

# Interim Report

First nine months of fiscal year 2008/09

01 April-31 December 2008



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## REpower Systems Group figures

Group figures according to IFRS	<b>01.04.08– 31.12.08</b>	<b>Pro-Forma 01.04.07– 31.12.07</b>	<b>01.01.08– 31.03.08</b>
Sales in TEUR	850,510.6	582,452.2	147,405.8
Total operating performance in TEUR	842,880.1	552,742.5	150,162.1
Operating results in TEUR	38,123.4	27,946.9	3,050.9
Earnings before tax in TEUR	40,097.8	29,187.1	3,414.2
Net income in TEUR	26,110.0	21,103.4	1,378.1
Investments in TEUR on the balance sheet date	42,390.4	41,563.3	30,711.0
Number of employees (REpower Group) on the balance sheet date	1,640	1,005	1,246
	<b>31.12.08</b>		
Total assets in TEUR	875,351.0		
Shareholders' equity in TEUR	377,932.2		
Equity ratio in %	43		
Shares outstanding* (1 EUR)	9,115,235		
Earnings per share (undiluted) in EUR	2.98		
Xetra closing price in EUR on 30 December 2008	111.0		

\* weighted average

## Group Management report on the first nine months of the fiscal year 2008/09

### Market performance

Triggered by the US sub-prime mortgage crisis in the summer of 2007, the financial market crisis had a global impact over the previous year; credit crunch, currency devaluations and interest rate drop, sinking demand and export reductions led the global economy into recession in 2008. However, the German economy grew in the previous year, albeit modestly. This was the conclusion of the Federal Statistical Office of Germany during a press conference held in January 2009. According to the authority's initial calculations, Gross Domestic Product (GDP) adjusted for price for 2008 rose by 1.3% over the previous year. In 2007 GDP was still 2.5% (3.0% in 2006) above the previous year.

However, the German government has drastically lowered its growth forecast of +0.2% for 2009; in the face of the crisis, the coalition now expects a reduction in German economic performance of 2.25%.

Despite the significant weakening of the economy, investors in wind energy projects' market return expectations remain high, as above-average growth of the global wind energy market is still expected.

The discussion about dependence on importers of fossil fuels has received increased attention over recent months due to the standoff over the gas supply between Russia and Ukraine. Furthermore, the way has also been paved for the expansion of wind energy in the USA with the election of President Obama, who was sworn into office on 20 January 2009. Wind, water, solar and biomass power are to cover a quarter of energy consumption in the USA by 2025, for which USD 150 billion will be made available over the next 10 years.

The political conditions for wind energy projects will also improve in Germany in 2009. The amendment to the German Renewable Energy Sources Act (EEG) came into force on 1 January 2009. This provides for an improvement on and adjustment of remuneration levels to current market and cost developments.

From 1 January 2009, feed-in tariffs for onshore wind turbines will be raised to 9.2 cents/kWh. Remuneration for offshore wind turbines was also increased and stands at 13 cents/kWh this year. Furthermore a bonus of another 2 cents/kWh is ensured for offshore wind turbines whose construction is started before 31 December 2015. The German government's ambitious goal of meeting 30% of the primary energy requirement in Germany with electricity from renewable energies should therefore be achieved by 2020.

## News in the reporting period

The negotiations on the conclusion of a control and profit transfer agreement, initiated by the major shareholder of REpower Systems AG, the Suzlon Group, were discontinued at the end of October. This was the result of talks with a bank consortium about growth financing of REpower. The consortium made it a prerequisite for the conclusion of the financing agreements that the control and profit transfer agreement be removed from the agenda.

In December 2008, the Suzlon Group came to agreement with the Portuguese Martifer Group on a payment plan for the purchase of the 22.4% share in REpower Systems AG. According to Suzlon and Martifer, the transaction volume amounts to a total of EUR 270 million. The purchase will take place in three instalments and be concluded by May 2009. The first transaction of around EUR 65 million took place on 30 December 2008. According to its own statements, Suzlon currently holds a 73.71% interest in REpower Systems AG's share capital. Due to the voting rights pool with the Martifer Group, existing since 2007, the Indian wind turbine manufacturer already has a voting rights share of around 91% in REpower.

At the end of November REpower Systems AG and Deutsche Offshore-Testfeld und Infrastrukturgesellschaft mbH & Co. KG (DOTI) signed an agreement for the delivery and construction of six REpower 5M wind turbines. The REpower turbines are expected to be installed from mid-July 2009 in the alpha ventus construction field, 45 kilometres north of Borkum Island.

At the beginning of December, REpower Systems AG constructed the prototype of its new 3.XM onshore wind energy turbine, which it has already exhibited at Husum WindEnergy 2008 in September. A few weeks later another 3.XM turbine was constructed at the same location. The 3.XM turbine has a rated power of 3.3 megawatts, a rotor diameter of 104 metres and a hub height of 80 metres. It closes the gap between the previous onshore series and the five and six megawatt offshore class and demonstrates especially low acoustic emissions.

The first three turbines of offshore type REpower 6M have been assembled at the new production location in Bremerhaven. The turbines, each with six megawatt rated power are to be erected at the beginning of 2009 in the Westre Bürger wind farm close to the German-Danish border. There they will be subjected to a comprehensive test programme and type test in line with DIBt (Deutsches Institut für Bautechnik – German Institute for Construction) guidelines.

REpower again posted new orders in the third quarter of the year under review. The company concluded contracts in France and the USA for the delivery of a total of 44 wind turbines. The REpower MM92 type turbines, each with 2 megawatt (MW) rated power are planned for wind farms in north-eastern France and US state Oregon. The French project is part of a framework agreement which REpower and Electrabel, a subsidiary of GDF SUEZ, had already concluded in 2007. In the USA, REpower gained John Deere Renewables LLC as a new customer.

In December 2008, REpower Systems AG began construction of its new research and development centre in Osterrönfeld (Schleswig-Holstein). The investment volume for this project amounts to over EUR 30 million. In the medium and long term, REpower wants to create between 150 and 200 new job opportunities in the region with the investment.

## The share

As a consequence of the global financial market crisis, the share prices took a further hit in the reporting period. The Dow Jones and the Nikkei 225 indices again fell below 9,000 points for the first time in years. The DAX also followed suit: in the first two weeks of October, the German stock market barometer fell by 28% and reached its lowest point for the year on 24 October with 4,014.60 points.

The German technology index TecDAX also posted a price drop: over the course of 2008 it lost almost 48% and sank in November below the 450 point mark.

Driven by speculation about the takeover of the company by the Suzlon Group and as a reaction to the discontinued negotiations about the control and profit transfer agreement with the Suzlon Group, the REpower share also fell to its lowest of the year at EUR 55.01 on 28 October 2008. From November, the share recovered somewhat and performed to a large extent parallel with its benchmark TecDAX. On 254 trading days in 2008, an average of 14,182 REpower shares were traded each day on the Xetra trading platform. The REpower share closed on 30 December 2008 with a price of EUR 111.00. The REpower share price performance can be found on our homepage ([www.repower.de](http://www.repower.de)) in the Investor Relations section.

## Annual General Meeting and changes to the corporate bodies

Kiritkant Jasvantrai Vagadia and Girish R. Tanti were elected as new members to the REpower Systems AG Supervisory Board at this year's Annual General Meeting on 20 August 2008. In October 2008, a new employee representative also took up office in the Supervisory Board. With effect from 24 October, Mr Kai Trede replaced Mr Oliver Heinecke.

## Business development

*Business figures from the first nine months of fiscal year 2008/09 (1 April 2008 to 31 December 2008) are compared with those from short fiscal year 2008 (1 January 2008 to 31 March 2008).*

## Earnings situation

Including the financial data of consolidated affiliated companies, the company generated a total operating performance of EUR 842.9 million in comparison with EUR 150.2 million in the short fiscal year 2008. Sales improved significantly, increasing from EUR 147.4 million at the end of March 2008 to the current figure of EUR 850.5 million.

EBIT increased from EUR 3.1 million on 31 March 2008 to EUR 38.1 million at the end of December 2008. The increase in EBIT was associated with a rise in net earnings. At the end of 2008, net profit amounted to EUR 26.1 million against EUR 1.4 million at the end of March 2008.

### Wind turbine models recognised in income

Turbine type	2008/09 01.04.-31.12.08		Short fiscal year 2008 01.01.-31.03.		2007 (Pro-Forma) 01.04.-31.12.07	
	Number of turbines	Total output in MW	Number of turbines	Total output in MW	Number of turbines	Total output in MW
5M	6	30.0	-	-	5	25.0
MM92	217	434.0	31	62.0	104	208.0
MM82	189	378.0	32	64.0	131	262.0
MM70	4	8.0	-	-	12	24.0
MD77	-	-	2	3.0	47	70.5
MD70	-	-	-	-	1	1.5
<b>Total</b>	<b>416</b>	<b>850.0</b>	<b>65</b>	<b>129.0</b>	<b>300</b>	<b>591.0</b>

### Order performance

The order backlog rose again in the reporting period: On 31 December 2008, it amounted to 708 wind turbines (last year's reporting date: 636 turbines) with a total rated power of 1,502.6 megawatts (31 March 2008: 1,422.0 megawatts; 31 December 2007: 1,300.5 megawatts). Potential sales volume is thus over EUR 1.6 billion (31 March 2008: EUR 1.4 billion, 31 December 2007: EUR 1.3 billion). This represents an increase of 23% against 31 March 2008. The average price per megawatt rose against 31 December 2007 by 7% from EUR 1.00 million to EUR 1.07 million. This results firstly from price rises reflected in incoming orders over the first half of the year and secondly from a change to the product mix, and partly to the scope of individual orders. In particular, the relative proportion of the turbines for which REpower assumes responsibility not only for delivery, but also for transport and installation has increased.

### Development of order backlog

Turbine type	31.12.08		31.03.08		31.12.07	
	Number of turbines	Total output in MW	Number of turbines	Total output in MW	Number of turbines	Total output in MW
6M	3	18.0	3	18.0	3	18.0
5M	24	120.0	6	30.0	6	30.0
3.XM	2	6.6	-	-	-	-
MM92	484	968.0	407	814.0	358	716.0
MM82	195	390.0	276	552.0	262	524.0
MM70	-	-	4	8.0	4	8.0
MD77	-	-	-	-	3	4.5
<b>Total</b>	<b>708</b>	<b>1,502.6</b>	<b>696</b>	<b>1,422.0</b>	<b>636</b>	<b>1,300.5</b>

21% of the turbines in the order backlog are for Germany, while over 79% go abroad.

## Installed capacity

In the period between April and December 2008, REpower Systems AG installed a total of 416 turbines with a total capacity of 850.0 MW, which had an impact on sales. In the same period of last year, 300 turbines with a total output of 591.0 MW were installed. In terms of total installed capacity, this equates to an increase of almost 44%.

## Net assets and financial situation

In the reporting period, total assets increased by EUR 145.0 million from EUR 693.5 million as of the end of the short fiscal year to EUR 875.4 million, primarily due to the sharp increase in current assets.

Within current assets, inventories increased from EUR 144.8 million at the end of the short fiscal year 2008 to a current EUR 220.6 million. Furthermore, trade receivables (+EUR 57.6 million) and construction contracts carried as assets (+EUR 42.5 million) also posted significant increases.

Within liabilities, current liabilities increased from EUR 346.0 million to EUR 450.7 million, driven by a sharp increase in trade accounts payable and the decline in advance payments received.

Non-current liabilities increased from EUR 18.4 million at the end of the short fiscal year to EUR 46.7 million at the end of December 2008. At the same time, shareholders' equity increased from EUR 329.1 million to EUR 377.9 million.

By resolution of the Annual General Meeting on 20 August 2008, no dividends were distributed for the fiscal year 2008 so that the funds are retained in the company and continue to remain available for the purpose of financing further growth. In the reporting period, funds amounting to EUR 42.4 million were used for investments.

## Research and Development

At the HUSUM WindEnergy 2008, REpower unveiled its new wind turbine with a rated output of 3.3 megawatts: the 3.XM. At the very beginning of 2009, the first of a total of two REpower 3.XM wind turbines were constructed and the second turbine was erected shortly afterwards in January. After they have been commissioned, both turbines will be subjected to an extensive test and validation programme to carry out optimisation and pass the necessary tests to achieve type certification. The coastal site near Husum with strong winds was chosen as a site for the prototypes, as it offers ideal conditions for the planned tests.

The RE50.8 rotor blade is designed especially for the REpower 3.XM.

The blade was developed internally and includes the experience gained through the development of the RE40/RE45 blades. It also demonstrates high aerodynamic efficiency and significantly contributes to the low acoustic output level of the turbine. It is expected that three more REpower 3.XM turbines will be erected at a coastal site near the Danish border during the first half of the 2009/10 fiscal year. These will also constitute the pilot series of this new range.

The 6M prototype turbines are currently in the final stages of assembly at the new production site in Bremerhaven. The erection of these turbines is planned for the first quarter of 2009. The 6M technology builds upon the very good experience that was already gained from the 5M range. The turbines not only set themselves apart from the 5M with the rated output increase to 6 megawatts, but also with the integration of current and future requirements in terms of the SCADA remote monitoring and management system and grid properties.

For the entire product line-up including the MM range, REpower offers electronic properties which can be extended with further modules – the so-called grid products. These are continually being developed to support fulfilment of the network requirements.

With regards to REpower's own REguard SCADA system, the REguard Interface B OPC-DA was developed for the MM range to allow customers direct SCADA access to their wind farm. It can be integrated into existing SCADA systems.

To meet the market requirements for domestic and low-wind locations, two hub heights for the 3.XM and for the MM series are currently being developed.

## Staff situation

The number of employees in the REpower Systems Group has again increased compared to the corresponding period of the previous year, and totalled 1,640 on 31 December 2008, compared with 1,160 employees on 31 December 2007.

REpower currently employs 34 interns and students and 55 trainees. All apprentice positions have been filled. Almost 40% of all REpower employees have a technical background and around 24% of employees are engineers.

Staff development	31.12.08	31.03.08	31.12.07
Staff at REpower Systems Group	1,640	1,246	1,160
Staff at REpower Systems AG	1,206	1,060	1,005

## Opportunities and risk report

The additional individual risk of currency exchange fluctuations was identified for the third quarter of 2008/09. Based on the medium term growth forecasts and the associated expansion activities of our business on international markets, invoicing can no longer be carried out exclusively in euros. Accordingly, an increased foreign exchange risk is assumed.

Currency exchange fluctuations can have a negative impact on REpower Systems AG's assets, financial and earnings situation. Foreign exchange management has been implemented to meet the foreign exchange risk.

Possible effects of the financial market crisis on REpower Systems AG's asset, financial and earnings situation will be combated at various points with risk control and countermeasures.

Triggered by the US mortgage bank crisis, there is currently great uncertainty on the capital market, reflected in global interest rate decreases. This greatly reduces the risk of high interest in the case of new credit, but is more than fully compensated by the banks' higher risk aversion, associated with higher margins. For the risk of changes in interest rates, there is a correspondingly higher chance of occurrence in relation to the effects in the case of financing costs. Risk control thus involves permanently monitoring interest rate developments in Europe and America to check in good time the use of corresponding interest rate hedging measures in the case of future borrowing.

Continual monitoring of suppliers' economic situations has been established for the risk of dependence upon suppliers. The definition and development of our own department which has as its focus supplier support and monitoring are also among the intended measures in this regard.

The financial market crisis could have an effect on the risk of clients' credit worthiness. Countermeasures have also been introduced here which relate mainly to the inspection of client credit worthiness and the evaluation of the securitisation and are implemented for both new and old clients.

No major changes have taken place in the other individual risks since the last reporting period.

## Forecast

In 2008, MAKE Consulting expects a newly installed output of 9,000 MW in America, 7,885 MW in Europe and new installations totalling 6,980 MW in Asia. They also forecast global growth in installed output of over 24,000 MW in 2008. By 2013, the cumulated global installed output is expected to be over 300,000 MW.

However, MAKE also anticipate negative consequences for the wind turbine business due to the weakened global economy. The Danes have lowered their market prognosis for 2009: In America, it is anticipated that only 7,200 MW will be installed, instead of the 8,900 MW previously forecast. In Europe, MAKE expects new installations amounting to 7,130 MW in comparison to the 10,030 MW previously forecast for 2009.

REpower believes that the political aim of the German government to replace 30% of primary energy consumption with renewable energy by 2020 can only be achieved if more wind energy can be produced offshore. REpower is of the opinion therefore that the offshore business will play an important role in the coming years.

For the next fiscal year, REpower affirms its forecasted sales growth of 30% to 35% (based on the sales target of EUR 1.1 billion in fiscal year 2008/09) which had been adjusted in November 2008. However, given the current unstable global economy REpower presumes a growing risk of project shifts on the part of customers. In terms of installed output, this equates to an increase of between 10% and 15%. The more rapid sales growth is the result firstly of price increases against the previous year and secondly of the change in the product mix and the scope of individual orders. This prognosis is accompanied by an improvement in the EBIT margin to between 7.5% and 8.5%.

## Responsibility statement

"To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated interim financial statements give a true and fair view of the assets, financial and earnings situation of the Group, and the group interim management report 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 in the remaining fiscal year."

Hamburg, 12 February 2009

The Executive Board of REpower Systems AG

Per Hornung Pedersen  
 Pieter Wasmuth (CFO)  
 Matthias Schubert (CTO)  
 Lars Rytter Kristensen (CSCO)

### Consolidated balance sheet of Repower Systems AG in compliance with IFRS

Assets	(EUR)	31.12.2008	31.03.2008
<b>Current assets</b>			
Liquid assets		58,956,310	177,578,201
Shares in project corporations		25,999	25,999
Future accounts receivables from contract orders		161,474,583	118,945,782
Trade accounts receivable		108,794,279	51,193,348
Intragroup receivables		901,732	526,387
Receivables from associates and joint ventures		34,436,428	21,278,088
Inventories		220,625,540	144,840,304
Total other assets		139,581,269	63,798,458
<b>Total current assets</b>		<b>724,796,140</b>	<b>578,186,567</b>
<b>Non-current assets</b>			
Other Intangible assets		28,107,740	22,279,552
Goodwill		1,387,367	1,387,367
Property, plant and equipment		104,270,093	77,172,317
Investments in associates and other companies		6,476,978	4,497,432
Other financial investment		642,923	625,518
Borrowings		6,294,118	6,728,527
Deferred taxes		2,107,649	1,039,962
Other assets		1,267,962	1,596,603
<b>Total non-current assets</b>		<b>150,554,830</b>	<b>115,327,278</b>
<b>Total assets</b>		<b>875,350,970</b>	<b>693,513,845</b>

Liabilities	(EUR)	31.12.2008	31.03.2008
<b>Short-term liabilities</b>			
Short-term loans and short-term percentage of longterm loans		19,668,838	668,536
Trade accounts payable		225,575,399	92,396,012
Liabilities from associates and joint ventures		5,422,815	11,472,547
Advance payments received		149,719,573	202,239,688
Provisions		26,875,975	20,451,201
Deferred sales		10,877,714	7,003,186
Income tax liabilities		1,014,934	1,524,010
Other short-term liabilities		11,554,120	10,260,174
<b>Total short-term liabilities</b>		<b>450,709,368</b>	<b>346,015,354</b>
<b>Long-term liabilities</b>			
Long-term loans		17,733,893	1,375,059
Capital from profit participation rights		10,000,000	10,000,000
Deferred taxes		18,975,469	7,005,713
<b>Total long-term liabilities</b>		<b>46,709,362</b>	<b>18,380,772</b>
<b>Equity capital</b>			
Subscribed capital		9,176,064	8,993,576
Capital reserve		295,742,834	282,441,254
Exchange differences		-17,559	-6,185
Derivative Financial Assets		9,231,817	0
Earned group equity		64,220,706	37,076,530
Equity entitled to shareholders		378,353,862	328,505,175
Minority interests		-421,622	612,544
<b>Total equity capital</b>		<b>377,932,240</b>	<b>329,117,719</b>
<b>Total liabilities</b>		<b>875,350,970</b>	<b>693,513,845</b>

### Consolidated income statement of Repower Systems AG in compliance with IFRS

Income statement	(EUR)	01.04.08- 31.12.08	01.01.08- 31.03.08
Sales		850,510,570	147,405,839
Changes in work progress		-7,801,008	2,678,962
Company-produced additions to plant and equipment		170,543	77,291
<b>Total performance</b>		<b>842,880,105</b>	<b>150,162,092</b>
Other operating income		9,735,450	2,435,934
Cost of material/cost of purchased services		-690,794,189	-120,478,805
Personnel expenses		-56,461,308	-14,274,286
Depreciation on property, plant and equipment and amortization on intangible assets		-7,951,985	-1,970,683
Other operating expenses		-59,284,649	-12,823,369
<b>Operating result</b>		<b>38,123,424</b>	<b>3,050,883</b>
Interest and similar financing income		3,370,493	2,174,642
Interest and similar financing expenses		-3,070,034	-1,913,481
Share of result from associates and joint-ventures		1,673,953	102,172
<b>Income before taxes</b>		<b>40,097,836</b>	<b>3,414,216</b>
Taxes on income		-13,987,825	-2,036,078
<b>Net income for the year</b>		<b>26,110,011</b>	<b>1,378,138</b>
Share of net income for the year attributable to minority interests		-1,034,166	-101,309
Share of net income for the year attributable to shareholders of the parent company		27,144,177	1,479,447
Earnings per share (undiluted)		2,98	0.16
Weighted average shares outstanding		9,115,235	8,993,576

### Consolidated Cash flow statement of REpower Systems AG in compliance with IFRS

Cash flow statement	(EUR)	01.04.08- 31.12.08	01.01.08- 31.03.08
<b>Cash flow from operating activities</b>			
Profit for the period before taxes		40,097,836	3,414,216
Adjustments for:			
Depreciation on property, plant and equipment, amortization of intangible assets and write-down of financial assets		7,951,985	1,970,683
Interest income		-3,370,493	-2,174,642
Interest expenses		3,070,034	1,220,709
Increase/decrease in provisions		6,424,774	-314,233
Profit/loss on disposal of fixed assets		0	-11,115
Change in working capital		-173,723,567	58,241,829
Interest received		3,370,493	2,174,642
Interest paid		-3,070,034	-1,220,709
Income tax paid		-104,663	166,260
<b>Cash flows from/used in operating activities</b>		<b>-119,353,634</b>	<b>63,467,640</b>
<b>Cash flow from investing activities</b>			
Proceeds from the sale of fixed assets		36,998	803,054
Payments for the purchase of property, plant and equipment		-42,427,430	-31,514,096
<b>Cash flows used in the acquisition of investments</b>		<b>-42,390,432</b>	<b>-30,711,042</b>
<b>Cash flow from financing activities</b>			
Proceeds from equity appropriation		7,763,040	0
Borrowings of Loans		16,358,834	-281,870
<b>Cash flows used in/from financing activities</b>		<b>24,121,874</b>	<b>-281,870</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>-137,622,193</b>	<b>32,474,729</b>
Cash and cash equivalents at the beginning of the period		176,909,665	144,434,935
<b>Cash and cash equivalents at the end of the period</b>		<b>39,287,472</b>	<b>176,909,665</b>
Bank balances		58,956,310	177,578,201
Short-term bank liabilities		-19,668,838	-668,536
<b>Cash and cash equivalents at the end of the period</b>		<b>39,287,472</b>	<b>176,909,665</b>

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

Consolidated changes in shareholders' equity (EUR)	Subscribed capital	Additional paid-in capital	Currency translation	
<b>Balance at 01.01.2008</b>	<b>8,993,576</b>	<b>280,895,128</b>	<b>64,948</b>	
Share option plans	0	1,546,126	0	
Foreign currency translation	0	0	-71,133	
Net result for the year	0	0	0	
Group result			-71,133	
<b>Balance at 31.03.2008</b>	<b>8,993,576</b>	<b>282,441,254</b>	<b>-6,185</b>	
<b>Balance at 01.04.2008</b>	<b>8,993,576</b>	<b>282,441,254</b>	<b>-6,185</b>	
Capital increase of executed but not yet registered employee stock option programme	182,488	7,580,552		
Stock option plans		5,721,028		
Hedging instruments of derivatives less tax advantages				
Foreign currency translation			-11,374	
Net result for the year				
<b>Balance at 31.12.2008</b>	<b>9,176,064</b>	<b>295,742,834</b>	<b>-17,559</b>	

	Derivative financial assets	Retained earnings	Equity attributable to shareholders	Minority interests	Total shareholders' equity
	<b>0</b>	<b>35,597,083</b>	<b>325,550,735</b>	<b>713,853</b>	<b>326,264,588</b>
	0	0	1,546,126	0	1,546,126
	0	0	-71,132	0	-71,132
	0	1,479,447	1,479,446	-101,309	1,378,137
	0	1,479,447	1,408,314	-101,309	1,307,005
	<b>0</b>	<b>37,076,530</b>	<b>328,505,175</b>	<b>612,544</b>	<b>329,117,719</b>
	<b>0</b>	<b>37,076,530</b>	<b>328,505,175</b>	<b>612,544</b>	<b>329,117,719</b>
	0		7,763,040		7,763,040
	0		5,721,028		5,721,028
	9,231,817		9,231,817		9,231,817
	0		-11,374		-11,374
	0	27,144,176	27,144,176	-1,034,166	26,110,010
	<b>9,231,817</b>	<b>64,220,706</b>	<b>378,353,862</b>	<b>-421,622</b>	<b>377,932,240</b>

### Segment financial reporting as at 31,12,08

Segment revenues compared with the previous period are as follows:

(EUR)	Segment revenues	
	01.04.08- 31.12.08	01.01.08- 31.03.08
Germany	119,352,376	17,282,844
Rest of world	731,158,194	130,122,995
	<b>850,510,570</b>	<b>147,405,839</b>

Segment assets compared with the previous period are as follows:

(EUR)	Segment assets	
	31.12.08	31.03.08
Germany	859,771,553	685,320,688
Rest of world	15,579,417	8,193,157
	<b>875,350,970</b>	<b>693,513,845</b>

Segment investments compared with the previous period are as follows:

(EUR)	Segment investments	
	31.12.08	31.03.08
Germany	41,711,300	31,293,771
Rest of world	716,130	220,325
	<b>42,427,430</b>	<b>31,514,096</b>



## Notes to the consolidated accounts as per 31 December 2008 (limited review) in compliance with IFRS

### Accounting policies

The consolidated interim financial statements for the period 1 April 2008 to 31 December 2008 were produced from the single-entity financial statements of all the companies included. 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.

The IFRS principles were observed in accordance with those applied to the most recent REpower Systems Group annual financial statements dated 31 March 2008. The accounting policies in the consolidated financial statements for 2008 were also used for the consolidated interim financial statements dated 31 December 2008. The single-entity financial statements which form its basis are in euros or have been converted using the official rate.

### Scope of consolidation

There are investments in ten foreign **marketing companies** for the purpose of marketing the parent company's wind turbines. There are also investments in **production and service companies** as well as in **project companies**.

### Investments valued according to the equity method

The first two companies listed serve as production and sales companies for the development of the markets in their respective country. In the future, RETC Renewable Energy Technology Centre GmbH will run a development centre at the parent company's site in collaboration with the Suzlon Group.

The proportional profits for the period are taken into consideration in the interim financial statements. In the first 9 months of the 2008/09 fiscal year, the Group generated sales totalling EUR 40.7 million from transactions with the associated companies.

## 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	
	31 December 08 [in %]	31 March 2008 [in %]
<b>Sales companies</b>		
REpower España S.L., Madrid, Spain	100,00	100,00
REpower S.A.S., Courbevoie, France	100,00	100,00
REpower Italia SRL, Mailand, Italy	100,00	100,00
REpower Australia Pty Ltd., Melbourne, Australia	100,00	100,00
REpower Wind Systems, Peking, PR 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., Brüssel, Belgium	100,00	100,00
REpower UK Ltd., Edinburgh, UK	67,00	67,00
REpower Diekat, Athen, Greece	60,00	60,00
<b>Production &amp; service companies</b>		
PowerBlades GmbH, Bremerhaven, Germany	51,00	51,00
WEL Windenergie Logistik GmbH; Schloß Holte-Stukenbrock, Germany	100,00	0,00
<b>Project companies</b>		
REpower Betriebs- und Beteiligungs GmbH, Rendsburg, Germany	100,00	100,00
REpower Investitions- und Projektierungs GmbH & Co. KG, Rendsburg, Germany	100,00	100,00

## Investments valued according to the equity method

In the interim financial statements as at 31 December 2008, the following companies are included according to the equity method:

	Group share of nominal capital	
	31 December 08 [in %]	31 March 08 [in %]
REpower Portugal Sistemas Eolicos S.A., Oliveira de Frades, Portugal	50.00	50.00
REpower North China Ltd., Baotou, PR 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 seen an increase of EUR 181.8 million since the end of short fiscal year 2008. This performance is in line with the requirements from the increased order backlog and can be attributed to an increase of EUR 146.6 million in current assets and an increase of EUR 35.2 million in non-current assets. The material changes between the balance sheet date of 31 December 2008 and that of 31 March 2008 are explained below:

### Assets

The increase of EUR 146.6 million in **current assets** relates to an increase of EUR 100.5 million in receivables from customers and construction orders carried as assets, EUR 75.8 million in inventories, EUR 13.2 million in receivables from associates and joint ventures and EUR 75.8 million in other assets. The total increase of EUR 146.6 million in short-term assets is financed exclusively by the use of short-term liquid funds. As a result, short-term liquid funds saw a EUR 118.6 million decline from the previous balance sheet date.

**Non-current assets** increased by EUR 35.2 million from the previous balance sheet date. This development primarily relates to an increase of EUR 27.1 million in property, plant and equipment (particularly due to the renovation currently in progress of the Bremerhaven production site and the addition of the fleet from the purchase of WEL Windenergie Logistik GmbH, Schloss Holte-Stukenbrock), a rise of EUR 5.8 million in intangible assets due to the capitalisation of development costs and increased shares in associated companies and joint ventures totalling EUR 2.0 million.

### Liabilities

Changes in liabilities totalling EUR 181.8 million comprise rises of EUR 104.7 million in current liabilities, EUR 28.3 million in non-current liabilities and EUR 48.8 million in shareholders' equity.

Overall, **current liabilities** rose due to the increased backlog. Trade payables increased by EUR 133.2 million from the previous balance sheet date due to the increased volume for the advance financing of inventories from the current cash flow. At the same time, advance payments received saw a decline of EUR 52.5 million due to advance payments from customers for orders. These advance payments only cover those orders which were not to be included in the valuation in accordance with the percentage of completion method. The advance payments have decreased as a result of the increase in assets measured with the PoC method as of 31 December 2008. The rise in provisions by EUR 6.4 million in comparison with 31 March 2008 is mainly the result of the increase in other provisions both in the parent company as well as in the subsidiaries. The share of current loans has risen by EUR 19.0 million against the previous period.

Changes in **non-current liabilities** mainly affect the deferral of deferred tax liabilities resulting from temporary differences between statutory computation of taxable profit and carrying amounts in accordance with IFRS and the assumption of long-term loans.

Shareholders' equity has seen an increase of EUR 48.8 million since the previous balance sheet date. This performance can mainly be attributed to the profit of EUR 26.1 million for the period as well as transfers of EUR 22.5 million into the capital reserves from employee option programs and hedging instruments from derivatives.

## Notes to the consolidated income statement

The consolidated income statement is structured the same way as that of 31 March 2008 – in accordance with the specifications as defined by IFRS 1. In this case, the reporting period relates to the period 1 April 2008 to 31 December 2008, the first nine months of the fiscal year 2008/09. Due to the conversion of the accounting year as of 31 March 2008 to a period which deviates from the calendar year – 1 April to 31 March of the following year – the previous year period from 1 January to 31 March 2008 is provided for reference in the income statement.

In the first nine months of the fiscal year 2008/09, a **total operating performance** of EUR 842.9 million was generated from the sale of wind turbines, service and license proceeds. The total operating performance was more than five times that of the same period (EUR 150.2 million) of the previous year. During the reporting period, 416 wind turbines with an output of 850 megawatts were installed (comparative period: 65 wind turbines with an output of 129 megawatts).

The **cost of materials** rose by EUR 570.3 million in line with revenues performance; relative to total output, the cost of materials totalled 82.0%, having risen 1.7 percentage points year-on-year. This development is due to the fact, that an increased number of high margin projects will be carried out in Q4 of the current fiscal year. Staff costs rose by EUR 42.2 million to EUR 56.5 million due to a further increase in the number of employees. Depreciation on property, plant and equipment and amortisation on intangible assets increased by EUR 6.0 million to EUR 8.0 million year-on-year due to a rise in investments and scheduled depreciation of development costs. Including an increase of EUR 46.5 million to EUR 59.3 million in other operating costs, the operating result as of the balance sheet date is EUR 38.1 million. The operating result is EUR 35.1 million higher than on 31 March 2008.

The **financial result** remained unchanged on the previous year. **Investment income** totalling EUR 1.7 million was generated from associated companies and joint ventures. Overall, **earnings before tax and interest** equal EUR 40.1 million.

**Tax expense** totals EUR 14.0 million, 35% of earnings before tax. With a consolidated tax rate of 30% related to earnings before tax, tax expense is expected to equal EUR 12.0 million. The difference of EUR 2.0 million is **primarily** the result of unscheduled amortisation from tax loss carry forwards and from permanent deviations between balance sheet items according to IFRS and the tax balance sheet values (mainly from expenses for the employee option programme). As a result of the acquisition of the majority of shares in the parent company by the Suzlon Group and the associated abolition of tax loss carry forwards there was partial amortisation of the tax loss carry forwards.

Overall, the Group shows positive **earnings after taxes of EUR 26.1 million** as at the balance sheet date 31 December 2008 (comparative period: EUR 1.4 million).

## Notes to the consolidated Cash flow statement

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

Due to advance financing from current funds of the increased volume of business, the cash flow statement shows outflow of funds totalling EUR 137.6 million (comparative period: inflows of EUR 32.5 million) as at the balance sheet date.

In the first nine months of fiscal 2008/09, the outflow of funds resulting from **operating activities** totalled EUR 119.4 million. This performance is due primarily to the outflow of liquidity in net current assets.

In terms of **investments**, there was an outflow of EUR 42.4 million for investments in property, plant and equipment for investments.

As the current cash flow is being utilised to finance growth, the change in **financing activities** is **mainly** limited to taking out long-term loans totalling EUR 16.4 million and to inflows from equity injections resulting from an employee option programme totalling EUR 7.8 million.



