INTERIM REPORT QUARTER 2/2009

CONTENTS

DEAR SHAREHOLDER,

Verbund's operating performance in quarters 1–2/2009 remained stable. Nevertheless, the massive global economic crisis has left its mark on the electricity industry and has also reached Verbund. After the good ratios in the first quarter of this year, we now present a result for the first half of 2009 that is burdened by low spot market prices and negative one-off effects. Adjusted for the one-off effects, the operating result for the first six months actually shows an improvement on the corresponding period of the previous year.

In view of the changed conditions, we have adapted our strategy by focusing our business model, further reducing the business risks and investing, above all, in developed electricity markets. Through our anticyclic investment activities – in 2009, Verbund invested approx. € 2 billion, primarily in renewable energies and electricity grids – we aim to profit to an even greater extent in the course of a future economic upturn.

Against this backdrop, Verbund further consolidated its strong position in the European electricity market in quarters 1–2/2009. Including a chain of 13 hydropower plants on the Bavarian Inn for which Verbund signed a purchase contract with E.ON in June 2009, Verbund is now the fourth-largest hydropower group in Europe. Verbund has also strengthened its position as the leading electricity company in Austria: Between 2010 and 2013, the group will supply a total of 10 TWh of Austrian hydropower to the provincial energy suppliers EVN and Wien Energie; that is more than one third of Verbund's annual electricity production. The corresponding agreement was signed just a few weeks ago.

RESULT BURDENED BY LOW SPOT MARKET PRICES AS WELL AS ONE-OFF EFFECTS

The business figures of Verbund displayed the following development in quarters 1–2/2009: Sales revenue rose by 1.1 % to € 1,667.8 million, the operating result sank by 5.4 % to € 533.7 million and the group result was down 16.1 % at € 359.9 million.

The result was influenced, above all, by the low European spot market prices for electricity, an above-average water supply and negative one-off effects.

Compared to the corresponding period of the previous year, the spot market prices for electricity fell sharply by 35 % for base load and 36 % for peak load electricity. This decline reflects the lower CO_2 spot market prices, the significant drop in the prices for primary energy sources and the fall in the demand for electricity. The prices for quarterly and monthly electricity forwards also fell significantly compared to the previous year. Verbund sells approx. 40 % of its own generation on the basis of spot market prices as well as quarterly and monthly forwards. The remaining 60 % was already sold one year in advance at clearly higher electricity prices within the framework of the tried and tested hedging strategy.

The above-average water supply from Austria's rivers and streams had a positive effect on the result for the quarter. The hydro coefficient for quarters 1–2/2009 came to 1.07 and was therefore 7 % above the long-term average and 3 % above the value recorded in the previous year. As a result, more electricity was produced in the run-of-river plants. Generation at the storage power plants was also increased due

to the higher reservoir levels at the beginning of the year compared to 2008 and the excellent inflow conditions as a result of the snowmelt. Hydropower generation within the Verbund Group rose by a total of 4.0 % or 519 GWh. For the most part, however, the additional volumes could only be sold on the basis of the low spot market price level referred to above and this dampened the positive effect.

As in quarter 1/2009, the result for the quarter was burdened by negative one-off accounting measures.

IMPROVEMENT IN EUROPEAN ENERGY RANKING

We are strengthening our position among the leading hydropower groups in Europe. In June 2009, we signed a purchase agreement with the German supplier E.ON for 13 run-of-river plants on the River Inn in Bavaria with an installed capacity of 312 MW and an annual generation of 1,847 GWh. With this transaction, Verbund has taken another important step forward in its strategy to become one of the leading hydropower producers in Europe. The Verbund Group has now moved up one place to No. 4 among the European hydropower producers. The price for the power plant chain comprises a cash portion and a 20-year supply agreement for electricity from our Zemm/Ziller power plant group. Verbund will establish a German company to manage the 13 Inn power plants and intends to offer a share of up to 30 % in this company to interested Bavarian municipalities.

The closing of the transaction and with it the takeover of the power plants, which is subject to antitrust approvals, is planned for quarter 3/2009.

EXPANSION OF ACTIVITIES IN FRANCE

Verbund's international activities are also developing positively. We are currently expanding our activities in the French electricity market and increasing our share in the joint venture POWEO.

Verbund is purchasing a further 13.4 % share in the French energy supplier from shareholder Charles Beigbeder and his holding Gravitation. This will allow us to raise our share to a total of 43.3 % thus making Verbund the largest single shareholder in the listed company.

POWEO plans to carry out a capital increase in the amount of max. € 75 million in July 2009. Within the framework of this capital increase, Verbund will further increase its stake to 48 %. The funds from the capital increase will be used to further expand the electricity generation capacities from renewable energies and gas power plants and also to further strengthen the company's position in the French end customer market.

POWEO has a wind and hydropower portfolio of 71 MW and also owns a 412 MW gas power plant in Pont-sur-Sambre which will be commissioned in quarter 4/2009. Further generation capacities are currently being developed. POWEO has also acquired approx. 340,000 end customers.

IMPORTANT ELECTRICITY LINE NOW IN OPERATION

The Styria line is transporting its first electricity. After a construction period of a little less than two-and-a-half years, the first line system of the 380 kV Styria line was switched on just a couple of weeks ago. As a result, a further important 100-km section of the Verbund high voltage ring is now active – 27 years after the first plans were completed. This ring will significantly improve security of supply in Austria.

OUTLOOK

In spite of the difficult economic conditions and the decline in the half-year result, Verbund aims, on the basis of stable business operations, to achieve similar results for the full year 2009 to those reported in the previous year.

THE VERBUND SHARE

STOCK MARKET SITUATION

In 2007, the US real estate speculation bubble burst. This triggered the greatest financial market crisis in decades, which has since developed to become a global economic crisis. While most of the stock markets still reported a slightly positive development in fiscal 2007, the international stock markets had to contend with massive price losses in 2008. Negative economic data, poor economic forecasts, ongoing problems in the banking sector and, above all, in the automotive industry and the resulting continued uncertainty among investors led to a continuation of this negative development at the beginning of 2009. At the beginning of March, many of the stock markets fell below the record lows recorded in the previous year. The prices did, however, display a strong increase from mid-March and this trend continued over large periods of quarter 2/2009. This recovery is attributable to the relatively good results in the financial sector, the strong development of the technology stocks, the confidence of the investors in the effectiveness of the monetary and fiscal policies as well as hopes for a quick recovery of the global economy. As a result, the international stock markets recorded double-digit growth rates in quarter 2/2009 and balanced out or even overcompensated for the losses from quarter 1/2009.

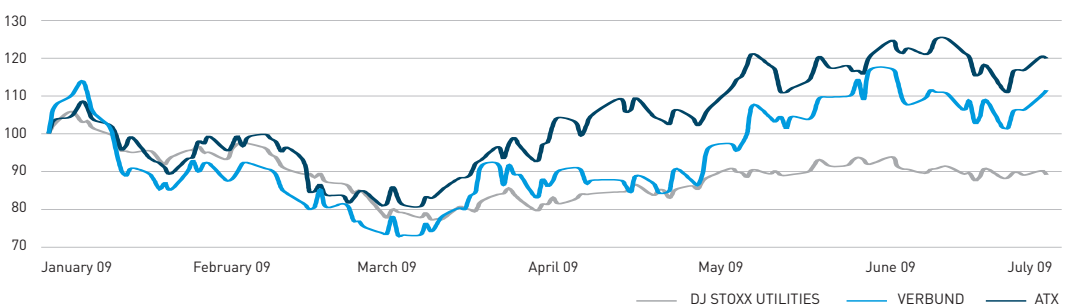
At the end of June, the US stock index Dow Jones closed slightly below the closing value for 2008 (–3.8 %). The technology-oriented US index Nasdaq Composite improved by 16.4 % in the same period. The Euro Stoxx 50 also recorded a slight 2 % drop compared to the closing value for 2008. The Nikkei 225, on the other hand, improved by a considerable +12.4 %. This increase was, however, achieved against the backdrop of particularly strong losses in the previous year.

VIENNA STOCK EXCHANGE

The Vienna Stock Exchange clearly outperformed most of the international stock markets in quarters 1–2/2009. This positive development is largely attributable to the more confident risk assessment of the CEE countries. The key index of the Vienna Stock Exchange closed at 2,098.65 points on 30 June 2009. This corresponds to an increase of 19.9 % compared to the year-end value for 2008.

PRICE DEVELOPMENT OF THE VERBUND SHARE

RELATIVE SHARE PRICE DEVELOPMENT (01. 01. 2009 = 100 %)



THE VERBUND SHARE

The Verbund share closed fiscal 2008 at € 32.6 after a negative performance of 32.0 %. The price of the Verbund share dropped significantly at the beginning of the new trading year – in step with the trend on the international stock markets. This massive decline is attributable to the negative stock market environment and, above all, to the further drop in wholesale prices for electricity. Towards the end of the quarter, the Verbund share was able to recoup some of its losses and on 31 March 2009, the share closed at € 28.6 with a negative performance of 12.2 % in quarter 1/2009.

In quarter 2/2009, the value of the Verbund share increased by a considerable 26.9 % and therefore more than compensated for the losses in quarter 1/2009. This clear increase is attributable to the slight increase in and anticipated stabilization of the wholesale prices for electricity, the more positive comments from the analysts for the Verbund share and the utilities sector and, of course, to the positive development of the stock markets in quarter 2/2009. On 30 June 2009, the Verbund share closed at 36.3 with a positive performance of 11.4 % in quarters 1–2/2009. Hence, the Verbund share did not develop as strongly as the ATX (+19.9 %) in the first half of the year but it clearly outperformed the DJ STOXX Utilities index (–11.0 %).

SALES AND MARKET CAPITALIZATION

Stock exchange turnover in Verbund shares reached € 1,763.5 million. On average, 481,511 shares were traded every day. The total value of the company derived from its market capitalization amounted to 11,181.5 million as of 30 June 2009; its weighting at the ATX was 9.3 %. As a result, Verbund had – based on the market capitalization – the highest valuation of all the companies on the Vienna Stock Exchange.

STOCK RATIOS

		Q 1–2/2009	Q 1–2/2008
PEAK PRICE	€	38.1	59.3
LOWEST PRICE	€	23.7	40.5
CLOSING PRICE	€	36.3	56.9
PERFORMANCE	%	11.4	18.9
MARKET CAPITALIZATION	MILLION €	11,181.5	17,542.7
WEIGHTING ATX	%	9.3	7.4
STOCK EXCHANGE TURNOVER	MILLION €	1,763.5	3,134.6
STOCK EXCHANGE TURNOVER/DAY		481,511	518,980

CAPITAL MARKET CALENDAR 2009

EVENT	LOCATION	DATE
INTERIM REPORT QUARTERS 1–2/2009		28. 07. 2009
ROAD SHOW	LONDON	29. 07. 2009
ROAD SHOW	FRANKFURT	31. 07. 2009
ROAD SHOW	ZURICH	14. 09. 2009
INVESTORS' CONFERENCE ERSTE BANK	STEGERSBACH	08. 10. 2009
GEWINNMESSE	VIENNA	15.–16. 10. 2009
INTERIM REPORT QUARTERS 1–3/2009		27. 10. 2009
ROAD SHOW	FRANKFURT	28. 10. 2009
EEI – FINANCIAL CONFERENCE	USA	02.–04. 11. 2009
INVESTORS' CONFERENCE VIENNA STOCK EXCHANGE	NEW YORK	30. 11. 2009

MANAGEMENT REPORT

BUSINESS DEVELOPMENT

In spite of negative one-off effects and lower spot market prices, Verbund recorded a result in quarters 1–2/2009 which was – particularly due to the above-average water supply – in the operating area only slightly below the result achieved in the corresponding period of the previous year.

Sales rose by 1.1 % to € 1,667.8 million, the operating result sank by 5.4 % to € 533.7 million and the group result was down 16.1 % at € 359.9 million.

CONSOLIDATED INCOME STATEMENT (CONDENSED VERSION) MILLION €

	Q 1–2/2007	Q 1–2/2008	Q 1–2/2009	CHANGE
SALES	1,490.8	1,649.2	1,667.8	18.6
OPERATING RESULT	447.4	564.2	533.7	–30.5
FINANCIAL RESULT	23.4	51.7	–19.2	–70.9
GROUP RESULT	329.9	429.0	359.9	–69.1

EARNINGS POSITION

INCREASE IN GROUP REVENUE

In quarters 1–2/2009, group revenue rose by € 18.6 million to € 1,667.8 million compared to the corresponding period of the previous year.

Verbund's own generation came to 14.8 TWh in quarters 1–2/2009 and was therefore 2.4 % above the value reported in quarters 1–2/2008. This increase was mainly due to the above-average water supply which led to an increase in generation at the run-of-river power plants. In addition, generation at the storage power plants increased due to the higher reservoir levels at the beginning of the year and to the excellent inflow conditions as a result of the snowmelt. Thermal generation, on the other hand, displayed a further decline as a result of the lower spot market price level.

Electricity revenue rose by 1.7 % to € 1,491.3 million. Electricity revenue from end customers increased significantly by € 43.0 million or 14.2 %. This is attributable to further acquisitions in the industrial customer area and higher sales volumes to household customers in spite of the unfavorable economic conditions. The € 80.6 million or 14.4 % increase in electricity revenue from resellers mainly results from the higher contracted forward market prices compared to the previous year. The € 98.0 million or 16.2 % decrease in electricity revenue from traders resulted from the increase in trading business with standardized forward contracts and the ongoing increase in the direct marketing of own generation via wholesale and end customer channels. Foreign markets, in particular Germany and France, accounted for 51.5 % of the electricity revenue (previous year: 61.4 %). The sales volume displayed a decrease of 2,757 GWh or 10.0 % compared to the corresponding period of the previous year.

In quarters 1–2/2009, grid revenue fell by 7.7 % to € 149.1 million compared to the first two quarters of fiscal 2008. This development was mainly due to the decline in international revenue from auctions,

which was not totally compensated by the rise in international ITC revenue (Inter Transmission System Operator Compensation). Moreover, the 2009 amendment to the System Utilization Tariff Directive 2006, under which the system utilization tariffs in the electricity area will be re-determined starting from 1 January 2009, led to a € 11.0 million drop in grid revenue.

Other sales revenue increased by € 5.4 million or 24.7 % to € 27.4 million in quarters 1–2/2009. This is mainly attributable to the higher revenue from district heating sales.

SALES REVENUE

MILLION €

	Q 1–2/2007	Q 1–2/2008	Q 1–2/2009
ELECTRICITY SALES	1,332.2	1,465.7	1,491.3
GRID SALES	137.8	161.5	149.1
EMISSION RIGHTS (SALES)	0.3	0.1	0.1
OTHER	20.6	21.9	27.3
SALES REVENUE	**1,490.8**	**1,649.2**	**1,667.8**

RISE IN EXPENSES FOR ELECTRICITY, GRID AND EMISSION RIGHTS PURCHASES (TRADE)

From a volume perspective, electricity purchases dropped by 3,104 GWh or 23.6 % compared to the corresponding period of the previous year. Parallel to this, own generation rose on account of the above-average water supply compared to the corresponding period of the previous year (hydro coefficient 1.07; previous year 1.04) by 347 GWh or 2.4 %. Grid purchases rose by € 12.3 million or 25.2 %. This is mainly due to the clear expansion of end customer business in Austria and abroad. In total, expenses for electricity, grid and emission rights purchases rose by 1.1 % to € 725.8 million.

FUEL EXPENSES

The price situation on the electricity sales markets necessitated an inventory adjustment of the existing stocks of heating oil and coal as well as an adjustment of the provision for impending losses which was created due to the obligation to supply district heating to Graz in the total amount of € 28.0 million.

HIGHER PAYROLL EXPENSES

The collective agreement increase of 3.7 % and the recruitment of an additional 190 staff, which brings the total number of employees to 2,698 (30 June 2008: 2.508) – 88 of whom result from the expansion of the companies consolidated – led to a € 10.4 million (8.7 %) increase in current payroll costs.

The expected return on the pension fund assets, which relieves the burden of expenses for severance payments and pensions, was lowered from 4.0 % to 2.0 % at the beginning of 2009 in line with the development of the financial markets. This measure is primarily responsible for the € 2.5 million increase to € 27.4 million (10.0 %).

OTHER OPERATING EXPENSES

Other operating expenses increased by 1.5 % to € 98.7 million. This was mainly due to the higher costs for maintenance measures such as the sealing of a reservoir and dredging work which were, however, largely compensated by the reduction of other operating expenses.

RESULT FROM INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD

In quarters 1–2/2009, the first-time recognition of interests accounted for using the equity method with their prorated IFRS result from interim or annual financial statements, the balance sheet date of which falls a maximum of three months prior to the balance sheet date of the parent company, resulted in a

one-off positive earnings effect in the amount of € 21.8 million. On the other hand, the first-time inclusion of the Turkish distribution grid company Baskent Elektrik Dagitim A.S. had a negative impact on the result in the amount of € 23.7 million mainly due to foreign currency effects and interest expenses.

INTEREST INCOME

Interest income fell, primarily due to the drop in interim investments, by € 17.5 million to € 29.5 million.

OTHER FINANCIAL RESULT

The other financial result was influenced by one-off earnings effects. The termination of four cross border leasing transactions had a negative impact on the result. Moreover, the international financial market crisis necessitated a value adjustment of securities and investment funds in the amount of € 17.9 million. On the other hand, profits from a hedging transaction in connection with the acquisition of Baskent Elektrik Dagitim A.S. boosted earnings by € 20.2 million.

INCOME TAX EXPENSES

The effective tax rate of 21.2 % (as compared to a corporate tax rate of 25 %) was largely due to the non-tax-effective result from the interests accounted for using the equity method as well as the non-tax-effective profit/loss shares of the limited partners of VERBUND-Austrian Thermal Power GmbH & Co KG which were recognized in the financial result.

NET WORTH AND FINANCIAL POSITION

NON-CURRENT AND CURRENT ASSETS

Non-current assets increased by 4.0 % from € 7,326.4 million as on 31 December 2008 to € 7,623.1 million as on 30 June 2009. This is mainly due to the € 503.4 million or 32.9 % increase in interests accounted for using the equity method. This development resulted primarily from the first-time consolidation of Baskent Elektrik Dagitim A.S., the capital increases carried out by Verbund in Enerjisa Enerji Üretim A.S. in the amount of € 50.0 million and Sorgenia Holding S.p.A. in the amount of € 150.0 million as well as the annual proceeds in the amount of € 67.6 million. This was offset by distributions in the amount of € 32.3 million as well as value adjustments in the amount of € 23.7 million which were recognized directly in equity and resulted, above all, from foreign currency translation differences.

Current assets rose by 13.4 % from € 967.4 million as on 31 December 2008 to € 1,096.9 million on 30 June 2009. This increase resulted from the buildup of primary energy carriers as well as from the change in receivables from Poweo Production S.A.S and the change in other receivables on account of the market price increases that are represented in the valuation of the electricity derivatives. Cash and cash equivalents were up 54.2 % at € 166.2 million.

LONG AND SHORT-TERM FINANCIAL OBLIGATIONS

The long and short-term financial obligations displayed a slight increase of 12.4 % to € 3,285.8 million compared to 31 December 2008. This increase is due, in particular, to the bond issuance and the rise in long-term payables to banks. These, however, are offset by the decline in financial obligations from cross border leasing and short-term payables to banks.

OTHER LONG AND SHORT-TERM LIABILITIES WITHOUT FINANCIAL OBLIGATIONS

The other long and short-term liabilities excluding financial obligations rose by € 27.6 million to € 2,270.7 million, primarily on account of the increase in current and deferred tax liabilities as well

as short-term trade accounts payable. This effect was, however, partly compensated by the reversal of deferred income from cross border leasing and the partial reversal of the provision for maintenance costs and the provision for outstanding receipts for investments.

CASH FLOW

Compared to the corresponding period of the previous year the operating cash flow sank by € 410.2 million to € 540.1 million. This essentially resulted from payments from prior periods in connection with energy derivatives (€ –468.2 million) as well as the higher contributions from the electricity business (€ +127.3 million). Moreover, there was an increase in net interest payments (€ –28.6 million) and payments from the personnel area (€ –14.9 million) compared to the corresponding period the previous year.

The cash flow from investing activities changed by € –185.8 million to € –680.2 million primarily due to the acquisition of Baskent Elektrik Dagitim A.S. (€ 265.7 million), the outstanding payment for the Bruck/Hollern/Petronell–Carnuntum wind farm (€ 18.6 million) and the increase in other financial assets (€ 17.3 million) as well as property, plant and equipment (€ 12.1 million). This, however, was offset by lower capital increases in the Sorgenia Group (€ 50.0 million) and Poweo S.A.S (€ 22.8 million) and the reduction in loans to Poweo Pont Sur Sambre (€ 66.4 million) compared to the corresponding period the previous year.

The cash flow from financing activities changed by € +485.3 million to € +198.5 million. Long-term borrowing from banks in the amount of € 488.2 million and the issuance of a bond in the amount of € 500 million were offset by the redemption of bonds, loans and credits in the amount of € 220.3 million as well as short-term money market investments in the amount of € –69.8 million. The premature termination of cross border leasing transactions led to an outflow of funds in the amount of € 75.9 million. Dividends amounting to € 429.4 million were distributed.

RATIOS

GEARING

Gearing increased from 80.1 % as on 31 December 2008 to 98.9 % as on 30 June 2009. This augmentation is due to the bond issuance to cover the rise in investment activities and the increase in long-term payables to banks. The increase since 30 June 2008 comes to 27.4 percentage points.

EBIT MARGIN

The EBIT margin fell from 34.2 % to 32.0 % compared to the corresponding period of the previous year. This reduction is largely attributable to the drop in spot prices, the increase in fuel expenses, the 2009 amendment to the System Utilization Tariff Directive 2006 as well as the increase in payroll expenses.

RISK AND OPPORTUNITY SITUATION

The international growth path adopted by the Verbund Group some time back brings opportunities and risks that have to be realized and avoided respectively, in an optimal manner. For this reason, the group-wide risk management system, which embraces all value-added segments, was developed a number of years ago. The risks and opportunities that are relevant for Verbund are recorded or updated and evaluated at regular intervals and whenever this is deemed to be necessary. The measures that are implemented to control the opportunities and risks are documented within the framework of the soft-

ware-supported risk management system. The possible effects of these opportunities and risks on the pre-tax group result are reported to the Managing Board and the Supervisory Board within the framework of quarterly reporting.

VOLUME AND PRICE RISK

The volume and price risk in all areas of Verbund's energy business has one of the strongest influences on the group result. The result of the Verbund Group depends, above all, on the meteorological conditions that influence hydraulic generation. A deviation of 1 % either way from the planned generation value for the remainder of the year would have an earnings effect of € 4.3 million.

Changes in the wholesale prices also represent significant opportunity/risk potential for Verbund. A 1 % rise/fall in the wholesale prices for the remainder of fiscal 2009 would increase/reduce earnings by € 1.1 million.

The need to acquire primary energy sources and sufficient emission rights poses a further risk. In spite of the low energy prices at the present time, it is expected that the prices for fuels will increase again in the long term.

COUNTERPARTY CREDIT RISK

The current economic crisis has not only resulted in a drop in the demand for electricity and a reduction in electricity prices, but can also lead to an increased risk of business partners not being able to meet their financial obligations. In this case, there is a risk that energy that was sold or reserved for the customer who subsequently fails to meet his obligations may have to be sold again at a lower price. To date, Verbund has not had to contend with any payment shortfalls.

INVESTMENT RISKS

Verbund's shareholdings, particularly, in Turkey, France, Italy, Albania and recently also in Germany, will provide greater opportunities but will also lead to greater risks in the future. In this area, the risks essentially result from fluctuations in the investment income, potential changes in the interest value (also due to currency differences) as well as from liabilities and guarantees that are assumed on a pro rata basis.

REGULATORY RISKS

Following the approval of the »third option« as an alternative to ownership unbundling and the Independent System Operator, the establishment of an Independent Transmission Operator (ITO) – Verbund's preferred option – is now possible at a European level. Many questions relating to the third internal market energy package have yet to be resolved, and for this reason, the European Commission is drafting a corresponding set of »interpreting notes« which are due to be published in September 2009.

The »Competition Acceleration Act«, which amends the Electricity Industry and Organization Act (ElWOG), has been drafted to promote the ongoing deregulation of the European energy market, intensify competition and provide long-term planning security for the transmission grid operator. Due to intense political debates, it was not possible to enact the Competition Acceleration Act before the summer.

RISKS ARISING FROM THE FINANCIAL MARKET CRISIS

The financial market crisis and its massive effects on the real economy have also changed the risk profile of the Verbund Group.

LIQUIDITY RISK

Short, medium and long-term financing has become more expensive and more difficult as a result of the financial market crisis. Verbund, however, is very well positioned in terms of its liquidity and has adequate liquidity reserves as well as secured access to liquidity.

On 8 April 2009, Verbund issued a € 500-million benchmark bond with a term of six years. The bond was oversubscribed by 700 percent within a period of two hours. The interest rate is 4.75 %. The issue price lay at 99.699 %. The proceeds from the bond issue will be used to finance the expansion of hydropower and the electricity grid in Austria as well as the international activities of the Verbund Group.

INVESTMENT RISK

Verbund's chosen investment strategy is based on extremely conservative investment in a widely spread investment portfolio on the money market (overnight money, time deposits) in banks with first class ratings. In addition, a small share is invested in money market-related securities and bonds which serve as security for the electricity trading activities. The risk of individual security issuers defaulting has also increased as a result of the financial market crisis and its effects. The value of Verbund's securities portfolio is measured on a regular basis in accordance with IFRS. Price losses/gains that are not sustainable are booked against equity, sustainable price losses/gains are recognized in the income statement.

CROSS BORDER LEASING TRANSACTIONS

Verbund carried out a number of lease and lease back transactions in connection with hydropower plants between 1999 and 2001. These transactions provided Verbund with a net present value gain totaling € 300 million. Within the framework of these very conservatively structured cross border leasing agreements, there were no changes to the ownership structures of the hydropower plants.

In the first half of 2009, Verbund prematurely wound up four cross border leasing agreements and aims to terminate further cross border leasing agreements by the end of the year in line with the opportunities that arise on the financial and capital market.

OUTLOOK

DIFFICULT ECONOMIC ENVIRONMENT IN 2009

The difficult overall economic situation is set to continue and has also had a negative impact on the business development of the European utility industry. The low prices for the primary energy sources oil, coal and gas coupled with the low prices for CO_2 certificates have had a damping effect on the wholesale prices for electricity. In addition, the decline in the demand for electricity as a result of the massive drop in consumption, particularly in the industrial area, is clearly evident.

WHOLESALE PRICES FOR ELECTRICITY AT LOW LEVEL

The wholesale prices on the European electricity market are once again at a low level and clearly reflect the overall economic development. Although the year ahead forward prices have recovered from the year lows of approx. € 40/MWh in quarter 1/2009, the current price of approx. € 50/MWh still lies well below the forward prices quoted on the European electricity exchanges in fiscal 2008. The short-term spot market prices also remain at a low level as a result of the massive drop in consumption. On the basis of the current economic data, it cannot be assumed that there will be a positive change in the European electricity price level in fiscal 2009. The further development will greatly depend on the economic data in quarters 3 and 4/2009.

ABOVE-AVERAGE WATER SUPPLY

The water supply of the Austrian rivers – a decisive factor for the Verbund result – developed very positively in fiscal 2009. Boosted by the high water supply, particularly in quarter 2/2009, the hydro coefficient rose to 1.07 and therefore lay clearly above the long-term average and the level recorded in 2008. The water supply in July 2009 is also above average. A forecast for the full year 2009 cannot, however, be made at this time.

CONTINUATION OF INVESTMENT IN AUSTRIA AND EXPANSION OF INTERNATIONAL ACTIVITIES

In the second half of 2009, activities will focus on the further expansion of the generation capacities in Austria, above all, from hydropower, as well as on – following the granting of the antitrust approval – the integration of the hydropower plants that were purchased from E.ON. To finance the purchase price of the 13 E.ON hydropower plants, VERBUND-International Finance B.V. issued an € 840 million benchmark bond with a term of 10 years on the international capital market. In France, Verbund plans to increase its share in POWEO S.A. within the framework of a capital increase and also intends to purchase the shares of the controlling shareholder Charles Beigbeder. Within the framework of this transaction, Verbund will increase its share in POWEO S.A. to a total of 48 % which will make it the largest single shareholder in the listed company.

PROFIT FORECAST

In spite of the persistently difficult economic conditions and the decline in the half-year result, Verbund aims, on the basis of stable business operations, to achieve similar results for the full year 2009 to those reported in the previous year. We intend to adhere to our current dividend policy and aim to achieve a payout ratio of between 45 and 50 %.

BUSINESS SEGMENTS

ELECTRICITY

GENERATION

GENERATION

GWh

	Q 1–2/2008	Q 1–2/2009	CHANGE
HYDROPOWER	13,009	13,528	4.0 %
THERMAL POWER	1,409	1,178	–16.4 %
WIND/SUN		59	
OWN GENERATION	**14,418**	**14,765**	**2.4 %**
EXTERNAL PROCUREMENT	13,171	10,067	–23.6 %
GROUP GENERATION	**27,589**	**24,832**	**–10.0 %**
FORWARD CONTRACTS	17,061	27,933	63.7 %

In quarters 1–2/2009, Verbund's own generation came to 14,765 GWh and was therefore 2.4 % higher than the value reported in the previous year. This is mainly attributable to the higher water supply from the Austrian rivers: The hydro coefficient for quarters 1–2/2009 came to 1.07 and was therefore 7 % above the long-term average and 3 percentage points above the value recorded in the previous year.

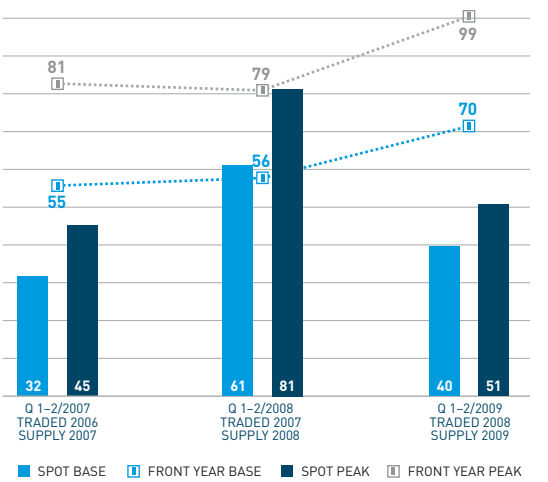
This resulted in a 4 % increase in hydropower generation within the Verbund Group. There was a clear increase in generation, above all, in the run-of-river plants but generation in the storage power plants also rose by 8 % due to the higher reservoir levels at the beginning of the year compared to 2008 and the excellent inflow conditions as a result of the snowmelt.

In quarters 1–2/2009, 92 % of Verbund's own generation came from hydropower plants; the value for the full year 2008 came to 90 %. Thermal generation declined by 16.4 % on account of the lower spot market price level. Electricity purchases dropped by 23.6 % and account for 40.6 % of total generation.

SALES

The average prices for electricity forward contracts year base 2009 traded in 2008 came to € 70.33/MWh and were just under 26 % higher than the level recorded in the previous year. The electricity spot market price level in quarters 1–2/2009 displayed a strong decline of 35 % to € 39.83/MWh. This decline reflects the lower CO_2 spot market prices, the significant drop in the prices for primary energy sources and the fall in demand.

DEVELOPMENT OF WHOLESALE PRICES



SOURCE: EUROPEAN ENERGY EXCHANGE

The prices for Brent crude oil displayed a volatile lateral development from the beginning of 2009 to the end of March with prices between USD 40 (lowest price) and USD 50/bbl. From the beginning of April up to the end of June, the prices increased continuously to USD 70 /bbl (the price at the beginning of July 2008 was USD 140/bbl). The prices for hard coal supplies CIF ARA (6,000 kcal/kg) dropped from USD 84/t at the beginning of 2009 to USD 58/t at the beginning of April and then displayed a volatile price development up to the end of the first half of 2009 with prices between USD 58 and USD 74/t (in July 2008 this price still lay at USD 219/t).

GROUP ELECTRICITY SALES

The group's electricity sales came to € 1,491.3 million in quarters 1–2/2009. This represents a slight improvement on the value recorded in the corresponding period of the previous year (€ 1,465.7 million).

SALES

Electricity sales in quarters 1–2/2009 fell compared to the previous year (10.0 %). The quantities sold on foreign markets – excluding own consumption – amounted to just over 50 %. This is mainly attributable to the international activities associated with the expansion of business in the German and French electricity markets. The German market accounted for 79 % of the volume sold abroad and is therefore the focal point of foreign activities.

SALES ACCORDING TO CUSTOMERS

GWh

	Q 1–2/2008	Q 1–2/2009	CHANGE
END CUSTOMERS	4,553	4,714	3.5 %
RESELLERS	12,296	11,520	–6.3 %
TRADERS	9,900	7,725	–22.0 %
OWN CONSUMPTION	840	873	3.9 %
GROUP CONSUMPTION	**27,589**	**24,832**	**–10.0 %**
FORWARD CONTRACTS	17,061	27,933	63.7 %

Business with resellers in Austria displayed an increase of 1.2 %. This resulted, above all, from the increase in supplies from procurement rights for provincial utilities, caused by the improved water supply. Sales to foreign resellers declined. Here, the trend on the part of distribution companies to purchase standardized forward contracts that are not recognized as sales had a significant influence.

SALES ACCORDING TO COUNTRIES

%

AUSTRIA	51.1
GERMANY	38.5
FRANCE	8.9
ITALY	0.6
BULGARIA	0.3
ALBANIA	0.3
SWITZERLAND	0.2
BELGIUM	0.1
MACEDONIA	0.1
GREECE	0.1

Sales from electricity supplies to trading companies were also down, mainly due to the fact that these too followed the trend to trade with standardized forward contracts that are not recognized as sales.

Sales volumes to the Austrian end customer market were improved by 4.6 % despite the unfavorable economic conditions. There was a 1.4 % increase in the volumes sold abroad. Strict customer selection is still carried out through the consistent implementation of credit rating assessments.

200,000 END CUSTOMERS IN AUSTRIA

In Austria, Verbund has acquired approx. 200,000 end customers in the household, agricultural and commercial (annual consumption of up to 100,000 kWh) segment and the prices offered by Verbund in this segment are among the most favorable. Verbund is positioned as an innovation and information leader in the Business and Industrial Customer segment. Due to the ongoing development of its products, the company now has a competitive edge over the market. Sales to end customers in Austria up to 30 June 2009 were 26 % higher than in quarters 1–2/2008.

EXPANSION OF GENERATION FROM HYDROPOWER

The construction work at all of the new power plants sites is essentially running according to schedule. Work on the construction of the 480 MW pumped storage power plant Limberg II on Europe's largest power plant construction site is progressing swiftly. The structural work in the power house cavern and in the transformer cavern was completed at the end of June.

At the 63 MW Hieflau power plant, work to connect the new installations to the existing power plant facilities commenced at the beginning of June. All of the key deadlines were met in spite of the adverse weather conditions.

The plant components that were destroyed in a fire at the switching unit at the 16 MW Salzach power plant Werfen/Pfarrwerfen were replaced and trial operations commenced in mid-June. The official opening ceremony will take place on 31 July 2009.

The public disclosure of the submissions for the Reißeck II project – the construction of a 430 MW pumped storage power plant to supplement the existing power plant – was completed in mid-April in accordance with the Environmental Impact Analysis Law. The environmental impact audit is currently being drawn up by the authorities and completion is expected for autumn 2009.

In the case of the revitalization project for the Styrian power plant Pernegg, the tender for the hydraulic steel structures is now open.

With regard to the cross-border project »Joint Power Plant Inn« (88 MW), the EIA authorities are still working on the environmental impact audit and liaising with the Swiss authorities to finalize the content of the approval. The completion and public disclosure of the audit should take place in September.

EXPANSION OF THERMAL GENERATION

On conclusion of the EIA process for the construction of a combined cycle gas turbine plant at Mellach, the general contractor contract for the supply, construction and commissioning of the power plant was awarded to Siemens AG Austria. The power plant has a total capacity of 832 MW. Commercial operations are scheduled to commence in autumn 2011. The construction site was handed over to the general contractor at the beginning of the year and, following the development of the construction site infrastructure, excavation and soil compaction measures commenced in February and the first construction measures were implemented in May.

Preliminary planning work was carried out for the project »Modernization of the power plant Neudorf/Werndorf« and work on the preparation of the documents for the EIA process has commenced.

The Environmental Impact Declaration (EID) for a 400 MW combined cycle gas turbine plant in Klagenfurt, a joint project with the public utility Stadtwerke Klagenfurt that focuses on replacing a heavy-oil fired district heating power plant that dates back to 1949, was submitted in March 2006. Additional documentation pertaining to the EID was submitted in March 2007 and several additional evaluation audits were carried out within the framework of the EIA. The negotiations in the first instance took place at the beginning of July 2009.

GRID

KEY FIGURES GRID

	UNIT	Q 1–2/2008	Q 1–2/2009
AMOUNT OF ENERGY RELEVANT TO CLEARING	GWh	9,207	7,786
GRID SALES	MILLION €	161.5	149.1

In the first half of 2009, the amount of energy transmitted over Verbund's 220/380 kV grid and relevant to clearing dropped by 15.4 % to 7,786 GWh (previous year 9,207 GWh). This was mainly due to the drop in end consumption as a result of the economic crisis as well as the high level of hydraulic generation in the underlying grids in the first half of 2009. The sales decline results primarily from the reduction in international revenue from auctions, the change in the structure of the new System Utilization Tariff Directive and lower net volumes.

ALLOCATION OF CROSS BORDER CAPACITIES (AUCTIONS)

In accordance with EU Directive 1228/2003, Verbund operates the congested borders to the control areas in Slovenia, the Czech Republic, Hungary, Italy and Switzerland via its grid subsidiary VERBUND Austrian Power Grid AG (APG) by way of explicit auctions. Here, the capacities of the cross border lines are allocated to the market participants through annual, monthly and daily auctions in accordance with clearly defined market criteria. Due to the cyclically induced reduction of the price differential between Austria and its neighboring countries, revenue from the annual auctioning off of cross border capacities fell from € 51 million to € 37 million.

INTERNATIONAL REVENUE FOR TRANSIT COSTS

The ITC agreement (ITC = Inter-TSO Compensation), which was signed in October 2007 and is still effective for the years 2008 and 2009, guarantees Verbund revenue from international transits in the amount of approx. € 20 million per year. Within the framework of ETSO (European Transmission System Operators), a proposal for regulation at EU level has been drafted with a view to organizing the future balancing of costs for transits at an international level. The European Commission has announced that the current voluntary agreement will be replaced in 2010 by a European regulation in the form of a guideline that will supplement the regulation on cross-border exchanges in electricity (1228/2003).

DEVELOPMENT OF THE REGIONAL MARKETS

In July 2008, a joint auction house was set up in Freising near Munich for the Central East Europe region. The cross border capacities for electricity transports between the countries Germany, Poland, the Czech Republic, Slovakia, Hungary, Austria and Slovenia will be auctioned off here from January 2010. The Verbund grid subsidiary holds a 12.5 % share in this auction house.

TARIFF REGULATION

A new tariff audit process, which is scheduled for completion at the end of 2009, is currently being carried out.

SECURITY OF SUPPLY, CONGESTION MANAGEMENT

In quarter 2/2009, the situation on the north-south lines was relatively relaxed for seasonal reasons. In contrast to the corresponding quarters of the previous years, no congestion management measures were necessary at the power plants in quarter 2/2009. This is mainly attributable to the high level of generation from hydropower in the south of Austria as well as in the Balkan Region.

Thanks to the implementation of grid-related congestion management measures (CM), the period for which the (n-1) safety limit on the 220 kV north-south lines was exceeded was reduced from 1.34 % (compared to 7 % without CM in quarter 2/2008) to 0.01 % of the time in quarter 2/2009 (compared to 0.03 % with CM in quarter 2/2008).

The commissioning of the 380 kV Styria line will relieve this congestion for the time being. As a result, congestion management measures at the power plants will not be necessary initially to guarantee grid security.

LAST WORK PRIOR TO THE COMMISSIONING OF THE 380 KV STYRIA LINE

The Styria line is transporting its first electricity. After a 20-month construction period, the last important milestone was accomplished in mid-June 2009 with the successful completion of the cable hoisting. Prior to the commencement of the commissioning phase at the end of June 2009, finishing work such as the removal of construction roads and the recultivation of the pylon locations had to be carried out. The construction work in the newly erected substation East Styria and the plant expansions at the substations Vienna Southeast, Southern Burgenland and Kainachtal were also completed according to schedule. At the end of June 2009, the completion notice was submitted to the competent authorities. The official commissioning of the line will take place in September 2009.

Funding for this project in the amount of € 1.4 million was provided by the EU within the framework of the TEN-E program. The total investment volume for the construction of the line with 340 pylons and the accompanying substations comes to approx. € 180 million.

CONSTRUCTION DECISION FOR SECTION SALZACH NEU – ST. PETER

Approval for the issuing of the construction decision was received from the Supervisory Board of APG on 14 May 2009. The commencement of construction for the section Salzach neu – St. Peter is scheduled for summer 2009. The EU-wide tender for the main components has now been completed.

The construction of the line with 150 pylons over a distance of 46 km and the accompanying substations required an investment volume of approx. € 96 million. This additional step is vital to complete the 380 kV ring and will make an important contribution to guaranteeing security of supply in the province of Salzburg.

PARTICIPATING INTERESTS

SORGENIA CELEBRATES ITS 10TH ANNIVERSARY

Following the successful increase of Verbund's interest in the Sorgenia Group in the summer of last year, a further unilateral capital increase was carried out in July 2009 through the conversion of convertible bonds in the amount of € 150 million. As a result, the Verbund share in the Sorgenia Group has now increased to just under 45 %. In this way, Verbund further strengthened its position on the Italian electricity market.

The Sorgenia Group, which is celebrating its 10th anniversary this year, is still operating successfully. Although the sales volume declined – as a consequence of the global financial crisis – by 5 % from 2.5 to 2.4 TWh in quarter 1/2009, sales revenue increased compared to the corresponding period the previous year by 12 % from € 607 million to € 682 million. Sorgenia currently supplies approx. 500,000 customers. The operating result came to € 28.4 million and therefore lay below the value reported in

the previous period (€ 39.2 million). This decline is attributable to the drop in sales and production. Profit after taxes amounted to € 12.9 million compared to € 17.2 million in quarter 1/2008. Due to the difficult economic environment, earnings for the full year are likely to be lower than the value reported in 2008. The »Robin Hood Tax«, which was introduced in 2008, is likely to be extended. Here, companies that operate in the energy sector have to contend with a 5.5 percentage point increase in corporation tax to 33 %.

The 770 MW gas power plant Modugno in the south of Italy is at a very advanced stage. Commissioning will be delayed until quarter 4/2009. The economic disadvantages resulting from this delay are covered to a large extent by contractual penalties.

The construction of the thermal power plant in Lodi (770 MW), which commenced in quarter 2/2008, is progressing swiftly. Commissioning is scheduled for the second half of 2010. The notice-to-proceed for a further 770 MW gas-steam power plant, namely the Aprilia power plant, is expected in quarter 3/2009.

In the renewables area, extensive investment will be carried out in France, Italy and Romania. The Minervino Murge (18 MW) and Castelnuovo di Conza (10 MW) wind farms were commissioned in Italy in the first half of 2009.

ENERJISA – POSITIVE DEVELOPMENT IN SPITE OF ECONOMIC CRISIS

The positive construction decisions from Enerjisa for the gas power plant Bandirma with 920 MW and seven hydropower plants (Kavsakbendi, Hacininoglu, Sarigüzel, Kandil, Dagdelen, Köprü, Menge) with an installed capacity of approx. 870 MW were followed by the implementation decision for the Canakkale wind farm at the end of January. The project is located in northwest Turkey near the Enerjisa gas power plant Canakkale. The construction of 30 MW is planned in the first expansion phase; this will later be extended to 60 MW. The joint venture between Verbund and Sabanci Holding has therefore taken a further important step towards implementing the 5,000 MW generation portfolio. All power plant projects are progressing swiftly. The Canakkale wind farm will be connected to the grid at the beginning of 2010, the gas power plant Bandirma will follow at the end of 2010 and the hydropower plants will be connected between 2010 and 2012.

The business development of Enerjisa was also positive despite the fact that the effects of the economic crisis are now becoming apparent. Sales at Enerjisa came to € 92.2 million in quarter 1/2009; this corresponds to an increase of 8 % compared to quarter 1/2008. The operating result improved from € 10.2 million to € 14.5 million in the same period. Due to the clear parallel increase in the financial result, profit after taxes in quarter 1/2009 came to € 11.6 million compared to € –19.6 million in the same period the previous year. An improvement compared to the previous year is also expected for the full year 2009.

BASKENT

On 28 January, Verbund and its Turkish partner Sabanci purchased the Turkish distribution grid company Baskent EDAS which supplies approx. 3 million end customers in the Ankara region. The purchase price came to USD 1.225 billion. The Purchase Price Allocation (PPA) for the acquired company, which was carried out by the joint venture partners Verbund and Sabanci in cooperation with KPMG, was provisionally concluded at the end of June.

The negotiations with EMRA pertaining to the determination of the tariff structure and tariff calculation for the year 2010 have now commenced. The contracted consulting firm Mercados and Baskent will draft a proposal in this respect and will play a supporting role in the tariff negotiations with EMRA.

POWEO – VERBUND FURTHER EXPANDS ACTIVITIES IN THE FRENCH ELECTRICITY MARKET

Verbund is strengthening its successful involvement in the French electricity market. Within the framework of a capital increase in the amount of € 75 million, Verbund will increase its interest in POWEO S.A. in quarter 3/2009 and also plans to purchase a further 13.4 % of the company from the controlling shareholder Charles Beigbeder and his holding Gravitation. With this transaction, Verbund will increase its share in POWEO S.A. to a maximum of 48 % whereby it will then be the largest single shareholder in the listed company. Loïc Caperan, a former member of the managing board of EDF, will become the new General Director of POWEO. POWEO founder Charles Beigbeder will remain President of the Board of Directors and will continue to serve POWEO S.A. in an advisory capacity. The proceeds from the capital increase will be used to further expand the electricity generation capacities from renewable energies and gas power plants and also to further strengthen the company's position in the French end customer market.

Verbund acquired an interest in POWEO S.A. and POWEO Production S.A.S. in April 2006. Since that time, the POWEO Group has pushed forward massively with its strategy of being an independent integrated electricity and gas supplier. After more than two years of cooperation, this phase of the partnership is now being brought to a successful end. The aims of the group with regard to the development of generation capacities and also with regard to the expansion of the customer base have been achieved. POWEO owns a 412 MW gas power plant in Pont-sur-Sambre, which will be commissioned in quarter 4/2009, and also has a wind and hydropower plant portfolio of 71 MW. Further generation capacities are currently being developed. POWEO has also acquired approx. 340,000 end customers. Sales in quarter 1/2009 came to € 137.3 million. This corresponds to a decline of 6 %, which is attributable to the focus on the core household and commercial customer segment parallel to a reduction in the supplies of balancing energy to grid operators.

ASHTA – CONSTRUCTION TO COMMENCE AT THE END OF 2009

The cornerstone for the hydropower plant Ashta on the River Drin in Northern Albania near the city of Shkoder was laid on 25 May 2009. The official approval processes are running according to schedule: The land use process commenced punctually and the environmental approval was granted back in April 2009. The tender documents for the construction work are currently being prepared. Construction is expected to commence in quarter 4/2009. The run-of-river plant with an installed capacity of 48 MW should be commissioned in 2012.

RENEWABLE ENERGIES

VERBUND ENTERS BULGARIAN WIND MARKET

In mid-May, Verbund took another important step towards expanding its environmentally friendly generation mix. By becoming involved in a wind power project with a capacity of 16 MW, Verbund has successfully secured access to the Bulgarian market. The wind farm is located on the Bulgarian Black Sea Coast. The project is currently in the construction phase. Electricity production is expected to commence at the end of 2009/beginning of 2010. The eight wind power plants should generate approx 50 GWh of electricity per year – this is enough to supply approx. 14,000 households with environmentally friendly electricity.

BULGARIA: WIND ENERGY PROJECTS ARE BOOMING

The Bulgarian wind market is one of the most interesting in South East Europe and also displays great development potential. Bulgaria boasts optimum conditions for the utilization and expansion of renewable energies and, in particular, wind energy. In accordance with the EU stipulation, Bulgaria will have to cover 16 percent (2005: 9.4 percent) of its energy consumption with renewable energies. Due to the good wind conditions on the Black Sea Coast and the positive framework conditions, Bulgaria is currently experiencing a boom in wind power projects. Since 2008, the country has recorded rapid growth in the wind energy area: In 2007, the country had an installed wind capacity of 60 MW. By the end of 2008, this value had almost trebled (approx. 160 MW).

GROUP INTERIM FINANCIAL STATEMENTS

ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

INCOME STATEMENT OF THE VERBUND GROUP ACCORDING TO IFRSs

MILLION €

	NOTES	Q 1–2/2009	Q 1–2/2008	Q 2/2009	Q 2/2008
SALES		**1,667.8**	**1,649.2**	**785.1**	**757.5**
ELECTRICITY SALES	(1)	1,491.3	1,465.7	709.5	672.1
GRID SALES		149.1	161.5	64.8	76.3
OTHERS		27.4	22.0	10.8	9.1
OTHER OPERATING INCOME		22.0	22.8	14.5	11.6
EXPENSES FOR ELECTRICITY, GRID, AND EMISSION RIGHTS PURCHASES (TRADE)	(2)	–725.8	–717.8	–320.1	–273.6
USE OF FUELS AND EXPENSES FOR OTHER PURCHASED SERVICES	(3)	–78.8	–59.9	–17.1	–18.7
PAYROLL EXPENSES	(4)	–156.8	–143.9	–83.7	–79.2
AMORTIZATION OF INTANGIBLE ASSETS AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT		–95.9	–88.9	–49.9	–44.9
OTHER OPERATING EXPENSES		–98.7	–97.3	–51.3	–64.3
OPERATING RESULT		**533.7**	**564.2**	**277.4**	**288.4**
RESULT FROM INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD	(5)	67.6	82.9	20.2	30.0
RESULT FROM PARTICIPATING INTERESTS – OTHER		6.1	3.9	2.2	6.2
INTEREST INCOME	(6)	29.5	47.0	14.1	23.0
INTEREST EXPENSES	(6)	–89.6	–89.0	–37.4	–33.6
OTHER FINANCIAL RESULT	(7)	–32.7	6.9	–38.3	7.9
FINANCIAL RESULT		**–19.2**	**51.7**	**–39.2**	**33.4**
PROFIT BEFORE TAX		**514.6**	**615.9**	**238.2**	**321.8**
TAXES ON INCOME		–109.0	–132.9	–53.5	–72.3
TOTAL PROFIT		**405.6**	**483.0**	**184.7**	**249.5**
ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (GROUP RESULT)		359.9	429.0	161.9	218.7
ATTRIBUTABLE TO MINORITY INTERESTS		45.7	54.0	22.9	30.9
EARNINGS PER SHARE (€)[1]		**1.17**	**1.39**	**0.53**	**0.71**

[1] Diluted = non-diluted.

[1] As of 1 April 2008, the disclosures in the balance sheet were adjusted in line with the modified portfolio structure. The value from the previous year can therefore only be compared to a limited extent.

[2] The components of the taxes in other comprehensive income are as follows: available-for-sale financial instruments: € –5.9 million (previous year: € 2.9 million) cash flow hedges: € –0.4 million (previous year: € 76.4 million)

[3] Minority interests account for € –0.2 million (previous year: € –0.2 million) of the total for other comprehensive income after taxes.

STATEMENT OF COMPREHENSIVE INCOME OF THE VERBUND GROUP ACCORDING TO IFRSs

MILLION €

	Q 1–2/2009	Q 1–2/2008	Q 2/2009	Q 2/2008
TOTAL PROFIT	405.6	483.0	184.7	249.5
OTHER COMPREHENSIVE INCOME FROM				
EXCHANGE DIFFERENCES	–10.5	–26.3	17.9	10.4
AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS	24.1	–11.5	8.1	–0.3
CASH FLOW HEDGES[1]	1.7	–298.7	–95.0	–297.9
OTHER	2.9	0.0	6.8	–1.2
OTHER COMPREHENSIVE INCOME BEFORE TAXES	**18.2**	**–336.5**	**–62.1**	**–289.0**
– TAXES RELATING TO OTHER COMPREHENSIVE INCOME[2]	–6.3	79.3	21.5	76.5
OTHER COMPREHENSIVE INCOME AFTER TAXES[3]	11.9	–257.2	–40.6	–212.5
TOTAL COMPREHENSIVE INCOME	**417.5**	**225.8**	**144.1**	**37.0**
ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	371.6	172.1	121.2	6.3
ATTRIBUTABLE TO MINORITY INTERESTS	45.9	53.7	23.1	30.8

STATEMENT OF CHANGES IN EQUITY OF THE VERBUND GROUP

MILLION €

	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT									
	SHARE CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS	EXCHANGE DIFFERENCES	AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS	CASH FLOW HEDGES	OTHER RESERVES	TOTAL	MINORITY INTERESTS	TOTAL SHARE-HOLDERS' EQUITY
AS OF 01. 01. 2008	**308.2**	**10.9**	**2,096.3**	**0.0**	**–11.6**	**1.7**	**2.0**	**2,407.5**	**267.2**	**2,674.6**
COMPREHENSIVE INCOME	0.0	0.0	429.0	–26.3	–8.3	–222.3	0.0	172.1	53.7	225.8
DIVIDENDS	0.0	0.0	–277.4	0.0	0.0	0.0	0.0	–277.4	–105.7	–383.1
AS OF 30. 06. 2008	**308.2**	**10.9**	**2,247.8**	**–26.3**	**–19.9**	**–220.6**	**2.0**	**2,302.1**	**215.2**	**2,517.3**
AS OF 01. 01. 2009	**308.2**	**10.9**	**2,505.5**	**–52.5**	**–20.5**	**114.3**	**1.8**	**2,867.8**	**260.3**	**3,128.1**
CHANGES IN COMPANIES CONSOLIDATED	0.0	0.0	18.9	0.0	0.1	–0.5	0.0	18.5	2.0	20.5
COMPREHENSIVE INCOME	0.0	0.0	359.9	–10.5	18.0	1.3	2.9	371.6	45.9	417.5
DIVIDENDS	0.0	0.0	–323.6	0.0	0.0	0.0	0.0	–323.6	–79.2	–402.8
AS OF 30. 06. 2009	**308.2**	**10.9**	**2,560.7**	**–63.0**	**–2.4**	**115.2**	**4.7**	**2,934.3**	**229.0**	**3,163.3**

BALANCE SHEET OF THE VERBUND GROUP ACCORDING TO IFRSs

MILLION €

	NOTES	30. 06. 2009	31. 12. 2008
NON-CURRENT ASSETS		**7,623.1**	**7,326.4**
INTANGIBLE ASSETS	(8)	42.6	12.5
PROPERTY, PLANT AND EQUIPMENT	(9)	4,520.5	4,390.0
INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD		2,035.6	1,532.2
OTHER PARTICIPATING INTERESTS		138.4	188.7
LONG-TERM INVESTMENTS – CROSS BORDER LEASING		308.2	590.4
OTHER LONG-TERM INVESTMENTS AND OTHER LONG-TERM RECEIVABLES		577.8	612.6
CURRENT ASSETS		**1,096.9**	**967.4**
INVENTORIES		88.7	66.4
TRADE RECEIVABLES AND OTHER RECEIVABLES		842.0	793.2
CASH AND CASH EQUIVALENTS		166.2	107.8
TOTAL ASSETS		**8,720.0**	**8,293.8**

	NOTES	30. 06. 2009	31. 12. 2008
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT		**2,934.3**	**2,867.8**
MINORITY INTERESTS		**229.0**	**260.3**
LONG-TERM LIABILITIES		**4,494.7**	**3,815.7**
FINANCIAL OBLIGATIONS		2,673.4	1,598.0
FINANCIAL OBLIGATIONS – CROSS BORDER LEASING		400.7	728.6
PROVISIONS		653.2	647.9
DEFERRED TAX LIABILITIES		190.2	179.2
CONTRIBUTIONS TO BUILDING COSTS		400.3	401.9
DEFERRED INCOME – CROSS BORDER LEASING		151.5	244.8
OTHER LIABILITIES		25.2	15.3
SHORT-TERM LIABILITIES		**1,062.0**	**1,350.1**
FINANCIAL OBLIGATIONS		211.7	596.1
PROVISIONS		179.2	235.1
CURRENT TAX LIABILITIES		253.4	166.7
OTHER LIABILITIES		417.7	352.2
TOTAL EQUITY AND LIABILITIES		**8,720.0**	**8,293.8**

CASH FLOW STATEMENT OF THE VERBUND GROUP ACCORDING TO IFRSs (CONDENSED VERSION)

MILLION €

	Q 1–2/2009	Q 1–2/2008
OPERATING CASH FLOW[1]	540.1	950.3
CASH FLOW FROM INVESTING ACTIVITIES	–680.2	–494.4
CASH FLOW FROM FINANCING ACTIVITIES	198.5	–286.8
CHANGES TO CASH AND CASH EQUIVALENTS	**58.4**	**169.1**
CASH AND CASH ITEMS AS OF 01. 01.	107.8	330.1
CASH AND CASH ITEMS AS OF 30. 06.	**166.2**	**499.2**

[1] Includes payments in the amount of € –120.5 million (corresponding period the previous year: € +347.7 million) for electricity futures primarily.

RATIOS OF THE VERBUND GROUP

	UNIT	Q 1–2/2009	Q 1–2/2008
AVERAGE NUMBER OF SHARES IN CIRCULATION[2]		308,200,000	308,200,000
GEARING	%	98.9	71.5
NET DEBT	MILLION €	3,126.9	1,799.7
INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT	MILLION €	141.3	147.3
INVESTMENT IN HOLDINGS	MILLION €	466.1	270.0
EBITDA MARGIN	%	37.8	39.6
EBIT MARGIN	%	32.0	34.2
AVERAGE NO. OF EMPLOYEES		2,698	2,508
ELECTRICITY SALES	GWh	24,832	27,589
HYDRO COEFFICIENT		1.07	1.04

[2] Diluted = non-diluted.

SEGMENT REPORTING

MILLION €

	ELECTRICITY	GRID	PARTICI-PATING INTERESTS & SERVICES	ELIMI-NIATION	TOTAL GROUP
QUARTERS 1–2/2009					
EXTERNAL SALES	1,509.8	152.0	6.0	0.0	1,667.8
INTERNAL SALES	71.7	38.9	38.1	–148.8	0.0
TOTAL SALES	1,581.5	191.0	44.1	–148.8	1,667.8
OPERATING RESULT[1]	**499.4**	**53.3**	**–19.1**	**0.1**	**533.7**
DEPRECIATION AND AMORTIZATION	–63.7	–28.7	–4.0	0.5	–95.9
THEREOF IMPAIRMENT LOSSES	0.0	0.0	0.0	0.0	0.0
OTHER MATERIAL NON-CASH ITEMS[2]	73.6	2.6	–0.3	–0.1	75.8
RESULT FROM PARTICIPATING INTERESTS	0.0	0.0	73.7	0.0	73.7
THEREOF RESULT FROM INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD	0.0	0.0	67.6	0.0	67.6
CAPITAL EMPLOYED[3]	**3,492.8**	**794.9**	**4,559.5**	**–2,475.4**	**6,371.7**
THEREOF CARRYING AMOUNT OF THE INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD	2.2	1.3	2,032.2	0.0	2,035.6
INVESTMENT IN NON-CURRENT INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	89.1	47.0	36.8	0.0	172.9
INVESTMENT IN PARTICIPATING INTERESTS	0.0	0.0	466.1	0.0	466.1
QUARTERS 1–2/2008					
EXTERNAL SALES	1,480.0	164.4	4.8	0.0	1,649.2
INTERNAL SALES	67.6	22.8	39.3	–129.7	0.0
TOTAL SALES	1,547.6	187.2	44.2	–129.7	1,649.2
OPERATING RESULT[1]	**530.4**	**52.0**	**–18.3**	**0.1**	**564.2**
DEPRECIATION AND AMORTIZATION	–59.4	–26.6	–3.5	0.6	–88.9
THEREOF IMPAIRMENT LOSSES	0.0	0.0	0.0	0.0	0.0
OTHER MATERIAL NON-CASH ITEMS[2]	–344.4	0.3	3.9	–0.1	–340.3
RESULT FROM PARTICIPATING INTERESTS	0.0	0.0	86.8	0.0	86.8
THEREOF RESULT FROM INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD	0.0	0.0	82.9	0.0	82.9
CAPITAL EMPLOYED[3]	**2,842.0**	**669.3**	**3,938.2**	**–2,306.5**	**5,143.0**
THEREOF CARRYING AMOUNT OF THE INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD	2.1	0.0	1,438.8	0.0	1,440.9
INVESTMENT IN NON-CURRENT INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	89.8	54.9	3.5	0.0	148.1
INVESTMENT IN PARTICIPATING INTERESTS	0.0	0.0	270.0	0.0	270.0

[1] The operating result in the total column corresponds to the value in the Income Statement. The reconciliation with profit before tax (and before discontinued operations) can therefore be taken from the Income Statement.

[2] Other material non-cash items, which are included in the operating result apart from the amortization of intangible assets and the depreciation of property, plant and equipment, include, in particular, valuation effects from hedging transactions in the energy area, the depreciation of primary energy inventories and non-cash changes to provisions.

[3] Capital employed corresponds to the total capital less the parts not involved in the service provision and utilization process (e.g. prepayments, plants under construction and closed items on the assets and liabilities side) as well as non-interest-bearing debts.

SELECTED EXPLANATORY NOTES

GENERAL BASIS

These condensed consolidated interim financial statements of Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft) for quarters 1–2/2009 comply with the requirements of IAS 34 »Interim Financial Reporting« and have been prepared in accordance with the International Financial Reporting Standards (IFRSs), as applicable in the European Union.

In accordance with IAS 34, these condensed consolidated interim financial statements do not include all the information and details required in the annual financial statements and should therefore be read in connection with the group financial statements of Verbundgesellschaft as of 31 December 2008.

ACCOUNTING POLICIES

The following new or amended IFRSs and interpretations of the IFRIC have to be applied for the first time in fiscal 2009:

	TO BE APPLIED AS OF
NEW IFRSs/IFRICs	
IFRS 8 »OPERATING SEGMENTS«	01. 01. 2009
IFRIC 12 »SERVICE CONCESSION AGREEMENTS«	01. 01. 2008
IFRIC 13 »CUSTOMER LOYALTY PROGRAMS«	01. 07. 2008
IFRIC 16 »HEDGES OF A NET INVESTMENT IN A FOREIGN OPERATION«	01. 10. 2008
AMENDED IFRSs/IFRICs	
AMENDMENTS TO IAS 1 »PRESENTATION OF FINANCIAL STATEMENTS«	01. 01. 2009
AMENDMENTS TO IAS 23 »BORROWING COSTS«	01. 01. 2009
AMENDMENTS TO IAS 32 AND IAS 1 »PUTTABLE FINANCIAL INSTRUMENTS AND OBLIGATIONS ARISING ON LIQUIDATION«	01. 01. 2009
AMENDMENTS TO IFRS 2 »VESTING CONDITIONS AND CANCELLATIONS«	01. 01. 2009

In addition, the amendments to IFRS 3 »Business Combinations« and IAS 27 »Consolidated and Separate Financial Statements« were endorsed by the EU in June 2009. Hence, early application of these standards within the Verbund Group would, in principle, be possible. The effects of such application are currently being closely examined.

As a result of IFRS 8 »Operating Segments«, the contents of Segment Reporting had to be adjusted. The segment definition and information that is to be disclosed must be based on internal control and reporting (Management Approach). The segments defined within the Verbund Group namely, »Electricity«, »Grid« and »Participating Interests & Services« correspond with the internal reporting structure to the Managing Board, the chief operating decision maker. Internal performance within the segments is measured primarily on the basis of the operating result; in the »Participating Interests & Services« segment, the result from participating interests is also relevant. Capital employed is used as the measure of segment assets. Segment information is provided in compliance with the IFRSs.

Segment reporting in the interim financial statements for quarters 1–2/2009 complies with the requirements of IAS 34. In comparison with the consolidated financial statements of Verbundgesellschaft as of 31 December 2008, the »Electricity« segment was extended through the inclusion of VERBUND-Photovoltaics Ibérica S.L. (previously presented under »Participating Interests & Services«), VERBUND-Austrian Delta Wind GmbH, Haos Invest EAD, VERBUND-Kraftwerke Beteiligungsholding GmbH and VERBUND-Kraftwerke Beteiligungsholding GmbH & Co KG. The project company Alpha Wind S.R.L., VERBUND-Tourismus GmbH and VERBUND-Umwelttechnik GmbH were presented in the »Participating Interests & Services« segment for the first time.

IFRIC 12 »Service Concession Agreements« regulates the accounting treatment of service arrangements between the public and private sector relating to the construction, operation and maintenance of infrastructures. Beneficial ownership of the assets does, however, remain with the public sector.

IFRIC 13 »Customer Loyalty Programs« and IFRIC 16 »Hedges of a Net Investment in a Foreign Operation« did not necessitate any changes in the financial statements of the Verbund Group.

As a result of the amendments to IAS 1 »Presentation of Financial Statements« some of the components of the financial statements were restructured and given new designations. Income and expenses recognized directly in equity – these are referred to as other comprehensive income – are no longer presented in the statement of changes in equity, but rather in a separate statement of comprehensive income. These items of other comprehensive income are presented after reclassification adjustments and before tax effects. The total amount of the tax effects is shown in the statement of comprehensive income. As a result, the disclosures in the statement of changes in equity have been reduced. This statement is now primarily used to disclose owner changes in equity and the effects of changes in accounting policies.

The revision of IAS 23 »Borrowing Costs« resulted in the termination of the option of recognizing borrowing costs that can be directly allocated to the acquisition, construction or production of a qualifying asset as an expense. As group financing is controlled centrally within the Verbund Group, the amount of borrowing costs to be capitalized is determined using the weighted average of the total borrowing costs, which is calculated on a quarterly basis.

The amendments to IAS 32 and IAS 1 »Puttable Financial Instruments and Obligations Arising on Liquidation« as well as to IFRS 2 »Vesting Conditions and Cancellations« did not necessitate any changes in the financial statements of the Verbund Group.

The other accounting policies and calculation/disclosure methods applied in the interim financial report remain unchanged as compared to the last financial statements. Due to the utilization of EDP devices, differences can arise in the addition of rounded totals and percentages.

CHANGES IN COMPANIES CONSOLIDATED

With effect from 1 January 2009, a 100 % share in the wind farms Bruck/Hollern/Petronell–Carnuntum (now merged with VERBUND-Austrian Delta Wind GmbH) was acquired at a purchase price of € 55.4 million. In the purchase price allocation, hidden reserves in property, plant and equipment in the amount of € 37.6 million were identified and capitalized under consideration of tax effects. The goodwill in the amount of € 25.3 million resulted from non-separable assets such as expertise in the management of wind farms and the market share following the entry into the domestic market for wind energy.

The assets and liabilities are as follows at the time of acquisition:

	MILLION €
NON-CURRENT ASSETS	71.2
CURRENT ASSETS	3.2
TOTAL ASSETS	**74.4**
SHAREHOLDERS' EQUITY	30.1
LONG-TERM LIABILITIES	10.9
SHORT-TERM LIABILITIES	33.4
TOTAL EQUITY AND LIABILITIES	**74.4**
SALES IN THE YEAR UNDER REVIEW	4.4
NET PROFIT IN THE YEAR UNDER REVIEW	0.1
NET PROFIT SINCE THE DATE OF ACQUISITION	0.1

Alpha Wind S.R.L., in which a 50.07 % share was acquired in December 2008 for € 2.0 million, was consolidated on 1 January 2009. In the course of the first-time consolidation, property, plant and equipment was recognized in the amount of € 3.7 million and long-term liabilities were recognized in the amount of € 6.0 million.

With effect from 7 May 2009, a 100 % share in the Bulgarian company Haos Invest EAD, which is currently constructing wind farms in Vranino and Mogilishte, was purchased for € 2.4 million. In addition, equity capital in the amount of € 7.8 million was injected into Haos Invest EAD. In the course of the first-time consolidation, hidden reserves in property, plant and equipment in the amount of € 2.5 million were identified.

Further changes in companies consolidated took place due to the first-time full consolidation of VERBUND-Umwelttechnik GmbH and VERBUND-Tourismus GmbH on 1 January 2009. Moreover, the interests in Kärntner Restmüllverwertungs GmbH, Gletscherbahnen Kaprun AG and OeMAG Abwicklungsstelle für Ökostrom AG were accounted for using the equity method for the first time with effect from 1 January 2009.

In addition, VERBUND-Kraftwerke Beteiligungsholding GmbH and VERBUND-Kraftwerke Beteiligungsholding GmbH & Co KG, which were purchased or founded respectively in June 2009 in preparation for the acquisition of 13 run-of-river plants on the river Inn in Bavaria, were fully consolidated for the first time.

The acquisition of the Turkish state-owned electricity supplier Baskent Elektrik Dagitim A.S., the tender for which was won by the VERBUND Group and Sabanci Holding A.S. in July 2008 at a purchase price of $ 1.225 billion, was closed on 28 January 2009. The shares were purchased by Enerjisa Elektrik Dagitim A.S., a joint venture with Sabanci Holding A.S. A capital increase in Enerjisa Elektrik Dagitim A.S. (share of Verbund Group: € 265.7 million) was carried out in January 2009 to finance the purchase price of Baskent Elektrik Dagitim A.S. The Verbund Group holds a 50 % stake in Baskent Elektrik Dagitim A.S. The prorated purchase price amounts to $ 612.5 million. The accounting treatment of the equity investment is based on a preliminary purchase price allocation.

(1) ELECTRICITY SALES

CUSTOMER SEGMENT

MILLION €

	Q 1–2/2009	Q 1–2/2008	CHANGE ABSOLUTE	CHANGE IN %
END CUSTOMERS	345.9	302.9	43.0	14.2
RESELLERS	640.0	559.4	80.6	14.4
TRADERS	505.4	603.4	–98.0	16.2
TOTAL ELECTRICITY SALES	**1,491.3**	**1,465.7**	**25.6**	**1.7**
THEREOF DOMESTIC	723.2	566.3	156.9	27.7
THEREOF ABROAD	768.1	899.4	–131.3	14.6

(2) EXPENSES FOR ELECTRICITY, GRID AND EMISSION RIGHTS PURCHASES (TRADE)

EXPENSES FOR ELECTRICITY, GRID AND EMISSION RIGHTS PURCHASES (TRADE)

MILLION €

	Q 1–2/2009	Q 1–2/2008	CHANGE ABSOLUTE	CHANGE IN %
ELECTRICITY PURCHASES	–664.6	–668.9	4.3	0.6
GRID PURCHASES	–61.2	–48.9	–12.3	25.2
TOTAL	**–725.8**	**–717.8**	**–8.0**	**1.1**

(3) USE OF FUELS AND EXPENSES FOR OTHER PURCHASED SERVICES

In quarters 1–2/2009, generation at the thermal power plants dropped by 230 GWh (–16.4 %) compared to the corresponding period of the previous year. The price situation on the electricity sales markets necessitated an impairment of the existing stocks of heating oil and coal. The reduction in the additional purchase of CO_2 certificates due to the lower generation volume brought some relief.

(4) PAYROLL EXPENSES

PAYROLL EXPENSES

MILLION €

	Q 1–2/2009	Q 1–2/2008	CHANGE ABSOLUTE	CHANGE IN %
WAGES, SALARIES AND RELATED EXPENSES	–129.4	–119.0	–10.4	8.7
EXPENSES FOR SEVERANCE PAYMENTS AND PENSIONS	–27.4	–24.9	–2.5	10.1
TOTAL PAYROLL EXPENSES	**–156.8**	**–143.9**	**–12.9**	**9.0**

A total of € 3.6 million (quarters 1–2/2008: € 3.4 million) was paid into the defined-contribution pension fund in quarters 1–2/2009. The expected pension fund return was lowered from 4.0 % to 2.0 % p.a. at the beginning of 2009.

(5) RESULT FROM INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD

RESULT FROM INTERESTS ACCOUNTED FOR USING THE EQUITY METHOD

MILLION €

	Q 1–2/2009	Q 1–2/2008	CHANGE ABSOLUTE	CHANGE IN %
DOMESTIC	80.7	66.0	14.7	22.3
FOREIGN	–13.1	16.9	–30.0	n.a.
TOTAL	**67.6**	**82.9**	**–15.3**	**18.5**

All companies accounted for using the equity method are included for the first time with their prorated IFRSs result from the interim or annual financial statements, the balance sheet date of which falls a maximum of three months prior to the balance sheet date of the parent company. This adjustment

resulted in a one-off positive earnings effect in the amount of € 21.8 million in quarters 1–2/2009. If this had been fully applied to 31 December 2008, the result from participating interests accounted for using the equity method would have come to € 13.4 million instead of € 34.1 million in fiscal 2008.

The negative result from the foreign companies accounted for using the equity method is essentially attributable to effects of changes in foreign exchange rates and interest expenses.

(6) INTEREST INCOME AND INTEREST EXPENSES

In quarters 1–2/2009, interest income decreased by €17.5 million or 37.2 % to € 29.5 million compared to the corresponding period of the previous year. This is attributable, above all, to the decline in interim investments as a result of the progressive investment program.

Interest expenses in quarters 1–2/2009 only displayed a slight change of € 0.6 million to € 89.6 million. This development resulted mainly from the borrowing activities in 2008 and 2009, the lower profit/loss shares of the limited partners of VERBUND-Austrian Thermal Power GmbH & Co KG and the capitalization of borrowing costs for investments which had a positive effect in the amount of € 2.6 million.

(7) OTHER FINANCIAL RESULT

The other financial result dropped from € 6.9 million in quarters 1–2/2008 to € –32.7 million in quarters 1–2/2009. Here, the termination of four cross border leasing transactions had a negative impact on the result. Moreover, the international financial market crisis and its effects on the investment portfolio of the Verbund Group, which is held to hedge the electricity business, necessitated – despite a temporary period of relief – the recognition of an impairment loss for securities and investment funds in the amount of € 17.9 million. This negative effect was partly offset by profits from a hedging transaction in connection with the acquisition of Baskent Elektrik Dagitim A.S. as well as by foreign exchange rate gains from a JPY bond.

(8) INTANGIBLE ASSETS

As of 30 June 2009, the intangible assets include goodwill in the amount of € 25.3 million (31 December 2008: € 0.0 million).

(9) PURCHASE AND SALE OF PROPERTY, PLANT AND EQUIPMENT

In quarters 1–2/2009, property, plant and equipment in the amount of € 141.3 million (quarters 1–2/2008: € 147.3 million) was purchased by the Verbund Group.

On the other hand, property, plant and equipment with a net carrying amount of € 1.7 million (quarters 1–2/2008: € 1.0 million) was sold. This resulted in a gain on disposal in the amount of € 0.6 million (quarters 1–2/2008: € 0.7 million).

(10) OPERATING CASH FLOW

The operating cash flow sank compared to the corresponding period the previous year by € 410.2 million to € 540.1 million. This essentially resulted from aperiodic payments in connection with energy derivatives (€ –468.2 million) as well as from the higher contributions from the electricity business (€ +127.3 million). Moreover, there was an increase in net interest payments (€ –28.6 million) and payments for personnel (€ –14.9 million) compared to the corresponding period of the previous year.

ISSUE OF BONDS

On 8 April 2009, VERBUND-International Finance B.V. issued a € 500 million bond within the framework of the three-billion-euro EMTN program (European Medium Term Note). The bond has a term of 6 years. The interest rate is 4.75 %. The issue price was 99.699 %.

DIVIDENDS DISTRIBUTED

DIVIDENDS DISTRIBUTED — MILLION €

	TOTAL (MIO. €)	NUMBER OF SHARES (ORDINARY SHARES)	PER SHARE (€)
DIVIDEND DISTRIBUTED IN 2009 FOR FISCAL 2008	323.6	308,200,000	1.05
DIVIDEND DISTRIBUTED IN 2008 FOR FISCAL 2007	277.4	308,200,000	0.90

PURCHASE COMMITMENT FOR PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND OTHER SERVICES

PURCHASE COMMITMENT FOR PROPERTY, PLANT & EQUIPMENT, INTANGIBLE ASSETS & OTHER SERVICES	MILLION €
TOTAL OBLIGATION AS OF 30. 06. 2009	871.1
THEREOF DUE 2009/2010	709.1
THEREOF DUE 2011 TO 2014	162.0

OPEN PAYMENT OBLIGATIONS

As of 30 June 2009, the following open payment obligations existed in the investment area, in particular with regard to the interests in the Turkish generation company Enerjisa Enerji Üretim A.S. and the French company Poweo S.A.:

OPEN PAYMENT OBLIGATIONS	MILLION €
TOTAL OBLIGATION AS OF 30. 06. 2009	202.4
THEREOF DUE 2009	91.8
THEREOF DUE 2010 TO 2014	110.6

CONTINGENT LIABILITIES

The obligations resulting from the cross border leasing transactions concluded by the end of the year 2000 are fully covered by loans to financial institutions, zero coupons and medium term notes. The loans are collateral promise agreements with financial institutions of good and high-grade credit rating. Certain obligations from cross border leasing agreements were abandoned, as were the loans and zero coupons that served as security for those obligations. With respect to the portion of leasing liabilities not yet repaid, Verbund has a subsidiary liability as of 30 June 2009 in the amount of € 2,786.8 million (31 December 2008: € 3,976.2 million). As for the rights of recourse vis-à-vis the main debtors, € 2,355.4 million (31 December 2008: € 3,193.0 million) have been secured by way of counterguarantees from financial institutions, companies authorized to procure electricity and regional authorities (resulting from guarantor liabilities).

There were no further changes to the contingent liabilities since the last balance sheet date.

RELATED-PARTY DISCLOSURES

The most significant business transactions were carried out with associated companies accounted for using the equity method and are shown as follows:

RELATED-PARTY DISCLOSURES

MILLION €

	Q 1–2/2009	Q 1–2/2008
SALES	270.2	313.6
OTHER INCOME	2.5	1.9
ELECTRICITY AND GRID PURCHASES	73.0	107.2
OTHER EXPENSES	8.9	1.7
	30. 06. 2009	30. 06. 2008
RECEIVABLES	56.1	37.8
LIABILITIES	20.5	44.1
LOANS	40.7	41.3

In quarters 1–2/2009, electricity sales to the Republic of Austria amounted to € 0.3 million (quarters 1–2/2008: € 1.0 million), electricity sales to companies controlled by the Republic of Austria came to € 44.3 million in this period (quarters 1–2/2009: € 35.6 million). In quarters 1–2/2009, these electricity sales are offset by electricity purchases from companies controlled by the Republic of Austria in the amount of € 14.3 million (quarters 1–2/2008: € 19.3 million).

Expenses for supervision by E-Control come to € 4.6 million in quarters 1–2/2009 (quarters 1–2/2008: € 3.2 million).

IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

On 8 July 2009, VERBUND-International Finance B.V. issued an € 840 million bond within the framework of the three-billion-euro EMTN program (European Medium Term Note). The bond has a term of 10 years. The interest rate is 4.75 %. The issue price was 99.145 %. The proceeds from the bond issue will be used, in part, to finance the cash share of the purchase price for 13 power plants on the river Inn in Bavaria, the purchase agreement for which was signed by the Verbund Group and the German E.ON AG on 5 June 2009.

Vienna, 21 July 2009

The Managing Board

General Director
DI Wolfgang Anzengruber
(Chairman)

Deputy General Director
Dr. Johann Sereinig
(Deputy Chairman)

Managing Director
Dr. Ulrike Baumgartner-Gabitzer
(Member)

Managing Director
Mag. Christian Kern
(Member)

DECLARATION OF THE MANAGING BOARD

The Managing Board declares that the condensed interim financial statements of the Verbund Group, which were drawn up in compliance with the rules for interim financial statements in the International Financial Reporting Standards (IFRSs), faithfully give a true and fair view of the assets and liabilities, the financial position and the profit or loss of all the consolidated companies.

The half-year management report also faithfully gives a true and fair view of the assets and liabilities, the financial position and the profit or loss of the Verbund Group and provides information on the course of the business and on the effect of existing and future risks on the business activities of the Verbund Group.

Vienna, 21 July 2009

The Managing Board

General Director
DI Wolfgang Anzengruber
(Chairman)

Deputy General Director
Dr. Johann Sereinig
(Deputy Chairman)

Managing Director
Dr. Ulrike Baumgartner-Gabitzer
(Member)

Managing Director
Mag. Christian Kern
(Member)

TRANSLATION OF THE REPORT ON THE REVIEW OF THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS (COURTESY TRANSLATION FROM THE GERMAN ORIGINAL)

INTRODUCTION

We have reviewed the accompanying condensed consolidated interim financial statements of Österreichische Elektrizitätswirtschafts-Aktiengesellschaft, Vienna, for the period from January 1, 2009 to June 30, 2009 including the consolidated balance sheet as of June 30, 2009, the related income statement, statement of comprehensive income, condensed statement of cash flows and statement of changes in equity for the period from January 1, 2009 to June 30, 2009 as well as selected explanatory notes.

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards (IFRSs) applicable on interim financial reporting, as adopted in the EU.

Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our review.

The execution of this engagement and our responsibility, also in relation to third parties, shall be governed, as agreed by signing the arrangement letter, by the general conditions of contract for the public accounting professions as issued by the chamber of tax advisors and auditors in Austria dated March 8, 2000 and February 26, 2008 respectively. Accordingly, we are not liable for slight negligence. Under reference to section 275 of the Austrian Commercial Code, our liability for gross negligence is agreed to be limited to € 2 mio.

SCOPE OF REVIEW

We conducted our review in accordance with applicable Austrian laws and professional standards and International Standard on Review Engagements 2410 »Review of Interim Financial Information Performed by the Independent Auditor of the Entity«. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not present fairly, in all material respects, the financial position of the entity as of June 30, 2009 in accordance with IFRSs applicable on interim financial reporting, as adopted in the EU.

TRANSLATION OF THE STATEMENT ON THE INTERIM GROUP MANAGEMENT REPORT AND ON THE DECLARATION OF THE LEGAL REPRESENTATIVES ACCORDING TO § 87 BÖRSEG (COURTESY TRANSLATION FROM THE GERMAN ORIGINAL)

We have read the accompanying condensed interim group management report of Österreichische Elektrizitätswirtschafts-Aktiengesellschaft as of June 30, 2009 and assessed whether it contains any obvious contradictions to the condensed consolidated interim financial statements. Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim group management report contains obvious contradictions to the condensed consolidated interim financial statements.

The interim financial report of Österreichische Elektrizitätswirtschafts-Aktiengesellschaft as of June 30, 2009 includes the declaration of the legal representatives as required by § 87 Abs 1 Z3 BörseG.

Vienna, July 21, 2009

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Gerhard Marterbauer
(Austrian) Certified
Public Accountant

MMag. Dr. Klaus-Bernhard Gröhs
(Austrian) Certified
Public Accountant

THIS ENGLISH TRANSLATION OF THE REVIEW REPORT AND THE STATEMENT WAS PREPARED FOR THE CLIENT'S CONVENIENCE ONLY.
IT IS NO LEGALLY RELEVANT TRANSLATION OF THE GERMAN REVIEW REPORT.

IMPRINT

Publisher: Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft)
Am Hof 6a, A-1010 Wien
Phone: +43 (0)50313-0, Fax: +43 (0)50313-54191
E-mail: info@verbund.at, Homepage: www.verbund.at

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

Communication: Mag. Beate McGinn, Phone: +43 (0)50313-53702, E-mail: media@verbund.at

Printed by: Manz Crossmedia

Design: aha puttner red cell Werbeagentur GmbH

WWW.VERBUND.AT