



Annual Report 06

# Year of Achievement

## Highlights 2006

- **ATX climbs over 4,000 points for the first time**
- **Market capitalization at all-time high of EUR 146.2bn (+36%)**
- **Average monthly trading volume also breaks new record and rises over EUR 10bn**
- **Record level of capital inflows of EUR 11.8bn from new issues and capital increases**
- **Market capitalization expressed as a percentage of the Austrian GDP increased from 14% (2001) to 57% (2006)**

## Key Figures of Wiener Börse

		2006	2005	2004	2003
<b>Trading figures</b>					
Transactions, cash market (double count)	Number	6,469,772	3,306,620	1,677,768	887,272
Annual trading volume, cash market	EUR bn	125.85	73.47	38.15	19.06
Average monthly trading volume, cash market	EUR bn	10.5	6.1	3.2	1.6
Listed companies	Number	112	109	115	122
Capital inflow	EUR bn	11.87	6.63	4.07	2.10
ATX at year-end	Points	4,463.47	3,667.03	2,431.38	1,545.15
Market capitalization at year-end	EUR bn	146.20	107.08	64.58	44.81
Average monthly number of data terminals	Number	18,581	15,536	14,566	15,089
<b>Profit and loss account</b>					
Sales revenues	EUR	53,374,742	36,309,863	23,309,475	17,568,642
Earnings before tax (EBT)	EUR	31,936,617	19,003,729	8,119,525	2,282,876
Net profit	EUR	25,183,307	14,918,188	6,231,063	1,833,349
<b>Balance sheet</b>					
Fixed assets	EUR	52,068,670	31,683,240	24,237,464	18,452,575
Shareholders' equity	EUR	64,594,172	43,227,615	30,345,027	26,033,019
Return on equity	%	73.19%	79.86%	77.84%	82.95%
Liabilities	EUR	7,634,367	1,706,266	3,212,528	2,059,279
Total assets	EUR	88,251,872	54,130,619	38,984,314	31,384,279

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## 2006. The Year of Achievement

Interview with the Joint CEOs of Wiener Börse AG,  
Michael Buhl and Heinrich Schaller

**The year 2006 was a very good one again for Wiener Börse. What were the highlights in your opinion?**

**Buhl:** These were, of course, primarily the excellent performance of stocks, the trading volumes as well as the record volumes of fresh capital raised. In 2006, the market in Vienna posted a gain of 21.72% as tracked by the ATX and thus once again soared past almost all international stock markets. Trading volumes on the cash market also broke new records last year. The average monthly trading volume in 2006 was EUR 10.5bn, while the peak was reached in May 2006 with more than EUR 17bn. On the whole, the annual trading volumes in 2006 on Wiener Börse were up by around 71%, hitting a level just below EUR 126bn. Thus, Wiener Börse continued the excellent performance of the past years: Since January 2003, the ATX has gained 295%.

A record was also broken with regard to the volume of fresh capital raised through initial public offerings and capital increases in 2006. Overall, EUR 11.8bn were raised through stock market transactions that now contribute to the development of Austria's economy. We view this success as a confirmation of the attractiveness of Wiener Börse as a financing platform and of its high significance for businesses and the economy. In this context, I would like to mention the largest initial public offering last year: Österreichische Post AG. Not only was the offering a great success, but the excellent performance of the stock ever since serves to highlight the capacity of the Austrian market to absorb new issues and the enormous opportunities available to issuers.

**Schaller:** The considerable appreciation of Austrian stocks as well as the inflow of fresh capital has, of course, also raised market capitalization further. At EUR 142.6bn at year-end 2006, it corresponds to 57% of GDP. This is a highly satisfactory level by international comparison. Compared to countries such as Great Britain and the US, though, we still have some catching up to do.

The number of trading members also developed very well in 2006, and we succeeded in acquiring a number of new international members again last year. We have a total of 72 trading members, of which 33 are foreign banks or brokerage firms. The share in trading volume accounted for by international trading members has also increased significantly and hit some 56%. Thus, international investors continue to have large positions in Austria. In this setting, the number of subscribers to price data was also raised by 18 customers to 93 in 2006.

**Heinrich Schaller,**  
Joint CEO

**Michael Buhl,**  
Joint CEO



**How does this affect the actual performance of Wiener Börse AG as a company?**

**Schaller:** The excellent market environment is also reflected in the development of our exchange. Operating income (EBIT) of Wiener Börse AG rose by 62% at higher sales revenues of 47% and the earnings before tax (EBT) were up 68% over the previous year. This growth was driven mainly by the transaction proceeds from the cash market, which were up 57%, and the increase of 32% in sales revenues from data vending. Thus, Wiener Börse AG achieved the best results in the history of the company.

**What are the most important driving forces behind this positive development of the Austrian capital market in your opinion?**

**Buhl:** First of all, there is no doubt that the excellent quality of the companies listed on the exchange is a major factor of attraction for domestic and international investors. There are good reasons for this: These include the above average growth achieved due to their activities in Central and Eastern Europe – after all, 95% of the companies in the ATX do business in this region – as well as an attractive dividend policy, the global leadership of many companies in their niches, the positive valuation by national and international analysts and their very attractive price-to-earnings ratios.

Very important is also the success of the state-subsidized retirement products, for which around one million policies have been sold. Neither should we forget the positive international environment that has definitely also stimulated the market in Vienna.

**What was the influence of the legal, fiscal and political framework conditions?**

**Schaller:** Definitely positive. In the past few years, significant improvements have been achieved, just think of aspects such as the higher transparency attained through the Austrian Code of Corporate Governance and the introduction of the state-subsidized private retirement provisioning.

We believe that there is even more room for strengthening the capital market: These include measures to promote employee stock option schemes by increasing tax-free allowances and shortening the retention

period or creating further variants of retirement provisioning. To improve the conditions for small and medium-sized companies for raising equity capital, we would welcome the establishment of private equity companies for SMEs as well as equal tax treatment of external and equity capital.

**Let's take a look forward. What are the principal strategic guidelines for Wiener Börse?**

**Schaller:** Our focus is on two major core areas: To continue to strengthen the home market of Austria and to continue our active role in the further development of the capital markets of Eastern and Southeast Europe.

**What does strengthening the home market mean in concrete terms?**

**Buhl:** Our aim is to heighten the appeal of Austrian stocks further and thus increase the volumes invested in domestic securities – by private investors as well as by institutional investors. While we have seen significantly higher interest on the part of Austrian retail investors, businesses and insurances as well as among international institutional investors, the share invested in Austrian securities by domestic investment funds is still very small.

Michael Buhl



In 2006, we started focusing specifically on our derivatives market. The development of this segment failed to keep up with the performance of the cash market in the recent past. We have revised our schedule of fees: The fees are now not only lower, but also have a simpler structure. Today, the fee for every transaction in this segment is EUR 1. A great success: The number of contracts increased by around 25% in 2006.

We are constantly working to acquire new international trading members for the derivatives market of Wiener Börse to raise the number of traded contracts and thus the liquidity of this segment.

**Schaller:** Another measure consists of acquiring more companies to go public through Wiener Börse. The purpose is not just to add more names to the list of stocks traded on Wiener Börse, but rather to improve the quality of the Austrian capital market. We believe that there is still enormous potential among Austrian companies for the coming years. Some 170 companies are “ready to go public” in Austria. One of our main goals is to convince them of the benefits of an exchange listing.

#### **Can the exchange achieve this alone?**

**Buhl:** Wiener Börse is, of course, only one of the players on the Austrian capital market. In order to achieve an overall positive development, all involved parties must actively work together towards a common goal. I am referring equally to banks, companies and institutions. An important step in the right direction was the move to bundle interests and activities by establishing the function of Special Government Representative for the Austrian Capital Market – Richard Schenz has been working very successfully here for years – as well as the establishment of the Committee for the Austrian Capital Market.

#### **Wiener Börse has proven an ideal location for a listing in the recent past and a number of companies have even returned home to Vienna from other exchanges. What about the listings of foreign companies?**

**Schaller:** Wiener Börse offers international companies – especially those active in CEE or planning to enter these markets – very attractive framework conditions for a listing. For this reason, we try to acquire international issuers for a listing in Vienna. We view this opening as the logical consequence of our successful international activities in the area of index management and data vending in the past years. The enormous interest in the Viennese market of institutional investors specialized in Eastern Europe makes it

Heinrich Schaller



possible for companies with a business focus in this region to obtain the high degree of attention they desire, something they can hardly expect to achieve on major West European exchanges.

**And what is your role in the context of Central and Eastern European exchanges?**

**Buhl:** We are pursuing two courses of action: First, the strategy of working closely together as illustrated by the highly successful cooperation with the Bucharest Stock Exchange. Second, we also want to strengthen our position in the region by acquiring direct stakes in stock exchanges – as we did with the Budapest Stock Exchange. Our aim is to help the exchanges in the region to play the role of “driver of the economy”, just like Wiener Börse has done in the past years in Austria.

**One last question: What are your concrete expectations for 2007?**

**Schaller:** We firmly believe that more companies will turn to the exchange to raise capital in 2007 as well. At the same time, the enormous interest of investors should become apparent in the steadily rising trading volumes. Analysts of Austrian banks assess the development of Wiener Börse as positive for 2007, because Austria will continue to benefit from its role as a hub for Central and Eastern Europe.

**Thank you for the interview.**

# 2006. Highlights

## January

### **New Austrian Code of Corporate Governance**

Since the start of 2006, a new code of conduct has applied to listed companies. Almost half of the 80 rules were amended to meet new legislation.

### **Record capital increase by Erste Bank**

Erste Bank der Österreichischen Sparkassen AG carried out the largest capital increase in the history of Austria, raising additional capital with a volume of EUR 2.918bn.

### **Stock exchanges in Vienna and Belgrade agree on cooperation**

A Memorandum of Understanding was signed as the basis for cooperation in the areas of derivatives markets and indices.

### **ATX climbs over 4,000 points for the first time**

The soaring performance continued for the third year in a row (after 2,000 points in July 2004 and 3,000 in June 2005). The performance of the ATX has been far above the international average for years (2003: +35%, 2004: +57%, 2005: +51%).

## February

### **Launch of the Southeast Europe Traded Index (SETX)**

Wiener Börse enlarged its range of indices. The SETX computed in real time contains the 15 largest companies on the exchanges of Bucharest, Ljubljana, Sofia and Zagreb.

### **ÖIAG listings reaped handsome profits for investors**

According to a study, most of the privatizations of the last 20 years were very profitable for investors. The value of the OMV stock issued in 1987 is sixteen times higher, voestalpine (IPO in 1995) has gained 329% and Böhler-Uddeholm (IPO in 1995) 281%.

### **Introduction of futures and options on the NTX**

In the segment, derivatives market.at, trading in futures and options on the NTX index, which contains the blue chip stocks of the exchanges of Central, Eastern and Southeast Europe, started on 20 February.

### **Daily trading volumes on Wiener Börse surpass EUR 1bn for the first time**

The daily trading volume on the cash market broke through the mark of EUR 1bn on 28 February. The monthly trading volume also hit a new record in February with EUR 10.9bn.

## March

### **Wiener Börse acquires NeoNet as first Swedish trading member**

The Swedish broker, NeoNet, became a trading member and data vendor of Wiener Börse on 6 March.

### **Wiener Börse breaks new record in 2005**

In the extremely successful business year 2005, Wiener Börse AG raised its operating profit (EBIT) by 185% to EUR 15.8mn and earnings before tax (EBT) were up by 134% to EUR 19.0mn.

### **New index CECExt (CECE eXTended Index)**

The CECExt is a price index calculated in real time, consisting of the blue chip stocks in the CECE Composite Index and in the Southeast Europe Traded Index, which are traded on the exchanges of Central, Eastern and Southeast Europe.

### **Cooperation with the exchanges in Sarajevo and Sofia**

Apart from the Budapest Stock Exchange, Wiener Börse has entered into cooperation agreements with five Southeast European exchanges. This highlights the strong demand for Wiener Börse's expertise, especially in the area of index development.

## April

### **New listing: POLYTEC Holding AG**

POLYTEC Holding AG, a company in the automotive sector, has been listed since 28 April on the prime market with an issuing volume of over EUR 90mn.

### **New measures to activate the derivatives market**

Specific measures include the lowering of transaction fees for agent and principal trades, harmonization of products based on the CECE indices (e.g. uniform contract value, wider range of products, combination of expiry days) as well as marketing activities.

### **Funds to invest even more in Austrian stocks**

According to a study, funds invested in Austrian stocks have posted an average annual value increase of 24.12% in the past five years. Aktienforum, the Austrian Federation of Equity Issuers and Investors, called on domestic investment management companies to include more Austrian stocks in their portfolios.

### **Market capitalization of Wiener Börse is now 46% of GDP**

With EUR 125.5bn, domestic market capitalization of Wiener Börse corresponded to almost 46% of domestic economic output (GDP). By way of comparison: The market capitalization of the German stock market was around 43% of GDP at the same time.

## May

### **New listing: Zumtobel AG**

Since 12 May, the stocks of Zumtobel AG, a global player in the lighting industry, have been listed on the prime market of Wiener Börse. Total issuing volume of the IPO was EUR 553mn.

### **Capital increase of IMMOFINANZ Immobilien Anlagen AG**

The capital increase of IMMOFINANZ Immobilien Anlagen AG raised EUR 923mn of fresh capital.

### **New listing: Österreichische Post AG**

The initial public offering of Österreichische Post AG was a great success – with an issuing volume of over EUR 650mn, it was the largest IPO of the year 2006. At a price of EUR 19 at the upper end of the price bandwidth, the stock was oversubscribed sevenfold and rose by a solid 14% on the first day of trading (31 May).

### **Record trading volumes on Wiener Börse**

Only shortly after the all-time high of EUR 11.2bn in March 2006, Wiener Börse broke another record in trading volume on the cash market hitting EUR 17.7bn. On 24 May, a new record daily trading volume of EUR 1.4bn was attained.

## June

### **New on the Management Board**

As of 1 June, Heinrich Schaller joined the Management Board of Wiener Börse AG. The exchange is run jointly by Michael Buhl and Heinrich Schaller.

### **Trading starts in ESPA Stock NTX**

Erste Bank became the first domestic issuer of an exchange-traded fund (ETF: investment funds traded continuously on an exchange) in Vienna with the listing of the ETF ESPA Stock NTX in the ETF segment as of 1 June.

### **Capital increases on Wiener Börse**

Of the several capital increases carried out in June, the capital increase of IMMOEAST Immobilien Anlagen AG was the second-largest of any exchange-listed company, raising proceeds of EUR 2.75bn – just slightly behind Erste Bank at the beginning of 2006.

### **Wiener Börse expands network in Southeast Europe**

The scope of the existing cooperation agreement with the Bucharest Stock Exchange – the ROTX index has been jointly calculated and disseminated since March 2005 – has been enlarged. Wiener Börse is now providing consulting services to the Bucharest Stock Exchange for the creation of a derivatives market. New cooperation agreements were signed with the Montenegro and Banja Luka stock exchanges.

## July

### **Booming certificates: Issuers establish Zertifikate Forum Austria**

The increase in the number of certificates traded from 50 in January 2003 to over 1,000 by the end of June 2006 shows the steep rise in significance of certificates trading on Wiener Börse. The four leading Austrian issuers of certificates founded Zertifikate Forum Austria (ZFA) to promote the development of this market segment.

### **Foreign investment funds have a current invested volume of around EUR 18.4bn in ATX stocks**

According to Fidelity International, which is the second-largest player on the Austrian fund market with EUR 1.6bn, the total volume of foreign funds of EUR 18.4bn invested in ATX companies accounts for around 17% of total market capitalization.

### **Introduction of futures and options on Österreichische Post AG**

Since 3 July, call and put options as well as futures contracts have been traded on the stocks of Österreichische Post AG.

## August

### **OeNB: Private households invest in securities**

According to the statistics of Oesterreichische Nationalbank, the creation of monetary wealth of private households rose by EUR 1.3bn to EUR 18.3bn in 2005. Around EUR 7bn of this volume was invested in securities. In 2005, demand was very strong for stocks issued by domestic financial institutions, insurance and real estate companies, domestic investment fund certificates and residential construction bonds.

### **Publication: "Börse-Berater (Stock Market Advisor) – Successful investment strategies for stocks, bonds and investment funds"**

The book, Börse-Berater, written by business journalist Angelika Ahrens attained second place on the bestseller list of trend magazine. The book introduces the reader to the exciting world of investing and explains in a very clear and understandable language what is important to know when investing in stocks and other securities.

## September

### **New trading members: Tradegate and Exane**

Tradegate AG Wertpapierhandelsbank and the French investment firm, Exane S.A., joined Wiener Börse as trading members in September.

### **Wiener Börse and the Macedonian Stock Exchange sign cooperation agreement**

Based on a Memorandum of Understanding, the two exchanges plan to work more closely together.

### **Boom in subsidized retirement products still going strong**

With an increase of 65% in the number of policies sold to almost 769,000, the boom in this segment continued in 2005 according to a study. Statistically, one out of eight Austrian citizens younger than 60 has already bought this type of retirement product.

## October

### **New listing: CA Immo International AG**

25 October was the initial listing of CA Immo International AG on the prime market. CA Immo International AG is a European real estate corporation that focuses on Central, Eastern and Southeast Europe. Market capitalization is EUR 549.2mn.

### **Study shows positive development among privatized companies**

A study conducted by the management consultancy, Arthur D. Little, confirmed that the formerly state-owned companies OMV, Böhler-Uddeholm, Telekom Austria and voestalpine developed very well in the past four years. The reasons stated are the successful acquisition strategies and restructuring measures as well as the boom on Wiener Börse.

### **Positive long-term performance of Wiener Börse**

From January 2001 to October 2006, the ATX advanced by 282%. Market capitalization increased during the same period from EUR 28.3bn to EUR 133.7bn, growing almost fivefold with a gain of around 370%. The average monthly trading volume in 2001 had been only EUR 1.4bn, but soared to over EUR 10bn on the monthly average in 2006.

## November

### **New listing: BENE AG**

BENE AG, market leader in Austria and sixth-largest furnisher of offices and workplaces in Europe, started trading on the prime market of Wiener Börse on 3 November with an issuing volume of over EUR 65mn.

### **Austrian investors spend more money on securities**

According to a study by Oesterreichische Nationalbank, the trend is moving clearly in the direction of capital market products: In the first-half of 2006, domestic private households invested EUR 5.23bn in securities, but deposited only EUR 2.86bn into cash and savings accounts.

### **Wiener Börse computes sector indices for (South-)East European markets**

Wiener Börse has been calculating four CECE sector indices since 22 November as the only exchange worldwide. The indices replicate the most important industrial sectors in the growth markets of Central, Eastern and Southeast Europe – banks, oil and gas, healthcare and telecoms.

### **Joint data vending: Wiener Börse and the Bucharest Stock Exchange**

Data vendors of Wiener Börse will be able to receive the data of the Bucharest Stock Exchange via their existing data lines.

## December

### **New listing: A-TEC INDUSTRIES AG**

Since 1 December, A-TEC INDUSTRIES AG – a company specialized in plant engineering, drive technology and machine tools as well as metals with its registered office in Vienna – has been listed on the prime market of Wiener Börse. Total issuing volume of the IPO was EUR 205mn.

### **Goldman Sachs International – New trading member**

Goldman Sachs International, one of the world's leading investment banks, joined Wiener Börse as a trading member on 13 December.

### **New website design of Wiener Börse**

Wiener Börse will appeal more strongly to private investors with its newly designed website featuring a more user-friendly structure and additional information at [www.wienerborse.at](http://www.wienerborse.at). The website boasts 11 million page hits per month, making it one of the most important online financial portals in Austria.

### **Wiener Börse Live – Real-time data for private investors**

All subscribers who receive real-time data from Wiener Börse are now offered a new service via Wiener Börse Live. Price changes and the order book are displayed fully automated – similar to a professional trading screen.

# Wiener Börse AG – The Company

## Tasks and Objectives

Wiener Börse AG operates the only securities exchange in Austria. The principal task of the exchange is to ensure the smooth and efficient execution of exchange trading and to act as intermediary for market participants by operating internationally recognized electronic trading systems. As a customer-oriented service organization in the private sector, Wiener Börse provides state-of-the-art infrastructure, data and information relating to exchange trading in Austria.

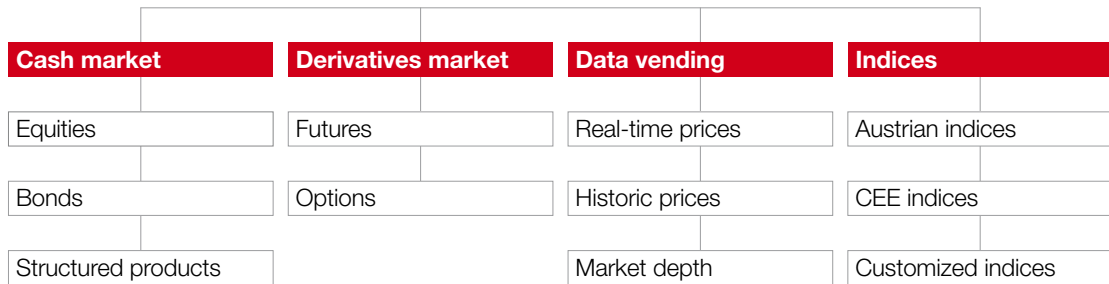
Wiener Börse considers its role to be the driving force of the capital market in Austria. The primary objectives include the creation of framework conditions benign to the development of the capital market and the steady advancement of investment culture in Austria. Wiener Börse works to heighten interest in the Austrian capital market among private and institutional investors as well as among international investors and market participants.

As the largest and most advanced exchange in Central and Eastern Europe, Wiener Börse plays a crucial role in strengthening the capital markets in CEE. To this end, it cooperates with other exchanges in the region.

The highly qualified and motivated staff of Wiener Börse constitutes the most important foundation for the attainment of its corporate goals, with its work being guided by the values of due care, transparency and trust. Wiener Börse's activities are oriented towards the needs of its stakeholders and are conducted in an economically efficient manner. Wiener Börse attaches great importance to providing service to its clients and to the communication with all of its customers and partners in Austria and abroad.

## Broad Range of Services

The services of Wiener Börse comprise four areas:



Wiener Börse offers all of its customers and partners – in particular, investors, trading members, issuers and data vendors – a broad range of highly professional capital market services.

### Trading in the right segment

Trading on Wiener Börse is grouped into cash market trading and derivatives market trading. Investors have five market segments to choose from: equity market.at (equities), bond market.at (bonds), derivatives market.at (futures and options), structured products.at (certificates, exchange-traded funds and warrants) and other listings.at.

This segmentation is customized to the needs of the Austrian market. It is also oriented on the products available, and allocates the exchange-traded products by group of instruments, liquidity, market making and transparency.

**Thomas Rainer,**  
 Head of  
 Market Design & Support



### Market segmentation of Wiener Börse

equity market.at	bond market.at	derivatives market.at	structured products.at	other listings.at <sup>3)</sup>
prime market <sup>1)</sup>	public sector	austrian derivatives <sup>1)</sup>	certificates <sup>5)</sup>	
standard market	corporate sector	cee derivatives <sup>2)</sup>	exchange traded funds <sup>2)</sup>	
continuous <sup>1)</sup>	financial sector		warrants <sup>5)</sup>	
auction <sup>4)</sup>	performance linked bonds			

<sup>1)</sup> Specialist required / MM possible

<sup>2)</sup> Market Maker required

<sup>3)</sup> MM in stocks possible

<sup>4)</sup> Auction with Liquidity Providers possible

<sup>5)</sup> Liquidity Provision by issuer

(For all other segments, no specialist or MM possible)

A total of 92 companies are listed on the segment, equity market.at, of Wiener Börse, with 48 being included in the prime market.

The trading systems, Xetra for the cash market, and OMex for the derivatives market, as well as the clearing and settlement procedures of Wiener Börse are in line with the highest international standards and guarantee the smooth operation of the exchange. The linkage of Wiener Börse to Xetra connects the market with an international trading network of some 300 active market participants worldwide.

A total of 70 members were admitted to trading on Wiener Börse as of the end of December 2006, of which 41% were from abroad. The members issue securities and engage in proprietary and agent trading. In 2006, more than 56% of trading volume was accounted for by international market participants.

Furthermore, the Internet-based trading platform, Brokernet, offers simple and inexpensive access to exchange trading, especially for smaller financial service providers who want to become members of Wiener Börse. It creates access to the cash and derivatives markets of Wiener Börse.

**Martin Wenzl,**  
Head of  
Market & Product Development, Listing



### Effective indices

As a special information service for investors, Wiener Börse provides 20 indices calculated and published in real time that have become well established on international markets as uniform, tradable and replicable benchmarks for the respective markets. Moreover, Wiener Börse calculates and publishes five further stock indices commissioned by third parties (customized indices).

These products serve as a systematic and reliable performance comparison for the stock markets of the region and also as an underlying for futures, options and structured products traded on Wiener Börse. Wiener Börse also enjoys high international renown for its indices: A share of 80% of all structured products worldwide is based on the Eastern and Southeast European indices of Wiener Börse.

The indices in detail:

#### For Austria

ATX – Austrian Traded Index  
ATX Prime  
ATX Five  
ViDX – Vienna Dynamic Index  
IATX – Real Estate Index  
WBI – Wiener Börse Index

#### For Central and Eastern European countries

CTX – Czech Traded Index in local currency, EUR and USD  
HTX – Hungarian Traded Index in local currency, EUR and USD  
PTX – Polish Traded Index in local currency, EUR and USD  
ROTX – Romanian Traded Index in local currency, EUR and USD  
RTX – Russian Traded Index in USD

#### For Central and Eastern European regions

RDX – Russian Depository Index in EUR and USD  
CECE – includes CTX, HTX and PTX in EUR and USD  
CECEExt in EUR and USD  
SETX in EUR and USD  
NTX in EUR  
CECE Oil & Gas in EUR  
CECE Health Care in EUR  
CECE Banking in EUR  
CECE Telecom in EUR

#### For non-European countries

CNX – Chinese Traded Index in local currency, EUR and USD

### **Information products – Market data for qualified investment decisions**

To meet the demand for information from market participants, Wiener Börse supplies processed real-time price information and data on market depth. The 93 subscribers (as of December 2006) of this data include national and international news vendors, data vendors, banks, online brokers and financial portals that guarantee the worldwide dissemination of the price data. These subscribers forward the data to professional users, web portals and private investors.

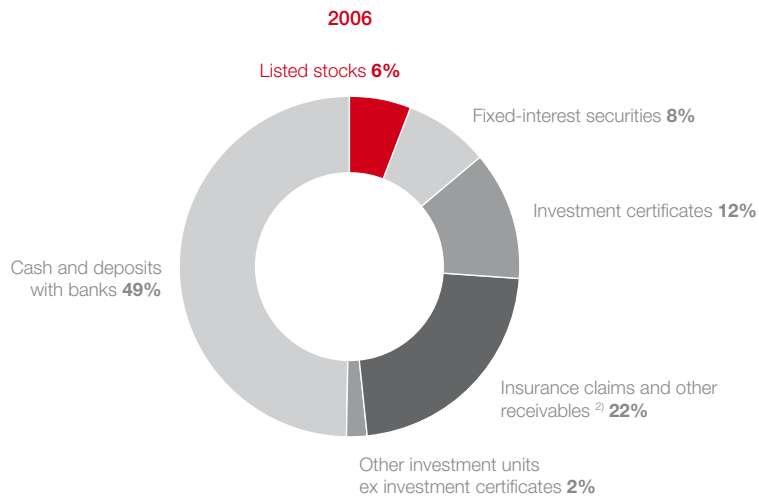
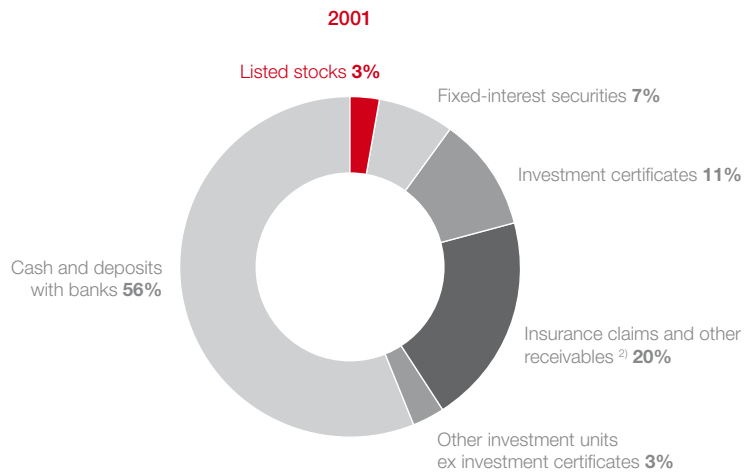
Furthermore, the price information system of Wiener Börse offers anyone interested price data on its website with a 15-minute delay. Thus, investors have the possibility of informing themselves regularly and free of charge on the price trends of the Austrian market. Wiener Börse also offers its customers inexpensive access to price data in real-time quality via its portal, Wiener Börse Live, at [www.wienerborse.at](http://www.wienerborse.at).

### **Investments in Austrian Stocks in High Demand at Home and Abroad**

In the past few years, the appeal of Austrian stocks for domestic and international investors has heightened significantly. This is apparent in the much higher weighting of Austrian stocks in the portfolios of these investor groups.

In the fourth quarter of 2006, the total volume of assets of private households in Austria was EUR 381bn (2001: EUR 283bn). A trend to invest these funds in securities was observed compared to the year 2001. While only 3% of the assets of private households had been invested in exchange-listed stocks in 2001, by the end of 2006, this figure doubled. Generally, asset positions linked to securities increased from a share of 24% to 29%. Cash and saving deposits still account for half of the assets of private households.

### Austrian private households – Portfolio structure 2001 and 2006 <sup>1)</sup>



Source: OeNB

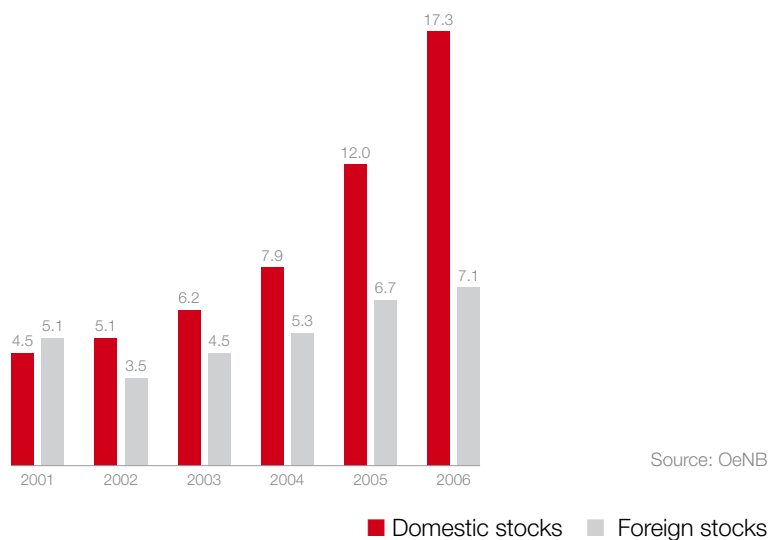
<sup>1)</sup> Includes non-profit private organizations

<sup>2)</sup> Includes Austrian schilling banknotes and coins, claims against employee retirement funds and other open insurance claims from accident, health and property insurance policies

### Private households increasingly invest in Austrian stocks

The position, "Listed stocks", has been developing very gratifyingly for Wiener Börse for years. As early as in 2002, the value of investments in Austrian stocks held by private households exceeded that of investments in foreign stocks, and continued to rise steadily until the end of 2006. Currently, the ratio is 70:30 for Austria.

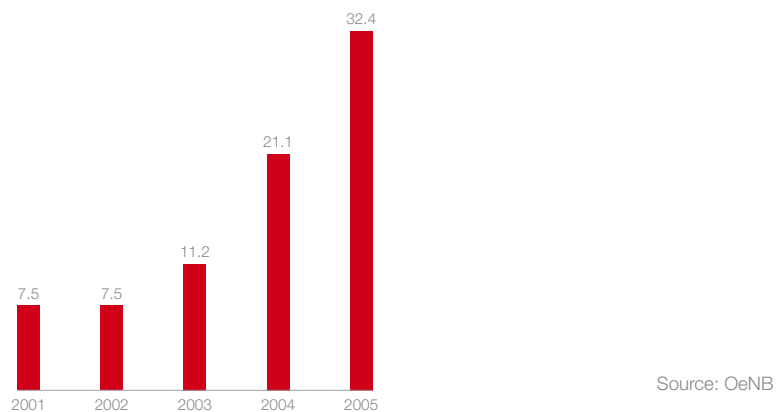
### Selected asset positions of private households (in EUR bn)



### International investors' interest is rising

The enormous interest of international investors in Austrian stocks has also been growing steadily and has posted an increase of 332% to EUR 32.4bn since 2001.

### International investors in Austrian stocks (in EUR bn)





**Gabriela Riha,**  
**Head of**  
**Legal Support**

#### **Asset positions of investment funds in 2006**

The share of Austrian stocks in the portfolios of Austrian investment funds was still very low at 2% as of 31 December 2006. By way of comparison: German investment funds invested 8% of their assets in German stocks in the same period (Source: Deutsche Bundesbank).

<b>Instruments</b>	<b>In EUR bn</b>	<b>Share in %</b>
Bonds, foreign	70.3	41.6
Investment certificates, domestic	28.0	16.6
Equity securities, foreign	25.2	14.9
Bonds, domestic	17.6	10.4
Investment certificates, foreign	13.8	8.2
Other investment assets, domestic	8.1	4.8
<b>Equity securities, domestic</b>	<b>3.9</b>	<b>2.3</b>
Real estate and tangible assets, foreign	0.6	0.4
Real estate and tangible assets, domestic	0.6	0.4
Other investment assets, foreign	0.6	0.4
<b>Total</b>	<b>168.8</b>	<b>100.0</b>

Source: OeNB

## The Stock Market as a Driver of Growth and Employment

Some three years ago, a study revealed that the development status of the financial system of an economy is of crucial importance for its success. Another study on the topic was conducted last year by the Institute of Advanced Studies (Institut für Höhere Studien, IHS), entitled “Enlarged Benchmarking of the Austrian Capital Market”, in collaboration with the Economic and Social Research Center (ESCE). The study investigated whether the livelier stock market activity has actually had any positive effects on Austria’s economy.

A reference scenario was created to estimate the effects of the capital market on real economic growth based on the assumption of an unchanged level of activity on the stock market. The difference to the actual development calculated was a cumulated GDP effect of more than EUR 1.1 bn in the years 2003 to 2005 (at 2002 prices), and an overall effect of some 17,600 additional employment years (in full-time equivalents) that were attributable to growth on Wiener Börse.

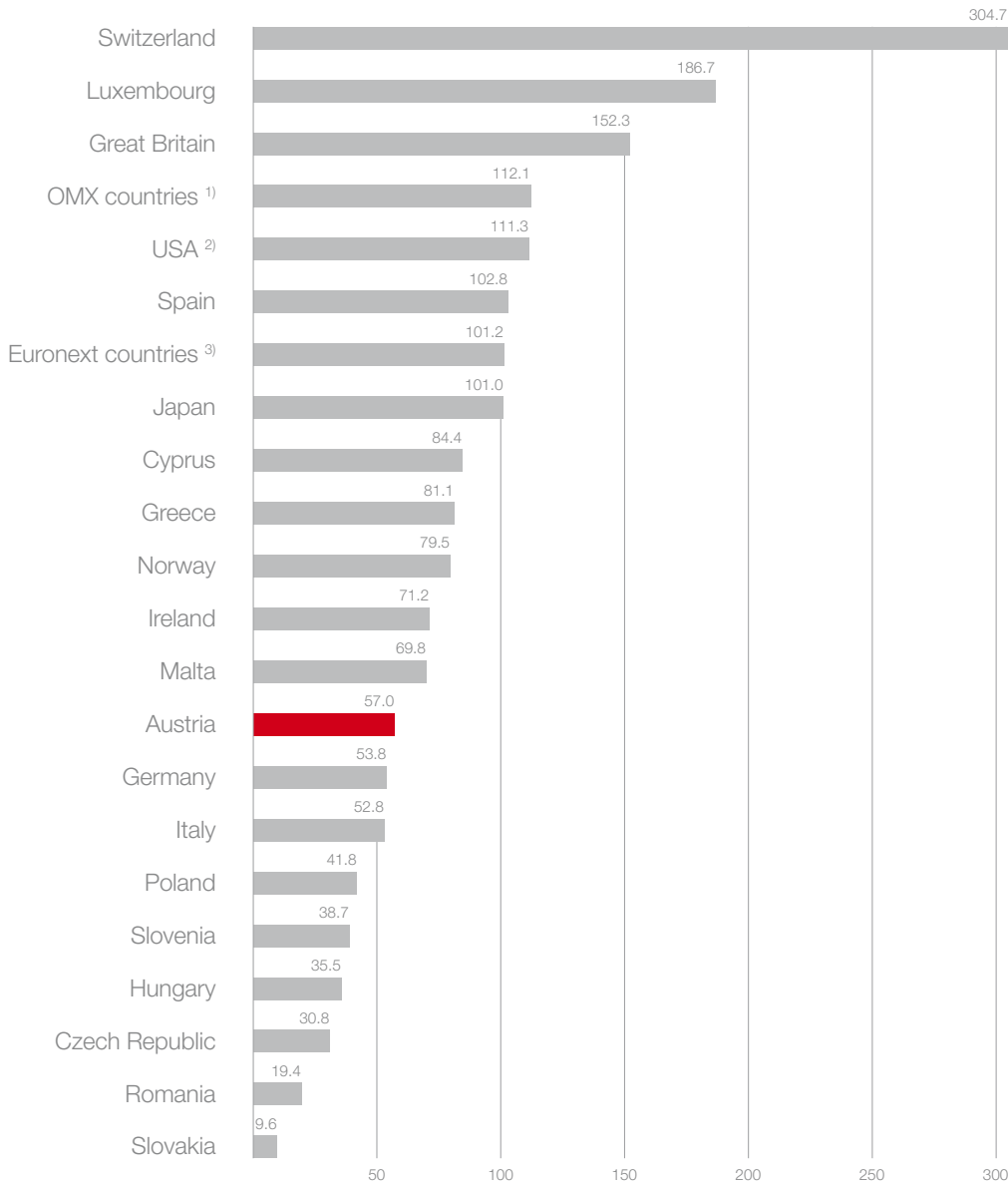
In other words: These figures impressively confirmed the correlation claimed between a dynamic capital market and a booming economy and that this has, in fact, had a very positive effect in Austria.

The commonly used international parameter for the current significance of a stock market for the national economy is a comparison of market capitalization to gross domestic product (GDP). Measured by this benchmark, Wiener Börse has been able to catch up significantly in the past few years, and in 2006, it reached a percentage of 57% of Austrian GDP.

		2003	2004	2005
Additional stock market-induced GDP	in EUR mn	107	352	679
Additional stock market-induced employment years		1,661	5,449	10,507

Source: IHS/ESCE

**Market capitalization in % of GDP at year-end 2006**



<sup>1)</sup> OMX includes the stock exchanges in Copenhagen, Helsinki, Reykjavik, Stockholm, Tallinn, Riga and Vilnius

<sup>2)</sup> Market capitalization NYSE (New York Stock Exchange)

<sup>3)</sup> Euronext includes the markets in Belgium, France, Netherlands and Portugal

Sources: Eurostat, FESE

### **Privatization stimulates growth dynamic**

The success story of Wiener Börse is closely related to the privatizations of the past two decades: More than half of the market capitalization of the domestic stocks included in the stock market index, ATX, originates in the (partially) privatized segment. This includes not only those stocks viewed traditionally as belonging to the formerly “nationalized” sector, such as OMV and voestalpine, but also (some) companies owned by the provincial governments like EVN and Flughafen Wien.

These companies have enabled investors in Austria and abroad to earn excellent profits. The steep rise in stock prices reflects the excellent development of the companies since their going public. There is no doubt that the possibility of financing corporate growth – especially acquisitions – with capital obtained from capital increases has also contributed to this achievement. Thanks to the access to the capital market, companies have been able to strengthen their market positions and achieve expansion through organic growth and acquisitions.

Österreichische Post AG continued the privatization success story in 2006. The stocks of the largest IPO of the year were oversubscribed many times, and ever since, the stock has developed excellently. However, the going public of the Austrian postal services is not necessarily the last milestone of the privatization process. There are many companies owned by the provinces that would be ready to be taken public and which stand to benefit from the growth opportunities offered by a listing on the exchange.

### **Further growth potential**

Some 170 companies are “ready to go public” in Austria. A main priority of Wiener Börse is to convince these companies of the benefits of a going public. Nonetheless, it is not only IPOs, but also capital increases by the rapidly growing leading companies that will create the liquidity required on Wiener Börse over the medium term. The volume of listed capital is now at a level that allows major international players to invest and thus take advantage of the dynamically growing Austrian capital market.

The companies listed on Wiener Börse have sound fundamental data to show as well as excellent business success. The average market PER of 16 (source: Bloomberg) is still in a very attractive range according to Austrian analysts and shows that there is potential from this perspective as well.

## Strategic Focus

The principal goal of Wiener Börse is to act as a service provider for the marketplace of Vienna, to organize this market and to play a leading role in the Austrian capital market. The focus is to develop the home market to an adequate size in European comparison. As this cannot be achieved without investment capital from abroad, a further focus of work is to attract international investors to Austria's market. Furthermore, Wiener Börse has defined as the long-term goal to strengthen and advance the development of the capital markets of Eastern and Southeast Europe. The two goals require a number of strategies and measures.

The forward-looking strategy of Wiener Börse has two main strands:

### **1. Strengthening the home market**

Wiener Börse acts as an intermediary for all market participants with the objective of promoting the development of the Austrian capital market. It provides the complete technical and organizational infrastructure to ensure the smooth and efficient execution of exchange trades as well as contributing to the steady growth of supply and demand through its information and communication activities. This means acquiring potential investors and issuers, and motivating existing market participants to increase their commitment to the Austrian market.

### **2. Strengthening and advancing the capital markets of Eastern and Southeast Europe**

In the past years, Austria's corporate and banking sectors have taken advantage of the opportunities created by the opening up of the East by showing amazing entrepreneurial spirit. The growing regional integration of the Eastern and Southeast European economic area is a sound reason for intensifying cooperation among the national exchanges. Closer collaboration with other Eastern and Southeast European exchanges is Wiener Börse's foremost objective. Cooperation among exchanges opens the way for companies in the region to obtain risk-adequate financing, and thus it may contribute significantly to stronger economic growth, higher employment and growing prosperity.



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**Achievements in 2006**

# Achievements in 2006

## Excellent Market Performance

Wiener Börse continued its excellent performance in 2006: All-time index highs and record-breaking trading and issuing volumes have highlighted developments in the past year. The leading ATX index climbed to a new all-time high in the first quarter of 2006 and around the end of the year – after a temporary bout of weakness in the second quarter – it surpassed the all-time highs attained up to then. The index gained a total of 21.72% for the full year. The ATX thus performed much better again than most other international stock indices. Since January 2003, the ATX has gained 295% in total.

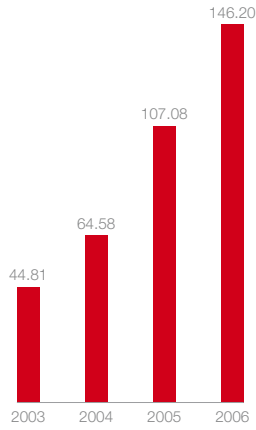
Trading volumes and the number of transactions have also increased steeply in 2006. The principal reasons were the positive environment on international stock markets and the broader investor base achieved in the past few years on Wiener Börse. The dynamic of the monthly trading volumes was particularly gratifying: These hit EUR 10.5bn in 2006 for the first time and show the unbroken interest of national and international investors in the companies listed in Vienna. In May 2006, trading volumes on the cash market surpassed EUR 17bn for the first time.

On the whole, the annual trading volume in 2006 on Wiener Börse was up by 71.29%, hitting EUR 125.85bn. The number of transactions nearly doubled in the reporting period, climbing 96% to 6.5mn in 2006. Contract volumes in stock options and ATX futures increased steeply on the derivatives market of Wiener Börse in 2006.

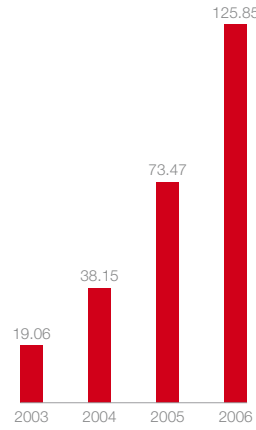
The solid recovery of prices after the setbacks in the autumn of 2005 and early summer 2006 show that the development of Wiener Börse rests on a solid foundation. This is also revealed by the fact that the investor base, which has become broader in the past few years, has been a driver of the higher trading volumes on the cash market.

The market capitalization of Wiener Börse has increased by 226% since 2003 and at the end of 2006, it attained a total of EUR 146.2bn. At a market capitalization of almost 57% of Austria's gross domestic product, Wiener Börse has achieved a highly satisfactory level by European comparison. Wiener Börse looks back at another outstanding year, as illustrated by all of the core data relating to market trends.

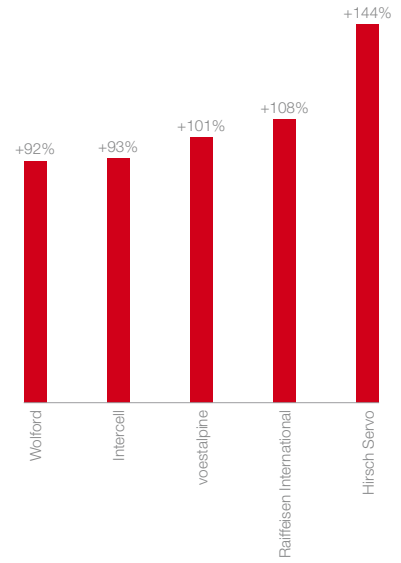
**Market capitalization  
 2003–2006**  
 (in EUR bn)



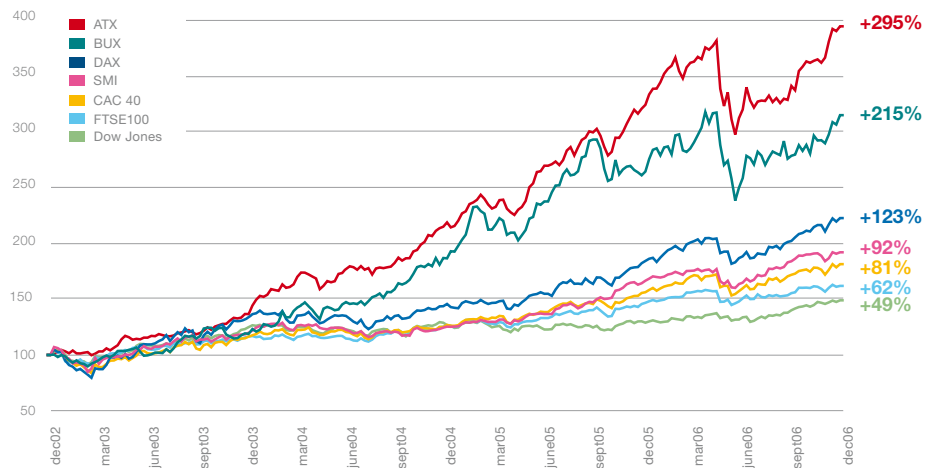
**Trading volumes on the  
 cash market 2003–2006**  
 (in EUR bn)



**5 top performers in 2006**



**ATX performance at year-end 2002 to 31 Dec. 2006**





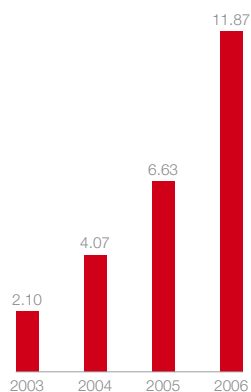
**Henriette Lininger,**  
**Head of**  
**Acquisition & Sales**

### **Record Volumes of Fresh Capital Raised**

Wiener Börse has seen some outstanding stock issues in the past few years. This excellent development continued in 2006 as well. Additionally, there were numerous capital increases, of which three raised billions in issuing proceeds. The total volume of fresh capital raised through the stock exchange in 2006 was EUR 11.87bn. This amount is almost twice as high as in 2005 and four times as high as in 2004.

This development confirms two things: The high capacity of the market to absorb new issues and the growing interest of companies in raising funds on the capital market. As early as in 2005, a study by the Institute for Industrial Research (Industriewissenschaftliches Institut) identified a growing number of companies interested in obtaining financing through the stock market. Over a longer period – according to the study – the number of listed companies stands to increase by more than twice as much.

**Capital inflow 2003–2006** (in EUR bn)



## New Trading Members

The use of internationally recognized electronic trading systems on the cash and derivatives markets has created an enormous potential for Wiener Börse to gain new members. At the same time, Wiener Börse has succeeded in attracting international investors to Vienna by its presence in the major international financial centers. The strong interest of international investment banks has generated additional liquidity on the Austrian market. The number of international investment firms which have joined Wiener Börse as direct trading members has also risen sharply.

In 2006, the number of international trading members grew again, with a total of six new trading participants joining the exchange. Thus, a total of 33 international investment banks, which accounted for some 56% of stock trading, were admitted to trading on Wiener Börse as of the end of December 2006.

## New Indices – Innovation at Work

In 2006, Wiener Börse reinforced its position as an international expert, especially in the field of indices. Today, over 80% of all structured products worldwide relating to Central and Eastern Europe are based on the indices created by Wiener Börse. Currently, Wiener Börse calculates 20 indices, of which 14 replicate the regional, national or sector developments in Central and Eastern Europe.

The enormous expertise of Wiener Börse in the area of index development together with the in-depth knowledge of the capital markets in Central and Eastern Europe has motivated many major financial firms to use the CEE indices as an underlying for structured index products: It is especially the CECE index and the Russian index products that are regularly used as underlyings for index certificates.

The range of products is constantly being enlarged to meet demand. As the only exchange worldwide, Wiener Börse has been calculating four sector indices for the region of Eastern and Southeast Europe since November 2006: CECE Banking, CECE Healthcare, CECE Oil & Gas and CECE Telecom. Like all of Wiener Börse's indices, the four CECE sector indices have also been designed to be able to serve as underlyings for structured products and standardized derivatives. Products based on these indices were launched on the market immediately after the start of calculation of the sector indices.

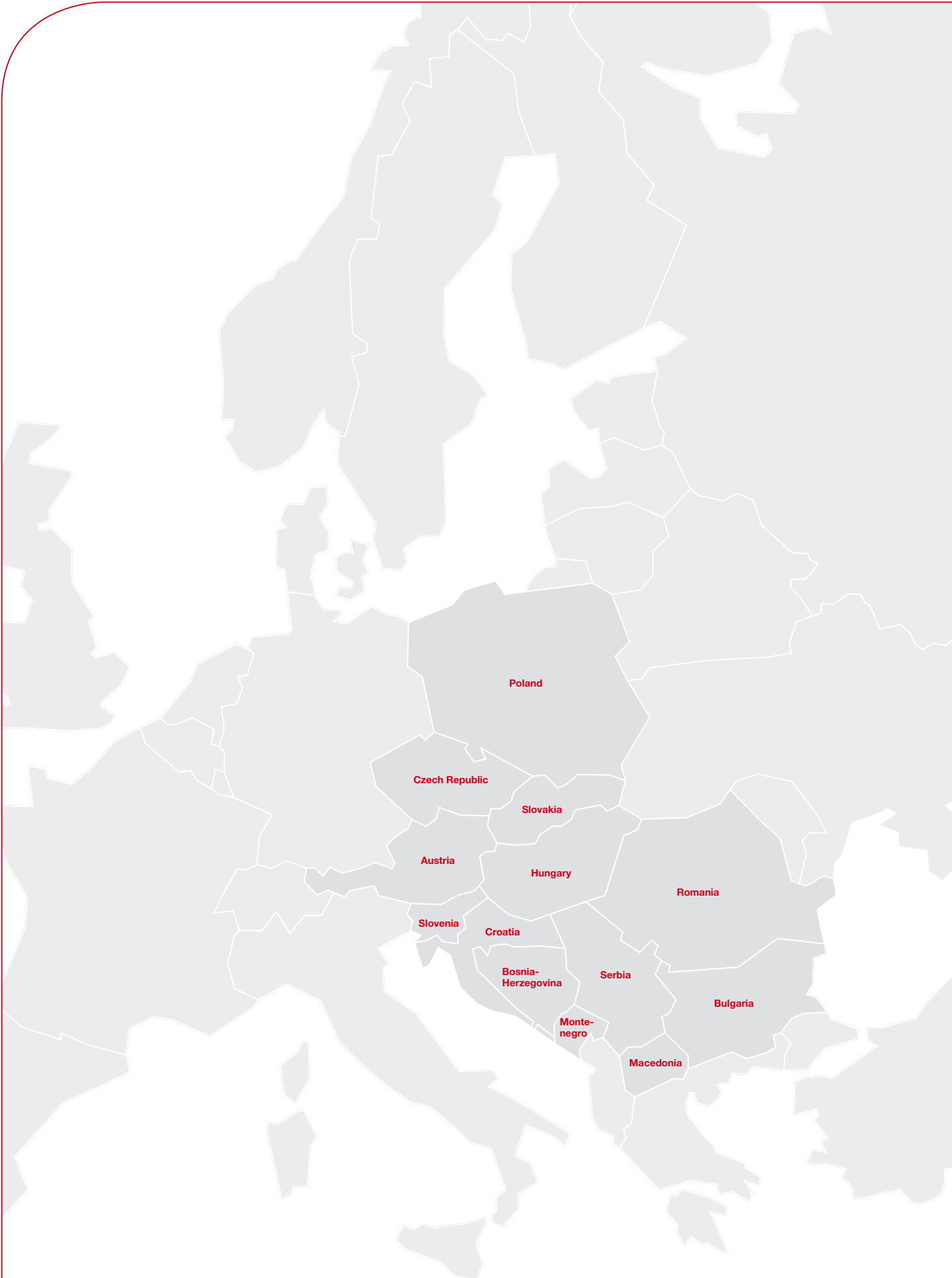
## Cooperation with the Exchanges of Central and Eastern Europe

Wiener Börse takes advantage of the attractive location of Vienna. Austria is one of the most successful countries in the “old” European Union economically, and at the same time, a country with short travel distances to the new growth markets of Eastern and Southeast Europe. Wiener Börse serves as a hub between East and West for companies and investors: It is firmly established in both worlds and a perfect illustration of how Europe can converge and overcome old divides as well as enable the creation of new, forward-looking structures.

Wiener Börse is actively shaping these structures within the scope of cooperation projects with the regional exchanges. Apart from the stake it holds in the Budapest Stock Exchange, Wiener Börse has entered into cooperation agreements with eight other exchanges in Southeast Europe in the past 18 months. Wiener Börse has entered into concrete cooperation agreements with two exchanges: Since November 2005, vendors can subscribe to price data from the Budapest Stock Exchange also via Wiener Börse and there is a comprehensive cooperation agreement with the Bucharest Stock Exchange for the calculation and marketing of indices and the dissemination of data. Furthermore, Wiener Börse is also serving as consultant for the establishment of a derivatives market in Romania.



**Ludwig Nießen,**  
General Manager  
Information Technology



## Information Activities for Private and Institutional Investors

Private assets are increasingly being invested long-term – to build a private retirement nest egg. This is creating a considerable potential for further increasing the – still – low share of investments in stocks among private investors. No single investment product can keep up with the returns on a diversified portfolio of stocks over the long term. The subsidized retirement investment products help investors to overcome their fears and encourage investment in stocks – boosted by a capital guarantee and an attractive state subsidy – and are a way of providing for income in old age.

Wiener Börse is working to raise the volume of investments in securities in Austria to the EU average – in the interest of higher returns for investors. This means that instead of the current 17% invested in stocks, private equity and investment certificates, the share would rise to approximately 32% of total assets in Austria over the medium term. The extremely low share of Austrian stocks in total fund assets in Austria of around 2% at present is to be raised to some 8% over the medium term, which would correspond roughly to the level in Germany.

Investment advisors are intermediaries between the stock market and investors. For this reason, advisors working for Austrian banks were offered the opportunity for the first time in 2006 to broaden their knowledge of the capital market at investment information events. The objective of these events is to teach investment advisors the significance of a strong capital market for the Austrian economy and to motivate them to focus on Austrian securities (stocks, bonds and funds) when giving investment recommendations.

### **The Committee for the Austrian Capital Market**

The backbone of an active capital market is a community which is willing to apply its influence and engage in activities to help stimulate the market. By founding the Committee for the Austrian Capital Market, a network was created for this purpose in 2003. The members of the Committee are leading representatives of Austrian banks and companies that are highly committed to promoting the Austrian capital market and which engage in a number of activities to this end.

One of the principal areas of focus of the Committee for the Austrian Capital Market is the education and further training of students at schools and universities. Last year, 400 expert lectures at 89 schools and five seminars for teachers from all of Austria as well as event days at four universities were organized to communicate knowledge on the world of investment. These activities met with high interest and will be continued in the coming years as well.

The Committee started to work closely together with ORF (Austrian broadcasting company) in 2006 and the daily, *Kronen Zeitung*, to create content within the scope of media cooperation projects. The focus is to communicate information at a basic level for the target group of (potential) retail investors.

#### **International Roadshows**

Together with leading Austrian banks, Wiener Börse and listed companies give regular presentations at the major international financial marketplaces. Over 600 meetings with more than 300 institutional investors – this was the highly satisfactory outcome of the seven roadshows of the year 2006 in Edinburgh, Frankfurt, Geneva, London (twice), New York, Stockholm and Zurich. The interest of foreign investors in domestic companies is still strong, as reflected by the new record number of meetings and participating investors. This is why the roadshows are becoming increasingly popular also among listed companies: The average number of companies that take part in investor conferences has doubled since 2003.

**Bernhard Stamm,**  
Head of  
Finance, Human Resources & Facility Management





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**Financial Statements 2006**

# Report of the Management Board

## Environment and Development of Trading

### International capital markets achieve substantial gains

International **stock markets** made substantial gains practically throughout the entire business year 2006. A look at the development over the course of the year shows that markets went on a steep plunge in 2Q after a robust start in 1Q 2006, but as of 3Q, the dynamic picked up again perceptibly. The principal driver of the robust overall gains was the good economic data, the generally attractive valuation of stock markets and the increase in corporate earnings.

European exchanges once again achieved a very impressive performance in the reporting period. The DAX, for example, gained 21.98% year on year, while the FTSE100 Index advanced 10.71% and the CAC40 Index 17.53%. This performance was surpassed only by the countries of Central and Eastern Europe, which continued their fast pace of growth in 2006. The MSCI Eastern Europe Index USD illustrates this quite clearly and indicates a rise of 43.63% in 2006.

In 2006, US stock markets also achieved a remarkable performance year on year. However, the returns of foreign investors were diminished by the exchange rate losses on USD investments. While developments were otherwise also very satisfactory in Asia, Japan was the only major stock market to post a negative performance in the reporting period.

The year 2006 was a difficult one for **bond markets**. In the course of the year, yield spreads between two-year and ten-year euro bonds narrowed sharply, because the yields at the short end rose more steeply than at the long end due to interest rate hikes by the ECB. This caused the yield curve to flatten.

As regards **currency trends**, the euro held its ground versus the USD last year and gained a total of 11% over the course of 2006. The euro also advanced versus the Japanese yen, appreciating by around 12%.

### **Wiener Börse outperformed international markets again**

Wiener Börse continued its excellent performance in 2006: The year was characterized by new index highs as well as by record trading and issuing volumes. The leading ATX index climbed to a new all-time high in 1Q and near the end of the year it surpassed – after a temporary weakness in 2Q – the all-time highs reached up to then. Thus, the stocks gained a total of 21.72% for the full year. The ATX's performance was once again much better than that of other international stock indices.

Since January 2003, the ATX has gained 295% in total. The recovery of prices after the setbacks in the autumn of 2005 and early summer 2006 shows that the development of Wiener Börse rests on a solid foundation.

### **Rising tendency of trading volumes and transactions**

The positive environment on international stock markets and the broadened investor base achieved in the past few years has helped Wiener Börse attain a substantial gain in trading volumes and number of transactions in the year 2006.

The dynamic of the monthly trading volumes was particularly gratifying: Average monthly trading volumes in 2006 hit EUR 10.5bn for the first time and show the unbroken interest of national and international investors in the companies listed in Vienna. In May 2006, trading volumes on the cash market surpassed EUR 17bn. In total, trading volumes on Wiener Börse were up by 71.29% to EUR 125.85bn in 2006 (2005: EUR 73.47bn).

The number of transactions nearly doubled in the reporting period, climbing 96% to 6.5mn in 2006.

Contract volumes in stock options and ATX futures increased steeply on the derivatives market of Wiener Börse in 2006. Volumes in CEE products were up slightly, while trading volumes in ATX options and stock futures decreased considerably.

## FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

### Financial performance indicators

		2005	2006	± %
ATX at year-end	Points	3,667.03	4,463.47	+21.72%
ATX high	Points	3,667.03	4,463.47	+21.72%
ATX low	Points	2,415.01	3,324.05	+37.64%
Trading volumes on cash market p.a.	in EUR billions	73.47	125.85	+71.29%
Average monthly trading volume	in EUR billions	6.12	10.49	+71.29%
Listed companies (domestic)	Number	109	112	+2.75%
Capital inflow	in EUR billions	6.63	11.87	+79.03%
Market capitalization at year-end	in EUR billions	107.08	146.20	+36.52%

### Non-financial performance indicators

		2005	2006	± %
Transactions cash market (double count)	Number	3,306,620	6,469,772	+95.66%
Contract volumes derivatives market (double count)	Number	2,090,612	2,623,086	+25.47%
Connected terminals	Number	186,396	222,890	+19.58%

### Data dissemination also on the rise

The attractive economic environment also boosted demand for the real-time data of Wiener Börse in the reporting period. Distribution volumes were up sharply for both the cash market data as well as the derivatives market data versus last year. The total number of connected terminals for the full year 2006 was 222,890 terminals, which is 20% higher than the level of the year 2005.

### **Issues: Record volume of fresh capital raised through the stock market**

Following the record-breaking years 2004 and 2005, the fast dynamic of share issues continued in 2006 as well. In addition to many new issues, a large number of capital increases were carried out in 2006, of which three attained billions in issuing proceeds.

In 2006, initial public offerings (IPOs) and capital increases raised EUR 11.87bn, thus breaking a new record in the inflow of fresh capital (2005: EUR 6.6bn). This amount is almost twice as high as in 2005 and four times as high as in 2004. This development is very pleasing and confirms the high capacity of the market to absorb new issues and the growing interest of companies in raising funds through the capital market.

### **Market capitalization soars**

Market capitalization on Wiener Börse went up in 2006 by around 37% year on year to an all-time high of EUR 146.2bn. Since 2003, market capitalization has increased by a substantial 226%.

At this level, market capitalization on Wiener Börse corresponds to 57% of Austrian GDP, which is an excellent ratio in European comparison. Wiener Börse achieved another outstanding year with respect to all of the core ratios on market development.

### **Increasing activity of international trading members**

A major contribution to this positive market development was achieved by the growing number of international trading members. Wiener Börse created the key framework conditions to attract them by using internationally-recognized electronic trading systems and establishing a distinct presence at the major international centers of finance. The strong interest of international investment banks has brought additional liquidity to the Austrian market.

Another positive factor is the ideal positioning of Vienna as the bridgehead to Central and Eastern Europe. This position makes it possible for Wiener Börse to actively take part in the extremely fast-growing capital market in the region by serving as a hub between East and West.

In the year 2006, Wiener Börse acquired six new international members for direct trading on Wiener Börse. Thus, a total of 33 international investment banks are now admitted to trading on Wiener Börse. In December 2006, for example, they accounted for 56% of stock trading. A study conducted by Fidelity in mid-2006 contains a breakdown by country which shows that the largest group of investors in domestic ATX stocks comes from the US and accounts for 30%, followed in second place by UK investors with 25%, and Germany in third place with 14%, while Austrian investors rank fourth with 7%.

**Know-how: Wiener Börse as an innovative force**

In the reporting period, Wiener Börse also strengthened its role as expert especially in the field of indices. Today, over 80% of all structured products worldwide relating to Central and Eastern Europe are based on the indices created by Wiener Börse. Currently, Wiener Börse calculates 20 indices, of which 14 replicate the regional, national or sector developments in Central and Eastern Europe.

Wiener Börse is constantly working to enlarge the range of its index products in order to meet demand. Since November 2006, Wiener Börse – as the only exchange worldwide – has been calculating four sector indices for Eastern and Southeast Europe: CECE Banking, CECE Health Care, CECE Oil & Gas and CECE Telecom. Products based on these indices were launched immediately after the start of calculation of the sector indices.

## Development of Business

### Overview of ratios

		2005	2006	± %
Sales revenues	in EUR thousands	36,310	53,375	+47.00%
EBITDA	in EUR thousands	16,736	26,410	+57.80%
EBITDA margin	%	46	49	
EBIT	in EUR thousands	15,772	25,580	+62.19%
EBIT margin	%	43	48	
EBT	in EUR thousands	19,004	31,937	+68.05%
Net profit	in EUR thousands	19,136	25,183	+31.60%
Total assets	in EUR thousands	54,131	88,252	+63.03%
Shareholders' equity	in EUR thousands	43,228	64,594	+49.43%

The company, Wiener Börse AG (WBAG), can look back at an extraordinarily successful business year 2006.

### Steep increase in sales revenues

Sales revenues of WBAG were up 47% over the previous year and reached EUR 53.37mn (2005: EUR 36.31mn). The principal driver of this increase was transaction proceeds from the cash market that were up 57% to EUR 39.83mn. As regards data vending, the proceeds earned were EUR 6.18mn, which is a gain of 32%. The transaction fees on the derivatives market were lowered considerably as of 1 April 2006. Despite the lower fees, proceeds on transactions from the derivatives market were EUR 1.9mn and 1% higher than in the preceding year. Proceeds from license fees were EUR 1.43mn and represent an outstanding gain of 86% in 2006.

Total operating income was EUR 56.52mn (2005: EUR 40.41mn), while operating expenses amounted to EUR 30.94mn (2005: EUR 24.64mn).

### **The best results in the history of the company**

Earnings before interest and tax (EBIT) of WBAG increased by 62% to EUR 25.58mn (2005: EUR 15.77mn) and profit on ordinary business was EUR 31.94mn, which is 68% higher than last year (2005: EUR 19.00mn). Thus, Wiener Börse achieved the best results in the history of the company.

Net profit after taxes was EUR 25.18mn vs. EUR 14.92mn in the business year 2005; thus, the exchange achieved a gain of around 69%. A capital increase from own funds (capital reserves of Wiener Börse AG) was carried out in the business year 2006 to achieve a balanced ratio between share capital and total shareholders' equity. This raised the share capital from EUR 5,089,000 to EUR 14,000,000.

## ASSETS

### Balance sheet (summary)

	<b>2006</b>	Share	2005	Share
	in EUR millions		in EUR millions	
<b>Assets</b>	<b>88.3</b>	<b>100%</b>	<b>54.1</b>	<b>100%</b>
Long-term assets	52.1	59%	31.7	59%
Short-term assets	36.2	41%	22.4	41%
<b>Liabilities</b>	<b>88.3</b>	<b>100%</b>	<b>54.1</b>	<b>100%</b>
Shareholders' equity	64.6	73%	43.2	80%
Long-term debts	0.9	1%	0.8	1%
Short-term debts	22.8	26%	10.1	19%

Long-term assets rose by EUR 20.4mn to EUR 52.1mn. Investments made in the business year in the new data vending architecture raised intangible assets from EUR 0.4mn to EUR 0.9mn. Only minor investments were made in fixed assets.

The item, "Financial assets", increased from EUR 21.5mn to EUR 41.4mn due to the investment of liquid funds into securities held as fixed assets.

Short-term assets rose by EUR 13.8mn to EUR 36.2mn. Liquid funds rose from EUR 10.6mn to EUR 22.5mn. Receivables and other assets were up from EUR 11.5mn to EUR 13.3mn.

The shareholders' equity of the company was increased by EUR 21.4mn to EUR 64.6mn as a result of the addition of the profit carryforward from 2005 to revenue reserves and the excellent net income for 2006.

The item, "Short-term debt", increased in 2006 from EUR 10.1mn to EUR 22.8mn. The increase was due, on the one hand, to the allocation of reserves for potential license fees to be paid and, on the other hand, to amounts payable to cash market participants from bonus payments.

#### **Research and development activities**

Expenses of Wiener Börse for research and development refer primarily to the development of new products and only to a lesser extent to research activities. Product development is done in several departments of the company. For the business year 2006, for example, the Information Products Department and Index Management developed new products and launched these on the market. A large share of the development costs consist of personnel costs, investments in software and consulting costs.

#### **Human resources**

As of 31 December 2006, 96 employees worked for Wiener Börse AG (incl. the management board). The share of female employees was 53%. Wiener Börse AG is an attractive employer, which is reflected in the low personnel turnover rate as well as in the long term of employment of the personnel.

The economic development is a constant challenge to our employees. Specific further education measures are taken to help them meet the changed working requirements.

## Risk Report

The business activities of Wiener Börse AG are subject to certain risks that could have an adverse effect on the future development of the company's assets, liabilities, financial position and profit or loss.

### **Business risk**

The earnings of Wiener Börse AG depend on the development of trading volumes and on the development of the number of admissions to listing and capital increases on the exchange. Therefore, there is a direct connection between earnings on transaction fees and participation fees, and the trading volumes. The costs of the licenses for the operation of the trading systems are largely contingent on volumes, and therefore, a general decline in trading volumes is covered by the concurrent decrease in the license costs.

In the data vending business, there is a correlation with trading volumes only to a limited extent. The earnings on data vending depend more on the general appeal of the financial marketplace. Thus, a major share of earnings concentrates on a few large international vendors. However, the situation is the same at all other major financial marketplaces.

### **Investment risk**

Wiener Börse AG defines investment risk as follows: potential loss in value due to the write-off of financial assets to a lower going-concern value, lack of dividend payouts and losses sustained on divestments.

To minimize investment risk, Wiener Börse AG is represented on the supervisory boards of its major participating interests by at least one member of the management board, by a managing director or by a senior manager and in this manner is able to influence the course of business and the risk policy of the companies in which it owns an interest.

The investment risk of all participating interests is monitored regularly by a review of the financial statements. Furthermore, the investment risks are examined in the course of financial audits by conducting plausibility checks of projections and by calculating indicative enterprise values.

### **Operational risks**

The entire securities trading system of Wiener Börse AG is computerized. The cash market operates on the system of Deutsche Börse AG, XETRA®. On the derivatives market, the OM system is used under a license from OMX Technology AB, Sweden.

Furthermore, Wiener Börse AG offers the low-cost front-end system BrokerNet for securities trading via the Internet. This system was developed by the firm GL Trade AG. Moreover, other proprietary IT systems are in use that have been developed by Wiener Börse AG.

### **Availability risk**

The availability risk is one of the most critical risks, because it is the risk of failure of the systems in use at Wiener Börse AG. Thus, failures can be triggered by disruptions to the hardware and software or damages to the computing center. Wiener Börse AG protects itself against such availability risk by setting up the IT systems redundantly. Furthermore, there are emergency workplaces for staff in the case of a system failure. The system availability of XETRA® was 100% in 2006 and that of OM was 100% as well, thus complying with the high requirements imposed on reliability. Wiener Börse AG continuously works to improve the security of its IT infrastructure.

In February 2003, a safety officer responsible for IT security and a safety officer for building and infrastructure security were appointed. The task of the IT safety officer is to create an IT security policy including an emergency manual and to keep them updated. Furthermore, the management is informed regularly of the measures already implemented and those that still need to be taken.

In addition to the internal control measures, the systems of Wiener Börse AG are checked once a year by an auditor with respect to the adequate surveillance of exchange trading. Since January 2005, Wiener Börse AG has implemented a proprietary trading surveillance system for the cash market. This software calculates a number of indicators and triggers alarms if certain thresholds are exceeded.

### **Error processing risk**

Error processing risk due to false entries made manually or errors in data processing have not resulted in any disruptions to exchange trading up to now. Prior to implementing a new release, extensive tests and simulations are conducted to lower the risk of software errors. For this purpose, separate testing environments for the trading and settlement applications have been created.

## **FINANCIAL RISKS**

### **Market risk (interest rate risk)**

Market risks to money invested can arise from interest rate and currency fluctuations. The liquid funds of Wiener Börse AG are invested in a diversified style. Funds are invested long term in stocks and bond funds. Short-term investments of liquid funds are made in time deposit accounts or money market-linked funds.

### **Liquidity risk**

Liquidity risk means the possible lack of liquid funds to meet payment obligations or if refinancing becomes necessary in the event of a bottleneck. Daily liquidity is constantly monitored by the Finance Department. There are sufficient lines of credit available to hedge against liquidity bottlenecks. In the business year 2006, Wiener Börse AG attained a high liquidity surplus and there were no liquidity bottlenecks.

### **Regulatory risks**

Pursuant to Article 3 par. 1, fig. 6 Stock Exchange Act, Wiener Börse AG is under the obligation to maintain shareholders' equity at a level of at least EUR 5mn. This minimum capital requirement has been exceeded by Wiener Börse AG for years.

### **Counterparty risk**

CCP Austria Abwicklungsstelle für Börsengeschäfte GmbH (abbreviated: CCP.A) started operations as the central counterparty for the cash market as well as the derivatives market on 31 January 2005. CCP.A acts as counterparty to trades and thus protects market participants from the risk of default of the respective other party. To ensure the fulfillment of trades, CCP.A applies a multi-tiered risk management system (credit worthiness, settlement collateral, clearing fund, collateral management, haircuts).

When checking creditworthiness, the clearing participants are classified according to credit classes based on financial statements and other information, with the credit classes being assigned risk premiums.

To cover the settlement risk, clearing members must deposit daily margins. The amount of margin required is computed on the basis of possible changes in value (99% confidence level) of the daily, individual portfolio with a holding period of two (derivatives market) or four days (cash market) and by applying the risk premium. Additionally, every clearing member must contribute a defined amount to the clearing fund.

The types of collateral accepted are bank guarantees, cash and selected securities, with haircuts being applied to the valuation of collateral.

### **Staff**

As the high level of qualification of its employees is a decisive factor for Wiener Börse, in 2006, personnel development measures were increased and welcomed by the staff. The success of the company in the reporting year was achieved to a large extent by the commitment and competence of its employees. The management board has expressed its great appreciation to all employees for the work performed in 2006.

## Outlook

Wiener Börse is gaining importance as a source of financing for Austrian companies and their growth strategies. Wiener Börse is convinced that many companies will turn to the exchange to raise capital again in 2007. At the same time, the enormous interest of investors is expected to boost trading volumes further. Analysts at Austrian banks also assess the outlook for Wiener Börse in 2007 as positive. One of the principal reasons is that Austria will continue to benefit from its position as a hub for Central and Eastern Europe.

To ensure that it reaps the advantages of these opportunities, Wiener Börse will continue on the course taken and pursue an orientation as a service company that provides the highest level of technical processing and professional communications within the country and abroad. This makes Wiener Börse extremely attractive for issuers as well as for Austrian and international investors.

Economic research organizations expect real economic growth to attain 2.2% in the euro zone in 2007. Interest rates will remain at a low level despite the recent hikes by the European Central Bank. Furthermore, the stringent anti-inflation policy is expected to be continued in 2007. The yield spread vs. the US dollar has narrowed, but this will probably burden the EUR/USD exchange rate.

Analysts expect stock markets to see more volatility in 2007. Another upswing for the entire Southeast European region is expected from the accession of Bulgaria and Romania to the EU and the introduction of the euro in Slovenia.

No special events occurred after the balance sheet cut-off that would be of significance for the assessment of the course of business in the reporting year or that would have any material effects on the assets, liabilities, financial position and profit or loss of the company. Wiener Börse AG did not have any branch offices in the reporting year 2006.

# Balance Sheet

as of 31 December 2006

<b>Assets</b>	<b>31 Dec. 2006</b>	<b>31 Dec. 2005</b>
	<b>in EUR</b>	<b>in EUR</b>
<b>A. Fixed assets</b>	<b>52,068,669.85</b>	<b>31,683,240.06</b>
<b>I. Intangible assets</b>	<b>929,264.96</b>	<b>405,854.36</b>
1. Software licenses	929,264.96	405,854.36
<b>II. Tangible assets</b>	<b>2,184,807.76</b>	<b>2,012,339.14</b>
1. Adaptation work in buildings owned by others	1,152,864.74	1,272,331.51
2. Fixtures, furniture and office equipment	1,031,943.02	740,007.63
<b>III. Investments</b>	<b>48,954,597.13</b>	<b>29,265,046.56</b>
1. Shares in affiliated companies	800,001.00	800,000.00
2. Investments	6,709,009.09	6,999,410.03
3. Securities	41,445,587.04	21,465,636.53
<b>B. Current assets</b>	<b>35,798,919.87</b>	<b>22,071,906.46</b>
<b>I. Accounts receivable and other assets</b>	<b>13,321,528.30</b>	<b>11,482,100.12</b>
1. Accounts receivable – trade	3,504,905.68	3,071,958.55
2. Accounts receivable from affiliated companies	8,213,854.46	0.00
3. Accounts receivable from other companies in which WBAG has an investment	9,444.90	7,473,505.42
4. Other receivables and assets	1,593,323.26	936,636.15
<b>II. Cash and balances with credit institutions</b>	<b>22,477,391.57</b>	<b>10,589,806.34</b>
<b>C. Prepaid expenses and deferred charges</b>	<b>384,282.04</b>	<b>375,471.99</b>
<b>Total assets</b>	<b>88,251,871.76</b>	<b>54,130,618.51</b>

<b>Liabilities</b>	<b>31 Dec. 2006</b>	31 Dec. 2005
	in EUR	in EUR
<b>A. Shareholders' equity</b>	<b>64,594,172.27</b>	<b>43,227,615.18</b>
<b>I. Share capital</b>	<b>14,000,000.00</b>	<b>5,089,000.00</b>
<b>II. Capital reserves</b>	<b>9,354,123.02</b>	<b>18,265,123.02</b>
1. Appropriated reserves	2,684,123.02	11,595,123.02
2. Unappropriated reserves	6,670,000.00	6,670,000.00
<b>III. Revenue reserves</b>	<b>16,056,742.16</b>	<b>737,372.76</b>
1. Free reserves	16,056,742.16	737,372.76
<b>IV. Net profit</b>	<b>25,183,307.09</b>	<b>19,136,119.40</b>
(thereof: profit carryforward EUR 15,319,369.40; previous year: EUR 4,217,900)		
<b>B. Provisions</b>	<b>15,680,026.50</b>	<b>9,087,259.50</b>
1. Provisions for severance payments	877,306.00	764,081.00
2. Provisions for taxes	4,716,000.00	3,382,000.00
3. Other provisions	10,086,720.50	4,941,178.50
<b>C. Liabilities</b>	<b>7,634,366.71</b>	<b>1,706,266.27</b>
1. Accounts payable – trade	1,298,477.13	983,969.25
2. Other liabilities	6,335,889.58	722,297.02
From taxes: EUR 296,480.40 (previous year: EUR 257,900)		
From social insurance payments: EUR 110,033.28 (previous year: EUR 101,400)		
<b>D. Deferred Income</b>	<b>343,306.28</b>	<b>109,477.56</b>
<b>Total liabilities and shareholders' equity</b>	<b>88,251,871.76</b>	<b>54,130,618.51</b>

# Profit and Loss Account

for the business year 2006

	2006	2005
	in EUR	in EUR
<b>1. Sales revenues</b>	<b>53,374,741.89</b>	<b>36,309,863.06</b>
<b>2. Other operating revenues</b>		
a) Income from the reversal of provisions	8,426.99	48,720.67
b) Other	3,139,335.35	4,050,044.40
	<b>3,147,762.34</b>	<b>4,098,765.07</b>
<b>3. Costs of services</b>	<b>-15,045,794.48</b>	<b>-8,740,849.36</b>
<b>4. Personnel expenses</b>		
a) Salaries and wages	-6,557,809.84	-6,095,192.30
b) Expenses for severance payments and contributions to company retirement schemes	-202,688.22	-344,207.12
c) Expenses for pensions	-70,805.65	-80,460.25
d) Expenses for statutory social security contributions and payroll-related contributions	-1,245,014.40	-1,162,328.43
e) Other social benefits	-394,669.69	-353,206.26
	<b>-8,470,987.80</b>	<b>-8,035,394.36</b>
<b>5. Depreciation/amortization of intangible assets and tangible assets</b>	<b>-830,048.92</b>	<b>-964,799.75</b>
thereof nonscheduled depreciation/amortization	0.00	0.00
<b>6. Other operating expenses</b>		
a) Taxes not reported under item 16	-61,956.48	-53,382.45
b) Other	-6,534,091.95	-6,842,634.47
	<b>-6,596,048.43</b>	<b>-6,896,016.92</b>
<b>7. Subtotal of items 1 through 6 (operating income)</b>	<b>25,579,624.60</b>	<b>15,771,567.74</b>

	<b>2006</b>	<b>2005</b>
	in EUR	in EUR
<b>Carryforward</b>	<b>25,579,624.60</b>	<b>15,771,567.74</b>
<b>8. Income from investments</b>	<b>4,932,652.76</b>	<b>3,051,923.87</b>
thereof from affiliated companies	3,768,540.20	0.00
<b>9. Income from other securities and financial assets</b>	<b>1,030,915.09</b>	<b>577,235.69</b>
<b>10. Other interest and similar income</b>	<b>463,537.79</b>	<b>105,018.83</b>
<b>11. Income from the disposal of financial assets</b>	<b>66,629.96</b>	<b>73,887.00</b>
<b>12. Expenses related to financial assets</b>	<b>-130,631.31</b>	<b>-526,907.21</b>
thereof depreciation	-123,146.31	-526,813.23
<b>13. Interest and similar expenses</b>	<b>-6,111.51</b>	<b>-48,996.89</b>
<b>14. Subtotal of items 8 to 13 (financial result)</b>	<b>6,356,992.78</b>	<b>3,232,161.29</b>
<b>15. Profit on ordinary business activity</b>	<b>31,936,617.38</b>	<b>19,003,729.03</b>
<b>16. Taxes on income</b>	<b>-6,753,310.29</b>	<b>-4,085,540.62</b>
<b>17. Net profit for the year before changes in reserves</b>	<b>25,183,307.09</b>	<b>14,918,188.41</b>
<b>18. Allocation to revenue reserves</b>	<b>-15,319,369.40</b>	<b>0.00</b>
<b>19. Profit carryforward from the prev. year</b>	<b>15,319,369.40</b>	<b>4,217,930.99</b>
<b>20. Net profit</b>	<b>25,183,307.09</b>	<b>19,136,119.40</b>

Items have only been reported if a valuation was available.

As of 31 December 2006

Vienna, 16 February 2007

Wiener Börse AG

Management Board

Michael Buhl (pers. signed)

Heinrich Schaller (pers. signed)

## Changes to Fixed Assets

In EUR	Acquisition value 1 Jan. 2006	Additions	Disposals	Rebooking
<b>1. Intangible assets</b>	<b>5,724,141.85</b>	<b>744,142.28</b>	<b>799,275.15</b>	<b>0.00</b>
Software licenses	5,724,141.85	744,142.28	799,275.15	0.00
<b>2. Tangible assets</b>	<b>6,977,841.82</b>	<b>789,160.73</b>	<b>327,591.74</b>	<b>0.00</b>
Adaptation work in buildings owned by others	2,318,024.72	116,994.58	0.00	0.00
Fixtures, furniture and office equipment	4,659,817.10	672,166.15	327,591.74	0.00
<b>3. Financial assets</b>	<b>35,166,824.03</b>	<b>22,595,692.31</b>	<b>2,833,857.07</b>	<b>0.00</b>
Shares in affiliated companies	0.00	1.00	0.00	5,087,098.40
Investments	12,694,008.43	15,599.06	306,000.00	-5,087,098.40
Securities	22,472,815.60	22,580,092.25	2,527,857.07	0.00
<b>Total</b>	<b>47,868,807.70</b>	<b>24,128,995.32</b>	<b>3,960,723.96</b>	<b>0.00</b>

Acquisition value 31 Dec. 2006	Depreciation cumulated	Book value 31 Dec. 2006	Book value 31 Dec. 2005	Depreciation scheduled 2006	Depreciation unscheduled 2006
<b>5,669,008.98</b>	<b>4,739,744.02</b>	<b>929,264.96</b>	<b>405,854.36</b>	<b>220,452.91</b>	<b>0.00</b>
5,669,008.98	4,739,744.02	929,264.96	405,854.36	220,452.91	0.00
<b>7,439,410.81</b>	<b>5,254,603.05</b>	<b>2,184,807.76</b>	<b>2,012,339.14</b>	<b>609,596.01</b>	<b>0.00</b>
2,435,019.30	1,282,154.56	1,152,864.74	1,272,331.51	236,461.35	0.00
5,004,391.51	3,972,448.49	1,031,943.02	740,007.63	373,134.66	0.00
<b>54,928,659.27</b>	<b>5,974,062.14</b>	<b>48,954,597.13</b>	<b>29,265,046.56</b>	<b>0.00</b>	<b>123,146.31</b>
5,087,099.40	4,287,098.40	800,001.00	0.00	0.00	0.00
7,316,509.09	607,500.00	6,709,009.09	7,799,410.03	0.00	0.00
42,525,050.78	1,079,463.74	41,445,587.04	21,465,636.53	0.00	123,146.31
<b>68,037,079.06</b>	<b>15,968,409.21</b>	<b>52,068,669.85</b>	<b>31,683,240.06</b>	<b>830,048.92</b>	<b>123,146.31</b>

# Notes to the Financial Statements

## General Explanations

These financial statements cover all business activities of Wiener Börse AG for the period 1 January through 31 December 2006.

## Accounting and Valuation Policies

### General

The financial statements for the year ended on 31 December 2006 have been prepared according to the relevant provisions of the Austrian Companies Act.

The financial statements present a true and fair view of the company's assets, liabilities, financial position and profit or loss in conformity with generally accepted accounting principles in Austria. Furthermore, the principles of a going concern value, conservatism, unequal treatment of realized gains and losses, separate valuation of assets and liabilities items, completeness and freedom from arbitrariness have been applied.

### Fixed assets

The items recognized under intangible assets and tangible assets have been valued at cost of acquisition taking account of any related additional charges, less scheduled straight-line depreciation. A reasonable usable life of three to ten years has been assumed.

Low-value assets have been generally fully written off in the year of acquisition and reported under additions and disposals in the table of changes to fixed assets.

Investments have been reported at cost of acquisition.

For the valuation of securities held as fixed assets, the strict lower-of-cost principle has been applied.

If permanent impairment is considered probable or if the fair value on the balance sheet cut-off date is lower than the book value, the item has been written off under unscheduled depreciation.

**Current assets**

Receivables and other assets have been valued at nominal value unless a lower fair value was applicable in cases of recognizable individual risks.

**Provisions**

Provisions for severance payments have been computed according to the principles of financial mathematics based on a 4% discount rate. The retirement age assumed for the calculation is 65 years for men and 60 years for women. A company-specific fluctuation discount has been taken into consideration in this context.

Other provisions have been made in amounts sufficient to cover projected future claims. These take account of all recognizable risks and liabilities for which exact amounts are not known.

**Liabilities**

Liabilities have been valued at their repayment amounts applying the principle of conservatism.

**Foreign currency**

The basis used for the conversion of receivables is the foreign exchange buy rate taking into account the strict lower-of-cost principle, and for liabilities, the foreign exchange sell rate applicable as of the balance sheet cut-off date.

## Notes to the Items on the Assets Side of the Balance Sheet

### Intangible assets

The items reported under intangible assets consist mainly of software licenses for the exchange's derivatives market clearing system and office communications software.

### Tangible assets

Tangible assets comprise mainly IT equipment for the operation of the exchange and investment costs for the adaptation of rented office space. Furthermore, this item includes the office communications system, office furnishings and investments in a security system.

### Investments

Wiener Börse AG owns a share of 12.5% in the Budapest Stock Exchange, which has its registered office in Budapest. The Budapest Stock Exchange reported a profit of EUR 9,416,000 (HUF 2,364,112,222) for the business year 2005. Shareholders' equity as of 31 December 2005 was EUR 21,471,000 (HUF 5,390,733,222).

Wiener Börse AG owns 100% in NEWEX KapitalmarktberatungsgmbH, which has its registered office in Vienna. NEWEX KapitalmarktberatungsgmbH reported a profit for the business year 2006 of EUR 3,608,540.20. Shareholders' equity was EUR 4,569,491.15 as of 31 December 2006.

Furthermore, Wiener Börse AG holds a 25.12% stake in EXAA Abwicklungsstelle für Energieprodukte AG with its registered office in Vienna. EXAA reported a loss for the business year 2005 of EUR 15,752.56. The share capital as per 31 December 2005 was EUR 626,135.46.

Furthermore, Wiener Börse AG owns a 10% stake in APCS Power Clearing und Settlement AG with its registered office in Vienna. APCS reported a profit for the business year 2005 of EUR 213,587.91. Shareholders' equity was EUR 2,908,962.63 as of 31 December 2005.

Wiener Börse AG also owns a 50% stake in CCP Austria Abwicklungsstelle für Börsengeschäfte GmbH (CCP.A) with its registered office in Vienna. CCP.A reported a preliminary profit for the business year 2006 of EUR 108,510.06. The preliminary figure for shareholders' equity was EUR 95,946.44 as of 31 December 2006.

Wiener Börse AG also holds a share of 5% in CISMO Clearing Integrated Services and Market Operations GmbH with its registered office in Vienna. CISMO reported a profit for the business year 2005 of EUR 222,349.09. Shareholders' equity was EUR 252,935.82 as of 31 December 2005.

#### **Securities reported as fixed assets**

Possible additions of EUR 952,000 (previous year: EUR 952,000) were not recognized in accordance with Article 208 par. 2 Austrian Companies Act.

#### **Accounts receivable**

The receivables from companies in which Wiener Börse AG has an investment include a loan to NEWEX KapitalmarktberatungsgmbH in the amount of EUR 4,445,314.26 (previous year: EUR 4,445,000); further receivables from investment income from NEWEX of EUR 3,768,540.20 (previous year: EUR 3,025,000) and trade receivables of EUR 9,444.90 from EXAA (previous year: EUR 3,000). The receivables refer to services for which payment was received after the balance sheet cut-off date.

Under the item, "Other receivables", an amount of EUR 793,510.38 (previous year: EUR 445,000) for interest deferral has been reported. The receivables are all short-term.

#### **Deferred taxes**

The amount reported pursuant to Article 198 par. 10 Austrian Companies Act is EUR 1.44mn (previous year: EUR 1.19mn).

## Notes to the Items on the Liabilities Side of the Balance Sheet

### Share capital

The share capital of the company is EUR 14,000,000. It consists of 700,000 shares.

By resolution of the annual shareholders' meeting of 18 May 2006, the share capital of the company was increased using the company's own funds from nominal value of EUR 5,089,000 to nominal value EUR 14,000,000 through the conversion of EUR 8,911,000 from appropriated capital reserves.

### Provisions

Other provisions include mainly other staff-related provisions and provisions for future license settlement payments for XETRA® should the license not be prolonged as well as provisions for general market risks.

### Liabilities

All liabilities have a remaining life of up to one year. The item "Other liabilities" includes open payables due to cash market participants for bonuses in 2006 in an amount of EUR 5.6mn.

## Provisions 2006

In EUR	1 Jan. 2006	Allocations	Use	Reversals	31 Dec. 2006
<b>Provisions for severance payments</b>	<b>764,081.00</b>	<b>164,991.00</b>	<b>51,766.00</b>	<b>0.00</b>	<b>877,306.00</b>
<b>Corporation tax</b>	<b>3,382,000.00</b>	<b>4,716,000.00</b>	<b>3,366,000.00</b>	<b>16,000.00</b>	<b>4,716,000.00</b>
<b>Other provisions</b>					
Others payroll-related provisions	2,111,405.42	1,542,973.00	1,414,130.42	10,602.00	2,229,646.00
Other					
Provisions for royalties for XETRA	1,835,659.61	4,818,600.28	0.00	0.00	6,654,259.89
Provisions for market and investment risks	545,600.00	0.00	10,705.00	0.00	534,895.00
Provisions for invoices not yet received	209,196.88	395,988.86	193,434.45	5,498.88	406,252.41
Provisions for capital goods and adaptation work	30,240.00	61,500.00	30,240.00	0.00	61,500.00
Other	209,076.59	61,200.00	67,181.28	2,928.11	200,167.20
	<b>4,941,178.50</b>	<b>6,880,262.14</b>	<b>1,715,691.15</b>	<b>19,028.99</b>	<b>10,086,720.50</b>
	<b>9,087,259.50</b>	<b>11,761,253.14</b>	<b>5,133,457.15</b>	<b>35,028.99</b>	<b>15,680,026.50</b>

## Notes to the Profit and Loss Account

### Sales revenues

Sales revenues totalling EUR 53.3mn (previous year: EUR 36.3mn) break down into revenues from cash market transactions of EUR 39.8mn (previous year: EUR 25.6mn), revenues from derivatives market transactions of EUR 1.9mn (previous year: EUR 1.9mn), sales revenues from data vending of EUR 6.2mn (previous year: EUR 4.7mn), sales revenues from cash market participation fees of EUR 3.0mn (previous year: EUR 3.4mn), sales revenues from derivatives market participation fees of EUR 1.4mn (previous year: EUR 0.8mn) as well as other revenues of EUR 1.0mn (previous year EUR 0.0mn).

The share of foreign sales revenues amounted to EUR 7.0mn (previous year: EUR 5.0mn).

### Other operating revenues

Other operating revenues essentially include income from consultancy projects, the Takeover Commission, business service contracts with CCP Austria Abwicklungsstelle für Börsengeschäfte GmbH, the Committee for the Austrian Capital Market, amounts invoiced to third parties and from Brokernet.

### Costs of services

The costs of services include the costs of the performance of services (license fees and operation of exchange). The fees for freelance contracts include the fees of the secretaries of the Court of Arbitration. The previous year's amounts for the expenses for services purchased were adapted to give a truer view of the earnings situation of the company. The expenses for the operation of the exchange are now reported under "Costs of services".

### Personnel expenses

The item, "Costs of severance payments", and contributions to company retirement schemes includes EUR 0.02mn (previous year: EUR 0.03mn) for severance payments, EUR 0.16mn (previous year: EUR 0.18mn) for allocations to severance provisions and EUR 0.02mn (previous year: EUR 0.01mn) for contributions to employee retirement funds. Pursuant to Article 241 par. 4 Austrian Companies Act, the information is not given in accordance with Article 239 par. 1 fig. 3 Austrian Companies Act.

### **Other operating expenses**

Other operating expenses include mainly outlays for marketing and advertising, consultancy projects, consulting services, rental and office space costs, consulting, Committee for the Austrian Capital Market, book value of written off fixed assets as well as expenses invoiced to third parties, office supplies, telecommunication costs and membership fees. The previous year's amounts for the other operating expenses were adapted to give a truer view of the earnings situation of the company.

<b>Other operating expenses</b>	<b>in EUR thousands</b>	<b>2006</b>	<b>2005</b>
Marketing and advertising		1,970	1,502
Consultancy projects		995	1,120
Market acquisition CEE		616	912
Rents, leasing and office space costs		850	904
Consulting services		581	601
Committee for the Austrian Capital Market		297	580
Expenses invoiced to third parties		158	243
Office supplies & telecommunication		165	147
Membership fees		112	130
Book value of written off fixed assets		5	3
Other expenses		847	753
		<b>6,596</b>	<b>6,896</b>

### **Financial result**

The financial result for the year 2006 was higher in comparison to the financial result of 2005 by 97% at EUR 6.4mn.

### **Liabilities related to rental and leasing contracts**

Liabilities related to rental and leasing contracts amount to a total of EUR 682,979 (previous year: EUR 700,000) for 2007 and EUR 3,358,101 (previous year: EUR 3,420,000) for the period 2007 through 2011.

### **Taxes on income**

Corporation tax is reported under taxes on income.

## Corporate Bodies and Employees

### Employees

An average of 87 persons (previous year: 85) were employed in the business year 2006. At the end of the year 2006, the number of persons employed by Wiener Börse AG was 96 (previous year: 93).

In the business year 2006, the remuneration paid to Michael Buhl was EUR 447,786.54, Heinrich Schaller EUR 134,264.26 and Stefan Zapotocky EUR 417,170.60. The variable components of the remunerations were EUR 221,339.86 for Michael Buhl and EUR 325,500 for Stefan Zapotocky.

The Supervisory Board members were not paid any remuneration or meeting fees in the business year 2006.

### Supervisory Board

#### Shareholders' representatives on the Supervisory Board

**Rudolf Gruber** <sup>1) 2) 3)</sup>

Chairman of the Supervisory Board since 18 May 2006

Vice-Chairman from 12 May 1999 to 18 May 2006

(First appointment: 8 August 1997)

**Friedrich Kadrnoska** <sup>1) 2) 3)</sup>

Vice-Chairman since 18 May 2006

Chairman of the Supervisory Board from 8 August 1997 to 18 May 2006

(First appointment: 8 August 1997)

**Johannes Attems** <sup>2) 3)</sup> (First appointment: 8 August 1997)

**Jochen Bottermann** (First appointment: 18 May 2006)

**Patrick Butler** (First appointment: 20 September 2005)

**Christian Büttner** (First appointment: 16 June 1998; until 18 May 2006)

**Franz Hochstrasser** (First appointment: 12 May 1999)

**Thomas Kleibl** (First appointment: 3 June 2004)

**Manfred Kunert** (First appointment: 12 May 1999)

**Claus Raidl** <sup>2) 3)</sup> (First appointment: 8 August 1997)

**Wolfgang Reithofer** (First appointment: 9 May 2005)

**Wolfgang Ruttenstorfer** (First appointment: 9 May 2005)

**Karl Stoss** (First appointment: 20 May 2003)

<sup>1)</sup> Member of the Personnel Committee

<sup>2)</sup> Member of the Working Committee

<sup>3)</sup> Member of the Audit Committee

The current period of office of the Supervisory Board members runs until the end of the annual shareholders' meeting that passes the resolution to release the members from liability for the business year 2008.

### **Works Council representatives**

**Franz Glatzer**<sup>2) 3)</sup> (Initial delegation: 13 January 1998)

**Gerhard Kollmann** (Initial delegation: 21 March 2003; until 12 June 2006)

**Ulrike Mülleder** (Initial delegation: 19 June 2006)

**Claudia Röthy** (Initial delegation: 24 June 2002; until 12 June 2006)

**Gerhard Schwediauer**<sup>2) 3)</sup> (Initial delegation: 24 June 2002)

**Margit Scozzari** (Initial delegation: 2 June 1998)

<sup>2)</sup> Member of the Working Committee

<sup>3)</sup> Member of the Audit Committee

### **Stock Exchange Commissioners for Wiener Börse**

#### **Stock Exchange Commissioner for Wiener Börse in its function as a securities exchange**

**Peter Baran**

Director, Federal Ministry of Finance (Until 30 September 2006)

**Peter Maerschalk**

Federal Ministry of Finance (Since 1 November 2006)

#### **Deputy Stock Exchange Commissioner for Wiener Börse in its function as a securities exchange**

**Birgit Ertl**

Federal Ministry of Finance (Since 1 December 2006)

**Peter Maerschalk**

Federal Ministry of Finance (Until 31 October 2006)

**Erich Schaffer**

Director, Financial Market Authority

#### **Stock Exchange Commissioner for Wiener Börse in its function as a general commodity exchange**

**Georg Konetzky**

Senior Director, Federal Ministry for Economic Affairs and Labor

#### **Deputy Stock Exchange Commissioner for Wiener Börse in its function as a general commodity exchange**

**Maria Muntner**

Federal Ministry for Economic Affairs and Labor

### **Management Board**

**Michael Buhl**

**Stefan Zapotocky** (Until 31 May 2006)

**Heinrich Schaller** (Since 1 June 2006)

## List of Shareholders

Shareholder	Shares	%
Bank Austria Creditanstalt AG	81,989	11.71
Erste Bank der oesterreichischen Sparkassen AG	66,092	9.44
Wienerberger AG	64,683	9.24
Raiffeisen Zentralbank Österreich Aktiengesellschaft	42,745	6.11
Oesterreichische Kontrollbank Aktiengesellschaft	40,994	5.86
BÖHLER-UDDEHOLM Aktiengesellschaft	36,000	5.14
EVN AG	28,870	4.12
UNIQA Versicherungen AG	24,713	3.53
BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft	22,750	3.25
AUA Beteiligungen Gesellschaft m.b.H.	20,400	2.91
OMV Aktiengesellschaft	15,000	2.14
IMMOFINANZ AG	14,035	2.01
Flughafen Wien Aktiengesellschaft	14,000	2.00
Mayr-Melnhof Karton Aktiengesellschaft	14,000	2.00
Österreichische Elektrizitätswirtschafts- Aktiengesellschaft	14,000	2.00
RHI AG	14,000	2.00
Telekom Austria Aktiengesellschaft	14,000	2.00
voestalpine AG	14,000	2.00
IMMOEAST AG	10,500	1.50
Österreichische Post Aktiengesellschaft	10,500	1.50
Österreichische Volksbanken-Aktiengesellschaft	8,750	1.25
CONSTANTIA PACKAGING AG	8,188	1.17
BWT Aktiengesellschaft	7,275	1.04
Bankhaus Schelhammer & Schattera Aktiengesellschaft	6,766	0.97
Burgenland Holding Aktiengesellschaft	6,130	0.88
Constantia Industries AG	6,026	0.86
Hypo-Banken-Holding Gesellschaft m.b.H.	5,423	0.77
Steiermärkische Bank und Sparkassen Aktiengesellschaft	5,062	0.72
Salzburger Sparkasse Bank Aktiengesellschaft	4,900	0.70
Wiener Städtische Versicherung AG		
Vienna Insurance Group	4,679	0.67
Raiffeisen-Landesbank Tirol AG	3,615	0.52
Bank für Tirol und Vorarlberg Aktiengesellschaft	3,500	0.50
BKS Bank AG	3,500	0.50
Constantia Privatbank Aktiengesellschaft	3,500	0.50
Linz Textil Holding Aktiengesellschaft	3,500	0.50

Shareholder	Shares	%
Miba Aktiengesellschaft	3,500	0.50
Oberbank AG	3,500	0.50
Raiffeisenlandesbank Burgenland und Revisionsverband registrierte Genossenschaft mit beschränkter Haftung	3,500	0.50
Raiffeisenlandesbank Kärnten – Rechenzentrum und Revisionsverband. registrierte Genossenschaft mit beschränkter Haftung	3,500	0.50
Raiffeisenlandesbank Niederösterreich-Wien AG	3,500	0.50
Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	3,500	0.50
Raiffeisen-Landesbank Steiermark AG	3,500	0.50
Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband registrierte Genossenschaft mit beschränkter Haftung	3,500	0.50
Raiffeisenverband Salzburg registrierte Genossenschaft mit beschränkter Haftung	3,500	0.50
Schoellerbank Aktiengesellschaft	3,500	0.50
Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	3,254	0.46
Kärntner Sparkasse Aktiengesellschaft	3,150	0.45
Bank Vontobel Österreich AG	1,808	0.26
Bankhaus Carl Spängler & Co. Aktiengesellschaft	1,808	0.26
Dornbirner Sparkasse Bank AG	1,808	0.26
Bank Gutmann Aktiengesellschaft	1,793	0.26
Bankhaus Krentschker & Co. Aktiengesellschaft	1,793	0.26
EURO Invest Bank AG	1,750	0.25
Volkskreditbank AG	1,750	0.25
AGRANA Beteiligungs-Aktiengesellschaft	1,000	0.14
DO & CO Restaurants & Catering Aktiengesellschaft	1,000	0.14
Unternehmens Invest Aktiengesellschaft	1	0.00
	<b>700,000</b>	<b>100.00</b>

As of 31 December 2006

**Vienna, 16 February 2007**

**Wiener Börse AG**

**Management Board**

**Michael Buhl (pers. signed)**

**Heinrich Schaller (pers. signed)**

## Unqualified Audit Opinion

We have audited these financial statements for the year ending on 31 December 2006 including the company's bookkeeping practices. The bookkeeping, the presentation and the content of the financial statements and of the report of the management board comply with the provisions of Austrian company law and are the responsibility of the legal representatives of the company. Our responsibility is to give an audit opinion on the financial statements based on our audit, and to make a statement as to whether the report of the management board is consistent with the financial statements.

We have audited the financial statements taking into consideration the statutory provisions and the generally accepted accounting principles in Austria. These principles require the audit to be planned and conducted in such a manner so as to ensure that the opinion given is sufficiently certain as to whether the financial statements are free of any misleading statements, and to allow a statement on whether the report of the management board is consistent with the financial statements. When defining the audit procedure, the knowledge of the business field and of the economic and legal environment in which the company operates as well as expectations of potential errors have been taken into account. Within the scope of the audit, proof of amounts and other information given in the bookkeeping and in the financial statements has been assessed on the basis of random samples. The audit comprises an evaluation of the accounting principles applied and of the main assessments made by the company's legal representatives as well as an evaluation of the general informative nature of the financial statements. We believe that the audit we have conducted is a sufficiently secure basis for reaching our audit opinion.

Our audit has not given rise to any objections. On the basis of the findings of our audit, the financial statements comply with the statutory provisions and give a fair and true view of the company's assets, liabilities, financial position and profit or loss in compliance with generally accepted accounting principles in Austria. The report of the Management Board is consistent with the financial statements.

**Vienna, 16 February 2007**

**KPMG Austria GmbH**

**Wirtschaftsprüfungs- und Steuerberatungsgesellschaft**

**Walter Reiffenstühl**  
**Certified Public Accountant**  
**and Tax Advisor**

**Martin Wagner**  
**Certified Public Accountant**  
**and Tax Advisor**

# Profit Distribution Proposal

The Management Board of Wiener Börse AG proposes to distribute a dividend of 45%, i.e., EUR 6,300,000 on the share capital of EUR 14,000,000 out of the balance sheet profit for the business year 2006 of EUR 25,183,307.09, as reported in the financial statements for the year ended on 31 December 2006, consisting of the profit for the year 2006 of EUR 9,863,937.69 and a profit carryforward of EUR 15,319,369.40, and to carry the remainder of EUR 18,883,307.69 to the next accounting year.

**Vienna, February 2007**

**The Management Board**

## Report of the Supervisory Board of Wiener Börse AG

In 2006, the Supervisory Board monitored and approved the management activities of the Management Board within the scope of regular meetings at which the Management Board reported on its activities and at regular personal meetings with the members of the Management Board. The Management Board has reported regularly on the course of business and the situation of the company.

The financial statements and the report of the Management Board have been audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. The findings of the audit have not given rise to any reservations and therefore the financial statements have been awarded an unqualified audit opinion.

The committee established by the Supervisory Board pursuant to Article 92 par. 4 Austrian Stock Corporation Act for the purpose of auditing and preparing the financial statements complied with its obligations and met on 19 March 2007.

According to the findings of the audit of the financial statements conducted by the Supervisory Board in accordance with Article 96 Austrian Stock Corporation Act, the proposal for the distribution of the net profit reported in the financial statements for the year ending on 31 December 2006 presented by the Management Board pursuant to Article 126 Austrian Stock Corporation Act, and the report of the Management Board drawn up pursuant to Article 243 Austrian Companies Act, there are no issues requiring correction. The Supervisory Board therefore recommends to the annual general meeting to approve the profit distribution proposal made by the Management Board.

The Supervisory Board approved the financial statements at its meeting of 22 March 2006, thus granting its consent pursuant to Article 125 par. 2 Austrian Stock Corporation Act.

**Vienna, 22 March 2007**

**The Supervisory Board of Wiener Börse AG**

## Editorial Information

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We have prepared this annual report with the utmost care and have checked the data. Nonetheless, rounding, typographic and printing errors cannot be ruled out. Computation differences may occur due to the use of automated calculation aids for obtaining sums of rounded amounts and percentages.

We would explicitly like to point out that the data and calculations given in this report are historic values, which do not permit any conclusions to be drawn as regards future developments or value stability. No claim is made as to completeness.

This annual report is published in English and German. In the event of disputes, the German version shall be binding.

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