

Interim Report

1. Quarter 2009/10

01 April to 30 June 2009

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Key figures of REpower Systems Group

Key figures (IFRS)	2009/04/01- 2009/06/30	2008/04/01- 2008/06/30	2008/04/01- 2009/03/31
Sales in EUR k	300,717.8	231,756.1	1,209,090.7
Total performance in EUR k	287,086.6	240,888.4	1,220,548.7
Operating result in EUR k	10,706.8	10,207.4	76,898.8
Earnings before tax in EUR k	4,974.8	10,903.9	76,552.6
Net profit in EUR k	2,194.4	5,895.2	51,936.5
Investments in EUR k as per record date	8,250.8	17,636.2	63,169.6
Staff as per record date (REpower Systems Group)	1,867	1,330	1,775
	2009/06/30		
Total assets in EUR k	949,910.3		
Shareholders equity in EUR k	407,649.5		
Shareholders equity ratio in %	42.9		
Number of no-par shares* (1 EUR)	9,177,039		
Result per share (undiluted) in EUR	0.28		
Closing price Xetra as per record date in EUR	116.79		

* weighted average

Group Management Report on the First Three Months of Fiscal Year 2009/10

News in the reporting period

With its leading trade fair, the wind energy industry became the focus of this year's Hanover Trade Fair. At this world's largest industrial trade fair in April, REpower Systems AG presented REpower 6M for the first time – its wind turbine with guaranteed electrical rated output of 6,150 kilowatts (kW). It is one of the largest wind turbines in the world. REpower also introduced other technological innovations. The numerous visitors to the REpower exhibition stand learned more about the technical features of the new onshore turbine thanks to a 1 to 1 reproduction of a REpower 3.XM nacelle, while they also received an idea of REpower's well-known qualities such as solid dependability and service-friendliness.

In May, foreign subsidiaries REpower USA Corp. and REpower UK Ltd. represented the company with their own exhibition stands at the most important North American and British trade fairs for the wind energy industry.

REpower Systems AG announced its results for fiscal year 2008/09 in mid-May at a press and analyst conference in Frankfurt a.M (Germany). The REpower Systems Group slightly exceeded its targets for the last fiscal year while increasing consolidated sales to over EUR 1.2 billion. The operating result doubled as compared with fiscal year 2007 to EUR 76.9 million. The Executive Board reiterated its forecast for the current fiscal year to the many visitors attending the press and analyst conference. In 2009/10, REpower expects its sales to climb to between EUR 1.4 billion and EUR 1.5 billion accompanied by an improvement of the EBIT margin to between 7.5 % and 8.5 %.

Despite a difficult economic climate, REpower Systems AG secured growth financing totalling EUR 600 million with an international consortium of banks following long negotiations. At the end of May, REpower then signed an agreement for the syndicated loan with the consortium led by various major German and foreign banks. The loan has a term of three years and is divided into two tranches: The first tranche consists of EUR 500 million for the provision of warranties and guarantees, while the second tranche of EUR 100 million is provided as working capital. The successful signing of this loan agreement sets the course for REpower's ambitious growth plans.

Suzlon Energy Ltd., REpower Systems AG's major shareholder, announced on June 6, 2009 that it had successfully completed the acquisition of the Martifer Group's remaining 14.4 % stake in the share capital of REpower Systems AG.

The acquisition took place in two tranches of EUR 87.6 million each and was part of a payment plan agreed between Suzlon and Martifer in February 2007. In a period of approximately six months, a total of four transactions were carried out with an overall volume of EUR 270.2 million according to Suzlon.

Following the sale of the remaining 14.4 %, the Martifer Group's stake in REpower Systems AG fell to 0 %. As of the reporting date, the Suzlon Group held 90.72 % of the share capital in REpower Systems AG.

In June, REpower opened its first wind farm in Poland: In a joint effort, the company and international project developer Martifer Renewables, a subsidiary of former REpower shareholder Martifer, successfully installed the first of a total of two planned projects. The "Leki Dukielskie" wind farm consists of five REpower MM92 turbines each with two megawatts of rated output. The second project is the "Bukowsko" wind farm which is to encompass eight REpower MM92 turbines and will be completed and put into operation by the end of the year.

Overall economic trends

According to the Federal Office of Statistics, German economic performance fell on a quarterly basis for the fourth time in a row in the first quarter of calendar year 2009. German gross domestic product (GDP) declined by 3.8 %, while this figure even increased to a 6.7 % drop year-on-year after adjustments for inflation. The largest negative effect on the development of German GDP was the trade balance. Due to the sharp decline in export business and an only modest decline in imports, this figure was much lower in the first three months of 2009. In addition, investments in equipment goods and other gross fixed assets plummeted. In May 2009, there was hope that the situation would improve. The Federal Office of Statistics reported exports increased again by 0.3 % compared with April. German industry also recorded an increase in incoming orders and therefore sales at a rate that had not been experienced in at least 18 years. With an improvement of 4.6 %, inflation-adjusted sales improved again for the first time on a month-on-month basis.

At an EU level, GDP declined more quickly than expected. As the European statistical office Eurostat announced at the beginning of July, the GDP of the European Union (EU27) as a whole dropped by 2.4 % in the first quarter of 2009 as compared with the previous quarter. Economic performance of the EU27 countries even fell by 4.7 % over the previous year. According to Eurostat, this is also a result of significant declines in exports and increasing investment reluctance. In addition, inventories were reduced more strongly. Economists expect the EU economy as a whole will drop around 4 % for full-year 2009. Sustainable economic recovery is not due to take place until 2010.

The International Monetary Fund (IMF) forecasts a decrease of 1.4 % in the world economy for 2009. The World Bank Group is more optimistic for 2010: It forecast growth of 1.9 % as early as April, increasing its forecast to 2.5 % growth in July.

Sector development

2008 and the first half of 2009 were times of crisis for many industries. Banks, the automotive industry and major retail groups required state guarantees to avoid the threat of insolvency they were facing. In this period, the wind energy industry benefited from a good number of orders still on the books from the 2007 boom in the industry. There was also greater support from international politics regarding the expansion of wind energy. US President Obama entering office and the approval of the US environmental package increased the expectations of both manufacturers and investors that North America would permanently establish itself as a lucrative market for large wind energy projects. The Chinese growth market also became the focus of attention in the past half-year among numerous turbine manufacturers and investors.

In 2008, the USA and China were the top countries with an increase of 8,358 MW as well as 6,246 MW in new installations, recording expansion of 49.5 % and 106.3 % respectively over the previous year.

The global market for wind energy also enjoyed double-digit growth rates as compared with last year. New installations were up 42 % from 19,791 MW to 28,190 MW. Cumulated installed output saw a year-on-year increase of 30 % in 2008, rising from 94,005 MW to 122,158 MW.

In contrast, the wind energy market in Europe posted only moderate growth in new installations from 8,258 MW in 2007 to 9,179 MW in 2008. Growth in new output in Germany was flat in 2008. A total of 866 (2007: 883) new wind turbines with output of 1,665 (2007: 1,667) megawatts (MW) went online that year. At the end of 2008, Germany had 20,301 installed turbines with total output of 23,902 MW.

However, the winds of change blew onto the German wind energy market in the first half of 2009 in the form of an amendment to the Renewable Energies Act (EEG) that came into effect January 1. As a result, remuneration rates increased in line with adjustments for current developments in markets and prices.

In accordance with the EEG, feed-in tariffs for onshore wind turbines increased to 9.2 cents/kWh since the beginning of 2009. Feed-in tariffs for offshore wind energy were set at 13 cents/kWh on January 1. In addition, a bonus of an additional 2 cents/kWh will be paid for offshore wind turbines for which construction begins before December 31, 2015. These improvements should therefore help to achieve the German government's ambitious goal of meeting 30 % of the primary energy requirement in Germany with electricity from renewable energies by 2020.

REpower shares

The German Stock Index (DAX) was at 4,809 points on June 30, 2009 – one point less than the beginning of stock market year 2009. Despite this, there was still strong movement on Germany's largest market indicator. The DAX fell to 3,589 on March 9, 2009. It ended its decline there to post an increase of 35 % by the end of the second quarter. The German indices for small and mid-caps saw positive development in the first six months of 2009. The MDax and SDax grew by 3 % in each case since the beginning of the year. The German technology index TecDax came out on top, ending the first half of the stock market year up by 24 %.

REpower's share price recorded moderate growth of 5.2 % in the first half of calendar year 2009. After a Xetra closing price of EUR 111.0 at the end of December 2008 and a decline in the first quarter of 2009, the share price recovered slowly to end the first half of the stock market year at EUR 116.79.

If the first quarter of fiscal year 2009/10 is analyzed by itself, REpower's share price increased by 37.4 % from EUR 85.00 at the end of fiscal year 2008/09 to EUR 116.79 at the end of the first quarter of 2009. Of the 62 trading days in the reporting period, the average trading volume on the Xetra trading platform was 5,524 shares. The share price fell to a low of EUR 82.05 on April 7 and reached a high point for the quarter of EUR 120.55 on June 2. One of the reasons for the high level of volatility in the REpower share price is that only a small number of shares are in free float (9.28 %).

In the reporting period, the REpower Executive Board again implemented measures to maintain contact with investors and the financial community. In addition to one-on-one discussions at the company's headquarters, it met with investors at international trade fairs and presented the results of the 2008/09 fiscal year at this year's press and analyst conference in Frankfurt.

You can find REpower's share price performance and have a look at the Xetra order book for the share on the REpower Systems AG homepage (www.repower.de) under Investor Relations.

Business development

Sales and earnings situation

Including the financial data for the consolidated participations, the Group's total operating performance amounted to EUR 287.1 million for the reporting period, compared with total operating performance of EUR 240.9 million in the first quarter of 2008/09. Sales increased again from EUR 231.8 million in the prior-year period to EUR 300.7 million in the current period.

Earnings before interest and taxes (EBIT) rose slightly from EUR 10.2 million to EUR 10.7 million. Earnings before taxes were EUR 5.0 million in the reporting period compared with EUR 10.9 million in the previous year. Net profit amounted to EUR 2.2 million at the end of June 2009 after EUR 5.9 million at the end of June 2008.

Installed output

In the period from April to June 2009, REpower Systems AG produced a total of 83 wind turbines with total output of 170.0 MW, which generated sales. In the previous year period, 138 turbines with an output of 276 MW were installed or delivered. One of the reasons for this decline is that the implementation of some projects had begun in the reporting period but was not completed by the reporting date. The percentage of completion method (PoC) was applied so that these projects can be reported in the income statement according to their degree of completion. Project delays on the customer side from the first half to the second half of 2009 are also responsible for this development. Banks' restrained lending policy also caused a drop in investments in wind farms and solar farms in the last quarter. According to market research firm New Energy Finance, these investments fell by one third to EUR 24.3 billion.

Sales-related wind turbine types

Turbine type	2009/10		2008/09	
	2009/04/01–2009/06/30		2008/04/01–2008/06/30	
	Number	MW	Number	MW
6M	1	6.0	-	-
MM92	56	112.0	77	154.0
MM82	26	52.0	61	122.0
Total	83	170.0	138	276.0

Order development

The order backlog declined as compared with the previous year. As of June 30, 2009, it was 574 wind turbines (previous year's reporting date: 718 wind turbines) with total rated output of 1,230.45 megawatts (June 30, 2008: 1,522.60 MW). The confirmed order volume totaled EUR 1.45 billion (June 30, 2008: EUR 1.61 billion). Of the number of wind turbines in the order backlog, 30.5 % are for Germany and 65.5 % are for countries abroad.

Order backlog development

Turbine type	2009/06/30		2008/06/30	
	Number	MW	Number	MW
6M	-	-	3	18.00
5M	24	120.00	24	120.00
3.XM	7	23.10	2	6.60
MM92	384	769.35	455	910.00
MM82	159	318.00	230	460.00
MM70	-	-	4	8.00
Total	574	1,230.45	718	1,522.60

Net assets and financial situation

Total assets recorded growth of EUR 166.7 million from EUR 783.2 million at the end of June 2008 to EUR 949.9 million at the current time. This rise is mainly due to the sharp increase in current assets from EUR 648.4 million to EUR 787.7 million. Within current assets, trade receivables jumped sharply from EUR 89.5 million at the end of June 2008 to EUR 133.0 million at the end of the first quarter of 2009/10. Inventory also increased: Capital tied up in inventory amounted to EUR 267.5 million at the end of June 2009 compared with EUR 168.7 million at the previous year's reporting date.

On the liabilities side of the balance sheet, current liabilities increased from EUR 231.9 million to EUR 309.1 million due to the increase in trade payables of EUR 122.9 million to EUR 144.2 million and the sharp increase in advance payments received from EUR 231.9 million to EUR 309.1 million.

Non-current liabilities increased from EUR 21.4 million on June 30, 2008 to EUR 40.9 million as of the end of June 2009. Shareholders' equity also increased from EUR 336.8 million to EUR 407.7 million.

In the reporting period, a total of EUR 8.3 million was used for investments.

Research and development

REpower increased the rated output of its best-selling MM type series in the reporting period. Since April 1, the company has guaranteed a performance curve increased by 50 kW in rated output from 2,000 kW previously to its current level of 2,050 kW. At the same time, the maximum acoustic output level of the popular MM92 turbine was reduced by 0.8 decibels.

This progress was achieved by optimizing the REcontrol management system as well as by optimal management of the rotor blades based on the experience of installing more than 1,100 MM type series wind turbines.

In June, REpower announced that it had successfully signed a contract for two cold climate versions (CCV) of the MM92. These turbines were installed around the end of the year in Québec, Canada to gain experience in extreme temperatures and icing. This project is run jointly by REpower and the CORUS Centre, an important collaborative effort involving various Canadian research institutes in science and industry, and supported by the Québec Ministry of Economic Development, Innovation and Export Trade (MDEIE).

The company's current work involving increasing the rated output of the 3.XM and 5M will be completed in the coming months. This means a higher rated output can be guaranteed in this area as well to make REpower's wind turbines even more competitive.

Realization of the 3.XM and 6M prototypes is proceeding according to plan and confirms previously theoretical assumptions.

Personnel situation

The number of employees in the REpower Systems Group increased again over the previous year's reporting date from 1,330 employees on June 30, 2008 to 1,867 employees on June 30, 2009.

REpower currently employs 58 interns and students as well as 55 trainees. Around 40 % of all REpower employees have a technical background while about 22 % are engineers.

Staff development	2009/06/30	2008/06/30
Employees of REpower Systems Group	1,867	1,330
Employees of REpower Systems AG	1,357	1,061

Risks and opportunities

In accordance with the requirements of Section 91(2) of the German Stock Corporation Act, the REpower Systems Group has implemented appropriate measures to recognize risks that jeopardize the company as a going concern at an early stage. This includes an information system that ensures the collection, analysis and assessment of risks as well as the systematic forwarding of information to the respective decision-makers. Risks are identified and evaluated as part of quarterly risk inventories in the business and operating areas. The Executive Board is informed on risk development four times a year.

Appropriate countermeasures are used to reduce recognized risks, e.g. adapting production processes, sales processes, technical workflows or activities for fire prevention.

In the first quarter of fiscal year 2009/10, the number of identified major risks remained unchanged at a total of 28. These are subdivided into company-related risks (14), market and competition-related risks (4) and legal and other risks (10). In a change from the previous quarter, one risk was reclassified from the category of market and competition-related risks to legal and other risks. There were no new individual risks in the quarter under review. In the reported risks, a total of 25 remained at a low to medium risk potential and therefore do not threaten the company as a going concern.

Three risks represent significant risk potential, an unchanged number from the previous quarter. The company depends heavily on suppliers providing high-quality components (quality risk) in the required amounts and by the required deadlines (dependency risks). Furthermore, product liability claims against the company could arise (technical risk).

The ongoing financial crisis can continue to impact the REpower Systems Group's net assets, financial position and results of operations. Some risks to REpower Systems AG increased in the reporting period due to the resulting economic uncertainty. For example, the financial crisis had a negative impact on sales opportunities and price levels. There is a protectionist tendency in the People's Republic of China due to the government there, which can also negatively affect REpower Systems AG's activities. In addition, the trend towards a larger share of new projects not in Euro also increases the risk of foreign currency fluctuations. The current low level of interest rates also gives rise to the risk of increasing interest rates in the case of an economic recovery.

Outlook

Market researchers at Danish company BTM Consult Aps expect a sharp increase in global installed output in the coming years despite the financial market crisis. Experts there forecast new installations in 2009 of 11,580 MW in Europe, 7,650 MW in America, and 9,650 MW in Asia. BTM Consult Aps also predicts that roughly 221 GW will be installed worldwide between 2009 and 2013, which would result in an increase of total global installed output to over 343 GW at the end of 2013.

In contrast to this, MAKE Consulting's forecast is more conservative at around 315 GW of total installed output at the end of 2013. Market researchers there expect fewer new installations for 2009, including at the national level, than their competitors BTM Consult. According to MAKE, Europe can expect to see new installed output of just 8,130 MW this year, while America can expect the installation of new turbines with total rated output of 7,270 MW. However, MAKE is confident in terms of the Asian market. New installed output there is expected to be 10,300 MW in 2009.

REpower believes the global market for onshore wind energy will continue to grow at an above-average rate due to the foreign markets of America and Asia following the restraint in the current year. With its successful MM type series, and new 3.3 MW turbine REpower 3.XM, the company is excellently prepared for the growing onshore market.

There are also good prospects in the offshore area: REpower expects business in the construction of wind turbines offshore to pick up significantly starting in the coming year. The company believes it is well-positioned in the offshore business thanks to its experience in constructing REpower 5M and 6M wind turbines.

Against the background of the uncertain global economic situation, REpower has already pointed out increased risks of project delays, some of which occurred in the first quarter of 2009/10 in the form of postponements from the first half of the year to the second. In the event of further project delays, the company believes that an impact on future performance in fiscal year 2009/10 is possible, with the result that sales and earnings are likely to be at the bottom end of the forecast as things stand. REpower had envisaged sales of EUR 1.4 billion to EUR 1.5 billion and an EBIT margin of 7.5 % to 8.5 % for the fiscal year.

Supplementary report

On July 15, 2009 REpower Systems AG and Ormonde Energy Limited (OEL), a subsidiary of Vattenfall AB, signed an agreement on the delivery of 30 REpower 5M offshore wind turbines with total rated output of 150 megawatts. The turbines are intended for the "Ormonde" wind farm, for which construction is slated to start at the beginning of 2011 approximately 35 km from Barrow-in-Furness on the Northwest coast of England.

On July 28, in an ad-hoc disclosure REpower Systems AG announced that their CFO of many years Pieter Wasmuth had stepped down from office. His employment contract was originally set to expire at the end of November 2009, but the parties came to a mutual agreement to end the contract on August 31, 2009. As CFO of REpower Systems AG, Pieter Wasmuth saw REpower through three capital increases and successfully closed a syndicated loan for the company in the quarter under review. REpower pursued his international growth strategy during his four-and-a-half years as CFO. Pieter Wasmuth was instrumental in driving forward the establishment of joint ventures in Portugal and China and the establishment of subsidiaries in Spain, Italy, France and other countries.

Responsibility statement

"To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year."

Hamburg, 13 August 2009

The Executive Board of REpower Systems AG



Per Hornung Pedersen
CEO



Pieter Wasmuth
CFO



Matthias Schubert
CTO



Lars Rytter Kristensen
CSCO

Consolidated balance sheet of REpower Systems AG in compliance with IFRS

Assets	(EUR)	2009/06/30	2009/03/31
Current assets			
Liquid funds		75,217,917	101,238,648
Shares in project corporations		25,999	25,999
Future accounts receivables from contract orders		163,241,794	134,866,158
Trade accounts receivable		133,026,356	123,609,985
Intragroup receivables		457,458	457,404
Receivables from associates and joint ventures		38,515,024	50,193,352
Inventories		267,497,781	240,870,415
Total other assets		109,672,373	122,151,613
Total current assets		787,654,702	773,413,574
Non-current assets			
Other Intangible assets		28,556,677	26,975,803
Goodwill		1,387,367	1,387,367
Property, plant and equipment		115,820,111	110,717,523
Investments in associates and other companies		7,681,379	6,719,309
Other financial investment		593,766	593,766
Borrowings		6,343,277	6,177,606
Deferred taxes		790,066	1,181,006
Other assets		1,082,923	1,206,356
Total non-current assets		162,255,566	154,958,736
Total assets		949,910,268	928,372,310

Liabilities	(EUR)	2009/06/30	2009/03/31
Short-term liabilities			
Short-term loans and current portion of longterm loans		1,657,049	6,448,171
Trade accounts payable		144,239,724	149,140,738
Liabilities from associates and joint ventures		133,454	256,315
Advance payments received		309,117,352	261,172,301
Provisions		25,459,405	23,411,774
Deferred sales		4,288,610	6,987,077
Income tax liabilities		3,654,750	4,586,896
Other financial liabilities		9,665,046	11,950,516
Other miscellaneous liabilities		3,166,433	14,982,427
Total short-term liabilities		501,381,823	478,936,215
Long-term liabilities			
Long-term loans		14,292,614	13,974,735
Capital from profit participation rights		10,000,000	10,000,000
Deferred taxes		16,586,322	17,121,345
Total long-term liabilities		40,878,936	41,096,080
Equity capital			
Subscribed capital		9,177,039	9,177,039
Additional paid-in capital		299,113,823	297,185,061
Currency translation		-242,026	-165,349
Change in current value of Cash Flow Hedges		5,575,683	12,762,658
Retained earnings		91,902,512	89,377,041
Equity entitled to shareholders		405,527,031	408,336,450
Minority interests		2,122,478	3,565
Total equity capital		407,649,509	408,340,015
Total liabilities		949,910,268	928,372,310

Consolidated income statement of REpower Systems AG in compliance with IFRS

Income statement	(EUR)	2009/04/01 - 2009/06/30	2008/04/01 - 2008/06/30
Sales		300,717,786	231,756,118
Changes in work in progress		-13,631,234	8,957,255
Company-produced additions to plant and equipment		0	175,000
Total performance		287,086,552	240,888,373
Other operating income		4,844,149	916,427
Cost of materials/cost of purchased services		-229,447,604	-196,796,276
Personnel expenses		-24,719,543	-17,050,174
Depreciation on property, plant and equipment and amortization on intangible assets		-3,598,049	-2,203,982
Other operating expenses		-23,458,748	-15,546,948
Operating result		10,706,757	10,207,420
Interest and similar financing income		539,067	959,554
Interest and similar financing expenses		-7,233,705	-1,004,150
Income from investments		580	0
Share of result from associates and joint-ventures		962,070	741,079
Income before taxes		4,974,769	10,903,903
Taxes on income		-2,780,385	-5,008,654
Net income for the year		2,194,384	5,895,249
Share of net income for the year attributable to minority interests		-331,087	-292,615
Share of net income for the year attributable to shareholders of the parent company		2,525,471	6,187,864
Earnings per share (undiluted)		0.28	0.69

Consolidated Statement of Comprehensive Income	(EUR)	2009/04/01 - 2009/06/30	2008/04/01 - 2008/06/30
Net income for the year		2,194,384	5,895,249
Hedging instruments of derivatives		-7,186,975	0
Other comprehensive income		-7,186,975	0
Total comprehensive income		-4,992,591	5,895,249

Consolidated cash flow statement of REpower Sytems AG in compliance with IFRS

Cash flow statement	(EUR)	2009/04/01 – 2009/06/30	2008/04/01 – 2008/06/30
Cash flow from operating activities			
Profit for the period before taxes		4,974,769	10,903,903
Adjustments for:			
Depreciation on property, plant and equipment, amortiza- tion of intangible assets and write-down of financial assets		3,598,049	2,203,982
Interest income		-539,067	-959,554
Interest expenses		7,233,705	1,004,150
Increase/decrease in provisions		2,047,631	11,192,604
Change in working capital		-19,022,057	-107,601,465
Interest received		539,067	959,554
Interest paid/Financial expenses		-7,233,705	-1,004,150
Income tax paid		-103,913	-375,716
Cash flows from/used in operating activities		-8,505,521	-83,676,692
Cash flow from investing activities			
Proceeds from the sale of fixed assets		36,998	11,968
Payments for the purchase of Intangible and tangible Assets		-8,287,843	-17,648,131
Cash flows used in the acquisition of investments		-8,250,845	-17,636,163
Cash flow from financing activities			
Borrowings of Loans		-4,473,243	-79,079
Cash flows used in/from financing activities		-4,473,243	-79,079
Increase/decrease in cash and cash equivalents		-21,229,609	-101,391,934
Cash and cash equivalents at the beginning of the period		94,790,477	176,909,665
Cash and cash equivalents at the end of the period		73,560,868	75,517,732
Bank balances		75,217,917	75,873,215
Short-term bank liabilities		-1,657,049	-355,484
Cash and cash equivalents at the end of the period		73,560,868	75,517,731

Consolidated changes in shareholders' equity of REpower Systems AG in compliance with IFRS

	Subscribed capital	Additional paid-in capital	Currency translation	
	in EUR	in EUR	in EUR	
Balance at 2008/04/01	8,993,576	282,441,254	-6,185	
Capital increase of executed but not yet registered employee stock option programme	183,463	7,621,053		
Stock option plans		7,122,753		
Change in the consolidated group				
Change in the direct recorded revenues and expenses in equity			-159,163	
Net result for the year				
Balance at 2009/03/31	9,177,039	297,185,060	-165,348	
Balance 2009/04/01	9,177,039	297,185,060	-165,348	
Stock option plans		1,928,762		
Capital increase minority interests				
Foreign currency translation			-76,678	
Change in the direct recorded revenues and expenses in equity				
Net result for the year				
Group result				
Balance at 2009/06/30	9,177,039	299,113,822	-242,025	

	Change in current value of Cash Flow Hedges in EUR	Retained earnings in EUR	Equity entitled to shareholders in EUR	Minority interests in EUR	Total shareholders equity in EUR
		37,076,530	328,505,175	612,544	329,117,719
			7,804,516		7,804,516
			7,122,753		7,122,753
		-189,758	-189,758	-55,243	-245,000
	12,762,658		12,603,495		12,603,495
		52,490,268	52,490,268	-553,737	51,936,532
	12,762,658	89,377,041	408,336,449	3,565	408,340,014
	12,762,658	89,377,041	408,336,449	3,565	408,340,014
			1,928,762		1,928,762
		0	0	2,450,000	2,450,000
			-76,678		-76,678
	-7,186,975		-7,186,975		-7,186,975
		2,525,471	2,525,471	-331,087	2,194,384
	-7,186,975	2,525,471	-4,661,504	-331,087	-4,992,591
	5,575,683	91,902,512	405,527,030	2,122,478	407,649,508

Group Notes as of 30 June 2009 according to IFRS

Accounting policies

These consolidated interim financial statements for the period from April 1, 2009 to June 30, 2009 were created from the single-entity financial statements of all the companies included in the consolidation. In accordance with commercial law, these statements had been converted to IFRS. The necessary consolidating entries were taken into consideration. The valuation provisions which are applicable in accordance with IFRS were also observed.

With the exception of IFRS 8 (2009), where implementation is not completed yet, the IFRS principles were observed in accordance with those applied to the most recent REpower Systems Group annual financial statements dated March 31, 2009. The accounting policies in the consolidated financial statements for 2009 were also used for the consolidated interim financial statements dated June 30, 2009. The single-entity financial statements which form its basis are in euros or have been converted using the official rate.

Due to the new version of IAS 1 "Presentation of Financial Statements", the consolidated financial statements contain a separate statement of comprehensive income for the first time, in addition to the income statement. The statement of comprehensive income reports the profit for the period as well as all changes reported directly in shareholders' equity for the period.

Scope of consolidation

There are investments in eleven foreign **sales companies** for the purpose of marketing the parent company's wind turbines as well as two investments in **project companies**. The scope of consolidation has not changed from the balance sheet date of March 31, 2009.

Investments accounted for using the equity method

The first two companies listed serve as production and sales companies to develop the sales markets in their respective countries. RETC Renewable Energy Technology Centre GmbH is a joint venture between REpower Systems AG, Hamburg and Suzlon Energy Ltd, India. Its aim is to combine the future strengths of the two companies in the area of research and technical training as well as to achieve strategic cooperation.

The proportional profits for the period are taken into consideration in the interim financial statements. In the first three months of fiscal year 2009/10, the Group generated sales of EUR 4.6 million from transactions with associated companies. Companies measured according to the equity method generated total earnings of EUR 1.0 million in the same period.

Scope of consolidation

During the reporting period shown, the scope of consolidation includes the following German and international companies which are fully consolidated:

	Group share of nominal capital	
	30 June 2009 [in %]	31 March 2009 [in %]
Sales companies		
REpower España S.L., Madrid, Spain	100.00	100.00
REpower S.A.S., Courbevoie, France	100.00	100.00
REpower Italia SRL, Milan, Italy	100.00	100.00
REpower Australia Pty Ltd., Melbourne, Australia	100.00	100.00
REpower Wind Systems, Beijing, People's Republic of China	100.00	100.00
REpower USA Corp., Portland, Oregon, USA	100.00	100.00
REpower Canada Inc., Montreal, Canada	100.00	100.00
REpower Benelux b.v.b.a., Brussels, Belgium	100.00	100.00
REpower UK Ltd., Edinburgh, Great Britain	100.00	100.00
REpower Diekat, Athens, Greece	60.00	60.00
Powerblades S.A. Olivera des Frades, Portugal	90.00	90.00
Project companies (all headquartered in Germany)		
REpower Betriebs- und Beteiligungs GmbH, Rendsburg	100.00	100.00
REpower Investitions- und Projektierungs GmbH & Co. KG, Rendsburg	100.00	100.00
Production and service companies		
PowerBlades GmbH, Bremerhaven, Germany	51.00	51.00
WEL Windenergie Logistik GmbH, Schloß Holte-Stukenbrock, Germany	100.00	100.00

Investments accounted for using the equity method

In the interim financial statements as of June 30, 2009, the following companies are included according to the equity method:

	Group share of nominal capital	
	30 June 2009 [in %]	31 March 2009 [in %]
REpower Portugal Sistemas Eolicos S.A., Oliveira de Frades, Portugal	50.00	50.00
REpower North China Ltd., Baotou, People's Republic of China	50.01	50.01
RETC Renewable Energy Technology Centre GmbH, Hamburg, Germany	50.00	50.00

Notes to the consolidated balance sheet

Total assets have increased EUR 21.5 million since the end of fiscal year 2008/09, resulting from several one-off effects explained in the following. The increase is made up of a rise in current assets of EUR 14.3 million and in non-current assets of EUR 7.2 million. The material changes between the balance sheet date of June 30, 2009 and that of March 31, 2009 are explained below:

Assets

The increase of EUR 14.3 million in **current assets** relates to a rise in receivables from customers and in construction contracts carried as assets totaling EUR 37.8 million, an increase in inventories of EUR 26.6 million, a decrease in other assets (from sales tax deferrals in particular) of EUR 12.4 million as well as a decline in receivables from associated companies of EUR 11.7 million. The total increase of EUR 14.3 million in current assets is financed exclusively by the use of short-term liquid funds. As a result, short-term liquid funds saw a EUR 26.0 million decline from the previous balance sheet date.

Non-current assets increased by EUR 7.3 million from the previous balance sheet date. This development primarily relates to an increase of EUR 5.1 million in property, plant and equipment (particularly due to the construction currently in progress of a new Osterrönnfeld production and administration site), a rise of EUR 1.6 million in intangible assets due to the capitalization of development costs, increased shares in associated companies and joint ventures totaling EUR 1.0 million (of which allocated earnings were EUR 1.0 million) as well as an decrease in deferred taxes of EUR 0.4 million).

Liabilities

Changes in liabilities totaling EUR 21.5 million comprise rises of EUR 22.4 million in current liabilities and decreases of EUR 0.2 million in non-current liabilities and of EUR 0.7 million in shareholders' equity.

Overall, **current liabilities** rose due to increased inventories. Trade payables decreased by EUR 4.9 million as of the balance sheet date. At the same time, advance payments received from customers on orders increased by EUR 47.9 million. These advance payments only cover those orders that were not to be included in the valuation in accordance with the percentage of completion method. The increase in provisions by EUR 2.1 million compared with March 31, 2009 is primarily due to deferrals for warranty expenses. All other liabilities increased slightly, rising by EUR 8.0 million overall.

The changes in **non-current liabilities** mainly relate to deferred tax liabilities from temporary differences between tax profits and the carrying amounts in accordance with IFRS.

Shareholders' equity has decreased by EUR 0.7 million since the previous balance sheet date. This performance can mainly be attributed to retained earnings of EUR 2.5 million, transfers of EUR 1.9 million into the capital reserves from employee option programs, directly recognized income and expenses of EUR -7.2 million and an increase in minority shareholdings of EUR 2.1 million.

Notes to the consolidated income statement

The consolidated income statement is structured the same way as that of March 31, 2009 – in accordance with the specifications as defined by IFRS 1. In this case, the reporting period relates to the period April 1, 2009 to June 30, 2009, Q1 of fiscal 2009/10.

In the first three months of fiscal year 2009/10, **total operating performance** of EUR 287.1 million was generated from the sale of wind turbines, services and license proceeds. Total operating performance increased slightly over the prior period (EUR 240.9 million). During the reporting period, 83 wind turbines with an output of 170 megawatts were installed (comparative period: 138 wind turbines with an output of 276 megawatts).

The **cost of materials** rose by EUR 32.6 million in line with sales performance. Relative to total output, the cost of materials totaled 79.9 % percent, having fallen 1.8 percentage points year-on-year due to the product mix. **Staff costs** rose by EUR 7.7 million due to an increase in the number of employees in fiscal year 2009/10. **Depreciation of property, plant and equipment and amortization of intangible assets** increased by EUR 1.4 million year-on-year as a result of higher investments and amortization of development costs. Including an increase of EUR 7.9 million in other operating costs, the operating result as of the balance sheet date is EUR 10.7 million. The operating result is EUR 0.5 million higher than on June 30, 2008.

Costs for signing the syndicated loan agreements led to **net finance costs** of EUR 6.7 million. **Investment income** totaling EUR 1.0 million was generated from associated companies and joint ventures. Overall, **earnings before tax** equal EUR 5.0 million as of the reporting date.

Tax expense totals EUR 2.8 million, 56 % of earnings before tax. With a consolidated tax rate of 30 % in terms of earnings before tax, tax expense is expected to be EUR 1.5 million. The difference of EUR 1.3 million is primarily the result of unscheduled dissolution of EUR 0.6 million from tax loss carryforwards and of EUR 0.7 million from permanent deviations between balance sheet items according to IFRS and the tax balance sheet values (mainly from expenses for the employee option program). The further acquisition of shares of the parent company through the Suzlon Group caused the dissolution of tax loss carry-forwards.

Overall, the Group has positive **earnings after taxes of EUR 2.2 million** as of the balance sheet date of June 30, 2009 (comparative period: EUR 5.9 million).

The Group's statement of comprehensive income contains the change in the fair value of cash flow hedges as of June 30, 2009. The cash flow hedges were entered into in the second quarter of fiscal year 2008/09.

Notes to the consolidated cash flow statement

The cash flow statement as of June 30, 2009 is compared to the cash flow statement as of the balance sheet date of the previous year, June 30, 2008. The cash flow statement as of the balance sheet date reflects the liquidity flow between the consolidated financial statements as of March 31, 2009 and the consolidated interim financial statements as of June 30, 2009.

Due to advance financing from current funds of the increased volume of business, the cash flow statement shows outflow of funds totaling EUR 21.2 million as of the balance sheet date (comparative period: outflow of EUR 101.4 million).

In the first three months of fiscal year 2009/10, the outflow of funds resulting from **operating activities** totaled EUR 8.5 million. This performance is due primarily to the outflow of liquidity in net current assets of EUR 19.0 million, while provisions were increased at the same time (notional cash inflow/savings) by EUR 2.0 million, write-downs of EUR 3.5 million and profit for the period before tax of EUR 5.0 million.

In terms of **investments**, there were outflows of EUR 8.3 million for investments in property, plant and equipment.

Due to financing growth from current cash flow, the change in **financing activities** is limited to current repayment of long-term loans totaling EUR 4.5 million.

Notes to segment reporting

Below are the data concerning segment earnings, assets and investments with standard industry aspects taken into account. Previous year figures are provided so that a comparison can be made more easily. The Group operates in the development, production and marketing of wind turbines. The primary reporting format for segmentation is geographical. REpower Systems AG makes the distinction between Germany and Rest of World. There is no secondary segment as only one product is manufactured.

Segment revenues compared with the previous period are as follows:

EUR	Segment revenue	
	2009/04/01- 2009/06/30	2008/04/01- 2008/06/30
Germany	28,492,426	14,391,180
Rest of world	272,225,360	217,364,938
	300,717,786	231,756,118

Segment assets compared with the previous period are as follows:

EUR	Segment assets	
	2009/06/30	2008/06/30
Germany	938,665,767	773,859,941
Rest of world	11,244,501	9,323,074
	949,910,268	783,183,016

Segment investments compared with the previous period are as follows:

EUR	Segment investments	
	2009/04/01- 2009/06/30	2008/04/01- 2008/06/30
Germany	6,901,540	17,540,660
Rest of world	1,386,303	107,471
	8,287,843	17,648,131