

# Interim Report

First half of fiscal year 2009/10

(2009/04/01-2009/09/30)



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## Key figures of REpower Systems Group

Key figures (IFRS)	2009/04/01- 2009/09/30	2008/04/01- 2008/09/30	2008/04/01- 2009/03/31
Sales in EUR k	609,666.5	529,849.4	1,209,090.7
Total performance in EUR k	616,968.5	531,108.2	1,220,548.7
Operating result in EUR k	31,279.5	22,680.1	76,898.8
Earnings before tax in EUR k	26,545.3	23,873.1	76,552.6
Net profit in EUR k	17,462.4	14,359.6	51,936.5
Investments in EUR k as per record date	22,861.9	40,568.1	63,169.6
Staff as per record date (REpower Systems Group)	1,893	1,448	1,775
	<b>2009/09/30</b>		
Total assets in EUR k	904,399.1		
Shareholders equity in EUR k	418,700.9		
Shareholders equity ratio in %	46.3		
Number of no-par shares* (1 EUR)	9,177,039		
Result per share (undiluted) in EUR	1.95		
Closing price Xetra as per record date in EUR	107.99		

\* weighted average

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

### News in the reporting period

In the first half of the fiscal year 2009/10, REpower Systems AG presented its product innovations – the multi-megawatt wind turbines REpower 6M and REpower 3.XM – at a large number of international trade fairs and provided comprehensive information to interested customers about technological details for new turbines.

In the reporting period, the company entered the Polish market with the Leki Dukielskie project and received an order from the French wind farm developer Valorem to supply 21 wind turbines in the 2-megawatt series for projects in France. The company also signed contracts to supply 31 REpower wind turbines of the 2-megawatt class for Italian projects, with an option on a further 18 turbines. The contractual partners are two project companies that are majority-owned by TRE&P, a subsidiary of Tozzi Holding.

REpower Systems AG also achieved further progress in its offshore business:

In July, the company concluded an agreement with Ormonde Energy Limited, a subsidiary of Vattenfall AB, to supply 30 REpower 5M offshore turbines with a total rated output of 150 megawatts for the construction of the Ormonde offshore wind farm in the Irish Sea. The 5M nacelles and hubs are to be produced at REpower's Bremerhaven offshore production and logistics centre and delivered from the end of 2010 onwards.

The company also installed the first of a total of six planned REpower 5M turbines for the alpha ventus offshore test field during the reporting period. As Germany's first offshore wind farm, alpha ventus is a joint pioneering project of the companies EWE, E.ON Climate & Renewables and Vattenfall Europe Windkraft. The offshore test field is located 45 kilometers to the north of the North Sea island of Borkum where the water has a depth of 30 meters. The wind farm will make it possible to gain fundamental experience for the future commercial use of offshore wind energy in Germany.

There was also news at REpower's sites in Osterrönhof (Germany) and Portland (USA):

The wholly owned REpower subsidiary REpower USA Corp. transferred its US headquarters in September from Portland (Oregon) to Denver, the capital of the US state of Colorado. The premises in Denver currently accommodate 25 employees. However, the company is planning to double the number of employees at the new Denver site within the next 12 months – depending on the development of the US wind energy market – and to keep Portland as a production site.

In Germany, REpower Systems AG celebrated the topping-out ceremony for its new Technical Center in Osterrönhof at the beginning of September in the presence of Dr. Jörn Biel, the Minister for Science, Economic Affairs and Transport for the state of Schleswig-Holstein, and Bernd Sienknecht, the Mayor of Osterrönhof, along with other invited guests. Matthias Schubert, REpower's chief technical officer, emphasized the company's traditional ties to Schleswig-Holstein and the Rendsburg-Eckernförde district in his opening speech, in addition to the excellent local conditions available to the company at the Kiel Canal.

Already in May, REpower Systems AG signed an agreement with an international consortium of banks for a syndicated loan of EUR 600.0 million. The loan, with a term of three years, consists of one tranche of EUR 500.0 million for the provision of warranties and guarantees and a second tranche of EUR 100.0 million as working capital.

The main shareholder in REpower Systems AG, Suzlon Energy Ltd, announced in June that it had increased its stake in the share capital of REpower Systems AG to 90.72%. The Indian company had bought the remaining 14.4% stake of the Martifer Group in the share capital of REpower Systems AG.

In an ad-hoc disclosure in July, REpower Systems AG announced that Pieter Wasmuth, the company's former CFO, was to leave the company. His employment contract with REpower Systems AG was terminated by mutual agreement with effect from August 31, 2009.

### Overall economic trends

According to the Federal Office of Statistics, German exports declined by 23.3% in the first half of the 2009 calendar year. The BGA, the German Federation of German Wholesale and Foreign Trade, is anticipating a decline in exports of approximately 18% for 2009 as a whole. The World Trade Organization (WTO) therefore estimates that Germany is at risk of losing its title as the world's leading exporter to China in 2009.

In their fall report, Germany's leading economic research institutions forecast a drop in German gross domestic product (GDP) of 5.0% for 2009. The fall economic survey conducted by the Association of German Chambers of Industry and Commerce (DIHK) comes to a similar conclusion: the companies questioned are anticipating a decline of 4.8% for the current year.

Experts are cautiously optimistic for 2010: according to the DIHK, German GDP is set to grow by 2% next year. In contrast, the International Monetary Fund (IMF) forecasts only slight growth of 0.3% and a rise in unemployment. Following the slump in the last few months, the German economy is not expected to return to the level of 2008 until 2013.

At EU level, the European Commission predicts a drop of 4% for 2009 as a whole, as the economic decline in winter 2008/09 was worse than feared for some countries. Spain, Italy and the UK, for example, have been hit particularly hard by the recession. The job market is also set to worsen: in August 2009, more than 15 million people (9.5%) were registered as unemployed in the euro zone for the first time.

In its current outlook for 2009, the IMF forecasts a drop of 1.1% in economic performance for the global economy. As early as next year, however, this decline is set to give way to strong growth of 3.1%. The IMF's current forecast is therefore considerably more positive than the forecast from July 2009.

### Sector development

As a result of the financial market crisis and its effects on the real economy, 2008 and the first half of 2009 represented a time of great uncertainty for many sectors. The global recession not only impacted on the financial and banking sector, but also affected other sectors such as the automobile industry and trade.

The wind energy sector was not left entirely unscathed by the economic developments of the past months. Although the industry, which is still young, is continuing to benefit from increasing global support from governments and well-filled order books from the boom year of 2007, the number of projects postponed by customers rose in the last half-year in the sector, owing to a lack of financing. In isolated cases, projects were even canceled.

Nevertheless, in 2008 the global market for wind energy enjoyed double-digit growth rates as compared with the previous 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 particular, the wind energy markets of North America and Asia became the focus of attention for many turbine manufacturers and investors: in 2008, the USA and China were the top countries for new installations, with an increase of 8,358 MW and 6,246 MW respectively.

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 capacity stagnated in Germany in 2008: in total, 866 new wind turbines (2007: 883 turbines) with an output of 1,665 MW (2007: 1,667 MW) were connected to the grid. At the end of 2008, a total of 20,301 wind turbines with total rated output of 23,902 MW were installed on German soil.

In accordance with the amendment of the Renewable Energies Act (EEG) that came into effect January 1 in Germany, feed-in tariffs for onshore wind turbines increased to 9.2 cents/kWh as of 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 at least 30% of the primary energy requirement in Germany with electricity from renewable energies by 2020.

According to initial statements, the government elected in September 2009 consisting of the CDU/CSU and FDP parties plans to provide further support for the renewable energies sector. In view of plans to extend the lifetime of nuclear power plants, it remains to be seen what form this support will take.

## REpower shares

Germany's DAX stock market index opened the 2009 stock market year at 4,810 points. On September 30, 2009, Germany's largest market indicator stood at 5,675 points, moving slightly away from the annual high of 5,760 points that it reached in mid-September.

Development of the MDax and TecDax indices has been positive since the start of the 2009 trading year: the TecDax rose from 515 to 757 points, recording growth of almost 47%, while the MDax gained 31% from 5,602 points to 7,358 points.

REpower shares lost almost 3 percentage points compared with December 31, 2008: on September 30, 2009, the share price closed at EUR 107.99. Following a sharp decline in the first calendar quarter of 2009, the share price slowly recovered and ranged mainly between EUR 100 and EUR 120 in the third quarter of the trading year.

If the first half of fiscal year 2009/10 is analyzed by itself, REpower's share price increased by around 27% from EUR 85.00 at the end of fiscal year 2008/09 to EUR 107.99. Of the 128 trading days in the reporting period, the average daily trading volume on the Xetra trading platform was 4,069 shares. The average share price – also on Xetra – was EUR 104.11. The share price fell to a low of EUR 82.05 on April 7 and reached its highest point for the half-year 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 and telephone conferences, 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. It represented the company before investors and analysts at international roadshows and investor conferences.

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

## **Business development**

### **Sales and earnings situation**

The figures for the first half of the 2009/10 fiscal year (April 1, 2009–September 30, 2009) were compared with the figures for the corresponding period of the previous year (April 1, 2008–September 30, 2008).

Including the financial data for the consolidated participations, the Group's total operating performance amounted to EUR 617.0 million for the reporting period, compared with total operating performance of EUR 531.1 million in the first half year of 2008/09. Sales increased again from EUR 529.8 million in the prior-year period to EUR 609.7 million in the current period.

Earnings before interest and taxes (EBIT) rose from EUR 22.7 million to EUR 31.3 million. Earnings before taxes were EUR 26.5 million in the reporting period, compared with EUR 23.9 million in the previous year. Net profit amounted to EUR 17.5 million at the end of September 2009 after EUR 14.4 million at the end of September 2008.

### **Installed output**

In the period from April to September 2009, REpower Systems AG produced a total of 185 wind turbines with total output of 386.15 MW, which generated sales. In the prior-year period, 256 turbines with an output of 530 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. In addition, there have been further project postponements on the customer side.

### Sales-related wind turbine types

Turbine type	1H 2009/10 2009/04/01-2009/09/30		1H 2008/09 2008/04/01-2009/09/30	
	Number	MW	Number	MW
6M	1	6	-	-
5M	1	5	6	30
MM92	131	268.55	138	276
MM82	52	106.6	108	216
MM70	-	-	4	8
<b>Total</b>	<b>185</b>	<b>386.15</b>	<b>256</b>	<b>530</b>

### Order development

As per September 30, 2009 the order backlog was somewhat smaller compared to the previous year: As of September 30, 2009, it was 592 wind turbines (previous year's reporting date: 683 wind turbines) with total rated output of 1,306.8 megawatts (September 30, 2008: 1,434.6 MW). In contrast, the confirmed order volume increased from EUR 1.5 billion by the end of September 2008 to EUR 1.6 billion. Of the number of wind turbines in the order backlog, 25.0% are for Germany and 75.0% are for other countries.

### Order backlog development

Turbine type	2009/09/30		2008/09/30	
	Number	MW	Number	MW
6M	-	-	3	18
5M	35	175	18	90
3.XM	7	23.1	2	6.6
MM92	397	799.7	460	920
MM82	153	309	200	400
<b>Summe</b>	<b>592</b>	<b>1,306.8</b>	<b>683</b>	<b>1,434.6</b>

## Net assets and financial situation

The balance sheet items as at the reporting date of September 30, 2009 were compared with the items as at the reporting date for the annual financial statements of March 31, 2009.

Total assets fell by EUR 24.0 million during the reporting period, from EUR 928.4 million to EUR 904.4 million. The reduction in total assets is essentially due to the decline in current assets by EUR 41.4 million. Within current assets, the reduction in other assets by EUR 33.2 million to EUR 89.0 million and the drop in trade receivables by EUR 21.4 million to EUR 102.2 million contributed in particular to the reduction in total assets. Inventories increased by EUR 24.2 million to EUR 265.1 million.

Cash and cash equivalents rose by EUR 16.5 million to EUR 117.7 million as at the reporting date.

On the liabilities side of the balance sheet, current liabilities decreased by EUR 51.1 million to EUR 427.8 million, due to the reduction in trade payables from EUR 149.1 million to EUR 116.7 million.

Non-current liabilities increased from EUR 41.1 million at the end of March 2009 to EUR 57.8 million at the end of September 2009. At the same time, equity rose in the reporting period by EUR 10.4 million from EUR 408.3 million to EUR 418.7 million. In total, EUR 22.9 million was used for investments.

## Research and development

In the reporting period, the type certificate for sites with wind class IEC IA was issued for all MM82 turbines with a tower height of 69 meters. For variants of the type series with a tower height of 100 meters, type testing was extended to sites in wind zone 3, in accordance with the definitions of the German Institute for Building Technology (Deutsches Institut für Bautechnik – DIBt). REpower's RE40 rotor blade for the MM82 type series also successfully completed all dynamic tests in accordance with the highest certification requirements.

In Canada, two prototypes of a "cold climate version (CCV)", i.e. a version of the MM series specifically adapted to cold locations, are to be erected soon. Two REpower MM92 turbines have been transported to the Riviere au Renard site for this. These turbines are to be erected and put into service by the end of the year.

For turbines in the 5M type series, the changeover of the management of the turbines to the REguard Control B system has begun. The aim of this change is to widen the scope of performance, mainly in order to fulfill the increased requirements of conditions for a grid connection. On the German market in particular, the System Service Ordinance (SDLWindV) has placed increased demands on wind turbines since mid-2009. The first internal tests at the production site have been successful, and more extensive testing has begun with the conversion of the prototype test park in Cuxhaven.

The Federal Maritime and Hydrographic Agency (BSH) has also granted the certificate required for the erection of type 5M turbines outside the limit of 12 nautical miles. The rated output of this type series was also increased from 5,000 kW to 5,075 kW. This increase in output was achieved by optimizing the management of the turbines further.

## Personnel situation

The number of employees in the REpower Systems Group increased again over the previous year's reporting date from 1,448 employees on September 30, 2008 to 1,893 employees on September 30, 2009.

Employees	2009/09/30	2008/09/30
Employees of REpower Systems Group	1,893	1,448
Employees of REpower Systems AG	1,363	1,076

## Risks and opportunities

In order to reflect the considerable expansion of the activities of the REpower Systems Group, a new risk management concept was implemented on September 30, 2009. A new software program was introduced at the same time. In accordance with the requirements of Section 91(2) of the German Stock Corporation Act, this ensures that appropriate measures are implemented to recognize risks that jeopardize the company's success or its survival as a going concern at an early stage. This risk management system helps to ensure that potential risks are recorded and analyzed in more detail and that it is easier to take into account measures to reduce risk (e.g. conclusion of insurance policies, organizational adjustments etc.). The information also becomes more meaningful and opportunities for managing risk are significantly improved. The systematic forwarding of information to decision-makers will also be ensured in future.

As part of the restructuring of the risk management system, risk inventories were kept in all operating areas of the company, as in previous quarters. These identified and evaluated risks in the respective areas. The Executive Board is informed on risk development four times a year.

Unlike previously, risks are now assigned to one of twelve risk categories. These include sales risks, technology risks, financial risks, compliance risks etc. A distinction can now also be made between risks relating to one area and risks that affect all areas and that are recurrent (e.g. insurance risks, legal risks). Different levels of risk are recorded, which increases the amount of detail available.

Owing to the introduction of the new software, it is not possible to compare content directly with the previous quarter. However, three risks continue to present significant risk potential and could jeopardize the company's survival: 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 may continue to impact the REpower Systems Group's net assets, financial position and results of operations. The resulting economic uncertainty could have a negative effect on sales opportunities and price levels in the future. If there is an economic recovery, there could be a risk of rising interest rates, as interest is currently low.

## Outlook

Despite the weakness of the overall economic environment, market researchers at the Danish company Make Consulting expect a sharp rise in global installed output in the coming years, driven by the wind energy markets in Asia and America, in their market outlook published in September 2009. Experts there forecast new installations in 2009 of 8,590 MW in Europe, 8,673 MW in America, and 12,250 MW in Asia. The Danish institute also predicts that over 250 gigawatts (GW) of wind energy output will be installed worldwide between 2009 and 2014, which would result in an increase in total global installed output to over 378 GW by the end of 2014.

The Danish experts also expect the market for offshore wind energy to achieve above-average growth in the coming years: for the period from 2009 to 2015, Make Consulting forecasts an average annual growth rate of 45%. For 2009, the market researchers predict new offshore installations with an output of 600 MW, compared with a newly installed output of 344 MW in 2008.

REpower Systems AG is benefiting from developments and forecasts for the offshore wind energy market. In the course of next year, the company is anticipating a significant revival in business with the construction of offshore wind turbines. The company believes it is in a good position in offshore business, thanks to its experience in the construction of REpower 5M and 6M wind turbines.

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

For the 2009/10 fiscal year, REpower most recently forecast sales of EUR 1.4 billion and an operating profit margin (EBIT margin) of 7.5%. The Executive Board has maintained these targets, but would like to emphasize that uncertainty regarding the achievement of its goals has increased significantly due to a growing number of projects postponed by customers in the second quarter. Another aggravating factor is the fact that the wind energy market in the USA has not yet experienced a revival, as had been expected by market players in the course of 2009.

## Supplementary report

The Annual General Meeting of REpower Systems AG took place on October 21, 2009 at the company's head office in Hamburg. With over 100 visitors, 93.17% of capital carrying voting rights was represented.

A total of eight items were on the agenda. These also included the resolution on the appropriation of the net retained profit for the 2008/2009 fiscal year. The proposal of the Executive Board and the Supervisory Board to carry forward the net retained profit was backed by the shareholders. The other items on the agenda were also approved with a large majority.

The appointment of Dr. Christof Maria Fritzen as a member of the Supervisory Board was confirmed by his re-election. With a ruling of the Hamburg District Court dated August 15, 2008, Fritzen replaced Jan Andreas Leonardus Horbach, who had stepped down from his seat on the Supervisory Board on June 6, 2008.

## 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, 12 November 2009

The Executive Board of REpower Systems AG



Per Hornung Pedersen  
CEO



Matthias Schubert  
CTO



Lars Rytter Kristensen  
CSCO

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

Assets	(EUR)	2009/09/30	2009/03/31
<b>Current assets</b>			
Liquid funds		117,714,969	101,238,648
Shares in project corporations		25,999	25,999
Future accounts receivables from contract orders		121,138,752	134,866,158
Trade accounts receivable		102,227,433	123,609,985
Intragroup receivables		2,457,404	457,404
Receivables from associates and joint ventures		34,344,241	50,193,352
Inventories		265,086,172	240,870,415
Total other assets		88,993,654	122,151,613
<b>Total current assets</b>		<b>731,988,624</b>	<b>773,413,574</b>
<b>Non-current assets</b>			
Other Intangible assets		29,767,321	26,975,803
Goodwill		1,387,367	1,387,367
Property, plant and equipment		123,140,516	110,717,523
Investments in associates and other companies		8,915,641	6,719,309
Other financial investment		520,766	593,766
Borrowings		6,651,935	6,177,606
Deferred taxes		1,054,193	1,181,006
Other assets		972,721	1,206,356
<b>Total non-current assets</b>		<b>172,410,460</b>	<b>154,958,736</b>
<b>Total assets</b>		<b>904,399,084</b>	<b>928,372,310</b>

Liabilities	(EUR)	2009/09/30	2009/03/31
<b>Short-term liabilities</b>			
Short-term loans and current portion of longterm loans		5,858,299	6,448,171
Trade accounts payable		116,688,526	149,140,738
Liabilities from associates and joint ventures		875,209	256,315
Advance payments received		257,299,755	261,172,301
Provisions		25,409,244	23,411,774
Deferred sales		4,646,919	6,987,077
Income tax liabilities		3,698,929	4,586,896
Other financial liabilities		7,460,211	11,950,516
Other miscellaneous liabilities		5,911,198	14,982,427
<b>Total short-term liabilities</b>		<b>427,848,290</b>	<b>478,936,215</b>
<b>Long-term liabilities</b>			
Long-term loans		31,156,360	13,974,735
Capital from profit participation rights		10,000,000	10,000,000
Deferred taxes		16,693,555	17,121,345
<b>Total long-term liabilities</b>		<b>57,849,915</b>	<b>41,096,080</b>
<b>Equity capital</b>			
Subscribed capital		9,177,039	9,177,039
Additional paid-in capital		299,612,051	297,185,061
Currency translation		-292,144	-165,349
Change in current value of Cash Flow Hedges		910,959	12,762,658
Retained earnings		107,273,239	89,377,041
Equity entitled to shareholders		416,681,144	408,336,450
Minority interests		2,019,735	3,565
<b>Total equity capital</b>		<b>418,700,879</b>	<b>408,340,015</b>
<b>Total liabilities</b>		<b>904,399,084</b>	<b>928,372,310</b>

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

Income statement	(EUR)	2009/04/01 - 2009/09/30	2008/04/01 - 2008/09/30
Sales		609,666,541	529,849,386
Changes in work in progress		5,444,622	1,129,087
Company-produced additions to plant and equipment		1,857,300	129,745
<b>Total performance</b>		<b>616,968,463</b>	<b>531,108,218</b>
Other operating income		10,402,109	3,324,952
Cost of materials/cost of purchased services		-492,398,897	-434,777,778
Personnel expenses		-47,939,324	-34,926,660
Depreciation on property, plant and equipment and amortization on intangible assets		-7,514,850	-4,789,315
Other operating expenses		-48,238,005	-37,259,367
<b>Operating result</b>		<b>31,279,496</b>	<b>22,680,050</b>
Interest and similar financing income		1,759,120	2,737,434
Interest and similar financing expenses		-8,189,634	-2,040,491
Share of result from associates and joint-ventures		1,696,332	496,059
<b>Income before taxes</b>		<b>26,545,314</b>	<b>23,873,052</b>
Taxes on income		-9,082,944	-9,513,462
<b>Net income for the year</b>		<b>17,462,370</b>	<b>14,359,590</b>
Share of net income for the year attributable to minority interests		-433,830	-561,980
Share of net income for the year attributable to shareholders of the parent company		17,896,200	14,921,570
Earnings per share (undiluted)		1.95	1.64

Consolidated Statement of Comprehensive Income	(EUR)	2009/04/01 - 2009/09/30	2008/04/01 - 2008/09/30
<b>Net income for the year</b>		<b>17,462,370</b>	<b>14,359,590</b>
Hedging instruments of derivatives		-11,851,699	0
Other comprehensive income		-11,851,699	0
<b>Total comprehensive income</b>		<b>5,610,671</b>	<b>14,359,590</b>

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

Cash flow statement	(EUR)	2009/04/01 - 2009/09/30	2008/04/01 - 2008/09/30
<b>Cash flow from operating activities</b>			
Profit for the period before taxes		26,545,314	23,873,052
Adjustments for:			
Depreciation on property, plant and equipment, amortiza- tion of intangible assets and write-down of financial assets		7,514,850	4,789,315
Interest income		-1,796,184	-2,737,434
Interest expenses		8,189,634	2,040,491
Increase/decrease in provisions		1,997,470	1,338,046
Change in working capital		-12,661,553	-116,311,023
Interest received		1,796,184	2,737,434
Interest paid		-8,189,634	-2,040,491
Income tax paid		-59,734	-104,663
<b>Cash flows from/used in operating activities</b>		<b>23,336,348</b>	<b>-86,415,272</b>
<b>Cash flow from investing activities</b>			
Proceeds from the sale of fixed assets		36,998	36,998
Payments for the purchase of Intangible and tangible Assets		-22,898,906	-40,605,074
<b>Cash flows used in the acquisition of investments</b>		<b>-22,861,908</b>	<b>-40,568,076</b>
<b>Cash flow from financing activities</b>			
Proceeds from equity appropriation		0	7,573,737
Borrowings of Loans		16,591,753	14,363,627
<b>Cash flows used in/from financing activities</b>		<b>16,591,753</b>	<b>21,937,364</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>17,066,192</b>	<b>-105,045,985</b>
Cash and cash equivalents at the beginning of the period		94,790,477	176,909,665
<b>Cash and cash equivalents at the end of the period</b>		<b>111,856,670</b>	<b>71,863,680</b>
Bank balances		117,714,969	72,100,669
Short-term bank liabilities		-5,858,299	-236,989
<b>Cash and cash equivalents at the end of the period</b>		<b>111,856,670</b>	<b>71,863,680</b>

## Statement of changes in equity of Repower Systems AG in compliance with IFRS

	Subscribed capital	Additional paid-in capital	Currency translation	
	in EUR	in EUR	in EUR	
<b>Balance at 2008/04/01</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	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				
<b>Balance at 2009/03/31</b>	<b>9,177,039</b>	<b>297,185,060</b>	<b>-165,348</b>	
<b>Balance 2009/04/01</b>	<b>9,177,039</b>	<b>297,185,060</b>	<b>-165,348</b>	
Stock option plans		2,426,990		
Capital increase minority interest				
Foreign currency translation			-126,796	
Change in the direct recorded revenues and expenses in equity				
Net result for the year				
Group result			0	
<b>Balance at 2009/09/30</b>	<b>9,177,039</b>	<b>299,612,050</b>	<b>-292,143</b>	

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
<b>0</b>	<b>37,076,530</b>	<b>328,505,175</b>	<b>612,544</b>	<b>329,117,719</b>
		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
<b>12,762,658</b>	<b>89,377,041</b>	<b>408,336,449</b>	<b>3,565</b>	<b>408,340,014</b>
<b>12,762,658</b>	<b>89,377,041</b>	<b>408,336,449</b>	<b>3,565</b>	<b>408,340,014</b>
		2,426,990		2,426,990
			2,450,000	2,450,000
		-126,796		-126,796
-11,851,699		-11,851,699		-11,851,699
	17,896,198	17,896,198	-433,830	17,462,369
-11,851,699	17,896,198	6,044,499	-433,830	5,610,669
<b>910,959</b>	<b>107,273,239</b>	<b>416,681,143</b>	<b>2,019,735</b>	<b>418,700,878</b>

## Group Notes as of 30 September 2009 according to IFRS

### Accounting policies

These consolidated interim financial statements for the period from April 1, 2009 to September 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.

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 September 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, 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.

For the first time, the segment reporting of REpower Systems Group is carried out according to the directives of IFRS 8 "Operating Segments". The standard has an impact on the layout of the segment reporting that has been adapted in structure and content to the reporting system for internal decision-makers according to the "Management Approach". The standard does not have any impact on net assets, financial position or results of operations.

### Scope of consolidation

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

### 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 six months of fiscal year 2009/10, the Group generated sales of EUR 21.2 million from transactions with associated companies. Companies measured according to the equity method generated total earnings of EUR 1.7 million in the reporting 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	
	2009/09/30 [in %]	2009/03/31 [in %]
<b>Sales companies</b>		
Repower España S.L., Madrid, Spain	100	100
REpower S.A.S., Courbevoie, France	100	100
Repower Italia SRL, Milan, Italy	100	100
Repower Australia Pty Ltd., Melbourne, Australia	100	100
REpower Wind Systems, Beijing, People's Republic of China	100	100
REpower USA Corp., Denver/Colorado, USA	100	100
REpower Canada Inc., Montreal, Canada	100	100
REpower Benelux b.v.b.a., Brussels, Belgium	100	100
REpower UK Ltd., Edinburgh, Great Britain	100	100
REpower Diekat, Athens, Greece (in liquidation)	60	60
Powerblades S.A., Oliveira des Frades, Portugal	90	90
REp Ventures – Portugal S.A., Porto, Portugal	100	0
<b>Production and service companies</b>		
PowerBlades GmbH, Bremerhaven, Germany	51	51
WEL Windenergie Logistik GmbH, Schloß Holte-Stukenbrock, Germany	100	100
<b>Project companies (all located in Germany)</b>		
REpower Betriebs- und Beteiligungs GmbH, Rendsburg	100	100
REpower Investitions- und Projektierungs GmbH & Co. KG, Rendsburg	100	100

## Investments accounted for using the equity method

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

	Group share of nominal capital	
	2009/09/30 [in %]	2009/03/31 [in %]
REpower Portugal Sistemas Eolicos S.A., Oliveira de Frades, Portugal	50	50
REpower North China Ltd., Baotou, People's Republic of China	50,01	50,01
RETC Renewable Energy Technology Centre GmbH, Hamburg, Germany	50	50

## Notes to the consolidated balance sheet

Total assets have dropped by EUR 23.9 million since the end of fiscal year 2008/09. This decrease results from a decline in current assets by EUR 41.4 million and a rise in non-current assets of EUR 17.5 million. The material changes between the balance sheet date of September 30, 2009 and that of March 31, 2009 are explained below:

### Assets

The decrease of EUR 41.4 million in **current assets** relates to a decline in receivables from customers and in construction contracts carried as assets totaling EUR 35.1 million, a drop in receivables from associates and joint ventures of EUR 15.8 million, a decrease in other assets of EUR 33.2 million. This decrease is countered by an increase in inventories of EUR 24.2 million and a rise in short-term liquid funds by EUR 16.5 million.

**Non-current assets** increased by EUR 17.5 million from the previous balance sheet date. This development primarily relates to an increase of EUR 12.4 million in property, plant and equipment (particularly due to the construction currently in progress of a new Osterrönfeld production and administration site), a rise of EUR 2.8 million in intangible assets due to the capitalization of development costs and increased shares in associated companies and joint ventures totaling EUR 2.2 million.

### Liabilities

Changes in liabilities totaling EUR 23.9 million comprise a decline of EUR 51.1 million in current liabilities, an increase of EUR 16.8 million in non-current liabilities and a rise of EUR 10.4 million in total equity capital.

The decline in **current liabilities** mainly results from a decrease by EUR 32.5 million in trade payables as of the balance sheet date. At the same time, advance payments received from customers on orders declined by EUR 3.9 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 2.0 million compared with March 31, 2009 is primarily due to deferrals for warranty expenses. All other liabilities decreased slightly, and dropped by EUR 3.1 million overall.

The changes in **non-current liabilities** mainly relate to the borrowings of long-term loans for financing the production facility in Bremerhaven, to deferred tax liabilities from temporary differences between tax profits and the carrying amounts in accordance with IFRS.

**Total equity capital** has increased by EUR 10.4 million since the previous balance sheet date. This performance can mainly be attributed to earned group equity of EUR 17.9 million, transfers of EUR 2.4 million into the capital reserves from employee option programs, directly recognized income and expenses of EUR –11.9 million and an increase in minority interests of EUR 2.0 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 September 30, 2009, thus the first half of fiscal year 2009/10.

In the first six months of fiscal year 2009/10, **total operating performance** of EUR 617.0 million was generated from the sale of wind turbines, services and license proceeds. Total operating

performance increased slightly over the prior period (EUR 531.1 million). During the reporting period, 185 wind turbines with an output of 377.0 megawatts were installed (comparative period: 256 wind turbines with an output of 530.0 megawatts).

The **cost of materials** rose by EUR 57.6 million in line with sales performance. Relative to total output, the cost of materials totaled 79.8 % percent, having fallen 2.1 percentage points year-on-year. **Staff costs** rose by EUR 13.0 million to EUR 47.9 million due to a further increase in the number of employees. **Depreciation of property, plant and equipment and amortization of intangible assets** increased by EUR 2.7 million year-on-year to EUR 7.5 million as a result of higher investments and amortization of development costs. Including an increase of EUR 11.0 million in **other operating costs** to EUR 48.2 million, the operating result as of the balance sheet date is EUR 31.3 million. The operating result is EUR 8.6 million higher than on September 30, 2008.

**Net finance income** decreased by EUR 5.9 million year-on-year. This development relates to banking charges being paid to involved banks in conjunction with the company's latest growth finance credit. **Investment income** totaling EUR 1.7 million was generated from associated companies and joint ventures. Overall, **earnings before tax** equal EUR 26.5 million as of the reporting date.

**Tax expense** totals EUR 9.0 million, 34 % of earnings before tax. With a consolidated tax rate of 30 % in terms of earnings before tax, tax expense is expected to be EUR 8.0 million. The difference of EUR 1.0 million is primarily the result of permanent deviations between balance sheet items according to IFRS and the tax balance sheet values (mainly from expenses for the employee option program).

Overall, the Group has positive **earnings after taxes** of EUR 17.5 million as of the balance sheet date of September 30, 2009 (comparative period: EUR 14.4 million).

The Group's statement of comprehensive income contains the change in the fair value of cash flow hedges as of September 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 September 30, 2009 is compared to the cash flow statement as of the balance sheet date of the previous year, September 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 September 30, 2009.

The cash flow statement shows inflow of funds totaling EUR 17.1 million as of the balance sheet date (comparative period: outflow of EUR 105.0 million).

In the first half of fiscal year 2009/10, the inflow of funds resulting from **operating activities** totaled EUR 23.3 million.

In terms of **investments**, there were accruals of EUR 22.9 million for investments in intangible assets and in property, plant and equipment.

Due to financing growth from current cash flow, the change in **financing activities** is mainly limited to borrowings of long-term loans totaling EUR 16.6 million.

## Segment reporting

The segment reporting of the REpower Group is carried out in accordance with the regulations of IFRS 8 "Operating Segments" for the first time. The new standard uses the so-called "management approach", in accordance with which the structure and content of segment reporting was adjusted to bring it into line with the reports that are regularly presented to internal decision-makers. The management approach is intended to allow the recipients of external financial reporting to view the company from the perspective of management ("chief operating decision maker").

EBIT (earnings before interest and taxes), a figure that is commonly used internationally, is a key profit figure in segment reporting. It is used to measure success by segment and thus for internal management. The EBIT shows the operating result, irrespective of regional taxation systems and different forms of financing. This means that this figure is also suitable for international comparisons.

The calculation methods used for internal reporting are consistent with the principles applied at the Group and described in the section "Accounting policies". The segment data presented were mainly derived from cost accounting. The transition accounts contain the expenses and income that can not be assigned to any of the identified segments in terms of their content.

In accordance with the criteria of IFRS 8, four business segments were identified. Segmentation is based on a geographical and a product-related perspective. REpower Systems AG distinguishes between the four segments Onshore Europe, Onshore Rest of World (RoW), Offshore and Service and Maintenance. The figures as at September 30, 2009 have been compared with the figures as at September 30, 2008 in each case.

### Segment Onshore Europe

	Segment Onshore Europe		
	(in EUR k)	2009/04/01– 2009/09/30	2008/04/01– 2008/09/30
Sales		351,765	296,897
Changes in inventory/company-produced additions to plant and equipment		3,931	727
<b>Total performance</b>		<b>355,697</b>	<b>297,624</b>
Operating expenses		-322,325	-278,611
Intersegment income/expenses		-1,448	-976
<b>EBIT</b>		<b>31,923</b>	<b>18,037</b>

The **Onshore Europe** segment includes all sales generated from projects within Europe and additional related income and expenses. Sales in accordance with IAS 11 are included. Intersegment income essentially includes commissioning services provided by the Service and Maintenance segment.

## Segment Onshore Rest of World

	Segment Onshore RoW	
	(in EUR k)	
	2009/04/01- 2009/09/30	2008/04/01- 2008/09/30
Sales	207,531	164,032
Changes in inventory/company-produced additions to plant and equipment	3,371	448
<b>Total performance</b>	<b>210,902</b>	<b>164,480</b>
Operating expenses	-187,594	-151,083
Intersegment income/expenses	-648	-408
<b>EBIT</b>	<b>22,660</b>	<b>12,989</b>

The **Onshore Rest of World** segment presents the results from projects outside Europe. Sales in accordance with IAS 11 were taken into account. Intersegment income essentially includes commissioning services provided by the Service and Maintenance segment.

## Segment Offshore

	Segment Offshore	
	(in EUR k)	
	2009/04/01- 2009/09/30	2008/04/01- 2008/09/30
Sales	3,302	44,606
<b>Total performance</b>	<b>3,302</b>	<b>44,606</b>
Operating expenses	-2,311	-39,411
Intersegment income/expenses	-32	0
<b>EBIT</b>	<b>959</b>	<b>5,195</b>

The Offshore segment includes all national and international activities in offshore business. At the time of reporting, the **Offshore** segment does not yet meet the criteria in terms of its size for treatment in accordance with IFRS 8.13 et seq. However, it has been explicitly recognized as a separate business segment in view of the increase in offshore business that is anticipated in future and its strategic importance for REpower. Accordingly, this applies to internal reporting to management.

## Segment Service and Maintenance

	Segment Service and Maintenance		
	(in EUR k)	2009/04/01- 2009/09/30	2008/04/01- 2008/09/30
Sales		39,160	15,560
<b>Total performance</b>		<b>39,160</b>	<b>15,560</b>
Operating expenses		-58,571	-26,862
Intersegment income/expenses		6,979	2,324
<b>EBIT</b>		<b>-12,432</b>	<b>-8,978</b>

The **Service and Maintenance** division is responsible for planned maintenance and the rectification of technical faults in wind turbines at both national and international level. Technical updates and upgrades and the technical start-up of the turbines are also carried out. Remote monitoring allows the performance of the machines to be checked and any faults to be located and dealt with. This applies for the Onshore as well as for the Offshore segment.

Due to the development of the Offshore Service organization within the past months buildup and investment costs arise that can only be covered partially by earnings.

Furthermore within internal reporting, the Service division shows all risks that can arise following the construction of wind turbines. By setting up and utilizing provisions, the Service division is involved in both risk provisioning and risk processing.

To ensure a high level of customer satisfaction, damage is to be repaired as quickly as possible. During the statutory guarantee period this applies irrespective of whether the right to take action against upstream suppliers has already been exercised. It is possible for this to lead to temporary deferrals in profit in the income statement for the division, as any reimbursement of costs by upstream suppliers can be collected only well after the costs have arisen.

As the term of the service contracts begins only when a wind turbine goes into service, meaning that they only begin to generate sales at that point, the Service division depends heavily on the sales and construction performance of the company as a whole for its profits. The postponement of projects, which is currently common on the market, is being reflected here in lower than expected sales. As the structure of the segment is partially already geared to a higher quantity, negative effects on profitability arise in place.

Depending on the contractual design a material part of the variable contract revenues will be paid as usual in the market upon the turn of the year 2009/2010. However, the corresponding expenses are already booked to the accounts and temporarily lower the profitability, so in the future a catch-up effect will occur.

## Transition accounts

(in EUR k)	Total segment results		Transition accounts		Group (EBIT)	
	2009/04/01- 2009/09/30	2008/04/01- 2008/09/30	2009/04/01- 2009/09/30	2008/04/01- 2008/09/30	2009/04/01- 2009/09/30	2008/04/01- 2008/09/30
Sales	601,759	521,094	7,908	8,755	609,666	529,849
Changes in inventory/ company-produced additions to plant and equipment	7,302	1,175	0	84	7,302	1,259
<b>Total performance</b>	<b>609,060</b>	<b>522,269</b>	<b>7,908</b>	<b>8,839</b>	<b>616,968</b>	<b>531,108</b>
Operating expenses*	-570,802	-495,966	-14,888	-12,462	-585,689	-508,428
Intersegment income/ expenses	4,851	940	-4,851	-940	0	0
<b>EBIT</b>	<b>43,110</b>	<b>27,243</b>	<b>-11,831</b>	<b>-4,563</b>	<b>31,279</b>	<b>22,680</b>

\* in the transition accounts, the figures were offset against other operating income

The sales presented in the transition accounts relate mainly to income from sales of electricity and licenses. The intersegment expenses in the transition accounts essentially involve the utilization of provisions by the Service and Maintenance division. As the provisions were set up at the level of the company as a whole, no further classification takes place. Charges are also shown here for services provided by the Service and Maintenance division for the company as a whole, which can not be assigned to one specific segment.