WIENER STADTWERKE

SHAPING VIENNA'S FUTURE

Annual Report 2012

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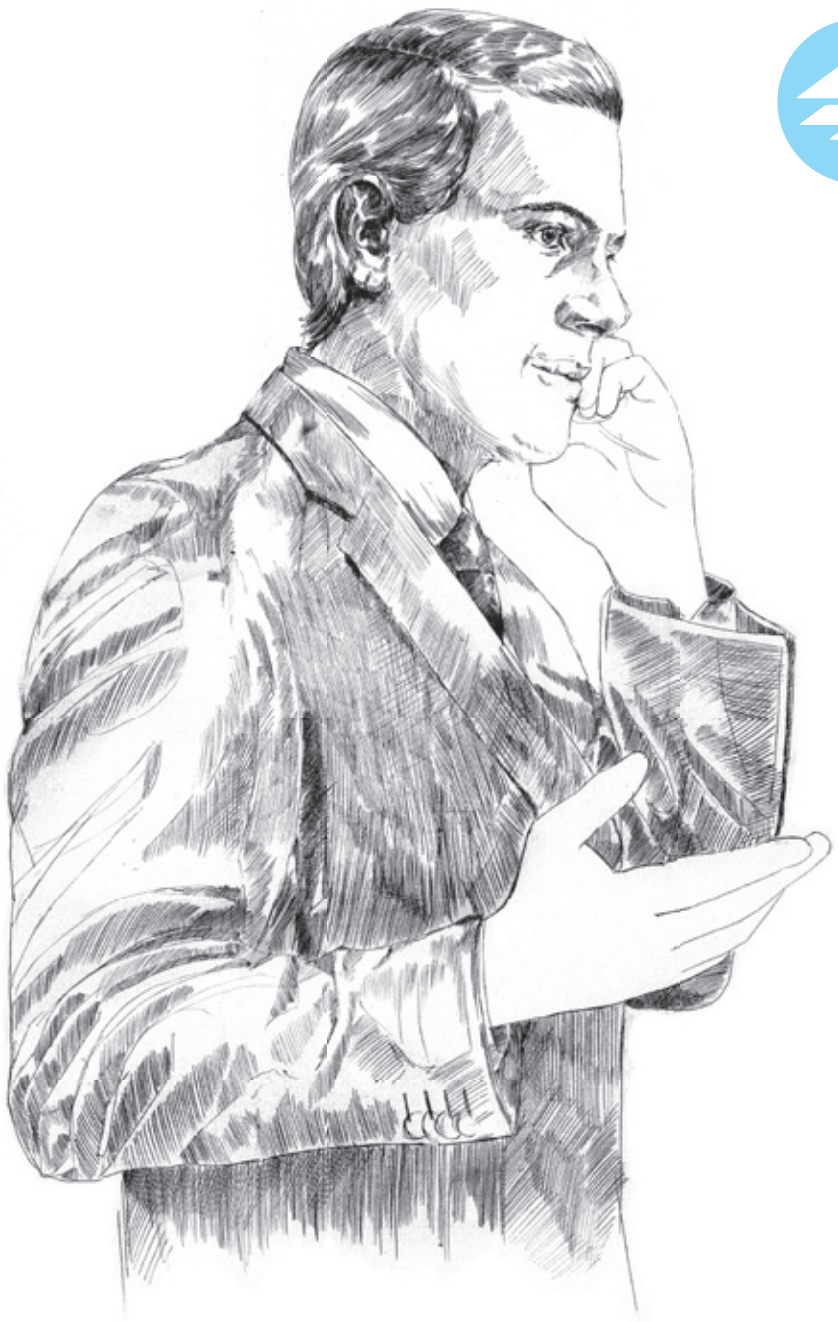
Stable **Investor**



In its 2012 financial year, the Wiener Stadtwerke Group invested a total of **EUR 940 million in improving the infrastructure of Vienna**. This safeguards the high quality of life enjoyed in the city and also contributes to ensuring that this remains so in the future. In the transport segment, this mainly involved extending the underground network and modernising the vehicle fleet, stops and stations. The energy segment invested heavily in further tapping renewable sources of energy and in the long-term modernisation of the electricity, gas and district heating networks.

Through its consistent programme of investment, Wiener Stadtwerke protects **tens of thousands of jobs in the city and the surrounding areas**.

The Board of Management of Wiener Stadtwerke (from left): Gabriele Domschitz, Marc Hall, Gabriele Payr, Martin Krajcsir

Foreword by the Board of Management

Wiener Stadtwerke is a modern infrastructure service provider and one of the largest conglomerates and employers in Austria. Our 16,000 employees make a decisive contribution to the high quality of life in Vienna by providing services which are recognised well beyond the boundaries of the city. Indeed, this quality of life is envied at an international level. Vienna was recently awarded the status of the city with the highest quality of life worldwide for the fourth time in succession in the renowned Mercer study; in addition to which Vienna was also declared to be the 'smartest' city in the world.

We are proud that our activities as a publicly owned company are not aligned solely on the basis of commercial success criteria. Our strategy is defined by a sense of social responsibility which sets us apart from other major corporations. The expansion of infrastructure in our city, from the extension of the underground network to the upgrading of energy infrastructure, is based on this concept. Investing around one billion euro in the infrastructure of Vienna year after year means that we are a major economic factor for the entire metropolitan region.

2012 was not an easy year for Wiener Stadtwerke. External factors such as the prevailing high international prices for gas, on the one hand, and the low wholesale prices for electricity, on the other, had a lasting negative impact on the results of the energy segment. Extraordinary items arising as a result of this situation, such as the impairment of power generation assets, coincided with changes in the accounting methods applied to our provisions for employee benefits. This was compounded by a sharp decline in interest rates. Due primarily to these extraordinary items and despite a package of programmes implemented to improve earnings, the past financial year culminated in a markedly negative bottom line.

However, this had no impact on the cash flow of our company, which remains healthy. We are optimistic of returning the Group to profitability as early as 2013. This optimism is due not least to the fact that we have been early to read the signs of the times and have launched a comprehensive cost-cutting programme consisting of well targeted investments and increases in efficiency in order to establish a solid basis for the future strength of the Wiener Stadtwerke Group. We are particularly proud of the fact that we have not made any employees redundant, despite the difficult economic situation. On the contrary, it is only because of the high degree of commitment demonstrated by our employees that we are firmly back on track to future success. And this strategy involves playing a leading role in shaping the future of Vienna.

Gabriele Payr
Chief Executive Officer

Martin Krajcsir
Vice Chief
Executive Officer

Gabriele Domschitz
Member of the Board
of Management

Marc Hall
Member of the Board
of Management

Deputy Mayor, Renate Brauner,
City Councillor for Finances, Economic Policy and Wiener Stadtwerke

Erich Hechtner

Foreword by Vienna's Deputy Mayor Renate Brauner

The Wiener Stadtwerke Group has demonstrated that it is an extremely reliable commercial partner and employer in the Greater Vienna Municipal Area even in turbulent times. Its 16,000 employees work on a daily basis to maintain and further increase the high level of service quality enjoyed in Vienna.

This outstanding service quality can also be seen in the passenger numbers of the transport provider Wiener Linien. In 2012, around 907 million people travelled in Vienna by underground, tram and bus – making public transport the city's most popular way of getting from A to B. Already 39 percent of journeys in Vienna are undertaken using public transport.

The Wien Energie Group supplies two million people and 230,000 businesses and industrial facilities in the Greater Vienna Metropolitan Area with electricity, natural gas and district heating. It undertakes the maintenance and expansion of the necessary networks and does everything in its power to safeguard the exceptionally high security of supply in the entire Vienna region. In the area of production, Wien Energie is relying increasingly on innovations and expanding the use of renewable sources of energy. A clear example here is provided by the four citizen solar power plants to date, which were sold out in a matter of days and which now supply hundreds of households with solar energy.

Vienna needs innovations such as these in order to remain the world's city offering the highest quality of life. Vienna continues to grow by around 15,000 inhabitants every year. New urban areas are being created and urban density is increasing. We are also creating the intelligent city of the future. In 2012, Vienna was declared the Number One among the world's 'smart cities'. We will double our efforts in order to maintain this position. Wiener Stadtwerke will also accept this challenge, and that despite the difficult economic environment. For this I would like to express my gratitude on behalf of all Vienna's inhabitants.

Foreword by Erich Hechtner, Chairman of the Supervisory Board of Wiener Stadtwerke

The Wiener Stadtwerke Group is the most important municipal infrastructure service provider in Austria and a major economic driving force in Vienna. Even in the economically challenging environment of the past year, Wiener Stadtwerke has again demonstrated how critical it is to have the support provided by the City of Vienna as a stable shareholder. In 2012, Wiener Stadtwerke acted in a commercially prudent manner in order to be able to emerge from this critical phase even stronger than before.

The Group once again established itself as a trendsetter in 2012. It is not without reason that the City of Vienna has again been attested the Number One city in the world in terms of quality of life and, now, also the globe's smartest city.

Vienna is one of the few cities worldwide in which more journeys are undertaken by underground, tram and bus than using any other form of transport. This is attributable to the outstanding levels of service offered by its infrastructure, in which investment is set to continue. The ongoing investments in energy production from renewable sources are also an important factor key to making Vienna even more attractive for its inhabitants.

Credit is due here not only to the Management of Wiener Stadtwerke but particularly to the efforts made by around 16,000 employees who work on a daily basis to make this the city with the highest quality of life on the planet. For this reason I wish to express my particular gratitude on behalf of the City of Vienna.

16,000
Employees

The success of the Wiener Stadtwerke Group is the sum of the success achieved by **16,000 personnel**. Comprehensive security of supply, high standards of quality and infrastructure are all dependent on excellently trained, highly skilled and extremely motivated employees. It is therefore no surprise that Wiener Stadtwerke annually maintains **400 trainees and apprentices in 12 different professional fields** as a means of shaping the future of Vienna as a place to do business. The evidence of this can be seen by inhabitants of the city every day.

Consolidated Management Report

for the 2012 financial year

1. Operations

The Wiener Stadtwerke Group is a modern infrastructure provider and one of the largest conglomerates, investors and employers in Austria. Its commercial activities can be broken down into the segments energy, transport, funerals and cemeteries, and car parks. The energy segment covers the areas of production, network operation and sales, whereby the main focus is on ensuring reliable supplies of electricity, gas and district heating. Wiener Stadtwerke also provides a comprehensive range of services in the area of public transport (transport segment: Wiener Linien and Wiener Lokalbahnen), funerals and cemetery administration, as well as car parking facilities. The high quality, reliable and safe services offered by the Group make an important contribution to the very high quality of life enjoyed in the city; something which is recognised internationally and has also been attested by studies.

2. Legal environment and other circumstances

The segments of the Wiener Stadtwerke Group largely have to operate in deregulated or regulated environments. While, for example, the sales markets in which the energy segment operates have been fully deregulated, the setting of tariffs for the electricity and gas networks continues to be decided upon by a public-sector regulator. The funerals market in Austria was deregulated as early as 2002. The transport segment has been able to benefit from the deregulation of the freight transport market but remains subject to several special provisions pertaining to short-range public transportation.

Specifics of the 2012 financial year

Change of the balance sheet date of the energy segment

With effect from 31 December 2012, the balance sheet dates of affiliated companies within the Wiener Stadtwerke Group were harmonised. Besides optimising Group-wide processes, particularly those in the area of finance, this will also reduce the level of complexity associated with financial reporting. The period between 30 September 2012 and 31 December 2012 will be reported in the separate financial statements of the Group's energy segment subsidiaries as a short fiscal year. In the financial statements of the Wiener Stadtwerke Group, however, the energy segment will take into account, on an exceptional basis, five quarters. From a commercial perspective, one quarter has been regained which was excluded from reporting when 30 September was introduced as the balance sheet date back in 2002, when only three quarters were reported for the energy segment in the consolidated annual report of the Wiener Stadtwerke Group.

Change in the valuation method applied to provisions for pension obligations

In the course of an earlier assignment of pension obligations from the City of Vienna to Wiener Stadtwerke, the latter assumed these obligations for a total of 7,400 employees, excluding Wiener Linien. Of these 7,400 employees, around 2,700 are still active for the Group and 4,700 already pensioned. The provisions for pensions were calculated at 31 December 2011 in accordance with IAS 19 (Employee Benefits) applying the projected unit credit method and the corridor method.

Due to the revision of IAS 19 decided upon by the International Accounting Standards Board (IASB) on 16 June 2011 and subsequently adopted by the EU on 5 June 2012, the corridor method for reporting pension obligations, applying the projected unit credit method, is no longer applicable to financial years starting on or after 1 January 2013.

The effects of the revision of IAS 19 on the presentation of the asset, financial and earnings positions provide a well founded exceptional reason for a deviation from the principle of valuation consistency.

On a voluntary basis, the Wiener Stadtwerke Group has applied the revised approach at an earlier point in time and has recognised the provisions for pension obligations as at 31 December 2012 applying actuarial principles on the basis of the entry-age normal method. The calculation applied an assumed interest rate of 2.5 percent (real interest rate) due to the current interest-related environment during the 2012 financial year.

This led to additional funding requirements amounting to EUR 745.4 million. Following these changes to the valuation method and the interest rate, the provisions amount to EUR 3 billion, equivalent to around 22 percent of the consolidated balance sheet total.

Legal environment and other circumstances

The Green Electricity Act 2012 (ÖSG 2012) came into effect on 1 July 2012 and is aimed at increasing the share of renewable energy in the electricity mix in Austria and, as a result, at eliminating the country's dependence on imported electricity generated by nuclear power by 2015.

The Vienna Electricity Act (WElWG) was amended (Vienna Provincial Law Gazette, No. 44/2012) in order to comply with the underlying stipulations of the Electricity (Industry and Organisation) Act (ElWOG 2012). Major regulations were imposed to bolster and safeguard consumer rights, to effectively unbundle network operators, to stabilise electricity supplies by means of network development and expansion plans, as well as to consolidate networks in order to create regulation areas and to introduce additional monitoring tasks for the provincial government.

In June 2012, the EU Member States reached agreement on new binding regulations to increase energy efficiency in order to reduce energy consumption by 20 percent by the year 2020. With the aid of this directive, Member States are required to

achieve annual energy savings of at least 1.5 percent. This directive also requires Member States to define national energy-saving targets. The Energy Efficiency Directive was passed by the European Commission on 25 October 2012. Member States have until 5 June 2014 to adopt the provisions of this directive in their national legislation.

As the assigning company (for tax purposes), Wiener Stadtwerke Beteiligungsmanagement GmbH was retrospectively merged on 31 December 2011 by way of universal succession with Wiener Stadtwerke Vermögensverwaltung GmbH (as the acquiring company). Wiener Stadtwerke Vermögensverwaltung GmbH shall in future undertake the investment management activities associated with selected holdings within the Group not associated with core business operations (e.g. the TownTown project). This will provide a better overview of the Group, simplify the management of Group-level accounting, and also generate cost-savings.

In order to supplement the abovementioned influencing factors, further factors specific to particular Group segments will be explained in more detail (under Point 7) in the relevant sections.

3. Economic environment

With the exception of Q1 2012, the global economic downturn has continued unabated since the end of 2011. Although the crisis in the euro area remains the key focus, economic growth has also been limited in emerging markets, including China and Brazil. The economic gains made by emerging markets appear to have slowed somewhat and the focus has shifted increasingly to domestic issues. The driving forces behind the economic situation in industrialised countries continue to be the consolidation of public sector budgets and the persistent instability exhibited by the financial system. While the fiscal policy consolidation is on track in the majority of countries, this is being accompanied by markedly negative effects in terms of demand.

Despite being able to avoid a sharper decline than was seen in 2011, the Austrian economy nonetheless stagnated in the second half of 2012. As a result of the comprehensive public-sector cost-cutting programmes in the euro area and the challenging economic situation prevailing in its neighbouring countries, growth remained modest during the period under review. Early indications are visible of an end to the downwards trend. There are therefore grounds to assume that the period of economic weakness will not last much longer and the domestic economy will soon return to its earlier growth trajectory. The situation at present is being shaped in part by the far-reaching recessions ongoing in certain euro-area countries, as well as by the slowdown in global economic growth. Although the domestic economic preconditions for a sustained and broad-based economic upswing remain intact, export-driven demand is a key factor for an open economy such as that of Austria.

In 2012, economic growth in Austria amounted to +0.6 percent, with growth forecast to accelerate to +1.0 percent and +1.8 percent in 2013 and 2014 respectively. This is dependent on the public-sector debt crisis not significantly intensifying and assumes a gradual decline in the uncertainty perceived by investors and consumers.

Employment and labour supply are currently expanding, while unemployment remains high. The unemployment rate in Austria increased from 4.2 percent in 2011 to 4.3 percent in 2012. A rate of 4.6 percent is forecast (Eurostat) for the years 2013 and 2014.

The inflation rate (CPI) rose during 2012 to 2.4 percent and is expected to decline to 2.1 percent and 2.0 percent in 2013 and 2014 respectively. Besides a moderate yet steady rise in private-sector consumption, investment activity in particular is predicted to increase again sharply.

When the economic recovery in the euro area gathers pace and the global economy accelerates, the Austrian economy could expand more rapidly due to its solid basis. These prospects should be seen in the light of numerous downward risks such as the slower recovery of the global economy or a re-intensification of the debt crisis in certain countries.
Sources: WIFO

4. Corporate strategy

The corporate strategy of the Wiener Stadtwerke Group is defined principally by its being a public-sector company. This means that the Group has a corporate mission which extends beyond purely commercial success. Our key objectives:

- As a major provider of essential public services to the population of Vienna
- As a guarantor of high quality of life
- As an important partner to the economy and a means of securing considerable value added for the City of Vienna
- As an attractive employer and a responsible player in society

The corporate strategy of Wiener Stadtwerke purposes two overriding and equally important objectives: corporate social responsibility and profitability.

Corporate social responsibility

As an enterprise owned by the City of Vienna active in the social sphere and as a regional provider of essential public services, values such as transparency, mutual respect, honesty and trust have always been a natural and fundamental element of our corporate culture.

Corporate social responsibility and ethical behaviour shape our relations with employees, customers, business partners, public authorities and the general public alike. In 2012, these values were committed to paper in a code of conduct which, with its ten fundamental rules, serves as a compass for all employees of Wiener Stadtwerke with regard to responsible and ethically appropriate behaviour and helps develop a modern culture for dealing with mistakes.

In line with this fundamental approach, we also make a contribution to protecting the environment, preserving our cultural heritage within our sphere of influence, and safeguarding barrier-free access to our facilities and offices.

Profitability, growth and innovation

The long-term success of the Group can only be guaranteed by profitable growth. Due to the difficult economic environment prevailing at present, safeguarding profitability in the coming years will be a particular challenge for the Wiener Stadtwerke Group. Besides the programmes to increase cost efficiency in all Group segments, strategic decisions are also at the heart of our actions. These relate to the expansion of renewable energy production, such as wind power and photovoltaic, increasing the density of the district heating network, the further expansion of the public transport offering and the development of innovative products and business models.

Treading new paths is the order of the day, both in terms of the expansion of infrastructure in the public sector as well as the development of structures within the Group. The city is growing, the demographics of the population are changing and, according to all available forecasts, we will soon be at the centre of a metropolitan region which extends far beyond the city boundaries.

We therefore think in terms of Vienna's future and see ourselves as a central player in the development of Vienna to become a 'smart city', particularly with energy and transportation, as two key elements of the smart city concept, belonging to the core competencies of the Group. Although at multiple levels and inter-disciplinary, our focus on future-oriented issues is centrally coordinated and encouraged.

5. Turnover and earnings position

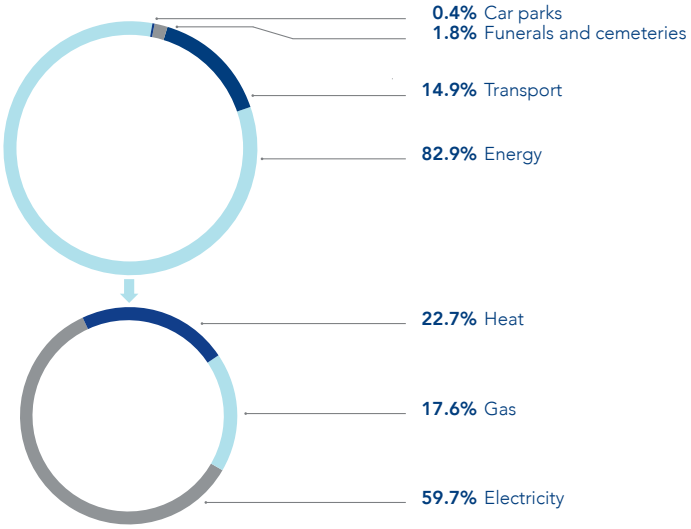
As has been mentioned above, the figures reported for the energy segment in 2012 contain the results of five quarters due to the change in this segment's balance sheet date. The comparability of the figures with those of the prior year is therefore limited.

Development of results

The majority of the increase in turnover is accounted for by the inclusion of the fifth quarter for the energy segment. A restatement of results to exclude the fifth quarter reveals increases in turnover primarily in the energy and transport segments. Turnover in the energy segment was higher than in the prior year, whereby lower electricity sales revenues were overcompensated for by higher gas and district heating income. Due to the marked increase in passenger numbers, the transport segment reported higher revenues in nearly all ticket categories.

TURNOVER BY SEGMENT

in EUR million



For more information on the revenue structure, please refer to the section entitled 'Segment reporting'.

Restated to exclude the fifth quarter, productivity improved marginally compared to the prior year from 191.7 to 192.1.

ABRIDGED PROFIT AND LOSS ACCOUNT

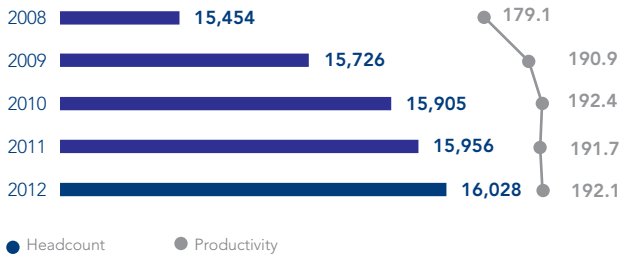
Financial results in EUR million	2012	2011	±	±%
Turnover	3,775.8	3,058.7	717.1	23.4
Change in inventory and own work capitalised	76.5	63.6	12.9	20.3
Other operating income	682.6	602.3	80.3	13.3
Operating performance	4,534.9	3,724.6	810.3	21.8
Cost of materials	- 2,080.3	-1,627.1	-453.2	27.9
Personnel expenses	-2,005.0	-1,065.4	-939.6	88.2
Depreciation and amortisation	-655.1	-514.8	-140.3	27.3
Other operating expenses	-673.4	-591.1	-82.3	13.9
Consolidated EBIT	-879.0	-73.8	-805.2	n.a.
Consolidated financial result	-32.1	89.1	-121.2	-136.0
Consolidated EBT	-911.1	15.3	-926.4	n.a.
Consolidated profit/loss for the year after minority interests	-911.1	17.1	-928.2	n.a.
Consolidated profit / loss for the year	**-788.6**	**103.8**	**-892.4**	**n.a.**

Due to the change in the balance sheet date, the 2012 figures for the energy segment relate to five quarters

Differences as a result of rounding figures have not been eliminated

DEVELOPMENT OF PRODUCTIVITY

in TEUR



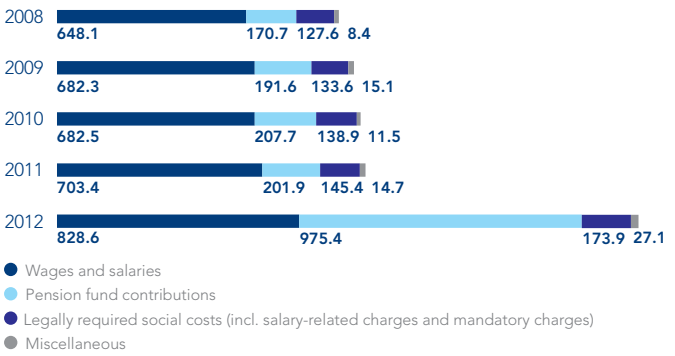
$$\text{Productivity} = \frac{\text{Consolidated turnover}}{\text{Average headcount (incl. trainees)}}$$

Personnel expenses increased during the financial year by 88.2 percent to EUR 2,005.0 million. Besides the inclusion of the fifth quarter in the energy segment, the reason for this is mainly the increase in provisions for pension obligations. As a result of the EU adopting the changes to IAS 19, it is no longer possible to apply the corridor method to the recognition of pension obligations based on the projected unit credit method. On a voluntary basis, the Wiener Stadtwerke Group has applied the revised approach at an earlier point in time and has recognised the provisions for pension obligations as at 31 December 2012 applying actuarial principles on the basis of the entry-age normal method.

This necessitated additional provisions in the amount of EUR 745.4 million which were fully recognised in the 2012 financial year. No resort was made to the option of spreading the setting up of provisions over a longer period granted by the statement issued regarding the expert opinion of the Austrian Chamber of Chartered Accounts and Tax Advisers. There was also a change in the valuation methods applied to provisions for severance payments, loyalty and long-service bonuses which amounted to an addition of approximately EUR 10.0 million.

DEVELOPMENT OF PERSONNEL EXPENSES

in EUR million



Due to the change in the balance sheet date, the 2012 figures for the energy segment relate to five quarters

The depreciation and amortisation of tangible and intangible assets include impairment charges taken during the financial year relating to unscheduled write-downs of power station assets amounting to EUR 71.6 million.

The position 'Other operating expenses' primarily records maintenance and third-party services as well as advertising, IT, legal and consultancy expenses, rental, lease and expenses for personnel training.

Earnings before interest and tax (EBIT) for 2012 fell to EUR -879.0 million following EUR -73.8 million in the prior year. This deviation is predominantly explained by the additional provisions for pension obligations and the impairment charges taken.

The decline in the financial result is largely attributable to the impairment of investments in EconGas and Verbund shares which were acquired in the course of the capital increase.

Earnings before tax (EBT) amounted to EUR -911.1 million for 2012. Restated to exclude the main extraordinary items (the additional provisions for pension obligations, impairment charges taken against power station assets and domestic investments) give rise, after taking the fifth quarter in the energy segment into account, to marginally negative EBIT of EUR -2.5 million.

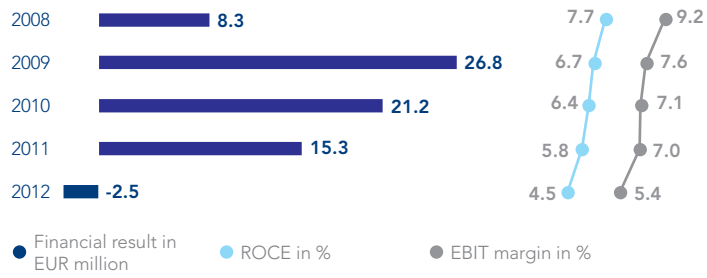
Following the release of capital reserves and the allocation of retained earnings, the profit/loss for the year 2012 amounted to a consolidated loss of EUR -788.6 million.

Profitability and earnings quality

The development of profitability across a five-year horizon reflects the difficult environment faced by the energy sector in recent years which has had a tangible impact on earnings despite the effectiveness of countermeasures and steps to increase efficiency. Restated to eliminate the extraordinary items mentioned above, ROCE amounted to 4.5 percent.

DEVELOPMENT OF WSTW GROUP

in EUR million



$$\text{EBIT margin} = \frac{\text{EBIT (restated)}}{\text{(Turnover restated to eliminate own electricity production)}}$$

$$\text{ROCE (Return on Average Capital Employed)} = \frac{\text{EBIT (adjusted)}}{\text{(average capital employed)}}$$

EBIT restated = EBIT + interest-bearing provisions for pensions + effect of grant-funded investments

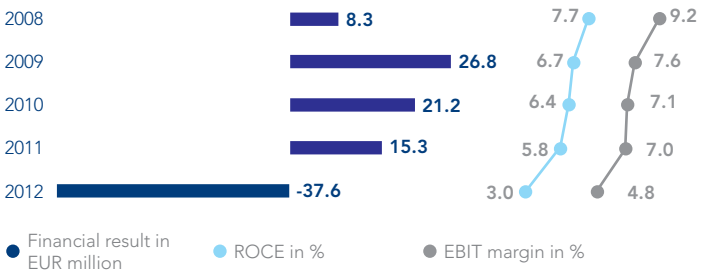
EBIT adjusted = EBIT restated + minority interests

Capital employed = (EBIT adjusted + untaxed reserves + interest-bearing loans + provisions for pensions - non-current financial assets - securities held-for-sale - cash and cash in bank)

Restated to exclude the result of the fifth quarter in the energy segment, the challenging circumstances facing the energy sector become even clearer.

DEVELOPMENT OF WSTW GROUP

in EUR million



6. Asset and capital structure

The balance sheet total of the Wiener Stadtwerke Group rose in 2012 by approximately 1.1 percent to EUR 13,347.8 million. As is to be expected in the case of an infrastructure service provider such as Wiener Stadtwerke, fixed assets represent by far the most significant asset position. The recognised value of tangible assets on the balance sheet date 2012 stood at 9,467.8 million or 3.4 percent higher than a year earlier, which was mainly attributable to the first-time consolidation of Wiener Stadtwerke TownTown GmbH & Co Stationsturm KG, Windnet Windkraftanlagenbetriebs-GmbH & Co KG and Vienna Energy Természeti Erö kft. As such, 70.9 percent of the balance sheet total is accounted for by tangible assets. Recognised current assets consist primarily of accounts receivable and other assets. Cash assets, consisting of cash held and positive bank balances, fell over the course of the financial year by around 54.4 percent to EUR 211.6 million, largely attributable to lower positive balances at banks.

The shareholder equity of the Wiener Stadtwerke Group, 100 percent of which is held by the City of Vienna, declined in terms of nominal value over the course of the 2012 financial year by 13.0 percent to around EUR 4,745.1 million. The main reason for this was the negative result for the period due to the extraordinary items mentioned above.

At year-end 2012, the Wiener Stadtwerke Group had an equity ratio of 35.5 percent (2011: 41.3 percent).

Recognised provisions amount to EUR 3,530 million, equivalent to 26.4 percent of the balance sheet total and well above the level of the prior year. These relate primarily to the provision for pension obligations, particularly given the fact that this position increased significantly in 2012. On the grounds of the so-called Vienna Public Enterprises – Allocation Act (Zuweisungsgesetz), the Wiener Stadtwerke Group is required to fully reimburse the City of Vienna the pension-related expenses of the employees assigned to it, with the exception of those at Wiener Linien. This results in a direct pension obligation for the Group.

Both the accounts payable and the accrued expenses and deferred income, recognised at EUR 1,437.8 million and 3,634.7 million respectively, are on a par with prior-year values. The recognised value of accrued expenses and deferred income consists primarily of investment grants (EUR 3,008.3 million) and building grants (EUR 446.5 million) associated with fixed assets. These represent future revenues which are reversed to negate the depreciation expense over periods which parallel the scheduled depreciation of the relevant assets for which the grants were provided.

Key Performance Indicators	2012	2011	±	±%
Equity ratio in %	35.5	41.3	-5.8	-14.0
Equity-to-fixed-assets ratio in %	96.7	99.1	-2.4	-2.4
Capitalisation ratio in %	89.6	88.8	0.8	0.9
Notional debt repayment period in years	8.4	6.5	1.9	29.2

Equity ratio = (economic equity capital / balance sheet total)*100

Equity-to-fixed-assets ratio = (shareholder's equity + social capital + interest-bearing borrowings + deferred investment grants) / fixed assets)*100

Capitalisation ratio = (fixed assets / total assets)*100

Notional debt repayment period = (provisions + liabilities - cash and cash equivalent) / (profit/loss for the year + depreciation/amortisation - additions + losses from the disposal of investments - income from disposal of investments + increase in non-current provisions)

ASSET AND CAPITAL STRUCTURE

	31.12.2012		31.12.2011	
	in EUR million	as % of balance sheet total	in EUR million	as % of balance sheet total
Fixed assets	11,961.3	89.8	11,719.8	88.8
of which tangible assets	9,467.9	70.9	9,160.1	69.4
Current assets	981.8	7.4	1,011.3	7.7
Accrued income and prepayments	404.7	3.0	468.5	3.5
Total assets	**13,347.8**	**100.0**	**13,199.6**	**100.0**
Shareholder's equity	4,745.1	35.5	5,453.3	41.3
Provisions	3,530.2	26.4	2,696.2	20.4
Liabilities	1,437.8	10.8	1,437.1	10.9
Accrued expenses and deferred income	3,634.7	27.2	3,613.0	27.4
Total equity and liabilities	**13,347.8**	**100.0**	**13,199.6**	**100.0**

Differences as a result of rounding figures have not been eliminated

The internal ratings of banks providing funding (assessments based on the Internal Ratings-Based Approach defined by Basel II) are drawn upon in order to assess the Group's creditworthiness. These regularly confirm the outstanding creditworthiness of Wiener Stadtwerke.

The contingent liabilities of the Wiener Stadtwerke Group on the balance sheet date amount to EUR 496.6 million, around 14.0 percent higher than a year earlier. This position primarily recognises US cross-border leasing transactions entered into by Wiener Linien, which are offset by means of rights of recourse in the same amount carried as assets, in addition to partly restricted and partly unrestricted comfort letters issued on behalf of e&t Energie Handelsgesellschaft m.b.H. As in the prior year, these contingent liabilities have been recorded under the balance sheet total as a net liability position (being the balance of energy purchase and sale contracts valued at market prices quoted on 31 December 2012). Taking into account the contracts concluded by e&t Energie Handelsgesellschaft m.b.H. with its trading partners, the net liability position amounts to EUR 70.3 million (prior year: EUR 20.8 million), which accounts for the majority of the increase. The liabilities associated with e&t are partially offset by receivables in the amount of EUR 17.4 million.

INVESTMENT AND FINANCIAL POSITIONS

in EUR million	2012	2011	±	±%
Investments in intangible assets	18.8	20.7	-1.9	-9.4
Investments in tangible assets	857.2	674.9	182.3	27.0
Investments in financial assets	65.6	335.8	-270.2	-80.5
Total investment	**941.6**	**1,031.4**	**-89.8**	**-8.7**

Due to the change in the balance sheet date, the 2012 figures for the energy segment relate to five quarters

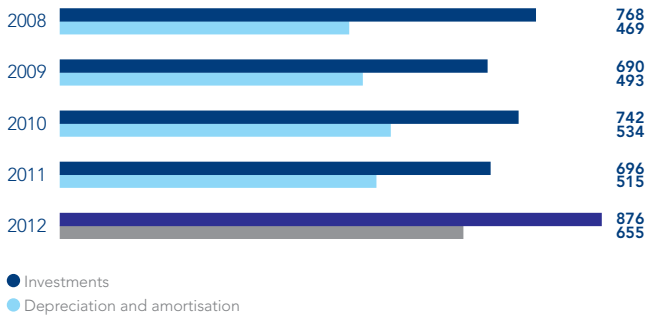
In 2012, the Wiener Stadtwerke Group undertook investments with a total volume of EUR 941.6 million, representing an increase of 8.9 percent even after taking the five quarters reported in the energy segment into account. The peak in investment activity seen in 2011 was attributable in part to the financial investment in shares in Verbund Innkraftwerke GmbH (Germany). In 2012, on the other hand, there was a sharp rise in investment in tangible assets, which rose by 27.0 percent to EUR 857.2 million. Restated to take the fifth quarter in the energy segment into account, the increase still amounts to 21.1 percent. This increase is foremostly accounted for by the assets acquired by Wiener Stadtwerke TownTown GmbH & Co Stationsturm KG and the first-time consolidation of Windnet Windkraftanlagenbetriebs-GmbH & Co KG and Vienna Energy Természeti Erö kft.

Given that depreciation expenses will only be incurred after the relevant assets have been commissioned and due to the fact that the underlying useful life of such assets often extends into decades, this comparably high level of investment will continue to have a significant impact on the development of earnings in the years to come. Generally speaking, depreciation expenses have been increasing steadily for a number of years due to the Group's intensive investment activity. Besides the consideration of the fifth quarter in the energy segment, the rise in the depreciation expenses incurred during the course of the financial year of 27.3 percent to EUR 655.1 million is primarily attributable to the impairment charges taken against power station assets.

Due to the higher level of investment in tangible assets, the CAPEX ratio rose in 2012 to 23.2 percent compared with 22.7 percent in the prior year. Given that the fifth quarter reported by the energy segment is taken into account in both the investments in tangible assets and the turnover, this anomaly does not distort the validity of this ratio.

INVESTMENTS AND DEPRECIATION / AMORTISATION (TANGIBLE AND INTANGIBLE ASSETS)

in EUR million



FINANCING

in EUR million

Abridged balance sheet	2012	2011	±	±%
Operating cash flow before changes in working capital	429.9	381.4	48.5	12.7
Change in working capital and operating cash flow (long-term)	15.7	255.3	-239.6	-93.9
Cash flow from operating activities	445.6	636.7	-191.1	-30.0
Cash flow from investment activities	-607.7	-746.9	139.2	-18.6
Cash flow from financing activities	-90.5	165.6	-256.1	-154.6
Change in cash and cash equivalents	**-252.6**	**55.4**	**-308.0**	**n.a.**
Balance of cash and cash equivalents at 31.12.	211.6	464.2	-252.6	-54.4

*Cash and cash equivalents are the sum of the cash and bank balance positions.

Net cash flow remained largely unchanged (an increase of around EUR 48 million). The decline in operating cash flows is accounted for by the increase in current receivables as well as the decline in the value of non-current liabilities compared to the prior year. The negative cash flow from investment activities reflects Wiener Stadtwerke's high level of investment activity. Compared to the prior year, the lower cash outflows are accounted for predominantly by the decline in investments in financial assets, albeit partially offset by a higher volume of investments in tangible assets and lower cash inflows from the disposal of assets. As a result of the accelerated repayment of borrowed capital, the cash flow from financing activities was

negative. The effects of the first-time consolidation of affiliated companies was taken into account both in the cash flow from investment activities and the cash flow from financing activities.

The Wiener Stadtwerke Group is funding these investments by means of operational cash flows and through investment grants obtained from the public sector, with the latter mainly benefiting the transport segment. In as far as these are not received from the shareholder, the investment grants are recognised and reported as accrued expenses and are reversed in line with the depreciation period based on the useful life of the corresponding assets acquired. Investment grants received from the shareholder, on the other hand, are recognised as capital increases in equity.

7. Segment reporting

Segments		
Energy segment	Production	Electricity + heat
	Distribution	Electricity + gas + heat
	Sales	Electricity + gas + heat
Transport segment	Local passenger services	
	Transport services for the disabled	
	Rail cargo	
Funerals and cemeteries segment	Funeral services	
	Cemeteries	
Car parks segment	Car parks owned (incl. leased)	
	Car parks managed	

In line with the management approach, the segments reported here form the basis for the intra-Group structure of financial reporting, with the divisions Wien Energie Stromnetz, Wien Energie Gasnetz and Wien Energie being consolidated in the energy segment, and the divisions Wiener Linien and Wiener Lokalbahnen Group combined to form the transport segment.

Energy segment

Energy segment	Production	Electricity + heat
	Distribution	Electricity + gas + heat
	Sales	Electricity + gas + heat

The energy segment consists of the operational areas of production, networks and sales. Around two million people, 230,000 businesses and industrial facilities and public buildings, as well as 4,500 agricultural customers in Vienna and parts of Lower Austria and Burgenland are supplied with electricity, gas and district heating. Besides production and sales, the top priority is end-to-end security of supply, an objective which is pursued by means of targeted expansion and the constant renewal of the electricity, gas and district heating networks.

With effect from 1 January 2012, the balance sheet dates of affiliated companies within the Wiener Stadtwerke Group have been harmonised. The period between 30 September 2012 and 31 December 2012 is reported in the separate financial statements of the Group's energy segment subsidiaries as a short fiscal year. In the financial statements of the

Wiener Stadtwerke Group, however, the energy segment will take into account, on an exceptional basis, five quarters.

For this reason, the following tables and charts reporting figures for 2012 actually include five quarters.

External factors

EU Regulation regarding the integrity and transparency of the energy wholesale market (REMIT)

The EU Regulation on energy market integrity and transparency (REMIT) was published in the official journal of the European Union on 8 December 2011. The most important aspects of REMIT are the establishment of an EU-wide register of trading transactions and rules in order to prevent market manipulation and insider trading. In particular, operators are now required to publish details of the capacity and use of energy production and storage facilities, the use and or transfer/transmission of electricity or natural gas, as well as of the capacity and use of liquefied gas facilities, including the scheduled or unscheduled non-availability of these facilities. Precise implementation requirements are currently being defined.

Climate protection and energy efficiency

The Emission Certificates Act (EZG 2011), which came into force in December 2011, adopted the amendments to the EU Emissions Trading Directive in Austrian legislation. Under National Allocation Plan II (2008 to 2012), free CO_2 certificates were allocated on the basis of historical emission levels. From 2013, the auctioning of these certificates will become the underlying principle, with electricity producers in particular no longer receiving a free allocation of certificates. They will have to either purchase the necessary certificates for emissions on the free market or on a common auctioning platform regulated by the rules of the EU regulation on the auctioning of emissions. New market players – also including all significant expansions of existing facilities – are only able to apply for emission certificates from an EU-wide reserve managed by the European Commission. The volume of this reserve was restricted by the regulation to five percent of the EU-wide volume of certificates. The Emission Certificates Act also prescribes that the provisions which applied to the trading period 2008 to 2012 shall remain unchanged, with the exception of minor technical changes. The duration of the trading period from 2013 has been extended to eight years.

On 19 October 2011, the Austrian Climate Protection Act (KSG) passed into legislation and was published on 21 November of the same year. This is intended to improve the coordination of action to protect the climate and more clearly define responsibilities. It entails a breakdown of the emissions of greenhouse gases authorised Austria-wide in the period 2008 to 2012 by industrial sector (heating, waste management, transport, agriculture, etc.). The act defines targets for the emissions of greenhouse gases recorded in the period 2013 to 2020 for every sector which are not covered by the emissions trading of

greenhouse gases. A national climate protection committee and a national climate protection advisory board have also been set up. These bodies, in which the Austrian Social Partners are also represented, support the environment minister in the planning of climate protection action.
The European Commission has presented a proposal for a revised Energy Taxation Directive (COM 2011/169). The aim is to align energy taxation with the energy and climate policy objectives of the European Union by 2020 by means of linking taxation with CO_2 and energy content. The CO_2-dependent taxation components are aimed at creating incentives for low-CO_2 fuels and sources of heating and to include all of those consumers of fuels and sources of heating which are not covered by the EU emissions trading scheme.

Renewable sources of energy

The Green Electricity Act 2012 (ÖSG 2012) came into effect on 1 July 2012 and is aimed at increasing the share of renewable energy in the electricity mix in Austria and, as a result, eliminating the country's dependence on imported electricity generated by nuclear power by 2015. The following expansion targets were defined for 2020: 1,000 megawatts of hydro power, 2,000 megawatts of wind power, 200 megawatts of biomass and biogas and 1,200 megawatts of photovoltaic power. The annual grants in the form of subsidised feed-in tariffs and investment grants for new green electricity projects were increased from EUR 21 million to EUR 50 million. This amount is to fall by EUR 1 million per calendar year in each of the first ten years after coming into effect. This programme is to be financed by two forms of tax-like charges (Ökostrompauschale and Ökostromförderbeitrag) which are to be collected by network operators from end consumers. The new financing model is intended to ensure that Austria is not inappropriately disadvantaged as a commercial and industrial centre.

System-use charges

A decision issued by the Constitutional Court on 21 June 2011, determined that the main rules applicable to the system-use charges of the Electricity (Industry and Organisation) Act (Elektrizitätswirtschafts- und Organisationsgesetz) were not conform with the Austrian constitution and that, inter alia, the system charges ordinances issued between 2009 and 2011 (Systemnutzungstarifverordnungen 2009-2011) based on this act are to be repealed as unconstitutional. The court therefore acted in response to the claims lodged by electricity producers vis-a-vis network operators in connection with the billing of network loss charges. The civil law cases relating to demands for the reimbursement of system use charges paid by electricity producers are still pending.

Regulation on changing suppliers

In June 2012, the regulator, Energie Control Austria (ECA), introduced a regulation on changing suppliers (Wechselverordnung 2012), which came into effect on 2 January 2013. In acknowledgement of the power of the ECA to issue statutory instruments laid down in Article 76, paras. 1 and 3, the ECA has defined clear rules for changes of supplier and for registering and terminating customer accounts.

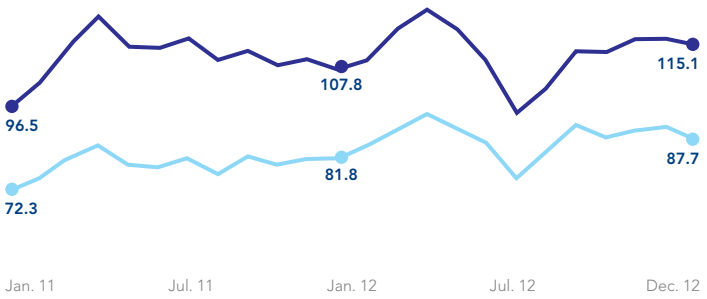
Temperature developments

Measured in terms of the total heating degree days, the standard parameter for temperature-related energy requirements, the temperatures prevailing in the supply area of Wien Energie during the reporting period were around 1.8 percent higher than the trend value of recent years. The warmer weather conditions tended to have a negative impact on gas and district heating sales.

Demand-side and price developments

Development of crude oil prices

DEVELOPMENT OF OIL PRICES
in USD/bbl. and EUR/bbl.



Oil price in USD/barrel
Oil price in EUR/barrel
Source: Brent crude, monthly average, Econgas

The development of crude oil prices during the period under review was severely influenced by geopolitical factors and cross-border conflicts. The demand-side situation varied considerably. While there was a rise in demand in Asia, the situation in Europe was subdued due to the overall economic climate. The price of Brent Crude, the reference grade in Europe, reached a peak of around USD 120 per barrel in spring 2012. The price declined markedly in the period to June, with higher inventory levels in the USA serving as one of the main reasons for this. In the following months, the price recovered slightly to a level just under USD 110 per barrel, with prices developing sideways at the end of the period.

Development of natural gas prices

DEVELOPMENT OF GAS PRICES
in ct/KWh

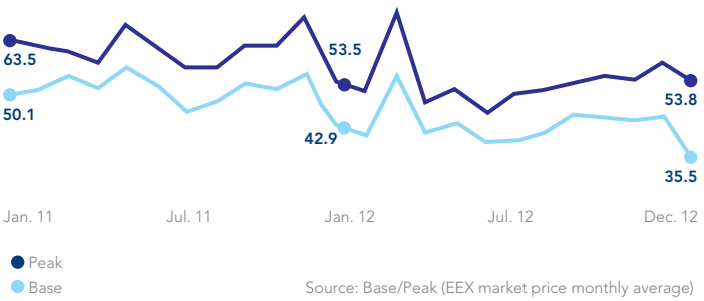
Source: Statistics Austria

The price of natural gas generally develops in line with that of crude oil subject to a delay of three to six months. In comparison with the prior year (January to December 2011), the average price for imported natural gas rose during the financial year by 8.7 percent.

Development of electricity prices

DEVELOPMENT OF ELECTRICITY PRICES/SPOT MARKET

in EUR/MWh



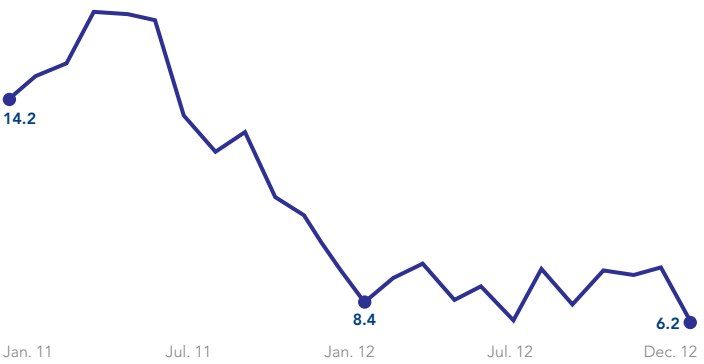
Source: Base/Peak (EEX market price monthly average)

The late but severe onset of winter in Europe led to the spot prices shooting up in February 2012 and put an abrupt end to the downward trend on energy exchanges which had begun in November 2011. As the cold period subsided in March 2012, futures again returned to the level seen in January. In autumn 2012, the spot prices again rose slightly, albeit not to the level seen in the prior year. This was followed by a sharp decline in prices in December. The reason for this was the negative prices on the seasonal public holidays which had a significant impact on the average monthly price.

Development of prices for CO_2 emission certificates

DEVELOPMENT OF CO_2 CERTIFICATE PRICES

in EUR/t



Source: CARBIX prices for CO_2 certificates, EEX

A decline in CO_2 certificate prices began in July 2011, as a result of which the Environmental Committee of the European Parliament proposed withdrawing 1.4 billion certificates from the beginning of the third trading period. It remains unclear whether these certificates will be permanently set aside or only temporarily withdrawn (back-loaded). The aim of this step is to at least temporarily force certificate prices higher. Following an increase in prices at the beginning of the year, the development of prices became more volatile and these fell to a level well below that of the prior year. In fact, in a year-on-year comparison, certificate prices halved.

KEY PERFORMANCE INDICATORS

Production in GWh	2012*)	2010/11	±	±%
Electricity	6,653.8	6,772.2	-118.4	-1.7
Heat	7,424.3	5,449.6	1,974.7	36.2
Total production	**14,078.1**	**12,221.8**	**1,856.3**	**15.2**
Distribution in GWh				
Electricity	13,889.4	11,467.9	2,421.5	21.1
Gas	28,295.0	24,350.5	3,944.5	16.2
Heat	8,365.6	6,402.4	1,963.2	30.7
Total distribution	**50,550.0**	**42,220.8**	**8,329.2**	**19.7**
Sales in GWh				
Electricity	12,018.0	9,338.9	2,679.1	28.7
Gas	10,732.2	8,434.0	2,298.2	27.2
Heat	7,669.7	5,706.0	1,963.7	34.4
Total sales	**30,419.9**	**23,478.9**	**6,941.0**	**29.9**

Fully and proportionally consolidated companies
*) Due to the change in the balance sheet date, the 2012 figures for the energy segment relate to five quarters

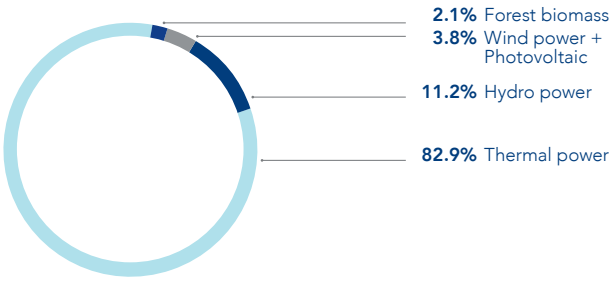
The change in the balance sheet date and the resulting presentation of five quarters in the 2012 financial year significantly distorts comparisons with the prior year. Due to the unfavourable circumstances prevailing in the energy sector, the production of electricity – restated to exclude the fifth quarter – was considerably lower than in the prior period.

Electricity production was mainly reduced in the thermal power stations. The production of heat and sales, however, remained at the levels seen in the prior year.

ELECTRICITY PRODUCTION 2012*)

in percent

(energy segment incl. equities)



*) Due to the change in the balance sheet date, the 2012 figures for the energy segment relate to five quarters

Thermal power stations

Wien Energie operates thermal power stations at three sites. During the 2012 financial year, these plants accounted for approximately 82.9 percent of total electricity production. Natural gas is mainly used as the primary energy source

Hydropower

Wien Energie operates hydroelectric power plants with a total output of 18.3 megawatts. In 2011, Wien Energie acquired a 13-percent stake in Verbund Innkraftwerke GmbH (Germany), which operates 13 hydroelectric power plants with a total

installed output of over 310 megawatts. This investment provides Wien Energie with power-drawing rights based on market prices, as a result of which the Group's entire electricity production from hydropower increased by 45 percent during the financial year

Wind power

Wien Energie has been relying on wind power since 1997 and, combining its own wind farms and its investments, has a current installed output totalling 60 megawatts.

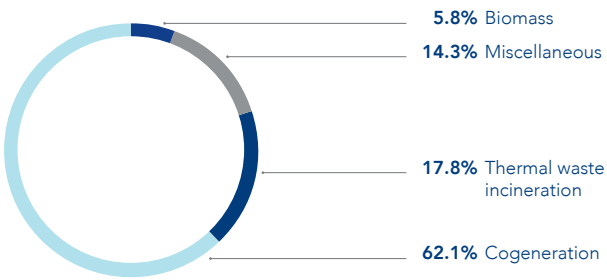
Biomass

Due to the extensive domestic availability and the mature electricity generating technology now existing, biomass power stations are seen as an environmentally friendly (climate neutral) form of production with considerable potential. Wien Energie is tapping this potential through its cooperation with the Austrian Forestry Commission and the combined operation of the country's largest forest biomass power station.

HEAT PRODUCTION 2012*)

in percent

(energy segment incl. investments)



*) Due to the change in the balance sheet date, the 2012 figures for the energy segment relate to five quarters

Wien Energie Fernwärme, the district heating provider, supplies around 330,000 households and more than 6,400 key accounts with heating and hot water, and is therefore one of the largest companies in this sector in Europe. The base load requirements are sourced from the thermal waste incineration plants at Spittelau, which is currently being modernised, Flötzersteig, Simmeringer Haide and Pfaffenau. In total, these four plants process around 900,000 tonnes of waste, special waste and sewage sludge every year, producing almost 1,500,000 megawatt hours of heating. Medium-load requirements are met by drawing on the cogeneration technology of the Wien Energie power plants at Donaustadt, Simmering and Leopoldau, as well as the forest biomass power plant at Simmering and the OMV oil refinery in Schwechat.

Highlights

Opening of the customer service centre at Spittelau

Besides the Wien Energie-Haus on Mariahilferstrasse, Wien Energie also operates six customer service centres in Vienna. The largest of these is the new customer service centre at Spittelau, which opened in March 2012 after just under a year of construction work. With 600 m^2 of floor space, this ultra-modern centre offers energy advice on electricity, gas and district heating. The building has been designed to be well lit and very spacious, providing a total of 18 consultancy areas in the form of isolated islands which guarantee the necessary degree of discretion during customer consultations. Energy efficiency was also given top priority during the construction of the building. The photovoltaic plant installed on the roof covers the building's electricity requirements, meaning annual savings in terms of CO_2 of 7.8 tonnes. Exceptionally high levels of energy efficiency have also been achieved in the areas of heat and cold insulation as well as sound proofing and solar protection. Thanks to these efforts, the customer service centre at Spittelau also sets a shining example for energy efficient construction in Vienna.

Innovative investment model: Citizen solar power plants

Wien Energie is setting store by renewable sources of energy and offers citizen's the option of investing in power plants to generate energy from renewable sources. In the course of the first phase of the citizen solar power plant programme, 8,000 panels for four photovoltaic projects were offered for sale in 2012. These panels were installed at suitable locations. The first project involved an industrial area on the premises of the Donaustadt power station. This went on-line in May 2012. Further plants were then built at Leopoldau and Vienna Central Cemetery. Each of these projects generates around 500 megawatt hours of electricity per year, equivalent to the energy needs of 200 households in Vienna. This leads to CO_2 savings of 207 tonnes per year.

Wien Energie builds and operates these turn-key photovoltaic plants, and therefore also bears the associated commercial risks. Citizens can opt to buy whole or half panels. Wien Energie leases the panels owned by the citizens for a fee which is equivalent to a fixed annual return on investment of 3.1 percent. The owners can sell their panels back to Wien Energie at any time at the full purchase price. The initial investment is also repaid to investors at the end of the useful life of the plant.

Geothermal project at Aspern / Essling:
Exploratory drilling without success

The idea behind this project dates back to the 1970s when, in 1974, OMV discovered geothermal water reservoirs while test drilling for oil. These finds served as the basis for the geothermal exploratory drilling. Wien Energie followed up on this in 2005 and continued the research into the geological and hydrological systems at Aspern. The project was well prepared over a period of several years and scientifically supported.

The exploratory drilling for geothermal energy at Aspern extended to a depth of over 4,000 metres, but did not reveal the layers of rock or the geothermal water reservoirs anticipated.

Geologists have confirmed that the subsoil of the city and the Vienna Basin need to be investigated further. A study programme has now led to the decision for Wien Energie to conduct further research into this issue. Geothermal energy is essentially regarded as an interesting possibility for increasing the proportion of renewable energy used in providing district heating.

GUGLE (Green Urban Gate towards Leadership in sustainable Energy)

The main focus of the GUGLE project is the thermal renovation of existing buildings in the 9th and 14th Districts of Vienna, with the intention being for these buildings to serve as a commercial model for larger-scale implementation. Further aspects include decentralised regenerative production (photovoltaic), intelligent management and regulation (facility management for energy) as well as associated financing models. The aim is to implement these programmes based on four case studies of residential buildings with decentralised or centralised heat production, namely public-sector buildings (e.g. nurseries and old-people's homes) and major consumers with an energy mix (e.g. hospitals).

District cooling

The construction of the district cooling centre at Schottenring, a facility with a refrigeration capacity of 13.1 megawatts, took place in the course of building an underground car park. The district cooling centre was commissioned in December 2012. The ongoing expansion of the district cooling network is allowing new customers to be connected.

On the site of the Central Railway Station (Hauptbahnhof) which is currently under construction, a further district cooling centre with an output of around 20 megawatts is being built which, from 2014, will also being supplying new customers.

On the grounds of the Rudolfstiftung hospital, a further district cooling centre is also in the final stages of construction. Although already partially operational since autumn 2012, when completed this facility with have a total refrigeration capacity of 7.8 megawatts.

Infrastructure expansion

Around 320,000 people live in the supply area of Wien Energie Stromnetz north of the Danube. As a result of the Seestadt Aspern development, the population in this area is continuing to rise. Since May 2012, around 140 employees of Wien Energie Stromnetz have been based at a new facility in Kagran from which they can serve this supply area more efficiently. The new building is an energy-efficient flagship property with innovative and ecologically advanced energy supply technologies.

On 6 September 2012, the building and operational application for a 380 kilovolt cable from the transformer station in Simmering to the south-west transformer station was submitted to Municipal Department 64 (MA 64 – Rechtliche Bau-, Energie-, Eisenbahn- und Luftfahrtangelegenheiten) in line with the relevant provincial legislation (Wiener Starkstromwegegesetz). An expert from MA 22 (Environmental Protection Department) carried out an on-site inspection on 25 October 2012 in accordance with the Vienna Nature Conservation Act (Naturschutzgesetz) associated with the application for the approval of this 380-kV cable.

The new 110/20-kV transformer station at Essling was completed during the financial year and went on-line in early October 2012. This facility supplies the Flugfeld Aspern urban development area and the extension of the underground to Aspern.

The new transformer station at Messe was also largely completed during the financial year and commissioned in autumn 2012. This transformer station next to the Krieau trotting track, in an area of future high energy consumption, will supply new urban districts such as the area around the University of Economics, Viertel 2, the Donaumarina and Waterfront Vienna.

Feeding-in wind power

Appropriate network plans, a flat-rate pricing structure for network access as well as investment and expansion plans have all been developed due to the extremely high level of demand from potential suppliers of wind power. This involves establishing modular, centralised feed-in facilities for wind power north and south of Vienna in cooperation with Austrian Power Grid (APG).

Studies have also been initiated to investigate the forecast increase in the number of decentralised and local feeding-in of electricity from photovoltaic plants as well as the targeted expansion of electricity networks, particularly at key hubs.

Smart metering pilot project

Currently, it is only possible to measure power consumption on the basis of the difference between annual meter readings. Smart metering will also allow customers to determine their power consumption in future via an internet portal.

On the basis of an EU Directive and Austrian legislation, all households in the supply area served by Wien Energie Stromnetz will have access to a smart meter by 2019. This technology replaces conventional electricity meters and makes consumption transparent for consumers. While meter readings currently take place annually, smart metering will make it possible to measure consumption at any time and provide this information to network operators once per day. Smart metering provides network operators with exact details of network capacity. The integration of renewable sources of energy such as wind power and photovoltaic in particular will also be possible to a greater extent. Special electricity tariffs for certain times of the day are also conceivable. Particularly inexpensive tariffs for off-peak periods could encourage customers to change their consumption patterns. This would potentially even allow some of the fossil-fuel-fired peak-load power stations to be taken off-line.

Wien Energie Stromnetz is performing a pilot project to prepare itself optimally for the roll-out. The preparation work and the installation of 3,000 smart meters at customer sites will, for example, allow various transmission technologies in urban and rural areas as well as new and older properties, different meter types, new IT systems and their integration into the existing IT systems to all be tested.

The SMP Customer Feedback project involves customer surveys as a basis for optimisations prior to the roll-out set to begin in 2014.

Smart Campus (head offices of Wien Energie Stromnetz GmbH)

At the southern end of the existing site of Wien Energie Gasnetz, Wien Energie Stromnetz is building its new head offices. The design was selected in the course of an EU-wide architectural competition. The building will also be smart due to the fact that priority is even being given to energy efficiency and functionality during the planning phase. Once completed, the building will be smart in terms of its administrative and operational running costs. For example, users will be provided with information which allows them to manage their energy consumption intelligently.

At the Smart Campus in the Simmering District, the centralisation of all Wien Energie Stromnetz departments will reduce travel, facilitate communication and simplify processes. The future users are being involved in the planning process in order to reach these objectives.

Increase in gas network pressure

Following the completion of the third field trial in Schwechat and in parts of the 11th and 14th Districts, the area-wide roll-out began on 1 April 2012. The results of the field trials as well as the subsequent back testing were evaluated and integrated into the project planning.

The installation of the pressure regulators in high-altitude areas has been completed. The procedure is based on the sectors in which gas meters are being exchanged in order to maximise the synergies. The installations planned in the north-east of Vienna and in Gerasdorf have already been identified and the safeguards integrated into the modernisation process. This involved changing the gas meters in the course of calibration work, the building pressure regulators or gas meter regulators installed and building supply pipes being renewed if necessary.

Business development

FINANCIAL RESULTS
in EUR million

	2012[1]	2010/11	±	±%
Turnover	3,178.7	2,472.8	705.9	28.5
Electricity sales	1,897.2	1,593.5	303.7	19.1
Gas sales	558.7	373.1	185.6	49.7
Heat sales	722.8	506.3	216.5	42.8
EBIT	-692.0	62.7	-754.7	n.a.
Financial result	-16.3	19.3	-35.6	-184.5
EBT	-708.3	82.0	-790.3	n.a.
Profit / loss for the year	**-710.8**	**77.3**	**-788.1**	**n.a.**
Investments in intangible assets	13.0	15.4	-2.4	-15.6
Investments in tangible assets	440.1	331.5	108.6	32.8
Investments in financial assets	79.2	238.0	-158.8	-66.7
Total investment	**532.3**	**584.9**	**-52.6**	**-9.0**

[1] Due to the change in balance sheet date, 2012 includes five quarters

Differences as a result of rounding figures have not been eliminated

As has been mentioned above, the figures reported for the energy segment in 2012 contain the results of five quarters due to the change in this segment's balance sheet date. The comparability of the figures with those of the prior year is therefore limited.

The subsidiaries Windnet KG and Vienna Természeti Erö kft were fully consolidated for the first time in the 2012 financial year.

Turnover

By far the largest proportion of the turnover of the Wiener Stadtwerke Group is generated by the energy segment. Excluding the fifth quarter, electricity revenues were marginally lower than in the prior period, which is attributable to lower sales to key accounts. This was more than offset by higher gas revenues as well as price-related increases in district heating revenues as a result of which overall higher turnover was generated.

Result on ordinary activities (EBT)

The negative result here is mainly accounted for by the Group-wide change in the methods applied to calculate provisions for pension obligations, the drop in the interest rate, and the impairment charges taken against power station assets.

The financial result deteriorated as a result of the decline in the recognised value of shares in EconGas and Verbund.

Investments

The energy segment invested a total of EUR 532.3 million during the financial year. Investments in tangible assets rose by 32.8 percent, compared to the prior year, to EUR 440.1 million. Besides the consideration of five quarters, this was also due to the first-time consolidation of Windnet Windkraftanlagenbetriebs-GmbH & Co KG and Vienna Energy Természeti Erö kft. Investments in financial assets in 2011 in the amount of EUR 238.0 million resulted mainly through the acquisition of shares in Verbund Innkraftwerke GmbH (Germany).

Transport segment

Transport segment	Local passenger services
	Transport services for the disabled
	Rail cargo

The transport segment consists of the Wiener Linien division and the Wiener Lokalbahnen Group. Due to their relative scales, the development of the business of these two divisions is presented here separately.

The network operated by Wiener Linien is made up of five underground lines, 29 tram lines and 98 bus lines, which in total carry around 2.5 million passengers daily. The Wiener Lokalbahnen Group is the operator of a twin-track, completely electrified, railway line between Vienna and Baden. Within the city limits, the infrastructure of Wiener Linien is also used. This division also operates three of its own bus lines, whereby the licenses of the Verkehrsverbund Ost Region (VOR) are made

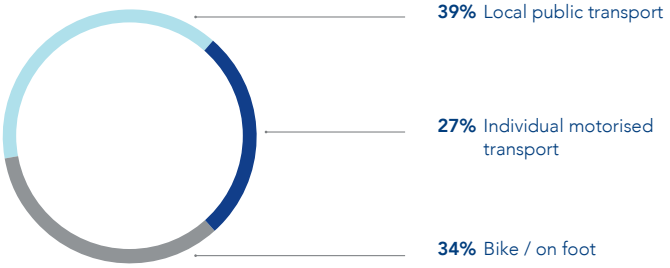
available at a charge. Furthermore, the Wiener Lokalbahnen Group is a Europe-wide operator of rail cargo and a provider of transport services for the disabled.

External factors

As a result of the Public Finance Act (BBG), the Energy Tax Rebate Act (EAVG) was amended. While production and service companies have been able to claim back energy tax over and above a certain defined threshold of the net production value since 2002, the intention is for a rebate to only be possible for companies in the manufacturing sector. The Public Finance Act makes this subject to the regulation only being applied in the case of companies for whom the European Commission has approved state aid. Among others, the Wiener Linien division and the Wiener Lokalbahnen Group would lose a considerable amount of their energy tax rebates as a result of the new legislation. Since 2012, a legal case disputing the Energy Tax Rebate Act has been ongoing at the Constitutional Court.

Development of the modal split

MODAL SPLIT



The share of public passenger transport relative to total transport in Vienna rose in 2012 from 37 percent to 39 percent. Besides the high quality of the services offered, the reduced fares (particularly annual season tickets) available since May 2012 have been key to this success. The City of Vienna is currently preparing a new urban development plan which also includes transport. Essentially, the objectives of the old master plan still apply:

- Increasing the share of public transport to 40 percent
- Reducing the share of individual motorised traffic to 25 percent
- Increaseing the share of journeys by bicycle to eight percent

KEY PERFORMANCE INDICATORS

Passenger numbers in million	2012	2011	±	±%
Wiener Linien	907.0	875.0	32.0	3.7
Wiener Lokalbahnen	12.4	12.4	0.0	0.0
Total	**919.4**	**887.4**	**32.0**	**3.6**
Passenger kilometres transported				
Wiener Linien	18,390.3	18,181.1	209.2	1.2
Wiener Lokalbahnen	526.0	521.9	4.1	0.8
Total	**18,916.3**	**18,703.0**	**213.3**	**1.1**

Passengers

In 2012, Wiener Linien was able to increase passenger numbers by 3.6 percent compared to the prior year. A total of 907 million passengers were carried on scheduled services.

The increases achieved were mainly due to the change in the fares for annual and monthly season tickets, but also due to the popularity of the services offered. A role was also played in increasing passenger numbers by the introduction of new parking regulations in autumn 2012 (expansion of chargeable parking zones).

DEVELOPMENT OF ANNUAL SEASON TICKETS

The number of annual season ticket holders rose compared to the prior year by approximately 128,000 (34.3 percent) to around 501,000. This figure includes around 137,000 annual season tickets for pensioners.

Passenger kilometres transported

Wiener Linien provided around 18,390.3 million passenger kilometres transported in 2012. Of these, approximately 15,958.6 million or 86.8 percent related to rail-based means of transport.

PASSENGER TRANSPORT FLEET

Number	2012	2011	±	±%
Tram drive units WL	516	520	-4	-0.8
of which ULF	245	234	11	4.7
Tram trailer units WL	230	240	-10	-4.2
Total WL trams	746	760	-14	-1.8
Trams of WLB Group	43	43	0	0.0
of which ULF	14	14	0	0.0
Underground units for U6 line	124	124	0	0.0
Underground units for lines U1 to U4	722	738	-16	-2.2
Total rail-bound units	**1,635**	**1,665**	**-30**	**-1.8**
Buses (ULF) WL	469	480	-11	-2.3
Buses WLB Group	23	23	0	0.0
of which ULF	16	16	0	0.0
Minibuses (9-seater) WLB Group	99	124	-25	-20.2
Group coaches WLB	5	6	-1	-16.7
Total vehicle fleet	**596**	**633**	**-37**	**-5.8**

A total of eleven Type ULF B1 trams were taken into service during the financial year. Two new Type V underground trains were also commissioned during the same period. The work to fit electric door-mounted sensors on Type U1 and U2 underground trains had also been completed by the end of 2012. The installation of new electric door-mounted sensors will continue on ULF A and ULF B trams and on the drive units of Type T vehicles on the U6 line in 2013.

One low-floor bus was taken into service during the financial year. After successfully completely road trials, three battery-powered buses were commissioned on lines 2A and 3A in September. These so-called ElectriCity buses are part of the Vienna Model Region concept for e-mobility. The electric-powered buses not only run on electricity but also feed the energy generated by braking back into the battery, which makes them particularly environmentally friendly. This bus concept is unique in Europe and has already attracted considerable outside interest. These buses can transport up to 30 passengers.

The intention is to switch both lines to relying fully on this new bus model as early as next year. The tendering process for buses with a new propulsion concept was initiated in October 2012.

Wiener Lokalbahnen Busbetrieb GmbH previously operated bus services on behalf of Wiener Linien GmbH & Co KG on five routes under existing non-scheduled carriage agreements. The holding company was divested on 29 February 2012.

Due to the fall in demand for services in the area of school transport, it was also necessary to reduce the number of small buses (through disposals) in service here.

Freight traffic

In 2012, a total of 4,637 international freight trains (2011: 3,611) with 3.29 million (2011: 3.10 million) tonnes of freight were handled. Between Romania and Belgium, it was possible to establish and consolidate regular services of three round trips per week. The drop-off and pick-up areas include, among others, the harbours of Hamburg, Bremerhaven, Amsterdam, Antwerp, Koper and Duisburg.

Highlights

Fare changes in 2012

The fare changes which came into effect on 1 May 2012 benefit holders of long-term season tickets and those travelling with bicycles in particular. The fares for single journeys were adjusted to take account of inflation. The fines for fare dodging, on the other hand, were increased significantly.

OVERVIEW OF FARE CHANGES IN 2012

in EUR	Up to 30 April 2012	Since 1 May 2012
Annual season ticket	449.00	365.00
Monthly season ticket	49.50	45.00
Weekly season ticket	14.00	15.00
8-day ticket	28.80	33.80
Single journey	1.80	2.00
Semester ticket (principal residence in Vienna)	50.50	75.00
Semester ticket (principal residence outside Vienna)	100.00	150.00
Transport of bicycles	0.90	Free
Fine for fare dodgers	70.00	100.00

Both men and women aged 60 and above are entitled to discounted fares. The annual season ticket for pensioners is available for EUR 224.00. The age barrier for pensioner status will be increased gradually (by one year every two years) to the age of 65 in the period to 2022. These new rules for pensioners have been in place since 1 January 2012.

In Vienna, Lower Austria and Burgenland, as well as in the VOR region, the new Top-Jugendticket (youth season ticket) now acts as a network-wide ticket for a full school year, for all journeys and at all times, and costs EUR 60.00. The standard ticket (Jugendticket) is still available at a price of EUR 19.60. In the case of both of these tickets, the pupil is required to carry an ID (Schülerausweis) issued by the school at all times.

U1 Südtiroler Platz / Hauptbahnhof connection

The underground passage – a project organised jointly between Wiener Linien and the ÖBB – connects the exit to the U1 underground station at Südtiroler Platz and the Central Railway Station (Hauptbahnhof) currently under construction. At present, this tunnel connects the U1 station with tram lines O and 18, bus lines 13A and 69A, as well as with nine suburban (S-Bahn) railway services. Since the Central Railway Station is in effect moving from the former Südbahnhof site to Südtiroler Platz, the passage will reduce the transfer times for commuters and long-distance travellers. A clear signposting system is in place to help tourists and other non-residents find their way. The new Central Railway Station is scheduled to enter full service in December 2014.

U1 modernisation

Following a seven-week period of modernisation work, the U1 resumed services on the stretch between Schwedenplatz and Reumannplatz on schedule in summer 2012. This involved installing two new points allowing Wiener Linien to maintain services (by changing track) in the event of disruption. At the same time, the noise insulation and tracks were also renewed on the section between Karlsplatz and Taubstummengasse. Besides inspection work on the electrified rail along the entire route, the old iron power rails were exchanged in favour of energy-saving aluminium power rails and the old power transformers also replaced between Karlsplatz and Stephansplatz.

New route for tram lines 71, 6, D and 25

The following changes have been made in order to increase the appeal of the Vienna tram network:

Line 71 now offers a direct connection between the Vienna Central Cemetery (Zentralfriedhof) and the Vienna Stock Exchange (Börse). This improves connections between Simmeringer Hauptstraße and Rennweg as well as increasing the frequency of services on the Ring.

The residents of Kaiserebersdorf benefit from shorter waiting times following the extension of line 6, which replaces the section previously operated by the 71 tram. Line D is being extended so that it terminates at the eastern exit of the Central Railway Station (Hauptbahnhof).

The new 25 tram line began regular services between Floridsdorf and Oberdorfstraße shortly before Christmas 2012. This service now offers Wiener Linien passengers a direct connection between the districts of Floridsdorf and Donaustadt.

Klangmarketing project

This project aims to improve the quality of all acoustic announcements made by Wiener Linien. During the first year of the project, all of the acoustic communication media and contents were analysed. A new overall acoustic concept is currently being implemented.

This represents a new area of the corporate identity of Wiener Linien – the audible corporate identity of the company. In autumn 2012, this served as the basis for selecting Angela Schneider as the new corporate voice of Wiener Linien. The next step was then to improve all of the announcements in terms of their wording and clarity, re-recording these, and thereby adapting them to the new overall acoustic concept. The new announcements were then introduced across the entire network in December 2012.

New depot at Inzersdorf

The depot building of Wiener Lokalbahnen AG in Vienna is over 100 years old and currently used mainly for maintenance work. It has reached its limits in terms of capacity and will therefore not be able to meet future requirements. The advantages of building a new depot at Inzersdorf are not only creating sufficient track space on sidings for the tractive units but also enough space for the planned purchase of longer and wider, modern and barrier-free units.

The necessary building approvals have already been obtained and the rough plans for the new depot at Inzersdorf already exist. The new depot is planned to be finished in 2017.

DEVELOPMENT OF BUSINESS - WIENER LINIEN

in EUR million

Financial results	2012	2011	±	±%
Turnover	477.2	458.4	18.8	4.1
EBIT	-128.5	-127.5	-1.0	0.8
Financial result	6.0	7.7	-1.7	-22.1
EBT	-122.5	-119.8	-2.7	2.3
Annual losses	**-122.5**	**-119.8**	**-2.7**	**2.3**
Investments in intangible assets	4.2	1.1	3.1	281.8
Investments in tangible assets	382.7	294.9	87.8	29.8
Investments in financial assets	7.7	21.9	-14.2	-64.8
Total investment	**394.5**	**317.9**	**76.6**	**24.1**

Differences as a result of rounding figures have not been eliminated

Turnover

Due to the additional revenues generated by nearly all areas of ticket sales, turnover increased by around 4.1 percent. This was attributable, on the one hand, to the continuing high level of fuel prices, increasing numbers of tourists and the appeal of the services offered, and, on the other, to the changes in fares introduced in May 2012, with the reduction in the price of the annual season ticket in particular leading to a marked increase in passenger numbers.

The average income per passenger rose compared to the prior year by 0.2 percent (2012: 52.50 cents; 2011: 52.38 cents).

Result on ordinary activities (EBT)

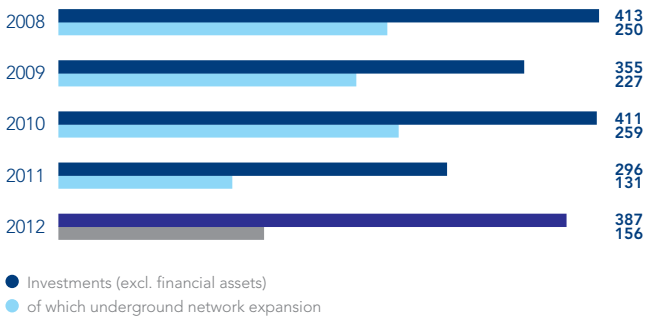
The decline in the financial result compared to the previous year was primarily due to lower interest-based revenues from cash pooling as well as the extraordinary interest income in 2011 as a result of restructuring a US cross-border lease (Transaction V).

Taking into account the remaining revenues and the expenses associated with salary increases and inflation-related adjustments, earnings before tax (EBT) amounted to a loss of EUR 122.5 million.

Investments

INVESTMENTS (TANGIBLE AND INTANGIBLE ASSETS) 2008-2012

in EUR million



The level of investment increased by a considerable 24 percent in 2012. Totalling around EUR 156 million, around 40 percent of overall investments made by Wiener Linien in 2012 (excluding financial assets) was accounted for by the extension of the underground network. Approximately EUR 61 million was invested in the purchase of ultra-low-floor (ULF) trams, EUR 51 million in the procurement of underground trains and EUR 25 million in the extension of tram lines 25, 26 and D. A further EUR 47 million were invested in upgrading the main workshops at Simmering.

DEVELOPMENT OF BUSINESS – WIENER LOKALBAHNEN GROUP

in EUR million

Financial results	2012	2011	±	±%
Turnover	94.2	90.4	3.8	4.2
EBIT	2.5	3.7	-1.2	-32.4
Financial result	2.0	0.1	1.9	n.a.
EBT	4.5	3.8	0.7	18.4
Annual net result	**4.4**	**3.8**	**0.6**	**15.8**
Investments in intangible assets	0.1	0.1	0.0	0.0
Investments in tangible assets	23.5	6.6	16.9	256.1
Investments in financial assets	2.0	0.0	2.0	n.a.
Total investment	**25.6**	**6.7**	**18.9**	**282.1**

Differences as a result of rounding figures have not been eliminated

Turnover

The increase in turnover is mainly accounted for by higher revenues from freight services.

Investments

The 2012 financial year saw investments in four new tractive units for passenger services, one new tractive unit for freight services and the start of the project to lay new sleepers on the section of track between Shopping City Süd (SCS) and Wiener Neudorf.

Funerals and cemeteries segment

Funerals and cemeteries segment	Funeral services
	Cemeteries

This segment consists of B&F Wien GmbH as well as the companies Bestattung Wien GmbH, Friedhöfe Wien GmbH and BFW Gebäudeerrichtungs- und Vermietungs GmbH & Co KG. Bestattung Wien is the largest company of its kind in Austria and one of the largest in Europe. Since being founded in 1907, Bestattung Wien has performed over two million funerals and organised repatriations worldwide. Friedhöfe Wien manages 46 cemeteries in the city with more than 525,000 graves. Vienna's largest and Europe's second largest cemetery, Vienna Central Cemetery (Wiener Zentralfriedhof) covers an area of around 2.5 million square metres.

External factors

The management of cemeteries is hardly affected by developments in a wider economic context; the situation is similar in terms of the number of tenures for burial. Business development is dependent on mortality rates. One negative effect, however, is the long-term decline in the significance attached to dealing with death.

Customer strategy

The main focus here is on dependability with regard to the performance of funeral services, optimally satisfying customer needs and reverent behaviour vis-a-vis customers during a sensitive consultancy.

The aim of the one-stop-shop principle applied here is to relieve relatives of as many arduous tasks associated with a death as possible. At the same time, the intention is also to provide suitable and flexible alternatives for those individuals who don't want a traditional funeral. This involves both more intensive advisory services and a wider range of offers.

The options offered by Bestattung Wien range from services before death (e.g. insurance / provisions) to those after death (after-care for surviving relatives). In this area, the company also offers mourning seminars for relatives.

The company has always strived to improve the image of this profession. Appropriate campaigns and press conferences, which among other goals also aim to explain the range of services provided by the profession of undertakers, are a clear indication of this. The objective here is to present the undertaker as a general partner with the means to deal with all of the related issues.

At the end of 2011 and in cooperation with the Federal Association of Undertakers (part of the Austrian Chamber of Commerce and Industry), the company Bestatterakademie GmbH was established with the aim of ensuring uniform training standards at the federal level. During the reporting period, numerous training courses, seminars and the like were held. In spring 2013, the first series of courses for the certification of undertakers will be held in Vienna.

Development of mortality statistics

According to the preliminary statistics released by Statistics Austria, the mortality rate in Vienna rose during 2012. In the months January to November 2011, a total of 13,951 deaths were reported. The same period in 2012 saw a total of 14,449, or 3.57 percent more, deaths.

Bestattung Wien performs around 19,000 funeral services every year. In 2012, these can be broken down into around 7,300 burials, 3,000 cremations and other activities such as exhumations, repatriations and services provided on behalf of other undertakers.

KEY PERFORMANCE INDICATORS

	2012	2011	±	±%
Funeral services	**19,126**	**18,258**	**868**	**4.8**
Burials	7,278	7,344	-66	-0.9
Cremations	3,064	2,988	76	2.5
Repatriations	347	399	-52	-13.0
Performed on the instructions of public health authorities	812	824	-12	-1.5
Subservices, procurements, exhumations, etc.	2,848	2,187	661	30.2
Service for other undertakers	4,777	4,516	261	5.8
Cemetery services				
Coffin internments	9,989	9,948	41	0.4
Urn internments	3,617	3,434	183	5.3
Plot extensions	32,652	32,520	132	0.4
Plot care contracts	32,121	32,772	-651	-2.0
Masonry orders	743	777	-34	-4.4
Other services	30,091	29,324	767	2.6

Funeral services

The numbers of burials and cremations performed by Bestattung Wien remained essentially unchanged in 2012. A tendency exists away from burials in favour of cremations. The number of services provided for other undertakers rose by 5.8 percent from 4,516 in 2011 to 4,777 in 2012.

Cemetery services

In 2012, coffin and urn interments as well as extensions of burial tenures rose marginally by 0.8 percent. The number of grave maintenance contracts, however, fell by 2.0 percent.

Highlights

New head offices

The new building erected houses the offices of both the funerals and cemeteries subsidiaries as well as the central workshops. In operation since November 2011, the workshops cover all technical areas associated with both funerals and the cemeteries. Construction work on the new head offices was completed at the end of 2011 and the companies relocated in February once the interior work had been finished.

In early 2013, work will begin to erect a new building on the piece of land to the north of the new head offices. This will house the operational teams of Bestattung Wien which are currently still based in Goldeggasse as well as serving as a new logistics centre.

With regard to converting Sargerzeugung Atzgersdorf GmbH into a logistics centre in 2013, the range of coffins has been revised and preliminary work carried out for purchases from third parties.

BUSINESS DEVELOPMENT

in EUR million

Financial results	2012	2011	±	±%
Turnover	70.4	69.0	1.4	2.0
EBIT	-26.1	-0.5	-25.6	n.a.
Financial result	0.9	0.9	0.0	0.0
EBT	-25.2	0.5	-25.7	n.a.
Profit / loss for the year	**-25.2**	**0.3**	**-25.5**	**n.a.**
Investments in intangible assets	0.4	0.4	0.0	0.0
Investments in tangible assets	4.3	21.0	-16.7	-79.5
Investments in financial assets	13.0	6.0	7.0	116.7
Total investment	**17.8**	**27.4**	**-9.6**	**-35.0**

Differences as a result of rounding figures have not been eliminated

Turnover

The revenues of the funerals and cemeteries segment improved marginally in 2012 by EUR 1.4 million to EUR 70.4 million as a result of additional income from letting funeral halls which, since autumn 2011, have been retained entirely by Friedhöfe Wien.

Result on ordinary activities (EBT)

Earnings before tax were impacted significantly by the need to increase provisions for pension obligations.

Investments

The main focuses of investment activities in the 2012 financial year were lending activities and the acquisition of limited partner interests in Wiener Stadtwerke TownTown GmbH & Co Stationsturm KG and Wiener Stadtwerke TownTown GmbH & Co Residenz KG. Investments in tangible assets in 2011 included the completion of the administration building at Hütteldorf Cemetery and the renovation of the gardening services building at Vienna Central Cemetery.

Car parks segment

Car parks segment	Car parks owned (incl. leased)
	Car parks managed

The car parks segment includes all investments in car park operators, in particular those of WIPARK Garagen GmbH. This subsidiary operates the car parks owned by the Group and also car parks owned by third parties.

External factors

Besides general economic development factors, the parking habits of customers are also influenced by broader environmental factors relating to parking facility management and the tariffs for local public transport charges, which explains the higher usage rates of short-term parking facilities.

KEY PERFORMANCE INDICATORS

	2012	2011
Car parks (owned + leased)	42	36
Parking spaces (own + leased)	11,797	11,009
Car parks managed	22	26
Parking spaces managed	7,304	8,225

The increase in the number of parking spaces owned and leased resulted through the opening of new car parks, particularly those at Zelinkagasse, Media Quarter, Mödling and TownTown Tangente. Due to the expiry of management contracts, WIPARK also reported the loss of four car parks it had previously managed. A general trend towards self-management is discernible in this segment.

Highlights

The restructuring and consolidation process relating to the Group's car parks continued during the financial year. Backdated with effect from 1 January 2012, the year saw the merger of the companies STPM Städtische Parkraummanagement Gesellschaft mbH and WIPARK Garagen GmbH as well as the integrations of Promis Garagen GmbH and WSTW TownTown GmbH & Co Service KG into WIPARK Garagen GmbH.

In the course of 2012, leasing contracts were also concluded for the TownTown Tangente facility (from July), Parkplatz Mödling (from September) and Media Quarter (from October). Furthermore, the complete renovation of the Garage Westbahnhof facility, including the upgrading of two storeys, was largely completed in the course of Q4 2012.

The subsidiary P.C.C. opened the car parking facility on Zelinkagasse in December 2012. The administration departments relocated at the end of March from the head offices in the 10th District to the 3rd District, and in the area of IT, it was also possible to complete the replacement of AS400 with SAP in December.

BUSINESS DEVELOPMENT

in EUR million

Financial results	2012	2011	±	±%
Turnover	15.4	15.9	-0.5	-3.1
EBIT	-1.3	-5.2	3.9	-75.0
Financial result	0.2	-2.6	2.8	-107.7
EBT	-1.1	-7.9	6.8	-86.1
Annual losses	**-1.2**	**-7.0**	**5.8**	**-82.9**
Investments in intangible assets	0.0	0.0	0.0	n.a.
Investments in tangible assets	4.3	11.8	-7.5	-63.6
Investments in financial assets	0.2	3.5	-3.3	-94.3
Total investment	**4.5**	**15.3**	**-10.8**	**-70.6**

Differences as a result of rounding figures have not been eliminated

Result on ordinary activities (EBT)

The improvement in EBIT of approximately EUR 4 million is mainly due to lower expenditures. Moreover, 2011 also saw the setting up of contingent liabilities for warranty obligations associated with the divestment of assets (STPM Städtische Parkraummanagement Gesellschaft mbH) and ongoing legal cases. Due to unscheduled write-downs of car park assets and projects (relating to STPM Städtische Parkraummanagement Gesellschaft mbH and WIPARK Garagen GmbH), the operating result (EBIT) remained negative in 2012.

Investments

Major investments during the period related to additions in the recognised value of assets as a result of the complete renovation of the Garage Westbahnhof facility and, on the other hand, to the additions as a result of the mergers mentioned above. The value of tangible assets reported in 2011 included those as a result of the consolidation of Tiefgarage Freyung Errichtungs- und Verwaltungsgesellschaft mbH & Co KG and Garage am Beethovenplatz Gesellschaft mbH & Co KG.

8. Employees

The Group headcount can be broken down as follows:

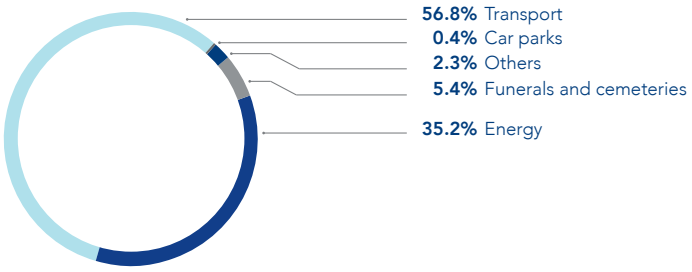
HEADCOUNT

Average in FTE	2012	2011	±	±%
Energy	5,500	5,467	33	0.6
Transport	8,868	8,830	38	0.4
Funerals and cemeteries	839	857	-18	-2.1
Car parks	56	64	-8	-12.5
Other segments	356	331	25	7.6
Apprentices	409	407	2	0.5
Total Wiener Stadtwerke Group*	**16,028**	**15,956**	**72**	**0.5**

*Excluding those on maternity leave and national service

Due to the change in the balance sheet date, the 2012 figures for the energy segment relate to five quarters

Every single day, the just over 16,000 personnel of the Wiener Stadtwerke Group make a considerable contribution to maintaining the high quality of life enjoyed in Vienna.



The increase in the average headcount compared to the prior year of 0.5 percent is largely explained by the additional services offered in the transport segment (particularly on the tram network) as well as the full-year impact of restructuring the personnel departments (reported in the remaining business areas).

Training apprentices

The Group has over 400 trainees and apprentices pursuing qualifications in twelve different professions, making the Wiener Stadtwerke Group one of the largest providers of traineeships and apprenticeships in Vienna.

Since 2003, Wiener Stadtwerke has even taken on more trainees than needed in order to help combat youth unemployment. This relates to between 35 and 50 additional places every year. One aspect of the Group's corporate policy is to give young people the opportunity of a sound education in order to increase their chances in the job market. A major proportion of the trainees and apprentices subsequently secure employment with the company.

To facilitate equal opportunities, Wiener Stadtwerke attaches considerable importance to encouraging female apprentices in manual skilled and technical professions. For example, every year Wiener Stadtwerke is involved in the Wiener Töchtertag event, which aims to interest young women and girls in professions traditionally dominated by men. These efforts are already starting to pay off.

Personnel development

The strategic personnel development of the Wiener Stadtwerke Group involves all steps relating to training, promotion and organisational development. These are carefully planned, implemented and evaluated by the Group and/or its subsidiaries and the employees involved.

The establishment of ideal circumstances enables personnel of all generations at the Wiener Stadtwerke Group to be offered a pleasant working environment ideally suited to their personal development.

The work of strategic personnel development is aligned with the four phases of professional life through which employees typically pass.

Personnel development work focused on phases of professional life

The on-boarding phase applies to all new personnel and relates not only to ensuring a good start in their careers at Wiener Stadtwerke but also attracting the most suitable employees by means of excellent recruitment practices and appropriate personnel marketing programmes. The orientation and establishment phase is one in which employees are shown and offered specific career paths.

This is followed by the family / career phase which focuses on family-friendly working conditions, equal opportunities and optimal development chances. The final phase, best agers, relates not simply to belonging to a specific age group but focuses on the respect-oriented passing on of experience which it is important to retain and share.

The so-called 'Faire Fahrt' project at Wiener Linien deals with the organisation of working hours for drivers. The specific aims here are to organise future working hours in such a way that it is possible to combine performance, health and quality of life during the different phases of life.

Equality and anti-discrimination

One of the cornerstones of the corporate culture at Wiener Stadtwerke is the principle of equal rights for everyone. Every form of discrimination of people or groups within a community lacking a legal basis is rejected as being unacceptable.

Wiener Stadtwerke actively and energetically tackles every form of discrimination. People with the same professional and personal qualifications with regard to training and personal development, employment conditions and remuneration are treated equally.

Equal treatment of men and women

Wiener Stadtwerke regards the equal treatment of women and men as an indispensable element of its corporate culture. This means automatically and regularly taking into account the different situations and interests of women and men in order to entrench the principles of gender mainstreaming and, in particular, equal treatment in the daily working processes of Wiener Stadtwerke.

Tapping the experience of older employees

Wiener Stadtwerke regards older employees favourably due to their considerable experience. Various educational, working organisation and health programmes have been initiated in order to retain these employees in the Group.

9. Environment

The principles of sustainability are integrated into, and taken into account in, the development of the corporate strategy of the Wiener Stadtwerke Group and its subsidiaries. A key element here is represented by the Group's five guiding principles on sustainability in which the underlying objectives are defined in detail.

The sustainability programme, which is updated annually and approved by the Board of Management, documents the objectives and action to be taken by the entire Group. Clearly structured sustainability management ensures that all Group entities are involved in the sustainability process. The progress made in terms of specific action points is evaluated and published every year.

The key environmental aspects addressed by Wiener Stadtwerke are climate-relevant emissions attributable to the production of fossil-based sources of energy as well as the direct and indirect emissions associated with its own use of electricity, heat and fuels. During the implementation of steps to protect the environment, it is vital that the energy

consumption and emissions of Vienna are regarded in their entirety. The Wiener Stadtwerke Group makes a significant contribution to energy efficiency efforts here both in terms of energy production, for example by increasing reliance on renewables, as well as in terms of its own fuel usage and that of its customers (mobility and energy-related advisory services).

Another relevant environmental aspect relates to direct emissions of primary air pollutants. Low-emission technologies (e.g. relating to power stations) as well as the services offered by Wiener Stadtwerke which aim to reduce emissions (including fine particulate matter and nitrogen oxides (NO_x) associated with household heating systems and private motorised transport), play a role in improving air quality in Vienna.

The environmental impacts of dealing with waste materials, the remediation of contaminated sites, the drawing of water and the discharge and disposal of coolant and waste water are also relevant. The activities of the Group's subsidiaries aimed at reducing the impact on the environment vary depending on the business areas in which they operate.

For detailed information on sustainability management at Wiener Stadtwerke, please refer to the Group's Sustainability Report (in German) http://www.nachhaltigkeit.wienerstadtwerke.at.

Energy segment

The activities of Wien Energie in the area of environmental protection are focussed on the efficient use of resources, limiting greenhouse gas emissions and safeguarding security of supply.

Reliance on cogeneration technology in order to simultaneously produce electricity and heat leads to a significant reduction in the need for primary energy. Overall, the use of cogeneration technology and waste heat from waste incineration plants yields annual savings of around 1.9 million tonnes of CO_2. The action planned in the areas of renewable energy sources, energy efficiency and district heating are aimed at achieving additional savings.

In the area of renewables, Wien Energie is pursuing the objective of steadily expanding the production portfolio for electrical power. Several wind, water and photovoltaic power plant projects are currently at the planning phase. New business and financing models (SolarKraft and citizen solar power plants) were developed in 2012 in order to expand solar power use in the supply area.

Wien Energie also plays an important role in reducing CO_2 emissions by means of supporting numerous development projects involving natural-gas powered vehicles and electromobility. The energy segment, for example, already has a fleet of 150 natural-gas powered vehicles.

In addition, the so-called citizen solar power plant projects allow the inhabitants of Vienna to personally invest in and profit from greener electricity production. This innovative model allows them to invest in the panels of solar power plants, which are then installed and maintained by Wien Energie, and in return for which they receive a return. Three citizen solar power plants (Donaustadt, Leopoldau and at Vienna Central Cemetery) have so far been erected.

Transport segment

Wiener Linien is the leading provider of local public transport services in Vienna and, in conjunction with the City of Vienna, is pursuing ambitious targets including those defined in Climate Protection Programmes (KLiP II and II) as well as in the Transport Master Plan (2003/2008) and in the City's urban development plan. Due to the high proportion of journeys relying on local public transport in the Vienna's modal split (39 percent), Wiener Linien and the Wiener Lokalbahnen Group play an important role in climate protection and safeguarding the city's good air quality. By continuously expanding the range of public transport options available and through further increases in quality and comfort, the aim is to increase passenger numbers even further.

Due to the high proportion of electric-powered transportation (all rail-based vehicles) and the use of low-emission buses, local public transportation in Vienna is characterised by an excellent environmental balance in terms of energy efficiency and air pollution control, particularly with regard to fine particulate matter and NO_x.

During the period under review, Wiener Linien GmbH & Co KG also continued with its integrated QSE (Quality – Safety – Environment) management system. This was confirmed by the findings of the annual internal audit as well as an external monitoring audit in 2012. These involved assessing the management systems according to EN 13816 (service in public passenger transport), ISO 14001 (environmental management systems), OHSAS 18001 (occupational safety management systems) and Article 39 of the Austrian Railways Act (safety management systems).

Funerals and cemeteries segment

Electrical hearses have been in use at the Vienna Central Cemetery for many years. The conversion and maintenance of these vehicles, however, is extremely costly. As a result, the reduction in CO_2 emissions by the fleet of Bestattung Wien GmbH is very limited. The plan is to successively phase out these vehicles in the coming years and replace them with state-of-the-art models.

A responsible environmental policy also applies to the coffins used. For example, environmentally friendly water-based varnishes and no tropical hardwoods are used in their production. These aspects are important given the fact that Bestattung Wien GmbH requires around 15,000 coffins per year.

B&F Wien GmbH and Bestattung Wien GmbH have been certified according to ISO 14001 since 2010.

Car parks segment

Through its management of over 60 car parking facilities with around 19,000 parking spaces, WIPARK plays an important role in relieving the pressure on public parking in Vienna.

10. Research and development

The Wiener Stadtwerke Group invests in research, technology and innovation (in German: FTI) in order to be able to master future challenges. To this end, the Group prepared its own FTI strategy in 2011: A key element here is the ability to better manage complex innovation issues which affect the entire Wiener Stadtwerke Group.

The FTI strategy is seen as the key to actively developing innovative and future-oriented business areas, to creating a commercial environmental geared to the future and to making it possible to launch advanced technologies and services.

Furthermore, the FTI strategy aims to support the Group in achieving its commercial targets, to help identify future opportunities and also ensures that the Wiener Stadtwerke is always up-to-date with regard to the technologies and processes that it uses. In order to better integrate its FTI activities, a research coordinator has been appointed and, from 2012, a Group-internal FTI fund has also been established.

Besides the coordination and content-specific work associated with research projects, another important milestone in 2012 was the signing of a cooperation agreement between Wiener Stadtwerke and the Vienna University of Technology. The purpose of the cooperation between the Group and the VUT is to advance the necessary transformation process in the areas of mobility and energy systems so as to be able to jointly design and pursue inter-disciplinary projects. The first strategic project involves designing a joint doctoral programme on the issue of smart cities. This will take place during 2013. In the winter semester 2013/14, up to ten doctoral students will work on inter-disciplinary theses roughly covering the fields 'energy systems of the future' and 'new mobility'.

The issue of integrated mobility is an important research focus for Wiener Stadtwerke. It was for this reason that the Group submitted the Vienna Model Region project 'eMobility on demand' as the consortium leader of numerous Group-internal and external partners in the hope of securing financing from the Klima- und Energiefond (Climate and Energy Fund). Having received funding support, this project has now been ongoing since 2012.

The e-mobility on demand (eMoD) project aims to facilitate the use of e-vehicles and establish charging stations at those interfaces

- where they can replace commercial traffic which previously relied on burning fossil fuels,
- where they guarantee mobility in every transport situation in which walking, bike and public transport use will still not be a viable alternative for citizens,
- and where e-vehicles, as part of an optimally integrated, inter-modal trip chains, assume a beneficial supplementary role in addition to the mainstay of urban mobility, namely local public transport.

The use of subsidised e-vehicles will therefore be implemented as a replacement for journeys which necessarily involve the use of a car, and therefore primarily for

- commercial transport in vehicle fleets with an appropriate use profile (financed by the Model Region and Klima.aktiv funds)
- e-vehicles used for complementary transport options in the multi-modal mix, such as e-taxis and e-carsharing
- commuters
- as well as e-buses on regular services operated by Wiener Linien (2A and 3A).

In addition, Wiener Linien is also working, as a member of the Austrian Mobile Power association and alongside other Austrian energy providers and leading Austrian technology companies in the fields of vehicle development, system development, infrastructure and research, on an overall system of electromobility. The declared objective of this association is to make electromobility as user friendly as possible.

SMILE

The research conducted into the issue of a mobility card led to the submission of the SMILE project.

The SMILE research project, funded by the Climate and Energy Fund, is developing and piloting a prototype for a multi-modal, integrated, web-based information, reservation and payment system (smart mobility platform) which intelligently combines local public transport and other mobility options, particularly e-mobility.

Key characteristics of this project are a uniform service design without local or regional boundaries and intelligent customer information as well as electronic reservation and payment processes. The SMILE platform will be based on uniform interfaces which allow other providers of mobility solutions (e-carsharing, e-bike hire, car parking facilities, charging stations, etc.) and other projects with similar objectives to be easily integrated into this system.

At the heart of the project is the system design and all of the associated facets, which are primarily being developed from the user perspective. The design phase involves defining the necessary requirements and detailed specifications which will subsequently be translated into a functional prototype during the development phase.

A trial period involving test users will then follow in selected test areas. This will make charging infrastructure and e-vehicles available at multi-modal mobility hubs which are functionally integrated into the SMILE platform.

The cooperation between Wiener Stadtwerke, as the largest urban mobility service provider, with Austrian Federal Railways (ÖBB), as the largest national provider of mobility services, is unique and offers the opportunity of establishing the basis for a mobility platform covering all of Austria.

For more information about this project, please refer to the project website at http://smile-einfachmobil.at

Seestadt Aspern

The Seestadt Aspern project involves developing planning criteria and an innovative network and operational management concept in the interests of a future-oriented smart grid to tackle major urban power supply issues. The knowledge accumulated and concepts developed in the course of the project are being put into practice for the first time on a wide scale at the new development known as Seestadt Aspern, which will offer accommodation and employment for 20,000 people.

Coordinated with the extension work on the U2 underground line, the first development phase will involve 2,000 residential units, a school campus, a wide variety of shops and service providers, a technology centre, research institutes, studios, business premises and public facilities. The Seestadt Aspern development will offer optimal residential and working conditions for people who wish to live in an environmentally conscious and urban context. For companies, this will be a location offering excellent infrastructure and an attractive environment for their employees. The Seestadt Aspern development will also have excellent connections to the public transport network: On the U2 underground line, it takes just 22 minutes from the Seestadt station to Schottenring or just 30 minutes to Karlsplatz. By train, it will take only half an hour to get to Bratislava.

Energy segment

The main focus of the research activities in this segment is on the development of close-to-market solutions in the areas of energy supply, energy efficiency and service. Particular emphasis is placed on the expansion of electricity production from renewable sources, especially photovoltaic, wind and hydropower. During the course of the financial year, new and innovative photovoltaic business models were developed and introduced. Following the successful launch of citizen solar power plants – the first solar power investments to be offered in Vienna – the following special products were also rolled out: Solarkraft Einfach Nutzen, Solarkraft Freiraum and Solarkraft Kaufen. These offerings allow everyone, even owners of large plots of land and roof areas, to immediately participate in the solar offensive of Wien Energie and play their role in generating sustainable energy supplies.

Besides projects to increase energy production from renewable sources, Wien Energie is also investigating options to increase the efficiency of its existing power station park and the expansion of energy storage options.

In May, work began on the world's first ever high-pressure thermal storage plant on the site of the power station in Simmering. This thermal storage plant will allow the timing of heat production and heat consumption to be decoupled, thereby making it possible to minimise the use of peak load boilers during periods of high demand. This facility will further leverage the use of cogeneration power plants and thermal waste incineration facilities. Through the optimisation of thermal heat production and storage, the thermal storage plant will reduce emissions by around 11,000 tonnes of CO_2 per year. This facility is set to enter service in 2013.

Transport segment

Turn Mobile

The Turn Mobile project is investigating the extent to which mobile phones can be used to count passenger numbers on public transport and, based on this, how they can be used for planning public transport services in Vienna. This involves analysing the data of mobile network cells and accompanying these with the operational data of Wiener Linien and with infrastructural data (roads, rail network, etc.). The results could enable the current capacity utilisation of vehicles, lines, etc. to be determined over the course of days, weeks or years. A key improvement vis-a-vis simply counting passengers would also be determining the sources, destinations and routes of individuals, the data of whom would of course by anonymised. The service and scheduling department will receive these data in a timely fashion and can use them to optimise services and schedules. This procedure is currently being tested on the underground network and reconciled with the automatic and manual statistics already collected by Wiener Linien. The first results will be available in Q2 2013. If successful, this project could be marketed internationally. In fact, it already roused considerable interest at the ITS World Congress.

Ways4all – barrier-free support in urban transport

The series of projects known collectively as ways4all (www.ways4all.at) fosters the mobility of people with disabilities by means of a smart phone app, WLAN and RFID chips. Ways4all currently consists of six different modules. In future, it will be possible to use every module independently or to implement it in other applications by means of an interface. The use of a simple and intuitive user interface is a top priority for the visually impaired. The input options are adapted to take into account the relevant needs and situation. Blind users can generate entries and receive responses via the integrated talk-back function of the smart phone. Users can plan their desired route by means of an EFA module which has direct access to the schedule data of the transport operator. Once the route has been selected, the user is guided by GPS and turn-by-turn announcements to the next stop or station. The Ways4all Open Street Map serves as the source of map-based information. Community members also have the option of optimising and supplementing this map.

11. Internal control and risk management system

At the Wiener Stadtwerke Group, a comprehensive risk management system has been introduced which enables opportunities and risks to be identified at an early stage. Risks and opportunities are defined as the possibility of negative and positive deviations from expected outcomes.

In accordance with the internationally recognised principles of COSO (Committee of Sponsoring Organizations of the Treadway Commission), the implemented risk management process covers the identification, recording and assessment of the risks faced by all Group companies. Adhering to this process ensures that appropriate mitigation steps can be initiated in order to tackle important risks in good time.
A range of action was taken in the past financial year aimed at gaining a more in-depth insight into the key issues covered by

the risk management system. These included performing an opportunity and risk review which, for the first time, compared the original opportunity and risk assessments of recent years with the outcomes which actually materialised. The findings are now being used to further develop the risk management system.

Similarly, the discussion and coordination of the most important opportunities and risks is now included in the annual business planning meeting of every Group subsidiary in order to be able to discuss, based on a holistic view, which opportunities and risks can be anticipated in the coming years and which, as a result, need to be subjected to close monitoring. A risk controller function, established at every Group subsidiary, is responsible for ensuring compliance with the defined risk management process. This position reports regularly and directly to the relevant general manager.

The risk landscape of the Wiener Stadtwerke Group is broken down into seven risk groups, with the main risks in the various risk groups being the following:

Financial risks: Covered by a Group-wide treasury management system

This risk class includes, in particular, those risks associated with short and long-term investments which are mitigated uniformly across the Group by means of a treasury management system. This system monitors the development of these investments by employing appropriate risk analysis concepts such as value-at-risk, initiates risk mitigation action, and also prepares reports for the General Management. Risks associated with US cross-border lease transactions are kept under close observation at all times.

Technical risks: Mitigation by means of regular maintenance and investment programmes

Given the fact that Wiener Stadtwerke is a group with asset-intensive operations, the absolute reliability of its technical infrastructure is a key success factor. For this reason, close attention is paid to compliance with high technical standards and carefully defined maintenance and quality checks. The reliable IT-based support of business processes is ensured by taking steps to reach an extremely high level of IT system availability. In addition, risks are minimised by means of appropriate insurance policies.

Price-related risks in terms of primary energy and electricity: Risk mitigation via hedge transactions

This category of risks covers fluctuations in the prices of oil, gas and sourced electricity supplies. In the interests of professional risk management, Wien Energie mitigates these price risks by engaging in appropriate hedge transactions, such as derivative financial instruments covering its source and distribution markets. Forwards, futures and swaps are used for these purposes. The development of financial instruments over time is largely dependent on developments in the relevant commodities markets. For more information on financial instruments, please refer to the relevant section in the Notes to the Consolidated Financial Statements.

Market risk: Risk mitigation through the development of new products and services

Market risks include price and competition-based risks in the area of sales. The Wiener Stadtwerke Group mitigates these risks by developing new products and services, through a pro-active, customer-oriented sales policy, and through a series of partnerships and cooperations.

Environmental risks: Risk mitigation by means of permanent market monitoring

The relevant political and legal environments are the main areas in which Wiener Stadtwerke monitors environmental risks. These are regularly reviewed in order to be able to identify risks as early as possible and to react accordingly.

Organisational and personnel risks: IPD as risk mitigation

As a responsible employer, the monitoring of personnel risks is particularly important for Wiener Stadtwerke. Therefore, defined personnel risks are evaluated on a quarterly basis and compared with a benchmark. Within the scope of the Group's integrated personnel development (IPD) concept, various methods are used such as, for example, employee orientation meetings, which are intended to mitigate and/or avoid these risks.

Internal Control System (ICS)

At Wiener Stadtwerke, ICS refers to all action and processes implemented which are aimed at monitoring and controlling the efficacy and efficiency of commercial operations, the reliability of financial reporting, and compliance with the legal requirements relevant to the Group.

Wiener Stadtwerke maintains extensive documentation of rules and processes relevant to the ICS which have been evaluated by a consultancy firm in recent years. In its findings report, Ernst & Young established that Wiener Stadtwerke documents its ICS in a way which is appropriate for a company of its size and complexity. The few areas for potential improvement identified in the report have been the focus of ameliorative action.

The entire ICS documentation system now serves as a basis for ICS internal auditing activities. The aims here are to ensure that the ICS remains effective, on the one hand, and to continuously develop the instruments used on the basis of the audit results, on the other.

With regard to the continuous improvement of the ICS, the main focus in 2012 lay on the optimisation of the integration of ICS documentation and the rules of functional separation in the integrated business software system. In cases in which a functional separation is not possible for various reasons, another, compensatory, ICS process ensures that the required security standards are complied with.

Irregularities discovered during the 2012 financial year (in particular accusations of price rigging with suppliers at Wien Fernwärme GmbH) were taken as an opportunity to evaluate and optimise ICS-relevant processes within the Group.

Furthermore, a Group-wide code of conduct was approved by the Board of Management and communicated to all personnel.

At the end of the 2012 financial year, no risks are identifiable which, either in isolation or in combination with other risks, represent a threat to the continued existence of the Wiener Stadtwerke Group.

12. Outlook

The Wiener Stadtwerke Group will continue to operate in an extremely dynamic business environment in the future. The challenges associated with this are being actively tackled by means of a clear corporate strategy. On the grounds of the persistently difficult circumstances prevailing in the energy sector, the Wiener Stadtwerke Group is intensifying its efforts relating to increases in efficiency in order to ensure that the Group continues to stand on a firm financial footing. By means of the clear prioritisation assigned to its plans, the intention is to further pursue important growth and innovation-oriented projects so that the Group can continue to live up to its claim of thinking in terms of Vienna's future.

The most important plans and objectives of the various Group segments are set out below.

Energy segment

Production

Investments in production facilities and infrastructure are continuing in order to ensure the existing high level of security of supply.

In the coming years, Wien Energy plans to modernise and upgrade its production facilities step-by-step. The thermal waste recycling plant at Spittelau will be fully optimised in terms of its energy efficiency by 2015. This project involves modernising major plant components (incineration and boiler system, water/steam system including the turbine and the denitrification plant for waste gases) of this facility originally commissioned in 1971. This and further steps are aimed at tripling the electrical output to around 13 megawatts without increasing the current capacity level of 250,000 tonnes of waste. This rise in energy efficiency is equivalent to annual savings of around five million cubic metre of natural gas. Besides the Spittelau site and among others, the district heating plant on the Arsenal site in the 3rd District of Vienna and the district heating facility in Kagran will also be upgraded in the coming years.

Another major focus of investment activity in 2013 will be capacity expansion projects in the area of renewable energy sources such as photovoltaic plants, wind farms and hydro-electric facilities. The emphasis in the area of thermal production is on the construction of a thermal storage plant with a capacity of 150 megawatts which will make an important contribution to increasing energy efficiency. The thermal energy production facilities of Wien Energie will not change in the course of the 2013 financial year and will continue to consist of high-efficiency, modern, gas-fired power stations employing cogeneration technology. The development of infrastructure for e-mobility will also be pursued further, as will the expansion of the tele-communications network in the business customer segment.

Distribution

Both the electricity and the gas networks require constant investments in order to safeguard the existing high degree of reliability. In the current regulatory environment, characterised by falling network tariffs, this objective represents a major challenge.

Sales

The energy procurement market is key to the commercial success of Wien Energie Vertrieb GmbH & Co KG. As in previous years, optimising the procurement strategy and professional risk management need to be the focus of particular attention. Through the introduction of a route-independent billing system for gas shipments (entry-exit system) and changes in terms of the market regulations for energy clearing and settlement in Austria, Wien Energie now faces a fundamentally new model in the gas market as of 1.1.2013.

A key focus of the sales activities of Fernwärme Wien GmbH in the coming years will be on further increasing the density of the existing network as well as optimising its use in terms of energy efficiency requirements. As a result, greater emphasis will be placed on customer relationship management, particularly with regard to the operating conditions (return temperatures) and connected loads.

On the site of the Central Railway Station (Hauptbahnhof) which is currently under construction, a further district cooling centre with an output of around 20 megawatts is being built which, from 2014, will also supply new customers.

On the grounds of the Rudolfstiftung hospital, a further stand-alone district cooling centre is also in the final stages of construction. Although already partially operational since autumn 2012, when completed this facility with have a total refrigeration capacity of 7.8 megawatts. The district cooling plant already installed at the SMZ Ost hospital will be upgraded in 2013 (total output: 6 megawatts).

Transport segment

Development of turnover, earnings and investment activity

Due to the steady increases in revenues and higher grants from the City of Vienna, and despite the higher costs as a result of expanding services, 2013 is expected to see a marked improvement in terms of earnings compared to the prior year.

Investments of around EUR 459 million are planned for 2013, of which approximately EUR 189 million are associated with the expansion of the underground network. Additional focuses of investment activity include the construction of the main workshops in Simmering, the replacement of various tram units, the procurement of buses and underground trains (Type V and Type T1) and the extension of tram line 26, as well as the redesign of the Opern- and Karlsplatzpassage underpass.

Package of immediate action on the U4

The U4 underground line has recently been subject to more disruptions than other lines. In response to this, a package of immediate action has been developed in order to increase the reliability of this line. The action includes exchanging all automatic train protection systems as well as points (interlockings), optimising processes in the area of service disruption management, and a large-scale U4 modernisation project.

Underground extension project - Phase 4

In Phase 4 of the extension project, the Vienna underground network will be extended by 14 kilometres.

- U2 North extension project

  The work on extending the U2 line northwards is already progressing at full speed. In recent years, the U2 is the underground line which has been extended furthest. The section of track to the Stadion station was completed in 2008. In 2010, the line was extended as far as the Aspernstraße station.

  At the end of 2013, the section of track to Seestadt is expected to enter service. The primary construction work on the Hausfeldstraße, Flugfeld Nord and Flugfeld Süd subsections (with the exception of minor tasks and troubleshooting) has been completed on time. The interior fitting work and technical system installations have been and are being performed on schedule.

- U1 South extension project

  The extension of the U1 line to the south has been combined with the development of the urban area Rothneusiedl. The general planning work for the extension of the U1 from the station Reu-mannplatz to Rothneusiedl was carried out by Municipal Department 18 - Urban Development and Planning.

  This revealed, however, that the so-called target area (Zielgebiet Rothneusiedl) was not feasible in the short to mid-term according to the Urban Development Plan 2005. Due to the fact that the sec-tion between Reumannplatz and Alaudagasse is problematic in urban development, transport and operational terms, the decision was made to favour a branched route to Oberlaa. The original option of a terminal in Rothneusiedl remains a future possibility.

  From 2017, the U1 will therefore operate between Leopoldau and Oberlaa.

- Extension of tram line 26

  The tramway network will be extended again in autumn 2013. The new section of track for line 26 will start at the U1 underground station Kagraner Platz, pass the Stadlau industrial estate on elevated tracks and terminate after 10 stations at the U2 underground station Hausfeldstraße. Line 26 will enter operations at the same time as the opening of the U2 underground extension to Seestadt Aspern.

Fleet of vehicles

The modernisation of the Wiener Linien fleet is continuing on schedule in 2013. Deliveries of four new underground trains (Type V) are expected.

In addition, the first of the new Type T1 traction units have already been taken into service on the U6 line in order to reduce intervals.

A further eleven ULF A1 and nine ULF B2 units are also to be delivered in 2013 as part of the ongoing replacement of old tram units by modern ultra-low-floor trams. 2013 will also see the procurement of another nine battery-powered buses and 22 articulated buses which are intended to succeed the generation of LPG-powered buses.

All of the new vehicles are fitted with air-conditioning units.

New Wiener Lokalbahnen AG depot at Inzersdorf

The necessary building approvals have already been obtained and the rough plans for the new depot at Inzersdorf already exist. The building of the depot is planned to be finished in 2017.

Funerals and cemeteries segment

The ground-breaking ceremony for the joint operational building on 19 February 2013 was the latest step in the direction of merging the premises used by employees in the funerals and cemeteries segment.

The new building is scheduled to be completed at the end of 2013 and will be home to the personnel of the funeral service and their fleet of vehicles, as well as a new logistics centre. The purchasing departments of Bestattung Wien and Friedhöfe Wien GmbH will also be relocated here.

Car parks segment

The 2013 financial year will also be characterised by work to further expand car parking facilities by means of building new car parks and entering into management contracts on behalf of third parties.

With effect from 31 January 2013, the service agreement for the management of garages concluded with a subcontractor was terminated, with the effect that WIPARK has been managing its car parking facilities itself as of 1 February.

It is also planned, effective retrospectively from 1 January 2013, to implement the last phase of the portfolio restructuring plan for car parking facilities, which involves merging City Parkgaragen Betriebsgesellschaft mbH. and P.C.C. Parkgaragen City Center GesmbH into WIPARK Garagen GmbH, as a result of which the internal processes and transparency within the car parks segment will be increased further.

Earnings position of the Wiener Stadtwerke Group

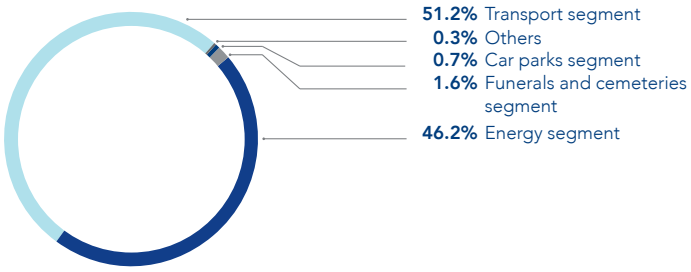
The earnings of the Wiener Stadtwerke Group in 2012 were severely impacted by extraordinary items – particularly the revaluation of provisions for pension obligations and the impairment charges taken again gas-fired power stations and domestic investments. Despite the unfavourable circumstances prevailing in the energy sector, it is possible that the Group will break even in 2013 as a result of increases in efficiency and the cost-cutting programmes introduced.

Investment programme of the Wiener Stadtwerke Group

In the 2013 financial year, the Wiener Stadtwerke Group plans to invest a total of approximately EUR 1,100.7 million, of which around 929.2 million will be in tangible assets.

INVESTMENTS IN TANGIBLE ASSETS

in percent



The largest investment projects include, among others:

- Energy segment: Smart metering and the Smart Campus, investments in the electricity and gas networks, the expansion of the district heating network and district heating production facilities, optimising the energy efficiency of the waste incineration plant at Spittelau and participation-based investments in the area of renewable energy sources.

- Transport segment: Tramway services (procurement of ULF units, extension of line 26) and underground services (procurement of new underground trains (Type V and T1), underground network extension work (Phases 3 and 4 on the U1 and U2 lines) and the upgrading of the main workshops in Simmering.

Funding for the planned investments is secured, on the one hand, mainly by the consistently positive operational cash flows in the energy sector and, on the other, by ticket sales and public grants in the transport segment. Overall, the financial position of the Wiener Stadtwerke Group can be considered to be stable due to the high reserves of liquidity and the stable cash flows.

Based on the abovementioned strategic objectives of the various segments, the Wiener Stadtwerke Group will further consolidate its position as one of the most important infrastructure providers in Austria. The top priority here is to actively exploit growth opportunities in all of the Group's business areas and to ensure a steady increase in enterprise value as the means of safeguarding the high quality of the services provided in future in the interests of customers.

13. Events after the balance sheet date

A restructuring project was launched in the first quarter of 2013 which, through a series of reorganisation steps, aims to optimise the legal structure of entities in the energy segment as a basis for further optimisation projects.

Vienna, 13 March 2013

THE BOARD OF MANAGEMENT

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Marc H. Hall Gabriele Domschitz

The City of the **Future**

As the **city's most important infrastructure service provider**, Wiener Stadtwerke is today already considering the challenges posed by the future. Alongside numerous partners, we are working to develop a future-oriented, environmentally friendly and attractive modal split for the inhabitants of Vienna. This involves further improving the already excellent modal split of the city and adding further, **practical mobility options**. And we are also expanding the use of renewable energy resources and producing ever more energy from wind, hydro and solar power.

Consolidated Balance Sheet

as at 31.12.2012, in EUR

Assets	Note	31.12.2012	31.12.2011
A. FIXED ASSETS	(1)		
I. Intangible assets	(2)	156,049,813	153,266,850
II. Tangible assets	(3)	9,467,884,519	9,160,089,922
III. Financial assets	(4)	2,337,394,649	2,406,489,386
Total fixed assets		**11,961,328,981**	**11,719,846,158**
B. CURRENT ASSETS	(5)		
I. Inventories	(6)	124,098,139	89,601,704
II. Receivables and other assets	(7)	646,099,976	455,508,618
III. Securities and shareholdings		0	1,989,060
IV. Cash in hand, cheques and cash in bank		211,591,769	464,150,664
Total fixed assets		**981,789,884**	**1,011,250,046**
C. PREPAYMENTS AND ACCRUED INCOME	(8)	404,727,029	468,489,911
Total assets		**13,347,845,894**	**13,199,586,115**
Contingent assets		269,862,307	263,981,444

Liabilities and shareholder's equity	Note	31.12.2012	31.12.2011
A. EQUITY	(9)		
I. Capital stock		500,000,000	500,000,000
II. Capital reserves		3,571,392,826	3,472,874,167
III. Retained earnings		1,448,691,526	1,361,371,242
IV. Minority interests		13,629,365	15,260,075
V. Profit/loss for the year		-788,599,203	103,761,153
Total shareholder's equity		**4,745,114,515**	**5,453,266,638**
B. PROVISIONS	(10)	3,530,226,613	2,696,230,222
C. LIABILITIES	(11)	1,437,809,142	1,437,065,919
Total borrowed capital		**4,968,035,755**	**4,133,296,141**
D. ACCRUED EXPENSES AND DEFERRED INCOME	(12)	3,634,695,623	3,613,023,336
Total liabilities and shareholder's equity		**13,347,845,894**	**13,199,586,115**
Other contingent liabilities	(13)	426,284,812	414,577,517
Other liabilities		70,347,566	20,817,532

Consolidated Profit and Loss Account

from 1 January 2012 to 31 December 2012, in EUR

		Note	2012	2011
1.	Turnover	(14)	3,775,784,869	3,058,653,285
2.	Change in inventory of finished and unfinished goods and accrued income		268,125	-96,611
3.	Other own work capitalised		76,219,484	63,727,615
4.	Other operating income	(15)	682,585,572	602,339,492
5.	Cost of materials and services	(16)	-2,080,306,462	-1,627,077,145
6.	Personnel expenses	(17)	-2,005,048,049	-1,065,425,562
7.	Depreciation and amortisation of non-current intangible assets	(18)	-655,135,601	-514,839,813
8.	Other operating expenses	(19)	-673,376,022	-591,051,765
9.	**EBIT**		**-879,008,085**	**-73,770,504**
10.	Investment income	(20)	39,674,721	34,198,691
11.	Income from other securities and lendings of non-current financial assets	(21)	12,306,254	11,074,451
12.	Other interest and similar income	(22)	10,597,479	14,211,836
13.	Income from the disposal and write-up of financial assets		2,066,959	49,544,448
14.	Income/expenses from investments in associated companies	(23)	-25,314,705	5,411,612
15.	Expenses associated with non-current financial assets and available-for-sale securities	(24)	-53,339,070	-4,119,668
16.	Interest and similar expenses		-18,086,740	-21,207,991
17.	**Financial result**		**-32,095,102**	**89,113,380**
18.	**Result on ordinary activities (EBT)**		**-911,103,187**	**15,342,876**
19.	Taxes on income and earnings	(25)	-318,600	1,913,796
20.	**Profit / loss after taxes**		**-911,421,787**	**17,256,672**
21.	Minority interests		315,541	-138,449
22.	**Consolidated profit / loss after taxes**		**-911,106,246**	**17,118,222**
23.	Release of capital reserves	(26)	122,507,043	119,750,979
24.	Allocations to retained earnings	(26)	0	-33,108,047
25.	**Consolidated profit / loss for the year**		**-788,599,203**	**103,761,153**

Consolidated Cash Flow Statement

from 1 January 2012 to 31 December 2012, in EUR

		2012	2011
1.	Profit / loss after taxes	-911,421,787	17,256,672
2.	Expenses and gains not recognised in income	1,341,583,474	365,578,415
3.	Reclassifications	-260,639	-1,414,537
4.	**Operating cash flow before changes in working capital**	**429,901,048**	**381,420,550**
5.	Change in working capital	64,144,856	191,949,850
6.	Change in operating cash flow (long-term)	-48,450,686	63,348,120
7.	**Cash flow from operating activities (1)**	**445,595,218**	**636,718,520**
8.	**Cash flow from investment activities (2)**	**-607,655,591**	**-746,889,614**
9.	**Cash flow from financing activities (3)**	**-90,498,522**	**165,610,932**
10.	**Change in cash and cash equivalents**	**-252,558,895**	**55,439,838**
	Balance at start of period	**464,150,664**	**408,710,826**
	Balance at close of period	**211,591,769**	**464,150,664**

Consolidated Statement of Changes in Equity

from 1 January 2012 to 31 December 2012, in TEUR

	Capital stock	Capital reserves	Retained earnings	Profit/loss for the year	Subtotal	Minority interests	Total share-holder's equity
Balance at 1.1.2011	**500,000**	**3,459,346**	**1,289,680**	**52,021**	**5,301,047**	**16,938**	**5,317,985**
Carried forward			35,921	-35,921	0		**0**
Profit/loss for the year				17,118	17,118	138	**17,257**
Dividends				-16,100	-16,100	-1,500	**-17,600**
Change in scope of consolidation			2,663		2,663	-317	**2,346**
Change in reserves		13,528	33,108	86,643	133,279		**133,279**
Balance at 31.12.2011	**500,000**	**3,472,874**	**1,361,371**	**103,761**	**5,438,007**	**15,260**	**5,453,267**

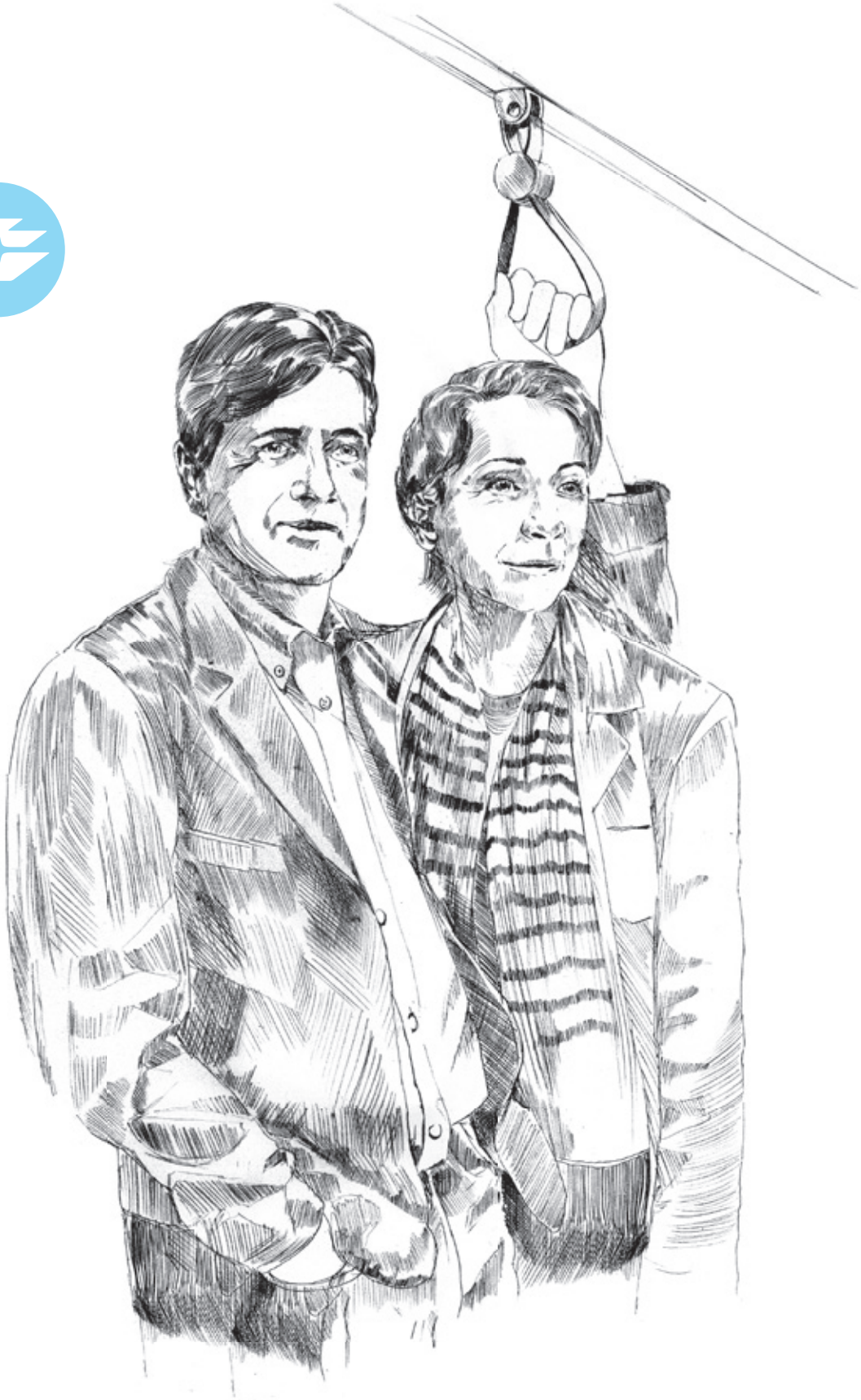
	Capital stock	Capital reserves	Retained earnings	Profit/loss for the year	Subtotal	Minority interests	Total share-holder's equity
Balance at 1.1.2012	**500,000**	**3,472,874**	**1,361,371**	**103,761**	**5,438,007**	**15,260**	**5,453,267**
Carried forward			87,108	-87,108	0		**0**
Profit/loss for the year				-911,106	-911,106	-316	**-911,422**
Dividends				-16,653	-16,653	-2,000	**-18,653**
Change in scope of consolidation		-37	204		167	685	**852**
Translation of foreign currency			8		8		**8**
Change in reserves		98,556		122,507	221,063		**221,063**
Balance at 31.12.2012	**500,000**	**3,571,393**	**1,448,692**	**-788,599**	**4,731,485**	**13,629**	**4,745,115**

Consolidated Statement of Changes in Tangible and Intangible Assets 2012

		Cost of acquisition 01.01.12 EUR	Additions 2012 EUR	Cost of acquisitions/ additions to scope of consolidation 2012 EUR	Disposals 2012 EUR
I.	**Intangible assets**				
1.	Licences, industrial property rights and similar rights including associated licences	558,716,231	12,077,597	7,780	11,517,499
2.	Goodwill	8,216,977	0	4,059,218	1,964,202
3.	Prepayments	3,288,422	6,675,279	0	15,093
	Total intangible assets	**570,221,630**	**18,752,877**	**4,066,998**	**13,496,794**
II.	**Tangible assets**				
1.	Developed plots of land	7,561,729,877	71,849,726	94,881,982	67,717,503
2.	Undeveloped plots of land	11,902,967	159,564	0	32,444
3.	Plant and equipment	10,824,451,224	150,894,255	41,808,370	90,030,667
4.	Other equipment, furniture and fixtures	734,121,595	36,896,332	19,434	26,693,584
5.	Prepayments and plant under construction	729,833,309	597,446,243	0	1,779,651
	Total tangible assets	**19,862,038,973**	**857,246,120**	**136,709,786**	**186,253,850**
III.	**Financial assets**				
1.	Shares in affiliated companies (not consolidated)	106,979,490	14,617,495	0	28,598,427
2.	Lendings to affiliated companies (not consolidated)	15,906,289	19,161,188	0	1,404,278
3.	Shareholdings	831,788,360	3,500,599	0	27,483
4.	Shareholdings in associated companies	49,124,015	1,655,891	0	6,164,859
5.	Lendings to companies in which shares are held	12,037,493	16,361,541	0	0
6.	Non-current financial assets	1,409,114,497	8,673,655	0	743,100
7.	Other lendings	92,356,553	1,661,798	0	10,444,491
8.	Prepayments - shareholdings	1,221,582	0	0	1,221,582
	Total financial assets	**2,518,528,280**	**65,632,167**	**0**	**48,604,221**
	Total assets	**22,950,788,882**	**941,631,164**	**140,776,783**	**248,354,865**

Reclassifications 2012 EUR	Cost of acquisition 31.12.12 EUR	Accumulated depreciation/ amortisation 31.12.12 EUR	Carrying value 31.12.12 EUR	Carrying value 31.12.11 EUR	Additions 2012 EUR	Depreciation and amortisation 2012 EUR
8,696,157	567,980,266	424,007,918	143,972,348	147,536,132	0	22,881,025
0	10,311,992	5,668,193	4,643,799	2,442,296	0	1,857,714
-2,514,942	7,433,666	0	7,433,666	3,288,422	0	0
6,181,214	**585,725,924**	**429,676,111**	**156,049,813**	**153,266,850**	**0**	**24,738,739**
179,398,821	7,840,142,903	3,205,891,188	4,634,251,715	4,494,676,325	0	171,671,964
0	12,030,088	0	12,030,088	11,902,967	0	0
312,855,219	11,239,978,400	7,396,913,535	3,843,064,866	3,764,149,043	0	408,786,242
31,216,862	775,560,639	595,297,461	180,263,177	160,264,344	0	46,126,980
-523,413,552	802,086,350	3,811,676	798,274,673	729,097,243	0	3,811,676
57,350	**20,669,798,379**	**11,201,913,860**	**9,467,884,519**	**9,160,089,922**	**0**	**630,396,862**
0	92,998,558	22,225,329	70,773,229	102,427,673	0	17,873,512
0	33,663,199	5,867,985	27,795,214	9,913,504	0	0
0	835,261,477	38,267,450	796,994,026	828,033,456	0	34,540,029
0	44,615,046	40,708,236	3,906,810	35,386,375	0	26,970,596
-11,529,293	16,869,741	688,600	16,181,141	6,287,202	0	358,601
0	1,417,045,052	78,246,907	1,338,798,145	1,330,863,041	4,548	0
5,290,729	88,864,588	5,918,505	82,946,084	92,356,556	0	498,212
0	0	0	0	1,221,582	0	0
-6,238,565	**2,529,317,661**	**191,923,013**	**2,337,394,649**	**2,406,489,386**	**4,548**	**80,240,950**
0	**23,784,841,965**	**11,823,512,983**	**11,961,328,981**	**11,719,846,158**	**4,548**	**735,376,551**

Satisfied **Customers**



The wishes and needs of our customers lie at the heart of everything we do. Wiener Stadtwerke is constantly working to further improve the quality of the services it provides – with considerable success, as recent surveys have confirmed. A total of **97 percent** of customers **positively rate** the services provided by the transport division, Wiener Linien; 30 percent rated the company as "Very good" and 55 percent as "Good".

Wiener Lokalbahnen achieved 3rd place in a VOR survey of bus service operators. The energy division, Wien Energie, is particularly **close to its customers**, both in terms of service centres and online services. The range of advisory services offered extends from energy saving inspections to renovation issues and energy-saving tips.

Notes to the Consolidated Financial Statements

for the 2012 financial year

Corporate profile

The Wiener Stadtwerke Group is essentially engaged in the following business activities:

- Electricity generation, sales and network operation
- Gas sales and network operation
- District heating and cooling generation, sales and network operation
- Energy Management
- Facility Management
- Waste management and incineration
- Telecommunications
- Underground, tram and bus service operations
- Transport services for the disabled
- Freight traffic
- Funeral services
- Cemetery maintenance including cemetery nursery and masonry workshops
- Parking facility management
- Holding management
- Property management and development
- Miscellaneous

All of the above activities relate almost exclusively to the metropolitan area of Vienna and its immediate surroundings.

General information

Pursuant to Article 244 of the Austrian Commercial Code (UGB), Wiener Stadtwerke Holding AG is obligated to prepare consolidated financial statements for the financial year 2012.

These consolidated financial statements have been prepared in accordance with the requirements of the Austrian Commercial Code (UGB). The first-time consolidation took place on 1.1.1999 – on which date the affiliated and associated companies of the Group were first consolidated. All companies consolidated since this point in time have been consolidated at the point in time of their respective acquisitions.

The uniform accounting and valuation methods used in preparing these financial statements are documented in a Group Accounting Guideline and a Group Accounting Manual.

Pursuant to Article 252 of the Austrian Commercial Code, the balance sheet date of the consolidated financial statements is that of the parent company. The financial statements of Group companies either fully consolidated or consolidated on a pro rata basis were all, with the exception of the following companies (balance sheet date: 30.09.2012), prepared on the balance sheet date of the parent company (31.12.2012).

- ENERGIEALLIANZ Austria GmbH
- PAMA-GOLS Windkraftanlagenbetriebs GmbH & Co KG

No events of particular note relating to the assets, financial and earnings positions of the Group occurred between the balance sheet date of these companies and that of the Wiener Stadtwerke Group.

WIEN ENERGIE Vertrieb GmbH & Co KG (balance sheet date: 30.09.) has been taken into account in the consolidated financial statements on the basis of interim financial statements covering the period from the respective balance sheet date to that of the Group.

Change of the balance sheet date of the energy segment

As at 31 December 2012, the balance sheet dates of affiliated companies within the Wiener Stadtwerke Group have been harmonised. The period between 30 September 2012 and 31 December 2012 will be reported in the separate financial statements of the Group's energy segment subsidiaries as a short fiscal year. Due to the change in the balance sheet date, the consolidated financial statements of the Wiener Stadtwerke Group, however, take into account, on an exceptional basis, five quarters in the following tables referring to 2012 with regard to the energy segment as well as WienIT EDV Dienstleistungsgesellschaft mbH & Co KG and WienIT EDV Dienstleistungsgesellschaft mbH. As a result of this, the figures for the prior year are only comparable to a limited extent.

The effect of the change in the balance sheet date on the consolidated result for the period is largely accounted for by the consolidated short fiscal year of the energy segment (1.10.2012 - 31.12.2012):

in EUR	1–12/2012
Turnover	697,548,139
Change in inventory	-1,179,605
Other own work capitalised	11,011,616
Other operating income	57,787,683
Operating performance	**765,167,833**
Cost of materials	-431,834,618
Personnel expenses	-148,581,789
Depreciation and amortisation	-60,527,014
Other operating expenses	-88,431,215
EBIT	**35,793,197**
Financial result	**-11,423,079**
Result on ordinary activities (EBT)	**24,370,118**

The table does not take into account the results of the short fiscal years of WienIT EDV Dienstleistungsgesellschaft mbH & Co KG and WienIT EDV Dienstleistungsgesellschaft mbH.

Accounting and valuation principles

1. General principles

The financial statements of all consolidated companies have been prepared on the basis of uniform accounting and valuation principles.

The consolidated financial statements have been prepared in accordance with the principles of correct accounting and valuation, and in compliance with general accounting standards, with the aim of providing a true and fair presentation of the assets, financial and earnings positions of the Group. The consolidated profit and loss account has been prepared on the basis of the nature-of-expense method. These consolidated financial statements have been prepared in accordance with the principle of completeness.

The assets and liabilities of consolidated subsidiaries recognised in the Group financial statements have been uniformly valued, in line with Article 260 of the Austrian Commercial Code, on the basis of the valuation methods applied to the consolidated financial statements of the parent company. The principles of individual valuation and a going concern have been applied to the valuation of individual assets and liabilities.

The principle of accounting prudence has been applied, particularly in that only gains realised on or before the balance sheet date are reported as such. All identifiable risks and impending losses existing or incurred either during the 2012 financial year or in earlier periods have been taken into account.

2. Fixed assets

2.1. Intangible assets and tangible assets

Intangible and tangible assets are recognised at their cost of acquisition or manufacture and, where subject to depreciation or amortisation, are depreciated or amortised applying the straight line method based on standard commercial useful lives. Low-value items with acquisition costs below EUR 400.00 are depreciated fully in the year of their acquisition.

The amortisation of goodwill is linear and takes account of the commercial useful life of such assets.

Additions in the first half of any given financial period are generally subject to full-year depreciation in the year of their acquisition, while those acquired in the second half of any given financial period are subject to half-year depreciation in the first year.

In the case of those subsidiaries affected by a change in their balance sheet date, depreciation and amortisation for a three-month period have been reported in the figures for their respective short fiscal years.

Unforeseen declines in asset value have been taken into account by means of impairment charges.

Category	Useful life (years)
Intangible assets	
Licences, industrial property rights, etc.	2 - 40 or contractual term
Electricity supply rights, energy use rights	30 - 50
Goodwill	5 - 15
Software	3 - 5
Division-specific tangible assets	
Major construction projects (e.g. tunnels, concrete channels, etc.)	40 - 80
Energy supply equipment	15 - 25
Supply networks (e.g. power lines, mains, etc.)	5 - 50
Telecommunication networks	10 - 30
Vehicles (e.g. trams, buses, etc.)	10 - 30
Other tangible assets	
Production and office buildings	10 - 100
Other technical equipment	2 - 30
Fixtures, furniture and office furniture	2 - 30

Own work capitalised is calculated on the basis of the specific costs of manufacture in addition to an appropriate proportion of the production-related material and manufacturing overheads plus a similar proportion of occupational pension and voluntary social costs incurred by the Company. Interest payable on borrowings for the purposes of financing the manufacture of assets is not generally capitalised.

Investment grants are recognised as accrued liabilities and are reversed in line with the depreciation of the relevant assets in connection with which they were granted.

2.2. Financial assets

Shares in affiliated companies, in as far as these are not consolidated, in addition to other shareholdings, are carried at their cost of acquisition less any impairment charges.

Shares in associated companies are recognised at valuations based on the equity method. This method applies the same valuation methods as applied to fully consolidated companies.

Lendings are carried at the lower of their acquisition costs or cash value on the balance sheet date.

Non-current financial assets are recognised applying the moderate lower of cost or market principle. Impairment charges are recognised when these are assumed not to be temporary in nature.

The revised opinion issued in June 2010 by the Austrian Financial Reporting and Auditing Committee (AFRAC) entails significant changes to the valuation of investment funds in the form of a fund of funds and recognised as non-current financial assets. In accordance with the resulting deviation from the modified lower of cost or market principle and the valuation of these financial assets more closely on the basis of fair values (strict lower of cost or market principle), there followed during the course of the 2010/2011 financial year a far-reaching restructuring of the Wiener Stadtwerke investment fund in the interests of establishing an even more conservative portfolio

structure. Following this realignment, there continue to exist five funds (special funds) with the aim of covering the pension-related obligations and for long-term accumulation purposes (e.g. for investments). The new strategy however only entails one mixed investment fund; one which also includes shares. The remaining four funds are maintained as bond funds (including money market assets), whereby three of the four funds are managed according to the buy-and-hold principle.

Since being restructured, this portfolio is characterised by a significantly lower degree of volatility. During the course of this restructuring process, the shares in these funds were exchanged applying the principle of continuance of book values.

3. Current assets

Inventories are valued at the respective costs of acquisition or manufacture in as far as the underlying values of these assets are not lower on the balance sheet date, e.g. due to lower stock exchange or market prices, in which case these are applied.

Manufacturing costs relate solely to direct costs (of materials and wages) and the corresponding proportion of material and manufacturing-related overheads based on the assumption of operation at full capacity, plus expenses for voluntary social expenses and occupational pension fund contributions. Expenses incurred through general administration work and interest on loans are not capitalised.

The calculation of costs of acquisition and manufacture for the same classes of assets applies the weighted average cost method or similar methods. Appropriate impairment charges are recognised for inventories subject to risks or of reduced utility.

Receivables and other assets are valued at their respective acquisition costs. Recognisable risks are taken into account by means of appropriate impairment charges.

Purchased CO_2 emission certificates are carried under the position 'Other assets' and are recognised strictly applying the lower of cost or market principle. Certificates obtained free of charge are not carried in the financial statements.

Available-for-sale securities are carried at the lower of their cost of acquisition or market value on the balance sheet date.

4. Untaxed reserves

Pursuant to Article 205 of the Austrian Commercial Code (UGB), untaxed reserves are recognised in the consolidated financial statements in accordance with Article 253, para. 3 UGB.

5. Provisions

5.1. Provisions for severance payments and provisions for similar obligations

Provisions for severance payments as at 31.12.2011 were calculated applying actuarial principles in accordance with IAS 19 on the basis of the projected unit credit method. The following parameters and assumptions were applied to the calculations:

	31.12.2011
Discount rate	5.25 %
Salary increase	3 %

From the 2012 financial year, the provisions for severance payments are now calculated applying actuarial principles on the basis of the entry-age normal method and, due to the current level of interest rates, on the basis of an interest rate (real interest rate) of 2.5 percent. As in the prior year, no discount for employee turnover was taken into account, a retirement age of 65 for both male and female employees was assumed, and the mortality table AVÖ 2008-P Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler was applied.

	31.12.2011
Real interest rate	2.5 %

The provisions for similar severance payment obligations are calculated using the same parameters as applied to the provisions for severance payments, albeit applying actuarial principles based on the entry-age normal method in future.

5.2. Provisions for pensions

The Vienna Public Enterprises – Allocation Act (Wiener Stadtwerke – Zuweisungsgesetz), published in the State Law Gazette (LGBI 17/1999), requires that Wiener Stadtwerke reimburses the City of Vienna for pension-related expenses of municipal employees assigned to work for the Group. This represents a direct obligation in respect of pension contributions. Pursuant to Article 211, para. 2, of the Austrian Commercial Code, the Group recognises these direct pension obligations applying the rules relating to the correct accounting of pension obligations based on the Austrian Financial Reporting Act (RLG) as defined in an expert report prepared by the Fachsenat für Handelsrecht und Revision of the Institut für Betriebswirtschaft, Steuerrecht und Organisation (part of the Austrian Chamber of Tax Consultants and Certified Accountants — Document No. 80, KFSRL 2) as amended and supplemented at a sitting of this committee on 5th May 2004.

The use of the different accounting principles, in particular due to the adjustment of the parameters and revised calculation methods, gives rise to a due back payment in the 2005 financial year compared to 31.12.2004 in the amount of TEUR 453,488. An agreement was reached between Wiener Stadtwerke Holding AG and the City of Vienna on this issue on 26 July 2005. On the basis of this agreement, the entitlements accrued by the City of Vienna with regard to the reimbursement of pension-related expenses only need to be fulfilled to the extent that it is possible to charge these obligations exclusively against the net result for the period reported in the consolidated financial statements, pursuant to Article 231, para. 2 (22) of the Austrian Commercial Code, up to a maximum of four percent (1/25) of the amount to be reimbursed. In line with this agreement, the back payments

due will be spread over a longer period (expected to be 25 years). The Company acceded to this agreement on 26 July 2005 and has recorded the pension obligations taking this agreement into account. The differential amount due and as not as yet recognised in profit/loss is carried as a separate position under prepayments and accrued income.

Provisions for pensions were calculated at 31.12.2011 in accordance with IAS 19 (Employee Benefits) applying the projected unit credit method and the corridor method. The following parameters and assumptions were applied to the calculations:

	31.12.2011	
	Active	Retired
Discount rate	5.25 %	5.00 %
Salary increase	3 %	0 %
Pension increase	1.50 %	1.50 %

Due to the revision of IAS 19 decided upon by the International Accounting Standards Board (IASB) on 16 June 2011 and subsequently adopted by the EU on 5 June 2012, the corridor method for reporting pension obligations, applying the projected unit credit method, is no longer applicable to financial years starting on or after 1 January 2013.

The impact of the revision of IAS 19 on the presentation of the assets, financial and earnings positions of the Group represent, in the opinion of the abovementioned Fachsenat für Handelsrecht und Revision, a well founded exceptional case as defined by Article 201, para. 2, of the Austrian Commercial Code (UGB) for a deviation from the principle of valuation consistency as laid down by Article 201, para. 2 (1), UGB.

On a voluntary basis, the Wiener Stadtwerke Group has applied the revised approach at an earlier point in time and has recognised the provisions for pension obligations as at 31 December 2012 applying actuarial principles on the basis of the entry-age normal method. The calculation applied an assumed interest rate of 2.5 percent (real interest rate) due to the current interest-related environment during the 2012 financial year. As in the prior year, no discount for employee turnover was taken into account, a retirement age of 65 for both male and female employees was assumed, and the mortality table AVÖ 2008-P Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler was applied.

	31.12.2011
Real interest rate	2.5 %
Pension increase beneficiary	1.8 %

5.3. Other provisions

The position 'Other provisions' recognises other provisions set up in appropriate amounts applying the principle of accounting prudence. A provision has been set up to account for any shortage of CO_2 emissions certificates.

6. Foreign exchange receivables and payables

Accounts receivable and accounts payable in other currencies are recognised at the exchange rate at which such accounts arose. In the event that the applicable exchange rates on the balance sheet date are lower (in the case of receivables) or higher (in the case of payables), then these positions are recognised at the exchange rates prevailing on the balance sheet date unless these positions have been hedged to eliminate currency-based risks.

Scope of consolidation

Consolidated companies

The consolidated financial statements of Wiener Stadtwerke Holding AG encompass all of those companies necessary to represent a true and fair picture of the asset, financial and earnings positions of the Group. The scope of consolidation is determined in accordance with Article 247, para. 1, UGB. The following table provides an overview of the number of companies consolidated fully, pro rata and based on the equity method.

	Full consolidation	Pro rata consolidation	At equity consolidation
Balance at 31.12.2011	30	3	6
First consolidated during the financial year	5	0	0
No longer consolidated	- 2	0	0
Balance at 31.12.2012	**33**	**3**	**6**

For an **overview** of companies consolidated fully, pro rata and based on the equity method, please refer to the **list of holdings in the Notes**.

Wien Energie GmbH, as a limited partner, holds a 100-percent interest in the assets and results of Wien Energie Vertrieb GmbH & Co KG. EnergieAllianz Austria GmbH acts as the general partner without paid-in capital. Wien Energie Vertrieb GmbH & Co KG is managed jointly in accordance with the agreements reached relating to EnergieAllianz Austria GmbH. Pursuant to Article 262, para. 1, of the Austrian Commercial Code (UGB), Wien Energie Vertrieb GmbH & Co KG is therefore fully consolidated in the financial statements of Wiener Stadtwerke on a pro rata basis in accordance with its share in equity (assets).

Due to the framework agreement concluded between the shareholders of EconGas GmbH, Wien Energie Gasnetz GmbH exercises considerable influence over the commercial and corporate policies of EconGas GmbH. EconGas has therefore been consolidated in these financial statements based on the equity method as an associated company.
A total of 25 subsidiaries (prior year: 29) were not fully consolidated. Similarly, 21 companies (prior year: 22) were not consolidated applying the equity method. The consolidation of these companies is immaterial to providing a true and fair picture of the assets, financial and earnings positions of the Group (Article 249, para. 2, and Article 263, para. 2, UGB). Those subsidiaries not fully consolidated are generally charac-

terised by low turnover. The total assets of these subsidiaries represent less than two percent of the consolidated balance sheet total.

Pursuant to Article 249, para 1, of the UGB, the company Gemeinnützige Wohnungs- und Siedlungsgesellschaft of Wiener Stadtwerke GmbH was not consolidated.

A foreign subsidiary was consolidated in the Group's financial statements for the first time in 2012; this necessitated translating the relevant results into euro.

A list of the Group's holdings may be obtained directly from the offices of the parent company.

Changes in the scope of consolidation during the financial year

During the period under review, the companies Parkraum Wien Management GmbH, WSTW TownTown GmbH & Co Stationsturm KG, Windnet Windkraftanlagenbetriebs GmbH, Windnet Windkraftanlagebetriebs GmbH & Co KG and Vienna Energy Természeti Erö KFT were included in the scope of full consolidation for the first time. The offsetting of the value of the parent company's investments against the pro rata equity of the subsidiaries was based on the time they were acquired. The companies STPM Städtische Parkraummanagement GmbH and WIPARK Garagen GmbH were merged. Furthermore, the company Wiener Stadtwerke Beteiligungsmanagement GmbH merged with Wiener Stadtwerke Vermögensverwaltung GmbH.

Consolidation principles

Capital consolidation applied the book value method. Differential amounts arising in the periods up to and including the 2008 financial year between the valuations of equity investments and the proportional share of equity in subsidiaries were recognised under the position 'Capital reserves' in accordance with Article 261, para. 1, of the Austrian Commercial Code. Shares in subsidiaries not held by the Group are recognised under the position 'Minority interests'.

During the **consolidation of liabilities**, licences, prepayments made, lendings, accounts receivable – trade, other receivables and accrued income are offset against the corresponding liabilities and provisions.

All Group-internal expenses and income are offset in the course of the **expenses and income consolidation** of the Group subsidiaries in accordance with Article 257, para. 1, of the UGB. In the event of Group-internal construction work, the associated revenues are reclassified as own work capitalised.

Intercompany results within the Group are recognised in income and eliminated in accordance with the principal of materiality. No elimination of intercompany results has been applied to companies valued applying the equity method given that their influence on the overall standing of the Group is immaterial.

Deferred tax assets based on intercompany results, and resulting from the different accounting options available during the preparation of the consolidated financial statements as opposed to the financial statements of the individual subsidiaries, are no longer recognised following a Group-internal consolidated tax agreement effective since 2005. The untaxed reserves (with the exception of investment allowances) recognised in the financial statements of the subsidiaries are, therefore, carried under the position retained earnings without any corresponding deferral of taxes.

The differential amounts resulting from the capital accounting of companies recognised applying the equity method are determined according to the same principles applied to fully consolidated companies. Wherever possible and material, these valuations are adjusted to correspond to group-wide valuation methods.

These consolidated financial statements are based to a certain extent on estimations and assumptions which have an influence on the values of assets and liabilities, the representation of other obligations on the balance sheet date, and on details of revenues and expenses during the period under review. The actual figures and amounts may deviate from these estimations.

Notes to the consolidated balance sheet

The numbering of the following explanations (Notes) relates to that provided in the Consolidated Balance Sheet and the Consolidated Profit and Loss Account. The numbering is sequential and is without other relevance.

(1) Fixed assets

For details of developments in specific fixed asset positions and a breakdown of depreciation and amortisation by asset type for the financial year 2012, please refer to the table entitled Statement of Changes in Tangible and Intangible Assets.

The land value element of developed plots of land amounts to TEUR 208,681 (prior year: TEUR 197,376).

(2) Intangible assets

	31.12.2012 EUR	31.12.2011 EUR
Licences, industrial property rights and similar rights including associated licences	143,972,348	147,536,132
Goodwill	4,643,799	2,442,296
Prepayments	7,433,666	3,288,422
Intangible assets	**156,049,813**	**153,266,850**

(3) Tangible assets

	31.12.2012 EUR	31.12.2011 EUR
Land, land-based rights and buildings, including buildings on non-owned land	4,646,281,803	4,506,579,292
Plant and equipment	3,843,064,866	3,764,149,043
Other equipment, furniture and fixtures	180,263,177	160,264,344
Prepayments and plant under construction	798,274,673	729,097,243
Total tangible assets	**9,467,884,519**	**9,160,089,922**

(4) Financial assets

	31.12.2012 EUR	31.12.2011 EUR
Shares in affiliated companies	70,773,229	102,427,673
Lendings to affiliated companies	27,795,214	9,913,504
Shares in associated companies	3,906,810	35,386,375
Shareholdings	796,994,026	828,033,456
Lendings to companies in which shares are held	16,181,141	6,287,202
Long-term financial investments and rights	1,338,798,145	1,330,863,041
Other lendings	82,946,084	92,356,553
Prepayments to companies in which shares are held	0	1,221,582
Total financial assets	**2,337,394,649**	**2,406,489,386**

US cross-border leasing (CBL) transactions

For details of the US CBLs, please refer to '(28) US cross-border lease transactions' in the 'Notes to the Consolidated Profit and Loss Account'.

Lendings

in EUR	Total 31.12.2012	Of which term to maturity < 1 year	Of which term to maturity > 1 year
Lendings to affiliated companies	27,795,214	502,992	27,292,221
Lendings to companies in which shares are held	16,181,141	0	16,181,141
Other lendings	82,946,084	5,734,155	77,211,928
Total	**126,922,438**	**6,237,148**	**120,685,290**

in EUR	Total 31.12.2011	Of which term to maturity < 1 year	Of which term to maturity > 1 year
Lendings to affiliated companies	9,913,504	814,321	9,099,183
Lendings to companies in which shares are held	6,287,202	0	6,287,202
Other lendings	92,356,553	1,552,326	90,804,227
Total	**108,557,258**	**2,366,646**	**106,190,612**

Non-current financial assets

The book and market values of securities at 31.12.2012 are set out in the following table in accordance with Article 237a of the UGB:

in EUR	Balance at 31.12.2012	Market value 31.12.2012	Difference in %
WSTW I-V	1,170,264,578	1,260,584,143	7.7
Shares and investments	192,122	277,658	44.5
US lease account	163,571,817	163,571,817	0.0
Pension reinsurance	4,769,628	4,769,628	0.0
Total securities	**1,338,798,145**	**1,429,203,246**	**6.8**

On balance, the net assets values are above the carrying values due to hidden reserves. The capital-weighted performance of the WSTW Fund YTD (1.1. - 31.12.2012) is positive at +4.96 percent despite the conservative investment strategy and the challenging environment in financial markets.

Structure of the WSTW fund portfolio at 31.12.2012

30.4 %	Money market	100 % fixed-term deposits held by Austrian banks
66.6 %	Bonds	Average rating AA of which 46.1 % (30.8 % absolute) Austrian treasury bonds
2.4 %	Shares	
0.6 %	Remaining	
100 %		

(5) Current assets

(6) Inventory

	31.12.2012 EUR	31.12.2011 EUR
Raw materials and supplies	122,751,635	88,735,225
Finished products and goods	933,668	866,479
Uninvoiced services	359,109	0
Prepayments	53,726	0
Inventories	**124,098,139**	**89,601,704**

(7) Receivables and other assets

in EUR	Total 31.12.2012	Of which term to maturity < 1 year	Of which term to maturity > 1 year
Accounts receivable - trade	297,093,509	293,646,340	3,447,170
Accounts receivable - affiliated companies	14,579,356	14,507,056	72,300
of which trade	793,503	721,203	72,300
Liabilities due to companies in which shares are held	50,802,143	49,492,424	1,309,719
of which trade	46,872,607	45,562,888	1,309,719
Other receivables and assets	283,624,968	217,852,802	65,772,166
Total	**646,099,976**	**575,498,621**	**70,601,355**

in EUR	Total 31.12.2011	Of which term to maturity < 1 year	Of which term to maturity > 1 year
Accounts receivable - trade	187,942,999	184,574,391	3,368,609
Accounts receibable - affiliated companies	9,031,723	9,031,723	0
of which trade	1,029,934	1,029,934	0
Liabilities due to companies in which shares are held	32,890,331	31,184,370	1,705,961
of which trade	24,392,043	22,686,082	1,705,961
Other receivables and assets	225,643,565	176,483,730	49,159,835
Total	**455,508,618**	**401,274,214**	**54,234,405**

The position 'Other assets' in 2012 mainly recognises receivables due from the financial authorities as well as investment subsidies from the Federal Ministry for Transport, Innovation and Technology, the Lower Austrian Provincial Government and the City of Vienna.

General valuation adjustments have been made in the amount of TEUR 12,590 (prior year: TEUR 15,734). Specific valuation adjustments for accounts receivable – trade and for other receivables made during the course of the 2012 financial year amounted to TEUR 45,284 (prior year: TEUR 40,086).

(8) Prepayments and accrued income

This position largely recognises additional amounts transferred to provisions for pension fund obligations (dating back to 2005) in the amount of TEUR 254,157 (prior year: TEUR 257,828) in addition to accruals for the consumption of natural gas.

(9) Group equity

The capital stock in the amount of EUR 500 million is divided into 6,880,150 shares held by City of Vienna.

The capital reserves include restricted capital reserves in the amount of TEUR 94,798. Of the revenue reserves, TEUR 25,885 are statutory revenue reserves the company is legally required to hold.

The retained earnings also include positive and negative differential amounts arising out of the first-time and subsequent consolidation of Group companies, in addition to untaxed reserves and foreign exchange-related differential amounts.

The differential amounts of fully consolidated companies recognised in equity at 31.12.2012 are made up as follows:

Affiliated companies in EUR	31.12.2012	31.12.2011
Wien Energie Stromnetz GmbH	-3,771	-3,771
Wien Energie Gasnetz GmbH	-239,616	-239,616
Fernwärme Wien GmbH	87,450,072	87,450,072
Energiecomfort Energie- und Gebäudemanagement GmbH	6,868,082	6,868,082
Wien IT GmbH	-23	-23
Wiener Linien GmbH & Co KG	126,380,113	126,380,113
Wiener Linien GmbH	-875	-875
AG der Wiener Lokalbahnen	-676,500	-676,500
Wiener Lokalbahnen Verkehrsdienste GmbH	1,275,833	1,275,833
B&F Bestattung und Friedhöfe GmbH	350,968	350,968
Wiener Stadtwerke Beteiligungs-management GmbH	0	-185,793
STPM Städtische Parkraummanagement Gesellschaft mbH	0	-5,123
Wiener Stadtwerke Vermögens-verwaltung GmbH	-100,793	85,000
Wien Energie Speicher GmbH	2,458,756	2,458,756
WIPARK Garagen GmbH	8,903,282	8,908,995
City Parkgaragen Betriebs-gesellschaft m.b.H.	-9,023,039	-9,023,039
Windnet GmbH	3,791	0
Parkraum Wien Management GmbH	163,515	0
Total	**223,809,794**	**223,643,078**

Please refer to the annex for details of changes in equity.

(10) Provisions

Group provisions developed as follows over the course of the period:

in EUR Provisions for	Balance at 31.12.2011	Consumed/reversed	Additions	Balance at 31.12.2012
Pensions	2,238,294,501	17,740,330	810,512,984	3,031,067,155
Severance payments	53,732,383	4,250,134	13,490,674	62,972,924
Taxes	2,685,191	2,282,041	426,216	829,366
Remaining	401,518,146	258,997,138	292,836,160	435,357,168
Total	**2,696,230,222**	**283,269,643**	**1,117,266,034**	**3,530,226,613**

Provisions for pensions

For details of the valuation method applied, please refer to the section 'Accounting and valuation principles' above.
A breakdown of pension obligations, taking the mortality tables into account (AVÖ 2008-P – Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler) is provided below:

	31.12.2012 TEUR	31.12.2011 TEUR
Cash value of pension obligations	3,031,067	2,597,678
Less unrealised actuarial losses	0	-359,383
Provision for pension obligations	**3,031,067**	**2,238,295**
Less differential amounts not recognised in income (carried as accrued income)	-254,157	-257,828
Net pension obligations	**2,776,911**	**1,980,467**

Provisions for taxes

Provisions for taxes in the amount of TEUR 406 (prior year: TEUR 2,713).

Other provisions

The other provisions mainly take into account obligations relating to personnel and environmental aspects, claims for restitution asserted by customers, as yet uninvoiced goods and services received, and restoration obligations for properties leased from the City of Vienna and the Republic of Austria.

(11) Liabilities

On page 54 follows a breakdown of Group liabilities by term to maturity.

The bonds issued by Fernwärme Wien Gesellschaft mbH date back to 1998 and have a maturity period of 15 years.

The other liabilities are largely made up of obligations arising out of US cross-border lease transactions entered into by Wiener Linien, liabilities due to the financial authorities, prepayments received and liabilities due to the City of Vienna.

In the course of the 2012 financial year, no mutual securitisations were issued.

Physical securities

The financing of additional shares in Verbund acquired in the course of a capital increase was based in part on the raising of a Lombard loan on the part of WEEV Beteiligungs GmbH. This loan is secured by a pledge relating to the Verbund shares acquired. Due to the decline in the Verbund share price, it became necessary to provide additional collateral. At 31.12.2012, Wiener Stadtwerke Holding AG had pledged 1,499,914 shares in Verbund. The rights to dividend payments are also covered by the pledges.

(12) Accrued expenses and deferred income

The position 'Accrued expenses and deferred income' mainly relates to investment grants (TEUR 3,008,304) and grants for construction projects (TEUR 467,330) relating to fixed assets. These represent future revenues which are reversed to negate the depreciation expense over periods which parallel the scheduled depreciation of the relevant assets for which the grants were provided.

(13) Contingent liabilities

At the balance sheet date, the Group recognised contingent liabilities in the amount of TEUR 496,632 (prior year: TEUR 435,395). These liabilities are offset by contingent receivables in the amount of TEUR 269,862 (prior year: TEUR 263,981). The contingent liabilities include US cross-border lease transactions entered into by Wiener Linien in the amount of TEUR 242,841 (prior year: TEUR 251,988). These liabilities are offset by means of rights of recourse in the same amount recognised as assets. A number of restricted and unrestricted letters of comfort and guarantees have been issued on behalf of e&t Energie Handelsgesellschaft. Taking into account the contracts concluded by e&t Energie Handelsgesellschaft m. b. H. with its trading partners, the net liability position amounts to EUR 70,348 million (prior year: TEUR 20,818). In the event that the guarantees and or letters of comfort issued in favour of trading partners of e&t Energie Handelsgesellschaft m.b.H. are called in or exercised by the same, then Wien Energie GmbH may assert rights of recourse against the remaining shareholders in the amount of TEUR 17,366 (prior year: TEUR 2,337).

The remaining contingent liabilities relate predominantly to liability bonds issued in favour of EconGas and Verbund, and comfort letters and guarantees issued in favour of Oemag AG, EVN-WE Windparkentwicklungs- u.Betriebs GmbH & Co KG, Gate Terminal Rotterdam and for locomotives owned by Wiener Lokalbahnen Cargo GmbH.

CONTINGENT LIABILITIES

in EUR	Total 31.12.2012	Of which term to maturity < 1 year	Of which term to maturity 1-5 years	Of which term to maturity > 5 years
Bonds issued	1,957,149	1,957,149	0	0
Liabilities due to banks	168,597,286	28,837,320	81,085,246	58,674,721
Prepayments received	11,979,251	9,479,251	2,500,000	0
of which from affiliated companies	0	0	0	0
Accounts payable - trade	420,667,170	418,218,765	2,155,375	293,030
Accounts payable - affiliated companies	7,214,180	7,214,180	0	0
of which - trade	2,807,545	2,807,545	0	0
Liabilities due to companies in which shares are held	53,097,506	51,103,514	1,993,993	0
of which - trade	50,519,675	50,519,675	0	0
Other liabilities	662,430,808	504,720,487	65,739,278	91,971,043
Other liabilities - tax	103,271,426	103,271,426	0	0
Other liabilities - social security	8,594,364	8,594,364	0	0
Total	**1,437,809,142**	**1,133,396,457**	**153,473,892**	**150,938,793**

in EUR	Total 31.12.2011	Of which term to maturity < 1 year	Of which term to maturity 1-5 years	Of which term to maturity > 5 years
Bonds issued	6,568,354	2,692,470	3,875,884	0
Liabilities due to banks	363,302,517	220,698,504	83,973,599	58,630,414
Prepayments received	18,302,395	15,802,395	2,500,000	0
of which from affiliated companies	99,947	99,947	0	0
Accounts payable - trade	432,315,399	430,065,759	2,249,640	0
Accounts payable - affiliated companies	18,435,676	18,422,411	13,265	0
of which - trade	3,061,536	3,061,536	0	0
Liabilities due to companies in which shares are held	47,702,812	45,139,524	2,277,180	286,108
of which - trade	44,197,984	44,197,984	0	0
Other liabilities	476,165,536	316,381,176	7,267,286	152,517,074
Other liabilities - tax	66,666,786	66,666,786	0	0
Other liabilities - social security	7,606,445	7,606,445	0	0
Total	**1,437,065,919**	**1,123,475,470**	**102,156,854**	**211,433,595**

Notes to the consolidated profit and loss account

(14) Turnover

Turnover by segment:

	2012		2011	
in EUR	External revenues	Internal revenues	External revenues	Internal revenues
Electricity	1,897,172,819	317,816,463	1,593,480,211	183,034,355
Gas	558,702,940	68,293,431	373,053,425	50,532,176
Heating	722,830,948	17,911,279	506,294,629	10,914,000
Energy	**3,178,706,707**	**404,021,173**	**2,472,828,265**	**244,480,532**
Transport	571,279,014	1,054,490	548,683,600	695,228
Funeral services	70,351,317	13,918,616	68,987,810	14,312,948
Car parks	15,415,766	2,248,864	16,351,494	498,346
Miscellaneous	94,559,177	0	79,832,740	0
Intra-segment revenues*)	-154,527,112	154,527,112	-128,030,624	128,030,624
Total	**3,775,784,869**	**575,770,256**	**3,058,653,285**	**388,017,678**

*) The line intra-segment revenues relates to revenues generated between business segments.

Due to the change in the balance sheet date, the 2012 figures for the energy segment relate to five quarters

For details of the Group's various segments, please refer to the Group Management Report in the section on segment reporting.

The other operating income was allocated to the relevant commercial divisions of the energy segment.

Revenues generated abroad represent an insignificant proportion of the revenues of the Wiener Stadtwerke Group.

(15) Other operating income

in EUR	2012	2011
Income from the disposal and write up of assets, with the exception of financial assets	32,750,228	16,272,454
Income from the reversal of provisions	26,068,566	8,046,646
Remaining	623,766,778	578,020,392
Other operating income	**682,585,572**	**602,339,492**

Due to the change in the balance sheet date, the 2012 figures for the energy segment relate to five quarters

The position 'Other operating income' includes income from the reversal of investment grants in the amount of TEUR 129,856 (prior year: TEUR 124,248), building grants in the amount of TEUR 32,003 (prior year: TEUR 48,101), and grants from the City of Vienna relating to the operations of Wiener Linien GmbH & Co KG. All income generated by non-core business activities (e.g. IT services, advertising space, etc.) is also recognised under this position.

(16) Cost of materials and services

in EUR	2012	2011
Cost of materials	1,671,912,885	1,429,560,260
Cost of services purchased	408,393,578	197,516,885
Cost of materials and other production-related services	**2,080,306,462**	**1,627,077,145**

Due to the change in the balance sheet date, the 2012 figures for the energy segment relate to five quarters.

(17) Personnel expenses

in EUR	2012	2011
Wages	442,090,656	399,062,219
Salaries	386,513,873	304,367,771
Severance payments and contributions to occupational pension funds	18,568,962	9,234,936
Pension fund contributions	975,438,093	201,878,005
Expenses for legally prescribed social expenses and salary-related charges and mandatory contributions	173,898,080	145,374,684
Other social expenditure	8,538,385	5,507,947
Total Personnel expenses	**2,005,048,049**	**1,065,425,562**

Due to the change in the balance sheet date, the 2012 figures for the energy segment relate to five quarters.

The total remuneration received by members of the Board of Management during 2008 amounted to TEUR 1,243 (prior year: TEUR 1,197). A total of TEUR 55 (prior year: TEUR 56) was paid to members of the Supervisory Board during the same period.

The workforce is made up as follows:

Average headcount in FTEs	2012	2011
Wage earners	9,814	9,892
Salaried employees	5,805	5,655
Trainees/apprentices	409	407
Total*	**16,028**	**15,954**

*) Excluding those on parental leave, military and civilian service

During the reporting period, a total of 49 (prior year: 46) personnel were employed by EnergieAllianz Austria GmbH, a company consolidated on a pro rata basis. These individuals are reported in the headcount on a proportional basis. Wien Energie Vertrieb GmbH & Co KG does not have any direct employees (service agreement).

The expenses for severance payments and pensions can be broken down as follows:

in EUR	2012	2011
Board members and senior managers	451,705	211,138
Other employees	18,117,257	9,023,798
Total severance payments	**18,568,962**	**9,234,936**

in EUR	2012	2011
Board members and senior managers	4,194,141	990,645
Other employees	971,243,952	200,887,359
Total Pension fund contributions	**975,438,094**	**201,878,004**

Due to the change in the balance sheet date, the 2012 figures for the energy segment relate to five quarters.

The majority of the increase in expenses for pension obligations (around EUR 745.4 million) is accounted for by the change in the calculation method (switch to entry-age normal method) and the market-related adjustment in the applicable interest rate.

The expenses for severance payments and pensions contain both adjustments in the amounts set up as provisions in addition to the severance and pension payments actually made. The expenses for severance payments also include contributions in the amount of TEUR 3,364 (prior year: TEUR 2,605) made to occupational pension funds.

(18) Depreciation of tangible assets and amortisation of intangible assets

For details regarding the depreciation of tangible assets and amortisation of intangible assets by asset type, please refer to relevant annex.

DEPRECIATION OF TANGIBLE ASSETS AND AMORTISATION OF INTANGIBLE ASSETS

in EUR	2012	2011
Amortisation of intangible assets and depreciation of tangible assets	655,135,601	514,839,813
of which impairment charges relating to fixed assets pursuant to Art. 204 (2) UGB	73,695,358	1,260,855

Due to the change in the balance sheet date, the 2012 figures for the energy segment relate to five quarters.

(19) Other operating expenses

in EUR	2012	2011
Taxes in as far as these are not included under 'Taxes on income and earnings'	66,696,303	53,540,637
Remaining	606,679,719	537,511,128
Other operating expenses	**673,376,022**	**591,051,765**

Due to the change in the balance sheet date, the 2012 figures for the energy segment relate to five quarters.

The remaining operating expenses relate mainly to expenses for maintenance, transport, rent, cleaning and advertising.

The remaining operating expenses amount to TEUR 102,009 (prior year: TEUR 80,903) and consequently represent approximately 15 percent of the total of other operating expenses.

Auditing expenses (Article 266 (11) of the Austrian Commercial Code

During the financial year, a total of TEUR 1,084 (prior year: TEUR 587) was expended for audits performed by the Group's auditor. This amount is broken down as follows:

in EUR	2012	2011
Audits expenses	34,800	37,200
Expenses for other audit-like services	532,200	381,200
Expenses for other services	517,205	168,194
Total	**1,084,205**	**586,594**

Due to the change in the balance sheet date, the 2012 figures for the energy segment relate to five quarters.

The increase in the expenses for other audit-related services is accounted for by the change in the balance sheet date, as a result of which two sets of annual financial statements (2011/2012 and the short fiscal year Oct - Dec 2012) had to be audited for the relevant Group subsidiaries.

(20) Investment income

in EUR	2012	2011
Income from investments	39,674,721	34,198,691
of which in affiliated companies	1,285,604	657,464

Due to the change in the balance sheet date, the 2012 figures for the energy segment relate to five quarters

(21) Income from other securities and lendings of non-current financial assets

in EUR	2012	2011
Income from other securities and lendings of non-current financial assets	12,306,254	11,074,451
of which from affiliated companies	886,442	824,968

Due to the change in the balance sheet date, the 2012 figures for the energy segment relate to five quarters.

(22) Other interest and similar income

in EUR	2012	2011
Other income and similar income	10,597,479	14,211,836
of which from affiliated companies	54,417	94,230

Due to the change in the balance sheet date, the 2012 figures for the energy segment relate to five quarters.

(23) Expenses / income from associated companies

The shares in the results of investments in associated companies consolidated in the financial statements of the Group developed as follows over the course of the financial year:

in EUR	Balance at 01.01.2012	Additions	Depreciation	Dividends paid	Balance at 31.12.2012
EconGas GmbH	31,822,533	1,166,673	-26,970,596	-6,018,609	0
Remaining	3,563,842	489,218		-146,250	3,906,810
Total	**35,386,375**	**1,655,891**	**-26,970,596**	**-6,164,859**	**3,906,810**

(24) Expenses associated with financial assets and available-for-sale securities

in EUR	2012	2011
Expenses related to non-current financial assets and available-for-sale securities	53,339,070	4,119,668
of which writedowns	53,270,354	3,176,039
of which expenses relating to affiliated companies	49,701	147,684

Due to the change in the balance sheet date, the 2012 figures for the energy segment relate to five quarters.

The expenses associated with financial assets relate predominantly to the write-down of shares in Geothermiezentrum Aspern GmbH, as well as the write-down of shares in Verbund which had been acquired in the course of a capital increase.

(25) Income taxes

The Group incurred net tax expenses in the 2012 financial year amounting to TEUR 319 (prior year: TEUR 1,914). These figures include reallocations of tax assets and liabilities between Group companies (Gruppensteuerumlage) in an amount of TEUR 245 (prior year: TEUR 1,065).

Deferred tax assets in the amount of TEUR 41,894 (prior year: TEUR 3,100) were not reversed; this being optional on the basis of Article 198, para. 10, of the Austrian Commercial Code.

(26) Changes in reserves

Please refer to the table 'Consolidated Statement of Changes in Equity' for an overview of changes in reserves.

(27) Other financial obligations as defined by Article 266 (2) of the Austrian Commercial Code

Future obligations arising out of the use of tangible assets not recognised in the consolidated financial statements:

in EUR	2012	2011
of which relating to next year	27,679,183	25,394,376
of which relating to the next 5 years	134,737,453	120,952,812

(28) US cross-border lease transactions

In 1998, Wiener Linien recognised underground rolling stock and trams on the basis of US cross-border lease transactions (lease-in-lease-out structure). This involved leasing the vehicles to a US trust under a so-called head lease. At the same time, Wiener Linien GmbH & Co KG leased the vehicles back from the trust under a sub-lease agreement. The US trust made a leasing prepayment to Wiener Linien GmbH & Co KG, the amount of which was such that two depots (a debt and an equity depot) could be funded to meet the sub-leasing obligations. The inflow of funds in excess of that required by the depots (net cash value advantage) is recognised as an accrual and is reversed over the term of the leasing agreements under the position other interest and similar income.

As a result of Bank Austria Leasing taking over the payment obligations for the borrowed portion of the sub-lease instalments (payment undertaking agreement or PUA), the debt depot is balanced in the same amount against the US trust and is therefore not recognised on the balance sheet. However, given that the Company remains liable for the as yet unredeemed portion of the sub-lease obligations, this amount is reported under the position 'Contingent liabilities'.

The securities held in the equity depot serve to collateralise the remaining sub-lease payments to be made by the Company.

In the financial years 1999, 2001 and 2003, further US lease transactions were concluded in the form of a service contract structure. Given that it was possible to entirely transfer the payment obligations to financial institutions (payment undertakers), the balance sheet only recognises the net inflow of cash as an accrual. As in the case of the earlier transactions, the amount recorded as an accrual is being reversed in line with the term of the lease agreement under the position 'Other interest and similar income'. The payment obligations transferred to the contractual partners under payment undertaking agreements (PUA) are reported as contingent liabilities.

These financial transactions were entered into in USD. Their translation into EUR was based on historical exchange rates. The remaining receivables and payables in USD on the balance sheet date are maturity congruent and may be regarded as closed out positions.

Given that the payment obligations transferred to the contractual partners by means of the PUAs entail a residual performance risk borne by Wiener Linien in the event of the contractual partners defaulting, this is taken into account in the annual financial statements as at 31.12.2012 as follows:

With regard to the contractual partner the performance by whom is also covered by a public guarantee obligation, the risk of default may be considered to be extremely low, as a result of which, and based on the assessment of the Company, no need exists to take any impairment charges in the annual accounts.

A provision has been set up for the contractual partner AIG which has a rating of under AA, issued by Standard & Poor's, and for which none of the abovementioned forms of collateral exist. The amount of the provision is determined on the basis of the historical probability of default measured using the rating of the contractual partner and the residual term to maturity of the transactions. As at 31.12.2012, transferred obligations (discounted future payment obligations) exist in an amount of approximately TEUR 43,734 (prior year: TEUR 41,222) for which provisions in the annual financial statements as at 31.12.2012 amounting to TEUR 725 (prior year: TEUR 778) have been set up (i.e. TEUR 53 have been reversed and recognised in income).

Events after the conclusion of the contract:
The transactions concluded in 1998 were subsequently restructured in December 2003. This involved restructuring those portions concluded with the investor Bank of America (then NationsBank) relating to underground and tram vehicles from a LILO to a service contract structure, whereby an additional net cash value advantage was generated for Wiener Linien GmbH & Co KG. In 2008, a rating downgrade of the collateral provider AIG necessitated additional collateral in the form of US treasury bonds being tendered. These securities are pledged to the investor, Bank of America. In February 2009, a valuation unit for accounting purposes was established by means of a foreign currency loan. The effective date for assessing the intrinsic value of the collateral is always the 15th of January of every year. No purchase of additional US treasury bonds was necessary in the past financial year.

On the initiative of the investor, in 2006 the Trusts Fleetbank 1998-1 and -2 associated with the first US lease transaction were terminated prematurely and the relevant liabilities vis-à-vis the investor were settled through the assignment of the US treasury bonds held.

In January 2009, the second tranche of the third US cross-border lease transaction was terminated prematurely. However, one component of the transaction (B-Kreditseite), with Bank Austria as the lender, including the associated PUA (PUA depot holder: BAWAG-PSK), remains in effect. Due to the elimination of the underlying transaction, the relevant amounts were de-recognised as contingent liabilities and recognised on the

balance sheet as amounts with identical volumes carried as liabilities due to banks and receivables arising out of non-current financial assets respectively.

In May 2009, the fourth US cross-border lease transaction was also terminated prematurely. The remaining component of the transaction (B-Kreditseite), with Kommunalkredit Austria AG as the lender and WestLB AG as the depot holder, has been recorded on the balance sheet in the same manner as the second tranche of the third US cross-border lease transaction. Given that this transaction involved the inclusion of 20 vehicles owned by Wiener Lokalbahnen AG by means of a power of attorney issued by Wiener Linien acting in its own name but on the account of a third party, these include receivables and payables relating to the transactions (B-Kredit / B-PUA and pro rata WLB shares) irrespective of a later transfer of risks and costs on the part of Wiener Lokalbahnen AG. For commercial reasons, components of the payment undertaking agreements relating to equity remain effective, with the repayment in USD , however, being in favour of Wiener Linien. Forward rate agreements with a volume of USD 8,223,874 have been concluded to hedge the associated FX risk. The fair value of these transactions at 31.12.2013 amounts to the equivalent of minus TEUR 189 (prior year: minus TEUR 447).

In June 2009 and at the request of the investor, the remaining components of the second US cross-border lease transaction (Trusts FA 1998-1 and 2) were terminated prematurely and the relevant liability due to the investor was settled by means of the assignment of the US treasury bonds held. The payment undertaking agreement and the loan were also terminated (resulting in the elimination of the contingent liability).

In July 2011, an exchange of the equity PUA for US treasury bonds was implemented with SwissRE Financial Products Corp. relating to the fifth US cross-border lease transaction (Trusts FT 2003-1 and 2). Due to the change in the contract, the relevant amounts were recognised in identical volumes as liabilities vis-a-vis US trusts and recognised on the balance sheet as non-current financial assets rather than as contingent liabilities.

The following positions associated with US lease transaction are reported in the balance sheet:

	2012 TEUR	2011 TEUR
Non-current financial assets		
Depot for US Lease I and R	102,757	97,413
Depot to recollateralise US-Lease R	45,252	42,252
Depot for US-Lease V	15,563	14,877
	163,572	**154,542**
Other borrowings		
Prepayment instruments at BAWAG-PSK US-Lease III/2) and with WestLB (US-Lease IV)	**15,674**	**15,973**
Positive balances at banks		
(Associated with the PUA for US-Lease IV (Bank Austria UniCredit Group) State Street, Trust SS1998-2)	**2,717**	**5,617**
Provisions	**725**	**778**

	2012 TEUR	2011 TEUR
Liabilities due to banks		
Depot obligations arising out of US-Lease III/2 and IV (Bank Austria Uni Credit Group and Kommunalkredit Austria AG)	15,674	15,973
USD loan granted by Kommunalkredit Austria AG	46,235	46,235
	61,909	**62,208**
Other US trust obligations	**118,713**	**112,290**
Accruals		
Deferred fair value of US lease transactions	**14,493**	**16,583**
Contingent liabilities = contingent assets	**242,841**	**251,988**

(29) Financial instruments

The derivative-based financial instruments serve exclusively to hedge energy sector exposures. These are recorded as anticipatory hedges and match future underlying transactions.

There follows a breakdown of the derivative-based financial instruments held by certain Group companies on the balance sheet date:

2012	Nominal-value* TEUR	Current value** TEUR
Forward contracts purchased	749,363	-96,779
Forward contracts sold	377,520	43,352
Oil swaps	123,054	2,130
Futures purchased	118,014	-15,408
Futures sold	17,028	4,527

2011	Nominal-value* TEUR	Current value** TEUR
Forward contracts purchased	528,667	8,730
Forward contracts sold	316,473	-7,481
Oil swaps	218,363	16,051
Futures purchased	68,121	11,049
Futures sold	5,244	673

* The nominal value is equivalent to the contractual value (agreed volume x agreed price).

** The current value is equivalent to the market value (fair value - gain/loss).

The contracts refer to electricity supply deals concluded by e&t Energie Handelsgesellschaft mbH.

The oil swaps were concluded to limit the costs of primary energy sources.

Due to retro-active adjustments relating to a major gas supply contract, on the balance sheet date of 31.12.2012, no valuation unit exists with regard to actual electricity sales at fixed prices and derivative-based transactions, which were entered into in order to hedge variable production costs associated with the generation of electricity in thermal power stations. Valuation were therefore made for forward electricity-based transactions and oil-based swaps which have led to provisions for negative fair values in the amount of TEUR 2,429 in the case of oil swaps and TEUR 4 in the case of forward rate agreements (electricity sales).

The futures held on the balance sheet date relate to asset-backed securities in the amount of TEUR 3,831 (prior year: TEUR 4,338) which are balanced by entries under the position 'Other receivables'. Gains (positive variation margins) arising out of open futures contracts amounting to TEUR 0 (prior year: TEUR 2,189) have been offset by accrued expense entries and losses (negative variation margins) from futures contracts in the amount of TEUR 7,122 (prior year: TEUR 0) have been offset by entries in position 'Prepayments and accrued income'.

Other information

Cash Pooling

In order to achieve efficient working capital management and optimise interest-based revenues and expenses, the Wiener Stadtwerke Group introduced a Group-wide cash pooling scheme with effect from 1 July 2010.

A master cash pooling agreement was concluded between Wiener Stadtwerke Finanzierungs-Services GmbH (master company) and the participating cash pooling subsidiaries (cash pool members). Furthermore, an agreement was also concluded between the cash pool members (including Wiener Stadtwerke Finanzierungs-Services GmbH) and the bank managing the cash pool. A Group policy document was also introduced. This agreement and the Group policy document regulate the exchange of information, the billing of expenses and interest, the inclusion of new members and the termination options relevant to the cash pooling scheme.

Acquisition of Company Building Stationsturm KG

In the 2010 financial year, a conditional purchase agreement (containing a suspensive obligation) was concluded with regard to the acquisition of a further building, the TownTown Immobiliendevelopment GmbH & Co 'Company Building Stationsturm' KG. The closing (i.e. the performance of the actual purchase process and the transfer of the purchase price) took place in February 2012.

Executive bodies

The **Board of Management** was made up of the following members during the financial year:

- Gabriele Payr (CEO)
- Martin Krajcsir (Vice-CEO)
- Marc Hall (since 01.07.2012)
- Helmut Miksits (up to 30.06.2012)
- Gabriele Domschitz

The **Supervisory Board** was made up of the following members during the financial year:

- Erich Hechtner (Chairman)
- Richard Neidinger (First Vice-Chairman)
- Meinhard Eckl (Second Vice-Chairman)
- Brigitte Jilka
- Michael Holoubek
- Stephan Koren
- Werner Muhm
- Sigrid Oblak
- Heinz Kollinger
- Günther Koch
- Michael Bauer
- Andreas Bauer

During the past financial year, no material transactions other than those applying arm's-length conditions were entered into with any companies or individuals associated with the Group.

Vienna, 13 March 2013

The Board of Management:

Gabriele Payr
Martin Krajcsir
Marc Hall
Gabriele Domschitz

Unqualified Audit Opinion

Report on the consolidated financial statements

We have audited these consolidated financial statements of

WIENER STADTWERKE Holding AG, Vienna,

for the financial year from 1 January 2012 to 31 December 2012. These statements comprise the Consolidated Balance Sheet as at 31 December 2012, the Consolidated Profit and Loss Account, The Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year to 31 December 2012, as well as the Notes to the Consolidated Financial Statements.

Responsibility of the Company's legal representatives for the consolidated annual financial statements and the Group's accounting

The Group's legal representatives are responsible for its accounting and for the preparation of consolidated annual financial statements which, to the maximum extent possible, present a true and fair view of the Group's assets, finances and earnings in accordance with the Austrian Commercial Code (UGB). This responsibility includes: designing, implementing and maintaining an internal control system, to the extent that this is relevant to the preparation of consolidated annual financial statements and to the presentation of a true and fair view of the Group's assets, finances and earnings, such that these statements are free from material misstatement whether due to fraud or error; selecting and applying appropriate accounting and measurement methods; and making estimates which are reasonable in the circumstances.

Auditors' responsibilities and description of the nature and scope of the statutory audit

Our responsibility is to express an opinion on these consolidated annual financial statements based on our audit. We conducted our audit in accordance with Austrian statutory requirements and generally accepted accounting principles. These principles require that we comply with the relevant codes of professional conduct, and plan and perform the audit so as to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves the performance of audit procedures to obtain evidence about the amounts and other disclosures in the consolidated financial statements. The selection of these procedures is at the due discretion of the auditors, taking into account their assessment of the risk of material misstatement due to fraud or error. In making this risk assessment, the auditors consider the internal control system, to the extent relevant to the preparation of the consolidated financial statements and the presentation of a true and fair view of the Group's assets, finances and earnings, in order to arrive at audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes assessing the reasonableness of the accounting methods applied and of significant estimates made by the Company's legal representatives, as well as evaluating the overall presentation of the consolidated financial statements.

Opinion

Our audit gave rise to no objections.
Based on the results of our audit, in our opinion the consolidated financial statements to the maximum possible extent conform to the legal regulations, and present a true and fair view of the Group's assets and finances as at 31 December 2012, as well as its earnings and cash flows for the year then ended, in accordance with Austrian statutory requirements.

Opinion on the Group Management Report

The legal regulations require us to audit the Group Management Report to determine whether it is consistent with the consolidated financial statements and whether the other disclosures made in the Management Report do not present a false view of the Group's position.

The auditor's report must also contain a statement as to whether the Group Management Report is consistent with the consolidated financial statements.

In our opinion the operating review is consistent with the consolidated financial statements.

Vienna, 22 March 2013

BDO Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Peter Bartos
Auditor

Christoph Achzet
Auditor

The publication or dissemination of the consolidated financial statements attested by our audit report are only permissible in the form in which these were audited. This audit report relates exclusively to the full financial statements, including the management report, prepared in the German language. Reference is made here to the requirements set out in Article 281, para. 2, of the Austrian Commercial Code (UGB) with regard to any other versions hereof.

List of Holdings

	Interest in % WSTW Holding AG	Interest in % WSTW Holding Group
Fully consolidated companies:		
1. Wiener Stadtwerke Holding AG, Thomas-Klestil-Platz 14, 1030 Vienna	100.00	100.00
2. Wien Energie GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	100.00	100.00
3. Wien Energie Gasnetz GmbH, Erdbergstraße 236, 1110 Vienna	100.00	100.00
4. Fernwärme Wien GmbH, Spittelauer Lände 45, 1090 Vienna	0.00	100.00
5. Energiecomfort Energie- und Gebäudemanagement GmbH, Thomas-Klestil-Platz 15, 1030 Vienna	0.00	100.00
6. Wien Energie Stromnetz GmbH, Mariannengasse 4-6, 1090 Vienna	100.00	100.00
7. Wiener Linien GmbH, Erdbergstraße 202, 1030 Vienna	100.00	100.00
8. Wiener Linien GmbH & Co KG, Erdbergstraße 202, 1030 Vienna	100.00	100.00
9. B&F Wien - Bestattung und Friedhöfe GmbH, Simmeringer Hauptstraße 339, 1110 Vienna	100.00	100.00
10. Friedhöfe Wien GmbH, Simmeringer Hauptstraße 339, 1110 Vienna	0.00	100.00
11. WienIT Dienstleistungs GmbH, Thomas-Klestil-Platz 6, 1030 Vienna	100.00	100.00
12. WienIT Dienstleistungs GmbH & Co KG, Thomas-Klestil-Platz 6, 1030 Vienna	100.00	100.00
13. Parkraum Wien Management GmbH, Würtzlerstraße 3/4, 1030 Vienna	100.00	100.00
14. WIPARK Garagen GmbH, Würtzlerstraße 3/4, 1030 Vienna	0.00	100.00
15. CITY PARKGARAGEN Betriebsgesellschaft m.b.H., Würtzlerstraße 3/4, 1030 Vienna	0.00	100.00
16. Aktiengesellschaft der Wiener Lokalbahnen, Eichenstraße 1, 1121 Vienna	99.94	100.00
17. Wiener Lokalbahnen Verkehrsdienste GmbH, Eichenstraße 1a, 1121 Vienna	0.00	100.00
18. Wiener Lokalbahnen Cargo GmbH, Anton-Baumgartner-Straße 10, 1230 Vienna	0.00	100.00
19. WIENER STADTWERKE Vermögensverwaltung GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	100.00	100.00
20. WIENER STADTWERKE Finanzierungs-Services GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	100.00
21. WSTW TownTown GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	100.00
22. WSTW TownTown GmbH & Co Residenz KG, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	100.00
23. WSTW TownTown GmbH & Co Stationsturm KG, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	100.00
24. Bestattung Wien GmbH, Simmeringer Hauptstraße 339, 1030 Vienna	0.00	100.00
25. BFW Gebäudeerichtungs- u. Vermietungs GmbH, Simmeringer Hauptstraße 339, 1110 Vienna	0.00	100.00
26. BFW Gebäudeerichtungs- u. Vermietungs GmbH & Co KG, Simmeringer Hauptstraße 339, 1110 Vienna	0.00	100.00
27. Wien Energie Bundesforste Biomasse Kraftwerk GmbH, Haidequerstraße 1, 1110 Vienna	0.00	66.67
28. Wien Energie Bundesforste Biomasse Kraftwerk GmbH & Co KG, Haidequerstraße 1, 1110 Vienna	0.00	66.67
29. Wien Energie Speicher GmbH, Erdbergstraße 236, 1110 Vienna	0.00	100.00
30. Beteiligungsmanagement IWS Verwaltungs GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	100.00
31. Vienna Energy Természeti Erö KFT, Aradi utca 16, HU-1062 Budapest, Hungary	0.00	100.00
32. Windnet Windkraftanlagenbetriebs GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	85.00
33. Windnet Windkraftanlagenbetriebs GmbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	85.00

	Interest in % WSTW Holding AG	Interest in % WSTW Holding Group
Companies consolidated at equity		
1. e&i EDV Dienstleistungsgesellschaft m.b.H., Thomas-Klestil-Platz 6, 1030 Vienna	0.00	50.00
2. e&t Energie Handelsgesellschaft m.b.H., Wienerbergstraße 11, 1100 Vienna	0.00	45.00
3. Immobiliendevelopment WIENER STADT-WERKE BMG & STC Swiss Town Consult AG, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	44.00
4. EPZ Energieprojekt Zurndorf GmbH, Kasernenstraße 9, 7000 Eisenstadt	0.00	40.00
5. TELEREAL Telekommunikationsanlagen GmbH, Mollardgasse 8, 1060 Vienna	0.00	25.00
6. EconGas GmbH, Donau-City-Straße 11, 1220 Vienna	0.00	16.51

	Interest in % WSTW Holding AG	Interest in % WSTW Holding Group
Proportionally consolidated companies		
1. WIEN ENERGIE Vertrieb GmbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	100.00
2. ENERGIEALLIANZ Austria GmbH, Wienerbergstraße 11, 1100 Vienna	0.00	45.00
3. PAMA-GOLS Windkraftanlagenbetriebs GmbH & Co KG, Kasernenstraße 9, 7000 Eisenstadt	0.00	50.00

	Interest in % WSTW Holding AG	Interest in % WSTW Holding Group
Companies not included in the full scope of consolidation *) **)		
1. Wienstrom Naturkraft GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	100.00
2. Wienstrom Naturkraft GmbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	100.00
3. Servicekomfort s.r.o., Duchnovicovo 1, SK-08001 Prešov, Slovakia	0.00	100.00
4. Vienna Energy forta naturala S.R.L., Street Sfanta Vineri, no.29, Bectro-Center, RO-030203 Bucharest, Romania	0.00	100.00
5. Hauscomfort GmbH, Thomas-Klestil-Platz 15, 1030 Vienna	0.00	100.00
6. Energiecomfort Hungary Energetik, Régi Vámház tér 12, HU-9200 Mosonmagyarovar, Hungary	0.00	100.00
7. Gemeinnützige Wohnungs- und Siedlungsgenossenschaft der Wiener Stadtwerke GmbH, Nelkengasse 6, 1060 Vienna	100.00	100.00
8. R.H. pro domo Servicegesellschaft m.b.H., Nelkengasse 6, 1060 Vienna	0.00	100.00
9. WIENCOM Werbeberatungs GmbH, Thomas-Klestil-Platz 15, 1030 Vienna	100.00	100.00
10. Wiener Stadtwerke Vermögensverwaltung Alpha GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	100.00
11. Wiener Linien Verkehrsprojekte GmbH, Erdbergstraße 202, 1031 Vienna	0.00	100.00
12. Sargerzeugung Atzgersdorf GmbH, Breitenfurter Straße 176, 1230 Vienna	0.00	100.00
13. pax diebestattung GmbH, Landstraßer Hauptstraße 39, 1030 Vienna	0.00	100.00
14. Krematorium Wien GmbH, Simmeringer Hauptstraße 339, 1110 Vienna	0.00	100.00
15. P.C.C. Parkgaragen City Center GesmbH, Würtzlerstraße 3/4, 1030 Vienna	0.00	100.00
16. Beteiligungsmanagement E-Mobilität GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	100.00	100.00
17. Tierfriedhof Wien GmbH, Simmeringer Hauptstraße 339, 1110 Vienna	0.00	70.00
18. WIPARK KONZUMPARKOLO Kft., Irgalmasok u. 5, 7621 Pécs, Hungary	0.00	90.00
19. Geothermiezentrum Aspern GmbH, Spittelauer Lände 45, 1090 Vienna	0.00	80.00
20. Druckerei Lischkar & Co GmbH, Migazziplatz 4, 1120 Vienna	0.00	63.64
21. Spravbytkomfort a.s., Volgogradská 88, SK-08001 Prešov, Slovakia	0.00	55.00
22. Wiener Stadtwerke Management Beta Beteiligungs GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	52.63
23. Neu Leopoldau Entwicklungs GmbH, Universitätstraße 11, 1010 Vienna	0.00	51.00
24. MHC Calinesti Rau S.R.L., Street Sfanta Vineri, no.29, Bectro-Center, RO-030203 Bucharest, Romania	0.00	100.00
25. Wien Energie Bernegger Wasserspeicherkraftwerk Pfaffenboden GmbH, Gradau 15, 4591 Molln	0.00	100.00

*) Not consolidated on the grounds of Article 249 (2) Austrian Commercial Code (UGB)

**) On the grounds of immateriality in terms of providing a true and fair picture of the assets, financial and earnings positions, no details of equity or annual result are provided

	Interest in % WSTW Holding AG	Interest in % WSTW Holding Group
Companies not consolidated at equity *)**		
1. Köszegi Távhözolgáltató Korlátolt Felelösségü Társaság, Deak Ferenc u.2., HU-9730 Köszeg, Hungary	0.00	50.00
2. Ortswärme Seefeld GmbH, Rosshütte 865, 6100 Seefeld	0.00	50.00
3. Polska Sila Wiatru SP.z.o.o., Aleje Ujazdowskje 22/4, PL-00-478 Warsaw, Poland	0.00	50.00
4. PAMA-GOLS Windkraftanlagenbetriebs GmbH, Kasernenstraße 9, 7000 Eisenstadt	0.00	50.00
5. TT - KOMFORT s.r.o., Frantiskanska 16, SK-917 32 Trnava, Slovakia	0.00	50.00
6. Ortswärme Oberstaufen GmbH, Schloßstraße 8, D-87534 Oberstaufen, Germany	0.00	50.00
7. Ortswärme Oberstaufen GmbH & Co KG, Schloßstraße 8, D-87534 Oberstaufen, Germany	0.00	50.00
8. T+E Liegenschaftsverwertung GmbH & Co OG, Mariannengasse 4-6, 1090 Vienna	0.00	50.00
9. WEEV Beteiligungs GmbH, EVN Platz, 2344 Maria Enzersdorf	0.00	49.99
10. Energy Eastern Europe Hydropower GmbH, Hans-Klöpfer-Straße 28-30, 8750 Judenburg	0.00	49.00
11. Bytkomfort s.r.o., SNP 9, SK-94060 Nové Zamky, Slovakia	0.00	49.00
12. TownTown Tiefgaragen GmbH, Würtzlerstraße 3/8, 1030 Vienna	0.00	44.00
13. TownTown Tiefgaragen GmbH & Co. KG, Würtzlerstraße 3/8, 1030 Vienna	0.00	44.00
14. Wiener Stadtwerke Management Alpha Beteiligungs GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	69.10
15. Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH, Am Hof 6a, 1010 Vienna	0.00	33.33
16. Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH & Co KG, Am Hof 6a, 1010 Vienna	0.00	33.33
17. Ortswärme Tannheim GmbH, Unterhöfen 18, 6675 Tannheim	0.00	24.86
18. Ortswärme Grän GmbH, Dorfstraße 1, 6673 Grän	0.00	24.86
19. PROCOMFORT GmbH, Salurner Straße 11, 6020 Innsbruck	0.00	50.00
20. EVN-WIEN ENERGIE Windparkentwicklungs- und Betriebs GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	50.00
21. EVN-WIEN ENERGIE Windparkentwicklungs- und Betriebs GmbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	50.00

***) Not consolidated on the grounds of Article 263 (2) Austrian Commercial Code (UGB)

Glossary

Technical and industry-specific terms

Audit
An audit is an independent, systematic inspection of whether, for example, specific criteria defined in accepted standards are being satisfied. In the context of the audit, a distinction is made between a certification audit and a renewal audit. A certification audit is an inspection performed to achieve initial certification. In order for this to retain its validity, it has to be renewed at regular intervals (every two or three years). This is done by carrying out a renewal audit.

Biomass
This term refers to all organic, non-fossil materials, and therefore includes naturally occurring and growing materials and the resulting waste materials both from living and dead organic matter.

CAPEX ratio
The CAPEX ratio is an indicator of the propensity of a company to invest, i.e. the percentage of turnover invested in tangible and intangible assets.

Capital employed
Shareholder's equity + interest-bearing borrowings + provisions for pensions - securities held to cover pension fund obligations - working capital

Capitalisation ratio
(Fixed assets / total assets) x 100

Cash flow
Cash flow is an economic indicator which expresses the financial resources of a company and its ability to finance dividend payments, service its debts and fund investments from its own business activities.

Certification
Certification refers to successfully withstanding an audit of products or services, operational processes or entire companies performed by an independent and accredited certification company relating to compliance with criteria, mostly defined in standards, which is acknowledged by means of the awarding of a certificate (e.g. seal of approval or standard).

CO_2 emission certificates
These permit the holder to emit a defined quantity of CO_2. Certificates can be traded without restriction; their price being determined by the principle of supply and demand.

Cogeneration technology (CHP)
By producing electricity and heat at the same time – co-generation – fuels can be used as efficiently as possible.

District cooling
This refers to supplying buildings with refrigerated air for air conditioning purposes. The necessary refrigeration (cold) is either generated at a refrigeration centre and then delivered to consumers via well insulated district cooling networks, or the refrigeration is generated on-site by the consumer by means of heat absorption machines relying on the hot water supplied by the district heating network.

EBIT margin
EBIT margin = EBIT (restated) / turnover (restated)

EBT is the abbreviation for earnings before tax (also referred to as the result of ordinary activities). It is calculated as follows: EBIT +/- financial result = EBT

EEX (European Energy Exchange)
The EEX is a market place for energy and energy-related products and, with over 200 market players from 22 countries, is currently the leading energy exchange on the European mainland.

Equity ratio
(Shareholder's equity / total equity and liabilities) x 100

Equity-to-fixed-assets ratio
[(Shareholder's equity + social capital + long-term borrowings + deferred investment grants)/ fixed assets] x 100

Environmental management system
An environmental management system, e.g. EMAS or ISO 14001, includes a clear organisational structure, planning activities, responsibilities, codes of conduct and standard operating procedures in order to ensure compliance with environmental legislation as well as with voluntary additional targets in terms of environmental protection.

e-mobility on demand
The pilot project 'e-mobility on demand' is paving the way for an area-wide and use-oriented e-mobility concept for the Greater Vienna metropolitan area. The objective is to test important new components of a use-oriented and complex range of e-mobility services. The overriding aim, however, is to increase the share of public transport in the modal split and to establish electromobility not as an alternative but as a supplement to public transport.

Energy efficiency
Energy efficiency is the ratio between energy input and energy output. When producing electricity in power stations, a considerable proportion of the primary energy employed is converted into heat. Relying on cogeneration technology, this heat is used in combined heat and power plants to produce district heating.

Essential services
Providing essential services means ensuring that every citizen has equal access to all necessary services and facilities which are considered essential to the smooth running of a modern society, and thus are associated with a particular responsibility for public welfare.

Geothermal energy
Geothermal energy refers to the energy stored in the Earth's crust and is considered to be a renewable source of energy. Geothermal energy can be used both as a source of heat or cooling, or indirectly for the production of electricity and heat (relying on cogeneration technology).

ISO 14001
ISO 14001 is the ISO standard for eco-management systems.

IPD
Integrated Personnel Development

Modal split
The share of each individual type of transport compared to the total traffic volume.

Notional debt repayment period
Total debt / net cash flow

NO_x
NO_x is the abbreviation for all forms of nitrogen oxides

OHSAS 18001
OHSAS stands for Occupational Health and Safety Assessment Series. Much like ISO 14001, this is also management system, albeit relating to the occupational safety of employees.

Thermal power station
Many power stations rely on steam; some on gas turbines. The waste heat generated when producing energy should also be used. (see Cogeneration / CHP)

Passenger kilometres transported
Passenger kilometres transported is a unit of measurement for public transportation. It refers to the total passenger carrying capacity offered by a transport provider on a particular route travelled using a specific means of transport. No account is taken of whether these services are used or not.

Photovoltaic plants
Plants which use sunlight to generate electricity.
If heat is produced, then reference is made to solar thermal plants.

Primary energy
The term primary energy refers to naturally occurring forms and sources of energy which, in contrast to secondary energy, can be released without conversion. Besides fossil fuels such as natural gas, oil, brown and hard coal, these also include renewable sources of energy such as solar energy, geothermal energy, wind and hydro power as well as biomass.

Productivity
Consolidated turnover / [headcount prior year / headcount current year) / 2]

Risk management
Risk management refers to the systematic reporting and assessment of risks as well as the management of responses to identified risks. This procedure is applied in numerous areas such as in the management of corporate risks, credit risks, financial investment risks, environmental risks, insurance risks and technical risks.

ROCE
(Return on Average Capital Employed) EBIT restated to exclude the interest-bearing components of provisions for pension obligations as well as the effects of grant-funded investments / [(capital employed in period + capital employed in prior period)]/2.

Smart City
The term 'Smart City' refers to a city in which systematic information and communication technologies, as well as resource-saving technologies, are used to pave the way toward a fossil-free society, to reduce the use of resources, to sustainably improve both quality of life for citizens and the competitiveness of local industry – i.e. to improve the future prospects of the city. This includes considering at least those aspects relating to energy, mobility, urban planning and governance.

Smart grid
A smart grid is an intelligent electricity network. This encompasses the communication-based management of electricity producers, storage facilities, consumers and infrastructure in the transmission and distribution networks relevant to supplying electricity. The aim is to integrate decentralised electricity production facilities and those with variable outputs – e.g. from renewable sources such as photovoltaic plants, wind turbines and biogas facilities – into the network and yet to ensure that network stability remains optimal. The intention is to achieve efficient and reliable system operations and safeguard security of supply.

Smart metering
Smart metering combines modern metering technology with IT and communication technologies as the keys to providing up-to-date information on energy use by consumers, electronically transmitting consumption data to network operators, pricing dependent on current levels of availability of electricity and the connection of devices to the meter.

SMILE
The SMILE project (**S**mart **M**obility **I**nfo and Ticketing System **L**eading the Way to Effective **E**-mobility Services) involves developing a prototype for an Austria-wide, multi-modal, mobility platform which provides access to various public and private mobility services.

Spot market
A spot market is a trading place for spot transactions (for immediate delivery) where prices are determined on the basis of supply and demand. This includes trading in securities, oil and energy (refer also to EEX)

ULF (Ultra-low-floor)
The type of low-floor trams used by Wiener Linien

Imprint

Published by
Wiener Stadtwerke Holding AG
Thomas-Klestil-Platz 14
1030 Vienna
Tel.: +43 (0)1 531 23-0
post@wienerstadtwerke.at
www.wienerstadtwerke.at

Typesetting and printing
Druckerei Lischkar, Wien
Printed on ecologically friendly paper

Design Atelier Walzhofer, brand unit

Translation Anglo-Austrian Communications

For details regarding the Annual Report

Corporate Communications
Thomas Geiblinger
Tel.: +43 (0)1 431 23-73953
thomas.geiblinger@wienerstadtwerke.at

For further information, please refer to:
www.wienerstadtwerke.at