

DISCOVER

FUTURE

VERBUND INTERIM REPORT QUARTER 2/2007

WE ARE STILL GROWING

**RECORD RESULTS
DESPITE DIFFICULT
FRAMEWORK
CONDITIONS**

**VERBUND
ACQUIRES
POWER PLANTS
IN TURKEY**

**PROFIT RISE
EXPECTED
FOR 2007**



 *Verbund*

CONTENTS

Report of the Managing Board	3
The Verbund Share	4
Management Report	6
Business Development	6
Business Segments	11
Financial Statements pursuant to International Financial Reporting Standards (IFRS)	16
Consolidated Income Statement	16
Consolidated Balance Sheet	17
Consolidated Cash Flow Statement	18
Changes in equity and in capital shares repayable on demand	18
Ratios	19
Segmental Reporting (Business Segments)	19
Selected Notes	20
Declaration of the Managing Board	23

DEAR SHAREHOLDER,

After the very positive business development in quarter 1/2007 we are once again – in spite of the very difficult framework conditions in quarter 2/2007 – able to present a record result. Due to our proven hedging strategy and the low cost level, the negative effects of the poor water supply and the low spot market prices were more than compensated. In addition, we pushed ahead with international expansion in quarters 2/2007 and gained our first strong foothold in the Turkish electricity market with the acquisition of a 49.99 % interest in EnerjiSA, the joint venture between Verbund and the Turkish Sabanci-Group.

A significant decline in the electricity market prices was already apparent at the end of 2006. This trend also continued in quarters 1–2/2007. The prices for day-ahead supplies on the German electricity index EEX in quarters 1–2/2007 came to an average of 31.5 €/MWh for base load and were therefore almost 40 % down on the values recorded in the corresponding period the previous year. The prices for peak load dropped by almost 37 %. This massive price decline was mainly caused by the extremely mild winter in 2007 as well as the drop in prices for CO₂ emission rights. Thanks to its consequent hedging strategy – approx. 60 % of the electricity that is generated was already sold in 2006 on a year-ahead basis for 2007 – Verbund was able to raise its average sales prices in spite of the strong drop in the spot market prices.

In addition to the very poor spot market prices in quarters 1–2/2007, the low average water supply, which is measured with a hydro coefficient, had a negative impact on the result. In quarter 1/2007, the hydro coefficient lay slightly over the long-term average of the last 30 years but in quarter 2/2007 it fell to a value of just 0.78 and therefore lay 22 percentage points below the long-term average. The hydro coefficient for quarters 1–2/2007 came to 0.87 and was 13 percentage points below the value recorded in the previous year.

The Verbund result for quarters 1–2/2007 was very positive in spite of the extremely negative framework conditions: sales revenue increased by 3.1 % to € 1.490,8 million, the operating result rose by 4.9 % to € 447.4 million and the group result was up by 19.6 % at € 329,9 million.

In quarter 2/2007, Verbund purchased a 49.99 % share in EnerjiSA, the electricity production company of the Sabanci Group in Turkey. This acquisition represents the first major step in the strategic partnership between Verbund and Sabanci which was announced in mid-March. EnerjiSA aims to have an overall generation capacity of 5,000 MW by 2015. The central focus shall lie on hydropower, coal-fired and gas power plants complemented by renewable energy sources. The primary goal is to achieve, together with the Sabanci Group, a share of at least 10 % in the Turkish electricity market by 2015. To meet this goal, further electricity distribution, sales and trading companies will be constructed.

The outlook for the entirety of 2007 remains positive despite the extremely difficult basic conditions of the market environment. Based on average hydro condition in the second half of the year it will be possible to increase the operating result by 10 %, compared to the record year of 2006, and the group result by 15%.

Dr. Michael Pistauer
Chairman of the Managing Board

Dr. Johann Sereinig
Deputy Chairman of the Managing Board

Dr. Ulrike Baumgartner-Gabitzer
Member of the Managing Board

Mag. Christian Kern
Member of the Managing Board

HIGHER SALES PRICES IN SPITE OF WEAK SPOT MARKET

WATER SUPPLY WELL BELOW THE LONG-TERM AVERAGE

NEW RECORD RESULT GENERATED

PARTICIPATION IN TURKISH ENERGY COMPANY ENERJISA

POSITIVE OUTLOOK FOR 2007

THE VERBUND SHARE

STOCK MARKET SITUATION

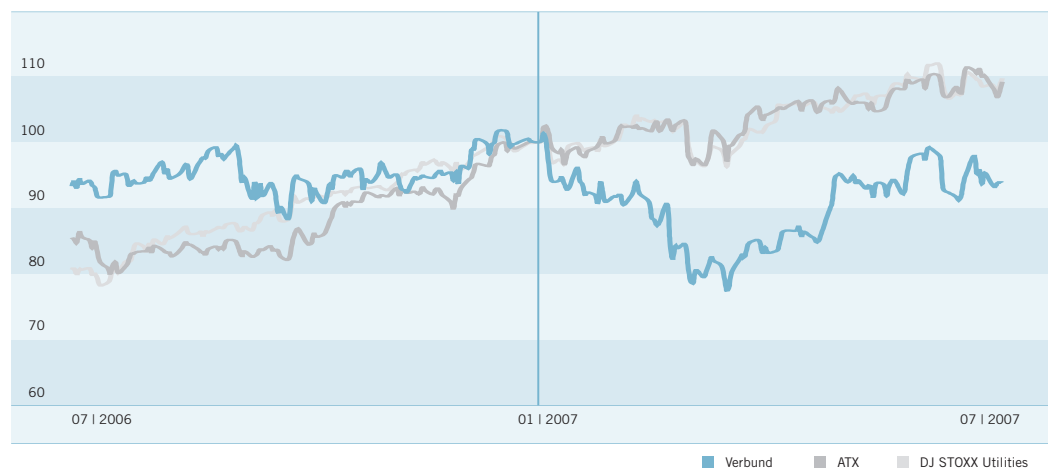
After the sharp correction of the stock markets at the end of February, the development in the following months was quite positive. This development was mainly due to the good economic situation, positive company results – which in some cases exceeded expectations – as well as to the numerous takeovers and mergers. Between the end of May and mid-June, many stock market indices achieved new records or at least recorded highs that had not been reached for many years. At the close of the six-month period, the indices lay just under the peak values recorded this year.

With a price gain of 21.4 % in the first half of 2007, the Deutsche Aktienindex (DAX) is the clear record holder among the most important stock market indices. In general, the European stock markets developed ahead of the stock markets in the USA and Japan in the first half of the year. This is clearly reflected in the performance of the Euro Stoxx 50 (+9.0 %) compared to the US-Index Dow Jones Industrial (+7.6 %) and the Japanese Nikkei 225 (+5.3 %). The Emerging Markets, including the stock markets in the Central and East European countries, also put in a strong performance in the first six months: The East European Index CECE improved by 12.3 % in the first half of 2007.

The Austrian stock market was boosted by positive economic and company data as well as by company takeovers. The Vienna Stock Index ATX slightly outperformed the Euro Stoxx 50 with an increase of 9.1 % in the first half of 2007. The index recorded a new all-time high of 4,967.6 points in mid-June but this value dropped slightly towards the close of the six-month period due to profit-taking.

PRICE DEVELOPMENT OF THE VERBUND SHARE

RELATIVE SHARE PRICE DEVELOPMENT (1 YEAR, 01. 01. 2007 = 100 %)



The Verbund share closed fiscal 2006 at € 40.4. The share came under pressure at the beginning of the new trading year due to profit-taking and dropped to € 37.6 within a few days. Following the publication of the best results in the company's history, the price of the Verbund share declined by 6.1 %. The

annual result did not meet the expectations of the analysts. Burdened by negative comments from the analysts, the Verbund share dropped by a further 3.3 % on the day after the publication date. The road shows which took place following the publication of the annual results did, however, lead to a stabilization of the share price. The dramatic price decline on the Shanghai Stock Market also led to a significant drop in the Verbund share price. The lowest price for quarter 1/2007 was recorded on 14 March 2007 when the Verbund share was quoted at € 31.2. The share did, however, manage to recover by the end of the quarter and closed at € 33.6. This corresponds to a performance of –17.0 % in quarter 1/2007.

In quarter 2/2007, the Verbund share recouped most of the losses from quarter 1/2007. This was mainly attributable to the results for quarter 1/2007 which exceeded the expectations of the analysts. On the day prior to publication, the Verbund share rose by almost four percent – due to the upgrade by Merrill Lynch. Additional upgrades led to a further increase in the Verbund share after the publication date. In total, the share rose by more than 10 % in the week in which the results were published. On 30 June 2007, the Verbund share closed at € 37.9 and achieved a positive performance of 12.9 % in quarter 2/2007. The Verbund share therefore developed well ahead of the ATX and the DJ STOXX Utilities index in the second quarter 2007. The performance in the first half of the year lay at –6.3 %.

Stock exchange turnover in Verbund shares reached € 3,469.0 million. On average, 792,666 shares were traded every day. The total value of the company derived from its market capitalization amounted to € 11,674.6 million as of 30 June 2007; its weighting at the ATX was 4.1 %.

SALES AND MARKET CAPITALIZATION

* Stock split on 23 May 2006 in ratio 1:10; figures for previous year were adjusted

STOCK RATIOS*

Ratio	Unit	Q 1–2/2007	Q 1–2/2006
Peak price	€	40.9	41.6
Lowest price	€	31.2	30.1
Closing price	€	37.9	37.6
Performance	%	–6.3	24.8
Market capitalization	€ million	11,674.6	11,588.3
Weighting ATX	%	4.1	5.1
Stock exchange turnover	€ million	3,469.0	3,529.0
Stock exchange turnover/day	units	792,666	767,915

CAPITAL MARKET CALENDAR 2007

Event	Location	Date
Road Show	London, Amsterdam, Brussels	24. 07.–25. 07. 2007
Investor's conference Vienna Stock Exchange and RCB	Edinburgh	20. 09. 2007
Investor's conference Erste Bank	Stegersbach	04. 10. 2007
Interim Report Quarters 1–3/2007		23. 10. 2007
EEI – Financial Conference	USA	04.–07. 11. 2007
Investor's conference Vienna Stock Exchange and Erste Bank	New York	26. 11. 2007

MANAGEMENT REPORT

BUSINESS DEVELOPMENT

The first half of 2007 was characterized by historically low precipitation, which resulted in a very poor water supply, and low spot market prices.

The hydro coefficient in quarter 2/2007 came to 0.78 and was therefore 22 % below the long-term average. In quarter 1/2007, the hydro coefficient lay slightly above the average of the last 30 years. In total, the hydro coefficient for quarters 1–2/2007 only came to 0.87.

The spot market prices declined significantly in quarters 1–2/2007. The prices for day-ahead supplies on the German electricity index EEX in quarters 1–2/2007 came to an average of 31.5 €/MWh for base load and were therefore almost 40 % down on the values recorded in the corresponding period the previous year. The prices for peak load dropped by almost 37 %. This is mainly attributable to the massive drop in the prices for CO₂-emission rights from the first allocation period (2005–2007). The recently published emission figures indicate a significant overallocation of free emission rights. The prices, which peaked at € 30/t in April 2006, have currently fallen to below € 0.2/t.

In addition to the low water supply and the weak spot market prices, the most important events in quarters 1–2/2007 include the joint venture with the leading Turkish finance and industrial holding Sabanci und successful issue of the € 500 million bond with an interest rate of 5 %.

EARNINGS POSITION

Group revenue rose by 3.1 % to € 1,490.8 million in quarters 1–2/2007.

Revenue from electricity business was improved in spite of the strong decline in the spot market prices thanks to the high forward prices from previous periods which were achieved as a result of the hedging strategy. Although sales volumes remained stable, the share of profitable hydropower production was significantly lower compared to the previous year on account of the severe drought in quarter 2/2007.

Specifically, electricity revenue rose by 5.9 % to € 1,332.2 million. Sales to resellers and, in particular, to Austrian provincial companies, grew by € 135.8 million. Foreign markets accounted for 62.2 % of the electricity revenue (previous year: 67.8 %). Germany, France and Italy were the most important foreign markets from a sales perspective. The increase in quantities sold, compared to the corresponding period the previous year, came to 112 GWh.

SALES REVENUE IMPROVED

CONSOLIDATED INCOME STATEMENT (SHORT VERSION)

Million €

	Q 1–2/2005	Q 1–2/2006	Q 1–2/2007	Change
Sales revenue	966.1	1,445.8	1,490.8	45.0
Operating result	248.6	426.5	447.4	20.9
Financial result	8.5	4.3	39.7	35.4
Group result	186.0	275.8	329.9	54.1

SALES REVENUE		Million €		
	Q 1–2/2005	Q 1–2/2006	Q 1–2/2007	
Electricity sales	823.9	1,258.5	1,332.2	
Grid sales	123.1	133.1	137.8	
Emission rights (sales)	–	34.2	0.3	
Other	19.1	20.0	20.5	
Sales revenue	966.1	1,445.8	1,490.8	

The decline in thermal and hydraulic generation in Austria and the corresponding drop in the volume of electricity fed into the underlying grids resulted in an increase in electricity transports in the high-voltage grid and therefore increased grid revenue by 3.6 % to € 137.8 million. Higher revenue from auctions also boosted sales.

Other sales revenue fell strongly due to decline in the prices for emission rights. Revenue from trading in emission rights in the amount of € 0.3 million (previous year: € 34.3 million) is recognized under other sales revenue. This sales revenue was offset by the purchase of emission rights in the amount of € 0.3 million (previous year: € 33.7 million).

The 9.8 % increase in electricity purchases due to the drought and the further expansion of foreign activities was the main reason for the 7.5 % increase in electricity procurement costs to € 691.9 million. The poor water supply (hydro coefficient: 0.87, previous year 1.00) and reduced thermal generation led to an 8.5 % drop in own generation or 1,250 GWh in the period under review. The € 12.9 million rise in grid revenue to € 29.5 million is attributable to the growth in the end customer business of VERBUND-Austrian Power Sales GmbH which exceeded all expectations.

Fuel expenses rose by 3.0 % to € 47.8 million. Increasing prices for hard coal and heating oil for electricity production in the thermal power plants Dürnröhr, Mellach and Werndorf had a negative impact. This was offset by the overall drop in thermal generation and the lower gas price level.

In quarters 1-2/2007, payroll expenses fell by 5.0 % to € 140.0 million, including old-age pension expenses. Although current payroll expenses inclusive of old-age pension expenses rose by 4.5 % to € 111.4 million, the 29.6 % drop in pension expenses to 29.7 million had an overall positive effect.

Amongst other factors, this was attributable to the adjustment of wages, salaries and related costs in line with the collective wage agreement while the number of employees remained more or less unchanged (2,414 employees; previous year: 2,425 employees).

The expense-increasing effect of the pension adjustment in line with the Consumer Price Index was largely compensated by the capital market oriented increase of the discount rate. Above all, the omission of the provision for the premium increase for supplementary health insurance shown in the previous year had a positive effect.

Other operating expenses fell by 7.8 % to € 68.8 million. This is attributable, above all, to the drop in legal and consulting costs for participation projects.

The repayment of financial obligations at the end of fiscal 2006 and in quarter 1/2007 in the total amount of approx. € 312.9 million was offset by long-term borrowings in the amount of € 715.2 million. In total, the financing result was improved by 3.7 % to € 26.4 million.

The result from participating interests accounted for using the equity method rose by € 35.4 million to € 60.1 million. This is attributable to the substantial increase in the results recorded by STEWEAG-STEAG GmbH, KELAG and the Sorgenia SpA Group.

INCREASING ELECTRICITY AND GRID PURCHASES

FUEL EXPENSES REMAIN STABLE

LOWER PAYROLL EXPENSES

OTHER OPERATING EXPENSES

CONTINUED DEBT-CLEARING PROGRAM IMPROVED FINANCING RESULT

RESULT FROM PARTICIPATING INTERESTS IMPROVED

INCOME TAX EXPENSES

The effective tax rate of 20.8 % (as compared to a corporate tax rate of 25 %) was largely due to the non-tax-effective investment income from the participating interests accounted for using the equity method.

NON-CURRENT AND CURRENT ASSETS

NET WORTH

The growth in non-current assets was due, above all, to the increase in the value of the associated companies. This resulted from the interest that was acquired in EnerjiSA Enerji Üretim A.S. in the amount of € 243.9 million, the capital increases in companies of the POWEO Group in the amount of € 15.0 million as well as the annual proceeds from holdings in the amount of € 37.6 million.

The net change in property, plant and equipment was due to investments in the amount of € 69.0 million which were offset by scheduled depreciation in the amount of € 90.1 million.

The growth in long-term investments is attributable, above all, to the granting of loans and prepayments made in connection with the Poweo Group SA in the total amount of € 86.9 million. This was offset by the reclassification of a loan in the amount of € 35.9 million and valuation effects in the amount of € 19.0 million. The stock of securities was increased by € 10.5 million. Securities and loans in connection with cross border leasing were reduced by € 8.5 million.

The decline in current receivables and other assets was essentially due to the drop in accounts receivable in the amount of € 14.4 million and the € 15.9 million reduction in the number of depots held for trading purposes at the German electricity exchange EEX, which was more than compensated by higher tax receivables in the amount of € 7.8 million and the reclassification of long-term investments in the amount of € 35.9 million.

INCREASE IN LONG AND SHORT-TERM FINANCIAL OBLIGATIONS

The long and short-term financial obligations increased by € 377.0 million to € 2,264.8 million. On 25 June 2007, a fixed-interest bond with a nominal value of € 500 million was issued by the fully consolidated VERBUND-International Finance B.V., the central financing company of the Verbund Group which is guaranteed by Verbundgesellschaft, at an issue price of 99.487. The term is 7 years, the interest rate is 5.0 %.

In addition, borrowings amounted to € 315.7 million in quarters 1–2/2007 and repayments were made in the amount of € 407.8 million. Financial obligations in connection with cross border leasing were repaid in the amount of € 20.1 million.

OTHER LONG AND SHORT-TERM LIABILITIES WITHOUT FINANCIAL OBLIGATIONS

The drop in other long and short-term liabilities by € 122.7 million is primarily attributable to the reversal and utilization of provisions for electricity supplies (€ 11.3 million) and outstanding investment and maintenance expenses (€ 36.4 million). Trade payables also dropped (€ 42.9 million) as did payables to the Emission Certificate Registry Austria GmbH (€ 24.2 million) and other liabilities due to the market valuation of the electricity derivatives (€ 28.1 million). Due to the result, provisions for currently assessed taxes rose by € 25.3 million.

FINANCIAL POSITION

OPERATING CASH FLOW

The operating cash flow amounted to € 384.3 and was therefore lower than the value reported in the previous year. This is mainly due to the increase in income tax payments and the omission of the cash flow from the Eco-electricity area.

CASH FLOW FROM INVESTING ACTIVITIES

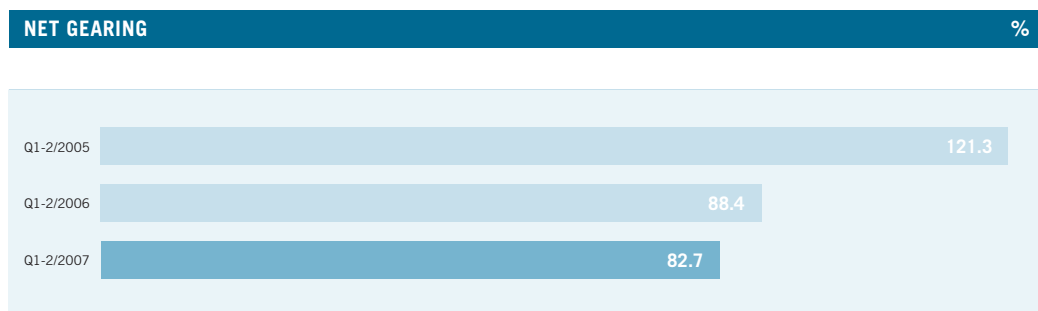
The cash outflow in the investment area is mainly due to the acquisition of a 49.99 % interest in the Turkish company EnerjiSA Enerji Üretim A.S. (€ 243.9 million), further investments in the Poweo Group (€ 33.7 million), long-term investments as well as increased investment in property, plant and equipment.

CASH FLOW FROM FINANCING ACTIVITIES

Long-term borrowings (€ 496.2 million bond and loans in the amount of € 219.0 million) totaling € 715.2 million were offset by the repayment of short-term capital market borrowings in the amount of € 210.6 million as well as the repayment of bonds, loans and credits in the amount of € 102.3 million. Dividends in the amount of € 295.2 million were distributed.

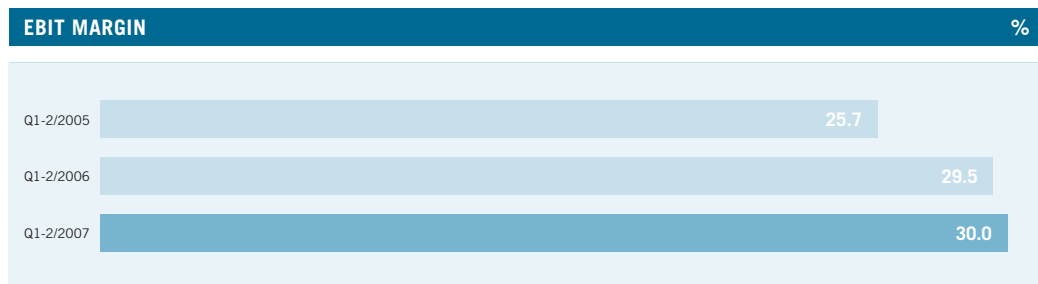
RATIOS

Net gearing rose from 74.1 % as on 31 December 2006 to 82.7 % as on 30 June 2007 due to financing of increasing investments. Compared to 30 June 2006, this is a reduction of 5.7 percentage points.



NET GEARING SHOWS FURTHER IMPROVEMENT

The higher forward market prices parallel to stable generation costs allowed the EBIT margin to improve from 29.5 % (quarters 1–2/2006) to 30.0 % in spite of the drop in own generation.



EBIT MARGIN

RISKS

The earnings trend in 2007 is also exposed to a number of risks. The most important are the the volume risk resulting from a below-average water supply and the price risk on the European wholesale markets, as well as regulatory risks at a European level.

The greatest threat to the Verbund result for the remainder of 2007 is posed by a drop in own generation as a result of a below-average water supply. A lowering of own generation from hydropower for the remainder of the year by $\pm 1\%$ would, from an isolated view, affect the operating result in the amount of approx. € 4.8 million.

VOLUME RISK – OWN ELECTRICITY

The Verbund result is further threatened by a possible deterioration in the factors that have the greatest influence on the development of the electricity wholesale prices. A lowering of the average wholesale price for the remainder of the year by $\pm 1\%$ would, from an isolated view, affect the operating result in the amount of approx. € 1.6 million.

PRICE RISK

In its latest publications and decisions the European Union is clearly moving towards »ownership unbundling«. The EU believes that the regulated transmission and distribution grids must be clearly separated from electricity generation, trading and distribution activities so as to promote competition in the European electricity market and enhance transparency. Numerous variants of ownership unbundling are currently being discussed – the manner in which Verbund will be effected remains to be seen. In any case, Verbund unbundled its business divisions in a comprehensive and consequent manner as early as 1999.

UNBUNDLING

OUTLOOK

POSITIVE OUTLOOK

The positive business development in the first half of 2007 allowed Verbund to put in a further record performance and confirmed the company's good position in the European electricity market and the success of our strategy. We expect that the positive business trend will continue in fiscal 2007.

VERBUND CONTINUES TO BENEFIT FROM INCREASING CONTRACT PRICES

We are confident that there will be a further year-on-year increase in the average contract prices that are realized in fiscal 2007 in spite of the poor water supply in the first half of the year and the low spot market prices. This increase will be achieved through the proven hedging strategy that is adopted by Verbund in the area of own generation – approx. 60 % of the electricity that will be produced in 2007 was already sold in 2006.

PROFITABLE GROWTH THROUGH INVESTMENTS AND ACQUISITIONS IN EUROPE

In fiscal 2007, we shall continue to focus on profitable investments and acquisitions in Austria and abroad. We have approved an investment program worth approx. € 3.5 billion for the period 2007–2012. These investments will flow not only into the further expansion of the power plant capacities in Austria and the Austrian high-voltage grid but also into the further expansion of foreign investments in Italy, France and Turkey. A major part of the investments are growth investments and replacement and maintenance investments only account for a small share.

FURTHER EXPANSION IN DOMESTIC END CUSTOMER MARKET

We also plan to significantly increase our share in the Austrian end customer market in fiscal 2007. Through its direct distribution company VERBUND-Austrian Power Sales GmbH (APS), Verbund has greatly boosted competition in the end customer distribution area. At the close of the first six-month period 2007, we have already acquired 100,000 customers. To further secure our own generation in Austria and win a higher market share in a customer segment that is less sensitive to prices, we plan to sell approx. 25 % of own generation to end customers in Austria and abroad in the medium term.

FURTHER IMPROVEMENT IN OPERATING RESULT AND GROUP RESULT COMPARED TO THE PREVIOUS YEAR

Based on the present situation, we believe that the operating result and the group result for fiscal 2007 will be up on the values reported last year in spite of the difficult framework conditions. Assuming that there will be an average water supply for the remainder of the year and that the spot market prices will at least remain stable, the operating result is expected to rise by approx. 10 % and the group result by approx. 15 %. In addition, we are confident that the control-specific ratios of Verbund can be kept at a very high level or even further improved.

BUSINESS SEGMENTS

ELECTRICITY

GENERATION		GWh	
	Q 1–2/2006	Q 1–2/2007	Change
Hydropower	12,443	11,770	–5.4 %
Thermal power	2,282	1,705	–25.3 %
Own generation	14,725	13,475	–8.5 %
Eco-electricity	2,052		–100.0 %
External procurement	12,889	14,156	9.8 %
Group generation	29,677	27,631	–6.9 %
Forward contracts	24,537	21,128	–13.9 %

**CLEAR DROP
IN OWN GENERATION**

In quarters 1–2/2007, Verbund's total generation was 8.5 % lower than in the previous year at 13,475 GWh. Hydraulic generation fell by 5.4 %. In the second quarter, generation at the run-of-river plants was well below the normal values. On the other hand, the high reservoir levels at the beginning of the year guaranteed a significant increase in the utilization of the annual storage power plants.

There was a significant drop in thermal generation due to the low market price level. The decline compared to quarters 1–2/2006 came to 25.3 %. Hence, the hydropower plants accounted for a share of approx. 87 % in group generation.

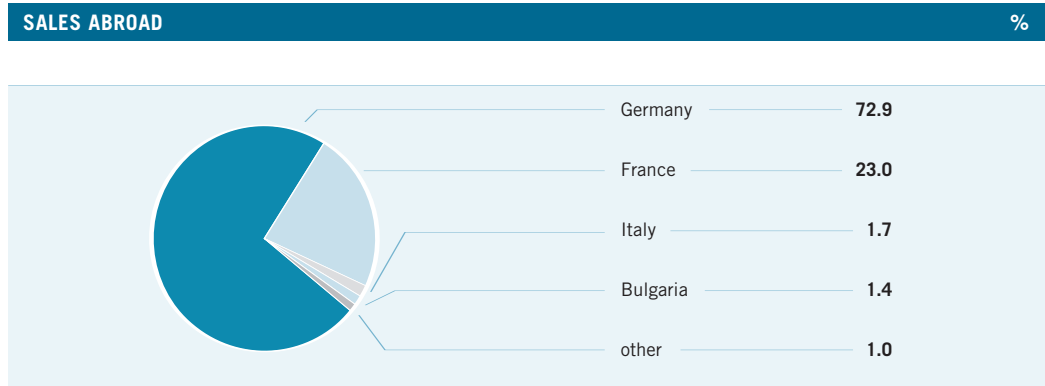
Extensive trading activities in the foreign markets led to a 9.8 % increase in electricity purchases which accounted for more than 50 % of total generation.

SALES		GWh	
	Q 1–2/2006	Q 1–2/2007	Change
Traders	12,959	12,163	–6.1 %
Resellers	11,408	12,885	13.0 %
End customers	2,047	1,526	–25.5 %
Eco-electricity	2,158		–100.0 %
Own consumption	1,106	1,056	–4.4 %
Group consumption	29,677	27,631	–6.9 %
Forward contracts	24,537	21,128	–13.9 %

FOREIGN BUSINESS INTENSIFIED

Electricity sales (excluding eco-electricity, the processing of which is no longer the responsibility of Verbund) remained more or less unchanged in quarters 1–2/2007. The quantities sold on foreign markets, excluding own consumption, amounted to 59 %. This is mainly attributable to the international activities and, above all, to the expansion of business in the German and French electricity markets.

The German market accounted for 73 % of the volumes sold outside of Austria and is therefore the focal point of the foreign activities.



Earnings from business with resellers in Austria displayed a long awaited increase. Business with foreign resellers was up significantly. The expansion of business on the German market and the closer cooperation with the joint venture partner Poweo in France paved the way for an increase of 50 % in this area.

Sales to trading companies declined and there was also a clear reduction in trading business with derivative forward contracts. The drop in the number of foreign end customers resulted from the restructuring of the portfolio on the French market.

**100,000 END CUSTOMERS
IN AUSTRIA**

At the end of the second quarter 2007, around 100,000 Austrian end customers had signed up with Verbund, who still offers the most favorable prices in this customer segment. Verbund is positioned as an innovation and information leader in the Business and Industrial Customer segment. Due to ongoing product development, the company now has a competitive edge over the market. Sales in the Austrian end customer market were therefore increased by 20 % compared to the previous year.

**SPOT MARKET PRICES
REMAIN AT A LOW LEVEL**

The average prices for forward contracts base 2007 traded in 2006 were over 34 % higher than the level recorded in the previous year. The spot market prices in quarters 1–2/2007 did, however, drop significantly (–40 %). This is mainly attributable to the massive drop in the prices for CO₂ emission rights from the first allocation period (2005–2007). The recently published emission figures indicate a significant overallocation of free emission rights. The prices, which peaked at € 30/t in April 2006, have currently fallen to below € 0.2/t.

The strong economic development worldwide led to high increases in the prices for primary energy sources in the first half of 2007. The prices for hard coal rose by approx. 20 % – from approx. \$ 67.50 /t to more than \$ 80 /t. The crude oil prices increased by more than 15 % – from \$ 60/bbl to over \$ 70 /bbl. The prices for natural gas displayed a lateral movement.

Although the spot market prices in the second quarter 2007 remained well below the long-term forecast, a further increase compared to the first quarter 2007 was recorded in spite of the weather-related drop in demand.

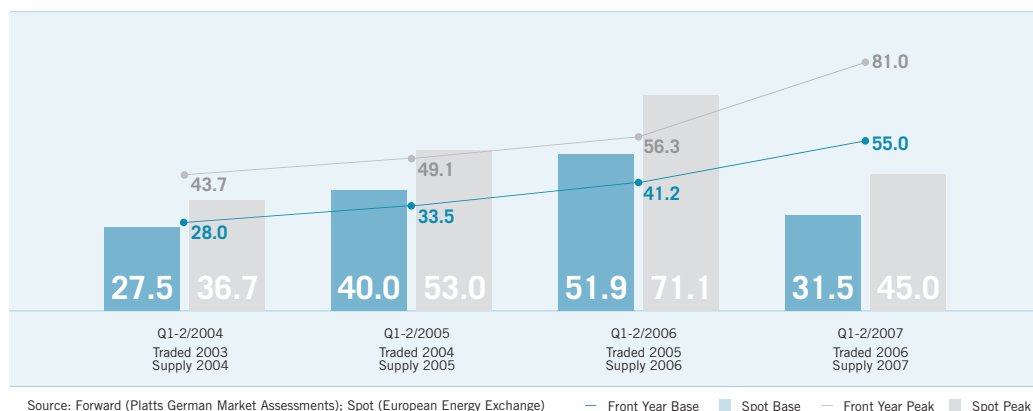
Thanks to Verbund's proved marketing strategy, the result developed positively in spite of the high volatility of the market prices.

The group's electricity sales in quarters 1–2/2007 amounted to € 1,332.2 million. This corresponds to an increase of 5.9 % compared to the value recorded in the previous year.

In spite of the low spot market prices in 2007, the trading market for 2008 displayed significantly higher prices. The prices for CO₂ emission rights for the second allocation period (2008–2012) also rose to over € 22/t.

DEVELOPMENT SPOT MARKET PRICES

€/MWh



The construction work on the hydropower plants Werfen/Pfarrwerfen (16 MW run-of-river power plant) and Limberg II (480 MW pumped storage power plant) progressed quickly. The first concrete work was commenced at Werfen/Pfarrwerfen ahead of schedule. At Limberg II, work is approx. five weeks ahead of the building schedule – the caverns are currently being excavated.

The commencement of trial operation phase at Gerlos II power plant (135 MW storage power plant) is planned for the beginning of November 2007.

In April 2007, the documents for the environmental impact analysis for the planned joint-venture power plant Inn (88 MW run-of-river power plant) were submitted to the authorities in Austria and the documentation for the appropriate license was submitted to the water authorities in Switzerland.

The Environmental Impact Declaration for the power plant project Reißbeck II (350 MW pumped storage power plant) will be submitted in mid-2008.

POWER PLANT CONSTRUCTION CONTINUED
GRID
RATIOS GRID

	Unit	Q 1–2/2006	Q 1–2/2007
Amount of energy relevant to clearing	GWh	8,589	10,346
Grid revenue	€ million	133.1	137.8

In quarters 1–2/2007, the amount of energy transmitted over Verbund's 220/380 kV grid and relevant to clearing rose by 20.5 % to 10,346 GWh. This is attributable to the significant drop in the volume of electricity that was fed into the underlying grids due to the drop in thermal generation following the decline in the spot market prices and the drop in generation from hydropower. Sales increases were achieved in spite of the tariff reductions for gross and net components due to improved auction results, a tariff increase for the loss component and higher net volumes.

In accordance with the EU Directive 1228/2003, the congested borders to the control areas in Slovenia, the Czech Republic, Hungary, Italy and Switzerland are controlled by way of explicit auctions. Here, the capacities of the cross border lines of the market participants are allocated through year, month and day auctions in accordance with clearly defined market criteria.

ALLOCATION OF CROSS BORDER CAPACITIES (AUCTIONS)

In June 2007, a new load flow-based system for transit compensation, which should lead to the fairer compensation of transit-related costs by giving greater consideration to physical circumstances, was

ITC (INTER-TSO COMPENSATION)

**DEVELOPMENT OF REGIONAL
MARKETS IN THE SUB-REGION
CENTRAL AND EASTERN EUROPE**

introduced by ETSO (European Transmission System Operators). As the ITC agreement was concluded on a civil law basis in the absence of an EU guideline of transit compensation, each grid operator does, in principle, have the possibility of distancing himself from the ITC mechanism. For example, the Czech transmission grid operator CEPS, who can expect less compensation under the new model, does not participate in this new mechanism. Due to the central location of its grid in Europe and hence, the high utilization of the transmission grid, Austria will continue to be one of the net recipients.

Verbund plays a leading role in the design and establishment of load flow-based, coordinated allocation processes for cross border transmission capacities in the Central and Eastern Europe (CEE) and Southern and Eastern Europe (SEE) regions. A joint auction office for the CEE region is currently being set up in Freising (D). In accordance with the agreements, operations will commence at this office in mid-2008. The software that has been developed by Verbund for the load-flow-based, explicit auctions is currently being tested in the CEE region, the SEE region and in the Swiss grid company swissgrid. The company »RIECADO – Regional Energy Capacity Auction Data Operator GmbH« was founded together with CISMO und SMART Technologies to ensure that this software is marketed in a professional manner.

TARIFF REGULATION

In quarter 1/2007, the Austrian company Energie Control GmbH (ECG) introduced a tariff audit process with the aim of introducing new tariffs with effect from 1 January 2008. This process is still in operation. Verbund's tariff strategy aims to generate an appropriate return on the capital employed and secure a sound financial basis for line construction.

**SECURITY OF SUPPLY,
CONGESTION MANAGEMENT**

The load flow on the weak North-South line connections in Austria dropped significantly compared to quarter 1/2007 due to the mild temperatures. In addition, higher loads were controlled through the grid control system using the phase-shifting transformers.

In quarter 2/2007, there were high loads on the cross border lines from the Czech Republic to Austria. These loads exceeded the (n-1) limit and necessitated the implementation of congestion management measures in the grid and market areas. This was a direct result of the insufficient line capacities and the low level of thermal and hydraulic generation in the north of Austria. The situation improved in June.

380 KV STYRIA LINE

The positive appeal decision of the environmental tribunal relating to the 380 kV Styria line was issued on 8 March 2007. The deadlines for the submission of appeals before the Supreme Court were 25 April 2007 (Burgenland section) and 10 May 2007 (Styria section). Two complaints and two applications for a suspensive effect were submitted to the constitutional court. On 30 June 2007, both applications for a suspensive effect and one complaint were dismissed. Five complaints, four applications for a suspensive effect and two applications for legal aid were submitted to the Administrative Tribunal. One application for legal aid was permitted.

The construction decision for the Styria line and commencement of construction are planned for 2007. Commissioning is scheduled for the first half of 2009.

**380 KV SALZBURG LINE PROJECT
SALZACH NEU – ST. PETER**

Appeals were filed against the first instance decisions of the provinces of Upper Austria and Salzburg. The authorities forwarded the 380 kV Salzburg line project to the environment tribunal (authority in the second instance) at the beginning of June. A second instance decision is not expected until 2008. Construction can commence at the beginning of 2009 at the earliest. As a result, the planned commissioning date has to be postponed to 2010/2011.

**380 KV SALZBURG LINE PROJECT
TAUERN – SALZACH NEU**

The line coordination agreement with Salzburg AG was signed in June 2007. Due to the agreement with the province of Salzburg to wait for the results of an expert appraisal on the partial laying of underground cables, the planned commencement date (2010) must now be postponed to 2010/2011 and, as a result, commissioning will not take place before 2014/2015.

PARTICIPATING INTERESTS

The results of the Verbund joint venture »Sorgenia« in the first quarter 2007 lay well above the values recorded in the corresponding period the previous year. Sales revenue amounted to € 505.9 million which is equivalent to an increase of 11.2 % compared to the previous year. The EBITDA rose from a loss of € 1.2 million to a profit of € 41.3 million. This is attributable to the commencement of full operations at the gas power plant Termoli, which was completed in the second half of the 2006, and higher margins in the electricity and gas business.

Verbund currently holds a 38.3 % stake in Sorgenia.

The liquid natural gas terminal Gioia Tauro in Calabria, a project in which Sorgenia and IRIDE equally participate and hold a combined share of 51 %, was approved by the Department of Economic Development and the regional authorities.

The construction of the gas power plant Modugno in the south of Italy is running according to schedule and three photovoltaic plants, each with an output of 1 MW, will be commissioned in the near future.

In the first quarter 2007, Poweo, the Verbund joint venture in France, crossed the € 100 million mark for the first time with sales of € 100.3 million – excluding electricity trade – and therefore recorded a plus of 102 % compared to the previous year.

In June, Poweo carried out a capital increase with a total volume of € 150 million. In total, 5.2 million new shares were issued. Purchase rights for 6 new shares were granted for 7 old shares. Existing shareholders were given precedence in the acquisition of purchase rights that were not exercised.

Within the framework of the capital increase and through the early conversion of the convertible bonds, Verbund increased its share in Poweo S.A. to approx. 30 %.

At the beginning of July 2007, Verbund acquired a 24.5 % interest in the project company »Gaz de Normandie« which was founded at the beginning of 2007 to construct a liquid natural gas terminal in Antifer near Le Havre.

On 30 May 2007, the transaction between Verbund and Sabanci – under which both partners now hold 49.99 % of the shares in the electricity production company EnerjiSA – was closed. The partners now aim to acquire the remaining minority interests.

Work is currently in progress to optimize the existing power plants – four gas power plants (370 MW) and four hydropower plants (92.5 MW) – though the implementation of technical and constructional measures. Parallel to this, the project work for 10 hydropower plants with an output of 908 MW and the construction of a 450 MW brown coal-fired power plant (Tufanbeyli) is being carried out. Operations at the majority of the hydropower plants should commence between 2010 and 2012 while Tufanbeyli should be commissioned in 2012.

By 2015, Verbund and Sabanci aim to achieve a share of at least 10 % in the Turkish electricity sector by adopting an integrated market approach.

**EXCELLENT RESULT
FROM SORGENIA**

**CAPITAL INCREASE IN THE
AMOUNT OF € 100 MILLION
AT POWEO S.A.**

**ACQUISITION OF INTEREST
IN TURKEY**

FINANCIAL STATEMENTS

PURSUANT TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

CONSOLIDATED INCOME STATEMENT

Million €

	Notes	Q 1–2/2007	Q 1–2/2006 ¹	Q 2/2007	Q 2/2006 ¹
Sales revenue		1,490.8	1,445.8	678.6	662.3
Electricity sales	(1)	1,332.2	1,258.5	603.3	587.1
Grid sales		137.8	133.1	67.9	64.3
Other		20.8	54.2	7.4	10.9
Other operating income		25.0	30.2	12.3	17.5
Expenses for electricity, grid, and emission rights purchases (trade) ¹	(2)	–721.7	–694.1	–314.9	–282.8
Use of fuel and expenses for other purchased services		–47.8	–46.4	–16.1	–18.1
Payroll and related expenses	(3)	–140.0	–147.1	–68.2	–78.0
Depreciation and amortization	(4)	–90.1	–87.0	–45.6	–44.1
Other operating expenses		–68.8	–74.6	–38.4	–44.1
Operating result		447.4	426.5	207.7	212.7
Financing result		–26.4	–27.3	–12.2	–10.1
Result from interests accounted for using the equity method	(5)	60.1	24.7	11.4	3.3
Result from participating interests – other		2.9	6.2	–0.7	1.2
Result from long-term investments		3.1	0.7	1.9	0.3
Financial result		39.7	4.3	0.4	–5.3
Profit before tax		487.1	430.8	208.1	207.4
Taxes on income		–101.4	–92.8	–48.8	–51.5
Profit after tax		385.7	338.0	159.3	155.9
Result from discontinued operations (eco-electricity)		0.0	0.0	0.0	0.0
Total profit (incl. portion attributable to capital shares repayable on demand)		385.7	338.0	159.3	155.9
Profit attributable to capital shares repayable on demand		–16.3	–31.5	1.4	2.5
Total profit (excl. portion attributable to capital shares repayable on demand)		369.4	306.5	160.7	158.4
attributable to minority interests		–39.5	–30.7	–19.0	–20.9
attributable to shareholders of the parent (group result)		329.9	275.8	141.7	137.5
Earnings per share (€)²		1.07	0.89	0.46	0.45

¹ Values of the previous year were adjusted following the discontinuation of the Eco-electricity segment

² Diluted = non-diluted

CONSOLIDATED BALANCE SHEET		Million €	
	Notes	30. 06. 2007	31. 12. 2006
Non-current assets		6,182.8	5,874.4
Intangible assets		7.6	8.0
Property, plant and equipment	(6)	4,047.8	4,068.9
Interests accounted for using the equity method		1,081.7	785.2
Other participating interests		36.9	36.7
Long-term investments – cross border leasing		571.8	580.3
Other long-term investments and other receivables		437.0	395.3
Current assets		599.1	565.8
Inventories		60.5	52.2
Receivables and other assets		416.1	425.6
Cash and cash equivalents		122.5	88.0
Total assets		6,781.9	6,440.2
	Notes	30. 06. 2007	31. 12. 2006
Equity attributable to shareholders of the parent		2,166.5	2,071.1
Minority interests		221.3	221.6
Capital shares repayable on demand		99.9	107.6
Long-term liabilities		3,597.0	2,931.5
Financial obligations	(7)	1,501.3	801.0
Financial obligations – cross border leasing	(7)	620.6	647.9
Provisions		622.4	624.8
Provisions for deferred taxes		148.4	147.4
Contributions to building costs		420.1	426.4
Deferred income – cross border leasing		253.7	256.7
Other liabilities		30.5	27.3
Short-term liabilities		697.2	1,108.4
Financial obligations	(7)	142.9	438.8
Provisions		183.1	235.6
Provisions for current taxes		139.9	114.6
Other liabilities		231.3	319.4
Total liabilities		6,781.9	6,440.2

CONSOLIDATED CASH FLOW STATEMENT

Million €

	Notes	Q 1–2/2007	Q 1–2/2006
Cash flow from operating activities	(8)	384.3	462.3
Cash flow from investing activities		–458.2	–248.2
Cash flow from financing activities		108.4	–60.1
Changes in cash and cash equivalents		34.5	154.0
Cash and cash equivalents as of 01.01.		88.0	29.7
Cash and cash equivalents as of 30.06.		122.5	183.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND IN CAPITAL SHARES REPAYABLE ON DEMAND

Million €

	Equity attributable to shareholders of the parent					Minority interests	Capital shares repayable on demand	Overall total
	Share capital	Capital reserves	Retained earnings	Other reserves	Total			
As of 01. 01. 2006	224.0	10.9	1,485.5	2.8	1,723.2	181.7	60.6	1,965.5
Profits/losses from								
available for sale financial instruments				–2.1	–2.1	–0.1	–0.1	–2.3
interests accounted for using the equity method				5.2	5.2			5.2
Profits and losses not recognized in the income statement	0.0	0.0	0.0	3.1	3.1	–0.1	–0.1	2.9
Profit for the period			275.8		275.8	30.7	31.5	338.0
Total of recognized profits and losses	0.0	0.0	275.8	3.1	278.9	30.6	31.4	340.9
Dividends			–154.1		–154.1	–20.1		–174.2
Capital increase from own funds	84.2		–84.2		0.0			
As of 30. 06. 2006	308.2	10.9	1,523.0	5.9	1,848.0	192.2	92.0	2,132.2
As of 01. 01. 2007	308.2	10.9	1,748.2	3.7	2,071.1	221.6	107.6	2,400.3
Profits/losses from								
cash flow hedging				0.2	0.2		0.2	0.4
available for sale financial instruments				–0.7	–0.7			–0.7
interests accounted for using the equity method				–2.8	–2.8			–2.8
Profits and losses not recognized in the income statement	0.0	0.0	0.0	–3.3	–3.3	0.0	0.2	–3.1
Profit for the period			329.9		329.9	39.5	16.3	385.7
Total of recognized profits and losses	0.0	0.0	329.9	–3.3	326.6	39.5	16.5	382.6
Dividends			–231.2		–231.2	–39.8	–24.2	–295.2
As of 30. 06. 2007	308.2	10.9	1,846.9	0.4	2,166.5	221.3	99.9	2,487.7

RATIOS

	Unit	Q 1–2/2007	Q 1–2/2006 ¹
Average number of shares in circulation ¹		308,200,000	308,200,000
Net gearing ²	%	82.7	88.4
Net interest-bearing debt ⁴	€ million	1,975.4	1,803.7
Investment in property, plant and equipment	€ million	72.2	61.7
Investment in holdings	€ million	312.4	169.1
EBITDA margin	%	36.1	35.5
EBIT margin	%	30.0	29.5
Average no. of employees		2,414	2,425
Electricity sales	GWh	27,631	27,519
Hydro coefficient		0.87	1.00

¹ Diluted = non-diluted

² Based on net interest-bearing debt

³ Ex eco-electricity segment

⁴ After reclassification of capital shares repayable on demand from equity

SEGMENTAL REPORTING (BUSINESS SEGMENTS)

Million €

	Electricity	Grid	Holdings & services	Elimi- nation	Total group
External sales	1,344.1	143.4	3.6	–0.3	1,490.8
Internal sales	64.3	21.2	29.7	–115.2	0.0
Total sales	1,408.4	164.6	33.3	–115.5	1,490.8
Depreciation and amortization	–60.9	–26.6	–3.7	1.1	–90.1
Expenses/income	–924.3	–99.7	–43.7	114.4	–953.3
Operating result (EBIT)	423.2	38.3	–14.1	0.0	447.4
Result from interests accounted for using the equity method	0.0	0.0	60.1	0.0	60.1
Carrying amount of interests accounted for using the equity method	0.0	0.0	1,081.7	0.0	1,081.7
Non-interest bearing segment assets	3,612.0	817.6	376.7	–11.1	4,795.2
Non-interest bearing segment liabilities	–1,558.6	–180.0	–140.3	11.1	–1,867.8
Operating cash flow	389.9	23.9	401.6	–431.0	384.4
Investment in intangible assets and property, plant and equipment	56.0	13.2	4.1	0.0	73.3

SELECTED EXPLANATORY NOTES

GENERAL BASIS

This condensed interim financial report of Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft) for quarters 1–2/2007 was compiled in compliance with the International Financial Reporting Standards (IFRS), as applicable in the European Union.

In accordance with IAS 34, this condensed interim financial report does not contain all the information and details that are obligatory in annual financial statements and it should therefore be read in connection with the consolidated financial statements of Verbundgesellschaft as of 31 December 2006.

ACCOUNTING POLICIES

This interim financial report adheres to the same accounting policies that were used in the last annual financial statements. Due to the utilization of EDP devices, differences can arise in the addition of rounded totals and percentages.

CHANGE IN ESTIMATES

Due to the development on the capital markets, the interest rate used to calculate the defined-benefit pension provisions was increased by 0.25 % compared to 31 December 2006. In quarter 1/2007, the increment rate for defined-benefit company pensions was raised by 0.25 % to 2.0 % for the adjustment of the pensions to the development of the Consumer Price Index from 2009. On balance, these parameter adjustments resulted in pension expenses in the amount of € 3.3 million in quarters 1–2/2007.

ACQUISITION OF AN INTEREST ACCOUNTED FOR USING THE EQUITY METHOD

On 31 May 2007, the Verbund Group acquired a 49.99 % stake in the Turkish electricity producer EnerjiSA Enerji Üretim A.S. The acquired company is a joint venture in accordance with IAS 31 Interests in Joint Ventures. The purchase price of € 243.9 million is recognized under the interests accounted for using the equity method. The final determination of the goodwill in the interest value will be carried out in accordance with the rules for initial accounting under IFRS 3 Business Combinations.

(1) ELECTRICITY REVENUE ACCORDING TO CUSTOMER SEGMENTS AND REGIONAL MARKETS

ELECTRICITY REVENUE ACCORDING TO CUSTOMER SEGMENTS AND REGIONAL MARKETS				Million €
	Quarter 1–2/2007	Quarter 1–2/2006	Absolute	Change in %
End customers	99.5	113.1	–13.6	–12.0
Resellers	586.3	450.5	135.8	30.1
Traders	646.4	694.9	–48.5	–7.0
Total electricity	1,332.2	1,258.5	73.7	5.9
thereof in Austria	503.8	404.7	99.1	24.5
thereof abroad	828.4	853.8	–25.4	–3.0

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

The emission rights purchases were offset by other sales revenue from the sale of emission rights in the amount of € 0.3 million (previous year: € 34.3 million). The clear decline in the prices for emission rights resulted in significantly lower trading volumes.

ELECTRICITY, GRID AND EMISSION RIGHTS PURCHASES (TRADE)				Million €
	Quarter 1–2/2007	Quarter 1–2/2006	Absolute	Change in %
Electricity purchases	691.9	643.9	48.0	7.5
Grid purchases	29.5	16.6	12.9	77.7
Emission rights purchases	0.3	33.7	–33.4	–99.1
Total	721.7	694.1	27.6	4.0

PAYROLL COSTS			Million €
	Quarter 1–2/2007	Quarter 1–2/2006	
Wages, salaries and related expenses	111.4	106.7	
Expenses for severance payments and pensions	28.6	40.7	
Total payroll costs	140.0	147.4	

The increase in depreciation and amortization compared to the previous period was mainly attributable to the depreciation of the phase-shifting transformers that were commissioned in the second half of 2006.

The result from participating interests accounted for using the equity method rose by € 35.4 million to € 60.1 million. This was attributable to the substantial increase in the results recorded by STEWE-AG-STEAG GmbH and the Sorgenia SpA Group. In addition, the absence of the expenses shown last year in connection with the conversion of the KELAG Group to IFRS had an improving effect.

In quarters 1–2/2007, property, plant and equipment in the amount of € 72.3 million (previous year: € 61.7 million) was purchased within the Verbund Group.

On the other hand, property, plant and equipment with a net carrying amount of € 4.4 million (previous year: € 1.1 million) was sold. This resulted in a loss on disposal in the amount of € 1.8 million (previous year: gain in the amount of € 3.1 million).

The long and short-term financial obligations increased by € 377.0 million to € 2,264.8 million.

On 25 June 2007, a fixed-interest bond with a nominal value of € 500 million was issued by the fully consolidated VERBUND-International Finance B.V. at an issue price of 99.487. The bond is guaranteed by Verbundgesellschaft. The term is 7 years, the interest rate is 5.0 %.

In addition, borrowings amounted to € 315.7 million in quarters 1–2/2007 and repayments were made in the amount of € 407.8 million. Financial obligations in connection with cross border leasing were repaid in the amount of € 20.1 million.

The operating cash flow amounted to € 384.3 million and was therefore lower than the value reported in the previous year. This was mainly due to the increase in income tax payments and the absence of the cash flow from the Eco-electricity area.

DIVIDENDS DISTRIBUTED			
	Total (€ million)	Number of shares (ordinary shares)	Per share (€)
Dividend distributed in 2007 for fiscal 2006	231.2	308,200,000	0.75
Dividend distributed in 2006 for fiscal 2005	154.1	308,200,000*	0.50

(3) PAYROLL COSTS

(4) DEPRECIATION AND AMORTIZATION

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

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

(7) LONG AND SHORT-TERM FINANCIAL OBLIGATIONS

(8) OPERATING CASH FLOW

DIVIDENDS DISTRIBUTED

* after the stock split in the ratio of 1:10 which was carried out in May 2006

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

PURCHASE COMMITMENT FOR PROPERTY, PLANT & EQUIPMENT, INTANGIBLE ASSETS & OTHER SERVICES Mio. €

	Total obligation	2007	2008–2012
Purchase commitment as on 30. 06. 2007	371.5	159.9	211.6

OPEN PAYMENT OBLIGATIONS

The following open payment obligations existed in the investment area, in particular with regard to the interests in Poweo SA and EnerjiSA Enerji Üretim A.S.:

OPEN PAYMENT OBLIGATIONS

	Total obligation	2007	2008–2012
Open payment obligations as on 30. 06. 2007	275.2	79.5	195.7

CONTINGENT LIABILITIES

There were no material changes in the contingent liabilities since the last balance sheet date.

RELATED PARTY DISCLOSURES

The related parties have not changed since the publication of last annual financial statements.

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 €

	Quarter 1–2/2007	Quarter 1–2/2006
Sales revenues	296,8	207,4
Other income	1,3	2,8
Electricity and grid purchases	63,2	42,9
Other expenses	2,9	1,0
	30. 06. 2007	31. 12. 2006
Receivables	44,1	34,3
Liabilities	41,0	34,1
Loans	73,7	74,6

IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

No events that require disclosure took place between the balance sheet date and the publication approval on 16 July 2007.

OBLIGATORY DISCLOSURE RELATING TO WAIVER OF REVIEW

This half-yearly financial report of the Verbund Group was not audited or reviewed.

DECLARATION OF THE MANAGING BOARD

The Managing Board declares that the half-yearly financial report of the Verbund Group, which was drawn up in compliance with the International Financial Reporting Standards (IFRS), faithfully reflects the income and financial situation of all consolidated companies.

The half-yearly management report also faithfully reflects the income and financial situation of the Verbund Group and provides information on the business development and the effect of existing and future risks on the business activities of the Verbund Group.

Vienna, 16 July 2007

The Managing Board

Dr. Michael Pistauer (Chairman)	Dr. Johann Sereinig (Deputy Chairman)	Dr. Ulrike Baumgartner-Gabitzer (Member)	Mag. Christian Kern (Member)
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**DECLARATION OF THE
MANAGING BOARD IN
ACCORDANCE WITH § 87
BÖRSEG (STOCK EXCHANGE ACT)**

IMPRINT

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