

Interim Report

First Quarter 2010/11

April 1, 2010 to June 30, 2010

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Key figures of REpower Systems Group

Key figures (IFRS)	2010/04/01- 2010/06/30	2009/04/01- 2009/06/30	2009/04/01- 2010/03/31
Sales in EUR k	213,059.9	300,717.8	1,303,577.2
Total performance in EUR k	204,021.8	287,086.6	1,324,540.4
Operating result in EUR k	1,498.2	10,706.8	98,316.0
Earnings before tax in EUR k	3,163.2	4,974.8	83,850.0
Net profit in EUR k	1,751.1	2,194.4	57,930.3
Investments in EUR k as per record date	6,400.0	5,700.8	34,482.4
Staff as per record date (REpower Systems Group)	2,164	1,867	2,097
	2010/06/30		
Total assets in EUR k	1,042,752.7		
Shareholders equity in EUR k	481,498.9		
Shareholders equity ratio in %	46.2		
Number of no-par shares (1 EUR)	9,201,579		
Result per share (undiluted) in EUR	0.2		
Closing price Xetra as per 30 June in EUR	116.9		

* Weighted average

Group Management Report on the first three months of fiscal year 2010/11

News in the reporting period

In the first quarter of the fiscal year 2010/11, REpower Systems AG announced the expansion of its product portfolio, reported further international incoming orders and celebrated both the installation of the first German offshore wind farm "alpha ventus" and the fact that the total output of one gigawatt installed in France had been exceeded. In addition, the Executive Board presented the results for the fiscal year 2009/10 – to date the strongest year in company history in terms of sales and income – at the press and analyst conference on May 28 in Frankfurt/Main.

During its meeting on June 23, 2010, the Supervisory Board of REpower Systems AG approved the appointment of Mr. Andreas Nauen as member and Chairman of the Executive Board. In an alteration to the original decision made on March 15, 2010, Andreas Nauen assumed this position on July 1, 2010. The current Chairman, Per Hornung Pedersen, stepped down on June 30, 2010 and remains a member of the Executive Board in the role of Chief Market Officer.

At the start of April, REpower signed a contract with Daunia Savignano, a subsidiary of the Italian Tozzi Group, to supply, construct and install 18 REpower MM92 wind turbines with a total capacity of 36.9 MW. The turbines are intended for the Savignano wind farm, which REpower fitted with 20 turbines last year. The 18 turbines now commissioned are set to extend the Savignano project by 36.9 MW by the end of 2010. Once the remaining 18 turbines have been installed, a project scheduled for the first quarter of 2011, Savignano will be among the largest wind farm projects in Italy.

REpower also posted incoming orders overseas. REpower USA Corp, a subsidiary of REpower Systems AG, signed a third contract with the US project developer Heritage Sustainable Energy LLC to supply nine REpower MM92 wind turbines, each with a rated output of 2.05 MW. The turbines are to be constructed in the Stoney Corners III wind farm in the state of Michigan by summer 2011. The parties also concluded an option to supply up to 70 wind turbines for other US projects run by Heritage.

REpower also announced in April that it would be entering the Turkish market. For the first time, the company has sold 44 wind turbines in Turkey – to Al Yel Elektrik, a subsidiary of Akuo Energy SAS. The turbines are to be delivered in summer 2011 and, in the subsequent months, commissioned in the Geycek wind farm, in the Kirsehir province east of Ankara. These turbines are of type 3.4M104 from the new REpower 3.XM series, which was presented in April at the European Wind Energy Conference and Exhibition (EWEC) in Warsaw. The new series comprises two types of turbine: The REpower 3.4M104 with a rotor diameter of 104 meters relates to the variant of the 3.XM series introduced in 2008 with a rated output of 3.37 MW, three different hub heights and a choice of two tower variants (steel or hybrid). The second type of turbine in this new series, the REpower 3.2M114, is designed for less windy inland locations and is set to be introduced on the German market in fall 2010. With a rotor diameter of 114 meters, the turbine can increase the energy produced in such areas by up to 10% compared to the 3.4M104.

The development department has also achieved an unlimited unit certificate for all new turbines of the REpower MM class in conjunction with the System Service Ordinance (SDLWindV). The System Service Ordinance aims to increase the safety and stability of electricity grids, even with high proportions of wind energy in the grid, and to drive technical development in this area. With the unit certificate, the operator of a wind farm can prove that requirements have been adhered to at the new connection point. Should the turbines not fulfill these requirements, the wind farms may no longer be connected according to the regulations of the Renewable Energy Act (EEG).

REpower Systems AG is the first wind turbine manufacturer whose products demonstrably meet Germany's high grid requirements. The first unit certificates for new turbines in the REpower 3.XM series are to be available no later than the fourth quarter of 2010.

Economic Development

In its economic outlook for 2010 published in July, the International Monetary Fund (IMF) forecast that the world economy would grow by 4.5% for the year as a whole, increasing its projection from April 2010 by half a percentage point. This is based on unexpectedly strong global economic activity in the first quarter of 2010, driven by strong economic growth in Asia, where industrial production and trade recorded double-digit growth rates in the last half-year. The IMF summarized early 2010 thus: The only moderate and yet constant recovery of the economy in the industrial nations contrasted with strong economic growth in the threshold countries.

According to information from the Statistical Office of the European Union, GDP in the euro zone increased slightly in the first quarter of 2010: It grew by 0.2% compared to the previous quarter and by 0.6% year-on-year. According to the Federal Office of Statistics, Germany's gross domestic product (GDP) also increased in the first three months of the calendar year 2010 by 1.7% year-on-year and by 0.2% compared to the previous quarter. For the remainder of 2010, the Kiel Institute for the World Economy (ifw Kiel) considers restrained expansion to be the most likely scenario for Germany and forecasts a 2.1% increase in GDP for 2010 as a whole. According to the Institute, this will be driven predominantly by an expected rise in domestic demand, higher incoming orders and increasing industrial production. Due to tax relief for private households and continuingly low interest rates, the ifw Kiel also anticipates the German building sector will be boosted.

However, general risks continue to be posed by the budget problems experienced by some states in the euro zone and high national debt in the industrial nations, which have led to considerable fluctuations in the financial markets and massive depreciation of the euro over the past few months. The speed of recovery in the industrial nations may therefore decrease slightly over the coming months.

Sector Development

In the first half of 2010 the number of new installations already underachieved in several markets: The American Wind Energy Association (AWEA) announced new installations in the USA of only 1,240 MW in the first half of 2010. This corresponds to a 70% slump compared to the installations in the previous year's period. For the total year 2010 AWEA therefore expects a decrease in new installations between 25 and 45%.

According to information from the German Wind Energy Institute (DEWI) and VDMA Power Systems, the German wind energy market also declined slightly. During this time, 332 wind turbines were installed in Germany with a total output of almost 660 MW. In the corresponding period of the previous year 401 turbines with a total output of around 802 MW were installed. DEWI and VDMA Power Systems attribute this decline to the unusually hard and long-lasting winter, which meant that many installations were postponed until later in the year.

In contrast, global new installations reached a record level in the calendar year 2009. Despite the financial market crisis, new capacity installed amounted to around 38 gigawatts (GW), which corresponds to an average growth rate of 35% year-on-year and led to a cumulated total global output of 160 GW by the end of the year. Around 80% of new capacity installed in 2009 was constructed by a total of 10 international wind turbine manufacturers. Of these top 10 manufacturers,

REpower (as the only European company) increased its global market share slightly from 3.3% to 3.4%. In contrast, almost all established European and American wind turbine manufacturers saw their global market share decrease year-on-year. However, Chinese manufacturers increased their global market share considerably.

In Europe, the offshore wind industry is again spreading quickly: At the end of 2009, offshore wind turbines with a total output of around 2 GW were feeding clean electricity into the grids. Thereof 689 new megawatts (MW) were installed in total in 2009. Most offshore turbines are currently situated off the coasts of the UK, Denmark and the Netherlands. With the implementation of the first German offshore wind farm "alpha ventus" near the island of Borkum, Germany has now set a milestone for the expansion of offshore wind energy in German waters. In contrast to those installed in the 1990s, the new offshore turbines installed over the past few years are high-tech, multi-megawatt turbines with rated output of between 3 and 5 MW installed in wind farms far from the coast at depths of up to 40 meters. Currently, only three manufacturers around the world (including REpower Systems AG) offer offshore turbines in the 5 MW and 6 MW class for construction in commercial offshore wind farms in deep waters.

The Share

The first half of 2010 ended on a sobering note for international capital markets: The leading German index DAX was up only eight points on the start of the year and closed on the Xetra trading platform with 5,966 points. At the end of June 2010, the Dow Jones Index fell below the psychologically important 10,000 point mark, shedding 5% compared to the start of 2010. The German technology index TecDAX closed on June 30, 2010 with 735 points, around 10 percentage points below the value at the start of the year (818 points). Only the German selection index MDAX increased compared to January by 6.5% to 8,009 points. The great volatility of prices on international stock exchanges was caused primarily by the downgrades of economies by international rating agencies, the subsequent euro crisis and concerns about further economic development.

REpower's shares followed a similar trend as the indices. The share price started the calendar year 2010 with a closing price on Xetra of EUR 126.55 and the REpower fiscal year 2010/11 with a price of EUR 127.85. On June 30, 2010, shares in REpower Systems AG closed at EUR 116.90, a decline of 7.63% compared to the start of the year.

In the first three months of the fiscal year 2010/11, REpower shares reached the highest price of the quarter with EUR 130.75 on April 13, and a lowest price of EUR 110.00 on May 25, 2010. On 63 trading days in the first quarter of 2010/11, a daily average of 2,359 shares were traded. The average price was EUR 120.95.

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 AG home page (www.repower.de).

Business Development

The revenues and earnings figures from the first quarter of the fiscal year 2010/11 (April 1, 2010 to June 30, 2010) were compared with the corresponding figures from the same period of the previous year (April 1, 2009 to June 30, 2009). In contrast, reporting dates were compared for the balance sheet items: The figures for the first quarter of 2010/11 were compared with the balance sheet figures for the fiscal year 2009/10.

Sales and Earnings Situation

In the first quarter of the fiscal year 2010/11, the REpower Systems Group generated a total performance of 204 m EUR compared with 287.1 m EUR in the corresponding period of the previous year. Revenues also declined from 300.7 m EUR to 213.1 m EUR in the first quarter of 2010/11. At 1.5 m EUR, EBIT in the reporting period was 9.2 m EUR (or 86%) lower than the previous year (10.7 m EUR). Earnings before tax in the first quarter of 2010/11 amounted to 3.2 m EUR compared to 5.0 m EUR in the previous year. After taxes, the net result for the period is 1.8 m EUR, which equates to a decline of 443 k EUR (or 18%) compared to the same period of the previous year (2.2 m EUR). The decline in revenues and income is mainly caused by project postponements of customers.

Installed Capacity

Within the period from April to June 2010 REpower Systems AG delivered, installed or commissioned wind turbines with a total rated capacity of 169 MW. In the same period of the previous year this figure stood at the same level: Total installed capacity amounted to 170 MW. Within the reporting period onshore turbines of the MM and 3.XM series have been installed. Sharp 35% of the total capacity has been installed in Germany, 65% abroad.

Order Development

In comparison to the previous year's reporting date, the order backlog increased by around 70% from 1,230 MW (corresponds to 574 wind turbines) to 2,095 MW (807 turbines). On the reporting date, the contractually-secured order volume amounted to 2.42 bn EUR (1.45 bn EUR in the previous year). On June 30, 2010, almost 27% of wind turbines in the order backlog were for Germany and around 73% were for other countries. With regard to the total output of the turbines ordered, this breaks down into 35% for Germany and 65% for other countries.

Net Assets and Financial Situation

On the reporting date June 30, 2010, a slight increase in total assets was recorded from 1,032.6 m EUR to 1,042.8 m EUR.

This rise resulted predominantly from a 10.4 m EUR increase in non-current assets to 216.2 m EUR. Within this item tangible assets increased by 4.5 m EUR to 150.2 m EUR, while granted loans rose by 2.9 m EUR, amounting to 9.6 m EUR on the reporting date. There were also increases of 1.7 m EUR in other intangible assets and 1.2 m EUR in deferred taxes.

Current assets decreased slightly (by 274.7 k EUR) in the reporting period. Within current assets, future accounts receivables from contract orders decreased by 67 m EUR to 107.5 m EUR and trade accounts receivable dropped by 12.3 m EUR to 50.8 m EUR. However, liquid funds increased by 58.8 m EUR from 215.9 m EUR to 274.6 m EUR. Growth in other assets of 16.2 m EUR million was also recorded. Inventories amounted to 288.9 m EUR on the reporting date (March 30, 2010: EUR 285.1 m EUR).

Within liabilities, current liabilities increased by 11.8 m EUR to 492.5 m EUR, while non-current liabilities dropped by 7.2 m EUR to 68.7 m EUR. The decrease in non-current liabilities is primarily connected with the reclassification of participatory rights. Due to the still only short duration of less than one year, EUR 10 million was reclassified to current loans. On the reporting date, equity had increased by 5.5 m EUR to 481.5 m EUR.

The growth in current liabilities resulted from a strong 22.4 m EUR increase in future accounts payable from contract orders to 64.4 m EUR and the 10.3 m EUR rise in current loans to 14.4 m EUR. This is in contrast to a drop in trade payables of 18.7 m EUR and a decline in advance payments received of 8.5 m EUR. Provisions increased by 3.7 m EUR and 3.3 m EUR was transferred to deferred sales.

Research and Development

REpower Systems AG is the first wind turbine manufacturer to receive an unlimited unit certificate from an independent certification body in conjunction with the System Service Ordinance (SDLWindV). At this year's Hannover Messe in April, the certification body of the Forschungsgemeinschaft für Elektrische Anlagen und Stromwirtschaft e. V. (FGH) presented REpower Systems AG with two unit certificates for variants of the MM series. This is evidence that the requirements of the SDLWindV will continue to be complied with, even after June 30, 2011. All wind turbine variants in the MM series therefore demonstrably fulfill Germany's high grid requirements. During the reporting period, however, REpower Systems AG received the first unit certificates for its customers not only for new turbines, but also for existing turbines of the MM series.

During April's European Wind Energy Conference (EWEC) in Warsaw, the company also announced the new 3.XM series, which will encompass two types of turbine, the 3.4M104 and the 3.2M114. The REpower 3.4M104 has already been marketed successfully, with the launch of the 3.2M114 turbine planned for the end of 2010. Following the extremely successful noise measurements of the 3.4M104 wind turbine, the guaranteed maximum acoustic output level for this turbine was lowered to 105.6 decibel on the decibel (A) scale, a logarithmical volume scale for acoustic emissions. The acoustic output level determines, for example, how many wind turbines can be installed in a designated area close to developed land. Turbine type 3.4M104 is to be offered with a hub height of 128 meters in future. Plans are underway to construct the first REpower 3.4M104 turbine with a hub height of 128 meters at the end of 2010. The unit certificate for the generation units of the 3.XM series is expected to become available in the fourth quarter of 2010.

REpower reported further progress not only in Germany, but also in the North American market: A tower with a hub height of 100 meters was successfully developed for REpower MM92 turbines to be installed in the USA. Furthermore, the cold climate versions of the REpower MM92 installed in Canada last year survived their first winter with consistently high availability. This allowed REpower to gain important insights into the Canadian market and cold climate markets in general.

In the Offshore segment, two wind turbines of type REpower 5M were successfully converted to the "REguard Control B" turbine management system, with five more currently undergoing this process. This system will be implemented in all REpower wind turbines in future, including those in the offshore projects "Ormonde" and "Nordsee Ost".

The six REpower wind turbines in the first German offshore wind farm "alpha ventus", which was inaugurated in April, are currently being handed over to the customer. Since being installed, the REpower turbines have been running smoothly with high technical availabilities.

Personnel Situation

On June 30, 2010, the REpower Systems Group employed 2,164 staff, including students, interns and apprentices/trainees. This is just under 16% (or 297 employees) more than on the previous year's reporting date. Of these employees, around 80% (1,746) work in Germany and approximately 20% (418) work at the company's international branches. On June 30, 2010, a total of 56 apprentices/trainees and 63 students/interns were employed by the REpower Systems Group.

1,470 employees (previous year: 1,357) were working for the REpower Systems AG parent company on the reporting date. Of these, almost 38% have a technical background, around 20% are engineers and more than 13% are graduates in other subjects. Approximately 21% work in administration, with the remaining 8% comprised of students, interns or apprentices/trainees.

Employee development	2010/06/30	2009/06/30
Employees REpower Systems Group	2,164	1,867
Employees REpower Systems AG	1,470	1,357

Opportunity and Risk Report

To ensure profitable growth and long-term sustainability of REpower Systems Group an effective and efficient risk management system (RMS) is of great significance. The RMS of REpower Systems Group is to ensure that risks for the future development are recognized by every employee at an early stage and that they are communicated in a systematic and transparent way to the competent decision makers in the company. The identified risks will be handled with adequate activities in order to avoid harm to the company, the employees and the customers. RMS makes a major contribution to increase the sustainable value of the company.

The detailed opportunity and risk report is available in the Annual Report 2009/10. In the first quarter of 2010/11 no major changes took place in comparison with the extensively illustrated risk situation and the future developments in the annual report 2009/10 of REpower Systems AG. Of the risks reported, none has been reported as a critical, potentially existence-threatening risk.

Outlook

The Danish market research company BTM Consult ApS anticipates new global output installed of 42 GW for 2010 as a whole (previous year: 38 GW) and a cumulated output installed of 202 GW to the end of the year (previous year: 160 GW). With new installations of around 1.4 GW, off-shore wind energy is set to contribute to new installations in 2010. BTM expects an average global growth rate in double digits for new installations in the coming years as well. Asia, America and Europe are set to retain their position as the strongest growth markets. According to BTM, a total output of around 448 GW will be installed by the end of 2014, with around 16 GW of this on the open sea.

However, DEWI and VDMA Power Systems remain cautiously optimistic with regard to the wind year 2010 and expect a global market volume of only 38 GW. This forecast is primarily based on the development of the US market: The American Wind Energy Association (AWEA) recently reported new installations in the USA of only 1,240 MW in the first half of 2010. However, new installations are set to increase significantly in 2011.

From the current perspective the Executive Board expects the total performance for the REpower Systems Group to increase to EUR 1.5–1.6 billion for the fiscal year 2010/11, parallel to an increase in the EBIT margin to 7.5–8.5%. The earnings development expected is predominantly based on economies of scale and a further reduction in the material cost basis. The Executive Board expects that the major part of the annual revenues guidance cannot be generated until the second half of the year.

Despite continuing uncertainty regarding the future development of the world economy in general, the company assumes that the fiscal year 2011/12 will see continued group growth with a simultaneous improvement in the EBIT margin.

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 13, 2010

The Executive Board of REpower Systems AG

Andreas Nauen (CEO)

Derrick Noe (CFO)

Matthias Schubert (CTO)

Per Hornung Pedersen (Chief Market Officer)

Lars Rytter Kristensen (CSCO)

Consolidated balance sheet

Assets	(EUR)	2010/06/30	2010/03/31
Current assets			
Liquid funds		274,635,218	215,856,312
Gross amount due from customers for contract work as an asset		107,456,397	174,499,969
Trade accounts receivable		50,829,267	63,124,815
Intragroup receivables		10,803,833	10,543,013
Receivables from associates and joint ventures		2,264,448	2,267,701
Inventories		288,903,186	285,059,228
Other financial assets		28,890,230	22,464,479
Other miscellaneous assets		62,736,494	52,978,288
Total current assets		826,519,073	826,793,805
Non-current assets			
Other intangible assets		42,914,435	41,176,157
Goodwill		1,628,367	1,628,367
Property, plant and equipment		150,172,145	145,692,057
Investments in associates and other companies		5,531,530	5,625,472
Other financial investment		808,286	693,592
Borrowings		9,607,520	6,729,484
Deferred taxes		4,657,351	3,412,214
Other assets		914,016	873,085
Total non-current assets		216,233,650	205,830,428
Total assets		1,042,752,723	1,032,624,233

Liabilities	(EUR)	2010/06/30	2010/03/31
Current liabilities			
Short-term loans and current portion of long-term loans		14,408,805	4,136,795
Trade accounts payable		121,658,086	140,318,146
Liabilities from associates and joint ventures		1,479,101	1,280,154
Advance payments received		188,745,863	197,289,782
Gross amounts due from customers for contract work as a liability		64,402,281	41,960,162
Provisions		64,902,568	61,197,121
Deferred income		10,916,107	7,587,041
Income tax liabilities		4,121,307	4,548,811
Other financial liabilities		14,327,885	15,068,546
Other miscellaneous liabilities		7,569,522	7,306,107
Total current liabilities		492,531,525	480,692,665
Non-current liabilities			
Long-term loans		43,283,979	43,486,951
Capital from profit participation rights		0	10,000,000
Deferred taxes		25,438,272	22,472,878
Total non-current liabilities		68,722,251	75,959,829
Equity capital			
Subscribed capital		9,201,579	9,199,829
Additional paid-in capital		303,572,659	303,059,834
Revaluation reserve		776,000	776,000
Currency translation		815,972	-21,548
Change in current value of cash flow hedges		6,200,758	3,776,730
Retained earnings		149,525,182	147,707,203
Equity entitled to shareholders		470,092,150	464,498,048
Minority interests		11,406,797	11,473,691
Total equity capital		481,498,947	475,971,739
Total liabilities		1,042,752,723	1,032,624,233

Consolidated income statement

	(EUR)	2010/04/01- 2010/06/30	2009/04/01- 2009/06/30
Revenue		213,059,936	300,717,786
Changes in work in progress		-13,424,119	-13,631,234
Company-produced additions to plant and equipment		4,386,000	0
Total performance		204,021,817	287,086,552
Other operating income		1,605,642	4,844,149
Cost of materials/cost of purchased services		-153,244,827	-229,447,604
Personnel expenses		-26,251,604	-24,719,543
Depreciation on property, plant and equipment and amortization on intangible assets		-5,171,753	-3,598,049
Other operating expenses		-19,461,054	-23,458,748
Result from operating activities		1,498,221	10,706,757
Interest and similar financing income		1,688,187	539,067
Interest and similar financing expenses		70,751	-7,233,705
Income from investments		0	580
Share of result from associates and joint-ventures		-93,942	962,070
Result before income tax		3,163,217	4,974,769
Income tax expense		-1,412,129	-2,780,385
Net income for the year		1,751,088	2,194,384
Share of net income for the year attributable to minority interests		-66,893	-331,087
Share of net income for the year attributable to shareholders of the parent company		1,817,981	2,525,471
Earnings per share (undiluted)		0.20	0.28

Consolidated statement of comprehensive income

	(EUR)	2010/04/01- 2010/06/30	2009/04/01- 2009/06/30
Net income for the year		1,751,088	2,194,384
Hedging instruments of derivatives		2,424,028	-7,186,975
Currency translation		837,520	-76,678
Other comprehensive income		3,261,548	-7,263,653
Total comprehensive income		5,012,636	-5,069,269

Consolidated statement of cash flows

(EUR)	2010/04/01- 2010/06/30	2009/04/01- 2009/06/30
Cash flow from operating activities		
Profit for the period before taxes	3,163,217	4,974,769
Adjustments for:		
Depreciation on property, plant and equipment, amortiza- tion of intangible assets and financial assets	5,171,753	3,598,049
Write-down of loans granted	0	0
Profit/loss from associates and joint ventures	-93,942	962,070
Interest income	-1,688,187	-539,067
Interest expenses	-70,751	7,233,705
Increase/decrease in provisions	3,705,447	2,047,631
Profit/loss from sales of property, plant and equipment, intangibles and other long-term assets	-2,238	-25,730
Change in working capital	60,534,506	-19,022,057
Interest received	1,688,187	539,067
Interest paid/financial expenses	70,751	-7,233,705
Income tax paid	-2,491,591	-4,927,739
Other non-cash income and expenses	-15,165,644	-3,453,634
Cash flows from/used in operating activities	54,821,509	-15,846,642
Cash flow from investing activities		
Cash receipts from sales of property, plant and equipment, intangible and other long-term assets	0	36,997
Cash payments for the purchase of intangible assets	-3,538,188	-1,952,258
Cash payments from purchase of property, plant and equip- ment, intangible and other long-term assets	-2,861,808	-6,335,585
Cash payments from company group modifications	0	0
Cash payments to acquire equity of associates and joint ventures	0	2,550,000
Cash flows used in investing activities	-6,399,996	-5,700,846
Cash flow from financing activities		
Cash proceeds from issuing shares	16,345	0
Cash Repayments of amounts borrowed	0	-215,473
Cash proceeds from borrowing/sight credits	69,038	533,352
Cash flows used in/from financing activities	85,383	317,879
Change in funds for financing purposes through basis of consolidation	0	0
Increase/decrease in cash and cash equivalents	48,506,896	-21,229,609
Cash and cash equivalents at the beginning of the period	211,719,517	94,790,477
Cash and cash equivalents at the end of the period	260,226,413	73,560,868
Bank balances	274,635,218	75,217,917
Short-term bank liabilities	-14,408,805	-1,657,049
Cash and cash equivalents at the end of the period	260,226,413	73,560,868

Consolidated statement in shareholders' equity

	Subscribed capital	Additional paid-in capita	Currency translation	
	in EUR	in EUR	in EUR	
Balance at 2009/04/01	9,177,039	297,185,060	-165,348	
Capital increase of executed but not yet registered employee stock option programme	22,790	2,210,329		
Stock option plans		3,423,445		
Capital increase subsidiaries				
Change in the consolidated group		241,000		
Currency translation			143,800	
Change in the direct recorded revenues and expenses in equity				
Net result for the year				
Balance at 2010/03/31	9,199,829	303,059,834	-21,548	
Balance at 2010/04/01	9,199,829	303,059,834	-21,548	
Capital increase of executed but not yet registered employee stock option programme	1,750	14,595		
Stock option plans		498,228		
Foreign currency translation			837,520	
Change in the direct recorded revenues and expenses in equity				
Net result for the year				
Group result		498,228	837,520	
Balance at 2010/06/30	9,201,579	303,572,656	815,972	

	Change in current value of Cash Flow Hedges in EUR	Revaluation Reserve in EUR	Retained earnings in EUR	Equity entitled to shareholders in EUR	Minority interests in EUR	Total shareholders equity in EUR
	12,762,658	0	89,377,041	408,336,449	3,565	408,340,014
				2,233,119		2,233,119
				3,423,445		3,423,445
					2,450,000	2,450,000
		776,000		1,017,000	9,420,000	10,437,000
				143,800		143,800
	-8,985,928			-8,985,928		-8,985,928
			58,330,162	58,330,162	-399,874	57,930,288
	3,776,730	776,000	147,707,203	464,498,047	11,473,691	475,971,738
	3,776,730	776,000	147,707,203	464,498,047	11,473,691	475,971,738
				16,345		16,345
				498,228		498,228
				837,520		837,520
	2,424,028			2,424,028		2,424,028
			1,817,979	1,817,979	-66,893	1,751,085
	2,424,028		1,817,979	4,242,007	-66,893	4,175,114
	6,200,758	776,000	149,525,182	470,092,147	11,406,798	481,498,945

Group Notes as of June 30, 2010

Accounting policies

These consolidated interim financial statements for the period from April 1, 2010 to June 30, 2010 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, 2010. The accounting policies in the consolidated financial statements for 2010 were also used for the consolidated interim financial statements dated June 30, 2010. 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 thirteen 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

REpower Portugal Sistemas Eolicos S.A. serves as a production and sales company for developing the Portuguese sales market. RETC Renewable Energy Technology Centre GmbH is a joint venture between REpower Systems AG, 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 profits for the period are taken into consideration in the interim financial statements. In the first three months of fiscal year 2010/11, the Group generated sales of 0.7 m EUR from transactions with associated companies. Companies measured according to the equity method generated total earnings of -0.1 m EUR 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 %	
	2010/06/30	2010/03/31
Project companies (all located in Germany)		
REpower Betriebs- und Beteiligungs GmbH, Rendsburg	100.00	100.00
REpower Investitions- und Projektierungs GmbH & Co. KG, Rendsburg	100.00	100.00
Windpark Meckel/Gilzem GmbH & Co. KG, Hamburg	100.00	100.00
Windpark Meckel/Gilzem GmbH & Co. KG, Hamburg	100.00	100.00
Production and service companies		
WEL Windenergie Logistik GmbH, Schloß Holte-Stukenbrock, Germany	100.00	100.00
PowerBlades GmbH, Bremerhaven, Germany	51.00	51.00
REpower GmbH, Hamburg, Germany	100.00	100.00
REpower North (China) Ltd., Qingshan, Baotou, P.R. China	54.42	54.42
Sales companies		
Repower España S.L., Madrid, Spain	100.00	100.00
REpower S.A.S., Courbevoie, France	100.00	100.00
REpower Italia SRL, Milan, Italy	100.00	100.00
REpower Australia Pty. Ltd., Melbourne, Australia	100.00	100.00
REpower Wind Systems Trading, Beijing, People's Republic of 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., Oostende, Belgium	100.00	100.00
REpower UK Ltd., Edinburgh, Great Britain	100.00	100.00
Powerblades S.A., Oliveira des Frades, Portugal	90.00	90.00
REpower Diekat, Athens, Greece	60.00	60.00
REp Ventures Portugal S.A., Porto, Portugal	100.00	100.00
REpower Systems Scandinavia AB, Göteborg, Sweden	100.00	0.00

Investments accounted for using the equity method

In the interim financial statements as of June 30, 2010, the following companies are included according to the equity method:

	Share in %	
	2010/06/30	2010/03/31
REpower Portugal Sistemas Eolicos S.A., Oliveira de Frades, Portugal	50.00	50.00
RETC Renewable Energy Technology Centre GmbH, Hamburg, Germany	50.00	50.00

Notes to the consolidated balance sheet

Total assets have risen by 10.1 m EUR since the end of fiscal year 2009/10. This development resulted from an increase in non-current assets of 10.4 m EUR as well as a simultaneous decline in short-term assets of -0.3 m EUR. The most important changes that took place between the balance sheet dates of June 30, 2010 and March 31, 2010 are explained below:

Assets

The slight decline in current assets of -0.3 m EUR relates to a drop in receivables from customers and in future accounts receivables from contract orders totaling -67.0 m EUR as well as a reduction in trade receivables of -12.3 m EUR. This decline is countered by increases in inventories of 3.8 m EUR, liquid funds of 58.8 m EUR and other assets of 16.2 m EUR.

Non-current assets increased by 10.4 m EUR from the previous balance sheet date. This development primarily relates to an increase of 4.5 m EUR in property, plant and equipment, a rise of 1.7 m EUR in intangible assets due to the capitalization of development costs, a decrease of -0.1 m EUR in shares in associated companies and joint ventures (from allocated earnings of -0.1 m EUR), granting loans of 2.9 m EUR and an increase of 1.2 m EUR in deferred taxes.

Liabilities

Changes in liabilities totaling 10.1 m EUR comprise an increase of 11.8 m EUR in current liabilities, a decrease of EUR -7.2 million in non-current liabilities and a rise of 5.5 m EUR in total equity capital.

The increase of 11.8 m EUR in **current liabilities** resulted from a rise of 22.4 m EUR in future accounts payable from contract orders and an increase of 10.3 m EUR in current loans due to the reclassification of profit participation rights from non-current liabilities to current liabilities. This is in contrast to declines of -18.7 m EUR in trade payables and of -8.5 m EUR in advance payments received from customers on orders declined. 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). The increase in provisions by 3.7 m EUR compared with March 31, 2010 primarily resulted from deferrals for warranty expenses. All further liabilities increased slightly, and rose by 2.6 m EUR overall.

The changes in **non-current liabilities** mainly relate to deferred tax liabilities from temporary differences between tax profits and the carrying amounts in accordance with IFRS as well as the reclassification of profit participation rights to current liabilities.

Total equity capital has increased by 5.5 m EUR since the previous balance sheet date. This performance can mainly be attributed to earned group equity of 1.8 m EUR, transfers of 0.5 m EUR into the capital reserves from employee option programs, directly recognized income and expenses of 3.3 m EUR and a decrease in minority interests of -0.1 m EUR.

Notes to the consolidated income statement

The consolidated income statement is structured the same way as that of March 31, 2010 – in accordance with the specifications as defined by IFRS 1. In this case, the reporting period relates to the period April 1, 2010 to June 30, 2010, thus to the first quarter of fiscal year 2010/11.

In the first three months of fiscal year 2010/11, total operating performance of 204.0 m EUR was generated from the sale of wind turbines, services and license proceeds. Total operating performance therefore decreased slightly compared to the prior period (287.1 m EUR).

The **cost of materials** dropped by 76.2 m EUR in line with sales performance. Relative to total output, the cost of materials totaled 75.1%, having fallen by 4.8 percentage points year-on-year. **Staff costs** rose by 1.5 m EUR due to an increase in the number of employees in fiscal year 2010/11. **Depreciation of property, plant and equipment and amortization of intangible assets** increased by 1.6 m EUR year-on-year as a result of higher investments and amortization of development costs in the previous fiscal year. Including a decrease of 4.0 m EUR in **other operating costs**, the operating result as of the balance sheet date is 1.5 m EUR. The operating result is 9.2 m EUR lower than on June 30, 2009.

Net finance income increased by 4.1 m EUR year-on-year. This primarily arose from reversing a provision of 1.8 m EUR. In addition, banking charges were paid to the banks in the same period of the previous year in conjunction with the company's latest growth finance credit. **Investment income** totaling -0.1 m EUR was generated from joint ventures taken into account according to the equity method. Overall, **earnings before tax** equal 3.2 m EUR as of the reporting date.

Tax expense totals 1.4 m EUR, 44.6 % of earnings before tax. With a consolidated tax rate of 28.6 % in terms of earnings before tax, tax expense is expected to be 0.9 m EUR. The difference of 0.5 m EUR 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 1.8 million as of the balance sheet date of June 30, 2010 (comparative period: EUR 2.2 million).

The consolidated statement of comprehensive income includes the change in current value of cash flow hedges as of June 30, 2010 and other comprehensive income.

Notes to the consolidated cash flow statement

The cash flow statement for June 30, 2010 is compared to the cash flow statement for the previous year's reporting date of June 30, 2009. The cash flow statement as of the balance sheet date reflects the liquidity flow between the consolidated financial statements as of March 31, 2010 and the consolidated interim financial statements as of June 30, 2010.

The cash flow statement shows inflow of funds totaling 48.5 m EUR as of the balance sheet date (comparative period: outflow of 21.2 m EUR).

In the first three months of fiscal year 2010/11, the inflow of funds resulting from **operating activities** totaled 54.8 m EUR.

In terms of **investments**, there were accruals of 6.4 m EUR for investments in property, plant and equipment as well as in intangible assets.

Due to financing growth from current cash flow, the change in **financing activities** is mainly limited to borrowings of current loans totaling 0.07 m EUR.

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 AG, 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 management level (Senior Vice President level).

REpower Systems AG 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, each of which has a segment manager from the secondary management level: The Onshore and Offshore segments as well as Service and Maintenance.

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. Where the modified IFRS 8.23 (Improvements to IFRS from April 2009) has been applied early, segment assets are not presented as these are not used by the CODM during the decision-making process.

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. The transfer pricing was defined based on the market.

The figures as at June 30, 2010 have been compared with the figures as at June 30, 2009 in each case. In the last quarter of the previous fiscal year an adjustment of the internal allocation system has been conducted. The new system is also applied on previous year's values.

Onshore segment

	Onshore segment		
	(in EUR k)	2010/04/01- 2010/06/30	2009/04/01- 2009/06/30
Revenue		170,400	270,803
Changes in inventories / company-produced additions to plant and equipment		-7,946	-13,631
Total performance		162,454	257,172
Operating expenses		-142,941	-231,989
Intersegment income/expenses		-2,903	-1,043
EBIT		16,610	24,141

The **Onshore** segment contains all revenue generated from marketing, 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 relate to commissioning services performed by the Service and Maintenance segment.

Offshore segment

	Offshore segment		
	(in EUR k)	2010/04/01- 2010/06/30	2009/04/01- 2009/06/30
Revenue		23,415	3,302
Changes in inventories / company-produced additions to plant and equipment		-1,092	0
Total performance		22,323	3,302
Operating expenses		-19,718	-1,156
Intersegment income/expenses		-630	0
EBIT		1,975	2,146

The segment **Offshore** includes all national and international activities in the area of offshore wind farms. Specialist expertise is required from the 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. Intersegment expenses relate to commissioning services performed by the Service and Maintenance segment.

Service and Maintenance segment

	Service and Maintenance segment		
	(in k EUR)	2010/04/01- 2010/06/30	2009/04/01- 2009/06/30
Revenue		16,932	19,968
Changes in inventories / company-produced additions to plant and equipment		0	0
Total performance		16,932	19,968
Operating expenses		-19,401	-31,882
Intersegment income/expenses		6,662	11,728
EBIT		4,193	-186

The **Service and Maintenance 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. Also expenses are incurred in the Service segment for the purposes of sustainable product improvements and the remediation of design flaws in order to achieve the further stabilization and improvement of turbine performance. 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.

Reconciliation

(in EUR k)	Segment totals		Reconciliation		Group (EBIT)	
	2010/04/01- 2010/06/30	2009/04/01- 2009/06/30	2010/04/01- 2010/06/30	2009/04/01- 2009/06/30	2010/04/01- 2010/06/30	2009/04/01- 2009/06/30
Revenue	210,747	294,073	2,313	6,645	213,060	300,718
Changes in inventories / company-produced additions to plant and equipment	-9,038	-13,631	0	0	-9,038	-13,631
Total performance	201,709	280,442	2,313	6,645	204,022	287,087
Operating expenses*	-182,059	-265,027	-20,465	-20,127	-202,525	-285,154
Intersegment income/ expenses	3,129	10,686	-3,129	-1,912	0	8,774
EBIT	22,779	26,101	-21,281	-15,394	1,498	10,707
Net finance costs					1,665	-5,732
EBT					3,163	4,975

* Offset against other operating income in the reconciliation

The expenses in the reconciliation primarily relate to income from sales of electricity and licenses.

The bigger part of the expenses in the reconciliation relate to overheads that were not allocated to the individual segments due to deviations from forecasts, as well as the utilization of provisions. Furthermore allocations to provisions are demonstrated at the level of the Company as a whole. The reconciliation also contains expenses for sustainable product improvements and the remediation of design flaws in order to achieve the further stabilization and improvement of turbine performance. Other expenses relate to insurance premiums for the reduction of the risk exposure of the Company as a whole.