New opportunity – fresh perspective

Interim report quarter 1/2014

Verbund
Power for the Future

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At a glance

- Water supply below long-term average
- Lower average contract prices achieved for electricity
- Earnings continue to suffer from difficult economic situation for gas power plants
- Lower cash flow from operating activities
- Successful market initiative brings 17,000 new customers
- Outlook for 2014 confirmed

Key figures

	Unit	Q1/2013[1]	**Q1/2014[1]**	Change
Revenue	€m	861.6	**680.4**	–21.0%
EBITDA	€m	313.4	**207.1**	–33.9%
EBITDA adjusted	€m	307.8	**207.1**	–32.7%
Operating result	€m	233.9	**110.7**	–52.7%
Result after tax from discontinued operations	€m	–12.1	**–6.7**	–44.6%
Group result	€m	77.0	**40.9**	–46.8%
Group result adjusted	€m	125.6	**41.1**	–67.3%
Earnings per share	€	0.22	**0.12**	–46.8%
EBIT margin	%	27.1	**16.3**	–
EBITDA margin	%	36.4	**30.4**	–
Cash flow from operating activities	€m	285.7	**174.6**	–38.9%
Capex for intangible assets and property, plant and equipment	€m	97.5	**173.3**	77.7%
Free cash flow	€m	326.3	**1.4**	–99.6%
Average number of employees		3,182	**3,260**	2.5%
Electricity sales volume	GWh	12,183	**10,965**	–10.0%
Hydro coefficient		1.20	**0.93**	–

	Unit	31/12/2013[1]	**31/3/2014[1]**	Change
Balance sheet total	€m	12,833.4	**12,907.2**	0.6%
Equity	€m	5,552.9	**5,633.7**	1.5%
Equity ratio (adjusted)	%	44.5	**44.9**	–
Net debt	€m	3,706.3	**3,745.9**	1.1%
Gearing	%	66.7	**66.5**	–

[1] The comparative figures were adjusted retrospectively as a consequence of the initial application of IFRS 11. Result after tax from discontinued operations (corresponds to the result after tax of the French Pont-sur-Sambre and Toul combined cycle gas turbine power plants classified as held for sale) is included in the calculation of the key figures.

Report of the Executive Board

Dear Shareholders,
The situation on the European electricity market remains challenging. The difficult economic environment for VERBUND continued to worsen in the first quarter. The level of wholesale prices for electricity has further declined. Three factors in particular are responsible: excessive subsidies for new renewable energy sources, excess capacities in the European electricity market and the non-functioning CO_2 market in Europe. Neither the stabilisation of emission trading in the form of "backloading" resolved by the EU nor the planned reform of the green energy subsidies in Germany suffice to improve the energy market environment.

The negative operating environment is reflected in falling average sales prices. In addition, the water supply, which is crucial to the income trend, was 7% below the long-term average and 27 percentage points below the level of quarter 1/2013. Thus, EBITDA fell significantly by 33.9% to €207.1m and the Group result of €40.9m for the first quarter was down 46.8% year-on-year.

VERBUND is meeting the challenges in the electricity market by expanding its local customer services, further streamlining its investment plans, implementing a programme to reduce costs and increase efficiency and restructuring its gas power plant portfolio.

We attracted 17,000 new customers and continue to focus on proximity to our customers. As part of our market initiative, we are continuously expanding the portfolio for our more than 322,000 retail customers and are developing innovative new services.

With respect to the difficult market environment, we focused on our investment programme. We invest primarily in modernising existing facilities and in the Austrian high voltage grid. Our programme to reduce costs and increase efficiency is another important step. We will save a total of €130m by 2015 with the measures that have been agreed.

The situation remains tense in the area of thermal power. We are reviewing all options from decommissioning and flexible operation to the sale of thermal power plants and plan to take critical steps by the end of the year.

Based on average own generation from hydropower, we expect EBITDA for financial year 2014 to be approximately €850m and the Group result to be approximately €150m. A payout ratio of around 50% of the Group result after adjustment for non-recurring effects is planned for 2014.

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

Investor relations

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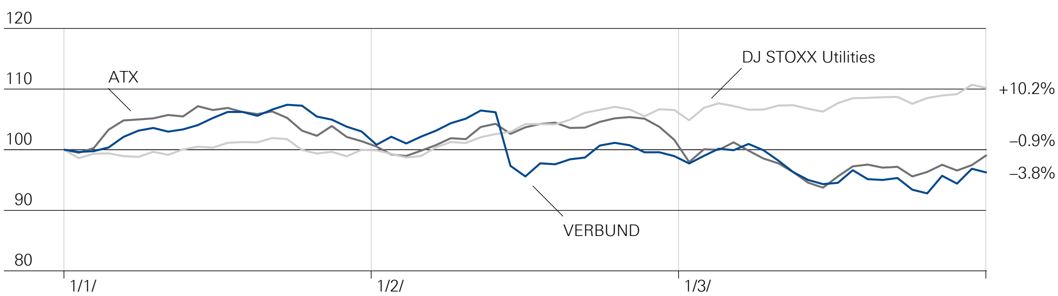
International stock market trends were highly volatile in quarter 1/2014. After an upward trend at the beginning of the year, fears that the US Federal Reserve would scale back its expansionary policies too quickly, disappointing economic data from the USA and signs of a surprisingly weak economic performance in emerging markets (in particular in China) led to sharp price adjustments. These insecurities were quickly overcome in most markets, which began rising again. However, this stopped at the end of February as a result of the crisis regarding the political developments in and around the Ukraine. After the consequences of the Ukraine crisis remained manageable for market participants, prices began rising again starting in mid-March. As at 31 March 2014, the Euro Stoxx 50 gained 1.7% over its closing level at the end of 2013. In contrast, the US stock index Dow Jones Industrial declined slightly by 0.7%. The Japanese leading index Nikkei 225 recorded a price adjustment of 9.0% compared to 31 December 2013.

VERBUND share price: relative performance 2014



Upcoming date:
Half-year result:
30 July 2014

VERBUND shares once again recorded price losses in quarter 1/2014. The year began with a rise in prices that continued until mid-February. However, there was a significant price adjustment following the publication of the earnings projection for 2014, which was far below analyst expectations. VERBUND shares closed at €14.9 on 31 March 2014, down 3.8% from 31 December 2013. Their performance was therefore weaker than the ATX (–0.9%) and DJ STOXX Utilities sector index (+10.2%).

Shares: key figures

	Unit	Q1/2013	**Q1/2014**	Change
Share price high	€	19.9	**16.7**	– 16.1%
Share price low	€	15.6	**14.4**	– 7.7%
Closing price	€	16.9	**14.9**	– 11.7%
Performance	%	– 9.9	**– 3.8**	–
Market capitalisation	€m	5,874.8	**5,186.9**	– 11.7%
ATX weighting	%	3.1	**2.3**	–
Value of shares traded	€m	532.3	**394.6**	– 25.9%
Shares traded per day	Shares	511,292	**411,562**	– 19.5%

Group interim management report

Business performance

Since 1 January 2014, IFRS 11 “Joint Arrangements” has replaced the previous rules under IAS 31 “Interests in Joint Ventures”. As a result of the new rules, the interest in Ennskraftwerke Aktiengesellschaft is to be classified as a joint operation. Thus, the interest in Ennskraftwerke Aktiengesellschaft is no longer recognised based on equity method accounting. Instead, VERBUND’s interest in the assets and liabilities and/or income and expenses is to be included in the consolidated financial statements proportionately. The new standard was applied retroactively as of 1 January 2013. Further details and adjustments for the reporting period and previous year are presented in the selected explanatory notes.

Electricity supply and sales volumes

Group electricity supply GWh

	Q1/2013	**Q1/2014**	Change
Hydropower[1]	6,741	5,664	–16.0%
Wind/solar power	138	223	61.6%
Thermal power	1,604	657	–59.0%
Own generation	8,483	**6,544**	–22.9%
Electricity purchased from third parties	3,636	4,312	18.6%
Electricity purchased for grid loss and balancing energy volumes	843	978	16.0%
Electricity supply	12,962	**11,834**	–8.7%

[1]incl. purchase rights

At 6,544 GWh, VERBUND’s own generation in quarter 1/2014 was 1,939 GWh lower than in quarter 1/2013. Generation from hydropower fell by 1,077 GWh. At 0.93, the hydro coefficient of the run-of-river power plants was 7% below the long-term average and 27 percentage points below the previous year’s figure. Generation from annual storage power plants was reduced by 16.4%. This decrease – despite increased generation from pumping – can be attributed to storage levels that were already low at the beginning of the year as well as technical limitations.

Wind power and photovoltaic installations generated 85 GWh more electricity. The increase can be explained by the new plants in Romania and Germany that were commissioned in 2013.

In contrast, generation from thermal power fell by 947 GWh under extremely unfavourable market conditions. The Mellach/Styria CCGT only generated 45 GWh in quarter 1/2014 (quarter 1/2013: 284 GWh). Generation from VERBUND’s other thermal power plants in Austria fell by 346 GWh. The two thermal power plants in France produced a total of 362 GWh less electricity than in quarter 1/2013.

Purchases of electricity from third parties for the trading and sales business increased by 676 GWh. Electricity purchased from third parties for grid losses and balancing energy increased by 135 GWh.

Group electricity sales volume and own use GWh

	Q1/2013	Q1/2014	Change
Consumers	2,493	2,337	– 6.3%
Resellers	5,377	5,080	– 5.5%
Traders	4,313	3,548	– 17.7%
Electricity sales volume	12,183	**10,965**	– 10.0%
Own use	649	686	5.7%
Balancing energy volumes	129	184	42.6%
Electricity sales volume and own use	12,962	**11,834**	– 8.7%

VERBUND's electricity sales volume decreased by 1,218 GWh in quarter 1/2014. Electricity volumes delivered to consumers declined (–156 GWh). The increase in Austria (+102 GWh) was more than offset by foreign consumers (–258 GWh). Lower sales to resellers (–297 GWh) can be attributed in particular to lower demand in Germany and France. In Austria, sales to Austrian provincial utilities increased. Electricity deliveries to trading firms decreased by 765 GWh. The main reason was lower sales over energy exchanges due to lower generation. Own use of electricity rose by 37 GWh. This can be attributed in particular to higher generation from pumping.

Electricity sales by country GWh

	Q1/2013	Q1/2014	Change
Austria	5,962	6,096	2.2%
Germany	5,071	4,090	– 19.3%
France	934	510	– 45.4%
Romania	76	126	65.8%
Others	140	143	2.1%
Electricity sales volume	12,183	**10,965**	– 10.0%

In quarter 1/2014, approximately 56% of the electricity sold by VERBUND went to the Austrian market. The focus of international trading and sales activities is the German market, which accounts for 84% of all volumes sold abroad.

Financial performance

Although the result attributable to the French CGGTs is to be presented separately from continuing operations in accordance with IFRS 5 (see Note 12), to enhance comparability the analysis of financial performance relates to the combined result from the Group's continuing and discontinued operations.

Results

€m

	Q1/2013	**Q1/2014**	Change
Revenue	861.6	680.4	–21.0%
EBITDA	313.4	207.1	–33.9%
Operating result	233.9	110.7	–52.7%
Group result	77.0	40.9	–46.9%
Earnings per share in €	0.22	0.12	–45.9%

Electricity revenue

Electricity revenue fell in quarter 1/2014 by €155.0m to €555.6m as a result of decreases in volumes and prices. The electricity sales volume for the first quarter declined year-on-year by 10.0% or 1,218 GWh. In addition, the overall lower price level led to a significant negative price variation.

Grid revenue

External grid revenue fell by 16.8% to €87.5m in quarter 1/2014. In quarter 1/2013, provisions recognised in 2012 for a possible rescission of the 2012 System Charges Order (SNE-VO) were adjusted and thus partially reversed. As a result of this reversal of provisions, the allocation of provisions for the possible rescission of the 2013 SNE-VO was more than offset, which had a positive impact on grid revenue in 2013. No such movements in provisions were recorded in quarter 1/2014. Lower international grid revenue due to lower proceeds from the auctioning of marginal capacities and ITC income as well as lower national grid revenue due to lower tariff revenue led to a further decrease in grid revenue compared to 2013.

Other revenue and other operating income

Other revenue decreased by €8.5m to €37.3m. This decrease can be attributed to lower revenue from gas deliveries as well as lower proceeds from green electricity certificates and emission rights. Other operating income decreased by €5.0m to €12.4m. This resulted primarily from the elimination of positive effects in quarter 1/2013, such as loss of income from penalty payments in particular.

Expenses for electricity, grid, gas and certificate purchases

Expenses for electricity, grid, gas and certificate purchases fell by 8.7% to €320.6m. The purchase of electricity from third parties for the trading and sales business as well as for grid losses and balancing energy increased by a total of 811 GWh. However, this increase was more than compensated by reduced purchase prices as well as lower reimbursements of expenses for purchase rights. Expenses for electricity purchases thus declined by €21.3m compared with quarter 1/2013, while expenses for grid purchases rose slightly by €3.4m. Expenses for gas purchases fell by €10.7m to €15.7m. 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. The resulting impact on profit in quarter 1/2014 was €+0.3m (quarter 1/2013: €–11.4m).

Fuel expenses

Fuel and other usage-dependent expenses fell by 56.6% to €36.0m. The sharp decrease can be attributed to the considerably lower use of thermal power plants based on market conditions. Generation from thermal power declined by 947 GWh to 657 GWh in quarter 1/2014.

Personnel expenses

Personnel expenses rose by €5.6m to €85.2m. Expenses for current employees (excluding pensioners and employees in partial retirement) increased by €2.8m mainly due to the consolidation of Grenzkraftwerke GmbH and Innwerk AG as well as the adjustment of collective agreements in 2014. This was offset, among other things, by the decision to freeze hiring of external personnel as part of the programme to reduce costs and increase efficiency. The increase in expenses in the area of severance pay and pensions (€2.8m) resulted mainly from the cessation of a non-recurring effect (reversal of the obsolete provision for the valorisation of the defined benefit pension plan pursuant to a decision handed down by the Austrian Supreme Court) as well as an additional expense for voluntary severance payments.

Amortisation and depreciation

Amortisation of intangible assets and depreciation of property, plant and equipment rose by €20.5m to €96.3m. The majority of the increase resulted from the acquisition of equity interests in Bavarian hydropower plants as part of an asset swap with E.ON in quarter 2/2013 as well as the wind farms in Romania and Germany that were commissioned in 2013.

Other operating expenses

Other operating expenses decreased by €7.7m to €43.9m. The decrease resulted in particular from lower maintenance costs in the area of hydropower as well as the reversal of provisions related to the Töging power plant.

Effects from impairment tests

The effects from impairment tests in quarter 1/2014 amounted to €–0.1m (quarter 1/2013: €–3.8m). The impairment tests of the previous year related mainly to the impairment of the Kavarna wind farm on the Bulgarian Black Sea coast.

Operating result

As a consequence of the above developments, the operating result decreased by 52.7% to €110.7m. The operating result before effects from impairment tests fell by 53.4% to €110.8m.

Result from equity interests

The result from interests accounted for using the equity method increased by €52.6m to €2.6m, whereby the contribution from foreign interests increased by €53.0m to €–1.7m. This can be attributed to the Italian entity Sorgenia S.p.A. (Group). The contribution of Sorgenia S.p.A. (Group) to the result from interests accounted for using the equity method in quarter 1/2014 was zero (quarter 1/2013: €–49.1m) and the equity interest has been recognised as “held for sale” since 31 December 2013. The negative earnings contribution in the previous year was influenced in particular by an impairment loss recognised by Sorgenia S.p.A. (Group) on its 39% equity interest in Tirreno Power S.p.A. Income from Austrian interests accounted for using the equity method amounted to €4.3m (quarter 1/2013: €4.7m). This mainly included the earnings contribution of KELAG in the amount of €4.3m (quarter 1/2013: €4.6m).

Interest income and expenses

Interest income decreased by €0.3m to €8.0m compared with quarter 1/2013. Interest expenses decreased by €5.1m to €53.6m. The decrease can be attributed to lower interest on other liabilities from electricity supply commitments. This can be attributed in particular to the repurchase of 60% of the electricity supply commitment from the Tyrolean Zemm/Ziller storage power plant group as part of an asset swap with E.ON in 2013.

Other financial result

The other financial result decreased by €8.9m in quarter 1/2014 to €–3.1m. This resulted mainly from the measurement of derivative financial instruments in the amount of €–4.7m (quarter 1/2013: €+1.1m) as well as the year-on-year decrease in foreign exchange gains (€–3.3m).

Financial result

The financial result consequently rose by €53.7m, increasing from €–94.5m to €–40.8m.

Group result

After taking into account the effective tax rate of 23.6% (corporate tax rate of 25% in Austria) and non-controlling interests in the amount of €12.4m, the Group result amounted to €40.9m. This corresponds to a decrease of 46.8% compared to the previous year. Earnings per share amounted to €0.12 (quarter 1/2013: €0.22) for 347,415,686 shares.

Financial position

Consolidated balance sheet (short version) €m

	31/12/2013	Share	**31/3/2014**	**Share**	Change
Non-current assets	11,092.1	86.4%	11,100.6	86.0%	0.1%
Current assets	1,603.9	12.5%	1,669.1	12.9%	4.1%
Non-current assets held for sale	137.5	1.1%	137.5	1.1%	0.0%
Total assets	12,833.4	100.0%	**12,907.2**	**100.0%**	0.6%
Equity	5,552.9	43.3%	5,633.7	43.6%	1.5%
Non-current liabilities	5,766.0	44.9%	5,847.5	45.3%	1.4%
Current liabilities	1,514.5	11.8%	1,426.1	11.0%	–5.8%
Liabilities	12,833.4	100.0%	**12,907.2**	**100.0%**	0.6%

Assets

VERBUND's assets in quarter 1/2014 remained largely unchanged year-on-year. With respect to property, plant and equipment, capital expenditure of €94.1m was offset by approximately the same amount of depreciation. The most important additions related to the conversion of reversion rights for a run-of-river power plant on the Bavarian Inn River to contingent reversion rights, which was to be recognised as subsequent cost (€52.0m), as well as capital expenditure for the Reisseck II pumped storage power plant (€8.1m). The carrying amount of the interests accounted for using the equity method also remained largely unchanged.

The decrease in current receivables resulted mainly from a decrease in trade receivables as well as a decrease in loans due to the repayment of principal amounts. This was offset by an increase in short-term investment of excess liquidity in the money market and changes in derivative financial instruments in the energy area. Cash and cash equivalents increased in particular due to cash inflows from short-term loans.

Equity and liabilities

The capital structure remained nearly the same. Net debt increased slightly by 1.1% compared to 31 December 2013. This can be attributed mainly to the increase in financial liabilities given the simultaneous lower increase in short-term investments. Current and non-current financial liabilities increased in particular due to borrowings at banks as well as accrued interest on bonds. In contrast, trade payables and outstanding capital expenditure invoices decreased.

Cash flows

Cash flow statement (short version)

€m

	Q1/2013	**Q1/2014**	Change
Cash flow from operating activities	285.7	174.6	–38.9%
Cash flow from investing activities	–232.3	–147.2	–36.6%
Cash flow from financing activities	–70.8	85.6	n.a.
Change in cash and cash equivalents	–17.3	113.0	n.a.
Cash and cash equivalents as at 31/3/	104.5	**196.3**	87.8%

Cash flow from operating activities

Cash flow from operating activities in quarter 1/2014 amounted to €+174.6m and therefore decreased by €111.1m. The decrease resulted in particular from lower contribution margins from the Electricity segment. In addition, operating cash flow from the Grid segment decreased. This was offset by variation margins from futures contracts in the energy area (change in cash flows: €+18.9m) and lower income tax payments (€+18.8m).

Cash flow from investing activities

Cash flow from investing activities changed in quarter 1/2014 by €+85.1m. Lower cash outflow from capital expenditure for investments (€+181.7m), higher cash inflow from the disposal of investments (€+162.7m) and the discontinuance of cash outflow for interests accounted for using the equity method (€+137.5m) had a positive impact on cash flow from investing activities. This was offset by the discontinuance of payments received from the disposal of the equity-accounted interest in SSG in the previous year (€–270.9m), higher cash outflow from capital expenditure for intangible assets and property, plant and equipment (€–75.8m) and higher cash disbursements for short-term investments (€–47.0m).

Cash flow from financing activities

Cash flow from financing activities amounted to €+85.6m in quarter 1/2014 and consequently changed by €+156.4m. The change resulted from the raising of loans and other financial liabilities in quarter 1/2014 (€+100m) and the cessation of payments from money market transactions (€+60.5m).

Risk management

Economic performance and the further structuring of the transition to renewable energy represent the primary external challenges for 2014. Following the asset swap with E.ON and impairment losses, significant portions of VERBUND's assets are recognised at fair value. The mandatory review of accounting policies under IFRS can have a significant impact on net profits. Ongoing projects to restructure the thermal area can lead to deviations from the expected earnings performance and/or to significant cash flows. The restructuring and cost reduction measures implemented by VERBUND are intended to increase the risk-bearing capacity as a whole and to support the expansion of future earnings potential.

Operating result: low electricity prices and volatility from impairment losses

Electricity generation from hydropower depends largely on hydrological trends that cannot be controlled. In addition, wholesale prices for electricity continue to influence the result. Possible impairment losses on plants and ongoing disinvestment projects can also lead to fluctuations. Taking into account the annual power generation priced in as at the 31 March 2014 reporting date, a change of 1.0% in the following factors – all else remaining equal – would be reflected in the operating result for 2014 as follows:

- Generation of more or less electricity from hydropower: +/– €6.7m
- Wholesale electricity prices (hydropower plants and thermal power plants): +/– €2.1m

Financial result: measurement effects

Performance of VERBUND's financial result is stable Exchange rate fluctuations with respect to a yen bond to be redeemed in 2015 can influence the result. Contributions from domestic equity interests are proving to be stable. The equity-accounted interest in the Italian Sorgenia S.p.A. (Group) was reduced to zero in the 2013 financial statements. Since then, its financial performance has been recorded in an off-balance-sheet account (with no impact on profit or loss) and reported in the notes.

VERBUND'S financial performance can lead to the violation of contractually agreed clauses in financing agreements, thereby impacting the result with additionally required collateral. A change of 1.0% either way in the following factors – all else remaining equal – would be reflected in the financial result for 2014 as at the 31 March 2014 reporting date as follows:

- JPY/EUR exchange rate (financial result): +/– €0.4m

Operating segments

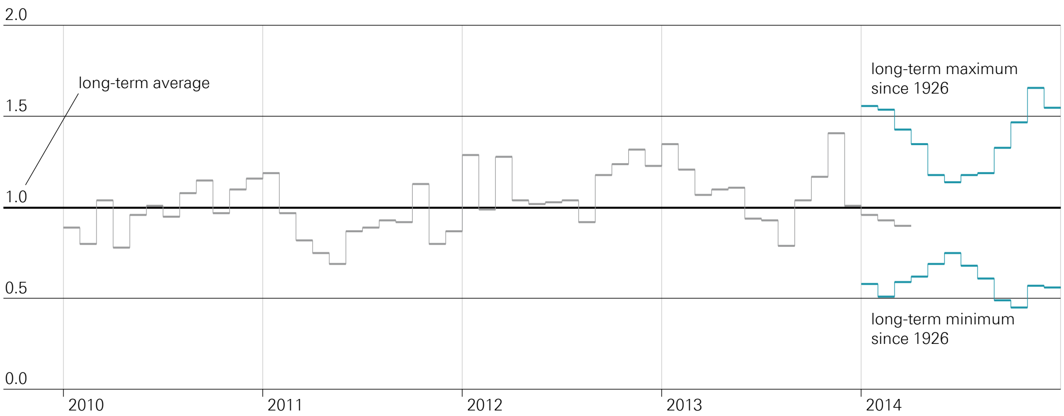
Electricity

Electricity supply – Electricity segment GWh

	Q1/2013	Q1/2014	Change
Hydropower[1]	6,741	5,664	– 16.0%
Wind/solar power	138	223	61.6%
Thermal power	1,604	657	– 59.0%
Own generation	8,483	**6,544**	– 22.9%
Electricity purchased from third parties	3,636	4,312	18.6%
Intragroup	57	52	– 8.8%
Electricity supply	12,176	**10,908**	– 10.4%

[1]incl. purchase rights

Hydro coefficient (monthly averages)



Electricity generation

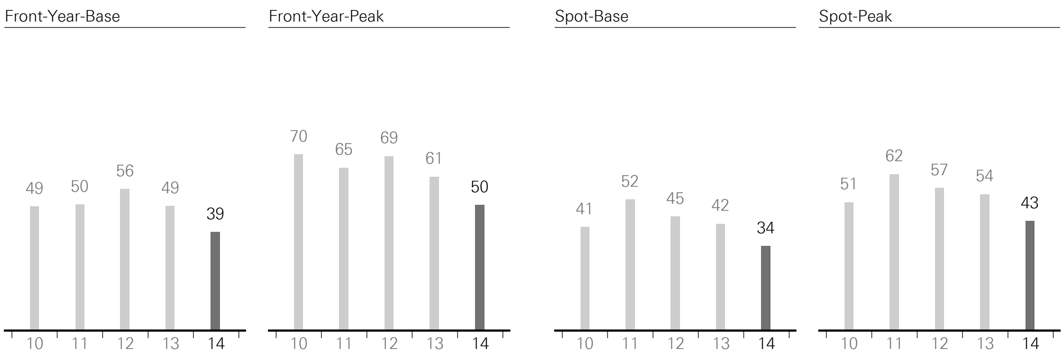
At 6,544 GWh, VERBUND's total generation in the electricity segment was 22.9% lower in quarter 1/2014 than in quarter 1/2013. Generation from hydropower fell by 16.0%. At 0.93, the hydro coefficient of the run-of-river power plants was 7.0% below the long-term average and 27 percentage points below the prior-period figure. The annual storage power plants produced 16.4% less electricity. The main reasons were the storage levels, which were already low at the beginning of the year, and technical limitations.

In contrast, generation from wind power and photovoltaic installations increased by 61.6%. This was due in particular to the commissioning of installations in Romania and Germany. Around 90% of VERBUND's own generation came from renewable energy in quarter 1/2014.

Generation from thermal power decreased by 59.0% based on market conditions. The main reason for this was the persistently unfavourable ratio of gas to electricity prices. The purchase of electricity from third parties for the trading and sales business rose by 18.6%. As a result of the lower generation, the need to fulfil electricity supply agreements was increasingly covered by means of additional purchases on exchanges.

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 €39.1/MWh, prices for electricity futures contracts applicable to financial year 2014 (front-year base 2014) were down 20.7% 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 2013 over the forward market. Spot market prices (base price) fell by 20.8% to €33.5/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.

Prices for primary energy developed weakly in quarter 1/2014. The price of Brent crude oil fell from $110/bbl at the start of the year to $105/bbl at the end of March. The price for CIF ARA hard coal deliveries (6,000 kcal/kg) also fell from approximately $81/t at the beginning of the first quarter to $76/t.

Spot market prices on the Net Connect Germany (NCG) gas hub were very weak due to the mild winter, falling from €26.7/MWh to €21.3/MWh since January 2014. Prices on the forward market for natural gas also exhibited a weak trend: the price for the front-year future for 2015 fell from €26.4/MWh to €24.0/MWh at the NCG trading point. Prices for emission rights were highly volatile in quarter 1/2014. The price for EUAs (European Union Allowances) rose from €4.8/t at the beginning of January to €7.5/t at the end of February and was quoted once again at €4.8/t at the end of the first quarter.

Electricity sales volume

Electricity sales and own use – Electricity segment GWh

	Q1/2013	Q1/2014	Change
Consumers	2,493	2,337	–6.3%
Resellers	4,784	4,340	–9.3%
Traders	4,279	3,488	–18.5%
Intragroup	183	256	39.9%
Electricity sales volume	11,739	**10,421**	–11.2%
Own use	437	487	11.4%
Electricity sales volume and own use	12,176	**10,908**	–10.4%

VERBUND's electricity sales volume and own use decreased by 10.4% in quarter 1/2014 compared to the same period in 2013. Sales to resellers fell by 9.3% and sales to trading firms by 18.5%. Sales volumes in the domestic consumer market increased by 7.3%. In Austria, VERBUND had around 322,000 consumers in the household/agriculture and commercial segment consuming up to 100,000 kWh of electricity annually at the end of the first quarter. However, the international sales volume to industrial consumers declined. The increase in own use can be explained by the more favourable market situation for pumped storage power plants.

Expansion of generation from hydropower

Additional construction measures are necessary in the tail water area at the Reisseck II/Carinthia pumped storage power plant. From a current perspective – depending on the scope of the measures – the trial operation is expected to be postponed until quarter 1/2015, whereby the originally planned costs will be maintained.

Expansion of generation from wind power

The construction of the Hollern II and Petronell-Carnuntum II wind farms in Lower Austria (combined 36 MW) was completed on schedule. The plants are already running in trial operation with the final inspections scheduled for quarter 2/2014. The construction of another wind farm in this region began in quarter 1/2014: Bruck-Göttlesbrunn (21 MW). When these plants are completed, our generation from wind power in Austria will have more than doubled.

Grid

The energy volume relevant to billing transmitted over the 220/380 kV grid (excluding electricity used for pumping) increased year-on-year to 6,864 GWh in quarter 1/2014. Based on the transmission schedules, the APG control area imported a net amount of 5,953 GWh.

Electricity supply – Grid segment GWh

	Q1/2013	**Q1/2014**	Change
Electricity purchased for grid loss and balancing energy volumes	843	978	16.0%
Intragroup	183	256	39.9%
Electricity supply	1,026	**1,234**	20.3%

Electricity sales and own use – Grid segment GWh

	Q1/2013	**Q1/2014**	Change
Resellers	593	740	24.8%
Traders	35	60	71.4%
Intragroup	57	52	–8.8%
Electricity sales volume	685	**851**	24.2%
Own use	212	199	–6.1%
Balancing energy volumes	129	184	42.6%
Electricity sales volume and own use	1,026	**1,234**	20.3%

Security of supply and bottleneck management

APG had to intervene in power plant use several times in quarter 1/2014 to maintain the security of supply. Technical network measures were no longer sufficient to ease the critical grid situation. The main reason for the bottlenecks was north-south electricity flows in Northeastern Austria together with the shutdown of lines in connection with grid expansion.

Rate directives

APG recognised corresponding provisions for the rescission of the rate directives (SNT-VO/SNE-VO) and/or the fee components. 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

On 25 February 2014, E-Control opened the cost calculation process for 2014. The goal for the tariff review continues to be securing the return on capital employed, in particular through the ex-ante financing of investments associated with the approved APG Network Development Plan.

380 kV Salzburg line: environmental impact assessment in progress

After the authorities prepared the extensive environmental impact assessment report, the edict on the public inspection of the report appeared on 8 January 2014. The documents were made available online starting 18 December 2013 and in paper form at the authorities and in all relevant municipalities in Salzburg and Upper Austria starting 8 January 2014. The inspection deadline to submit comments expired on 28 February 2014. The oral proceedings in Salzburg were set for 2 to 5 June 2014 by the provincial government. Since there wasn't a single objection in Upper Austria, officials will not conduct any oral proceedings there.

Equity interests

Foreign

Sorgenia S.p.A. (Group)

The contribution of Sorgenia S.p.A. (Group) in quarter 1/2014 to the result from interests accounted for using the equity method was zero (quarter 1/2013: €–49.1m). The equity interest has been recognised as “held for sale” since 31 December 2013 and a sales process has been initiated.

Due to Sorgenia’s strained financial position, multiple meetings were held between the creditor banks and the majority shareholder CIR at the beginning of 2014. However, no solution was found, nor was a stand-still agreement reached. VERBUND communicated clearly from the beginning of this process that it would not provide Sorgenia with any additional equity or financing.

Domestic

KELAG – Kärntner Elektrizitäts-Aktiengesellschaft

In quarter 1/2014, the contribution from KELAG to the result from interests accounted for using the equity method was €4.3m (quarter 1/2013: €4.6m). KELAG can look back on 2013 as a successful year. This can be attributed primarily to the above-average hydro coefficient of 1.05 (2012: 1.03).

Events after the balance sheet date

There were no events requiring disclosure between the balance sheet date of 31 March 2014 and the authorisation for issue on 25 April 2014.

Consolidated interim financial statements

of VERBUND

Income statement

€m

In accordance with IFRSs	Notes	Q1/2013[1]	**Q1/2014**
Revenue		829.3	**670.8**
Electricity revenue	1	678.3	546.0
Grid revenue	2	105.2	87.5
Other revenue		45.8	37.3
Other operating income		16.4	12.3
Expenses for electricity, grid, gas and certificate purchases	3	–350.7	–320.4
Fuel expenses and other usage-dependent expenses	4	–49.4	–27.0
Personnel expenses	5	–78.8	–84.3
Amortisation of intangible assets and depreciation of property, plant and equipment		–71.0	–96.3
Other operating expenses		–45.9	–37.6
Operating result before effects from impairment tests		249.8	117.5
Effects from impairment tests	6	–3.8	–0.1
Operating result		246.0	**117.3**
Result from interests accounted for using the equity method	7	–50.0	2.6
Other result from equity interests	8	0.0	5.3
Interest income	9	8.4	8.0
Interest expenses	10	–58.7	–53.6
Other financial result	11	5.8	–3.1
Financial result		–94.5	**–40.8**
Profit before tax		151.5	**76.5**
Taxes on income		–42.2	–16.5
Profit after tax from continuing operations		109.3	**60.1**
Loss after tax from discontinued operations[2]	12	–12.1	**–6.7**
Profit for the period		97.2	**53.4**
Attributable to the shareholders of VERBUND AG (Group result)		77.0	40.9
Attributable to non-controlling interests		20.2	12.4
Earnings per share in €[3]		0.22	**0.12**

[1] The comparative figures were adjusted retrospectively in accordance with IFRS 5 and due to the initial application of IFRS 11. // [2] The loss after tax from discontinued operations corresponds to loss after tax attributable to the French Pont-sur-Sambre and Toul combined cycle gas turbine power plants held for sale. // [3] Diluted earnings per share correspond to basic earnings per share.

Statement of comprehensive income

€m

In accordance with IFRSs	Notes	Q1/2013[1]	**Q1/2014**
Profit for the period		97.2	**53.4**
Remeasurements of the net defined benefit liability		–0.1	0.6
Other comprehensive income from interests accounted for using the equity method		0.3	–2.3
Total of items that will not be reclassified subsequently to the income statement		0.3	**–1.7**
Differences from currency translation		0.7	0.4
Measurements of available-for-sale financial instruments		1.2	1.6
Measurements of cash flow hedges		13.4	36.4
Other comprehensive income from interests accounted for using the equity method		1.2	0.2
Total of items that will be reclassified subsequently to the income statement		16.5	**38.6**
Other comprehensive income before tax		16.8	**37.0**
Taxes on income relating to items that will not be reclassified subsequently to the income statement		0.0	–0.2
Taxes on income relating to items that will be reclassified subsequently to the income statement		–3.6	–9.4
Other comprehensive income after tax		13.2	**27.4**
Total comprehensive income for the period		110.4	**80.8**
Attributable to the shareholders of VERBUND AG		90.0	68.1
Attributable to non-controlling interests		20.4	12.7

[1] The comparative figures were adjusted retrospectively due to the initial application of IFRS 11.

Balance sheet

€m

	Notes	1/1/2013[1]	31/12/2013[1]	31/3/2014
Non-current assets		9,807.5	11,092.1	**11,100.6**
Intangible assets		662.5	799.3	800.2
Property, plant and equipment		7,452.1	9,465.1	9,465.2
Interests accounted for using the equity method		888.1	243.2	245.5
Other equity interests	15	134.6	87.1	87.2
Investments and other receivables	15	670.3	497.3	502.6
Current assets		1,274.0	1,603.9	**1,669.1**
Inventories	13	129.3	84.9	83.9
Trade receivables and other receivables	15	1,023.0	1,435.6	1,388.9
Cash and cash equivalents	15	121.8	83.3	196.3
Non-current assets held for sale	14	1,331.8	137.5	**137.5**
Total assets		12,413.3	12,833.4	**12,907.2**

€m

	Notes	1/1/2013[1]	31/12/2013[1]	31/3/2014
Equity		5,105.4	5,552.9	**5,633.7**
Attributable to the shareholders of VERBUND AG		4,464.4	4,947.3	5,016.0
Attributable to non-controlling interests		641.0	605.6	617.7
Non-current liabilities		6,062.4	5,766.0	**5,847.5**
Financial liabilities	15	3,935.3	3,359.5	3,429.1
Provisions		666.9	717.7	719.7
Deferred tax liabilities		204.1	616.9	626.3
Contributions to building costs and grants		649.6	685.1	686.2
Deferred income – cross-border leasing		53.6	52.0	51.6
Other liabilities	15	552.9	334.7	334.6
Current liabilities		1,245.5	1,514.5	**1,426.1**
Financial liabilities	15	385.8	654.2	686.8
Provisions		191.9	289.0	263.5
Current tax liabilities		37.2	36.1	55.5
Trade payables and other liabilities	15	630.6	535.1	420.2
Total liabilities		12,413.3	12,833.4	**12,907.2**

[1] The comparative figures were adjusted retrospectively due to the initial application of IFRS 11.

Statement of changes in equity

In accordance with IFRSs	Share capital	Capital reserves	Retained earnings	Remeasure-ments of the net defined benefit liability	
Notes					
As at 1/1/2013	347.4	954.3	3,493.4	– 130.5	
Change in accounting policies	–	–	7.2	– 1.1	
As at 1/1/2013 retrospectively adjusted	347.4	954.3	3,500.6	– 131.6	
Total comprehensive income for the period	–	–	76.9	0.3	
As at 31/3/2013	347.4	954.3	3,577.5	– 131.3	
As at 1/1/2014	**347.4**	**954.3**	**3,873.3**	**– 158.8**	
Shifts between shareholder groups	–	–	0.6	0.0	
Total comprehensive income for the period	–	–	40.9	– 1.9	
As at 31/3/2014	**347.4**	**954.3**	**3,914.9**	**– 160.7**	

€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
	–128.9	6.8	–91.1	7.1	4,458.4	641.0	5,099.4
	0.0	0.0	0.0	0.0	6.1	0.0	6.1
	–128.9	6.8	–91.1	7.1	4,464.4	641.0	5,105.4
	–0.1	0.2	12.2	0.4	90.0	20.4	110.4
	–129.0	6.9	–78.9	7.5	4,554.4	661.4	5,215.8
	–3.5	**3.2**	**–78.3**	**9.6**	**4,947.3**	**605.6**	**5,552.9**
	0.0	0.0	0.0	0.0	0.6	–0.6	0.0
	0.3	1.1	27.4	0.2	68.1	12.6	80.8
	–3.2	**4.3**	**–50.9**	**9.8**	**5,016.0**	**617.7**	**5,633.7**

Cash flow statement

€m

In accordance with IFRSs	Notes	Q1/2013[1]	Q1/2014
Profit for the period		97.2	53.4
Amortisation of intangible assets and depreciation of property, plant and equipment (net of reversals of impairment losses)		79.5	96.4
Impairment losses on investments (net of reversals of impairment losses)		0.0	0.2
Result from interests accounted for using the equity method (net of dividends received)		58.7	–2.6
Result from the disposal of non-current assets		4.5	0.0
Change in non-current provisions and deferred tax liabilities		–20.3	1.7
Change in contributions to building costs and grants		3.6	1.1
Income from the reversal of deferred income from cross-border leasing transactions		–0.4	–0.4
Other non-cash expenses and income		9.4	26.5
Subtotal		232.2	**176.4**
Change in inventories		30.3	1.0
Change in trade receivables and other receivables		6.4	48.6
Change in trade payables and other liabilities		–11.3	–45.3
Change in current provisions and current tax liabilities		28.0	–6.1
Cash flow from operating activities	16	285.7	**174.6**

[1] The comparative figures were adjusted retrospectively due to the initial application of IFRS 11.

€m

In accordance with IFRSs	Notes	Q1/2013[1]	Q1/2014
Cash outflow from capital expenditure for intangible assets and property, plant and equipment		–97.5	–173.3
Cash inflow from the disposal of intangible assets and property, plant and equipment		3.4	0.4
Cash outflow from capital expenditure for investments		–200.6	–18.9
Cash inflow from the disposal of investments		11.6	174.3
Cash outflow from capital expenditure for interests accounted for using the equity method		–137.5	0.0
Cash inflow from the disposal of subsidiaries and interests accounted for using the equity method		270.9	0.0
Cash outflow from the disposal of current investments		–82.6	–129.6
Cash flow from investing activities		–232.3	**–147.2**
Cash outflow from money market transactions		–60.5	0.0
Cash inflow from the assumption of financial liabilities (excluding money market transactions)		2.1	100.0
Cash outflow from the repayment of financial liabilities (excluding money market transactions)		–12.3	–14.4
Cash flow from financing activities		–70.8	**85.6**
Change in cash and cash equivalents		–17.3	**113.0**
Cash and cash equivalents as at 1/1/		121.8	**83.3**
Cash and cash equivalents as at 31/3/		104.4	**196.3**

[1] The comparative figures were adjusted retrospectively due to the initial application of IFRS 11.

Selected explanatory notes

Financial reporting principles

Basic principles

These consolidated interim financial statements of VERBUND as at 31 March 2014 were prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable to interim financial statements as adopted 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, please refer to VERBUND's consolidated financial statements as at 31 December 2013, which form the basis for these consolidated interim financial statements of VERBUND.

Group of consolidated companies

Effective 5 March 2014, VERBUND Solutions GmbH was formed as wholly owned subsidiary of VERBUND AG and subsequently consolidated.

Effective 12 March 2014, VEN Energie- und Dienstleistungs-GmbH was set up as a 50:50 joint venture between VERBUND AG and Sales & Solutions GmbH (a subsidiary of the EnBW Group) and included in the consolidated financial statements using equity method accounting. In accordance with VERBUND'S accounting policies, the proportionate equity interest is adjusted no later than one quarter following the underlying changes.

Effective 17 March 2014, VERBUND Beteiligungsholding GmbH merged with VERBUND AG. In addition, VERBUND Management Service GmbH merged with VERBUND Services GmbH (at 31 December 2013 still: VERBUND Telekom Service GmbH) effective 18 March 2014.

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 2013.

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 applied or applicable 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
IAS 27	Separate Financial Statements	12/5/2011 (11/12/2012)	1/1/2014	none
IAS 28	Investments in Associates and Joint Ventures	12/5/2011 (11/12/2012)	1/1/2014	none
IFRS 10	Consolidated Financial Statements	12/5/2011 (11/12/2012)	1/1/2014	none

Newly applied or applicable 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 11	Joint Arrangements	12/5/2011 (11/12/2012)	1/1/2014	Classification of an independent vehicle previously treated as a joint venture as a joint operation and thus the transition from recognition using equity-method accounting to inclusion based on the share of assets, liabilities, income/expenses.
IFRS 12	Disclosure of Interests in Other Entities	12/5/2011 (11/12/2012)	1/1/2014	none
IFRS 10 IFRS 11 IFRS 12	Amendments: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	28/6/2012 (4/4/2013)	1/1/2014	none
IFRS 10 IFRS 12 IAS 27	Amendments: Investment Entities	31/10/2012 (20/11/2013)	1/1/2014	none

IFRS 11 replaced the accounting policies for joint ventures, joint operations and jointly controlled assets under IAS 31 as well as those for non-monetary contributions by venturers under SIC 13; as a consequence, IAS 28 was renamed. IFRS 11 eliminates the option of proportionately consolidating equity interests in joint ventures, which must now be accounted for using the equity method. In addition, joint ventures are more clearly contrasted with joint operations, which now also include jointly controlled assets. If the parties of a jointly controlled entity have direct rights to the assets of the jointly controlled entity and/or obligations arising from the entity's liabilities based on the legal form, the contractual agreement, or other facts and circumstances, this does not represent a joint venture, but instead a joint operation. The assets and liabilities of a joint operation as well as its income and expenses are to be recognised proportionately in the joint operator's consolidated IFRS financial statements. Until now, VERBUND has accounted for all equity interests in entities that are controlled jointly with one or more parties using the equity method. However, the existence of electricity supply agreements that essentially entitle the partners of jointly controlled entities to proportionately purchase the electricity generated by the entity suggests the existence of a joint operation (and not a joint venture). Based on the criteria of IFRS 11, all equity-accounted interests in companies that are managed jointly with one or more parties – with the exception of one investment – are to be classified as joint ventures and will therefore be recognised using equity method accounting. Due to the circumstances and fact that Ennskraftwerke Aktiengesellschaft's operations are oriented solely on supplying both parties with the electricity produced at production cost (including a fixed profit margin) and therefore the liabilities entered into by Ennskraftwerke Aktiengesellschaft can essentially only be settled through the payments flowing to it as a result of the sale of the electricity to the parties, the equity-accounted interest in Ennskraftwerke Aktiengesellschaft (equity interest ratio of VERBUND to Energie AG: 50:50) is to be classified as a joint operation. As a consequence, Ennskraftwerke Aktiengesellschaft may no longer be accounted for using the equity method. The share of assets and liabilities and/or revenue and expenses attributable to VERBUND is to be included in VERBUND's consolidated financial statements, whereby the size of the share is determined by the ratio of electricity deliveries to both parties. Ennskraftwerke Aktiengesellschaft owns and operates twelve hydropower plants along the Enns und Steyr rivers. The ratio of electricity deliveries to the two parties differs from power plant to power plant. From a cost-benefit standpoint, the assets and liabilities and/or revenue and expenses of Ennskraftwerke Aktiengesellschaft are included in VERBUND's consolidated financial statements based on the average ratio of total electricity deliveries (VERBUND 62% and Energie AG 38%). The change in accounting policy was applied retrospectively effective 1 January 2013 in accordance with IAS 8 by adjusting all comparative figures. The adjustments for earlier reporting periods were not determined for cost-benefit reasons. The adjustments determined for the reporting period and the previous year were as follows:

Adjustments to income statement items

€m

	Q1/2013	**Q1/2014**
Revenue	–0.8	**–0.1**
Electricity revenue	0.0	0.3
Grid revenue	–0.7	–0.4
Other revenue	0.0	–0.1
Other operating income	0.3	0.2
Expenses for electricity, grid, gas and certificate purchases	4.8	4.3
Fuel expenses and other usage-dependent expenses	0.1	0.1
Personnel expenses	–2.7	–2.6
Amortisation of intangible assets and depreciation of property, plant and equipment	–0.9	–1.0
Other operating expenses	–0.6	–0.7
Operating result	0.2	**0.2**
Result from interests accounted for using the equity method	–0.1	0.3
Interest income	0.0	0.0
Interest expenses	–0.1	–0.1
Other financial result	0.0	0.0
Financial result	–0.3	**0.1**
Profit before tax	–0.1	**0.3**
Taxes on income	0.0	0.0
Profit for the period	–0.1	**0.3**
Attributable to the shareholders of VERBUND AG (Group result)	–0.1	0.3
Earnings per share in €[1]	0.0	**0.0**

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

Adjustments to comprehensive income statement items

€m

	Q1/2013	**Q1/2014**
Profit for the period	–0.1	**0.3**
Remeasurements of the net defined benefit liability	0.0	0.0
Other comprehensive income from interests accounted for using the equity method	0.2	–0.4
Total of items that will not be reclassified subsequently to the income statement	0.2	**–0.4**
Measurements of available-for-sale financial instruments	0.0	0.0
Other comprehensive income from interests accounted for using the equity method	0.0	0.0
Total of items that will be reclassified subsequently to the income statement	0.0	**0.0**
Other comprehensive income before tax	0.3	**–0.3**
Taxes on income relating to items that will not be reclassified subsequently to the income statement	0.0	0.0
Taxes on income relating to items that will be reclassified subsequently to the income statement	0.0	0.0
Other comprehensive income after tax	0.3	**–0.3**
Total comprehensive income for the period	0.2	**–0.1**
Attributable to the shareholders of VERBUND AG	0.2	–0.1

Adjustments to balance sheet items

€m

	1/1/2013	31/12/2013	**31/3/2014**
Non-current assets	25.6	47.4	**19.0**
Intangible assets	0.4	0.3	0.2
Property, plant and equipment	66.2	66.5	66.3
Interests accounted for using the equity method	–20.7	–20.9	–21.0
Other equity interests	0.0	0.0	0.0
Investments and other receivables	–20.3	1.4	–26.5
Current assets	0.4	–22.6	**6.2**
Inventories	0.1	0.1	0.1
Trade receivables and other receivables	0.2	–22.7	6.0
Cash and cash equivalents	0.1	0.1	0.0
Total assets	26.0	24.8	**25.2**

Adjustments to balance sheet items

€m

	1/1/2013	31/12/2013	31/3/2014
Equity	6.1	6.4	**6.3**
Attributable to the shareholders of VERBUND AG	6.1	6.4	6.3
Non-current liabilities	16.1	15.8	**15.5**
Provisions	12.9	12.5	12.3
Deferred tax liabilities	3.2	3.2	3.2
Contributions to building costs and grants	0.0	0.0	0.0
Other liabilities	0.0	0.1	0.0
Current liabilities	3.7	2.7	**3.4**
Provisions	2.6	1.5	2.7
Trade payables and other liabilities	1.2	1.2	0.7
Total liabilities	26.0	24.8	**25.2**

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
Q1/2014					
External revenue	542.8	125.5	2.4	–	670.8
Internal revenue	53.8	5.8	19.3	–78.9	0.0
Total revenue	596.6	131.2	21.7	–78.9	670.8
Operating result	127.8	–1.0	–9.5	0.1	117.3
Depreciation and amortisation	–74.7	–17.1	–4.7	0.3	–96.3
Effects from impairment tests	–0.1	0.0	0.0	0.0	–0.1
Other material non-cash items	–27.8	1.9	0.7	–2.6	–27.9
Result from equity interests	–	–	7.9	0.0	7.9
Of which result from interests accounted for using the equity method	–	–	2.6	0.0	2.6
Capital employed	7,888.1	1,012.7	8,229.1	–7,204.6	9,925.3
Of which carrying amount of interests accounted for using the equity method	2.2	1.1	242.2	0.0	245.5
Additions to intangible assets and property, plant and equipment	79.6	16.3	1.0	0.0	96.8
Additions to equity interests	0.0	0.0	0.3	0.0	0.3

€m

	Electricity	Grid	Equity Interests & Services	Elimination	Total Group
Q1/2013					
External revenue	680.5	142.0	6.8	–	829.3
Internal revenue	48.5	18.8	21.0	−88.3	0.0
Total revenue	729.0	160.8	27.7	−88.3	829.3
Operating result	**204.7**	**33.1**	**−5.8**	**14.0**	**246.0**
Depreciation and amortisation	−52.2	−16.8	−2.4	0.4	−71.0
Effects from impairment tests	−3.8	0.0	0.0	0.0	−3.8
Other material non-cash items	30.5	−4.9	0.8	14.0	40.3
Result from equity interests	–	–	−50.0	0.0	−50.0
Of which result from interests accounted for using the equity method	–	–	−50.0	0.0	−50.0
Capital employed	**6,584.2**	**1,095.3**	**6,965.0**	**−4,843.1**	**9,801.3**
Of which carrying amount of interests accounted for using the equity method	10.3	1.3	823.7	0.0	835.3
Additions to intangible assets and property, plant and equipment	35.0	15.2	2.3	0.0	52.5
Additions to equity interests	0.0	0.0	0.0	0.0	0.0

Notes to the income statement

(1)
Electricity revenue

Electricity revenue by customer areas €m

	Q1/2013 Domestic	**Q1/2014 Domestic**	Q1/2013 Foreign	**Q1/2014 Foreign**	Q1/2013 Total	**Q1/2014 Total**	Change
Electricity deliveries to resellers	192.4	165.7	57.9	38.9	250.3	204.6	– 18.3%
Electricity deliveries to traders	9.3	7.7	257.9	168.2	267.3	175.9	– 34.2%
Electricity deliveries to consumers	122.4	125.6	70.6	49.5	193.1	175.1	– 9.3%
Electricity revenue by customer areas	324.1	**299.0**	386.5	**256.6**	710.6	**555.6**	– 21.8%
Electricity deliveries to discontinued operations					4.8	2.5	– 47.8%
Electricity deliveries of discontinued operations					– 37.0	– 12.1	67.2%
Electricity revenue					678.3	**546.0**	– 19.5%

(2)
Grid revenue

Grid revenue by customer areas €m

	Q1/2013 Domestic	**Q1/2014 Domestic**	Change	Q1/2013 Foreign	**Q1/2014 Foreign**	Change
Electric power companies	66.0	43.7	– 33.8%	1.6	0.0	– 100.0%
Industrial clients	4.5	3.6	– 19.9%	0.0	0.0	n.a.
Other	10.6	20.9	97.6%	22.5	19.3	– 13.9%
Grid revenue	81.1	**68.2**	– 15.9%	24.1	**19.3**	– 19.8%

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

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

	Q1/2013	**Q1/2014**	Change
Expenses for electricity purchases	281.9	260.7	–7.5%
Expenses for grid purchases (system use)	40.0	43.5	8.8%
Expenses for gas purchases	26.4	15.7	–40.4%
Purchases of emission rights (trade)	2.0	0.3	–86.0%
Purchases of proof of origin and green certificates	0.4	0.2	–58.2%
Expenses for electricity, grid, gas and certificate purchases	350.7	**320.4**	–8.6%

(4) Fuel expenses and other usage-dependent expenses

Fuel expenses and other usage-dependent expenses €m

	Q1/2013	**Q1/2014**	Change
Fuel expenses	44.0	22.7	–48.3%
Emission rights acquired in exchange for consideration	3.4	1.7	–50.6%
Other usage-dependent expenses	2.0	2.6	31.6%
Fuel expenses and other usage-dependent expenses	49.4	**27.0**	–45.3%

(5) Personnel expenses

Personnel expenses €m

	Q1/2013	**Q1/2014**	Change
Wages and salaries	63.7	66.0	3.7%
Expenses for social security contributions as required by law as well as income-based charges and compulsory contributions	13.6	14.0	2.6%
Other social expenses	1.0	1.0	–3.6%
Subtotal	78.3	**80.9**	3.4%
Expenses for severance payments	0.9	1.6	86.9%
Expenses for pensions and similar obligations	–0.3	1.8	n.a.
Personnel expenses	78.8	**84.3**	7.0%

A total of €1.7m (quarter 1/2013: €1.7m) was paid into the pension fund under defined benefit plans in quarter 1/2014.

(6) Effects from impairment tests

The impairment loss recognised in quarter 1/2014 related to the Mellach district heating plant. The impairment losses in quarter 1/2013 related mainly to the Kavarna wind farm on the Bulgarian Black Sea coast.

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

Result from interests accounted for using the equity method €m

	Q1/2013 Domestic	**Q1/2014 Domestic**	Change	Q1/2013 Foreign	**Q1/2014 Foreign**	Change
Income or expenses (excluding impairment losses and reversals of impairment losses)	4.7	**4.3**	–9.1%	–54.7	**–1.7**	96.8%

In the previous year, 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 interest in Tirreno Power S.p.A.

(8)
Other result from equity interests

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

(9)
Interest income

Interest income €m

	Q1/2013	**Q1/2014**	Change
Interest from investments under closed items on the balance sheet	6.9	**7.0**	1.7%
Interest from money market transactions	0.7	**0.4**	–40.9%
Other interest and similar income	0.8	**0.6**	–22.0%
Interest income	8.4	**8.0**	–13.8%

(10)
Interest expenses

Interest expenses €m

	Q1/2013	**Q1/2014**	Change
Interest on bonds	25.6	**24.9**	–2.8%
Interest on bank loans	11.2	**11.9**	6.3%
Interest on financial liabilities under closed items on the balance sheet	6.9	**7.0**	1.3%
Net interest expense on personnel-related liabilities	5.0	**5.7**	14.5%
Interest on other liabilities from electricity supply commitments	11.3	**4.5**	–60.5%
Interest on other non-current provisions	1.5	**0.7**	–56.2%
Profit or loss attributable to limited partners	–1.9	**0.1**	102.9%
Borrowing costs capitalised in accordance with IAS 23	–3.8	**–4.5**	–18.1%
Other interest and similar expenses	2.9	**3.4**	16.5%
Interest expenses	58.7	**53.6**	–8.7%

(11) Other financial result

Other financial result (€m)

	Q1/2013	Q1/2014	Change
Income from securities and loans	1.1	1.5	37.0%
Foreign exchange gains	4.6	1.3	–71.9%
Foreign exchange losses	–1.0	–1.2	–26.3%
Measurement of derivatives in the finance area	1.1	–4.7	n.a.
Other financial result	5.8	**–3.1**	139.6%

(12) Loss after tax from discontinued operations

The two French Pont-sur-Sambre and Toul combined cycle gas turbine power plants, including intangible assets and/or other receivables (closely) associated with the combined cycle gas turbine power plants, have been classified as “held for sale” since 11 December 2013. Because the French combined cycle gas turbine power plants represent a geographical area of operation, the result attributable to them is to be presented separately from continuing operations. Prior-year figures in the income statement were adjusted accordingly.

Loss after tax from discontinued operations[1] (€m)

	Q1/2013	Q1/2014	Change
Revenue	37.0	**12.1**	–67.3%
Electricity revenue	37.0	12.1	–67.3%
Other revenue	0.0	0.0	–23.8%
Other operating income	0.9	0.0	–96.2%
Expenses for electricity, grid, gas and certificate purchases	–5.2	–2.7	48.2%
Fuel expenses and other usage-dependent expenses	–33.7	–9.0	73.2%
Personnel expenses	–0.8	–0.8	–4.9%
Amortisation of intangible assets and depreciation of property, plant and equipment	–4.8	0.0	100.0%
Other operating expenses	–5.7	–6.3	–10.0%
Operating result	–12.1	**–6.7**	45.1%
Taxes on income	0.0	0.0	n.a.
Loss after tax from discontinued operations [2]	–12.1	**–6.7**	45.1%
Earnings per share in €[3]	0.0	**0.0**	45.1%

[1] The result after tax from discontinued operations was calculated using the incremental approach. This shows which income and expenses are still or are no longer expected after the sale has been completed. // [2] The result after tax from discontinued operations was completely attributable to the shareholders of VERBUND AG in the 2013 reporting period and in the previous year. // [3] Diluted earnings per share correspond to basic earnings per share.

Notes to the balance sheet

(13)
Inventories

Inventories €m

	31/12/2013	**31/3/2014**	Change
Inventories of primary energy sources held for generation	58.2	**58.1**	–0.2%
Natural gas held for trading	5.8	4.5	–21.8%
Measurements of natural gas held for trading	0.2	–0.6	n.a.
Natural gas held for trading	6.0	**3.9**	–35.1%
Emission rights held for trading	8.7	8.7	0.0%
Measurements of emission rights held for trading	1.6	1.0	–37.0%
Fair value of emission rights held for trading	10.3	**9.7**	–5.7%
Proof of origin and green electricity certificates	5.7	**7.4**	30.1%
Other	4.7	**4.8**	1.7%
Inventories	84.9	**83.9**	–1.2%

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.

(14)
Non-current assets held for sale

As at 31 March 2014, the two French Pont-sur-Sambre and Toul combined cycle gas turbine power plants, including intangible assets and/or other receivables closely related to the combined cycle gas turbine power plants and the 45.75% equity interest in the Italian entity Sorgenia S.p.A. (Group), remained classified as “held for sale”. The sale is to take place by 31 December 2014. The decision to sell was a consequence of VERBUND’s strategic focus on majority interests which focus 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” as at 31 March 2014. The outstanding tax law-related questions that had previously delayed the sale of the equity-accounted interest were clarified by notification in the previous year; consequently, the sales process was relaunched in quarter 1/2014. VERBUND expects the equity-accounted interest to be sold within the next six months. The decision to sell this equity interest was taken as a result of VERBUND’s strategic focus.

(15) Additional disclosures regarding financial instruments

Carrying amounts and fair values by measurement categories 31/3/2014 €m

Assets – balance sheet items	Measurement categories in accordance with IAS 39	Level	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	–	16.8	–
Other equity interests			**87.1**	
Securities	FAAFS	1	88.6	88.6
Securities	FAAFS	2	2.7	2.7
Securities	FAAC	–	3.0	–
Securities – closed items on the balance sheet	LAR	2	47.5	42.8
Other loans – closed items on the balance sheet	LAR	2	218.6	239.0
Derivatives in the finance area – closed items on the balance sheet	FAHFT	2	81.5	81.5
Loans to investees	LAR	2	53.9	56.5
Other loans	LAR	2	1.2	1.2
Other	–	–	5.7	–
Other non-current investments and non-current other receivables			**502.6**	
Trade receivables	LAR	–	247.2	247.2
Receivables from investees and non consolidated subsidiaries	LAR	–	62.6	62.6
Loans to investees	LAR	2	3.5	3.8
Other loans	LAR	2	400.3	402.6
Other loans – closed items on the balance sheet	LAR	2	0.8	0.9
Derivatives in the energy area	FAHFT	1	2.0	2.0
Derivatives in the energy area	FAHFT	2	205.0	205.0
Money market transactions	LAR	2	275.3	275.0
Emission rights	IAS 38, IAS 2	–	16.2	–
Other	LAR	–	55.7	55.7
Other	–	–	120.4	–
Trade receivables and current other receivables			**1,388.9**	
Cash and cash equivalents	**LAR**	**–**	**196.3**	**196.3**
Aggregated by measurement categories				
Financial assets at cost	FAAC[1]		21.0	
Loans and receivables	LAR[2]		1,562.9	
Financial assets available for sale	FAAFS[3]		160.4	
Financial assets held for trading	FAHFT[4]		288.5	

[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 31/3/2014

€m

Liabilities – balance sheet items	Measurement categories in accordance with IAS 39	Level	Carrying amount	Fair value
Bonds	FLAAC	2	2,164.1	2,367.2
Financial liabilities to banks and to others	FLAAC	2	1,601.1	1,671.3
Financial liabilities to banks – closed items on the balance sheet	FLAAC	2	85.5	101.7
Financial liabilities to banks – closed items on the balance sheet	FLAFVPL	2	262.9	262.9
Capital shares attributable to limited partners	IAS 32	–	2.4	–
Non-current and current financial liabilities			4,115.9	
Electricity supply commitment	–	–	182.9	–
Obligation to return an interest	FLAAC	3	81.8	81.8
Derivatives in the energy area	FLHFT	3	56.1	56.1
Trade payables	FLAAC	–	1.1	1.1
Deferred income for grants (emission rights)	IAS 20	–	0.9	–
Other	FLAAC	–	11.7	11.7
Non-current other liabilities			334.6	
Trade payables	FLAAC	–	133.6	133.6
Derivatives in the energy area	FLHFT	2	146.6	146.6
Derivatives in the energy area	FLHFT	3	9.0	9.0
Derivatives in the finance area	FLHFT	2	37.7	37.7
Other	FLAAC	–	44.2	44.2
Other	–	–	49.0	–
Trade payables and current other liabilities			420.2	
Aggregated by measurement categories				
Financial liabilities at amortised cost	FLAAC[1]		4,123.1	
Financial liabilities at fair value through profit or loss	FLAFVPL[2]		262.9	
Financial liabilities held for trading	FLHFT[3]		249.4	

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

Carrying amounts and fair values by measurement categories 31/12/2013

€m

Assets – balance sheet items	Measurement categories in accordance with IAS 39	Level	Carrying amount	Fair value
Interests in non-consolidated subsidiaries	FAAC	–	1.2	–
Other equity interests	FAAFS	2	65.7	65.7
Other equity interests	FAAC	–	20.2	–
Other equity interests			**87.1**	
Securities	FAAFS	1	86.9	86.9
Securities	FAAFS	2	2.7	2.7
Securities	FAAC	–	3.0	–
Securities – closed items on the balance sheet	LAR	2	49.7	43.2
Other loans – closed items on the balance sheet	LAR	2	226.0	227.4
Derivatives in the finance area – closed items on the balance sheet	FAHFT	2	84.3	84.3
Loans to investees	LAR	2	37.9	41.2
Other loans	LAR	2	1.2	1.2
Other	–	–	5.6	–
Other non-current investments and non-current other receivables			**497.3**	
Trade receivables	LAR	–	304.7	304.7
Receivables from investees and non consolidated subsidiaries	LAR	–	76.6	76.6
Loans to investees	LAR	2	16.8	17.1
Other loans	LAR	2	560.3	563.5
Derivatives in the energy area	FAHFT	2	160.2	160.2
Derivatives in the finance area	FAHFT	2	2.5	2.5
Money market transactions	LAR	2	145.4	144.9
Emission rights	IAS 38, IAS 2	–	14.8	–
Other	LAR	–	54.3	54.3
Other	–	–	100.0	–
Trade receivables and current other receivables			**1,435.6**	
Cash and cash equivalents	**LAR**	**–**	**83.3**	**83.3**
Aggregated by measurement categories				
Financial assets at cost	FAAC[1]		21.0	
Loans and receivables	LAR[2]		1,556.2	
Financial assets available for sale	FAAFS[3]		158.7	
Financial assets held for trading	FAHFT[4]		247.1	

[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 31/12/2013

€m

Liabilities – balance sheet items	Measurement categories in accordance with IAS 39	Level	Carrying amount	Fair value
Bonds	FLAAC	2	2,137.8	2,329.8
Financial liabilities to banks and to others	FLAAC	2	1,513.8	1,534.3
Financial liabilities to banks – closed items on the balance sheet	FLAAC	2	86.0	100.3
Financial liabilities to banks – closed items on the balance sheet	FLAFVPL	2	273.9	273.9
Capital shares attributable to limited partners	IAS 32	–	2.2	–
Non-current and current financial liabilities			4,013.8	
Electricity supply commitment	–	–	183.7	–
Obligation to return an interest	FLAAC	3	80.6	80.6
Derivatives in the energy area	FLHFT	3	54.9	54.9
Trade payables	FLAAC	–	2.6	2.6
Other	FLAAC	–	12.9	12.9
Non-current other liabilities			334.7	
Trade payables	FLAAC	–	165.3	165.3
Derivatives in the energy area	FLHFT	1	1.0	1.0
Derivatives in the energy area	FLHFT	2	132.8	132.8
Derivatives in the energy area	FLHFT	3	10.5	10.5
Derivatives in the finance area	FLHFT	2	32.3	32.3
Other	FLAAC	–	135.3	134.7
Other	–	–	57.8	–
Trade payables and current other liabilities			535.1	
Aggregated by measurement categories				
Financial liabilities at amortised cost	FLAAC[1]		4,134.4	
Financial liabilities at fair value through profit or loss	FLAFVPL[2]		273.9	
Financial liabilities held for trading	FLHFT[3]		231.6	

[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 €97.7m (31 December 2013: €51.8m) and negative fair values in the amount of €100.9m (31 December 2013: €94.6m) 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, other 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: natural gas supply contract

€m

	2013	**2014**
Carrying amount as at 1/1/	60.4	**65.4**
Measurement gains or losses (recognised in expenses for electricity, grid, gas and certificate purchases)	11.4	–0.3
Carrying amount as at 31/3/	71.8	**65.1**

An application for redress for competition law infringements by EconGas GmbH was filed with the Higher Regional Court of Vienna on 29 May 2013. Since this time, the potential outcomes of these proceedings have been taken into account using scenario models with respect to measurement.

The important unobservable input factors underlying the determination of fair value included the term of the natural gas supply agreement, the take-or-pay volumes, price forecasts for natural gas and crude oil and the scenarios for the outcome of the proceedings for anti-competitive conduct.

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]	28.8 €/MWh	± 10%	–35.0	34.5
Forecast wholesale price for natural gas[2]	27.3 €/MWh	± 10%	37.4	–31.0
Term[3]	2026	n.a.	n.a.	n.a.
Annual take-or-pay volume[4]	3,125 GWh	n.a.	n.a.	n.a.
Scenarios related to the outcome of the proceedings for anti-competitive conduct[5]	n.a.	n.a.	n.a.	n.a.

[1] The contractual price shown relates to the year 2020. This is the first year in which the price is determined using the average price forecasts of two reputable market research institutes and information service providers in the energy market. The sensitivity analysis varies the forecast price constantly over the duration of the natural gas supply agreement. // [2] The wholesale price shown for natural gas relates to the year 2020. This is the first year in which the price is determined using the average price forecasts of two reputable market research institutes and information service providers in the energy market. 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 for the scenarios for the outcome of the proceedings to redress the anti-competitive conduct by 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

(16) Cash flow from operating activities

Cash flow from operating activities in quarter 1/2014 includes variation margin payments from futures contracts in the energy area in the amount of €12.5m (quarter 1/2013: €–6.5m).

Cash flow from operating activities attributable to the Pont-sur-Sambre and Toul combined cycle gas turbine power plants classified as "held for sale" amounted to €–14.5m (quarter 1/2013: €–4.9m).

Other note disclosures

Purchase commitments

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

	31/3/2014	of which payable in 2014	of which payable 2015– 2019
Total commitment	**516.4**	334.6	169.5

Contingent liabilities

VERBUND's last remaining cross-border leasing transaction has an off-balance sheet financing structure. As at 31 March 2014, VERBUND's subsidiary liability for the non-redeemed portion of lease liabilities from cross-border leasing transactions amounted to €445.0m (31 December 2013: €478.6m). Of the rights of recourse against primary debtors, a total of €314.2m (31 December 2013: €349.7m) was secured through counter-guarantees from financial institutions, entities entitled to purchase electricity and regional authorities (from guarantors' liabilities). In addition, €181.8m (31 December 2013: €179.5m) was covered by off-balance sheet investments.

As at 31 March 2014, other liabilities included contingent liabilities in the amount of €31.9m (31 December 2013: €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

	Q1/2013	**Q1/2014**	Change
Income statement			
Electricity revenue	36.1	10.5	–70.8%
Grid revenue	9.5	2.9	–69.9%
Other revenue	2.5	0.0	–98.4%
Other operating income	0.2	0.2	–13.3%
Expenses for electricity, grid, gas and certificate purchases	–12.9	–8.2	36.5%
Fuel expenses and other usage-dependent expenses	0.0	0.0	n.a.
Other operating expenses	–0.1	0.0	69.9%
Interest income	0.5	0.5	9.3%
Interest expenses	–0.2	0.0	99.5%
Other financial result	0.3	0.6	113.6%

	31/12/2013	**31/3/2014**	Change
Balance sheet			
Investments and other non-current receivables	37.9	35.3	–6.9%
Trade receivables and other current receivables	44.9	45.2	0.9%
Current provisions	0.1	0.0	–6.1%
Trade payables and other current liabilities	2.6	1.0	–61.8%

When preparing the above disclosures, it was correspondingly taken into account that STEWEAG-STEG GmbH, Enerjisa Enerji A.S. (Group), Österreichisch-Bayerische Kraftwerke AG, Donaukraftwerk Jochenstein AG and Grenzkraftwerke GmbH were related parties of VERBUND as defined under IAS 24 for at least part of the comparative period quarter 1/2013. Electricity revenue with equity-accounted investees was generated mainly with KELAG-Kärntner Elektrizitäts-AG (€8.9m; quarter 1/2013: €10.5m). Electricity revenue of €23.2m was generated with STEWEAG-STEG GmbH in quarter 1/2013 before the equity-accounted interest was sold. Electricity revenue was offset by electricity purchases from KELAG-Kärntner Elektrizitäts-AG in the amount of €8.2m (quarter 1/2013: €5.4m). Electricity amounting to €4.2m was purchased in quarter 1/2013 from

Österreichisch-Bayerische Kraftwerke AG, which still qualified as a related party in quarter 1/2013 and which has been consolidated since quarter 2/2013.

Electricity revenue with companies controlled or significantly influenced by the Republic of Austria in quarter 1/2014 totalled €14.4m (quarter 1/2013: €12.7m). The electricity was purchased primarily by Bundesbeschaffungs GmbH (BBG), OMV, Telekom Austria and Autobahnen- and Schnellstraßen-Finanzierungs-AG (ASFINAG). Electricity purchased from companies controlled or significantly influenced by the Republic of Austria totalled €0.1m in quarter 1/2014 (quarter 1/2013: €0.1m €). The electricity was delivered primarily by Österreichische Bundesbahnen (ÖBB). Gas purchased from companies significantly influenced by the Republic of Austria and included under fuel expenses amounted to €0.0m in quarter 1/2014 (quarter 1/2013: €18.7m). Gas purchases from EconGas GmbH were discontinued when an application for redress for competition law infringements by EconGas GmbH was filed on 29 May 2013. The effect on profit or loss of the fair value measurement of the natural gas supply agreement with EconGas GmbH to be qualified as a free-standing derivative that is being called into question under cartel laws amounted to €0.3m in quarter 1/2014 (quarter 1/2013: €–11.4m). The corresponding derivative financial instrument in the energy area was recognised in non-current other liabilities in the amount of €56.1m (31 December 2013: €54.9m) and in current other liabilities in the amount of €9.0m (31 December 2013: €10.5m).

VERBUND's expenses for monitoring by E-Control in quarter 1/2014 amounted to a total of €2.2m (quarter 1/2013: €3.3m).

Audit or review

These consolidated interim financial statements of VERBUND were neither the subject of an audit nor a review.

Events after the balance sheet date

There were no events requiring disclosure between the balance sheet date of 31 March 2014 and the authorisation for issue on 25 April 2014.

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 2014, 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 Group 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 2014 and with respect to the principle risks and uncertainties in the remaining nine months of the financial year.

Vienna, 25 April 2014
The 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

Dr. Peter F. Kollmann
Member of the Executive Board

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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 Wissenschaft, Forschung und Wirtschaft
Wirtschaftskammer Österreich
Oesterreichs Energie

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

Executive Board:
Wolfgang Anzengruber (Chairman),
Johann Sereinig (Vice-Chairman),
Peter F. Kollmann,
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, Martin Krajcsir, 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 under www.ris.bka.gv.at.

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