

Interim Report

First Quarter 2011/12

April 1, 2011 to June 30, 2011

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Key figures of REpower Systems Group

Group figures according to IFRS	2011/04/01- 2011/06/30	2010/04/01- 2010/06/30	2010/04/01- 2011/03/31
Revenues (k EUR)	262,527.7	213,059.9	1,216,101.8
Total operating performance (k EUR)	248,326.1	204,021.8	1,275,694.6
Operating earnings (k EUR)	9,967.2	1,498.2	86,023.5
Earnings before tax (k EUR)	7,617.2	3,163.2	80,938.2
Net income for the year (k EUR)	4,177.7	1,751.1	55,574.8
Investment (k EUR) as per reporting date	13,840.1	6,400.0	66,296.7
Staff as per reporting date (Group)	2,370	2,164	2,456
	2011/06/30		
Total assets (k EUR)	1,253,992.8		
Shareholders' equity (k EUR)	523,952.9		
Shareholders equity ratio (%)	41.8		
Number of shares (1 EUR)	9,220,179		
Result per share (undiluted) in EUR	0.62		
Closing price Xetra on June 30 in EUR	127.05		

Group Management Report on the first three months of fiscal year 2011/12

News in the reporting period

REpower changes its legal status

Since June 15, 2011, REpower has been registered with the Hamburg Register Court as REpower Systems SE, in other words as a stock corporation in accordance with European law (Societas Europaea; SE) and has been trading under this legal status since then. The change of legal status takes account of the growing significance of the Company's international and European-wide activities. The Annual General Meeting of REpower approved the Company's conversion from an "Aktiengesellschaft" (AG – stock corporation) to an SE in October 2010.

Majority shareholder requests a squeeze-out

On April 4, 2011 AE-Rotor Holding B.V., Amsterdam (Netherlands), informed the Company that it held more than 95% of the Company's share capital. At the same time, the main shareholder requested that the upcoming Annual General Meeting resolve to transfer the shares of the minority shareholders against a suitable cash settlement. The Annual General Meeting of REpower Systems SE will take place on September 21, 2011 in Hamburg.

Largest European onshore framework agreement

The Company signed the largest onshore framework agreement REpower has ever obtained in Europe at the HANNOVERMESSE on April 7, 2011. The Company will supply the juwi Group with up to 240 wind turbines with a potential total capacity of up to 720 MW. The agreement will run until the end of 2013 and mainly includes the latest generation three-megawatt turbines.

Unit certificate for the REpower 6M

In April, REpower also received a unit certificate for new 6M turbines from GL Renewables Certification. The certificate confirms that the REpower 6M meets the technical requirements of the Renewable Energy Act (EEG) and the System Service Ordinance (SDLWindV) beyond June 30, 2011. Following certification of the 6MW turbine, REpower is the first wind turbine manufacturer to receive unlimited unit certificates (EZE) for its entire turbine portfolio.

Orders from Canada

In May, REpower concluded two agreements for wind farm projects in Canada. The two orders include the delivery, installation and maintenance of 55 MM92 CCV turbines, which are specially designed for cold climates. A total of 40 turbines are destined for the Saint-Robert-Bellarmin wind farm located between the towns of Lac-Mégantic and Saint-Georges-de-Beauce in the Canadian province of Québec. The other 15 turbines will be installed in the Ganaraska and Whispering Woods wind farms in the Oshawa region (Ontario). These will be the first wind farms constructed by REpower in the Canadian province of Ontario.

REpower publishes the results of fiscal year 2010/11

The Executive Board presented the results of fiscal year 2010/11 at the Press and Analysts' Conference, which took place on June 7 in Frankfurt a. M. Total operating performance, revenues and EBIT fell slightly compared with the previous year but were satisfactory nonetheless. In the period from April 1, 2010 to March 31, 2011, REpower achieved total operating performance of 1.38 bn EUR, revenues of 1.22 bn EUR and operating earnings (EBIT) of 86.0 m EUR. At 55.6 m EUR, net income for the year was slightly down on the level of the previous year (57.9 m EUR).

Signing of a contract in Italy

At the end of June, REpower and the Italian company Alerion CleanPower SpA, which operates in the field of renewable energies, signed a contract for a 44 megawatt wind farm project in southern Italy. REpower will supply, construct and commission a total of 13 3.4M104 wind turbines with a rated output of 3.4 MW each and a hub height of 80 meters in each case for the San Marco wind farm in Lamis. The company will also service the turbines as part of a twelve-year contract with Alerion CleanPower.

Nacelle production for Nordsee Ost started

REpower Systems SE has started work on the production of the nacelles for the Nordsee Ost project at the production site in Bremerhaven. The company will supply a total of 48 6M wind turbines for the "Nordsee Ost" offshore wind farm, which is to be constructed in the German Bight – some 35 kilometers north of the island of Helgoland from 2011 to 2013.

Economic Development

The global economy was characterized by considerable dynamism in the first half of 2011. Rapid growth in emerging countries such as China, India or Singapore was offset by a sluggish recovery in the US economy, the escalation of the euro debt crisis and the generally increasing risk of inflation. While the global economy expanded in the first half of 2011, experts expect growth to slow during the course of the year.

Developments in Europe

According to information provided by Eurostat, the economy in Europe firmed by 0.8% in the first quarter of 2011 despite the debt crisis. The economy in the USA only firmed by 0.5%, while the Japanese economy shrank by 0.9% because of the earthquake and catastrophic tsunami. The EU Commission expects growth of 1.6% for the euro zone in 2011.

However, the countries in the euro zone have not recovered equally: while Greece, Ireland and Portugal have only been able to avert insolvency with billions worth of assistance from their European partners and the International Monetary Fund, France and Germany achieved strongly positive growth in the first quarter of 2011.

Germany as the engine driving economic growth

The German economy performed positively despite the weak economic environment: strong growth in the first quarter of 2011 (+1.5% compared with the previous quarter, +5.2% compared with the previous year) is attributable to the positive trend in the domestic economy, in particular. Investment and consumer expenditure rose sharply. Favorable conditions for foreign trade boosted exports. Continuing strong demand for goods and services (+2.3% compared with the previous quarter) resulted in an export surplus, which contributed 1.6 percentage points to gross domestic product. With growth rates of 3.6% in 2010 and forecast growth of 3.5% for 2011 as a whole, Germany is currently described as the engine driving the European economy.

Sector Development

Amendment to the Renewable Energy Act

The Bundestag adopted the amendment to the Renewable Energy Act on June 30, 2011. It will become effective on January 1, 2012 and should provide positive impetus for the expansion of wind energy in Germany.

There was no change to the payment rates for onshore wind turbines. However, the degression of the feed-in tariff was raised from 1% to 1.5% per year. The initial payment for offshore was set at 15 cents per kilowatt hour (ct/kWh). Alternatively, operators may receive an increased initial payment of 19 ct/kWh over eight years. Furthermore, the degression for payment of the feed-in tariff will only start in 2018, but was increased from 5% to 7% per year. The basic payment for offshore wind energy is also to continue to amount to 3.5 ct/kWh.

Domestic market firms slightly

According to information from the German Wind Energy Institute (DEWI), 356 wind turbines in total with a total capacity of around 793 megawatts were constructed in Germany in the first half of 2011; of this figure 25 MW was attributable to offshore turbines. In relation to installed capacity, this equates to growth of around 20% compared with the first half of 2010 (659 MW). Cumulative installed capacity increased from 26,387 MW at the end of June 2010 to the current figure of 27,981 MW.

Steady growth in offshore wind power

According to information provided by the European Wind Energy Association (EWEA), a total of 101 new offshore wind turbines were constructed off the coasts of Germany, the United Kingdom and Norway in the first six months of 2011. The newly installed capacity in European waters has therefore increased by 4.5% to 348 MW. On June 30, 2011, a total of 1,247 wind turbines in 49 offshore wind farms off the coasts of Europe were supplying electricity to European networks. Cumulative installed capacity came to 3,294 MW as at the reporting date.

The Share

Share prices fluctuated in a very nervous and volatile market environment in the first half of 2011. The euphoria prevailing in Germany at the beginning of the year, which was supported by good quarterly figures, evaporated at the beginning of the second quarter. Apart from the Fukushima catastrophe, the liberation movement in the Arab world dominated headlines. The discussions about alternative energy in Germany, the European debt crisis and the weakening of the US dollar made investment decisions more difficult.

German stock market index rises by 7%

The German stock market index (DAX) fell by 600 points as a result of the nuclear disaster in Japan, but rapidly regained the ground it had lost and closed at 7,376 points in Xetra trading at the end of June. The largest German stock market barometer has risen by just under 7% since the beginning of the year.

REpower share: wide range of fluctuation on low trading volume

The REpower share started 2011 with an opening price of 115.00 EUR on the electronic trading platform Xetra and fell to a six-monthly low of 113.30 EUR on January 10. Following some market price fluctuations in February and March, the stock reached a six-monthly high of 156.00 EUR. In April, the price remained above the 140 EUR marker at all times but eased somewhat once more over the course of May. The share started on 138.35 EUR in June but fell just below 124 EUR at the end of the month. On June 30, the stock closed at 127.05 EUR. On average 1,844 REpower shares were traded on 63 trading days in the first quarter of fiscal year 2011/12 or in the second calendar quarter of 2011 respectively.

For details of how the REpower share price developed, and for an insight into the Xetra order book for shares, go to the Investor Relations area of the REpower Systems SE homepage (www.repower.de).

Business Development

The revenue and earnings figures for the first quarter of fiscal year 2011/12 (April 1, 2011 – June 30, 2011) are compared with the sales and earnings figures for the corresponding period in the previous year (April 1, 2010 – June 30, 2010). By contrast the balance sheet items are compared on the reporting date: the figures for the first quarter of 2011/12 are compared with the balance sheet figures for fiscal year 2010/11.

Revenue and Earnings Situation

In the first quarter of 2011/12, REpower Systems SE achieved total operating performance of 248.3 m EUR compared with 204.0 m EUR in the corresponding period in the previous year. Sales rose by some 23% from 213.1 m EUR to 262.5 m EUR. The increase is due, in essence, to higher business volumes in the markets of North America and offshore. Given that the gross margin remained constant, a higher gross profit was generated from the increase in total operating performance. On the other hand, there was only a smaller than average increase in expense items compared with the previous year. This led to an increase in operating earnings (EBIT) of 8.5 m EUR compared with the first quarter of 2010/11 to 10.0 m EUR. Consequently, the EBIT margin improved from 0.7% in the first quarter of 2010/11 to 4.0% now. After taking account of interest and other financing income and expenses, earnings before tax of 7.6 m EUR for the period were produced (previous year: 3.2 m EUR). The net result increased from 1.8 m EUR to 4.2 m EUR in the first quarter of fiscal year 2011/12.

Installed Capacity

In the first three months of fiscal year 2011/12, REpower Systems SE installed or supplied wind turbines with a total capacity of 195 megawatts (MW). This equates to an increase of over 15% compared with the same quarter in the previous year (169 MW). Over 90% of the installed capacity was exported, to the United Kingdom and France in particular, in the reporting period.

Order Development

Order backlog stands at 2.61 bn EUR

In the first three months of fiscal year 2011/12, orders amounting to some 218 m EUR were received (Q1 2010/11: 323 m EUR). The order backlog on the reporting date of June 30, 2011 comprised purchase agreements with potential sales of some 2.61 bn EUR. This equates to an increase of around 8% compared with the previous reporting date (June 30, 2010: 2.42 bn EUR). On June 30, 2011, agreements with a total capacity of 2,328 MW were listed in the order book, compared with 2,095 MW on the previous reporting date.

Strong international sales, positive development in the domestic market

Just under 70% of the order backlog in megawatts is attributable to foreign projects, in Canada, Belgium and France in particular. The remaining 30% of the orders originate in Germany. These agreements relate mainly to 6M offshore turbines and 3.4M onshore turbines.

In terms of new installations, REpower increased its market share in Germany from 8.8% to 10.3% in 2010. Thus REpower established itself as the third largest manufacturer of wind turbines in its domestic market.

Net Assets and Financial Situation

The balance sheet items as at June 30, 2011 have been compared with those for the reporting date in the annual financial statements of March 31, 2011.

Reduction in total assets

In comparison with March 31, 2011, total assets have fallen from 1,345.9 m EUR to the current figure of 1,254.0 m EUR. This was mainly attributable to the sharp fall in current assets of 111.8 m EUR to 930.9 m EUR. Liquid funds, which decreased from 320.4 m EUR to 188.5 m EUR, carried particular weight. Current liabilities fell by roughly the same extent in the reporting period: they posted a fall of 107.6 m EUR to 611.4 m EUR.

This development was the result, in essence of a significant repayment of trade accounts payable (-50.4 m EUR), lower advance payments (-37.2 m EUR) and the repayment of short-term loans in the reporting period (-12.9 m EUR). Inventories were also built up in connection with upcoming offshore projects (+22.8 m EUR).

Non-current balance sheet items

Non-current assets increased by 21.7 m EUR to 293.7 m EUR, which is mainly attributable to the increase in borrowings (+9.7 m EUR) and deferred tax assets (+5.5 m EUR).

The rise in deferred tax liabilities and other financial liabilities led to an increase in non-current liabilities of 10.4 m EUR to 112.2 m EUR on June 30, 2011.

Sound equity base

Equity rose by 5.1 m EUR to 524.0 m EUR in the reporting period. As a result, the equity ratio improved during the reporting period from 38.6% at the end of fiscal year 2010/11 to 41.8% on June 30, 2011.

Cash flow: outflow of funds of 130.6 m EUR

The cash flow shows an outflow of funds of 130.6 m EUR. This is the result, in essence of negative cash flow from operating activities of 103.9 m EUR which is due to a change in working capital of 109.9 m EUR.

Investment in extending the production hall in Bremerhaven

Investment volume totaled 13.8 m EUR. Key items included the extension of the production hall in Bremerhaven and investment in rotor blade molds. Repayment of a loan also resulted in negative cash flow from financing activities of 12.9 m EUR.

Research and Development**Unit certificate for the REpower 6M**

At the end of April, REpower Systems received a unit certificate for the new REpower 6M turbines from GL Renewables Certification and since then has had unit certificates for its entire onshore turbine portfolio. The System Service Ordinance (SDLWindV) currently does not include certification of wind power turbines installed offshore. The REpower 6M is constructed for use on land as well as on the open sea, which means that a unit certificate will also be required for this turbine type. The certificate confirms that the wind turbine meets the technical requirements of the Renewable Energy Act and the SDLWindV beyond June 30, 2011.

RE61.5 rotor blades undergoing trials

REpower installed the first three RE61.5 rotor blades on a REpower 6M turbine at the Ellhöft site in the reporting period. The blades have been developed internally at REpower Systems SE and were manufactured by the joint venture partner PowerBlades. The first measurements and tests have shown that the turbine with the RE61.5 rotor blades achieved the expected performance.

Positive interim results at alpha ventus

The alpha ventus consortium of operators DOTI – consisting of EWE, E.ON and Vattenfall – produced positive interim results at the beginning of July. In the first nine months of operation, the 12 installed offshore wind turbines – of which six are REpower 5M turbines – in the first German offshore wind farm have exceeded the forecasts for the power yield by 5%. The offshore turbines produced more than 190 million kilowatt hours of electricity in total. According to information provided by the operator, this quantity of electricity is sufficient to supply more than 42,000 4-person households with electricity for a year.

Personnel Situation

On June 30, 2011, REpower employed 2,370 staff in total across the Group (previous year: 2,164), of whom 644 were employed abroad. On the reporting date, 1,295 people were working at the German parent company REpower Systems SE, of whom 58 were trainees.

Employee development	2011/06/30	2010/06/30
Employees, REpower Systems Group	2,370	2,164
Employees, REpower Systems SE	1,259	1,470

Opportunities and Risk Report

An efficient and effective risk management system (RMS) is required to guarantee the REpower Systems Group's profitable growth long-term. Risks should be recognized by employees at an early stage and reported systematically and transparently to the responsible decision-makers. The risks identified must be countered with suitable measures to reduce risk and manage it. A report on this will be submitted to the Executive Board and the Audit Committee of the Supervisory Board every quarter.

The detailed Opportunities and Risk Report is presented in the Annual Report 2010/11. There have been no material changes compared with this in the first quarter of fiscal year 2011/12. There are no risks to the Group's existence as a going concern or none is discernible at present.

Supplementary Report

Main shareholder makes a definitive squeeze-out request

On July 21, the main shareholder in REpower Systems SE, AE-Rotor Holding B.V., Amsterdam (Netherlands), notified the Executive Board of REpower Systems SE, that it has set the cash settlement for the transfer of the shares of minority shareholders in REpower Systems SE to AE-Rotor Holding B.V. pursuant to section 327a of the German Stock Corporation Act (AktG) (squeeze-out) at 142.77 EUR per no-par value ordinary bearer share. A resolution on the squeeze-out is to be adopted in the Annual General Meeting of REpower Systems SE. The Annual General Meeting will take place on September 21, 2011 in Hamburg.

All 30 turbines in the Ormonde project constructed

In August, REpower Systems SE successfully completed construction of 30 REpower 5M wind turbines in the Ormonde offshore wind farm close to the United Kingdom and started the commissioning process.

Outlook

Global economy split

Growth in the global economy will be split over the next few months. Rapidly expanding emerging countries in Asia and Latin America will contrast with the crisis-ridden and sluggish countries in North America and Western Europe. The core countries of the euro zone – in particular, the Scandinavian countries, France and Germany – are expected to post further dynamic growth in the current year. However, this will be offset by the downward revisions in the growth prospects for the USA, United Kingdom and Japan.

Good prospects for Germany

Experts agree that Germany has emerged from the global financial crisis without suffering major damage. According to estimates by the German Institute for Economic Research (DIW), the country will be more or less able to maintain the growth rate of the previous year (+3.2%) in the current year. According to the DIW, growth will slow in 2012 but will still reach 1.8%. Although the global economy is likely to cool slightly, the institute expects continuing impetus from exports. Domestic investment and higher consumer expenditure should also contribute increasingly to growth.

Wind energy market recovering slowly

Following a difficult 2010, the market for wind turbines is picking up again in 2011. The market research company Make Consulting Aps is forecasting new installations of 39.8 gigawatts (GW) worldwide in its market forecast dated June 2011. This equates to growth of 17% compared with the previous year. The greatest impetus from growth will come from Asia, particularly China (+16.5 GW). Make Consulting is forecasting new installations of 10.2 GW for Europe, which equates to moderate growth of around 5% compared with the previous year. The German Wind Energy Association (BWE) is forecasting new installations of 1.8 GW for Germany. Despite the difficult economic environment in North America, experts there expect an increase in newly installed capacity from 7.3 GW in 2010 to 9.2 GW in 2011 (+25%). Most notably Canada (1.4 GW) and the USA (6.3 GW) will contribute to growth in the current year.

Positive Forecasts for Offshore

The forecasts for the Offshore segment are positive. While the economic crisis is continuing to overshadow Europe, there is increasing confidence in the European offshore wind industry. According to the European Wind Energy Association, the number of banks providing finance in the Offshore segment has now risen to 20. Make Consulting is forecasting new installations of 1.4 GW (previous year: 1.2 GW), particularly off the European coastline, in its Offshore Outlook for 2011. This equates to growth of 16% compared with the installation figures for 2010. Growth should accelerate further in 2012: Make Consulting is forecasting new installed capacity of 3.2 GW, which is to be installed predominantly in Europe (United Kingdom, Germany, Belgium) but also increasingly in Asia (China).

REpower confirms guidance

For the current fiscal year 2011/12, REpower is confirming its forecast from May 2011: on the basis of the current order backlog and taking into account existing framework agreements, the company expects significant growth sales and earnings for fiscal year 2011/2012.

REpower plans to win additional market share in its core markets and, in the process, is focusing on expanding its activities overseas and developing its strong global sales organization. For fiscal year 2012/13 management also expects further considerable growth of sales and earnings.

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, August 12, 2011

The Executive Board of REpower Systems SE

Andreas Nauen (CEO)

Derrick Noe (CFO)

Matthias Schubert (CTO)

Gregor Gnädig (COO)

Consolidated statement of financial position

Assets	(EUR)	2011/06/30	2011/03/31
Current assets			
Liquid funds		188,540,758	320,447,706
Gross amount due from customers for contract work as an asset		194,641,920	199,894,621
Trade accounts receivable		55,628,708	72,422,388
Receivables from related parties		623,062	613,586
Receivables from associates and joint ventures		27,472	6,470
Inventories		369,978,826	347,205,080
Receivables from income tax		10,621,654	12,716,846
Other financial assets		8,246,064	13,328,627
Other miscellaneous assets		102,558,112	76,066,738
Total current assets		930,866,576	1,042,702,062
Non-current assets			
Other intangible assets		53,276,447	50,230,892
Goodwill		32,870,575	33,111,575
Property, plant and equipment		179,504,618	174,950,619
Investments in associates and joint ventures		295,155	336,948
Other financial investment		623,161	1,769,357
Loans granted		16,885,865	7,161,819
Deferred taxes		9,675,290	4,140,499
Total other non-current assets		554,628	320,533
Total non-current assets		293,685,739	272,022,242
Assets of disposal group of classified as held for sale		29,440,521	31,175,261
Total assets		1,253,992,836	1,345,899,565

Shareholders' equity and liabilities	(EUR)	2011/06/30	2011/03/31
Current liabilities			
Short-term loans and current portion of long-term loans		5,210,385	15,614,559
Trade accounts payable		183,691,396	234,084,297
Liabilities from associates and joint ventures		70,946	162,697
Advance payments received		278,396,732	315,558,317
Gross amounts due from customers for contract work as a liability		14,522,330	11,654,487
Provisions		90,837,449	95,724,297
Deferred income		8,871,096	11,490,215
Income tax liabilities		1,540,351	965,232
Other financial liabilities		11,985,780	19,236,608
Other miscellaneous liabilities		16,257,583	14,457,116
Total current liabilities		611,384,048	718,947,825
Non-current liabilities			
Long-term loans		48,336,617	50,869,988
Deferred taxes		43,959,344	36,032,735
Other financial liabilities		19,950,782	14,950,782
Total non-current liabilities		112,246,743	101,853,505
Liabilities of disposal group of classified as held for sale		6,409,186	6,244,323
Equity capital			
Subscribed capital		9,220,179	9,220,179
Additional paid-in capital		306,355,065	306,163,161
Other reserves		3,892,916	3,163,575
Revaluation reserve		776,000	776,000
Currency translation		-1,462,887	-401,919
Cash flow hedging reserve		4,579,803	2,789,494
Retained earnings		197,454,376	191,415,840
Equity attributable to shareholders of the parent company		516,922,536	509,962,755
Non-controlling interests		7,030,323	8,891,157
Total equity capital		523,952,859	518,853,912
Total equity and liabilities		1,253,992,836	1,345,899,565

Consolidated income statement

	(EUR)	2011/04/01- 2011/06/30	2010/04/01- 2010/06/30
Revenues		262,527,722	213,059,936
Changes in work in progress		-17,886,425	-13,424,119
Work performed by the entity and capitalised		3,684,844	4,386,000
Total performance		248,326,141	204,021,817
Other operating income		10,448,812	1,605,642
Cost of materials/cost of purchased services		-183,631,203	-153,244,827
Personnel expenses		-33,252,939	-26,251,604
Depreciation on property, plant and equipment and amortization on intangible assets		-6,481,575	-5,171,753
Other operating expenses		-25,442,064	-19,461,054
Result from operating activities		9,967,172	1,498,221
Share of result from associates and joint ventures		-41,793	-93,942
Interest and similar financial income		998,016	1,688,187
Interest and similar financial expenses		-3,306,215	70,751
Result before income taxes		7,617,180	3,163,217
Income tax expense		-3,134,477	-1,412,129
Profit/loss for the year from continuing operations		4,482,703	1,751,088
Profit/loss for the year from discontinued operations		-304,998	0
Net income for the year		4,177,705	1,751,088
Share of net income for the year attributable to non-controlling interests		-1,565,527	-66,893
Share of net income for the year attributable to shareholders of the parent company		5,743,232	1,817,981
Earnings per share (undiluted)		0.62	0.20

Consolidated statement of comprehensive income

	(EUR)	2011/04/01- 2011/06/30	2010/04/01- 2010/06/30
Net income for the year		4,177,705	1,751,088
Other income of cash flow hedges		1,790,309	2,424,028
Currency translation		-1,060,970	837,520
Other comprehensive income		729,339	3,261,548
Total comprehensive income		4,907,044	5,012,636

Consolidated statement of cash flows

(EUR)	2011/04/01- 2011/06/30	2010/04/01- 2010/06/30
Cash flow from operating activities		
Profit before income taxes from continuing operations	7,617,180	3,163,217
Adjustments for:		
Depreciation on property, plant and equipment, amortization on intangible assets and write-offs on financial assets	6,481,575	5,171,753
Profit/loss from associates and joint ventures	- 41,793	- 93,942
Interest income	- 998,016	- 1,688,187
Interest expenses	3,306,215	- 70,751
Increase/decrease in provisions	- 4,886,848	3,705,447
Profit/loss from sales of property, plant and equipment, intangibles and other long-term assets	0	- 2,238
Change in working capital	- 109,946,856	60,534,506
Interest received	998,016	1,688,187
Interest paid	- 3,306,215	70,751
Income tax paid	- 4,024,534	- 2,491,591
Other non-cash income and expenses	921,242	- 15,165,644
Cash flow from operating activities	- 103,880,034	54,821,508
Cash flow from investing activities		
Cash payments for the purchase of intangible assets	- 3,847,214	- 3,538,188
Cash payments from long-term assets	- 9,992,915	- 2,861,808
Cash flow from investing activities	- 13,840,129	- 6,399,996
Cash flow from financing activities		
Cash proceeds from issuing shares	0	16,345
Cash repayments of amounts borrowed	- 12,937,546	0
Cash proceeds from borrowings	0	69,038
Cash flow from financing activities	- 12,937,546	85,383
Cash flow from discontinued operations	25,413	0
Increase/decrease in cash and cash equivalents	- 130,632,296	48,506,896
Cash and cash equivalents at the beginning of the period	320,447,706	211,719,517
Cash and cash equivalents at the end of the period	189,815,410	260,226,413
Liquid funds	188,540,758	274,635,218
Cash displayed in „Assets of disposal group of classified as held for sale“	6,485,037	0
Short-term bank liabilities	- 5,210,385	- 14,408,805
Cash and cash equivalents at the end of the period	189,815,410	260,226,413

Consolidated statement of changes in equity

	Subscribed capital	Additional paid-in capital	Currency translation	
	EUR	EUR	EUR	
Balance at 2010/04/01	9,199,829	303,059,835	-21,549	
Capital increase of executed employee stock option programs	20,350	1,825,173		
Stock option plans		1,278,153		
Distribution dividends FY 2009/10				
Change in the consolidated group				
Net result for the year				
Other income from Cash Flow Hedges				
Deferred taxes on other income from Cash Flow Hedges				
Currency translation			-380,370	
Group result			-380,370	
Balance at 2011/03/31	9,220,179	306,163,161	-401,919	
Balance at 2011/04/01	9,220,179	306,163,161	-401,919	
Stock option plans		191,904		
Change in the consolidated group				
Net result for the year				
Other income from Cash Flow Hedges				
Currency translation			-1,060,968	
Group result			-1,060,968	
Balance at 2011/06/30	9,220,179	306,355,065	-1,462,887	

Due to rounding differences figures in the consolidated statement of changes in equity may deviate by 1 Euro from those displayed in the consolidated statement of financial position and the consolidated income statement.

	Cash flow hedge reserve	Revaluation reserve	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
	EUR	EUR	EUR	EUR	EUR	EUR
	3,776,730	776,000	147,707,203	464,498,047	11,473,691	475,971,739
				1,845,523		1,845,523
				1,278,153		1,278,153
			-14,443,730	-14,443,730		-14,443,730
		0			-5,000	-5,000
			58,152,367	58,152,367	-2,577,534	55,574,833
	-1,382,683			-1,382,683		-1,382,683
	395,447			395,447		395,447
				-380,370		-380,370
	-987,236		58,152,367	56,784,761	-2,577,534	54,207,227
	2,789,494	776,000	191,415,840	509,962,755	8,891,157	518,853,912
	2,789,494	776,000	191,415,840	509,962,755	8,891,157	518,853,912
				191,904		191,904
		0			0	0
			6,038,536	6,038,536	-1,860,834	4,177,702
	1,790,309			1,790,309		1,790,309
				-1,060,968		-1,060,968
	1,790,309		6,038,536	6,767,877	-1,860,834	4,907,044
	4,579,803	776,000	197,454,376	516,922,536	7,030,323	523,952,859

Group Notes as of June 30, 2011

Accounting policies

These interim financial statements for the period from April 1 to June 30, 2011 were created from the single-entity financial statements of all the companies included in the consolidation, converted to IFRS. The necessary consolidating entries were taken into consideration. In accordance with commercial law, these statements had been converted to IFRS.

The IFRS principles were observed in accordance with those applied to the most recent REpower Systems Group annual financial statements dated March 31, 2011. The accounting policies in the consolidated financial statements for 2010/11 were also used for the interim financial statements dated June 30, 2011. The single-entity financial statements which form its basis are in euro or have been converted using the official rate.

Scope of Consolidation

There are investments in 14 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

RETC Renewable Energy Technology Centre GmbH is a joint venture between REpower Systems SE, Hamburg, and Suzlon Energy Ltd, India. The objective of this joint venture is to combine future resources in research and technical development and to cooperate strategically.

The proportional profit for the period is taken into consideration in the interim financial statement. In the first three months of fiscal year 2011/12, the group generated revenues of k EUR 74.2 from transactions with the associated company. The Company generated a total result of k EUR -97.9 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:

	Share in %	
	2011/06/30	2011/03/31
Project companies (all located in Germany)		
REpower Betriebs- und Beteiligungs GmbH, Rendsburg	100.00	100.00
REpower Windpark Betriebs GmbH, Hamburg	100.00	100.00
REpower Investitions- und Projektierungs GmbH & Co. KG, Rendsburg	100.00	100.00
Windpark Blockland GmbH & Co. KG, Hamburg	100.00	100.00
Production and service companies		
WEL Windenergie Logistik GmbH, Schloß Holte-Stukenbrock	0.00	100.00
PowerBlades GmbH, Bremerhaven, Germany	51.00	51.00
REpower Systems GmbH, Hamburg, Germany	100.00	100.00
REpower North (China) Ltd., Qingshan, Baotou, P.R. China	54.42	54.42
PowerBlades S. A., Vagos, Portugal	100,00	100,00
Ventipower S.A., Oliviera de Frades, Portugal	3,00	3,00
RiaBlades S.A., Vagos, Portugal	3,00	3,00
Sales companies		
REpower España S.L., Madrid, Spain	100.00	100.00
REpower S.A.S., Courbevoie, France	100.00	100.00
REpower Italia S.r.l., Milan, Italy	100.00	100.00
REpower Australia Pty. Ltd., Melbourne, Australia	100.00	100.00
REpower Wind Systems Trading, Beijing, China	100.00	100.00
REpower USA Corp., Denver, USA	100.00	100.00
REpower Systems Inc., Montreal, Canada	100.00	100.00
REpower Benelux b.v.b.a., Ostende, Belgium	100.00	100.00
REpower UK Ltd., Edinburgh, Great Britain	100.00	100.00
REpower Diekat, Athens, Greece (i.L.)	60.00	60.00
Rep Ventures Portugal S.A., Porto, Portugal	100.00	100.00
REpower Systems Scandinavia, Stockholm, Sweden	100.00	100.00
REpower Systems Polska, Sp.zo.o., Warsaw, Poland	100.00	0.00
REpower Portugal Sistemas Eolicos S.A., Oliveira de Frades, Portugal	100,00	100,00

Investments accounted for using the equity method

In the interim financial statements as of June 30, 2011, the following companies are included according to the equity method:

	Share in %	
	2011/06/30	2011/03/31
RETC Renewable Energy Technology Centre GmbH, Hamburg, Germany	50.00	50.00

Notes to the Consolidated Statement of Financial Position

Total assets have fallen by 91.9 m EUR since the end of fiscal year 2010/11. This development is the result of an increase in non-current assets of 21.6 m EUR, which is offset by reductions in current assets of 111.8 m EUR and assets held for sale of 1.7 m EUR. The most important changes that took place between the balance sheet dates of June 30, 2011 and March 31, 2011 are explained below:

Assets

The reduction in **current assets** of 111.8 m EUR is mainly attributable to the decrease in liquid funds of 131.9 m EUR and trade accounts receivable of 16.8 m EUR. The gross amount due from customers for contract work as an asset and receivables from income tax also shrank by 5.2 m EUR and 2.1 m EUR respectively. These increases are offset by the increases in inventories of 22.8 m EUR and other current assets of 21.4 m EUR.

Total **non-current assets** increased by 21.6 m EUR from the previous balance sheet date. This development is caused by the increases in borrowings of 9.7 m EUR and in deferred taxes of 5.5 m EUR. There was also an increase of 4.6 m EUR in property, plant and equipment, of 3.0 m EUR in intangible assets and of 0.2 m EUR in other non-current assets. These increases are offset by the reduction in other financial assets of 1.1 m EUR and associates and joint ventures and goodwill of 0.3 m EUR in total.

Shareholders' Equity and Liabilities

The reduction in total liabilities totaling 91.9 m EUR comprise a fall of 107.6 m EUR in total current liabilities as well as a rise of 10.4 m EUR in total non-current liabilities and of 5.1 m EUR in total equity capital. Liabilities of disposal group classified as held for sale also increased by 0.2 m EUR.

The reduction in **current liabilities** of 107.6 m EUR is mainly attributable to the decrease in trade accounts payable of 50.4 m EUR and advance payments received from customers for orders of 37.2 m EUR. These advance payments only cover those orders that were not to be included in the valuation on the reporting date in accordance with the percentage of completion method (PoC). Short-term loans also decreased by 10.4 m EUR, other current liabilities by 5.4 m EUR, provisions by 4.9 m EUR, deferred income by 2.6 m EUR and liabilities to associates and joint ventures by 0.1 m EUR. These decreases are offset by increases in gross amounts due from customers for contract work as a liability of 2.9 m EUR and income tax liabilities of 0.5 m EUR.

The increase in **non-current liabilities** of 10.4 m EUR is the result of the rise of 7.9 m EUR in deferred tax liabilities and the growth in other financial liabilities of 5.0 m EUR. By contrast, long-term loans fell by 2.5 m EUR.

Total equity capital has increased by 5.1 m EUR since the previous balance sheet date. This development was mainly due to the rise in retained earnings of 6.0 m EUR and the change is due, in essence, to the increase in capital reserves and other reserves of 0.9 m EUR in total. This is offset by the decrease in minority interests of 1.8 m EUR.

Notes to the Consolidated Income Statement

The consolidated income statement is structured in the same way as that of March 31, 2011 – in accordance with the specifications as defined by IFRS 1. In this case, the reporting period relates to the period April 1, 2011 to June 30, 2011, thus to the first three months of fiscal year 2011/12.

In the first three months of fiscal year 2011/12, **total performance** of 248.3 m EUR was generated from the sale of wind turbines, services and license proceeds. Total performance therefore increased compared with the prior period (204.0 m EUR). 3.7 m EUR was also recorded under the item "Company-produced additions to plant and equipment".

The cost of materials has increased by 30.4 m EUR year-on-year, which meant that the cost of materials represented 73.9% of the total performance. This represents a reduction in the cost of materials ratio of 1.2 percentage points compared with the same period of the previous year. Staff costs rose by 7.0 m EUR compared with the previous year due to an increase in the number of employees. Depreciation of property, plant and equipment and amortization of intangible assets increased by 1.3 m EUR year-on-year as a result of higher capital expenditure in the previous fiscal year and amortization of development costs. Including an increase of 6.0 m EUR in other operating costs, the **result from operating activities** as of the balance sheet date is 10.0 m EUR (previous year: 1.5 m EUR).

Net finance costs and income from investments have fallen by 4.0 m EUR in comparison with the same period in the previous year. This is mainly due to the rise in borrowing expenses and the fall in interest income. Investment income totaling –97.9 k EUR was generated from joint ventures taken into account according to the equity method. Overall, **the result before income tax** equals 7.6 m EUR as of the reporting date.

Tax expense totals 3.1 m EUR, 41.15% of earnings before tax. With a consolidated tax rate of 28.7% in terms of earnings before tax, tax expense is expected to be 2.2 m EUR. The difference of 0.9 m EUR is primarily the result of permanent deviations between balance sheet items according to IFRS and the tax balance sheet values.

Overall, the earnings after taxes amounted to 4.2 m EUR as at the balance sheet date of June 30, 2011 (previous year: 1.8 m EUR).

The consolidated statement of comprehensive income contains other income from cash flow hedges as at June 30, 2011 as well as the effects of foreign currency translation taken directly to equity.

Notes to the Consolidated Statement of Cash Flows

The cash flow statement for June 30, 2011 is compared with the cash flow statement for the previous year's reporting date of June 30, 2010. The cash flow statement as of the balance sheet date reflects the liquidity flow between the consolidated financial statements as of March 31, 2011 and the interim financial statements as of June 30, 2011.

The cash flow statement shows outflow of funds totaling 130.6 m EUR as of the balance sheet date (comparative period: inflow of 48.5 m EUR).

In the first three months of fiscal year 2011/12, the outflow of funds resulting from **operating activities** totaled 103.9 m EUR.

In terms of **investments**, there were accruals of 13.8 m EUR for investments in property, plant and equipment.

The cash flow from **financing activities** stood at –12.9 m EUR compared to 0.1 m EUR in the previous year. The cash outflow is mainly due to the repayment of the capital from profit participation rights amounting to 10.0 m EUR in the reporting period.

Segment Reporting

The segment reporting of the REpower Group is carried out in accordance with the regulations of IFRS 8 "Operating Segments".

The 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").

At REpower Systems SE, the entire Executive Board has been identified as the "Chief Operating Decision Maker" (CODM). Both annual decisions about corporate planning and budgeting and individual decisions taken during the year regarding capital expenditure and additional budget allocations are made by the entire Executive Board during its meetings. These decisions are made taking into account the assessed segment performance on the basis of regular reports provided by the secondary and third management level.

REpower Systems SE is organized based on a matrix structure. Information is combined at the levels of the individual countries and data is also aggregated according to product lines and services. At REpower, the core principle of company management is not geographical, but based on strategic segmentation and orientation according to the different product and service groups offered. This ensures that the focus is always on improving and maintaining product quality. In accordance with the criteria of IFRS 8, three business segments were identified: the Onshore and Offshore segments as well as Service and Maintenance. In the period under review the official name of the latter segment was changed to "Service".

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 cannot be assigned to any of the identified segments in terms of their content. The transfer pricing was defined based on the market.

The figures as at June 30, 2011 have been compared with the figures as at June 30, 2010 in each case.

Onshore segment

	(in EUR k)	Onshore segment	
		2011/04/01– 2011/06/30	2010/04/01– 2010/06/30
Revenue		161,051	170,400
Changes in inventories/company-produced additions to plant and equipment		–9,965	–7,946
Total performance		151,087	162,454
Operating expenses		–128,456	–142,941
Intersegment income/expenses		–4,726	–2,903
EBIT		17,904	16,610

The **Onshore segment** contains all revenue generated from marketing, manufacture, project management and installation of onshore wind turbines and the corresponding additional income and expenses. The onshore product portfolio of REpower included in segment revenue contains the MM series and the 3.XM turbines in particular.

Revenue in accordance with IAS 11 is included in the calculation of segment results. Intersegment expenses essentially relate to commissioning services performed by the Service segment.

Offshore segment

	(in EUR k)	Offshore segment	
		2011/04/01– 2011/06/30	2010/04/01– 2010/06/30
Revenue		68,480	23,415
Changes in inventories/company-produced additions to plant and equipment		–4,237	–1,092
Total performance		64,243	22,323
Operating expenses		–56,154	–19,718
Intersegment income/expenses		–631	–630
EBIT		7,458	1,975

The **Offshore segment** includes all national and international activities in the area of offshore wind farms. Specialist expertise is required for marketing, manufacture and product management through to the installation of wind turbines on the open sea, particularly since the market environment is completely different to the traditional Onshore segment. REpower's offshore portfolio is composed of 5M and 6M turbines.

Revenue in accordance with IAS 11 is included in the calculation of segment results. Intersegment expenses essentially relate to commissioning services performed by the Service segment.

Service Segment

	(in k EUR)	Service and Maintenance segment	
		2011/04/01– 2011/06/30	2010/04/01– 2010/06/30
Revenue		17,721	16,932
Changes in inventories/company-produced additions to plant and equipment		0	0
Total performance		17,721	16,932
Operating expenses		-23,837	-19,401
Intersegment income/expenses		6,530	6,662
EBIT		414	4,193

The **Service segment** is responsible for planned maintenance and the rectification of technical faults in wind turbines at both national and international level. It also performs technical updates and upgrades and the technical start-up of turbines. Internal settlement prices between the segments are derived from the full-cost hourly rates based on the annual budgets of the operating units.

24 hours/7 days remote monitoring allows the performance and availability of the turbines to be permanently monitored and controlled and any faults to be located and addressed in both the Onshore and the Offshore segment.

To ensure a high level of customer satisfaction, damage must be repaired as quickly as possible. During the statutory warranty period, this applies irrespective of whether the right to take action against upstream suppliers has already been exercised. The resulting claim settlement is actively supported by the Service segment and implemented with respect to the customer. This can lead to temporary postponements of earnings in the income statement for the segment, as any cost reimbursements from upstream suppliers can only be collected well after the costs have arisen.

Reconciliation

(in EUR k)	Segment totals		Reconciliation		Group (EBIT)	
	2011/04/01- 2011/06/30	2010/04/01- 2010/06/30	2011/04/01- 2011/06/30	2010/04/01- 2010/06/30	2011/04/01- 2011/06/30	2010/04/01- 2010/06/30
Revenue	247,252	210,747	15,275	2,313	262,528	213,060
Changes in inventories/ company-produced additions to plant and equipment	-14,202	-9,038	0	0	-14,202	-9,038
Total performance	233,051	201,709	15,275	2,313	248,326	204,022
Operating expenses*	-208,448	-182,059	-29,911	-20,465	-238,359	-202,523
Intersegment income/ expenses	1,173	3,129	-1,173	-3,129	0	0
EBIT	25,776	22,779	-15,809	-21,281	9,967	1,498
Net finance costs					-2,350	1,665
EBT					7,617	3,163

* Offset against other operating income in the reconciliation

The revenue in the reconciliation primarily relates to income from licenses.

Most of the expenses in the reconciliation relate to overheads that were not allocated to the individual segments due to deviations from forecasts. A significant proportion also relates to allocations to individual warranty provisions. As the provisions were set up at the level of the company as a whole, no further assignment takes place to the segments.