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

Interim report quarter 1/2013

Verbund
Power for the Future

Contents

At a glance

- Water supply well above long-term average
- Decrease in average achieved contract prices for electricity
- Earnings suffer from difficult economic situation for gas power plants
- Group result significantly weaker due to negative result from equity interest in Sorgenia
- Increase in operating cash flow; free cash flow markedly positive
- Capital expenditure programme reduced from €2.2 billion to €1.5 billion by 2017
- Asset swap with E.ON completed on 24 April 2013

Key figures

	Unit	Q1/2012	Q1/2013	Change
Revenue	€m	837.8	862.3	2.9%
EBITDA[1]	€m	348.8	312.3	–10.5%
Operating result[1]	€m	283.7	233.7	–17.6%
Group result[1]	€m	129.1	77.1	–40.3%
Earnings per share[1]	€	0.37	0.22	–40.3%
EBIT margin[1]	%	33.9	27.1	–
EBITDA margin[1]	%	41.6	36.2	–
Cash flow from operating activities	€m	246.1	285.1	15.8%
Capex for intangible assets and property, plant and equipment	€m	155.9	97.0	–55.4%
Free cash flow	€m	–144.8	53.4	n.a.
Average number of employees		3,023	3,085	2.1%
Electricity sales volume	GWh	11,502	12,183	5.9%
Hydro coefficient		1.19	1.20	–

	Unit	31/12/2012	31/3/2013	Change
Balance sheet total	€m	12,387.3	12,397.7	0.1%
Equity	€m	5,099.4	5,209.6	2.2%
Equity ratio (adjusted)	%	42.6	43.4	–
Net debt[2]	€m	3,311.7	3,161.5	–4.5%
Gearing	%	64.9	60.7	–

[1] The comparative figures were adjusted retrospectively in accordance with IAS 8 as a consequence of the first-time application of IAS 19 (2011) in quarter 3/2012. // [2] Net debt is calculated as at the reporting date. In the periods following the completion of the asset swap of the Turkish equity interest for shares in German hydropower plants, net debt will increase based on the addition of these hydropower plants.

Report of the Executive Board

Dear Shareholders, the economic conditions for electricity suppliers in Europe have deteriorated even more in recent months. Wholesale prices for electricity remain under sustained pressure, above all as a result of massive oversubsidisation of new renewable energy in combination with a non-functioning CO_2 market. On 16 April 2013, the European Parliament rejected the proposal of the European Commission to temporarily take 900 million carbon certificates off the market. This led to a sudden additional decrease in CO_2 prices as well as in wholesale electricity prices, thus negating efforts of the CO_2 market towards a switch to low-carbon generation technologies. In addition, gas power plants are under massive economic pressure, mainly due to long-term, overpriced gas supply agreements that are linked to the price of oil.

To counteract these negative developments, we have cut back on our capital expenditure programme, initiated cost reductions in the Group and streamlined our investment portfolio. Despite the difficult climate for power generation, VERBUND again generated a solid result.

EBIT, EBITDA and Group result under pressure

In quarter 1/2013, operating business was positively impacted by the good water supply. The hydro coefficient was 1.20, 20.0% above the long-term average and 1 percentage point above the previous year's figure. However, the overall decline in wholesale electricity prices put just as much of a strain on the earnings trend as the continuing difficult economic situation for gas power plants. The operating result therefore decreased by 17.6% to €233.7m, and EBITDA deteriorated by 10.5% to €312.3m compared to the previous year. The Group result declined significantly, dropping by 40.3% to €77.1m. The decrease was above all due to the negative contribution from Sorgenia in Italy, the primary cause of which was an impairment loss on one of its equity interests.

New investments in the high-voltage grid and wind power

The capital expenditure programme budgeted until 2017 was reduced significantly – from €2.2 billion to €1.5 billion. Due to the difficult market climate, VERBUND plans to invest primarily in regulated business areas such as the Austrian high-voltage grid and the development of wind power in Austria, Germany and Romania. In the Lower Austrian Bruck an der Leitha district, we are, until the start of 2014, building the Hollern II and Petronell-Carnuntum II wind farms with a total capacity of 36 MW. In Germany, a part of the wind farm constructed in 2012 in Rhineland-Palatinate (86 MW) is already in operation, and the rest of the installation will open by quarter 3/2013. In Romania, two additional wind farms will be constructed by quarter 1/2014 with a joint capacity of 127 MW.

Investments in the grid infrastructure allow the expansion of renewable energy and reinforce the security of supply in addition to ensuring stable financial returns. The second part of the 380 kV Salzburg line will enter the crucial phase with the start of the environmental impact assessment in Salzburg and Upper Austria.

In the area of hydropower, we are continuing to build the Reisseck II/Carinthia pumped storage power plant (operation from 2014) and are completing the Ashta/Albania run-of-river power plant.

Strengthening the capital structure and lowering costs

The challenging conditions for electricity suppliers call for strict cost discipline. Our first step will be to reduce costs across the Group in 2013, and further measures are being prepared.

At the same time, we will strengthen our capital structure to increase VERBUND's flexibility in an energy and general economic environment where risks are higher. In quarter 1/2013, VERBUND received approximately €270m from the sale of its shares in Styrian energy supplier STEWEAG STEG GmbH (SSG). This largely concludes our divestment programme in Austria. As a result of the asset swap with E.ON, VERBUND got a difference payment of around €400m. This transaction closed on 24 April 2013.

We are currently reviewing all options for improving profitability in the area of thermal power, especially for gas power plants.

Significant growth in household customers

As the leading supplier of quality electricity in Austria, our goal is to continue expanding our position in the Austrian consumer market. In quarter 1/2013, VERBUND registered significant growth, increasing the number of household customers to approximately 265,000.

Outlook for the full year

For financial year 2013, we plan to increase the dividend and pay a total of €1/share. This is based on successful completion of the asset swap with E.ON, the profits from which we will share with our shareholders. On the basis of average own generation from hydropower, we expect EBITDA for financial year 2013 to amount to approximately €1 billion. The year-to-date water supply in 2013 supports this outlook.

Dipl.-Ing. Wolfgang Anzengruber

Dr. Johann Sereinig

Dr. Ulrike Baumgartner-Gabitzer

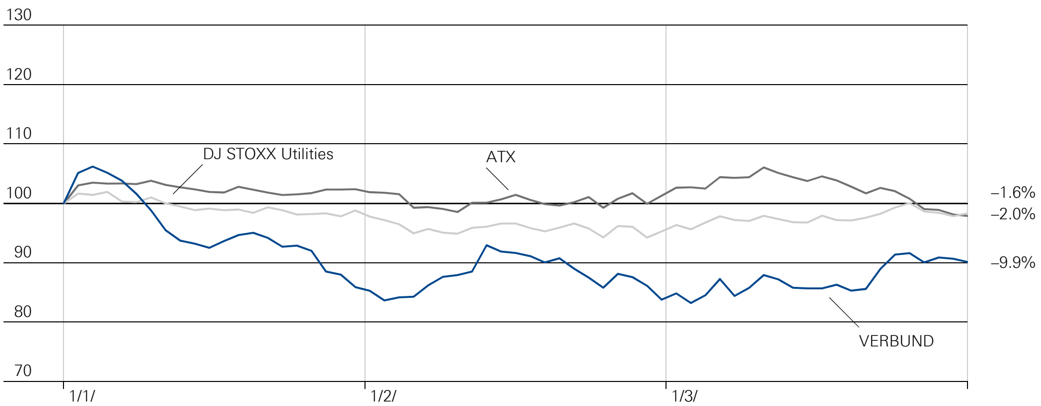
Dipl.-Ing. Dr. Günther Rabensteiner

Investor relations

Performance of the international stock markets varied greatly in quarter 1/2013. While share prices made strong gains in Japan and the USA, there was little movement on the European indices. Repercussions from the debt crisis are being seen on the European exchanges. An unclear majority after elections in Italy and growing concerns about the economic situation in France and Spain have halted the upward trend in effect at the start of the year and led to price losses. A recent positive trend at the beginning of March was disrupted by the crisis in Cyprus. The Euro Stoxx 50 index was thus down slightly with a drop of 0.5%. By contrast, the US Dow Jones Industrial stock index closed trading on 31 March 2013 at 14,578.54 points, the highest level in its history, with an increase of 11.3% over the 2012 year-end level. The Nikkei 225 climbed even further with an increase of 19.3%

Contact:
Andreas Wollein
Head of Group Finance
and Investor Relations
Phone: + 43(0)50313-52604
investor-
relations@verbund.com

VERBUND share price: relative performance 2013



After seeing brief upward movement at the start of the year, VERBUND shares lost significantly in value in quarter 1/2013. The main reason for the decline was the difficult environment for utilities and the related collapse of wholesale electricity prices. VERBUND shares closed at €16.9 on 31 March 2013, down 9.9% from the price on 31 December 2012. Their performance was therefore weaker than the ATX (–2.0%) and DJ STOXX Utilities sector index (–1.6%).

Upcoming dates:
Dividend payment:
7 May 2013
Half-year result:
31 July 2013

Shares: key figures

	Unit	Q1/2012	**Q1/2013**	Change
Share price high	€	23.0	19.9	– 13.3%
Share price low	€	20.1	15.6	– 22.3%
Closing price	€	22.8	16.9	– 25.8%
Performance	%	10.0	– 9.9	–
Market capitalisation	€m	7,924.6	5,874.8	– 25.8%
ATX weighting	%	4.7	3.1	–
Value of shares traded	€m	425.6	532.3	25.1%
Shares traded per day	Shares	308,042	511,292	66.0%

Consolidated interim management report

Business performance

Electricity supply and sales volume

Group electricity supply GWh

	Q1/2012	Q1/2013	Change
Hydropower[1]	6,512	6,741	3.5%
Wind/solar power	51	138	n.a.
Thermal power	1,765	1,604	–9.1%
Own generation	8,328	**8,483**	1.9%
Electricity purchased from third parties	2,920	3,636	24.5%
Electricity purchased for grid loss and control energy volumes	822	843	2.6%
Electricity supply	12,071	**12,962**	7.4%

[1] incl. purchase rights

At 8,483 GWh, VERBUND's own generation in quarter 1/2013 was 155 GWh higher than in quarter 1/2012. Generation from hydropower increased by 229 GWh. The hydro coefficient for run-of-river power plants was 1.20, 20.0% above the long-term average and 1 percentage point above the previous year's figure. Generation from annual storage power plants also increased significantly (+8.8%). This can be attributed in particular to high generation from pumping. Wind power and photovoltaic installations generated 87 GWh more electricity. Installations in Germany and Romania were responsible for 95 GWh of total generation. However, generation from thermal power plants decreased by 161 GWh. The newly erected CCGT in Mellach/Styria generated a total of 284 GWh in quarter 1/2013 (quarter 1/2012: 395 GWh). Generation from other VERBUND thermal power plants in Austria remained nearly the same (–7 GWh). In France, the Toul CCGT was put into operation. The two French thermal power plants nonetheless produced a total of 43 GWh less electricity in quarter 1/2012 owing to market conditions.

The purchase of electricity from third parties for the trading and sales business increased by 715 GWh. Electricity purchased from third parties for grid losses and control energy was nearly unchanged.

Group electricity sales and own use GWh

	Q1/2012	Q1/2013	Change
Consumers	2,392	2,493	4.2%
Resellers	5,234	5,377	2.7%
Traders	3,876	4,313	11.3%
Electricity sales volume	11,502	**12,183**	5.9%
Own use	485	649	33.8%
Control energy volumes	84	129	53.6%
Electricity sales and own use	12,071	**12,962**	7.4%

Electricity sales volume increased by 681 GWh in quarter 1/2013. The increase in sales to resellers (+142 GWh) is attributable to higher sales to German municipal utilities and higher supply volumes from purchase rights to Austrian state energy suppliers. Electricity deliveries to trading firms increased by 437 GWh, primarily due to increased sales via energy exchanges as a result of German hydropower marketing. VERBUND also increased its sales to consumers (+102 GWh). The decrease in domestic sales (–157 GWh) was significantly overcompensated by higher volumes sold to international consumers (+259 GWh).

VERBUND's own use for electricity also increased, above all due to higher demand for pumped storage power plants.

Electricity sales by country GWh

	Q1/2012	Q1/2013	Change
Austria	6,071	5,962	– 1.8%
Germany	4,125	5,071	22.9%
France	1,145	934	– 18.4%
Italy	62	103	66.1%
Others	99	113	14.1%
Electricity sales volume	11,502	**12,183**	5.9%

In quarter 1/2013, approximately 49% of the electricity sold by VERBUND went to the Austrian market. The focus of international trading and distribution activities is the German market, which accounts for 81.5% of all volumes sold abroad.

Financial performance

Results €m

	Q1/2012	Q1/2013	Change
Revenue	837.8	862.3	2.9%
EBITDA[1]	348.8	312.3	– 10.5%
Operating result[1]	283.7	233.7	– 17.6%
Group result[1]	129.1	77.1	– 40.3%
Earnings per share in €[1]	0.37	0.22	– 40.3%

[1] The comparative figures were adjusted retrospectively in accordance with IAS 8 as a consequence of the first-time application of IAS 19 (2011) in quarter 3/2012.

Electricity revenue

Electricity revenue rose slightly in quarter 1/2013, increasing by €0.1m to €710.6m. Electricity sales volumes rose by 5.9% year-on-year. However, this was counteracted by a negative price variation as a result of the overall low price level.

Grid revenue

External grid revenue increased by 5% to €105.9m. In quarter 1/2013, the provisions recognised in 2012 for a possible rescission of the 2012 System Usage Rates Directive (SNT-VO) were adjusted and thus partially reversed. Reversal of this provision more than compensated for the amount transferred to the provision for a possible rescission of the 2013 SNE-VO, which led to an improvement of approximately €8.9m compared with quarter 1/2012. A negative effect ensued from lower international grid revenues, the decline which could not be fully compensated by national grid revenues.

Other revenue and other operating income

Other revenue increased by €19.4m to €45.8m. The increase is mainly attributable to revenue from green electricity certificates. Other operating income fell by €14.2m to €17.0m. The decline in comparison with quarter 1/2012 was due in particular to positive effects in that quarter, such as the capitalisation of costs associated with the trial operation of the Mellach CCGT as well as revenue from loss settlements.

Expenses for electricity, grid and gas purchases

Expenses for electricity, grid and gas purchases as well as emission rights purchases (trade) increased by 5.2% to €355.9m. 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 736 GWh. However, this negative variance in terms of quantity was more than compensated by lower purchase prices as well as lower reimbursements of expenses for purchase rights. Expenses for electricity purchases thus declined by €1.6m compared with quarter 1/2012, while expenses for grid purchases rose slightly by €4.3m. In contrast, expenses for gas purchases increased significantly, rising by €13.7m to €26.4m. 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 quarter 1/2013, the resulting effect on profit or loss was €–11.4m.

Fuel expenses

Fuel and other usage-dependent expenses rose by 37.4% to €83.2m. The increase can be mainly attributed to the operation of the French Pont-sur-Sambre and Toul CCGTs, which generated a total of 493 GWh in electricity in quarter 1/2013 (the 100% equity interests in POWEO Pont-sur-Sambre Production S.A.S. and POWEO Toul Production S.A.S. were initially consolidated on 31 October 2012). A counteracting effect resulted from reduced operation of the Mellach CCGT (–111 GWh compared with quarter 1/2012).

Personnel expenses

Personnel expenses fell by €3.2m to €76.9m. Wages, salaries and ancillary expenses increased by €1.4m to €76.4m. The adjustment to wages and salaries under the collective agreement and the consolidation of POWEO Pont-sur-Sambre Production S.A.S. and POWEO Toul Production S.A.S. contributed to the rise in personnel expenses since quarter 4/2012. Expenses for severance payments and pensions decreased by €4.6m to €0.5m.

Amortisation & depreciation

Amortisation of intangible assets and depreciation of property, plant and equipment rose by €9.7m to €74.8m. The increase was mainly due to 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 Mellach CCGT and the wind farms in Romania as well as partial commissioning of the German wind farms also increased expenses.

Other operating expenses

Other operating expenses rose by €9.8m to €51.0m compared to the same period in 2012. The rise resulted in particular from 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 higher maintenance in the area of hydropower.

Effects from impairment tests

The effects from impairment tests of €–3.8m in quarter 1/2013 were mostly due to the impairment test carried out on a wind farm of Haos Invest EAD. The circumstances surrounding the impairment loss are described in detail in the selected explanatory notes to the consolidated financial statements.

Operating result

As a consequence of the above developments, the operating result decreased by 17.6% to €233.7m. The operating result before effects from impairment tests fell by 16.3% to €237.5m.

Result from equity interests

The result from interests accounted for using the equity method decreased by €58.0m to €–49.8m. The contribution from foreign interests fell by €48.3m to €–54.7m. The decline was primarily attributable to the contribution of Sorgenia S.p.A. (Group) in Italy in the amount of €–49.1m (quarter 1/2012: €–11.6m). This negative earnings contribution resulted in particular from an impairment loss recognised by Sorgenia S.p.A. (Group) on its 39% equity interest in Tirreno Power S.p.A. The resulting impact on profit or loss for VERBUND totalled €–38.4m in quarter 1/2013 and also included reductions in the fair value adjustments from hidden reserves identified with respect to the equity interest in Tirreno Power S.p.A. in connection with capital increases and share purchases. The contribution of Turkish Enerjisa Enerji A.S was €4.7m in quarter 1/2012. As a result of the classification of the equity interest as "held for sale", equity-method accounting ceased in quarter 4/2012.

Income from domestic interests accounted for using the equity method amounted to €4.9m (quarter 1/2012: €14.6m). This mainly included the earnings contribution of KELAG in the amount of €4.6m (quarter 1/2012: €4.3m). The contribution of SSG was €8.5m in quarter 1/2012. 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 €1.6m to €8.4m compared with quarter 1/2012. Interest expenses declined by €20.2m to €58.6m, primarily due to the losses attributable to the partners of VERBUND Thermal Power GmbH & Co KG. Other interest and similar expenses in quarter 1/2012 resulted from a repayment agio and fees from the early partial repayment of a bond denominated in foreign currency (JPY).

Other financial result

Other financial result improved by €33.3m in quarter 1/2013 to €5.8m. The other financial result in quarter 1/2012 contained an effect on profit or loss from the measurement of guarantee liabilities for the construction financing of the Toul CCGT in a total amount of €–41.3m. 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. in quarter 4/2012.

Group result

After taking into account the effective tax rate of 30.3% (corporate tax rate of 25% in Austria) and non-controlling interests in the amount of €20.2m, the Group result amounted to €77.1m. This corresponds to a decrease of 40.3% compared to the previous year. Earnings per share amounted to €0.22 (Q1/2012: €0.37) for 347,415,686 shares.

Assets and liabilities

Consolidated balance sheet (short version) €m

	31/12/2012	Percentage	**31/3/2013**	**Percentage**	Change
Non-current assets	9,781.9	79.0%	9,722.8	78.4%	–0.6%
Current assets	1,273.6	10.3%	1,481.5	11.9%	16.3%
Non-current assets held for sale	1,331.8	10.8%	1,193.4	9.6%	–10.4%
Total assets	12,387.3	100.0%	**12,397.7**	**100.0%**	0.1%
Equity	5,099.4	41.2%	5,209.6	42.0%	2.2%
Non-current liabilities	6,046.3	48.8%	5,964.3	48.1%	–1.4%
Current liabilities	1,241.7	10.0%	1,223.8	9.9%	–1.4%
Liabilities	12,387.3	100.0%	**12,397.7**	**100.0%**	0.1%

Assets

In quarter 1/2013, the change in VERBUND's assets was the result of several opposing trends. Property, plant and equipment decreased by €26.9m. Capital expenditure for property, plant and equipment totalled €51.1m. This figure includes €11.0m of capital expenditure for the Reisseck II pumped storage power plant, €6.3m for the Romanian wind power plants and €5.5m for the German wind power plants. Depreciation amounted to €74.8m, and the impairment loss on the Bulgarian wind farm was €3.8m. The decline in the carrying amount of the equity-accounted interests is attributable above all to the negative result from interests accounted for using the equity method. For example, the impairment loss recognised by Sorgenia S.p.A. (Group) on its 39% interest in Tirreno Power S.p.A. led to a reduction in the carrying amount of €38.4m. Investments and other receivables rose on the one hand due to money market investments (€80.0m) and decreased on the other hand due to reclassifications of current loans to investees (€35.0m), the measurement of derivative financial instruments in connection with closed balance sheet positions (€13.1m) and the disposal of securities (€10.0m). The reduction in inventories resulted above all from a decrease in stocks of primary energy sources held for generation (€27.6m) and natural gas for trading purposes (€8.6m). In addition to the reclassification from investments and other receivables (€35.0m), the main reasons for the increase in receivables and other assets were short-term investments of surplus liquidity in the money market (€200.5m) and changes in derivative financial instruments in the energy area (€48.2m). The change in non-current assets held for sale resulted from the disposal of the equity interest in SSG and VERBUND's share of €137.5m in the capital increase of Enerjisa Enerji A.S. (Group) in Turkey.

Equity and liabilities

The capital structure remained nearly the same. Net debt decreased by 4.5% compared with 31 December 2012 as a result of the drop in liabilities and concurrent rise in current investments. Financial liabilities decreased by €68.1m, in particular due to the change in money market transactions (€60.5m). The 6.4% decrease in non-current and current provisions was mainly the result of the reduction in provisions for outstanding purchase invoices (€48.1m) and the provision for electricity deliveries (€9.9m). Trade payables and other non-current and current liabilities remained nearly unchanged in comparison with 31 December 2012 due to the opposing trends. In particular, the measurement of the long-term natural gas supply agreement for the Mellach CCGT (€11.4m) and the measurement of other derivatives in the energy area (€27.1m) led to an increase. This was counteracted by a reduction in trade payables in the amount of €32.8m, €24.1m of which resulted from the consolidation of the French power plant companies.

Cash flows

Cash flow statement (short version) €m

	Q1/2012	Q1/2013	Change
Cash flow from operating activities	246.1	285.1	15.8%
Cash flow from investing activities	–390.9	–231.7	40.7%
Cash flow from financing activities	–79.5	–70.7	11.1%
Change in cash and cash equivalents	–224.2	–17.4	92.2%
Cash and cash equivalents as at 31/3/	109.0	**104.3**	–4.3%

Cash flow from operating activities

Cash flow from operating activities amounted to €285.1m, an improvement of 15.8%. Increased contribution margins from generation were reduced in part by variation margins paid from futures contracts in the energy area (change in cash flow: €–9.1m). Compared with quarter 1/2012, other cash outflows from operations (less other cash inflows from operations) and payment for fuel decreased in particular. A counteracting effect resulted from lower contributions received for building costs, higher income tax payments and lower inflows from equity interests.

Cash flow from investing activities

Cash flow from investing activities changed in quarter 1/2013 by €+159.2m. Lower investments in intangible assets and property, plant and equipment (€+58.9m) and cash inflows from the disposal of the equity-accounted interest in SSG (€+270.9m) had a positive impact on cash flow from investing activities. The opposite effect resulted from higher cash outflows for the equity-accounted interest in Enerjisa Enerji A.S. (–70.1m) as well as higher cash outflows for capital expenditure for investments.

Cash flow from financing activities

Cash flow from financing activities amounted to €–70.7m in quarter 1/2013, a change of €+8.8m. The increase resulted from the reduction of €68.6 in the repayment of financial liabilities, with the change in deposits and payments from money market transactions (€–61.9m) having the opposite effect.

Risk management

Conditions in VERBUND's core markets appear difficult over the medium term. The current state of Germany's transition to new sources of energy is endangering the value of projects, installations and equity interests. Regulatory intervention continues to severely impede the liberalised electricity market's ability to function.

VERBUND is simplifying its business model by focussing on electricity generation from hydropower and wind power in Austria and Germany. All options for economic optimisation of thermal power plants are being evaluated. The asset swap with E.ON signed in December 2012 was implemented on 24 April 2013. Since that date, it has been included in risk reporting.

Over the medium term, VERBUND's business operations will be characterised by strict cost management and a reduced capital expenditure programme.

Operating result: low electricity prices, increased risk of impairment

Electricity generation from hydropower depends largely on hydrological influences that cannot be controlled. The result is negatively affected by the declining trend in wholesale electricity prices and an increase in difficulty with regard to options for the use of gas power plants. Taking into account the annual power generation priced in as at the 31 March 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: €+/–7.9m
- Wholesale electricity prices (hydropower plants and thermal power plants): €+/–3.1m
- Clean spark spread (difference between the prices of gas and electricity, taking into account CO_2 costs when electricity price varies): €+/–0.2m

Financial result: measurement effects in the financial result and result from equity interests

The performance of contributions from domestic equity interests is stable, while that of the foreign equity interests is shaped 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 off-balance sheet collateral.

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 31 March 2013 reporting date as follows:

- JPY–EUR exchange rate (financial result): €+/–0.5m
- Wholesale prices on the Italian electricity market (result from equity interests): €+/–2.4m

Operating segments

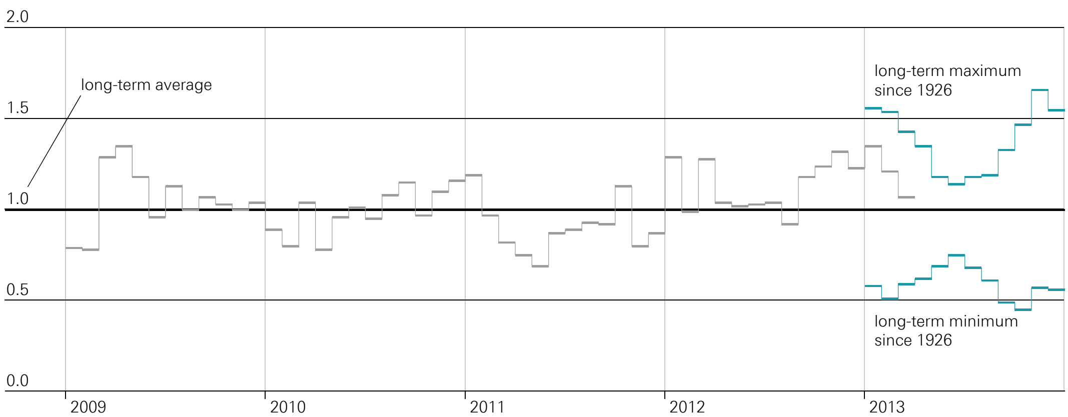
Electricity

Electricity supply – Electricity segment GWh

	Q1/2012	**Q1/2013**	Change
Hydropower[1]	6,512	6,741	3.5%
Wind/solar power	51	138	n.a.
Thermal power	1,765	1,604	–9.1%
Own generation	8,328	**8,483**	1.9%
Electricity purchased from third parties	2,920	3,636	24.5%
Intragroup	99	57	–42.4%
Electricity supply	11,348	**12,176**	7.3%

[1] incl. purchase rights

Hydro coefficient (monthly averages)

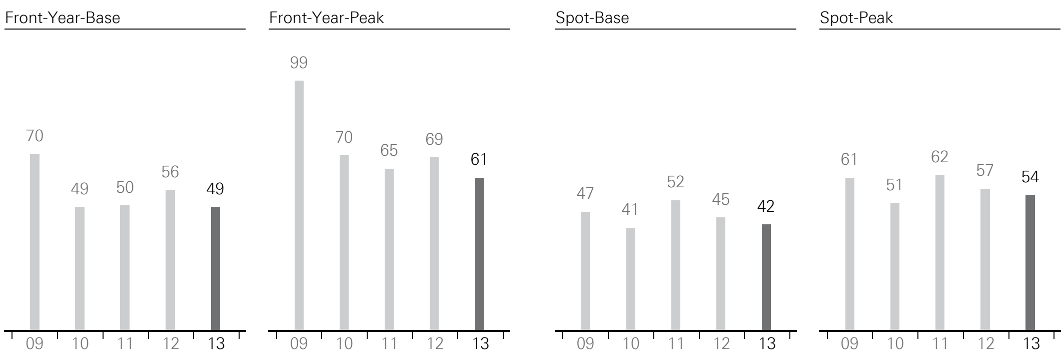


Electricity generation

At 8,483 GWh, total generation in the electricity segment was 1.9% higher in quarter 1/2013 than in quarter 1/2012. Generation from hydropower rose by 3.5%. The hydro coefficient for the run-of-river power plants amounted to 1.20, 20.0% higher than the long-term average and 1 percentage point above the previous year's figure. Generation from annual storage power plants increased by 8.8%, primarily due to increased pumping.

Generation from wind power and photovoltaic installations increased by 169.6%. This was mainly due to the commissioning of installations in Romania and Germany. Around 81.1% of VERBUND's own generation came from renewable energy in quarter 1/2013. Generation from thermal power plants was reduced by 9.1%. The main reason for this was the sustained unfavourable price ratio of gas to electricity prices. The purchase of electricity from third parties for the trading and sales business rose by 24.5%. The increase was predominantly attributable to the generation from hydropower plants in Germany, which has been marketed since the beginning of the year and was purchased as at 24 April 2013.

Futures prices €/MWh | **Spot market prices** €/MWh for quarter 1



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 for 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 6.3% to €42.3/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 in quarter 1/2013. The price for Brent crude oil rose from $111/bbl at the start of the year to $118.9/bbl at the beginning of February and then dropped back to its initial level by the end of March 2013. 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 $79/t by the end of March 2013. Spot prices on the Net Connect Germany (NCG) gas hub ranged between €26/MWh and €28/MWh in January and February. As a result of the recent cold spell, they rose to over €39/MWh at the start of the last week in March, subsequently falling to just under €34/MWh by the end of the month. Prices on the gas futures market were relatively stable. Starting at €5.8/t at the beginning of the year, the price for emission rights fluctuated between €2.5/t and €6.5/t and amounted to €4.8/t at the end of the first quarter.

Electricity sales volume

Electricity sales and own use – Electricity segment GWh

	Q1/2012	Q1/2013	Change
Consumers	2,392	2,493	4.2%
Resellers	4,626	4,784	3.4%
Traders	3,858	4,279	10.9%
Intragroup	178	183	2.8%
Electricity sales volume	11,054	**11,739**	6.2%
Own use	294	437	48.6%
Electricity sales and own requirements	11,348	**12,176**	7.3%

VERBUND's electricity sales volume and own use rose by 7.3% in quarter 1/2013 compared to the same period in 2012. Business with resellers increased by 3.4%. Electricity deliveries to trading firms rose by 10.9%. Sales volumes in the domestic consumer market decreased by 5.3% in the industrial segment. In Austria, VERBUND has around 265,000 consumers in the household/agriculture and commercial segment consuming up to 100,000 kWh of electricity annually. Internationally, the volumes sold to industrial consumers increased significantly due to activities in the German market, despite the withdrawal from France. The increase in own use was due to the more favourable market situation for pumped storage power plants.

Expansion of generation from hydropower

Work on the Reisseck II pumped storage power plant in Carinthia proceeded as scheduled in quarter 1/2013, with 90% of the lining of the pressure tunnel being cemented. Half of the armour has been installed in the inclined shaft. The cementing work in the generator cavern is nearly finished, and interior construction has started. Once it is completed, the installation will expand the capacities of the Malta/Reisseck power plant group by 430 MW.

Expansion of generation from wind power

Development of the Hollern II and Petronell-Carnuntum II Austrian wind farm installations (36 MW in total) will commence shortly. They will be completed by quarter 1/2014. With regard to the German wind farm in Rhineland-Palatinate (86 MW) acquired in 2012, 42.6 MW are in operation. The remainder of the installation will go online gradually until quarter 3/2013. The Romanian Casimcea I wind farm (99 MW) has been feeding electricity into the transmission grid since quarter 3/2012. Casimcea II and III (127 MW) are under construction and will commence operations in quarter 1/2014.

Grid

The transported energy volume relevant to billing in the 220/380 kV grid (excluding electricity used for pumping) increased by 15% to 5,502 GWh in quarter 1/2013. A total of 3,266 GWh was imported and 245 GWh exported at the 380, 220 and 110 kV levels in the APG control area.

Electricity supply – Grid segment GWh

	Q1/2012	Q1/2013	Change
Electricity purchased for grid loss and control energy volumes	822	843	2.6%
Intragroup	179	183	2.2%
Electricity supply	1,001	**1,026**	2.5%

Electricity sales and own use – Grid segment GWh

	Q1/2012	Q1/2013	Change
Resellers	609	593	–2.6%
Traders	18	35	94.4%
Intragroup	99	57	–42.4%
Electricity sales volume	726	**685**	–5.6%
Own use	191	212	11.0%
Control energy volumes	84	129	53.6%
Electricity sales and own use	1,001	**1,026**	2.5%

Directives rescinded

The Austrian Constitutional Court rescinded the System Usage Rate Directives of 2009, 2010 and 2011. There are also payments with reservations and individual law suits by providers concerning the System Charges Order 2012. APG's balance sheet reflects the rescission of the rates and charges provisions. This can have negative effects on the result and the liquidity of APG. The statutory provisions on the regulatory account [(Section 50 of the 2010 Austrian Electricity Industry and Organisation Act (Elektrizitätswirtschafts-und -organisationsgesetz, ElWOG 2010)] ensure that repayments are covered in future system usage fees.

Rate regulation

For the return on capital for 2013, a WACC of 6.42% before taxes was applied in last year's tariff negotiations and the prospect of fixing this rate for several years was offered. The objective for the 2013 tariff negotiations is to continue to secure a return on capital employed – also by means of ex-ante financing of the capital expenditure for the approved APG grid development plan.

Significant step for the second part of the 380 kV Salzburg line

An important milestone was reached for the second part of the 380 kV Salzburg line: the availability of the project documentation for inspection was announced by edict of 28 February 2013 in Salzburg and 15 March 2013 in Upper Austria. This officially started the environmental impact assessment process. The documentation submitted for the environmental impact statement will be available for public inspection from 20 March to 15 May 2013. The competent authorities are expected to grant a hearing in October/November 2013.

Equity interests

Foreign

Italy

In quarter 1/2013, the contribution from Sorgenia S.p.A. (Group) to the result from interests accounted for using the equity method was €–49.1m (quarter 1/2012: €–11.6m). The impairment loss on Sorgenia's equity interest in Tirreno Power was mainly responsible for the decline. The first quarter was characterised by a difficult market climate, which had a particularly detrimental effect on the profitability of the gas power plants in the day-ahead market. By contrast, Sorgenia S.p.A. (Group) continued to achieve good margins on the control and balancing energy market with its flexible and modern fleet of power plants. As part of the restructuring of Sorgenia S.p.A. (Group), Sorgenia E&P (UK) Ltd was sold to Dyas UK Ltd in quarter 1/2013.

Turkey

On 3 December 2012, VERBUND signed the contracts for selling its 50% interest in Enerjisa Enerji A.S. to German E.ON. Enerjisa Enerji A.S. was therefore classified as "held for sale" as at 31 December 2012. The transaction closed on 24 April 2013.

Domestic

KELAG – Kärntner Elektrizitäts-Aktiengesellschaft

The year 2012 was also a successful year for KELAG, predominantly due to its above-average hydro coefficient of 103.4% (2011: 88.5%) and the successful integration of Kärntner Restmüllverwertungs GmbH. In quarter 1/2013, the contribution from KELAG to the result from interests accounted for using the equity method was €4.6m (quarter 1/2012: €4.3m).

Events after the balance sheet date

On 24 April 2013, VERBUND and E.ON successfully completed the asset swap that had been signed on 3 December 2013.

The transaction involved VERBUND exchanging its 50% interest in Enerjisa Enerji A.S. in Turkey for E.ON shares in eight run-of-river power plants in Germany that have a pro-rated, average annual generation of more than 2 TWh. VERBUND had previously held direct or indirect interests in the run-of-river power plants acquired, as well as electricity purchase rights. Now that the transaction has been completed, VERBUND owns 100% of the power plants.

In addition, VERBUND repurchased 20.3% of the capacity in the Zemm-Ziller power plant group (237 GWh) as part of the transaction. This corresponds to 60% of the electricity purchase right of 33.8% agreed in 2009 with E.ON.

Consolidated interim financial statements

of VERBUND

Income statement

€m

In accordance with IFRSs	Notes	Q1/2012[1]	Q1/2013
Revenue		837.8	**862.3**
Electricity revenue	1	710.5	710.6
Grid revenue	2	100.9	105.9
Other revenue		26.4	45.8
Other operating income		31.2	17.0
Expenses for electricity, grid, gas and certificates purchases	3	–338.3	–355.9
Fuel expenses and other usage-dependent expenses	4	–60.6	–83.2
Personnel expenses	5	–80.1	–76.9
Amortisation of intangible assets and depreciation of property, plant and equipment		–65.1	–74.8
Other operating expenses		–41.2	–51.0
Operating result before effects from impairment tests		283.7	237.5
Effects from impairment tests[2]	6	0.0	–3.8
Operating result		283.7	**233.7**
Result from interests accounted for using the equity method	7	8.1	–49.8
Other result from equity interests	8	3.8	0.0
Interest income	9	10.0	8.4
Interest expenses	10	–78.8	–58.6
Other financial result	11	–27.5	5.8
Financial result		–84.4	**–94.2**
Profit before tax		199.3	**139.5**
Taxes on income		–45.9	–42.2
Profit for the period		153.4	**97.3**
Attributable to the shareholders of VERBUND AG (Group result)		129.1	77.1
Attributable to non-controlling interests		24.4	20.2
Earnings per share in €[3]		0.37	**0.22**

[1] The comparative figures were adjusted retrospectively in accordance with IAS 8 as a consequence of the first-time application of IAS 19 (2011) in quarter 3/2012. // [2] Effects from impairment tests consist of impairment losses on property, plant and equipment. // [3] Diluted earnings per share correspond to basic earnings per share.

Statement of comprehensive income

€m

In accordance with IFRSs	Notes	Q1/2012[1]	Q1/2013
Profit for the period		153.4	**97.3**
Remeasurements of the net defined benefit liability		–16.4	–0.1
Other comprehensive income from interests accounted for using the equity method		–1.7	0.1
Total of items that will not be reclassified ("recycled") subsequently to the income statement		–18.2	**0.0**
Differences from currency translation	12	19.0	0.7
Measurements of available-for-sale financial instruments		1.6	1.2
Measurements of cash flow hedges		25.1	13.4
Other comprehensive income from interests accounted for using the equity method		–17.8	1.2
Total of items that will be reclassified ("recycled") subsequently to the income statement		28.0	**16.5**
Other comprehensive income before tax		9.9	**16.5**
Taxes on income	13	–2.4	–3.5
Other comprehensive income after tax	14	7.4	**13.0**
Total comprehensive income for the period		160.8	**110.2**
Attributable to the shareholders of VERBUND AG		138.0	89.8
Attributable to non-controlling interests		22.9	20.4

[1] The comparative figures were adjusted retrospectively in accordance with IAS 8 as a consequence of the first-time application of IAS 19 (2011) in quarter 3/2012.

Balance sheet

€m

In accordance with IFRSs	Notes	31/12/2012[1]	31/3/2013
Non-current assets		9,781.9	**9,722.8**
Intangible assets		662.1	661.4
Property, plant and equipment		7,385.8	7,358.9
Interests accounted for using the equity method		908.8	855.9
Other equity interests	19	134.6	133.2
Investments and other receivables	15, 19	690.6	713.3
Current assets		1,273.6	**1,481.5**
Inventories	16	129.2	98.8
Trade receivables and other receivables	19	1,022.8	1,278.3
Cash and cash equivalents	19	121.7	104.3
Non-current assets held for sale	17	1,331.8	**1,193.4**
Total assets		12,387.3	**12,397.7**

€m

In accordance with IFRSs	Notes	31/12/2012[1]	31/3/2013
Equity		5,099.4	**5,209.6**
Attributable to the shareholders of VERBUND AG		4,458.4	4,548.3
Attributable to non-controlling interests		641.0	661.4
Non-current liabilities		6,046.3	**5,964.3**
Financial liabilities	18, 19	3,935.3	3,865.4
Provisions		654.0	633.5
Deferred tax liabilities		200.8	204.7
Contributions to building costs and grants		649.6	653.2
Deferred income – cross-border leasing		53.6	53.2
Other liabilities	19	552.9	554.3
Current liabilities		1,241.7	**1,223.8**
Financial liabilities	18, 19	385.8	387.6
Provisions		285.3	245.7
Current tax liabilities		37.2	56.9
Trade payables and other liabilities	19	533.4	533.5
Total liabilities		12,387.3	**12,397.7**

Statement of changes in equity

In accordance with IFRSs	Share capital	Capital reserves	Retained earnings	Remeasurements of the net defined benefit liability	
Notes					
As at 1/1/2012[1]	347.4	954.3	3,299.2	– 97.7	
Total comprehensive income for the period[1]	–	–	129.1	– 12.4	
As at 31/3/2012[1]	347.4	954.3	3,428.3	– 110.2	
As at 1/1/2013	**347.4**	**954.3**	**3,493.4**	**– 130.5**	
Total comprehensive income for the period	–	–	77.1	0.1	
As at 31/3/2013	**347.4**	**954.3**	**3,570.5**	**– 130.4**	

[1] The comparative figures were adjusted retrospectively in accordance with IAS 8 as a consequence of the first-time application of IAS 19 (2011) in quarter 3/2012.

€m

	Differences 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
	12						
	–165.0	–2.0	–28.5	7.0	4,314.7	604.4	4,919.1
	20.0	2.1	–1.2	0.4	138.0	22.9	160.8
	–145.0	0.1	–29.7	7.4	4,452.7	627.2	5,079.9
	–128.9	**6.8**	**–91.1**	**7.1**	**4,458.4**	**641.0**	**5,099.4**
	–0.1	0.1	12.2	0.4	89.8	20.4	110.2
	–129.0	**6.9**	**–78.9**	**7.5**	**4,548.3**	**661.4**	**5,209.6**

Cash flow statement

€m

In accordance with IFRSs	Notes	Q1/2012[1]	Q1/2013
Profit for the period		153.4	97.3
Amortisation of intangible assets and depreciation of property, plant and equipment (net of reversals of impairment losses)		65.1	78.6
Result from interests accounted for using the equity method (net of dividends received)		7.0	58.6
Result from the disposal of non-current assets		– 0.7	4.5
Change in non-current provisions and deferred tax liabilities		– 11.0	– 20.2
Change in contributions to building costs and grants		9.8	3.6
Income from the reversal of deferred income from cross-border leasing transactions		– 0.4	– 0.4
Other non-cash expenses and income		48.2	9.4
Subtotal		**271.5**	**231.4**
Change in inventories		16.7	30.3
Change in trade receivables and other receivables		– 109.9	6.2
Change in trade payables and other liabilities		9.1	– 11.3
Change in current provisions and current tax liabilities		58.8	28.5
Cash flow from operating activities	20	**246.1**	**285.1**

[1] The comparative figures were adjusted retrospectively in accordance with IAS 8 as a consequence of the first-time application of IAS 19 (2011) in quarter 3/2012.

€m

In accordance with IFRSs	Notes	Q1/2012[1]	Q1/2013
Cash outflow from capital expenditure for intangible assets and property, plant and equipment		– 155.9	– 97.0
Cash inflow from the disposal of intangible assets and property, plant and equipment		17.9	3.4
Cash outflow from capital expenditure for investments		– 57.0	– 200.6
Cash inflow from the disposal of investments		1.8	11.6
Cash outflow from capital expenditure for interests accounted for using the equity method		– 67.4	– 137.5
Cash inflow from the disposal of interests accounted for using the equity method		0.0	270.9
Cash inflow (outflow) from the disposal of (capital expenditure for) current investments		– 130.4	– 82.6
Cash flow from investing activities		– 390.9	– 231.7
Cash inflow (outflow) from money market transactions		1.4	– 60.5
Cash inflow from the assumption of financial liabilities (excluding money market transactions)		0.0	2.1
Cash outflow from the repayment of financial liabilities (excluding money market transactions)		– 80.9	– 12.3
Cash flow from financing activities		– 79.5	– 70.7
Change in cash and cash equivalents		– 224.2	– 17.4
Cash and cash equivalents as at 1/1/		333.2	121.7
Cash and cash equivalents as at 31/3/		109.0	104.3

[1] The comparative figures were adjusted retrospectively in accordance with IAS 8 as a consequence of the first-time application of IAS 19 (2011) in quarter 3/2012.

Selected explanatory notes

Financial reporting principles

Basic principles

These consolidated interim financial statements of VERBUND as at 31 March 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 the consolidated interim financial statements of VERBUND is consistent with IAS 34 "Interim Financial Reporting"; for further information 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 equity-accounted interest in STEWEAG-STEG GmbH was sold effective 18 January 2013 and consequently deconsolidated (see: (17) Non-current assets held for sale).

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 the consolidated financial statements of VERBUND 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 (endorsed 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
Q1/2013					
External revenue	713.6	142.0	6.8	–	862.3
Internal revenue	48.4	18.8	21.0	–88.2	0.0
Total revenue	762.0	160.8	27.7	–88.2	862.3
Operating result	**192.4**	**33.1**	**–5.8**	**14.0**	**233.7**
Depreciation and amortisation	–56.0	–16.8	–2.4	0.4	–74.8
Effects from impairment tests[1]	–3.8	0.0	0.0	0.0	–3.8
Other material non-cash items	30.4	–4.9	0.8	14.0	40.1
Result from equity interests	–	–	–49.8	0.0	–49.8
Of which result from interests accounted for using the equity method	–	–	–49.8	0.0	–49.8
Capital employed	6,566.9	1,095.3	6,965.0	–4,843.1	9,784.1
Of which carrying amount of interests accounted for using the equity method	10.3	1.3	844.3	0.0	855.9
Additions to intangible assets and property, plant and equipment	34.4	15.2	2.3	0.0	51.9
Additions to equity interests	0.0	0.0	0.0	0.0	0.0

[1] Effects from impairment tests consist of impairment losses.

€m

	Electricity	Grid	Equity Interests & Services	Elimination	Total Group
Q1/2012					
External revenue	696.7	137.9	3.3	–	837.8
Internal revenue	30.8	15.1	21.9	–67.7	0.0
Total revenue	727.4	152.9	25.1	–67.7	837.8
Operating result	**255.9**	**19.7**	**–5.4**	**13.5**	**283.7**
Depreciation and amortisation	–47.5	–15.6	–2.3	0.3	–65.1
Other material non-cash items	24.0	–20.0	–0.4	13.3	17.0
Result from equity interests	–	–	11.9	0.0	11.9
Of which result from interests accounted for using the equity method	–	–	8.1	0.0	8.1
Capital employed	**5,756.7**	**1,061.2**	**6,778.8**	**–3,932.0**	**9,664.8**
Of which carrying amount of interests accounted for using the equity method	7.3	1.3	2,163.9	0.0	2,172.6
Additions to intangible assets and property, plant and equipment	93.5	19.8	2.8	0.0	116.2
Additions to equity interests	0.0	0.0	67.4	0.0	67.4

Notes to the income statement

(1) Electricity revenue

Electricity revenue by customer areas

€m

	Q1/2012 Domestic	**Q1/2013 Domestic**	Change	Q1/2012 Foreign	**Q1/2013 Foreign**	Change
Electricity deliveries to consumers	128.7	122.4	–4.9%	60.2	70.6	17.3%
Electricity deliveries to resellers	212.2	192.4	–9.3%	60.7	57.9	–4.7%
Electricity deliveries to traders	5.6	9.3	65.4%	243.1	257.9	6.1%
Electricity revenue	346.5	**324.1**	–6.4%	364.0	**386.5**	6.2%

(2) Grid revenue

Grid revenue by customer areas

€m

	Q1/2012 Domestic	**Q1/2013 Domestic**	Change	Q1/2012 Foreign	**Q1/2013 Foreign**	Change
Energy supply companies	55.6	66.7	20.0%	0.4	1.6	n.a.
Industrial clients	4.4	4.5	3.3%	0.0	0.0	n.a.
Other	9.5	10.6	11.0%	31.0	22.5	–27.5%
Grid revenue	69.5	**81.8**	17.7%	31.4	**24.1**	–23.2%

(3) Expenses for electricity, grid, gas and certificates purchases

Expenses for electricity, grid, gas and certificates purchases €m

	Q1/2012	Q1/2013	Change
Expenses for electricity purchases	288.6	287.0	–0.6%
Expenses for gas purchases[1]	12.7	26.4	108.1%
Expenses for grid purchases (system use)	35.8	40.2	12.0%
Purchases of emission rights (trade)	1.2	2.0	68.9%
Purchases of proof of origin and green certificates	0.0	0.4	n.a.
Expenses for electricity, grid, gas and emission rights purchases	338.3	**355.9**	5.2%

[1] There is a long-term natural gas supply agreement between VERBUND and EconGas GmbH, which, as a consequence of its management, had to be classified as a freestanding derivative and recognised at fair value through profit or loss (see: Additional disclosures regarding financial instruments). In quarter 1/2013, the resulting effect on profit or loss amounted to €–11,4m.

(4) Fuel expenses and other usage-dependent expenses

Fuel expenses and other usage-dependent expenses €m

	Q1/2012	Q1/2013	Change
Fuel expenses	58.0	75.5	30.2%
Emission rights acquired in exchange for consideration	1.0	5.7	n.a.
Other usage-dependent expenses	1.6	2.1	31.1%
Fuel expenses and other usage-dependent expenses	60.6	**83.2**	37.4%

(5) Personnel expenses

Personnel expenses €m

	Q1/2012	Q1/2013	Change
Wages and salaries	61.4	62.1	1.2%
Expenses for social security contributions as required by law as well as income-based charges and compulsory contributions	12.6	13.4	5.8%
Other social expenses	1.0	1.0	–8.0%
Subtotal	75.0	**76.4**	1.8%
Expenses for severance payments	1.9	0.9	–54.3%
Expenses for pensions and similar obligations	3.2	–0.4	–111.9%
Personnel expenses	80.1	**76.9**	–4.0%

A total of €1.7m (quarter 1/2012: €1.7m) was paid into the pension fund under defined benefit plans in quarter 1/2013.

(6) Effects from impairment tests

Haos Invest EAD operates a wind farm in Kavarna on the Bulgarian Black Sea coast. This wind farm is subject to a sustained bottleneck in the upstream grid. The current phase of political instability in Bulgaria and the legal uncertainties with respect to the financing of the Bulgarian grid suggest that the point in time from which it will be possible to feed all the generated electricity into the grid will be further delayed. In addition, wind power producers can expect considerably higher costs (e.g. for balancing energy) as a consequence of the implementation of a (new) financing scheme. Considering these indications of impairment, the wind farm in Kavarna was tested for impairment as at 31 March 2013. The recoverable amount was determined based on the value in use. The value in use was determined using a net present value method. The amount was calculated based on the DCF method. The discount rate before taxes was 8.0% (previous year: 8.3%).

The cash flows of relevance to measurement were derived from Haos Invest EAD's current planning. The 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 is expected to average only 65% until the beginning of 2017. The prices for the first 13 years of the planning period resulted from fixed feed-in rates in accordance with Bulgarian rules for renewable electricity; electricity prices for the subsequent period were determined based on the VERBUND energy market model (VEMM). The forecast electricity revenue was reduced by balance energy costs in the amount 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; no reinvestment was expected. 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 will be possible to feed all the generated electricity into the grid, the wind power plants' forecast annual power generation and the discount rate.

The recoverable amount was compared to the carrying amount of the wind farms in Kavarna; the loss resulting from the impairment test amounted to €3.1m.

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

Result from interests accounted for using the equity method €m

	Q1/2012 Domestic	Q1/2013 Domestic	Change	Q1/2012 Foreign	Q1/2013 Foreign	Change
Income or expenses from interests accounted for using the equity method	14.6	4.9	–66.5%	–6.5	–54.7	n.a.
Impairment losses or reversals of impairment losses	0.0	0.0	n.a.	0.0	0.0	n.a.
Result from interests accounted for using the equity method	14.6	**4.9**	–66.5%	–6.5	**–54.7**	n.a.

The result from equity-accounted interests in foreign energy supply companies was affected in particular by an impairment loss recognised by Sorgenia S.p.A. (Group) on its 39% equity-accounted interest in Tirreno Power S.p.A., an Italian power plant company with a generation portfolio dominated by combined cycle gas turbine power plants. The resulting effect on profit or loss for VERBUND totalled €–38.4m in quarter 1/2013 and also included the impairment losses on fair value adjustments due to 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.

(8) Other result from equity interests

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

(9) Interest income

Interest income €m

	Q1/2012	Q1/2013	Change
Interest from investments under closed items on the balance sheet	6.9	6.9	0.5%
Interest from money market transactions	0.7	0.7	–3.1%
Other interest and similar income	2.4	0.8	–68.5%
Interest income	10.0	**8.4**	–16.4%

(10) Interest expenses

Interest expenses €m

	Q1/2012	Q1/2013	Change
Interest on bonds	26.2	25.6	–2.4%
Interest on bank loans	10.9	11.2	2.2%
Interest on financial liabilities under closed items on the balance sheet	6.9	6.9	0.8%
Interest on other liabilities from electricity supply commitments	11.4	11.3	–0.4%
Net interest expense on personnel-related liabilities	5.1	4.9	–4.6%
Interest on other non-current provisions	1.6	1.5	–5.2%
Profit or loss attributable to limited partners	15.9	–1.9	–112.2%
Borrowing costs capitalised in accordance with IAS 23	–9.4	–3.8	59.2%
Other interest and similar expenses[1]	10.2	2.9	–71.3%
Interest expenses	78.8	**58.6**	–25.7%

[1] Other interest and similar expenses in quarter 1/2012 included a repayment premium and fees from the early repayment of a bond denominated in foreign currency (JPY).

(11) Other financial result

Other financial result €m

	Q1/2012	Q1/2013	Change
Income from financial instruments	5.3	1.2	–78.1%
Foreign exchange gains	11.9	4.6	–61.7%
Foreign exchange losses	–2.7	–1.0	63.6%
Other expenses from financial instruments[1]	–42.1	1.1	102.5%
Other financial result	–27.5	**5.8**	121.2%

[1] In quarter 1/2012 this included an effect on profit or loss of €–41.3m from the measurement of guarantee liabilities for the construction financing of the Toul combined cycle gas turbine power plant. These guarantee liabilities were included in the total consideration transferred as a result of the first-time consolidation of POWEO Toul Production S.A.S. in quarter 4/2012 (and thus eliminated).

Notes to the statement of comprehensive income

(12) Differences from currency translation

The ECB euro reference exchange rate for the Turkish lira (TRY) as at 31 March 2013 was TRY 2.3212 (31 December 2012: TRY 2.3551). As a result of the classification of the equity-accounted interest in the Turkish entity Enerjisa Enerji A.S. (Group) as held for sale, recognition based on the equity method not only ended in quarter 4/2012, the difference of €–127.9m from currency translation (to be reclassified subsequently to the income statement) was also "frozen". Consequently, the movement in the EUR/TRY exchange rate in quarter 1/2013 did not lead to any foreign exchange gains or losses to be recognised in other comprehensive income (quarter 1/2012: foreign exchange gains of €19.6m).

(13) Taxes on other comprehensive income

€0.0m (quarter 1/2012: €4.1m) of the taxes on other comprehensive income could be attributed to the remeasurement of the net liability from personnel-related defined benefit obligations, €–0.2m (quarter 1/2012: €–0.3m) to the measurement of financial instruments available for sale and €–3.3m (quarter 1/2012: €–6.3m) to the measurement of cash flow hedges.

(14) Other comprehensive income after tax

€0.2m (quarter 1/2012: €–1.5m) of other comprehensive income after tax could be attributed to non-controlling interests.

Notes to the balance sheet

(15) Investments and other receivables

To date, VERBUND has terminated around 85% of the cross-border leasing transaction volume completely or partially; 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	31/3/2013	Change
Investments – closed items on the balance sheet	284.6	283.7	– 0.3%
Interest rate swaps – closed items on the balance sheet	124.1	111.0	– 10.6%
Other investments and other receivables	282.0	318.7	13.0%
Total	690.6	**713.3**	3.3%

(16) Inventories

Inventories €m €m

	31/12/2012	31/3/2013	Change
Inventories of primary energy sources held for generation	108.3	**80.6**	– 25.5%
Natural gas held for trading	8.1	0.0	– 99.7%
Measurements of natural gas held for trading	0.5	0.0	– 99.3%
Fair value of natural gas held for trading	8.6	**0.0**	– 99.7%
Emission rights held for trading	6.2	10.4	68.6%
Measurements of emission rights held for trading	0.0	– 1.2	n.a.
Fair Value of emission rights held for trading	6.1	**9.1**	49.7%
Other	6.2	**9.0**	46.2%
Inventories	129.2	**98.8**	– 23.5%

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.

(17) Non-current assets held for sale

The 34.57% equity-accounted 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.

Effective 3 December 2012, VERBUND signed a sales agreement with DD Turkey Holdings S.à.r.l. over the equity-accounted interest in the Turkish entity Enerjisa Enerji A.S. (Group). As at 31 March 2013, the equity interest was therefore continued to be classified as held for sale and measured at the lower of its carrying amount and fair value less costs to sell. The capital increase carried out at Turkish Enerjisa Enerji A.S. (Group) in January 2013 – VERBUND's share of this amounted to a total of €137.5m – increased the carrying amount of the equity interest held for sale. The closing took place on 24 April 2013 (see: Events after the balance sheet date). The Enerjisa Enerji A.S. (Group) is a vertically integrated Turkish energy group; on the one hand, it is active in the area of project development of power plants, generates, sells and trades electricity and, on the other hand, operates the distribution grid in the Başkent region which supplies around three million consumers with electricity. This sale of equity interest is part of a transaction that is to be viewed in its entirety, whereby German hydropower plant capacities are acquired and capacities of the Zemm/Ziller storage power plant group are repurchased (see: Events after the balance sheet date). The decision to sell this equity interest in Enerjisa Enerji A.S. (Group) as part of this transaction was taken as a result of VERBUND's strategic focus on majority interests focusing on electricity generation from hydropower and on the Austrian and German market.

The 50.1% equity interest in POWEO Outre-mer Solaire S.A.S. (Group) continued to be classified as held for sale and was measured as at 31 March 2013 at the lower of its carrying amount and fair value less costs to sell. It is to be sold over the course of 2013. 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.

(18) Non-current financial liabilities

Non-current financial liabilities €m

	31/12/2012	**31/3/2013**	Change
Financial liabilities – closed items on the balance sheet	408.6	394.6	–3.4%
Other financial liabilities	3,526.7	3,470.7	–1.6%
Total	3,935.2	**3,865.4**	–1.8%

(19) Additional disclosures regarding financial instruments

Carrying amounts and fair values by measurement categories 31/3/2013 €m

Assets – balance sheet items	Measurement categories in accordance with IAS 39 or measurement in accordance with other IFRSs	Level	Carrying amount	Fair value
Interests in non-consolidated subsidiaries	FAAC		1.2	–
Other equity interests	FAAFS	2	114.4	114.4
Other equity interests	FAAC		17.6	–
Other equity interests			**133.2**	
Securities	FAAFS	1	115.4	115.4
Securities	FAAFS	2	2.7	2.7
Securities	FAAC		3.0	–
Securities – closed items on the balance sheet	LAR		50.6	43.4
Other loans – closed items on the balance sheet	LAR		233.1	248.1
Derivatives in the finance area – closed items on the balance sheet	FAHFT	2	111.0	111.0
Loans to investees	LAR		71.5	67.7
Other loans	LAR		81.1	80.8
Other	–		45.0	–
Other non-current investments and non-current other receivables			**713.3**	
Trade receivables	LAR		279.9	279.9
Receivables from investees	LAR		100.3	100.3
Receivables from non-consolidated subsidiaries	LAR		2.4	2.4
Loans to investees	LAR		36.8	36.8
Other loans	LAR		170.2	170.0
Derivatives in the energy area	FAHFT	2	254.5	254.5
Money market transactions	LAR		251.4	251.2
Emission rights	IAS 38 / IAS 2		22.4	–
Other	LAR		72.6	72.6
Other	–		87.9	–
Trade receivables and current other receivables			**1,278.3**	
Cash and cash equivalents	**LAR**		**104.3**	**104.3**
Aggregated by measurement categories				
Financial assets at cost	FAAC[1]		21.8	
Loans and receivables	LAR[2]		1,454.2	
Available-for-sale financial assets	FAAFS[3]		232.5	
Financial assets held for trading	FAHFT[4]		365.5	

[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 31/3/2013

€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		2,228.0	2,501.9
Financial liabilities to banks and to others	FLAAC		1,597.4	1,765.7
Financial liabilities to banks – closed items on the balance sheet	FLAAC		90.4	117.6
Financial liabilities to banks – closed items on the balance sheet	FLAFVPL	2	304.3	304.3
Capital shares attributable to limited partners	IAS 32		32.9	–
Non-current and current financial liabilities			4,253.0	
Electricity supply commitment	–		462.3	–
Derivatives in the energy area	FLHFT	3	65.3	65.3
Trade payables	FLAAC		1.2	1.2
Deferred income for grants (emission rights)	IAS 20		2.8	–
Other	FLAAC		5.5	5.5
Other	–		17.3	–
Other non-current liabilities			554.3	
Trade payables	FLAAC		174.6	174.6
Derivatives in the energy area	FLHFT	1	0.3	0.3
Derivatives in the energy area	FLHFT	2	181.3	181.3
Derivatives in the energy area	FLHFT	3	6.5	6.5
Derivatives in the finance area	FLHFT	2	42.6	42.6
Other	FLAAC		22.0	22.0
Other	–		106.2	–
Trade payables and current other liabilities			533.5	
Aggregated by measurement categories				
Financial liabilities at amortised cost	FLAAC[1]		4,119.1	
Financial liabilities at fair value through profit or loss	FLAFVPL[2]		304.3	
Financial liabilities held for trading	FLHFT[3]		295.9	

[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 €145.6m and negative fair values in the amount of €120.6m 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 value, stock exchange price
1	Listed energy forwards	Market approach	Settlement price published by stock exchanges
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 or 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 prices, yield curve, credit risk of the contracting parties
3	Non-listed energy forwards (natural gas supply agreement 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
–	Cash and cash equivalents, trade receivables, current other receivables, borrowing within current credit lines as well as current other liabilities	–	Carrying amounts as realistic estimates of fair values
–	Interests in non-consolidated subsidiaries and other equity interests	–	Reliable determination of future cash flows mostly not possible; no comparable transactions for fair value measurement using analogy methods

Level 3 measurement of financial instruments

€m	**2013**
Carrying amount as at 1/1/	**60.4**
Additions	0.0
Measurement gains or losses (recognised in expenses for electricity, grid, gas and certificates purchases)	11.4
Disposals	0.0
Carrying amount as at 31/3/	**71.8**

Sensitivity analysis for significant, non-observable input factors €m

	Assumption	Change in assumption	If assumption increases, net operating income changes by	If assumption decreases, net operating income changes by
Forecast (oil-indexed) contract price for natural gas[1]	27.8 €/MWh	± 10%	– 116.7	110.6
Forecast wholesale price for natural gas[2]	25.1 €/MWh	± 10%	103.6	– 109.6
Term[3]	2026	n.a.	n.a.	n.a.
Annual take-or-pay volume[4]	3,125 GWh	n.a.	n.a.	n.a.

[1] The forecast (oil-indexed) contract price for natural gas was determined based on the forecasts of a reputable market research institute and information service provider in the energy market. The indicated contract price relates to April 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 forecasts of a reputable market research institute and information service provider in the energy market. The indicated wholesale price for natural gas relates to April 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-time 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.

Notes to the cash flow statement

(20) Cash flow from operating activities

Cash flow from operating activities in quarter 1/2013 includes variation margin payments from futures contracts in the energy area in the amount of €–6.5m (quarter 1/2012: €2.6m).

Other note disclosures

Purchase commitments

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

	31/3/2013	of which payable in 2013	of which payable 2014–2018
Total commitment	**803.2**	619.4	169.8

Outstanding contribution commitments

Outstanding contribution commitments to investees include equity contributions, provided the corresponding shareholder resolutions have already been passed. This does not include future contribution commitments that may still arise from joint venture framework agreements.

As at 31 March 2013, the outstanding contribution commitments to investees totalled €100.0m. These related to the Turkish joint venture Enerjisa Enerji A.S. (Group) and are payable entirely in the 2013 reporting period. These contribution commitments will end upon the closing of the transaction for the sale of the equity-accounted interest in Enerjisa Enerji A.S. (Group) (see: (17) Non-current assets held for sale).

Contingent liabilities

VERBUND's last remaining cross-border leasing transaction has an off-balance sheet financing structure. As at 31 March 2013, VERBUND's subsidiary liability for the non-redeemed portion of lease liabilities from cross-border leasing transactions amounted to €483.0m (31 December 2012: €511.5m). Of the rights of recourse against primary debtors, a total of €351.8m (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, €186.1m (31 December 2012: €178.3m) was covered by off-balance sheet investments.

As at 31 March 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

	Q1/2012	Q1/2013	Change
Income statement			
Electricity revenue	118.4	36.1	–69.5%
Grid revenue	15.3	10.6	–30.6%
Other revenue	2.7	2.8	3.9%
Other operating income	0.4	0.2	–34.9%
Expenses for electricity, grid, gas and emission rights purchases	–58.1	–17.7	69.5%
Fuel expenses and other usage-dependent expenses	–0.2	–0.2	11.2%
Other operating expenses	–0.7	–0.2	78.5%
Interest expenses	–0.2	–0.2	6.2%
Interest income	1.2	0.5	–58.7%
Other financial result	2.4	0.4	–85.3%

	31/12/2012	31/3/2013	Change
Balance sheet			
Investments and other non-current receivables	107.0	71.4	–33.3%
Trade receivables and other current receivables	75.6	91.6	21.2%
Non-current provisions	0.0	0.0	n.a.
Current provisions	2.9	2.0	–29.1%
Trade payables and other current liabilities	25.5	21.2	–16.9%
Non-current financial liabilities	44.0	0.0	–100.0%
Current financial liabilities	0.0	44.4	n.a.

The above disclosures reflect the fact that Kärntner Restmüllverwertungs GmbH, Gletscherbahnen Kaprun AG, Energie Klagenfurt GmbH and STEWEAG-STEG GmbH, as well as POWEO Pont-sur-Sambre Production S.A.S. and POWEO Toul Production S.A.S. were still related parties of VERBUND in quarter 1/2012 as defined under IAS 24. Electricity revenue with equity-accounted investees was realised with KELAG-Kärntner Elektrizitäts-AG in the amount of €10.5m (quarter 1/2012: €16.1m) and STEWEAG-STEG GmbH (until the equity interest was sold) in the amount of €23.2m (quarter 1/2012: €85.8m). This electricity revenue has to be seen alongside with electricity purchases from KELAG-Kärntner Elektrizitäts-AG in the amount of €5.1m (quarter 1/2012: €2.2m), from Ennskraftwerke AG in the amount of €4.8m (quarter 1/2012: €5.0m) and from Österreichisch-Bayerische Kraftwerke AG in the amount of €4.2m (quarter 1/2012: €4.2m).

Electricity revenue with companies controlled or significantly influenced by the Republic of Austria in quarter 1/2013 totalled €12.7m (quarter 1/2012: €25.0m). Electricity was purchased mainly by OMV, Bundesbeschaffungs GmbH (BBG), Telekom Austria and Österreichische Bundesbahnen (ÖBB). Electricity purchased from companies controlled or significantly influenced by the Republic of Austria totalled €0.1m in quarter 1/2013 (quarter 1/2012: €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 €18.7m in quarter 1/2013 (quarter 1/2012: €31.2m). These gas purchases occurred as a result of the long-term natural gas supply agreement in place with EconGas GmbH. Since quarter 3/2012, the IAS 39 own-use exemption can no longer be applied for this natural gas supply agreement. The effect on profit or loss from the fair value measurement of this natural gas supply agreement to be qualified as a free-standing derivative in quarter 1/2013 was €–11.4m (see: (3) Expenses for electricity, grid, gas and certificates purchases). The corresponding derivative financial instrument in the energy area was recognised in non-current other liabilities in the amount of €65.3m and in current other liabilities in the amount of €6.5m.

VERBUND's expenses for monitoring by E-Control in quarter 1/2013 amounted to a total of €3.3m (quarter 1/2012: €3.1m).

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

(Additional) Bavarian hydropower plant capacities with an average annual generation of approximately 2.0bn kWh were acquired effective 24 April 2013. The Bavarian hydropower plant capacities are represented by a 50% interest in Österreichisch-Bayerische Kraftwerke AG, Donaukraftwerk Jochenstein AG and Grenzkraftwerke GmbH, a 47% co-ownership share in the Nussdorf run-of-river power plant and by the facilities of the Ering-Frauenstein and Obernberg-Egglfing run-of-river power plants on German state territory (including a right to purchase 50% of the electricity generated in these 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 facilities of the Ering-Frauenstein and Obernberg-Egglfing run-of-river power plants on Austrian state territory were previously the share of assets attributable to VERBUND in jointly controlled assets by VERBUND Hydro Power AG and E.ON Wasserkraft GmbH (now E.ON Kraftwerke GmbH). 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, 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 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) (carrying amount as at 31 March 2013: €1,192.4m) still classified as available for sale as at 31 March 2013, the fair value of the equity interests previously held in Österreichisch-Bayerische Kraftwerke AG, Donaukraftwerk Jochenstein AG and Grenzkraftwerke GmbH (carrying amount as at 31 March 2013: €30.8m), a payment of the difference from E.ON to VERBUND in the amount of around €400.0m and the fair value of receivables and liabilities extinguished as a result of confusion. No conditional consideration was agreed. The remeasurements 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 subsidiaries.

The total assets and liabilities to be identified as part of this transaction at the acquisition date mainly included technical and construction-related facilities, power houses, cranes, weirs, dams, control systems and underwater structures as well as an obligation to transfer the 50% interest acquired 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.

Since the closing took place on 24 April 2013 and thus only a very short time before the consolidated interim financial statements were authorised for issue, the first-time recognition of this business acquisition had not yet been completed by 26 April 2013 due to the complexity of the accounting issues. Thus the note disclosures (amounts) with respect to the consideration transferred and the identifiable assets and liabilities had to be omitted, as did a qualitative description of those factors of influence that could lead make up any potential goodwill recognised. The gains or losses from previously existing relationships are determined using a net present value method; however, the resulting effects on profit or loss could not yet be finally determined.

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 31 March 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 three months of the financial year and their effects on the condensed consolidated interim financial statements as at 31 March 2013 and with respect to the principle risks and uncertainties in the remaining nine months of the financial year.

Vienna, 26 April 2013
Executive Board

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

Dr. Johann Sereinig
Vice-Chairman of the Executive Board

Dr. Ulrike Baumgartner-Gabitzer
Member of the Executive Board

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

Notes

Notes

EDITORIAL DETAILS

Published by: VERBUND AG
Am Hof 6a, 1010 Vienna, Austria

This **Interim report** was produced in-house with FIRE.sys.
Chart and table concept:
Roman Griesfelder, aspektum gmbh
Creative concept and design: Brainds
Design and consulting: Grayling
Translation and linguistic consulting:
Austria Sprachendienst International
Printing: Lindenau Productions

Contact: VERBUND AG
Am Hof 6a, 1010 Vienna, Austria
Phone: +43(0)50313-0
Fax: +43(0)50313-54191
E-mail: info@verbund.com
Website: www.verbund.com
Commercial register number: FN 76023z
Commercial register court: Commercial Court of Vienna
VAT No.: ATU14703908
DPR No. 0040771
Registered office: Vienna, Austria

Investor Relations:
Andreas Wollein
Phone: +43(0)50313-52604
E-mail: investor-relations@verbund.com

Group communication:
Beate McGinn
Phone: +43(0)50313-53702
E-mail: media@verbund.com

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),
Ulrike Baumgartner-Gabitzer,
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.

Print CO2 kompensiert
Ident-Nr.
www.druckmedien.at

UW 790 – printed in accordance with the Printed Materials Guideline of the Austrian Environmental Label

Verbund
Power for the Future