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Effectiveness based upon achieving the best possible results while utilising a minimum of resources.

Interim report quarter 1/2012

Verbund

Contents

Highlights

- Operating result up 22.2% due to good water supply and higher average sales prices
- Group result up 10.2%
- Hydropower plant in Menge/Turkey online
- Austrian Power Grid AG recognised as an independent transmission system operator
- VERBUND and Siemens are planning a joint venture for electromobility in 2012

Key figures

	Unit	**Q1/2012**	Q1/2011	Change
Revenue [1]	€m	837.8	706.5	18.6%
Operating result	€m	263.6	215.8	22.2%
Return on sales (EBIT margin) [1]	%	31.5	30.5	–
EBITDA	€m	328.7	273.6	20.1%
EBITDA margin [1]	%	39.2	38.7	–
Group result	€m	119.5	108.5	10.2%
Earnings per share	€	0.34	0.31	10.2%
Cash flow from operating activities	€m	246.1	357.0	–31.0%
Additions to property, plant and equipment	€m	114.7	95.7	19.9%
Free cash flow	€m	–144.8	97.7	n.a.
Average number of employees		3,023	2,973	1.7%
Electricity sales volume	GWh	12,071	11,399	5.9%
Hydro coefficient		1.19	0.99	–

	Unit	**31/3/2012**	31/12/2011	Change
Balance sheet total	€m	12,028.9	11,859.3	1.4%
Equity	€m	5,091.5	4,929.4	3.3%
Equity ratio (adjusted)	%	43.7	43.0	–
Net debt	€m	4,151.2	4,035.7	2.9%
Gearing	%	81.5	81.9	–

[1] The key figures were adjusted to reflect the changes in accounting treatment for energy derivatives in the wholesale portfolio. The change was implemented retrospectively effective 1 January 2011 in accordance with IAS 8.

Report of the Executive Board

Dear Shareholders, despite a persistently difficult market and industry environment, business performance was clearly positive in quarter 1/2012. In particular the phase-out of nuclear energy in Germany had a direct positive impact on our business.

However, the energy market environment remains challenging. On the one hand, the expansion of wind and solar power is heavily subsidised. On the other hand, the profitability of gas power plants is limited all over Europe. Weak clean spark spreads continue to be responsible for this. Relatively low wholesale prices for electricity are compensated by long-term gas supply agreements that are linked to the price of oil and therefore expensive. This problem affects the majority of gas power plants operating in Europe. The situation on the CO_2 markets remains uncertain. CO_2 prices, which are intended to promote a switch to more environmentally friendly power plant technologies, are still being quoted at a very low level.

Improved operating result and Group result

The operating result rose by 22.2% to €263.6m. The primary reason for this was significantly greater hydropower production due to the very good water supply, which was 19% above the long-term average and 20 percentage points above the previous year's level with a hydro coefficient of 1.19 in quarter 1/2012. In addition, VERBUND profited from an overall higher price level. At an average of €56.0/MWh, electricity prices applicable for the 2012 financial year (forward contracts "Year Base 2012" traded in 2011) were up 12.3% over the previous year's level. This increase was due in particular to the nuclear disaster in Fukushima and Germany's subsequent phase-out of nuclear energy. We already included around 60% of our own generation in 2011 over the forward market based on our marketing and hedging strategy. In contrast, spot market prices fell by 13.0% to €45.1/MWh in quarter 1/2012. Spot price development was driven above all by low demand due to the poor economy and the low prices for emission rights. The Group result increased by 10.2% year-on-year to €119.5m. The lower increase compared to the operating result can be attributed to the non-cash expenses for the French combined cycle gas turbine power plant (CCGT) in Toul as a result of the unfavourable development of profitability for gas power plants in Europe.

Sustained path to renewable energy

We are convinced that the European energy system of the future will be based on renewable energies. VERBUND is already well-positioned for the future with four-fifths of its electricity generated from hydropower. We are looking to the future and continuing our investment programme as a sustainable company: we will invest around €2.4bn by 2016 – primarily for the expansion of electricity generation from hydropower and wind power as well as the Austrian high voltage grid. The Kalsdorf power plant will also go online in 2012 after the Gössendorf power plant on the Mur River in Styria. The work on the Reisseck II pumped storage power plant in Carinthia is proceeding as planned. The new power plant will increase the turbine capacity of the Malta/Reisseck power plant group by 430 MW to 1,459 MW from 2014. We are also making good progress with the expansion of wind power – VERBUND's second-most important source of renewable energy. Construction for the first part of the Casimcea wind farm in Romania will soon be completed, while construction for the second part began in quarter 1/2012. VERBUND will build 3 wind farms with a total of 57 MW in the Lower Austrian Bruck an der Leitha district. The first of 2 CCGT generators in Mellach were put into operation at the end of March 2012 following trial operation. The second generator is planned to be put into operation soon. The VERBUND grid subsidiary Austrian Power Grid AG (APG) was recognised by E-Control Austria as an independent transmission system operator in March 2012, completing the separation of electricity generation, trading and sales from electricity transmission as required by the EU. VERBUND is planning a joint venture for electromobility in 2012 together with Siemens – subject to approval by competition authorities. The goal is the establishment of an electromobility provider who is to offer electromobility packages for corporate and retail customers.

Concentration on core markets

Aside from Austria and Germany, we concentrate on our international core markets of Turkey and Italy. The fast-growing Turkish market continues to develop well. The Menge hydropower plant (89 MW) on the Seyhan River has delivered electricity to the grid since January 2012. 13 other power plants are currently under construction, while the Dagpazari (39 MW) and Bares (143 MW) wind farms are scheduled to go online in 2012. We plan to have installed a total of approximately 5,000 MW capacity in Turkey by 2015. The Italian Aprilia CCGT will be placed into commercial operation in quarter 2/2012. Thus, Sorgenia has more than 4,500 MW of installed capacity at its disposal. Our goal of around 5,000 MW installed capacity and delivery of electricity and gas to more than half a million consumers in Italy will thus nearly be reached. The construction of the Ashta hydropower plant on the Drin River in Albania is proceeding as planned and will be placed into normal operation starting 2013. The Toul CCGT (413 MW) in France will be placed into operation at the end of 2012. The situation for gas power plants is currently very difficult in all European countries. We will examine all opportunities in 2012 and take corresponding measures to once again ensure the medium- to long-term profitability of gas power plants in the Group.

Outlook on the full year

Given the uncertain macroeconomic and financial environment and the resulting difficult conditions in the energy industry, it is impossible at present to give a serious earnings forecast for 2012. We plan to provide an outlook on the full year as part of the publication of the half-year results. Our dividend policy will aim for a payout ratio of approximately 50% of the Group result.

Dipl.-Ing. Wolfgang Anzengruber

Dr. Johann Sereinig

Dr. Ulrike Baumgartner-Gabitzer

Dipl.-Ing. Dr. Günther Rabensteiner

Investor relations

Quarter 1/2012 was characterised by significantly rising share prices on all important stock markets. The reasons for these price gains and the generally lower volatility of the markets include a slight calming of the euro crisis, central banks' sustained expansive policies along with merely moderate fears of inflation and overall satisfactory corporate earnings. Emerging markets reached their highest levels in February and were able to maintain them until the end of March. The most important stock markets and indices reached their highest levels in mid-March. The US stock index Dow Jones Industrial closed trading on 31 March 2012 at 8.1% above the level at the end of 2011. The Euro Stoxx 50 rose 6.9% and the Nikkei 225 gained significantly by 19.3%.

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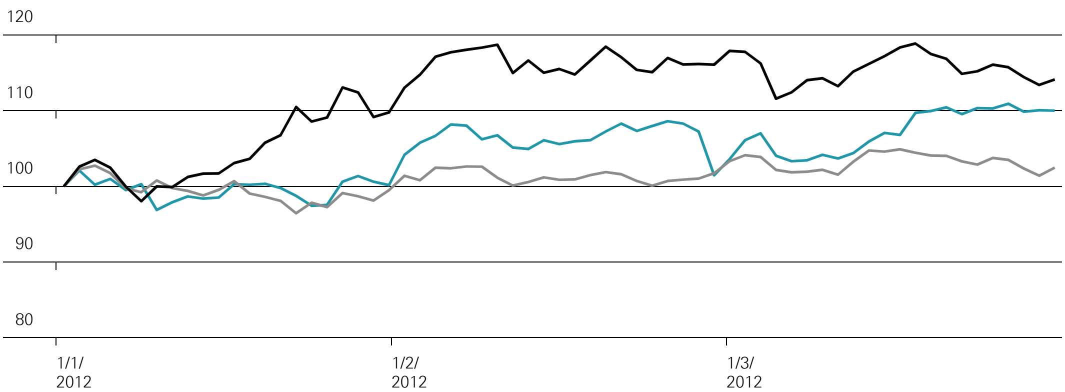
VERBUND share price: relative performance %



VERBUND shares also recorded sharp price gains in quarter 1/2012. They benefited from the overall positive mood on the markets and increased significantly in value despite the difficult energy market environment. VERBUND shares closed at €22.8 on 31 March 2012, up 10% from 31 December 2011. Thus, its performance was weaker than the ATX (+14.1%), but better than the industry index DJ STOXX Utilities (+2.5%).

Upcoming dates:
Half-year result for 2012:
25 July 2012

Shares: key figures

	Unit	Q1/2012	Q1/2011	Change
Share price high	€	23.0	31.5	–27.0%
Share price low	€	20.1	25.0	–19.6%
Closing price	€	22.8	31.4	–27.4%
Performance	%	10.0	12.4	-
Market capitalisation	€m	7,924.6	10,891.5	–27.2%
ATX weighting	%	4.7	5.1	-
Value of shares traded	€m	425.6	1,009.4	–57.8%
Shares traded per day	Shares	308,042	565,949	–45.6%

Consolidated interim management report

Business development

Since the 2005 reporting period, VERBUND has recognised energy trading contracts for electricity entered into for trading purposes by offsetting (net). Contracts relating to the marketing of own generation or the wholesale portfolio were previously presented without offset (gross). However, since the wholesale business has been increasingly exhibiting attributes of third party trading, the accounting treatment was changed in quarter 1/2012: from now on, energy trading contracts in the wholesale segment are also presented as offset (net) with respect to volumes and values. The previous year's values were adjusted.

Electricity supply and sales volume

Group electricity supply GWh

	Q1/2012	Q1/2011	Change
Hydropower [1]	6,512	5,409	20.4%
Wind/solar power	51	35	44.2%
Thermal power [1]	1,765	1,526	15.7%
Own generation	**8,328**	**6,970**	**19.5%**
Electricity purchased from third parties	2,920	3,740	–21.9%
Electricity purchased for grid losses and control energy	822	690	19.3%
Electricity supply	**12,071**	**11,399**	**5.9%**

[1] Incl. purchase rights

At 8,328 GWh, VERBUND's own generation in quarter 1/2012 was 1,358 GWh higher than in quarter 1/2011. Generation from hydropower increased by 1,103 GWh. At 1.19, the hydro coefficient of the run-of-river power plants was 19.0% above the long-term average and 20 percentage points above the previous year's level. Generation from the annual storage power plants also increased significantly (+29.7%). This can be attributed in particular to the high storage levels at the beginning of the year. Generation from thermal power plants increased by 239 GWh. The reasons for this were the purchase of all electricity generated by the Pont-sur-Sambre CCGT in France since 1 March 2011 (+127 GWh) and generation from the newly constructed Mellach CCGT under trial operation in Styria (+395 GWh), while generation from other thermal power plants in Austria decreased (–282 GWh).

The purchase of electricity from third parties for the trading and sales business decreased by 21.9%. Electricity purchased from third parties for grid losses and control energy increased year-on-year by 132 GWh to 822 GWh. APG has carried out the central purchase of grid loss energy for the majority of the Austrian distribution grid operators since 1 January 2011 (–24 GWh). In addition, APG has purchased primary control, secondary control, tertiary control and unintentional exchange products on the market since 1 January 2012 (+157 GWh).

Group electricity sales volume by customer category

GWh

	Q1/2012	Q1/2011	Change
Consumers	2,392	2,389	0.1%
Resellers	5,318	5,035	5.6%
Traders	3,876	3,568	8.6%
Own requirements	485	408	19.1%
Electricity sales volume	**12,071**	11,399	5.9%

Electricity sales volume increased by 672 GWh in quarter 1/2012. Sales to resellers rose by 283 GWh. The reasons for this included in particular the sale of control energy on the part of APG (+101 GWh) as well as larger deliveries to participants due to increased generation from hydropower (+79 GWh). Electricity deliveries to trading firms increased by 308 GWh. Considerably higher sales volumes on exchanges based on higher generation in quarter 1/2012 were responsible for this. Sales to consumers remained steady. The decrease in sales volume to international consumers (–95 GWh) was compensated by higher volumes sold to domestic consumers (+98 GWh).

Group electricity sales volume by country (all customer categories)

GWh

	Q1/2012	Q1/2011	Change
Austria	6,639	6,332	4.8%
Germany	4,125	3,520	17.2%
France	1,145	1,219	–6.1%
Italy	62	99	–37.4%
Others	99	229	–56.3%
Electricity sales volume	**12,071**	11,399	5.9%

VERBUND sold around 46.9% of its electricity volume in quarter 1/2012 – excluding own consumption – on international markets. This related in particular to the German and French electricity markets. The focus of VERBUND's international trading and distribution activities is the German market, which accounts for 75.9% of all volumes sold abroad.

Financial performance

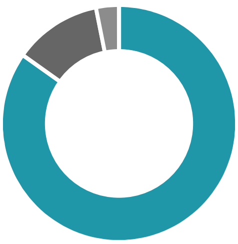
Results €m

	Q1/2012	Q1/2011	Change
Revenue [1]	837.8	706.5	18.6%
EBITDA	328.7	273.6	20.1%
Operating result	263.6	215.8	22.2%
Group result	119.5	108.5	10.2%
Earnings per share in €	0.34	0.31	10.2%

[1] The key figures were adjusted to reflect the changes in accounting treatment for energy derivatives in the wholesale portfolio. The change was implemented retrospectively effective 1 January 2011 in accordance with IAS 8.

Income

Revenue
€m



710.5
Electricity

100.9
Grid

26.4
Other

Electricity revenue rose by 22.1% to €710.5m in quarter 1/2012 compared to quarter 1/2011. The increase can be attributed to higher electricity sales volumes, in particular to resellers and international traders, which rose by a total of 5.9%. The positive effect of increased sales volumes was amplified by a slightly positive price variation as a result of higher forward market prices contracted in the previous year. In addition, revenue from the sale of grid losses and control energy by APG (€+36.0m) had a positive effect. Revenue from the sale of grid loss energy volumes was still presented under grid revenue in quarter 1/2011.

Grid revenue fell year-on-year by 6.8% to €100.9m in quarter 1/2012. In particular higher international revenue from the auctioning of cross-border capacities (€+20.6m) and higher national grid revenue (€+9.0m) had a positive effect. Revenue from the sale of grid loss energy on the part of APG was still presented under grid revenue in quarter 1/2011. This revenue was recognised under electricity revenue starting in quarter 2/2011. This results in a decrease of €37.1m in grid revenue in quarter 1/2012.

Other revenue increased by €9.9m year-on-year to €26.4m. This increase can be attributed to higher revenue from gas trading.

Other operating income rose by €22.5m to €31.2m. This resulted in particular from the capitalisation of start-up costs for the Mellach CCGT as well as higher revenue from loss settlements.

Expenses

Expenses for the purchase of electricity in quarter 1/2012 increased by 6.6% to €288.6m compared to quarter 1/2011. The purchase of electricity from third parties for the trading and sales business as well as for grid losses and control energy decreased year-on-year by a total of 686 GWh. This positive quantity deviation was more than compensated by a negative price deviation as well as an increase in the reimbursement of expenses for purchase rights (in particular for the Pont-sur-Sambre power plant in France). Expenses for grid purchases increased by €3.9m compared to quarter 1/2011.

Fuel and other usage-dependant expenses rose by 86.8 % to €60.6m in quarter 1/2012. The increase can be mainly attributed to the operation of the Mellach CCGT in Styria, which generated a total of 395 GWh of electricity in quarter 1/2012. The fuel expenses resulting from trial operation (net of the revenue resulting from electricity sales) were capitalised; the corresponding offsetting item is reported under other operating income. A compensating effect resulted from lower expenses for heating oil and coal as well as for the purchase of CO_2 emission rights.

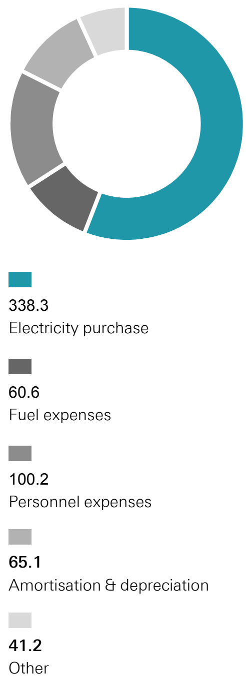
Personnel expenses increased by €18.6m to €100.2m in quarter 1/2012. Wages, salaries and ancillary expenses increased by €3.3m to €75.1m. They were increased in particular by salary adjustments to collective wage agreements. The average number of employees rose from 2,973 to 3,023. Expenses for employee benefits relating to pension and severance payments ("Sozialkapital") increased by €15.3m to €25.1m. The increase resulted in particular from the increase in pensions for 2012 and from the increase in the collective wage agreement with respect to the basis of calculation for severance payments.

Amortisation of intangible assets and depreciation of property, plant and equipment rose by €7.3m to €65.1m. The reasons for this included the reversal of impairment losses on the Freudenau power plant on the Danube and the Mittlere Salzach and Obere Drau run-of-river power plant chains as well as the activation of the pumped storage power plant Limberg II in quarter 3/2011.

Other operating expenses rose year-on-year by €13.6m to €41.2m. The increase can be mainly attributed to higher maintenance and advertising expenses as well as to the lack of reversals of provisions.

As a consequence of these developments, the operating result increased by 22.2% to €263.6m. The EBIT margin rose slightly from 30.5% to 31.5%.

Expenses
€m



Financial result

The result from interests accounted for using the equity method increased year-on-year by €12.1m to €8.1m, whereby the contribution of foreign interests increased by €11.8m to €–6.5m. The contribution of the Turkish Enerjisa Enerji A.S in quarter 1/2012 was €4.7m, after €–2.7m in quarter 1/2011. The EUR/TRY and USD/TRY exchange rate trends resulted in foreign exchange gains at Enerjisa Enerji Üretim A.S. and Enerjisa Elektrik Dagitim A.S. – which were transferred to the (newly established) holding company Enerjisa Enerji A.S. in the 2011 reporting period – from the measurement of liabilities denominated in foreign currencies and recognised in profit or loss. The resulting effect on the result from VERBUND's interests accounted for using the equity method in quarter 1/2012 amounted to a total of €7.4m (quarter 1/2011: €–13.8m). The contribution of the French equity interests in quarter 1/2012 was €0m, after €–11.9m in quarter 1/2011. The carrying amounts of the equity interests in POWEO Pont-sur-Sambre Production S.A.S. and POWEO Toul Production S.A.S. were reduced to zero in the 2011 reporting period by current losses or by impairment losses. Therefore, losses totalling €7.8m were not recognised in quarter 1/2012; the cumulated off-balance sheet losses for which recognition was discontinued amounted to a total of €94.0m as at 31 March 2012. The contribution of the Italian Sorgenia S.p.A. (Group) in quarter 1/2012 was €–11.6m, after €–4.7m in quarter 1/2011.

Income from domestic equity interests accounted for using the equity method increased to €14.6m. This mainly includes the results of KELAG (€4.3m) and SSG (€8.5m).

Interest income increased slightly by €0.6m to €10.0m in quarter 1/2012 compared to quarter 1/2011. Lower income from money market transactions was compensated by other interest and similar income. Interest expenses sank slightly by €2.3m to €–73.5m. Lower interest for bank loans as a result of early unscheduled repayments was compensated by higher other interest and similar expenses. Other interest and similar expenses resulted mainly from the repayment premium and fees from the early repayment of a bond denominated in foreign currency (JPY).

The other financial result decreased by €40.3m to €–27.5m in quarter 1/2012 compared to quarter 1/2011. The best possible estimate of the guarantee liabilities for the construction financing for the CCGT in Toul was €83.4m as at 31 March 2012 (31 December 2011: €42.9m). The impact of this measurement on profit or loss in quarter 1/2012 was €–41.3m.

Thus, the financial result decreased by a total of €27.0m to €–79.1m and the Group result increased by 10.2% to €119.5m.

Financial position

Assets
€m

7,260.4/60.4%
Intangible assets and property, plant and equipment

2,302.1/19.1%
Equity interests

2,466.4/20.5%
Other non-current and current assets

Consolidated balance sheet (short version) €m

	31/3/2012	Percent	31/12/2011	Percent	Change
Total assets	12,028.9	100.0%	11,859.3	100.0%	1.4%
Non-current assets	10,372.4	86.2%	10,299.7	86.8%	0.7%
Current assets	1,652.0	13.7%	1,558.5	13.1%	6.0%
Non-current assets held for sale	4.4	0.0%	1.1	0.0%	n.a.
Liabilities	12,028.9	100.0%	11,859.3	100.0%	1.4%
Equity	5,091.5	42.3%	4,929.4	41.6%	3.3%
Non-current liabilities	5,821.3	48.4%	5,886.2	49.6%	– 1.1%
Current liabilities	1,116.0	9.3%	1,043.7	8.8%	6.9%

Assets

The development of VERBUND's assets in quarter 1/2012 was characterised in particular by investments and an increase in receivables. Capital expenditure for property, plant and equipment amounted to €114.7m, €39.8m of which was invested in the construction of wind power plants in Romania, €23.3m in the CCGT in Mellach and €10.6m in the Reisseck II pumped storage power plant. The carrying amount of interests accounted for using the equity method increased by 2.7% since 31 December 2011. The main reasons for this were capital increases on the part of Turkish Enerjisa Enerji A.S. (€67.4m), foreign exchange gains from currency translation on the part of the Turkish joint venture in the amount of €19.6m and the results from interests accounted for using the equity method (€+8.1m). Dividend distributions had the opposite effect (€–15.1m). The increase in trade receivables can be mainly attributed to short-term investments in money market transactions in the amount of €130.4m.

Liabilities

The capital structure remained nearly the same as at 31 December 2011. Financial liabilities decreased slightly and amounted to a total of €4,194.0m as at 31 March 2012. This decrease can be mainly attributed to the early partial repayment of a bond denominated in JPY in the amount of €69.0m. Nevertheless, net debt increased by 2.9% to €4,155.2m. The reasons for this include in particular the increase in guarantee liabilities for the construction financing for the CCGT in Toul/France as well as lower cash and cash equivalents as at 31 March 2012. The decrease in non-current and current provisions was mainly the result of decreasing provisions for outstanding invoices for investments (€–42.0m). The increase in particular in provisions for personnel expenses (€+26.2m) had the opposite effect. Most of this increase resulted from increases in pension benefits as well as from the increase in the collective wage agreement with respect to the calculation basis for severance payments.

Liabilities
€m

5,091.5/42.3%
Equity

4,194.0/34.9%
Financial liabilities

815.4/6.8%
Provisions

1,928.0/16.0%
Other non-current and current liabilities

Cash flows

Cash flow statement (short version) €m

	Q1/2012	Q1/2011	Change
Cash flow from operating activities	246.1	357.0	–31.0%
Cash flow from investing activities	–390.9	–259.3	–50.8%
Cash flow from financing activities	–79.5	–173.4	54.2%
Change in cash and cash equivalents	–224.2	–75.7	n.a.
Cash and cash equivalents as at 31/3/	**109.0**	413.3	–73.6%

Cash flow from operating activities

Cash flow from operating activities amounted to €246.1m and was thus €110.9m lower than in quarter 1/2011. Contribution margins from generation increased slightly (+0.9%). The change in variation margins received from futures contracts in the energy area (€–29.9m) as well as lower contributions to building costs (€–13.2m) had the opposite effect. In addition, advance payments for income taxes increased by €19.4m from quarter 1/2011.

Cash flow from investing activities

Cash flow from investing activities changed by €–131.6m in quarter 1/2012 compared to quarter 1/2011. Disbursements for capital increases and share acquisitions on the part of interests accounted for using the equity method amounted to €67.4m (quarter 1/2011: €181.5m). This included the acquisition of the 60% equity interest in POWEO Production S.A.S. for €120m in quarter 1/2011. Investments in property, plant and equipment and intangible assets in quarter 1/2012 amounted to a total of 120.5% of the corresponding disbursements in quarter 1/2011. Cash flows from investment activities included a net positive amount from deposits and payments for interim investments in the amount of €40.0m in quarter 1/2011, compensated by disbursements for short-term investments in the amount of €130.4m in quarter 1/2012.

Cash flow from financing activities

Cash flow from financing activities changed by €+93.9m in quarter 1/2012 compared to quarter 1/2011. €355.0m in financial liabilities was repaid in quarter 1/2011, whereas only €69m was repaid in quarter 1/2012. No financial liabilities were incurred in quarter 1/2012 (quarter 1/2011: €127.0m) and €87.4m less was received in payments from money market transactions.

Risk management

VERBUND is confronted with numerous opportunities and risks in its operations in Austria and abroad. Poor energy market conditions and the high volatility of energy markets during the transformation of energy generation result in a decrease in margins and increase the risk of impairment losses on assets and equity interests.

Operating result: volume and price risk of own generation

Volume and price risk of own generation has a significant effect on VERBUND's operating result. Electricity generation from hydropower depends on hydrological influences that cannot be controlled. Fluctuations in wholesale prices for electricity also have an impact on the results. The contribution of thermal power plants to earnings is affected above all by price trends for electricity, primary energy (natural gas, hard coal) and CO_2 certificates. Investment, personnel, operating and maintenance and contractual risks are monitored continuously. In 2012, focus will be placed on negotiating new gas supply agreements as well as monitoring investment performance and the recoverability of investments. Taking into account the annual power generation priced in as at the 31 March 2012 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 2012 as indicated below:

- Greater or less generation from hydropower: +/– €8.6m
- Wholesale electricity prices (hydropower plants and thermal power plants): +/– €4.1m
- Clean spark spread (difference between the prices of gas and electricity, taking into account CO_2 costs for variations in the price of electricity): +/– €1.2m

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

VERBUND's financial result is increasingly influenced by the performance of equity interests. This reflects the expansion of our operating activities, the changed energy market environment and the effects of measuring financial liabilities in foreign currency. In addition, further impairment of the carrying amount of equity interests can occur and liabilities and guarantees can apply.

The financial result exhibits lower volatility after the partial repayment of VERBUND's JPY liability. A change of 1.0% either way in the following factors – all else remaining equal – would be reflected in the financial result for 2012 as at the 31 March 2012 reporting date as indicated below:

- JPY–EUR exchange rate (financial result): +/– €0.5m
- TRY–EUR exchange rate (result from equity interests): +/– €3.8m
- Wholesale electricity prices in international equity interests (result from equity interests): +/– €6.7m

Operating segments

Electricity

Electricity supply without grid losses and control energy

GWh

	Q1/2012	Q1/2011	Change
Hydropower [1]	6,512	5,409	20.4%
Wind/solar power	51	35	44.2%
Thermal power [1]	1,765	1,526	15.7%
Own generation	**8,328**	6,970	19.5%
Electricity purchased from third parties	2,920	3,740	–21.9%
Intragroup	99	0	–
Electricity supply	**11,348**	10,710	6.0%

[1] Incl. purchase rights

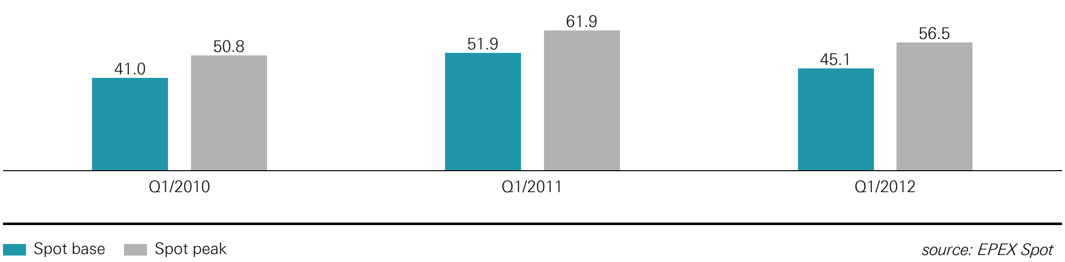
Electricity generation

At 8,328 GWh, VERBUND's total generation in quarter 1/2012 was 19.5% higher than in quarter 1/2011. Generation from hydropower increased by 20.4%. At 1.19, the hydro coefficient of the run-of-river power plants was 19.0% over the long-term average and 20 percentage points above the previous year's level. Generation from annual storage power plants also increased noticeably – due to the high storage levels at the beginning of the year – by 29.7% compared to the previous year. Around 78% of VERBUND's own generation came from hydropower in quarter 1/2012.

Generation from thermal power plants increased by 15.7%. The reasons for this were the purchase of all electricity generated by the Pont-sur-Sambre CCGT in France and generation from the newly constructed Mellach CCGT in trial operation in Styria. The purchase of electricity from third parties for the trading and sales business decreased by 21.9%.

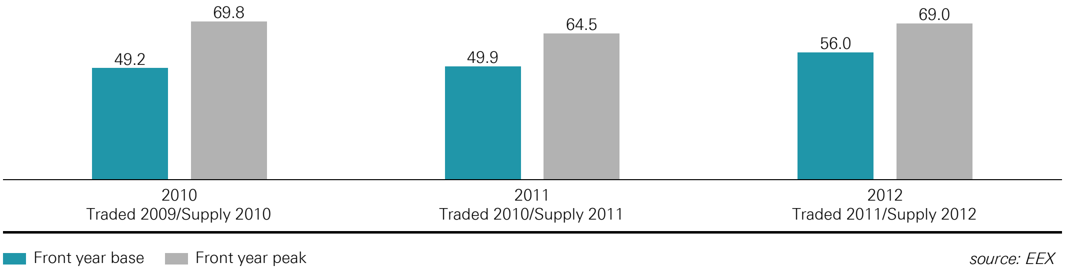
Spot market prices for electricity

€/MWh



source: EPEX Spot

Futures prices for electricity €/MWh



source: EEX

Electricity prices

At an average of €56.0/MWh, electricity prices applicable for the 2012 financial year (forward contracts "Year Base 2012" traded in 2011) were up 12.2% over 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 2011 via the forward market. In contrast, spot market prices fell by 13.0% to €45.1/MWh in quarter 1/2012. Spot price development was driven above all by low demand as a result of the economy as well as the low prices for emission rights.

Fluctuations in prices for primary energy were once again inconsistent in quarter 1/2012. The price for Brent crude oil has risen continuously since 2 January 2012, from $112/bbl to $125/bbl at the end of March 2012. The price for hard coal deliveries CIF ARA (6,000 kcal/kg) has fallen continuously since the beginning of January, from $110/t to $100/t at the end of March. Spot prices on the gas hub Net Connect Germany (NCG) in January were at €22.2/MWh, rose to €37.6/MWh as a result of the cold period in the first two weeks of February and subsequently fell again to €24.1/MWh by the end of March. The price trend on the gas forward market showed a rising tendency. At the NCG trading point, the price for the front year future for 2013 (Cal13 contract) has risen since the beginning of January from €26.0/MWh to €27.8/MWh at the end of March.

Electricity sales volume

Electricity sales volume by customer category without grid losses and control energy GWh

	Q1/2012	Q1/2011	Change
Consumers	2,392	2,389	0.1%
Resellers	4,626	4,429	4.4%
Traders	3,858	3,523	9.5%
Own requirements	294	248	18.9%
Intragroup	178	121	47.5%
Electricity sales volume	**11,348**	10,710	6.0%

Electricity sales volume increased 6.0% year-on-year in quarter 1/2012. The share of business with resellers increased by 4.4%, which can be mainly attributed to larger deliveries to participants as a result of increased generation from hydropower. Electricity deliveries to trading firms increased by 9.5%; significantly higher sales volumes on exchanges in this year due to increased generation are responsible for this. VERBUND increased its sales volume on the Austrian consumer market by 6.6%. In Austria, VERBUND has more than 250,000 consumers in the household/agriculture and commercial segment consuming up to 100,000 kWh of electricity annually. Internationally, the volumes sold on the consumer market decreased due to the pull-out from France.

Expansion of generation from hydropower

The work on the Reisseck II project in Carinthia made noteworthy progress in quarter 1/2012: around 70% of the demolition and tunnel work have been completed. Once it is completed, the new pumped storage power plant will expand the capacities of the Malta/Reisseck power plant group by 430 MW. The renovation work on the second generator set at the Pernegg power plant in Styria is proceeding as planned; activation is scheduled for quarter 2/2012. The permit proceedings for the international Inn power plant joint venture (89 MW) are continuing at the courts of second instance in Austria. Despite delays in the proceedings, we currently expect to receive a valid notice of approval in 2012.

Expansion of generation from thermal power

The first of two CCGT generators in Mellach were put into operation at the end of March 2012 following the successful trial operation. The second generator is planned to be put into operation soon.

Expansion of generation from wind power

The construction work for the first part (100 MW) of the Casimcea wind farm in Romania will soon be completed. The integration of the new 400 kV substation in the Romanian power grid represents a milestone for the planned activation. This should take place in the next few weeks. Construction of the second part (100 MW) already began in quarter 1/2012. VERBUND is expanding the existing three wind farms in Lower Austria by 57 MW. Construction for the Hollern II and Petronell-Carnuntum II wind farms will start in May 2012. The Bruck-Göttlesbrunn II wind farm is undergoing an environmental impact assessment by the state government of Lower Austria.

Grid

APG's grid is the backbone of domestic power supply. The transported energy volume relevant to billing in the 220/380 kV grid (excluding electricity used for pumping) increased by 11.6% to 6,148 GWh in quarter 1/2012. A total of 2,346 GWh was imported and 124 GWh exported at the 380, 220 and 110 kV level in the APG control area, which since 1 January 2012 includes the VKW control area.

Electricity supply for grid losses and control energy GWh

	Q1/2012	Q1/2011	Change
Electricity purchased for grid losses and control energy	822	690	19.1%
Intragroup	178	121	47.1%
Electricity supply	**1,001**	810	23.6%

Electricity sales volume for grid losses and control energy GWh

	Q1/2012	Q1/2011	Change
Resellers	692	606	14.2%
Traders	18	45	–60.0%
Own requirements	191	160	19.4%
Intragroup	99	0	-
Electricity sales volume	**1,001**	810	23.6%

APG has been responsible for the central purchase of energy to cover transmission and distribution losses for the majority of Austrian grid operators since 2011. APG has also been responsible for the management of control energy since 2012. In quarter 1/2012, APG purchased 822 GWh (+19.1%) outside of the Group and sold 710 GWh to other grid operators and traders. 178 GWh was transferred within the Group and 99 GWh was passed on. 191 GWh was necessary to cover our own grid losses.

Progress on the second part of the 380 kV Salzburg line

Intense planning and mapping are currently underway for the second part of the 380 kV Salzburg line. The goal is to prepare 22 technical articles for the environmental impact statement with the intention of submitting them for the EIA in the summer of 2012.

Security of supply, management of maximum electrical capacities

Supply security in the APG control area was assured in quarter 1/2012, despite the failure of the 220 kV Tauern–Salzburg line on 15 February 2012 due to the collapse of a tower. However, massive interventions in power plant use (pumping restrictions) as well as comprehensive grid-technical measures such as the use of quadrature boosters were necessary. A system of the Tauern–Salzburg line was placed into operation on 19 March 2012 with the help of a temporary solution. The expansion work on the 380 kV line in South Burgenland was also interrupted and then continued once the grid situation was stabilised.

Equity interests

Foreign

Italy

The contribution of the Italian Sorgenia S.p.A. (Group) to VERBUND's result from equity interests in quarter 1/2012 was €–11.6m, after €–4.7m in quarter 1/2011.

The fourth largest CCGT in Italy, Aprilia (800 MW), will be placed into commercial operation in quarter 2/2012, completing the thermal portion of the planned expansion of Sorgenia's capacity. The construction, which began in July 2009, is being carried out by Ansaldo Energia as the general contractor. Following the activation of Aprilia, Sorgenia will have an installed total capacity of more than 4,500 MW, thereby stabilising its position as number 5 on the Italian electricity market. Sorgenia currently supplies around 500,000 consumers with electricity and gas.

France

The contribution of the French equity interests to VERBUND's result from equity interests in quarter 1/2012 was €0m, after €–11.9m in quarter 1/2011. The carrying amounts of the equity interests in POWEO Pont-sur-Sambre Production S.A.S. and POWEO Toul Production S.A.S. were reduced to zero in the 2011 reporting period by current losses or by impairment losses.

POWEO Pont-sur-Sambre Production S.A.S. was placed under a safeguard procedure on 12 March 2012, in light of the gas supply agreement with ENI. With this specifically French procedure, a solvent company that is nevertheless suffering from insurmountable difficulties can implement financial measures to improve its economic position under judicial supervision. The goal in particular is to improve the gas supplier conditions and thus the profitability of the Pont-sur-Sambre CCGT. The construction of the Toul CCGT is proceeding according to plan. The power plant is to be put into operation following the completion of the trial operation and commissioning at the end of 2012. POWEO S.A. and Direct Energie have the option to purchase the French production interests, including the associated guarantees and financing, until 30 June 2013.

Turkey

The contribution of the Turkish Enerjisa Enerji A.S to VERBUND's result from equity interests in quarter 1/2012 was €4.7m, after €–2.7m in quarter 1/2011.

At the end of 2011, all Turkish equity interests were united under the holding company Enerjisa Enerji A.S., in which VERBUND and Sabanci each own a 50% interest. The Menge hydropower plant (89 MW) was put into operation on 28 January 2012. The Turkish company Enerjisa Enerji Üretim A.S. had an installed capacity of 1,659 MW at its disposal at the end of quarter 1/2012 and is currently building 13 power plants with a total capacity of 1,731 MW. 5 more power plants are also being planned. Enerjisa Enerji A.S. (Group) currently supplies 3.4 million consumers.

Domestic

STEWEAG-STEG GmbH

The contribution of STEWEAG-STEG GmbH (SSG) to VERBUND's result from equity interests was €8.5m in quarter 1/2012 (quarter 1/2011: €7.9m). Development of SSG's energy sales was stable in all areas in 2011 (retail customers, corporate customers and resellers).

KELAG-Kärntner Elektrizitäts-Aktiengesellschaft

KELAG's contribution to VERBUND's result from equity interests was €4.3m in quarter 1/2012, after €5.0m in quarter 1/2011. VERBUND Hydro Power AG's participation in the Reisseck II power plant project is progressing as planned.

Energie Klagenfurt GmbH

Energie Klagenfurt GmbH's contribution to VERBUND's result from equity interests was €1.2m in quarter 1/2012, after €1.1m in quarter 1/2011. Energie Klagenfurt GmbH's earnings for 2011 were maintained at the previous year's level. The planned 400 MW CCGT in Ebenthal/Carinthia was not certified as sufficiently environmentally compatible in the court of the second instance. Energie Klagenfurt is now reviewing alternative solutions for the Klagenfurt site.

Events after the balance sheet date

The Annual General Meeting held on 12 April 2012 resolved to pay a dividend of €0.55 per share in 2012, totalling €191.1m, for financial year 2011.

Consolidated interim financial statements

Income statement

€m

In accordance with IFRSs	Notes	Q1/2012	Q1/2011[1]
Revenue		**837.8**	706.5
Electricity revenue	1	710.5	581.7
Grid revenue		100.9	108.2
Other revenue		26.4	16.5
Other operating income		31.2	8.7
Expenses for electricity, grid and gas purchases as well as purchases of emission rights (trade)	2	– 338.3	– 300.0
Fuel expenses and other usage-dependant expenses	3	– 60.6	– 32.4
Personnel expenses	4	– 100.2	– 81.6
Amortisation of intangible assets and depreciation of property, plant and equipment		– 65.1	– 57.8
Other operating expenses		– 41.2	– 27.6
Operating result		**263.6**	215.8
Result from interests accounted for using the equity method	5	8.1	– 4.0
Other result from equity interests		3.8	5.4
Interest income	6	10.0	9.4
Interest expenses	7	– 73.5	– 75.7
Other financial result	8	– 27.5	12.8
Financial result		**– 79.1**	– 52.1
Profit before tax		**184.5**	163.7
Taxes on income		– 42.2	– 38.4
Profit for the period		**142.3**	125.3
Attributable to the shareholders of VERBUND AG (Group result)		119.5	108.5
Attributable to non-controlling interests		22.8	16.8
Earnings per share in €[2]		**0.34**	0.31

[1] The comparative figures were adjusted retrospectively in accordance with IAS 8. // [2] Diluted earnings per share correspond to basic earnings per share.

Statement of comprehensive income

€m

In accordance with IFRSs	Notes	Q1/2012	Q1/2011
Profit for the period		**142.3**	125.3
Other comprehensive income from:			
Foreign exchange differences	9	19.0	– 45.3
Available-for-sale financial instruments		1.6	– 3.1
Cash flow hedges		25.1	– 59.8
Interests accounted for using the equity method		– 19.5	20.1
Other comprehensive income before tax		**26.3**	– 88.1
Taxes on income	10	– 6.5	15.7
Other comprehensive income after tax	11	**19.8**	– 72.5
Total comprehensive income for the period		**162.1**	52.8
Attributable to the shareholders of VERBUND AG		139.2	36.0
Attributable to non-controlling interests		23.0	16.8

Balance sheet

€m

In accordance with IFRSs	Notes	31/3/2012	31/12/2011
Non-current assets		**10,372.4**	10,299.7
Intangible assets		632.4	632.1
Property, plant and equipment		6,628.0	6,578.7
Interests accounted for using the equity method	12	2,172.6	2,115.3
Other equity interests		129.5	129.9
Investments and other receivables	13	809.9	843.6
Current assets		**1,652.0**	1,558.5
Inventories		90.4	107.1
Trade receivables and other receivables	13	1,452.6	1,118.1
Cash and cash equivalents		109.0	333.2
Non-current assets held for sale	14	**4.4**	1.1
Total assets		**12,028.9**	11,859.3

€m

In accordance with IFRSs	Notes	31/3/2012	31/12/2011
Equity		**5,091.5**	4,929.4
Attributable to the shareholders of VERBUND AG		4,462.7	4,323.5
Attributable to non-controlling interests		628.8	605.9
Non-current liabilities		**5,821.3**	5,886.2
Financial liabilities	15	3,834.5	3,909.0
Provisions		610.5	618.7
Deferred tax liabilities		247.5	247.3
Contributions to building costs and grants		584.1	574.3
Deferred income – cross-border leasing		54.8	55.2
Other liabilities		489.9	481.8
Current liabilities		**1,116.0**	1,043.7
Financial liabilities	15	359.4	324.7
Provisions		204.9	225.6
Current tax liabilities		49.9	12.4
Trade payables and other liabilities		501.8	480.9
Total liabilities		**12,028.9**	11,859.3

Statement of changes in equity

In accordance with IFRSs	Share capital	Capital reserves	Retained earnings	Difference from currency translation
Notes				
As at 1/1/2011	347.4	954.3	2,880.5	– 35.7
Shift between shareholder groups	–	–	1.8	–
Total comprehensive income for the period	–	–	108.5	– 45.2
Dividends	–	–	0.0	–
As at 31/3/2011	347.4	954.3	2,990.7	– 80.9
As at 1/1/2012	**347.4**	**954.3**	**3,218.3**	**– 165.0**
Total comprehensive income for the period	–	–	119.5	20.0
Dividends	–	–	0.0	–
As at 31/3/2012	**347.4**	**954.3**	**3,337.8**	**– 145.0**

€m

	Measurement of available-for-sale financial instruments	Measurement 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
	4.1	– 114.4	– 0.2	4,036.0	336.4	4,372.4
	–	–	–	1.8	2.2	4.0
	– 2.0	– 17.8	– 7.4	36.0	16.8	52.8
	–	–	–	0.0	– 59.0	– 59.0
	2.1	– 132.2	– 7.6	4,073.8	296.4	4,370.2
	– 2.0	**– 28.5**	**– 1.0**	**4,323.5**	**605.9**	**4,929.4**
	2.1	– 1.2	– 1.3	139.2	23.0	162.1
	–	–	–	0.0	0.0	0.0
	0.1	**– 29.7**	**– 2.3**	**4,462.7**	**628.8**	**5,091.5**

Cash flow statement

€m

In accordance with IFRSs	Notes	Q1/2012	Q1/2011
Profit for the period		142.3	125.3
Amortisation of intangible assets and depreciation of property, plant and equipment (net of reversals of impairment losses)		65.1	57.8
Result from interests accounted for using the equity method (net of dividends received)		7.0	23.7
Result from the disposal of non-current assets		– 0.7	– 1.8
Change in non-current provisions and deferred tax liabilities		– 14.7	– 15.9
Change in contributions to building costs and grants		9.8	14.7
Income from the reversal of deferred income from cross-border leasing transactions		– 0.4	– 0.4
Other non-cash expenses and income		62.9	40.1
Subtotal		**271.5**	243.4
Change in inventories		16.7	23.2
Change in trade receivables and other receivables		– 109.9	– 56.0
Change in trade payables and other liabilities		9.1	141.4
Change in current provisions and current tax liabilities		58.8	5.1
Cash flow from operating activities	16	**246.1**	357.0

In accordance with IFRSs	Notes	Q1/2012	Q1/2011 €m
Cash outflow from capital expenditure for intangible assets and property, plant and equipment		– 155.9	– 129.4
Cash inflow from the disposal of intangible assets and property, plant and equipment		17.9	0.8
Cash outflow from capital expenditure for investments		– 57.0	– 363.3
Cash inflow from the disposal of investments		1.8	7.6
Cash outflow from capital expenditure for interests accounted for using the equity method		– 67.4	– 181.5
Cash inflow (outflow) from the disposal of (capital expenditure for) current investments		– 130.4	406.5
Cash flow from investing activities		**– 390.9**	– 259.3
Cash inflow from shifts between shareholder groups		0.0	4.2
Cash inflow (outflow) from money market transactions		1.4	88.8
Cash inflow from the assumption of financial liabilities (excluding money market transactions)		0.0	127.0
Cash outflow from the repayment of financial liabilities (excluding money market transactions)		– 80.9	– 393.3
Cash flow from financing activities		**– 79.5**	– 173.4
Change in cash and cash equivalents		**– 224.2**	– 75.7
Cash and cash equivalents as at 1/1/		**333.2**	489.0
Cash and cash equivalents as at 31/3/		**109.0**	413.3

Selected explanatory notes

Financial reporting principles

Basic principles

These consolidated interim financial statements of VERBUND as at 31 March 2012 were prepared in accordance with International Financial Reporting Standards (IFRSs) applicable to interim financial statements as endorsed by the European Union.

The condensed format of VERBUND's consolidated interim financial statements is consistent with IAS 34 "Interim Financial Reporting"; for further information and disclosures please refer to the consolidated financial statements of VERBUND as at 31 December 2011, which form the basis for these consolidated interim financial statements of VERBUND.

Group of consolidated companies

VERBUND Trading Romania S.R.L. was consolidated for the first time effective 1 January 2012.

Accounting policies

With the exception of the new IASB accounting standards and the change in accounting policies 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 2011.

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 7	Amendments: Transfers of Financial Assets	7/10/2010 (22/11/2011)	1/1/2012	Increase in disclosure requirements with respect to financial assets that have been transferred but not (or not entirely) derecognised and their relationship to any thereby newly incurred liabilities

Change in accounting policies

Since the 2005 reporting period, VERBUND has recognised the results from the measurement and realisation of energy trading contracts for electricity entered into for trading purposes under revenue; the underlying electricity purchases and sales are presented with offset (net) in electricity revenue. VERBUND's accounting policies correspond to international industry practice regarding the recognition of energy trading contracts for third party trading. Up until now, energy trading contracts for electricity that were entered into for the marketing of own generation or as part of the wholesale portfolio were presented without offset (gross); the purchase of electricity was recognised under electricity purchases, while electricity sales were recognised under electricity revenue.

However, business activities in the wholesale portfolio are more and more clearly exhibiting attributes that are typical of third party trading. In light of this, in order to improve financial performance presentation, the accounting policiy for energy trading contracts in the wholesale portfolio was changed in quarter 1/2012 such that these transactions are now also presented net in the income statement under revenue. They are still presented gross in the balance sheet, unless a framework agreement with a netting clause has been concluded with the counterparty.

The change in accounting policies was carried out retrospectively effective 1 January 2011 in accordance with IAS 8 by adjusting all comparative figures. The amounts of the adjustment for earlier reporting periods were not determined for cost-benefit reasons.

Effect of the change in accounting policies on electricity revenue

€m	**Q1/2012**	Q1/2011
Electricity revenue	919.6	792.9
Amount of the adjustment	– 209.1	– 211.2
Electricity revenue with net presentation of energy trading contracts in the wholesale portfolio	**710.5**	581.7

Effect of the change in accounting policies on expenses for electricity, grid and gas purchases as well as purchases of emission rights (trade)

€m	**Q1/2012**	Q1/2011
Expenses for electricity, grid and gas purchases as well as purchases of emission rights (trade)	547.4	511.2
Amount of the adjustment	– 209.1	– 211.2
Expenses for electricity, grid and gas purchases as well as purchases of emission rights (trade) with net presentation of energy trading contracts in the wholesale portfolio	**338.3**	300.0

The change in accounting policies had no effect on the result either in quarter 1/2012 or in earlier reporting periods; for this reason, earnings per share – diluted earnings per share correspond to basic earnings per share – also remained unchanged.

Segment reporting

VERBUND Trading Romania S.R.L., which was consolidated for the first time as at 1 January 2012, was allocated to the Electricity segment.

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
Q1/2012					
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	**241.1**	**15.3**	**– 6.4**	**13.5**	**263.6**
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	5,752.2	1,061.2	6,778.8	– 3,932.0	9,660.2
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

€m

	Electricity	Grid	Equity Interests & Services	Elimination	Total Group
Q1/2011					
External revenue	594.2	109.9	2.3	–	706.5
Internal revenue	29.2	14.0	21.3	– 64.4	0.0
Total revenue	623.4	123.9	23.6	– 64.4	706.5
Operating result	**202.0**	**23.5**	**– 9.1**	**– 0.7**	**215.8**
Depreciation and amortisation	– 41.0	– 14.9	– 2.2	0.3	– 57.8
Other material non-cash items	– 48.2	3.1	0.1	– 0.1	– 45.2
Result from equity interests	–	–	1.3	0.0	1.3
Of which result from interests accounted for using the equity method	–	–	– 4.0	0.0	– 4.0
Capital employed	4,605.3	902.2	7,371.0	– 4,333.8	8,544.6
Of which carrying amount of interests accounted for using the equity method	24.0	1.3	2,333.4	0.0	2,358.8
Additions to intangible assets and property, plant and equipment	84.3	11.2	3.3	0.0	98.8
Additions to equity interests	0.0	0.0	181.5	0.0	181.5

Notes to the income statement

Electricity revenue by customer areas

(1) **Electricity revenue**

€m	Q1/2012 Domestic	Q1/2011 Domestic	Change	Q1/2012 Foreign	Q1/2011 Foreign	Change
Electricity deliveries to consumers	128.7	99.1	29.9%	60.2	60.5	– 0.4%
Electricity deliveries to resellers	212.2	176.4	20.3%	60.7	43.3	40.2%
Electricity deliveries to traders	5.6	5.8	– 2.7%	243.1	196.6	23.6%
Total electricity revenue	**346.5**	281.3	23.2%	**364.0**	300.4	21.2%

Expenses for electricity, grid and gas purchases as well as purchases of emission rights (trade)

(2) **Expenses for electricity, grid and gas purchases as well as purchases of emission rights (trade)**

€m	Q1/2012	Q1/2011	Change
Expenses for electricity purchases	288.6	270.7	6.6%
Expenses for grid purchases (system use)	35.8	31.9	12.2%
Expenses for gas purchases[1]	12.7	– 4.5	n.a.
Purchases of emission rights (trade)	1.2	1.7	– 30.2%
Expenses for electricity, grid and gas purchases as well as purchases of emission rights (trade)	**338.3**	300.0	12.8%

[1] In quarter 1/2011, the negative expenses for gas purchases mainly resulted from the measurement of freestanding derivatives in the energy area. These were related to the purchases of gas for the combined cycle gas turbine power plant under construction in Mellach.

Fuel expenses and other usage-dependant expenses

(3) **Fuel expenses and other usage-dependant expenses**

€m	Q1/2012	Q1/2011	Change
Fuel expenses	58.0	27.1	113.8%
Emission rights acquired in exchange for consideration	1.0	3.7	– 72.1%
Other usage-dependant expenses	1.6	1.6	– 2.6%
Fuel expenses and other usage-dependant expenses	**60.6**	32.4	86.8%

(4)
Personnel expenses

Personnel expenses €m

	Q1/2012	Q1/2011	Change
Wages and salaries	61.4	58.3	5.3%
Expenses for social security contributions as required by law as well as income-based charges and compulsory contributions	12.6	12.5	0.9%
Other social expenses	1.0	1.0	8.9%
Subtotal	**75.1**	71.8	4.6%
Expenses for pensions and similar obligations	16.9	7.5	127.0%
Expenses for severance payments	8.2	2.3	n.a.
Personnel expenses	**100.2**	81.6	22.8%

A total of €1.7m was paid into the pension fund in quarter 1/2012 (quarter 1/2011: €1.6m) as part of defined contribution schemes. Expected returns remain at 2.0% p.a. for pension plan assets covering defined benefit schemes.

(5)
Result from interests accounted for using the equity method

Result from interests accounted for using the equity method €m

	Q1/2012 Domestic	Q1/2011 Domestic	Change	Q1/2012 Foreign	Q1/2011 Foreign	Change
Income or expenses from interests accounted for using the equity method	14.6	14.2	2.3%	– 6.5	– 28.8	77.6%
Impairment losses or reversals of impairment losses	0.0	0.0	n.a.	0.0	10.5	– 100.0%
Result from interests accounted for using the equity method	**14.6**	14.2	2.3%	**– 6.5**	– 18.3	64.7%

The reversal of impairment losses in quarter 1/2011 resulted from an impairment test of the equity-accounted interest in POWEO S.A. (Group) sold effective 30 September 2011. The measurement benchmark was the quoted price of POWEO S.A. (Group) of €4.69 per share as at 31 March 2011.

The carrying amounts of the equity interests in POWEO Pont-sur-Sambre Production S.A.S. and POWEO Toul Production S.A.S. were reduced to zero in the 2011 reporting period by current losses or by impairment losses. Therefore, losses totalling €7.8m were not recognised in quarter 1/2012; the cumulated off-balance sheet losses for which recognition was discontinued amount to a total of €94.0m as at 31 March 2012.

The EUR/TRY and USD/TRY exchange rate trends resulted in foreign exchange gains at Enerjisa Enerji Üretim A.S. and Enerjisa Elektrik Dagitim A.S. – these investees were transferred to the (newly established) holding company Enerjisa Enerji A.S., a joint venture of VERBUND and Sabanci Holding A.S., in the 2011 reporting period – from the measurement of liabilities denominated in foreign currency recognised in profit or loss (quarter 1/2011: exchange losses). The resulting effect on the result from interests accounted for using the equity method of VERBUND in quarter 1/2012 amounted to a total of €7.4m (quarter 1/2011: €–13.8m).

(6) Interest income

Interest income

€m	Q1/2012	Q1/2011	Change
Interest from investments under closed items on the balance sheet	6.9	6.2	10.2%
Interest from money market transactions	0.7	2.3	– 67.7%
Other interest and similar income	2.4	0.9	157.9%
Interest income	**10.0**	9.4	6.3%

(7) Interest expenses

Interest expenses

€m	Q1/2012	Q1/2011	Change
Interest for bonds	26.2	26.1	0.5%
Interest for bank loans	10.9	20.1	– 45.7%
Interest for financial liabilities under closed items on the balance sheet	6.9	6.2	10.2%
Interest for other liabilities from electricity supply commitments	11.4	11.4	0.2%
Interest for other non-current provisions	1.6	1.8	– 10.5%
Profit or loss attributable to limited partners	15.6	14.0	11.6%
Borrowing costs capitalised in accordance with IAS 23	– 9.4	– 6.7	– 40.7%
Other interest and similar expenses[1]	10.2	2.8	n.a.
Interest expenses	**73.5**	75.7	– 3.0%

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

(8) Other financial result

Other financial result

€m	Q1/2012	Q1/2011	Change
Income from financial instruments	5.3	3.6	46.7%
Foreign exchange gains	11.9	9.3	28.3%
Foreign exchange losses	– 2.7	– 0.1	n.a.
Other expenses from financial instruments	– 42.1	0.0	n.a.
Other financial result	**– 27.5**	12.8	n.a.

The fair value of the overall short position with respect to the former subsidiaries and second-tier subsidiaries of POWEO Production S.A.S. (including the financing and guarantees currently provided by VERBUND) vis-à-vis POWEO S.A. and Direct Energie S.A. amounted to €14.2m as at 31 March 2012 (31 December 2011: €13.4m). The effect on profit or loss in the amount of €–0.8m resulting from this measurement in quarter 1/2012 was recognised under other expenses from financial instruments.

The best estimate of the guarantee liabilities for the construction financing for the combined cycle gas turbine power plant in Toul was €83.4m as at 31 March 2012 (31 December 2011: €42.9m). The effect on profit or loss in the amount of €–41.3m resulting from this measurement in quarter 1/2012 was recognised under other expenses from financial instruments.

Notes to the statement of comprehensive income

(9)
Foreign exchange differences

The ECB euro reference exchange rate for the Turkish lira (TRY) as at 31 March 2012 was TRY 2.3774 (31 December 2011: TRY 2.4432). The EUR/TRY exchange rate trend in quarter 1/2012 resulted in foreign exchange gains in the amount of €19.6m (quarter 1/2011: foreign exchange losses in the amount of €–45.6m) from the currency translation of the equity-accounted Turkish joint venture. These foreign exchange gains and losses were recognised without effect on profit or loss in other comprehensive income.

(10)
Taxes on other comprehensive income

Of taxes on other comprehensive income, €–0.3m (quarter 1/2011: €0.8m) can be attributed to the measurement of available-for-sale financial instruments and €–6.3m (quarter 1/2011: €14.9m) to the measurement of cash flow hedges.

(11)
Other comprehensive income after tax

Of other comprehensive income after tax, €0.2m (quarter 1/2011: €0.0m) can be attributed to non-controlling interests.

Notes to the balance sheet

(12)
Interests accounted for using the equity method

Capital increases were carried out at Turkish Enerjisa Enerji A.S (Group) in quarter 1/2012. VERBUND's 50% share in these capital increases amounted to a total of €67.4m.

The 42.87% equity-accounted interest in Kärntner Restmüllverwertungs GmbH was classified as held for sale effective 31 March 2012 (see: (14) Non-current assets held for sale).

(13)
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).

The partially terminated transactions may have been cancelled early, but the B-loans and the related investments were continued by VERBUND. With the exception of one transaction, cover continues to be provided on the balance sheet for these transactions.

Investments and other non-current receivables €m

	31/3/2012	31/12/2011	Change
Investments – closed items on the balance sheet	269.3	287.4	– 6.3%
Interest rate swaps – closed items on the balance sheet	104.8	120.2	– 12.8%
Other investments and other receivables	435.8	436.0	0.0%
Total	**809.9**	843.6	– 4.0%

Current receivables include other loans under closed items on the balance sheet in the amount of €0,5m (31 December 2011: €0,0m).

(14)
Non-current assets held for sale

VERBUND signed a sales agreement with KELAG-Kärntner Elektrizitäts-AG for 42.87% of the equity interest in Kärntner Restmüllverwertungs GmbH in quarter 1/2012. The closing is subject to approval by competition authorities and is expected to take place in quarter 2/2012. Thus, the equity-accounted interest is (still) classified as held for sale as at 31 March 2012. Kärntner Restmüllverwertungs GmbH operates a thermal waste treatment plant. The decision to sell this equity interest was taken mainly as a result of VERBUND's strategic focus.

The 50.1% equity interest in POWEO Outre-mer Solaire S.A.S. (Group) continues to be classified as held for sale as at 31 March 2012. The sale is still to be carried out as promptly as possible in the form of a share deal. POWEO Outre-mer Solaire S.A.S. (Group) is active in the area of project development and in the operation of solar parks and rooftop photovoltaic systems in French overseas territories. This equity interest will temporarily remain with VERBUND merely as an interim step for the best possible disposal of the renewable energies projects of (former) POWEO Production S.A.S. The decision to sell these projects was taken mainly as a result of VERBUND's strategic focus.

(15)
Financial liabilities

Non-current financial liabilities €m

	31/3/2012	31/12/2011	Change
Financial liabilities – closed items on the balance sheet	373.7	407.6	– 8.3%
Other financial liabilities	3,460.9	3,501.3	– 1.2%
Total	**3,834.5**	3,909.0	– 1.9%

Current financial liabilities include financial liabilities under closed items on the balance sheet in the amount of €1,0m (31 December 2011: €0,9m).

Notes to the cash flow statement

(16)
Cash flow from operating activities

Cash flow from operating activities in quarter 1/2012 includes variation margin payments from futures contracts in the energy area totalling €2.6m (quarter 1/2011: €32.5m).

Other note disclosures

Purchase commitments

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

	31/3/2012	Of which payable in 2012	Of which payable 2013–2017
Total commitment	**643.6**	474.5	168.2

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 can still arise based on framework agreements from joint ventures.

As at 31 March 2012, there is a total of €145.3m in outstanding contribution commitments to investees. These relate to the Turkish joint venture Enerjisa Enerji A.S. (Group) and are payable entirely in 2012.

Contingent liabilities

VERBUND's last remaining cross-border leasing transaction has an off-balance sheet financing structure. As at 31 March 2012, VERBUND's subsidiary liability for the non-redeemed portion of lease liabilities from cross-border leasing transactions amounts to €481.3m (31 December 2011: €532.2m). Of the rights of recourse against the primary debtors, a total of €360.8m (31 December 2011: €409.6m) is secured through counter-guarantees on the part of financial institutions, entities entitled to purchase electricity and regional authorities (from guarantors' liabilities). In addition, €169.6m (31 December 2011: €172.9m) is covered by off-balance sheet investments.

As at 31 March 2012, there were other contingent liabilities in the amount of €28.1m (31 December 2011: €28.1m) in the form of guarantees issued by VERBUND for non-consolidated Verbundplan Birecik Baraji Isletme Ltd. Sti. (VBOC).

Transactions with related parties

Transactions with investees accounted for using the equity method €m

	Q1/2012	Q1/2011	Change
Income statement			
Electricity revenue	118.4	124.4	– 4.8%
Grid revenue	15.3	19.4	– 21.3%
Other revenue	2.7	1.6	71.7%
Other operating income	0.4	0.1	181.8%
Expenses for electricity, grid and gas purchases as well as purchases of emission rights (trade)	– 58.1	– 65.5	11.2%
Other operating expenses	– 0.7	– 0.5	– 41.8%
Interest expenses	– 0.2	0.0	n.a.
Interest income	1.2	2.0	– 39.5%
Other financial result	2.4	1.8	34.9%

	31/3/2012	31/12/2011	Change
Balance sheet			
Investments and other non-current receivables	267.9	269.4	– 0.5%
Trade receivables and other current receivables	245.3	156.4	56.8%
Non-current provisions	0.6	0.4	57.3%
Current provisions	3.0	3.4	– 13.0%
Trade payables and other current liabilities	94.8	76.6	23.8%

In determining the above disclosures, it was taken into consideration that POWEO S.A. and POWEO Production S.A.S. were only related parties as defined under IAS 24 until the end of quarter 3/2011; POWEO Pont-sur-Sambre Production S.A.S. and POWEO Toul Production S.A.S. were and continue to be related parties of VERBUND. Revenue with POWEO Pont-sur-Sambre Production S.A.S. amounted to a total of €1.9m in quarter 1/2012 (quarter 1/2011: €0.0m). The purchase of electricity from POWEO Pont-sur-Sambre Production S.A.S. amounted to a total of €36.5m (quarter 1/2011: €23.2m). Interest income from POWEO Pont-sur-Sambre Production S.A.S. and POWEO Toul Production S.A.S. – recognised in part in other financial result – amounted to a total of €2.8m (quarter 1/2011: €3.4m).

As at 31 March 2012, there were receivables from POWEO Pont-sur-Sambre Production S.A.S. and POWEO Toul Production S.A.S. totalling €330.5m (31 December 2011: €250.7m), €172.4m of which non-current (31 December 2011: €173.8m). As at 31 March 2012, there were payables to POWEO Pont-sur-Sambre Production S.A.S. and POWEO Toul Production S.A.S. totalling €66.9m (31 December 2011: €42.0m), all of which current. POWEO Toul Production S.A.S. entered into a natural gas supply agreement with Statoil ASA in quarter 1/2012 for the purchase of gas in the commissioning phase of the combined cycle gas turbine power plant in Toul. VERBUND issued a guarantee for this purpose with a maximum liability of €13.5m.

VERBUND and Sabanci Holding A.S. concluded a sponsor additional support agreement in quarter 1/2012 in order to secure construction financing from an international banking syndicate for a thermal power plant project of Enerjisa Enerji Üretim A.S. in Tufanbeyli.

Electricity deliveries to companies controlled or significantly influenced by the Republic of Austria amounted to a total of €25.0m in quarter 1/2012 (quarter 1/2011: €18.5m). The primary buyers of this electricity were ÖBB, OMV and Telekom Austria. Electricity purchased from companies controlled or significantly influenced by the Republic of Austria amounted to a total of €0.9m in quarter 1/2012 (quarter 1/2011: €5.7m). The primary supplier of this electricity was the ÖBB.

VERBUND's expenses for monitoring by Energie-Control Austria in quarter 1/2012 amounted to a total of €3.1m (quarter 1/2011: €2.6m).

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

The Annual General Meeting held on 12 April 2012 resolved to pay a dividend of €0.55 per share in 2012, totalling €191.1m for financial year 2011.

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 2012, 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, cash flows 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, cash flows 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 2012 and with respect to the principle risks and uncertainties in the remaining nine months of the financial year.

Vienna, 24 March 2012

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

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