EVN's Annual Financial Report 2010/11

persuant to § 82 article 4 of the Austrian Stock Exchange Act

Contents

Management report

Legal framework

International climate policy

The main objective of the United Nations Climate Change Conference which took place in Mexico at the end of 2010 was to conclude a legal follow-up agreement for the Kyoto Protocol which expires in 2012 following the failed attempt in Copenhagen. However, a consensus could only be reached on a minimum target, namely to maintain the Kyoto Protocol until 2012. A follow-up treaty did not materialise. Nevertheless, the countries participating in the conference did agree on the following objectives: they committed themselves to limiting global warming to two degrees Celsius in comparison to the pre-industrial level. The industrialised nations acknowledged the voluntary pledges relating to CO_2 emission reduction targets, which were agreed upon at the climate conference in Copenhagen in 2009. Accordingly, they will reduce greenhouse gas emissions by 25% to 40% by the year 2020 compared to 1990. During the next three years an annual emergency assistance package of USD 10 billion will flow into a United Nations fund designed to support countries which are particularly impacted by climate change. By 2020 the financial resources should be increased to a total of USD 100 billion for the benefit of developing countries, without any corresponding decreases in conventional development aid. The funds, which can be raised from either private or public sector sources, will flow into a newly-established "Green Climate Fund", which will be administered by the United Nations. Moreover, a forest protection programme entitled Reducing Emissions from Deforestation and Degradation (REDD) was created.

The next United Nations Climate Change Conference will be held from November 28th to December 9th, 2011 in Durban, South Africa. The goal of the European Union is to conclude a comprehensive and legally binding climate protection treaty for the period after 2012, which will limit the average global temperature to two degrees Celsius above the pre-industrial level.

European energy policy

On November 10th, 2010, the EU Commission presented its new strategy for competitive, sustainable and secure energy, which was line with the energy policy objectives "Europe 2020" previously approved by the European Council in June 2010. The five energy-related priorities for the next ten years were defined:

- Realisation of energy savings with a focus on the two sectors with the biggest potential, i.e. transportation and buildings;
- Establishment of an integrated European-wide energy market;
- Competitive prices and secure supply based on energy infrastructure investments which should amount to some EUR 1 trillion;
- Promotion of technological leadership;
- Effective negotiations with international partners and third countries.

The strategy was discussed and approved by the European heads of state and government at the first EU Energy Summit held in February 2011. The EU Commission was authorized to develop specific legislative initiatives and proposals over the next 18 months.

The EU had previously set a target of increasing the energy efficiency of its member states by 20% by the year 2020. From the EU Commission's point of view, it is likely that the EU will fall short of achieving this objective unless it implements additional measures. For this reason, it presented its new energy efficiency plan in March 2011. This defined further measures which are designed to lead to a reduction in energy consumption, focusing on the two fields of buildings and industry which together account for close to 70% of the EU's primary energy consumption. In order to realize these energy savings, the EU Commission envisions appropriate financing aid both on an EU and national level. To further specify its intentions, the EU Commission finally presented the draft of a new EU Energy Efficiency Directive KOM(2011) 370 on June 22nd, 2011. One of the crucial points contained in this proposed guideline is the commitment on the part of energy companies to carry out energy efficiency measures.

Shortly after the end of the period under review, on October 19th, 2011, the EU Commission presented its proposal for guidelines to design the new trans-European energy networks, the so-called EU Infrastructure Package 2020/30. With this package of measures the priority will be on identifying and providing support to network expansion projects in the members states, which should comprise a secure EU-wide energy network and storage capacities. The EU Commission identified twelve international transport routes for electricity, natural gas, crude oil and CO_2 deliveries.

Energy policy environment in Austria

The Austrian Parliament passed important laws on the complete implementation of the EU's Third Internal Energy Package between October 2010 and September 2011.

On December 1st, 2010, the Austrian Electricity Management and Organisation Act (ElWOG 2010) and the Austrian Energy Regulatory Authorities Act (E-Control) were passed. The focal points of ElWOG 2010 were the unbundling of transmission system operators as well as the clear embedding of the public interest in a secure energy supply in Austria. Thus the related licensing and approval procedures will be given the same priority as environmental protection and other issues of public interest. The Federal Province of Lower Austria already passed the required implementing law in the electricity sector. In the light of the restructuring of the public supervisory body, support was given to the independence of the regulatory authority E-Control as the guarantee for competition, control and consumer protection.

On July 7th, 2011, the Austrian Parliament passed the Green Electricity Act: The annual subsidies for new eco-electricity projects (wind, biomass/biogas and photovoltaics) was increased from the current level of EUR 21.0m to EUR 50.0m, and the entire funding up until the year 2015 from EUR 350.0m at present to EUR 550.0m. Funding for new projects will be reduced each year by EUR 1.0m and thus by 2021 to EUR 40.0m. A total of EUR 11.5m was made available for new wind power projects, along with EUR 10.0m for biomass and biogas projects, EUR 8.0m for photovoltaics and EUR 1.5m for small hydropower plant projects. EUR 19.0m per year will be distributed on a flexible basis. Furthermore, a one-off sum of EUR 110.0m will be spent on the complete implementation of the existing waiting list. With these funds the operators of green electricity facilities will be supported for a period of at least 13 years with guaranteed feed-in tariffs, in which case the investment and financing costs of the new plants will be covered, ensuring a minimum yield of 6.0%.

These measures are designed to increase the share of renewable energies as a percentage of total electricity consumption form 68% at the present time to 85% by the year 2020. This corresponds to an expanded capacity of 11 TWh, thus supplying about one-fifth of the annual electricity needs of end customers amounting to close to 55 TWh. Wind power capacities in this period are likely to triple from 1,000 MW to 3,000 MW, and those of photovoltaic facilities to increase from 100 MW to 1,200 MW. Moreover, it was decided that Austria's electricity imports from nuclear power plants will have to be compensated by green electricity by no later than 2015. This amendment and the further expansion of hydropower will make additional capacities of about 5 TWh available starting in 2015, which will significantly surpass the average volume of 3.3 TWh annually in electricity generated by nuclear power which Austrian imports. However, connecting these additional capacities to the power grid will comprise a major challenge for network operators.

On October 19th, 2011, the Gas Management Act (GWG) was passed by the Austrian Parliament, and thus implementing the entire EU's Third Internal Energy Package. The amendment strengthens the rights of households and commercial firms, increases the reliability and security of the energy supply due to optimal conditions for investments and creates the legal basis for the introduction of smart meters. In order to promote competition a central aim of this law is the unbundling of the transmission system operators from the other activities of a vertically integrated natural gas company. In the future, these transmission system operators have the choice of four unbundling models: a proprietary unbundling, the independent system operator, the independent transmission operator and a mixed form comprised of the second and third model. Quality assurance and the expansion of gas networks will be ensured on the basis of a system user fee, which provides an appropriate remuneration for maintaining the infrastructure and enables new investments in the gas network. The new market model as well as the conversion of tariffs should take place by January 1st, 2013.

With the context of the National Allocation Plan II (2008–2012), EVN was granted CO_2 emission certificates totalling 1.58 million tons per annum at no charge based on its historical level of emissions. The shortfall relative to its long-term requirements is 0.5 to 0.8 million tons. EVN engages in emission certificate trading as part of its portfolio and risk management in order to be able to cover its CO_2 emission requirements or in order to sell unused emission certificates. (For details on certificates purchased in the 2010/11 financial year, see Consolidated Notes, note 50. Cost of materials and services, page 97.)

In October 2011 the Emission Certificate Act (EZG 2011) was passed. The EZG 2011 is designed to transpose the EU Emissions Trading Directive into national law and regulate emission trading in the period 2013–2020. The most important changes in the new emission trading regime as of 2013 are as follows:

- Rules of the emissions trading system will be harmonised in the EU and no longer defined on a national level (end of national allocation plans);
- Reduction of emissions by at least 21% by the year 2020; this figure should be achieved with the help of a linear reduction approach based on 2010 levels;
- As of 2013 the auctioning of certificates will become a basic principle underlying emissions trading. In particular, electricity producers will already have to purchase 100% of their required certificates by auction as of 2013. The exception is the decoupling of heat;
- Certificates will continue to be granted free of charge to energy-intensive companies which are in danger of relocating outside of the EU;
- Expansion of the validity of the EZG to other sectors (i.e. flight traffic and potentially also shipping) and gases in accordance with the stipulations of Emissions Trading Directive.

Unified four- and five-year incentive systems, respectively, were introduced for electricity networks at the start of 2006 and natural gas networks at the start of 2008. They are designed to provide compensation for inflation, adjusted by the general productivity gains expected from all Austrian network operators and efficiency gains specific to each company. EVN is one of the most efficient providers within the underlying benchmarking system and expects its revenues from electricity and natural gas to remain stable during both regulatory periods. The most important regulations governing the second regulatory period for electricity networks (2010–2013) were enacted at the end of 2009. The main changes comprised the updating of the weighted average cost of capital (WACC), which rose from 6.040% to 7.025%; the recognition of investments made during the given regulatory period; as well as the transfer of 50% of the efficiency gains to end customers at the close of the regulatory period. On the basis of the absorbed cost system, EVN launched the construction of the southern portion ("Südschiene") of its natural gas transport pipeline in 2009 and the western portion ("Westschiene") in 2011, which are designed to boost the reliability of energy supplies in Lower Austria and beyond the borders of the federal province. In September 2011 the 120 km long "Südschiene" was put into operation. The "Westschiene" with a length of 150 km will be finished in 2013.

Legal framework in South Eastern Europe

Bulgaria

As prescribed by EU directives on the domestic electricity and natural gas markets, the unbundling of network operators and electricity suppliers was implemented in national corporate law in Bulgaria effective January 1st, 2007. The subsidiary EVN EP is responsible for network operations whereas EVN EC is responsible for electricity distribution and marketing.

In May 2011 the Bulgarian Parliament passed the Energy Strategy 2020. In addition to maintaining a secure and reliable energy supply, increasing energy efficiency, protecting end customers and developing a liberalised energy market, the focus is on increasing renewable energy capacities. By 2020 the share of electricity generated by renewable energy sources should rise from 9.4% in 2005 to 16%. Furthermore, the new Green Electricity Act was adopted. The regulatory authority will set maximum limits for linking new capacities from renewable energy sources to the power grid, and define feed-in tariffs for the duration of the electricity supply contracts. An amendment to this energy law is expected by the end of 2011, in which case Bulgaria will also have implemented the the EU's Third Liberalisation Package.

The electricity market in Bulgaria has been fully deregulated since 2007 as prescribed by the country's energy law. However, a competitive market has not existed up until now. With the exception of a few major industrial customers, all electricity provided to end customers is still being supplied by the national utility company NEK, the central public upstream supplier, via the three regional network operators and electricity providers (CEZ, E.ON and EVN). Long-term procurement contracts between the electricity producers and the national utility company NEK as well as the energy volumes assigned by the regulatory authority, the State Energy and Water Regulatory Commission, to the regional electricity providers to maintain a secure energy supply are in contrast to the targeted goal of a deregulated market. In the year 2010 the share of electricity trading on the free market in Bulgaria was 27.1%. Only 18% of the electricity volumes consumed in Bulgaria were actually sold at market prices.

The Bulgarian regulatory authority has fixed all prices for provider functions (generation, transmission, system operator, distribution network and providers). The provider functions generation, transmission and system operators are all carried out by the national utility company NEK and its subsidiary, the system operator EAD. The regulated energy prices are lower than the prevailing market prices on European electricity exchanges so that customers have yet to obtain any cost savings based on the changeover to a free market, which also contributes to the actual low level of deregulation.

After the first three-year regulatory period, the new five-year regulatory period took effect on July 1st, 2008. Price adjustments for all energy supply functions and changes in the pricing components of electricity prices take place on an annual basis in line with the legally stipulated unbundling. Network tariffs are determined on the basis of a regulation in accordance with EU standards. However, the actual annual price adjustment of network tariffs is influenced by the economic and socio-political objectives of the government.

The third pricing period of the current five-year regulatory period started on July 1st, 2010. The Bulgarian regulatory authority raised end customer prices by about 2.0% and energy procurement prices by about 8.0%, as well as the prices charged by transmission network and system operators. A surcharge for the production of electricity from brown energy was also imposed. Furthermore, a change in the energy pricing components in connection with high-voltage networks was also carried out. Since July 1st, 2010, the energy pricing component, the rates for access to the high-voltage network and the rates for transmission through the high-voltage network have been broken out and invoiced separately in all electricity purchase prices that NEK, the central public upstream supplier, charges to utility companies. This has decreased the corresponding revenue and procurement prices in EVN EC because the rate components that are related to the high-voltage network and represent pass-through items. This does not have any effect on earnings. On balance, the profitability of the regional electricity providers was under considerable pressure in the first two price periods (July 1st, 2009 to June 30th, 2011).

At the beginning of the fourth pricing period which took effect on July 1st, 2011, the end customer prices for electricity were increased by about 1.9%, whereas the prices for energy and tariffs of the transmission network operator and system operator remained at about the same level as in the prior year.

A two-year regulatory period started in the heating business effective July 1st, 2010. In the second pricing period an increase in end customer prices for heat of 6.8% was approved as of April 1st, 2011, due to a 4.8% rise in natural gas procurement prices.

Within the context of the National Allocation Plan in Bulgaria, EVN was granted free CO_2 emission certificates for 0.1 million tons for its facilities. EVN is a pioneer in Bulgaria as first company trading with CO_2 emission certificates in the country.

In February 2011 Bulgaria recovered the right to take part in European trading with CO_2 emission certificates. In June 2010 the right of the Bulgarian government to participate in trading had been revoked due to deficiencies in the trading process. After the shortcomings were remedied in the fall of 2010, Bulgarian companies were able to resume trading with CO_2 emission certificates in the spring of 2011.

Macedonia

The electricity market in Macedonia is still largely regulated and organised according to the single buyer model. The state owned energy supplier ELEM and the thermal power plant TEC Negotino are responsible for power generation. MEPSO operates the state-owned transmission network and EVN Macedonia supplies end customers.

In September 2008 a new energy law took effect in Macedonia which changed the conditions under which EVN Macedonia procured energy. In its function as the national energy pool ELEM is required to provide EVN Macedonia with a certain quantity of electricity, which is calculated on customer requirements measured by the regular as well as recognised losses from the power grid. Losses from the power grid in excess of the officially recognised threshold must be sourced at unregulated market prices on the wholesale market, and the regulations expressly forbid passing on the additional costs to end customers.

On January 1st, 2009, a three year regulatory period and a regulation model took effect for the electricity market which is based on the underlying asset base, specified capital costs before taxes as well as recognised losses from the power grid. On January 1st, 2010, end customer prices were raised by about 10.0%, of which 51.0% will flow to EVN due to the increase in the network access fees for the medium and low voltage networks of EVN Macedonia.

Significant progress was made within the framework of the road map settled between the Macedonian government and EVN in the 2010/11 financial year to deal with unresolved issues. On March 30th, 2011, court proceedings pending since 2008 between the state-owned company ELEM and EVN Macedonia were ended by a settlement: Based on an advisory opinion, the two parties will equally share future proceeds from collecting customer receivables resulting from the period before the takeover by EVN. Furthermore, EVN Macedonia will pay EUR 3.0m to ELEM from customer receivables which have already been collected, and also transfer EUR 19.5m of customer debt to ELEM which has been irrecoverable up until now. In addition, the unresolved issues with respect to the investment obligations agreed upon in 2006 have been clarified.

The Macedonian Parliament adopted the new Energy Act on February 3rd, 2011, which fulfilled the demands of the Energy Community to establish a deregulated electricity market. It is designed to pursue the liberalisation of the electricity market and its integration in international electricity markets on the basis of the ratified treaties, and also promote the improvement of energy efficiency and the expansion of renewable energies. The autonomy of the regulatory authority has been strengthened, and its responsibilities have been expanded. Moreover, the law clearly prescribes the unbundling of the network operator and electricity producer. The following changes are important to EVN Macedonia; the procurement of network losses on the free market will be more transparent, and the losses from the power grid recognised by the regulatory authority will be coordinated with the company plan to reduce network losses.

On March 1st, 2011, the end customer prices for electricity in Macedonia were raised by 5.5%, of which 89.6% (4.9%) is attributed to EVN Macedonia.

Overall business environment

GDP growth %	2008	2009	2010	2011e	2012f
EU-27[1]	0.8	–4.1	1.7	1.6	0.2
Austria[1]	2.1	–3.9	2.3	3.0	0.8–1.3[3]
Bulgaria[1]	6.0	–5.5	0.2	2.0	2.0
Albania[1]	6.0	3.3	3.9	3.5	3.0
Croatia[1]	2.4	–6.0	–1.2	1.0	1.0
Macedonia[2]	5.0	–0.9	0.7	2.0	3.0

1) Source: Raiffeisen Research “Strategie Globale Märkte 4. Quartal 2011” and “Strategie Österreich & CEE 4. Quartal 2011”
2) Source: wiiw “Country Report Macedonia”, July 2011
3) Source: WIFO & IHS press release from September 29th, 2011

The momentum of the global economy weakened further since the summer of 2011 after GDP of the EU-27 in the second quarter of 2011 only rose by 0.2% from the previous quarter. Consumption by private households in Europe fell by about 0.2% in the second quarter of 2011.

These early indicators and uncertainties on financial markets due to the national debt crisis point to a considerable slowdown of economic activity. The economies of the eurozone which had expanded more strongly up until now were disproportionately impacted by this development. A high level of public debt is forcing many countries to consolidate their fiscal policies. Higher interest rates on government bonds impose an additional burden on national budgets.

In the current environment any forecasts on the future overall economic development in Europe must be treated with due care. GDP growth in the EU-27 is expected to amount to 1.6% in the year 2011 and 0.2% in 2012. The Austrian economy is predicted to expand by 3.0% in 2011 and 0.8% to 1.3% for 2012.

In Bulgaria the weak demand on the part of industrial and private customers continues to slow down growth. The country’s GDP is forecast to grow by 2.0% in 2011 and 2012. Declining real income and the related weak level of private consumption also have a negative effect on GDP development in Croatia, where a rise of 1.0% is anticipated for 2011. GDP growth of 1.0% is expected also for 2012.

In Albania the crises of the two most important trading partners Italy and Greece have dampened the economic upturn. GDP forecasts have been revised downwards to 3.5% and 3.0% respectively for 2011 and 2012.

Macedonia is slowly recovering from the recession of 2009, with further growth hampered by a weak infrastructure and an uncertain economic climate. GDP growth of 2.0% is anticipated for 2011, rising to 3.0% in 2012.

Energy sector environment

		2010/11	2009/10	Change in %	2008/09
Temperature-related energy demand[1]	%				
Austria		101.7	105.5	–3.8	93.8
Bulgaria		86.2	81.2	4.9	102.8
Macedonia		100.8	91.3	9.5	87.5
Primary energy and CO_2 certificates					
Crude oil – Brent	EUR/bbl	75.49	57.28	31.8	42.91
Natural gas – GIMP[2]	EUR/MWh	25.55	21.37	19.6	22.17
Coal – API#2[3]	EUR/t	86.95	69.49	25.1	65.23
CO_2 certificates (2nd period)	EUR/t	14.76	14.23	3.7	14.50
Electricity – spot market					
EEX[4] base load	EUR/MWh	51.55	41.28	24.9	46.20
EEX peak load	EUR/MWh	61.76	52.23	18.2	61.57
Electricity – forward market[5]					
EEX base load	EUR/MWh	50.29	48.87	2.9	66.57
EEX peak load	EUR/MWh	64.10	67.84	–5.5	93.33

1) Calculated according to the heating degree total; in Austria and Bulgaria the basis (100.0%) corresponds to the long-term average value 1997–2006, in Macedonia it corresponds to the long-term average value 1997–2009; change reported in percentage points
2) Gas Import Price (GIMP)
3) ARA notation (Amsterdam, Rotterdam, Antwerp)
4) EEX – European Energy Exchange
5) Average prices for the respective EEX quarterly forward market prices, beginning one year before the respective period under review

The business environment in the energy sector substantially influences the development of EVN's business. Whilst weather conditions have a particular impact on household energy consumption, especially the demand for natural gas and heat, industrial companies' demand for energy is contingent mainly on the development of their sales and thus on the macroeconomic environment.

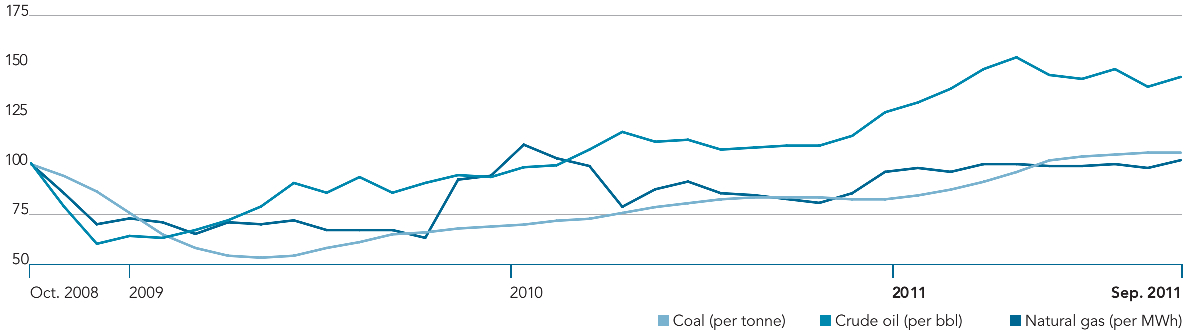
Since December 2009, electricity consumption in Austria each month has surpassed the comparable figure for the previous year. This development is mainly attributable to the economic recovery and continued in 2011. In the fourth quarter of 2010 4.3% more electricity was used in Austria than in the prior-year quarter. In addition to the cold weather (–1.6 degrees Celsius), the increased consumption is primarily the result of the higher needs of industrial companies. In the first half of 2011 electricity use in Austria rose by 0.9% or 0.3 terawatt hours (TWh) to 34.4 TWh, thus coming close to the consumption before the onset of the economic crisis. The increase in overall consumption for the entire electricity supply was higher than in the public network, where consumption only climbed 0.4% or 0.1 TWh. This means that most of the added electricity use continues to be attributable to the economic development of the country.

The colder weather in Austria as well as in Macedonia led to higher demand for electricity generated by EVN in the 2010/11 financial year. The temperature-driven demand for energy on the domestic market was up 1.7% on the long-term average. In Macedonia, the temperature-driven demand for energy was 0.8% above the long-term average and 10.4% higher year on year. In contrast, heating degree totals in Bulgaria were 13.8% lower than the long-term average but 6.1% higher year on year.

The positive economic development, in particular the ongoing strong demand in Asia, was the basis for a 31.8% increase (stated in euros) during the 2010/11 financial year in the price of North Sea crude oil (Brent), which is considered the benchmark for Europe. Natural gas procurement prices, which are primarily linked to the price of crude oil, climbed by 19.6% from the prior-year level, and the price of coal rose by 25.1%. The price for CO_2 emission certificates increased 3.7% to EUR 14.76 per ton. The discussion pertaining to a potential increase in the European CO_2 reduction target from 20% at present to 30% and the phasing out of nuclear energy in Germany sparked a rise in CO_2 prices to more than EUR 17.00 at the beginning of February 2011. The debt crisis in Europe and the further development of the global economy in the fourth quarter of the 2010/11 financial year resulted in a decrease in the price level to slightly over EUR 10.00 per ton.

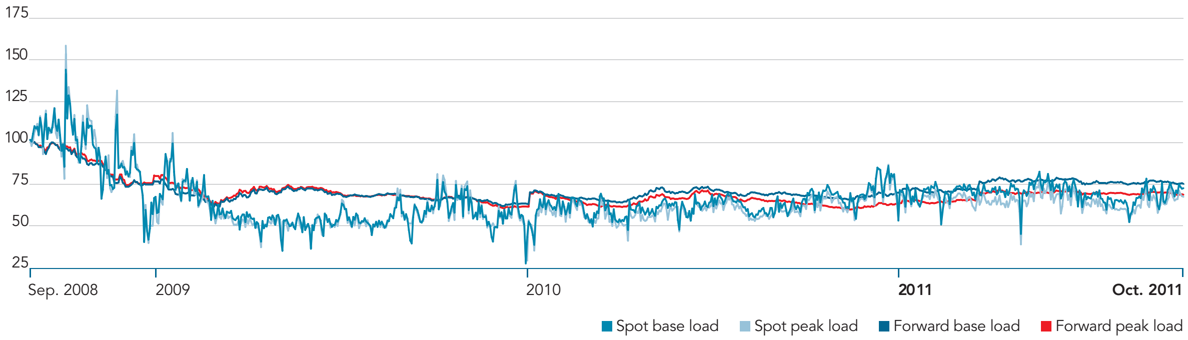
Spot and forward market prices for electricity rose during the first quarter of the 2010/11 financial year and later starting in the third quarter as a consequence of the shutdown of nuclear power capacities in Germany. However, the price rise as of mid-March was dampened by the higher power generation from renewable energy sources. On balance, spot market prices for base load electricity were up by 24.9% on average from the prior-year compared to an increase of 18.2% for peak load electricity. In contrast, forward prices for base load electricity were up only 2.9% and thus slightly higher than in the previous year, whereas forward prices for peak load electricity fell by 5.5%.

Development of primary energy prices (indexed)
in %



EVN regularly purchases energy futures to ensure the reliability of its energy supply. The prices on futures markets thus have a material impact on EVN's earnings. Electricity prices for delivery during the 2010/11 financial year were still at a lower level when the futures contracts were made at the beginning of the fall of 2010, such that market price effects had a positive impact on the development of EVN's earnings. The long-term-oriented procurement policy pursued by EVN enables the company to maintain stable electricity prices since November 1st, 2008 despite the high volatility on international energy markets. Following reductions for natural gas prices sold to end customers in January, March and December 2009, an increase in the gas prices to end customers was economically unavoidable due to the natural gas procurement price, which is tied to the price of crude oil.

Development of electricity prices – spot and forward market
in EUR/MWh



Influencing factors	Effect on business development compared to the previous year
Temperature	Negative
Primary energy prices	Negative
Electricity prices – forward market	Positive
Electricity prices – spot market	Negative
Electricity sales	Positive
Natural gas sales	Negative
Heat sales	Positive

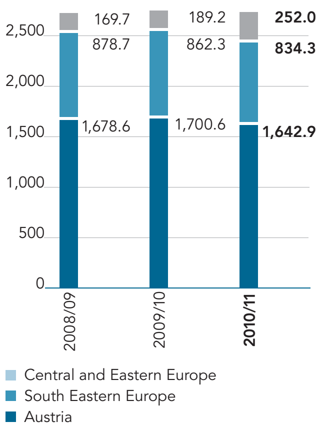
Business development

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. Compared to the previous year, the scope of consolidation (see Consolidated Notes, note 4. Scope of consolidation, page 68) was expanded by three fully consolidated subsidiaries and one investment in equity accounted investees. Including EVN AG as the parent company, the consolidated financial statements thus encompass a total of 63 fully consolidated companies (previous year: 60), five proportionally consolidated companies (previous year: five) and 16 investment in equity accounted investees (previous year: 15).

Highlights 2010/11
- > Revenue slightly under the prior-year level
- > Higher EBIT due to one-off effects and improvement in the Environmental Services business
- > Increase of the EBITDA margin from 15.1% to 17.3% and up of EBIT margin from 6.8% to 8.0%
- > Profit before income tax below the prior-year level due to lower financial result
- > Net cash flow from operating activities up 4.6%
- > 5.5% increase in investments
- > Solid balance sheet structure and stable liquidity situation

As of the 2010/11 financial year, the fully consolidated companies now include EVN WEEV Beteiligungs GmbH, evn naturkraft Beteiligungs- und Betriebs-GmbH as well as Hydro Power Company Gorna Arda AD. The company NÖKOM NÖ Telekom Service Gesellschaft was no longer included in consolidation as an equity accounted investee but fully consolidated due to EVN's acquisition of the remaining 50% stake, and subsequently merged with the EVN subsidiary Kabelsignal AG. WEEV Beteiligungs GmbH, VERBUND-Innkraftwerke GmbH and Shkodra Region Beteiligungsholding GmbH are among the new additions to the equity accounted investees included in the consolidated financial statements of EVN. Within the context of the founding of Shkodra Region Beteiligungsholding GmbH, the firm Energji Ashta SHPK previously included in consolidation as an equity accounted investee was removed from the scope of consolidation.

Revenue by region
in EURm



Statements of operations

Results of operations

In the 2010/11 financial year, EVN generated revenue of EUR 2,729.2m, a decrease of 0.8%, or EUR 23.0m from the previous year. The Environmental Services business posted a significant rise in revenue thanks to the increased international project business. However, this could not fully cushion the decline in the energy business.

▶ Details on the segment development can be found starting on page 47.

Foreign revenue rose 3.3%, or EUR 34.8m, to EUR 1,068.3m, accounting for 39.8% of total revenue a rise from 38.2% in the previous year.

Condensed consolidated statements of operations	2010/11 EURm	2009/10 EURm	Change EURm	in %	2008/09 EURm
Revenue	**2,729.2**	**2,752.1**	**–23.0**	**–0.8**	**2,727.0**
Other operating income	101.6	69.7	31.9	45.7	83.3
Electricity purchases and primary energy expenses	–1,505.7	–1,600.0	94.3	5.9	–1,653.2
Cost of materials and services	–373.9	–314.5	–59.5	–18.9	–297.5
Personnel expenses	–323.3	–329.2	5.9	1.8	–319.4
Other operating expenses	–156.3	–161.5	5.2	3.2	–166.8
EBITDA	**471.4**	**416.6**	**54.8**	**13.2**	**373.4**
Depreciation and amortisation	–252.8	–229.3	–23.5	–10.2	–198.2
Results from operating activities (EBIT)	**218.7**	**187.3**	**31.4**	**16.8**	**175.2**
Financial results	**41.8**	**83.6**	**–41.8**	**–50.0**	**50.8**
Profit before income tax	**260.5**	**270.9**	**–10.4**	**–3.8**	**226.0**
Income tax expense	–27.9	–42.1	14.3	33.8	–28.0
Profit for the period	**232.6**	**228.7**	**3.9**	**1.7**	**198.0**
Thereof profit attributable to EVN AG shareholders (Group net profit)	189.7	207.0	–17.3	–8.4	177.9
Thereof profit attributable to non-controlling interests	42.9	21.8	21.2	97.2	20.1
Earnings per share in EUR	**1.07**	**1.27**	**–0.20**	**–16.1**	**1.09**

Other operating income rose 45.7%, or EUR 31.9m, to EUR 101.6m, which is primarily due to higher changes in work in progress and own work capitalised. The changed reporting of payments for customer orders led to a reduction in revenue and at the same time to an increase in other operating income.

The costs for "Electricity purchase and primary energy expenses" fell by 5.9%, or EUR 94.3m, to EUR 1,505.7m. This development is due to the use of provision for impending losses formed in the previous year as well as the changed reporting of price components in connection with the high voltage network in Bulgaria.

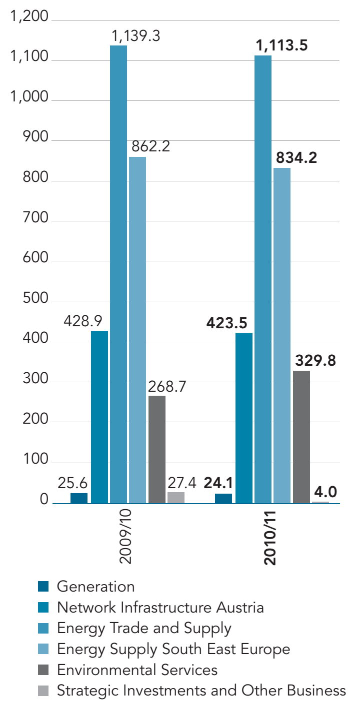
The increased volume in the international environmental project business as well as higher expenses in the Network Infrastructure Austria segment led to a rise in the cost of materials and services of 18.9%, or EUR 59.5m, to EUR 373.9m.

The average number of employees fell by 3.4%, or 286 people during the period under review, to 8,250 employees. Due to the positive development in the environmental services business, 48 additional employees were hired. In contrast, efficiency enhancement measures in Macedonia and Bulgaria led to a reduction in the workforce by 326 employees. The related positive cost effects as well as the lower required provisions for severance payments and pension costs enabled a reduction in personnel expenses of 1.8%, or EUR 5.9m, to EUR 323.3m, in spite of the contractually stipulated wage and salary increases mandated by collective wage agreements.

Other operating expenses fell by 3.2%, or EUR 5.2m, to EUR 156.3m. In this regard, the lower level of write-offs on receivables in South Eastern Europe more than compensated for the higher legal and consulting costs.

These developments led to an EBITDA increase of 13.2%, or EUR 54.8m, to EUR 471.4m In the light of slightly lower revenue, the EBITDA margin improved from 15.1% in the previous year to 17.3%.

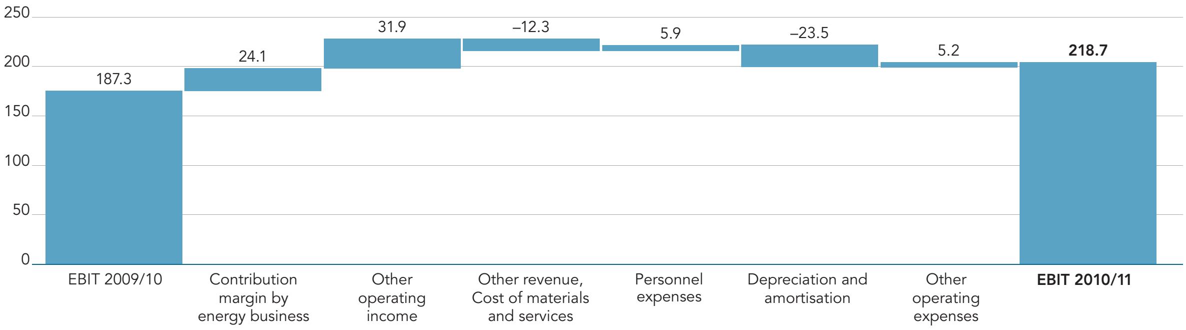
Revenue by segments[1)]
in EURm



1) External revenue

The increase in scheduled depreciation and amortisation of 3.0%, or EUR 6.5m, to EUR 223.7m, can be attributed to the commissioning of several investment projects in the 2009/10 financial year. In the second quarter of 2010/11, an impairment loss was reported for goodwill and property, plant and equipment at TEZ Plovdiv due to the ongoing disadvantageous regulation in the heating sector imposed by the regulatory authority in Bulgaria. In addition, an impairment loss was carried out for the power plant site in Plovdiv. All in all, these effects are totalling EUR 17.7m. Furthermore, impairment tests implemented in the fourth quarter of 2010/11 resulted in impairment losses and reversals of impairments for EVN's power plant portfolio. An impairment loss of EUR 38.4m was recognised for the gas-fired power plants in Theiß and Korneuburg due to the long-term difficult market situation for such power stations. The above-mentioned reversal of impairment of EUR 31.2m relates to the procurement rights for the Freudenau hydropower plant. On balance, the impairment tests burdened the earnings of EVN in the 2010/11 financial year to the amount of EUR 29.1m. The prior-year period was burdened by an impairment loss of EUR 10.7m relating to the Kavarna wind park project in Bulgaria. All in all, depreciation and amortisation amounted to EUR 252.8m, a rise of 10.2%, or EUR 23.5m, from the previous year.

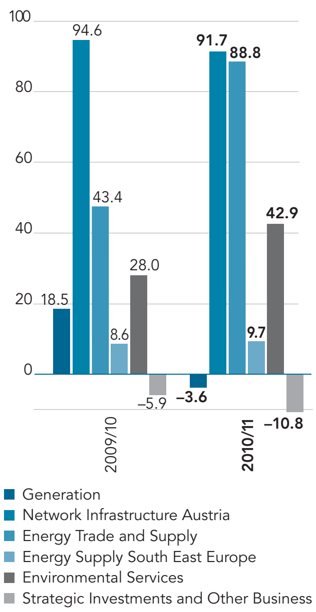
Changes in EBIT 2010/11 compared to previous year
in EURm



Taking account of the above-mentioned positive earnings effects from the use of a provision for impending losses from the previous year, EBIT rose by 16.8%, or EUR 31.4m, to EUR 218.7m, thus improving the EBIT margin from the prior-year level of 6.8% to 8.0%.

The financial results in the reporting period fell by 50.0%, or EUR 41.8m, to EUR 41.8m. In this case, the income from investments, which is relevant for the development of the financial results, is basically impacted by the earnings contributions of EVN's major strategic investments in RAG, BEGAS, BEWAG and VERBUND AG. The income from investments in equity accounted investees rose by 2.1%, or EUR 1.3m, to EUR 62.9m. The higher earnings contributions, especially those of RAG and BEWAG, were in contrast to the impairment loss taken for Shkodra Region Beteiligungsholding GmbH in connection with the Ashta hydropower plant project in Albania based on lower expectations pertaining to proceeds from the sale of Certified Emission Reductions, or CERs. The gain from other investments fell by 51.5%, or EUR 28.2m, to EUR 26.6m which is mainly due to the lower dividend distributed by VERBUND AG. Moreover, the increase in the interest expense by 13.5%, or EUR 9.3m attributable to the higher level of financial liabilities and higher interest rates as well as the lower capitalisation of construction period interest related to the completion of investment projects had a negative effect on the financial results. The other financial result was down by EUR 5.7m to EUR –6.5m (previous year: EUR –0.8m).

EBIT by segments
in EURm

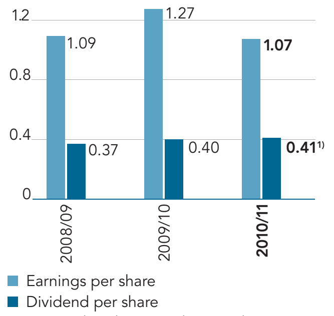


In addition to the lower profit before income tax, which was down 3.8%, or EUR 10.4m, to EUR 260.5m, the tax effects of the implemented impairment loss for EVN's investment in TEZ Plovdiv and Shkodra were responsible for the decrease in the income tax paid. Taking account of the income tax of EUR 27.9m, the profit for the period totalled EUR 232.6m, a rise of 1.7%, or EUR 3.9m.

The share of non-controlling interests rose by 97.2%, or EUR 21.2m, mainly due to the higher earnings contributions of RAG and BEWAG. The Group net profit fell by 8.4%, or EUR 17.3m, to EUR 189.7m.This development combined with the increased number of outstanding shares as a result of the capital increase led to earnings per share of EUR 1.07, down from EUR 1.27 in the previous year.

In line with EVN's business development, the Executive Board will propose to the Annual General Meeting to distribute a dividend of EUR 0.41 per share for the 2010/11 financial year (previous year: EUR 0.40). Taking all shares from the capital increase entitled to dividends into account, this corresponds to a dividend payout ratio of 38.5% (previous year: 34.7%), and a dividend yield of 3.8% (previous year: 3.5%) relative to the share price of EUR 10.82 on September 30th, 2011.

Earnings and dividend per share
in EUR



1) Proposal to the Annual General Meeting

Value management and key indicators

Development of selected indicators		2010/11	2009/10	Change in %	2008/09
ROE[1)]	%	7.5	7.4	0.1	6.3
Average equity	EURm	3,100.6	3,076.2	0.8	3,167.8
WACC after income tax[1)2)]	%	6.5	6.5	–	6.5
Operating ROCE (OpROCE)[1)3)]	%	7.5	6.4	1.1	6.7
Average capital employed[3)]	EURm	4,393.8	3,952.4	11.2	3,493.8
Net operating profit after tax (NOPAT)[3)]	EURm	328.6	254.5	29.1	234.9
EVA®	EURm	43.0	–2.4	–	7.8

1) Change reported in percentage points
2) The weighted average cost of capital is calculated on the basis of a cost of equity capital amounting to 9.1% and a cost of interest-bearing debt (after tax) of 4.0%, as well as an equity ratio of 50.0%.
3) Adjusted for impairments and one-off effects; the market value of the shareholding in VERBUND AG is not included in the capital employed in order to consistently convey the development of the value contribution.

The return on equity remained stable at 7.5% (previous year: 7.4%) on the basis of the improved profit for the period and the higher average equity. The capital increase carried out in the first quarter of 2010/11 led to a rise in equity. In contrast, the change in the measurement of EVN's shareholding in VERBUND AG without recognition to profit or loss led to a decrease of equity.

Once this measurement effect is neutralised, the operating performance indicators for the 2010/11 financial year showed an improvement. The economic value added (EVA®) of EUR 43.0m was recognised compared to EUR –2.4m in the previous year, and the operating return on capital employed (OpROCE) increased from 6.4% to 7.5% year on year.

The weighted average cost of capital after income tax (WACC), considering specific corporate and country risks, was 6.5%, as in the previous year.

Statements of financial condition

Net assets and financial positions

At EUR 6,870.4m, EVN's total assets as at the reporting date on September 30th, 2011 rose by 2.1%, or EUR 139.2m, compared to the last balance sheet date at the prior-year reporting date.

Non-current assets rose by 5.9%, or EUR 340.8m, to EUR 6,083.0m, and its share of total assets amounted to 88.5% (previous year: 85.3%). Despite the negative effect of the impairment test to the amount of EUR 29.1m, intangible assets and property, plant and equipment climbed 5.4%, or EUR 170.2m, to EUR 3,349.4m, which can be attributed to the increased investment activity.

The item "Investments in equity accounted investees" also rose, which is mainly due to the purchase of the 13% stake in the VERBUND-Innkraftwerke GmbH, the participation of EVN in the capital increase of VERBUND AG and higher capital contributions of the investments in equity accounted investees. The change in the market valuation of the shareholding in

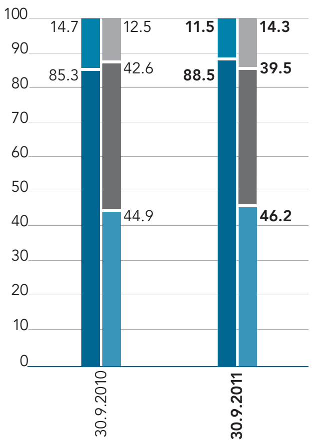
VERBUND AG had a negative effect on other investments. The increase in non-current lease receivables and other non-current assets led to an increase in other non-current assets of 13.0%, or EUR 97.8m, to EUR 849.1m.

The 20.4% reduction in current assets, or EUR 201.6m, to EUR 787.4m, is mainly attributable to the decline in current investments in securities.

Condensed consolidated statements of financial position	9/30/2011 EURm	9/30/2010 EURm	Change EURm	Change in %	9/30/2009 EURm
Assets					
Non-current assets					
Intangible assets and property, plant and equipment	3,349.4	3,179.2	170.2	5.4	3,018.3
Investments in equity accounted investees and other investments	1,884.5	1,811.7	72.8	4.0	2,122.2
Other non-current assets	849.1	751.3	97.8	13.0	620.7
	6,083.0	**5,742.1**	**340.8**	**5.9**	**5,761.2**
Current assets	**787.4**	**989.1**	**–201.6**	**–20.4**	**934.2**
Total assets	**6,870.4**	**6,731.2**	**139.2**	**2.1**	**6,695.4**
Equity and liabilities					
Equity					
Equity attributable to EVN AG shareholders	2,814.3	2,679.5	134.7	5.0	2,783.8
Non-controlling interests	361.7	345.7	16.0	4.6	343.4
	3,176.0	**3,025.3**	**150.7**	**5.0**	**3,127.2**
Non-current liabilities					
Non-current loans and borrowings	1,591.3	1,726.4	–135.1	–7.8	1,702.5
Deferred tax liabilities and non-current provisions	613.9	677.0	–63.2	–9.3	751.9
Deferred income from network subsidies and other non-current liabilities	506.8	461.0	45.9	9.9	469.3
	2,712.0	**2,864.5**	**–152.5**	**–5.3**	**2,923.7**
Current liabilities					
Current loans and borrowings	311.6	205.2	106.3	51.8	17.0
Other current liabilities	670.8	636.2	34.6	5.4	627.5
	982.4	**841.5**	**140.9**	**16.7**	**644.5**
Total equity and liabilities	**6,870.4**	**6,731.2**	**139.2**	**2.1**	**6,695.4**

Balance sheet structure

in %



On balance, equity was up 5.0%, or EUR 150.7m, to EUR 3,176.0m. The negative market valuation of EVN's shareholding in VERBUND AG and the dividend payment to EVN AG shareholders for the 2009/10 financial year amounting to EUR 71.8m and to non-controlling interests totalling EUR 33.7m were in contrast to additional funds derived from the capital increase of EVN AG and the Group profit for the period. Accordingly, the equity ratio as at the reporting date of September 30th, 2011 improved to 46.2% from 44.9% at the prior-year reporting date.

Non-current liabilities declined by 5.3%, or EUR 152.5m, to EUR 2,712.0m. This development is related to the reclassification of a EUR bond of EUR 257.7m scheduled for redemption in December 2011 to current loans and borrowings as well as the scheduled redemption of financial liabilities to the amount of EUR 82.3m. A loan amounting to EUR 170.8m which would have been due on February 28th, 2011 was extended and thus reclassified as non-current loans and borrowings. In addition to the deferred tax liabilities and non-current provisions encompassed under non-current loans and borrowings, which were down by 9.3%, or EUR 63.2m, as a consequence of the change in the valuation of EVN's shareholding in VERBUND AG, the item "Deferred income from network subsidies and other non-current liabilities" rose by 9.9%, or EUR 45.9m, to EUR 437.9m.

Current liabilities climbed by 16.7%, or EUR 140.9m, to EUR 982.4m. The above-mentioned reclassification of the EUR bond and the extension of the loan resulted in a corresponding increase in current loans and borrowings of 51.8%, or EUR 106.3m, to EUR 311.6m. Other current liabilities increased by 5.4%, or EUR 34.6m, to EUR 670.8m.

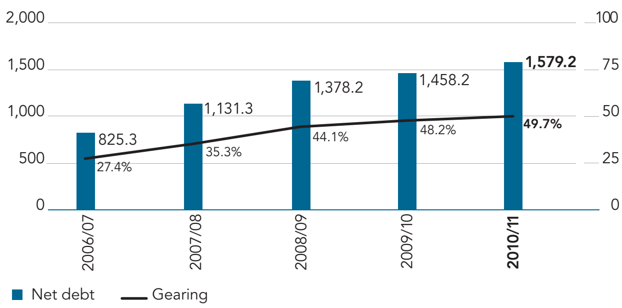
All in all, these developments led to an increase in net debt of 8.3%, or EUR 121.0m, to EUR 1,579.2m.

Net debt	2010/11 EURm	2009/10 EURm	Change EURm	in %	2008/09 EURm
Non-current loans and borrowings	1,591.3	1,726.4	–135.1	–7.8	1,702.5
Current loans and borrowings[1]	280.8	170.8	110.0	64.4	0.1
Cash and cash items	–112.6	–89.1	–23.5	–26.4	–113.6
Current securities	–57.9	–223.8	165.9	74.1	–86.7
Non-current securities	–97.9	–104.1	6.2	6.0	–102.4
Loans receivable	–24.4	–22.0	–2.4	–10.8	–21.6
Net debt	**1,579.2**	**1,458.2**	**121.0**	**8.3**	**1,378.2**
Equity	**3,176.0**	**3,025.3**	**150.7**	**5.0**	**3,127.2**
Gearing (%)[2]	**49.7**	**48.2**	**–**	**1.5**	**44.1**

1) Excl. bank overdrafts contained in cash and cash items
2) Reported change in percentage points

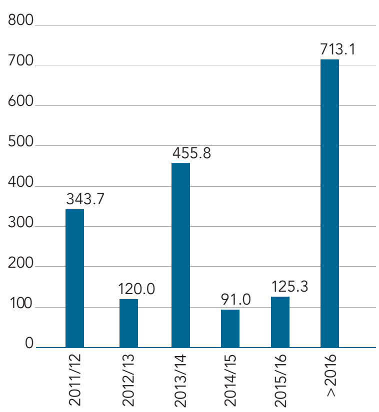
As a consequence of the higher level of equity, the rise in the gearing ratio by 1.5 percentage points to 49.7% was moderate in spite of the increase in net debt. The funds from operations (FFO) rose as a result of the higher net cash flow from operating activities as well as the higher interest expense. Despite the higher net debt, the increase in the FFO led to a reduction in the net debt coverage from 39.0% to 38.0%. The higher interest expense combined with the increased FFO caused the interest cover to drop from 8.2 to 7.6.

Net debt in EURm, **Gearing** in %



In order to minimise the risk from changes in interest rates, EVN maintains a balance of fixed and variable interest rate commitments that are managed by means of interest rate derivatives. The interest rate for funding was 4.06% on average as at September 30th, 2011, and the duration was 2.68 (previous year: average interest rate of 3.56%, duration of 3.32).

Debt maturity profile
in EURm



Liquidity situation

In the 2010/11 financial year, EVN primarily invested in non-current financial and other assets. The non-current investments in securities, which at EUR 97.9m were by 6.0%, or EUR 6.2m below the prior-year level of EUR 104.1m, served to cover provisions for pensions as required by law.

The capital increase carried out in the first quarter of 2010/11 resulted in a capital infusion of EUR 175.5m. These funds and the existing liquidity reserves are sufficient to cover EVN's funding needs for planned investments and repayment obligations under existing loans. Nevertheless, financing alternatives are reviewed on an ongoing basis to ensure maturity-matched funding and exploit market opportunities.

As a liquidity reserve, EVN also has access to a syndicated credit line of EUR 600.0m, which was completely unused as at the reporting date on September 30th, 2011. The credit line is utilised solely for short-term interim financing as necessary, and there are no plans whatsoever to use it in the long-term or on an ongoing basis. Moreover, a contractually stipulated bilateral credit line totalling EUR 165.0m with a term to maturity of three to seven years has also been available since July 2011. These credit lines were fully at the disposal of EVN as at September 30th, 2011.

On its meeting held on October 3rd, 2011, the Executive Board of EVN AG resolved to issue a new bond of EUR 300.0m. The issue of this new bond was successfully completed on October 6th, 2011. Deutsche Bank AG, Raiffeisen Bank International AG and Société Generale CIB were acting in this transaction. The instrument has a 10.5 year term ending on April 13th, 2022 and a denomination of EUR 1,000. The coupon was set at 4.25% and the issue price at 99.235%.

On December 14th, 2011, a EUR bond with an outstanding nominal value of EUR 257.4m will be repaid on schedule.

▶ Further information on the composition and maturity of non-current financial liabilities are included in the Consolidated Notes on page 91.

In July 2011 the rating agency Standard & Poor's confirmed the long-term credit rating of EVN AG at "A–" and the outlook of "negative". The long-term credit rating of "A3" and a "stable" outlook were also confirmed by Moody's in July 2011. EVN continues to boast a good rating compared to other companies in the European energy sector.

Statements of cash flows

At EUR 478.1m, the gross cash flow in the 2010/11 financial year rose by 2.2%, or EUR 10.4m from the prior-year level, in spite of the lower profit before income tax. Whilst the higher level of depreciation and amortisation and the lower gains from investments in equity accounted investees led to an increase in non-cash items, the decrease in non-current provisions had a countervailing effect.

Condensed consolidated statements of cash flows	2010/11 EURm	2009/10 EURm	Change EURm	in %	2008/09 EURm
Profit before income tax	260.5	270.9	–10.4	–3.8	226.0
Non-cash items	217.6	196.8	20.8	10.6	219.1
Gross cash flow	**478.1**	**467.7**	**10.4**	**2.2**	**445.1**
Changes in current and non-current balance sheet items	78.3	67.0	11.3	16.8	–74.5
Income tax paid	–34.3	–35.5	1.1	3.2	–35.3
Net cash flow from operating activities	**522.0**	**499.3**	**22.8**	**4.6**	**335.3**
Changes in intangible assets and property, plant and equipment	–318.2	–335.8	17.6	5.2	–349.6
Acquisition of subsidiaries, net of cash acquired	–24.6	–	–24.6	–	–20.4
Changes in financial assets and other non-current assets	–333.3	–104.1	–229.2	–	–56.4
Changes in current securities	164.5	–141.1	305.0	–	26.1
Net cash flow from investing activities	**–511.6**	**–581.0**	**–69.4**	**–11.9**	**–400.4**
Net cash flow from financing activities	**13.1**	**57.1**	**–44.0**	**–77.1**	**84.3**
Net change in cash and cash items	**23.5**	**–24.6**	**48.1**	**–**	**19.2**
Cash and cash items at the beginning of the period	**89.1**	**113.6**	**–24.5**	**–21.6**	**94.1**
Currency translation differences	0.0*)	0.1	–0.1	–	–0.3
Cash and cash items at the end of the period	**112.6**	**89.1**	**23.5**	**26.4**	**113.6**

*) small amount

The net cash flow from operating activities could be improved by 4.6%, or EUR 22.8m, to EUR 522.0m, as a consequence of the decline in current balance sheet items.

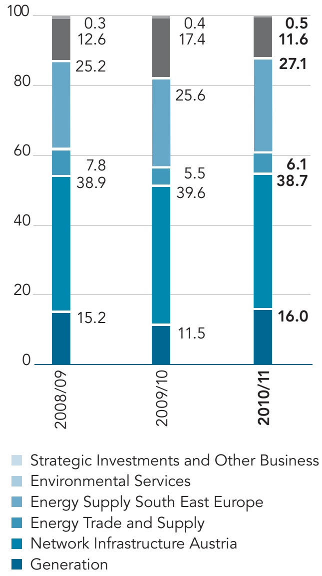
The net cash flow from investing activities fell by 11.9%, or EUR 69.4m, to EUR -511.6m. The purchase of a 13% stake in the VERBUND power plants on the Inn River, the higher capital payments from investments in equity accounted investees as well as the increase in lease receivables related to the project business in the Environmental Services segment was in contrast to the decrease in current investments in securities.

At EUR 13.1m, the net cash flow from financing activities was primarily impacted by the capital increase of EVN AG carried out in the first quarter of 2010/11 totalling EUR 175.5m, the dividend payment to the shareholders of EVN AG of EUR 71.8m and to non-controlling interests of EUR 33.7m, and the repayment of non-current liabilities to the amount of EUR 57.7m.

On balance, the above-mentioned developments resulted in a positive cash flow for EVN of EUR 23.5m in the reporting period (previous year: EUR –24.6m). As a result, the Group's cash and cash equivalents increased to EUR 112.6m (previous year: EUR 89.1m). In addition, as at the reporting date of September 30th, 2011, funds arising from current investments in securities, primarily cash funds, totalled EUR 57.9m (September 30th, 2010: EUR 223.8m), which is not to be included in the item cash and cash equivalents pursuant to IFRS stipulations. The above-mentioned credit lines amounting to EUR 765.0m were also available to the Group in full. This means that EVN has sufficient liquidity reserves at its disposal to finance the development of its operating business, and that its liquidity situation remains stable.

Structure of investments

in %



Investing activities

During the reporting period EVN's investments in intangible assets and property, plant and equipment rose by 5.5%, or EUR 21.7m, to EUR 415.7m. In the Generation segment, investments mainly increased due to the two wind parks Markgrafneusiedl and Tattendorf. Investments in the networks in EVN's supply region in Lower Austria remained high, with a particular focus on construction of the natural gas transport pipelines, "Süd- and Westschiene". The slight rise in investments in the Energy Trade and Supply segment resulted from the expansion of the heating business in Lower Austria. In the Energy Supply South East Europe segment, investments were made to improve energy supply reliability and quality and to expand network and electricity meter technology in South Eastern Europe. The increase is primarily related to the investments in the cogeneration plant in Plovdiv and the expansion of the gas supply in Croatia. The investment decline in the Environmental Services segment is due to the completion of the third waste incineration in Dürnrohr in the previous year.

The following chart provides an overview of the most important investment activities.

Investment priorities at EVN[1)]	2010/11 EURm	2009/10 EURm	Change EURm	Change in %	2008/09 EURm
Generation	**66.4**	**45.2**	**21.2**	**47.0**	**63.4**
Thereof thermal power stations	6.5	7.2	–10.8	–10.4	31.5
Thereof renewable energy Lower Austria	51.6	5.4	46.2	–	3.5
Thereof renewable energy South Eastern Europe	8.4	32.4	–24.0	–74.1	28.3
Network Infrastructure Austria	**160.9**	**156.5**	**4.5**	**2.9**	**161.5**
Thereof electricity networks	75.1	65.3	9.8	14.9	74.9
Thereof natural gas networks	70.0	75.6	–5.6	–7.5	82.6
Thereof cable TV and telecommunications networks	12.8	11.5	1.3	11.0	3.9
Energy Trade and Supply	**25.3**	**21.5**	**3.8**	**17.6**	**32.5**
Thereof district heating plants	24.3	18.8	5.6	29.3	29.2
Energy Supply South East Europe	**112.5**	**100.7**	**11.8**	**11.7**	**104.8**
Environmental Services	**48.3**	**68.6**	–20.2	–29.5	**52.4**
Thereof third line of the waste incineration facility in Dürnrohr	–	22.4	–22.4	–	29.2
Thereof combined cycle heat and power plants in Moscow	33.0	33.9	–1.0	–2.9	5.1
Thereof supra-regional power lines, local networks and wastewater	9.1	8.2	1.0	11.8	9.1
Strategic Investments and Other Business	**2.2**	**1.6**	**0.6**	**41.5**	**1.1**
Total	**415.7**	**394.0**	**21.7**	**5.5**	**415.7**

1) after consolidation

Human resources

In the 2010/11 financial year, EVN employed an average of 8.250 people including 55 trainees. EVN is aware of the importance of qualified employees, which is why the retention and expansion of the high level of employee competence is a top priority of EVN's human resources management. The EVN Academy was set up to coordinate the organisation of the training and professional development offering for employees in Austria, Bulgaria and Macedonia. At EUR 2.6m (previous year: EUR 2.7m), EVN expended a total of EUR 313.7 per employee (previous year: EUR 314.1) for training measures in the 2010/11 financial year. The time expended on average for training and education rose from 27.1 hours per year and employee to 22.1 hours per year and employee.

Environment and sustainability

As a responsible energy and environmental services provider, EVN faces the challenge to regard economic, ecological and social aspects as an entity and to create a balance between the requirements of different interest groups. The sustainability aspects of EVN's business operations and the related objectives comprise an integral part of the corporate strategy.

A flexible energy mix is of decisive importance for the future viability of EVN. A core element of EVN's strategic orientation in the years to come is to press ahead with the development of renewable energy sources. EVN aims to generate three times more electricity from hydropower, wind power, biomass and solar energy by 2020 than in the reporting period (2010/11: 1.2 TWh). Hydropower plant projects in Bulgaria and Albania are already under construction or are in the planning phase. On a long-term basis, EVN aims to produce 40% to 60% of its electricity sales volumes from its own power generating facilities or from electricity procurement rights (2010/11 financial year: 16.3%). At the same time, the share of renewable energy sources should be increased to 50% (2010/11 financial year: 35.4%).

Research and development

EVN is involved in numerous national and international research and development projects and has taken a leading role for decades in Austria in further developing highly efficient and environmentally sound power plants as well as using and researching new and innovative technologies. In the 2010/11 financial year about EUR 1.1m was invested for research and development, particularly in the field of renewable energies (e.g. solar thermal energy, biomass pilot plant), smart metering, CCS technology (e.g. CO_2 utilisation) and demand side management.

Risk management

Definition of risk

EVN defines risk as the danger of failing to achieve its corporate goals due to negative deviations from business targets. Assessing and managing risks also entails taking all related opportunities into account.

Risk management process

The targeted safeguarding of both existing and future earnings and cash flow potential is the overriding goal of EVN's risk management. Centralised risk management provides all risk managers at the local level with suitable methods and tools for identifying and assessing risks as part of EVN's risk management system. The business units responsible for risk communicate their risk positions to centralised risk management. Together, they define suitable actions designed to minimise risk; these actions are implemented by the business units at the local level. The overall risk position of the EVN Group is analysed and measured by centralised risk controlling.

The risk management process consists of the following measures:
- **Identification:** Identification: The inventorisation of risks based on the most recent risk inventory and identification of new risk positions;
- **Assessment & analysis:** Qualitative and quantitative assessment of the risks identified; aggregation of the risks according to different assessment approaches; and modelling of profit distribution;
- **Reporting:** Transmission of risk reports to the risk managers, as well as to the Executive Board of the EVN Group; discussion and evaluation of the exposure to risk in both the "Risk Working Committee" and the "Group Risk Committee"; risk management activities as necessary;
- **Process review:** Methodical identification of the organisational units that must be subjected to an explicit risk assessment, as well as regular reviews to determine whether the established methods of identifying and assessing risks need to be modified in the light of changed conditions.

Tasks of the Risk Management Working Committee

The Risk Management Working Committee is tasked with monitoring due implementation of the risk management cycle. It approves changes in risk measurement methods and defines both the type and the scope of official risk reporting. This committee consists of the heads of the Intra-Group services finance and accounting, general secretariat and corporate affairs, controlling and accounting. The internal auditing unit also reviews the processes integral to risk management, as well as the implementation of all measures aimed at minimising risk.

Group Risk Committee and Controlling

Both the results of the risk inventory and the reports are presented to and discussed by the Group Risk Committee, which consists of the Executive Board, the heads of the strategic business units and the Risk Management Working Committee. It decides on any need for action; it may also convene working groups and assign specified tasks. In addition, the Group Risk Committee is also authorised to establish risk management measures aimed at changing the EVN Group's risk position and thus to influence its strategic orientation.

Risk profile

Risk in the Energy business

Economic, political and technological developments can cause demand for electricity, natural gas and heat to decline. There is also the risk that the weather might have a negative impact on energy demand and water flow conditions. Increases in the procurement prices for primary energy, a suboptimal procurement strategy or one which does not reflect the current market environment as well as price pressure from competitors can have an impact on the profit margins of the EVN Group and result in the loss of customers. Hedging strategies such as the longer-term marketing of power plant capacities, futures transactions, diversification of the customer portfolio as well as diversification of customer offers are designed to minimise risk. Operating risks such as disruptions in the production and distribution of electricity and district heat, as well as in the procurement and sale of natural gas, can occur in the Energy segment. This segment entails dangerous activities that expose the EVN Group to the risk of major liability and thus require strict compliance with safety guidelines. EVN is exposed to project risks and the risk of improper-fulfillment or non-fulfillment of contractual requirements in connection with the procurement of energy from third parties in the area of energy generation. Partnerships (joint ventures, syndicated contracts) can give rise to risks such as conflicts of interest, limited means of controlling and managing risk, as well as the withdrawal or loss of the given partner. There is also the risk that required permits and licenses are not issued or extended on grounds for which EVN is responsible.

Risk in the Environmental Services segment

Risks in the Environmental Services segment relate to reductions in demand for the EVN Group's waste incineration services, as well as disruptions and interruptions in potable water supply systems, wastewater treatment systems and waste incineration facilities. In addition, EVN is exposed to both technological and project risks in the Environmental Services segment. Here, risk mitigation is achieved primarily through the use of experienced employees, regular continued education and professional training programmes, efficient project management as well as the use of hedging instruments (mainly guarantees).

Political and legal risks

Changes in the regulatory environment, the exposure of major projects to political pressures as well as the tightening of requirements under environmental protection laws are the primary drivers of political and legal risks. Moreover, the existing political and economic instability in some of the markets in South and South Eastern Europe present risks that are counteracted by cooperating with local, regional, national and international government agencies and interest groups. Legal and political pressure is reduced by means of strategic partnerships for major projects, and the attendant liability rights and rights of recourse are managed on the basis of suitable corporate structures. Primary influencing factors on the medium- to long-term development of market risks for EVN in the energy segment is the energy policy (e.g. planned phasing out of nuclear power plants in Germany) and the resulting long-term development of the energy mix. Legal and litigation risks exist especially in connection with potential legal proceedings before courts and arbitral tribunals in regards to a variety of power plant projects. Litigation risks of the Group were reduced in March 2011 due to the settlement reached between the state-owned company ELEM (Macedonia) and EVN with respect to the court proceedings pending since 2008. The settlement can be considered to be a further positive step towards solving all unresolved issues between the Macedonian Government and EVN within the context of the agreed-upon road map.

Financial risks

EVN counteracts interest rate, exchange rate and market price risks on the basis of a comprehensive treasury strategy and accompanying organisational and methodical rules, including the daily risk analysis of use of derivative hedging instruments. EVN deals with credit and bad debt risk with credit rating monitoring and credit limit systems as well as a targeted strategy aiming at a diversification of business partners. Regular liquidity analyses, long-term and centrally managed financial planning, successful borrowing and bond placement as well as hedging of the required financial resources (i.e. credit lines) enable EVN to prevent liquidity risk from materialising.

Overall risk profile

The risk profile of EVN is subject to ongoing change due to the Group's strategy focusing on the strengthening of the core business and selective growth. Risks can arise from selected growth projects in addition to activities on the domestic market of Lower Austria and existing business areas in South Eastern Europe. On the basis of the diversified business portfolio of EVN, amongst other reasons, no risks have been identified within the context of the annual Group risk inventory which could jeopardise the EVN Group's going concern status.

The most important risks to which EVN is exposed and measures designed to minimise them

Market and competitive risks

Price risk
Procurement prices for primary energy, electricity, natural gas, CO_2 emission certificates and biomass
→ Fixed pricing agreements, procurement strategy tailored to the market environment, hedging transactions

Profit margin risk
Energy sales: failure to achieve profit margin targets
→ Hedging strategies: diversification of customer segments and business areas, longer-term sale of power plant capacities,fixed pricing agreements

Network operations: non-recognition of the actual costs of operating the network as reflected in network tariffs imposed by the given regulatory authority
→ Lobbying with national and international regulatory authorities and interest groups

Volume risk
Declining demand for EVN products or services, decrease in own production volumes, e.g. due to changed water flow conditions

Counterparty risk
Complete or partial failure on the part of a business partner to perform as agreed
→ Contracts, insurance and diversification of the business partners

Supplier risk
Rising project costs from building up new production capacities
→ Partnerships; safeguarding of economic parameters by contractual means, to the greatest extent possible; external expert opinions

Financial risks

Foreign currency risk
Currency translation risks in connection with the translation of foreign currencies in the consolidated financial statements

Financing in JPY and CHF
→ Monitoring, limits and hedging instruments

Liquidity risk
Failure to repay financial liabilities on schedule
→ Long-term, centrally managed financial planning, safeguarding of financing requirements by contractual means

Equity investment risks
Non-fulfilment of the profit targets of an equity investment
→ Representation on the Supervisory Board of the respective equity investment

Rating changes
Higher refinancing costs resulting from rating downgrades
→ Ensuring compliance with key financial indicators

Interest rate risks
Changes in market rates, increasing interest expenses, changes in the fair value of financial instruments subject to fixed interest rates
→ Use of hedging instruments

Impairment risks
Impairment losses on goodwill, equity investments or power plants

Deflation/inflation risks

Risk guarantees will come into effect

Operating risks

Technology risks
Late identification and application of new technologies
→ Active participation in external research projects, own demonstration facilities and pilot projects, ongoing adjustments to state of the art technologies

Infrastructure risks
Incorrect design and application of technical facilities
→ Elimination of technical weaknesses, regular inspections and reviews of the infrastructure existing at present or required in future

Technical complications at third-party facilities
Nationwide network interruptions or breakdowns (e.g. due to integration in European electricity networks)
→ Technical upgrading at the interfaces of the different networks, expansion of the network capacities in Austria

Contract risks

Failure to identify legal, economic or technical problems; contract risks under financing contracts
→ Comprehensive due diligence, procurement of legal and other expertise, contract database and ongoing monitoring

Legal, political and macroeconomic risks

Regulatory framework/political risks
Changes in legal parameters and the regulatory environment (e.g. environmental laws, changing regulations and increasing market liberalisation in South Eastern Europe)
→ Cooperation with interest groups, associations and government agencies on a regional, national and international level

Legal and litigation risks
Non-compliance with contractual obligations by several parties, or litigation risk from various lawsuits
→ Lobbying via local, regional, national or EU-wide interest groups , legal consulting

Other risks

Granting of undue advantages
Dissemination of internal confidential information to third parties, granting of undue advantages or corruption
→ IT control systems; unified guidelines and standards; reorganisation of the subsidiaries in South Eastern Europe; Code of Conduct

Project risks
Increasing project costs in building up new production capacities due to subsequent technical adjustments and changes in legal parameters
→ Safeguarding of economic parameters by contractual means, to the greatest extent possible

Planning risks
Model risks, false or incomplete assumptions made
→ Feasibility study via experienced, highly qualified employees, monitoring of parameters, regular updates and four-eye-principle

Employee risk
Loss of highly qualified employees, absence due to occupational accidents, excess or shortfalls in human resources, communication problems, cultural barrier, fraud, intentional or unintentional misrepresentations of transactions or items in the annual financial statements
→ Attractive work environment and compensation system, occupational health care and safety measures; flexible working time models, training, group days, risk-oriented internal control system (RIKS)

Co-investment risks
Risks related to the implementation of major projects jointly with a partner
→ Contractual safeguards, efficient project management

Sabotage
Sabotage of natural gas pipelines, wastewater treatment plants and waste incineration plants
→ Suitable security measures, regular measurement of the water quality and emissions

Key features of the internal control and risk management system regarding the accounting system

Introduction
Pursuant to § 267 (3b) in conjunction with § 243a (2) Corporate Code (UGB), as amended by the 2008 Corporate Law Amendment Act (URÄG), the key characteristics of the internal control and risk management system as it pertains to the Group's financial reporting process must be described in the consolidated financial statements of companies listed on a regulated stock market.

Pursuant to § 82 Austrian Stock Corporation Act (AktG), the Executive Board is responsible for establishing a suitable internal control and risk management system for the accounting system.

EVN has refined and expanded its internal control system into a "risk-oriented internal control system" (RIKS) in accordance with its obligation to comply with URÄG 2008. RIKS is monitored at regular intervals by controlling the processes that have been identified as being exposed to risk. The outcome of these monitoring activities is reported to both the Executive Board and the Supervisory Board. RIKS ensures clear lines of responsibility and documents the attendant controlling mechanisms that serve to further enhance security in the processes related to the preparation of financial data.

EVN relies on the parameters set out by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) for describing the key components. The COSO framework comprises five interrelated components: Controls, risk assessment, controlling measures, information and communication as well as monitoring.

Controls
The Code of Conduct that EVN has established and the values set out therein apply to all employees of the Group. EVN's Code of Conduct is available in a German version at www.evn.at/verhaltenskodex.aspx and in an English version at www.evn.at/code-of-conduct.aspx.

The consolidated financial statements are prepared by Group accounting. EVN's process of preparing the consolidated financial statements is based on unified accounting guidelines that determine not just the accounting standards but also key processes and deadlines groupwide. Binding instructions apply to Intra-Group reconciliation work and other work required for the consolidated financial statements.

All accounting and bookkeeping personnel fulfil all qualitative requirements and undergo regular training. Complex actuarial opinions and assessments are prepared by specialists or qualified employees.

The accounting processes material to RIKS were defined in connection with its introduction. This entailed flagging all steps in these processes that entail risk and defining the controlling measures required for monitoring the given risks.

The employees responsible for the given process – i.e. basically the managers of the strategic business units and the Intra-Group services – are responsible for compliance with the processes and the attendant controlling measures. The Intra-Group services departments, Controlling and Accounting are responsible for producing the financial statement.

Risk assessment and risk management measures

Multi-stage management measures are established in order to avoid material misstatements in the presentation of transactions with the aim of correctly recording the single-entity financial statements of all subsidiaries pursuant to IFRS. These steps entail automated controls that are executed by the consolidation software, as well as manual controls that are performed by the Intra-Group services departments, Controlling and Accounting.

These two departments perform extensive plausibility checks based on the subsidiaries' annual financial statements in order to ensure that the latter are accurately reflected in the consolidated financial statements.

The review of the financial statement data provides for centralised analysis of the data in regards to positions, segments and the group, both before and after consolidation. The consolidated financial statements are not released until these quality assurance controls have been effected on all levels.

SAP-FI is used for the accounting system of both EVN AG and significant domestic and foreign subsidiaries. The IFRS consolidated financial statements are prepared using Hyperion Financial Management; the data from the single-entity financial statements are adopted by means of an interface. The accounting systems, as well as all upstream systems, are protected through access authorisations as well as both automated and mandatory manual control stages as part of the process.

The control measures range from the review of the result by the responsible employees, all the way to reconciliations of accounts and analyses of the accounting processes.

RIKS and the processes relevant to accounting are reviewed once a year by the responsible auditor as to whether the controls were performed, whether any risk events occurred during the financial year and whether the controls are still suitable for covering existing risks. In the 2010/11 financial year, adjustments in adaptation of the processes were made on account of the continual improvement of RIKS.

Information, communication and monitoring

The Executive Board informs the Supervisory Board of EVN's assets, liabilities, cash flows and profit or loss on a quarterly basis based on a comprehensive report comprising a balance sheet, an income statement as well as further analyses. In addition, a RIKS report is submitted to both the Executive Board and the Audit committee of the Supervisory Board once a year; it provides basic information for assessing both the efficiency and efficacy of the RIKS system and is designed to ensure that RIKS can be managed by the corporate bodies tasked with that responsibility. The RIKS report is prepared by the RIKS manager in cooperation with the RIKS Committee using the information furnished by the managers responsible for RIKS in their areas, those who performed the controls and the auditors.

Additionally, the relevant information is also furnished to the management bodies and key personnel of the given company in order to facilitate monitoring and control functions in connection with due accounting and reporting.

EVN's internal auditing unit carries out regular accounting reviews, the findings of which are also considered in the continuous improvements of the internal control and risk management system regarding the accounting system.

Disclosures pursuant to § 243a (1) Corporate Code (UGB)

1. On October 27th, 2010, the Executive Board of EVN AG resolved to increase the capital from authorised capital, with the approval of the Supervisory Board, by issuing 16,352,582 new no-par bearer shares with subscription rights at a ratio of 10:1. The share capital rose from EUR 300.0m by 10.0% to EUR 330.0m through the capital increase. The subscription price per share was fixed at EUR 11.0 per share. The subscription period for the shareholders of EVN AG ran from October 29th, 2010 to November 12th, 2010 inclusive. EVN's net proceeds from the capital increase were about EUR 175.5m; these funds were used to enhance its balance sheet and support the ratings of the EVN Group, as well as for investments in renewables projects.

   A total of 129,875 new shares will be allocated to eligible employees, and 6,624,843 or 40.5% of all newly issued shares were thus placed with institutional investors at the time of pre-placement.

   On September 30th, 2011, the share capital of EVN AG was EUR 330,000,000 and denominated in 179,878,402 no-par bearer shares. The Executive Board determines the form and content of the share certificates, profit participation certificates, renewal coupons, interim shares, interim global certificates as well as interest coupons and warrants. Shareholders are not entitled to individual share certificates. All shares have the same rights and duties.

2. There are no restrictions on the voting rights above and beyond the general requirements of the Austrian Stock Corporation Act.

3. On the basis of federal and provincial constitutional law requirements, the province of Lower Austria continues to be the major shareholder of EVN AG, with a stake of 51%. Lower Austria's shareholding is formally held via its investment holding, NÖ Landes-Beteiligungsholding GmbH, St. Pölten. EnBW Energie Baden-Württemberg AG, Karlsruhe, Germany, has announced in accordance with § 91 (1) Austrian Stock Exchange Law (BörseG) on November 5th, 2010 that it did not exercise its subscription rights in connection with the capital increase that was recorded in the Commercial Register on October 30th, 2010 and hence that its shareholdings have fallen below the threshold of 35% of the voting shares in EVN AG but not below the threshold of 30% of the voting shares in EVN AG as of the date on which the above-mentioned capital increase was recorded.

   The acquisition of the treasury shares held as of the balance sheet date, in the amount of 398,260 shares (0.22% of share capital; September 20th, 2010: 467,328 shares, or 0.29% of share capital) was carried out entirely under the authority of the share buyback programme authorised by the 79th Annual General Meeting of EVN AG on January 17th, 2008. This programme was terminated prematurely because a new share buyback programme was approved by the 80th Annual General Meeting of EVN AG on January 15th, 2009. In it meeting, held on June 21st, 2011, the Executive Board of the EVN AG resolved to transfer a total of maximum 146,000 of EVN's own non-par value shares (treasury stock), to employees of the company as well as employees of specified subsidiaries (EVN Netz GmbH and evn wasser Gesellschaft m.b.H.) instead of the planned special payment stipulated in an agreement concluded with employee representatives. On August 4th, 2011 69,068 shares, corresponding to 0.04% of the current share capital of EVN AG, were transferred to employees over the counter. The remaining shares are in free float. There is no share option programme at EVN AG.

4. No shares with special control rights were issued.

5. Employees who own shares may exercise their voting rights at the Annual General Meeting.

6. The Executive Board consists of three members appointed and dismissed by the Supervisory Board. In that connection, besides the requirements of the Austrian Stock Corporation Act, EVN must comply in particular with the Austrian law governing the filling of positions, which stipulates that job vacancies must be publicly advertised.

   In its meeting held on January 20th, 2011, the Supervisory Board named Peter Layr Spokesman of the Executive Board of EVN AG. In this position he succeeds Burkhard Hofer, who resigned from the Executive Board of EVN by mutual consent. At the same time, Stefan Szyszkowitz was appointed to the Executive Board of EVN AG for a term of five years.

At the 82nd Annual General Meeting of EVN held on January 20th, 2011, it was resolved to reduce the number of shareholder representatives on the Supervisory Board subject to election from 13 to ten people. The election of the new Supervisory Board was for the longest permissible period in accordance with the Austrian Stock Corporation Act. Including the reduction of employee representatives on the Supervisory Board from seven to five members, the total number of Supervisory Board members decreased to 15 on January 20th, 2011 from the previous level of 20. Burkhard Hofer was elected to serve as the Chairman of the Supervisory Board at the Supervisory Board meeting on January 20th, 2011.

7. There is no authorisation granted to the Executive Board pursuant to § 243a (7) Corporate Code (UGB).

8. The company is not party to any agreements regarding a change of control in the event of takeovers.

9. There are no severance agreements to the benefit of the members of any corporate bodies or employees in the event of a public takeover offer.

Outlook for the 2011/12 financial year

The success of the EVN Group in the Energy business depends primarily on the wholesale prices for electricity in the European spot and forward markets as well as on the prices for primary energy and CO_2 emission certificates. In addition, the development of outdoor temperatures also influences energy sales volumes. In the Environmental Services segment demand in the international project business depends on the financial resources of public institutions. Moreover, due to their inherent nature, large projects are subject to fluctuations in realising earnings which in turn depend on construction progress. In the Strategic Investments and Other Business segment, the earnings contribution mainly depends on the development of primary energy and electricity prices for EVN's investments in RAG and VERBUND AG.

The following tariff rate changes will have an impact on the business development of EVN in the 2011/12 financial year: within the context of the incentive regulatory system, the E-Control Commission raised electricity network tariffs by 1.0% on average and gas network tariffs by 10.6% on average. The long-term-oriented procurement policy pursued by EVN enables the company to maintain stable electricity prices since November 1st, 2008 despite the high volatilities on international energy markets. Gas prices for end customers were last reduced in December 2009, and the gas procurement price, which is linked to the price of crude oil, significantly rose as a consequence of a 60% rise in crude oil prices. For this reason, an increase in gas prices as at April 1st, 2011 and October 1st, 2011 by 8.9% and 5.8% respectively were economically essential.

In Macedonia the regulatory authority raised electricity sales prices by about 5.5% as at March 1st, 2011, of which 89.6% applies to EVN Macedonia. In Bulgaria end customer prices for electricity were hiked by 1.9% as at July 1st, 2011. Prices for EVN's relevant energy sourcing and the prices for the transmission network operator and the system operator will remain at about the same level as in the previous year. Furthermore, the regulatory authority in Bulgaria approved a rise in end customer prices for heat of 6.8%. The cost of sourcing gas climbed by 4.7%.

Accordingly, the projected development of revenue and earnings in the 2011/12 financial year is based on the following factors:

- The business success in the **Generation segment** will be shaped by the extraordinarily unfavourable market conditions for thermal power plants. Low or negative spreads continue to be expected between the primary energy costs and electricity market prices. The contribution from power generated from renewable energy sources should increase on the basis of new capacities. On balance earnings of the Generation segment in the next financial year should match the prior-year level.

- In the **Network Infrastructure Austria** segment, the electricity and gas networks are expected to generate stable sales volumes, assuming average outdoor temperatures and in spite of the energy efficiency measures on the part of end customers. No major negative effects on revenue are expected from changes in network tariffs. Earnings are expected to decline slightly due to higher depreciation and amortisation and a slightly decline in electricity and gas network revenue in spite of rising revenue and earnings in the cable TV and telecommunications business an further internal optimisation measures and cost savings.

– In the **Energy Trade and Supply segment**, assuming average outdoor temperatures, sales volumes of both natural gas and heat are expected to decline somewhat in comparison to the relatively cold prior-year 2010/11. On the basis of gas price increases for end customers as at April 1st, 2011 and October 1st, 2011, revenue should be slightly higher. Nevertheless, earnings are expected to fall considerably due to the ongoing unfavourable market situation with respect to electricity marketing and the elimination of positive one-off effects, as well as because of high volatility on electricity markets.

– A revenue and earnings improvement is expected in the **Energy Supply South East Europe** segment. This assumption will be supported by the continuation of the restructuring and integration process as scheduled, which should lead to further efficiency improvements and a consistent reduction of losses from the power grid. The positive changes in the regulatory framework, higher tariffs in Bulgaria and Macedonia, the change in energy regulations in Macedonia and the coming on stream of the cogeneration plant in Bulgaria will also provide a positive impetus to growth. However, business development in Bulgaria will depend on the success made in liberalising the market.

– Both revenue and earnings in the **Environmental Services segment** will continue to develop along a positive trajectory in the 2011/12 financial year given the current contract value of EUR 1.3 billion for international projects, assuming that the order intake is not negatively affected by overall economic developments.

– Earnings of the **Strategic Investments and Other Business** segment are likely to improve, though this forecast is largely contingent on the further development of primary energy and electricity prices at EVN's investments RAG and VERBUND AG.

In sum, we may expect revenue and operating results to remain stable in the 2011/12 financial year if the foregoing assumptions turn out to be true. The financial results should be able to surpass the previous year's level, but this expectation is strongly contingent on trends in the energy sector that will affect EVN's investments as well as the stabilisation of the money and capital markets. All in all, Group net profit should thus be comparable to the level achieved in 2010/11 despite the expected difficult overall economic environment. EVN will strive to maintain its attractive dividend policy in line with its value-oriented growth strategy.

EVN plans to maintain investments in intangible assets and property, plant and equipment at the previous year's level during the 2011/12 financial year. As before, these investments will focus on the network infrastructure in Austria and abroad and power generation from renewable energy sources.

Maria Enzersdorf, November 15th, 2011

EVN AG
The Executive Board

Peter Layr
Spokesman of the Executive Board

Stefan Szyszkowitz
Member of the Executive Board

Herbert Pöttschacher
Member of the Executive Board

Consolidated Financial Statements for 2010/11

According to International Financial Reporting Standards

Consolidated Statements of Financial Position

	Note	9/30/2011 EURm	9/30/2010 EURm
Assets			
Non-current assets			
Intangible assets	25	410.5	361.0
Property, plant and equipment	26	2,938.9	2,818.2
Investments in equity accounted investees	27	992.1	734.0
Other investments	27	892.4	1,077.8
Deferred tax assets	39	9.7	6.5
Other non-current assets	28	839.3	744.8
		6,083.0	**5,742.1**
Current assets			
Inventories	29	106.3	135.7
Trade and other receivables	30	479.7	506.0
Securities	31	57.9	223.8
Cash and cash equivalents	57	143.4	123.5
		787.4	**989.1**
Total assets		**6,870.4**	**6,731.2**
Equity and liabilities			
Equity			
Equity attributable to EVN AG shareholders	32–36	2,814.3	2,679.5
Non-controlling interests	37	361.7	345.7
		3,176.0	**3,025.3**
Non-current liabilities			
Non-current loans and borrowings	38	1,591.3	1,726.4
Deferred tax liabilities	39	177.0	227.1
Non-current provisions	40	436.9	450.0
Deferred income from network subsidies	41	437.9	397.9
Other non-current liabilities	42	68.9	63.1
		2,712.0	**2,864.5**
Current liabilities			
Current loans and borrowings	43	311.6	205.2
Taxes payable	44	82.6	63.0
Trade payables	45	368.0	339.3
Current provisions	46	80.8	120.6
Other current liabilities	47	139.4	113.2
		982.4	**841.5**
Total equity and liabilities		**6,870.4**	**6,731.2**

Consolidated Statements of Operations

	Note	2010/11 EURm	2009/10 EURm
Revenue	48	2,729.2	2,752.1
Other operating income	49	101.6	69.7
Cost of materials and services	50	–1,879.7	–1,914.5
Personnel expenses	51	–323.3	–329.2
Depreciation and amortisation	52	–252.8	–229.3
Other operating expenses	53	–156.3	–161.5
Results from operating activities (EBIT)		**218.7**	**187.3**
Share of profit of equity accounted investees		62.9	61.6
Gain from other investments		26.6	54.7
Interest income		37.6	37.5
Interest expense		–78.8	–69.4
Other financial results		–6.5	–0.8
Financial results	54	**41.8**	**83.6**
Profit before income tax		**260.5**	**270.9**
Income tax expense	55	–27.9	–42.1
Profit for the period		**232.6**	**228.7**
Thereof profit attributable to EVN AG shareholders (Group net profit)		189.7	207.0
Thereof profit attributable to non-controlling interests		42.9	21.8
Earnings per share in EUR[1]	56	1.07	1.27
Dividend per share in EUR		0.41[2]	0.40

1) There is no difference between basic and diluted earnings per share.
2) Proposed to the Annual General Meeting

Consolidated Statements of Comprehensive Income

EURm	2010/11	2009/10
Profit for the period[1]	**232.6**	**228.7**
Pre-tax gains (+) or losses (–) recognised directly in equity from		
Foreign currency translation differences for foreign operations	–2.0	–0.1
Net change in fair value of other investments	–185.5	–330.9
Net change in fair value of cash flow hedges	–7.1	5.8
Share of changes in gains and losses recognised directly in equity of investments in equity accounted investees	–13.3	–5.4
Total pre-tax gains (+) or losses (–) recognised directly in equity	**–207.8**	**–330.6**
Income tax expenses[2]	48.1	81.2
Total after-tax gains (+) or losses (–) recognised directly in equity	**–159.7**	**–249.4**
Comprehensive income	**72.9**	**–20.6**
Thereof profit attributable to EVN AG shareholders (Group net profit)	30.6	–44.8
Thereof profit attributable to non-controlling interests	42.2	24.1

1) A dividend payout of EUR 0.41 per share from the net profit for the period will be proposed to the Annual General Meeting.
2) Distribution of income tax expenses on total gains (+) or losses (–) is as follows: net change in fair value of other investments EUR 46.4m (previous year: EUR 82.7m), net change in fair value of cash flow hedges: EUR 1.7m (previous year: EUR –1.5m).

Consolidated Statements of Cash Flows

	Note	9/30/2011 EURm	9/30/2010 EURm
Profit before income tax		**260.5**	**270.9**
+ Depreciation and amortisation/– revaluation of intangible assets and property, plant and equipment	52	252.8	229.3
–/+ Non-cash share of profit of equity accounted investees	27	12.3	–7.0
+ Losses/– gains from foreign exchange translations		0.5	1.2
+/– Other non-cash financial results		–2.8	0.7
– Release of deferred income from network subsidies	49	–32.1	–32.1
– Gains on the disposal of intangible assets and property, plant and equipment	57	0.1	–0.5
+ Increase in non-current provisions	40	–13.1	5.2
Gross cash flow		**478.1**	**467.7**
+ Decrease/– increase in inventories and receivables		64.8	81.1
+ Increase/– decrease in current provisions		–39.9	37.0
+ Increase/– decrease in trade payables and other liabilities		53.4	–51.1
– Income tax paid		–34.3	–35.5
Net cash flow from operating activities		**522.0**	**499.3**
+ Proceeds from the disposal of intangible assets and property, plant and equipment	57	5.5	2.9
+ Proceeds from network subsidies		72.2	50.9
+ Proceeds from the disposal of financial assets and other non-current assets		48.7	50.9
+ Proceeds from the disposal of current securities		415.5	40.5
– Acquisition of subsidiaries, net of cash acquired	4	–24.6	–
– Acquisition of intangible assets and property, plant and equipment		–395.8	–389.6
– Acquisition of financial assets and other non-current assets		–382.0	–155.1
– Acquisition of current securities		–251.0	–181.6
Net cash flow from investing activities		**–511.6**	**–581.0**
+ Payments of nominal capital by non-controlling interests		175.5	0.8
– Dividends paid to EVN AG shareholders	34	–71.8	–60.3
– Dividends paid to non-controlling interests	57	–33.7	–22.5
+ Sale/– Repurchase of own shares		0.8	0.8
+ Increase in financial liabilities		24.6	239.3
– Decrease in financial liabilities		–82.3	–101.0
Net cash flow from financing activities		**13.1**	**57.1**
Net change in cash and cash items		**23.5**	**–24.6**
Net change in cash and cash items	57		
Cash and cash items at the beginning of the period		89.1	113.6
Currency translation differences		0.0*)	0.1
Cash and cash items at the end of the period		112.6	89.1
Net change in cash and cash items		**23.5**	**–24.6**

*) small amount

Consolidated Statements of Changes in Equity

EURm	Share capital	Share premium and capital reserves	Retained earnings	Valuation reserve according to IAS 39	Currency translation reserve	Treasury shares	EVN AG shareholders	Non-controlling interests	Total
Balance on 9/30/2009	**300.0**	**108.4**	**1,661.4**	**725.4**	**–3.4**	**–8.0**	**2,783.8**	**343.4**	**3,127.2**
Comprehensive income	–	–	207.0	–251.6	–0.1	–	–44.8	24.1	–20.6
Payments of nominal capital by non-controlling interests	–	–	–	–	–	–	–	0.8	0.8
Dividends 2008/09	–	–	–60.3	–	–	–	–60.3	–22.5	–82.8
Disposal of own shares	–	–0.2	–	–	–	1.0	0.8	–	0.8
Changes in the scope of consolidation	–	–	–0.0	–	–	–	–0.0	–	–0.0
Balance on 9/30/2010	**300.0**	**108.3**	**1,808.0**	**473.8**	**–3.5**	**–7.0**	**2,679.5**	**345.7**	**3,025.3**
Comprehensive income	–	–	189.7	–157.1	–2.0	–	30.6	42.2	72.9
Increase in capital stock	30.0	145.5	–	–	–	–	175.5	–	175.5
Dividends 2009/10	–	–	–71.8	–	–	–	–71.8	–33.7	–105.4
Disposal of own shares	–	–0.2	–	–	–	1.0	0.8	–	0.8
Changes in the scope of consolidation	–	–	–0.4	–	–	–	–0.4	7.4	7.0
Balance on 9/30/2011	**330.0**	**253.5**	**1,925.5**	**316.7**	**–5.5**	**–6.0**	**2,814.3**	**361.7**	**3,176.0**

Segment Reporting

Segment reporting EURm	Generation 2010/11	Generation 2009/10	Network Infrastructure Austria 2010/11	Network Infrastructure Austria 2009/10	Energy Trade and Supply 2010/11	Energy Trade and Supply 2009/10	Energy Supply South East Europe 2010/11	Energy Supply South East Europe 2009/10
External revenue	24.1	25.6	423.5	428.9	1,113.5	1,139.3	834.2	862.2
Intra-Group revenue (between segments)	73.0	93.0	55.2	60.0	50.8	47.9	0.1	–
Total revenue	**97.1**	**118.6**	**478.8**	**488.9**	**1,164.3**	**1,187.2**	**834.3**	**862.2**
Operating expenses	–65.0	–66.2	–288.3	–297.5	–1,060.4	–1,130.0	–747.4	–793.2
EBITDA	**32.1**	**52.5**	**190.4**	**191.4**	**103.9**	**57.3**	**86.8**	**69.0**
Depreciation and amortisation	–35.7	–34.0	–98.8	–96.8	–15.1	–13.9	–77.1	–60.4
Thereof impairment losses	–40.6	–10.7	–	–	–1.3	–1.1	–17.7	–
Thereof revaluation	31.2	–	–	–	–	–	–	–
Results from operating activities (EBIT)	**–3.6**	**18.5**	**91.7**	**94.6**	**88.8**	**43.4**	**9.7**	**8.6**
EBIT margin (%)	–3.7	15.6	19.1	19.4	7.6	3.7	1.2	1.0
Income from investments in equity accounted investees	–24.0	–2.0	1.1	0.4	4.4	10.2	–	–
Interest results	–9.5	–8.5	–11.3	–11.9	–3.2	–2.5	–18.2	–16.9
Financial results	–32.9	–7.1	–11.1	–13.2	1.8	8.0	–19.6	–19.1
Profit before income tax	**–36.5**	**11.4**	**80.5**	**81.5**	**90.6**	**51.4**	**–9.8**	**–10.5**
Goodwill	–	–	1.8	1.3	2.5	2.5	161.3	170.9
Carrying value of investments in equity accounted investees	297.2	63.3	–	1.8	49.7	51.4	–	–
Total assets	745.9	458.0	1,673.2	1,620.7	634.1	665.0	1,140.1	1,089.7
Liabilities	484.7	258.5	1,144.7	1,093.4	363.9	367.8	812.0	768.0
Investments[1]	70.8	48.9	160.9	156.5	25.3	21.5	112.5	100.7

	Environmental Services 2010/11	Environmental Services 2009/10	Strategic Investments and Other Business 2010/11	Strategic Investments and Other Business 2009/10	Consolidation 2010/11	Consolidation 2009/10	Total 2010/11	Total 2009/10
External revenue	329.8	268.7	4.0	27.4	–	–	2,729.2	2,752.1
Intra-Group revenue (between segments)	17.1	16.7	59.4	64.0	–255.6	–281.7	–	–
Total revenue	**346.9**	**285.4**	**63.4**	**91.4**	**–255.6**	**–281.7**	**2,729.2**	**2,752.1**
Operating expenses	–278.0	–233.1	–72.3	–95.4	253.7	279.8	–2,257.7	–2,335.5
EBITDA	**68.9**	**52.3**	**–8.9**	**–4.1**	**–1.9**	**–1.9**	**471.4**	**416.6**
Depreciation and amortisation	–26.0	–24.3	–2.0	–1.8	1.9	1.9	–252.8	–229.3
Thereof impairment losses	–0.6	–0.4	–0.1	–	–	–	–60.3	–12.2
Thereof revaluation	–	–	–	–	–	–	31.2	–
Results from operating activities (EBIT)	**42.9**	**28.0**	**–10.8**	**–5.9**	**–**	**–**	**218.7**	**187.3**
EBIT margin (%)	12.4	9.8	–17.1	–6.4	–	–	8.0	6.8
Income from investments in equity accounted investees	10.8	11.7	70.6	41.3	–	–	62.9	61.6
Interest results	0.1	5.2	1.2	2.7	–	–	–41.1	–31.9
Financial results	11.8	18.5	94.4	97.7	–2.7	–1.3	41.8	83.6
Profit before income tax	**54.8**	**46.5**	**83.6**	**91.9**	**–2.7**	**–1.3**	**260.5**	**270.9**
Goodwill	41.5	41.5	–	–	–	–	207.2	216.4
Carrying value of investments in equity accounted investees	68.8	60.6	576.4	556.9	–	–	992.1	734.0
Total assets	1,450.1	1,345.2	2,761.3	2,854.2	–1,534.2	–1,301.6	6,870.4	6,731.2
Liabilities	1,077.7	1,004.5	1,256.2	1,427.1	–1,444.8	–1,213.5	3,694.4	3,705.9
Investments[1]	48.3	68.6	2.2	1.6	–4.4	–3.6	415.7	394.0

1) In intangible assets and property, plant and equipment

Segment information by products – Revenue EURm	2010/11	2009/10
Electricity	1,791.7	1,903.1
Gas	385.7	351.0
Heat	114.7	108.2
Environmental Services	329.8	268.7
Others	107.3	121.1
Total	**2,729.2**	**2,752.1**

Segment information by region – Revenue EURm	2010/11	2009/10
Austria	1,642.9	1,700.6
Central and Eastern Europe	252.0	189.2
South Eastern Europe	834.3	862.3
Total	**2,729.2**	**2,752.1**

Segment information by region – Non-current assets EURm	2010/11		2009/10	
	Intangible assets	Property, plant and equipment	Intangible assets	Property, plant and equipment
Austria	145.3	2,085.2	85.4	2,007.9
Central and Eastern Europe	43.0	91.4	43.1	66.7
South Eastern Europe	222.2	762.4	232.4	743.6
Total	**410.5**	**2,938.9**	**361.0**	**2,818.2**

Financial statements

Consolidated Notes

Basis of Preparation

1. General

EVN AG, as the parent company of the EVN Group (EVN), is a leading listed Austrian energy and environmental services provider, which is headquartered in A-2344 Maria Enzersdorf, Austria. In addition to providing services to its domestic market in the province of Lower Austria, EVN has successfully positioned itself in the energy industry of Bulgaria and Macedonia. EVN provides customers in 16 countries with water supply, wastewater treatment and thermic waste incineration services via its subsidiaries.

The consolidated financial statements are prepared as at the balance sheet date of EVN AG. The financial year of EVN AG encompasses the period from October 1st to September 30th.

The consolidated financial statements are prepared on the basis of uniform accounting policies. If the balance sheet dates of consolidated companies are different from the one of EVN AG, interim financial statements are prepared which reflect the balance sheet date of EVN AG. The interim financial statements of all companies included in the consolidated financial statements, which were subject to a statutory or voluntarily audit, were audited by independent public accountants to assure uniform accounting policies in accordance with the International Financial Reporting Standards (IFRS).

Certain items on the consolidated statements of financial position and the consolidated statements of operations are summarised in order to achieve a more understandable and clearly structured presentation. In the notes, these positions are itemised individually and explained according to the principle of materiality. In order to improve clarity and comparability, the amounts in the consolidated financial statements are generally shown in millions of euros (EURm), unless otherwise noted. Immaterial mathematical differences may arise from the rounding of individual items or percentage rates.

The consolidated statements of operations are prepared in accordance with the nature of expense method.

2. Reporting in accordance with IFRS

Pursuant to § 245a Austrian Commercial Code (UGB), the consolidated financial statements have been prepared in accordance with the current guidelines set forth in IFRS issued by the International Accounting Standards Board (IASB) as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that were applicable as at the balance sheet date and adopted by the European Union (EU).

The following standards and interpretations have been applied for the first time for the 2010/11 financial year:

2. Standards and interpretations applied for the first time

		Effective[1)]
New Interpretations		
IFRIC 15	Agreements for the Construction of Real Estate	1/1/2010
IFRIC 17	Distributions of Non-cash Assets to Owners	11/1/2009
IFRIC 18	Transfers of Assets from Customers	11/1/2009
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	7/1/2010
Revised Standards and Interpretations		
IAS 10	Events after the Balance Sheet Date	11/1/2009
IAS 32	Financial Instruments: Presentation	2/1/2010
IFRS 1	First-time Adoption of International Financial Reporting Standards	11/1/2009–1/1/2010–7/1/2010
IFRS 2	Share-based Payments	1/1/2010
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	11/1/2009
IFRS 7	Financial Instruments: Disclosure	7/1/2010
IFRIC 4	Determining Whether an Arrangement Contains a Lease	1/1/2010
Several	Annual Improvements 2007–2009	1/1/2010

1) In accordance with the Official Journal of the EU, these standards are to be applied beginning with the financial year that starts on or after the date on which the standards become binding.

IFRIC 18 deals with the accounting treatment of business transactions in which a company from its customers receives asset or cash which is then used to acquire or construct such an asset in order to provide the customer with access to a network or with an ongoing supply with goods or services. IFRIC 18 is partly applicable to construction subsidies for the consolidated financial statements of EVN. Accounting policies fulfill the requirements of IFRIC 18. The reversals of deferred income from construction subsidies are currently recognized in other operating income.

The new interpretations IFRIC 15, IFRIC 17 and IFRIC 19 resulted in no changes to the consolidated financial statements. The changes in IAS 10, IAS 32, IFRS 1, IFRS 2, IFRS 5, IFRS 7 and IFRIC 4, together with the "Annual Improvements 2009 as well as Annual Improvements 2010", have not resulted in any changes in the consolidated financial statements of EVN.

The following standards and interpretations have been applied for the first time for the 2010/11 financial year:

2. Standards and interpretations not yet effective

		Effective
New Standards and Interpretations		
IFRS 9	Financial Instruments	1/1/2013[1]
IFRS 10	Consolidated Financial Statements	1/1/2013[1]
IFRS 11	Joint Arrangements	1/1/2013[1]
IFRS 12	Disclosure of Interests in Other Entities	1/1/2013[1]
IFRS 13	Fair Value Measurement	1/1/2013[1]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1/1/2013[1]
Revised Standards and Interpretations		
IAS 1	Presentation of Financial Statements	7/1/2012[1]
IAS 12	Income Taxes	1/1/2012[1]
IAS 19	Employee Benefits	1/1/2013[1]
IAS 24	Related Party Disclosures	1/1/2011[2]
IAS 27	Consolidated and Separate Financial Statements	1/1/2013[1]
IAS 28	Investments in Associates	1/1/2013[1]
IFRS 1	First-time Adoption of International Financial Reporting Standards	7/1/2011[1]
IFRS 7	Financial Instruments: Disclosure	7/1/2011[1]
IFRS 8	Operating Segments	1/1/2011[2]
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1/1/2011[2]
Several	Annual Improvements 2009–2010	1/1/2010[2] / 1/1/2011[2]

1) In accordance with IASB, standards not yet approved by the EU must be applied beginning with the financial year that starts on or after the date on which the standards become binding.
2) In accordance with the Official Journal of the EU, these standards are to be applied beginning with the financial year that starts on or after the date on which the standards become binding.

The new IFRS 9, which is part of a project for a standard to replace IAS 39, provides for a partial replacement of the previous measurement categories. This will have an impact on the consolidated financial statements of EVN with regard to the classification and measurement of financial assets, but this impact cannot be reliably assessed as yet because the new standard is still undergoing revisions.

The impact of the application of the new IFRS 10 and 11 is undergoing revisions. This will have an impact on the consolidated financial statements of EVN, but this impact cannot be reliably assessed as yet.

EVN does not expect the future first-time application of the other new standards and interpretations to have any material impact on its assets, liabilities, financial position and profit and loss. The impact of the amended standards and interpretations on the presentation of the consolidated financial statements and the disclosures therein is currently under examination.

Basis of Consolidation

3. Consolidation methods

Consolidation is carried out by offsetting the acquisition cost against the proportionate, revalued net assets of the subsidiaries on the date of acquisition.

All significant companies whose financial and operating policies EVN AG can directly or indirectly control (i.e. subsidiaries) are fully consolidated. This is usually the case when EVN's voting rights exceed 50.0%, but may also apply if EVN has power of disposition and is the primary beneficiary of any economic benefit arising from the business operations of these companies or if it must bear most of the risks. In contrast, companies in which EVN AG owns more than 50.0% of the shares, but is not entitled to exercise control over their financial and operating policies due to special contractual arrangements are not fully consolidated. The initial consolidation of companies takes place as at the acquisition date or at the point in time at which EVN gains control over the given company and ends when it no longer exercises control over it.

In accordance with IFRS 3, assets and liabilities (including contingent liabilities) are recognised at their full fair value in connection with acquisitions, irrespective of any existing non-controlling interests. Intangible assets must be recognised separately from goodwill, if it can be demonstrated that they are separable from the entity or arise from contractual or other legal rights. In applying this method, restructuring provisions may not be recognised separately within the context of the purchase price allocation. Any remaining unallocated acquisition costs, which compensate the divesting company for market opportunities or developmental potential that has not been clearly identified, are recognised as goodwill in the local currency in the relevant segment. Any negative goodwill is recognised in profit and loss after a renewed measurement of the acquired company's identifiable assets and liabilities (including contingent liabilities) and the measurement of the acquisition cost. Any difference between the fair values and the carrying amounts are carried forward accordant to the related assets and liabilities during the subsequent consolidation.

A change in the shareholding in a fully consolidated company is reported on the balance sheet as an equity transaction without recognition to profit and loss.

The consolidation of joint venture companies (joint management together with one or more companies outside of EVN) is carried out on a proportionate basis whilst companies on which EVN can directly or indirectly exert significant influence (i.e. associates) are included using the equity method. In both cases, the same principles outlined above are applied. The annual financial statements of the associates included at equity are based on uniform accounting policies.

Subsidiaries, joint venture companies as well as associates are not consolidated if their influence on EVN's assets, liabilities, cash flows and profit and loss is considered to be immaterial, either individually or in total. These companies are reported at fair value, which generally corresponds to amortised cost. In order to assess the materiality of an investment, in each case the balance sheet total, total non-current assets, proportional equity as well as external revenue are considered in relation to Group totals.

Intra-Group balances, expenses and income as well as Intra-Group profits and losses arising in companies that are fully or proportionally included are eliminated if they are not material. The consolidation procedure for profit and loss considers the effect on income taxes as well as the recognition of deferred taxes.

Impairment losses on and reversals to investments in Group companies in the companies' separate financial statements are eliminated in the consolidated financial statements.

4. Scope of Consolidation

The scope of consolidation is established in accordance with the requirements of IAS 27. Accordingly, as at September 30th, 2010, a total of 28 domestic and 35 foreign companies (including the parent company EVN AG) were fully consolidated in the consolidated financial statements (in the previous year, 26 domestic and 34 foreign companies were fully consolidated). A total of 35 affiliates (previous year: 35) were not consolidated due to their immaterial influence on the assets, liabilities, cash flows and profit and loss of EVN.

EVN AG is the sole limited partner of EVN KG and, as such, participates to 100.0% in the assets and results of EVN KG. The general partner, without investment, of EVN KG is EnergieAllianz. Pursuant to an agreement regarding the management of EVN KG entered into between the shareholders of EnergieAllianz, EVN KG is proportionately consolidated (quota consolidation) in the consolidated financial statements. EVN KG is thereby included to 100.0%, corresponding to the financial status.

RBG, which is fully consolidated and in which EVN AG has an unchanged 50.03% interest, has a 100.0% stake in RAG. Due to special contractual arrangements EVN is not allowed to exert controlling influence on the company and RAG is included at equity.

EconGas, in which EVN AG has an unchanged 16.5% interest, is included at equity due to special contractual arrangements that allow EVN to exert significant influence on the company.

An overview of the companies included in the consolidated financial statements is provided under EVN's Investments, starting on page 112. The scope of consolidation (including EVN AG as the parent company) developed as follows during the reporting period:

4. Changes in the scope of consolidation	Full consolidation	Proportionate consolidation	Equity method	Total
9/30/2009	**53**	**5**	**14**	**72**
Start-ups and first consolidation	8	–	1	9
Deconsolidation	–1	–	–	–1
9/30/2010	**60**	**5**	**15**	**80**
Start-ups and first consolidation	3	–	3	6
Change of consolidation	1	–	–1	0
Mergers	–1	–	–	–1
Deconsolidation	–	–	–1	–1
9/30/2011	**63**	**5**	**16**	**84**
Thereof foreign companies	35	–	5	40

Together with the syndicate partner Wiener Stadtwerke Holding AG, EVN participated in the capital increase of VERBUND AG in the first quarter of 2010/11. For this purpose, starting in the first quarter of 2010/11 EVN WEEV Beteiligungs GmbH, Maria Enzersdorf, was fully consolidated as a 100.0% subsidiary of EVN and WEEV Beteiligungs GmbH, Maria Enzersdorf, in which EVN holds a 50.0% stake, was consolidated at equity.

The company evn naturkraft Beteiligungs- und Betriebs-GmbH, Maria Enzersdorf, a 100.0% subsidiary of EVN, was fully consolidated in the fourth quarter of 2010/11. A 13.0% stake in VERBUND-Innkraftwerke GmbH, Töging am Inn, Germany, was acquired by evn naturkraft Beteiligungs- und Betriebs-GmbH, which was consolidated at equity as a consequence of substantial decision-making privileges.

The 49.99% investment in Shkodra Region Beteiligungsholding GmbH, Vienna, was consolidated at equity. This investment is a joint venture together with VERBUND AG. Shkodra holds via Ashta Beteiligungsverwaltung GmbH a 100.0% stake in Energji Ashta SHPK, Tirana, Albania ("Ashta"). Energji Ashta SHPK, which is planning, building and operating two hydroelectric power generation plants on the North-Albanian river Drin, was previously included in consolidation as an equity accounted investee and has now been removed from the scope of consolidation.

Effective as at December 23rd, 2010, the date of the signing of the share purchase agreement, EVN acquired the remaining 50.0% stake in NÖKOM NÖ Telekom Service Gesellschaft m.b.H., (NÖKOM), which had been previously consolidated at equity. NÖKOM provides telecommunications services for the public sector in Lower Austria. Subsequently following the approval granted at the general shareholders' meeting, NÖKOM was merged with the EVN subsidiary Kabelsignal AG on March 28th, 2011.

In addition to the acquisition of the remaining 50.0% stake in NÖKOM in December 2010, a 70.0% stake in Hydro Power Company Gorna Arda AD, Sofia, Bulgaria was acquired with a purchase price of EUR 17.9m. Together with the state-owned electricity producer NEK a hydroelectric power generation project is being pursued.

The effect of the business combinations is immaterial. The valuation of the shares held until now (existing stake) at the fair value of NÖKOM resulted in an earnings effect of EUR +1.3m which was included in the share of profit of equity accounted investees.

The following fair value effects on the consolidated statements of financial position resulted from the business combinations and the attendant initial consolidation:

4. Impact of business combinations

EURm	2010/11[1]
Non-current assets	33.5
Current assets	5.8
	39.2
Equity	34.6
Non-current liabilities	4.0
Current liabilities	0.7
	39.2

1) There was no business combination in the 2009/10 financial year.

On October 22nd, 2010, EVN acquired the remaining 30.0% of EVN ENERTRAG Kavarna, OOD, Plovdiv, Bulgaria, which had already been previously fully consolidated in the consolidated financial statements of the EVN Group. Moreover, the company was renamed EVN Kavarna EOOD.

5. Foreign currency translation 2010/11

All Group companies report their business transactions in foreign currencies at the average exchange rate in effect on the date of the relevant transaction. Existing monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are also translated at the average exchange rate on that date. Any resulting foreign currency gains or losses are recognised to profit or loss during the financial year.

Similarly, the annual financial statements of Group companies that are drawn up in foreign currencies are translated into euros using the functional currency method in accordance with IAS 21 for the purpose of preparing the consolidated financial statements of EVN. According to that, monetary assets and liabilities of companies not reporting in Euro, are reported at the average exchange rate on the balance sheet date, whereas any expenses and income are reported at the annual average rate. Currency translation differences are recorded in the currency translation reserve in equity. Currency translation differences directly recognised in equity resulted in a change in equity amounting to EUR –2.0m (previous year: EUR –0.1m).

Additions and disposals are reported in all statements of changes at average exchange rates. Changes in the average exchange rates between the balance sheet date for the reporting period and the previous year, as well as differences arising from the use of average exchange rates to translate changes during the financial year, are reported separately under the item "Currency translation differences" in all statements of changes.

Goodwill resulting from the acquisition of foreign subsidiaries is recorded at the foreign exchange rate in effect on the date of acquisition. This goodwill is subsequently allocated to the acquired company and translated at the exchange rate in effect on the balance sheet date. When a foreign company is deconsolidated, any related currency differences are recognised to profit or loss.

The following key exchange rates were used for foreign currency translation:

5. Foreign currency translation Currency	2010/11 Exchange rate on the balance sheet date	Average[1]	2009/10 Exchange rate on the balance sheet date	Average[1]
Albanian lek	140.44000	139.79310	137.11000	137.50692
Bulgarian lev[2]	1.95583	1.95583	1.95583	1.95583
Croatian kuna	7.44170	7.45359	7.45190	7.44475
Danish krone	7.49950	7.40890	7.30580	7.26822
Macedonian denar	61.50400	61.54648	61.63630	61.41737
Polish zloty	4.40500	4.02738	3.98470	4.05782
Russian rubel	43.35000	41.01365	41.69230	40.94292
Serbian denar	101.17320	103.17708	105.10320	99.82690

1) Average on the last day of each month
2) The exchange rate was fixed in accordance with Bulgarian law.

Accounting policies

6. Intangible assets

According to IFRS 3, differences may arise in a business combination between the acquisition cost and the remeasured fair value of the equity interest held. If the difference is negative, the acquisition cost and the purchase price allocation must be reviewed. If the negative difference is reconfirmed, it must be recognised in profit or loss. Positive differences result in goodwill (regarding the treatment and impairment of goodwill in general, see note 3. Consolidation methods, and note 21. Procedures and effects of impairment tests).

Acquired intangible assets are recognised at acquisition cost, less straight-line amortisation or any impairment losses, unless their useful life is classified as indefinite. Assets with a determinable limited useful life are amortised on the basis of that expected useful life, which is a period of three to eight years for software and from three to 40 years for rights. Customer relationships capitalised in a business combination and having a determinable useful life because of a potential liberalisation of the market are amortised on a straight-line basis over five to 15 years. Expected useful lives and amortisation curves are determined by estimating the timing and distribution of cash inflows from the corresponding intangible assets over time. Intangible assets with an indefinite useful life are measured at cost and tested annually for impairment (see note 21. Procedures and effects of impairment tests), but this category of assets is of minor importance at EVN.

In capitalising internally generated intangible assets, care must be taken that they meet the requirements for capitalisation under IAS 38, which distinguishes between research and development expenses. As in the previous year, no development expenses were capitalised because none met the criteria for recognition.

Service concessions pursuant to IFRIC 12 were classified as intangible assets. Expenses and income were recognised at the fair value of the consideration in conformity with the percentage-of-completion method. The stage of completion was calculated in line with the cost-to-cost method.

7. Property, plant and equipment

Property, plant and equipment are carried at acquisition or production cost, less straight-line depreciation and impairment losses. The acquisition or production cost also encompasses the estimated expense for demolition and disposal costs if there is an obligation to decommission or demolish plant and equipment, or restore property, at the end of the respective asset's useful life. The present value of future related payments is capitalised along with the acquisition or production cost, and recognised in liabilities as a provision for the same amount. Production costs for internally produced fixed assets include appropriate material and manufacturing overheads in addition to the direct costs of materials and labour.

Ongoing maintenance and repairs on property, plant and equipment are expensed, provided this work does not change the nature of the asset and no additional future benefits arise from it. These expenses must be retroactively capitalised as part of the acquisition or production cost if these measures enhance the value of the respective asset.

If the construction of property, plant and equipment continues over an extended period of time, the assets become "qualifying assets", for which the interest expense incurred until the asset is completed is capitalised as a part of the production cost in accordance with IAS 23. In keeping with EVN's accounting policies, a project gives rise to a qualifying asset only if construction takes at least twelve months.

Property, plant and equipment are depreciated from the time they are available for use. Depreciation for property, plant and equipment subject to wear and tear is calculated on a straight-line basis over the expected useful life of the relevant asset or its components. The expected economic and technical life is evaluated at each balance sheet date and adjusted if necessary.

Straight-line depreciation is based on the following useful lives, which are uniform throughout the Group:

7. Expected useful life of property, plant and equipment

	Years
Buildings	10–50
Transmission lines and pipelines	15–50
Machinery	10–33
Meters	5–40
Tools and equipment	3–25

When property, plant and equipment are to be sold, they are classified as assets held for sale at time the transaction is approved, if the requirements of IFRS 5 are met. If required, the asset is written down to the selling price less any costs to sell but not depreciated further until the date of disposal. As in the previous year, none of the property, plant and equipment met the criteria of IFRS 5.

When property, plant and equipment is retired, the acquisition or production cost and accumulated depreciation are reported as a disposal. The difference between the net proceeds from the sale and the carrying value are recognised in other operating income or expenses.

8. Investments in equity accounted investees

Investments in equity accounted investees are initially recognised at cost, and measured in later periods at the proportional share of amortised net assets plus any applicable goodwill. The carrying amounts are increased or decreased each year by the proportional share of net profit, distributed dividends, other changes in equity as well as fair value adjustments from a preceding business combination that are carried forward. Any goodwill included in the carrying amount is not subject to scheduled amortisation in accordance with IFRS 3 and is neither reported separately in accordance with IAS 28 nor tested annually for impairment in accordance with IAS 36. On the balance sheet date it is tested if there are sufficient internal or external signs of an impairment loss. If there are indicators of impairment, an impairment test must be carried out for investments in equity accounted investees in accordance with IAS 36 (see note 21. Procedures and effects of impairment tests).

9. Financial instruments

A financial instrument is a contract which constitutes a financial asset for one company and a financial liability or an equity instrument for another company.

Primary financial instruments

The following measurement categories are applied by EVN:
– Available for sale financial assets ("AFS")
– Loans and receivables ("LAR")
– Financial assets designated at fair value through profit or loss ("@FVTPL")
– Financial instruments held for trading ("HFT")
– Financial liabilities measured at amortised cost ("FLAC")

At EVN, the breakdown of primary financial instruments by classes – and the corresponding measurement categories – which IFRS 7 requires to be disclosed in the notes to the consolidated financial statements, is as follows:

9. Classes and measurement categories of primary financial instruments

	Measurement category
Current assets	
Other investments	
Investments in affiliates	AFS
Miscellaneous investments	AFS
Other non-current assets	
Securities	@FVTPL
Loans receivable	LAR
Lease receivables and accrued lease transactions	LAR
Receivables arising from derivative transactions	Hedge Accounting
Current assets	
Current receivables and other current assets	
Trade and other receivables	LAR
Receivables arising from derivative transactions	Hedge Accounting
Securities	HFT
Cash and cash equivalents	
Cash on hand and cash at banks	LAR
Non-current liabilities	
Non-current loans and borrowings	
Bonds	FLAC
Bank loans	FLAC
Other non-current liabilities	
Leases	FLAC
Accruals of financial transactions	FLAC
Other liabilities	FLAC
Liabilities arising from derivative transactions	Hedge Accounting
Current liabilities	
Current loans and borrowings	FLAC
Trade payables	FLAC
Other current liabilities	
Other financial liabilities	FLAC
Liabilities arising from derivative transactions	Hedge Accounting

Primary financial instruments are recognised in the consolidated statements of financial position when EVN is contractually entitled to receive a means of payment or other financial assets from another party. Purchases and sales at prevailing market conditions are reported as at the settlement date.

The initial valuation comprises the fair value plus transaction costs. The subsequent measurement is carried out in accordance with the classification in the above-mentioned measurement categories for which different measurement rules apply in each case. These are described in the notes to the individual items of the consolidated statements of financial position.

Derivative financial instruments

The derivative financial instruments that EVN uses include swaps, options, forwards and futures.

Derivative financial instruments are reported at cost at contract conclusion, and at their fair value in subsequent periods. The fair value of derivative financial instruments is determined on the basis of quoted market prices, information provided by banks or discounting-based valuation methods. Derivative financial instruments are reported as other (current or non-current) assets or other (current or non-current) liabilities.

The accounting of the changes in the fair value of derivatives used for hedging purposes depends on the type of hedging transaction.

The fair value measurement of derivative financial instruments, which must be classified as cash flow hedging instruments under IAS 39, are recorded without recognition to profit or loss in the valuation reserve according to IAS 39. The realisation of a hedge is recognised through profit or loss.

In the case of fair value hedges, the valuation of the underlying transaction is adjusted through profit or loss to reflect the amount that corresponds to the fair value of the hedged risk. The results are generally reported under the item in the consolidated statements of operations that also contains the hedged transaction. Fluctuations in the fair value of hedges are basically offset by the fluctuations in the fair value of the hedged transactions.

EVN uses primarily currency and interest rate swaps to hedge and control existing economic exchange rate and interest rate risks.

EVN uses swaps, futures and forwards to limit risks in the energy sector arising from changes in commodity and product prices as well as changes related to electricity transactions.

The forward and futures contracts concluded by EVN for the purchase or sale of electricity and CO_2 emission certificates serve to hedge purchase prices for expected electricity deliveries or CO_2 emission certificates as well as the sale prices for planned electricity production. Given that they lead to physical deliveries, these contracts do not constitute derivative financial instruments as defined in IAS 39, but instead represent executory sale and purchase agreements which, in accordance with the requirements of IAS 37, must be examined to determine the expected losses from executory contracts.

10. Other investments

The item Other investments includes shares in associated companies which are not included in the consolidated financial statements due to immateriality, as well as other investments with a stake of less than 20.0%, inasmuch as these are not consolidated at equity. These are classified in the category "AFS".

They are recognised in the consolidated statements of financial position at fair value based on share prices, if possible. The cost less impairment is used in those cases where the fair value cannot be determined based on comparable transactions during the respective period, and no measurement by means of discounting the expected cash flow was made because the cash flows could not be reliably determined.

Unrealised profits or losses are recognised directly in equity. Impairment losses are recognised to reflect permanent reductions in value. When financial assets are sold, the unrealised profits or losses previously recognised directly in equity are recognised directly in income.

11. Other non-current assets

Securities recorded under non-current assets are initially recognised as "@FVTPL". These assets are recorded at cost as at the date of acquisition and at the fair value as at the balance sheet date in later periods. Changes in the fair value are recognised in the consolidated statements of operations.

Loans receivable are classified as "LAR". Loans receivable subject to interest are reported at amortised cost whilst interest-free and low-interest loans receivable are reported at their present value. All identifiable risks are taken into consideration by means of corresponding provisions.

Lease receivables and accrued lease transactions are related to the international project business of the Environmental Services segment and must be classified as finance leases according to IAS 17 in conjunction with IFRIC 4 (see note 22. Leased and rented assets).

Receivables arising from derivative transactions are recognised at their fair values. Gains and losses related to changes in the fair value of derivative financial instruments are either recognised to profit or loss in the consolidated statements of operations or recognised directly in equity (see note 9. Financial instruments).

The measurement of primary energy reserves and miscellaneous other non-current assets is based on the acquisition or production cost or the lower net realisable value on the balance sheet date.

12. Inventories

The measurement of inventories is based on the acquisition or production cost or the lower net realisable value as at the balance sheet date. For marketable inventories, these values are derived from the current market price. For other inventories, these figures are based on the expected proceeds less future production costs. Risks arising from the length of storage or reduced marketability are reflected in impairment losses based on historical data. The calculation of the usage of primary energy inventories as well as raw materials, auxiliary materials and fuels is determined using the moving average price method.

The emission certificates allotted free of charge in accordance with the Austrian Emission Certificate Act are capitalised at an acquisition cost of zero based on IAS 20 and IAS 38, due to the rejection of IFRIC 3 by the European Commission. Any additional purchases of emission certificates are capitalised at cost, whereas additions to provisions for shortfalls are based on the fair value as at the balance sheet date. The cost of materials and services shown in the consolidated statements of operations only includes expenses arising from an insufficient allotment of emission certificates.

13. Trade and other receivables

Current receivables are generally reported at amortised cost, which is equal to the acquisition cost less impairment losses for the components of the receivables that are expected to be uncollectible. Receivables that may potentially require impairment are grouped on the basis of comparable default risk (especially the duration for which they have been outstanding) and tested together for impairment, and any applicable impairment is expensed. The impairment, which is recognised in the form of specific bad debt allowances by way of adjustment accounts, takes adequate account of expected default risks. Specific defaults result in a derecognition of the associated receivable.

Amortised costs may be considered fair estimates of the current value, because the remaining time to maturity is less than one year in most cases.

Exceptions are made for derivative financial instruments, which are recognised at fair value, and also for items in foreign currency, which are measured at the exchange rates in effect on the balance sheet date.

14. Securities

Current securities classified as "HFT" are measured based on their fair value. Changes in the fair value are immediately recognised in the consolidated statements of operations.

15. Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash at banks used for the temporary investment of unconditional liquidity. They are reported at current rates. Cash balances in foreign currencies are translated at the exchange rate in effect on the balance sheet date.

16. Equity

In contrast to borrowings, equity is defined under IFRS as the "residual interest in the assets of an entity after deducting all of its liabilities". Equity is thus the residual value of the entity's assets and liabilities.

Treasury shares held by EVN are not recognised as securities pursuant to IAS 32, but instead are reported at the acquisition cost of the treasury shares bought back and are offset against retained earnings. Any profit or loss resulting from the resale of the treasury shares relative to the acquisition cost raises or lowers the share premium.

After-tax gains or losses recognised directly in equity comprise certain changes in equity that are not recognised through profit or loss as well as the related deferred taxes. For example, this position includes the currency translation reserve, unrealised gains or losses from the fair value measurement of other investments and the effective portion of changes in the fair value of cash flow hedges. This item also encompasses the proportional share of gains and losses recognised directly in equity accounted investees.

17. Provisions

Provisions for pensions and obligations similar to pensions

Under the terms of a company agreement, EVN AG is obligated to pay a supplementary pension on retirement to employees who joined the company prior to December 31st, 1989. This commitment also applies to those employees who, within the context of the legal unbundling agreement for the spin-off of the electricity and gas networks, are now employed at EVN Netz. The amount of this supplementary pension is based on performance as well as on length of service and the amount of remuneration at retirement. In addition, EVN in any case, and as a rule the employees themselves as well, make contributions to the EVN-Pensionskasse pension fund, and the resulting claims are fully credited toward pension benefit payments. Hence the obligations of EVN toward both retired employees and prospective beneficiaries are covered in part by provisions for pensions as well as by defined contribution payments on the part of EVN-Pensionskasse.

For employees who joined the company after January 1st, 1990, the supplementary company pension has been replaced by a defined contribution plan, which is financed through EVN-Pensionskasse. This pension fund invests its pension fund assets primarily in different investment funds, in accordance with the provisions of the Austrian Pension Fund Act. In addition, pension commitments to certain employees obligate EVN to make pension payments to these employees upon retirement if certain conditions are met.

Provisions for obligations similar to pensions were recognised for liabilities arising from the vested claims of current employees and the current claims of retired personnel and their dependents to receive benefits in kind in the form of electricity and gas.

The provisions for pensions and obligations similar to pensions are measured on the basis of the projected unit credit method. The expected pension payments are distributed according to the number of years of service by employees until retirement, taking expected future increases in salaries and pensions into account.

The amounts of provisions are determined by an actuary on the basis of actuarial reports as at the respective balance sheet date. The measurement principles are described in note 40. Non-current provisions. Actuarial gains and losses that exceed 10.0% of the higher of the defined benefit obligation (DBO) and the fair value of plan assets are recognised outside profit or loss.

As in the previous year, the biometric measurement principles applicable to the provisions for pensions were determined using the Austrian pension tables, "Rechnungsgrundlagen AVÖ 2008-P – Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler".

Service costs and the interest portion of the addition to the provisions are reported under personnel expenses.

Provision for severance payments

Austrian corporations are required by law to make one-off severance payments to employees whose employment began before January 1st, 2003, if they are dismissed or when they reach the legal retirement age. The amount of such payments is based on the number of years of service and the amount of the respective employee's remuneration at the time the severance payment is made.

In Bulgaria and Macedonia, employees are entitled to severance payments on retirement, the amount of which is based on the number of years of service. With regard to severance compensation entitlements, the other employees of EVN are covered by similar social protection measures contingent on the legal, economic and tax framework of the particular country in which they work.

The provision for severance payments was recognised according to actuarial principles. This provision was measured using the same parameters as the provisions for pensions and obligations similar to pensions (the measurement principles are described in note 40. Non-current provisions).

Actuarial gains and losses that exceed 10.0% of the higher of the defined benefit obligation (DBO) and the fair value of plan assets are recognised outside profit or loss.

The obligation to make one-off severance payments to employees of Austrian companies whose employment commenced after December 31st, 2002 has been transferred to a defined contribution plan. The payments to this external employee fund are reported under personnel expenses.

Other provisions

The other provisions reflect all recognisable legal or factual commitments to third parties as at the balance sheet date, based on events which took place in the past, and where the level of the commitments and/or the precise starting point were still uncertain. In these cases it must be possible to estimate the amount of the obligation reliably. If such a reliable estimate is not possible, no provision is recognised. These provisions are recognised at the discounted amount to be paid. They are measured based on the expected value or the amount most likely to be incurred.

Provisions for obligations related to service anniversary bonuses required under collective wage and company agreements are measured using the same parameters as the provisions for pensions and obligations similar to pensions.

Waste disposal and land restoration requirements related to legal and perceived commitments are recorded at the present value of the expected future costs. Changes in estimated costs or the interest rate are offset against the carrying amount of the underlying asset. If the decrease in a provision exceeds the carrying amount of the asset, the difference is recognised through profit and loss.

Provisions for anticipated losses are recognised for the losses expected from what are known as "onerous" contracts in accordance with IAS 37. The provisions are recognised in the amount of the unavoidable outflow of resources. This is the lower of the amount resulting from performance of the contract and any compensatory payments to be made in the event of non-performance.

18. Liabilities

Liabilities are reported at amortised cost, with the exception of liabilities arising from derivative financial instruments or liabilities arising from hedge accounting (see note 9. Financial instruments). Costs for the procurement of funds are considered a part of the amortised cost. Non-current liabilities are discounted by applying the effective interest method.

When it comes to financial liabilities, bullet loans and borrowings with a remaining time to maturity above one year are reported as non-current, those with a remaining time to maturity under one year are disclosed under current loans and borrowings. Those parts of continuously redeemed loans and borrowings which have a remaining time to maturity under one year are not reclassified and are thus reported under non-current loans and borrowings (for information on maturity see note 38. Non-current financial liabilities).

Deferred income from network subsidies does not reduce the acquisition or production costs of the corresponding assets. They are therefore reported as liabilities in the consolidated statements of financial position in analogous application of IAS 20.

Construction subsidies – which constitute payments made by customers as part of previous investments in network construction – represents an offset to the acquisition cost of these assets. The granting of investment subsidies generally requires an operational management structure that complies with legal requirements and has been approved by the authorities. Deferred income from network subsidies is released on a straight-line basis over the average useful life of the respective assets.

19. Revenue recognition

Realisation of revenue (in general)

At the balance sheet date, revenues from the end customer business are partly determined with the help of statistical procedures used in the billing systems, and accrued based on the quantities of energy and water supplied during the reporting period. Revenues are recognised when EVN has provided a billable service to the customer.

Interest income is reported pro rata temporis using the effective interest rate of the asset. Dividends are recognised when a legal entitlement to payment arises.

IFRIC 18 deals with the accounting treatment for business transactions in which a company receives from its customers an asset or cash which is then used to acquire or construct such an asset in order to provide the customer with access to a network or with an ongoing supply with goods or services. The reversals of deferred income from construction subsidies are currently recognized in other operating income.

Contract manufacturing

Receivables from the project business (particularly BOOT models – build, own, operate, transfer) and related sales are accounted for using the percentage of completion (PoC) method. Projects are subject to individual contractual terms that specify fixed prices. The degree of completion is determined using the cost-to-cost method. This entails recognising sales and profits at the ratio of the costs actually incurred to the estimated total costs. Reliable estimates of the total costs, the sale prices and the actual costs incurred are available. Changes in the estimated contract costs and resulting losses, if any, are recognised to the consolidated statements of operations in the period in which they are incurred. Individual estimates of technological and financial risks that might occur during the remaining project period are made for each project, and a corresponding contingency fee is included in the estimated contract costs. Impending losses on the valuation of projects not yet invoiced are recognised immediately as an expense. Impending losses are recognised when it is probable that the total contract costs will exceed the contract revenues.

20. Income taxes and deferred taxes

The income tax expense recognised for the period in the consolidated statements of operations comprises the current income tax computed for fully consolidated companies on the basis of their taxable income and the applicable income tax rate, together with the change in deferred tax liabilities and assets.

The following tax rates were applied for current income taxes:

20. Corporate income tax rates

%	2010/11	2009/10
Headquarters		
Albania	10.0	10.0
Austria	25.0	25.0
Bulgaria	10.0	10.0
Croatia	20.0	20.0
Cyprus	10.0	10.0
Denmark	25.0	25.0
Estonia[1]	21.0	21.0
Germany	30.0	30.0
Lithuania	15.0	15.0
Macedonia[2]	10.0	10.0
Montenegro	9.0	9.0
Poland	19.0	19.0
Romania	10.0	–
Russia	20.0	20.0
Serbia	10.0	10.0
Slovenia	20.0	20.0
Turkey	20.0	20.0

1) Taxes on corporate profits are levied when dividends are paid to the shareholders. Retained earnings are not taxed.
2) Taxes on corporate profits are levied when dividends are paid to the shareholders. Retained earnings are not taxed. Tax needs to be paid for non-tax-deductible expenses.

In Macedonia, only distributed profits are subject to corporate income tax, at a rate of 10.0%. Undistributed profits are not taxed. Irrespective of any distribution, however, non-tax-deductible expenses are subject to annual taxation in any case.

The 2005 Tax Reform Act enacted by the Austrian parliament allows companies to establish corporate tax groups. EVN has taken advantage of this measure by establishing five such groups. EVN AG is in a corporate tax group of which NÖ Landes-Beteiligungsholding GmbH, St. Pölten, is the top-tier corporation. The taxable profit of the companies belonging to these groups was assigned to the respective superior group member or the group's top-tier corporation. The group contracts include a tax apportionment that is based on the stand-alone method in order to offset the transferred taxable results.

Future changes in the tax rate are taken into account if the relevant law had already been enacted as of the date of preparation of the consolidated financial statements.

Deferred taxes are calculated using the liability method at the tax rate to be expected when short-term differences are reversed. Deferred tax assets and liabilities are calculated and recognised for all temporary differences (i.e. differences between the carrying amounts shown in the consolidated financial statements and in the annual financial statements prepared for tax purposes that will balance out in future).

Deferred tax assets are recognised only if it is considered probable that there will be sufficient taxable income or taxable temporary differences. Tax loss carryforwards are recognised as deferred tax assets. Deferred tax assets and liabilities are netted in the consolidated financial statements if the taxes may be offset and if they relate to the same tax authority.

Deferred taxes are not recognised in the consolidated balance sheet for temporary differences resulting from investments in equity accounted investees.

21. Procedures and effects of impairment tests

All assets fulfilling the criteria of IAS 36 are tested on the balance sheet date to determine whether there are sufficient internal or external signs of impairment. Besides scheduled depreciation and amortisation, both property, plant and equipment and intangible assets with definite useful lives must be tested for impairment solely if there are clear signs of potential impairment. In contrast, goodwill and intangible assets with indefinite lives must be tested for impairment at least once a year.

The impairment test of goodwill as well as of assets for which no expected future cash flows can be identified is based on an assessment of the cash generating units (CGUs). The CGUs that generate separate cash flows and – in case of impairment tests of goodwill – derive benefits from the synergies resulting from the given business combination must be identified for purposes of assignment. Any non-assignable consolidation differences are allocated to the CGUs Energy Supply and Trade, electricity distribution Bulgaria, heat generation and heat distribution Bulgaria, electricity distribution Macedonia and Environmental Services.

The decisive criterion for classifying property, plant and equipment as a CGU is its technical and commercial ability to generate independent revenues. In the EVN Group, this definition applies to electricity and heat generation plants, electricity and gas distribution systems, wind parks, data transmission lines and electricity purchasing rights.

In assessing impairment, the higher of the net selling price and the value in use of the CGU is compared to the carrying amount of the CGU and the carrying amount of the asset. The net selling price corresponds to the fair value less costs to sell.

The value in use is determined based on the expected future cash inflows and outflows basically derived from medium-term internal forecasts. These cash flows are discounted at the unchanged pre-tax weighted average cost of capital (WACC) of 8.7%, taking into consideration specific corporate and country risks. This valuation process takes the future expected revenues into consideration as well as operating, maintenance and repair expenses. In case of property, plant and equipment and intangible assets with definite lives, the condition of the respective asset must also be taken into account. The quality of the forecast data is regularly compared with actual results through a variance analysis. These findings are taken into consideration in developing the next medium-term corporate plan.

If the recoverable amount is lower than the recognised carrying amount, the carrying amount must be reduced to the recoverable amount and an impairment loss must be recognised. If the carrying amount of a CGU, to which goodwill or any other asset has been allocated, exceeds the recoverable amount, the goodwill or the respective asset is written down to the resulting difference. Any further impairment is reflected in a proportional reduction of the carrying amounts of the CGU's remaining fixed assets.

The respective assets are written up if the reason for the impairment ceases to exist. The increase in the carrying amount resulting from the write-up may not exceed the amortised acquisition or production cost. In accordance with IAS 36, goodwill that was written down in connection with an impairment test may not be revalued, even if the reasons for the impairment have ceased to exist.

22. Leased and rented assets

Pursuant to IAS 17, a leased asset is allocated to the lessee or lessor based on the transfer of significant risks and rewards incidental to the ownership of the asset.

Non-current lease receivables within the context of the so-called BOOT model – in which a facility is built, financed and then operated on behalf of the customer for a fixed period of time, after which the plant becomes the property of the customer – are classified as finance leases in accordance with IAS 17 in conjunction with IFRIC 4, and recognised as such in the consolidated financial statements of EVN.

Assets obtained through finance leases are capitalised by the lessee at the fair value or the lower present value of the minimum lease payment, and depreciated or amortised on a straight-line basis over their expected useful life or the shorter contract period. Payment obligations resulting from future lease payments are reported as liabilities. Assets obtained through operating leases are attributed to the lessor. The lease payments are expensed by the lessee in equal amounts over the term of the lease.

23. Forward-looking statements

The preparation of the consolidated financial statements in accordance with the generally accepted IFRS accounting methods requires making estimates and assumptions that have an effect on the assets and liabilities, as well as the income and expenses, shown in the consolidated financial statements, and on the amounts shown in the consolidated notes. The actual values may deviate from the estimates. The assumptions and estimates are continousely reviewed.

Impairment tests require estimates especially of future cash flows. Future changes in the overall situation affecting the economy, the industry or the company may reduce cash inflows and thus lead to an impairment of goodwill.

The measurement of the existing provisions for pensions and obligations similar to pensions as well as of the provisions for severance payments is based on assumptions relating to the discount rate, the age of retirement, life expectancy and future pension and salary increases..

Further applications of economic assumptions and estimates involve, for one, determining the useful life of non-current assets as well as recognising provisions for legal proceedings and environmental protection and, for another, measuring receivables and inventories. All estimates are based on historical data and other assumptions considered accurate in the given circumstances.

24. Segment reporting

In view of the mandatory application of IFRS 8 “Business Segments” as from January 1st, 2009 (EVN financial year 2009/10), EVN has been reporting with a new segment structure since the first quarter of 2009/10. In compliance with IFRS 8, at that time segment reporting was revised so that the operating segments are identified solely on the basis of the internal organisational and reporting structure and information prepared for internal management decisions (the “management approach”). The former business units of the former Energy segment will henceforth be presented in full as separate segments, and the new segment breakdown into “Generation”, “Network Infrastructure Austria”, “Energy Trade and Supply”, “Energy Supply South East Europe”, “Environmental Services” and “Strategic Investments and Other Businesses” conforms in full to the internal reporting structure. Despite the revised segment names and more detailed reporting in future, the segments’ substance remains unchanged.

The assessment of all segment information is consistent with IFRS. EBITDA is the primary indicator used to measure the segments' performance internally. For each segment it represents the total net operating profit or loss before interest, taxes, amortisation of intangible assets and depreciation of fixed assets of the companies included in the segment, taking inter-segment income and expenses into account (see the section on the principle of segmentation and transfer prices for information about segment allocation and the settlement of inter-segment transactions).

The segments encompass the following activities:

Business areas	Segments	Activities
Energy business	Generation	Electricity generation from thermal sources and renewable energies on Austrian and international locations
	Network Infrastructure Austria	Operation of regional electricity and gas networks as well as cable TV and telecommunications networks
	Energy Trade and Supply	Sourcing of electricity and primary energy sources, trading and selling of electricity and natural gas to end customers and on wholesale markets as well as heat generation and sales
	Energy Supply South East Europe	Operation of electricity networks and electricity sale in Bulgaria and Macedonia, heat generation and heat sale in Bulgaria, construction and operation of natural gas networks in Croatia, energy trading within the whole region
Environmental Services business	Environmental Services	Drinking water supply, wastewater disposal, thermal waste incineration in Austria as well as international project business
Strategic Investments and Other Business	Strategic Investments and Other Business	Strategic and other investments, Intra-Group services

Principle of segment allocation and transfer pricing

Subsidiaries are allocated directly to their respective segments. EVN AG is divided amongst the segments on the basis of cost information.

The transfer prices for energy between the individual segments are based on comparable prices for special contract customers, and thus represent applicable market prices. For the remaining items, pricing is based on costs plus an appropriate mark-up.

Reconciliation of segment results at the Group level

Services performed between segments are eliminated in the consolidation column. The results in the "total" column are the same as in the consolidated statements of operations.

Entity-wide disclosures

In accordance with IFRS 8, additional segment information must be provided for products (external revenues from customers broken down by products and services) and geographical areas (external revenues from customers and non-current assets broken down by geographical areas), if such information is not already included as part of the segment reporting information about the reportable segment.

Information about transactions with major external customers is required only if those transactions amount to 10.0% or more of the entity's externally generated revenues. Because of the company's large number of customers and diverse business activities, there are no transactions with customers that meet this criterion.

Segment information is allocated by geographical area in accordance with the country of destination principle, by allocating revenues to those countries in which the service is performed. The South East Europe region comprises Bulgaria and Macedonia; Central and Eastern Europe comprises all European countries in which EVN operates other than Austria, Bulgaria and Macedonia.

Notes to the Consolidated Statements of Financial Position

Assets

Non-current assets

The net value represents the residual book value, which equals the acquisition or production cost less accumulated depreciation or amortisation.

Currency translation differences concern those amounts that arose from foreign companies' translation of assets using different exchange rates at the beginning and at the end of the 2010/11 financial year.

25. Intangible assets

Electricity procurement rights, transportation rights for natural gas pipelines and other rights (largely software licenses, the customer base of the Bulgarian and Macedonian electricity supply companies as well as B.net) were classified as other intangible assets.

As at September 30th, 2011, the capitalised customer base in markets not yet deregulated were recognised as assets with an indefinite life at a total acquisition cost of EUR 24.5m (previous year: EUR 24.5m).

In the 2010/11 financial year, a valuation of assets within the context of impairment tests pursuant to IAS 36 for electricity procurement rights regarding hydropower plants along the river Danube led to a reversal of impairment of EUR 31.2m. This is due to the increased attractiveness of hydropower plants compared with thermal power stations. On the basis of the continuing unfavourable regulations in the heating business by the regulatory authority in Bulgaria, an impairment loss of EUR 9.2m was taken for goodwill at TEZ Plovdiv.

In the 2010/11 financial year, a total of EUR 1.2m (previous year: EUR 0.8m) was invested in research and development. The criteria required by IFRS to capitalise these items were not fulfilled.

A service concession exists in Croatia on the basis of IFRIC 12 with respect to the gas supply, which was concluded with three counties (Zadar, Split and Sibenik) by EVN Croatia. This concession encompasses the planning, construction, financing, operation and maintenance of the gas distribution network and the gas supply. The project is conceived according to a BOOT model and was concluded for the period of 30 years. In the case of Split county, the gas distribution network including all rights and contracts must be handed over to the licensor of the concession when the concession expires. With regard to the counties of Zadar and Sibenik, the licensor of the concession decided who will assume control of the ownership rights when the concession expires. An ordinary right of termination does not exist.

25. Reconciliation of intangible assets

2010/11 financial year EURm	Goodwill	Other intangible assets	Total
Gross value on 9/30/2010	**216.4**	**375.8**	**592.2**
Currency translation differences	–	0.0*)	0.0*)
Changes in the scope of consolidation	–	32.7	32.7
Additions	–	9.7	9.7
Disposals	–	–4.6	–4.6
Transfers	–	–2.2	–2.2
Gross value on 9/30/2011	**216.4**	**410.1**	**626.5**
Accumulated amortisation 9/30/2010	**–**	**–231.2**	**–231.2**
Changes in translation differences	–	–	–
Changes in the scope of consolidation	–	–	–
Scheduled amortisation	–	–15.0	–15.0
Impairment losses	–9.2	–	–9.2
Revaluation	–	31.2	31.2
Disposals	–	4.3	4.3
Transfers	–	3.8	3.8
Accumulated amortisation 9/30/2011	**–9.2**	**–206.8**	**–216.0**
Net value 9/30/2010	**216.4**	**144.6**	**361.0**
Net value 9/30/2011	**207.2**	**203.3**	**410.5**

*) small amount

2009/10 financial year EURm	Goodwill	Other intangible assets	Total
Gross value on 9/30/2009	**216.6**	**368.2**	**584.7**
Currency translation differences	–0.2	–0.0*)	–0.2
Changes in the scope of consolidation	–	–0.0*)	–0.0*)
Additions	–	6.5	6.5
Disposals	–	–0.8	–0.8
Transfers	–	2.1	2.1
Gross value on 9/30/2010	**216.4**	**375.8**	**592.2**
Accumulated amortisation 9/30/2009	**–**	**–219.6**	**–219.6**
Changes in translation differences	–	0.0*)	0.0*)
Changes in the scope of consolidation	–	0.0*)	0.0*)
Scheduled amortisation	–	–12.5	–12.5
Disposals	–	0.8	0.8
Transfers	–	–0.0*)	–0.0*)
Accumulated amortisation 9/30/2010	**–**	**–231.2**	**–231.2**
Net value on 9/30/2009	**216.6**	**148.6**	**365.2**
Net value on 9/30/2010	**216.4**	**144.6**	**361.0**

*) small amount

26. Property, plant and equipment

Additions to property, plant and equipment included capitalised borrowing costs of EUR 5.7m (previous year: EUR 6.1m). The interest rate used for capitalisation ranged from 2.00% to 8.50% (previous year: 1.25% to 8.50%).

Land and buildings contained land valued at EUR 70.6m (previous year: EUR 71.3m). As at the balance sheet date, EVN held a mortgage with a maximum value of EUR 1.8m as in the previous year. Own work capitalised during the 2010/11 financial year amounted to EUR 17.7m (previous year: EUR 16.0m).

In the 2010/11 financial year, a valuation of assets within the context of impairment tests pursuant to IAS 36 resulted in an impairment loss of EUR 38.4m for the gas-fired power stations in Theiß and Korneuburg. This step was necessary as a consequence of the ongoing difficult market situation. In EVN's heating business in Bulgaria, it was necessary to take an impairment loss on property, plant and equipment at the Plovdiv power plant site of EUR 8.5m in addition to the impairment on goodwill. Impairment of EUR 4.2m (previous year: EUR 12.2m, of which EUR 10.7m applied to EVN Kavarna) was recognised for other EVN facilities.

The item "Prepayments and equipment under construction" included EUR 361.0m (previous year: EUR 305.8m) in acquisition costs relating to equipment under construction as at the balance sheet date.

For "Leased and rented equipment", the present value of the payment obligations for the use of heating networks and heat generation plants is reported in the consolidated statements of financial position. The net value of these assets totalled EUR 19.6m at the balance sheet date (previous year: EUR 21.1m). The related leasing and rental liabilities were recognised under other noncurrent liabilities.

The net value of property, plant and equipment pledged as collateral totalled EUR 116.6m (previous year: EUR 116.6m).

26. Reconciliation of property, plant and equipment

2010/11 financial year EURm	Land and buildings	Transmission pipelines	Technical equipment	Meters	Other plant, tools and equipment	Prepayments and equipment under construction	Total
Gross value on 9/30/2010	**649.0**	**2,964.3**	**1,934.4**	**185.3**	**229.1**	**316.8**	**6,278.9**
Currency translation differences	0.2	0.4	–0.6	0.1	0.0	–3.2	–3.2
Additions	17.8	108.0	68.1	8.4	14.9	187.6	404.8
Disposals	–5.3	–7.3	–17.5	–4.4	–26.8	–19.3	–80.7
Transfers	10.5	69.7	29.4	0.7	1.7	–109.7	2.3
Gross value on 9/30/2011	**672.1**	**3,135.1**	**2,013.8**	**190.0**	**218.9**	**372.2**	**6,602.1**
Accumulated amortisation 9/30/2010	**–295.6**	**–1,608.1**	**–1,254.5**	**–113.0**	**–178.6**	**–10.9**	**–3,460.7**
Currency translation differences	–0.1	–0.2	0.0	0.0	0.0	0.0	–0.3
Scheduled depreciation	–17.6	–91.3	–68.3	–12.8	–18.7	0.0	–208.7
Impairment losses	–12.2	–0.4	–35.6	0.0	–0.5	–2.3	–51.1
Disposals	4.8	6.6	16.3	4.1	26.5	3.2	61.4
Transfers	0.2	–0.4	–3.6	0.0	0.0	0.0	–3.8
Accumulated amortisation 9/30/2011	**–320.4**	**–1,693.9**	**–1,345.7**	**–121.7**	**–171.3**	**–10.1**	**–3,663.1**
Net value on 9/30/2010	**353.4**	**1,356.2**	**679.9**	**72.3**	**50.6**	**305.8**	**2,818.2**
Net value on 9/30/2011	**351.7**	**1,441.2**	**668.1**	**68.3**	**47.6**	**362.0**	**2,938.9**

2009/10 financial year EURm	Land and buildings	Transmission pipelines	Technical equipment	Meters	Other plant, tools and equipment	Prepayments and equipment under construction	Total
Gross value on 9/30/2009	**608.2**	**2,735.8**	**1,767.8**	**177.6**	**223.7**	**420.9**	**5,934.0**
Currency translation differences	–0.7	–1.4	–0.0*)	–0.1	–0.2	–0.9	–3.3
Changes in the scope of consolidation	0.1	–	–	–	–	2.9	3.0
Additions	8.8	122.7	58.7	8.2	16.0	172.7	387.2
Disposals	–2.2	–12.3	–5.7	–5.9	–13.1	–0.9	–40.2
Transfers	34.7	119.5	113.6	5.5	2.8	–278.0	–1.8
Gross value on 9/30/2010	**649.0**	**2,964.3**	**1,934.4**	**185.3**	**229.1**	**316.8**	**6,278.9**
Accumulated amortisation 9/30/2009	**–279.1**	**–1,538.2**	**–1,188.4**	**–102.7**	**–172.4**	**–0.2**	**–3,281.0**
Currency translation differences	0.3	0.8	0.7	0.0*)	0.1	–	2.0
Scheduled depreciation	–17.5	–87.9	–64.1	–15.5	–19.6	–	–204.6
Impairment losses	–0.2	–	–1.1	–	–	–10.8	–12.2
Disposals	0.9	12.2	3.9	5.2	12.8	0.1	35.1
Transfers	0.0*)	5.0	–5.5	–0.1	0.5	–	0.0*)
Accumulated amortisation 9/30/2010	**–295.6**	**–1,608.1**	**–1,254.5**	**–113.0**	**–178.6**	**–10.9**	**–3,460.7**
Net value on 9/30/2009	**329.1**	**1,197.6**	**579.4**	**74.9**	**51.3**	**420.7**	**2,653.1**
Net value on 9/30/2010	**353.4**	**1,356.2**	**679.9**	**72.3**	**50.6**	**305.8**	**2,818.2**

*) small amount

27. Investments in equity accounted investees and other investments

The investments in equity accounted investees included in the consolidated financial statements at equity are listed in the Notes under the item "EVN's Investments", starting on page 112.

All investments in equity accounted investees were recognised at their proportional share of IFRS income or loss based on an interim or annual report with a balance sheet date that does not precede the balance sheet date of EVN AG by more than three months.

There were no listed market prices for the investments in equity accounted investees.

The item "Total other investments" includes investments in affiliates and associates, which are not consolidated due to immateriality, as well as investments entailing a stake of less than 20.0%, provided these investments were not included at equity.

Additions mainly comprise the acquisition for VERBUND-Innkraftwerke GmbH as well as the equity payments for STEAG-EVN Walsum, Devoll Hydropower, Shkodra and WEEV Beteiligungs GmbH.

The item "Miscellaneous investments" included shares in listed companies with a market value of EUR 869.4m (previous year: EUR 1,054.9m). The other investments included in this item of the consolidated statements of financial position, which amount to EUR 23.0m (previous year: EUR 22.8m) and are reported at amortised cost less impairment losses, involve shares in companies which are not traded on an active market, i.e. which are not freely tradable.

Group net profit for the period did not include any income from the disposal of financial assets classified as "AFS".

In the 2010/11 financial year, impairment losses for investments in equity accounted investees totalling EUR 23.1m (previous year: EUR 0.0m) concerned adjustments at Shkodra due to a reduced forecast regarding revenues out of Certified Emission Reductions (CERs). Impairment losses for miscellaneous investments totalling EUR 185.5m (previous year: impairment losses of EUR 330.9m) concerned adjustments to changed fair values and share prices, which were offset against the valuation reserve according to IAS 39 after deducting deferred taxes. Group net profit for the period included EUR 0.2m (previous year: EUR 0.8m) of impairment losses of investments in affiliates.

The stake in ZOV (equity attributable to EVN as at September 30th, 2011: EUR 67.5m; previous year: EUR 59.3m) was assigned to the lending banks.

27. Reconciliation of investments in equity accounted investees and other investments

EURm	Investments in equity accounted investees	Investments in affiliates	Miscellaneous investments	Total other investments
Gross value on 9/30/2010	**691.0**	**13.7**	**403.7**	**417.4**
Changes in the scope of consolidation	–	–	–	–
Additions	287.0	1.7	–	1.7
Disposals	–	–0.6	–0.6	–1.1
Transfers	–1.1	–	–	–
Gross value on 9/30/2011	**976.9**	**14.8**	**403.2**	**418.0**
Accumulated amortisation 9/30/2010	**43.0**	**–6.2**	**666.6**	**660.4**
Currency translation differences	–0.4	–	–	–
Impairment losses	–23.1	–0.2	–186.3	–186.5
Disposals	–	0.5	–	0.5
Proportional share of results	86.0	–	–	–
Dividends	–75.2	–	–	–
Changes in equity recognised directly in equity	–13.3	–	–	–
Transfers	–1.8	–	–	–
Accumulated amortisation 9/30/2011	**15.1**	**–5.9**	**480.3**	**474.4**
Net value on 9/30/2010	**734.0**	**7.5**	**1,070.3**	**1,077.8**
Net value on 9/30/2011	**992.1**	**8.9**	**883.5**	**892.4**

28. Other non-current assets

Securities reported under the item "Other non-current assets" mainly consist of shares in investment funds and serve to provide coverage for the provisions for pensions and obligations similar to pensions as required under Austrian tax law. The carrying amounts correspond to the fair value as at the balance sheet date. Additions and disposals resulted from the regrouping of assets during the 2010/11 financial year.

Of the loans receivable amounting to EUR 24.4m (previous year: EUR 22.0m), a total of EUR 2.8m (previous year: EUR 2.9m) had a remaining time to maturity of less than one year.

Lease receivables and accrued lease transactions result from the project business within the context of BOOT models. Receivables from executory production contracts amounted to EUR 330.8m (previous year: EUR 223.7m). Together with current revenue from production orders, this value is included as part of additions to lease receivables and accrued lease transactions. These additions also include capitalised borrowing costs of EUR 0.5m (previous year: EUR 0.3m). The capitalisation interest rate was 2.42%–5.72% (previous year: 1.63%–4.60%).

The receivables arising from derivative transactions include the positive fair values of interest and currency swaps.

The remaining other non-current assets consist primarily of deferred guarantee payments for non-current bank loans.

28. Reconciliation of other non-current assets

EURm	Other financial assets: Securities	Loans receivable	Other non-current assets: Lease receivables and accrued lease transactions	Receivables from derivative transactions	Non-current primary energy reserves	Remaining other non-current assets	Total
Gross value on 9/30/2010	**101.3**	**22.4**	**555.4**	**38.0**	**14.4**	**11.3**	**742.9**
Currency translation differences	–	–	–	–	–	–	–
Additions	34.2	4.0	107.2	38.8	–	1.1	185.3
Disposals	–40.2	–1.6	–47.1	–	–	–1.6	–90.5
Gross value on 9/30/2011	**95.3**	**24.8**	**615.6**	**76.8**	**14.4**	**10.8**	**837.6**
Accumulated amortisation 9/30/2010	**2.8**	**–0.4**	**–**	**–**	**–0.5**	**–**	**1.9**
Disposals	–1.0	–	–	–	–	–	–1.0
Revaluation	0.8	–	–	–	–	–	0.8
Accumulated amortisation 9/30/2011	**2.6**	**–0.4**	**–**	**–**	**–0.5**	**–**	**1.7**
Net value on 9/30/2010	**104.1**	**22.0**	**555.4**	**38.0**	**13.9**	**11.3**	**744.8**
Net value on 9/30/2011	**97.9**	**24.4**	**615.6**	**76.8**	**13.9**	**10.8**	**839.3**

The reconciliation of the future minimum lease payments to their present value is as follows:

28. Terms to maturity of non-current lease receivables and accrued lease transactions

	Remaining time to maturity as at 9/30/2010				Remaining time to maturity as at 9/30/2009			
EURm	< 1 year	> 1 year	> 5 years	Total	< 1 year	> 1 year	> 5 years	Total
Interest components	25.4	140.3	103.4	269.0	29.5	127.2	31.2	187.8
Principal components	47.3	256.1	312.2	615.6	49.3	326.9	179.2	555.4
Total	**72.7**	**396.4**	**415.6**	**884.6**	**78.8**	**454.1**	**210.3**	**743.2**

The total of the principal components corresponds to the capitalised value of the lease receivables and accrued lease transactions.

The interest components correspond to the proportionate share of the interest component in the total lease payment, and do not represent discounted amounts. The interest components of lease payments in the 2010/11 financial year were largely reported as interest income on non-current financial assets.

Current assets

29. Inventories

Primary energy reserves are mainly comprised of coal supplies.

The emission certificates relate exclusively to certificates previously purchased to fulfil the requirements of the Austrian Emission Certificate Act but which have not yet been used. The corresponding obligation for any shortfall in the certificates is reported under current provisions (see note 46. Current provisions).

29. Inventories EURm	2010/11	2009/10
Primary energy reserves	45.0	70.2
Emission certificates	2.5	4.2
Raw materials, supplies, consumables and other inventories	24.6	28.5
Customer orders not yet invoiced	34.3	32.8
Total	**106.3**	**135.7**

The inventory risk resulting from low inventory turnover was reflected in an increase in valuation adjustment of EUR 0.2m (previous year: increase in value adjustment of EUR 0.7m, which was primarily driven by the market valuation of the coal stockyard). This write-down was contrasted by write-ups amounting to EUR 1.8m (previous year: EUR 2.1m). The inventories were not subject to any limitations on disposal, nor were they subject to other encumbrances.

30. Trade and other receivables

Trade accounts receivable relate mainly to electricity, gas and heating customers.

The risk of insolvency by dubious customers was accounted for by an allowance of EUR 159.8m (previous year: EUR 135.7m). The allowance of receivables primarily concern South East Europe. Generally speaking, write-offs of receivables are only possible there once a court decision has been issued. Hence the amount of allowance increases over time due to the relatively long waiting period caused by the high number of pending court cases.

Receivables from investments in equity accounted investees and affiliates arise primarily from Intra-Group transactions related to energy supplies as well as Group financing and services to non-consolidated subsidiaries.

Receivables from partners within EnergieAllianz are receivables from customers, which are carried out by EnergieAllianz acting in the name of partners within EnergieAllianz.

Receivables arising from derivatives mainly comprised the positive fair values of energy swaps and interest swaps.

Other receivables and assets consist mainly of receivables related to settlement payments for electricity futures, receivables from insurance as well as prepayments made.

The net value of trade and other receivables pledged as collateral for own liabilities totalled EUR 23.2m (previous year: EUR 23.2m).

30. Trade and other receivables	EURm	2010/11	2009/10
Financial assets			
Trade accounts receivable		310.3	318.3
Receivables from investments in equity accounted investees		89.7	85.9
Receivables from partners within EnergieAllianz		10.8	12.0
Receivables from affiliates		4.3	10.7
Receivables from employees		8.8	8.9
Receivables arising from derivative transactions		4.4	6.8
Other receivables and assets		33.0	44.3
		461.3	**487.0**
Other receivables			
Tax receivables		18.4	19.0
		18.4	**19.0**
Total		**479.7**	**506.0**

31. Securities

The structure of the securities portfolio at the balance sheet date is as follows:

31. Composition of securities	EURm	2010/11	2009/10
Funds		53.7	219.5
Cash funds		47.2	211.3
Other fund products		6.5	8.1
Fixed income securities		4.1	4.3
Shares		0.0*)	0.0*)
Total		**57.9**	**223.8**

*) small amount

In addition to a gain of EUR 1.5m (previous year: gain of EUR 0.4m) on the sale of securities, an impairment of EUR 1.3m (previous year: impairment of EUR 4.1m) was recognised in the reporting period in Group net profit to reflect the decline in stock prices.

Liabilities

Equity

The development of equity in the 2010/11 and 2009/10 financial years is presented on page 63.

32. Share capital

EVN AG's share capital amounts to EUR 330.0m (previous year: EUR 300.0m). It is comprised of a total of 179,848,402 (previous year:163,525,820) zero par value bearer shares.

With the Supervisory Board's approval, the Executive Board of EVN AG resolved on October 27th, 2010 to carry out a capital increase from authorized capital through the issuance of 16,352,582 new ordinary no-par value bearer shares at a subscription ratio of 10:1. The subscription price was set at EUR 11.0 per share, which resulted in net proceeds of about EUR 175.5m after deducting transaction costs.

33. Share premium and capital reserves

The share premium and capital reserves comprise restricted capital reserves of EUR 195.6m (previous year: 50.2m) from capital increases in accordance with Austrian stock corporation law as well as unrestricted capital reserves of EUR 57.9m (previous year: EUR 58.1m) in accordance with Austrian stock corporation law.

34. Retained earnings

Retained earnings of EUR 1,925.5m (previous year: EUR 1,808.0m) contain the proportional share of the retained earnings attributable to EVN AG and all other consolidated companies from the date of initial consolidation as well as of business combinations achieved in stages. The latter was still shown as a separate item of equity in the previous period.

Dividends are based on the profit of EVN AG reported in its annual financial statements. It developed as follows:

34. Reconciliation of EVN AG's profit for the period	EURm
Reported profit for the period 2010/11	**73.6**
Retained earnings from the 2009/10 financial year	0.2
Distributable profit for the period	**73.8**
Proposed dividend	–73.6
Retained earnings for the 2011/12 financial year	0.2

The proposed dividend of EUR 0.41 per share for the 2010/11 financial year, which will be recommended to the Annual General Meeting, is not included under liabilities.

The 82nd Annual General Meeting on January 20th, 2011 approved the proposal of both the Executive Board and the Supervisory Board to pay a dividend of EUR 71.8m or EUR 0.40 per share to the shareholders of EVN AG for the 2009/10 financial year. The dividend payment to shareholders was made on January 28th, 2011.

35. Valuation reserve according to IAS 39

The valuation reserve according to IAS 39 contains changes in the fair value of other investments and cash flow hedges, as well as the proportional share of changes in the equity of investments in equity accounted investees.

35. Valuation reserve according to IAS 39

EURm	2010/11 Before tax	2010/11 Tax	2010/11 After tax	2009/10 Before tax	2009/10 Tax	2009/10 After tax
Results recognised directly in equity from						
Fair value of other investments	480.9	–120.2	360.6	666.4	–166.6	499.8
Cash flow hedges	–10.7	2.7	–8.0	–3.7	1.0	–2.7
Investments in equity accounted investees	–35.9	–	–35.9	–23.3	–	–23.3
Total	**434.2**	**–117.5**	**316.7**	**639.4**	**–165.6**	**473.8**

36. Treasury shares

The acquisition of the treasury shares held as at the balance sheet date, in the amount of 398,260 shares (0.22% of share capital; September 30th, 2010: 467,328 shares, or 0.29% of share capital) at a total purchase price of EUR 6.0m and a market value of EUR 4.3m as at the balance sheet date (September 30th, 2010: purchase price EUR 7.0m and market value EUR 5.4m) was carried out entirely under the authority of the share buyback programme authorised by the 79th Annual General Meeting of EVN AG on January 17th, 2008. This programme was terminated prematurely because a new share buyback programme was approved by the 80th Annual General Meeting of EVN AG on January 15th, 2009. The new authorisation has not been exercised to date. In the financial year 2010/11 a total of 69,068 treasury shares were sold so that they could be issued in lieu of a special payment called for under a company agreement.

The number of outstanding shares thus developed as follows:

36. Reconciliation of the number of outstanding shares

	Zero par value shares	Treasury shares	Outstanding shares
9/30/2009	**163,525,820**	**–534,864**	**162,990,956**
Disposal of treasury shares	–	67,536	67,536
9/30/2010	**163,525,820**	**–467,328**	**163,058,492**
Increase in capital stock	16,352,582	–	16,352,582
Disposal of treasury shares	–	69,068	69,068
9/30/2011	**179,878,402**	**–398,260**	**179,480,142**

The weighted average number of outstanding shares, which is used as the basis for calculating the earnings per share, amounts to 178,059,870 shares (previous year: 163,001,346 shares).

EVN AG is not entitled to any rights arising from the ownership of treasury shares. In particular, these shares are not entitled to dividends.

37. Non-controlling interests

This item "Non-controlling interests" comprises the non-controlling interests in the equity of fully consolidated subsidiaries.

Non-current liabilities

38. Non-current loans and borrowings

The item "Non-current loans and borrowings" is comprised of the following at the balance sheet date:

38. Breakdown of non-current loans and borrowings

	Nominal interest rate (%)	Term	Nominal amount	Carrying amount 9/30/2011 (EURm)	Carrying amount 9/30/2010 (EURm)	Fair value 9/30/2011 (EURm)
Bonds	–	–	–	609.7	835.3	660.2
JPY bond	5.200	1994–2014	JPY 8.0bn	80.1	73.3	86.4
EUR bond	5.250	2001–2011	EUR 257.4m	–	266.4	–
CHF bond	3.625	2009–2014	CHF 250.0m	205.4	188.0	218.7
EUR bond	5.000	2009–2016	EUR 28.5m	28.3	28.3	31.2
EUR bond	5.250	2009–2017	EUR 150.0m	148.6	148.4	167.7
EUR bond	5.250	2009–2019	EUR 30.0m	29.4	29.4	33.9
JPY bond	3.130	2009–2024	JPY 12.0bn	117.9	101.7	122.3
Bank loans	1.00–8.77	bis 2031	–	981.5	891.1	981.5
Total	**–**	**–**	**–**	**1,591.3**	**1,726.4**	**1,641.7**

The maturity structure of the non-current loans and borrowings is as follows:

38. Maturity of non-current loans and borrowings

	Remaining time to maturity as at 9/30/2011			Remaining time to maturity as at 9/30/2010		
TEUR	< 5 years	> 5 years	Total	< 5 years	> 5 years	Total
Bonds	313.8	295.9	609.7	527.6	307.7	835.3
Thereof fixed interest	233.7	178.1	411.7	246.6	206.0	452.6
Thereof variable interest	80.1	117.9	198.0	281.0	101.7	382.7
Bank loans	564.3	417.2	981.5	494.8	396.4	891.1
Thereof fixed interest	394.8	300.9	695.6	345.8	262.2	608.0
Thereof variable interest	169.6	116.3	285.9	148.9	134.2	283.1
Total	**878.1**	**713.1**	**1,591.3**	**1,022.3**	**704.1**	**1,726.4**

Bonds

All bonds are repayable upon maturity. In March of the past financial year, EVN's own bonds at a nominal value of EUR 5.5m which were due on December 14th, 2011 were bought back ahead of schedule. No buybacks were carried out in the previous year.

The foreign currency bonds are hedged by means of cross currency swaps.

Measurement is at amortised cost. Liabilities in foreign currencies were translated at the exchange rate in effect on the balance sheet date. In accordance with IAS 39, hedged liabilities were adjusted to reflect the corresponding change in the fair value of the hedged risk in cases where hedge accounting was applied. The resulting change in bonds was largely offset by a corresponding development in the fair values of the swaps.

The fair value was calculated on the basis of available market information on the respective bond prices and the exchange rate as at the balance sheet date.

Bank loans

The loans consist of borrowings from banks, which are subsidised in part by interest and redemption grants from the Austrian Environment and Water Industry Fund. The non-recourse liabilities incurred by project companies against EVN AG were EUR 366.0m as at September 30th, 2011 (previous year: EUR 394.5m).

EVN signed a syndicated revolving credit facility of EUR 600.0m through EVN Finance B.V. on September 12th, 2006, which has a term to maturity of seven years (2006–2013). This credit line was available to EVN in full as at the balance sheet date, as in the previous year. In July 2011 EVN contractually agreed upon several bilateral lines of credit totalling EUR 165.0m with credit periods of three to seven years. These lines of credit were unused and thus fully available to EVN at the reporting date.

Deferred interest expenses are included under other current liabilities.

39. Deferred tax liabilities

39. Deferred taxes EURm	2010/11	2009/10
Deferred tax assets		
Employee-related provisions	–26.6	–26.1
Tax loss carryforwards	–21.1	–9.0
Other deferred tax assets	–18.1	–13.6
Deferred tax liabilities		
Non-current assets	84.6	83.2
Financial instruments	135.9	178.0
Other deferred tax liabilities	12.6	8.1
Total	**167.2**	**220.6**
Thereof deferred tax assets	–9.7	–6.5
Thereof deferred tax liabilities	177.0	227.1

The deferred taxes developed as follows:

39. Changes in deferred taxes EURm	2010/11	2009/10
Deferred taxes on 10/1/2010	**220.6**	**305.9**
– Changes in the scope of consolidation/Changes through business combinations	3.5	–0.0*)
– Changes in deferred taxes recognised through profit and loss	–7.3	–4.0
– Changes in deferred taxes recognised directly in equity	–48.1	–81.2
– Changes in deferred taxes out of increase in capital stock	–1.5	–
Deferred taxes on 9/30/2011	**167.2**	**220.6**

*) small amount

Deferred tax assets totalling EUR 3.8m (previous year: EUR 3.7m) on loss carryfowards that are not expected to be reversed within a foreseeable period were not recognised.

40. Non-current provisions

40. Non-current provisions EURm	2010/11	2009/10
Provisions for pensions	213.8	217.0
Provisions for obligations similar to pensions	19.2	18.4
Provisions for severance payments	77.4	75.6
Other non-current provisions	126.4	139.0
Total	**436.9**	**450.0**

The amounts reported for the provisions for pensions and for obligations similar to pensions as well as provisions for severance payments were generally calculated on the basis of the following parameters:

- Interest rate of 5.00% p.a. (previous year: 4.75% p.a.)
- Remuneration increases of 4.00% p.a. and of 3.00% p.a. in subsequent years
  (previous year: remuneration increases of 2.50% p.a., and of 3.00% p.a. in subsequent years)
- Pension increases of 4.00% p.a. and of 3.00% p.a. in subsequent years
  (previous year: pension increases of 2.50% p.a., and of 3.00% p.a. in subsequent years)
- Austrian pension tables ("Rechnungsgrundlagen AVÖ 2008-P – Rechnungsgrundlagen
  für die Pensionsversicherung – Pagler &Pagler") used pursuant to the previous year

40. Reconciliation of provisions for pensions and obligations similar to pensions	EURm	2010/11	2009/10
Present value of pension obligations (DBO) on October 1		**253.7**	**239.0**
+ Service costs		1.8	1.5
+ Interest paid		12.1	13.2
– Pension payments		–17.6	–17.6
+/– Actuarial loss/gain		–1.9	17.6
Present value of pension obligations (DBO) on September 30		**248.2**	**253.7**
Provisions for pensions and obligations similar to pensions on September 30		**233.1**	**235.4**
– Deficit of provisions compared to the DBO value on September 30	%	–6.1	–7.2

40. Reconciliation of the provision for severance payments	EURm	2010/11	2009/10
Present value of severance payment obligations (DBO) on October 1		**74.8**	**69.7**
– Currency translation differences		0.0*)	–0.0*)
+ Service costs		2.8	4.3
+ Interest paid		3.0	3.9
– Severance payments		–6.0	–7.7
+/– Actuarial loss/gain		1.7	4.7
Present value of severance payment obligations (DBO) on September 30		**76.2**	**74.8**
Provisions for severance payments on September 30		**77.4**	**75.6**
+ Excess of provisions compared to the DBO value on September 30	%	1.6	1.0

*) small amount

40. Reconciliation of other non-current provisions

EURm	Service anniversary bonuses	Cooperation agreements	Rents for network access	Legal risks	Environmental, waste and other obligatory risks	Other non-current provisions	Total
Carrying amount on 10/1/2010	**18.4**	**39.8**	**17.9**	**8.3**	**48.4**	**6.2**	**139.0**
Currency translation differences	–	–	–	–	–	–	–
Interest paid	0.8	2.4	0.2	0.1	–0.6	0.1	3.0
Use	–1.5	–3.5	–2.6	–6.3	–1.9	–4.3	–18.2
Additions	1.0	–	–	1.4	–	1.8	2.3
Transfers	–	–	–	–	–	0.3	0.3
Carrying amount on 9/30/2011	**18.7**	**38.7**	**15.5**	**3.4**	**46.0**	**4.2**	**126.4**

The provisions for cooperation agreements contain obligations to associates under existing contracts. Rents for network access involve provisions for rents to gain access to third-party facilities in Bulgaria. Various legal proceedings and lawsuits, which for the most part arise from operating activities and are currently pending, are reported under legal risks. Environmental, waste and other obligatory risks primarily encompass the estimated costs for demolition or disposal as well as provisions for environmental risks and risks related to contaminated sites and other obligations.

41. Deferred income from network subsidies

The item "Deferred income from network subsidies" developed as follows:

41. Deferred income from network subsidies	EURm	Construction subsidies	Investment subsidies	Total
Carrying amount on 10/1/2010		**356.6**	**41.4**	**397.9**
Currency translation differences		0.1	–	0.1
Additions		66.1	6.0	72.1
Reversal		–29.4	–2.8	–32.1
Carrying amount on 9/30/2011		**393.4**	**44.5**	**437.9**

Of the total subsidies, EUR 405.8m (previous year: EUR 365.9m) will not be recognised as income within one year.

42. Other non-current liabilities

Leases chiefly concern the long-term utilisation of heating networks and heating generation plants.

The accruals of financial instruments relate to present value advantages from lease-and-lease-back transactions in connection with electricity procurement rights in Danube power plants.

Liabilities from derivative transactions include the negative fair values in connection with hedging transactions, which are partially offset by the corresponding development in bonds.

The other liabilities mainly refer to future lease payments under finance leases.

42. Other non-current liabilities

EURm	2010/11	2009/10
Leases	32.0	34.8
Accruals of financial instruments	17.0	5.0
Liabilities from derivative transactions	11.4	10.4
Remaining other non-current liabilities	8.4	12.9
Total	**68.9**	**63.1**

42. Term to maturity of other non-current liabilities

	Remaining time to maturity as at 9/30/2011			Remaining time to maturity as at 9/30/2010		
EURm	< 5 years	> 5 years	Total	< 5 years	> 5 years	Total
Leases	11.9	20.1	32.0	12.3	22.4	34.8
Accruals of financial instruments	8.4	8.6	17.0	3.4	1.5	5.0
Liabilities from derivative transactions	4.8	6.7	11.4	4.8	5.7	10.4
Remaining other non-current liabilities	4.8	3.7	8.4	9.8	3.1	12.9
Total	**29.9**	**39.0**	**68.9**	**30.3**	**32.8**	**63.1**

Current liabilities

43. Current loans and borrowings

Bank overdrafts are included under cash and cash items in the consolidated statements of cash flows.

43. Current loans and borrowings

EURm	2010/11	2009/10
Loan from Oesterreichische Kontrollbank AG	21.4	170.8
Bond	257.7	–
Bank overdrafts and other current loans	34.2	34.4
Total	**311.6**	**205.2**

The bond obligation is due in December 2011, and was thus reclassified from non-current to current loans and borrowings. As a result fixed financial liabilities of EUR 81.6m and variable financial liabilities amounting to EUR 176.1m are expected.

44. Taxes payable

The item "Taxes payable" as at the balance sheet date is comprised of the following:

44. Taxes payable

EURm	2010/11	2009/10
Energy taxes	36.7	24.4
Value added tax	19.8	23.6
Corporate income tax	14.4	9.6
Other taxes and duties	11.9	5.4
Total	**82.6**	**63.0**

45. Trade payables

Trade payables include obligations resulting from outstanding invoices amounting to EUR 158.6m (previous year: EUR 124.2m).

46. Current provisions

The provisions for personnel entitlements comprise special payments not yet due and outstanding leave as well as liabilities resulting from an early retirement programme in which employees can participate on a voluntary basis. The provisions for legally binding agreements on the balance sheet date are EUR 2.7m (previous year: EUR 1.9m).

Impending losses include provisions for sales-related transactions in connection with power plants and with the sale of energy.

46. Reconciliation of current provisions

EURm	Personnel entitlements	Impending losses	Restructuring	Other current provisions	Total
Carrying amount on 10/1/2010	**58.4**	**47.3**	**2.0**	**13.0**	**120.6**
Currency translation differences	–	–	–	–	–
Use	–27.9	–42.0	–2.0	–10.5	–83.6
Additions	29.5	3.8	–	11.2	45.9
Transfers	1.1	–	–	–2.9	–1.8
Carrying amount on 9/30/2011	**61.2**	**9.1**	–	**10.7**	**80.8**

47. Other current liabilities

Liabilities to investments in equity accounted investees primarily refer to liabilities to e&t for the distribution and procurement of electricity.

The liabilities to affiliates relate to affiliates not fully consolidated as well as to balances with joint ventures which are included on a proportionate basis.

Liabilities to partners within EnergieAllianz arise from invoicing customers' receivables, which are carried out by EnergieAllianz acting in the name of partners within EnergieAllianz.

Liabilities arising from derivative transactions mainly include the negative fair values of energy swaps.

The other financial liabilities consist primarily of liabilities relating to employees, sureties received as well as compensation payments for electricity futures.

Prepayments received served to cover the costs of electricity, gas and heating supplies, and the installation of customer equipment.

The liabilities relating to social security contributions comprise liabilities to social insurance institutions.

47. Other current liabilities

EURm	2010/11	2009/10
Financial liabilities		
Liabilities to investments in equity accounted investees	15.0	15.1
Liabilities to affiliates	7.2	16.8
Liabilities to partner within EnergieAllianz	6.0	16.8
Deferred interest expenses	9.5	9.0
Liabilities arising from derivative transactions	–	0.5
Other financial liabilities	37.5	29.4
	75.1	**87.6**
Other liabilities		
Prepayments received	51.8	14.4
Liabilities relating to social security	12.5	11.2
	64.3	**25.6**
Total	**139.4**	**113.2**

Notes to the Consolidated Statements of Operations

48. Revenue

The revenues of the individual business segments developed as follows:

48. Revenue EURm	2010/11	2009/10
Revenue Generation	24.1	25.6
Revenue Network Infrastructure Austria	423.5	428.9
Revenue Energy Trade and Supply	1,113.5	1,139.3
Revenue Energy Supply South East Europe	834.2	862.2
Revenue Environmental Services	329.8	268.7
Revenue Strategic Investments and Other Business	4.0	27.4
Total	**2,729.2**	**2,752.1**

Revenues included income of EUR 119.4m (previous year: EUR 78.4m) from contractual work on international projects in connection with BOOT models (see note 28. Other non-current assets).

49. Other operating income

Other operating income consists primarily of subsidies and grants as well as the sale of goods and services unrelated to EVN's business operations.

49. Other operating income EURm	2010/11	2009/10
Change in work in progress	32.1	32.1
Income from the reversal of deferred income from network subsidies	19.0	–2.0
Own work capitalized	17.7	16.0
Interest on late payments	12.3	5.6
Insurance compensation	5.3	4.9
Rental income	3.2	2.4
Income from the reversal of provisions	0.6	0.9
Income from the disposal of intangible assets and property, plant and equipment	–0.1	0.5
Miscellaneous operating income	11.4	9.4
Total	**101.6**	**69.7**

In the 2010/11 financial year there was a change in the reporting of payments for customer orders, which resulted in an increase in the change in work in progress compared to the previous year.

50. Cost of materials and services

The cost of "electricity purchases from third parties and primary energy" mainly comprised gas and electricity procurement costs as well as the costs of EUR 3.0m (previous year: EUR 1.0m) for the purchase of additional certificates during the reporting period due to the insufficient allocation of free emission certificates.

The cost of "third-party services and other materials and services" were related primarily to the project business of the environmental services area as well as services for the operation and maintenance of plants. This item also includes costs directly attributable to the required services.

50. Cost of materials and services EURm	2010/11	2009/10
Electricity purchases from third parties and primary energy expenses	1,505.7	1,600.0
Third-party services and other materials and services	373.9	314.5
Total	**1,879.7**	**1,914.5**

51. Personnel expenses

Personnel expenses include payments of EUR 5.3m (previous year: EUR 5.1m) to EVN-Pensionskasse as well as contributions of EUR 0.5m (previous year: EUR 0.3m) to EVN pension funds.

51. Personnel expenses EURm	2010/11	2009/10
Salaries and wages	236.7	235.4
Severance payments	9.9	13.5
Pension costs	19.4	21.8
Compulsory social security contributions and payroll-related taxes	48.9	48.7
Other employee-related expenses	8.5	9.8
Total	**323.3**	**329.2**

In the 2010/11 financial year a reclassification of out-of-pocket travelling expenses occurred. They are now presented under other operating expenses.

The average number of employees was as follows:

51. Employees by business unit Annual average	2010/11	2009/10
Generation	185	147
Network Infrastructure Austria	1,284	1,321
Energy Trade and Supply	448	259
Energy Supply South East Europe	5,304	5,630
Environmental Services	572	524
Strategic Investments and Other Business	457	656
Total	**8,250**	**8,536**

The average number of employees comprised 7,945 white-collar workers and 305 blue-collar workers (previous year: 8,208 white-collar workers and 328 blue-collar workers).

Employees from proportionately consolidated companies were included in accordance with the stake held by EVN.

52. Depreciation and amortisation

The procedure used for impairment testing is described under the valuation methods in note 21. Procedures and effects of impairment tests.

52. Depreciation and amortisation by items of the consolidated statements of financial position EURm	2010/11	2009/10
Amortisation of intangible assets	24.2	12.5
Revaluation of intangible assets[1]	–31.2	–
Depreciation of property, plant and equipment	259.8	216.8
Total	**252.8**	**229.3**

52. Depreciation and amortisation EURm	2010/11	2009/10
Scheduled depreciation and amortisation	223.7	217.1
Impairment losses[1]	60.3	12.2
Revaluation[1]	–31.2	–
Total	**252.8**	**229.3**

1) For details, see note 25. Intangible assets and 26. Property, plant and equipment

53. Other operating expenses

53. Other operating expenses EURm	2010/11	2009/10
Write-off of receivables	35.6	44.2
Legal and consulting fees, expenses related to risks of legal proceedings	22.3	18.0
Business operation taxes and duties	15.0	14.8
Advertising expenses	13.3	11.3
Telecommunications and postage	11.9	11.2
Transportation and travelling expenses, automobile expenses	11.8	9.0
Insurance	8.5	9.7
Maintenance	4.8	4.6
Rents	4.6	1.9
Employee training	2.6	2.7
Miscellaneous other operating expenses	25.9	34.2
Total	**156.3**	**161.5**

The item "Legal and consulting fees, expenses related to risk of legal proceedings" also contains changes in the provision for legal proceedings, the item "rents" changes in the provision for rents for network access. "Miscellaneous operating expenses" are comprised of expenses for environmental protection, fees for monetary transactions, licensing and membership fees as well as administrative and office expenses.

54. Financial results

54. Financial results EURm	2010/11	2009/10
Income from investments		
RAG[1]	60.4	44.3
EconGas	4.4	9.3
ZOV; ZOV UIP	10.8	11.7
BEWAG; BEGAS[2]	9.4	–3.1
Shkodra	–21.4	0.3
Other companies	–0.7	–0.8
Income from investments in equity accounted investees	**62.9**	**61.6**
Dividend payments	27.4	55.9
Thereof VERBUND AG	22.1	50.1
Thereof other companies	5.3	5.8
Write-down	–1.0	–0.8
Miscellaneous	0.1	–0.4
Gain from other investments	**26.6**	**54.7**
Total income from investments	**89.4**	**116.3**
Interest results		
Interest income on non-current financial assets	31.2	33.6
Other interest income	6.4	3.9
Total interest income	**37.6**	**37.5**
Interest expense on non-current financial assets	–72.4	–64.3
Other interest expense	–6.3	–5.1
Total interest expense	**–78.8**	**–69.4**
Total interest results	**–41.1**	**–31.9**
Other financial results		
Results of valuation gains/losses and disposals of current financial assets ("HFT")	–3.5	3.6
Results of valuation gains/losses and disposals of non-current securities ("@FVTPL")	0.2	–3.6
Other financial results	–3.1	–0.8
Total other financial results	**–6.5**	**–0.8**
Financial results	**41.8**	**83.6**

1) Indirectly held through RBG
2) A stake of 49.0% in each of BEWAG and BEGAS is indirectly held through BUHO.

The income from investments in equity accounted investees is comprised chiefly of profit contributions as well as depreciation and amortisation relating to the acquisition of assets.

The at equity results of Shkodra includes an impairment loss of the valuation of EVN's stake to the amount of EUR 23.1m.

Interest income on non-current financial assets includes interest from investment funds that focus chiefly on fixed-interest securities as well as the continuous interest component of the leasing business. Other interest income generally relates to income on securities recorded under current assets.

Interest expense on non-current financial liabilities represents regular interest payments on issued bonds and non-current bank loans. Other interest expense includes expenses for current loans as well as leasing costs for biomass equipment, distribution and heating networks.

55. Income tax expense

55. Income tax expense EURm	2010/11	2009/10
Continuous income tax expense	35.2	46.2
Thereof Austrian companies	31.0	32.5
Thereof foreign companies	4.3	13.7
Deferred tax revenue	–7.3	–4.0
Thereof Austrian companies	–10.0	2.5
Thereof foreign companies	2.7	–6.6
Total	**27.9**	**42.1**

The reasons for the difference between the Austrian corporate income tax rate of 25.0% that applied in 2011 (previous year: 25.0%) and the recorded effective corporate income tax rate for the 2010/11 financial year in accordance with the consolidated statements of operations were as follows:

55. Calculation of the effective tax rate	2010/11 %	EURm	2009/10 %	EURm
Profit before income tax	–	**260.5**	–	**270.9**
Income tax rate/income tax expense at nominal tax rate	**25.0**	**65.1**	**25.0**	**67.7**
+/– Different corporate income tax rates in other countries	0.0	–0.1	0.6	1.6
– Tax-free income from investments	–11.0	–28.5	–13.3	–36.1
+ Revaluation of deferred taxes	0.7	1.8	1.4	3.7
– Write-offs according to tax law	–4.7	–12.2	–0.6	–1.6
– Other tax free income	–1.6	–4.1	–	–
+ Non-deductible expenses	1.6	4.1	1.8	5.0
+/– Aperiodic tax reductions/increases	0.5	1.2	0.8	2.2
–/+ Other items	0.4	0.7	–0.2	–0.5
Effective tax rate/effective income tax expense	**10.7**	**27.9**	**15.6**	**42.1**

The write-offs according to tax law in tax terms relate to the valuation of the equity investments held by EVN in TEZ Plovdiv and Shkodra which was carried out during the financial year.

The effective tax rate of EVN for the 2010/11 financial year in relation to the profit before income tax amounted to 10.7% (previous year: 15.6%). The effective tax rate represents the weighted average of the effective local corporate tax rates of all consolidated subsidiaries.

56. Earnings per share

Earnings per share were calculated by dividing Group net profit (= proportional share of profit attributable to EVN AG shareholders) by the weighted average number of ordinary shares outstanding, i.e. 178,059,870 (previous year: 163,001,364). This figure may be diluted by so-called potential shares arising from options or convertible bonds. However, since EVN did not have such potential shares, there was no difference between basic earnings per share and diluted earnings per share.

Group net profit amounted to EUR 189.7m for the 2010/11 financial year (previous year: EUR 207.0m). Calculated on this basis, earnings per share totalled EUR 1.07 (previous year: EUR 1.27).

Other information

57. Consolidated statements of cash flows

The consolidated statements of cash flows of EVN shows the changes in cash and cash items during the reporting year as a result of cash inflows and outflows.

The consolidated statements of cash flows is presented in accordance with the indirect method. Deductible expenses were added to and deductible income was subtracted from profit before tax.

Income tax payments of EUR 34.3m (previous year: EUR 35.5m) were reported separately under net cash flow from operating activities.

Dividends received, as well as interest received and interest paid, were allocated to gross cash flow. Cash flows from dividend payments received for the 2010/11 financial year totalled EUR 102.6m (previous year: EUR 110.5m). Interest received amounted to EUR 33.5m (previous year: EUR 35.2m), whereas interest paid totalled EUR 53.7m (previous year: EUR 51.2m).

Proceeds from the disposal of intangible assets and property, plant and equipment amounted to EUR 5.5m (previous year: EUR 2.9m). These proceeds resulted in a profit of EUR 0.1m (previous year: profit of EUR 0.5m).

Dividend payments of EUR 71.8m (previous year: EUR 60.3m) to EVN AG shareholders and of EUR 33.7m (previous year: EUR 22.5m) to non-controlling interests (those of RBG and BUHO) were reported under the net cash flow from financing activities.

The cash and cash equivalents received from business combinations amounted to EUR 0.8m (previous year: EUR 0.0m).

The share of cash and cash items held by companies included through proportionate consolidation amounted to EUR 12.9m (previous year: EUR 8.2m).

57. Cash and cash items EURm	2010/11	2009/10
Cash	143.4	123.5
Cash on hand	1.2	0.5
Cash at banks	142.2	123.0
Bank overdrafts	–30.8	–34.4
Total	**112.6**	**89.1**

58. Risk management

Interest rate risk

EVN defines interest rate risk as the threat posed by a negative change in prevailing interest rates, which could adversely affect interest income and expense as well as equity. In order to control interest rate risk, EVN works to achieve a balanced mix of fixed and variable-rate financial instruments. Risk is minimised through compliance with limits and hedging strategies, by entering into derivative financial instruments (see note 9. Financial instruments), as well as through ongoing monitoring of the interest rate risk. The valuation of these financial instruments distinguishes between those with fixed interest rates and those with variable interest rates.

Interest rate risk is monitored by EVN by way of a daily value at risk (VaR) calculation in which VaR is calculated with a 99.0% confidence level for a holding period of one day. A new Treasury Management System has been used by EVN since August 2011, which since its installation has resulted in slight methodical adjustments in the VaR calculation. Nevertheless, the value at risk is still calculated daily in accordance with the variance-covariance matrix, applying the delta-gamma approach. At the balance sheet date, the interest rate VaR, taking the employed hedging instruments into account, was EUR 4.4m (previous year: EUR 1.8m).

Foreign exchange risk

The risk of fluctuations in foreign exchange rates that may affect profit or loss arises for EVN from transactions carried out in currencies other than the Euro.

Foreign exchange risk may become consequential for receivables, liabilities, and cash and cash equivalents that are not held in the Group's functional currency. The most significant drivers of foreign exchange risk for EVN are the bonds issued in Japanese yen (JPY) and Swiss francs (CHF). Foreign exchange risk is managed by way of a central compilation, analysis and management of risk positions, and by hedging the bonds denominated in foreign currencies through cross currency swaps (see notes 38. Non-current loans and borrowings and 9. Financial instruments).

The foreign exchange VaR as at the balance sheet date, taking the hedging instruments into account, was EUR 0.01m (previous year: EUR 1.7m).

Other market risks

EVN defines other market risks as the risk of price changes resulting from market fluctuations in primary energy, electricity supply and procurement, and securities.

In EVN's energy trading activities, energy trading contracts are entered into for purposes of managing price risk. Price risks result from the procurement and sale of electricity, gas, coal, oil, biomass, and CO_2 certificates. Forward and future contracts and swaps are used to hedge these price risks.

58. Price hedging in the Energy business

	2010/11					2009/10				
	Nominal volumes		Fair values			Nominal volumes		Fair values		
EURm	Purchases	Disposals	Positive	Negative	Net	Purchases	Disposals	Positive	Negative	Net
Futures	44.5	–33.9	4.1	–3.5	0.5	97.1	–108.2	5.4	–11.9	–6.5
Forwards	231.3	–173.2	15.7	–17.3	–1.6	238.0	–208.3	18.7	–17.2	1.5

The sensitivity of measurement to market prices is discussed below. Sensitivity is calculated on the assumption that all other parameters remain unchanged. Furthermore, the derivatives concerned here are used as hedging instruments in the context of cash flow hedges. This examination does not include derivatives that are intended for purposes of the receipt or delivery of non-financial items in accordance with the company's expected purchase, sale, or usage requirements (own use), and which therefore are not to be reported as financial instruments in accordance with IAS 39.

In the event of a 10.0% change in market prices at the balance sheet date, the effects of the derivatives on equity would be EUR 16.5m (previous year: EUR 23.0m).

The price risk for securities results from fluctuations in the capital markets. The most significant securities positions held by EVN are its holdings of shares in VERBUND AG. The price risk VaR for the VERBUND AG shares held by EVN as at the balance sheet date was EUR 38.8m (previous year: EUR 35.3m).

Liquidity risk

The liquidity risk encompasses the risk that the company might not be able to raise the financial resources required to discharge liabilities on schedule. EVN minimises this risk on the basis of short-term and medium-term financial planning, setting limits and Group-wide cash pooling.

As at the balance sheet date, cash and short-term securities in the amount of EUR 57.9m were available to cover liquidity needs (previous year: EUR 223.8m). Moreover, EVN had contractually agreed and unused syndicated lines of credit at the reporting date to the amount of EUR 600.0m (previous year: unused lines of credit totalling EUR 600.0m) and contractually agreed and unused bilateral lines of credit amounting to EUR 165.0m (previous year: EUR 0.0m). Therefore the liquidity risk was extremely low. The gearing ratio as at the balance sheet date was 49.7% (previous year: 48.2%), demonstrating EVN's sound capital structure.

The nominal value of derivative financial liabilities in the financial year 2010/11 amounted to EUR 1,103.0m (previous year: EUR 886.0m). The total of EUR 23.0m (previous year: EUR 49.7m) in cash flows from interest breaks down into EUR –1.4m with a term of one year or less, EUR 27.5m with a term of one to five years, and EUR –3.0m with a term of more than five years.

58. Terms to maturity of non-current loans and borrowings

2010/11 financial year	EURm	Carrying value	Total payment flows	Contractually stipulated payment flows < 1 year	1–5 years	> 5 years
Bonds		609.7	733.4	27.4	367.3	338.8
Non-current bank loans		981.5	1,147.4	114.5	552.5	480.4
Total		**1,591.3**	**1,880.8**	**141.9**	**919.8**	**819.2**

2009/10 financial year	EURm	Carrying value	Total payment flows	Contractually stipulated payment flows < 1 year	1–5 years	> 5 years
Bonds		835.3	1,021.3	34.1	606.7	380.5
Non-current bank loans		891.1	1,128.7	123.9	509.1	495.7
Total		**1,726.4**	**2,150.0**	**158.0**	**1,115.8**	**876.2**

Credit risks

Credit or default risks arise from the potential non-satisfaction or deficient satisfaction of financial obligations by a business partner. To limit default risk, the company carries out credit assessments of its counterparties. External ratings (including Standard & Poor's, Moody's, and KSV 1870) of the counterparties are used for this purpose, and the business volume is limited in accordance with the rating and the probability of default. Sufficient collateral is required before a transaction is entered into if the partner's credit rating is inadequate.

Credit risk monitoring as the limiting of default risks is carried out for financial receivables in the treasury area (e.g. investments, financial and interest derivatives) as well as derivatives and forward transactions which, on the one hand, are concluded to hedge risks in connection with EVN's business operations in the energy business and on the other hand, for end customers and other debtors in the company's core business.

To reduce credit risk, hedging transactions are entered into only with major-name banks with good credit ratings. EVN likewise ensures that funds are deposited at banks with the best possible creditworthiness based on international ratings.

The default risk for customers is monitored separately at EVN, and customer creditworthiness is supported primarily by ratings and values derived from experience. EVN allows for credit risks by recognising specific bad debt allowances and general bad debt allowances.

58. Impairment losses by class

Write-offs/Value adjustments	EURm	9/30/2011	9/30/2010
Non-current assets			
Other investments		1.0	0.8
		1.0	**0.8**
Current assets			
Receivables		35.6	44.2
Securities		1.3	4.1
		36.9	**48.2**
Total impairment losses		**37.9**	**49.0**

The Group's maximum default risk for the items of the consolidated statements of financial position as at September 30th, 2011 and September 30th, 2010 are the same as the carrying amounts set forth in notes 28. Other non-current assets, 30. Receivables and other current assets and 31. Securities, excluding financial guarantees.

For derivative financial instruments, the maximum default risk is equal to the positive fair value (see note 59. Reporting of financial instruments).

The maximum risk in regard of financial guarantees is described in note 61. Other obligations and risks.

59. Reporting of financial instruments

As a rule, the fair value is the same as the listed trading price as at the balance sheet date. If that price is not available, fair value is calculated using methods of financial mathematics, for example by discounting expected cash flows at the prevailing market interest rates.

The fair value of shares in unlisted subsidiaries and other investments is based on discounted expected cash flows or comparable transactions. For financial instruments listed on an active market, the fair value is represented by the trading price as at the balance sheet date. For the most part, receivables, cash and cash equivalents, and current financial liabilities have short terms to maturity. For this reason, their carrying values at the balance sheet date correspond approximately to the fair values. The fair values of bonds are determined by means of the present value of the discounted future cash flows based on prevailing market interest rates.

59. Information on classes and categories of financial instruments

Classes EURm	Measurement category	Fair value hierarchy (according to IFRS 7.27 A)	9/30/2011 Carrying value	9/30/2011 Fair Value	9/30/2010 Carrying value	9/30/2010 Fair Value
Non-current assets						
Other investments						
Investments in affiliates	AFS	Level 2	8.9	8.9	7.5	7.5
Miscellaneous investments	AFS	Level 1	883.5	883.5	1,070.3	1,070.3
			892.4	**892.4**	**1,077.8**	**1,077.8**
Other non-current assets						
Securities	@FVTPL	Level 1	97.9	97.9	104.1	104.1
Loans receivable	LAR		24.4	24.4	22.0	22.0
Lease receivables and accrued lease transactions	LAR		615.6	615.6	555.4	555.4
Receivables arising from derivative transactions	Hedge Accounting	Level 1	76.8	76.8	38.0	38.0
Non-financial assets	–		24.6	–	25.2	–
			839.3	**814.7**	**744.8**	**719.6**
Current assets						
Current receivables and other current assets						
Trade and other receivables	LAR		456.9	456.9	480.2	480.2
Receivables arising from derivative transactions	Hedge Accounting	Level 1	4.4	4.4	6.8	6.8
Non-financial assets	–		18.4	–	19.0	–
			479.7	**461.3**	**506.0**	**487.0**
Securities	HFT		**57.9**	**57.9**	**223.8**	**223.8**
Cash and cash equivalents						
Cash on hand and cash at banks	LAR		143.4	143.4	123.5	123.5
			143.4	**143.4**	**123.5**	**123.5**
Non-current liabilities						
Non-current loans and borrowings						
Bonds	FLAC		609.7	660.2	835.3	902.5
Bank loans	FLAC		981.5	981.5	891.1	891.1
			1,591.3	**1,641.7**	**1,726.4**	**1,793.6**
Other non-current liabilities						
Leases	FLAC		32.0	32.0	34.8	34.8
Accruals of financial transactions	FLAC		17.0	17.0	5.0	5.0
Other liabilities	FLAC		8.4	8.4	12.9	12.9
Liabilities arising from derivative transactions	Hedge Accounting	Level 1	11.4	11.4	10.4	10.4
			68.9	**68.9**	**63.1**	**63.1**
Current liabilities						
Current loans and borrowings	FLAC		**311.6**	**311.6**	**205.2**	**205.2**
Trade payables	FLAC		**368.0**	**368.0**	**339.3**	**339.3**
Other current liabilities						
Other financial liabilities	FLAC		75.1	75.1	87.1	87.1
Liabilities arising from derivative transactions	Hedge Accounting	Level 1	–	–	0.5	0.5
Non-financial liabilities	–		64.3	–	25.6	–
			139.4	**75.1**	**113.2**	**87.6**
Aggregated to measurement categories						
Available for sale financial assets	AFS		892.4		1,077.8	
Loans and receivables	LAR		1,240.3		1,181.2	
Financial assets designated at fair value through profit or loss	@FVTPL		97.9		104.1	
Financial assets held for trading	HFT		57.9		223.8	
Financial liabilities at amortised cost	FLAC		2,403.4		2,410.7	

Derivative financial instruments
Derivative financial instruments are used primarily to hedge the company's liquidity, exchange rate, price and interest rate risks. The operative goal is to ensure the long-term continuity of the Group net profit. In individual cases, the Group also exploits opportunities that carry a higher risk but offer a larger profit. All derivative financial instruments are integrated in a risk management system as soon as the transactions are completed. This provides a daily overview of all main risk indicators. A separate staff unit has been established to monitor risk controlling and develop risk analyses based on the value-at-risk (VaR) method.

The nominal values represent the non-offset totals of all the items classified as financial derivatives on the balance sheet date. These are reference values which do not provide a measure of the risk incurred by the company through the use of these financial instruments. In particular, potential risk factors include fluctuations in the underlying market parameters and the credit risk of the contracting parties. The fair values of all derivative financial instruments are recognised.

Derivative financial instruments are comprised of the following:

59. Derivative financial instruments	9/30/2011 Nominal value[1]	9/30/2011 Fair value[2]	9/30/2010 Nominal value[1]	9/30/2010 Fair value[2]
Currency swaps				
CHFm (below 5 years)[3]	252.3	39.5	250.0	18.7
JPYm (below 5 years)[3]	8,000.0	14.6	8,000.0	7.7
JPYm (over 5 years)[3]	12,000.0	21.9	12,000.0	6.1
USDm (below 1 year)[3]	10.0	0.1	–	–
USDm (below 5 years)[3]	–	–	10.0	0.2
USDm (over 5 years)[3]	3.0	0.1	3.0	0.2
Interest rate swaps				
EURm (below 1 year)[3]	205.0	0.7	240.0	5.0
EURm (below 5 years)[3]	15.0	–0.3	237.5	3.4
EURm (over 5 years)[3]	367.7	–22.3	169.9	–8.9
Energy swaps				
Purchases (gas, coal, oil)[3]	79.2	5.7	101.0	1.3
Caps				
EURm (below 1 year)	105.0	0.0	–	–
EURm (below 5 years)	–	–	105.0	0.1

1) In m nominal currency
2) In EURm
3) Used as a hedging instrument in accordance with IAS 39

Positive fair values are recognised as receivables from derivative transactions under either other non-current assets or other current assets, depending on their remaining time to maturity. Negative fair values are recognised as liabilities from derivative transactions under either other non-current liabilities or other current liabilities, depending on their remaining time to maturity.

60. Significant events after the balance sheet date
As at October 1st, 2011, gas prices for end customers on the domestic market were raised by 3.6% due to the ongoing high level of the crude oil price (Brent).

On October 3rd, 2011, the Executive Board resolved upon the cornerstones of a bond issue to the amount of EUR 300m. On October 6th, 2011 the issue of a bond via the Vienna Stock Exchange was completed. The transaction was assisted by Deutsche Bank AG, Raiffeisen Bank International AG and Société Generale CIB. The new bond has a 10.5 year term ending on April 13th, 2022 and a denomination of EUR 1,000. The fixed coupon was set at 4.25% and the issue price at 99.235%.

Effective October 17th, 2011, a capital increase was implemented at the Albanian firm Energji Ashta SHPK, Tirana, Albania, in which EVN has an indirect stake of 49.99% via Shkodra. The calculated 49.99% share of EVN in this capital increase amounted to EUR 18.0m.

As at December 14th, 2011, the EURO bond with an outstanding nominal value of EUR 257.4m will be repaid on schedule.

Except for this, there were no significant events requiring disclosure between the balance sheet date of September 30th, 2011 and the publication of these consolidated financial statements on December 15th, 2011.

61. Other obligations and risks

EVN has entered into long-term, fixed quantity and price agreements with e&t as well as EconGas to ensure its supplies of electricity and primary energy. The company has also concluded long-term agreements for the import of coal from Poland and Russia. The commitments EVN has entered into and the risks are comprised of the following:

61. Other obligations and risks EURm	2010/11	2009/10
Guarantees for subsidiaries in connection with		
energy transactions	85.4	78.5
construction projects in the Environmental Services segment	237.0	214.6
Guarantees related to the operation and construction of		
energy networks	6.2	6.8
power plants	533.2	422.9
Order obligations for investments in intangible assets and property, plant and equipment	81.3	230.1
Further obligations arising from guarantees or other contractual contingent liabilities	7.7	7.7
Total	**950.8**	**960.6**

Neither provisions nor liabilities have been recognised for the above-mentioned obligations, due to the fact it was not anticipated at the time these consolidated financial statements were prepared that these claims would actually be filed or that risks would actually materialise. The above-mentioned obligations were contrasted by corresponding recourse claims amounting to EUR 148.5m (previous year: EUR 49.1m).

The item "Further obligations arising from guarantees and other contractual contingent liabilities" comprised chiefly outstanding capital contributions and loan commitments to affiliates as well as liability for affiliates' loans.

Beginning with the 2008/09 financial year, contingent liabilities resulting from the guarantees issued for the performance of energy transactions by e&t were no longer recognised at their nominal volume, but in the amount of the actual risk to EVN AG. This risk is measured by the changes between the agreed price and the current market price; a risk arises in procurement transactions only if market prices decrease, and in sale transactions only if market prices increase. Accordingly, the risk may change equivalently because of changes in market prices after the balance sheet date. This risk assessment yielded a contingent liability of EUR 2.8m as at September 30th, 2011. The nominal volume of the guarantees on which this assessment is based was EUR 400.7m. As at October 31st, 2011, the market price risk was EUR 7.0m on an underlying nominal volume of EUR 400.7m.

Various legal proceedings and lawsuits arising from operating activities are pending, or claims may be potentially brought against EVN in the future. The attendant risks have been analysed in relation to their probability of occurring. This assessment of risk has shown that these legal proceedings and lawsuits, individually and as a whole, do not have a material impact on the business, financial position, profit and loss or cash flow of EVN.

62. Information on transactions with related parties

All transactions with related parties were carried out at prevailing market rates and conditions ("arm's length"), and did not differ from the supply and service relationships with other companies.

Pursuant to IAS 24, transactions with related parties arise on the basis of direct or indirect control, significant influence or joint management. Related parties include close family members of the respective natural person. Key management personnel and their close family members are also considered to be related parties.

Hence related parties include all companies in EVN's consolidation range: the main shareholders NÖ Landes-Beteiligungsholding GmbH, St. Pölten, and EnBW Energie Baden-Württemberg AG, Karlsruhe, Germany; as well as the members of EVN's Executive Board and Supervisory Board and close relatives of theirs.

A list of the Group companies can be found starting on page 112 under "EVN's Investments". EVN AG is integrated into the consolidated financial statements of EnBW Energie Baden-Württemberg AG, Karlsruhe, Germany, as an investment in equity accounted investee.

Transactions with related companies

Main shareholder

A group and tax settlement agreement was concluded with NÖ Landes-Beteiligungsholding GmbH, St. Pölten, in connection with the inclusion of EVN AG in the group, in accordance with § 9 of the Austrian Corporate Tax Act. EVN AG has since included further subsidiaries in this group based on this agreement. This has resulted in liabilities of EUR 7.1m (previous year: receivables of EUR 3.3m) from NÖ Landes-Beteiligungsholding GmbH as at the balance sheet date.

Investments in equity accounted investees

Within the context of its ordinary business operations, EVN has concluded supply and service contracts with numerous associates included at equity in the consolidated financial statements of EVN. Long-term agreements were concluded with e&t for the sale and sourcing of electricity. Long-term sourcing contracts were concluded with EconGas for natural gas.

The value of services provided to investments in equity accounted investees is as follows:

62. Transactions with investments in equity accounted investees EURm	2010/11	2009/10
Revenue	175.5	233.6
Cost of services received	722.4	742.2
Trade accounts receivable	89.6	85.3
Trade accounts payable	7.2	11.5
Receivables from cash pooling	0.2	–
Liabilities from cash pooling	–	5.3
Interest balance from cash pooling	0.0*)	–0.0*)

*) small amount

Transactions with related individuals

Executive Board and Supervisory Board

The payments made to members of the Executive Board and the Supervisory Board consist primarily of salaries, severance payments, pensions and the remuneration of the Supervisory Board.

The total remuneration paid to active members of the Executive Board in the 2010/11 financial year amounted to EUR 1.4m (previous year: EUR 1.3m), payments to former members of the Executive Board or their surviving dependents totalled EUR 1.6m (previous year: EUR 1.0m). Due to the use of provisions, income for severance payments and pensions for active members of the Executive Board totaled EUR 1.8m (previous year: expenses of EUR 1.6m). Expenses for severance payments and pensions at EVN AG totalled EUR 0.2m (previous year: 0.7m) for active members of the senior management. Pension commitments for active members of the Executive Board totalled EUR 8.4m as at the balance sheet date (previous year: EUR 10.4m). The remuneration paid to the Supervisory Board in the reporting year amounted to EUR 0.1m (previous year: EUR 0.1m). The members of the Environmental and Social Responsibility Advisory Committee were paid compensation of EUR 0.1m in the year under review (previous year: EUR 0.1m).

The basic principles underlying the remuneration system are presented in the remuneration report (starting at page 17), which is part of the Management Report.

Transactions with other related companies

Information related to Intra-Group facts are eliminated and need not be disclosed in the consolidated financial statements. Thus business transactions of EVN with subsidiaries and joint ventures are not reported.

Business transactions with non-consolidated affiliates and associates not included at equity are generally not reported due to their immateriality.

63. Other disclosures
IIn the EVN Group a cash pool exists to manage liquidity and optimise interest rates. A contract was concluded between EVN Finanzservice GmbH and the respective participating Group subsidiary. The modalities for cash pooling were stipulated in these agreements.

No off-balance sheet transactions were carried out in the 2010/11 financial year.

64. Information on management and staff
The corporate bodies of EVN AG are:

Executive Board
Peter Layr – Spokesman of the Executive Board (since January 20th, 2011)
Stefan Szyszkowitz – Member of the Executive Board (since January 20th, 2011)
Herbert Pöttschacher – Member of the Executive Board
Burkhard Hofer – Spokesman of the Executive Board (until January 20th, 2011)

Supervisory Board
Burkhard Hofer – President and Chairman (since January 20th, 2011)
Rudolf Gruber – President and Chairman (until January 20th, 2011)
Stefan Schenker – Vice-Chairman
Willi Stiowicek – Vice-Chairman
Gerhard Posset – Vice-Chairman (until January 20th, 2011)
Norbert Griesmayr
Gottfried Holzer (until January 20th, 2011)
Dieter Lutz
Reinhard Meißl
Bernhard Müller
Wolfgang Peterl (until January 20th, 2011)
Edwin Rambossek
Martin Schuster (until January 20th, 2011)
Michaela Steinacker
Hans-Peter Villis
Franz Hemm – employee representative
Manfred Weinrichter – employee representative
Paul Hofer – employee representative
Leopold Buchner – employee representative
Friedrich Bußlehner – employee representative (until January 20th, 2011)
Otto Mayer – employee representative
Helmut Peter – employee representative (until January 20th, 2011)
Franz Ziegelwagner – employee representative (until January 20th, 2011)

65. Approval of the consolidated financial statements 2010/11 for publication
The current consolidated financial statements were prepared by the Executive Board as at the date signed below. The single-entity financial statements, which have also been included in the consolidated financial statements after having been adjusted to the International Financial Reporting Standards, along with the consolidated financial statements of EVN AG, will be submitted to the Supervisory Board on December 14th, 2011, for examination and approval.

66. Auditing fees

The auditing of the consolidated financial statements of EVN for the 2010/11 financial year is carried out by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. Total auditing and consulting costs amounted to EUR 2.5m (previous year: EUR 2.0m). 68.0% of the fees paid were for auditing and audit-related services, 27.0% for tax consulting services and 5.0% for other consulting services.

Maria Enzersdorf, November 15th, 2011

EVN AG
The Executive Board

Peter Layr	Stefan Szyszkowitz	Herbert Pöttschacher
Spokesman of the Executive Board	Member of the Executive Board	Member of the Executive Board

Financial information on joint ventures and investments in equity accounted investees

The following overview presents the key items in the statements of financial position and the statements of operations of joint ventures consolidated on a proportionate basis:

Key figures of joint ventures EURm	2010/11	2009/10
Statements of financial position		
Non-current assets	22.3	24.5
Current assets	264.2	300.5
Non-current liabilities	2.8	1.2
Current liabilities	172.2	260.3
Statements of operations		
Revenue	1,045.4	997.2
Operating expenses	–998.8	–932.1
Depreciation and amortisation	–3.6	–3.0
Operating result (EBIT)	43.0	62.2
Financial results	0.6	0.1
Profit before income tax	43.6	62.3

The following overview presents the key items in the statements of financial positions and the statements of operations in equity accounted investees:

Key figures of investments in equity accounted investees EURm	2010/11	2009/10
Statements of financial position		
Equity	1,452.7	823.6
Assets	5,077.2	3,679.9
Liabilities	3,624.5	2,856.3
Statements of operations		
Revenue	7,584.1	5,241.8
Profit for the period	162.6	135.3

EVN's Investments

EVN's investments are listed below, broken down by business. The list contains the figures from the last available local annual financial statements of each company, as at the respective balance sheet date. The information of companies that report in a foreign currency is translated into euros at the exchange rate on the balance sheet date of EVN AG.

1. EVN's investments in the Energy business ≥ 20.0% as at September 30th, 2011

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2010/11
ALLPLAN Gesellschaft m.b.H., Vienna	Utilitas	50.00	EUR	785	160	12/31/2010	E
ARGE Coop Telekom, Maria Enzersdorf	EVN Geoinfo	50.00	EUR	81	20	12/31/2010	NE
ARGE Digitaler Leitungskataster NÖ Maria Enzersdorf	EVN Geoinfo	30.00	EUR	–196	–91	12/31/2010	NE
B3 Energie GmbH, St. Georgen an der Gusen	EVN Wärme	50.00	EUR	7	–28	9/30/2010	NE
B.net Burgenland Telekom GmbH, ("B.net") Eisenstadt	kabelsignal	100.00	EUR	7,289	1,575	9/30/2011	V
B.net Hungária Távközlési Kft., Sopron, Hungary	B.net	100.00	HUF	35	–48	9/30/2010	NV
B.net Hungária Projekt Kft., Sopron, Hungary	B.net	100.00	HUF	–7	–11	9/30/2010	NV
Bioenergie Wiener Neustadt GmbH[1)]	EVN Wärme	90.00	EUR	963	–37	12/31/2010	NV
Biowärme Amstetten-West GmbH, Amstetten	EVN Wärme	49.00	EUR	158	–41	12/31/2010	NE
Devoll Hydropower SHA, ("Devoll Hydropower") Tirana, Albanien	EVN	50.00	ALL	17,476	–1,387	12/31/2010	E
EAA Erdgas Mobil GmbH, Vienna	EAA	100.00	EUR	9,024	–3,012	9/30/2011	Q
EconGas GmbH, ("EconGas"), Vienna[2)]	EVN	16.51	EUR	183,154	72,765	12/31/2010	E
ENERGIEALLIANZ Austria GmbH ("EnergieAllianz"), Vienna	EVN	45.00	EUR	12,606	–4,613	9/30/2011	Q
Ernst Hora Elektroinstallationen Gesellschaft m.b.H., Vienna	first facility	100.00	EUR	52	6	12/31/2010	NV
EVN Albania SHPK, Tirana, Albania	EVN	100.00	ALL	41	–82	12/31/2010	NV
EVN Bulgaria Electrorazpredelenie AD, ("EVN EP") Plovdiv, Bulgaria	EVN	67.00	BGN	259,969	20,411	12/31/2010	V
EVN Bulgaria Electrosnabdjavane AD, ("EVN EC") Plovdiv, Bulgaria	EVN	67.00	BGN	37,214	4,140	12/31/2010	V
EVN Bulgaria EAD, ("EVN Bulgaria"), Sofia, Bulgaria	EVN	100.00	BGN	1,017	116	12/31/2010	V
EVN Bulgaria Toplofikatsia EAD, ("TEZ Plovdiv") Plovdiv, Bulgaria	EVN	100.00	BGN	47,533	–5,098	12/31/2010	V
EVN Croatia Plin d.o.o, Zagreb, Croatia	EVN	100.00	HRK	6,735	–1,257	9/30/2011	V
EVN Energia Naturale S.R.L., Rom, Italy	evn naturkraft	100.00	EUR	85	56	9/30/2011	NV
EVN Energievertrieb GmbH & Co KG, ("EVN KG") Maria Enzersdorf	EVN	100.00	EUR	40,649	45,630	9/30/2011	Q
EVN Gorna Arda Development EOOD Sofia, Bulgaria	EVN Bulgaria	100.00	BGN	404	–50	12/31/2010	NV
EVN Geoinfo GmbH, ("EVN Geoinfo") Maria Enzersdorf	Utilitas	100.00	EUR	1,826	1,584	9/30/2011	V
EVN Kavarna EOOD, ("EVN Kavarna")[3)] Plovdiv, Bulgaria	evn naturkraft	100	BGN	19,477	15,731	12/31/2010	V
EVN Kraftwerks- und Beteiligungsgesellschaft mbH ("EVN Kraftwerk"), Maria Enzersdorf	EVN	100.00	EUR	112,326	–43	9/30/2011	V

Method of consolidation:

V:	Fully consolidated company (subsidiary)
NV:	Non-consolidated affiliate
Q:	Company included on a proportionate basis (joint venture)
E:	Investment in equity accounted investee
NE:	Investment in associate not included at equity

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2010/11
EVN Liegenschaftsverwaltung Gesellschaft m.b.H. ("EVN LV"), Maria Enzersdorf	EVN/Utilitas	100.00	EUR	102,028	402	9/30/2011	V
EVN Macedonia AD, ("EVN Macedonia") Skopje, Macedonia	EVN	90.00	MKD	126,595	–16,142	12/31/2010	V
EVN Macedonia Holding DOOEL Skopje, Macedonia	EVN	100.00	MKD	–484	183	12/31/2010	V
EVN Macedonia Elektrani DOOEL Skopje, Macedonia[4)]	EVN Macedonia	100.00	MKD	–	–	12/31/2011	NV
EVN Macedonia Elektrosnabduvanje DOOEL Skopje, Macedonia[4)]	EVN Macedonia	100.00	MKD	–	–	12/31/2011	NV
evn naturkraft Beteiligungs- und Betriebs-GmbH ("evn nk BuB"), Maria Enzersdorf	evn naturkraft	100.00	EUR	77,102	–1,158	9/30/2011	V
evn naturkraft Erzeugungsgesellschaft m.b.H. ("evn naturkraft"), Maria Enzersdorf	EVN	100.00	EUR	123,967	6,294	9/30/2011	V
EVN Netz GmbH, ("EVN Netz"), Maria Enzersdorf	EVN	100.00	EUR	384,105	48,099	9/30/2011	V
EVN Projektmanagement GmbH, Maria Enzersdorf	EVN LV	100.00	EUR	108,488	2,877	9/30/2011	V
EVN Trading d.o.o. Beograd, Serbia	EVN SEE	100.00	RSD	89	20	12/31/2010	V
EVN Trading d.o.o. Podgorica Podgorica, Montenegro	EVN SEE	100.00	EUR	10	0	12/31/2010	NV
EVN Trading d.o.o. Sarajevo Sarajevo, Bosnia-Herzegovina	EVN SEE	100.00	EUR	10	0	12/31/2010	NV
EVN Trading DOOEL, Skopje, Macedonia	EVN SEE	100.00	MKD	139	–51	12/31/2010	V
EVN Trading SHPK, Tirana, Albania	EVN SEE	100.00	EUR	10	0	12/31/2010	NV
EVN T2 DOOEL, Plovdiv, Bulgaria	EVN Bulgaria	100.00	BGN	117	–10	12/31/2010	NV
EVN Trading South East Europe EAD, ("EVN SEE") Sofia, Bulgaria	EVN	100.00	BGN	1,439	345	12/31/2010	V
EVN Wärme GmbH, ("EVN Wärme") Maria Enzersdorf	EVN	100.00	EUR	75,114	7,019	9/30/2011	V
EVN Windpower Development & Construction S.R.L., Bucarest, Romania	evn naturkraft	50.00	RON	48	–65	12/31/2010	NE
EVN-WIEN ENERGIE Windparkentwicklungs- und Betriebs GmbH, Vienna[4)]	evn naturkraft	50.00	EUR	–	–	9/30/2011	NE
EVN-WIEN ENERGIE Windparkentwicklungs- und Betriebs GmbH & Co KG, Vienna[4)]	evn naturkraft	50.00	EUR	–	–	9/30/2011	NE
e&t Energie Handelsgesellschaft mbH, ("e&t") Vienna	EVN	45.00	EUR	6,646	702	9/30/2011	E
Fernwärme Mariazellerland GmbH, Mariazell	EVN Wärme	48.86	EUR	29	–3	12/31/2010	NE
Fernwärme St. Pölten GmbH, St. Pölten	EVN	49.00	EUR	15,960	863	12/31/2009	E
first facility Bulgaria EOOD, Sofia, Bulgaria	first facility	100.00	BGN	37	–14	12/31/2010	NV
first facility d.o.o. Beograd, Beograd Serbia	first facility	51.00	RSD	0	12	12/31/2010	NV
first facility GmbH, ("first facility"), Vienna	Utilitas	100.00	EUR	1,759	1,265	9/30/2011	V
first facility Ingatlankezelö Kft., Budapest, Hungary	first facility	100.00	HUF	103	107	12/31/2010	NV
first facility Imobile SRL, Bucarest, Romania	first facility	92.50	RON	43	35	12/31/2009	NV
first facility – Slovakia s.r.o., Bratislava, Slovakia	first facility	92.50	EUR	–1	–5	12/31/2010	NV
first facility Makedonia DOOEL, Skopje, Macedonia	first facility	100.00	MKD	37	12	12/31/2010	NV
Hydro Power Company Gorna Arda AD Bulgaria[2)]	EVN	70.00	BGN	0	0	12/31/2010	V
IN-ER Erömü Kft., Nagykanizsa, Hungary	EVN	70.00	HUF	1,865	10	12/31/2010	NV
Kabelsignal AG, ("Kabelsignal"), Maria Enzersdorf	Utilitas	100.00	EUR	36,978	6,351	9/30/2010	V
Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH, Vienna	evn naturkraft	33.33	EUR	42	3	12/31/2010	NE
Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH & Co KG, Vienna	evn naturkraft	33.33	EUR	6,036	488	12/31/2010	NE
MAKGAS DOOEL, Skopje, Macedonia	EVN	100.00	MKD	0	–1	12/31/2010	NV
Naturkraft Energievertriebsgesellschaft m.b.H., Vienna	EAA	100.00	EUR	2,247	403	9/30/2011	Q
Naturkraft EOOD, Plovdiv, Bulgaria	evn naturkraft	100.00	BGN	1,071	116	12/31/2010	V

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2010/11
Niederösterreichische Facility Management GmbH Wiener Neustadt	first facility	40.00	EUR	1,416	1,381	12/31/2010	NE
Shkodra Region Beteiligungsholding GmbH Vienna ("Shkodra")	EVN	49.99	EUR	30	–5	12/31/2010	E
Spieth Kathodischer Korrosionsschutz GmbH Denkendorf, Germany	V&C	100.00	EUR	0	–47	12/31/2010	NV
SWITCH Energievertriebsgesellschaft m.b.H. Salzburg-Aigen	EAA	100.00	EUR	290	58	9/30/2011	Q
STEAG-EVN Walsum 10 Kraftwerksgesellschaft mbH, Essen, Germany[5]	EVN Kraftwerk	49.00	EUR	155,829	–3,895	12/31/2010	E
VCK Betonschutz + Monitoring GmbH Mainz, Germany	V&C	50.00	EUR	75	–3	12/31/2010	NE
VERBUND-Innkraftwerke GmbH, Töging, Germany[2]	evn nk BuB	13.00	EUR	434	32	12/31/2010	E
V2 FM GmbH, Vienna	first facility	100.00	EUR	–358	321	12/31/2010	NV
V&C Kathodischer Korrosionsschutz Gesellschaft m.b.H., ("V&C"), Pressbaum	Utilitas	100.00	EUR	606	475	3/31/2011	V
Wasserkraftwerke Trieb und Krieglach GmbH ("WTK"), Maria Enzersdorf	evn naturkraft	70.00	EUR	609	194	9/30/2011	V

1) The company was acquired during the 2010/11 financial year.
2) Despite an interest of ≤ 20.0%, the shareholding is included due to its materiality.
3) formerly EVN ENERTRAG Kavarna OOD, Plovdiv, Bulgaria; in 2010/11 financial year, EVN acuired the remaining 30.0% stake and renamed the company.
4) The company was newly established during the 2010/11 financial year.
5) formerly Evonik-EVN Walsum 10 Kraftwerksgesellschaft mbH, Essen, Germany.

2. EVN's investments in the Environmental Services business ≥ 20.0% as at September 30th, 2011

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2010/11
ABeG Abwasserbetriebsgesellschaft mbH Offenbach am Main, Germany	WTE Essen	49.00	EUR	457	34	9/30/20111	NE
Abwasserbeseitigung Kötschach-Mauthen Errichtungs- und Betriebsgesellschaft mbH, Kötschach-Mauthen	WTE Essen	26.00	EUR	36	–	12/31/2010	NE
AUL Abfallumladelogistik Austria GmbH Maria Enzersdorf	EVN Abfall	50.00	EUR	395	4	9/30/2011	E
Cista Dolina – SHW Komunalno podjetje d.o.o. Kranjska Gora, Slovenia	WTE Betrieb	100.00	EUR	153	28	9/30/2011	V
DTV Rt., Dunavarsány, Hungary	evn wasser	51.00	HUF	1,429	65	12/31/2010	NV
EVN Abfallverwertung Niederösterreich GmbH, ("EVN Abfall"), Maria Enzersdorf	EVN Umwelt	100.00	EUR	6,676	5,546	9/30/2011	V
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 1 mbH ("EVN MVA1"), Essen, Germany	WTE Essen	100.00	EUR	34	–12	9/30/2011	V
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 3 mbH ("EVN MVA3"), Maria Enzersdorf	EVN Umwelt/ Utilitas	100.00	EUR	10,861	–4,637	9/30/2011	V
EVN Umwelt Beteiligungs und Service GmbH, ("EVN UBS"), Maria Enzersdorf	EVN Umwelt	100.00	EUR	6,652	1,077	9/30/2011	V
EVN Umwelt Finanz- und Service-GmbH, ("EVN UFS"), Maria Enzersdorf	EVN Umwelt	100.00	EUR	17,377	–8,903	9/30/2011	V
EVN Umweltholding und Betriebs-GmbH, ("EVN Umwelt"), Maria Enzersdorf	EVN AG	100.00	EUR	142,513	11,442	9/30/2011	V
evn wasser Gesellschaft m.b.H., ("evn wasser") Maria Enzersdorf	EVN/Utilitas	100.00	EUR	63,325	3,831	9/30/2011	V
OAO Budapro Werk Nr. 1, Moscow, Russia	EVN MVA 1	100.00	RUB	12,024	768	12/31/2010	V
OAO "EVN MSZ 3", ("OAO MVA3") Moscow, Russia	EVN MVA3	100.00	RUB	140,572	–9,288	12/31/2010	V
OAO "WTE Süd-West", Moscow, Russia	Süd–West	100.00	RUB	125,154	–3,332	12/31/2010	V
OAO "WTE Süd-Ost", Moscow, Russia	WTE Hyp	100.00	RUB	102,002	–250	12/31/2010	V

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2010/11
OOO EVN Umwelt Service, Moscow, Russia	EVN UBS	100.00	RUB	45,542	–175	12/31/2010	V
OOO EVN-Ekotechprom MSZ3, Moscow, Russia	OAO MVA3	70.00	RUB	2,116	1,540	12/31/2009	NV
OOO Süd-West Wasserwerk, Moscow, Russia	Süd–West	70.00	RUB	2,770	2,360	12/31/2010	NV
OOO "WTE Wassertechnik West", Moscow, Russia	WTE Essen	100.00	RUB	3	–	12/31/2010	NV
EVN Projektgesellschaft KSV Ljuberzy mbH Essen, Germany	WTE Essen	100.00	EUR	25	–	9/30/2011	NV
Saarberg Hölter Projektgesellschaft Süd Butowo mbH ("Süd Butowo"), Essen, Germany	WTE Essen	100.00	EUR	423	2	9/30/2011	V
SHW Hölter Projektgesellschaft Zelenograd mbH ("Zelenograd"), Essen, Germany	WTE Essen	100.00	EUR	20,271	1,251	9/30/2011	V
SHW/RWE Umwelt Aqua Vodogradnja d.o.o. Zagreb, Croatia	WTE Essen	50.00	HRK	1,806	470	12/31/2010	NE
Storitveno podjetje Lasko d.o.o., Lasko, Slovenia	WTE Essen	100.00	EUR	–39	10	9/30/2011	V
Wasserver- und Abwasserentsorgungsgesellschaft Märkische Schweiz mbh, Buckow, Germany	WTE Essen	49.00	EUR	512	8	12/31/2010	NE
Wiental-Sammelkanal Gesellschaft m.b.H Untertullnerbach	evn wasser	50.00	EUR	879	–2	12/31/2010	NE
WTE BioBalance Baltic UAB, Kaunas, Lithuania	WTE Essen	100.00	LTL	156	11	9/30/2011	NV
WTE Betriebsgesellschaft mbH, ("WTE Betrieb") Hecklingen, Germany	WTE Essen	100.00	EUR	511	–	9/30/2011	V
WTE Denmark A/S, Birkerod, Denmark	WTE Essen	100.00	DKK	106	–116	9/30/2011	V
WTE desalinizacija morske vode d.o.o. Budva, Montenegro	WTE Essen	100.00	EUR	–1,009	–576	12/31/2010	V
WTE odpadne vode Budva DOO Podgoriza, Montenegro	WTE Essen	100.00	EUR	11	–	12/31/2010	V
WTE Projektgesellschaft Kurjanovo mbH Essen, Germany	WTE Essen	100.00	EUR	24	–1	9/30/2011	NV
WTE Projektgesellschaft Natriumhypochlorit mbH ("WTE Hyp"), Essen, Germany	EVN UFS/ WTE Essen	100.00	EUR	147,631	–	9/30/2011	V
WTE Projektgesellschaft Süd-West Wasser mbH ("Süd-West"), Essen, Germany	WTE Essen	100.00	EUR	10,228	–5,291	9/30/2011	V
WTE Projektmanagement GmbH Essen, Germany[1)]	WTE Essen	100.00	EUR	20	–1	9/30/2011	V
WTE Projektna druzba Bled d.o.o., Bled, Slovenia	WTE Essen	100.00	EUR	–31	–14	9/30/2011	V
WTE Projektna druzba Kranjska Gora d.o.o. Kranjska Gora, Slovenia	WTE Essen	100.00	EUR	24	2	9/30/2011	V
WTE Vodice d.o.o., Zagreb, Croatia	WTE Essen	100.00	HRK	1	8	12/31/2010	NV
WTE Wassertechnik GmbH, ("WTE Essen") Essen, Germany	EVN Umwelt	100.00	EUR	83,538	7,665	9/30/2011	V
WTE Wassertechnik (Polska) Sp.z.o.o. Warsaw, Poland	WTE Essen	100.00	PLN	739	–77	9/30/2011	V
ZAO "STAER", Moscow, Russia	Süd Butowo	70.00	RUB	362	198	12/31/2010	NV
ZAO "STAER-ZWK", Moscow, Russia	Zelenograd	70.00	RUB	671	606	12/31/2010	NV
Zagrebacke otpadne vode d.o.o., ("ZOV") Zagreb, Croatia	WTE Essen	48.50	HRK	119,011	19,641	12/31/2010	E
Zagrebacke otpadne vode – upravljanje i pogon d.o.o., ("ZOV UIP") Zagreb, Croatia	WTE Essen	33.00	HRK	4,164	4,161	12/31/2010	E

1) formerly EVN MVA Nr. 1 Finanzierungs- und Servicegesellschaft mbH, Essen, Germany

3. EVN AG – Investments in the Strategic Investments and Other Business Segments ≥ 20% as at September 30th, 2011

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2010/11
BEGAS Energie AG, ("BEGAS"), Eisenstadt	BUHO	49.00	EUR	80,268	9,843	9/30/2010	E
Burgenland Holding Aktiengesellschaft, ("BUHO") Eisenstadt	EVN AG	73.63	EUR	73,619	3,629	9/30/2011	V
Burgenländische Elektrizitätswirtschafts-Aktiengesellschaft (BEWAG), ("BEWAG"), Eisenstadt	BUHO	49.00	EUR	160,514	–11,485	9/30/2010	E
EVN Business Service GmbH, Maria Enzersdorf	Utilitas	100.00	EUR	692	167	9/30/2011	V
EVN Finance Service B.V., ("EVN Finance B.V.") Amsterdam, Netherlands	EVN FM	100.00	EUR	2,353	232	9/30/2011	V
EVN Finanzmanagement und Vermietungs-GmbH ("EVN FM"), Maria Enzersdorf	EVN AG	100.00	EUR	21,117	9,851	9/30/2011	V
EVN Finanzservice GmbH, Maria Enzersdorf	EVN FM	100.00	EUR	20,791	9,472	9/30/2011	V
EVN WEEV Beteiligungs GmbH ("EVN WEEV") Maria Enzersdorf [1]	EVN	100.00	EUR	–	–	8/31/2011	NV
EVN-Pensionskasse Aktiengesellschaft ("EVN-Pensionskasse"), Maria Enzersdorf	EVN AG	100.00	EUR	3,511	176	12/31/2010	NV
e&i EDV Dienstleistungsgesellschaft m.b.H., Vienna	EVN AG	50.00	EUR	183	33	9/30/2011	E
NÖTECH NÖ Energieforschungs-, -planungs-, -betriebs- und -servicegesellschaft m.b.H., Maria Enzersdorf	Utilitas	50.00	EUR	150	–126	12/31/2010	NE
R 138-Fonds, Vienna	EVN AG / EVN Netz / evn wasser	100.00	EUR	94,892	5,358	9/30/2010	V
RAG-Beteiligungs-Aktiengesellschaft, ("RBG") Maria Enzersdorf	EVN AG	50.03	EUR	421,384	64,022	3/31/2011	V
Rohöl-Aufsuchungs Aktiengesellschaft, ("RAG"), Vienna	RBG	100.00	EUR	130,398	80,050	12/31/2010	E
Utilitas Dienstleistungs- und Beteiligungs-Gesellschaft m.b.H, ("Utilitas"), Maria Enzersdorf	EVN AG	100.00	EUR	38,600	10,824	9/30/2011	V
VERBUND AG, Vienna [2]	EVN AG	13.01	EUR	1,837,840	515,184	12/31/2009	N
WEEV Beteiligungs GmbH, Maria Enzersdorf [1]	EVN WEEV	50.00	EUR	–	–	6/30/2011	E
Wiener Stadtwerke Management Beta Beteiligungs GmbH, Vienna	Utilitas	47.37	EUR	915	–3	11/30/2010	NE

1) The company was acquired / newly established during the 2010/11 financial year.
2) Despite an interest of ≤ 20.0%, the shareholding is included due to its materiality.

Main EVN AG's subsidiaries

Generation
- 100% **EVN Kraftwerks- und Beteiligungsgesellschaft mbH**
  - 49% **STEAG-EVN Walsum 10 Kraftwerksgesellschaft mbH** Construction of a coal fired power plant in Duisburg
- 100% **evn naturkraft Erzeugungsgesellschaft m.b.H.** Electricity generation from renewable energy sources
  - 70% **Wasserkraftwerke Trieb und Krieglach GmbH** Hydroelectric power generation
  - 100% **EVN Kavarna EOOD** Electricity generation from wind power in Bulgaria
  - 100% **Naturkraft EOOD** Electricity generation from photovoltaics in Bulgaria
  - 100% **evn naturkraft Beteiligungs- und Betriebs-GmbH**
    - 13% **VERBUND-Innkraftwerke Deutschland GmbH** Hydroelectric power generation in Germany
- 100% **EVN Liegenschaftsverwaltung Gesellschaft m.b.H.** Management of elements of power plant
  - 100% **EVN Projektmanagement GmbH**
- 50% **Devoll Hydropower SHA** Hydroelectric power generation in Albania
- 49.99% **Shkodra Region Beteiligungsholding GmbH** Holding in connection with water generation project Ashta in Albania
- 70% **Hydro Power Company Gorna Arda AD** Hydroelectric power generation in Bulgaria

Network Infrastructure Austria
- 100% **EVN Netz GmbH** Operation of electricity and gas networks
- 100% **Utilitas Dienstleistungs- und Beteiligungs Gesellschaft m.b.H**[1] Technical services
  - 100% **Kabelsignal AG** Cable TV and internet services
    - 100% **B.net Burgenland Telekom GmbH** Cable TV and internet services
  - 100% **EVN Geoinfo GmbH** Digital cartography
  - 100% **V&C Kathodischer Korrosionsschutz Gesellschaft m.b.H.** Cathodic corrosion protection

Energy Trade and Supply
- 100% **EVN Energievertrieb GmbH & Co KG** Electricity and gas sales to end customers within EnergieAllianz
- 100% **EVN Wärme GmbH** Supply of heat, gas, combined cycle heat and power, biogas heat, solar energy and heat pump facilities
- 49% **Fernwärme St. Pölten GmbH** Joint venture with St. Pöltener Stadtwerken in district heating business
- 45% **ENERGIEALLIANZ Austria GmbH** Joint EnergieAllianz partner sales subsidiary
  - 100% **Naturkraft Energievertriebsgesellschaft m.b.H.** Electricity sales from renewable energy sources
  - 100% **SWITCH Energievertriebsgesellschaft m.b.H.** Electricity and natural gas sales in Austria
  - 100% **EAA Erdgas Mobil GmbH** Construction of CNG refuelling stations
- 45% **e&t Energie Handelsgesellschaft mbH** Joint EnergieAllianz partner energy trading and sourcing company
- 16.5% **EconGas GmbH** Joint venture of EnergieAllianz partner in gas business with OMV, EGBV
- 100% **Utilitas Dienstleistungs- und Beteiligungs Gesellschaft m.b.H**[1] Technical services
  - 50% **Allplan Gesellschaft m.b.H.** Building utility, energy and environmental engineering
  - 100% **first facility GmbH Facility Management** Facility management

Energy Supply South East Europe
- 67% **EVN Bulgaria Electrorazpredelenie AD** Electricity distribution for retail customers in Bulgaria
- 67% **EVN Bulgaria Electrosnabdjavane AD** Electricity distribution for small customers in Bulgaria
- 100% **EVN Trading South East Europe EAD** Electricity trading
  - 100% **Energy Trading d.o.o. Belgrad** Electricity trading
  - 100% **Energy Trading DOOEL** Electricity trading
- 100% **EVN Bulgaria Toplofikatsia EAD** District heating company in Bulgaria
- 100% **EVN Bulgaria EAD** Management company
- 90% **EVN Macedonia AD** Electricity supply in Macedonia
- 100% **EVN Macedonia Holding DOOEL** Management company
- 100% **EVN Croatia Plin d.o.o.** Build and operate gas network in Croatia

Environmental Services
- 100% **evn wasser Gesellschaft m.b.H.** Drinking water supply in Lower Austria
- 100% **EVN Umweltholding und Betriebs-GmbH** Holding for drinking water supply, wastewater and waste incinerations services
  - 100% **WTE Wassertechnik GmbH, Essen Germany** Drinking water supply and wastewater services as well as environmental projects in 16 countries[2]
  - 100% **EVN Abfallverwertung Niederösterreich GmbH** Waste incineration in Lower Austria
  - 100% **EVN Projektgesellschaft Müllverbrennungsanlage Nr. 3 mbH** Waste incineration in Moscow
  - 100% **EVN Umwelt Beteiligungs und Service GmbH**
  - 100% **EVN Umwelt Finanz- und Service-GmbH**

Strategic Investements and Other Business
- 12.6% **VERBUND AG**[3] Power generation, trading and distribution
- 100% **EVN WEEV Beteiligungs GmbH**
  - 50% **WEEV Beteiligungs GmbH**
- 73.6% **Burgenland Holding Aktiengesellschaft** Regional electricity and gas supply
  - 49% **Burgenländische Elektrizitätswirtschafts-Aktiengesellschaft (BEWAG)** Electricity supply
  - 49% **BEGAS Energie AG** Gas supply
- 50.03% **RAG-Beteiligungs-Aktiengesellschaft**
  - 100% **Rohöl-Aufsuchungs Aktiengesellschaft** Oil and gas exploration and gas storage
- 100% **Utilitas Dienstleistungs- und Beteiligungs-Gesellschaft m.b.H.**[1]
  - 100% **EVN Business Service GmbH**
- 100% **EVN Finanzmanagement und Vermietungs GmbH** Group financing
  - 100% **EVN Finanzservice GmbH** Group financing
  - 100% **EVN Finance Service B.V.** Group financing

Status: September 30th, 2011. The companies incorporated in the EVN Group consolidated financial statements are shown. In the Environmental Service Segment only 1st and 2nd level subsidiaries are listed. The fully consolidated Fond R138 is not included in this list due to missing operative activities. Interests in %

1) Utilitas Services are integrated in the Strategic Investments and Other Business segment.
2) The investments of WTE Wassertechnik GmbH are project and operating companies in Central, Eastern and South Eastern Europe.
3) VERBUND AG is neither a fully consolidated company nor an investment included at equity. EVN's direct investment in VERBUND AG amounts to 11.5% and the indirect investment via EVN WEEV Beteiligungs GmbH und WEEV Beteiligungs GmbH amounts to 1.1%.

Financial statements

Auditor's Report

Report on the Consolidated Financial Statements

We have audited the accompanying **consolidated financial statements** of

EVN AG,
Maria Enzersdorf,

for the reporting **period from October 1st, 2010 to September 30th, 2011**. These consolidated financial statements comprise the statements of financial position as at September 30th, 2011 and the statements of operations, statements of comprehensive income, statements of cash flows and the statements of changes in stockholders' equity for the year then ended, and the notes.

Management's Responsibility for the Consolidated Financial Statements and Accounting System

Management is responsible for the accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and International Standards on Auditing, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of September 30th, 2011 and of its financial performance and its cash flows for the year from October 1st, 2010 to September 30th, 2011 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

Report on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, November 15th 2011

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed

Mag. Walter Reiffenstuhl — ppa. MMag. Angelika Vogler
Wirtschaftsprüfer — Wirtschaftsprüferin
(Austrian Chartered Accountants)

This report is report is a translation of the original report in German, which is solely valid.

Declaration by the Executive Board

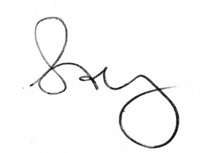
pursuant to § 82 Sect. 4 (3) of the Austrian Stock Exchange Act

The Executive Board of EVN AG certifies to the best of its knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

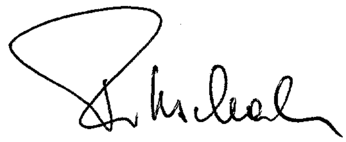
The Executive Board of EVN AG certifies to the best of its knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Maria Enzersdorf, 15 November 2011
EVN AG
The Executive Board

Peter Layr
Spokesman of the
Executive Board



Stefan Szyszkowitz
Member of the
Executive Board



Herbert Pöttschacher
Member of the
Executive Board