEZ Energie Deutschland AG, Berlin, and STEAG GmbH, Essen
- Member of the shareholders' committee of Ludwig-Bölkow Systemtechnik GmbH, Ottobrunn (Munich)
- Chairman of the Board of Privatstiftung Wozabal (private foundation), Linz, Austria

DOMENICO DE LUCA (B. 1966)

Swiss and Italian citizen; MSc in mechanical engineering, CFA, MBA, CQF

Member of the Board since 2014

PROFESSIONAL CAREER

Previous

- ABB SAE Sadelmi SpA (Milan and Dubai): Assistant to the ABB consortium's project manager for the construction and commissioning of the power plant and Al Taweela desalination plant (1994–96)
- Mixpac Systems AG: Head of Sales for Adhesives and Medicine in Southern Europe and USA (1997–2000)
- EGL AG: Head of Italian Market (2000–01)
- EGL Espana SL, Madrid: CEO (2001–07)
- EGL ITALIA SPA (Genoa, Rome and Milan): CEO (2007–07)
- EGL AG: Member of the Executive Board, Head of Energy Trading and Origination (2009–12)
- Axpo Trading AG: Member of the Executive Board, Head of International Trading & Origination (2012–14)

Current

- Head of Axpo Group's Trading & Sales business area and member of Axpo Holding AG Executive Board

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MATERIAL ACTIVITIES AND INDICATION OF INTEREST

Positions on boards of major corporations, organisations and foundations

- Member of the boards of directors of Axpo Italia S.p.a, Axpo Trading AG (CEO) and Axpo U.S. LLC

Permanent positions with important interest groups

- EFET board member

PETER MOLINARI (B. 1948)

Swiss citizen; dipl. Kult. Ing. ETH

Member of the Board since 2014

PROFESSIONAL CAREER

Previous

- Director of Engadiner Kraftwerke AG (1993–2013)

Current

- Retired

MATERIAL ACTIVITIES AND INDICATION OF INTEREST

Positions on boards of major corporations, organisations and foundations

- Vice Chairman of the Board of Directors of Pendicularas Motta Naluns Scuol Ftan Sent

Permanent positions with important interest groups

- Chairman of the Arbeitsgemeinschaft Alpine Wasserkraft (AGAW) consortium

* *Details of mandates are correct as of 31 December 2015.*

THE REPOWER EXECUTIVE BOARD

GIOVANNI JOCHUM, STEFAN KESSLER, KURT BOBST, FABIO BOCCHIOLA, FELIX VONTOBEL (FROM LEFT TO RIGHT)

EXECUTIVE BOARD*

KURT BOBST (B. 1965)

Swiss citizen; federally certified controller
CEO since 2008

PREVIOUS SENIOR POSITIONS

- Head of Administration at SABAG Hägendorf (1985–92)
- Head of Financial Accounting at Atel (1992–95)
- Business consultant at PwC and A.T. Kearney (1995–2001)
- Head of Management Consulting at Pöyry, CEO of Pöyry Switzerland (2002–08)

POSITIONS ON BOARDS OF MAJOR CORPORATIONS, ORGANISATIONS AND FOUNDATIONS

- Vice Chairman of the Board of Directors of Grischelectra AG
- Member of the Board of Directors of Repartner Produktions AG

PERMANENT POSITIONS WITH IMPORTANT INTEREST GROUPS

- Member of the Management Board of the Association of Swiss Electricity Companies (VSE)

FELIX VONTOBEL (B. 1958)

Swiss citizen; dipl. Elektroingenieur FH
Since 1987: Kraftwerke Brusio (now Repower AG)
Since 1992: Deputy Director of Kraftwerke Brusio
Since 2000: Deputy CEO
Head of Generation/Grid

PREVIOUS SENIOR POSITIONS

- Commissioning engineer at BBC (ABB) (1982–85)
- Project manager and commissioning engineer for biotechnology research and production installations at Bioengineering AG (1985–87)

POSITIONS ON BOARDS OF MAJOR CORPORATIONS, ORGANISATIONS AND FOUNDATIONS

- Member of the boards of directors of EL.IT.E S.p.A., Kraftwerke Hinterrhein AG and Swisscom Energy Solutions AG

PERMANENT POSITIONS WITH IMPORTANT INTEREST GROUPS

- Member of the Management Board of the Swiss Water Management Association

STEFAN KESSLER (B. 1973)

Swiss citizen; lic. iur., HSG, lawyer, LL.M., MAS in corporate finance
Since 2005: Rätia Energie AG (now Repower AG)
Since 2011: Member of the Executive Board
CFO (Head of Finance)

PREVIOUS SENIOR POSITIONS

- Legal counsel at LGT Group (2001–04)
- Lawyer at Baker & McKenzie (2004–05)

GIOVANNI JOCHUM (B. 1964)

Swiss citizen; lic. oec. HSG
Since 1993: Kraftwerke Brusio AG (now Repower AG)
Since 1998: Deputy Director of Kraftwerke Brusio AG
Since 2000: Member of the Executive Board
Head of Market

PREVIOUS SENIOR POSITIONS

- Auditor with Revisuisse Price Waterhouse (1990–92)

POSITIONS ON BOARDS OF MAJOR CORPORATIONS, ORGANISATIONS AND FOUNDATIONS

- Chairman of the boards of directors of Repartner Produktions AG and Swibi AG
- Member of the boards of directors of AKEB, Rhiienergie AG and Swisscom Energy Solutions AG

PERMANENT POSITIONS WITH IMPORTANT INTEREST GROUPS

- Member of the Management Committee of the Institute for Operations Research and Computational Finance/CC Energy Management, University of St. Gallen

FABIO BOCCHIOLA (B. 1964)

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

PREVIOUS SENIOR POSITIONS

- DALKIA, Regional Manager, Central and Southern Italy, with one year's experience in France (1990–95)
- ASTER, Assistant Operations Manager (1995–96)
- EDISON, Key Account Manager (1996–99)
- EnBW, Head of Sales (2000–02)

PERMANENT POSITIONS WITH IMPORTANT INTEREST GROUPS

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

** Details of mandates are correct as of 31 December 2015.*

COMPENSATION REPORT

Like the section on corporate governance, the Compensation Report is subject to the SIX Corporate Governance Directive and complies with the transparency rules laid down in the Ordinance against Excessive Compensation in Listed Stock Companies (OaEC) and the principles set down in the Swiss Code of Best Practice for Corporate Governance.

The Compensation Report contains information on the Compensation Committee, compensation policy and the procedure for setting compensation paid to the Board of Directors and Executive Board, and states the compensation paid for the 2015 financial year.

COMPENSATION COMMITTEE

The Compensation Committee consists of four members of the Board of Directors who are elected individually on an annual basis by the Annual General Meeting. The members of the Compensation Committee are listed on pages 29 and 30 of the Annual Report. The Compensation Committee and Board of Directors follow the same procedures in terms of convocation, procedure of the meetings and decisionmaking.

The Compensation Committee deliberates on matters of compensation policy, especially at the highest corporate level, and prepares the compensation policy on behalf of the Board of Directors. In doing so the Compensation Committee makes sure that the company offers compensation in line with the market and performance to attract and retain people with the requisite skills and character. The Compensation Committee also prepares the motions to be put before the Annual General Meeting relating to the total compensation paid to the Board of Directors and Executive Board, and bears responsibility for ensuring that the employment contracts with the members of the Executive Board are in compliance with the law and contain provisions that are appropriate to the market and protect the interests of the company. The Compensation Committee decides the pay and pay components of individual members of the Executive Board within the scope of the total amount set by the Annual General Meeting.

PROCEDURE OF SETTING COMPENSATION

Every year the Annual General Meeting approves the motions of the Board of Directors in relation to the maximum total compensation to the Board of Directors and Executive Board for the current financial year. The Board of Directors can submit divergent and additional motions related to the same or other time periods to the Annual General Meeting for approval. The procedure for the event that the Annual General Meeting does not approve a motion of the Board of Directors is set down in the Articles of Association. Further, Art. 21 of the Articles of Association sets down the procedure for the payment of an additional amount of compensation to members of the Executive Board appointed after the Annual General Meeting has voted on the maximum total compensation. The rules governing loans, credits and pension benefits to members of the Board of Directors and the Executive Board are set down in Art. 25 of the Articles of Association. There are no share- or option-based compensation plans.

PRINCIPLES FOR COMPENSATION TO THE MEMBERS OF THE BOARD OF DIRECTORS

On 31 December 2015 the Board of Directors consisted only of non-executive members. The members of the Board of Directors receive compensation based on the work they have performed and their responsibilities in accordance with the remuneration rules. It consists of a flat fee set according to the function of the respective member of the Board of Directors. Out-of-pocket expenses will also be reimbursed. The flat fee is calculated on the basis of the average estimated annual time involved as a percentage of full-time equivalent multiplied by an industry-standard salary appropriate to the qualifications required, and is set down in remuneration rules approved by the Board of Directors. This compensation does not depend on the company's earnings. The current remuneration rules have been in force since 1 January 2015. The remuneration rules are reviewed by the Board of Directors at indefinite intervals and adjusted if necessary. The Board of Directors also checks each year to make sure that the compensation set down in the remuneration rules lies within the total amount approved by the Annual General Meeting.

PRINCIPLES FOR COMPENSATION TO THE MEMBERS OF THE EXECUTIVE BOARD

The compensation paid to members of the Executive Board comprises a fixed and a variable component. The fixed component consists of the base salary, and can also contain other compensation components and benefits. Depending on achievement of operational targets, the variable component may amount to a maximum of 40 per cent of the annual base salary. The fixed and variable components are set by the Compensation Committee on an annual basis. The fixed component is based on a proposal made by the CEO on the basis of the development of the group. The Compensation Committee weights this reference figure to set the fixed component at its discretion. The variable component depends on achievement of the Repower Group's financial targets and the member's personal performance targets. To set the variable component, the following figures are combined and given an overall weighting of 50 per cent: Repower Group EBIT, economic value added and net debt to EBITDA. For each member of the Executive Board, between three and a maximum of five personal performance objectives are set, which are likewise weighted 50 per cent to calculate the variable component.

The CEO submits his proposal for the variable components for each individual member to the Compensation Committee. Personal performance is evaluated in a meeting with the CEO at the end of the reporting period on the basis of the objectives agreed at the beginning of the financial year. All compensation components are paid in cash. The Compensation Committee informs the full Board of Directors of the status of the process of determining and paying compensation by submitting the minutes immediately after each meeting; the chair of the Compensation Committee also informs the Board of Directors orally at its next meeting. The members of the Executive Board and the other members of the Board of Directors do not attend meetings of the Compensation Committee where their compensation is being decided. However, the CEO will be called to attend certain parts of these meetings in an advisory capacity. The CEO is not present for the evaluation of his own compensation. No external advisors were involved in designing the compensation system.

COMPENSATION FOR THE 2015 FINANCIAL YEAR

The entire section that follows is subject to review by the auditors.

COMPENSATION PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS

In the year under review the members of the Board of Directors received cash compensation in the amount of CHF 699,046 (prior year: CHF 692,859). Compensation breaks down in detail as follows:

		2015			2014		
	Member of Board of Directors from/to [1]	Gross compen -sation [2]	Employer contributions	Total compensation	Gross compen -sation [2]	Employer contributions	Total compensation
CHF							
Dr Eduard Rikli, Chairman, from 1 January 2010	from 1 January 2010	110,000	8,756	118,756	120,000	9,852	129,852
Dr Manfred Thumann, Vice Chairman, from 14 May 2014 [3]	from 15 May 2013	90,000	-	90,000 [A]	63,019	-	63,019 [A]
Dr Martin Schmid	from 23 May 2008	80,000	6,368	86,368 [B]	86,453	7,098	93,551 [B]
Dr Rudolf Huber	from 15 May 2013	80,000	6,368	86,368	80,000	6,568	86,568
Placi Berther	from 4 May 2011	38,000	3,025	41,025 [C]	37,100	3,046	40,146 [C]
Claudio Lardi	from 4 May 2011	38,000	3,025	41,025	35,000	2,874	37,874
Rolf W. Mathis [3]	from 2 May 2003	38,000	-	38,000 [C]	36,500	-	36,500 [C]
Roger Vetsch	from 9 May 2012	38,000	3,025	41,025	35,000	2,874	37,874
Dr Myriam Meyer Stutz [3]	from 15 May 2013	38,000	-	38,000	35,000	-	35,000
Gerhard Jochum	from 15 May 2013	38,000	3,025	41,025	35,000	2,874	37,874
Domenico De Luca [3]	from 14 May 2014	38,000	-	38,000 [D]	21,728	-	21,728 [D]
Peter Molinari	from 14 May 2014	38,000	1,454	39,454 [D]	21,728	848	22,576 [D]
Dr Hans Schulz, Vice Chairman, from 15 May 2013 to 14 May 2014 [3]	from 14 May 2014	-	-	-	36,679	-	36,679
Christoffel Brändli	from 14 May 2014	-	-	-	13,272	346	13,618
Total		**664,000**	**35,046**	**699,046**	**656,479**	**36,380**	**692,859**

1) The functions performed in the Board of Directors by the various members are described on pages 29 to 31.
2) The compensation consists of a flat fee set according to the function of the respective member of the Board of Directors. There are no items which require disclosure under Art. 14 to 16 of the Ordinance against Excessive Compensation in Listed Stock Companies (OaEC) for either the current or the prior year.
3) In accordance with instructions from the members of the Board of Directors affected, the entire compensation will be transferred to their employers.

New remuneration rules for the Board of Directors entered into force on 1 January 2015. Discrepancies, unless otherwise mentioned (see below), are due to the new rules.

A) Remuneration as Vice Chairman has only been paid since May 2014.
B) In 2014 additional compensation paid for directorships at Repower Klosters AG and Repower Holding Surselva AG, which were wound up as a result of a merger.
C) In 2014 additional compensation paid for directorship at Repower Holding Surselva AG, which was wound up as a result of a merger.
D) Compensation as members of the Board of Directors only paid since May 2014.

COMPENSATION PAID TO THE MEMBERS OF THE EXECUTIVE BOARD

In the year under review the members of the Executive Board received cash compensation in the amount of CHF 2,492,822 (prior year: CHF 3,349,170). Compensation breaks down in detail as follows:

2015

CHF	Gross compensation (fixed)	Gross compensation (variable)	Employer contributions	Other benefits	Total compensation
Kurt Bobst, CEO	457,075	-	173,933	-	631,008
Other members of the Executive Board	1,268,887	62,200	530,727	-	1,861,814
Total	**1,725,962**	**62,200**	**704,660**	**-**	**2,492,822***

2014

CHF	Gross compensation (fixed)	Gross compensation (variable)	Employer contributions	Other benefits	Total compensation
Kurt Bobst, CEO	456,175	75,000	169,122	-	700,297
Other members of the Executive Board	1,571,873	268,585	658,415	150,000	2,648,873
Total	**2,028,048**	**343,585**	**827,537**	**150,000**	**3,349,170**

There are no items which require disclosure under Art. 14 to 16 of the Ordinance against Excessive Compensation in Listed Stock Companies (OaEC) for either the current or the prior year.

* Discrepancy resulting from the modification of the operational group structure to four divisions and a reduction in the number of members of the Executive Board.

Building a better working world

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To the General Meeting of

Repower AG, Brusio

Zurich, 30 March 2016

Report of the statutory auditor on the compensation report

We have audited the compensation report of Repower AG for the year ended 31 December 2015 (pages 35 to 36).

Responsibility of the Board of Directors
The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility
Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the compensation report for the year ended 31 December 2015 of Repower AG complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

Alessandro Miolo
Licensed Audit Expert
(Auditor in charge)

Ralf Noffke
Licensed Audit Expert

FINANCIAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS OF THE REPOWER GROUP

FINANCIAL STATEMENTS OF REPOWER AG

“THANKS TO REPOWER, GUESTS AT OUR CAMPSITE GET TO EXPLORE THE POSCHIAVO VALLEY BY ELECTRIC BIKE.”

Damiano and Marisa Priuli-Bondolfi run the Boomerang campsite in the hamlet of Li Curt in the Poschiavo valley. Electric bikes from Repower are the ideal solution for those wanting to explore the area on two wheels.

COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE REPOWER GROUP

MARKET ENVIRONMENT CONTINUES TO HIT REPOWER GROUP RESULTS HARD

CHALLENGING MARKET ENVIRONMENT ONCE AGAIN RESULTS IN IMPAIRMENTS IN YEAR UNDER REVIEW – DOWNTREND IN ENERGY TRADING CONTINUES

Repower's year-end results for 2015 are sobering. A challenging market environment, with steadily declining electricity prices, had a massive impact on financial results. Added to this was the decision to remove the floor on the EUR/CHF exchange rate in mid-January 2015.

The total impact of negative extraordinary items on the results for the year came to CHF 90 million. These items notably included a net CHF 62 million in impairment on generation assets, CHF 12 million in impairments on overdue receivables in Italy, and provisions for energy agreements and other energy-related liabilities totalling CHF 7 million. The results were also impacted by an adjustment of CHF 9 million to the item associates on the basis of a change in accounting methods related to the AKEB decommissioning and disposal fund.

All in all, the 2015 financial year ended with earnings before interest and tax (EBIT), after extraordinary items, of negative CHF 69 million. Income before taxes came to negative CHF 152 million, resulting in an annual loss of CHF 136 million for the year under review.

To give a realistic picture of financial performance during the year under review, the comments on the Repower Group's financial results for 2015 refer primarily to achieved operating earnings before exceptional items. Comparisons with the prior year are also made on the basis of results before exceptional items. Comments relating to the balance sheet are based on figures after exceptional items. Remarks related to the IFRS financial reporting standards and more detailed explanations in this context can be found from page 48 of the 2015 financial report.

In the year under review the Repower Group saw total energy sales fall CHF 18 per cent to CHF 1,838 million from CHF 2,231 million the previous year. The downward trend in the energy trading business thus continued – particularly evident in a 25 per cent decline in gross energy margin before extraordinary items, down CHF 61 million from CHF 246 million to CHF 185 million.

Operating expenses (without energy procurement) declined by around CHF 17 million year on year to CHF 181 million (from CHF 198 million the year before), owing primarily to lower personnel costs (down CHF 6 million) and operating expense (down CHF 11 million). These savings are still directly connected with the efficiency programme launched in the 2013 financial year.

Scheduled depreciation/amortisation and impairment, without one-time impairment charges, came in at CHF 47 million, a decline of around CHF 4 million versus the previous year (CHF 51 million). This decline was due to one-time impairments on generation assets in previous years.

Repower Group posted earnings before interest and taxes (EBIT), before exceptional items, of CHF 12 million, CHF 27 million (69%) lower than the CHF 39 million in EBIT before exceptional items recorded the previous year.

Financial results and the share of results of associates item deteriorated by CHF 27 million year on year, with a loss of CHF 75 million versus a loss of CHF 48 million the previous year. The main reasons for this were exchange rate losses amounting to CHF 34 million, losses on currency forwards and forward rate agreements (hedges) amounting to CHF 22 million. This was offset by positive effects totalling around CHF 8 million in the form of profits from the disposal of financial assets (of which CHF 7 million came from the sale of Swissgrid interests).

Group result came in at negative CHF 46 million (previous year: negative CHF 22 million).

Cash flow from operating activities declined 83 per cent year on year to CHF 17 million, in direct correlation with the downward trend in energy trading prices.

INFORMATION ON BALANCE SHEET

There was an CHF 119 million year-on-year decline in non-current assets to CHF 869 million (previous year: CHF 988 million), due primarily to impairment charges on generation assets (CHF 62 million) and at associates (CHF 9 million), and the removal of the floor on the EUR/CHF exchange rate in mid-January (CHF 27 million).

There was a CHF 127 million year-on-year decline in current assets to CHF 949 million (prior year CHF 1,076 million). This was primarily related to the items receivables (CHF -101 million), securities and other financial instruments (CHF -141 million) and positive replacement values (CHF -29 million); this was offset by a CHF 150 million increase in cash and cash equivalents.

Non-current liabilities declined by CHF 130 million. This was due in particular to the item non-current financial liabilities (CHF -200 million resulting from the reclassification of a bond to current financial liabilities; a CHF 38 million increase relating to a registered bond issue; a CHF 35 million increase related to loans from companies not controlled by Repower).

The balance sheet total declined 14 per cent to CHF 1,828 million (previous year: CHF 2,126 million), while equity at the end of 2015 went down to CHF 600 million (previous year: CHF 766 million).

Tables show values in TCHF unless otherwise noted.

CONSOLIDATED INCOME STATEMENT

	Note	2015	2014
Net sales		1,837,992	2,231,367
Own costs capitalised		7,100	7,291
Other operating income		50,505	33,892
Total operating revenue	1	**1,895,597**	**2,272,550**
Energy procurement		-1,660,212	-1,991,283
Concession fees		-17,251	-17,803
Personnel expenses	2	-75,260	-76,429
Material and third party services		-31,696	-32,066
Other operating expenses		-64,882	-78,429
Income before interest, taxes, depreciation and amortisation (EBITDA)		**46,296**	**76,540**
Depreciation/amortisation and impairment	3	-114,835	-50,645
Income before interest and taxes (EBIT)		**-68,539**	**25,895**
Financial income	4	11,533	3,116
Financial expenses	4	-82,197	-44,353
Share of results of associates	9	-12,990	-6,467
Income before taxes		**-152,193**	**-21,809**
Income taxes	5	15,886	-10,764
Group result		**-136,307**	**-32,573**
Share of Group result attributable to Repower shareholders and participants		-120,363	-32,599
Share of Group result attributable to non-controlling interests		-15,944	26
Earnings per share (undiluted)	6	CHF -35.32	CHF -9.58

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

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

Tables show values in TCHF unless otherwise noted.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2015	2014
Group result		**-136,307**	**-32,573**
Actuarial profit/loss from pension plans of fully consolidated companies	18	-12,584	-4,734
Actuarial profit/loss from pension plans of associates	9	-1,002	-317
Income taxes	5	2,039	845
Other comprehensive income after taxes, non-recyclable		**-11,547**	**-4,206**
Currency translation			
Effect from currency translation of consolidated companies		-14,326	-4,323
Reclassified into profit or loss statement	25	-2,135	7,590
Effect from currency translation of associates	9	-841	-201
Fair value adjustments of financial instruments		-	814
Income taxes	5	-	-71
Other comprehensive income after taxes, recyclable		**-17,302**	**3,809**
Other comprehensive income		**-28,849**	**-397**
Total comprehensive income		**-165,156**	**-32,970**
Share of profit or loss and other comprehensive income attributable to Repower shareholders and participants		-146,526	-32,357
Share of profit or loss and other comprehensive income attributable to non-controlling interests		-18,630	-613

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

Tables show values in TCHF unless otherwise noted.

CONSOLIDATED BALANCE SHEET

	Note	31.12.2015	31.12.2014 Restated*
Assets			
Tangible assets	7	770,768	889,621
Intangible assets	8	8,605	10,376
Investments in associates	9	24,272	34,866
Other financial assets	10	16,414	9,369
Deferred tax assets	5	49,046	44,122
Non-current assets		**869,105**	**988,354**
Inventories	11	30,739	32,220
Receivables	12	391,027	492,046
Current income tax receivables		7,218	10,880
Prepaid expenses and accrued income	22	4,552	5,136
Securities and other financial instruments	13	15,376	156,693
Positive replacement values held for trading positions	14	103,300	131,815
Cash and cash equivalents	15	396,765	247,034
Current assets		**948,977**	**1,075,824**
Assets held for sale	26	9,805	61,694
Total assets		**1,827,887**	**2,125,872**

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

* See page 50

Tables show values in TCHF unless otherwise noted.

CONSOLIDATED BALANCE SHEET

	Note	31.12.2015	31.12.2014 Restated*
Liabilities and shareholders' equity			
Share capital	16	2,783	2,783
Participation capital	16	625	625
Retained earnings (including Group result)		620,154	740,517
Actuarial profit/loss from pension plans		-3,584	7,749
Accumulated translation differences		-55,125	-40,295
Shareholders’ equity excluding non-controlling interests		**564,853**	**711,379**
Non-controlling interests		35,016	54,577
Shareholders’ equity		**599,869**	**765,956**
Pension provisions	18	42,098	28,664
Other non-current provisions	19	28,596	24,603
Deferred tax liabilities	5	28,920	40,633
Non-current financial liabilities	17	433,488	568,724
Non-current liabilities		**533,102**	**662,624**
Current income tax liabilities		6,234	9,739
Current financial liabilities	21	204,563	84,069
Negative replacement values held for trading positions	14	77,154	121,376
Other current provisions	19	4,569	3,780
Other current liabilities	20	368,024	440,979
Deferred income and accrued expenses	22	23,547	24,696
Current liabilities		**684,091**	**684,639**
Liabilities		**1,217,193**	**1,347,263**
Liabilities held for sale	26	10,825	12,653
Total liabilities and shareholders’ equity		**1,827,887**	**2,125,872**

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

* See page 50

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. of fin. instr.	Accumulated translation differences	Shareholders' equity excluding non-controlling interests	Non-controlling interests	Total shareholders' equity
Equity at 1 January 2014	**2,783**	**625**	**-12**	**778,219**	**11,858**	**-454**	**-44,192**	**748,827**	**56,124**	**804,951**
Group result				-32,599				-32,599	26	-32,573
Other comprehensive income					-4,109	454	3,897	242	-639	-397
Comprehensive income for the period				**-32,599**	**-4,109**	**454**	**3,897**	**-32,357**	**-613**	**-32,970**
Dividends (excl. treasury shares)				-6,802				-6,802	-816	-7,618
Purchase/sale of treasury shares			11	1,403				1,414		1,414
Tax effect treasury shares				51				51		51
Purchase/sale of non-controlling interests			1	245				246	-436	-190
Capital increase, non-controlling interests								-	318	318
Equity at 31 December 2014	**2,783**	**625**	**-**	**740,517**	**7,749**	**-**	**-40,295**	**711,379**	**54,577**	**765,956**
Equity at 1 January 2015	**2,783**	**625**	**-**	**740,517**	**7,749**	**-**	**-40,295**	**711,379**	**54,577**	**765,956**
Group result				-120,363				-120,363	-15,944	-136,307
Other comprehensive income					-11,333		-14,830	-26,163	-2,686	-28,849
Comprehensive income for the period				**-120,363**	**-11,333**	**-**	**-14,830**	**-146,526**	**-18,630**	**-165,156**
Dividends (excl. treasury shares)								-	-931	-931
Equity at 31 December 2015	**2,783**	**625**	**-**	**620,154**	**-3,584**	**-**	**-55,125**	**564,853**	**35,016**	**599,869**

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

Tables show values in TCHF unless otherwise noted.

CONSOLIDATED CASH FLOW STATEMENT

	Note	2015	2014 Restated*
Income before taxes		-152,193	-21,809
Change in			
Result from sales/liquidations of subsidiaries / disposal groups	9/25	-2,910	7,590
Own costs capitalised	7/8	-7,100	-7,291
Depreciation/amortisation and impairment	3/7/8	114,835	50,645
Appreciations	7	-5,568	-
Net financial result	4	70,664	41,237
Share of results of associates	9	12,990	6,467
Change in pension provisions (without interests)	18	748	-3,354
Change in other long term provisions (without interests)		2,935	6,218
Other income and expenses not affecting cash		2,616	-270
Change in net-current assets (excl. securities and other financial instruments)		5,890	35,528
Other financial cash outflow and inflow		-23,032	-7,348
Income taxes paid		-2,934	-9,513
Cash flow from operating activities		**16,941**	**98,100**
Additions of tangible and intangible assets	7/8	-19,897	-22,626
Sales of tangible and intangible assets		1,971	2,182
Disposal of subsidiaries / disposal groups	25/26	60,685	-
Additions of investments in associates	9	-	-3,423
Granting of active loans		-14,000	-4,500
Repayments of non current financial assets		635	5,083
Additions of current and non-current financial assets		-14,957	-156,948
Disposals of current and non-current financial assets		140,300	147
Dividends received		331	810
Interest received		3,157	2,620
Cash flow from investing activities		**158,225**	**-176,655**
Increase in financial liabilities		59,285	97,155
Repayment of financial liabilities		-60,903	-13,665
Dividend payments		-931	-7,618
Sale of treasury shares		-	1,414
Purchase of non-controlling interests	9	-	-190
Capital increase done by non-controlling interests		-	318
Interest paid		-16,623	-16,741
Cash flow from financing activities		**-19,172**	**60,673**
Translation differences		-8,562	-4,481
Change in cash and cash equivalents		**147,432**	**-22,363**
Cash and cash equivalents at 1 January	15	250,701	273,064
Cash and cash equivalents at 31 December	15	**398,133**	**250,701**

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

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Tables show values in TCHF unless otherwise noted.

1) CONSOLIDATED ACCOUNTING PRINCIPLES

Repower AG, Brusio, is a listed stock company with its registered offices in Switzerland. Repower is a vertically integrated group operating in the generation, management, trading, sales, transmission and distribution of electricity in Switzerland and abroad. The company also trades and sells gas, emission certificates and certificates of origin in selected European markets. Its business activities and main operations are described in detail in this annual report.

The 2015 consolidated financial statements of the Repower Group were authorised by the Board of Directors on 30 March 2016 and are subject to the approval of the Annual General Meeting on 12 May 2016.

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) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements provide a true and fair view of the assets, liabilities, financial position and profit or loss 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 to the nearest thousand Swiss francs (TCHF).

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, part of inventories, and 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.

SIGNIFICANT NEW AND REVISED ACCOUNTING AND VALUATION PRINCIPLES

New and revised standards and interpretations applicable for the first time for the 2015 financial year are listed in the following table and are assessed in quantitative terms if they have a significant impact on the consolidated financial statements of the Repower Group.

Standard/ interpretation	Content	Applicable for annual periods beginnig on
IAS/IFRS	Annual Improvements Cycle 2010–2012	01.07.2014
IAS/IFRS	Annual Improvements Cycle 2011–2013	01.07.2014
IAS 19	Clarification concerning the Accounting of employee contributions for defined benefit plans	01.07.2014

The revised IAS 19 Employee Benefits is to be applied for the 2015 financial year. The amended standard offers the option of measuring pension fund obligation without applying risk sharing. Repower has not made use of this option. The 2010-12 and 2011-13 improvements cycles have no material impact on Repower's financial reporting.

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	Summary of future requirements	Possible effects on the consolidated financial statement
IFRS 9	IFRS 9 Financial Instruments replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. It contains revised guidance on classifying and measuring financial liabilities, including a new expected loss impairment model for financial assets and new general hedge accounting rules. It also carries over from IAS 39 the requirements for recognition and derecognition of financial assets and financial liabilities. The new standard is effective for annual periods beginning on or after 1 January 2018. It is applied retrospectively. Early adoption is permitted.	The Repower Group is currently analysing this standard and the related interpretations and expects to see a change in its reporting at the present time.
IFRS 15	IFRS 15 Revenue from Contracts with Customers specifies in a single standard whether, when, how and in what amount an IFRS reporter will recognise revenue. The underlying rules are represented in a five-step model. The standard still contains guidance on specific themes such as warranties, options to acquire additional goods or services, breakage, loyalty schemes or licensing, guidance on the costs of obtaining and fulfilling a contract, and on the question of when such costs are to be capitalised. The standard also contains new, comprehensive rules related to the disclosures that must be made. The new standard supersedes several standards and interpretations, including IAS 11 Construction Contracts and IAS 18 Revenue. It applies to annual reporting periods beginning on or after 01 January 2018. It is applied retrospectively or on the basis of simplified transitional rules. Early adoption is permitted.	The Repower Group is currently analysing this standard and expects to see a change in its reporting at the present time.
IFRS 16	IFRS 16 Leases, published on 13 January 2016, primarily contains changes in accounting by lessees. In future, lessees will recognise a right-of-use asset and a lease liability. A lessee may elect not to separate non-lease components from lease components for short lease terms (less than 12 months) and underlying assets with a low value. There will be more stringent disclosure requirements for both lessees and lessors. IFRS 16 applies to annual reporting periods beginning on or after 1 January 2019. It must be applied with full or modified retrospective effect. Early application is possible if IFRS 15 Revenue from Contracts with Customers is applied..	The Repower Group is currently analysing this standard and expects to see a change in its reporting at the present time. The fact that in future more or less all facts relating to leases will have to be presented in the balance sheet might result in changes in financial figures.

In addition to the new or amended standards presented here, for the sake of completeness the following table details further new or amended standards that, as things stand at present, will have no significant impact.

Standard/ interpretation	Content	Applicable for annual periods beginnig on	Type of application
Various	Annual Improvements Cycle 2012–2014	01.01.2016	retrospective/prospective
IAS 1	Amendments to IAS 1 due to the disclosure initiative	01.01.2016	retrospective
IAS 7	Amendments to IAS 7 due to the disclosure initiative	01.01.2017	prospective
IAS 12	Amendments to IAS 12 concerning unrealised losses related to recognised assets measured at fair value	01.01.2017	retrospective
IAS 16/38	Amendments concerning the Clarification of Acceptable Methods of Depreciation and Amortisation	01.01.2016	prospective
IAS 16/41	Amendments concerning the Definition of Bearer Plants	01.01.2016	retrospective
IAS 27	Amendments concerning the Equity Method in Separate Financial Statements	01.01.2016	retrospective
IFRS 11	Amendments concerning the Accounting for Acquisitions of Interests in Joint Operations	Not defined yet	prospective

Tables show values in TCHF unless otherwise noted.

Change in presentation

In 2015 Repower revised the presentation of the cash flow statement and financial results in the interests of improved comparability. The changes in the presentation (restatement) better reflect industry practice. Prior-year information has been adapted to the modified structure. This affects both the consolidated cash flow statement and the cash flows of SET S.p.A. presented in Note 9. In the consolidated cash flow statement interest received (TCHF 2,620), dividends received from associates (TCHF 652) and interest paid (TCHF -16,741) will now be allocated to cash flow from investing or financing activities rather than to cash flow from operating activities. Cash flows of TCHF 188 (including TCHF 158 for other dividends) were reclassified from cash flow from operating activities to cash flow from investing activities. The calculation of cash flow from operating activities is now done on the basis of income before taxes, and income taxes paid are recognised as a separate item within cash flow from operating activities. SET S.p.A.'s cash flow from operating activities increased by TCHF 3,936, cash flow from investing activities declined by TCHF 21, and cash flows from financing activities increased by TCHF 3,957.

Correction of error in previous year

In the course of reviewing the cash flow statement and the presentation of financial income, an error was discovered in the consolidated cash flow statement. Losses of TCHF 2,942 resulting from exchange rate fluctuations were allocated to cash flow from operating activities instead of to translation differences. This has been corrected. In Repower's view this error is not material.

In the previous year, positive and negative replacement values of TCHF 21,977 were netted at the level of Trading Italy. However, it is not certain whether this netting would be enforceable in the event of bankruptcy. The netting of TCHF 21,977 erroneously done on the previous year's balance sheet has been corrected. As a result, both positive replacement values held-for-trading positions and negative replacement values held-for-trading positions have increased by the same amount. In Repower's view this error is not material.

3) CONSOLIDATION

SCOPE OF CONSOLIDATION

The consolidated financial statements cover Repower AG and all entities over which Repower AG exercises control. Control exists when Repower has the power to decide on the relevant processes and activities of the entity, is exposed to variable returns from its involvement, and has the ability to affect those returns through its decisionmaking authority over the other entity. These entities 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 a contractual amalgamation of two or more parties that gives the parties joint management of an economic activity. IFRS distinguishes between joint operations and joint ventures. A joint operation is an arrangement 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 whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint ventures are recognised in accordance with the equity method.

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. 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.

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 association and other agreements between the entity and/or its shareholders. Repower exercises significant influence over the main activities of partner plants 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 Canton Graubünden. Repower

Tables show values in TCHF unless otherwise noted.

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 are included 100 per cent 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 acquisition method. In doing so the acquisition costs are compared with 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 the 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 Repower's share of losses of an associate equals or exceeds its interest in the associate, Repower discontinues recognising its share of further losses, unless Repower has incurred obligations or made payments on behalf of the associate. If in this case there are long-term assets in relation to the associate for which no collateral has been lodged, these assets are reduced by the amount by which the loss exceeds the carrying value. If there are no such assets vis-à-vis this associate, a provision is recognised. 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.

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.

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 exchange rates are incorporated in the Repower Group's consolidated financial statements:

Tables show values in TCHF unless otherwise noted.

		Closing fx rate		Average fx rate	
Currency	Unit	31.12.2015	31.12.2014	2015	2014
BAM	1	0.55890	0.60700	0.54641	0.61189
CZK	100	4.02000	4.34000	3.91159	4.40719
EUR	1	1.08350	1.20240	1.06840	1.21456
GBP	1	1.47730	1.54720	1.46996	1.50605
HRK	100	14.23500	15.69300	14.03018	15.90231
HUF	100	0.34400	0.37940	0.34424	0.39290
MKD	100	1.76060	1.96150	1.72957	1.96869
PLN	100	25.53000	28.01000	25.51739	28.99044
RON	100	24.11033	26.84348	24.03459	27.35492
RSD	1	0.00896	0.00992	0.00886	0.01037
USD	1	1.00180	0.99410	0.96200	0.91533

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, a foreign operation or associates are disposed of, the cumulative amount of the translation differences is reclassified to profit or loss.

SEGMENT REPORTING

Repower's segment reporting reflects internal management and reporting structures (management approach) to provide the information used by management for steering and assessing the business performance and development of the individual segments. The CEO of the Repower Group has been designated as the chief operating decision maker. 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 taxes (EBIT). Segment income is calculated on the basis of the accounting and valuation principles used at Group level.

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. Following the disposal of sales operations in Germany, generation activities in Germany are now shown under Market Switzerland rather than under other segments and activities as they were the previous year.
- Market Italy 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 are also offered.

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 distribution and trading activities of Repower companies in 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 the asset's 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. 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.

Tables show values in TCHF unless otherwise noted.

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 category when available for use; any impairments are recognised immediately	Reclassification to the corresponding

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.

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.

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.

Tables show values in TCHF unless otherwise noted.

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:

Category	Useful life
Customer realations	13 – 15 years
Brands	15 years
Other intangible assets	3 – 5 years

Intangible assets with an indefinite useful life are not depreciated 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

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.

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.

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 fair value is assumed to be the carrying amount 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 impairment losses 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 are recognised at acquisition value less impairments.

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.

Tables show values in TCHF unless otherwise noted.

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 POSTIONS/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 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, 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.

INVENTORIES

Inventories comprise materials used for operating purposes (e.g. operating materials, replacement parts and consumables) as well as certificates for 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 of disposal.

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 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 of disposal. 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

ETreasury shares and participation certificates are deducted from equity. 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.

Tables show values in TCHF unless otherwise noted.

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 term. 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 fair 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.

PENSION FUNDS

On the balance sheet date, employees of the Repower Group in Switzerland were members of the PKE Vorsorgestiftung Energie pension fund. This is a legally independent pension fund operating as a defined contribution plan 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 regular years of service rendered by the respective employees 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).

Employees at 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 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 of goods or services 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 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 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.

Tables show values in TCHF unless otherwise noted.

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 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.

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, increase or reduce the capital, or change its dividend policy. The Repower Group is not subject to any prescribed regulatory minimum capital requirements.

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 WACC are regularly reviewed and adjusted if necessary to take account of significant market developments. In 2015, WACC after tax was 5.9 per cent (previous year: 6.2 per cent). 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 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 provisions for pensions and reversions, minus cash and cash equivalents and securities) and EBITDA. This 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. It 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.

Tables show values in TCHF unless otherwise noted.

ECONOMIC VALUE ADDED

	2015	2014 Restated*
in CHF millions		
EBIT	-68,5	25,9
Calculatory tax rate	30,0%	30,0%
NOPAT	-48,0	18,1
NOA [1)]	1 089,3	1 214,6
WACC	5,9%	6,2%
Capital costs	64,3	75,3
Economic Value Added	-112,2	-57,2

1) Average based on start and end of year

* See page 50

EQUITY RATIO

	31.12.2015	31.12.2014 Restated*
in CHF millions		
Total balance sheet	1 827,9	2 125.9
Equity including non-controlling interests	599,9	766,0
Equity quote including non-controlling interests	32,8%	36,0%

* See page 50

NET DEBT RATIO

	31.12.2015	31.12.2014
in CHF millions		
Net debt	269,5	233,5
EBITDA [1)]	59,3	89,4
Net debt ratio	4,5	2,6

1) 2015 figure adjusted for exceptional items of CHF 13.0 million (previous year adjusted for exceptional items of CHF 12.9 million).

As in the previous year, negative economic value added was generated. The internal equity ratio and net debt ratio targets were not met.

6) RISK MANAGEMENT AND FINANCIAL RISK MANAGEMENT

PRINCIPLES

The Repower Group identifies and manages risks on the basis of a Group-wide management approach. A number of different components are used to put this approach into practice: the Enterprise Risk Management function, the concept of three lines of defence against risk, an integrated risk management process, and a specific risk culture fostered throughout the business. 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. 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.

Tables show values in TCHF unless otherwise noted.

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, a distinction is made between positions held for own use and those held for trading. The units responsible for sales and generation conduct transactions on the basis of the internal market model 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 and fixed-rate contracts are maturing, interest rates represent an interest rate risk. Owing to the long investment horizon for capital-intensive power plants and grids, 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 its Group companies with a functional currency other than the euro. Intragroup loans in particular are subject to currency risks. The currency risk is eliminated in part by agreements for netting receivables and liabilities in the foreign currency. Forward exchange transactions are conducted to reduce the currency risk. Selected refinancing is also done in euros. 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 less favourable conditions.

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

Liquidity risk has 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.

Tables show values in TCHF unless otherwise noted.

At the balance sheet date, financial liabilities exist with the following due dates (amounts represent the contractual, undiscounted cash flows):

	Carrying amount	Cash flows	Until 3 months	4-12 months	1-5 years	> 5 years
2015						
Derivative financial liabilities	**-5,314**					
Forward foreign currency contracts	1,581					
Cash inflow		82	27	55	-	-
Cash outflow		1,663	913	750	-	-
Energy trading transactions	-26,146					
Cash inflow		1,587,560	409,328	872,921	305,311	-
Cash outflow		1,555,425	378,074	882,869	294,482	-
Interest rate swaps	19,251					
Cash inflow		-	-	-	-	-
Cash outflow		26,708	388	1,891	9,118	15,311
Non derivative financial liabilities	**985,161**					
Non-current financial liabilities	414,237	527,488	-	-	103,325	424,163
Current financial liabilities	202,900	220,778	1,926	218,852	-	-
Other current liabilities	368,024	368,024	360,350	7,674	-	-
Deferred income and accrued expenses	17,874	17,874	13,405	4,469	-	-

	Carrying amount	Cash flows	Until 3 months	4-12 months	1-5 years	> 5 years
2014 (Restated)						
Derivative financial liabilities	**6,612**					
Forward foreign currency contracts	65					
Cash inflow		198	198	-	-	-
Cash outflow		263	-	263	-	-
Energy trading transactions	-10,439					
Cash inflow		2,062,830	546,747	1,128,898	387,185	-
Cash outflow		2,036,307	545,541	1,102,577	388,189	-
Interest rate swaps	16,986					
Cash inflow	-	-	-	-	-	-
Cash outflow		24,548	305	1,036	7,743	15,464
Non derivative financial liabilities	**1,076,523**					
Non-current financial liabilities	551,738	660,765	-	-	330,706	330,059
Current financial liabilities	83,806	101,747	1,391	100,356	-	-
Other current liabilities	440,979	440,979	430,586	10,393	-	-
Deferred income and accrued expenses	18,384	18,384	13,788	4,596	-	-

Forward exchange transactions and interest rate swaps are disclosed on the balance sheet under current financial liabilities and non-current financial liabilities.

Tables show values in TCHF unless otherwise noted.

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

	31.12.2015	31.12.2014
Less than 30 days overdue	15,829	17,933
31-60 days overdue	4,941	6,225
61-90 days overdue	1,692	3,039
91-180 days overdue	4,445	4,964
181-360 days overdue	4,563	9,167
More than 360 days overdue	16,990	31,623

The total amount of receivables which are neither impaired nor overdue is TCHF 304,202 (previous year: TCHF 371,918). There are no indications that would necessitate an impairment loss being recognised for these receivables.

Allowances for doubtful accounts amounted to:

	31.12.2015	31.12.2014
At 1 January	25,911	28,508
Additions	14,700	7,330
Utilizations	-6,815	-6,416
Reversals	-214	-1,600
Reclassifications IFRS 5	-3	-1,321
Translation differences	-2,565	-590
Total	**31,014**	**25,911**

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:

	31.12.2015	31.12.2014
Unused general credit lines	131,332	140,000
Additional unused credit lines for the purpose of issuing guarantees	190,671	172,914

Tables show values in TCHF unless otherwise noted.

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. In the course of 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 are not measured at fair value 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.

	31.12.2015	31.12.2014
Energy, gas, CO_2	7,288	5,097

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 rate 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 2015 and 2014 for interest rates which were 50 bp higher and lower.

	31.12.2015	31.12.2014
Impact on net income and equity due to a higher interest rate	4,907	3,955
Impact on net income and equity due to a lower interest rate	-4,586	-4,736

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, and 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 1.0835 (previous year: CHF/EUR 1.2024).

	31.12.2015		31.12.2014	
	FX Rate EUR/CHF	Effect	FX Rate EUR/CHF	Effect
Impact on net income and equity due to a higher exchange rate	1.1919	31,009	1.3226	36,505
Impact on net income and equity due to a lower exchange rate	0.9752	-31,009	1.0822	-36,505

On 15 January the Swiss National Bank removed the floor of CHF 1.20/EUR 1.

Tables show values in TCHF unless otherwise noted.

7) ESTIMATION UNCERTAINTY

ASSUMPTIONS AND SOURCES

Management makes estimates 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 estimates 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. Estimates and assumptions are periodically reviewed. Changes to 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 771 million at 31 December 2015 (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 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 Swiss Electricity Supply Act (StromVG) and 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 operator (Swissgrid) within five years. The high-voltage grids of Repower AG were fully integrated into Repower Transportnetz AG. Repower Transportnetz AG was transferred to the national grid operator on 3 January 2013. The provisional transfer value of the company is based on the ElCom ruling on 2012 costs and tariffs 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 came to CHF 73.5 million. The definitive values of the integrated transmission grids are determined taking account of 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 of 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. In the 2015 financial year the interests received with respect to Swissgrid in return for the contribution were disposed of at the current carrying value (see Note 26). In the event of an increase in valuation, the additional interests or loan will be passed from Repower to the buyers. In the event of a decrease in valuation, Repower will pay the buyers compensation for the redemption of the interest or the reduction in the loan. The final transfer value may differ significantly from the provisional transfer value. Management is of the opinion that the definitive transfer value will not be lower than the transfer value that has appeared so far in the consolidated financial statements.

RECEIVABLES AND LIABILITIES

Trade accounts receivable amounting to CHF 351 million (previous year: CHF 444 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. Provisions for onerous energy contracts are recognised if the unavoidable costs of fulfilling a contractual obligation are higher than the economic benefit expected to flow from the contract. The parameters used to calculate onerous energy procurement contracts include anticipated developments in the price of energy on the supply and trading market, the exchange rate used, and the discount rate.

Tables show values in TCHF unless otherwise noted.

PENSION FUND OBLIGATION

Most employees of the Repower Group are insured with the PKE Pensionskasse Energie pension fund. The balances and liabilities reported for this fund are calculated on the basis of statistical and actuarial assumptions. This is particularly the case with the recognised pension fund obligation, which totalled around CHF 42 million at 31 December 2015 (previous year: CHF 29 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 insureds are defined by independent actuaries. The assumptions underlying the actuarial calculations can deviate considerably from the actual results owing to changes in the market and economic environment, higher or lower rates of turnover, longer or shorter life expectancy of insureds or as a result of other estimated factors.

Tables show values in TCHF unless otherwise noted.

NOTES

1 Total operating revenue

	2015	2014
Revenue from energy sales	1,834,046	2,231,149
Result from held-for- trading positions	3,946	218
Total net revenue	**1,837,992**	**2,231,367**
Own costs capitalised	**7,100**	**7,291**
Gain from the sale of tangible assets	1,102	1,800
Revenue from other operating activities [1]	49,403	32,092
Other operating income	**50,505**	**33,892**
Total	**1,895,597**	**2,272,550**

1) Revenues from other operating activities primarily comprise income from services rendered not stemming from Repower's core business. In the 2015 financial year, this item included income of TCHF 5,213 arising in connection with the termination of a contract and a gain of TCHF 3,105 on the disposal of Repower GuD Leverkusen GmbH & Co. KG and Repower GuD Leverkusen Verwaltungs-GmbH (see Note 25).

2 Personnel expenses

	2015	2014
Wages and salaries	57,779	62,752
Social security costs and other personnel costs	17,481	13,677
Total	**75,260**	**76,429**

Headcount	31.12.2015	31.12.2014
Full-time equivalent employees	632	666
Trainees	30	30

Average	2015	2014
Full-time equivalent employees	643	678
Trainees	30	29

3 Depreciation/amortisation and impairment

	2015	2014
Depreciation of tangible assets	44,745	47,637
Impairment of tangible assets	67,010	-
Amortisation of intangible assets	2,791	3,008
Impairment of intangible assets	289	-
Total	**114,835**	**50,645**

Impairments of tangible and intangible assets are explained in Notes 7 and 8.

Tables show values in TCHF unless otherwise noted.

4 Financial result

	2015	2014 Restated*
Financial income		
Interest income	3,547	2,648
Dividend income	128	147
Income from sale of financial assets	7,825	35
Other financial income	33	286
Financial income	**11,533**	**3,116**
Financial expenses		
Interest expense	-20,141	-19,757
Provisions interest	-1,967	-1,124
Changes in securities held for trading	-22,387	-11,397
Currency translation	-34,377	-8,507
Impairments	-13	-590
Other financial expenses	-3,312	-2,978
Total finance costs	**-82,197**	**-44,353**
Net financial result	**-70,664**	**-41,237**

* See page 50

In the 2015 financial year profits from the disposal of financial assets largely relate to the disposal of the interests with respect of Swissgrid, and are explained in more detail in Note 26. The changes in the value of securities held for trading relate to currency and interest rate hedges.

Tables show values in TCHF unless otherwise noted.

5 Income taxes

	2015	2014
Income taxes charged to the income statement		
Current income taxes	2,906	13,444
Deferred income taxes	-18,792	-2,680
Total	**-15,886**	**10,764**
Income taxes charged to other comprehensive income	**-2,039**	**-774**

The reconciliation between the actual tax burden and the expected tax burden for the financial years ending on 31 December 2015 and 2014 is as follows:

	2015	2014
Reconciliation		
Profit/(loss) before income taxes	-152,193	-21,809
Income tax rate parent company	16,7%	16,7%
Income taxes at expected income tax rate	25,386	3,638
Tax effect from income taxed at other rates	8,246	974
Tax effect from tax-free income	9,202	3,466
Tax effect from non-tax-deductible expenses	-3,564	-6,490
Tax losses in the current year for which no deferred tax assets were recognised	-13,202	-8,709
Tax loss carryforwards for which no deferred tax assets were recognised	61	15
Value adjustment of previously capitalised tax loss carryforwards	-	-1,076
Tax burden/relief subsequently recognised for previous years	-1,685	-293
Regional production tax - Italy (IRAP)	-70	-1,917
Change in tax rate Italy	-7,696	-
Non-usable withholding tax	-635	-292
Other	-157	-80
Income taxes charged to the income statement	**15,886**	**-10,764**
Effective income tax rate	10,4%	-49,4%

Change in tax rate in Italy

In a 9 February 2015 ruling, the Italian constitutional court deemed the so-called Robin Hood tax, an extra tax on energy companies introduced in Italy in 2008, to be unlawful. The subsidiaries in Italy are thus no longer subject to this income tax. In addition, the rate of IRES corporate income tax has been reduced from 27.5 per cent to 24.0 per cent with effect from 1 January 2017. This reduction in the tax rate, which totals 10.5 per cent, results in additional tax expense of TCHF 7,696 (reduction in deferred tax assets). This figure breaks down as TCHF 5,023 for the discontinuation of the Robin Hood tax and TCHF 2,673 for the reduction in the IRES rate.

Tables show values in TCHF unless otherwise noted.

Deferred income taxes by origin of difference

	31.12.2015	31.12.2014
Deferred tax assets on		
Tangible assets	30,755	25,231
Other non-current assets	615	6,522
Current assets	10,259	16,612
Provisions	5,925	6,749
Liabilities	13,616	22,658
Loss carryforwards/tax credits	17,431	4,997
Total	**78,601**	**82,769**
Deferred tax liabilities on		
Tangible assets	32,688	41,854
Other non-current assets	661	3,805
Current assets	16,285	25,006
Provisions	-	7,219
Liabilities	8,841	1,396
Total	**58,475**	**79,280**
thereof disclosed in the balance sheet as:		
Deferred tax assets	49,046	44,122
Deferred tax liabilities	-28,920	-40,633
Net deferred income tax receivables	**20,126**	**3,489**

Change in deferred taxes 2015 by category

	Tangible assets	Other non-current assets	Current assets	Provisions	Liabilities	Loss carryfor-wards tax credits	Total
Opening balance 2015	**-16,623**	**2,717**	**-8,394**	**-470**	**21,262**	**4,997**	**3,489**
Changes in the consolidated income statement	16,883	-2,860	1,666	4,616	-14,513	13,000	18,792
Changes in other comprehensive income	-	-	-	2,039	-	-	2,039
Translation differences	-2,264	96	701	-174	-1,974	-425	-4,040
Other	71	1	1	-86	-	-141	-154
Closing balance 2015	**-1,933**	**-46**	**-6,026**	**5,925**	**4,775**	**17,431**	**20,126**

Change in deferred taxes 2014 by category

	Tangible assets	Other non-current assets	Current assets	Provisions	Liabilities	Loss carryfor-wards tax credits	Total
Opening balance 2014	**-16,088**	**6,542**	**2,312**	**-3,638**	**6,143**	**7,660**	**2,931**
Changes in the consolidated income statement	-39	-3,841	-10,754	2,347	15,698	-731	2,680
Changes in other comprehensive income	-	-	-	845	-71	-	774
Translation differences	-496	16	48	-24	-508	-140	-1,104
Other	-	-	-	-	-	-1,792	-1,792
Closing balance 2014	**-16,623**	**2,717**	**-8,394**	**-470**	**21,262**	**4,997**	**3,489**

Tables show values in TCHF unless otherwise noted.

Tax loss carryforwards

Individual Group companies had tax loss carryforwards totalling TCHF 243,275 (previous year: TCHF 114,742) at 31 December 2013, which they can set off in future periods with taxable profits. Deferred tax assets are recognised only to the extent that it is probable that the tax credits can be realised. On the balance sheet date the Group had not recognised tax loss carryforwards of TCHF 153,747 (previous year: 96,560), since the future utilisation of these amounts for tax purposes is not probable.

These are due on the following dates:

Unrecognised tax loss carryforwards

	31.12.2015	31.12.2014
Due within 1 year	-	1,561
Due in 2-4 years	38,101	9,859
Due in 5-7 years	83,174	40,832
Due after 7 years or no due date	32,472	44,308
Total	**153,747**	**96,560**

6 Result per share

	2015	2014
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)	0 pieces	-5,192 pieces
Less treasury participation certificates (annual average)	0 pieces	-1,050 pieces
Average number of shares in circulation	**3,408,115 pieces**	**3,401,873 pieces**
Share of Group result attributable to Repower shareholders and participants	-120,363	-32,599
Earnings per share (undiluted)	CHF -35.32	CHF -9.58

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

Dividends	0.00 *)	0.00
Dividend per share	CHF 0.00 *)	CHF 0.00

*) 2015 dividend subject to approval by the Annual General Meeting

The Board of Directors proposes that no divided be distributed.

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 2014	**912,420**	**732,171**	**103,241**	**129,752**	**53,880**	**1,931,464**
Own costs capitalised	-	325	6,966	-	-	7,291
Additions	89	406	17,648	78	1,781	20,002
Disposals	-1,728	-7,421	-3,311	-1,519	-4,259	-18,238
Reclassifications IFRS 5	-	-	-	-	-	-
Reclassifications between asset classes	5,825	23,715	-29,795	-82	337	-
Translation differences	-8,397	-	-416	-860	-413	-10,086
Gross values at 31 December 2014	**908,209**	**749,196**	**94,333**	**127,369**	**51,326**	**1,930,433**
Accumulated depreciation and impairments at 1 January 2014	**-442,192**	**-397,246**	**-85,532**	**-58,864**	**-29,380**	**-1,013,214**
Depreciation	-24,129	-17,776	-	-1,967	-3,765	-47,637
Impairments	-	-	-	-	-	-
Disposals	1,721	5,357	3,286	1,072	4,129	15,565
Reclassifications IFRS 5	-	-	-	-	-	-
Reclassifications between asset classes	-23	4	-	82	-63	-
Translation differences	3,516	-	395	405	158	4,474
Accumulated depreciation and impairments at 31 December 2014	**-461,107**	**-409,661**	**-81,851**	**-59,272**	**-28,921**	**-1,040,812**
Net values at 31 December 2014	**447,102**	**339,535**	**12,482**	**68,097**	**22,405**	**889,621**
thereof security pledged for debts						2,635
Gross values at 1 January 2015	**908,209**	**749,196**	**94,333**	**127,369**	**51,326**	**1,930,433**
Own costs capitalised	-	288	6,812	-	-	7,100
Additions	187	1,350	14,934	297	1,194	17,962
Disposals	-5,052	-5,574	-820	-1,872	-4,619	-17,937
Disposals from changes in consolidation	-	-	-10,588	-	-	-10,588
Reclassifications IFRS 5	-	-13,831	-	-16,197	-279	-30,307
Reclassifications between asset classes	9,943	12,190	-21,154	-3,497	2,548	30
Translation differences	-39,615	-	-2,290	-4,047	-1,964	-47,916
Gross values at 31 December 2015	**873,672**	**743,619**	**81,227**	**102,053**	**48,206**	**1,848,777**
Accumulated depreciation and impairments at 1 January 2015	**-461,107**	**-409,661**	**-81,851**	**-59,272**	**-28,921**	**-1,040,812**
Depreciation	-21,625	-18,094	-	-1,438	-3,588	-44,745
Impairments	-67,003	-	-	-7	-	-67,010
Appreciations	5,568	-	-	-	-	5,568
Disposals	5,022	4,798	-	498	4,248	14,566
Disposals from changes in consolidation	-	-	10,588	-	-	10,588
Reclassifications IFRS 5	-	10,120	-	12,292	141	22,553
Reclassifications between asset classes	-3,443	-60	-	3,496	-11	-18
Translation differences	16,450	-	2,154	1,933	764	21,301
Accumulated depreciation and impairments at 31 December 2015	**-526,138**	**-412,897**	**-69,109**	**-42,498**	**-27,367**	**-1,078,009**
Net values at 31 December 2015	**347,534**	**330,722**	**12,118**	**59,555**	**20,839**	**770,768**
thereof security pledged for debts						2,568

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 Note 17.

Disposals of consolidated companies relate to the sale of Repower GuD Leverkusen GmbH Co. KG and Repower GuD Leverkusen Verwaltungs-GmbH (see Note 27).

Impairments losses and gains on tangible assets

Market conditions were highly volatile during the 2015 financial year. In the first six months this led to impairments, while an improvement in value drivers in the second half allowed a slight recovery. Below these developments are presented by segment:

Market Switzerland segment

In the first half of 2015 impairment losses of TCHF 15,649 were recognised on generation assets (hydropower). They applied to the Taschinas (TCHF 12,229), Ladral (TCHF 1,458) and Ferrera (TCHF 1,962) plants.

As in previous years, impairments were triggered by a steady deterioration in market conditions. There was another year-on-year decline in prices on the electricity market. Since electricity is traded all over Europe in euros, the Swiss National Bank's decision to lift the 1.20 floor on the EUR/CHF exchange rate on 15 January 2015 put additional pressure on the value of assets.

This was offset by the development of the Swiss franc, which in the second half of the year trended softer against the euro by comparison with the first six months. As a result there were impairment reversals on the Taschinas (TCHF 1,292), Ladral (TCHF 624) and Ferrera (TCHF 1,144) plants.

The Prettin and Lübbenau wind farms in Germany, located on the Elbe in Saxony-Anhalt and in southern Brandenburg around 25 kilometres to the west of Cottbus, are also included in this segment. There was an impairment loss of TCHF 1,222 on the Prettin wind farm. There was an impairment reversal of TCHF 2,508 on the Lübbenau wind farm.

Since both installations are subsidised under the EEG scheme, the primary value driver is the amount of wind. Both the impairment loss on the Prettin wind farm and the gain on the Lübbenau installation are directly connected with an adjustment to expectations of the amount of wind.

Individual generation assets are valued on the basis of their value in use calculated on a discounted cash flow basis. The value in use for the impaired assets comes to TCHF 92,954. WACC before tax for the impairment on the Prettin wind farm is 6.4 per cent. WACC for the impairment reversals on the Swiss generation assets is between 5.6 per cent and 5.7 per cent . WACC for Lübbenau is 8.0 per cent.

Market Italy segment

In the first half of 2015 an impairment charge of TEUR 21,723 was taken for the Teverola combined-cycle gas turbine plant. At the end of the year there was another impairment charge of TEUR 25,199. This is equivalent to TCHF 50,132.

The impairments were prompted by a decline in the clean spark spread combined with a drop in revenues from ancillary services. The clean spark spread is the theoretical gross margin earned by a combined-cycle plant on the sale of one unit of energy, containing only the costs of the fuel and the carbon certificates. All other costs have to be covered by the gross margin. The generation asset is valued on the basis of its value in use calculated on a discounted cash flow basis. The value in use comes to TCHF 99,996. WACC before tax is 9.7 per cent.

Neither impairment losses nor impairment reversals were recognised in the 2014 financial year.

Leased tangible assets

The net carrying amount of the motor vehicles held as part of the finance leasing agreement totalled TCHF 177 (previous year: TCHF 553) at the closing date. More information on finance leasing can be found in Note 29.

Tables show values in TCHF unless otherwise noted.

8 Intangible assets

	Goodwill	Customer relations	Other	Total
Gross values at 1 January 2014	**332**	**15,726**	**26,235**	**42,293**
Own costs capitalised	-	-	-	-
Additions	-	-	2,624	2,624
Disposals	-	-	-409	-409
Reclassifications between asset classes	-	-	-	-
Translation differences	-7	-364	-92	-463
Gross values at 31 December 2014	**325**	**15,362**	**28,358**	**44,045**
Accumulated amortisation and impairments at 1 January 2014	**-**	**-12,910**	**-18,335**	**-31,245**
Amortisation	-	-389	-2,619	-3,008
Impairments	-	-	-	-
Disposals	-	-	222	222
Translation differences	-	310	52	362
Accumulated depreciation and impairments at 31 December 2014	**-**	**-12,989**	**-20,680**	**-33,669**
Net values at 31 December 2014	**325**	**2,373**	**7,678**	**10,376**
Gross values at 1 January 2015	**325**	**15,362**	**28,358**	**44,045**
Own costs capitalised	-	-	-	-
Additions	-	-	1,935	1,935
Disposals	-289	-	-3,859	-4,148
Reclassifications IFRS 5	-	-	-130	-130
Reclassifications between asset classes	-	-	-30	-30
Translation differences	-36	-1,542	-452	-2,030
Gross values at 31 December 2015	**-**	**13,820**	**25,822**	**39,642**
Accumulated amortisation and impairments at 1 January 2015	**-**	**-12,989**	**-20,680**	**-33,669**
Amortisation	-	-342	-2,449	-2,791
Impairments	-289	-	-	-289
Disposals	289	-	3,833	4,122
Reclassifications IFRS 5	-	-	15	15
Reclassifications between asset classes	-	-	18	18
Translation differences	-	1,303	254	1,557
Accumulated depreciation and impairments at 31 December 2015	**-**	**-12,028**	**-19,009**	**-31,037**
Net values at 31 December 2015	**-**	**1,792**	**6,813**	**8,605**

In the year under review there was an impairment charge of TCHF 289 for goodwill at the Prettin wind farm. The value of the goodwill after impairment is CHF 0. Neither impairment losses nor impairment reversals were recognised the previous year.

Tables show values in TCHF unless otherwise noted.

9 Disclosures of interests in other entities

Type of interest and number

	31.12.2015	31.12.2014
Subsidiaries	32	37
of which domestic	8	9
of which foreign	24	28
Associates	6	6
of which domestic	4	4
of which foreign	2	2
Joint operations	1	1
of which domestic	1	1
of which foreign	-	-

Changes in the ownership interests without loss of control

Repower continued to streamline its legal structure in the 2015 financial year. Repower Schweiz AG was merged with Repower AG retroactively with effect 1 January 2015, with Repower Schweiz AG integrated in Repower AG. Repower Produzione Italia S.p.A. and Repower Italia S.p.A. also merged with effect 1 January 2015, with Repower Italia S.p.A. absorbing the other company. The companies that disappeared with the merger were wholly owned by the Group before the combination.

In the 2014 financial year, the legal structure of Repower in Switzerland, which had evolved over the course of time, was streamlined retroactively as of 1 January 2014. Repower Klosters AG and Repower Holding Surselva AG were merged with Repower Ilanz AG, which was then renamed Repower Schweiz AG. The real estate companies Repower Immobilien AG and Repower Consulta AG were merged with Repower AG. The project company Vulcanus Projekt AG was merged with Repower Schweiz AG with effect 30 September 2014. As part of the streamlining of legal structures, Repower AG acquired non-controlling interests in Repower Klosters AG, Repower Holding Surselva AG and Vulcanus Projekt AG. The net cash outflow of TCHF -190 is offset against non-controlling interests of TCHF -436 and outgoing treasury shares in the amount of TCHF 1. The difference was allocated to the majority shareholder's capital. There was also a merger in Italy, with Repower Holding Italia S.p.A. combined as part of Repower Italia S.p.A..

Consequences of the loss of subsidiary control

The 2015 financial year saw the sale of Repower GuD Leverkusen GmbH & Co. KG, including the disposal of its subsidiary Repower GuD Leverkusen Verwaltungs GmbH. Repower Polska Sp. z.o.o. was wound up. Together with the disposal of sales operations in Germany, a translation gain of TCHF 2,135 net was reclassified to profit or loss (see Note 25).

In the 2014 financial year the companies Forze Motrici Pistoia S.r.l., Repower Magyarország Kft. and Repower Slovenskà republika s.r.o. were liquidated and deconsolidated. Cumulative translation losses of TCHF 7,590 were reclassified to profit or loss.

Tables show values in TCHF unless otherwise noted.

Subsidiaries

List of fully consolidated companies as at 31 December 2015 and 2014.

Company	Head office	Currency	Issued capital	Holding 31.12.2015	Holding 31.12.2014	Purpose
Repower AG	Brusio	CHF	3,408,115	-	-	H/G/C/E/S
Repower Schweiz AG	Klosters	CHF	-	-	100,00%	C/G
connecta ag	Ilanz	CHF	100,000	100,00%	100,00%	S
Ovra electrica Ferrera SA	Trun	CHF	3,000,000	49,00%	49,00%	G
SWIBI AG	Landquart	CHF	500,000	76,68%	76,68%	S
Alvezza SA in Liquidation	Disentis	CHF	500,000	62,00%	62,00%	RE
Elbe Beteiligungs AG in Liquidation	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	-	-	100,00%	H
Repower GuD Leverkusen GmbH & Co. KG	Dortmund	EUR	-	-	100,00%	PC
Repower Italia S.p.A.	Milano	EUR	2,000,000	100,00%	100,00%	E
Repower Vendita Italia S.p.A.	Milano	EUR	4,000,000	100,00%	100,00%	C
Repower Produzione Italia S.p.A.	Milano	EUR	-	-	100,00%	H
SET S.p.A.	Milano	EUR	120,000	61,00%	61,00%	G
Energia Sud S.r.l.	Milano	EUR	1,500,000	100,00%	100,00%	G
SEA S.p.A.	Milano	EUR	120,000	100,00%	100,00%	G
REC S.r.l.	Milano	EUR	10,000	100,00%	100,00%	PC
MERA S.r.l.	Milano	EUR	100,000	100,00%	100,00%	PC
SEI S.p.A.	Milano	EUR	120,000	57,50%	57,50%	PC
Immobiliare Saline S.r.l.	Milano	EUR	10,000	100,00%	100,00%	RE
REV S.r.l.	Milano	EUR	10,000	100,00%	100,00%	S
Energia Eolica Pontremoli S.r.l.	Milano	EUR	50,000	100,00%	100,00%	PC
Repower Trading Česká republika s.r.o.	Prag	CZK	3,000,000	100,00%	100,00%	E
S.C. Repower Vanzari Romania S.R.L.	Bukarest	RON	165,000	100,00%	100,00%	E
Repower Serbia d.o.o. Beograd	Belgrad	EUR	20,000	100,00%	100,00%	E
Repower Macedonia DOOEL Skopje	Skopje	EUR	19,970	100,00%	100,00%	E
Repower Polska Sp. z.o.o.	Warschau	PLN	-	-	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.	Bukarest	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 company	H Holding or purchase rights	S Services	PC Project

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.

Tables show values in TCHF unless otherwise noted.

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

The following overview provides information on the subsidiary with significant non-controlling interests:

Key figures for subsidiary with significant non-controlling interests

	2015 SET S.p.A.	2014 SET S.p.A. Restated*
Non-controlling interest	39%	39%
Balance sheet at 31.12.		
Non-current assets	129,741	200,375
Current assets	47,446	24,056
Non-current financial liabilities	-94,238	-27,957
Other non-current liabilities	-281	-259
Current financial liabilities	-2,825	-83,582
Other current liabilities	-54,084	-40,487
Share of equity attributable to Repower shareholders and participants	-15,713	-44,009
Share of equity attributable to non-controlling interests	-10,046	-28,137
Income statement		
Revenues	80,426	80,877
Expenses	-119,108	-80,834
Share of Group result attributable to Repower shareholders and participants	-23,596	26
Share of Group result attributable to non-controlling interests	-15,086	17
Share of profit or loss and other comprehensive income attributable to Repower shareholders and participants	-4,699	-832
Share of profit or loss and other comprehensive income attributable to non-controlling interests	-3,004	-532
Share of profit or loss and comprehensive income attributable to Repower shareholders and participants	-28,295	-806
Share of profit or loss and comprehensive income attributable to non-controlling interests	-18,090	-515
Dividends payment to non-controlling interests	-	-
Cash flow from operating activities	7,920	18,419
Cash flow from investing activities	-116	-133
Cash flow from financing activities	-4,902	-16,485
Effect of currency translations	-544	-105
Total cash flow	**2,358**	**1,696**

* See page 50

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 designated as other associates. Both classes are accounted for using the equity method.

Associate 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	13,342,325	35.00%	31.12.	S

Key:
E Energy business
G Generation company
C Customer (supply/sales)
H Holding or purchase rights
GC Grid company
S Services

Repower's holdings in the AKEB and KHR partner plants amount to only 7 per cent and 6.5 per cent respectively. Repower 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 decisionmaking processes of the partner plants.

Investments in associates changed as follows:

Investments in associates	2015	2014
Carrying amounts at 1 January	**34,866**	**38,668**
Investments	-	3,423
Reclass of active loans	768	378
Dividends	-203	-652
Effect of currency translations	-841	-201
Share of result	-9,545	-4,651
Actuarial profit/loss	-575	-317
Impairments	-198	-1,782
Carrying amounts at 31 December	**24,272**	**34,866**
Decrease of active loans		
1 January	**-34**	**-**
Share of result	-3,247	-34
Actuarial profit/loss	-427	-
31 December	**-3,708**	**-34**
Share of equity of associates and partner plants at 31 December	**20,564**	**34,832**

Part of the net investment in associate Swisscom Energy Solutions AG is a loan extended to Swisscom Energy Solutions AG recognised under other financial assets. The pro-rata loss of TCHF 3,708 in excess of the carrying value of the holding was netted with the existing loan.

Tables show values in TCHF unless otherwise noted.

In 2015 an impairment requirement was identified at Aerochetto S.r.l., assigned to the Market Italy segment, with an impairment loss of TCHF 198 recognised in the consolidated financial statements under share of results of associates.

The impairment was the result of a decline in expected revenues on wind power due to lower energy prices, and lower night-time output in an effort to reduce noise emissions. The generation asset is valued on the basis of its value in use calculated on a discounted cash flow basis. An impairment test yielded a value in use of TCHF 4,961 for the asset. WACC before tax is 11.2 per cent.

In 2014 an impairment requirement was identified at Aerochetto S.r.l., with an impairment loss of TCHF 1,782 recognised in the consolidated financial statements under share of results of associates. This impairment was the result of a decline in the volume of wind power generated by the Giunchetto wind farm. The recoverable amount underlying the calculation is the value in use, which was discounted at a WACC of 11.5 per cent. An impairment test yielded a value at use of TCHF 4,931 for the asset.

Associated partner works and other associates are each presented together.

Key figures for associated partner plants

	2015 Gross values	2014 Gross values	2015 Repower share	2014 Repower share
Balance sheet at 31.12.				
Non-current assets	882,207	898,564	59,485	60,709
Current assets	51,609	105,134	3,527	7,144
Pension provisions	-13,079	-3,045	-850	-198
Non-current financial liabilities	-365,491	-440,000	-24,109	-29,275
Other non-current liabilities	-154,247	-91,280	-10,797	-6,390
Current financial liabilities	-155,000	-55,000	-10,800	-3,850
Other current liabilities	-57,306	-82,951	-3,786	-5,527
Equity of associate partner plants at 31 December	**188,693**	**331,422**	**12,670**	**22,613**
Income statement				
Revenues	300,902	329,930	20,715	22,723
Expenses	-355,941	-253,148	-24,656	-17,505
Depreciation and impairments	-53,482	-75,925	-3,652	-5,228
Interest income	1,445	15,538	94	1,080
Interest expense	-32,255	-12,428	-2,220	-831
Income taxes	7,749	-6,519	503	-425
Gain or loss	-131,582	-2,552	-9,216	-186
Other comprehensive income	-8,854	981	-575	64
Comprehensive income	-140,436	-1,571	-9,791	-122

Tables show values in TCHF unless otherwise noted.

Key figures for other associates

	2015 Gross values	2014 Gross values	2015 Repower share	2014 Repower share
Balance sheet at 31.12.				
Non-current assets	78,798	93,046	28,005	33,507
Current assets	23,886	22,629	7,977	7,461
Non-current liabilities	-67,722	-61,998	-24,893	-23,087
Current liabilities	-9,055	-15,134	-3,195	-5,662
Equity of other associate partner plants at 31 December	**25,907**	**38,543**	**7,894**	**12,219**
Income statement				
Revenues	28,127	28,800	8,658	8,927
Expenses	-39,252	-45,545	-12,432	-15,208
Gain or loss	-11,125	-16,745	-3,774	-6,281
Other comprehensive income	-1,219	-1,088	-427	-381
Comprehensive income	-12,344	-17,833	-4,201	-6,662

Reconciliation of the share of equity of associate partner plants at 31 December

	2015 Repower share	2014 Repower share
Share of equity of associate partner plants	12,670	22,613
Share of equity of other associate partner plants	7,894	12,219
Share of equity of associates and partner plants at 31 December	**20,564**	**34,832**

Joint operations

Joint operations	Head office	Currency	Issued capital	Holding	Closing date	Purpose
Grischelectra AG	Chur	CHF	1 000 000 (einbezahlt 20%)	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 Canton 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.

Tables show values in TCHF unless otherwise noted.

10 Other financial assets

	31.12.2015	31.12.2014
Active loans	13,024	3,815
Other non-current securities	3,390	5,554
Total	**16,414**	**9,369**

The loans granted are allocated to the category loans and receivables and recognised at amortised cost. This also includes a loan to Swisscom Energy Solutions AG, which forms part of the net investment in this associate (see Note 9). 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.

11 Inventories

	31.12.2015	31.12.2014
Guarantees of origin	15,914	12,993
Emissions certificates	2,249	2,896
Gas	3,022	6,733
Material inventories	9,554	9,598
Total	**30,739**	**32,220**

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 inventories were held for trading purposes in 2014 and 2015. In the 2015 financial year an impairment loss of TCHF 74 was recognised (previous year: TCHF 774) and TCHF 219 released.

12 Receivables

	31.12.2015	31.12.2014
Trade accounts receivable	381,718	469,448
Allowances for doubtful accounts	-31,014	-25,911
Other receivables	40,323	48,509
Total	**391,027**	**492,046**

All receivables fall into the category loans and receivables and are measured at amortised cost. The total sum of receivables at 31 December 2015 (and 31 December 2014) falls due within one year. Owing to their short-term nature, the carrying amounts are assumed to be fair values.

Receivables include collateral in the form of deposits lodged by Repower in the context of its business, particularly with respect of its trading operations. These came to TCHF 12,392 (previous year: TCHF 6,427) for the year under review.

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

Tables show values in TCHF unless otherwise noted.

13 Securities and other financial instruments

	31.12.2015	31.12.2014
Fixed term deposits (4-12 months)	15,169	156,313
Other securities	125	182
Positive replacement values	82	198
Total	**15,376**	**156,693**

Time deposits fall into the category loans and receivables and are measured at amortised cost.
Other securities, and positive replacement values, fall into the held-for-trading category and are measured at fair value. The positive replacement values are related to forward exchange transactions.

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

	31.12.2015	31.12.2014 Restated*
Positive replacement values	103,300	131,815
Negative replacement values	77,154	121,376

* See page 50

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. Positive replacement values represent liabilities.

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 stringent requirements on the creditworthiness of contracting parties. 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.

15 Cash and cash equivalents

	31.12.2015	31.12.2014
Sight deposits	395,372	246,430
Cash invested for less than 90 days	1,393	604
Total	**396,765**	**247,034**

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 0.05 per cent (previous year: 0.10 per cent) and 0.00 per cent for EUR-denominated cash and cash equivalents (previous year: 0.15 per cent).

Tables show values in TCHF unless otherwise noted.

Cash and cash equivalents are held in the following currencies:

	31.12.2015	31.12.2014
Swiss francs	134,374	71,785
Euro (translated)	259,623	171,434
RON (translated)	1,539	2,810
Other currencies (translated)	1,229	1,005
Total	**396,765**	**247,034**

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

	31.12.2015	31.12.2014
Cash and cash equivalents	396,765	247,034
Cash and cash equivalents held for sale	1,368	3,667
Total	**398,133**	**250,701**

Cash and cash equivalents held for sale are disclosed under assets held for sale (Note 26). These must be added again to cash and cash equivalents for the cash flow statement.

16 Share capital

		31.12.2015	31.12.2014
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%	58,30%
Axpo Holding AG, Baden		33,70%	33,70%
Other (free float)		8,00%	8,00%

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

Treasury shares

	Number of shares	Average price in CHF	Number of participation certificates	Average price in CHF
Values at 31 December 2013	10,384		2,100	
Purchases	1	-	-	-
Disposals	-10,083	119	-2,100	102
Treasury shares exchange	-302	171	-	-
Values at 31 December 2014	-		-	

There were no transactions in treasury shares during the year under review. On 31 December 2015 Repower did not hold any of its own shares or participation certificates.

The previous year 10,083 bearer shares and 2,100 participation certificates were sold and one bearer share acquired. Also in the previous year, Repower transferred treasury shares for the acquisition of non-controlling 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.

Tables show values in TCHF unless otherwise noted.

17 Non-current financial liabilities

	Currency	Due date	Nominal interest rate	31.12.2015	31.12.2014
Private placement	CHF	10.04.2017	3.625%	15,000	15,000
Private placement	CHF	28.03.2018	3.660%	25,000	25,000
Private placement	CHF	20.03.2023	3.625%	10,000	10,000
Private placement	CHF	28.06.2030	2.500%	20,000	20,000
Bank loan	CHF	11.12.2020	3.100%	10,000	10,000
Bank loan [1)]	CHF	04.07.2016	3.360%	50,000	50,000
Bank loan [2)]	CHF	31.03.2017	variable	1,090	1,177
Loans				**131,090**	**131,177**
Bond par value	CHF	18.11.2016	2.500%	-	200,000
Net expenditures	CHF			-	-337
Bond par value	CHF	20.07.2022	2.375%	115,000	115,000
Net expenditures	CHF			-1,432	-1,671
Bonds				**113,568**	**312,992**
Registered note	EUR	08.08.2034	3.400%	91,014	101,002
Net expenditures	EUR			-4,260	-4,915
Registered note	EUR	18.03.2027	1.920%	37,923	-
Net expenditures	EUR			-830	-
Registered note				**123,847**	**96,087**
Investment loan [3)]	CHF	31.12.2020	no interest	850	1,063
Loan (minority interest)[4)]	CHF	31.12.2070	no interest	9,219	9,295
Interest rate swap	CHF	11.12.2020		1,713	1,701
Interest rate swap	CHF	28.06.2024		4,832	4,613
Interest rate swap	CHF	01.07.2031		6,344	5,789
Interest rate swap	CHF	18.11.2031		6,362	4,883
Other financial liability	EUR	31.12.2021	no interest	711	971
Loan (minority interest)	EUR	30.06.2027	3.900%	34,864	-
Liabilities for financial leasing	CHF		2.500%	88	153
Other financial liabilities				**64,983**	**28,468**
Total				**433,488**	**568,724**
Financial liabilities are carried in the following currencies:					
Swiss francs				274,066	471,666
Euro (translated)				159,422	97,058

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 2.91 per cent (previous year: 2.98 per cent). The fair value of non-current financial liabilities amounted to TCHF 509,429 (previous year: TCHF 634,217).

Repower has fully complied with all credit and loan agreements.

1) On the balance sheet date the TCHF 50,000 bank loan due on 4 July 2016 had already been refinanced until 4 July 2026 with the existing lender. For this reason the loan is still recognised under non-current financial liabilities.

2) Mortgage assignments were pledged as security for the bank loan of TCHF 1,090 (previous year: TCHF 1,177). The fixed assets pledged in this connection are disclosed in Note 7.

Tables show values in TCHF unless otherwise noted.

3) Mortgage assignments were pledged as security for the investment loan of TCHF 850 (previous year: TCHF 1,063). The fixed assets pledged in this connection are disclosed in Note 7.

4) 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.

In the 2014 financial year the interest-free loan was adjusted by TCHF 315.

At the end of 2015 the liability component of the interest-free loan amounted to TCHF 9,295 (previous year: TCHF 9,368); it is amortised using the effective interest method, with the short-term portion recognised under current financial liabilities in the amount of TCHF 76 (previous year: TCHF 73).

18 Pension fund obligation

The pension plans operated by Repower qualify as defined benefit plans, with the main plan established in Switzerland. Employees in Switzerland are members of the legally independent pension fund PKE Vorsorgestiftung Energie. This is a pension fund 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. The fund is designed 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 Vorsorgestiftung is a defined contribution plan in Switzerland in accordance with the BVG. 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 fund's Board of Trustees. The Board of Trustees defines the fund's objectives and principles and regulates and monitors the investment process (investment strategy, investment policy and investment guidelines). In the management of the fund's assets, the financial interests of the insureds are given top priority. Assets must be managed in accordance with the respective investment regulations so as to guarantee the timely payment of benefits and compliance with the risk limits laid down in the investment policy.

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. This means that Repower may have a legal or constructive obligation to pay additional benefits. For this reason, a defined contribution plan also constitutes a defined benefit plan 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.

The defined contribution plan operated by PKE Vorsorgestiftung Energie will pay out pensions in two parts: 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.

PKE Vorsorgestiftung Energie was converted from a joint foundation into a collective foundation with effect 1 January 2015. Rather than a single binding coverage ratio, there will now be a separate coverage ratio for each affiliated company.

In the 2013 financial year Repower had decided that on 1 April 2014 it would leave the PKE Pensionskasse Energie defined benefit plan that had existed in the past and switch to the PKE Vorsorgestiftung Energie defined contribution plan. Changes in the plan under this new arrangement resulted in past service costs (losses due to plan changes) in the amount of TCHF 2,478.

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:

	Swiss pension plans	Italian pension plans	Total
2015			
Fair value of plan assets	175,600	-	175,600
Present value of funded obligations	-214,711	-	-214,711
Deficit of funded plans	**-39,111**	**-**	**-39,111**
Present value of unfunded obligations	-	-3,506	-3,506
Total of defined benefit pension plans	**-39,111**	**-3,506**	**-42,617**
Thereof disclosed in liabilities held for sale	-519	-	-519
Pension provisions according to the balance sheet position	**-38,592**	**-3,506**	**-42,098**
Current service cost (Personnel expenses)	-4,933	-528	-5,461
Administration cost	-203	-	-203
Interest cost	-331	-86	-417
Loss from plan change	-133	-	-133
Income statement charge	**-5,600**	**-614**	**-6,214**
Other comprehensive income	**-12,226**	**-358**	**-12,584**

	Swiss pension plans	Italian pension plans	Total
2014			
Fair value of plan assets	175,364	-	175,364
Present value of funded obligations	-200,774	-	-200,774
Deficit of funded plans	**-25,410**	**-**	**-25,410**
Present value of unfunded obligations	-	-3,254	-3,254
Pension provisions according to the balance sheet position	**-25,410**	**-3,254**	**-28,664**
Current service cost (Personnel expenses)	-5,222	-489	-5,711
Administration cost	-186	-	-186
Interest cost	-510	-136	-646
Gain from plan change	-2,478	-	-2,478
Income statement charge	**-8,396**	**-625**	**-9,021**
Other comprehensive income	**-5,069**	**335**	**-4,734**

Tables show values in TCHF unless otherwise noted.

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:

	31.12.2015	31.12.2014
Swiss pension plans		
Active members	-133,548	-126,012
Pensioners	-81,163	-74,762
Total Present value of obligation	**-214,711**	**-200,774**

All pension commitments are vested. The weighted average term of the defined benefit pension obligation under the defined contribution plan totalled 16.6 years (previous year: 16.5 years) at 31 December 2015.

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

	Quoted market price	Non quoted market price	Total	in %	Strategy in %
31.12.2015					
Cash and cash equivalents	2,107	-	2,107	1.00%	2.00%
Debt instruments	45,657	-	45,657	26.00%	30.00%
Equity instruments	70,415	-	70,415	40.00%	39.00%
Real estate	10,536	23,530	34,066	19.00%	17.00%
Other	6,145	17,210	23,355	14.00%	12.00%
Total	**134,860**	**40,740**	**175,600**	**100.00%**	**100.00%**

	Quoted market price	Non quoted market price	Total	in %	Strategy in %
31.12.2014					
Cash and cash equivalents	4,209	-	4,209	2.00%	2.00%
Debt instruments	48,576	-	48,576	28.00%	30.00%
Equity instruments	70,496	-	70,496	40.00%	39.00%
Real estate	10,171	23,499	33,670	19.00%	17.00%
Other	1,228	17,185	18,413	11.00%	12.00%
Total	**134,680**	**40,684**	**175,364**	**100.00%**	**100.00%**

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:

Tables show values in TCHF unless otherwise noted.

	Present value of obligation	Fair value of plan assets	Total
At 1 January 2014	**-191,501**	**164,795**	**-26,706**
Current service cost	-5,711	-	-5,711
Administration cost	-	-186	-186
Interest expenses/income	-4,255	3,609	-646
Loss from plan change	-2,478	-	-2,478
Income statement	**-12,444**	**3,423**	**-9,021**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/income	-	8,595	8,595
Actuarial gain/losses from changes in demographic assumptions	2,567	-	2,567
Actuarial gain/losses from changes in financial assumptions	-19,773	-	-19,773
Experience gains/losses	3,877	-	3,877
Other comprehensive income	**-13,329**	**8,595**	**-4,734**
Exchange differences	68	-	68
Contributions			
Employer contributions	-	11,729	11,729
Employee contributions	-2,460	2,460	-
Benefits paid	15,637	-15,637	-
At 31 December 2014	**-204,029**	**175,365**	**-28,664**
At 1 January 2015	**-204,029**	**175,365**	**-28,664**
Current service cost	-5,461	-	-5,461
Administration cost	-	-203	-203
Interest expenses/income	-2,673	2,256	-417
Loss from plan change	-133	-	-133
Income statement	**-8,267**	**2,053**	**-6,214**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/income	-	1,806	1,806
Actuarial gain/losses from changes in demographic assumptions	-	-	-
Actuarial gain/losses from changes in financial assumptions	-5,923	-	-5,923
Experience gains/losses	-8,467	-	-8,467
Other comprehensive income	**-14,390**	**1,806**	**-12,584**
Exchange differences	315	-	315
Contributions			
Employer contributions	-	4,530	4,530
Employee contributions	-2,424	2,424	-
Benefits paid	10,578	-10,578	-
At 31 December 2015	**-218,217**	**175,600**	**-42,617**

Tables show values in TCHF unless otherwise noted.

The key actuarial assumptions are as follows:

	2015	2014
Weighted average of assumptions used to determine the defined benefit obligations at 31 December		
Discount rate	0.88%	1.34%
Salary growth rate	0.50%	1.02%
Pension growth rate	0.00%	0.00%
Mortality table		
Swiss pension plans	BVG 2010 GT	BVG 2010 GT
Italian pension plans	ISTAT-2014	ISTAT-2013

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 2015 as follows:

		Impact on present value of obligation	
	Change in assumptions	Increase in assumption	Decrease in assumption
Discount rate	0.25%	-6,564	6,947
Salary growth rate	0.50%	1,612	-1,564

Employer contributions of TCHF 4,048 (previous year: TCHF 3,939) are expected for the 2016 financial year.

19 Other provisions

	Reversion provisions	Litigations and court proceedings	Dismantling provisions	Provisions for onerous contracts	Other provisions	Total
Other current provisions	472	1,574	-	616	1,118	3,780
Other non-current provisions	13,028	1,563	2,596	5,752	1,664	24,603
At 31 December 2014	**13,500**	**3,137**	**2,596**	**6,368**	**2,782**	**28,383**
Additions	54	309	-	2,547	5,219	8,129
Utilizations	-487	-628	-	-42	-819	-1,976
Reversals of provisions	-	-1,349	-	-841	-5	-2,195
Interests	433	-	27	1,090	-	1,550
Reclassifications «held for sale»	-	-	-	42	14	56
Translation differences	-	-337	-195	-	-250	-782
At 31 December 2015	**13,500**	**1,132**	**2,428**	**9,164**	**6,941**	**33,165**
Expected maturity up to 1 year	472	374	-	-	3,723	4,569
Other current provisions	**472**	**374**	**-**	**-**	**3,723**	**4,569**
Expected maturity in more than 1 year	13,028	758	2,428	9,164	3,218	28,596
Other non-current provisions	**13,028**	**758**	**2,428**	**9,164**	**3,218**	**28,596**

Reversion provisions

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

Tables show values in TCHF unless otherwise noted.

Provisions for onerous contracts

Provisions were recognised for onerous energy procurement contracts. The creation of the provision in the amount of TCHF 2,547 (previous year: 6,416) and the release in the amount of TCHF 841 (previous year: TCHF 0) were recognised under energy procurement in the Market Switzerland segment.

Other provisions

Repower has a sub-participation in the Gösgen nuclear power plant, from which it purchases electricity. In the 2015 financial year Repower recognised a provision of TCHF 3,000 in anticipation of the charge for the pro-rata valuation difference for the plant's decommissioning fund. The provision was recognised under energy procurement in the Market Switzerland segment. Taken individually, the other components of the other provisions item are immaterial.

20 Other current liabilities

	31.12.2015	31.12.2014
Trade accounts payable	333,165	386,851
Other liabilities	34,859	54,128
Total	**368,024**	**440,979**

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.

21 Current financial liabilities

	31.12.2015	31.12.2014
Current financial liabilities	202,823	83,414
Negative replacement values	1,663	263
Liabilities for financial leasing	77	392
Total	**204,563**	**84,069**

Current financial liabilities and leasing commitments fall into the other financial liabilities category and are recognised at amortised cost. Owing to their short-term nature, the carrying amounts are assumed to be fair values. The replacement values consist of forward exchange transactions, currency options and interest rate swaps and correspond to the market value. This position contains the bond of MCHF 200 which is due on 18 November 2016.

22 Prepaid expenses and accrued income/deferred income and accrued expenses

Prepaid expenses and accrued income

	31.12.2015	31.12.2014
Prepaid expenses and accrued income	**4,552**	**5,136**
Non-financial assets	**4,304**	**4,818**
Prepayment of energy and transport rights	-	142
Other prepaid expenses	4,304	4,676
Financial assets	**248**	**318**
Other accrued incomes	248	318

Tables show values in TCHF unless otherwise noted.

Deferred income and accrued expenses

	31.12.2015	31.12.2014
Deferred incomes and accrued expenses	**23,547**	**24,696**
Non-financial liabilities	**5,673**	**6,312**
Other deferred incomes	916	748
Accrued capital, other taxes, charges and levies	4,757	5,564
Financial liabilities	**17,874**	**18,384**
Accrued interests	6,053	5,688
Accrued annual leave and overtime	6,692	6,968
Accrued other personnel expenses	1,689	2,960
Other accrued expenses	3,440	2,768

The financial assets under prepaid expenses and accrued income are allocated to the category other financial receivables, and financial liabilities under deferred income and accrued expenses are allocated 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.

23 Transactions with related parties

Scope of transactions between the Group and related parties

	2015	2014	2015	2014	2015	2014	2015	2014
	Energy sales		Financial and other incomes		Energy procurement		Financial and other expenses	
Canton of Graubünden	81	81	-	-	-	-	-	-
Axpo Group	64,304	101,509	237	217	22,741	91,261	511	350
Main shareholders	**64,385**	**101,590**	**237**	**217**	**22,741**	**91,261**	**511**	**350**
Kraftwerke Hinterrhein AG	391	88	20	24	3,946	3,940	8	-
AKEB Aktiengesellschaft für Kernenergie-Beteiligungen	-	-	23	8	13,083	15,892	-	-
Rhiienergie AG, Tamins	1,843	2,850	4	4	103	-	29	4
EL.IT.E S.p.A.	-	-	250	254	1,089	2,305	-	-
Aerochetto S.r.l.	-	30	370	-	-	-	-	-
Swisscom Energy Solutions AG	417	17	11	39	-	-	-	-
Associates and partner plants	**2,651**	**2,985**	**678**	**329**	**18,221**	**22,137**	**37**	**4**

Tables show values in TCHF unless otherwise noted.

Scope of transactions between the Group and related parties

	2015	2014	2015	2014	2015	2014	2015	2014
	Receivables at 31 December		Current liabilities at 31 December		Other non-current liabilities at 31 December		Active loans at 31 December	
Canton of Graubünden	-	-	-	-	-	-	-	-
Axpo Group	3,460	463	710	20,140	-	-	-	-
Main shareholders	**3,460**	**463**	**710**	**20,140**	**-**	**-**	**-**	**-**
Kraftwerke Hinterrhein AG	12	23	240	335	-	-	-	-
AKEB Aktiengesellschaft für Kernenergie-Beteiligungen	-	-	-	-	-	-		-
Rhiienergie AG, Tamins	158	263	1	1	234	234		-
EL.IT.E S.p.A.	228	255	384	427	-	-		1,873
Aerochetto S.r.l.	-	11	-	-	-	-		-
Swisscom Energy Solutions AG	108	-	46	2	-	-		1,731
Associates and partner plants	**506**	**552**	**671**	**765**	**234**	**234**	**-**	**3,604**

The positive replacement values of held-for-trading positions in respect of the Axpo Group amounted to TCHF 1,424 (previous year: TCHF 7,056). The negative replacement values of held-for-trading positions in respect of the Axpo Group amounted to TCHF 10,613 (previous year: TCHF 12,480).

As of the 2015 financial year, financial income and expense related to transactions with related parties will also be included in this note.

Members of the Board of Directors and Executive Board

In the 2015 and 2014 financial years Repower paid the following compensation to members of the Board of Directors and Executive Board:

	2015	2014
CHF		
Gross salaries (fixed) and reimbursements	2,425,008	2,720,907
Gross salaries (variable)	62,200	343,585
Pension funds and other personnel costs	704,660	977,537
Total	**3,191,868**	**4,042,029**

Additional disclosures on compensation and shareholdings of Group governing bodies in accordance with the Swiss Code of Obligations are provided in the Compensation Report on pages 34 to 36 of the Annual Report.

Tables show values in TCHF unless otherwise noted.

24 Additional disclosures on financial instruments

	31.12.2015 Carrying amount	31.12.2014 Carrying amount Restated*
Assets		
Derivative financial instruments	**103,382**	**132,013**
Held for trading	**103,382**	**132,013**
Forward foreign currency contracts	82	198
Energy trading transactions	103,300	131,815
Non-derivative financial instruments	**808,488**	**886,675**
Loans and receivables	**804,973**	**880,939**
Active loans	13,024	3,815
Fixed term deposits (4-12 months)	15,169	156,313
Receivables	**379,767**	**473,459**
Trade accounts receivables	350,704	443,537
Other receivables	29,063	29,922
Prepaid expenses and accrued income	248	318
Cash and cash equivalents	396,765	247,034
Held for trading	**125**	**182**
Shares, bonds, other securities	125	182
Available for sale	**3,390**	**5,554**
Other financial assets	3,390	5,554
At 31.12.	**911,870**	**1,018,688**

	31.12.2015 Carrying amount	31.12.2014 Carrying amount Restated*
Liabilities		
Derivative financial instruments	**98,068**	**138,625**
Held for trading	**98,068**	**138,625**
Forward foreign currency contracts	1,663	263
Energy trading transactions	77,154	121,376
Interest rate swaps	19,251	16,986
Non-derivative financial instruments	**998,874**	**1,081,402**
Other financial liabilities	**998,874**	**1,081,402**
Received loans	414,149	551,585
Current financial liabilities	202,823	83,414
Liabilities for financial leasing	165	545
Other current liabilities	**363,863**	**427,474**
Trade accounts payables	333,165	386,851
Other liabilities	30,698	40,623
Accrued expenses	17,874	18,384
At 31.12.	**1,096,942**	**1,220,027**

* See page 50

The following tables show the reconciliation of the figures presented here.

Tables show values in TCHF unless otherwise noted.

Reconciliation 31.12.2015 carrying value (assets)

	Securities and other financial instruments	Receivables	Positive replacement values HfT-positions	Other financial assets	Prepaid expenses and accrued income	Cash and cash equivalents
Derivative financial instruments						
Held for trading						
Forward foreign currency contracts	82					
Energy trading transactions			103,300			
Non-derivative financial instruments						
Loans and receivables						
Active loans				13,024		
Fixed term deposits (4-12 months)	15,169					
Receivables		379,767				
Prepaid expenses and accrued income					248	
Cash and cash equivalents						396,765
Held for trading						
Shares, bonds, other securities	125					
Available for sale				3,390		
Other financial assets						
Total	**15,376**	**379,767**	**103,300**	**16,414**	**248**	**396,765**
Non-financial instruments		**11,260**			**4,304**	
Disclosure in balance sheet position	**15,376**	**391,027**	**103,300**	**16,414**	**4,552**	**396,765**

Reconciliation 31.12.2014 carrying value (assets)

	Securities and other financial instruments	Receivables	Positive replacement values HfT-positions	Other financial assets	Prepaid expenses and accrued income	Cash and cash equivalents
Derivative financial instruments						
Held for trading						
Forward foreign currency contracts	198					
Energy trading transactions			131,815			
Non-derivative financial instruments						
Loans and receivables						
Active loans				3,815		
Fixed term deposits (4-12 months)	156,313					
Receivables		473,459				
Prepaid expenses and accrued income					318	
Cash and cash equivalents						247,034
Held for trading						
Shares, bonds, other securities	182					
Available for sale						
Other financial assets				5,554		
Total	**156,693**	**473,459**	**131,815**	**9,369**	**318**	**247,034**
Non-financial instruments	**-**	**18,587**	**-**	**-**	**4,818**	**-**
Disclosure in balance sheet position	**156,693**	**492,046**	**131,815**	**9,369**	**5,136**	**247,034**

Tables show values in TCHF unless otherwise noted.

Reconciliation 31.12.2015 carrying value (liabilities)

	Non-current financial liabilities	Current financial liabilities	Negative replacement values HfT positions	Other current liabilities	Deferred income and accrued expenses
Derivative financial instruments					
Held for trading					
Forward foreign currency contracts		1,663			
Energy trading transactions			77,154		
Interest rate swaps	19,251				
Non-derivative financial instruments					
Other financial liabilities					
Received loans	414,149				
Current financial liabilities		202,823			
Liabilities for financial leasing	88	77			
Other current liabilities				363,863	
Accrued expenses					17,874
Total	**433,488**	**204,563**	**77,154**	**363,863**	**17,874**
Non-financial instruments				**4,161**	**5,673**
Disclosure in balance sheet position	**433,488**	**204,563**	**77,154**	**368,024**	**23,547**

Reconciliation 31.12.2014 carrying value (liabilities)

	Non-current financial liabilities	Current financial liabilities	Negative replacement values HfT positions	Other current liabilities	Deferred income and accrued expenses
Derivative financial instruments					
Held for trading					
Forward foreign currency contracts		263			
Energy trading transactions			121,376		
Interest rate swaps	16,986				
Non-derivative financial instruments					
Other financial liabilities					
Received loans	551,585				
Current financial liabilities		83,414			
Liabilities for financial leasing	153	392			
Other current liabilities				427,474	
Accrued expenses					18,384
Total	**568,724**	**84,069**	**121,376**	**427,474**	**18,384**
Non-financial instruments	-	-	-	**13,505**	**6,312**
Disclosure in balance sheet position	**568,724**	**84,069**	**121,376**	**440,979**	**24,696**

Tables show values in TCHF unless otherwise noted.

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

	31.12.2015 Carrying amount	31.12.2015 Fair value	31.12.2014 Carrying amount	31.12.2014 Fair value
Received loans (incl. long term leasing)	414,237	490,178	551,738	617,231

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.

Fair value hierarchy

Recurring measurement of

	31.12.2015	Level 1	Level 2	Level 3
Assets				
Derivative financial instruments	**103,382**	**-**	**103,382**	**-**
Held for trading	**103,382**	**-**	**103,382**	**-**
Forward foreign currency contracts	82	-	82	-
Energy trading transactions	103,300	-	103,300	-
Non-derivative financial instruments	**125**	**-**	**125**	**-**
Shares, bonds, other securities	125		125	

Recurring measurement of

	31.12.2015	Level 1	Level 2	Level 3
Liabilities				
Derivative financial instruments	**98,068**	**-**	**98,068**	**-**
Forward foreign currency contracts	1,663	-	1,663	
Energy trading transactions	77,154		77,154	
Interest rate swaps	19,251		19,251	
Financial instruments that are not measured at fair value	**490,178**	**-**	**490,178**	**-**
Received loans (incl. long term leasing)	490,178		490,178	

Tables show values in TCHF unless otherwise noted.

	31.12.2014 Restated*	Level 1	Level 2	Level 3
Assets				
Derivative financial instruments	**132,013**	**-**	**132,013**	**-**
Held for trading	**132,013**	**-**	**132,013**	**-**
Forward foreign currency contracts	198	-	198	-
Energy trading transactions	131,815	-	131,815	-
Non-derivative financial instruments	**182**	**-**	**182**	**-**
Shares, bonds, other securities	182	-	182	-

	31.12.2014 Restated*	Level 1	Level 2	Level 3
Liabilities				
Derivative financial instruments	**138,625**	**-**	**138,625**	**-**
Forward foreign currency contracts	263	-	263	-
Energy trading transactions	121,376	-	121,376	-
Interest rate swaps	16,986	-	16,986	-
Financial instruments that are not measured at fair value	**617,231**	**-**	**617,231**	**-**
Received loans (incl. long term leasing)	617,231	-	617,231	-

* See page 50

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 2015. There were no changes in the measurement methods nor were items measured at fair value shifted within the individual categories.

Change in positions reported under assets
The reconciliation calculation can be seen in the tables on page 92.

Change in positions reported under liabilities
The reconciliation calculation can be seen in the tables on page 93.

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 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 rate 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 loans. Observable capital market rates on 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.

Tables show values in TCHF unless otherwise noted.

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

	31.12.2015	31.12.2014	31.12.2015	31.12.2014 Restated*
	Receivables / other current liabilities	Receivables / other current liabilities	Positive / negative replacement values	Positive / negative replacement values
Assets				
Gross amount of financial assets before offsetting	517,617	806,014	221,469	252,950
Gross amount of financial liabilities that have been offset with financial assets in the balance sheet	-126,590	-313,968	-118,169	-121,135
Net amount of financial assets in the balance sheet	**391,027**	**492,046**	**103,300**	**131,815**
Net amount	**391,027**	**492,046**	**103,300**	**131,815**

	31.12.2015	31.12.2014	31.12.2015	31.12.2014 Restated*
	Other current liabilities / receivables	Other current liabilities / receivables	Negative / positive replacement values	Negative / positive replacement values
Liabilities				
Gross amount of financial liabilities before offsetting	-494,614	-754,947	-195,323	-242,511
Gross amount of financial assets that have been offset with financial liabilities in the balance sheet	126,590	313,968	118,169	121,135
Net amount of financial liabilities in the balance sheet	**-368,024**	**-440,979**	**-77,154**	**-121,376**
Net amount	**-368,024**	**-440,979**	**-77,154**	**-121,376**

Tables show values in TCHF unless otherwise noted.

25 Business combinations, disposals and liquidations

	Repower GuD Leverkusen GmbH und Co. KG and Repower GuD Leverkusen Verwaltungs-GmbH	Sales Germany	Total
Book value of net assets over which control was lost			
Non-current assets	**-**	**4**	**4**
Property, plant and equipment	-	4	4
Other financial assets	-	-	-
Current assets	**939**	**8,187**	**9,126**
Inventories	-	-	-
Receivables	35	8,187	8,222
Prepaid expenses and accrued income	-	-	-
Cash and equivalents	904	-	904
Non-current liabilities	**-**	**-55**	**-55**
Non-current provisions	-	-55	-55
Current liabilities	**-37**	**-6,536**	**-6,573**
Other current liabilities	-37	-5,917	-5,954
Deffered income and accrued expenses	-	-619	-619
			-
Net assets derecognized	**902**	**1,600**	**2,502**
Consideration received			
Cash consideration received	1,754	836	2,590
Total consideration	**1,754**	**836**	**2,590**
Result on disposal			
Total consideration	1,754	836	2,590
Net assets derecognized	-902	-1,600	-2,502
Cumulative translation differences reclassified from equity on P/L	2,253	-155	2,098
Utilizations of non-current provisions	-	687	687
Gain/Loss on disposal	**3,105**	**-232**	**2,873**
Net cash inflow/outflow arising on disposal			
Cash consideration received	1,754	836	2,590
Cash and cash equivalents disposed of	-904	-	-904
Net cash inflow/outflow arising on disposal	**850**	**836**	**1,686**

2015 financial year

In the first half of 2015 Repower sold the project to construct a combined cycle gas turbine plant in Leverkusen to STEAG GmbH in Essen. This included the disposal of Repower GuD Leverkusen Verwaltungs-GmbH and Repower Leverkusen GmbH & Co. KG. The pre-tax gain on the disposal is recognised under other operating income in the Market Switzerland segment.

On 2 July 2015, Enovos Deutschland SE took over the sales activities of Repower Deutschland GmbH. The pre-tax loss on the disposal is recognised under other operating expense in the Market Switzerland segment.

In the second half of 2015, Repower Polska Sp. z.o.o. was wound up. As a result of this liquidation, cumulative translation gains of TCHF 37 were reclassified to profit or loss. The pre-tax gain was recognised under other operating income in other segments and activities.

Tables show values in TCHF unless otherwise noted.

2014 financial year

In the 2014 financial year the companies Forze Motrici Pistoia S.r.l., Repower Magyarország Kft. and Repower Slovenskà republika s.r.o. were wound up. As a result of these liquidations, cumulative translation losses of TCHF 7,590 were reclassified to profit or loss. Pre-tax losses resulting from the liquidation of these three companies were recognised under other operating expenses in the "Other segments and activities" segment.

26 Assets and liabilities held for sale

	31.12.2015	31.12.2014
Tangible assets	7,754	-
Intangible assets	115	-
Other financial assets	-	51,682
Deferred tax assets	25	-
Inventories	32	-
Receivables	415	6,341
Accrued income and prepaid expenses	96	4
Cash and cash equivalents	1,368	3,667
Assets held for sale	**9,805**	**61,694**
Pension provisions	519	-
Other non-current provisions	-	63
Non-current financial liabilities	-	-
Current income tax liabilities	121	-
Current financial liabilities	7,389	8,067
Other current liabilities	1,963	3,397
Deferred income and accrued expenses	833	1,126
Liabilities held for sale	**10,825**	**12,653**

Assets and liabilities held for sale with respect to Swissgrid

Disposal of the interests took place in July 2015. The convertible loan granted with respect of Swissgrid AG has been acquired by a consortium comprising Canton Graubünden, Elektrizitätswerk des Kantons Thurgau (EKT Holding AG), Kantonales Elektrizitätswerk Nidwalden and UBS Clean Energy Infrastructure Switzerland KGK. The Swissgrid AG shares and the convertible bond granted to Swissgrid AG, which are included in the Market Switzerland segment, have a carrying value of TCHF 51,682, and were sold for a purchase price of TCHF 58,999. Gains on disposal of TCHF 7,317 are recognised under financial income.

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. The owner strategy formulated by majority shareholder Canton Graubünden in 2013 does not foresee interests in coal-fired power plants. Repower will completely withdraw from the Saline Joniche project on a controlled basis while complying with the contractual obligations that are in place, and dispose of the project. The net assets of the disposal group came to TCHF -8,203 (previous year: TCHF -8,638) at 31 December 2015, and belong to the Market Italy segment. Translation gains for SEI S.p.A. contained in the Repower Group's equity amount to TCHF 2,587 (previous year: TCHF 1,261) for the Repower Group and TCHF 1,638 (previous year: TCHF 657) for the non-controlling interests.

Assets and liabilities held for sale: sales business in Germany

Disposal of the sales business in Germany took place in July 2015, and is described in Note 25. Sales in Germany is allocated to the Market Switzerland segment.

At 31 December 2014 the net assets came to TCHF 5,997, and the cumulative translation gains for the foreign unit came to TCHF 760.

Tables show values in TCHF unless otherwise noted.

Assets and liabilities held for sale: Connecta AG

In June 2015 Connecta AG and associated fully-consolidated assets and liabilities were classified as held for sale in the Market Switzerland segment. Connecta AG operates communications networks in Canton Graubünden, and is included in the Market Switzerland segment.

At 31 December 2015 its net assets came to TCHF 3,278.

Properties held for sale

In the 2015 financial year the administrative building in Ilanz was classified as held for sale; it is recognised under other segments and activities.

At 31 December 2015 its carrying value was TCHF 3,905.

27 Segment reporting

	Market Switzerland	Market Italy	Other segments and activities and consolidation	Group
2015				
Net sales from energy sales - third parties	542,014	1,149,165	142,867	1,834,046
Net sales from energy sales between segments	81,849	33,778	-115,627	-
Income from held for trading positions - third parties	14,926	-2,946	-8,034	3,946
Income from held for trading positions between segments	-7,764	7,048	716	-
Own costs capitalised	6,964	-	136	7,100
Other operating income - third parties	44,975	2,216	3,314	50,505
Other operating income between segments	2,456	662	-3,118	-
Operating revenue	**685,420**	**1,189,923**	**20,254**	**1,895,597**
Energy procurement - third party	-483,191	-1,030,945	-146,076	-1,660,212
Energy procurement between segments	-33,616	-80,253	113,869	-
Operating expenses (without energy) - third parties	-84,821	-67,432	-36,836	-189,089
Operating expenses (without energy) between segments	-17,325	-8,938	26,263	-
Income before interest, taxes, depreciation and amortisation (EBITDA)	**66,467**	**2,355**	**-22,526**	**46,296**
Depreciations	-33,035	-12,630	-1,871	-47,536
Impairments	-17,160	-50,132	-7	-67,299
Income before interest and taxes (EBIT)	**16,272**	**-60,407**	**-24,404**	**-68,539**
Financial income				11,533
Financial expenses				-82,197
Share of results of associates				-12,990
Income before taxes				**-152,193**
Headcount at 31 December	430	154	48	632
Tangible assets	606,570	138,606	25,592	770,768
Intangible assets	3,983	3,771	851	8,605
Investments in associates and partner plants	15,613	4,745	3,914	24,272
Total non-current assets	**626,166**	**147,122**	**30,357**	**803,645**
Investments in tangible and intangible assets	15,755	2,172	1,970	19,897

Tables show values in TCHF unless otherwise noted.

	Market Switzerland	Market Italy	Other segments and activities and consolidation	Group
2014				
Net sales from energy sales - third parties	667,154	1,413,750	150,245	2,231,149
Net sales from energy sales between segments	145,402	90,967	-236,369	-
Income from held for trading positions - third parties	-1,714	18,330	-16,398	218
Income from held for trading positions between segments	4,804	-3,359	-1,445	-
Own costs capitalised	7,291	-	-	7,291
Other operating income - third parties	26,633	2,769	4,490	33,892
Other operating income between segments	2,911	460	-3,371	-
Operating revenue	**852,481**	**1,522,917**	**-102,848**	**2,272,550**
Energy procurement - third party	-556,672	-1,284,839	-149,772	-1,991,283
Energy procurement between segments	-116,526	-119,050	235,576	-
Operating expenses (without energy) - third parties	-93,166	-71,253	-40,308	-204,727
Operating expenses (without energy) between segments	-20,119	-10,323	30,442	-
Income before interest, taxes, depreciation and amortisation (EBITDA)	**65,998**	**37,452**	**-26,910**	**76,540**
Depreciations	-33,338	-14,682	-2,625	-50,645
Impairments	-	-	-	-
Income before interest and taxes (EBIT)	**32,660**	**22,770**	**-29,535**	**25,895**
Financial income				3,116
Financial expenses				-44,353
Share of results of associates				-6,467
Income before taxes				**-21,809**
Headcount at 31 December	357	160	149	666
Tangible assets	635,751	222,068	31,802	889,621
Intangible assets	5,102	4,131	1,143	10,376
Investments in associates and partner plants	25,751	4,931	4,184	34,866
Total non-current assets	**666,604**	**231,130**	**37,129**	**934,863**
Investments in tangible and intangible assets	18,243	2,836	1,547	22,626

As of the 2015 financial year the sales and generation activities in Germany previously recognised under other segments and activities, and the project to build a merchant line between Val Bregaglia (Bergell) and Valchiavenna, previously recognised in the Market Italy segment, have been recognised in the Market Switzerland segment. The comparative figures for the prior period were adjusted retroactively.

Tables show values in TCHF unless otherwise noted.

Information by product

	2015	2014
Power, inclusive considerations for energy transmission	1,485,646	1,757,718
Gas	266,028	379,697
Other	86,318	93,952
Net sales	**1,837,992**	**2,231,367**

Information by country

The information on income from external customers broken down 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.

LaNon-current assets

	31.12.2015	31.12.2014
Switzerland	622,738	664,843
Italy	147,552	231,606
Other countries	33,355	38,414
Total	**803,645**	**934,863**

Customers with a share of revenue of more than 10 per cent

In the year under review the Repower Group had no individual customer with a share of net sales of more than 10 per cent.

28 Contingent liabilities and warranty liabilities

Certain countries have 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 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, warranty liabilities or other obligations stemming from litigation risks.

Tables show values in TCHF unless otherwise noted.

29 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 the periods is:

Operating lease arrangements

	31.12.2015	31.12.2014
Due within 1 year	3,250	3,963
Due in 1-5 years	5,100	5,542
Due after 5 years	7,253	8,127
Total	**15,603**	**17,632**

At the reporting date of the financial year under review, the outstanding minimum lease payments consisted of TCHF 14,073 for property and buildings, TCHF 1,478 for motor vehicles and TCHF 52 for IT hardware. At the reporting date of the previous financial year, the outstanding minimum lease payments consisted of TCHF 14,930 for property and buildings, TCHF 2,251 for motor vehicles and TCHF 451 for IT hardware.

Lease expenses of TCHF 4,890 were recognised in the financial year under review. Lease expenses came to TCHF 5,114 the previous year.

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 kilometre limit.

Finance leasing arrangements

The finance leasing arrangements only cover motor vehicles. The lease liabilities are contained in financial liabilities. If Repower uses the vehicles beyond the agreed kilometre limit, it must pay a standard market surcharge.

	31.12.2015	31.12.2014
Sum of minimum lease payments		
Due within 1 year	80	401
Due in 1-5 years	97	153
Due after 5 years	0	13
Total	**177**	**567**
Future interests	**-12**	**-22**
Liabilities for financial leasing	**165**	**545**
Present value of liabilities for financial leasing		
Due within 1 year	77	392
Due in 1-5 years	88	142
Due after 5 years	0	11
Total	**165**	**545**

Tables show values in TCHF unless otherwise noted.

30 Events occurring after the balance sheet date

The Group financial statements were approved for publication by the Board of Directors on 30 March 2016. They are subject to the approval of the Annual General Meeting, which will take place on 12 May 2016.

In January and February 2016 the forward prices of electricity continued to fall, which in conjunction with energy forwards and futures resulted in an increase in negative replacement values for Repower in relation to these transactions. On the basis of an existing commitment to furnish cash collateral, the market valuation of Repower's open positions vis-à-vis an energy trading counterparty prompted a payment of MEUR 81.2 to this counterparty in 2016. The cash payment will continue to increase if energy prices continue to fall. Paid cash collateral is reimbursed if energy prices rise. The upper limit of the amount to be lodged is MEUR 100.

Non-subsidised power generation, particularly large hydro, is under heavy pressure. If electricity prices remain low and other measures cannot be found to improve the earning capacity of facilities, this could lead to further asset impairment. This applies analogously to the possibility of further provisions for onerous energy procurement contracts.

Building a better
working world

To the General Meeting of

Repower AG, Brusio

Zurich, 30 March 2016

Report of the statutory auditor on the consolidated financial statements [9]

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, consolidated cash flow statement, changes in consolidated equity and notes (pages 42 to 103), for the year ended 31 December 2015.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with IFRS and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation 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 and 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 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 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Building a better working world

Other matter

The consolidated financial statements of Repower AG for the year ended 31 December 2014 were audited by another statutory auditor who expressed an unmodified opinion on those financial statements on 27 March 2015.

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.

Ernst & Young Ltd

Alessandro Miolo	Ralf Noffke
Licensed Audit Expert	Licensed Audit Expert
(Auditor in charge)	

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Tables show values in TCHF unless otherwise noted.

INCOME STATEMENT

	Note	2015	2014*
Net sales	1	617,851	661,445
Change in inventories for work in progress		2,628	828
Own costs capitalised		7,100	1,908
Other operating income		30,166	53,066
Total operating revenue		**657,745**	**717,247**
Energy procurement		-524,042	-597,545
Material and third parties services		-19,441	-2,535
Concession fees		-16,925	-8,767
Personnel expenses		-48,223	-47,691
Other operating expenses		-21,098	-21,331
Depreciation/amortisation and impairment	2	-200,748	-25,902
Operating expenses		**-830,477**	**-703,771**
Operating income before interest, extraordinary items and taxes		**-172,732**	**13,476**
Financial income		179,435	45,646
Financial expense		-156,647	-43,701
Income before taxes		**-149,944**	**15,421**
Non-operating income		1,187	1,085
Non-operating expense		-	-170
Extraordinary, non-current and non-operating income	3	54,841	6,335
Extraordinary, non-current and non-operating expense	4	-1,966	-1,067
Result before taxes		**-95,882**	**21,604**
Taxes		-3,096	-4,220
Net income for the year		**-98,978**	**17,384**

* The prior-year figures were adapted in line with the new structure; see notes to the financial statements for details.

Tables show values in TCHF unless otherwise noted.

BALANCE SHEET

	Note	31.12.2015	31.12.2014*
Assets			
Cash and cash equivalents and current assets listed at the stock exchange	5	358,598	225,961
Current securities and other financial instruments not listed at the stock exchange		-	156,312
Trade accounts receivable	6	241,099	328,338
Other receivables	7	31,673	109,239
Inventories and work in progress	8	7,931	3,893
Prepaid expenses and accrued income		10,042	10,612
Current assets		**649,343**	**834,355**
Financial assets	9	197,697	228,405
Participation		263,045	427,203
Tangible assets		370,511	150,376
Intangible assets	10	30,248	14,838
Non-current assets		**861,501**	**820,822**
Total assets		**1,510,844**	**1,655,177**

* The prior-year figures were adapted in line with the new structure; see notes to the financial statements for details

Tables show values in TCHF unless otherwise noted.

Liabilities and shareholders' equity	Note	31.12.2015	31.12.2014*
Trade accounts payable	11	215,162	282,224
Current interest-bearing liabilities	12	200,000	-
Other current liabilities	13	59,521	85,824
Deferred income and accrued expenses		23,804	21,758
Current liabilities		**498,487**	**389,806**
Non-current interest-bearing liabilities	14	373,937	546,002
Other non-current liabilities	15	43,905	43,923
Non-current provisions	16	55,528	37,481
Non-current liabilities		**473,370**	**627,406**
Liabilities		**971,857**	**1,017,212**
Share capital		2,783	2,783
Participation capital		625	625
Legal reserve from capital		19,871	19,871
Legal reserve from retained earnings		17,123	17,123
Free reserves from earnings			
Other reserves		561,961	541,961
Retained earnings		-63,376	55,602
Equity	17	**538,987**	**637,965**
Total liabilities and shareholder's equity		**1,510,844**	**1,655,177**

* The prior-year figures were adapted in line with the new structure; see notes to the financial statements for details.

Tables show values in TCHF unless otherwise noted.

GENERAL INFORMATION

The company was established in 1904 under the name of Kraftwerke Brusio AG. In 2000, Kraftwerke Brusio AG (Poschiavo) merged with AG Bündner Kraftwerke (Klosters) and Rhätische Werke für Elektrizität (Thusis) to form Rätia Energie AG. In 2010 the company was renamed Repower AG. The purpose of the company is to generate, transmit, distribute, trade in and sell energy and provide services directly or indirectly in this connection.

In the 2015 financial year, wholly-owned subsidiary Repower Schweiz AG was merged with Repower AG.

A. ACCOUNTING PRINCIPLES

These financial statements were prepared in accordance with the provisions of Swiss law, in particular the provisions governing commercial accounting and financial reporting (Art. 957 to 962 of the Swiss Code of Obligations).

FIRST APPLICATION OF NEW FINANCIAL REPORTING LAW

The 2015 financial statements were prepared for the first time in accordance with the provisions of Swiss financial reporting law (Title Thirty-Two of the Code of Obligations). To enable comparison, the data contained in the balance sheet and income statements for previous years have been adapted to the structure laid down in the new rules. The prior-year period affected in the balance sheet and income statement are marked with an asterisk (*).

B. ACCOUNTING AND VALUATION PRINCIPLES

The main items are recognised as follows:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash holdings and bank and postal account balances, and are recognised on the balance sheet at nominal value.

CURRENT ASSETS WITH A STOCK EXCHANGE PRICE

Derivative financial instruments held for trading with a directly observable market price or directly observable input parameters are recognised at fair value. Fluctuation reserves are not created.

HEDGING TRANSACTIONS

Future cash flows in foreign currencies can be hedged. The corresponding derivative is recognised in profit or loss on the occurrence of the underlying transaction.

TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are recognised at nominal value and impaired if necessary. The amount at the end of the period is subjected to a flat rate impairment at a rate accepted for tax purposes.

OTHER RECEIVABLES

Other receivables are measured at nominal values. Any counterparty risks are accounted for by means of necessary impairment.

INVENTORIES AND NON-INVOICED SERVICES

Inventories and non-invoiced services are recognised at acquisition or production cost taking account of economically necessary impairments. Otherwise impairment is done at a rate accepted for tax purposes.

PREPAID EXPANSES AND ACCRUED INCOME/DEFERRED INCOME AND ACCRUED EXPENSES

Prepaid expenses and accrued income/deferred income and accrued expenses comprise the asset and liability items resulting from the accrual and deferral of individual items of expense and income in accordance with the accrual and matching principle. The origination costs of interest-bearing liabilities are capitalised under prepaid expenses and accrued income. Prepaid expenses and accrued income/deferred income and accrued expenses are recognised at nominal values.

Tables show values in TCHF unless otherwise noted.

FINANCIAL ASSETS AND SHAREHOLDINGS

Financial assets and shareholdings are recognised at cost taking account of necessary impairment. Financial assets and shareholdings are measured on a unit of account basis.

TANGIBLE ASSETS

Tangible assets are recognised at acquisition or production cost less accumulated depreciation and any impairment losses. Amortisation is done on a straight-line basis over the subsequent useful life.

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 category when available for use; any impairments are recognised immediately	Reclassification to the corresponding

INTANGIBLE ASSETS

Intangible assets are amortised on a straight-line basis. If there are indications of overvaluation, necessary impairments are taken into account.

CURRENT LIABILITIES

Current liabilities are recognised at nominal value.

NON-CURRENT LIABILITIES

Non-current liabilities comprise a) long-term, interest-bearing financial liabilities at nominal value and b) other non-interest-bearing long-term liabilities.

PROVISIONS

A provision is a probable liability on the basis of a past event; the amount of the liability and/or the date on which it will fall due is uncertain but can be estimated. The amount of provisions is based on the management's assessment, and reflects the future outflows of funds that can be anticipated as of the balance sheet date.

Tables show values in TCHF unless otherwise noted.

C. NOTES TO THE FINANCIAL STATEMENTS

1 NET SALES

	2015	2014*
Revenue from energy sales	610,428	658,355
Profit from held-for- trading positions	7,423	3,090
Total	**617,851**	**661,445**

2 DEPRECIATION/AMORTISATION AND IMPAIRMENT

	2015	2014*
Depreciation of tangible assets	14,700	7,046
Amortisation of intangible assets	7,183	4,481
Depreciation of financial assets and participations	274	564
Impairment of tangible assets	11,627	5,890
Impairment of intangible assets	-	6,644
Impairment of financial assets and participations	166,964	1,277
Total	**200,748**	**25,902**

3 EXTRAORDINARY, NON-RECURRING OR PRIOR PERIOD INCOME

	2015	2014*
Gains from sales of assets	1,042	2,014
Other extraordinary, non-current and non-operating income 1)	53,799	4,321
Total	**54,841**	**6,335**

1) This item primarily consists of the release of provisions for market risks and other items no longer necessary on the liabilities side.

4 EXTRAORDINARY, NON-RECURRING OR PRIOR PERIOD EXPENSES

	2015	2014*
Loss from sales of assets under construction	808	754
Loss from sales of assets	566	62
Other extraordinary, non-current and non-operating expense	592	251
Total	**1,966**	**1,067**

5 CASH AND CASH EQUIVALENTS AND CURRENT ASSETS WITH A STOCK EXCHANGE PRICE

	31.12.2015	31.12.2014*
Cash and cash equivalents	305,278	157,082
Energy trading	1,065	1,128
Positive replacement values held for trading positions	52,255	67,751
Total	**358,598**	**225,961**

Tables show values in TCHF unless otherwise noted.

6 TRADE RECEIVABLES

	31.12.2015	31.12.2014*
Third parties	180,093	242,210
Participants and organs	8,498	17,970
Participations	52,508	68,158
Total	**241,099**	**328,338**

7 OTHER RECEIVABLES

	31.12.2015	31.12.2014*
Third parties	15,903	2,762
Participations	15,770	106,477
Total	**31,673**	**109,239**

8 INVENTORIES AND NON-INVOICED SERVICES

	31.12.2015	31.12.2014*
Inventories	4,475	3,065
Work in progress	3,456	828
Total	**7,931**	**3,893**

9 FINANCIAL ASSETS

	31.12.2015	31.12.2014*
Securities	2,555	22,414
Loans to third parties	10,000	29,267
Loans to participations	185,142	176,724
Total	**197,697**	**228,405**

10 INTANGIBLE ASSETS

	31.12.2015	31.12.2014*
Reversion waiver compensation	142,825	30,825
Value adjustment waiver compensation	-116,619	-21,577
Software	4,000	5,590
Intangible assets under development	42	-
Total	**30,248**	**14,838**

11 TRADE CREDITORS

	31.12.2015	31.12.2014*
Third parties	178,362	229,986
Participants and organs	6,488	17,992
Participations	30,312	34,246
Total	**215,162**	**282,224**

Tables show values in TCHF unless otherwise noted.

12 SHORT-TERM INTEREST-BEARING LIABILITIES

			31.12.2015	31.12.2014*
	Interest rate	**Duration**		
Bond	2.500%	2009-2016	200,000	-
Total			**200,000**	**-**

13 OTHER CURRENT LIABILITIES

	31.12.2015	31.12.2014*
Third parties	56,791	75,452
Participants and organs	1,721	-
Participations	1,009	10,372
Total	**59,521**	**85,824**
Negative replacement values held for trading positions	45,400	72,713
Other current liabilities	14,121	13,111
Total	**59,521**	**85,824**

14 LONG-TERM INTEREST-BEARING LIABILITIES

			31.12.2015	31.12.2014*
	Interest rate	**Duration**		
Loan	2.500%	2010-2030	20,000	20,000
Private placement	3.625%	2008-2017	15,000	15,000
Private placement	3.660%	2008-2018	25,000	25,000
Private placement	3.625%	2008-2023	10,000	10,000
Bank loan	3.360%	2006-2026	50,000	50,000
Bank loan	3.100%	2005-2020	10,000	10,000
Loans			**130,000**	**130,000**
Bond	2.500%	2009-2016	-	200,000
Bond	2.375%	2010-2022	115,000	115,000
Registered note 1)	3.400%	2014-2034	91,013	101,002
Registered note	2.161%	2015-2027	37,924	-
Bonds			**243,937**	**416,002**
Total			**373,937**	**546,002**

1) The change is due to an unrealised currency gain taken account of in the provisions.

15 OTHER LONG-TERM LIABILITIES

	31.12.2015	31.12.2014*
Third parties 1)	924	146
Participations	42,981	43,777
Total	**43,905**	**43,923**

1) Includes an interest-free investment loan running from 2007 to 2020. Mortgage assignments were pledged as security; see further notes to the financial statements.

Tables show values in TCHF unless otherwise noted.

16 PROVISIONS

	31.12.2015	31.12.2014*
For reversion waiver compensation	13,500	8,700
For contract risks	9,164	11,168
Other risks	32,864	17,613
Total	**55,528**	**37,481**

17 SHAREHOLDERS' EQUITY

	31.12.2015	31.12.2014*
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**
Capital reserves	19,871	19,871
Retained earnings	17,123	17,123
Other reserves [1)]	561,961	541,961
Reserves	**598,955**	**578,955**
Retained earnings carried forward	35,602	38,218
Net income for the year	-98,978	17,384
Retained earnings	**-63,376**	**55,602**
Equity	**538,987**	**637,965**

1) At the Annual General Meeting held on 29 April 2015, an allocation to other reserves of MCHF 20 was approved.

SHARE CAPITAL

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

	31.12.2015	31.12.2014
Canton of Graubünden	58,30%	58,30%
Axpo Holding AG, Baden	33,70%	33,70%

TREASURY SHARES

	Number of shares	Average price in CHF	Number of participation certificates	Average price in CHF
Values at 31 December 2013	10,384		2,100	
Purchases	1	-	-	-
Disposals	-10,083	119	-2,100	102
Treasury shares exchange	-302	171	-	-
Values at 31 December 2014	-		-	

There were no transactions in treasury shares during the year under review. On 31 December 2015 Repower did not hold any of its own shares or participation certificates.

In the reporting year, 19 registered shares of Repower Holding Surselva AG were exchanged for 279 bearer shares, and 10 registered shares of Repower Klosters AG were exchanged for 23 bearer shares. A total of 302 bearer shares were thus exchanged.

Tables show values in TCHF unless otherwise noted.

D. FURTHER NOTES

NET RELEASE OF HIDDEN RESERVES

In the reporting year, no hidden reserves were released (previous year: CHF 28.4 million before deferred tax).

EMPLOYEE INFORMATION

In the year under review and the previous year Repower AG had more than 250 full-time positions on annual average.

DIRECT AND INDIRECT SHAREHOLDINGS

Company	Head office	Currency	Issued capital		Capital and share of the vote in %	
			31.12.2015	31.12.2014	31.12.2015	31.12.2014
Direct participations						
Repower Schweiz AG	Klosters	CHF	-	250,000	-	100.00%
connecta ag	Ilanz	CHF	100,000	100,000	100.00%	100.00%
Ovra electrica Ferrera SA	Trun	CHF	3,000,000	3,000,000	49.00%	49.00%
SWIBI AG	Landquart	CHF	500,000	500,000	76.68%	76.68%
Alvezza SA in Liquidation	Disentis	CHF	500,000	500,000	62.00%	62.00%
Elbe Beteiligungs AG in Liquidation	Poschiavo	CHF	1,000,000	1,000,000	100.00%	100.00%
Lagobianco SA	Poschiavo	CHF	1,000,000	1,000,000	100.00%	100.00%
Repartner Produktions AG	Poschiavo	CHF	20,000,000	20,000,000	59.00%	59.00%
Rhiienergie AG	Tamins	CHF	915,000	915,000	21.73%	21.73%
Swisscom Energy Solutions AG	Ittigen	CHF	13,342,325	13,342,325	35.00%	35.00%
Repower Deutschland GmbH	Dortmund	EUR	25,000	25,000	100.00%	100.00%
Repower Italia S.p.A.	Milan	EUR	2,000,000	2,000,000	100.00%	100.00%
MERA S.r.l.	Milan	EUR	100,000	100,000	100.00%	100.00%
SEI S.p.A.	Milan	EUR	120,000	120,000	57.50%	57.50%
EL.IT.E. S.p.A.	Milan	EUR	3,888,500	3,888,500	46.55%	46.55%
Repower Trading Česká republika s.r.o.	Prague	CZK	3,000,000	3,000,000	100.00%	100.00%
S.C. Repower Vanzari Romania S.R.L.	Bukarest	RON	165,000	165,000	100.00%	100.00%
Repower Serbia d.o.o. Beograd	Belgrade	EUR	20,000	20,000	100.00%	100.00%
Repower Macedonia DOOEL Skopje	Skopje	EUR	19,970	19,970	100.00%	100.00%
Repower Polska Sp. z.o.o.	Warschau	PLN	-	75,050	-	100.00%
Repower Adria d.o.o	Sarajevo	BAM	1,000,000	1,000,000	100.00%	100.00%
Repower Hrvatska d.o.o.	Zagreb	HRK	366,000	366,000	100.00%	100.00%
Repower Furnizare România S.r.l.	Bucharest	RON	45,510,000	45,510,000	100.00%	100.00%
Indirect participations						
Elbe Finance Holding GmbH & Co KG	Dortmund	EUR	25,000	25,000	100.00%	100.00%
Elbe Finance Holding Verwaltungs-GmbH	Dortmund	EUR	25,000	25,000	100.00%	100.00%
Repower Wind Deutschland GmbH	Dortmund	EUR	25,000	25,000	59.00%	59.00%
Repower Wind Prettin GmbH	Dortmund	EUR	25,000	25,000	59.00%	59.00%
Repower Wind Lübbenau GmbH	Dortmund	EUR	25,000	25,000	59.00%	59.00%
Repower GuD Leverkusen Verwaltungs-GmbH	Dortmund	EUR	-	25,000	-	100.00%
Repower GuD Leverkusen GmbH & Co. KG	Dortmund	EUR	-	25,000	-	100.00%
Repower Vendita Italia S.p.A.	Milan	EUR	4,000,000	4,000,000	100.00%	100.00%
Repower Produzione Italia S.p.A.	Milan	EUR	-	120,000	-	100.00%
SET S.p.A.	Milan	EUR	120,000	120,000	61.00%	61.00%
Energia Sud S.r.l.	Milan	EUR	1,500,000	1,500,000	100.00%	100.00%
SEA S.p.A.	Milan	EUR	120,000	120,000	100.00%	100.00%
REC S.r.l.	Milan	EUR	10,000	10,000	100.00%	100.00%
Immobiliare Saline S.r.l.	Milan	EUR	10,000	10,000	100.00%	100.00%
REV S.r.l.	Milan	EUR	10,000	10,000	100.00%	100.00%
Energia Eolica Pontremoli S.r.l.	Milan	EUR	50,000	50,000	100.00%	100.00%
Aerochetto S.r.l.	Catania	EUR	2,000,000	2,000,000	39.00%	39.00%

Tables show values in TCHF unless otherwise noted.

CONTINGENT LIABILITIES, SURETIES, GUARANTEE OBLIGATIONS AND PLEDGES IN FAVOUR OF THIRD PARTIES

Joint liability for VAT Group taxation with connecta ag, SWIBI AG, Elbe Beteiligungs AG in liquidation, Lagobianco SA, Repartner Produktions AG and Ovra electrica Ferrera SA.

To the benefit of Group companies, letters of intent and financing agreements amounting to MCHF 0.5, MEUR 223 and MRON 35 (equivalent to MCHF 245) respectively were concluded (previous year: MEUR 202, equivalent to MCHF 242).

Mortgage assignments were pledged as security for an interest-free investment loan of TCHF 850 running from 2007 to 2020.

During the year under review receivables included MCHF 9.3 in pledges lodged in the context of business, specifically trading operations.

LEASE LIABILITIES

The maturities of lease liabilities that do not mature or cannot be terminated within twelve months break down as follows:

	31.12.2015	31.12.2014*
Leasing liabilities		
Between 1 year	1,268	1,976
1-5 years	3,888	4,601
Over 5 years	4,301	5,163
Total	**9,457**	**11,740**

PENSION FUND LIABILITIY

On the balance sheet date there is a liability to the pension fund of TCHF 405 (previous year: TCHF 450).

RELATED PARTIES

Receivables and liabilities vis-à-vis direct or indirect participants and management bodies and vis-à-vis undertakings in which there is a direct or indirect participation are shown separately in the notes to the financial statements.
Management bodies and participants are the members of the board of directors and shareholders (Note 17) of Repower AG and the auditors.
Participations are defined as participations held directly and indirectly.

EVENTS OCURRING AFTER THE BALANCE SHEET DATE

In January and February 2016 the forward prices of electricity continued to fall, which in conjunction with energy forwards and futures resulted in an increase in negative replacement values for Repower in relation to these transactions. On the basis of an existing commitment to furnish cash collateral, Repower's liabilities vis-à-vis an energy trading counterparty prompted a payment of MEUR 81.2 in 2016 to this counterparty. The cash payment will continue to increase if energy prices continue to fall. Paid cash collateral is reimbursed if energy prices rise. The upper limit of the amount to be lodged is MEUR 100.

Non-subsidised power generation, particularly large hydro, is under heavy pressure. If electricity prices remain low and other measures cannot be found to improve the earning capacity of facilities, this could lead to further asset impairment. This applies analogously to the possibility of further provisions for onerous energy procurement contracts.

Tables show values in TCHF unless otherwise noted.

DISCLOSURES IN ACCORDANCE WITH ART. 663C OF THE SWISS CODE OF OBLIGATIONS AT 31 DECEMBER OF THE FINANCIAL YEAR

	Shares 2015	Shares 2014	PC 2015	PC 2014
Dr. Eduard Rikli, BoD chairman	100	100	-	-
Placi Berther	9	9	-	-
Rolf W. Mathis	5	5	-	-
Roger Vetsch	25	25	-	-
Peter Molinari	15	15	-	-

	Shares 2015	Shares 2014	PC 2015	PC 2014
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 items which require disclosure.

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

Net income for the year 2015	CHF	-98,978
Retained earnings carried forward	CHF	35,602
Retained earnings	**CHF**	**-63,376**
	CHF	100,000
Balance carried forward	**CHF**	**36,624**

Poschiavo, 30 March 2016

For the Board of Directors:

Dr Eduard Rikli
Chairman of the Board of Directors

To the General Meeting of

Repower AG, Brusio

Zurich, 30 March 2016

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Repower AG, which comprise the balance sheet, income statement and notes (pages 107 to 118), for the year ended 31 December 2015.

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 2015 comply with Swiss law and the company's articles of incorporation.

Other matter
The financial statements of Repower AG for the year ended 31 December 2014 were audited by another statutory auditor who expressed an unmodified opinion on those financial statements on 27 March 2015.

Building a better working world

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 financial statements according to the instructions of the Board of Directors.

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

Ernst & Young Ltd

Alessandro Miolo	Ralf Noffke
Licensed Audit Expert	Licensed Audit Expert
(Auditor in charge)	

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ALL AFLAME WITH REPOWER

Chefs at the Cenobio dei Dogi hotel in Liguria use energy from Repower to conjure up delicious delicacies at the table.

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KEY DATES

12 May 2016	**Annual General Meeting in Landquart**
24 August 2016	**First Half Year Results**
17 May 2017	**Annual General Meeting**

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