Values. To us, management means creating values: for people, society and the environment.

Verbund

Power for the Future

Interim report quarters 1–3/2013

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Key figures

	Unit	Q1–3/2012	**Q1–3/2013**	Change
Revenue	€m	2,294.0	2,409.2	5.0%
EBITDA	€m	936.0	1,094.3	16.9%
Operating result	€m	679.5	113.4	–83.3%
Group result	€m	332.8	510.4	53.4%
Earnings per share	€	0.96	1.47	53.4%
EBIT margin	%	29.6	4.7	–
EBITDA margin	%	40.8	45.4	–
Cash flow from operating activities	€m	583.3	670.2	14.9%
Capex for intangible assets and property, plant and equipment	€m	457.2	375.8	–17.8%
Free cash flow	€m	107.7	500.5	364.7%
Average number of employees		3,088	3,255	5.4%
Electricity sales volume	GWh	35,166	38,202	8.6%
Hydro coefficient		1.07	1.04	–

	Unit	31/12/2012	**30/9/2013**	Change
Balance sheet total	€m	12,387.3	12,729.5	2.8%
Equity	€m	5,099.4	5,476.0	7.4%
Equity ratio (adjusted)	%	42.6	44.3	–
Net debt	€m	3,311.7	3,826.0	15.5%
Gearing	%	64.9	69.9	–

Report of the Executive Board

Dear Shareholders,
Despite the slight recovery of the market in September in the run-up to the German Bundestag elections, the situation in the European energy markets remains challenging. Wholesale electricity prices have stagnated at a low level, mainly because of excess capacities in electricity generation, extensive oversubsidisation of new renewable energy and a non-functioning CO_2 market. It remains to be seen how the electricity market will continue to develop. This will depend to a great degree on political and regulatory decisions on how to structure the market. In one respect, however, many energy experts agree: the future of renewable energy in Europe will require heightened cross-border cooperation and fair market conditions. This view was recently reiterated at the "energy 2050" conference held by VERBUND in September.

Income trend

The income performed positively in the first 9 months of 2013 against the backdrop of a difficult market environment. The operating business was driven by the good water supply in quarters 1–3/2013. The hydro coefficient was 1.04, 4.0% above the long-term average but 3 percentage points below the previous year's figure. The overall decline in wholesale electricity prices and the continuing difficult economic climate for gas power plants put a strain on business operations. EBITDA improved by €158.3m year-on-year to €1,094.3m. In addition to the above-mentioned factors, the income trend was also influenced by significant non-recurring effects. Successful completion of the asset swap with German utility E.ON had a positive effect, and impairment losses resulting from impairment tests – particularly in the area of gas power plants – had a negative effect. Taking into account all non-recurring effects plus additional negative results from Sorgenia in Italy, the Group result nonetheless increased by €177.7m to €510.4m.

Efficiency programme and market initiative

We are working actively to meet the challenges in the electricity market, for example by increasing efficiency and reducing costs, carrying out a market initiative for consumers and offering innovative services. The programme to increase efficiency and lower costs has already begun, and is geared towards achieving cumulative savings of €130m by 2015. The programme will focus on greater efficiency in our organisation, a significant reduction in administrative costs and streamlining the Group structure.

Starting on 1 September, VERBUND was the first supplier to lower electricity prices for private customers in Austria in addition to launching a new advertising campaign. We are also putting great effort into our forward-looking services and business models. Together with Siemens Österreich, we have created the SMATRICS brand to offer a charging station infrastructure and mobility services for electric vehicles nationwide, with 100% of the electricity generated from hydropower. We are also offering our industrial customers innovative services such as ECO.NET, a network in which participants can increase efficiency by exchanging their experiences.

Focus: Hydropower and wind power

With respect to electricity generation from hydropower and wind power, we are concentrating on boosting efficiency and completing plants under construction. The modernisation of the Mur run-of-river power plant in Pernegg/Styria is completed, and in October the second stage of the Ashta run-of-river power plant in Albania was opened. The 5 new wind farms in Rhineland-Palatinate in Germany recently began operating at full capacity. By contrast, the situation remains tense in the area of thermal power. The economic prospects for VERBUND's 3 combined cycle gas turbine power plants are currently being evaluated, with the strategic decision to be made in quarter 4/2013.

Outlook

Based on our updated income trend, we now expect EBITDA for financial year 2013 to be higher than originally forecast at approximately €1,250m. We anticipate a Group result of around €600m. The forecast is based on a hydro coefficient of 1.03. We plan to distribute a dividend of €1 per share for financial year 2013.

Dipl.-Ing. Wolfgang Anzengruber | Dr. Johann Sereinig | Dipl.-Ing. Dr. Günther Rabensteiner

Investor Relations

After the divergent trends seen in the international stock markets in the first half of 2013, sentiment in the third quarter was overwhelmingly friendly. Three developments were primarily responsible for the improvement: continuing expansionist policies on the part of central banks, better economic outlook and a more stable political situation in the Middle East. The US Dow Jones Industrial stock index closed trading on 30 September 2013 at 15.5% above the level at the end of 2012. The Euro Stoxx 50 rose by 9.8% thanks to mitigation of the debt crisis and increased signs of economic recovery in Europe. The positive sentiment seen since December 2012 on the Tokyo stock exchange continued, with the Nikkei 225 closing on 30 September 2013 up 39.1% from 31 December 2012.

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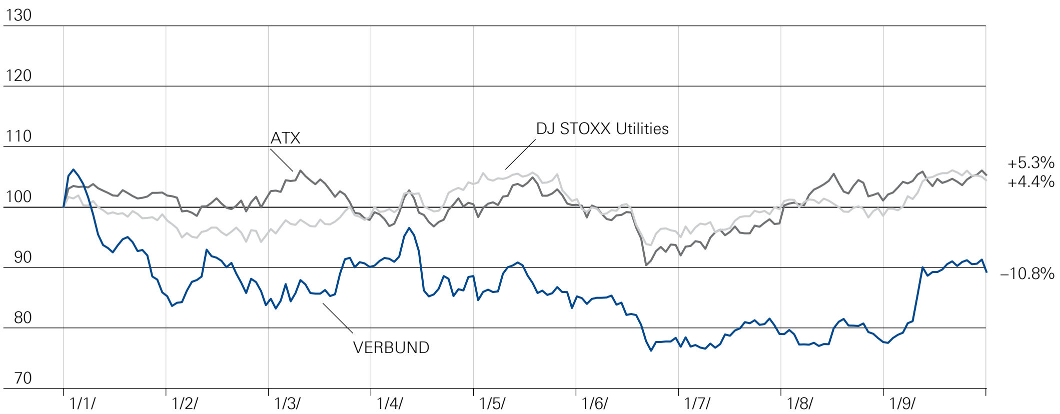
VERBUND share price: relative performance 2013



Following the losses in the first half of 2013, VERBUND shares gained value significantly in September. Wholesale electricity prices shot up prior to the German elections based on expectations of improvements in electricity market design. VERBUND shares therefore increased by 14.7% in the third quarter to close at €16.7 on 30 September 2013, reducing the losses experienced since 31 December 2012 to 10.8%. They were thus outperformed by the ATX (+5.3%) and the DJ STOXX Utilities sector index (+4.4%).

Results for 2013 and
2013 Annual Report:
5 March 2014

Shares: key figures

	Unit	Q1–3/2012	**Q1–3/2013**	Change
Share price high	€	23.0	19.9	– 13.3%
Share price low	€	14.5	14.3	– 1.4%
Closing price	€	16.1	16.7	3.9%
Performance	%	– 22.4	– 10.8	–
Market capitalisation	€m	5,593.4	5,812.3	3.9%
ATX weighting	%	3.4	2.8	–
Value of shares traded	€m	1,043.4	1,256.2	20.4%
Shares traded per day	Shares	289,108	413,376	43.0%

Consolidated interim management report

Business performance

Electricity supply and sales volumes

Group electricity supply GWh

	Q1–3/2012	**Q1–3/2013**	Change
Hydropower[1]	23,233	23,913	2.9%
Wind/solar power	155	351	126.5%
Thermal power	2,883	2,601	–9.8%
Own generation	26,271	**26,865**	2.3%
Electricity purchased from third parties	8,642	11,447	32.5%
Electricity purchased for grid loss and control energy volumes	2,298	2,205	–4.0%
Electricity supply	37,211	**40,517**	8.9%

[1]including purchase rights

VERBUND's own generation in quarters 1–3/2013 amounted to 26,865 GWh, an increase of 594 GWh over quarters 1–3/2012. Generation from hydropower rose by 680 GWh. The hydro coefficient for run-of-river power plants was 1.04, 4.0% above the long-term average, but 3 percentage points below the previous year's figure. Newly acquired power plant interests in Germany (+1,063 GWh) and higher generation of annual storage and pumped storage power plants (+187 GWh or +5.4%) accounted for most of the increase in hydropower generation.

Generation from wind power rose by 196 GWh to 351 GWh due to the commissioning of installations in Romania and Germany. A total of 247 GWh came from wind farms in Germany and Romania.

However, generation from thermal power plants decreased by 282 GWh in quarters 1–3/2013. The Mellach/Styria CCGT generated a total of 287 GWh (quarters 1–3/2012: 549 GWh). Generation from other VERBUND thermal power plants in Austria decreased by 51 GWh from the previous year to 1,635 GWh. Owing to market conditions, the two French gas power plants produced only 31 GWh more electricity than in quarters 1–3/2012, despite the commissioning of the Toul power plant.

The purchase of electricity from third parties for the trading and sales business increased by 2,805 GWh. Electricity purchased from third parties for grid losses and control energy decreased slightly.

Group electricity sales volume and own use

GWh	Q1–3/2012	Q1–3/2013	Change
Consumers	7,209	7,555	4.8%
Resellers	15,565	16,521	6.1%
Traders	12,393	14,126	14.0%
Electricity sales volume	35,166	**38,202**	8.6%
Own use	1,720	1,929	12.2%
Control energy volumes	325	386	18.8%
Electricity sales volume and own use	37,211	**40,517**	8.9%

VERBUND'S electricity sales rose by 3,036 GWh year-on-year in quarters 1–3/2013. The increase in sales to resellers (+956 GWh) is attributable to stronger sales to German municipal utilities and higher supply volumes to Austrian provincial utilities. Electricity deliveries to trading firms increased by 1,733 GWh, primarily due to increased sales via electricity stock exchanges as a result of German hydropower marketing. VERBUND was also able to increase its sales to consumers both domestically and internationally (+346 GWh). Internationally, the volumes sold to industrial consumers were significantly higher, largely due to sales activities in the German market.

VERBUND'S own use for electricity also increased (+209 GWh), above all as a result of higher demand for pumped storage power plants.

Electricity sales volume by country

GWh	Q1–3/2012	Q1–3/2013	Change
Austria	18,247	18,760	2.8%
Germany	14,723	17,437	18.4%
France	1,692	1,406	–16.9%
Italy	194	223	14.9%
Others	314	400	27.4%
Electricity sales volume	35,166	**38,202**	8.6%

In quarters 1–3/2013, nearly 50% of the electricity sold by VERBUND went to the Austrian market. The German market, which accounts for 89.7% of all volumes sold abroad, is the focus of international trading and distribution activities.

Financial performance

Results €m

	Q1–3/2012	**Q1–3/2013**	Change
Revenue	2,294.0	**2,409.2**	5.0%
EBITDA	936.0	**1,094.3**	16.9%
Operating result	679.5	**113.4**	–83.3%
Group result	332.8	**510.4**	53.4%
Earnings per share in €	0.96	**1.47**	53.4%

Electricity revenue

Electricity revenue increased by €2.6m to €2,008.2m in quarters 1–3/2013. Electricity sales volumes rose by 8.6% compared with the prior-year period. However, this was counteracted by a significantly negative price variation as a result of the generally low price level.

Grid revenue

External grid revenue increased by 10.3% to €279.2m. In quarters 1–3/2013, the provision recognised in 2012 for a possible rescission of the 2012 System Charges Order (SNE-VO) was adjusted, with most of it being reversed. Reversal of this provision more than compensated for the amount transferred for a possible rescission of the 2013 SNE-VO, which led to an improvement of approximately €51m compared with quarters 1–3/2012. However, lower revenue from auctioning cross-border capacities had a negative impact on grid revenue.

Other revenue and other operating income

The increase in other revenue of €86.5m to €121.8m is attributable above all to revenue from gas deliveries and from green electricity certificates. Other operating income rose by €147.7m to €199.8m. Most of this significant increase (€157.6m) was due to the repurchase of 60% of the electricity supply commitment from the Zemm/Ziller storage power plant group as a result of the asset swap with E.ON (see Selected explanatory notes for details). However, the fact that certain positive effects in quarters 1–3/2012 did not reoccur – such as the capitalisation of costs associated with the trial operation of the Mellach CCGT and revenue from loss settlements – had a negative impact on other operating income.

Expenses for electricity, grid, gas and certificate purchases

Expenses for electricity, grid, gas and certificate purchases increased by 2.1% to €913.0m. The purchase of electricity from third parties for the trading and sales business as well as for grid losses and control energy increased by a total of 2,712 GWh. This negative variance in terms of quantity was mostly compensated by lower purchase prices as well as lower reimbursements of expenses for purchase rights. Total expenses for electricity purchases increased by €47.1m compared with quarters 1–3/2012. Expenses for grid purchases increased by €16.2m. Expenses for gas purchases decreased by €47.7m. The natural gas supply agreement for the Mellach CCGT has had to be recognised at fair value through profit or loss since quarter 3/2012. In quarters 1–3/2013, the resulting effect on profit or loss amounted to

€+44.6m (previous year: –58.2m). The increase was due to a petition filed for redress of competition law infringements. This was counteracted by higher expenses for gas purchases.

Fuel expenses

Fuel and other usage-dependent expenses rose by 46.5% to €151.8m. The increase can be mainly attributed to the consolidation of the French Pont-sur-Sambre and Toul CCGTs on 31 October 2012. A counteracting effect resulted from the reduced operation of the Mellach CCGT (–262 GWh compared to quarters 1–3/2012).

Personnel expenses

Personnel expenses rose by €9.0m to €241.9m. Wages, salaries and ancillary expenses increased by €11.6m to €230.8m. The consolidation of POWEO Pont-sur-Sambre Production S.A.S. and POWEO Toul Production S.A.S., the consolidation of Grenzkraftwerke GmbH and Innwerk AG and the adjustment to wages and salaries under the collective agreement contributed to the rise in personnel expenses. Expenses for severance payments and pensions decreased by €2.7m to €11.1m, mainly due to reversal of the provision for the valorisation of defined-benefit pension plans (implementation of Austrian Supreme Court ruling).

Amortisation and depreciation

Amortisation of intangible assets and depreciation of property, plant and equipment rose by €58.3m to €260.2m. The increase was predominantly due to the acquisition of shares in Bavarian hydropower plants as a result of the asset swap with E.ON as well as the full consolidation of the French power plant companies POWEO Pont-sur-Sambre Production S.A.S. and POWEO Toul Production S.A.S. since quarter 4/2012. In addition, commissioning of the wind farms in Romania and Germany also increased expenses.

Other operating expenses

Other operating expenses rose by €36.5m to €216.9m compared with the same period in 2012. The rise resulted in particular from the recognition of a provision for an onerous gas storage lease agreement and the consolidation of French power plant companies POWEO Pont-sur-Sambre Production S.A.S. and POWEO Toul Production S.A.S., as well as from increased maintenance in the area of hydropower and expenses related to the flooding in quarter 2/2013.

Effects from impairment tests on the operating result

The main indications of impairment in the generation portfolio were the poor market environment as well as the decline in wholesale electricity prices below the level defined by VERBUND for early pricing in of own generation. Against this backdrop, the generation portfolio of VERBUND was tested for impairment as at 30 June 2013.

Effects from impairment tests in quarters 1–3/2013 amounting to €–711.7m resulted mainly from the impairment of CCGT Mellach (€–269.8m), Pont-sur-Sambre (€–198.7m) and Toul (€–191.8m), as well as the Bruck/Hollern/Petronell-Carnuntum wind farms (€–25.7m) and the Gössendorf and Kalsdorf run-of-river power plants (€–18.0m) (see Selected explanatory notes for details).

Operating result

As a consequence of the above developments, the operating result decreased by €566.1m to €113.4m. The operating result before effects from impairment tests increased by €92.5m to €825.1m.

Result from equity interests

The result from interests accounted for using the equity method decreased by €144.7m to €–136.8m. The contribution from foreign interests fell by €129.8m to €–168.2m. The decline was mainly attributable to the contribution from Sorgenia S.p.A. (Group) in Italy in the amount of €–163.0m (quarters 1–3/2012: €–45.2m). This negative earnings contribution was influenced in particular by impairment losses recognised by Sorgenia S.p.A. (Group) on its interest in Tirreno Power S.p.A., which had been accounted for using the equity method, and impairment losses on fair value adjustments from hidden reserves, deducted from the goodwill in Sorgenia Green S.r.l., as well as recognised in VERBUND, that had been released in respect of the interest in Tirreno Power S.p.A. as a result of capital increases and share acquisitions. The French power plant companies POWEO Pont-sur-Sambre Production S.A.S. and POWEO Toul Production S.A.S. have been consolidated since quarter 4/2012. The contribution of these companies to the result from interests accounted for using the equity method amounted to €–42.6m in quarters 1–3/2012.

The contribution of Turkish company Enerjisa Enerji A.S. was €39.4m in quarters 1–3/2012. This interest accounted for using the equity method was sold effective 24 April 2013 and consequently deconsolidated.

Income from domestic interests accounted for using the equity method amounted to €31.4m (quarters 1–3/2012: €46.3m). This included in particular the earnings contribution from KELAG in the amount of €30.5m (quarters 1–3/2012: €31.6m). The contribution of SSG was €9.8m in quarters 1–3/2012. The 34.57% equity interest in SSG had already been classified as held for sale at 31 December 2012 and was sold to Energie Steiermark with effect from 18 January 2013.

Interest income and expenses

Interest income decreased by €4.0m compared with quarters 1–3/2012 to €24.8m. Interest expenses rose by €12.5m to €139.9m, above all due to a reduced transfer of losses to the other partners of VERBUND Thermal Power GmbH & Co KG. Moreover, a repayment premium and fees from the early partial repayment of a bond denominated in foreign currency (JPY) had led to other interest and similar expenses in quarters 1–3/2012.

Other financial result

Other financial result improved by €49.5m to €14.1m in quarters 1–3/2013. In quarters 1–3/2012, other financial result contained an effect on profit or loss from the measurement of an overall short position with respect to the former subsidiaries and second-tier subsidiaries of POWEO Production S.A.S. in the amount of €13.4m and from the measurement of guarantee liabilities for the construction financing of the Toul CCGT in a total amount of €–35.0m. In addition, €–28.8m was recognised in other financial result in quarters 1–3 /2012 from the initial measurement of a financial guarantee required to be recognised by VERBUND for the liabilities of POWEO Pont-sur-Sambre Production S.A.S. arising from a natural gas supply agreement with ENI S.p.A. POWEO Direct Energie elected not to exercise the call option underlying the short position in quarter 4/2012; the guarantee liability was included in the total amount of consideration transferred as part of the initial consolidation of POWEO Toul Production S.A.S. and POWEO Pont-sur-Sambre Production S.A.S.

Effects from impairment tests on the financial result

Effects from impairment tests on the financial result amounted to €–446.1m in quarters 1–3/2013 and resulted mainly from the impairment of Shkodra Region Beteiligungsholding GmbH (€–8.5m), Sorgenia S.p.A. (Group) (€–396.0m) and Energie AG Oberösterreich (€–41.6m) (see Selected explanatory notes for details).

Effects from business acquisitions

The asset swap with E.ON was completed on 24 April 2013. This transaction involved VERBUND selling its 50% interest in Enerjisa Enerji A.S. in Turkey to E.ON and acquiring E.ON shares in 8 run-of-river power plants in Germany in return (see Selected explanatory notes for details). The effects from business acquisitions in the amount of €+1,243.8m resulted entirely from remeasurements that took place during the asset swap that were recognised through profit or loss.

Financial result

The financial result rose by €703.5m to €561.5m. The financial result before effects from impairment tests and from business acquisitions decreased by €117.7m to €–236.2m.

Group result

After deducting tax and non-controlling interests in the amount of €59.4m, the Group result amounted to €510.4m. This is an increase of €177.7m compared with the previous year. Earnings per share amounted to €1.47 (quarters 1–3/2012: €0.96) for 347,415,686 shares.

Assets and liabilities

Consolidated balance sheet (short version)

€m

	31/12/2012	Share	**30/9/2013**	**Share**	Change
Non-current assets	9,781.9	79.0%	11,292.5	88.7%	15.4%
Current assets	1,273.6	10.3%	1,436.0	11.3%	12.8%
Non-current assets held for sale	1,331.8	10.8%	1.0	0.0%	–99.9%
Total assets	12,387.3	100.0%	**12,729.5**	**100.0%**	2.8%
Equity	5,099.4	41.2%	5,476.0	43.0%	7.4%
Non-current liabilities	6,046.3	48.8%	5,902.9	46.4%	–2.4%
Current liabilities	1,241.7	10.0%	1,350.6	10.6%	8.8%
Liabilities	12,387.3	100.0%	**12,729.5**	**100.0%**	2.8%

Assets

Property, plant and equipment increased by €2,184.5m, primarily due to the business acquisition of shares in Bavarian hydropower plants (€+2,823.0m). Capital expenditure for property, plant and equipment totalled €317.2m. This figure includes €69.4m of capital expenditure for the Reisseck II pumped storage power plant, €68.6m for the Romanian wind power plants, €36.6m for the German wind power plants and €16.1m for the Ernsthofen and St. Peter substations. Impairment losses amounting to €695.0m had the opposite effect. A total of €277.5m related to the Mellach CCGT, €198.7m to the Pont-sur-Sambre CCGT, €191.8m to the Toul CCGT and €19.3m to the Gössendorf and Kalsdorf run-of-river power plants. Depreciation on property, plant and equipment amounted to €255.3m.

The decline in the carrying amount of interests accounted for using the equity method is attributable above all to the impairment of the equity interest in Sorgenia S.p.A. (Group) amounting to €396.0m. An additional impairment loss recognised in Shkodra Region Beteiligungsholding GmbH amounted to €8.5m. The consolidation of Österreichisch-Bayerische Kraftwerke AG, Donaukraftwerk Jochenstein AG and Grenzkraftwerke GmbH in quarter 2/2013 caused a reduction of €30.8m. The decrease of €44.6m in the carrying amount of other equity interests is mainly due to the impairment loss recognised on the equity interest in Energie AG.

Current receivables and other assets increased by a total of 26.3%. The increase is attributable in particular to the change in loans (€+550.0m) and an increase in tax receivables (€+43.5m). A decrease in current investments with banks (€–170.0m) and effects related to the measurement of energy derivatives (€–38.1m) had the opposite impact.

The change in non-current assets held for sale concerned the disposal of the equity interests in Enerjisa Enerji A.S. (Group) in Turkey amounting to €1,054.9m and in SSG in the amount of €275.9m.

Equity and liabilities

As at 30 September 2013, the adjusted equity ratio was 44.3% (31 December 2012: 42.6%). Net debt increased by 15.5% compared to 31 December 2012 to €3,826.0m as a result of the disposal of the equity interest in the Turkish Enerjisa Enerji S.A. that had been classified as held for sale at 31 December 2012. Additional reasons for the increase in net debt were the reduction of short-term investments in the amount of €170.0m and the decrease in cash and cash equivalents (€–73.4m).

Financial liabilities decreased by €414.6m, in particular due to scheduled repayments (€–234.5m) and changes in money market transactions (€–45.5m). The 3.6% increase in non-current and current provisions resulted mainly from the increase in personnel-related provisions as a result of the consolidation of the Bavarian companies acquired in quarter 2/2013. Provisions for outstanding purchase invoices (€–66.5m) had the opposite effect.

Trade payables, including other payables, decreased by a total of 35.7% or €388.2m. Reasons for the decrease particularly included the repurchase of 60% of the electricity supply commitments from the Tyrolean Zemm/Ziller storage power plant group. In addition, measurement of the natural gas supply agreement for the Mellach CCGT led to a reduction in liabilities of €44.6m. Non-current other liabilities arising from the obligation to transfer the newly acquired 50% interest in Donaukraftwerk Jochenstein AG back to the Federal Republic of Germany or the Free State of Bavaria effective 31 December 2050 had the opposite effect.

Cash flows

Cash flow statement (short version) €m

	Q1–3/2012	**Q1–3/2013**	Change
Cash flow from operating activities	583.3	670.2	14.9%
Cash flow from investing activities	–475.6	–169.7	–64.3%
Cash flow from financing activities	–380.9	–574.0	50.7%
Change in cash and cash equivalents	–273.2	**–73.4**	–73.1%
Cash and cash equivalents as at 30/9/	60.0	**48.2**	–19.7%

Cash flow from operating activities

Cash flow from operating activities amounted to €670.2m, an improvement of €86.9m. The change represents a 14.9% increase compared with quarters 1–3/2012 and resulted mainly from lower payments for fuels as well as higher contributions from the grid segment, lower net interest payments and higher contributions to building costs. This was counteracted by lower contribution margins in generation, higher personnel-related payments, higher net cash outflows from other operating income/expenses and lower inflows from equity interests.

Cash flow from investing activities

Cash flow from investing activities changed by €+305.9m in quarters 1–3/2013, mainly as a result of the payment of the difference relating to the asset swap of the Turkish equity interest for shares in Bavarian hydropower plants (€+405m). In addition, cash and cash equivalents (€+9.5m) less the costs arising from acknowledgements, declarations of approval and cancellation notices of the partners and the costs from the reimbursement of refinancing costs (€–37.5m) were taken into account. Lower investments in intangible assets and property, plant and equipment (€+81.4m), cash inflows from the disposal of the interest in SSG accounted for using the equity method (€+270.9m) and deposits and payments from short-term investments (€+330.5m) also had a positive impact on cash flow from investing activities. The opposite effect resulted from increased cash outflows due to capital expenditure on investments (€–564.7m) and lower cash inflows from disposals of investments (€–299.7m).

Cash flow from financing activities

Cash flow from financing activities amounted to €–574.0m in quarters 1–3/2013, a change of €–193.1m. The decrease resulted in particular from money market deposits and payments (€–130.6m), higher dividends paid (€–46.1m) and the incurrence of loans and other financial liabilities. A compensating effect resulted from lower repayments of loans and other financial liabilities.

Risk management

The European energy sector is experiencing the negative impact of changes in the regulatory environment, the real economy and the financial economy. VERBUND must also deal with the effects of these regulatory changes.

Operating result: low electricity prices with a tendency to stagnate

Electricity generation from hydropower depends largely on the water supply in rivers, which cannot be controlled. In addition, persistently low wholesale electricity prices continue to impact our result. In view of the low number of operating hours of our gas power plants, no range has been specified in this area.

Taking into account the annual power generation priced in as at the 30 September 2013 reporting date, a change of 1.0% either way in the following factors – all else remaining equal – would be reflected in the operating result for 2013 as follows:

- Greater or less generation from hydropower: +/– €2.1m
- Wholesale electricity prices (hydropower plants and thermal power plants): +/– €0.8m

Financial result: measurement effects on the result from equity interests

Earnings contributions from domestic equity interests remain stable. The contribution of our Italian equity interest is characterised by difficult economic conditions and necessary restructuring. Financial risk remains stable at a low level due to our conservative financing strategy and reduced need for financing. Finalisation of the asset swap with E.ON has considerably reduced any risk to the result from collateral furnished.

A change of 1.0% either way in the following factors – all else remaining equal – would be reflected in the financial result for 2013 as at the 30 September 2013 reporting date as indicated below:

- JPY–EUR exchange rate (financial result): +/– €0.4m
- Wholesale prices in the Italian electricity market (result from equity interests): +/–€0.4m

Credit rating

The Moody's rating agency lowered VERBUND's rating by one level in quarter 3/2013, revising it from an "A3/negative outlook" to a "Baa1/stable outlook". Standard & Poor's continues to give VERBUND an "A–/stable outlook". The downgrade will result in a slight increase in financing costs with respect to existing credit agreements. It has also become necessary to provide collateral for an off-balance sheet leasing transaction.

Operating segments

Electricity

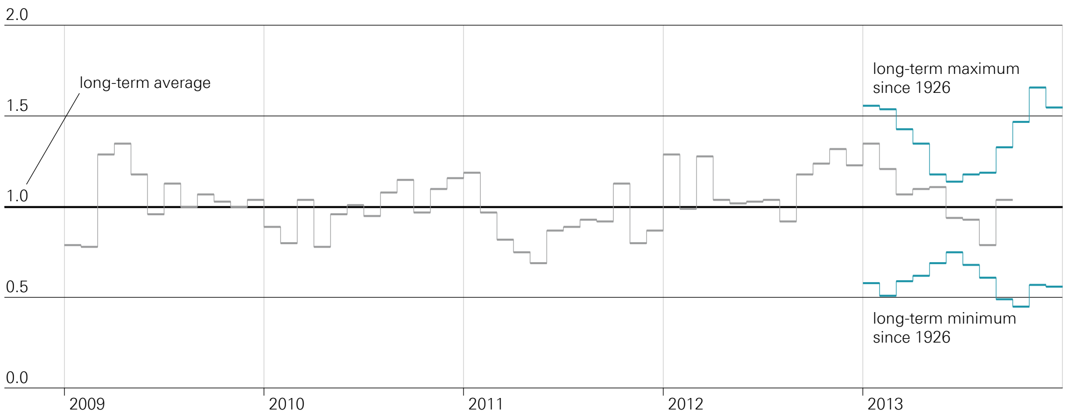
Electricity supply – Electricity segment

GWh

	Q1–3/2012	Q1–3/2013	Change
Hydropower[1]	23,233	23,913	2.9%
Wind/solar power	155	351	n.a.
Thermal power	2,883	2,601	–9.8%
Own generation	26,271	**26,865**	2.3%
Electricity purchased from third parties	8,642	11,447	32.5%
Intragroup	228	141	–38.2%
Electricity supply	35,141	**38,453**	9.4%

[1]including purchase rights

Hydro coefficient (monthly averages)



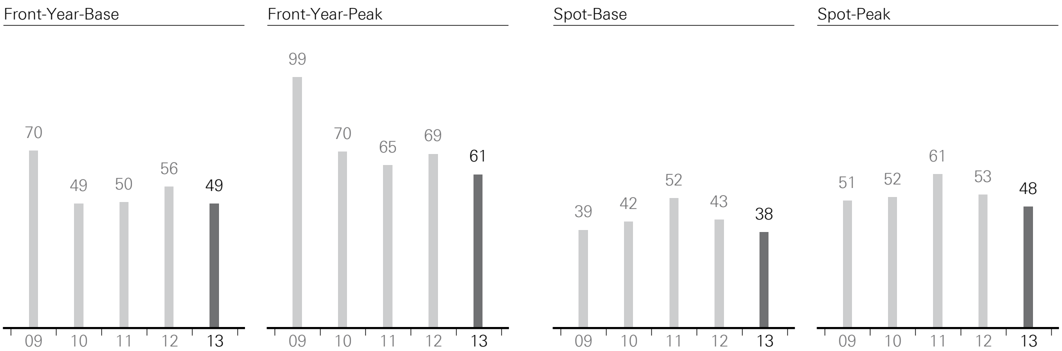
Electricity generation

VERBUND's total generation in the electricity segment increased by 2.3% year-on-year to 26,865 GWh in quarters 1–3/2013. Generation from hydropower rose by 2.9%. At 1.04, the hydro coefficient of the run-of-river power plants was 4.0% above the long-term average but 3 percentage points below the prior-period figure. Newly acquired power plant interests in Germany (1,063 GWh) accounted for most of the increase. Generation from annual storage power plants increased by 5.4%.

Generation from wind power more than doubled due to the commissioning of installations in Romania and Germany. In quarters 1–3/2013, around 89% of VERBUND's own generation came from renewable energy. Generation from thermal power decreased by 9.8%. The reason for this was the persistently difficult market environment.

The purchase of electricity from third parties for the trading and sales business rose by 32.5%. This was largely due to three factors: the marketing of the generation from hydropower plants in Germany until April 2013 (owned since 24 April 2013), buybacks of hedges due to uneconomical conditions for thermal power plants and, in particular, the lower water supply in some cases in quarter 3/2013.

Futures prices €/MWh | **Spot market prices** €/MWh quarters 1–3



Futures prices traded in the year before the supply. The stated years are the years of supply respectively. Average prices. *source: EEX, EPEX Spot*

Electricity prices

At an average of €49.3/MWh, prices for electricity futures contracts applicable to financial year 2013 (front-year base 2013) were down 12% from the previous year's level. As a result of its hedging strategy, VERBUND had already included the majority of its own generation in its pricing calculation in 2012 via the futures market. Spot market prices (base price) fell by 12% to €37.9/MWh. Spot price performance was driven above all by low demand as a result of the economy as well as the low prices for fuel and emission rights.

Primary energy prices were inconsistent. The price of Brent crude oil rose from $111/bbl at the start of the year to $118.9/bbl at the beginning of February. After having dropped to $102/bbl at the end of June, the price moved between $103/bbl and $116/bbl to settle at $108/bbl at the end of September. The price for CIF ARA hard coal deliveries (6,000 kcal/kg) hovered at around $90/t during the first two months of the year, but fell below $74/t by the end of June. By the end of September, it had risen to $82/t.

Spot market prices on the Net Connect Germany (NCG) gas hub ranged between €26/MWh and €28/MWh at the beginning of the year. As a result of the cold spell, they rose to over €39/MWh at the start of the last week in March, but since then have fluctuated between €26/MWh and €27/MWh. Prices on the gas futures market remained stable. At the NCG trading point, the price for the front-year future for 2014 (Cal-14 contract) was €26.5/MWh at the end of September. Starting at €5.8/t at the beginning of the year and impacted by the decision-making process on the future design of emissions trading, the price for emission rights fluctuated between €2.5/t and €6.5/t. It was just over €5/t at the end of the third quarter.

Electricity sales

Electricity sales volume and own use – Electricity segment

GWh

	Q1–3/2012	Q1–3/2013	Change
Consumers	7,209	7,555	4.8%
Resellers	13,997	14,966	6.9%
Traders	12,312	14,027	13.9%
Intragroup	482	577	19.7%
Electricity sales volume	34,000	**37,125**	9.2%
Own use	1,141	1,328	16.4%
Electricity sales volume and own use	35,141	**38,453**	9.4%

VERBUND's electricity sales volume and own use increased by 9.4% in quarters 1–3/2013 compared with the same period in 2012. Sales to resellers increased by 6.9%, and sales to trading firms rose by 13.9%. A total of 346 GWh more electricity was sold to consumers. In Austria, VERBUND had around 270,000 consumers at the end of quarter 3/2013 in the household/agriculture and commercial segment consuming up to 100,000 kWh of electricity annually. The volumes sold to industrial consumers rose significantly, especially internationally. The increase was largely due to activities in the German market. The increase in own use was due to the more favourable market conditions for pumped storage power plants.

Expansion of generation from hydropower

With regard to construction of the Reisseck II/Carinthia pumped storage power plant, all key areas are proceeding on schedule. Work on the inlet structure is nearly completed, and the damming of the Grosser Mühldorf reservoir is planned for the end of October. The Schoberboden surge chamber vertical shaft has been finished. The main assembly work in the caverns is proceeding according to plan. The underground penstock gallery is now ready for operation. Once it is completed in September 2014, the installation will expand the capacity of the Malta/Reisseck power plant group by 430 MW.

Expansion of generation from wind power

The expansion of the wind farms in the Lower Austrian Bruck an der Leitha district is already well underway, with development of the Hollern II and Petronell-Carnuntum II (36 MW) installations in full swing. They will be completed by quarter 1/2014. The start of construction for Bruck-Göttlesbrunn (21 MW) is scheduled for early 2014.

All 86 MW of the German wind farms in Rhineland-Palatinate have been operating as planned since the end of quarter 3/2013. In Romania, the Casimcea wind farm (100 MW) has already been in operation since quarter 3/2012. An additional 125 MW is under construction and is expected to go online at the end of 2013.

Grid

APG's grid is the backbone of domestic power supply. The energy volumes relevant to billing that are transported via the 380/220 kV grid (excluding electricity used for pumping) increased by 17.1% compared to the prior year to 16,647 GWh in quarters 1–3/2013. Based upon the transmission schedules of all market participants, the APG control area imported a net amount of 6,236 GWh of electricity.

Electricity supply – Grid segment GWh

	Q1–3/2012	**Q1–3/2013**	Change
Electricity purchased for grid loss and control energy volumes	2,298	2,205	–4.0%
Intragroup	482	577	19.7%
Electricity supply	2,780	**2,782**	0.1%

Electricity sales and own use – Grid segment GWh

	Q1–3/2012	**Q1–3/2013**	Change
Resellers	1,568	1,555	–0.8%
Traders	80	99	23.8%
Intragroup	228	141	–38.2%
Electricity sales volume	1,876	**1,795**	–4.3%
Own use	578	602	4.2%
Control energy volumes	325	386	18.8%
Electricity sales volume and own use	2,780	**2,782**	0.1%

Rate regulation

As in the previous year, the weighted average cost of capital (WACC) was set at 6.42% before taxes in the 2013 tariff negotiations. The prospect of continuation until 2017 was reiterated. The primary objective of the tariff review was to continue to secure a return on capital employed – above all by means of ex-ante financing of the capital expenditure for the approved APG grid development plan.

380 kV Salzburg line: environmental impact report being prepared

An environmental impact report is currently being prepared in Salzburg and Upper Austria regarding the second section of the 380 kV Salzburg line. According to the schedule published on the Internet by the EIA, experts are now compiling the extensive reports and commenting on all objections. Accordingly, the hearing associated with the EIA process is expected take place in quarter 1/2014.

Security of supply and bottleneck management

APG had to intervene in power plant use multiple times in quarter 3/2013 to maintain the security of supply. Technical network measures were no longer sufficient to ease the critical grid situation. The high north-south loads in northeastern Austria due to low electricity generation from thermal power necessitated taking action. In addition to short-term, internal changes in power plant utilisation and a cross-border redispatch, APG for the first time requested a multilateral redispatch from neighbouring transmission system operators in September 2013.

Equity interests

Foreign

Sorgenia S.p.A. (Group)

In quarters 1–3/2013, the Italian Sorgenia S.p.A. (Group) contributed €–163.0m to the result from interests accounted for using the equity method (quarters 1–3/2012: €–45.2m). In quarter 2/2013, an impairment loss of €–396.0m was recognised for the equity interest in Sorgenia.

A difficult market environment continued to characterise the first three quarters of 2013, which had a particularly detrimental effect on the profitability of the gas power plants in the day-ahead market. This was counteracted by continued good margins achieved in the energy control and balancing market thanks to the flexibility of the new fleet of power plants. Better margins were generated in the consumer business due to lower electricity prices, particularly in quarter 1/2013. However, growth among household customers and small businesses remained below expectations.

As part of the Sorgenia restructuring, the Exploration and Production (E&P) business segment and the wind farms in France are currently in the process of being sold.

Domestic

KELAG-Kärntner Elektrizitäts-Aktiengesellschaft

KELAG continued to show stable performance in 2013. Its contribution to the result from interests accounted for using the equity method in quarters 1–3/2013 was €30.5m (quarters 1–3/2012: €31.6m).

Events after the balance sheet date

There were no events requiring disclosure between the balance sheet date of 30 September 2013 and authorisation for issue on 25 October 2013.

Consolidated interim financial statements

of VERBUND

Income statement

€m

In accordance with IFRSs	Notes	Q1–3/2012	Q1–3/2013	Q3/2012	Q3/2013
Revenue		2,294.0	**2,409.2**	731.3	**759.0**
Electricity revenue	1	2,005.6	2,008.2	645.8	626.9
Grid revenue	2	253.1	279.2	74.7	105.3
Other revenue		35.3	121.8	10.7	26.8
Other operating income	3	52.0	199.8	7.3	15.2
Expenses for electricity, grid, gas and certificate purchases	4	–894.5	–913.0	–296.9	–290.8
Fuel expenses and other usage-dependent expenses	5	–103.7	–151.8	–19.0	–33.2
Personnel expenses	6	–232.9	–241.9	–73.6	–73.7
Amortisation of intangible assets and depreciation of property, plant and equipment		–201.9	–260.2	–68.2	–94.9
Other operating expenses		–180.4	–216.9	–72.5	–76.4
Operating result before effects from impairment tests		732.6	825.1	208.2	205.1
Effects from impairment tests	7	–53.1	–711.7	–0.2	–2.4
Operating result		679.5	**113.4**	208.0	**202.8**
Result from interests accounted for using the equity method	8	7.9	–136.8	26.6	–35.9
Other result from equity interests	9	7.6	1.6	0.3	0.0
Interest income	10	28.8	24.8	9.1	7.2
Interest expenses	11	–127.4	–139.9	–21.2	–54.0
Other financial result	12	–35.5	14.1	–25.6	2.8
Financial result before effects from impairment testing and business acquisitions		–118.5	–236.2	–10.7	–79.9
Effects from impairment tests	13	–23.4	–446.1	–18.1	0.0
Effects from business acquisitions	14	0.0	1,243.8	0.0	0.0
Financial result		–141.9	**561.5**	–28.8	**–79.9**
Profit before tax		537.6	**675.0**	179.2	**122.8**
Taxes on income		–119.4	–105.1	–29.3	–42.7
Profit for the period		418.2	**569.9**	150.0	**80.2**
Attributable to the shareholders of VERBUND AG (Group result)		332.8	510.4	118.6	62.2
Attributable to non-controlling interests		85.5	59.4	31.4	17.9
Earnings per share in €[1]		0.96	**1.47**	0.34	**0.18**

[2]Diluted earnings per share correspond to basic earnings per share.

Statement of comprehensive income

€m

In accordance with IFRSs	Notes	Q1–3/2012	**Q1–3/2013**	Q3/2012	**Q3/2013**
Profit for the period		418.2	**569.9**	150.0	**80.2**
Remeasurements of the net defined benefit liability	15	–40.8	–40.8	–16.6	–1.2
Other comprehensive income from interests accounted for using the equity method		–5.4	–0.3	–3.5	–0.4
Total of items that will not be reclassified subsequently to the income statement		–46.2	**–41.1**	–20.1	**–1.6**
Differences from currency translation		31.9	–0.6	–19.3	–0.1
Measurements of available-for-sale financial instruments		2.5	–3.3	1.8	1.2
Measurements of cash flow hedges		–42.4	–41.9	–35.4	–55.7
Other comprehensive income from interests accounted for using the equity method	16	–39.1	174.7	–9.2	6.0
Total of items that will be reclassified subsequently to the income statement		–47.0	**128.8**	–62.1	**–48.5**
Other comprehensive income before tax		–93.2	**87.7**	–82.2	**–50.1**
Taxes on income relating to items that will not be reclassified subsequently to the income statement		10.2	10.5	4.1	0.3
Taxes on income relating to items that will be reclassified subsequently to the income statement		10.2	11.4	8.5	13.7
Other comprehensive income after tax	17	–72.9	**109.6**	–69.6	**–36.1**
Total comprehensive income for the period		345.4	**679.4**	80.4	**44.0**
Attributable to the shareholders of VERBUND AG		264.1	623.8	50.7	26.0
Attributable to non-controlling interests		81.2	55.7	29.7	18.0

Balance sheet

€m

In accordance with IFRSs	Notes	31/12/2012	30/9/2013
Non-current assets		9,781.9	**11,292.5**
Intangible assets		662.1	745.4
Property, plant and equipment		7,385.8	9,570.3
Interests accounted for using the equity method		908.8	328.5
Other equity interests	22	134.6	90.1
Investments and other receivables	18, 21	690.6	558.3
Current assets		1,273.6	**1,436.0**
Inventories	19	129.2	95.6
Trade receivables and other receivables	22	1,022.8	1,292.1
Cash and cash equivalents	22	121.7	48.2
Non-current assets held for sale	20	1,331.8	**1.0**
Total assets		12,387.3	**12,729.5**

€m

In accordance with IFRSs	Notes	31/12/2012	30/9/2013
Equity		5,099.4	**5,476.0**
Attributable to the shareholders of VERBUND AG		4,458.4	4,876.4
Attributable to non-controlling interests		641.0	599.7
Non-current liabilities		6,046.3	**5,902.9**
Financial liabilities	21, 22	3,935.3	3,259.8
Provisions		654.0	726.7
Deferred tax liabilities		200.8	888.1
Contributions to building costs and grants		649.6	676.8
Deferred income – cross-border leasing		53.6	52.4
Other liabilities	22	552.9	299.0
Current liabilities		1,241.7	**1,350.6**
Financial liabilities	22	385.8	646.7
Provisions		285.3	246.6
Current tax liabilities		37.2	58.2
Trade payables and other liabilities	22	533.4	399.1
Total liabilities		12,387.3	**12,729.5**

Statement of changes in equity

In accordance with IFRSs	Share capital	Capital reserves	Retained earnings	Remeasurements of the net defined benefit liability
Notes				15
As at 1/1/2012	347.4	954.3	3,299.2	–97.7
Changes in the group of consolidated companies	–	–	–	–
Shifts between shareholder groups	–	–	0.1	–
Total comprehensive income for the period	–	–	332.8	–31.9
Dividends	–	–	–191.1	–
As at 30/9/2012	**347.4**	**954.3**	**3,441.2**	**–129.7**
As at 1/1/2013	**347.4**	**954.3**	**3,493.4**	**–130.5**
Total comprehensive income for the period	–	–	510.4	–26.8
Dividends	–	–	–208.5	–
Other changes in equity	–	–	1.4	–
As at 30/9/2013	**347.4**	**954.3**	**3,796.7**	**–157.2**

€m

Difference from currency translation	Measurements of available-for-sale financial instruments	Measurements of cash flow hedges	Other components of other comprehensive income	Equity attributable to the shareholders of VERBUND AG	Equity attributable to non-controlling interests	Total equity
			16			
–165.0	–2.0	–28.5	7.0	4,314.7	604.4	4,919.1
–	–	–	–	0.1	0.0	0.1
–	–	–	–	0.1	–0.1	0.0
34.6	2.5	–75.3	1.5	264.1	81.2	345.4
–	–	–	–	–191.1	–68.3	–259.4
–130.5	**0.5**	**–103.8**	**8.5**	**4,388.0**	**617.2**	**5,005.2**
–128.9	**6.8**	**–91.1**	**7.1**	**4,458.4**	**641.0**	**5,099.4**
125.7	–2.2	15.8	0.8	623.8	55.7	679.4
–	–	–	–	–208.5	–97.0	–305.5
–	–	–	1.3	2.7	–	2.7
–3.2	**4.5**	**–75.3**	**9.2**	**4,876.4**	**599.7**	**5,476.0**

Cash flow statement

€m

In accordance with IFRSs	Notes	Q1–3/2012	Q1–3/2013
Profit for the period		418.2	569.9
Amortisation of intangible assets and depreciation of property, plant and equipment (net of reversals of impairment losses)		256.5	980.9
Impairment losses on investments (net of reversals of impairment losses)		0.0	41.6
Result from interests accounted for using the equity method (net of dividends received)		43.4	564.2
Result from the disposal of non-current assets		– 4.6	5.3
Change in non-current provisions and deferred tax liabilities		– 68.9	– 12.2
Change in contributions to building costs and grants		33.8	25.1
Income from the reversal of deferred income from cross-border leasing transactions		– 1.2	– 1.2
Other non-cash expenses and income	23	– 28.3	– 1,497.4
Subtotal		648.9	**676.3**
Change in inventories		– 46.0	34.0
Change in trade receivables and other receivables		– 158.9	46.4
Change in trade payables and other liabilities		– 25.9	– 124.3
Change in current provisions and current tax liabilities		165.2	37.9
Cash flow from operating activities	23	583.3	**670.2**

€m

In accordance with IFRSs	Notes	Q1–3/2012	Q1–3/2013
Cash outflow from capital expenditure for intangible assets and property, plant and equipment		– 457.2	– 375.8
Cash inflow from the disposal of intangible assets and property, plant and equipment		20.2	4.8
Cash outflow from capital expenditure for investments		– 67.2	– 631.9
Cash inflow from the disposal of investments		409.7	150.0
Cash inflow (outflow) from capital expenditure for subsidiaries		– 29.1	377.0
Cash outflow from capital expenditure for interests accounted for using the equity method		– 217.5	– 137.5
Cash inflow from the disposal of subsidiaries and interests accounted for using the equity method		26.0	273.6
Cash inflow (outflow) from the disposal of (capital expenditure for) current investments		– 160.5	170.0
Cash flow from investing activities		– 475.6	**– 169.7**
Cash inflow (outflow) from money market transactions		85.1	– 45.5
Cash inflow from the assumption of financial liabilities (excluding money market transactions)		69.7	12.1
Cash outflow from the repayment of financial liabilities (excluding money market transactions)		– 276.3	– 235.0
Dividends paid		– 259.4	– 305.5
Cash flow from financing activities		– 380.9	**– 574.0**
Change in cash and cash equivalents		– 273.2	**– 73.4**
Cash and cash equivalents as at 1/1/		333.2	**121.7**
Cash and cash equivalents as at 30/9/		60.0	**48.2**

Selected explanatory notes

Financial reporting principles

Basic principles

These consolidated interim financial statements of VERBUND as at 30 September 2013 were prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable to interim financial statements as endorsed by the European Union.

The condensed format of VERBUND'S consolidated interim financial statements is consistent with IAS 34 "Interim Financial Reporting"; for further information and disclosures, please refer to VERBUND's consolidated financial statements as at 31 December 2012, which form the basis for these consolidated interim financial statements of VERBUND.

Group of consolidated companies

The interests in STEWEAG-STEG GmbH and the Turkish entity Enerjisa Enerji A.S. (Group) accounted for using the equity method were sold effective 18 January 2013 and 24 April 2013 respectively and consequently deconsolidated (see: (20) Non-current assets held for sale).

100% of the interest in the German entity Innwerk AG was acquired effective 24 April 2013 as part of a business acquisition. At the beginning of the year, Innwerk AG received 50% interests in Österreichisch-Bayerische Kraftwerke AG, Donaukraftwerk Jochenstein AG and Grenzkraftwerke GmbH from E.ON Wasserkraft GmbH (now E.ON Kraftwerke GmbH) by means of a spin-off (among other things). As a result, Innwerk AG and the 50% interests in Österreichisch-Bayerische Kraftwerke AG, Donaukraftwerk Jochenstein AG and Grenzkraftwerke GmbH previously accounted for using the equity method were consolidated for the first time (see: Business acquisitions).

The Romanian entity Ventus Renew Romania S.R.L. was newly established effective 22 May 2013 as a 90% subsidiary of VERBUND and consolidated for the first time. The new entity was established by spinning off 23 wind power plants under construction (installed capacity: 69 MW) from Alpha Wind S.R.L. This transaction under joint control was accounted for by carrying forward the carrying amounts of the equity interests.

Business acquisitions

(Additional) Bavarian hydropower plant capacities with an average annual generation of around 2,000 GWh were acquired effective 24 April 2013. These Bavarian hydropower plant capacities are represented by 50% interests in Österreichisch-Bayerische Kraftwerke AG, Donaukraftwerk Jochenstein AG and Grenzkraftwerke GmbH, a 47% co-ownership interest in the Nussdorf run-of-river power plant and by the facilities of the Ering-Frauenstein and Obernberg-Egglfing run-of-river power plants located on German state territory (including a right to purchase 50% of the electricity generated in the power plants). Österreichisch-Bayerische Kraftwerke AG, Donaukraftwerk Jochenstein AG and Grenzkraftwerke GmbH were previously operated by VERBUND AG and/or VERBUND Hydro Power AG and E.ON Wasserkraft GmbH (now E.ON Kraftwerke GmbH) as joint ventures; the 50% equity interest already held by VERBUND has previously been accounted for using the equity method. The Ering-Frauenstein and Obernberg-Egglfing run-of-river power plant facilities on Austrian state territory were the share of the jointly managed assets of VERBUND Hydro Power AG and E.ON Wasserkraft GmbH (now E.ON Kraftwerke GmbH) that were previously attributable to VERBUND. The Bavarian hydropower plant capacities were spun off by E.ON Wasserkraft GmbH (now E.ON Kraftwerke GmbH) into the (newly established) Innwerk AG in which VERBUND acquired a total of 100% of the interest after receiving all competition-related and other (regulatory) approvals.

The business acquisition of Innwerk AG was part of a transaction to be viewed in its entirety (asset swap), under which 20.28% of the capacity of the Tyrolean Zemm/Ziller storage power plant group was (re)acquired and 50% of the interest in Turkish Enerjisa Enerji A.S. (Group) was sold to DD Turkey Holdings S.à.r.l., a 100% subsidiary of E.ON SE. In quarter 3/2009, capacities of the Tyrolean Zemm/Ziller storage power plant group were assigned to E.ON Wasserkraft GmbH (now E.ON Kraftwerke GmbH) in the form of a long-term electricity supply agreement as part of the consideration transferred for the acquisition of 13 run-of-river power plants on the Inn River in Bavaria. The transaction, which is to be viewed in its entirety, was a consequence of VERBUND's strategic focus on majority interests focusing on electricity generation from hydropower and on the Austrian and German market.

The total consideration transferred comprises the fair value of the 50% equity-accounted interest in Enerjisa Enerji A.S. (Group) still classified as held for sale as at 31 March 2013 (carrying amount as at 24 April 2013: €1,192.4m), the fair value of the equity interests previously held in Österreichisch-Bayerische Kraftwerke AG, Donaukraftwerk Jochenstein AG and Grenzkraftwerke GmbH (carrying amount as at 24 April 2013: €30.8m), the fair value of receivables and liabilities extinguished as a result of confusion, the reacquisition of 60% of the electricity supply commitment from the Tyrolean Zemm/Ziller storage power plant group and a payment of the difference of €405.0m by E.ON to VERBUND. No contingent consideration was agreed. The fair value measurements of the equity interests in Enerjisa Enerji A.S. (Group), Österreichisch-Bayerische Kraftwerke AG, Donaukraftwerk Jochenstein AG and Grenzkraftwerke GmbH were also recognised in profit or loss, just as the recognition of gains or losses determined from previously existing relationships between VERBUND and Innwerk AG or its investees (see: (14) Effects from business acquisitions).

The fair values of the identifiable assets and liabilities of the Bavarian hydropower plant capacities were as follows as at the acquisition date:

Assets acquired and liabilities assumed €m

	Fair value as at the acquisition date
Concessions, rights, licences	1.8
Land and buildings	1,407.0
Machinery	737.6
Electrical installations	677.0
Office and plant equipment	1.2
Plants under construction and projects	0.2
Investments and non-current other receivables	9.0
Deferred tax assets	48.1
Inventories	0.4
Trade receivables and current other receivables[1]	6.2
Cash and cash equivalents	9.5
Total assets acquired	**2,898.1**
Non-current provisions	102.4
Deferred tax liabilities	702.3
Non-current other liabilities[2]	81.9
Current provisions	11.1
Current tax liabilities	0.0
Trade payables and current other liabilities	5.0
Total liabilities assumed	**902.8**
Total identifiable net assets at fair value	**1,995.3**
Goodwill[3]	108.3
Total consideration transferred	**2,103.6**
Of which from the equity interest in Enerjisa Enerji A.S. (Group)	1,671.1
Of which from previously held equity interests	1,008.6
Of which receivables forfeited as a result of confusion	0.3
Of which liabilities extinguished as a result of confusion	–46.7
Of which from the redemption of electricity supply commitments	–124.8
Of which in cash	–405.0

[1] For trade receivables and current other receivables, the carrying amounts represented a realistic estimate of their fair values (due to the short maturities); they also correspond to the gross value of the receivables. // [2] This non-current other liability refers to the obligation to transfer the newly acquired 50% interest in Donaukraftwerk Jochenstein AG back to the Federal Republic of Germany or the Free State of Bavaria without exchange of consideration effective 31 December 2050. // [3] The goodwill from this transaction, which is to be viewed in its entirety (asset swap), resulted mainly from the performance of the energy price forecasts between when the purchase price was determined for the individual transactions (based on a locked-box mechanism) and the closing; the differences between these purchase prices and the fair values of the assets transferred in each case were netted in goodwill. In addition, expected synergy effects (due to overheads that no longer apply), project and liability risks as well as foreign currency and political risks from the Turkish joint venture that no longer apply, an expected reduction in VERBUND's financing costs (due to the improved risk profile), and – not least – the deferred tax liabilities to be recognised in accordance with IFRS 3 resulted in the recognition of goodwill.

VERBUND's new subsidiaries contributed €67.2m to its revenue in quarters 1–3/2013; their contribution to VERBUND's profit for the period was €–16.1m. If the business acquisitions had taken place at the beginning of the reporting period, the new subsidiaries would have contributed €120.3m to revenue and €16.2m to profit for the period under the corresponding line items of VERBUND's income statement. However, it should be noted that de facto 50% of revenue and profit for the period were attributed to VERBUND prior to the first-time consolidation due to the previously existing electricity supply agreements with Österreichisch-Bayerische Kraftwerke AG and Donaukraftwerk Jochenstein AG, which have entitled VERBUND to purchase half of the electricity generated in exchange for the contractually specified reimbursement of expenses plus a return on equity (as well as due to the holding of a 50% interest accounted for using the equity method).

In view of the complexity of the accounting policy issues related to this transaction, which is to be viewed in its entirety, the initial accounting treatment of this business acquisition is to be classified as "provisional". This applies in particular to the measurement of property, plant and equipment acquired and the individual components of consideration transferred as well as to amounts recognised as current and deferred tax liabilities and tax assets.

Accounting policies

With the exception of the new IASB accounting standards described below, the same accounting policies were applied in these consolidated interim financial statements of VERBUND as in VERBUND's consolidated financial statements as at 31 December 2012.

The addition of rounded amounts and the calculation of percentages may lead to rounding differences as a result of the use of computing software.

New accounting standards

Newly applicable or applied accounting standards

Standard or interpretation		Published by the IASB (adopted by the EU)	Mandatory application for VERBUND	Effects on the consolidated interim financial statements of VERBUND
IFRS 1	Amendments: Government Loans	13/3/2012 (4/3/2013)	1/1/2013	none
IFRS 7	Amendments: Offsetting Financial Assets and Financial Liabilities	16/12/2011 (13/12/2012)	1/1/2013	none
IFRS 13	Fair Value Measurement	12/5/2011 (11/12/2012)	1/1/2013	additional note disclosures
Various	Improvements to IFRSs	17/5/2012 (27/3/2013)	1/1/2013	none

Segment reporting

The operating result in the total column corresponds to the operating result in the income statement. Therefore, the reconciliation to profit before tax can be taken from the income statement.

€m

	Electricity	Grid	Equity Interests & Services	Elimination	Total Group
Q1–3/2013					
External revenue	2,020.0	376.8	12.3	0.0	2,409.2
Internal revenue	135.3	95.8	67.7	–298.8	0.0
Total revenue	2,155.4	472.6	80.0	–298.8	2,409.2
Operating result	40.0	132.4	–20.1	–38.8	113.4
Depreciation and amortisation	–199.2	–50.8	–11.2	0.9	–260.2
Effects from impairment tests	–711.7	0.0	0.0	0.0	–711.7
Other material non-cash items	227.8	68.1	2.2	–37.7	260.4
Result from equity interests	–	–	662.6	0.0	662.6
Of which result from interests accounted for using the equity method	–	–	–136.8	0.0	–136.8
Of which effects from impairment tests	–	–	–446.1	0.0	–446.1
Of which effects from business acquisitions	–	–	1,243.8	0.0	1,243.8
Capital employed	7,858.2	901.1	9,316.1	–8,551.6	9,523.8
Of which carrying amount of interests accounted for using the equity method	2.2	1.2	325.1	0.0	328.5
Additions to intangible assets and property, plant and equipment	3,078.2	58.8	8.4	0.0	3,145.3
Additions to equity interests	0.2	0.0	0.6	0.0	0.8

€m

	Electricity	Grid	Equity Interests & Services	Elimination	Total Group
Q1–3/2012					
External revenue	1,928.5	351.3	14.2	0.0	2,294.0
Internal revenue	108.5	44.6	68.4	–221.5	0.0
Total revenue	2,037.0	395.9	82.6	–221.5	2,294.0
Operating result	**673.8**	**–20.2**	**–25.9**	**51.8**	**679.5**
Depreciation and amortisation	–148.4	–47.5	–6.9	0.9	–201.9
Effects from impairment tests	–53.1	0.0	0.0	0.0	–53.1
Other material non-cash items	52.1	–72.9	2.3	50.3	31.8
Result from equity interests	–	–	–7.9	0.0	–7.9
Of which result from interests accounted for using the equity method	–	–	7.9	0.0	7.9
Of which effects from impairment tests	–	–	–23.4	0.0	–23.4
Capital employed	5,840.8	1,125.7	6,862.8	–4,472.9	9,356.4
Of which carrying amount of interests accounted for using the equity method	16.1	1.3	1,947.0	0.0	1,964.4
Additions to intangible assets and property, plant and equipment	379.2	73.5	10.3	0.0	463.0
Additions to equity interests	0.0	0.0	217.5	0.0	217.5

Notes to the income statement

(1)
Electricity revenue

Electricity revenue by customer areas

€m

	Q1–3/2012 Domestic	**Q1–3/2013 Domestic**	Change	Q1–3/2012 Foreign	**Q1–3/2013 Foreign**	Change
Electricity deliveries to consumers	341.8	332.4	–2.7%	198.8	219.1	10.2%
Electricity deliveries to resellers	610.3	580.9	–4.8%	119.4	132.6	11.1%
Electricity deliveries to traders	25.0	22.4	–10.3%	710.3	720.8	1.5%
Electricity revenue	977.2	**935.8**	–4.2%	1,028.5	**1,072.5**	4.3%

(2)
Grid revenue

Grid revenue by customer areas

€m

	Q1–3/2012 Domestic	Q1–3/2013 Domestic	Change	Q1–3/2012 Foreign	Q1–3/2013 Foreign	Change
Energy supply companies	127.6	182.2	42.9%	2.7	0.0	– 100.0%
Industrial clients	10.8	12.2	12.7%	0.0	0.0	n.a.
Other	34.2	34.6	1.1%	77.8	50.1	– 35.6%
Grid revenue	172.6	**229.0**	32.7%	80.5	**50.1**	– 37.7%

(3)
Other operating income

Other operating income

€m

	Q1–3/2012	Q1–3/2013	Change
Income from the repurchase of 60% of the electricity supply commitment from the Tyrolean Zemm/Ziller storage power plant group	0.0	157.6	n.a.
Changes in inventory and own work capitalised	27.0	17.8	– 34.0%
Other	25.0	24.4	– 2.7%
Other operating income	52.0	**199.8**	n.a.

(4)
Expenses for electricity, grid, gas and certificate purchases

Expenses for electricity, grid, gas and certificate purchases

€m

	Q1–3/2012	Q1–3/2013	Change
Expenses for electricity purchases	731.6	778.7	6.4%
Expenses for gas purchases[1]	53.3	5.6	– 89.5%
Expenses for grid purchases (system use)	109.6	125.7	14.8%
Purchases of emission rights (trade)	0.1	1.8	n.a.
Purchases of proof of origin and green certificates	0.0	1.1	n.a.
Expenses for electricity, grid, gas and certificate purchases	894.5	**913.0**	2.1%

[1] VERBUND and EconGas GmbH have entered into a long-term natural gas supply agreement which, as a consequence of its management, was to be cassified as a freestanding derivative and recognised at fair value through profit or loss (see: (22) Additional disclosures regarding financial instruments). In quarters 1– 3/2013, the resulting impact on profit or loss amounted to €44.6m (quarters 1–3/2012: €–58.2m).

(5)
Fuel expenses and other usage-dependent expenses

Fuel expenses and other usage-dependent expenses

€m

	Q1–3/2012	Q1–3/2013	Change
Fuel expenses[1]	99.2	134.9	36.0%
Emission rights acquired in exchange for consideration	– 0.3	8.4	n.a.
Other usage-dependent expenses	4.7	8.5	78.4%
Fuel expenses and other usage-dependent expenses	103.7	**151.8**	46.5%

[1] Fuel expenses in quarters 1–3/2013 included a write-down of coal inventories to net realisable value in the amount of €9.7m.

(6) Personnel expenses

Personnel expenses €m

	Q1–3/2012	**Q1–3/2013**	Change
Wages and salaries	177.1	185.9	5.0%
Expenses for social security contributions as required by law as well as income-based charges and compulsory contributions	39.3	41.8	6.6%
Other social expenses	2.8	3.1	9.0%
Subtotal	219.2	**230.8**	5.3%
Expenses for severance payments	4.7	4.8	2.3%
Expenses for pensions and similar obligations	9.1	6.3	–30.6%
Personnel expenses	232.9	**241.9**	3.8%

In quarters 1–3/2013, a total of €5.6m (quarters 1–3/2012: €5.5m) was paid into the pension fund under defined contribution plans.

(7) Effects from impairment tests

VERBUND secures its future own generation against price risks by means of a pricing-in strategy determined in advance, which calls for the use of derivative financial instruments in the energy area, in particular forward and futures contracts. If that certain trigger prices are reached, VERBUND's pricing-in strategy provides for the early pricing in of future generation volumes in order to hedge against falling prices. Such a strategy of early pricing in enables to capture a price level that is already regarded as high when the upper trigger price is exceeded and therefore secures (unexpected) high margins for future generation volumes. If prices fall below the lower trigger price, such a strategy of early pricing in enables to capture a price level that is already regarded as low and therefore secures (unexpected) low, but acceptable margins for future generation volumes against a further decrease in price quotations.

Currently, the price quotation trends for emission rights and electricity futures are exhibiting a very strong positive correlation. As a result of the decision by the European Parliament dated 16 April 2013 against backloading in the EU-emission trading scheme ("backloading" refers to delaying the auctioning of emission rights in order to bring about an increase in their prices after first adjusting the excess supply), the price quotations for emission rights and electricity futures recorded significant declines. Consequently, prices fell below VERBUND's lower trigger prices several times in May 2013, which led to the early pricing in of future generation volumes. After a long debate, the European Parliament decided on 3 July 2013 in favour of "backloading" in the amount of €900m emission rights in the trading periods starting 2019. However, this decision only had a temporary (if insignificant) influence at best on the price quotation trend for emission rights and electricity futures.

Considering these indications of impairment, VERBUND's generation portfolio was tested for impairment as at 30 June 2013. The installed capacities indicated for the generation portfolio represent gross bottleneck capacities (before deducting own use necessary to operate the power plants). The recoverable amounts were determined using a net present value method; the calculations were based on the discounted cash flow method. In order to determine any necessary impairment losses, the recoverable amounts were compared to the carrying amounts (plus goodwill, if any) as at 30 June 2013.

For recoverable amounts determined based on value in use, prices were calculated using the VERBUND energy market model (VEMM). The VEMM is an energy simulation tool for the development of medium and long-term electricity and natural gas price scenarios for energy markets. For recoverable amounts determined based on fair value less costs to sell, the prices (starting 2020) were calculated as of quarter 2/2013 using the average forecasts of two reputable market research institutes and information service providers in the energy market. For the beginning of the planning period (2013 to 2016), however, prices were determined using price quotations for energy futures; the price levels for electricity, natural gas and emission rights were then brought up to the energy price level forecasts by 2020 (through linear interpolation). Previously, only one of these two forecasts was used to determine fair value. Without this change in the method of estimation, the recoverable amounts (of the impaired assets) would have been approximately €527.4m higher as at 30 June 2013 and the effects from impairment tests would have been approximately €523.7m less negative. The extrapolation of electricity price forecasts (from 2036 onwards) was based on the assumption of a sustained rate of increase of 2.0%.

Effects from impairment tests €m

	Q1–3/2012	**Q1–3/2013**	Change
Impairment loss on the Mellach combined cycle gas turbine power plant	–54.4	–277.5	n.a.
Reversal of deferred grants for the Mellach combined cycle gas turbine power plant	1.5	7.6	n.a.
Impairment loss of the Pont-sur-Sambre combined cycle gas turbine power plant	–	–198.7	n.a.
Impairment loss of the Toul combined cycle gas turbine power plant	–	–191.8	n.a.
Impairment loss of the Bruck/Hollern/Petronell-Carnuntum wind farms (of which goodwill: €–25.3m)	0.0	–25.7	n.a.
Reversal of deferred grants for the Bruck/Hollern/Petronell-Carnuntum wind farms	0.0	0.0	n.a.
Impairment of the Gössendorf and Kalsdorf run-of-river power plants	0.0	–19.3	n.a.
Reversal of deferred grants for the Gössendorf and Kalsdorf run-of-river power plants	0.0	1.3	n.a.
Impairment loss of the Kavarna wind farm	0.0	–3.1	n.a.
Other impairment losses	–0.2	–4.6	n.a.
Effects from impairment tests	–53.1	**–711.7**	n.a.

Mellach combined cycle gas turbine power plant

The recoverable amount for the Mellach combined cycle gas turbine power plant (installed capacity (electrical): 848 MW) was determined based on fair value (Level 3) less costs to sell. The discount rate after tax was 6.75%.

The cash flows relevant to measurement were derived from recent planning by VERBUND Thermal Power GmbH & Co KG and are based primarily on near-market data. Fair value measurement was determined on the basis of the installed capacity of the combined cycle gas turbine power plant with an assumed maximum heat extraction of 400 MW (thermal) and a presumed level of efficiency at full capacity of 58.8%. Utilisation of the power plant was determined with the help of an optimsation model, taking account of the energy market and technical environment and/or restrictions. In light of the current market situation, planning for the medium term was based on the assumption that generation would be shut down or only very low. Moreover, the planning takes into account a heat extraction of up to 200 GWh per year; for the period in which generation is suspended, it is assumed that the district heating supply and purchase agreement for the district heating requirements of the Graz metropolitan area would be fulfilled by the Mellach coal-fired district heating plant. The network service costs were estimated based on the applicable System Charges Order (SNE-VO). The costs of upkeep incurred in addition to the costs from the maintenance agreement were estimated by the technical managers, as were the costs of mothballing the plant. The material annual expenses from the planning were carried forward with price increases of 1.9% to 2.5%.

The planning period was determined based on the total capacity of 150,000 equivalent operating hours (EOHs). The end of the planning period was reached between 2040 and 2050, depending on the electricity and gas price scenario as well as the utilisation scenario for the power plant. The reinvestment, repair and maintenance cycles were determined based on the maintenance agreement entered into with Siemens AG Austria.

The key valuation assumptions underlying the determination of the recoverable amount included the development of clean spark spreads, the demand charge – corresponding to the costs incurred to secure the willingness of natural gas suppliers to deliver – the likelihood of winning in the anti-competitive conduct against EconGas GmbH (see: (22) Additional disclosures regarding financial instruments), the possibilities for storing natural gas and the discount rate.

Pont-sur-Sambre and Toul combined cycle gas turbine power plants

The recoverable amount for the Pont-sur-Sambre and Toul combined cycle gas turbine power plants (installed capacities: 420 MW and 422 MW respectively) was determined on the basis of fair value (Level 3) less costs to sell. The discount rate after tax was 6.25%.

The cash flows relevant to measurement were derived from the current planning of POWEO Pont-sur-Sambre Production S.A.S. and POWEO Toul Production S.A.S. and are based primarily on near-market data. The fair value measurement was based on the installed capacities of the combined cycle gas turbine power plants. In each case, the presumed level of efficiency at full capacity was 52.0%. Utilisation of the power plants was determined while taking account of the energy market and technical environment and/or restrictions with the help of an optimisation model. Planning was based on the assumption that a capacity market mechanism would be introduced for France starting in 2017 to create operating and investment incentives for (necessary) “conventional” back-up power plants. Annual capacity premiums per MW were estimated by the power generation managers based on scenarios. Network service costs were estimated based on the applicable rates of the Réseau de Transport d’Electricité S.A. (RTE). Material annual expenses from the planning were carried forward with a 1.9% rate of increase.

The planning period was determined for both combined cycle gas turbine power plants based on a total capacity of 150,000 equivalent operating hours (EOHs). The end of the planning period was reached between 2029 and 2031, depending on the power plant, the electricity and gas price scenario and the utilisation scenario for the power plants. The reinvestment, repair and maintenance cycles were determined based on the maintenance agreements entered into with Siemens S.A.S.

The key valuation assumptions underlying the determination of the recoverable amount included the performance of clean spark spreads, the capacity premiums, the terms of the long-term natural gas supply contract for the Toul combined cycle gas turbine power plant with Statoil ASA and the discount rate.

Bruck/Hollern/Petronell-Carnuntum wind farms

The recoverable amount for the Bruck/Hollern/Petronell-Carnuntum wind farms (installed capacity in operation: 49 MW; installed capacity under construction: 57 MW) was determined on the basis of fair value (Level 3) less costs to sell. The discount rate after tax was 6.00%.

The cash flows relevant to measurement were derived from recent planning by VERBUND Wind Power Austria GmbH and/or VERBUND Renewable Power GmbH and are based primarily on near-market data. The expansion of the wind farms was reflected in the planning data accordingly. The new wind power plants in Petronell-Carnuntum and Hollern are scheduled to be commissioned at the beginning of 2014, while the new wind power plants in Bruck should go online at the beginning of 2015. The fair value measurement of the wind farms in operation was based on an annual feed-in of 100 GWh based on multiple years of experience The wind power plants to be newly constructed as part of the expansion of the wind farms were measured based on an annual expected feed-in of 139.8 GWh. Prices were determined based on fixed feed-in rates in accordance with the Green Electricity Act (Ökostromgesetz, ÖSG) for the first period up to four and a half years for the wind power plants in operation (depending on the wind farm) and for the first 13 years following commissioning for the wind power plants to be newly constructed. The forecast electricity revenue was reduced by 13.0% to reflect balance energy costs after the end of fixed feed-in rate. The network service costs were estimated based on the applicable System Charges Order (SNE-VO). The material annual expenses from the planning were carried forward with price increases of 2.0% to 2.7%.

The planning period lasted until the end of the useful life in 2039; it was assumed that there would be no reinvestment. The repair and maintenance cycles were determined based on the maintenance agreements entered into with the wind power plant manufacturers.

The key valuation assumptions underlying the determination of the recoverable amount included the electricity price forecasts and the discount rate.

Gössendorf and Kalsdorf run-of-river power plants

The recoverable amount for the Gössendorf and Kalsdorf run-of-river power plants (installed capacities: 18.5 MW and 18.8 MW respectively) was determined on the basis of fair value (Level 3) less costs to sell. The discount rate after tax was 6.75%.

The cash flows relevant to measurement were derived from recent planning by VERBUND Hydro Power AG and are based primarily on near-market data. Fair value measurement was based on constant generation volumes of 88.6 GWh and 81.2 GWh respectively over the planning period, corresponding to the mean energy capability. The forecast electricity revenue was reduced by discounts for electricity generation characteristics and hydrological forecast and availability risk. These discounts, which were derived from experience, correspond to the percentage difference from the pure base price and serve to model the generation value. A surcharge derived from price quotations was assumed for each MWh of mean energy capability for the realisable increase in revenue due to the sale of "certified" electricity (with guarantees of origin from hydropower). The network service costs were estimated based on the applicable System Charges Order (SNE-VO) and the material annual expenses from the planning were carried forward with price increases of 2.0% to 4.3%.

The planning period was divided into a detailed planning phase comprising a period of six years and a rough planning phase with a horizon of approximately 94 years, reflecting the long-term reinvestment, repair and maintenance cycles of run-of-river power plants. Planning is therefore based on a finite reinvestment cycle that reflects investments in replacements based on experience.

The key valuation assumptions underlying the determination of the recoverable amount included the electricity price forecasts and the discount rate.

Kavarna wind farm

The recoverability of the wind farm operated by the Bulgarian entity Haos Invest EAD, which is subject to a sustained bottleneck in the upstream grid, was tested as at 31 March 2013 due to indications of impairment. The current phase of political instability in Bulgaria and the legal uncertainties with respect to the financing of the Bulgarian grid led to the assumption that the possibility of feeding all the generated electricity into the grid would be further delayed. In addition, wind power producers could expect considerably higher costs (e.g. for balancing energy) as a consequence of the implementation of a (new) financing scheme. The recoverable amount was determined based on value in use. The discount rate before tax was 8.00%.

The cash flows relevant to measurement were derived from Haos Invest EAD's current planning. Value in use was determined on the basis of output estimated based on wind assessment reports. The installed capacity amounts to 16 MW; however, due to the sustained bottleneck in the upstream grid, the feed-in ratio was expected to average only 65% until the beginning of 2017. Prices for the first 13 years of the planning period were based on fixed feed-in rates in accordance with the Bulgarian rules for renewable electricity. The forecast electricity revenue was reduced by balance energy costs of 10.0% after the end of fixed feed-in rates The material annual expenses from the planning were carried forward with a 2.0% rate of increase.

The planning period lasted until the end of the useful life in 2030, based on the assumption that there would be no reinvestment. The repair and maintenance cycles as well as their costs were determined on the basis of maintenance contracts entered into or offered by wind power plant producers.

The key valuation assumptions on which the determination of the recoverable amount was based were the electricity price forecasts, the point in time from which it would be possible to feed all the generated electricity into the grid, the wind power plants' forecast annual power generation and the discount rate.

(8)
Result from interests accounted for using the equity method

Result from interests accounted for using the equity method €m

	Q1–3/2012 Domestic	**Q1–3/2013 Domestic**	Change	Q1–3/2012 Foreign	**Q1–3/2013 Foreign**	Change
Income or expenses (excluding impairment losses and reversals of impairment losses)	46.3	**31.4**	–32.1%	–38.4	**–168.2**	n.a.

The result from interests in foreign energy supply companies accounted for using the equity method was influenced in particular by impairment losses recognised by Sorgenia S.p.A. (Group) on its equity-accounted interests in Tirreno Power S.p.A. and by goodwill attributable to Sorgenia Green S.r.l. as well as impairment losses recognised by VERBUND due to fair value adjustments from hidden reserves that were released as a result of capital increases and share acquisitions with respect to the equity-accounted interest in Tirreno Power S.p.A.

(9)
Other result from equity interests

In quarter 1/2013, €–4.1m of effects on profit or loss resulting from reclassification adjustments from other comprehensive income to the income statement were recognised as part of the disposal of the equity-accounted interest in STEWEAG-STEG GmbH.

(10)
Interest income

Interest income €m

	Q1–3/2012	**Q1–3/2013**	Change
Interest from investments under closed items on the balance sheet	20.7	**20.9**	0.8%
Interest from money market transactions	2.1	**1.2**	–42.0%
Other interest and similar income	6.0	**2.7**	–54.3%
Interest income	28.8	**24.8**	–13.8%

Interest expenses

(11)
Interest expenses

€m	Q1–3/2012	Q1–3/2013	Change
Interest on bonds	78.6	77.5	– 1.4%
Interest on bank loans	31.0	32.7	5.6%
Interest on other liabilities from electricity supply commitments	34.1	22.1	0.8%
Interest on financial liabilities under closed items on the balance sheet	20.7	20.9	– 35.3%
Net interest expense on personnel-related liabilities	16.5	16.6	0.8%
Interest on other non-current provisions	4.7	4.5	– 5.5%
Repayment of non-current financial liabilities from capital shares attributable to limited partners[1]	– 12.2	0.0	23.8%
Borrowing costs capitalised in accordance with IAS 23	– 19.8	– 12.0	100.0%
Profit or loss attributable to limited partners	– 41.8	– 31.8	39.6%
Other interest and similar expenses[2]	15.6	9.5	– 38.9%
Interest expenses	127.4	**139.9**	9.8%

[1] In quarter 3/2012, KELAG-Kärntner Elektrizitäts-AG contributed its 6.51% limited partner's share in VERBUND Thermal Power GmbH & Co KG aganist a capital share consideration into VERBUND Thermal Power GmbH. Thus, the capital shares attributable to limited partners presented under non-current financial liabilities were reduced. // [2] Other interest and similar expenses in quarters 1–3/2012 included a repayment premium and fees from the early repayment of a bond denominated in foreign currency (JPY).

Other financial result

(12)
Other financial result

€m	Q1–3/2012	Q1–3/2013	Change
Income from financial instruments	13.1	4.7	– 63.9%
Foreign exchange gains	13.4	14.1	4.8%
Foreign exchange losses	– 11.7	– 8.0	31.7%
Other expenses from financial instruments[1]	– 50.3	3.3	106.5%
Other financial result	– 35.5	**14.1**	139.6%

[1] In quarters 1–3/2012, this item included an effect on profit or loss of €13.4m from the measurement of the overall short position with respect to the former subsidiaries and second-tier subsidiaries of POWEO Production S.A.S. (including the financing and guarantees provided by VERBUND) and of €– 35.0m from the measurement of guarantee liabilities for the construction financing of the Toul combined cycle gas turbine power plant. Furthermore, €–28.8m was recognised under other expenses from financial instruments in quarters 1–3/2012 from the initial measurement of a financial guarantee of VERBUND that requires to be recognised for obligations of POWEO Pont-sur-Sambre Production S.A.S. resulting from a natural gas supply agreement with ENI S.p.A. In quarter 4/2013, POWEO Direct Energie waived the rights over the call option that had formed the basis of the short position. The guarantee liabilities were included in the total consideration transferred as a result of the first-time consolidation of POWEO Toul Production S.A.S. and POWEO Pont-sur-Sambre Production S.A.S. (and thus eliminated).

(13) Effects from impairment tests

Effects from impairment tests €m

	Q1–3/2012 Domestic	**Q1–3/2013 Domestic**	Change	Q1–3/2012 Foreign	**Q1–3/2013 Foreign**	Change
Impairment losses on interests accounted for using the equity-method[1]	–23.4	0.0	100.0%	0.0	–404.5	n.a.
Impairment losses on other equity interests	0.0	–41.6	n.a.	0.0	0.0	n.a.
Effects from impairment tests	–23.4	**–41.6**	–77.5%	0.0	**–404.5**	n.a.

[1] The impairment losses recognised in quarters 1–3/2012 concerned the 45% equity interest in Gletscherbahnen Kaprun AG that was sold effective 23 August 2012, the 49% equity interest in Energie Klagenfurt GmbH that was sold effective 21 November 2012 and the 34.57% equity interest in STEWEAG-STEG GmbH that was sold effective 18 January 2013.

Shkodra Region Beteiligungsholding GmbH

Shkodra Region Beteiligungsholding GmbH is a joint venture of VERBUND and EVN AG. On the one hand, it (indirectly) holds a 100% equity interest in Energji Ashta Shpk; on the other, it intends to develop additional projects in the Albanian Region of Shkodra. Energji Ashta Shpk constructed and operates a two-stage Hydromatrix power plant (installed capacity: 53 MW), conceived within the framework of an operator model, on the Drin River in Northern Albania.

During the construction phase, the power plant suffered flood-related damage, a delay in construction and corresponding additional costs. Albanian government representatives held out the prospect of an extension of the concession as economic compensation; however, in light of the results of the Albanian parliamentary elections in June 2013, an extension beyond 2043 is highly uncertain. In addition, the assumptions with respect to the discount rate had to be revised upwards due to an increase in market risk. Considering these indications of impairment, the 50.01% equity-accounted interest in Shkodra Region Beteiligungsholding GmbH was tested for impairment as at 30 June 2013. The recoverable amount was determined based on the value in use. The amount was calculated based on the DCF method. The discount rate before tax was 13.00%.

The cash flows relevant to measurement were derived from Energji Ashta Shpk's current planning. The determination of the value in use was based on a constant generation volume of 242 GWh over the planning period, corresponding to the mean energy capability. Prices for the first 15 years after commissioning were based on the electricity purchase agreement with Korporata Elektroenergjetike Shqiptare (KESH). For the subsequent period, the electricity price forecasts of the partners VERBUND and EVN AG were determined jointly; they correspond approximately to those of the VERBUND energy market model (VEMM). The material annual expenses from the planning were carried forward starting in 2014 with a 2.0% rate of increase. The planning period included the term of the hydropower plant concession.

The key valuation assumptions underlying the determination of the recoverable amount included the electricity price forecasts for the period following the end of the electricity purchase agreement, revenue from the sale of certified reductions in emissions, the term of the hydropower plant concession and the discount rate. An impairment loss was recognised in the amount of €8.5m.

Sorgenia S.p.A. (Group)

Sorgenia S.p.A. (Group) is an associate of VERBUND, with the majority being held by the Italian entity CIR S.p.A. With a generation portfolio mainly comprising 4 combined cycle gas turbine power plants (installed capacity: 3,170 MW) and wind farms (installed capacity: 121 MW), it is among the leading privately owned Italian energy groups. Furthermore, Sorgenia S.p.A. (Group) holds a (calculated) 39% equity interest in Tirreno Power S.p.A., an Italian power plant company with a generation portfolio (also) dominated by combined cycle gas turbine power plants, as well as a 50% equity interest in Sorgenia France S.A., a French wind farm company. In addition, Sorgenia S.p.A. (Group) is active to a small extent in the exploration and production (E&P) of crude oil and natural gas.

The situation in the Italian market is currently characterised by decreasing demand for electricity due to the negative macroeconomic trend, excess capacities on the electricity market and decreasing clean spark spreads. In addition, the assumptions with respect to the discount rate had to be revised upwards due to an increase in market risk. Considering these indications of impairment, the 45.65% equity interest in Sorgenia S.p.A. (Group) was tested for impairment as at 30 June 2013. The recoverable amount was determined on the basis of fair value less costs to sell, based on a sum-of-the-parts measurement of the operating segments using the discounted cash flow and multiples methods. The after-tax discount rates for the specific business areas were 7.25% and 8.00% respectively.

The cash flows relevant to measurement were derived from current planning for Sorgenia S.p.A. (Group) and are based primarily on near-market data. Fair value measurement was based on the installed capacities of the power plants. The assumed efficiency of the combined cycle gas turbine power plants operating at full capacity averaged 49.0%. Utilisation of the combined cycle gas turbine power plants was determined while taking account of the energy market and technical environment and/or restrictions with the help of optimisation models. The fair value measurement of the wind farms was based on an annual feed-in of between 233 GWh and 408 GWh, whereby an additional expansion of 79 MW in installed capacity was assumed for the years 2017 to 2019. Prices were determined using the average forecasts of two reputable market research institutes and information service providers in the energy market. Material annual expenses from the planning reflected cost savings and were carried forward at a 2.0% rate of increase. The fair value measurement of the consumer electricity and gas business was carried out by multiplying the number of customers with the typical costs incurred to attract new customers. The carrying amounts of E&P project and equity interests temporarily remaining with Sorgenia S.p.A. (Group) were applied as a realistic estimate of their fair values; project and equity interests that have already been sold were reflected in the fair value measurement by including the present value of expected earn-outs.

The planning period was determined for the combined cycle gas turbine power plants based on a total capacity of between 120,000 and 150,000 equivalent operating hours (EOHs) and was generally assumed to end in 2035.

Key valuation assumptions underlying the determination of the recoverable amount included the development of clean spark spreads, the discount rate and the sales proceeds for E&P project and equity interests. An impairment loss was recognised in the amount of €396.0m.

Energie AG Oberösterreich

The 5.18% equity interest in Energie AG Oberösterreich is recognised as an available-for-sale financial asset in VERBUND's consolidated financial statements (see: (22) Additional disclosures regarding financial instruments).

The disadvantageous changes in the economic environment described under (7) Effects from impairment tests also represent an objective indication of impairment of the equity interest in Energie AG Oberösterreich in accordance with IAS 39. Fair value (Level 2) was determined using the multiples method. The fair value of €69.1m as at 30 June 2013 was determined with the help of a trading multiple derived from a peer group. As a consequence of the decrease in fair value, €3.7m in measurements recognised in other comprehensive income (and thus directly in equity) was derecognised with no effect on net income, and impairment losses of €41.6m were recognised in profit or loss.

Effects from business acquisitions

(14)
Effects from business acquisitions

€m	Q1–3/2012	Q1–3/2013	Change
Fair value measurement of previously held equity interests in new subsidaries	0.0	977.8	n.a.
Fair value measurement of the exchanged equity interest in Enerjisa Enerji S.A. (Group)	0.0	478.7	n.a.
Reclassification adjustment of differences from currency translation	0.0	–127.9	n.a.
Reclassification of other components of other comprehensive income to be recycled	0.0	–36.2	n.a.
Costs from acknowledgements, declarations of approval and waivers	0.0	–32.5	n.a.
Success fees of investment banks	0.0	–11.3	n.a.
Costs from the reimbursement of refinancing costs of Enerjisa Enerji A.S. (Group)	0.0	–5.0	n.a.
Gains and losses from pre-existing relationships	0.0	0.1	n.a.
Effects from business acquisitions	0.0	**1,243.8**	n.a.

Notes to the statement of comprehensive income

(15)
Remeasurements of the net defined benefit liability

Provisions for pensions and similar obligations and for statutory severance payments have since 30 June 2013 been measured based on discount rates of 3.50% (30 September 2012 and 31 December 2012: 4.00%). The remeasurements of the net liability from this defined benefit obligation recognised in other comprehensive income in quarters 1–3/2013 amounted to €–40.8m (quarters 1–3/2012: €–40.8m) and resulted mainly from adjustments to the discount rate as at 30 June 2013.

(16)
Other comprehensive income from interests accounted for using the equity method

In quarters 1–3/2013, €165.4m of other comprehensive income from interests accounted for using the equity method relates to reclassification adjustments to the income statement for differences from currency translation and miscellaneous other comprehensive income resulting from the sale of the equity interest in the Turkish entity Enerjisa Enerji A.S. (Group).

(17)
Other comprehensive income after tax

Other comprehensive income after tax included €–3.8m (quarters 1–3/2012: €–4.2m) attributable to non-controlling interests.

Notes to the balance sheet

(18) Investments and other receivables

To date, VERBUND has completely or partially terminated around 85% of the cross-border leasing transaction volume; the last remaining transaction has an off-balance sheet financing structure (see: Contingent liabilities).

Although the partially terminated transactions were terminated early, the B-loans and the related investments were continued by VERBUND. All financing transactions are covered on the balance sheet.

Investments and other non-current receivables €m

	31/12/2012	30/9/2013	Change
Investments – closed items on the balance sheet	284.6	279.1	– 1.9%
Interest rate swaps – closed items on the balance sheet	124.1	90.8	– 26.8%
Other investments and other receivables	282.0	188.3	– 33.2%
Total	690.6	**558.3**	– 19.2%

(19) Inventories

Inventories €m

	31/12/2012	30/9/2013	Change
Inventories of primary energy sources held for generation	108.3	**67.2**	– 37.9%
Natural gas held for trading	8.1	7.0	– 14.2%
Measurements of natural gas held for trading	0.5	0.2	– 65.2%
Natural gas held for trading	8.6	**7.1**	– 17.2%
Emission rights held for trading	6.2	11.5	87.7%
Measurements of emission rights held for trading	0.0	– 0.3	n.a.
Fair value of emission rights held for trading	6.1	**11.3**	84.8%
Other	6.2	**10.0**	61.9%
Inventories	129.2	**95.6**	– 26.0%

The measurement benchmark for inventories of natural gas and emission rights held for trading by VERBUND is the fair value less costs to sell in accordance with the exception provided for raw materials and commodity broker-traders (brokerage exemption). The stock exchange price for front-month gas forwards on the Central European Gas Hub (CEGH) or NetConnect Germany (NCG) is the relevant price for inventories of natural gas held for trading. The fair value of emission rights held for trading corresponds to the quoted price on the European Energy Exchange (EEX); fair value is thus based on Level 1 measurements.

(20)
Non-current assets held for sale

The 34.57% equity interest in STEWEAG-STEG GmbH classified as held for sale as at 31 December 2012 was sold to Energie Steiermark AG and Energie Steiermark Finanz-Service GmbH effective 18 January 2013.

The 50% equity interest in Enerjisa Enerji A.S. (Group) classified as held for sale as at 31 December 2012 was sold effective 24 April 2013 to DD Turkey Holdings S.à.r.l., a 100% subsidiary of E.ON SE, as part of a transaction to be viewed in its entirety (asset swap) for the acquisition of (additional) Bavarian hydropower plant capacities (see: Business acquisitions).

The 50.1% equity interest in POWEO Outre-mer Solaire S.A.S. (Group) continued to be classified as held for sale as at 30 September 2013. Open tax law-related questions that had previously delayed the sale of the equity interest were clarified by notification in quarter 2/2013; the sales process is expected to be relaunched as soon as possible. VERBUND expects the equity interest to be sold within one year. POWEO Outre-mer Solaire S.A.S. (Group) is active in project development and in the operation of photovoltaic farms and rooftop photovoltaic systems in French overseas territories. This equity interest will temporarily remain with VERBUND merely as an interim step to enable the best possible disposal of the renewable energy projects of (former) POWEO Production S.A.S. The decision to sell this equity interest was taken as a result of VERBUND's strategic focus.

(21)
Non-current financial liabilities

Non-current financial liabilities €m

	31/12/2012	**30/9/2013**	Change
Financial liabilities – closed items on the balance sheet	408.6	369.9	–9.5%
Other financial liabilities	3,526.7	2,889.9	–18.1%
Total	3,935.2	**3,259.8**	–17.2%

(22) Additional disclosures regarding financial instruments

Carrying amounts and fair values by measurement categories 30/9/2013

€m

Assets – balance sheet items	Measurement categories in accordance with IAS 39 or measurement in accordance with other IFRSs	Stufe	Carrying amount	Fair value
Interests in non-consolidated subsidiaries	FAAC		1.2	–
Other equity interests	FAAFS	2	69.1	69.1
Other equity interests	FAAC		19.8	–
Other equity interests			**90.1**	
Securities	FAAFS	1	103.5	103.5
Securities	FAAFS	2	2.7	2.7
Securities	FAAC		3.0	–
Securities – closed items on the balance sheet	LAR		49.8	43.9
Other loans – closed items on the balance sheet	LAR		229.3	236.1
Derivatives in the finance area – closed items on the balance sheet	FAHFT	2	90.8	90.8
Loans to investees	LAR		70.5	74.2
Other loans	LAR		1.2	1.2
Other	–		7.5	–
Other non-current investments and non-current other receivables			**558.3**	
Trade receivables	LAR		237.9	237.9
Receivables from investees	LAR		61.4	61.4
Receivables from non-consolidated subsidiaries	LAR		1.4	1.4
Loans to investees	LAR		38.5	38.7
Other loans	LAR		560.3	562.2
Derivatives in the energy area	FAHFT	2	166.4	166.4
Derivatives in the finance area	FAHFT	2	1.8	1.8
Money market transactions	LAR		40.3	40.3
Emission rights	IAS 38, IAS 2		7.6	–
Other	LAR		50.3	50.3
Other	–		126.3	–
Trade receivables and current other receivables			**1,292.1**	
Cash and cash equivalents	**LAR**		**48.2**	**48.2**
Aggregated by measurement categories				
Financial assets at cost	FAAC[1]		23.9	
Loans and receivables	LAR[2]		1,389.1	
Available-for-sale financial assets	FAAFS[3]		175.3	
Financial assets held for trading	FAHFT[4]		259.0	

[1] Financial Assets at Cost // [2] Loans and Receivables // [3] Financial Assets Available for Sale // [4] Financial Assets Held for Trading

Carrying amounts and fair values by measurement categories 30/9/2013

€m

Liabilities – balance sheet items	Measurement categories in accordance with IAS 39 or measurement in accordance with other IFRSs	Level	Carrying amount	Fair value
Bonds	FLAAC		2,177.1	2,389.6
Financial liabilities to banks and to others	FLAAC		1,357.4	1,386.8
Financial liabilities to banks – closed items on the balance sheet	FLAAC		88.9	105.8
Financial liabilities to banks – closed items on the balance sheet	FLAFVPL	2	281.0	281.0
Capital shares attributable to limited partners	IAS 32		2.0	–
Non-current and current financial liabilities			3,906.5	
Electricity supply commitment	–		184.8	–
Derivatives in the energy area	FLHFT	3	14.3	14.3
Trade payables	FLAAC		1.0	1.0
Deferred income for grants (emission rights)	IAS 20		2.4	–
Other	FLAAC		87.6	87.6
Other	–		8.9	–
Non-current other liabilities			299.0	
Trade payables	FLAAC		133.1	133.1
Derivatives in the energy area	FLHFT	1	1.5	1.5
Derivatives in the energy area	FLHFT	2	133.2	133.2
Derivatives in the energy area	FLHFT	3	1.5	1.5
Derivatives in the finance area	FLHFT	2	34.9	34.9
Other	FLAAC		27.6	27.6
Other	–		67.3	–
Trade payables and current other liabilities			399.1	
Aggregated by measurement categories				
Financial liabilities at amortised cost	FLAAC[1]		3,872.8	
Financial liabilities at fair value through profit or loss	FLAFVPL[2]		281.0	
Financial liabilities held for trading	FLHFT[3]		185.4	

[1] Financial Liabilities at Amortised Cost // [2] Financial Liabilities at Fair Value through Profit or Loss // [3] Financial Liabilities Held for Trading

Of the derivative financial instruments in the energy area classified as FAHFT and FLHFT in the above table, positive fair values in the amount of €69.5m and negative fair values in the amount of €106.6m relate to hedging relationships designated as cash flow hedges. These fair values represent gross amounts; following the inter-portfolio netting carried out in accordance with VERBUND's accounting policies, cash flow hedges can no longer be isolated.

Valuation methods and input factors for determining fair values

Level	Financial instruments	Valuation method	Input factor
1	Listed securities	Market approach	Nominal values, stock exchange price
1	Listed energy forwards	Market approach	Settlement price published by the stock exchange
2	Other assets and liabilities measured at fair value in the finance area	Net present value approach	Cash flows already fixed or determined via forward rates, yield curve, credit risk of the contracting parties
2	Securities and other loans under closed items on the balance sheet, long-term loans, liabilities to banks, bonds and other financial liabilities	Net present value approach	Payments associated with the financial instruments, yield curve, credit risk of the contracting parties (credit default swaps or credit spread curves)
2	Non-listed energy forwards	Net present value approach	Forward price curve derived from stock exchange, yield curve, credit risk of the contracting parties
3	Non-listed energy forwards (natural gas supply contract for the Mellach combined cycle gas turbine power plant)	Net present value approach	Price forecasts for natural gas and crude oil, take-or-pay volumes optimised according to utilisation for a monthly period, contractual term, yield curve, credit risk of the contracting parties, likelihood of winning the competition law proceedings
–	Cash and cash equivalents, trade receivables, current other receivables, borrowing within current credit lines as well as current other liabilities	–	Carrying amounts as a realistic estimate of fair value
–	Interests in non-consolidated subsidiaries and other equity interests	–	Reliable estimate of future cash flows mostly not possible; no comparable transactions for fair value measurement using analogy methods

Level 3 measurement of financial instruments

€m	2012	2013
Carrying amount as at 1/1/	0.0	**60.4**
Additions	58.2	0.0
Measurement gains or losses (recognised in expenses for electricity, grid, gas and certificate purchases)	0.0	–44.6
Disposals	0.0	0.0
Carrying amount as at 30/9/	58.2	**15.8**

An application for redress for competition law infringements by EconGas GmbH was filed with the Higher Regional Court of Vienna on 29 May 2013 in connection with the long-term natural gas supply agreement for the Mellach combined cycle gas turbine power plant. The effect on profit or loss from the measurement of the natural gas supply agreement is significantly influenced by the likelihood of winning these competition law proceedings as reflected in the determination of fair value.

Sensitivity analysis for significant, non-observable input factors

€m	Assumption	Change in assumption	If assumption increases, operating result changes by	If assumption decreases, operating result changes by
Forecast (oil-indexed) contract price for natural gas[1]	28.6 €/MWh	± 10%	–32.9	28.6
Forecast wholesale price for natural gas[2]	25.1 €/MWh	± 10%	30.0	–28.1
Term[3]	2026	n.a.	n.a.	n.a.
Annual take-or-pay volume[4]	3,125 GWh	n.a.	n.a.	n.a.
Likelihood of winning the competition law proceedings[5]	n.a.	n.a.	n.a.	n.a.

[1] The forecast (oil-indexed) contract price for natural gas was determined based on the average forecasts of two reputable market research institutes and information service providers in the energy market. The indicated contract price relates to October 2013. The sensitivity analysis varies the forecast price constantly over the duration of the natural gas supply agreement. // [2] The forecast wholesale price for natural gas was determined based on the average forecasts of two reputable market research institutes and information service providers in the energy market. The indicated wholesale price for natural gas relates to October 2013. The sensitivity analysis varies the forecast price constantly over the duration of the natural gas supply agreement. // [3] A 20 year term lasting until 2031 was negotiated in the natural gas supply agreement. However, both contractual parties have a one-off opportunity to terminate the agreement after 15 years. The fair value was determined based on a 15 year term, since the contractual partner who is disadvantaged at that time will presumably terminate the natural gas supply agreement. // [4] A fixed annual take-or-pay volume was negotiated over the entire term of the natural gas supply agreement. Therefore, the annual take-or-pay volume can only be changed if the agreement is amended. // [5] The note disclosures on the expected likelihood of winning in the proceedings for anti-competitive conduct on the part of EconGas GmbH as well as on the sensitivity of this input factor have been omitted, because it is likely that their inclusion would seriously prejudice VERBUND's position in the proceedings for anti-competitive conduct.

Notes to the cash flow statement

(23) Cash flow from operating activities

Other non-cash expenses and income mainly include non-cash fair value measurements in the course of acquiring Bavarian hydropower plant capacities, the related reclassification adjustments from other comprehensive income to the income statement (see: (14) Effects from business acquisitions) as well as the income from the repurchase of 60% of the electricity supply commitment from the Tyrolean Zemm/Ziller storage power plant group (see: (3) Other operating income).

Cash flow from operating activities in quarters 1–3/2013 includes variation margin payments from futures contracts in the energy area in the amount of €–16.5m (quarters 1–2/2012: €–12.9m).

Other note disclosures

Dividends paid

Dividends paid

	Total (€m)	Number of ordinary shares	Per share (€)
Dividend paid in 2013 for financial year 2012	208.5	347,415,686	0.60
Dividend paid in 2012 for financial year 2011	191.1	347,415,686	0.55

Purchase commitments

Purchase commitments for property, plant and equipment, intangible assets and other services

€m

	30/9/2013	of which payable in 2013	of which payable 2014–2018
Total commitment	**749.5**	452.7	271.0

Outstanding contribution commitments

Outstanding contribution commitments to investees include equity contributions, provided the corresponding shareholder resolutions have already been passed. As at 30 September 2013, there were no outstanding contribution commitments to investees.

Contingent liabilities

VERBUND's last remaining cross-border leasing transaction has an off-balance sheet financing structure. As at 30 September 2013, VERBUND's secondary liability for the non-redeemed portion of lease liabilities from cross-border leasing transactions amounted to €481.0m (31 December 2012: €511.5m). Of the rights of recourse against primary debtors, a total of €351.2m (31 December 2012: €384.3m) was secured through counter-guarantees from financial institutions, entities entitled to purchase electricity and regional authorities (from guarantors' liabilities). In addition, €180.9m (31 December 2012: €178.3m) was covered by off-balance sheet investments.

As at 30 September 2013, other liabilities included contingent liabilities in the amount of €29.9m (31 December 2012: €29.9m) in the form of guarantees issued by VERBUND for Verbundplan Birecik Baraji Isletme Ltd. Sti. (VBOC), which is not consolidated.

Transactions with related parties

Transactions with investees accounted for using the equity method €m

	Q1–3/2012	Q1–3/2013	Change
Income statement			
Electricity revenue	317.3	61.6	–80.6%
Grid revenue	41.3	22.6	–45.4%
Other revenue	–2.0	6.1	n.a.
Other operating income	3.5	6.6	92.1%
Expenses for electricity, grid, gas and certificate purchases	–125.0	–41.9	66.5%
Fuel expenses and other usage-dependent expenses	–0.5	–0.5	9.1%
Other operating expenses	–1.8	–0.9	50.0%
Interest expenses	–2.2	–0.1	94.2%
Interest income	4.5	1.8	–60.7%
Other financial result	4.3	1.4	–67.8%

	31/12/2012	30/9/2013	Change
Balance sheet			
Investments and other non-current receivables	107.0	70.5	–34.1%
Trade receivables and other current receivables	75.6	80.1	6.0%
Current provisions	2.9	1.8	–35.4%
Trade payables and other current liabilities	25.5	7.2	–71.8%
Non-current financial liabilities	44.0	0.0	–100.0%

The determination of the above disclosures correspondingly reflected the fact that STEWEAG-STEG GmbH was still a related party of VERBUND as defined under IAS 24 for at least a part of the reporting period quarters 1–3/2013, as were Kärntner Restmüllverwertungs GmbH, Gletscherbahnen Kaprun AG and Energie Klagenfurt GmbH for at least a part of the comparison period quarters 1–3/2012). POWEO Pont-sur-Sambre Production S.A.S. and POWEO Toul Production S.A.S. as well as Österreichisch-Bayerische Kraftwerke AG, Donaukraftwerk Jochenstein AG and Grenzkraftwerke GmbH were also to be classified as related parties until their first-time consolidation in quarter 4/2012 and/or quarter 2/2013. The same applied for Enerjisa Enerji A.S. (Group) until the equity interest was disposed of as part of the acquisition of (additional) Bavarian hydropower plant capacities in quarter 2/2013. Electricity revenue with equity-accounted investees was generated mainly with KELAG-Kärntner Elektrizitäts-AG (€32.8m; quarters 1–3/2012: €52.0m) and STEWEAG-STEG GmbH (€23.2m until the equity interest was sold; quarters 1–3/2012: €225.5m). This electricity revenue has to be seen alongside with electricity purchases from KELAG-Kärntner Elektrizitäts-AG in the amount of €15.7m (quarters 1–3/2012: €17.1m), from Ennskraftwerke AG in the amount of €15.6m (quarters 1–3/2012: €17.1m) and from Österreichisch-Bayerische Kraftwerke AG (until it was first consolidated) in the amount of €5.7m (quarters 1–3/2012: €12.8m).

Electricity revenue from companies controlled or significantly influenced by the Republic of Austria in quarters 1–3/2013 totalled €47.5m (quarters 1–3/2012: €70.6m). Electricity was purchased mainly by OMV, Bundesbeschaffungs GmbH (BBG), Autobahnen- und Schnellstraßen-Finanzierungs-AG (ASFINAG), Telekom Austria AG and Österreichische Bundesbahnen (ÖBB). Electricity purchased from companies controlled or significantly influenced by the Republic of Austria amounted to a total of €0.5m in quarters 1–3/2013 (quarters 1–3/2012: €0.9m). The electricity deliveries were carried out primarily by Österreichische Bundesbahnen (ÖBB). Gas purchased from companies significantly influenced by the Republic of Austria and included under fuel expenses amounted to a total of €20.6m in quarters 1–3/2013 (quarters 1–3/2012: €40.2m). This purchase of gas resulted from the existing natural gas supply agreement with EconGas GmbH, which however is being called into question under competition laws. Since quarter 3/2012, the own-use exemption provided under IAS 39 can no longer be applied for this contract. In quarters 1–3/2013, the effect on profit or loss from the fair value measurement of this natural gas supply agreement, which qualifies as a free-standing derivative, was €44.6m (quarters 1–3/2012: €–58.2m; see also: (4) Expenses for electricity, grid, gas and certificate purchases). The corresponding derivative financial instrument in the energy area was recognised in non-current other liabilities in the amount of €14.3m (31 December 2012: €53.9m) and in current other liabilities in the amount of €1.5m (31 December 2012: €6.5m).

VERBUND's expenses for monitoring by Energie-Control in quarters 1–3/2013 amounted to a total of €9.7m (quarters 1–3/2012: €9.4m).

Audit or review

These consolidated interim financial statements of VERBUND were subjected to neither an audit nor a review.

Events after the balance sheet date

There were no events requiring disclosure between the balance sheet date of 30 September 2013 and the authorisation for issue on 25 October 2013.

Responsibility statement of the legal representatives

We confirm according to the best of our knowledge that the condensed consolidated interim financial statements of VERBUND as at 30 September 2013, prepared in accordance with the accounting standards for interim financial reports under International Financial Reporting Standards (IFRSs), give a true and fair view of the assets and liabilities, financial position and profit or loss of the Group.

We also confirm that the consolidated interim management report of VERBUND gives a true and fair view of the assets and liabilities, financial position and profit or loss of the Group with respect to the important events during the first 9 months of the financial year and their effects on the condensed consolidated interim financial statements as at 30 September 2013 and with respect to the principle risks and uncertainties in the remaining 3 months of the financial year.

Vienna, 25 October 2013
Executive Board

Dipl.-Ing. Wolfgang Anzengruber
Chairman of the Executive Board

Dr. Johann Sereinig
Vice-Chairman of the Executive Board

Dipl.-Ing. Dr. Günther Rabensteiner
Member of the Executive Board

Notes

EDITORIAL DETAILS

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Shareholder structure:
– Republic of Austria (51.0%)
– Syndicate (>25.0%) consisting of EVN AG (the shareholders of which are: Niederösterreichische Landes-Beteiligungsholding GmbH 51%, EnBW Energie Baden-Württemberg AG 32.5%) and Wiener Stadtwerke (whose sole shareholder is the City of Vienna)
– TIWAG-Tiroler Wasserkraft AG (>5.0%, the sole shareholder is the province of Tyrol)
– Free float (<20.0%): no further information is available concerning proprietors of shares in free float.

Legal and statutory limitations of voting rights:
With the exception of regional authorities and companies in which regional authorities hold an interest of at least 51%, the voting rights of each shareholder in the Annual General Meeting are restricted to 5% of the share capital.

Regulatory body/trade associations:
E-Control GmbH/E-Control Kommission
Bundesministerium für Wirtschaft und Arbeit
Wirtschaftskammer Österreich
Oesterreichs Energie

Object of the Group:
The Group focus is on the generation, transportation, trading with and sales of electrical energy.

Executive Board:
Wolfgang Anzengruber (Chairman),
Johann Sereinig (Vice-Chairman),
Günther Rabensteiner

Supervisory Board:
Gilbert Frizberg (Chairman), Peter Püspök (1st Vice-Chairman), Reinhold Süßenbacher (2nd Vice-Chairman), Alfred H. Heinzel, Harald Kaszanits, Herbert Kaufmann, Peter Layr, Gabriele Payr, Christa Wagner, Siegfried Wolf, Anton Aichinger, Ingeborg Oberreiner, Kurt Christof, Harald Novak, Joachim Salamon

Purpose of publication:
Information for customers, partners and the general public about the utilities sector and the Group.

Specific laws applicable:
Austrian Electricity Industry and Organisation Act (Elektrizitätswirtschafts- und -organisationsgesetz, ElWOG) with associated regulations and implementation laws. These laws can be accessed via the legal information system of the Federal Chancellery of the Republic of Austria at www.ris.bka.gv.at.

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