Interim Report 2012

1 January to 30 June

EWE Group key figures

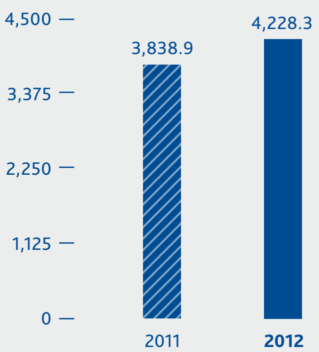
EUR million	01.01. – 30.06.2012	01.01. – 30.06.2011	Change in %
Sales [1]	4,228.3	3,838.9	10.1
Return on sales in %	4.0	-4.8	
EBITDA	518.1	321.7	61.1
EBITDA margin in %	12.3	8.4	
EBIT	309.6	-61.4	604.2
EBIT margin in %	7.3	-1.6	
EBIT return in %	9.7	-1.9	
Result for the period	167.7	-185.9	190.2
Expenditure for investments (total)	231.4	225.0	2.8
Cash flow from operating activities	339.7	14.7	2,210.9
Share capital	243.0	243.0	0.0
Shareholders' equity	2,525.8	2,745.9	-8.0
Equity ratio in %	24.7	28.4	
Return on equity in % [2]	6.4	-6.0	
Balance sheet total	10,233.3	9,662.2	5.9
Borrowings [3]	2,898.3	2,723.6	6.4
Gearing ratio	3.6	5.7	
Net financial position	3,728.3	3,689.3	1.1
Employees (average)	9,030.0	8,806.0	2.5

[1] Without electricity and natural gas taxes
[2] The return on equity is calculated by dividing the net profit for the period by the average amount of shareholders' equity in the current year and previous year.
[3] Bonds and liabilities to banks

The accounting methods applied may result in rounding differences of +/- one unit (euro, per cent, etc.)

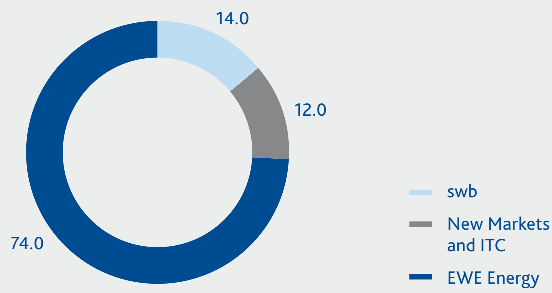
Sales for the period of 01.01 – 30.06.

(EUR million)



Sales by business areas as of 30 June 2012

(in %)



Content

Title picture – Demonstration and training centre Emstek
No matter whether it concerns photovoltaics, fuel cells or intelligent measurement and control technology for saving energy: the long-term success of the future energy supply is dependent on qualified local tradespeople. To this end, EWE relies on diverse partnerships in order to provide training in the latest developments. This picture was taken in the company's own demonstration and training centre in Emstek.

Letter from the Board of Management

Dear ladies and gentlemen, friends of the company,

The first six months of 2012 saw EWE return to positive figures, with the Group achieving sizeable increases in all of its key performance indicators after two negative financial years. Sales amounted to Euro 4.2 billion in the first half of the year, which was an increase of 10 per cent year on year. This is, in part, the result of a considerable increase in the EEG levy for feeding-in renewable energy. EBIT rose by Euro 371.0 million to Euro 309.6 million in the same period. Adjusted for one-off effects, EBIT was Euro 97.2 million higher than in the same period last year. Consolidated net income for the period increased by Euro 202.6 million year on year in the first six months of 2012, to Euro 167.7 million. Our EBIT forecast for the year as a whole remains unchanged, and is expected to reach the triple-digit million range.

We consider this stabilisation of our results as evidence of the fact that we have adopted the right strategy, even if the improvement is partly down to external factors and the absence of one-off effects. We launched our 15plus project in May of last year to improve EWE's competitiveness and earnings power. Since then, we have identified and initiated all sorts of measures designed to strengthen our core business activities and secure profitable growth in the medium term. We examined all of our core activities and pinpointed potential in, for example, the area of sales. Our goal is to constantly satisfy our customers by providing excellent service. We are therefore focusing on achieving maximum cost efficiency in our internal processes, in order to remain competitive in an increasingly price-driven environment.

The first half of the year highlighted once again the fact that we need to be ready for new challenges in the energy market at all times. There has been a noticeable increase in the volatility of our customer relations in the fields of electricity and natural gas, with customer losses incurred in traditional network areas on the one hand, but quite often hard-fought success in competing for new customers on the other. In total, the Group's customer figures increased over the first six months of the year by 1.7 per cent year on year in the electricity sector and by 2.7 per cent in natural gas. We are also currently facing particular competition in relation to the electricity grid, because negotiations regarding easements are now under way in our regions, as scheduled. Many local authorities have renewed their contracts with EWE. But we are aware that there is a general desire for greater participation, so we are currently looking into various options for a participation model. We have made good progress in our gas business. We were able to renegotiate most of our supply contracts, so the discrepancies in the results between these and the cheaper spot market prices were significantly reduced. A number of contracts are still being negotiated.

We have worked hard on determining the company's strategic approach to the future in recent months. We aim to pursue an even greater focus in the future and to keenly seize our opportunities for growth. To achieve this, we will use our regional roots and our existing areas of expertise, such as the construction and operation of networks and also the area of renewable energies.

In the future, a major focus of ours will be onshore wind power generation. The expertise EWE has acquired in offshore business will henceforth be marketed as a service by a subsidiary. In the area of sales, we will adopt an even more systematic approach to offering telecommunications and energy products from a single source. We are convinced that these two markets will continue to grow together and that our early adoption of this business approach will play a part in making our business a success. The challenges and opportunities in terms of networks lie in particular in electricity grids, due to the unique demands of the German energy turnaround. This is, therefore, where we will be focusing our efforts in future.

Dr. Werner Brinker
Chief Executive Officer

Michael Wagener
Deputy Chief Executive Officer,
until 30 September 2012

Nikolaus Behr
Member of the Board of Management,
since 1 August 2012

Dr. Heiko Sanders
Member of the Board of Management

Dr. Willem Schoeber
Member of the Board of Management

The success of renewable energies depends very much on successful solutions first being developed for the distribution networks. This will require not only major capital expenditure, but also the expertise that EWE has garnered from decades of experience.

We are also implementing internal restructuring to reflect the substantial changes in the conditions of the sectors in which we work. This will also involve gradual changes to the make-up of the Board of Management of EWE AG. In the future, the company will be headed by a team of five. In addition to a Chief Executive Officer, a Chief Financial Officer and a Human Resources Director, there will also be three Chief Operating Officers who will be responsible for divisions relating to our core activities in the energy business. In some cases, more than one person will be assigned to these functions. Mr. Nikolaus Behr has been appointed by the Supervisory Board to the position of Human Resources Director. He took up his position on the Board of Management on 1 August 2012.

Yours sincerely,

Oldenburg, Germany, 14 August 2012

Board of Management

Dr. Werner Brinker

Michael Wagener

Nikolaus Behr

Dr. Heiko Sanders

Dr. Willem Schoeber

Strategy

One of the main social challenges of the coming decades will be to migrate the energy supply of Germany, an industrial nation, from carbon-based energy production to a method that is as CO_2 neutral as possible. This transition is due to climate change, triggered by a poorly sustainable approach to energy supply that has been in place since industrialisation began. In early 2011, the German government created the political framework for the sustainable transformation of the energy supply and energy management in the form of the so-called "energy turnaround". We consider this to be an enormous challenge faced by businesses across all industries, but we also see many opportunities which EWE is ideally positioned to take advantage of.

Our expertise

Regional roots: As a predominantly municipally-owned company, and having been active in the region for decades, as well as due to our local employees and position as a partner to regional businesses, we are an established part of the economic, social and political life in Lower Saxony, Bremen and Brandenburg. This means that we are naturally close to our customers. Thanks to our deep roots and direct contact with our environment, we understand the needs, specifics and development of these regions.

Construction and operation of plants for electricity generation from renewable sources: Right from the start, we have made technology for renewable energies the core of our business, developing them further and thus contributing significantly to their acceptance and current maturity. The fact that we focused on technical ideas early on for contributing to climate protection as well as our natural proximity to renewable resources, in particular wind and biomass, are reasons for this. The expertise that we have developed in the course of this has made us a much sought-after partner and expert in the generation of electricity from renewable sources.

Efficient construction and operation of networks: We operate one of the most modern and secure energy networks in Europe as well as a highly complex telecommunications network. The rural structure of our network region and, in particular, the geographical challenges inherent in supplying the East Frisian islands have always motivated us to be efficient and technically reliable. This knowledge, which has been gathered over decades, is today the backbone of the company as we contribute to transforming our energy supply systems.

The interplay between energy, telecommunications and information technology: EWE was quick to recognise how markets and technology in energy, telecommunications and IT interact, developing the knowledge in these areas further and combining them within the company. On this basis, we have created a competitive advantage for ourselves with so-called "smart" technology, which will play a central role as we transform energy supply systems to be sustainable.

Our business

Renewables with a focus on wind: The expansion of renewable energies and their integration into the energy infrastructure are at the core of a successful energy turnaround. EWE recognised this early on, and for around 25 years now, we have been investing in new, forward-looking technologies. Our focus is on wind energy. In partnership with local councils and customers, we primarily develop onshore wind farms. We market our expertise in the construction and operation of offshore wind farms in a dedicated service company. We believe that this will be critical to the success of the energy turnaround, because the loss of capacity for electricity generation in the coming decades will only be able to be fully compensated by strategically establishing offshore wind farms. Our second mainstay in the field of renewable energies is biogas processing. Plants for processing renewable raw materials have achieved great significance in the predominantly agricultural regions

Cornerstones of our strategy

Focus	Concentrated growth	Regional roots
With energy, telecommunications and information technology, we combine the core fields of expertise under one roof to provide a forward-looking system of energy supply. We focus here in particular on activities which represent a sustainable strategic and operational addition to our core business.	We aim to achieve profitable growth with business activities, technologies and partnerships that enable us to actively participate in the transformation of energy supply and the energy industry in northern Germany.	We use our traditional links with the regions and our many years of local experience to involve these regions and their people in the shaping of an environmentally friendly energy supply system.

of Lower Saxony and Brandenburg. We focus on the processing of gases generated in these plants, thus making use of our core expertise in gas processing and feed-in.

Conventional energy and heat generation for niche markets: The role of conventional power plants in the overall generation mix is changing. However, given the fluctuating nature of renewable energies, they will not become insignificant. We consider modern gas and steam turbine power plants, in particular, to be essential complements to the usually volatile feed-in from generation plants powered by renewable energy sources. We are concentrating on the supply of niche products, in particular the provision of customer-specific solutions.

Growing with an intelligent and efficient energy infrastructure: The construction and operation of energy networks has been at the core of our business from the very beginning. We have extensive experience and expertise that we make use of to provide a competitive advantage. The energy turnaround will only succeed with intelligently controlled electricity networks. We are also convinced that the energy supply of the future will increasingly be based on electrical energy, and so we aim to grow in this area, striving to selectively acquire more networks that show promise. In order to accommodate the increasing pressure of regulation early on, we continuously increase the efficiency of electricity and natural gas grids. We use our telecommunications network to support the transformation of the energy supply systems, also strengthening the region's future prospects in the process. Gas storage that we sell to third parties as well as using for our own marketing needs rounds off our infrastructure portfolio.

Fusion of energy and information technology: Only modern communications technologies with their specific IT and software solutions make it possible to sustainably transform energy supply systems. This applies most notably to heavily networked areas such as decentralised energy management. For this reason, we develop intelligent energy solutions such as virtual power plant and smart load managers within the Group. We are expanding our expertise in information technology whenever it serves to support our core business of energy supply.

Regional supplier of integrated energy and telecommunications products: The sale of energy and telecommunications services is how we address the market in the region of northwest Germany and in Brandenburg. The business focuses consistently on the specific needs of our customers. Our goal is to constantly satisfy our customers by providing excellent service. EWE presents itself as a regional provider of integrated energy and telecommunications products. We also address customers in adjacent regions with selected energy services. Energy services such as contracting play a significant role in the enhancement of the German energy supply system, because there is enormous potential to reduce CO_2 in the supply of energy through the modernisation of obsolete and frequently high-emission plants. In our internal processes, we concentrate on achieving maximum cost efficiency in order to remain competitive in an increasingly price-driven environment.

Commitment to new markets: With approximately 700,000 customers already, the foreign business in Turkey provides an opportunity for organic growth. The reason for this is the very good growth of the Turkish economy and the associated increase in the prosperity of the Turkish population. Here we make use of our expertise strategically and profitably to develop a sustainable system of energy supply. A key element is the way management resources in Germany and Turkey interact. Another opportunity to use available expertise in new markets presented itself in Poland, where we have also been able to develop a gas supply system.

Investor Relations

Value goals defined for the Group

We have defined concrete value goals to measure and manage company performance. As a regional company that acts responsibly, stability in the application of interest to the capital employed is important to us. We therefore strive to achieve an EBIT return of more than 8.0 per cent. The dynamic gearing ratio is also an important indicator for us. Calculated as the ratio of net debt to EBITDA, this key figure provides information on the ability to repay debt and dependency on the capital market, both of which are critical to EWE as a municipal company. We strive to achieve a gearing ratio of less than 3.5. We further aim to ensure financial stability on the basis of an equity ratio of at least 30 per cent.

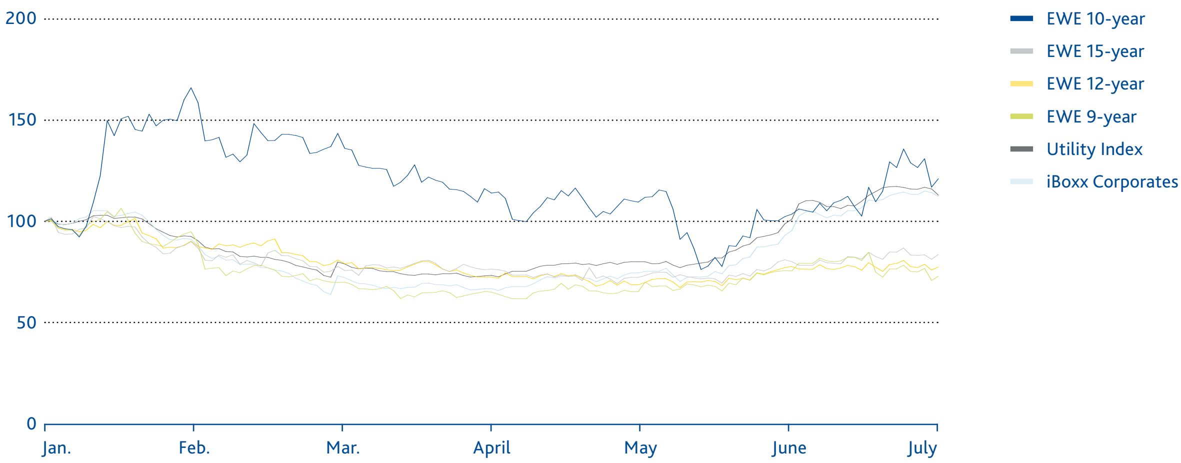
EWE bonds and the capital market

EWE currently has four corporate bonds in circulation, with the company issuing two euro bonds in October 2004 (maturities: 10 and 15 years respectively) with an aggregate value of Euro 1.5 billion, one euro bond in July 2009 with a value of Euro 500 million (maturity: 12 years) and another euro bond in October 2011 with a value of Euro 500 million (maturity: 9 years). The rating of significance to the capital market was confirmed by Moody's in July 2012 as A3 / negative outlook.

The mood on the European corporate bonds market in the first half of 2012 was significantly influenced by the European debt crisis. As in 2011, the bonds from southern European issuers were generally affected more by volatility on the secondary market and rising risk premiums. On the other hand, northern European issuers with investment-grade ratings were, for the most part,

Performance of the EWE bonds in the first half year 2012

Spread vs. mid-swaps (bp)



able to escape this trend. This was apparent in the falling risk premiums and unhindered access to the public debt market, even in phases where the market was generally more volatile.

In the utilities sector, the average risk premium for corporate bonds also went up in light of the European debt crisis. The iBoxx € Liquid Utilities Index closed on 29 June 2012 at around 28 base points higher than at the beginning of the year. The rise in the utilities sector is therefore higher than in the corporate bonds market as a whole. The average risk premium of the iBoxx € Liquid Corporates Index rose by just 15 base points in this period. The reason specified for the differing development of the utilities bonds was the relatively high proportion of southern European bonds reflected in the index. Downgradings were in part responsible for investors changing the portfolio weighting.

EWE's bonds largely succeeded in bucking the negative trend. The three bonds maturing in 2019, 2020 and 2021 were trading with much lower risk premiums on 29 June 2012 than at the beginning of the year. This underlines EWE's stability as a bond issuer. Only the bond maturing in 2014 was more volatile. This differing development can be explained by the short amount of time until maturity and the resultant reduction in secondary market liquidity. Because most of the bonds are now held in money market funds or other held-to-maturity financial instruments, even trading volumes that are smaller may lead to larger changes in risk premiums.

	EWE 10-year bond	EWE 15-year bond	EWE 12-year bond	EWE 9-year bond
ISIN	DE000A0DLU51	DE000A0DLU69	DE000A0Z2A12	XS0699330097
Security code no.	A0DLU5	A0DLU6	A0Z2A1	A1K0ZZ
Issue date	14.10.2004	14.10.2004	16.07.2009	04.11.2011
Maturity	14.10.2014	14.10.2019	16.07.2021	04.11.2020
Currency	EUR	EUR	EUR	EUR
Volume	0.64 billion	0.5 billion	0.5 billion	0.5 billion
Nominal amount	1,000.00	1,000.00	1,000.00	1,000.00
Coupon type	fixed coupon	fixed coupon	fixed coupon	fixed coupon
Nominal interest	4.375 %	4.875 %	5.250 %	4.125 %
Interest paid	annually	annually	annually	annually
Interest payment date	14 October	14 October	16 July	04 November
Issue spread 2004	+ 40 bp	+ 52 bp	–	–
Issue spread 2009	–	–	+ 160 bp	–
Issue spread 2011	–	–	–	+ 165 bp
Spread as per 30.06.2012	+ 51 bp	+ 98 bp	+ 109 bp	+ 106 bp

Interim group management report

1 January to 30 June 2012

Overview of the course of business

General economic conditions

According to data from the Kiel Institute for the World Economy (IfW), as of the middle of 2012, the global economy is in a phase of very restrained economic expansion. The renewed rise of the sovereign debt crisis in the eurozone caused particular strain. The global gross domestic product again grew somewhat more rapidly in the first quarter with an annualised rate of 3.1 per cent, although this pace is rather modest in comparison to the medium-term trend of just under 4 per cent. The growth in global production was carried by both a revival in production in the developed economies and by the emerging markets resuming their rapid pace of expansion. In the eurozone, however, the economy remained weak. Overall economic production stagnated in the first quarter of 2012 following a decline in the gross domestic product in the previous quarter with an annualised rate of 1.2 per cent.

The pace of the German economy seems to be tapering off for the rest of the year after starting off with some momentum. The debt crises creeping their way through a number of eurozone countries had a dampening effect. These crises impacted on business confidence and are weakening domestic economic drive due to the increasing reluctance to invest.

After two years of strong growth, Turkey has been forced to brace itself for a slowdown in economic development in 2012. The gross domestic product is expected to rise by only around 3 per cent. The debt crisis in the European Union was considerably influential in slowing down the Turkish economy. Turkey conducts around half of its foreign trade with Europe.

In Poland, the average economic growth of 3.4 per cent was a little lower than in the previous year (4.1 per cent). Contributing to this growth were public projects in infrastructure development and in the energy and waste disposal industries. The tapering off of the economy in Europe has also limited development in Poland, although exports have benefited as a result of currency effects.

Energy markets

Energy consumption in Germany remained stable in the first half of the year, according to the calculations of the Working Group for Energy Balances (AGEB). With 235.5 million tonnes of coal equivalent (MTCE), it reached practically the same level in the first six months as in the same period a year ago.

Oil consumption was down by 0.2 per cent compared with the same period a year ago. Natural gas consumption grew slightly in the first half of the year by 0.4 per cent.

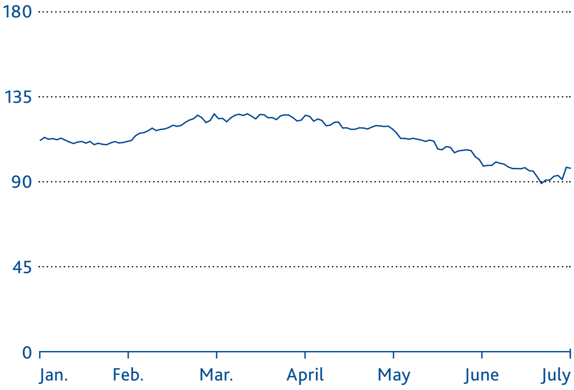
The consumption of hard coal rose by 3 per cent. While its use in power plants for the generation of power and heat rose heavily as a result of higher demand at times, deliveries to the steel industry fell. The consumption of lignite rose by almost 7 per cent due to two new power plants being brought into service. Several older plants will be disconnected from the grid during the remainder of the year, and the use of lignite for electricity generation will therefore drop once again.

The contribution of nuclear energy to the energy balance fell by around 18 per cent in the first half of the year as a result of the government decision to phase out nuclear power.

The use of renewable energies on the whole rose by more than 9 per cent. Wind energy gained 19 per cent in the first six months. Photovoltaics continued its upward trend, growing particularly strongly with 47 per cent.

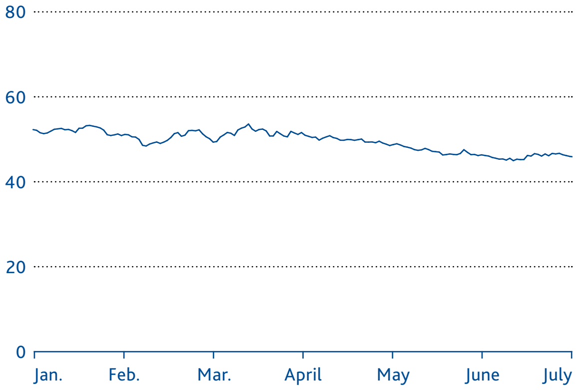
Development of Brent oil prices in 2012

(in USD / bbl)



Electricity price developments, front-year baseload in 2012

(in Euro / MWh)



Energy prices

Indications that the global economy is weakening put pressure on the mood in the energy markets in the first half of the year. This was further intensified by the ongoing debt crisis in Europe. In early February a cold snap caused a rise in day-ahead gas prices. As the situation in the German electricity and natural gas grids became briefly critical and the day-ahead electricity prices skyrocketed to almost Euro 100 per megawatt hour (Euro / MWh), those that warned that electricity prices would rise following the government decision to phase out nuclear power in the previous year believed that they had been proven right. However, the subsequent price rise on the electricity futures market was short-lived. The rise in oil prices, fuelled by an intensifying dispute surrounding the Iranian nuclear programme, also proved to be unsustained. In fact, the price of hard coal fell heavily due to global excess supply. Hard coal is currently the fossil fuel of choice in Europe for electricity generation due to the relatively high natural gas prices.

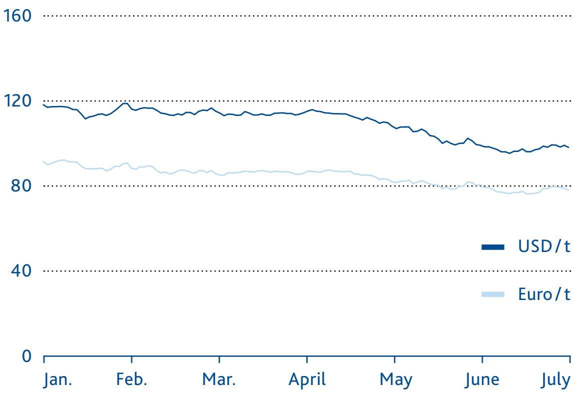
Electricity price developments

The price of base load supplies for the next year demonstrated great volatility in the first quarter of 2012, moving between Euro 50.00/MWh and Euro 54.50 / MWh. Spot prices rose significantly during the cold snap starting in mid-January and reached a daily average of over Euro 80.00 / MWh for the first time in three years. From March onwards, declining prices for Assigned Amount Units, gas and coal as well as the intensifying debt crisis in the eurozone and a generally gloomy outlook for the economy decisively affected prices. At the end of April, prices on the futures market dropped below the Euro 50 mark for the first time, where they have since remained.

Oil price developments

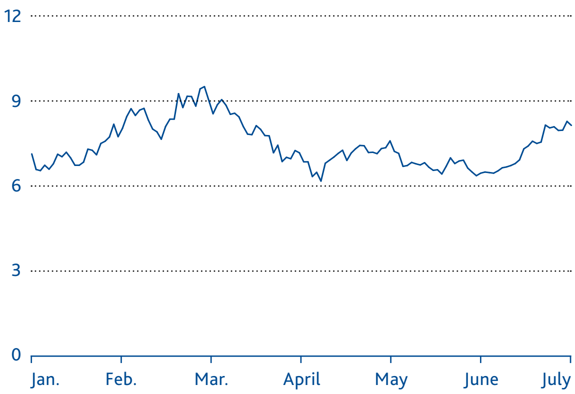
Brent Crude achieved considerable price rises in the first couple of months of the year. Starting from US$ 110 a barrel (USD / bbl) at the beginning of the year, by early March the price was at 126 USD / bbl. This level was last reached in September 2009. These high prices were sustained throughout the whole of March, before an accelerating downwards trend took hold in April. This was accompanied by reports of worsening economic data from China and the USA. The renewed intensification of the eurozone debt crisis also contributed to uncertainty in the markets and to falling prices. The price of oil reached a temporary low of 89 USD / bbl in June, came to around 100 USD / bbl at the beginning of the oil embargo against Iran, and so is within the range aimed for by the oil-producing countries.

Development of coal prices in 2012



Development of prices for CO_2 certificates

(in Euro / EUA)



Coal price developments

The market for power plant coal is dominated by excess supply and a lack of demand. In light of this, the reference contract, which describes hard coal deliveries for the next year in Amsterdam, Rotterdam and Antwerp, has lost around 20 per cent of its value since the start of the year. At present it is priced at between 98 USD / t and 99 USD / t. The excess supply comes primarily from Colombia and the USA. Stocks in the traditional demand countries – China and India – are full. Following the drought in China last year, there is now a sufficient amount of hydroelectrically generated power again, which further reduces demand for coal.

Development of CO_2 certificate prices

Excess supply of CO_2 certificates led to prices as low as Euro 6.18 per certificate (Euro / AAU) on the emissions trading markets. Following speculation that the European Union may take measures to reduce supply, the contract rose back to over Euro 7.00 per AAU. As a result of the severe rises in crude oil prices, certificate prices also rose, trading in the meantime at between Euro 8.00 and Euro 8.50 per AAU.

Telecommunications market

The telecommunications market is still under severe pressure. Across Germany, sales declined year-on-year by 2.9 per cent. With average yields falling in the landline and internet segments, bundled products including mobile telephony have won the day.

Legal environment

Changes in energy law were mainly the result of the energy turnaround introduced in Germany last summer. This was reflected in part in the revised Renewable Energy Act (EEG) and the Combined Heat and Power Act (KWKG). The mediation committee of the Federal Government and state governments were unable to reach an agreement on new rules regarding tax credits for the renovation of residential buildings in the interest of energy efficiency, which was introduced as part of the series of laws introduced for the energy turnaround.

At a European level, the discussion surrounding the Energy Efficiency Directive, the future of renewable energies after 2020 and the regulation of the financial markets took centre-stage in the first half of 2012. The European Commission also dedicated more attention to data protection and consumer rights, which affect all industries. However, no legislative proposals affecting EWE were passed.

Revision of the German Renewable Energy Act (EEG)

At the core of the revision of the EEG, which came into force on 1 January 2012, is the integration of renewable energies into the market, network and system. Among other aspects, it introduces an optional market bonus for the direct sale of electricity from renewable sources. Also new is a flexibility bonus for the feed-in of electricity from biogas plants in a manner consistent with demand. To relieve the burden on the networks, photovoltaic power plants will also be integrated strategically into the supply management in future. In addition, the feed-in tariffs for individual technologies are to be adjusted. The upper house of the German Federal Parliament has approved further cuts to photovoltaics tariffs retroactively with effect from 1 April 2012. The aim is to have operators of medium-sized plants consume or directly market part of their electricity themselves. For this reason, remuneration will only be provided for 90 per cent of the electricity generated annually as of 2014. Furthermore, a maximum output limit of 52 gigawatts has been introduced, above which no subsidies are to be provided for new plants.

Revision of the Combined Heat and Power Act (KWKG)

In June 2012 the upper house of the German Federal Parliament passed the new Combined Heat and Power Act (KWKG). A core aspect of the revised law is the increase in subsidisation for all plant sizes. Plants subject to the Emission Trading Scheme as of 2013 will also be compensated financially. The law also encourages investment in heating grids and heat storage systems. The CHP subsidies are financed by means of a levy that is limited to €750 million a year. Consumers will therefore be charged no more than an additional 0.3 cents per kilowatt hour.

New requirements on periods of notice with contract terminations and energy bills

Customers are expected in future to be able to change their electricity and natural gas suppliers more quickly. The new German Energy Economy Law (EnWG) now requires this change to be concluded within three weeks. In May 2012, the new editions of the Basic Supply Regulations for electricity and gas came into force. This stipulates that the period of notice for the termination of basic supply contracts is shortened to two weeks and that contracts can be terminated without notice in the event of price changes. The new requirements have been implemented with considerable changes to the current processes. It further provides for new information obligations, particularly with regard to mediation centres. The new Energy Economy Law also specifies new, detailed requirements on the contents of energy bills.

Incentive system

On the basis of the ruling of the German Federal Supreme Court dated 28 June 2011 regarding the setting of the revenue ceilings for electricity and natural gas, the network companies of the EWE Group have each signed a contract under public law to reach a comparable agreement with the German Federal Network Agency. The agreement refers to a repayment period of three years. EWE NETZ, swb Netze Bremen and swb Netze Bremerhaven will be receiving the payout amounts by means of the network fees from 2012 until 2014 in the form of higher revenue ceilings. According to the new version of the statutory regulation on the general sector productivity factor for 2012, however, the German Federal Network Agency has doubts that the contract concluded with EWE NETZ is effective. Based on expert reports, EWE NETZ believes as before that the contract is legally enforceable. Other complaints submitted by swb Netze Bremerhaven against certain regulations regarding the setting of the revenue ceilings for electricity and gas are pending.

With effect from 1 January 2012, measures of quality have been introduced for electricity as part of the German Incentive System Ordinance (ARegV). The goal is to ensure that energy supply grids are planned for the long term, perform well and operate reliably. The networks of EWE NETZ are among the best and most reliable electricity networks in Europe thanks to their low downtime. Due to the high quality of the cabling and the resulting security of supply and reliability of the electricity network, EWE NETZ has received approximately Euro 4.7 million to add to its revenue ceiling.

Electricity Network Tariffs Ordinance to relieve the burden on industry

The revision of the Electricity Network Tariffs Ordinance (StromNEV) exempts major industrial companies with an annual consumption of 10 gigawatt hours or more and network use of at least 7,000 hours from the network fees. This affects around 500 companies in Germany. The income shortfalls of the network operators are to be reallocated to the other network users by means of an “industrial levy” throughout Germany.

EWE NETZ will not be bearing any additional costs thanks to the cost reallocation. However, as the network customers affected will be exempted on the basis of forecast values, a review of the forecast may eventually reveal that the conditions for exemption from network fees have not been met after all. In these cases, the network fees must be charged in arrears, whereby the distribution system operator bears the full risk of the “high-usage” electricity grid customer not being able to pay. For this reason, EWE NETZ submitted a complaint against the stipulation in February.

Significant events

Reawarding of easements

Easements were reawarded in numerous towns and communities in 2012. They grant operators of electricity and natural gas grids the right to use public routes for construction and operation. If a network company is not awarded easement in a particular authority’s region, then the network there is sold. EWE believes that such a fragmentation of the networks would be disadvantageous for the development of network fees and for the security of supply, as well as for the development of smart grids. For this reason, EWE NETZ is currently negotiating intensively with the towns and regional authorities and is striving to continue their partnerships. In a number of regions in EWE NETZ’s network area, there is a trend towards the local authorities running their own grids. On the other hand, various towns and regions have already extended their contracts with EWE NETZ. Other tendering processes are ongoing, including in the cities of Bremen and Bremerhaven, where the swb network companies have once again applied for easement.

Demand-based expansion of broadband internet

In March 2012, EWE TEL successfully completed measures to expand high-speed internet access as part of the “Northwest Lower Saxony” cluster. The aim of the scheme, which was subsidised by the federal state, was to provide previously uncovered areas with access to broadband internet. Once the subsidised expansion was complete, EWE developed a needs-controlled process for supplying other areas. An online portal enables citizens and businesses in the candidate areas to register and organise for themselves the demand needed for cost-effective expansion. Since 2009, EWE TEL has invested its own funds and made use of public subsidies to expand the broadband infrastructure to make it available to a potential 180,000 households.

Hive-offs in the EWE Energy business area

In the first half of 2012, four companies were hived off in the EWE Energy business area in order to satisfy unbundling requirements and make use of market opportunities. Statutory requirements were satisfied with the hiving off of EWE GASSPEICHER GmbH from EWE ENERGIE AG and of Gastransport Nord GmbH from EWE NETZ GmbH.

EWE GASSPEICHER has been operating and handling the commercial activities of the existing EWE gas storage facilities in Nüttermoor, Huntorf and Rüdersdorf, and is responsible for the gas storage facility currently in construction in Jemgum and for the planning of the gas storage facility located in Moeckow and approved by the Stralsund Board of Mines (Bergamt). In March, Gastransport Nord GmbH took over the operation and commercial activities of the gas transmission network from EWE NETZ. The optimisation of energy trading within the EWE Group is the goal of the foundation of EWE TRADING GmbH, which will be bringing the trading of electricity, natural gas, emissions rights, and oil and gas price hedges under one roof. As of 30 June 2012, an entry in the Commercial Register was still pending. Opportunities in the growing market for offshore wind power are something that EWE wishes to make use of with the founding of EWE Offshore Services & Solutions GmbH. The company combines the EWE Group's offshore expertise and has been commercialising the planning, installation and operation of offshore wind farms as a service since April, including to third parties.

Generation projects on schedule

EWE Group's two largest currents projects to set up new energy generation plants reached major milestones over the past few months.

Installation of the RIFFGAT offshore wind farm began off the coast of Borkum. By the end of July, more than half of the foundation structures had already been built for the wind turbines. Completion is scheduled for summer 2013. 120,000 households can then be supplied with electricity from RIFFGAT. Also included in the plan is the installation of the gas and steam turbine power plant in Bremen. The project is being carried out by swb in cooperation with partners under the name "Gemeinschaftskraftwerk Bremen". It is due to commence operations at the end of 2013 and will generate around 1.8 billion kilowatt hours of electricity each year. Once the generator, steam turbine and gas turbine have arrived, the collection of drive train components will be complete and will be fitted into the newly installed machine housing on its foundations.

EWE Enerji founds service company in Turkey

In April, ENERVIS A.Ş. was founded as a wholly-owned subsidiary of EWE Enerji. ENERVIS will be marketing energy-related services. The meter reading and replacement service providers of the Turkish gas suppliers Bursagaz and Kayserigaz were first merged within this company. ENERVIS also offers network operators periodic inspections of interior installations and gas meter calibration, which have been required by law in Turkey since 2012. An expansion into the field of energy conservation services is planned. By hiving off companies, EWE is aiming to profit from market opportunities in Turkey while avoiding the need for investment. After impairments on the shareholdings became necessary in the previous year as a result of pending regulatory measures, there is now good news to report, namely that Bursagaz will be paying out a dividend to EWE Enerji for the first time in 2012.

Changes in the Board of Management

EWE has taken the first concrete steps towards reorganising the company by restructuring the Board of Management. EWE AG will be headed by a five-person Board of Management in future, comprising the Chief Executive Officer, Chief Financial Officer, a member responsible for Human Resources and other members responsible for other business areas, with their fields of responsibility being determined in line with the Group's core activities in the energy market. Thus, there will be one member each responsible for the business areas of generation, infrastructure and sales.

There will be no new appointments to the positions of Chief Executive Officer or Chief Financial Officer. In addition to his role as CEO, Dr. Werner Brinker will also be assuming the role of Chief Operating Officer for Infrastructure and, until the post is filled externally, for Sales. Responsibility for generation from renewable and conventional energy sources will be handed over from Dr. Willem Schoeber to Dr. Torsten Köhne, currently on the board of EWE ENERGIE AG and swb AG, no later than 1 January 2013. Dr. Schoeber is retiring on 31 May 2013 from the Board of Management of EWE AG due to his age. When he retires, he will also be handing over responsibility for foreign business to Dr. Köhne. With effect from 1 August 2012, Nikolaus Behr, formerly responsible for the commercial operations of EWE NETZ GmbH, took over the fields of Human Resources and IT from Michael Wagener. The structural amendments within the company's most senior management and the restructuring in the EWE Energy business area are intended to enable decisions to be made faster and more in tune with market conditions, thereby improving the competitiveness and earnings power of the Group.

Employees

The number of employees shown above includes all current personnel, both full and part-time, trainees and assistants. In the first half of 2012 the EWE Group employed an average of 9,030 staff. The growth of 2.5 per cent against the same period a year ago was mainly the result of additional demand in the network area, insourcing measures in Turkey and the expansion of consulting services in IT.

In the Corporate Centre/Consolidation business area, the number of employees grew by 44 to 318. The reasons were the expansion of Group functional divisions and employee transfers within the Group.

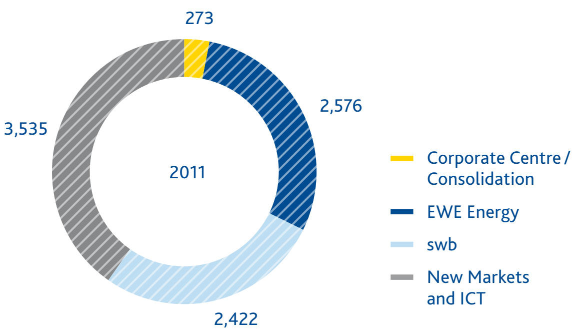
The rise in the number of employees in the EWE Energy business area is mainly attributable to additional needs at EWE NETZ. These needs were in both onshore and offshore projects or were related to statutory demands for the preferential treatment of renewable energies. The average number of employees in the first half of the year was 2,680 in this business area.

The average number of employees in the swb business area fell to 2,364 in the first half of the year as a result of HR measures.

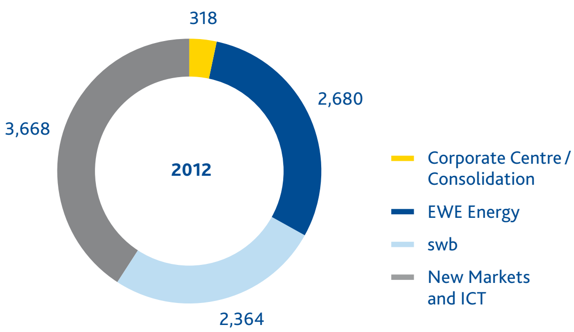
In the New Markets and ICT business area, the number of employees rose against the same period a year ago by 3.8 per cent to 3,668. This rise is mainly attributable to personnel increases in the IT business unit as well as insourcing measures at a subsidiary in Turkey. This was offset by a fall in the number of employees in the Telecommunications business unit.

Employees by business areas

Ø 1st half year 2011: 8,806



Ø 1st half year 2012: 9,030



Earnings, assets and financial position

These abridged interim consolidated financial statements for EWE AG for the first half-year 2012 have been prepared in accordance with IAS 34 (Interim Reporting) as applicable in the EU. For the preparation of the interim consolidated financial statements the accounting methods used to prepare the consolidated financial statements as of 31 December 2011 have been applied unchanged. The abridged interim consolidated financial statements do not include all the information and disclosures required for year-end consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements as of 31 December 2011.

Earnings position

Because the transfer of shares in Verbundnetz Gas Aktiengesellschaft, Leipzig (VNG) to Energie Baden-Württemberg AG, Karlsruhe (EnBW) was rejected at the VNG Annual General Meeting on 15 December 2011, the VNG shares, which had been reported as held for sale since 30 June 2009, had to once again be reclassified to investments accounted for under the equity method. A corresponding adjustment in the amount of Euro -57.8 million had to be made to the income statement for the period 1 January to 30 June 2011. The result of equity investments declined in the same period a year ago from Euro -68.6 million to Euro -126.4 million.

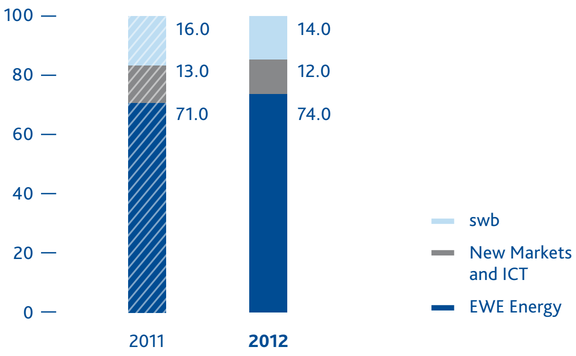
Summary consolidated income statement

EUR million	**01.01.–30.06.2012**	01.01.–30.06.2011	Change absolute
Sales (without electricity and energy tax)	**4,228.3**	**3,838.9**	**389.4**
Cost of materials and services	-3,280.5	-2,947.9	-332.6
Personnel expenses	-311.2	-294.9	-16.3
Other income and expenses	-151.1	-149.0	-2.1
Result of equity investments	32.8	-126.4	159.2
Result from financial instruments	-0.1	1.0	-1.1
EBITDA	**518.2**	**321.7**	**196.5**
Depreciation, amortisation and impairment	-208.6	-383.1	174.5
EBIT[1]	**309.6**	**-61.4**	**371.0**
Net interest income / expense	-94.9	-86.1	-8.8
Profit before tax	**214.7**	**-147.5**	**362.2**
Income taxes	-47.0	-38.4	-8.6
Net profit for the period	**167.7**	**-185.9**	**353.6**
Of this:			
Attributable to the parent company	166.1	-170.9	337.0
Attributable to minority interests	1.6	-15.0	16.6
	167.7	**-185.9**	**353.6**

[1] Earnings before interest and taxes

Sales by business areas for the period of 01.01. – 30.06.

(in %)



In the first six months of 2012, the EWE Group generated sales (excluding electricity and energy taxes) of Euro 4.2 billion (H1 2011: Euro 3.8 billion). Of total Group sales, 74 per cent came from the EWE Energy business area, 14 per cent from the swb business area and 12 per cent from the New Markets and ICT business area; almost unchanged compared with the same period last year. As last year, the Corporate Centre / Consolidation business area had no significant sales.

In the first half of 2012 sales rose by Euro 389.4 million or 10.1 per cent compared with the first half of 2011. The materials usage ratio – i. e. the cost of materials and services in relation to sales – only rose slightly to 76.8 per cent (H1 2011: 76.8 per cent).

EBIT for the first half of the year was Euro 309.6 million. This value is well above the previous year's value of Euro 212.4 million, which was adjusted for one-off effects. The one-off effects for the same period in the previous year were the result of adjustments on shareholdings recognised in profit or loss amounting to Euro 116.8 million. These adjustments relate to changes in the underlying economic conditions in the energy industry and to an adjustment of Euro 157.0 million in goodwill and intangible assets arising from planned regulatory changes in Turkey.

Net interest income / expense is principally made up of interest paid on four bearer bonds (EWE bonds), interest on current bank debt and expenses for compounding non-current provisions.

The EWE Group has concluded the first half of 2012 with a positive result for the period of Euro 167.7 million (H1 2011: Euro -185.9 million).

Assets and financial position

The consolidated balance sheet structure has not changed significantly since 31 December 2011; the balance sheet total rose by 4.3 per cent.

The nature of business engaged in by EWE means that it has a high investment intensity and a correspondingly high level of capital commitment. Non-current assets therefore account for around 74 per cent of the balance sheet total. This figure is nearly unchanged as compared with 31 December 2011.

Capital expenditure in the first half of 2012 came to Euro 231.4 million (H1 2011: Euro 225.0 million) and served mainly to expand infrastructure including new technologies.

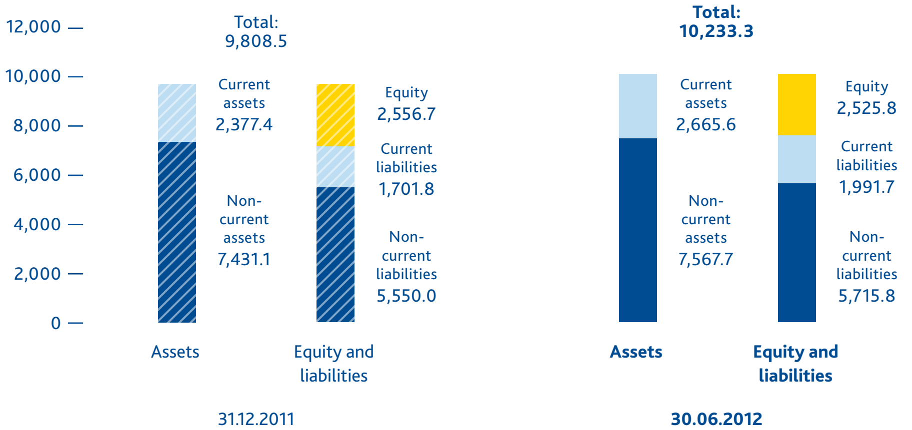
Non-current assets are financed by means of equity and non-current borrowings. Non-current borrowings include four EWE bonds with a total volume of Euro 2.1 billion and terms of 10 years (2014), 15 years (2019), 9 years (2020) and 12 years (2021).

The equity ratio fell slightly from 26 per cent as of 31 December 2011 to 25 per cent as of 30 June 2012.

The Group's condensed interim consolidated statement of cash flows shows that EWE's cash flow from operating activities was positive, coming in at Euro 339.7 million in the period under review. The significant rise was mainly the result of not only a higher EBIT adjusted for depreciation, amortisation and impairment of Euro 518.2 million (H1 2011: Euro 438.5 million), but also of the change in liabilities, which was Euro 266.3 million lower than in the same period a year ago. This was offset by a reduction in

Balance sheet structure as of 30 June 2012

(EUR million)



the depreciation, amortisation and impairment of fixed assets of Euro 266.3 million, in particular due to the previously described special effects no longer applying.

In the first half of 2012, the cash flow from investing activities improved on the whole by Euro 190.7 million against the first half of 2011, mainly due to payments received from the disposal of shares in Stadtwerke Bielefeld GmbH.

The cash flow from financing activities rose by Euro 73.7 million. There was a positive net change in financial liabilities of Euro 139.4 million related to the loans taken out, which in turn means a change of Euro 142.6 million against the same period a year ago. There were no additions to equity in the first half of 2012 (H1 2011: Euro 75.0 million).

The EWE Group's financial flexibility is also secured via credit lines and a syndicated revolving credit facility for Euro 850.0 million. As of 30 June 2012, EWE AG had drawn down Euro 50.0 million (31 December 2011: Euro 0.0 million) of this facility.

Consolidated balance sheet

Assets EUR million	**30.06.2012**	in %	31.12.2011	in %
Non-current assets	7,567.7	74	7,431.1	76
Current assets (of which held for sale Euro 1,211 million, last year: Euro 1,000 million)	2,665.6	26	2,377.4	24
Total assets	**10,233.3**	**100**	**9,808.5**	**100**

Equity and liabilities EUR million	**30.06.2012**	in %	31.12.2011	in %
Shareholders' equity	2,525.8	25	2,556.7	26
Non-current liabilities	5,715.8	56	5,550.0	57
Current liabilities	1,991.7	19	1,701.8	17
Total equity and liabilities	**10,233.3**	**100**	**9,808.5**	**100**

Summary consolidated cash flow statement

EUR million	**01.01.–30.06.2012**	01.01.–30.06.2011	Change
Cash flow from operating activities	339.7	14.7	325.0
Cash flow from investing activities	10.0	-180.7	190.7
Cash flow from financing activities	54.3	-19.4	73.7
Currency translation and consolidation changes	4.8	-6.6	11.4
Net change in cash and cash equivalents	**408.8**	**-192.0**	**600.8**
Cash and cash equivalents at the beginning of the period	262.9	328.9	-66.0
Cash and cash equivalents at the end of the period	**671.7**	**136.9**	**534.8**

Performance of business areas

Corporate Centre / Consolidation business area

The Corporate Centre / Consolidation business area comprises the Group head office and management functions, EWE AG's shareholdings and Group-level consolidation. The Corporate Centre does not generate any appreciable sales. The decline in sales of Euro 17.5 million against the same period a year ago is primarily due to consolidation effects.

At Euro 6.6 million, the operating result (EBIT) of the Corporate Centre / Consolidation business area improved significantly compared with the same period a year ago (Euro -52.2 million). This was because the negative effects from the continued recognition of VNG under the equity method, which had put a strain on the result of the period a year ago, no longer applied. The dividend payout of VNG also had a positive effect on the business area's EBIT.

Expenditure for investments fell to Euro 5.9 million, around half the amount of the same period a year ago (Euro 12.4 million), due to reduced capital expenditure in property, plant and equipment.

EWE Energy business area

In the first six months of the year electricity sales by the EWE Energy business area were at a comparable level to the same period a year ago at 7.2 billion kWh. In the special-rate customer segment, customers changing suppliers caused a minor drop in sales.

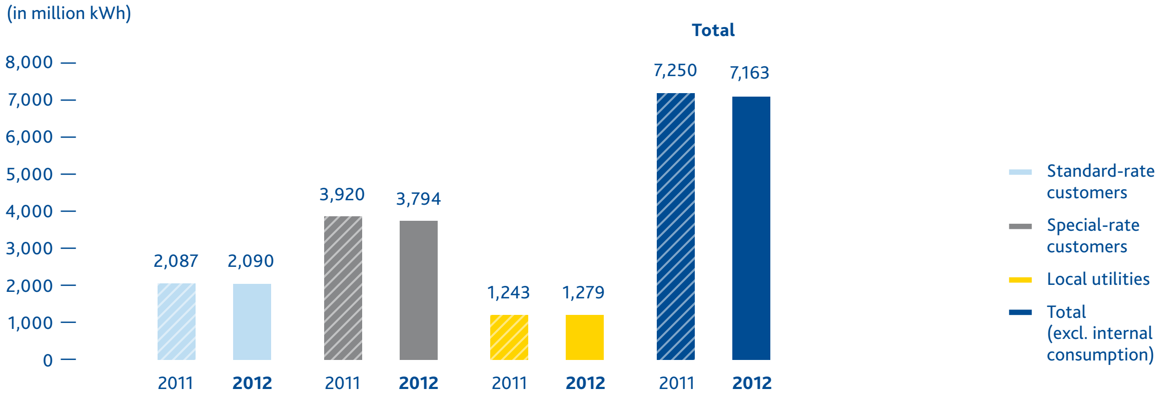
In the case of natural gas sales, the mild weather in January through to March caused a slight decline in sales. At 21.2 billion kWh, gas volumes sold in the reporting period were down by 1.4 per cent on last year's figure.

Overview of Group business areas

EUR million	EWE Energy		swb	
	01.01.–30.06.2012	01.01.–30.06.2011	**01.01.–30.06.2012**	01.01.–30.06.2011
Business area sales	**3,200.9**	**2,813.0**	**631.3**	**614.4**
EBITDA	**340.8**	**318.8**	**112.6**	**9.6**
EBIT	**237.1**	**203.6**	**59.9**	**-44.6**
Expenditure for investments	**153.0**	**112.9**	**52.0**	**71.4**
Average number of employees	**2,680**	**2,576**	**2,364**	**2,422**

EWE Energy: Electricity sales by customer group as of 1st half year 2012

(in million kWh)



Sales in the EWE Energy business area increased by 13.8 per cent to Euro 3.2 billion compared with the corresponding period of the previous year. Reasons for this were an increase in network sales, which primarily came from the renewable energies area, as well as a slight increase in sales in the electricity and natural gas business. It must be taken into consideration here that sales in the same period a year ago were reduced by the full reimbursement of natural gas customers related to the ruling of the German Federal Supreme Court.

EBIT came to Euro 237.1 million, which was up Euro 33.5 million on last year's result.

The rise in expenditure for investments to Euro 153.0 million is mainly attributable to capital expenditure in the offshore wind farm Riffgat and in gas storage facilities.

swb business area

Electricity sales in the swb business area fell against the same period a year ago by 3.1 per cent in total to 2.3 billion kWh.

Natural gas sales in the first half of the year came to 4.1 billion kWh. This is by and large the same as in the first half of 2011.

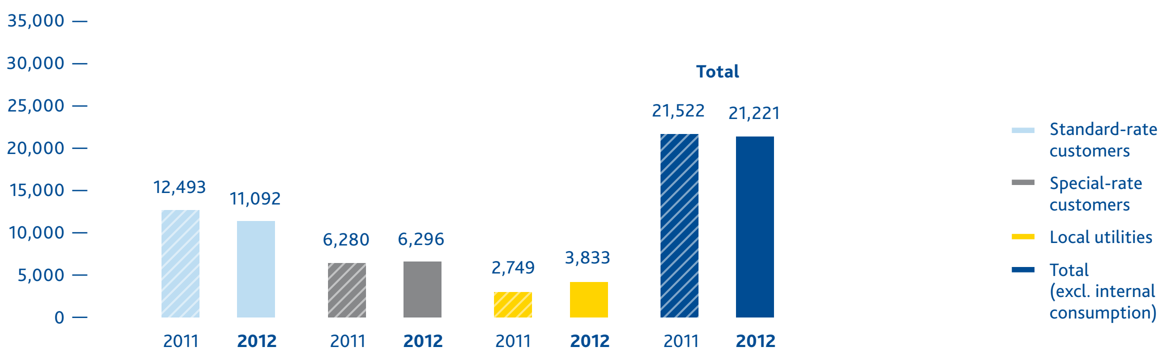
The 2.8 per cent rise in sales in the first half of the year to Euro 631.3 million is mainly attributable to a rise in revenue from the sale of gas and heat. This is due to the comparatively higher prices compared with the previous year.

The EBIT of the swb business area improved significantly compared with the same period a year ago, coming in at Euro 59.9 million (previous year: Euro -44.6 million).

	New Markets and ICT		Corporate Centre / Consolidation		Group	
	01.01.–30.06.2012	01.01.–30.06.2011	**01.01.–30.06.2012**	01.01.–30.06.2011	**01.01.–30.06.2012**	01.01.–30.06.2011
	544.6	**542.5**	**-148.5**	**-131.0**	**4,228.3**	**3,838.9**
	49.1	**36.4**	**15.7**	**-43.1**	**518.2**	**321.7**
	6.0	**-168.2**	**6.6**	**-52.2**	**309.6**	**-61.4**
	20.5	**28.3**	**5.9**	**12.4**	**231.4**	**225.0**
	3,668	**3,535**	**318**	**273**	**9,030**	**8,806**

EWE Energy: Natural gas sales by customer group as of 1st half year 2012

(in million kWh)



The considerable increase of Euro 104.5 million is for the most part attributable to the fact that the 2011 result was considerably negatively affected by the devaluation of the shareholding in Stadtwerke Bielefeld GmbH. The shareholding in Stadtwerke Bielefeld was disposed of in the reporting period.

Euro 52.5 million expenditure for investments was invested in this business area in the reporting period, including in generation and waste disposal plants.

New Markets and ICT business area

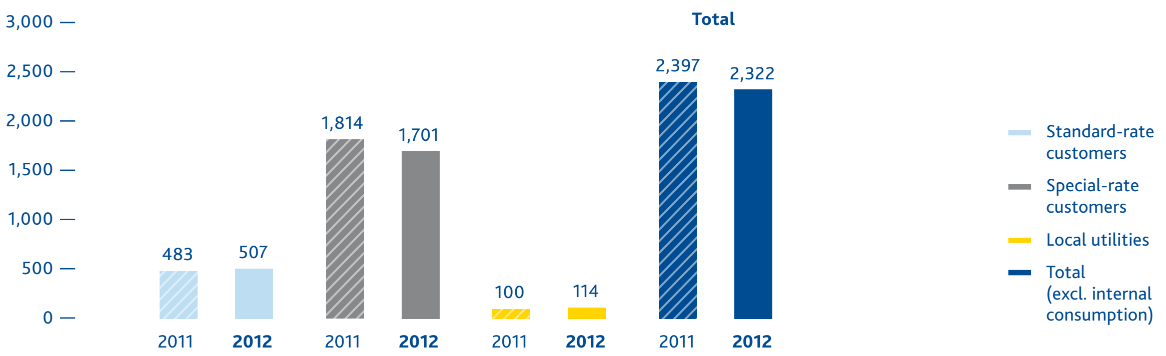
The foreign shareholdings allocated to this business area recorded considerably increased customer numbers in the first half-year. In Turkey, the number of customers rose 10.6 per cent to 700,319. In Poland, the number of gas customers rose to 10,868. This represents growth of 11.0 per cent. While natural gas sales in Poland rose year on year as a result of the higher number of customers, sales in Turkey declined. Increases in sales at Bursagaz and Kayserigaz resulting from weather conditions were offset by considerable reductions in the gas sales of the gas trading company EWE Dogalgaz, which was related to the low availability of natural gas on the liberalised market.

The 9.9 per cent drop in the number of telecommunications customers to 578,768 against the first half of 2011 is mainly attributable to the sale of Hamburg network operator Martens Antennen- und Kabelanlagenbau GmbH in August 2011.

Sales in the New Markets and ICT business area were at the level of the same period a year ago at Euro 544.6 million. Increases in sales in the business units Turkey, IT and Poland were offset by declines in sales in telecommunications.

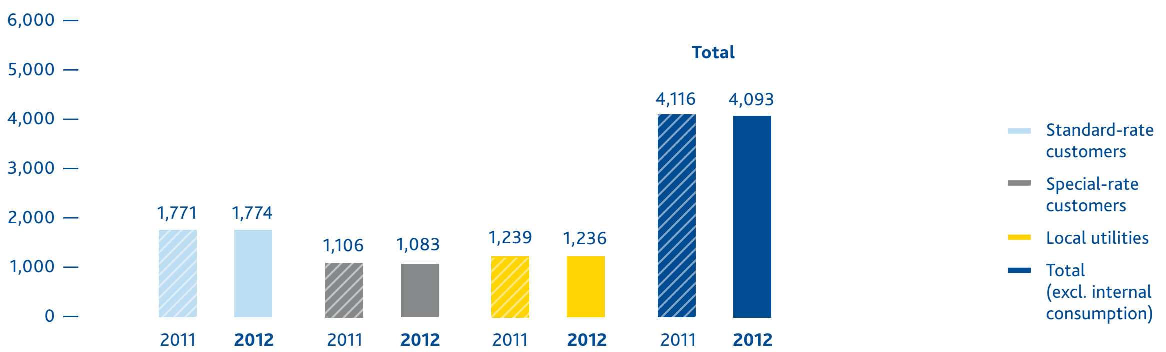
swb: Electricity sales by customer group as of 1st half year 2012

(in million kWh)



swb: Natural gas sales by customer group as of 1st half year 2012

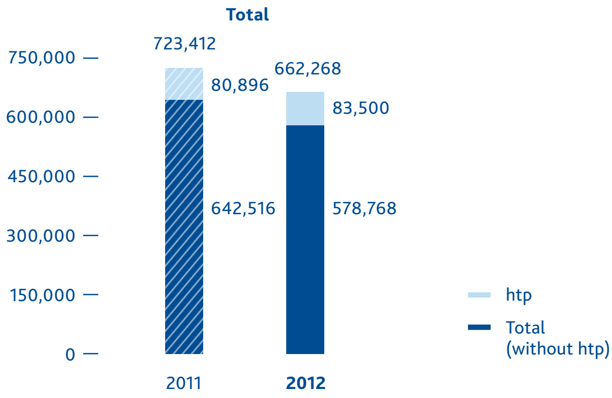
(in million kWh)



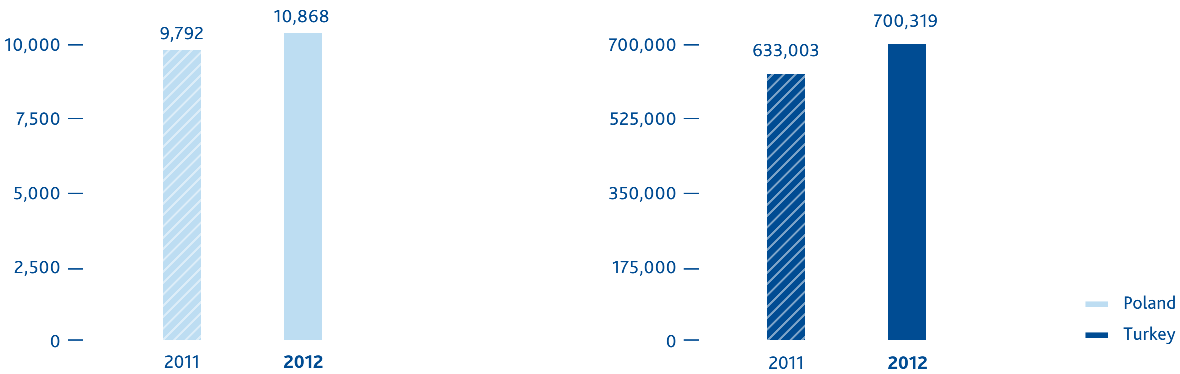
The EBIT of the business area improved significantly compared with the same period a year ago, coming in at Euro 6.0 million (previous year: Euro -168.2 million). This is mainly due to write-downs of Euro 157.0 million on impaired goodwill as well as on intangible assets at Bursagaz and Kayserigaz that had brought the result down in the previous year. Cost-saving measures in the telecommunications business unit also had a positive effect on the EBIT of the business area.

The expenditure for investments of the New Markets and ICT business area totalled Euro 20.5 million and was therefore below the level of the same period a year ago (Euro 28.3 million).

Telecommunications: Customer development as of 1st half year 2012



Customer trends for natural gas in Poland and Turkey as of 1st half year 2012



Sales trends for natural gas in Poland and Turkey as of 1st half year 2012

(in million kWh)

Supplementary report

On 17 July 2012, the EWE AG Supervisory Board appointed Nikolaus Behr to the Board of Management with responsibility for HR and IT, effective 1 August 2012. He will also be the Human Resources Director. Michael Wagener, who previously held the position, is leaving the company with effect from 30 September 2012.

Risk report

The early identification and active control of potential opportunities and risks are of crucial importance for the lasting successful development of the EWE Group. The planning and controlling process at Group level, featuring an integrated early recognition system for risks, is an integral part of the Group-wide risk management system. Its principal organisational elements are the Risk Committee and the central Group Risk Management team.

Risks are identified early by the individual companies responsible for the risks in a regular and structured process while observing the relevant Group standards as defined in the Group guidelines. The risks are then evaluated in terms of potential damage and likelihood of occurrence, and reported to the Group's central Risk management team along with a list of appropriate measures to limit the risks. The risks identified at the level of the individual companies are included in summarised reporting at business area and Group level in accordance with their significance as measured by the key budget target figures. The data gathered in the regular, systematic risk early recognition process and urgent risk reports issued at short notice when certain thresholds are reached form the basis for an evaluation of the EWE Group's current and future risk situation. Regular reports based on this information and geared towards materiality are submitted to the Board of Management and the supervisory bodies.

The risks which are currently most significant for the EWE Group and which can influence its development of business and therefore its assets, financial and earnings position are allocated to the areas of environment risks, market risks, operational risks, financial risks and risks from joint Group functions. Compared with the risk situation depicted in the Group management report as of year-end 2011, particularly in respect of the financial and economic crisis and regarding the adjustments of other regulatory and societal framework conditions, there were no significant changes in the reporting period. In overall terms, there are currently no discernible risks that might jeopardise the continued existence of the EWE Group.

Detailed information on the structure and process of the opportunity and risk management system and the risk areas can be found in the Group management report for 2011.

Report on the internal control and risk management system

Information pursuant to Section 315 para. 2 no. 5 and Section 289 para. 5 of the German Commercial Code (HGB)

The goal of EWE's financial reporting is to provide interested parties with annual and interim financial statements that contain complete and accurate information. The internal control system (ICS) for accounting identifies possible sources of error and limits the risks related to these sources of error. EWE's internal control system (ICS) consists of systematically defined organisational and technical measures and controls intended to guarantee the security and integrity of data and IT systems relevant to accounting for the entire EWE Group.

More detailed information on the main features and processes of the ICS used by the EWE Group, the rule-based process to document its effectiveness, and its inclusion in the audit schedule of the internal audit department over the course of the year can also be found in the Group management report for 2011.

Outlook

The indicators for the global economy have become noticeably gloomier. They give cause to believe that the global economy will continue to lose pace. The forecasts are first and foremost dependent on the sovereign debt crisis in the eurozone and its influence on demand and the financial markets. However, the Institute for the World Economy (IfW) expects that the tension will gradually begin to subside and that the rate of global economic expansion will pick up again later in the year. The IfW expects 3.4 per cent growth in global production in 2012, while acceleration to 6.0 per cent has been predicted for 2013.

In Turkey, the economy was particularly hard hit by the EU debt crisis in the current year in light of the fact that the country conducts just under half of its foreign trade with Europe. Forecasts regarding gross domestic product for 2012 vary between 2 and 4 per cent. In Poland, the pace of economic development has been weakening in 2012. In its spring forecast, the International Monetary Fund (IMF) predicts gross domestic product growth of 2.6 per cent.

According to the economic forecast of the Ifo Institute, the German economy will not experience growth until autumn. Economic analysts expect only 0.7 per cent growth for the entire year following 3.0 per cent in the previous year. The causes for this, they say, are the uncertainty caused by the eurozone crisis, the recession in Southern Europe and the slower growth in the emerging markets. Towards the end of the year, the economy will then pick up pace once again.

Anticipated earnings development

In 2011, the EWE Group implemented measures to improve competitiveness and earning power and continued with these consistently in 2012. It is to be expected, as before, that this, in conjunction with other cost-saving schemes, will bring about positive developments in the years to come. We expect to see a moderate increase in Group sales of around 5 per cent in 2012 and 2013. A positive EBIT in the three-digit millions is expected for both 2012 and 2013.

Consolidated interim financial statements

1 January to 30 June 2012

Income statement for the EWE Group

for the period from 1 January to 30 June 2012

EUR million	Note	01.01.–30.06.2012	01.01.–30.06.2011 adjusted
Sales		**4,460.2**	**4,074.0**
Electricity and energy taxes		-231.9	-235.1
Sales (without electricity and energy tax)		**4,228.3**	**3,838.9**
Changes in inventories		-1.8	0.6
Other own work capitalised		28.6	21.9
Other operating income	4	156.4	115.7
Cost of materials and services		-3,280.5	-2,947.9
Personnel expenses		-311.2	-294.9
Depreciation, amortisation and impairment	5	-208.6	-383.1
Other operating expenses	6	-334.3	-287.2
Result of investments accounted for under the equity method	2, 7	28.5	-120.0
Other investment income	2	4.3	-6.4
Result from financial instruments		-0.1	1.0
EBIT [1]		**309.6**	**-61.4**
Interest income		13.8	17.4
Interest expense		-108.7	-103.5
Profit before tax		**214.7**	**-147.5**
Income taxes		-47.0	-38.4
Result for the period		**167.7**	**-185.9**
Of this:			
Attributable to the parent company		166.1	-170.9
Attributable to minority interests		1.6	-15.0
		167.7	**-185.9**

[1] Earnings before interest and taxes

Statement of comprehensive income for the EWE Group

for the period from 1 January to 30 June 2012

EUR million	Note	01.01.–30.06.2012	01.01.–30.06.2011 adjusted
Result for the period		**167.7**	**-185.9**
Revalued in accordance with IFRS 3 Adjustment item for translation differences from foreign subsidiaries		12.7	-33.3
Actuarial gains and losses from defined-benefit pension commitments and similar obligations	10	-144.4	-7.1
Deferred taxes on actuarial gains and losses from pensions		43.8	2.3
Cash flow hedges		-22.4	-27.7
Deferred taxes on reserve for cash flow hedges		7.0	8.8
Market value of available-for-sale financial instruments		0.2	-0.2
Share of other income from financial investments accounted for under the equity method		-7.1	-3.1
Other comprehensive income after taxes		**-110.2**	**-60.3**
Comprehensive income after taxes		**57.5**	**-246.2**
Of this:			
Attributable to the parent company		54.0	-227.0
Attributable to minority interests		3.5	-19.2
		57.5	**-246.2**

Balance sheet for the EWE Group

as of 30 June 2012

Assets

EUR million	Note	30.06.2012	31.12.2011
Non-current assets			
Intangible assets		1,065.2	1,069.1
Property, plant and equipment		5,187.9	5,126.9
Investments accounted for under the equity method		886.7	877.6
Other financial assets		311.0	257.3
Income tax receivables		7.7	7.7
Other non-financial assets		2.8	3.5
Deferred taxes		106.4	89.0
		7,567.7	**7,431.1**
Current assets			
Inventories		325.8	296.0
Trade receivables		1,196.3	1,049.4
Other financial receivables and assets		340.8	371.7
Income tax receivables		42.1	85.8
Other non-financial receivables and assets		90.6	113.1
Cash and cash equivalents		670.0	259.4
		2,665.6	**2,175.4**
Non-current assets held for sale	8	–	202.0
		2,665.6	**2,377.4**
Total assets		**10,233.3**	**9,808.5**

Equity and liabilities

EUR million	Note	30.06.2012	31.12.2011
Shareholders' equity			
Subscribed capital		243.0	243.0
Capital reserve		1,609.5	1,609.5
Retained earnings	9, 10	656.4	690.4
Equity attributable to shareholders of the parent company		**2,508.9**	**2,542.9**
Attributable to minority interests		16.9	13.8
		2,525.8	**2,556.7**
Non-current liabilities			
Construction subsidies		753.5	758.1
Provisions	10	1,669.5	1,477.6
Bonds		2,105.9	2,104.0
Liabilities to banks		578.0	637.7
Other financial liabilities		201.0	128.5
Income tax liabilities		5.2	4.3
Other non-financial liabilities		5.0	4.4
Deferred taxes		397.7	435.4
		5,715.8	**5,550.0**
Current liabilities			
Construction subsidies		46.0	45.8
Emissions rights		1.5	23.8
Provisions		125.7	158.6
Liabilities to banks		214.4	81.6
Trade payables		886.7	856.2
Other financial liabilities		558.5	410.0
Income tax liabilities		34.8	19.8
Other non-financial liabilities		124.1	106.0
		1,991.7	**1,701.8**
Total equity and liabilities		**10,233.3**	**9,808.5**

Statement of changes in shareholders' equity for the EWE Group

for the period from 1 January to 30 June 2012

EUR million	Subscribed capital of the EWE Group	Capital reserve of the EWE Group	Accumulated income	Revaluation reserve in accordance with IFRS 3
As of 31.12.2010	**243.0**	**1,534.5**	**1,062.8**	**74.5**
Result for the period			-170.9	
Other comprehensive income				
Total result				
Capital increase		75.0		
Dividend payments			-88.0	
As of 30.06.2011 (adjusted)	**243.0**	**1,609.5**	**803.9**	**74.5**
As of 31.12.2011	**243.0**	**1,609.5**	**709.7**	**74.5**
Result for the period			166.1	
Other comprehensive income				
Total result				
Dividend payments			-88.0	
As of 30.06.2012	**243.0**	**1,609.5**	**787.8**	**74.5**

RETAINED EARNINGS						Equity attributable to shareholders of the parent company	Attributable to minority interests	Shareholders' equity
	Comprehensive other income							
	Reserve for cash flow hedges	Reserve for available-for-sale financial instruments	Cumulative translation differences	Actuarial gains or losses from pension obligations	Change from equity valuation without effect on profit and loss			
	50.3	**-0.4**	**1.5**	**-14.1**	**17.7**	**2,969.8**	**35.5**	**3,005.3**
						-170.9	-15.0	-185.9
	-18.9	-0.2	-29.0	-4.8	-3.2	-56.1	-4.2	-60.3
						-227.0	**-19.2**	**-246.2**
						75.0		75.0
						-88.0	-0.2	-88.2
	31.4	**-0.6**	**-27.5**	**-18.9**	**14.5**	**2,729.8**	**16.1**	**2,745.9**
	18.3	**-0.1**	**-54.9**	**-56.9**	**-0.2**	**2,542.9**	**13.8**	**2,556.7**
						166.1	1.6	167.7
	-15.4	0.2	10.8	-100.6	-7.1	-112.1	1.9	-110.2
						54.0	**3.5**	**57.5**
						-88.0	-0.4	-88.4
	2.9	**0.1**	**-44.1**	**-157.5**	**-7.3**	**2,508.9**	**16.9**	**2,525.8**

Cash flow statement for the EWE Group

for the period from 1 January to 30 June 2012 / Source of funds (+), use of funds (-)

EUR million	Note 12	01.01.–30.06.2012	01.01.–30.06.2011 adjusted
EBIT [1]		**309.6**	**-61.4**
Depreciation, amortisation and impairment		208.6	499.9
Reversal of construction subsidies		-28.2	-26.1
Interest paid		-25.0	-26.0
Interest received		12.1	17.4
Income tax payments / rebates		7.7	-25.6
Net gain / loss on disposal of non-current assets		-0.2	0.6
Non-cash foreign currency gains / losses		–	0.8
Non-cash changes in provisions		20.1	68.1
Income / loss from companies accounted for under the equity method		-19.4	51.3
Net non-cash gain / loss from derivative financial instruments		39.3	-21.2
Other non-cash income and expenses		11.9	-2.0
Changes in inventories		-29.5	-67.9
Changes in receivables and other assets		-110.8	-70.4
Changes in liabilities		-56.5	-322.8
Cash flow from operating activities		**339.7**	**14.7**
Construction subsidies received		20.7	23.8
Proceeds from disposal of intangible assets		0.4	–
Expenditure for investments in intangible assets		-4.2	-4.8
Proceeds from disposal of property, plant and equipment		6.8	2.6
Expenditure for investments in property, plant and equipment		-216.1	-187.3
Proceeds from disposal of financial assets		213.5	17.9
Expenditure for investment in financial assets		-11.1	-32.9
Cash flow from investing activities		**10.0**	**-180.7**
Proceeds from issuing equity instruments		–	75.0
Dividend payments to shareholders of the parent company and minority shareholders		-88.4	-88.2
Inflows / outflows for financial liabilities (net)		139.4	-3.2
Other net cash flow from / for financing activities		3.3	-3.0
Cash flow from financing activities		**54.3**	**-19.4**
Change in cash and cash equivalents		404.0	-185.4
Change in cash and cash equivalents due to changes in exchange rates and in the group of consolidated companies		4.8	-6.6
Cash and cash equivalents at the beginning of the period		262.9	328.9
Cash and cash equivalents at the end of the reporting period		**671.7**	**136.9**

[1] Earnings before interest and taxes

Notes to the abridged interim consolidated financial statements for EWE

1. Information about the company

EWE Aktiengesellschaft (hereinafter EWE AG) with registered offices in 26123 Oldenburg (Germany), Donnerschweer Strasse 22–26, is the parent company of the EWE Group.

These abridged interim consolidated financial statements for the first half-year 2012 were approved by the Board of Management for presentation to the Supervisory Board on 14 August 2012.

The abridged interim consolidated financial statements and the Group interim management report have been subject to an accounting review.

2. Principles of preparing the financial statements and accounting methods

The abridged interim consolidated financial statements for the first half-year 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the EU. As per IAS 34, these do not include all the information and disclosures required for year-end consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements as of 31 December 2011.

The manner in which certain circumstances have been reported has been subjected to minor changes. The corresponding information from the previous year has been adjusted.

Rounding in the interim report may result in minor variations in totals and percentages.

Main accounting methods

For the preparation of the abridged interim consolidated financial statements the accounting methods used to prepare the consolidated financial statements as of 31 December 2011 have been applied unchanged. The following standards and interpretations, which are mandatory for the first time, are the only exception:

Amendment to IFRS 7 – Financial Instruments: Disclosure Requirements for Transfer Transactions of Financial Assets
This amendment defines a wide range of additional disclosures about financial assets that have been transferred but not fully derecognised to enable the user of the consolidated financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. If the financial assets transferred have been derecognised in full, information must be provided if any connection remains. This information is designed to enable the user to gain an understanding of the nature of this connection and its risks in relation to the derecognised financial assets. The amendment is effective for financial years beginning on or after 1 July 2011, although no comparison information is required. This amendment affects only the disclosure and does not affect the earnings, assets or financial position of the Group.

Previous year's figures adjusted

Because the transfer of shares in VNG – Verbundnetz Gas Aktiengesellschaft, Leipzig (VNG) to Energie Baden-Württemberg AG, Karlsruhe (EnBW) was rejected at the VNG Annual General Meeting on 15 December 2011, the VNG shares, which had been reported as held for sale since 30 June 2009, had to once again be reclassified to investments accounted for under the equity method.

A corresponding adjustment in the amount of Euro -57.8 million therefore had to be made to the income statement for the period 1 January to 30 June 2011. This was the result of a Euro -86.1 million decline in the result of investments accounted for under the equity method to Euro -120.0 million and a Euro 17.5 million reduction in other investment income to Euro -6.4 million.

Group of consolidated companies

The consolidated financial statements include EWE AG as well as all significant domestic and foreign subsidiaries controlled directly or indirectly by EWE AG. Significant associated companies are recorded using the equity method.

Segment information for the EWE Group

EUR million	EWE Energy		swb	
	01.01. – 30.06.2012	01.01. – 30.06.2011	**01.01. – 30.06.2012**	01.01. – 30.06.2011
SALES				
External sales	3,127.4	2,736.8	604.4	606.6
Inter-segment sales	73.5	76.2	26.9	7.8
Total sales	**3,200.9**	**2,813.0**	**631.3**	**614.4**
RESULT				
Segment earnings (EBIT)	237.1	203.6	59.9	-44.6
Interest income				
Interest expense				
Result before tax (EBT) for the period				
Income taxes				
Result for the period				
Other information				
Segment assets	**4,836.8**	**4,410.0**	**2,633.8**	**2,634.4**

The following table shows the group of consolidated companies:

Type of consolidation and number	**30.06.2012**	31.12.2011	30.06.2011
Fully consolidated companies	45	40	40
Companies accounted for under the equity method	9	9	9

The increase in the number of fully consolidated companies is the result of reorganisation and new companies founded within the Group.

Consolidation takes place on the basis of the interim financial statements for EWE AG and the financial statements of the consolidated companies as of 30 June 2012, which are prepared using uniform accounting principles.

3. Segment information

The segments in the EWE Group are determined in accordance with internal reporting lines in what is known as the “management approach”.

	New Markets and ICT		Corporate Centre / Consolidation		Group	
	01.01. – 30.06.2012	01.01. – 30.06.2011	**01.01. – 30.06.2012**	01.01. – 30.06.2011	**01.01. – 30.06.2012**	01.01. – 30.06.2011
	496.0	494.3	0.5	1.2	4,228.3	3,838.9
	48.6	48.2	-149.0	-132.2		
	544.6	**542.5**	**-148.5**	**-131.0**	**4,228.3**	**3,838.9**
	6.0	-168.2	6.6	-52.2	309.6	-61.4
					13.8	17.4
					-108.7	-103.5
					214.7	**-147.5**
					-47.0	-38.4
					167.7	**-185.9**
	960.5	**1,001.4**	**554.0**	**263.0**	**8,985.1**	**8,308.8**

4. Other operating income

The rise in other operating income compared to the previous year is in particular the result of various specific situations and an increase in income from the reversal of provisions. This was offset by lower income from derivative financial instruments.

5. Depreciation, amortisation and impairment

The higher depreciation, amortisation and impairment in the previous year mainly reflects the impairment of intangible assets in the amount of Euro 158.3 million (30.6.2012: Euro 0.0 million). Of this, Euro 62.1 million related to goodwill.

6. Other operating expenses

The increase in other operating expenses compared with the same period a year ago was primarily caused by derivative financial instruments.

7. Result of investments accounted for under the equity method

In the previous year, impairments of Euro 102.4 million (30.6.2012: Euro 0.0 million) were reported under the result of investments accounted for under the equity method. The shares in Stadtwerke Bielefeld GmbH, Bielefeld, accounted for Euro 101.0 million of the total.

8. Non-current assets held for sale

This change is the result of the disposal of the shares in Stadtwerke Bielefeld GmbH, Bielefeld.

9. Dividend decided upon and paid

On 16 April 2012, the EWE AG Annual General Meeting resolved to distribute the proposed dividend for the financial year 2011, amounting to Euro 88.0 million (Euro 362.16 for each nominal Euro 1,000.00 of share capital amounting to Euro 242,988,000.00), to the shareholders. The dividend was paid to shareholders in the first half of the year.

10. Pension provisions

The provisions for pensions and similar obligations bear interest at a rate of 3.75 per cent (31.12.2011: 4.50 per cent).

11. Contingent liabilities

Contingent liabilities fell against the balance sheet date by Euro 103.3 million. This change is mainly the result of the disposal of the shares in Stadtwerke Bielefeld GmbH, Bielefeld.

12. Cash flow statement

Cash and cash equivalents consist of the balance sheet item cash and cash equivalents, amounting to Euro 670.0 million (30.6.2011: Euro 133.9 million), and cash pool receivables of Euro 1.7 million (30.6.2011: Euro 3.0 million).

Depreciation, amortisation and impairment in the same period last year also included the impairment of financial investments accounted for under the equity method amounting to Euro 102.4 million (30.6.2012: Euro 0.0 million) and of shares in unconsolidated shareholdings amounting to Euro 14.4 million (30.6.2012: Euro 0.0 million).

The proceeds from the disposal of financial assets are primarily the result of the disposal of the shares in Stadtwerke Bielefeld GmbH, Bielefeld.

13. Related party disclosures

Transactions with companies included in the interim consolidated financial statements are eliminated as part of consolidation. The following table shows the total value of transactions with related companies in the first half-year of 2012 and 2011 and the outstanding balances of transactions with related companies as of 30 June 2012 and 31 December 2011:

EUR million		Disposals to related companies	Acquisitions from related companies	Receivables from related companies	Liabilities towards related companies
Shareholders of / investors in EWE AG	2012	46.2	55.1	4.5	2.9
	2011	–	–	–	–
Associated companies accounted for under the equity method and companies accounted for under IFRS 5	2012	14.4	12.8	17.7	1.9
	2011	39.7	75.4	48.5	20.4

In 2011 EnBW carried out a capital increase by means of a contribution to capital reserves. Interest income recorded through this came to Euro 8.9 million.

The members of Ems-Weser-Elbe Versorgungs- und Entsorgungsverband are the local authorities and municipalities in our supply area between the rivers Ems, Weser and Elbe. They are supplied with electricity, gas, and telecommunications and information services on standard market terms.

The EWE Group concluded no significant transactions with related individuals. The supply of electricity, natural gas and telecommunications services to related parties takes place on arm's length terms.

Information on the Boards of EWE AG

Supervisory Board

Günther Boekhoff	Chairman Honorary Mayor of the town of Leer, Leer
Rainer Janßen	First Deputy Chairman Technical Supervisor of EWE NETZ GmbH, Varel
Hans-Peter Villis	Second Deputy Chairman Chairman of the Board of Management of EnBW AG, Castrop-Rauxel
Martin Döscher	Third Deputy Chairman Honorary District Administrator of Cuxhaven, Köhlen
Hans Eveslage	Fourth Deputy Chairman District Administrator of Cloppenburg, Barßel
Wolfgang Behnke	Systems Integrator of EWE AG, Osterholz-Scharmbeck
Uwe Borck	ver.di Regional Department Director, Königs Wusterhausen
Hermann Bröring	Administrator (retired), Lingen, until 15 April 2012
Claus Christ	Technical Supervisor of EWE NETZ GmbH, Remels
Dr. Hans Michael Gaul	Düsseldorf
Carsten Hahn	Administrator, EWE NETZ GmbH, Osterholz-Scharmbeck
Gregor Heller	Senior Trades Consultant of EWE AG, Haselünne
Dr. Stephan-Andreas Kaulvers	Chief Executive Officer of Bremer Landesbank, Bremen
Aloys Kiepe	ver.di District Trade Secretary, Emden
Sigrid Leidereiter	ver.di District Trade Secretary, Bremen
Peter Meiwald	Member of Parliament in the Ammerland District Council, Westerstede-Moorburg, since 16 April 2012
Ulrike Schlieper	SPD party chairwoman on the Friesland District Council, Sande
Alwin Schlörmann	Director of EWE Business Region Oldenburg / Varel, Bad Zwischenahn
Prof. Dr. Gerd Schwandner	Mayor of the City of Oldenburg, Oldenburg
Dierk Schwarting	Technical Supervisor of EWE NETZ GmbH, Ganderkesee
Dr. Hans-Josef Zimmer	Member of the Board of Management of EnBW AG, Steinfeld (Rhineland-Palatinate)

Board of Management

Dr. Werner Brinker	Chief Executive Officer of EWE AG, Rastede
Michael Wagener	Deputy Chief Executive Officer of EWE AG, Rastede, until 30 September 2012
Nikolaus Behr	Member of the Board of Management of EWE AG, Oldenburg, since 1 August 2012
Dr. Heiko Sanders	Member of the Board of Management of EWE AG, Wiesmoor
Dr. Willem Schoeber	Member of the Board of Management of EWE AG, Bremen

14. Events after the reporting date

There were no significant events after the reporting date.

Oldenburg, 14 August 2012

Board of Management

Dr. Werner Brinker Michael Wagener Nikolaus Behr

Dr. Heiko Sanders Dr. Willem Schoeber

Confirmation by the legal representatives

We confirm that – to the best of our knowledge and in accordance with the applicable accounting standards for interim reports – the consolidated interim financial statements give a true and fair view of the assets, financial and earnings position of the Group and that the Group interim management report presents the course of business, earnings and the Group's situation in a true and fair way and that the main risks and opportunities of the Group's expected future development are described.

Oldenburg, 14 August 2012

Board of Management

Dr. Werner Brinker Michael Wagener Nikolaus Behr

Dr. Heiko Sanders Dr. Willem Schoeber

Certificate of auditors' review

To EWE Aktiengesellschaft

We have carried out a review of the abridged interim consolidated financial statements – consisting of the abridged income statement, abridged statement of comprehensive income, abridged balance sheet, abridged statement of changes in shareholders' equity and abridged cash flow statement as well as selected comments in the Notes to the abridged consolidated financial statements – and the interim Group management report of EWE Aktiengesellschaft, Oldenburg for the period 1 January 2012 to 30 June 2012, which are part of the half-year financial report as defined in Section 37w of the Securities Trading Act (WpHG). The preparation of the abridged interim consolidated financial statements in accordance with the IFRS for interim financial reporting as applicable in the EU and the interim Group management report in accordance with the provisions of the Securities Trading Act (WpHG) applicable to interim Group management reports is the responsibility of the company's Board of Management. Our responsibility is to issue a certificate on the abridged interim consolidated financial statements and the interim Group management report on the basis of our review.

We conducted our review of the abridged interim consolidated financial statements and the interim Group management report in accordance with generally accepted German standards for the auditors' review of financial statements as determined by the German Institute of Auditors (Institut der Wirtschaftsprüfer, IDW). These standards require that we plan and conduct the review such that after critical appraisal we can with a certain assurance exclude the possibility that the abridged interim consolidated financial statements do not comply with the IFRS for interim financial reporting as applicable in the EU in significant respects and that the interim Group management report does not comply with the provisions of the Securities Trading Act applicable to interim Group management reports. An auditors' review is essentially limited to questioning employees of the company and making analytical judgements and therefore does not offer the same level of assurance as an audit. As we were not appointed to carry out an audit we cannot provide an auditors' report.

Based on our auditors' review, we have not become aware of any circumstances that would give us reason to believe that there are significant cases where the abridged interim consolidated financial statements do not comply with the IFRS for interim financial reporting as applicable in the EU or that there are significant cases where the interim Group management report does not comply with the provisions of the Securities Trading Act applicable to interim Group management reports.

Bremen, 15 August 2012

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Boelsems	Hantke
Auditor	Auditor

Calendar 2013

23 April 2013	Annual Report 2012 – Press conference on results 2012
August 2013	Interim Report 2013

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