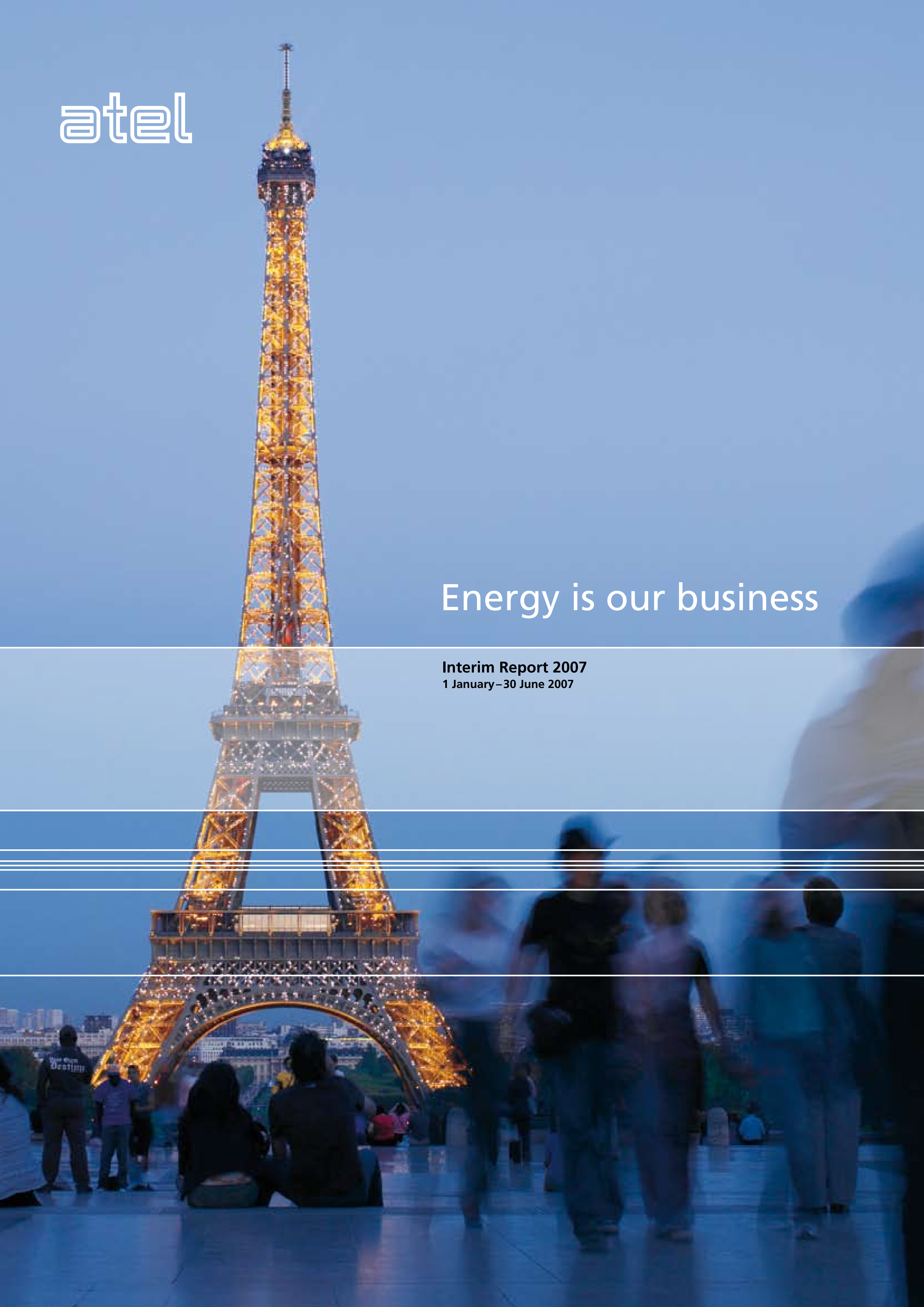
atel



Energy is our business

Interim Report 2007
1 January – 30 June 2007

Key Interim Financial Figures

Atel Group

	Variance in % Half-year 2006–2007 (based on CHF)	Half-year 2006/1 CHF mn.	Half-year 2007/1 CHF mn.	Half-year 2006/1 EUR mn.	Half-year 2007/1 EUR mn.
Energy sales (TWh)	2.0	60.354	61.531	60.354	61.531
Net revenue*	15.1	5 599	6 442	3 585	3 947
Energy*	14.1	4 899	5 591	3 136	3 426
Energy Services	21.6	703	855	450	524
Earnings before interest, tax, depreciation and amortisation (EBITDA)	0.2	555	556	355	341
Depreciation	–11.3	–97	–108	–62	–66
Earnings before interest and tax (EBIT)	–2.2	458	448	293	275
as % of net revenue	–14.6	8.2	7.0	8.2	7.0
Group profit	–3.1	359	348	230	213
as % of net revenue	–15.6	6.4	5.4	6.4	5.4
Net investments**	44.4	72	104	46	64
Total equity	20.7	2 802	3 382	1 794	2 044
as % of total assets	4.0	36.2	37.6	36.2	37.6
Employees***	3.3	8 466	8 742	8 466	8 742

* Excluding trading with standard products; see Management Report, page 10
** Excluding variance in time deposits and securities
*** Average number of full-time equivalent employees

Per share information

	Variance in % Half-year 2006–2007	Half-year 2006/1 CHF	Half-year 2007/1 CHF
Nominal value	–	100	100
Share price at 30.6.	74.9	2 158	3 775
High	78.9	2 275	4 070
Low	65.7	1 859	3 080
Net profit	–2.6	117	114

Review of the years 2002–2007 on page 22.

Editorial

Encoding half-year result

In the first half-year of 2007, Atel Group has again realised a strong growth in revenues. Adjusted by the special income included in prior year, an increased consolidated profit of 20 % results. For the entire business year 2007, a better operating result than 2006 is expected as well.

The consolidated revenue of CHF 6.4 billion generated in the first six months of 2007 represents an increase of 15 % versus prior year comparable period. Most of the business divisions and market units of the Energy and Energy Services segments have contributed to this encouraging development. The increase was realised through higher energy sales at overall attractive prices on the European markets as well as the good operating performance of the Energy Services. In addition, the growth was supported by the positive economic environment.

In direct comparison with the first half-year of 2006, the consolidated results of Atel Group are slightly lower. The operating result (EBIT) decreased by 2 % to CHF 448 million, the consolidated group profit by 3 % to CHF 348 million. However, it is to consider that the prior year results were influenced by one-off revenues from financial reporting adjustments as well as revenues from the sale of participations. No comparable effects were recorded in the current half-year. On an operating level, i.e. adjusted by these one-off effects, the operating result EBIT increased by 17 % versus prior year, respectively the Group profit including minorities by 20 %.

Despite the again extended business activity and the integration of new subsidiaries, the principal key ratios of the balance sheet were kept stable and the value of the company was further increased.

Subject to unpredictable events, Atel is expecting for the entire business year 2007 consolidated revenues and operating results that are above the excellent year 2006. However, the second half-year 2007 is expected to show a decelerated dynamic, as there will presumably be pressure on the market prices due to the liquid electricity availability.

Principal expansion projects

In Switzerland, the industrial power plant Thermatel received the construction permit. The contracts for the construction of the gas-fired combined cycle power station in Monthey for the generation of electricity and supply of steam to Cimo SA were signed. The commissioning is planned for end of 2009.

The project planning of the pumped storage power station Nant de Drance in the area of the storage power station Emosson in the canton of Valais progresses as planned. The commissioning is planned on or after 2012.

The commissioning of the small hydro power station Idrovalsesia in Italy acquired at the end of 2006 is planned for mid 2008. The first wind farm of the participation Maridiana will start operations probably at the end of 2007/early 2008. The construction of the second wind farm will start soon; the commercial utilisation will start probably in mid 2008.

In Norway, Atel entered in summer 2007 in the development, construction and operation of small hydro power stations. In Switzerland, Atel EcoPower Ltd. has purchased several small hydro power stations; further acquisitions are in preparation.

Currently, the authorisation procedure for the 400-MW-gas-fired combined cycle power station in Bayet, France, is ongoing. If the process runs as scheduled, the construction will start in 2007; the commissioning is planned for early 2010.

Further development and acquisition projects for power plants and long-term procurement capacities as well as for the development of Trading, Sales and Energy Services are in examination and preparation.

Energy policy

At the G8 Summit 2007 held at the end of April in Heiligendamm, Germany, the IPCC (Intergovernmental Panel on Climate Change) Report was declared the acknowledged scientific knowledge base for the consequences of climate change. The states agreed to seek a 50 % cut in emissions by 2050 and a continuation of climate protection measures within a UN framework. These decisions have turned CO_2 emissions from electricity production into an increasingly important political issue.

In March 2007, EU heads of state and government agreed to reduce greenhouse gas emissions by 20 % by 2020. Assuming that an international agreement can be arrived at, the EU is aiming to reduce emissions by as much as 30 %. The governments also agreed on binding targets to raise the share of renewable energies to 20 % and of bio fuels to 10 %.

The EU Commission opened an antitrust case against several nations. The move was prompted due to infringements of the EU regulations governing the liberalised energy market and the national allocation plans for the second phase of the emissions trading scheme.

Trading between Switzerland and Italy in electricity from renewable energies has been facilitated under the terms of a new regulation governing mutual recognition by both countries of electricity from renewable energy sources. This is particularly important for hydroelectricity exports to Italy.

The Federal Council has adopted a new energy policy to address the threat of electricity shortages. The strategy, based on the four pillars of energy efficiency, renewable energies, large-scale power plants and international energy policy, closely reflects Atels views. The Federal Council also decided to reject the peoples initiative for "Living Water" (Renaturation Initiative) and submit it for approval of parliament and the people without a counter-proposal.

The Federal Assembly approved four energy policy bills on 23 March 2007: the electricity supply law, the reform of the energy law, the reform of the law on zoning and mineral oil tax, and the federal decision on compensation for CO_2 emissions from gas-fired combined-cycle power plants. Now that the referendum deadline for the electricity supply law and the energy law has expired without being exercised, the laws will come into force on 1 January 2008.

The electricity supply law governs the relationship between Switzerland and the EU and institutionalises the Swiss grid operator and regulator. It also addresses the major importance of long-term delivery contracts for Switzerland. The proposals represent a compromise which Atel views as acceptable.

Restructuring of the Atel Group

In mid-2006, following acquisition of the majority stake in Motor-Columbus AG (MC) by a mainly Swiss consortium, MC submitted an obligatory public bid in the form of a swap offer to all shareholders outside the consortium. One Atel shareholder subsequently filed a complaint with the Federal Court against the Federal Banking Commission's directive which declared the swap offer as compliant with corporation law. In its ruling on 27 February 2007, the Federal Court dismissed the shareholder's appeal. The swap offer of July 2006 is therefore definitively completed.

Due to the legal proceedings relating to the public swap offer, it was not possible to complete the restructuring of Atel and MC to create a simplified holding structure. This also resulted in delays in preparations for the planned industrial merger of MC/Atel and EOS as well as the potential merger with the Swiss activities of EDF. However, the intention is still to start up the new company in 2008. Shareholders in the new company consist of Elektra Birseck (EBM), Elektra Baselland (EBL), Kanton Solothurn, IBAarau, Aziende Industriali di Lugano (AIL) and Wasserwerke Zug (WWZ) with a 30 % stake, EOS Holding also with a 30 % stake, and EDF Alpes Investissement Sàrl with 25 %.

Management Report

Changes in the scope of consolidation

Compared to the same period of the previous year, the following main changes occurred in the scope of consolidation as of 30 June 2007:

Disposals	Proportion of holding	Last date of consolidation:	Segment/Business unit
GA-tec GmbH, Heidelberg/DE	100.0%	21.02.2006	Energy Services North/East
Franz Lohr GmbH, Ravensburg/DE	90.1%	29.06.2007	Energy Services North/East

Acquisitions	Proportion of holding	First date of consolidation:	Segment/Business unit
Luwa Schweiz AG, Uster/CH	100.0%	31.03.2006	Energy Services South/West
Bassi e Scossa SA, Lugano/CH	100.0%	01.01.2007	Energy Services South/West
Hotz AG, Zürich/CH	100.0%	31.03.2007	Energy Services South/West
Finow GmbH, Eberswalde/DE	100.0%	01.01.2007	Energy Services North/East
Isento AG, Thal/CH	67.0%	01.01.2007	Energy Switzerland
Cotlan AG, Rüti/CH	100.0%	19.03.2007	Energy Switzerland

Further disclosures related to the acquisition respectively the disposal of subsidiaries are reported under explanatory notes 4 and 5 on pages 19 and 20.

Results Atel Group

Atel Group is looking back to a very successful half-year. The consolidated revenues increased by CHF 843 million or 15 % to CHF 6 442 million. The rise is based on a slightly higher sales volume at an overall higher market price level in the energy business and an organically generated growth in Energy Services. In local currency and with an unchanged scope of consolidation the revenue growth rate is 12 %.

The consolidated operating profit (EBIT) of CHF 448 million is slightly below the prior year value of CHF 458 million (–2 %), which was influenced by special income. Excluding these one-off effects (valuation adjustments and revenues from sales), the operating result improved by CHF 65 million or 17 %, respectively by 15 % considering the other influences from the changed scope of consolidation and the foreign currency translation.

The main drivers for this success were once more the good market performance in trading and sales in the European energy business, which additionally was backed by a stable production. The Atel Energy Group in Central and Eastern Europe, restructured in the second half-year 2006, developed satisfactorily as well as the strategically new oriented subsidiary Energipartner in Scandinavia. Profit cuts versus 2006 were recorded in Supply Switzerland and Production Czech Republic. The results of both areas were negatively influenced by the high temperatures during the first quarter 2007.

The Energy Services segment took profit from the extraordinary weather conditions, which allowed to execute almost without interruption the order backlog during the normally rather weak winter months. Additionally supported by the positive economic environment in Europe, GAH as well as the AIT Group contributed significantly improved revenues and results compared to the prior year.

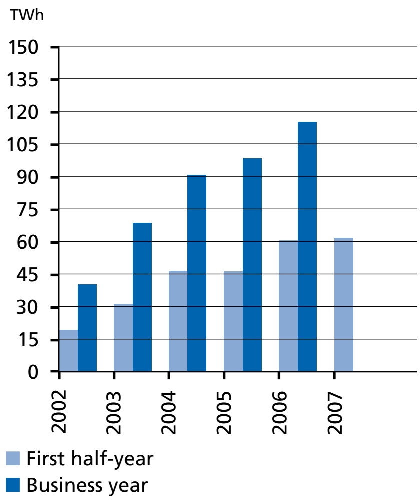
The net financial income improved by CHF 18 million, which is mainly due to reduced financing costs and increased income from interests and dividends. On the other hand, lower revenues were produced from market valuations of the relevant marketable financial investments. The income tax expense increased significantly compared to prior year (CHF +19 million or 23 %), mainly due to the loss of the tax-neutral special income included in prior year as well as the changed contributions from the different country subsidiaries in the consolidated result. As a consequence, the effective tax rate increased from 18.3 % to 22.6 %.

The consolidated net profit after income tax including minorities reached CHF 348 million (prior year: CHF 359 million). Excluding the mentioned one-off effects, the growth in results amounts to 20 %, adjusted by the other effects from the changed scope of consolidation and the foreign currency translation to 18 %.

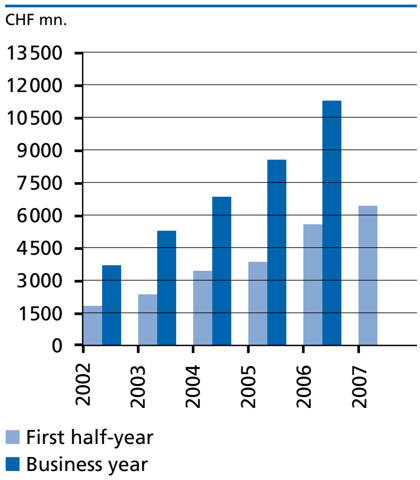
For investments in operating and intangible assets, a net amount of CHF 92 million was spent (prior year: CHF 94 million); thereof about CHF 61 million were invested in the development of production facilities as well as in the extension of infrastructure, further CHF 31 million in the replacement of operational fixed assets. In relation with the acquisition and disposal of subsidiaries there was a net cash outflow of CHF 12 million. The net cash inflow from investments respectively disposals of financial investments and securities in the reporting period was CHF 39 million (prior year: cash outflow of CHF 110 million).

Due to the lower positive and negative replacement values (balance of capitalised open energy trading derivatives at market value), total assets decreased slightly compared to the beginning of the year. The trans-

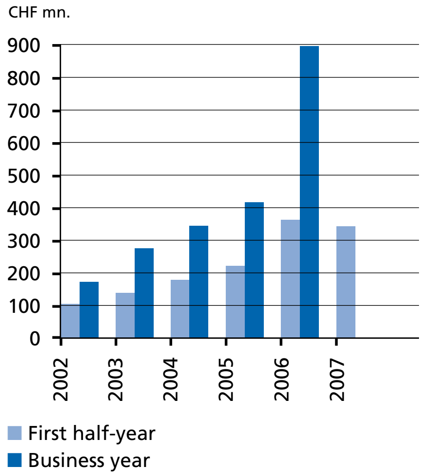
Energy sales



Net revenue



Group profit



action with Motor-Columbus/Atel shares and its influence on equity has reduced the amount of total assets as well (see explanatory note 3, page 18). As a consequence, the equity decreased by CHF 124 million to CHF 3382 million. The equity ratio was kept stable at 37.6 % thanks to the reduced amount of total assets.

Cash including time deposits and securities reached some CHF 1.4 billion as of 30 June 2007. This includes restricted cash (securities received from counterparties in energy trading, securities for project financings as well as deposits at power exchanges and grid operators) at an amount of CHF 146 million. Hence, the available cash is approximately CHF 1.2 billion (comparable amount as of 31 December 2006: CHF 1.1 billion).

The current and non-current financial liabilities were reduced by CHF 26 million. The net reduction is influenced by the repayment of liabilities and the opposite effects from foreign currency conversions on financial liabilities. Net borrowings reached CHF 575 million as of 30 June 2007, compared to CHF 284 million at beginning of the year. The variance is mainly due to the decrease of the reported cash as a result of the exchange of shares MC/Atel. The debt ratio remained unchanged compared to 31 December 2006.

Energy segment

Market developments

The current and forward prices on the European energy markets have developed differently compared to first half-year 2006, with significant regional characteristics. In addition, it is to consider that an important part of the current commercial activity reflects the price level of 2006.

The price level on Western European spot markets has decreased in first half-year 2007 compared to prior year period. A determining factor for this was the high temperatures in the first quarter, which reduced the demand in electricity by some percentage points. A price decreasing effect also came from the availability above average of renewable energies and the collapse of prices for CO_2-certificates of the trading period 2005–2007. The prices for liquid forward products also ranged for the majority of time below comparable prior year values.

A significantly different development is recorded in the Eastern European markets. The shutdown of several power plants together with an ongoing aridity has strongly raised the spot as well as the forward prices in this region. Here also the price increase was slowed down by the collapse of prices for CO_2-certificates of the trading period 2005–2007. On the other side, the prices for CO_2-certificates of the second trading period 2008–2012 have continued to increase their value since beginning of this year.

Results overview

The Energy segment generated revenue of CHF 5591 million in the first half-year of 2007, which represents a growth of 14%. Decisive for the increase was the realised rise in volumes at an overall attractive market price level. The volume of energy sales increased by 2% to 61.5 TWh.

The operating profit (EBIT) of the Energy segment reached CHF 416 million. Compared with the prior year results adjusted by the special income at an unchanged scope of consolidation, the result increased by CHF 47 million or 14% to CHF 413 million. It is encouraging that most market units have contributed to this success.

Due to high temperatures, the Swiss market unit sold less energy in the first quarter than in prior year. In addition, the liquid power availability on the markets lead to a reduced use of storage power stations and a hydraulic power generation below average. The impoundment volume kept back will have a positive effect on the development in the second half-year, whereas the extent will depend on the water inflows arising and the sales prices realised.

In the Italian market unit the revenue was increased thanks to the contribution of the sales company Energ.it, purchased and integrated in second half-year 2006, as well as the higher sales to end customers and on the power exchange. For this reason, the regulatory given decrease in volumes from the import business out of Switzerland was more than compensated. The region also made further progress at the level of results. Whereas the revenues from the import business decreased, the revenues from the balancing energy market as well as the lower procurement costs from own power generation lead to an improved margin. The power generation ran undisturbed and with stable costs. Thanks to the small hydro power stations acquired at the end of 2006, the power availability was improved again.

In the French and German market units the client portfolio was again significantly enlarged, which is reflected in a strong growth in revenues. In addition, the margins in both countries were improved, despite the governmentally regulated prices in France since the beginning of this year. The market unit Scandinavia also showed encouraging progress. The strategically new oriented business fields electricity trading and origination encouragingly contributed to revenue and result, mainly from trading activities.

The Central/Eastern European market region further strengthened its market position with sales volumes in line with prior year. At beginning of the year, the exceptionally mild weather conditions lead to sensitive losses in sales revenue and margins. In the course of the following months, the demand revitalised. In addition to this, part of the decrease was compensated with successful exports in markets showing a higher price level, mainly in Southern/Eastern Europe. Furthermore, the local sales company in Greece succeeded with the development of the trading activities and hub function of Atel.

The production units in Hungary and the Czech Republic generated a slightly lower contribution to revenue and results than in the first half-year of 2006. Due to the relatively high percentage of heat deliveries, the production in the Czech Republic recorded decreasing revenues in the first quarter. The collapse of the CO_2-prices of the trading period 2005–2007 also had a negative impact on the comparison with prior year. This decline was partially compensated with the new gas turbine in Kladno, which was successfully commissioned at the end of 2006. The Hungarian power plants of Csepel report a profitable first half-year. The utilisation was very high and the production costs were reduced thanks to a newly negotiated long-term gas procurement contract.

The business unit Trading has continued its successful activities in the main markets Germany, France, Benelux, Italy and Switzerland with again very good results. In particular the asset trading convinced with good results. In the first quarter, the trading with purely financial energy products showed a more difficult development due to a loss of personnel. The results as of 30 June 2007 are still behind the record results of prior year. However, additional new markets and products were added to the dynamic trading portfolio.

Trading has executed businesses with standard products with external counterparties in the level of some 103 TWh (prior year: 101 TWh) and generated a revenue of CHF 8.2 billion (prior year: CHF 6.8 billion). As in prior periods, income from standard products traded with third parties is recorded net under revenues, reaching CHF 13 million in the first six months of 2007 (prior year: CHF 20 million).

Energy Services segment

Market developments

In Switzerland, the general conditions for Atel Installationstechnik Group (AIT) have significantly improved compared to the prior year period thanks to the general positive economic environment and the situation in supply and demand. The business field Building Services/Technical Facilities Management recorded a significant growth in order entry respectively order backlog thanks to the good environment. Although there is still a strong price pressure, mainly in regions near the borders, the overall margins were improved. The order situation in the area of Energy Supply Technology also developed encouragingly. In particular the activities were expanded in Western Switzerland. The acceptance for the project Alptransit Gotthard assures the capacity utilisation on a long-term basis. However, there is currently still an appeal pending against the allocation of the project, which was given to a consortium under the lead of AIT Group. The decision on the appeal is expected to be made this year.

In Northern Italy, there is still a strong willingness for investments in building services. An important backlog demand on investments in building infrastructure leads to attractive projects with good margins.

The economic boom also continued in Germany. The relevant markets for Industrial and Power Plant Engineering (EAT) as well as for Energy Transmission and Communications Technology (EKT) have developed positively. EKT showed an encouraging development in the energy supplier/power plant operator area as well as in the earthbound pipeline construction, mainly for gas grids. A current structural change in the mobile communications market leads to an increased pressure on competition and margins. EAT is being offered good market opportunities, in particular from the pan-European investment boom in conventional power plants. A continued good demand also comes from niche markets such as biomass-power stations, waste incineration plants and nuclear technology. Additional market potentials show up from exports to neighbouring countries. The overall price pressure has slightly decreased for EKT as well as for EAT.

Results overview

The Energy Services segment increased the net revenue from CHF 703 million in prior year to CHF 855 million in the first six months of 2007. This represents a growth rate of 22 %. In local currency and without changes in the scope of consolidation, the increase in revenue is 17 %. The operating result of the segment has doubled to CHF 32 million respectively increased by 73 % without considering the changes in the scope of consolidation. The successful development confirms the strategic refocusing done in prior periods.

The Atel Installationstechnik Group (AIT) with operations in Switzerland, Northern Italy and the Czech Republic increased the revenue in the first half-year of 2007 by 34 % to CHF 308 million versus prior year comparable period. Besides the organic growth, this is mainly based on the successful integration of the acquisitions of Luwa Switzerland AG in spring 2006 as well as Bassi e Scossa SA and Hotz AG in 2007. Without changes in the scope of consolidation, the growth rate of the revenue is 24 %, the increase was mainly generated by the business field Building Services/Technical Facilities Management. Both business fields show high order books as of 30 June 2007.

The strategic repositioning completed in 2006 of the GAH Group operating mainly in Germany and Eastern Europe shows an encouraging impact. Order entry and order book are reaching record levels. The revenue in the reporting period amounts to EUR 335 million (+11 % compared to prior year). Without changes in the scope of consolidation – amongst others the disposal of GA-tec at the end of February 2006 – the revenue growth rate is 15 %. An extraordinary growth in revenues in the first six months is recorded by the business field EAT, mainly thanks to the acquisition of several important projects in the construction of power plants. The business field EKT has also increased the revenues in the first six months. The Energy Supply Technology in particular took profit of the advantageous weather conditions.

Outlook

At the beginning of the current business year, Atel had expected operating results for 2007 to be below the extraordinary good result of 2006, at that time primarily due to the estimate of the European development of energy prices. Encouragingly, the successful development in the first half-year and the mainly optimistic estimation of the second half-year allows an uprating of the expected results. In the Energy segment, we anticipate a continued growth in revenues and overall stable prices and margins.

However, further improvements will be challenging, due to the good liquidity on the Western European electricity markets. Based on the positive situation in supply and demand, the Energy Services segment is also expected to continue a successful development.

From today's point of view Atel is expecting for 2007 – subject to extraordinary events – consolidated revenues and consolidated operating results above the comparable values of prior year (consolidated revenue 2006: CHF 11 334 million, consolidated profit CHF 899 million, respectively CHF 630 million on a comparable basis).

Olten, 31 July 2007

For the Board of Directors and Executive Board

Rainer Schaub
Chairman of the Board of Directors

Giovanni Leonardi
CEO

Consolidated Income Statement (shortened version)

CHF mn.	2006/1	2007/1
Net revenue	**5 599**	**6 442**
Proportionate earnings of associated companies	111	57
Other operating income	63	44
Total operating result	**5 773**	**6 543**
Operating expense before depreciation and amortisation	–5 218	–5 987
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**555**	**556**
Depreciation	–97	–108
Earnings before interest and tax (EBIT)	**458**	**448**
Finance income	–17	1
Earnings before income tax	**441**	**449**
Income tax	–82	–101
Net profit Atel Group	**359**	**348**
Minority interests in net profit	–8	–5
Net profit attributable to Atel shareholders	**351**	**343**
Earnings per share in CHF	**117**	**114**

There are no circumstances which could lead to a dilution of earnings per share.

Consolidated Balance Sheet (shortened version)

Assets

CHF mn.	31.12.2006	30.06.2007
Tangible fixed assets	2 349	2 385
Intangible assets	557	548
Financial assets	1 766	1 827
Deferred income tax assets	119	116
Fixed assets	**4 791**	**4 876**
Cash	983	1 105
Securities under current assets	415	36
Time deposits	270	262
Derivative financial instruments	823	593
Other current assets	2 006	2 116
Current assets	**4 497**	**4 112**
Total assets	**9 288**	**8 988**

Equity and Liabilities

CHF mn.	31.12.2006	30.06.2007
Equity attributable to Atel shareholders	3 385	3 278
Equity attributable to minority interests	121	104
Total equity	**3 506**	**3 382**
Long-term financial liabilities	1 843	1 847
Other long-term liabilities	1 214	1 253
Non-current liabilities	**3 057**	**3 100**
Short-term financial liabilities	109	79
Derivative financial instruments	769	557
Other short-term liabilities	1 847	1 870
Current liabilities	**2 725**	**2 506**
Total equity and liabilities	**9 288**	**8 988**

Statement of Changes in Equity

CHF mn.	Issued capital	Share premium	Unrealised gains and losses from IAS 39	Treasury shares	Translation differences	Retained earnings	Equity attributable to Atel shareholders	Equity attributable to minority interests	Total equity
Equity 31.12.2005	**304**	**14**		**–46**	**20**	**2066**	**2358**	**106**	**2464**
Change in currency translation					4		4		4
Change in market value			62				62		62
Total recorded earnings and expenses within equity			**62**		**4**		**66**		**66**
Profit for the period						351	351	8	359
Total profit			**62**		**4**	**351**	**417**	**8**	**425**
Dividend payment						–84	–84	–3	–87
Equity 30.6.2006	**304**	**14**	**62**	**–46**	**24**	**2333**	**2691**	**111**	**2802**
Equity 31.12.2006	**304**	**14**	**178**	**–46**	**87**	**2848**	**3385**	**121**	**3506**
Change in currency translation					30		30	2	32
Change in market value			77				77		77
Exchange of shares Motor-Columbus/Atel*				–418			–418		–418
Unrealised gain on exchanged Motor-Columbus shares*			–252	252			0		0
Total recorded earnings and expenses within equity			**–175**	**–166**	**30**		**–311**	**2**	**–309**
Profit for the period						343	343	5	348
Total profit			**–175**	**–166**	**30**	**343**	**32**	**7**	**39**
Dividend payment						–120	–120	–4	–124
Change in minority interests						–19	–19	–20	–39
Equity 30.6.2007	**304**	**14**	**3**	**–212**	**117**	**3052**	**3278**	**104**	**3382**

* See explanatory note 3

Consolidated Cash Flow Statement (shortened version)

CHF mn.	2006/1	2007/1
Flow of funds before change in net current assets	**353**	**416**
Change in net current assets (excluding short-term financial assets/liabilities)	–27	–81
Cash flow from operating activities	**326**	**335**
Investment activities in		
Tangible fixed and intangible assets	–94	–92
Subsidiaries		
Acquisitions, net of cash acquired (Explanatory note 5)	–16	–13
Disposals, net of cash disposed (Explanatory note 4)	–25	3
Change in shareholding proportions	–	–2
Investments in/disposal of financial assets	63	0
Change in time deposits	–195	6
Investments/disposal of securities	–173	39
Cash flow from investment activities	**–440**	**–59**
Dividend payments	–87	–124
Increase in financial liabilities	295	62
Repayment of financial liabilities	–78	–98
Cash flow from financing activities	**130**	**–160**
Change resulting from currency translation	**4**	**6**
Change in cash and cash equivalents	**20**	**122**
Statement:		
Cash and cash equivalents on 1.1.	852	983
Cash and cash equivalents on 30.6.	872	1 105
Change	**20**	**122**

Principles of the consolidated interim financial statements

The consolidated interim financial statements as of 30 June 2007 are prepared in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". The financial statements are based on the unchanged accounting and valuation principles of the Atel Group as presented in the last Annual Report. The interim financial statements are not audited.

Explanatory note 1: Foreign currency conversion

The consolidated financial statements are presented in Swiss francs. For currency conversions the following exchange rates were applied:

Unit	Conversion date 30.06.2006	Conversion date 31.12.2006	Conversion date 30.06.2007	Average 2006/1	Average 2007/1
1 USD	1.25	1.22	1.23	1.27	1.23
1 EUR	1.565	1.607	1.655	1.562	1.632
100 HUF	0.55	0.64	0.67	0.60	0.65
100 CZK	5.50	5.85	5.76	5.49	5.80
100 PLN	38.83	41.94	43.93	40.25	42.46
100 NOK	19.82	19.51	20.76	19.71	20.06

Explanatory note 2: Segment reporting (shortened version)

2006/1 CHF mn.	Energy	Energy Services	Other	Transactions between the segments and other effects	Total
Income from energy sales/order completion	4879	703	2	–5	5579
Net profit of trading standard products financial energy transactions	20				20
Total revenue third parties	4899	703	2	–5	5599
EBIT	441	16	1		458
Net investments in tangible fixed and intangible assets	70	22	2		94
Employees*	1458	7008			8466

2007/1 CHF mn.	Energy	Energy Services	Other	Transactions between the segments and other effects	Total
Income from energy sales/order completion	5578	855		–4	6429
Net profit of trading standard products financial energy transactions	13				13
Total revenue third parties	5591	855		–4	6442
EBIT	416	32	1	–1	448
Net investments in tangible fixed and intangible assets	69	17	6		92
Employees*	1576	7166			8742

* Average number of full-time equivalent employees

Explanatory note 3: Exchange of shares Motor-Columbus / Atel

In the course of the sale of the participation of Motor-Columbus from UBS to a Swiss consortium, Atel purchased in March 2006 a block of 36 420 shares (7.2 %) of Motor-Columbus in the amount of CHF 167 million. These shares were intended to be introduced to the planned merger of Motor-Columbus and Atel. The restructuring was originally planned in the course of 2006. Due to an intervention of the Swiss Takeover Board of the Swiss Federal Banking Commission (SFBC) as well as an appeal of a minority shareholder taken up to the Swiss Federal Court, the restructuring had to be postponed to a later date. Further information to the restructuring of Atel is reported on page 5.

The shares of Motor-Columbus were reported as securities under current assets. In accordance with the International Financial Reporting Standards (IAS 39), the shares were valued at fair value (market value) on each balance sheet date and resulting fair value differences recorded in equity as unrealised gains or losses. On the last day of dealings on the stock exchange, 29 June 2007, the positive difference in favour of equity between acquisition cost and current fair value was CHF 255 million. At the same date, the block of shares reported under securities showed a value of CHF 422 million (acquisition cost of CHF 167 million plus unrealised gains of CHF 255 million).

Based on an existing contract on the exchange of shares between Atel and the Swiss minority shareholders, from the Motor-Columbus block of shares acquired from UBS in March 2006, 36 000 shares were exchanged in 114 444 Atel shares as of 30 June 2007 (conversion ratio 3.179 Atel shares for 1 Motor-Columbus share).

After this transaction, Atel is holding 152 299 treasury shares (31 December 2006: 37 855 shares) at a nominal value of CHF 15 million or 5 %. Based on the transaction, the balance of Motor-Columbus securities decreased to 420 shares as of 30 June 2007, their use will be decided by the Board of Directors of Atel.

This exchange is an intermediate step in a set of coordinated transaction steps towards the planned restructuring of Motor-Columbus/Atel Group. For this reason, this exchange of shares is – in particular on the background of the superior intention to restructure – a transaction without economic substance. Moreover, it is an exchange of materially equal securities. Thus, the effect of the exchange of shares was the reclassification of the exchanged shares with a book value of CHF 418 million from the balance sheet position "securities" directly against the equity position "treasury shares".

The coherent reclassifications and the effect on equity are shown in the "Statement of Changes in Equity" on page 15.

Explanatory note 4: Disposal of business units

On 29 June 2007, GAH Group in Heidelberg sold its subsidiary Franz Lohr GmbH, Ravensburg. The company contributed an annual revenue of some CHF 40 million and counted around 200 employees. The Group earned CHF 3 million from this disposal.

Explanatory note 5: Business combinations

In the first half-year 2007, the following companies were purchased and integrated in the consolidated financial statements:

Energy segment:
01.01.2007: 67 % of Isento AG, Thal/CH
19.03.2007: 100 % of Cotlan AG, Rüti/CH

Energy Services segment:
01.01.2007: 100 % of Bassi e Scossa SA, Lugano/CH
31.03.2007: 100 % of Hotz AG, Zürich/CH
01.01.2007: 100 % of Finow GmbH, Eberswalde/DE

The purchase price paid was CHF 22 million and was allocated to balance sheet items as follows:

CHF mn.	Production Switzerland Carrying amounts IFRS	Production Switzerland Fair values	Energy Services Carrying amounts IFRS	Energy Services Fair values
Tangible fixed assets	4	7	6	12
Intangible assets	0	0	0	0
Deferred income tax (assets)	0	0	1	1
Cash	2	2	1	1
Other current assets	0	0	14	18
Short- and long-term financial liabilities	–2	–2	–4	–4
Other short- and long-term liabilities	–1	–1	–15	–22
Deferred income tax (liabilities)	0	–1	0	–2
Net assets acquired	**3**	**5**	**3**	**4**
Goodwill purchased through acquisition		7		6
Net cash flow from acquisition:				
Acquired cash from subsidiaries		2		1
Acquisition costs		–12		–10
Not paid-up liabilities		6		0
Net cash flow		–4		–9

The goodwill purchased represents expected synergies through the completion of the existing business activity as well as the expected additional benefit from the expansion in existing market regions and the development of new products.

Since the integration into Atel Group, the companies purchased contributed CHF 18 million to the consolidated revenue with net profit of approximately CHF 1 million.

Disclosure related to prior year: The purchase price paid in the first half-year 2006 amounted to CHF 20 million, whereas net assets of CHF 12 million were acquired. The resulting goodwill amounted to CHF 8 million. The integrated companies have brought CHF 4 million cash to the Group. On an overall level, a net cash outflow of CHF 16 million was accounted for.

Explanatory note 6: Contingent liabilities and guarantee obligations

The total amount of guarantee obligations in favour of third parties not shown in the balance sheet as of 30 June 2007 has increased to CHF 943 million (31 December 2006: CHF 870 million).

There are no capital contribution liabilities left (31 December 2006: CHF 257 million).

Organisation

Chief Executive Officer
G. Leonardi*

Financial Services**
K. Baumgartner*

Management Services***
H. Saner*

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Thermal Power Generation P. Hirt	Western Europe Market P. Hamamdjian	Northern Europe Market Dr. H. Clever	Northern/ Eastern Europe region W. Konrad
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- General Management
- Functional Division
- Business Division
- Business Unit

* Member of the Executive Board

** Corporate Accounting + Reporting, Corporate Taxes, Corporate Treasury + Insurance, Corporate Planning + Controlling, Corporate Risk Management, Corporate IT, Corporate Internal Audit

*** Corporate Public Affairs, Corporate Communications, Corporate Legal, Corporate Human Resources, Corporate Development + Organisation, Secretary General

Date: 31 July 2007

Review of the Years 2002–2007

Atel Group

	Year 2002 CHF mn.	Year 2003 CHF mn.	Year 2004 CHF mn.	Year 2005 CHF mn.	Year 2006 CHF mn.	Half-year 2006/1 CHF mn.	Half-year 2007/1 CHF mn.
Energy sales (TWh)	40.000	68.476	90.581	98.166	115.642	60.354	61.531
Net revenue	3700	5285	6867	8580	11334	5599	6442
Energy	2263	3839	5452	7020	9716	4899	5591
Energy Services	1465	1535	1418	1564	1626	703	855
Earnings before interest, tax, depreciation and amortisation (EBITDA)	595	677	735	737	1051	555	556
as % of net revenue	16.1	12.8	10.7	8.6	9.3	9.9	8.6
Group profit	170	272	341	413	899	359	348
as % of net revenue	4.6	5.1	5.0	4.8	7.9	6.4	5.4
Net investments	455	605	92	299	245	72	104
Total equity	1638	1908	2123	2464	3506	2802	3382
as % of total assets	32.3	30.2	34.3	33.7	37.7	36.2	37.6
Employees*	7890	8105	7872	8368	8461	8466	8742

* Average number of full-time equivalent employees

Per Share Information

	Year 2002 CHF	Year 2003 CHF	Year 2004 CHF	Year 2005 CHF	Year 2006 CHF	Half-year 2006/1 CHF	Half-year 2007/1 CHF
Nominal value	100	100	100	100	100	100	100
Share price at 31.12./30.6.	805	980	1650	1895	3100	2158	3775
High	915	980	1660	2270	3150	2275	4070
Low	775	730	980	1650	1859	1859	3080
Net profit	55	83	106	135	296	117	114
Dividend	20	22	24	28	40	–	–

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November 2007	Quarterly results 3/2007
February 2008	Media announcement on 2007 annual results
12 March 2008	Annual Media and Analysts Conference
24 April 2008	Annual General Meeting
August 2008	Interim Report 2008

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