HALF-YEAR REPORT 2007/2008

NETWORKING ENERGIES

A company of axpo

KEY FIGURES

		1ST HALF-YEAR 2007/08	1ST HALF-YEAR 2006/07	1ST HALF-YEAR 2005/06	1ST HALF-YEAR 2004/05	1ST HALF-YEAR 2003/04
EGL GROUP						
Total energy supplied	TWH	24.5	34.0	39.3	29.8	29.4
Net sales	CHF MILLIONS	2,568.7	2,914.5	3,019.7	1,905.6	1,641.3
Change relative to previous reporting period	%	– 11.9	– 3.5	58.5	16.1	54.7
Earnings before interest, tax, depreciation and amortisation (EBITDA)	CHF MILLIONS	220.0	225.7	162.7	63.5	156.9
Earnings before interest and tax (EBIT)	CHF MILLIONS	198.6	209.1	150.1	54.4	147.4
in % of net sales	%	7.7	7.2	5.0	2.9	9.0
Share of profit of associates	CHF MILLIONS	4.8	7.2	10.4	10.3	6.4
Financial result	CHF MILLIONS	– 38.5	6.5	– 3.1	2.4	15.9
Income tax expenses	CHF MILLIONS	– 39.0	– 46.4	– 24.5	– 11.0	– 36.5
Net profit incl. minority interests	CHF MILLIONS	125.9	176.4	132.9	56.1	133.2
in % of net sales	%	4.9	6.1	4.4	2.9	8.1
Cash flow from operating activities	CHF MILLIONS	47.0	83.9	74.7	– 63.3	– 10.8
Total capital per 31.03.	CHF MILLIONS	5,597.7	5,283.1	4,381.3	2,703.3	2,383.1
Total equity per 31.03.	CHF MILLIONS	1,914.3	1,835.7	1,508.4	1,279.1	1,133.8
Equity ratio	%	34.2	34.7	34.4	47.3	47.6
Net liquidity per 31.03.	CHF MILLIONS	634.0	473.6	315.1	146.8	444.2
Average number of employees	FTE	571	436	341	271	225
Number of employees at balance sheet date	FTE	594	453	357	300	238
EGL SHARE						
Earnings (without minority interests) per share	CHF	47.81	66.26	50.04	21.25	48.90
Equity (without minority interests) per share	CHF	717.98	688.93	568.34	484.47	427.12

IMPORTANT STRATEGIC OBJECTIVES ACHIEVED

In the first half of 2007/08 EGL increased its operating result, primarily due to highly successful trading activities. At the same time it achieved several important strategic milestones: a partnership was entered into for the Trans Adriatic Pipeline, a natural gas delivery contract was signed with NIGEC, and EGL's second gas-fired combined-cycle power plant in Italy is scheduled to go into operation in Rizziconi around mid-June.

In the first half of the 2007/2008 financial year EGL made important progress in all three Divisions, and optimally leveraged opportunities in the trading business. It also implemented organisational changes that will allow the company to successfully tackle current and future challenges.

At CHF 125.9 million, net profit was 29% lower than the same period in the previous year. Adjusting for the substantial impact of special factors (CHF 85.0 million from the release of the provision for onerous energy procurement contracts and CHF 22.8 million from the release of provisions for green certificates) on the previous-year figure, EGL recorded an increase of 43% in net profit before taxes, primarily due to the good result from trading in energy, energy derivatives and emission certificates.

IMPORTANT PROJECTS ON TRACK

In the period under review EGL made good progress with the development of its three strategic business areas of energy trading, assets and the natural gas business, posting an exceptionally good trading result and further building on its own assets despite the challenging environment. EGL's second gas-fired combined-cycle power plant Rizziconi Energia in Italy is scheduled to go into operation in mid-June. Another plant, SE Ferrara, in which EGL has a 49% stake, is due to be connected to the grid in the fourth quarter of 2008.

Significant progress was also made in the Gas Division, with EGL acquiring StatoilHydro ASA of Norway as an equal partner for the development, construction and operation of the Trans Adriatic Pipeline (TAP). In addition, a long-term natural-gas delivery agreement was signed with the National Iranian Gas Export Company (NIGEC), under which delivery of the first instalments could start as early as 2009. In the period under review EGL also gained initial experience in the liquefied natural gas (LNG) business in Spain, where it is licensed to trade in natural gas.

Following the difficult year 2006/2007, business in Italy once more performed very well. Margins were strengthened and many market opportunities were exploited thanks to intelligent and flexible deployment of the Calenia power plant.

EGL's activities in Switzerland were dominated by preparations for the forthcoming liberalisation of the electricity market, which will usher in new legal and regulatory requirements from January 2009. While this change in the law will have implications for the EGL Group, the impact cannot be estimated at this point in time. Intensive efforts are being made in order to enable EGL to participate successfully in the Swiss liberalised electricity market by offering a range of services and products for resellers and the national grid operator Swissgrid. Through their leading positions in the nation-wide market liberalisation project, EGL employees took part in preparing the Swiss electricity sector for the new market conditions.

STRATEGICALLY ALIGNED

In the period under review EGL's management structure and internal organisation were aligned more closely to the business model and market challenges facing the company. Following the decision by Jean-Claude Scheurer, Head of Markets South, to take early retirement at the end of 2007, the Division was dissolved and its departments internally re-assigned.

SHARE PERFORMANCE

At the beginning of the year under review the price of the EGL share was CHF 1,375, reaching a high of CHF 1,539 on 11 December 2007. At the end of March 2008, the share price stood at

CHF 1,298. In the first half of 2007/2008 the share therefore put in a negative performance of – 5.6 % and generated a negative total return (including the dividend) of – 4.3 %. In the first six months of the financial year, an average of 153 shares changed hands daily. Compared to 31 March 2007, equity per share (excluding minority interests) rose from CHF 688.93 to CHF 717.98 (+ 4.2 %). Earnings per share dropped from CHF 66.26 (in the previous year) to CHF 47.81 (– 27.8 %).

OUTLOOK

Based on past experience, operating revenue and earnings are likely to perform more weakly in the second half of 2007/2008 than in the winter half-year. EGL nevertheless expects to close the year with a higher result from operations than in the previous year and an annual profit in excess of the previous-year figure adjusted for special factors.

HEINZ KARRER
Chairman of the Board of Directors

HANS SCHULZ
CEO

ACTIVITY REPORT OF DIVISIONS

SECOND GAS-FIRED COMBINED-CYCLE POWER PLANT SET TO GO LIVE

EGL is consistently implementing its strategy for the Assets Division, and will shortly reach another milestone in Italy: Following Calenia Energia last year, the company's second proprietary gas-fired combined-cycle power plant in Italy, Rizziconi Energia, is scheduled to go into operation in mid-June.

For the Calenia Energia power plant, commissioned in June 2007, the first half of 2007/2008 was marked by two important events. Firstly, the overhaul in November 2007 identified damage to the compressors, necessitating immediate repairs. As a result the plant had to be taken off the grid for longer than planned, but is now operating reliably following its reactivation. Secondly, the power plant gained access to the Italian reserve power market, in which it has since been participating successfully.

RIZZICONI SCHEDULED FOR CONNECTION TO THE GRID IN MID-JUNE

Construction work on the Rizziconi Energia gas-fired combined-cycle power plant progressed according to plan. Fully-owned by EGL and with a capacity of 760 MW, it is the second EGL plant of this type and is scheduled to go into operation in mid-June.

Construction work on the SE Ferrara gas-fired combined-cycle power plant, in which EGL holds a 49 % stake, is nearing completion. The permit for using residual gas from industrial processes on the complex has been delayed, and the plant is now expected to go into operation in the fourth quarter of 2008.

In the period under review the remaining objections to the Energy Plus project in Salerno were rejected by the court. The go-ahead decision is therefore expected at the beginning of 2009.

ASSET PROJECTS WELL UNDER WAY

Work on developing the La Zarza 400-MW gas-fired combined-cycle power plant progressed further, and the permit procedure is currently in the final phase. Preparations for construction approval were made for the 14.5-MW Agroenergética de Pinzón biomass power plant (EGL stake 36.8 %).

The project to build a 570 kilometre long underwater power cable (NorGer) linking Norway and Germany is still in the initial phase. Of the four original participating partners (Agder Energi, Lyse, EWE and EGL), EWE of Germany withdrew from the project on 31 March 2008. Until a new partner is found, EWE's share of the project company NorGer AS (founded in the last financial year) will be equally distributed among the remaining three partners, temporarily increasing each partner's stake to one third.

In the 2006/2007 financial year EGL purchased a 49 % stake in a planned wind farm in the region of Campania with a capacity of around 70 MW, thereby acquiring 100 % of future production volumes and green certificates. The official permit to build the wind farm has now been granted, and preparations for construction and financing are under way.

EGL must produce Italian "green certificates" for operation of its own gas-fired combined-cycle power plants. To meet this obligation, EGL has signed a long-term agreement to purchase the relevant certificates from wind farms currently being built in Southern Italy (capacity of around 100 MW).

SUCCESSFUL LEVERAGE OF HIGH VOLATILITY

The Energy Trading & Origination Division achieved an excellent trading result in the first half of 2007/2008 and optimised its organisational structure to address future challenges.

The first half of the current financial year was marked by increased volatility in EGL's key markets of Central and Eastern Europe, Italy, Spain and Scandinavia, due to major price fluctuations on global raw materials markets and stock exchanges, as well as climatic conditions.

Traders and originators at Energy Trading & Origination demonstrated their skills and ability to work under pressure particularly under these market conditions, recording the best half-year trading results in EGL's history. Volatility in global and local energy markets was optimally anticipated, and favourable trading positions were exploited to generate profit in all important markets while maintaining a very good risk-return ratio.

New customers were acquired in all segments – producers, resellers and industry – and the range of products and services was expanded, strengthening existing customer relations even further.

ENCOURAGING BUSINESS WITH AND IN ITALY

The Central South & Asset Management Department, which is responsible for cross-border electricity trading with Italy, is now a member of the Energy Trading & Origination Division. This move will enable EGL to optimally exploit the emerging opportunities in the changing Italian energy market, where liberalisation is resulting in

LIBERALISATION OF THE SWISS MARKET FAST APPROACHING

The forthcoming liberalisation of the Swiss electricity market – and in particular the publication of the Electricity Supply Ordinance in March 2008 – also shaped the activities of the Assets Division in the period under review.

At EGL Grid, which is responsible for grid operation, preparations are in full swing to ensure compliance with all the requirements stipulated by the Electricity Supply Act and Electricity Ordinance by January 2009. For example, in future the usage tariffs for EGL grids (grid levels 2 to 7) must be published.

Moreover, all the necessary measures must be taken to ensure that all power plants controlled and managed by EGL meet the requirements of the national grid operator, Swissgrid, and to enable optimal exploitation of the new options for marketing system services increased liquidity and bringing the Italian market into line with conditions across Europe. At present, energy prices in Italy and its neighbouring countries are increasingly approaching parity, and price volatility is on the rise. In the wake of both trends, short-term trading is playing an ever more important role. EGL is making every effort to capitalise on the associated earnings opportunities.

Since early 2008 both grid operators, Swissgrid and Terna, have been conducting joint auctions for the allocation of capacity rights along the Swiss-Italian border. Overall EGL was able to acquire the targeted level of capacity rights and make the best possible use of them for cross-border trading in both directions – in other words, also for hourly exports of electricity from Italy.

In the local Italian business EGL now focuses on market segments with the greatest profit potential and on building up trading activities. This new strategic direction produced highly encouraging results in the first half-year, with EGL succeeding in strengthening margins in Italy and capitalising on numerous market opportunities thanks to the intelligent, flexible deployment of the Calenia power plant. The gas business recorded a substantial increase in the volume of gas sold – primarily to wholesalers.

DIVISIONAL ORGANISATION OPTIMISED

In parallel with its operating activities the division reviewed its organisational structure and optimised it with a view to sustaining future market success. The new organisation, implemented on 1 April 2008, will enable the division to tackle current and future challenges effectively, enter the cross-commodity business in all key markets, and grow further in line with Europe-wide energy market trends.

MILESTONES ACHIEVED: TAP JOINT-VENTURE AND 25-YEAR GAS DEAL

After years of development by its Gas Division, EGL attained two crucial objectives in the period under review: it signed a joint-venture agreement with StatoilHydro ASA to develop the Trans Adriatic Pipeline project together, and it sealed a long-term gas procurement contract with the National Iranian Gas Export Company.

Gas business stayed on a constant upward path in the period under review even as EGL's Gas Division stepped up gas deliveries to Calenia Energia, the group's first gas-fired combined-cycle power plant in Italy after its inauguration last year. Additional gas deliveries were also used for the testing phases of Rizziconi Energia, EGL's second power plant in Italy's region of Calabria, which is expected to go on-stream in mid-June.

EGL's Gas Division, which is also in charge of power business in Southeast Europe, consolidated its supply operations based on the establishment of short-, medium- and long-term procurement portfolios in Bulgaria and Romania. On the other hand, the Division stepped up more aggressive participation in import tenders in Southeast Europe's predominantly importing countries. Last but not least, EGL entered the Turkish market with its newest subsidiary, aiming to take advantage of the promising dynamics of the Turkish power market that is located along the Trans Adriatic Pipeline (TAP) corridor.

TAP EMERGES AMONG EUROPE'S LEADING GAS PIPELINE PROJECTS

The Trans Adriatic Pipeline started by EGL's Gas Division in 2003 gained unprecedented attention from major market players, analysts and governments. On February 13 2008 EGL added StatoilHydro ASA, Europe's second-biggest gas supplier, as an equal partner to develop, build and operate TAP with the aim of turning it into the first and shortest route for gas to open the Eurasia Corridor. The corridor can link the continent's markets to gas reserves in the Caspian and Middle East areas that have not reached Europe via pipeline so far, thus contributing to diversification and security of gas supply. The pipeline, which is now in the front-end engineering stage, is expected to reach the final construction decision stage in the second half of 2009 and receive first gas flows in 2012, with an initial transport capacity of 10 billion cubic metres/year. StatoilHydro ASA and EGL are equal partners in the joint-venture project companies Trans Adriatic Pipeline AG in Baar, Switzerland, and TAP Asset S.p.A. in Rome, Italy.

BREAKTHROUGH GAS CONTRACT TO SECURE DELIVERIES TO EGL'S POWER PLANTS

EGL on March 17 2008 became the first European company to seal a long-term gas procurement contract via pipeline with the National Iranian Gas Export Company (NIGEC). The 25-year contract allows for smaller deliveries of natural gas even as early as 2009. Plateau delivery levels of 5.5 BCM/year are expected by 2012, when the Trans Adriatic Pipeline will become operational, thus serving EGL's main purpose of securing efficient gas supplies to its gas-fired combined-cycle power plants in Italy. The deliveries will also allow EGL to develop its portfolio of natural gas customers in Italy and South Eastern Europe. Additional gas marketing opportunities are available in Switzerland.

FIRST STEPS IN THE LNG BUSINESS

EGL saw yet another landmark development come true during the period under review, as the Gas Division successfully took the first steps to add Liquefied natural gas (LNG) to its gas portfolio. The first quantities of LNG deliveries already contracted by EGL AG on an ex-ship basis were unloaded during the first quarter of this year. Starting with the second quarter, its subsidiary EGL España supplied downstream customers in Spain. EGL's debut in LNG business occurred as EGL España received permission from Spanish government authorities to market natural gas to final customers, as well as trade gas throughout Spain in September. LNG sales in Spain will focus on co-generation plants as well as on industrial customers, thus offering a product that suits the needs of such clients.

INTERIM RESULTS MAINLY INFLUENCED BY GOOD TRADING RESULT

Due to the good trading result, EGL Group generated net profit of CHF 125.9 million for the first half-year 2007/08. EBT increased by 43 % to CHF 164.9 million compared to the previous half-year 2006/07 EBT adjusted for special factors.

In the first half of the 2007/08 financial year, EGL substantially increased income from trading in energy derivatives and emission certificates to CHF 179.3 million (+ 235 %) thanks to optimal management of trading positions and effective leveraging of opportunities.

The shift from physical electricity sales to energy derivatives trading continued, and was reflected in lower net sales of CHF 2,568.7 million (– 12 %). Accordingly, energy procurement and cost of goods fell to CHF 2,225.2 million (– 14 %). Gross margin increased to CHF 343.5 million (+ 5 %). Compared with the first half-year 2006/07 (CHF 328.0 million), it must be noted that this figure was influenced by special factors amounting to CHF 107.8 million (CHF 85.0 million from the release of the provision for onerous energy procurement contracts and CHF 22.8 million from the release of provisions for green certificates). Adjusted for these special factors, gross margin increased by CHF 123.3 million (+ 56 %).

EGL Group's continued growth is also reflected in the increase in average headcount by 31 % to 571 FTEs. As a result, personnel expenses rose to CHF 57.7 million (+ 19 %) and other operating expenses went up to CHF 68.8 million (+ 21 %). Depreciation of CHF 21.4 million (+ 29 %), relates primarily to grid installations, fixtures and fittings, and scheduled depreciation in respect of the gas-fired combined-cycle power plant, Calenia S.p.A. Therefore the EGL Group posted a fall in EBIT to CHF 198.6 million (– 5 %). Share of profit from associates amounted to CHF 4.8 million (– 33 %).

INCREASE IN NET PROFIT (EXCLUDING SPECIAL FACTORS)

The financial result fell by CHF 45.0 million to CHF – 38.5 million as at 31 March 2008. Key factors leading to this lower financial result were the interest expense relating to Calenia S.p.A. on the one hand and negative currency effects on the other. As the Swiss franc is the EGL Group's reporting currency, foreign currency gains were made in previous reporting periods. This is in contrast to the current reporting period during which currency markets have become highly volatile. This resulted in a stronger Swiss franc and a 5 % drop in the Euro against the Swiss franc during the reporting period. This produced an EBT of CHF 164.9 million, this represents a reduction of 26 %. Adjusted for special factors, EBT was CHF 49.9 million higher than in the first half 2006/07.

The reported earnings resulted in consolidated income tax of CHF 39.0 million (first half 2006/07: CHF 46.4 million), leading to a net profit of CHF 125.9 million (– 29 %) for the first half-year 2007/08.

HIGH TRADING RESULT REFLECTED IN INCREASED REPLACEMENT VALUES

In the reporting period, EGL's total assets rose slightly to CHF 5,597.7 million (+ 3 %). Current assets increased to CHF 3,286.8 million (+ 4 %), largely due to stepped up trading activities, which is reflected in a increase in positive replacement values of CHF 1,178.2 million (+ 33 %). On the liabilities side, negative replacement values rose to CHF 1,084.1 million (+ 30 %).

CASH FLOW FROM OPERATING ACTIVITIES STILL AT A LOW LEVEL

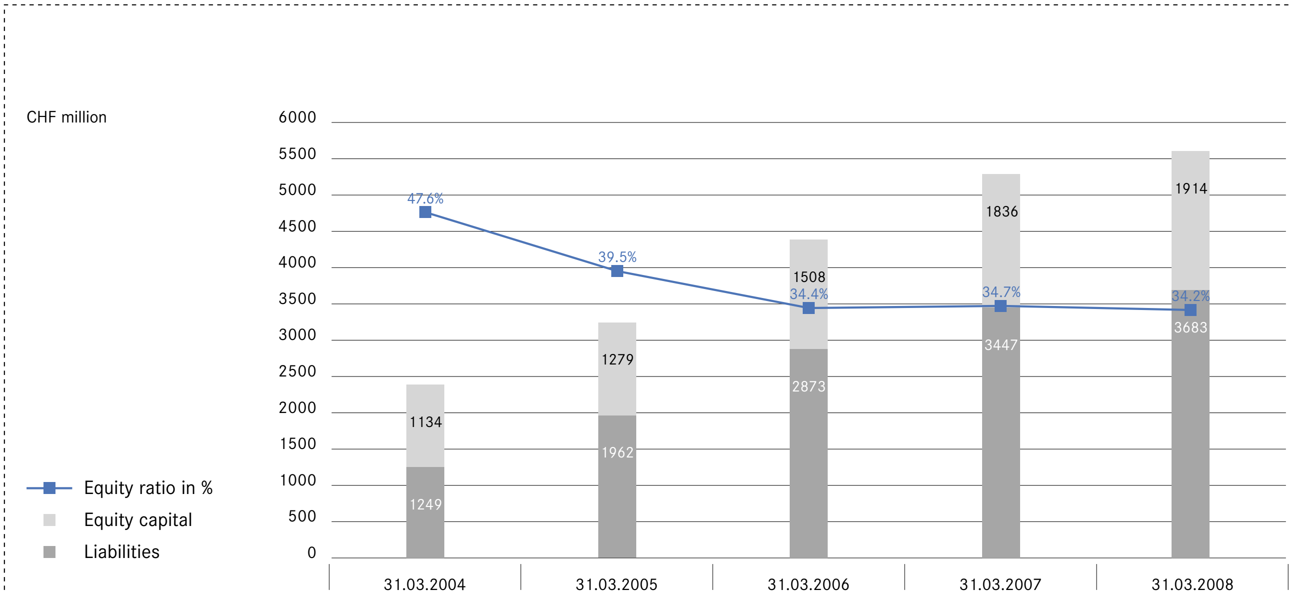
The EGL Group achieved CHF 47.0 million in cash flow from operating activities, down CHF 36.9 million compared with the first six months 2006/07 (CHF 83.9 million). Cash outflow from investing activities amounted to CHF 110.5 million in the reporting period (first half 2006/07: CHF 109.9 million). Investments mainly related to the gas-fired combined-cycle power plants under construction in Italy. Cash flow from financing activities fell to CHF 6.2 million (first half 2006/07: CHF 93.8 million). Free cash flow amounted to CHF – 57.9 million (first half 2006/07: CHF – 13.7 million).

At 31 March cash and cash equivalents amounted to CHF 611.1 million, which imply a reduction of CHF 72.7 million since the start of the reporting period.

EQUITY RATIO REMAINS SOLID

Since 30 September 2007 equity including minority interests decreased slightly from CHF 1,928.3 million to CHF 1,914.3 million (– 0.7 %). This is primarily attributable to negative currency effects of CHF 57.6 million reported under equity. At 34.2 %, the equity ratio remains solid.

EQUITY RATIO DEVELOPMENT



CONSOLIDATED INCOME STATEMENT

CHF MILLIONS	NOTES	OCTOBER-MARCH 2007/08	OCTOBER-MARCH 2006/07
Net sales	3	**2,568.7**	**2,914.5**
Own work capitalised		3.4	3.4
Other operating income		8.3	8.2
Revenues		**2,580.4**	**2,926.1**
Energy procurement and cost of goods	4	– 2,225.2	– 2,586.5
Material and third party supplies		– 8.7	– 8.4
Personnel expenses		– 57.7	– 48.6
Other operating expenses	5	– 68.8	– 56.9
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**220.0**	**225.7**
Depreciation and amortisation		– 21.4	– 16.6
Earnings before interest and tax (EBIT)		**198.6**	**209.1**
Share of profit of associates		**4.8**	**7.2**
Financial income	6	198.3	74.3
Financial expense	6	– 236.8	– 67.8
Financial result	6	**– 38.5**	**6.5**
Earnings before tax (EBT)		**164.9**	**222.8**
Income tax expense	7	– 39.0	– 46.4
Profit for the period		**125.9**	**176.4**
Attributable to:			
EGL shareholders		**126.2**	**174.9**
Minority interests		**– 0.3**	**1.5**

	OCTOBER-MARCH 2007/08	OCTOBER-MARCH 2006/07
EARNINGS PER SHARE		
Average number of issued bearer shares at a par value of CHF 50 each	2,639,614	2,639,614
Net profit in CHF millions	126.2	174.9
Earnings per share in CHF	**47.81**	**66.26**

Undiluted earnings per share are calculated on the basis of the weighted average number of shares outstanding. There are no circumstances which would result in a dilution of earnings per share.

CONSOLIDATED BALANCE SHEET

CHF MILLIONS	NOTES	31.03.2008	30.09.2007
ASSETS			
Property, plant and equipment	8	1,481.6	1,492.2
Intangible assets		134.4	138.0
Investments in associates and partner plants		473.1	461.4
Other financial assets	9	214.2	185.5
Deferred tax assets		7.6	7.9
Total non-current assets		**2,310.9**	**2,285.0**
Inventories		38.1	41.1
Trade receivables		700.3	651.2
Financial receivables		4.5	2.8
Current tax assets		12.2	14.6
Other receivables		697.2	833.2
Derivatives (positive replacement value)	13	1,178.2	888.1
Securities		45.2	54.1
Cash and cash equivalents	10	611.1	683.8
Total current assets		**3,286.8**	**3,168.9**
Total assets		**5,597.7**	**5,453.9**
EQUITY AND LIABILITIES			
Share capital		132.0	132.0
Retained earnings		1,763.2	1,773.3
Total equity attributable to the equity holders of the parent	11	**1,895.2**	**1,905.3**
Minority interests		19.1	23.0
Total equity		**1,914.3**	**1,928.3**
Financial liabilities	12	1,345.7	1,301.2
Other liabilities		60.6	39.8
Deferred tax liabilities		82.0	83.1
Provisions	14	41.3	37.3
Total non-current liabilities		**1,529.6**	**1,461.4**
Trade payables		522.5	539.9
Financial liabilities		22.3	21.5
Current tax liabilities		29.6	96.2
Other liabilities		491.9	563.0
Derivatives (negative replacement value)	13	1,084.1	833.1
Provisions	14	3.4	10.5
Total current liabilities		**2,153.8**	**2,064.2**
Total liabilities		**3,683.4**	**3,525.6**
Total equity and liabilities		**5,597.7**	**5,453.9**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHF MILLIONS	SHARE CAPITAL	REVALUATION RESERVE	AFS REVALUATION RESERVE	RESERVE FROM HEDGE ACCOUNTING	ACCUMULATED FOREIGN CURRENCY DIFFERENCES	OTHER RESERVES	OWN SHARES	RETAINED RESERVES	TOTAL EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT	MINORITY INTERESTS	TOTAL EQUITY
Equity at 1 October 2006	**132.0**	**229.2**	**215.6**	**6.3**	**18.8**	**1,052.9**	**– 0.3**	**1,522.5**	**1,654.5**	**18.1**	**1,672.6**
Changes from securities and other financial assets			0.3					0.3	0.3		0.3
Changes hedge accounting				19.7				19.7	19.7	1.4	21.1
Deferred taxes on IAS 39 values				– 7.2				– 7.2	– 7.2	– 0.5	– 7.7
Currency translation differences					23.8			23.8	23.8	0.1	23.9
Total recognised income and expenses for the period	**–**	**–**	**0.3**	**12.5**	**23.8**	**–**	**–**	**36.6**	**36.6**	**1.0**	**37.6**
Profit for the period						174.9		174.9	174.9	1.5	176.4
Total profit for the period	**–**	**–**	**0.3**	**12.5**	**23.8**	**174.9**	**–**	**211.5**	**211.5**	**2.5**	**214.0**
Dividend						– 47.5		– 47.5	– 47.5	– 4.1	– 51.6
Transactions with minorities								–	–	0.7	0.7
Equity at 31 March 2007	**132.0**	**229.2**	**215.9**	**18.8**	**42.6**	**1,180.3**	**– 0.3**	**1,686.5**	**1,818.5**	**17.2**	**1,835.7**
Equity at 1 October 2007	**132.0**	**229.2**	**1.5**	**29.9**	**60.2**	**1,452.8**	**– 0.3**	**1,773.3**	**1,905.3**	**23.0**	**1,928.3**
Changes from securities and other financial assets			0.5					0.5	0.5		0.5
Changes hedge accounting				– 20.6				– 20.6	– 20.6	– 1.6	– 22.2
Deferred taxes on IAS 39 values			– 0.1	8.2				8.1	8.1	0.6	8.7
Currency translation differences					– 57.6	–		– 57.6	– 57.6	– 0.3	– 57.9
Total recognised income and expenses for the period	**–**	**–**	**0.4**	**– 12.4**	**– 57.6**	**–**	**–**	**– 69.6**	**– 69.6**	**– 1.3**	**– 70.9**
Profit for the period						126.2		126.2	126.2	– 0.3	125.9
Total profit for the period	**–**	**–**	**0.4**	**– 12.4**	**– 57.6**	**126.2**	**–**	**56.6**	**56.6**	**– 1.6**	**55.0**
Dividend						– 47.5		– 47.5	– 47.5	– 3.2	– 50.7
Transactions with minorities						– 19.2		– 19.2	– 19.2	0.9	– 18.3
Equity at 31 March 2008	**132.0**	**229.2**	**1.9**	**17.5**	**2.6**	**1,512.3**	**– 0.3**	**1,763.2**	**1,895.2**	**19.1**	**1,914.3**

The non-distributable portion of reserves under the Swiss Code of Obligations is CHF 57.3 million.

CONSOLIDATED CASH FLOW STATEMENT

CHF MILLIONS	NOTES	OCTOBER-MARCH 2007/08	OCTOBER-MARCH 2006/07
Earnings before tax (EBT)		**164.9**	**222.8**
Interest, other financial income / expense, dividends, capitalised capital expense		9.2	0.4
Proceeds from disposal of tangible assets		0.1	0.1
Adjustment of non-cash expenses and income:			
Depreciation and amortisation		21.4	16.6
Share of profit of associates		– 4.8	– 7.2
Change in provisions (without interest, net)	14	1.9	– 101.7
Other non-cash items		– 49.5	4.9
Change in inventories		2.4	27.4
Change in trade receivables		– 73.9	9.1
Change in other receivables		105.3	– 215.8
Change in trade payables		– 7.7	– 55.9
Change in other liabilities (current)		– 45.9	247.1
Change in derivatives		– 2.5	– 30.0
Usage of provisions	14	– 3.2	– 0.7
Income taxes paid		– 70.7	– 33.2
Cash flow from operating activities		**47.0**	**83.9**
Property, plant and equipment:			
Acquisitions (without capitalised capital expense)		– 56.7	– 64.8
Disposals		0.1	4.0
Intangible assets:			
Investments (without goodwill)		– 3.2	– 3.7
Investments in subsidiaries, net of cash acquired		– 0.3	–
Sales of subsidaries, net of cash sold		–	– 0.1
Investments in associates:			
Acquisitions		– 16.9	– 33.8
Other financial assets and investment properties			
Acquisitions	9	– 39.5	– 18.5
Disposals and repayments		–	0.8
Income taxes paid on sale of financial assets		– 26.3	–
Change in securities (current)		9.5	– 12.1
Change in current financial assets		– 2.0	0.1
Dividend received		6.6	5.2
Interest received		18.2	12.2
Income and expenses from investment properties		–	0.8
Cash flow from investing activities		**– 110.5**	**– 109.9**

CHF MILLIONS	NOTES	OCTOBER-MARCH 2007/08	OCTOBER-MARCH 2006/07
Proceeds from long-term borrowings		102.8	110.5
Repayments of long-term borrowings		– 0.1	–
Payments of finance lease liabilities		–	– 0.7
Change in other liabilities (non-current)		21.0	15.8
Change in financial liablilities (current)		3.2	57.9
Change in minority interests		– 18.3	0.9
Dividends paid		– 50.7	– 51.6
Interest paid		– 51.7	– 39.0
Cash flow from financing activities		**6.2**	**93.8**
Foreign exchange differences		**– 15.4**	**7.7**
Change in cash and cash equivalents		**– 72.7**	**75.5**
Cash and cash equivalents at the beginning of the reporting period	10	**683.8**	**495.9**
Cash and cash equivalents at the end of the reporting period	10	**611.1**	**571.4**
FREE CASH FLOW			
Cash flow from operating activities		**47.0**	**83.9**
Net investment in property, plant and equipment		– 56.6	– 60.8
Net investment in intangible assets		– 3.2	– 3.7
Investments in subsidiaries		– 0.3	–
Investments in associates		– 16.9	– 33.8
(Investments) devestments in other financial assets (excluding financial loans)		– 27.9	0.7
Free cash flow (drain)		**– 57.9**	**– 13.7**

EGL has aggregated credit facilities of CHF 1,079.1 million available from banks and financial institutions (30 September 2007: CHF 1,014.7 million). As of 31 March 2008 CHF 601.1 million of this amount was used for guarantees (30 September 2007: CHF 584.7 million).

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT

01 GENERAL INFORMATION

The EGL Group is a European energy trader whose target segment consists of industrial consumers throughout Europe. The Axpo Group holds 87.41% of the shares in EGL. EGL operates trading and sales companies in Albania, Austria, Bulgaria, the Czech Republic, Germany, Greece, Hungary, Italy, Norway, Poland, Romania, Serbia, Slovakia, Spain, Sweden and Turkey. In addition, EGL has investments in power plants in Switzerland and long-term procurement agreements with power plants in France. The Group is also expanding its production portfolio with gas-fired combined-cycle power plants in Italy, and is developing projects aimed at building up its assets in other key markets.

02 BASIS OF PREPARATION OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

General principles. The unaudited consolidated interim financial statements at 31 March 2008 were prepared in accordance with the International Financial Reporting Standards (IFRS) on Interim Financial Reporting (IAS 34). The accounting policies of the EGL Group applied in the consolidated interim financial statements correspond to the principles described in the 2006/07 financial statements (pages 65 – 73), with the exception of the explanations outlined below.
The changes in the group of consolidated companies are listed under Note 16.

Significant changes to the accounting and valuation principles. In 2007, the International Accounting Standards Board (IASB) published a revised version of the International Accounting Standards IAS 1 “Presentation of Financial Statements– Disclosure of Capital Management” and the new standards and interpretations IFRS 7 “Financial Instruments: Disclosures” and IFRIC 11 “Group and Treasury Share Transactions”. The EGL Group adopted these new and revised standards and interpretations for the first time with effect from 1 October 2007. Adoption of these revised principles had no impact on the Group’s financial position and results of operations. However, the new standards require more disclosures involving the principles for “financial risk management” (IFRS 7), which will only be adopted at the end of the 2007/08 financial year in the Annual Report. IFRIC 10 “Interim Financial Reporting and Impairment”, which applies to business periods beginning 1 November 2006 or later, was already adopted early during the previous financial year by the EGL Group.

Foreign currency exchange rates:
The following rates were applied for the translation of income statement and balance sheet figures into CHF:

		PERIOD-END EXCHANGE RATE IN BALANCE SHEET		AVERAGE RATES IN INCOME STATEMENT	
CURRENCY	UNIT	31.03.2008	30.09.2007	OCTOBER-MARCH 2007/08	OCTOBER-MARCH 2006/07
ALL	100	1.2960	1.3720	1.3580	1.4000
BGN	100	80.4700	84.8800	83.4790	82.5000
CSD	100	1.9240	2.1320	2.0480	2.1000
CZK	100	6.2100	6.0300	6.2410	5.7000
EUR	1	1.5738	1.6601	1.6307	1.6050
HUF	100	0.6100	0.6600	0.6390	0.6000
NOK	100	19.5500	21.5100	20.6160	19.5000
PLZ	100	44.6800	44.0000	45.1730	41.5000
RON	100	42.2300	49.6400	46.0060	47.0000
SEK	100	16.7500	18.0200	17.4680	17.5000
SKK	100	4.8300	4.9000	4.9190	4.6000
TRY	100	76.1200	–	92.8840	–
USD	1	0.9953	1.1708	1.1087	1.2350

03 NET SALES

CHF MILLIONS	OCTOBER-MARCH 2007/08	OCTOBER-MARCH 2006/07
Net sales from energy business	2,385.5	2,858.2
Income from energy derivatives trading	182.9	54.0
Income from emission certificates trading	– 3.6	– 0.5
Other net sales	3.9	2.8
Total	**2,568.7**	**2,914.5**

In addition to consolidated net sales, there are also energy sales under ceded energy procurement rights and sub-participations. The sales from so-called “quota transactions” are not included in the total mentioned above since they are netted against any similarly ceded procurement. The amount is CHF 139.2 million (previous reporting period: CHF 131.8 million; see Note 4).

04 **ENERGY PROCUREMENT AND COST OF GOODS**

CHF MILLIONS	OCTOBER-MARCH 2007/08	OCTOBER-MARCH 2006/07
Energy procurement from third parties	– 2,096.8	– 2,537.5
Energy procurement from partner plants	– 105.6	– 95.5
Energy procurement from related parties	– 22.8	– 38.1
Change in provision for onerous procurement contracts	–	85.0
Total	**– 2,225.2**	**– 2,586.5**

Energy procurement from quota transactions is not included in the above total since it is netted against any similarly ceded sales. The amount is CHF 139.2 million (previous reporting period: CHF 131.8 million; see Note 3).

05 **OTHER OPERATING EXPENSES**

The increase in other operating expenses is attributed to the commissioning of the gas-fired combined-cycle power plant of Calenia Energia S.p.A. in Italy. The maintenance and insurance costs associated with the plant are now reported under this position.

06 **FINANCIAL INCOME AND EXPENSE**

CHF MILLIONS	OCTOBER-MARCH 2007/08	OCTOBER-MARCH 2006/07
Interest income	19.1	12.5
Dividend income	1.2	–
Income from investment properties	–	0.8
Exchange gains	151.7	55.9
Other financial income	26.3	5.1
Total financial income	**198.3**	**74.3**
Interest expense	– 29.3	– 12.2
Depreciation of investment properties	–	– 1.3
Exchange losses	– 189.1	– 50.2
Other financial expense	– 18.4	– 4.1
Total financial expense	**– 236.8**	**– 67.8**
Total	**– 38.5**	**6.5**

Financial income and expense include realised and unrealised exchange rate gains and losses.

07 INCOME TAX EXPENSE

CHF MILLIONS	OCTOBER-MARCH 2007/08	OCTOBER-MARCH 2006/07
Current income taxes	– 34.0	– 35.6
Deferred income taxes	– 5.0	– 10.8
Total income tax expense	**– 39.0**	**– 46.4**

Current income taxes consist of taxes paid or due on the results of the individual companies for the reporting period in accordance with local regulations, as well as charges and credits from previous periods.

08 PROPERTY, PLANT AND EQUIPMENT

Investments in equipment amount to CHF 1.3 million (first half-year 2006/07: CHF 1.9 million) and in assets under construction CHF 68.5 million (first half-year 2006/07: CHF 82.4 million). Additions to assets under construction in the current reporting period mainly concern the gas-fired combined-cycle power plant projects in Italy. Property, plant and equipment of CHF 1,082.4 million were pledged as collateral for financial liabilities (30 September 2007: CHF 1,105.0 million). As at 31 March 2008, there were obligations of CHF 317.5 million for the purchase of property, plant and equipment (30 September 2007: CHF 235.2 million).

09 OTHER FINANCIAL ASSETS

CHF MILLIONS	OTHER INVESTMENTS	LONG-TERM LOANS TO ASSOCIATES	OTHER LONG-TERM FINANCIAL ASSETS	TOTAL
BOOK VALUE				
Balance at 1 October 2007	**3.3**	**177.3**	**4.9**	**185.5**
Additions	–	37.9	1.6	39.5
Currency translation differences	–	– 10.6	– 0.2	– 10.8
Balance at 31 March 2008	**3.3**	**204.6**	**6.3**	**214.2**

All other investments are classified as “available for sale” and recognised at fair value. Any changes in valuation are recognised in equity and shown in Note 11 as well as in the statement of changes in equity.
The long-term loan to Società EniPower Ferrara S.r.l. was further increased in the reporting period. It runs until 20 December 2020.

10 **CASH AND CASH EQUIVALENTS**

CHF MILLIONS	31.03.2008	30.09.2007
Petty cash, cash at banks and post office	539.7	207.0
Short-term cash deposits	71.4	476.8
Total	**611.1**	**683.8**

Short-term cash deposits are available within 90 days.

11 **EQUITY**

Changes in the value of financial instruments recognised in equity according to IAS 39 (“available-for-sale” revaluation reserve and hedge accounting reserve):

CHF MILLIONS	2007/08	2006/07
Balance at 1 October	**31.4**	**221.9**
Financial assets available for sale:		
Change in fair value of securities (current assets)	0.5	0.2
Change in fair value of other financial assets	–	– 28.7
Change in fair value of cash flow hedge accounting	– 20.6	34.4
Transfer of realised profit to income statement	–	– 243.6
Deferred tax thereon	8.1	47.2
Balance at 31 March	**19.4**	**31.4**

The share capital is divided into 2,640,000 fully paid-up bearer shares at a par value of CHF 50.00. EGL AG holds 386 treasury shares (unchanged from 30 September 2007).

12 **FINANCIAL LIABILITIES (NON-CURRENT)**

CHF MILLIONS	31.03.2008	30.09.2007
Bond	245.9	245.7
Long-term loans:		
From third parties	1,099.5	1,055.2
From partner plants and other associates	0.3	0.3
Total	**1,345.7**	**1,301.2**

A ten-year domestic bond for a nominal amount of CHF 250 million was issued on 23 November 2005, with a coupon of 2.5 %. The bond is listed on the SWX under Securities No. 2.326.262. The long-term loan liability to third parties relates to project financing for gas-fired combined-cycle power plants in Italy in the amount of EUR 698.6 million, at a variable interest rate of 5.828 % (30 September 2007: EUR 635.5 million, at a variable interest rate of 5.632 %). Repayment of the loan will begin once the power plant has gone on-stream, and will last until no later than 2023.

13 DERIVATIVE FINANCIAL INSTRUMENTS

	REPLACEMENT VALUES		CONTRACT VOLUME
	POSITIVE	NEGATIVE	
CHF MILLIONS	31.03.2008	31.03.2008	31.03.2008
ENERGY TRADING			
Standard forward contracts	3,178.3	3,074.6	56,502.5
Futures	–	–	364.6
Options	283.9	381.6	364.2
Swaps	198.0	125.3	4,978.4
Emission certificates	31.2	30.3	594.1
Total before netting	**3,691.4**	**3,611.8**	**62,803.8**
./. Consideration of netting agreements	– 2,543.4	– 2,543.4	– 40,577.4
Total after netting	**1,148.0**	**1,068.4**	**22,226.4**
CURRENCY AND INTEREST RATES			
Currency swaps	4.2	15.7	543.8
Interest rate swaps and options	26.0	–	587.0
Derivatives	**1,178.2**	**1,084.1**	**23,357.2**

	REPLACEMENT VALUES		CONTRACT VOLUME
	POSITIVE	NEGATIVE	
CHF MILLIONS	30.09.2007	30.09.2007	30.09.2007
ENERGY TRADING			
Standard forward contracts	2,088.0	1,932.5	56,221.2
Futures	–	–	393.5
Options	96.5	232.9	290.8
Swaps	40.4	23.6	1,412.4
Emission certificates	105.1	114.8	530.7
Total before netting	**2,330.0**	**2,303.8**	**58,848.6**
./. Consideration of netting agreements	– 1,492.8	– 1,492.8	– 21,340.5
Total after netting	**837.2**	**811.0**	**37,508.1**
CURRENCY AND INTEREST RATES			
Currency swaps	1.7	22.1	465.8
Interest rate swaps and options	49.2	–	1,022.4
Derivatives	**888.1**	**833.1**	**38,996.3**

Gains and losses on derivatives which qualify as hedges of future cash flows have been accounted for in accordance with IAS 39 hedge accounting, and therefore were recognised directly in equity (see Consolidated statement of changes in equity and Note 11). They will be recognised in the income statement over the next 1 to 10 years.

14 **PROVISIONS**

CHF MILLIONS	DECOMMISSIONING POWER PLANTS	OTHER PROVISIONS	TOTAL
Balance at 1 October 2007	**2.1**	**45.7**	**47.8**
Allocation	–	3.7	3.7
Release	–	– 1.8	– 1.8
Usage	–	– 3.2	– 3.2
Currency translation differences	– 0.1	– 1.7	– 1.8
Balance at 31 March 2008	**2.0**	**42.7**	**44.7**
Current portion of provisions	–	3.4	3.4
Non-current portion of provisions	2.0	39.3	41.3
Total provision	**2.0**	**42.7**	**44.7**
EXPECTED OUTFLOW OF FUNDS			
Within 1 year	–	3.4	3.4
Between 1 and 5 years	–	37.9	37.9
In more than 5 years	2.0	1.4	3.4
Total provision	**2.0**	**42.7**	**44.7**

In connection with the commissioning of the gas-fired combined-cycle power plant of Calenia Energia S.p.A., provisions were allocated for clearance of the operating facilities.

Other provisions: these contain provisions in respect of an investigation, still to be formally concluded by the Italian authorities, concerning the project company, Energy Plus S.p.A., Salerno. There are also provisions for obligations towards the province of Caserta in connection with the construction and operation of the gas-fired combined-cycle power plant of Calenia Energia S.p.A. In addition, there is a provision for a factual obligation to transfer a sub-investment in 2011.

15 SEGMENT INFORMATION

At present, EGL Group's core business is primarily in energy trading. The gas business is being expanded and its presentation is being continually reviewed.
The electricity transmission facilities of EGL Group are included in the balance sheet of EGL Grid AG, which provides EGL AG with the grid for the transport of traded electricity against payment of the total overall costs.

16 CHANGES IN THE SCOPE OF CONSOLIDATION

	REMARKS	INVESTMENT RATIO	PURCHASE PRICE CHF MILLIONS
FULLY CONSOLIDATED COMPANIES			
EGL Renewable Luxembourg AG	Formation	100.0 %	–
EGL Nordic Capital Management AS	Formation	100.0 %	–
Winbis S.p.A.	Formation	100.0 %	–
EGL Elektrik Toptan Ticaret S.A.	Purchase	100.0 %	0.8
EGL Hellas S.A.	Purchase	80.0 %	19.6

The stake in EGL Hellas S.A. was increased by 20 % to a total of 80 %.

	REMARKS	INVESTMENT RATIO	PURCHASE PRICE CHF MILLIONS
OTHER EQUITY ACCOUNTED INVESTMENTS			
Agroenergética de Pinzón S.L.	Capital increase	36.8 %	0.9
Società EniPower Ferrara S.r.l.	Capital increase	49.0 %	16.0

Impact of business combinations:

CHF MILLIONS	31.03.2008	30.09.2007
Non-current assets	0.4	–
Current assets excl. cash and cash equivalents	–	–
Cash and cash equivalents	–	–
Non-current liabilities	0.1	–
Current liabilities	–	–

On 1 November 2007, EGL Luxembourg AG purchased all the shares of Genel Elektrik Toptan Ticaret A.S. in Turkey at a purchase price of EUR 0.5 million. The name of the company was changed to EGL Elektrik Toptan Ticaret S.A. The purchase of the company was subject to approval by the Turkish government and was finally authorised at the end of January 2008. The company was founded in August 2007 and did not report any business activities up to the reporting date. Net assets of EUR 0.2 million were acquired, resulting in goodwill of EUR 0.3 million. The goodwill was tested for impairment in the course of preparing the interim financial statements. As the carrying amount was higher than its recoverable amount, the goodwill was written off against profit and loss as at 31 March 2008.

17 CONTINGENT LIABILITIES AND FUTURE FINANCIAL LIABILITIES; LEGAL DISPUTES

CHF MILLIONS	31.03.2008	30.09.2007
Guarantees	601.1	584.7
Parent company guarantees	286.9	197.5
Total to third parties	**888.0**	**782.2**

In the financial years 1998/99 and 1997/98, Albula-Landwasser Kraftwerke AG and Misoxer Kraftwerke AG concluded financial transactions to lease their facilities long-term and simultaneously lease them back (lease-and-lease-back transactions). In connection with those transactions, assurance was given to American investors that all contractual obligations arising therefrom would be guaranteed. The risk from these transactions is secured by appropriate provisions at the companies mentioned. Since the risk declines over the term of the transactions, these provisions are released on a straight-line basis.
In the financial year 2004/05 EGL Austria GmbH acquired the remaining 20% stake in EGL Italy S.p.A. The final purchase price was subject to arbitration proceedings which concluded during the reporting period with a negative outcome for the EGL Group. The EGL Group filed a claim against the arbitration to the courts in April 2008. The costs for these proceedings are reported under accrued expenses.
The EGL Group is involved in several other legal disputes related to ordinary business.

18 EVENTS AFTER THE BALANCE SHEET DATE

The EGL Group sold 50% each of Trans Adriatic Pipeline AG, Baar, and TAP Asset S.p.A., Rome, to StatoilHydro ASA.
The shares were transferred on 22 April 2008. The impact on the consolidated balance sheet and income statement is immaterial since the companies in question are project companies.

These consolidated interim financial statements were approved by the Board of Directors on 29 May 2008. No other significant events have occurred since the balance sheet date and up to 29 May 2008 which could have an impact on the 2007/08 consolidated interim financial statements or which require to be disclosed.

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CALENDAR

2007/08 Annual Results	17.12.2008
EGL AG Annual General Meeting	30.01.2009

CAUTIONAR STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document may contain forward-looking statements on the business activities, development and profitability of the EGL Group. Because these forward-looking statements are subject to risks, uncertainties and other important factors, actual future developments and results may differ materially from those expressed in or implied by the statements in this document. Except as required by law, EGL assumes no obligation to update these forward-looking statements.

LANGUAGE VERSION

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