

Consolidated income statement

CHF thousands		1.1.-30.06.2017 unaudited	1.1.-30.06.2016 unaudited
	Note		
Net sales		887,510	850,484
Own costs capitalised		2,499	3,577
Other operating income		14,684	26,663
Total operating revenue		904,693	880,724
Energy procurement		-778,383	-737,504
Concession fees		-8,925	-8,034
Personnel expenses		-34,390	-36,919
Material and third party services		-15,890	-17,173
Other operating expenses		-24,548	-30,562
Income before interest, taxes, depreciation and amortisation (EBITDA)		42,557	50,532
Depreciation/amortisation, impairment and reversal of impairment	4	-22,259	-5,067
Income before interest and taxes (EBIT)		20,298	45,465
Financial income		4,921	2,824
Financial expenses		-13,381	-19,860
Share of results of associates and joint ventures		-1,687	-1,676
Income before taxes		10,151	26,753
Income taxes		-9,078	-8,833
Group result		1,073	17,920
Share of Group result attributable to Repower shareholders and participants		249	15,583
Share of Group result attributable to non-controlling interests		824	2,337
Earnings per share (undiluted)		CHF 0.03	CHF 4.57

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

Consolidated statement of comprehensive income

CHF thousands		1.1.-30.06.2017 unaudited	1.1.-30.06.2016 unaudited
	Note		
Group result		1,073	17,920
Other comprehensive income after taxes, non-recyclable			
Actuarial profit/loss from pension plans of fully consolidated companies		2,138	-7,736
Actuarial profit/loss from pension plans of associates		283	-249
Income taxes		-354	1,314
Total Other comprehensive income after taxes, non-recyclable		2,067	-6,671
Other comprehensive income after taxes, recyclable			
Currency translation			
Effect from currency translation of fully consolidated companies		1,557	-317
Reclassified into profit or loss statement		-561	-
Effect from currency translation of associates		118	35
Total Other comprehensive income after taxes, recyclable		1,114	-282
Other comprehensive income		3,181	-6,953
Total comprehensive income		4,254	10,967
Share of profit or loss and other comprehensive income attributable to Repower shareholders and participants		3,066	8,484
Share of profit or loss and other comprehensive income attributable to non-controlling interests		1,188	2,483

Consolidated balance sheet

CHF thousands		30.06.2017 unaudited	31.12.2016
Assets	Note		
Tangible assets		745,435	756,520
Intangible assets		7,556	7,673
Investments in associates and joint ventures		20,847	20,528
Other financial assets		8,576	7,322
Deferred tax assets		31,447	41,614
Non-current assets		813,861	833,657
Inventories		19,099	16,343
Receivables		307,911	353,195
Current income tax receivables		7,340	7,869
Prepaid expenses and accrued income		3,823	2,161
Securities and other financial instruments		120,352	37,285
Positive replacement values held for trading positions		80,809	147,772
Cash and cash equivalents	5	327,335	298,420
Current assets		866,669	863,045
Assets held for sale	7	-	8,321
Total assets		1,680,530	1,705,023

CHF thousands		30.06.2017 unaudited	31.12.2016
	Note		
Liabilities and shareholders' equity			
Share capital		7,391	7,391
Participation capital		-	-
Treasury shares		-1	-1
Retained earnings (including Group result)		772,810	770,641
Actuarial profit/loss from pension plans		-4,343	-6,381
Accumulated translation differences		-53,811	-54,943
Shareholders' equity excluding non-controlling interests		722,046	716,707
Non-controlling interests		72,054	46,715
Shareholders' equity		794,100	763,422
Pension provisions		47,893	48,541
Other non-current provisions		29,378	29,756
Deferred tax liabilities		24,967	25,323
Non-current financial liabilities		346,504	293,769
Non-current liabilities		448,742	397,389
Current income tax liabilities		547	1,470
Current financial liabilities		32,000	19,811
Negative replacement values held for trading positions		74,381	141,941
Other current provisions		537	492
Other current liabilities		312,955	362,721
Deferred income and accrued expenses		17,268	17,777
Current liabilities		437,688	544,212
Liabilities		886,430	941,601
Total liabilities and shareholders' equity		1,680,530	1,705,023

Changes in consolidated shareholders' equity

	Share capital	Participation capital	Treasury shares	Retained earnings	Actuarial profit/loss from pension plans	Accumulated translation differences	Shareholders' equity excluding non-controlling interests	Non-controlling interests	Total shareholders' equity
Equity at 1 January 2016	2,783	625	-	623,265	-3,584	-55,283	567,806	32,063	599,869
Group result				15,583			15,583	2,337	17,920
Other comprehensive income					-6,557	-542	-7,099	146	-6,953
Comprehensive income for the period				15,583	-6,557	-542	8,484	2,483	10,967
Refund of unclaimed dividends				8			8		8
Costs of capital increase				-940			-940		-940
Reclassification to retained earnings				-5	5		-		-
Dividends							-	-275	-275
Conversion participation capital in share capital	625	-625					-		-
Purchase/sale of non-controlling interests				-890		171	-719	2,632	1,913
Capital increase, non-controlling interests				74			74	8,860	8,934
Equity at 30 June 2016 unaudited	3,408	-	-	637,095	-10,136	-55,654	574,713	45,763	620,476
Equity at 1 January 2017	7,391	-	-1	770,641	-6,381	-54,943	716,707	46,715	763,422
Group result				249	-	-	249	824	1,073
Other comprehensive income				-	2,038	779	2,817	364	3,181
Comprehensive income for the period				249	2,038	779	3,066	1,188	4,254
Dividends							-	-553	-553
Purchase/sale of treasury shares				-18			-18		-18
Purchase/sale of non-controlling interests				1,938		353	2,291	6,705	8,996
Capital increase, non-controlling interests							-	17,999	17,999
Equity at 30 June 2017 unaudited	7,391	-	-1	772,810	-4,343	-53,811	722,046	72,054	794,100

Consolidated cash flow statement

CHF thousands		1.1.-30.06.2017 unaudited	1.1.-30.06.2016 unaudited
	Note		
Income before taxes		10,151	26,753
Change in			
Result from sales/liquidations of subsidiaries / disposal groups	3/7	-1,062	-1,643
Own costs capitalised		-2,499	-3,577
Depreciation/amortisation, impairment and reversal of impairment		22,259	5,067
Net financial result		8,460	17,036
Share of results of associates		1,687	1,676
Change in pension provisions (without interests)		1,257	1,119
Change in other long term provisions (without interests)		-1,023	-5,150
Other income and expenses not affecting cash		-872	-10,234
Change in net-current assets (excl. securities and other financial instruments)		-16,576	17,150
Other financial cash outflow and inflow		-3,330	-3,742
Income taxes paid/received		858	-953
Cash flow from operating activities		19,310	43,502
Additions of tangible and intangible assets	9	-8,322	-7,254
Sales of tangible and intangible assets		3,243	15,493
Disposal of subsidiaries / disposal groups	9	14,668	4,136
Granting of active loans		-3,000	-2,000
Repayments of non current financial assets		320	10,324
Additions of current and non-current financial assets		-105,000	-45,000
Disposals of current and non-current financial assets		19,998	-
Dividends received		3	53
Interest received		98	536
Cash flow from investing activities		-77,992	-23,712
Increase in financial liabilities	3/9	93,852	386
Repayment of financial liabilities		-32,348	-1,537
Transaction costs of capital increase		-	-599
Dividend payments		-553	-275
Refund of unclaimed dividends		-	8
Purchase/sale of treasury shares		-18	-
Purchase of non-controlling interests		-	-133
Sale of non-controlling interests	3	8,996	2,046
Capital increase done by non-controlling interests		17,999	-
Interest paid		-3,297	-4,044
Cash flow from financing activities		84,631	-4,148
Translation differences		2,966	1,807
Change in cash and cash equivalents		28,915	17,449
Cash and cash equivalents at 1 January		298,420	398,133
Cash and cash equivalents at 30 June	5	327,335	415,582

Notes to the interim consolidated financial statements

1 INFORMATION ON THE COMPANY

Repower AG, Brusio, is a 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.

2 PRINCIPLES OF CONSOLIDATION

PRINCIPLES

The unaudited interim consolidated financial statements of the Repower Group as at 30 June 2017 have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting. The interim consolidated financial statements do not include all the information disclosed in the consolidated annual financial statements, and should therefore be read in conjunction with the consolidated annual financial statements for the period to 31 December 2016.

The following exchange rates were used for the most important foreign currency:

Currency	Unit	Closing exchange rate	Average exchange rate
		30.06.2017	1.1.-30.06.2017
EUR	1	1,09300	1,0765

Unrealised gains and losses on transactions resulting from exchange rate fluctuations between group companies are recognised in the consolidated cash flow statement under other income and expenses not affecting cash.

ACCOUNTING AND VALUATION PRINCIPLES

The accounting and valuation methods used in these interim consolidated financial statements correspond to the methods applied in the consolidated annual financial statements for the period to 31 December 2016. New or revised accounting and valuation principles have no significant impact on Repower's financial reporting for the six-month period just passed.

3 CHANGES IN CONSOLIDATIONS

CHANGES IN THE OWNERSHIP INTERESTS WITHOUT LOSS OF CONTROL

In the first half of 2017 Repower sold another 6 per cent of its interest in Repartner Produktions AG to the related party Elektrizitätswerke des Kantons Zürich (EKZ). The net cash inflow for the sale of the interest and the shareholder's loans granted to date come to TCHF 8,996 and TCHF 6,504 respectively. The disposal of the loans generated financial income of TCHF 466. The net cash inflow of TCHF 8,996 is offset against minority interests of TCHF 6,705. The difference of TCHF 2,291 was allocated to the majority shareholder's capital.

CONSEQUENCES OF THE LOSS OF SUBSIDIARY CONTROL

In the first six months the companies Elbe Beteiligungs AG in Liquidation, Repower Trading Česká republika s.r.o. v likvidaci, Repower Hrvatska d.o.o. u likvidaciji and S.C. Repower Vanzari Romania S.R.L. were wound up. Cumulative translation gains and losses amounting to TCHF 659 and TCHF 98 respectively were reclassified in other segments and activities. The impact on income is shown under other operating income and other operating expenses.

4 IMPAIRMENT LOSSES AND GAINS ON NON-CURRENT ASSETS

The first half of 2017 saw neither impairment losses nor gains.

In the equivalent prior-year period impairment losses on tangible assets of TCHF 17,459 were disclosed.

5 CASH AND CASH EQUIVALENTS FOR THE CASH FLOW STATEMENT

	30.06.2017	30.06.2016
CHF thousands		
Cash and cash equivalents	327,335	413,139
Cash and cash equivalents held for sale	-	2,443
Total	327,335	415,582

6 ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS AND POSITIONS MEASURED AT FAIR VALUE

	30.06.2017 Carrying amount	31.12.2016 Carrying amount
CHF thousands		
Assets		
Forward foreign currency contracts	227	2,160
Energy trading transactions	80,809	147,772
Held for trading	81,036	149,932
Derivative financial instruments	81,036	149,932
Active loans	5,192	3,934
Fixed term deposits (4-12 months)	120,000	35,000
Receivables	298,426	344,465
Trade accounts receivables	269,741	313,852
Other receivables	28,685	30,613
Prepaid expenses and accrued income	26	39
Cash and cash equivalents	327,335	298,420
Loans and receivables	750,979	681,858
Shares, bonds, other securities	125	125
Held for trading	125	125
Other financial assets	3,384	3,388
Available for sale	3,384	3,388
Non-derivative financial instruments	754,488	685,371
Total	835,524	835,303

	30.06.2017 Carrying amount	31.12.2016 Carrying amount
CHF thousands		
Liabilities		
Forward foreign currency contracts	2,942	308
Energy trading transactions	74,381	141,941
Interest rate swaps	13,207	19,736
Held for trading	90,530	161,985
Derivative financial instruments	90,530	161,985
Received loans	333,254	273,980
Current financial liabilities	29,037	19,482
Liabilities for financial leasing	64	74
Other current liabilities	309,357	361,216
Trade accounts payable	294,469	346,003
Other liabilities	14,888	15,213
Accrued expenses	14,309	11,867
Other financial liabilities	686,021	666,619
Non-derivative financial instruments	686,021	666,619
Total	776,551	828,604

Reconciliation 30.06.2017 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
CHF thousands						
Derivative financial instruments						
Held for trading						
Forward foreign currency contracts	227					
Energy trading transactions			80,809			
Non-derivative financial instruments						
Loans and receivables						
Active loans				5,192		
Fixed term deposits (4-12 months)	120,000					
Receivables		298,426				
Prepaid expenses and accrued income					26	
Cash and cash equivalents						327,335
Held for trading						
Shares, bonds, other securities	125					
Available for sale						
Other financial assets				3,384		
Total	120,352	298,426	80,809	8,576	26	327,335
Non-financial instruments		9,485			3,797	
Balance sheet amount	120,352	307,911	80,809	8,576	3,823	327,335

Reconciliation 31.12.2016 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
CHF thousands						
Derivative financial instruments						
Held for trading						
Forward foreign currency contracts	2,160					
Energy trading transactions			147,772			
Non-derivative financial instruments						
Loans and receivables						
Active loans						
Fixed term deposits (4-12 months)	35,000			3,934		
Receivables		344,465				
Prepaid expenses and accrued income					39	
Cash and cash equivalents						298,420
Held for trading						
Shares, bonds, other securities	125					
Available for sale						
Other financial assets				3,388		
Total	37,285	344,465	147,772	7,322	39	298,420
Non-financial instruments		8,730			2,122	
Balance sheet amount	37,285	353,195	147,772	7,322	2,161	298,420

Reconciliation 30.06.2017 carrying value (liabilities)

	Non-current financial liabilities	Current financial liabilities	Negative replacement values HfT positions	Other current liabilities	Deferred income and accrued expenses
CHF thousands					
Derivative financial instruments					
Held for trading					
Forward foreign currency contracts		2,942			
Energy trading transactions			74,381		
Interest rate swaps	13,207				
Non-derivative financial instruments					
Other financial liabilities					
Received loans	333,254				
Current financial liabilities		29,037			
Liabilities for financial leasing	43	21			
Other current liabilities				309,357	
Accrued expenses					14,309
Total	346,504	32,000	74,381	309,357	14,309
Non-financial instruments				3,598	2,959
Balance sheet amount	346,504	32,000	74,381	312,955	17,268

Reconciliation 31.12.2016 carrying value (liabilities)

	Non-current financial liabilities	Current financial liabilities	Negative replacement values HfT positions	Other current liabilities	Deferred income and accrued expenses
CHF thousands					
Derivative financial instruments					
Held for trading					
Forward foreign currency contracts		308			
Energy trading transactions			141,941		
Interest rate swaps	19,736				
Non-derivative financial instruments					
Other financial liabilities					
Received loans	273,980				
Current financial liabilities		19,482			
Liabilities for financial leasing	53	21			
Other current liabilities				361,216	
Accrued expenses					11,867
Total	293,769	19,811	141,941	361,216	11,867
Non-financial instruments				1,505	5,910
Balance sheet amount	293,769	19,811	141,941	362,721	17,777

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

	30.06.2017 Carrying amount	30.06.2017 Fair value	31.12.2016 Carrying amount	31.12.2016 Fair value
CHF thousands				
Received loans (incl. long term leasing)	333,297	370,177	274,033	309,193

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 assets

	30.06.2017	Level 1	Level 2	Level 3
CHF thousands				
Forward foreign currency contracts	227		227	
Energy trading transactions	80,809		80,809	
Derivative financial instruments	81,036	-	81,036	-
Shares, bonds, other securities	125		125	
Non-derivative financial instruments	125	-	125	-

Recurring measurement of liabilities

	30.06.2017	Level 1	Level 2	Level 3
CHF thousands				
Forward foreign currency contracts	2,942		2,942	
Energy trading transactions	74,381		74,381	
Interest rate swaps	13,207		13,207	
Derivative financial instruments	90,530	-	90,530	-
Received loans (incl. long term leasing)	370,177		370,177	
Financial instruments that are not measured at fair value	370,177	-	370,177	-

Recurring measurement of assets

	31.12.2016	Level 1	Level 2	Level 3
CHF thousands				
Forward foreign currency contracts	2,160	-	2,160	-
Energy trading transactions	147,772	-	147,772	-
Derivative financial instruments	149,932	-	149,932	-
Shares, bonds, other securities	125	-	125	-
Non-derivative financial instruments	125	-	125	-

Recurring measurement of liabilities

	31.12.2016	Level 1	Level 2	Level 3
CHF thousands				
Forward foreign currency contracts	308	-	308	-
Energy trading transactions	141,941	-	141,941	-
Interest rate swaps	19,736	-	19,736	-
Derivative financial instruments	161,985	-	161,985	-
Received loans (incl. long term leasing)	309,193	-	309,193	-
Financial instruments that are not measured at fair value	309,193	-	309,193	-

There is currently no incident-related measurement at fair value of assets and debts after their first-time use.

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 in the first half of 2017. There were no changes in the measurement methods nor were items measured at fair value shifted within the individual categories.

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 credits. Observable capital market rates on active markets are used as input parameters and increased by Repower's observable credit risk. Credits in euros are converted to Swiss francs at the closing rate.

7 ASSETS AND LIABILITIES HELD FOR SALE

Tangible assets with a carrying value of TCHF 8,321 held for sale at 31 December 2016 relate to the Morteratsch hydropower plant in the Market Switzerland segment.

In the first half of 2017, the Morteratsch hydropower plant was sold to the joint venture Kraftwerk Morteratsch AG. Gains on disposal of TCHF 501 were disclosed under other operating income in the Market Switzerland segment.

8 SEGMENT REPORTING

	Market Switzerland	Market Italy	Other segments and activities and consolidation	Group
CHF thousands				
1.1.-30.06.2017				
Net sales from energy sales - third parties	276,518	583,002	-	859,520
Net sales from energy sales between segments	15,944	15,266	-31,210	-
Income from held for trading positions - third parties	8,535	19,455	-	27,990
Income from held for trading positions between segments	-5,171	5,181	-10	-
Net sales	295,826	622,904	-31,220	887,510
Income before interest and taxes (EBIT)	-2,109	23,086	-679	20,298
Financial income				4,921
Financial expenses				-13,381
Share of results of associates				-1,687
Income before taxes				10,151

On 30 June 2017 the non-current assets are allocated to the segments as follows:

	Market Switzerland	Market Italy	Other segments and activities and consolidation	Group
CHF thousands				
1.1.-30.06.2017				
Tangible assets	584,357	139,585	21,493	745,435
Intangible assets	2,647	4,322	587	7,556
Investments in associates and partner plants	17,360	3,487	-	20,847
Total non-current assets	604,364	147,394	22,080	773,838

	Market Switzerland	Market Italy	Other segments and activities and consolidation	Group
CHF thousands				
1.1.-30.06.2016				
Net sales from energy sales - third parties	233,666	572,185	65,843	871,694
Net sales from energy sales between segments	30,928	12,532	-43,460	-
Income from held for trading positions - third parties	1,211	-22,411	-10	-21,210
Income from held for trading positions between segments	-1,948	1,953	-5	-
Net sales	263,857	564,259	22,368	850,484
Income before interest and taxes (EBIT)	12,799	28,144	4,522	45,465
Financial income				2,824
Financial expenses				-19,860
Share of results of associates				-1,676
Income before taxes				26,753

9 ADDITIONAL DISCLOSURES

Repower placed two green bonds (Schuldscheindarlehen), issue date 23 January 2017, totalling TCHF 53,635 (TEUR 50,000), with terms of 7 and 8 years respectively.

The shareholders have granted Repartner Produktions AG a loan as part of a plant-based energy supply agreement involving the supply of around 240 GWh per year, starting 1 January 2017, from the electricity generated by the Klosters, Schlappin and Küblis plants. TCHF 51,600 flowed to Repower from a consolidated point of view. The terms of the loan stipulate repayment on a straight-line basis over 69 years at a nominal interest rate of 0.25 per cent. The fair value (present value of expected future cash flows) of the loan is TCHF 33,601. The interest rate advantage, amounting to TCHF 17,999, was classified as a hidden contribution which was taken into account as a capital increase in non-controlling interests.

Profits from the sale/liquidation of group companies comprise proceeds of TCHF 10,056 from the sale of Morteratsch power plant to Kraftwerk Morteratsch AG and a payment on account of TCHF 4,612 received on an adjustment in the purchase price for Repower's high-voltage grid, which was transferred to Swissgrid in 2013. The payment on account received was classified as a liability.

Acquisitions of tangible and intangible assets totalled TCHF 8,322 in the first half of 2017. These mainly relate to investments in various grid installations, power plants, hardware and software.

10 CONTINGENT LIABILITIES AND WARRANTY LIABILITIES

The Repower Group 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 made the requisite provisions based on currently available information and estimates. There are no other contingent liabilities or guarantees.

11 ESTIMATION UNCERTAINTY

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 actual values may deviate from the estimated values.

12 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The interim consolidated financial statements were approved by the Board of Directors on 21 August 2017.

Since 30 June 2017 there have been no other events which require disclosure.