

IF ONE
ALREADY
THOUGHT ABOUT
TODAY
10 YEARS
AGO,
WHAT
ABOUT
TOMORROW?

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Management report

Legal framework

European energy policy

In December 2008, the European Parliament approved the climate and energy package proposed by the EU Commission at the beginning of 2008. As a consequence, the three targets defined by the EU – reduction of both energy consumption and greenhouse gas emissions (CO₂) by 20% and expansion of energy supplied by renewable energy sources to 20% of total energy consumption – have become legally binding and must be converted into national laws by the Member States. The previous goal of a 20% decline in greenhouse gas emissions was expanded to at least 30% by 2020 and 50% by the year 2050 based on new proposals made by the EU Parliament. Further measures and goals of Europe's climate protection policy are expected to be agreed upon at the Climate Change Conference in Copenhagen in December 2009. A detailed description of the overall regulatory and energy policy framework can be found in the EVN Sustainability Report on page 23.

Climate and energy package of the EU

In order to achieve the goals stipulated by the EU Parliament, the energy-intensive industrial sectors and the energy industry must reduce their CO₂ emissions by 21% by the year 2020. Business sectors which are not required to take part in emissions trading (e.g. transport) are required to cut back their greenhouse gas emissions by at least 16%. One of the main instruments of the package of measures is EU-wide trading with CO₂ emission certificates. The new CO₂ emission guidelines stipulate that the practice of partially allocating emission certificates at no charge will cease. As a result, with the exception of the new Member States of Central and Eastern Europe, European utility companies will have to purchase all their emission rights as of the year 2013.

Contribution of EU member states to climate protection

Based on the principle of "burden sharing", which takes account of a nation's potential, Austria is obliged to increase its share of renewable energy sources from 25.8% of total end-use energy consumption in 2005 to 34.0%. Greenhouse gas emissions in Austria will have to be cut back from 93.3m t per annum to 76.7m t in order to be able to fulfil the 20% CO₂ savings target.

Contribution of Austria to climate protection

The target set for Bulgaria, EVN's second largest electricity market and EU member since January 1, 2007, is to generate 16% of its total energy needs from renewable energy sources. The CO₂ reduction goal of 8% compared to the base value of 75m t annually was already achieved in the year 2008.

Contribution of Bulgaria to climate protection

Regulatory environment in Austria

On September 23, 2009, the Austrian Parliament passed the second Amendment to the Eco-Electricity Act, which made wind power and hydropower the top priorities. Annual funding for new green electricity facilities will amount to EUR 21.0m for the next 13 years, of which EUR 12.5m is designed to optimize and newly construct small hydropower plants. The level of the feed-in tariffs from electricity generated by wind power plants was guaranteed for up to 20 years. These regulations will accelerate the realization of three approved EVN wind park projects in Lower Austria. In addition to the recently-passed amendment on eco-electricity, public subsidies are also available for power generation from photovoltaics as well as the expansion of district heating on the basis of biomass and biogas.

Eco-electricity law focuses on wind power and hydropower

In the middle of 2009, Austria launched efforts to develop an "Austrian Energy Strategy", based on the strategic objectives defined by the EU and the five goals – reliability of supply, environmental compatibility,

"Austrian Energy Strategy" is being developed

cost and energy efficiency, social compatibility and competitiveness – all of which are considered to be of equal value. At present, working groups in which EVN is actively participating are evaluating 350 proposed measures. A strategy conference and the resolution for the political coordination of the agreed upon measures are expected in January 2010.

Financial burden based on purchase of additional emission rights

Within the framework of the National Allocation Plan II (2008–2012), Austria's electricity industry was allocated 7.70m t of CO₂ emission certificates annually at no charge on the basis of its historical level of emissions. Of this amount, EVN was granted 1.58m t, which falls short of EVN's long-term average by 0.5m to 0.8m t per year. Within the context of its portfolio and risk management, EVN takes part in trading with emission certificates in order to be able to cover its CO₂ emission requirements. (Detailed information on certificates purchased in the 2008/09 financial year is found in the Note 52, page 110).

Network stability thanks to the incentive regulatory system

A four-year incentive regulatory system was applied to electricity networks at the beginning of 2006 and a five-year model for gas networks at the beginning of 2008. It foresees compensation for inflation, adjusted to deduct a general rise in productivity anticipated for all Austrian network operators, as well as an individual deduction for growth in efficiency. As one of the most efficient providers within the framework of the underlying benchmarking system, EVN can expect a stable development of its electricity and gas network revenues for both regulatory periods. The most important regulations in respect to the second regulatory period for electricity networks (2010–2013) will be adopted at the end of 2009. The main changes are expected to include an updating of the weighted average cost of capital (WACC) and investment incentives.

More favourable regulations to promote new investments

On the basis of the recognised absorbed cost basis, EVN began construction on the southern section of the trans-regional high pressure gas transmission network. This project will serve to increase the reliability of energy supplies in the south of Lower Austria and beyond the borders of the federal province.

Legal framework in South East Europe

Bulgaria

Liberalised electricity market faces obstacles

As prescribed by the new energy law, the Bulgarian electricity market was fully liberalised starting on July 1, 2007. However, a competitive market does not exist. End customers continue to be provided with energy by the central public utility company at regulated prices. These regulated energy prices are significantly below prevailing price levels on European electricity exchanges. As a consequence, customers have not been able to achieve any cost savings based on a changeover to a free market. In addition, utility companies usually do not participate in the liberalised market at all, or only to a limited extent, due to contractual obligations to the public utility company.

Stable regulatory framework for five years

Bulgaria continues to be an exporter of electricity. However, the attainable prices are considerably below those achieved in previous periods. As of July 1, 2009, a new pricing period started within the context of the current, five-year regulatory period which took effect in July 2008. The regulator reduced end customer prices by about 1%, although the prices charged by public upstream suppliers were raised by 3.27%. Price hikes were also carried out for the transmission network and system operation. All three functions are in the hands of the national electricity company NEK. A surcharge was imposed to cover the additional costs arising from the increasing feeding in of electricity generated by renewable energy sources into the power grid at preferential prices, in particular wind power and photovoltaics. Thus the burden is spread equally among all Bulgarian end consumers.

Macedonia

Up until September 2008, the entire electricity requirements in the regulated market were supplied by MEPSO, the operator of the power grid. The amendment to the energy law which took effect on July 5, 2008 fundamentally changed the market organisation and the business relationship of the various market participants. Any losses from the power grid which surpass the officially recognised level are classified as the non-regulated share of electricity and must be sourced on the wholesale market. Prevailing regulations expressly forbid passing on the additional costs to end customers. In this regard, the Energy Community, an organization consisting of EU member states and south-eastern European countries for the purpose of establishing a liberalised electricity market in south-eastern Europe, clearly demands that its member Macedonia reform pricing regulations to ensure total cost coverage, whereas the EU should ensure the independence of the regulatory authorities from political influences.

Effective November 1, 2008, the regulatory authority in Macedonia approved a 13.6% hike in end customer prices, of which only 1.4% was designed as an increase in network access fees for the medium and low voltage networks of EVN in Macedonia. The rest of the price increase results from raising the regulated electricity procurement price of EVN from ELEM by 37.4%, as well as a 110.0% rise in the high voltage and transmission network fees paid to MEPSO. The regulator did not agree to any price increases in 2009. A reduction in losses from the power grid continues to be the focus of EVN's efficiency enhancement efforts. Nevertheless, the currently permitted end customer prices do not cover production costs by any means.

Unsatisfactory pricing decisions in Macedonia

In accordance with reform plans currently being discussed by the government in respect to the further development of the energy market, the Energy Law may be amended once again to ensure a harmonisation of pricing regulations with the prevailing practices in the European Union and initiate the opening of the market for medium-voltage electricity as of 2011, thus taking a further step in the direction of full-scale market liberalization. It is planned for market rules to be introduced in the coming year to precisely define the mutual rights and duties of all market participants, which is designed to remove any legal uncertainties following the amendment to the Energy Law in 2008. The social subsidies approved by the government as a means of combating energy poverty are expected to take effect in June 2010, and represents an important improvement for EVN.

Overall business environment

A massive downswing in the global economy took place in the fourth quarter of 2008. This deterioration intensified in the first quarter of 2009. The downturn first slowed down in the middle of 2009. In comparison to the same quarterly period of the previous year, GDP in the Eurozone for the fourth quarter of 2008 was down 1.9%, whereas it declined 2.4% in the first quarter of 2009 and 0.2% in the second quarter. In a year-on-year comparison, GDP in the Eurozone fell by 4.9% in the first quarter of 2009 and 4.8% in the second quarter.

Collapse of the business climate

The most important initial indicators point to a perceptible recovery of the economic situation since the middle of 2009. In the second quarter of 2009, consumer expenditures on the part of private households rose by 0.1%, and the ongoing downward trend in investments lost momentum. The contraction of GDP in the Eurozone is only expected to amount to about 3.5% for the year as a whole. Assuming a stabilisation of the economy in the second half of 2009, forecasts predict a slightly negative growth rate in 2010.

Initial indications of a perceptible recovery in the Eurozone

Growth markets seriously affected by the economic crisis

Austria's GDP fell by 2.7% in the first quarter of 2009 compared to the same period of 2008, in line with international developments. The situation stabilised somewhat in the second quarter, with GDP down by only 0.5%. According to the latest forecasts, GDP in Austria will contract by 3.4–3.8%. A slightly positive growth rate could even be achieved in 2010. The economic regions of Central and eastern Europe as well as south-eastern Europe were not immune to the effects of the global recession. Accordingly, negative growth rates of –2.5% and –5.0% respectively are predicted for the two regions in 2009. The Bulgarian economy will contract by 5.0–6.5% in 2009, whereas Macedonian GDP is also expected to decrease by about 2.5%.

Energy sector environment

		2008/09	2007/08	Change in %
Temperature-related energy demand ¹⁾	%	94	102	–7.8
Crude oil – Brent	EUR/bbl	42.91	70.41	–39.1
Gas – GIMP ²⁾	cent/m ³	25.21	28.09	–12.1
Coal – API#2 ³⁾	EUR/t	65.23	98.84	–34.0
CO ₂ certificates (1 st and 2 nd periods)	EUR/t	14.50	17.92	–19.1
Electricity – spot market EEX⁴⁾				
Base load	EUR/MWh	46.20	63.20	–26.9
Peak load	EUR/MWh	61.57	86.58	–28.9
Electricity – forward market EEX⁴⁾⁵⁾				
Base load	EUR/MWh	66.57	56.01	18.9
Peak load	EUR/MWh	93.33	79.64	17.2

1) Calculated according to the heating degree total in Austria. The basis (100%) corresponds to the long-term average value 1997–2006.

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.

Energy sector framework

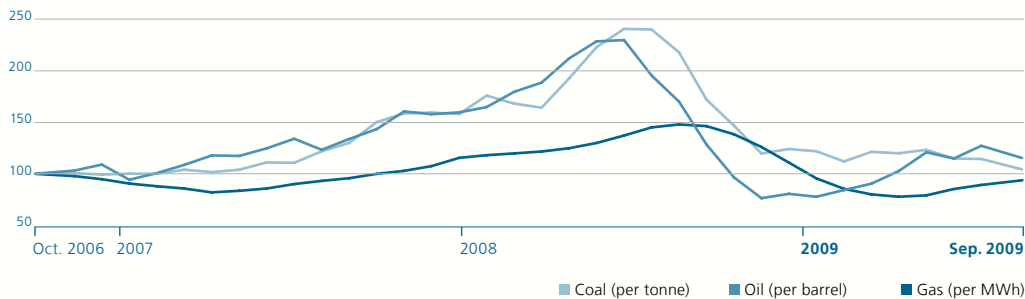
The business environment in the Energy sector has a considerable influence on the business development of the EVN Group. Weather conditions have a particular impact on household energy consumption, in particular on gas and heating demand. The energy demand on the part of industrial companies is mainly dependent on their sales development and thus on the macroeconomic environment.

Mild temperatures in Austria and Macedonia, colder in Bulgaria

In the 2008/09 financial year, the mild temperatures in Austria and Macedonia had a slightly negative effect on overall demand. Temperature-related energy demand was down 6.0% and 13.1% respectively compared to the long-term average. In contrast, the heating degree total in Bulgaria was 2.8% higher than the long-term average.

As a consequence of the economic recession, primary energy and electricity prices as well as the costs of CO₂ emission certificates declined considerably in the course of the 2008/09 financial year. The price of North Sea crude oil (Brent), the variety of the highest relevance to Europe, decreased by 45.3% in US dollars, whereas the euro price was down 39.1%. The coal price, which fell by about 34.0%, also reflected this development. Gas procurement costs, linked to the price of crude oil but with a time delay, only declined by 12.1% on average during the period under review, but posted a massive drop of 30.0% in the second half of the financial year. The prices for CO₂ emission certificates were down 19.1% in the 2008/09 financial year, due to lower electricity demand and production.

Primary energy price trends (indexed) in %

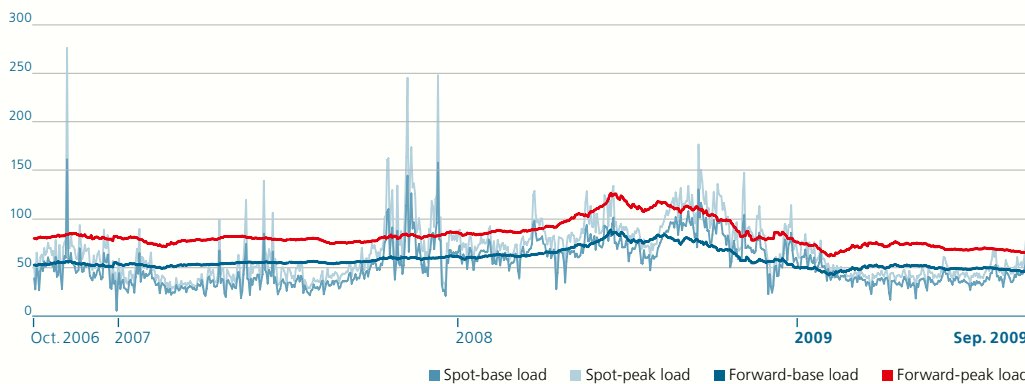


During the year under review, European electricity prices fluctuated inconsistently at a low level. As a result of the price decline for primary energy since the middle of 2008 as well as the economic downturn since the fourth quarter of 2008, spot market prices for base load and peak load electricity fell by 26.9% and 28.9% respectively compared to the previous year.

Collapse of electricity prices

In order to ensure the reliability of its energy supply, EVN purchases primary energy and electricity on the forward market. At the time supply contracts for the first three quarters of 2008/09 were concluded in the summer of 2008, prices were still at a high level, comprising the main reason for the rise in EVN's end customer prices for electricity and gas carried out as of November 1, 2008. However, the gas price was reduced twice during the 2008/09 financial year, reflecting the development of primary energy prices.

Electricity price trends (electricity spot and forward market) in EUR/MWh



Due to the recession, electricity consumption in Austria has declined significantly since the fourth quarter of 2008. According to the regulatory authority E-Control, electricity use decreased by 3.2% in the fourth quarter of 2008, and dropped 2.9% and 7.9% respectively in the first and second quarters of 2009. Industrial electricity demand fell by about 10.0% due to the overall economic situation. On balance, total Austrian energy consumption is expected to decline by about 8.0% in the year 2009.

Electricity consumption in Austria declined

However, sales volumes of the EVN Group declined more moderately due to its stable customer structure in Lower Austria and in the south-eastern Europe region. Electricity sales were only down slightly in Lower Austria. Despite the economic crisis, revenues continued to rise in Bulgaria and Macedonia.

Influencing factor	Effect on the business development compared to 2007/08
Temperature	Slightly negative
Primary energy prices	Positive
Electricity prices – forward market	Negative
Electricity prices – spot market	Positive
Electricity sales	Positive
Gas sales	Negative
Heating sales	Positive

The following conclusion can be drawn when taking the various influencing factors into account. The price decline for primary energy (crude oil, natural gas and hard coal) generally had a positive effect on the business development of the EVN Group. EVN's procurement strategy focuses on ensuring the reliability and security of energy supplies. Therefore, prices on the forward market comprise the decisive factor underlying EVN's earnings development. At the time supply contracts were concluded in the autumn of 2008, electricity prices for delivery in the 2008/09 financial year were still at a high level (see chart page 43). For this reason, the market price effects impact the earnings development of EVN with a corresponding time delay. Due to the limited use of EVN's own thermal power stations, the prices for CO₂ emission certificates were not of major significance during the year under review.

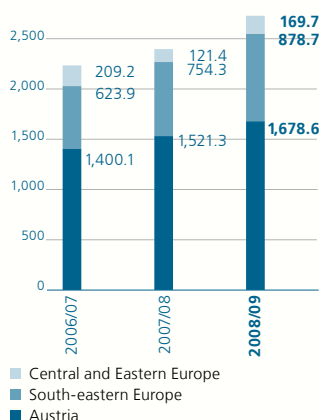
Overall business development

These consolidated financial statements were prepared in accordance with the principles of the International Financial Reporting Standards (IFRS, as adopted by the EU). Compared to the previous year, the consolidation range (see notes, note 4. Consolidation range, page 80) was expanded by two fully consolidated subsidiaries as well as one proportionally consolidated joint venture and one associated company included at equity. All in all, the consolidated financial statements now encompass – including EVN AG as the parent company – a total of 53 fully consolidated companies (previous year: 51) as well as five proportionally consolidated companies (previous year: four) and 14 associated companies included at equity (previous year: 13).

Income statement

In the 2008/09 financial year, EVN raised its total revenue by 13.8%, or EUR 330.0m, to EUR 2,727.0m. The revenue improvement in the Energy segment, amounting to 12.7%, or EUR 277.0m, to EUR 2,459.3m, was primarily due to higher electricity sales volumes in Macedonia in consequence of a reduction of networks losses and increased heating sales volumes in Austria and Bulgaria, as well as upward price adjustments for electricity, gas and heat in the Austrian and South East European regions supplied, which in turn were made necessary by the strong rise in energy procurement prices in previous periods. Business development in the Environmental Services segment was characterised by a higher volume of orders received, which led to a revenue increase of 27.9%, or EUR 51.5m, to EUR 236.1m. Accordingly, the Energy

Revenue by region EURm



segment's share of total revenue amounted to 90.2% (previous year: 91.0%), revenue generated by the Environmental Services segment climbed to a share of 8.7% of total revenue (previous year: 7.7%). Revenue generated outside of the Austrian market of EUR 1,048.4m (previous year: EUR 875.7m) corresponds to a 38.4% share of revenue generated abroad (previous year: 36.5%).

Condensed consolidated income statement

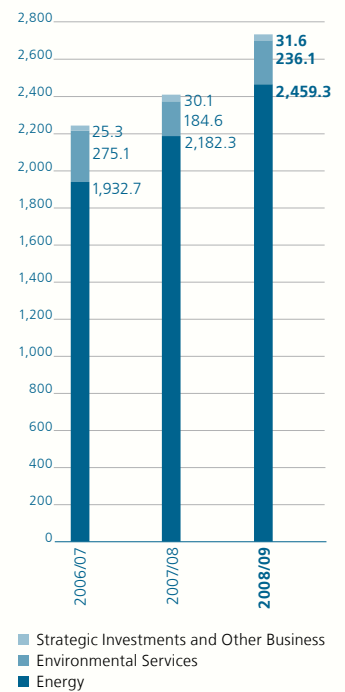
	2008/09 EURm	2007/08 EURm	Change EURm	%	2006/07 EURm
Energy revenue	2,459.3	2,182.3	277.0	12.7	1,932.7
Environmental Services revenue	236.1	184.6	51.5	27.9	275.1
Strategic Investments and Other Business revenue	31.6	30.1	1.5	5.0	25.3
Total revenue	2,727.0	2,397.0	330.0	13.8	2,233.1
Other operating income	61.7	50.9	10.8	21.3	45.6
Change in work in progress and own work capitalised	21.6	11.8	9.8	83.4	8.3
Electricity purchases and primary energy expenses	-1,653.2	-1,375.8	-277.3	-20.2	-1,176.1
Other materials and services	-297.5	-281.7	-15.8	-5.6	-335.2
Personnel expenses	-319.4	-304.4	-15.0	-4.9	-288.9
Other operating expenses	-166.8	-135.3	-31.4	-23.2	-136.1
EBITDA	373.4	362.3	11.1	3.1	350.7
Depreciation and amortisation	-198.2	-195.7	-2.5	-1.3	-153.3
Results from operating activities (EBIT)	175.2	166.6	8.6	5.2	197.3
Financial results	50.8	68.9	-18.0	-26.2	90.1
Profit before income tax	226.0	235.5	-9.4	-4.0	287.4
Income tax	-28.0	-5.6	-22.4	-	-28.5
Net profit for the period	198.0	229.8	-31.8	-13.9	259.0
Thereof minority interest	20.1	42.9	-22.8	-53.2	31.9
EVN AG shareholders (Group net profit)	177.9	186.9	-9.0	-4.8	227.0
Earnings per share in EUR¹⁾	1.09	1.14	-0.05	-4.8	1.39

1) The figures for the 2006/07 financial year were adapted to reflect the stock split in a ratio of 1:4 carried out effective April 17, 2008.

Due to energy quantities purchased at the higher market prices prevailing in previous periods as a means of ensuring the reliability and security of energy supplies, electricity purchases and primary energy expenses rose by 20.2% compared to the previous year, or EUR 277.3m, to EUR 1,653.2m. As a result of the gratifying order intake in the project business of the Environmental Services segment, the cost of materials and services rose by 5.6%, or EUR 15.8m, to EUR 297.5m, despite the decline in maintenance investments.

The average number of employees in the EVN declined by 4.3%, or 405 people, to 8,937 at the end of the 2008/09 financial year. This development is primarily due to the reduction abroad by 7.3%, or 500 people, related to the successfully implemented restructuring programme in Bulgaria and Macedonia. In contrast, work force in Austria rose by 3.8%, or 95 people, to 2,563 employees, of which 68 employees work for the fully consolidated telecommunications provider B.net in Burgenland, which has been included in the consolidated financial statements of the EVN since the second quarter of 2008/09. Concerning this development and contractually stipulated wage increases mandated by collective agreements, costs for the ongoing restructuring measures in South East Europe, as well as additional pension payments made to EVN-Pensionskasse, total personnel expenses climbed by 4.9%, or EUR 15.0m, to EUR 319.4m.

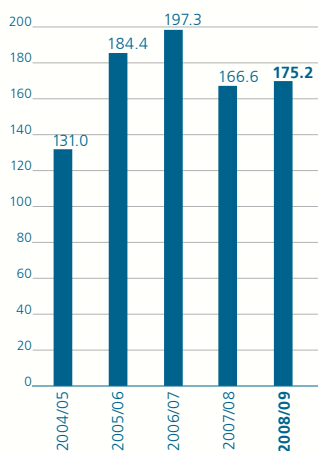
Revenue by segment EURm



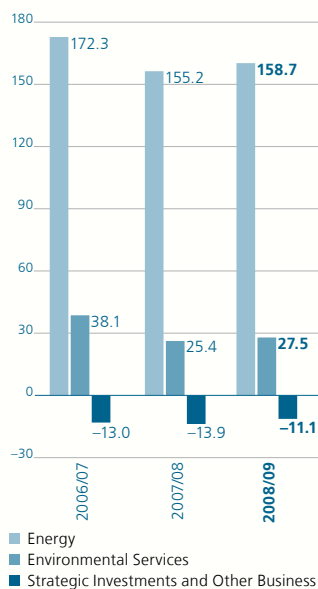
High prices for electricity and primary energy

Increasing personnel expenses

Results from operating activities (EBIT) EURm



EBIT by segment EURm

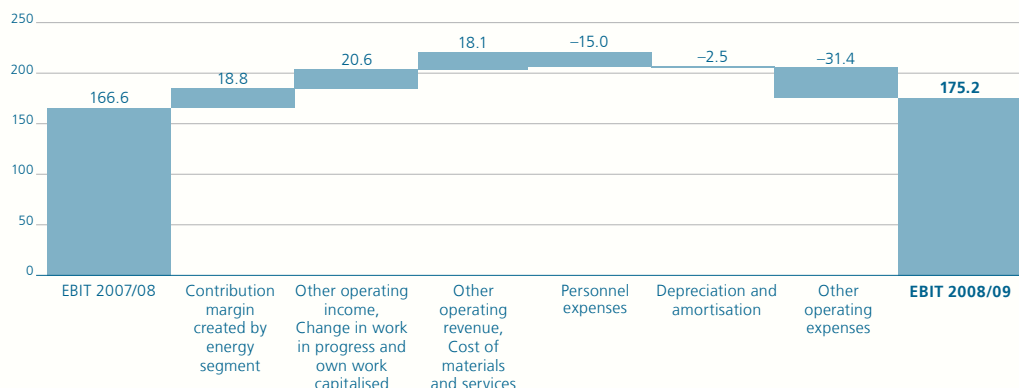


Depreciation and amortisation rose by 1.3%, or EUR 2.5m on the basis of the continuation of investment projects and the initial consolidation of B.net, although the previous year included an unscheduled negative profit contribution of EUR 12.0m. However, no extraordinary depreciation or reversals of impairment losses were necessary in the 2008/09 financial year. Other operating expenses rose by 23.2%, or EUR 31.4m, to EUR 166.8m, particularly being the result of the increased write-offs of receivables in South East Europe as well as higher legal and consulting fees.

Based on the above-mentioned developments in the 2008/09 financial year, EBITDA climbed by 3.1%, or EUR 11.1m, to EUR 373.4m, despite the difficult business environment. However, due to the comparatively stronger revenue increase, the EBITA margin fell from 15.1% to 13.7%.

The result from operating activities (EBIT) amounted to EUR 175.2m, a rise of 5.2%, or EUR 8.6m, from the previous year. The EBIT margin dropped from 7.0% to 6.4%. The Energy segment contributed EUR 158.7m to the total EBIT, the Environmental Services segment EUR 27.5m.

Development of EBIT 2008/09 compared to previous year in EURm



The financial results in the 2008/09 financial year were significantly below the previous year's figure, decreasing by 26.2%, or EUR 18.0m, to EUR 50.8m. The higher dividend distributed by Verbundgesellschaft could not compensate for the lower profit contribution from Group investments related to the declining earnings contributions of investments in associates included at equity, particularly RAG, for which reason the total profit contribution from Group investments was down 31.4%, or EUR 43.0m, to EUR 94.0m. Despite the lower interest rates prevailing most recently, the higher level of financial liabilities led to an increase in interest expense by EUR 1.0m. Interest income, which is mainly derived from investment funds, loans and borrowings and the interest components of leasing payments from the project business of the Environmental Services segment, declined from EUR 49.9m to EUR 47.4m. On balance, the interest results deteriorated by EUR 3.5m, to EUR -38.5m. Other financial results rose on the basis of the latest developments on global financial markets, but remained slightly negative at EUR -4.7m despite the improvement of EUR 28.4m.

Taking the above-mentioned changes in the financial results into account, the profit before income tax was down 4.0%, or EUR 9.4m, to EUR 226.0m. The lower tax-free income from investments in other companies, and a positive one-off effect of EUR 11.0m related to a valuation change pertaining to deferred taxes in the 2008/09 financial year, led to an increase in total income tax expense by EUR 22.4m, to EUR 28.0m, although there was a decline in the profit before income tax.

Taking account of the decline in profit contribution of RAG, which is included at equity, minority interest was down EUR 22.8m compared to the previous year, to EUR 20.1m. The lower profit before income tax and the increased income tax expense resulted in a 4.8% or EUR 9.0m decline in the Group net profit, to EUR 177.9m. This corresponds – taking the buyback of treasury shares into consideration – to earnings per share of EUR 1.09 (previous year: EUR 1.14), a decline by 4.8%.

Consistent with the mainly stable business development, the Executive Committee will propose a dividend of EUR 0.37 per share to the Annual General Meeting (previous year: EUR 0.37), which corresponds to a dividend payout ratio of 33.9% (previous year: 32.4%) and a dividend yield of 2.7% (previous year: 2.5%).

Development of selected indicators

		2008/09	2007/08	2006/07
ROE	%	6.3	7.4	9.0
Average equity	EURm	3,167.8	3,111.6	2,885.3
WACC after income tax ¹⁾	%	6.5	6.5	6.5
OpROCE ²⁾	%	6.7	8.7	9.0
Average capital employed ²⁾	EURm	3,493.8	3,219.7	3,041.2
Profit after income tax (NOPAT) ¹⁾	EURm	234.4	280.9	275.2
EVA [®]	EURm	7.8	71.7	77.5

1) The weighted average cost of capital is calculated on the basis of a cost of equity capital amounting to 9.3% and a cost of interest-bearing debt (after tax) of 3.4%, as well as an equity ratio of 50.0%.

2) Adjusted for impairments and one-off effects. The market value of the shareholding in Verbundgesellschaft is not included in the capital employed in order to consistently convey the development of the value contribution.

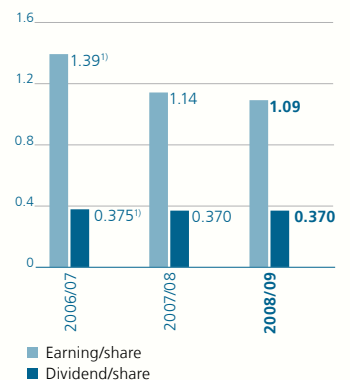
On the basis of the decreased profit after income tax and the higher average equity, the return on equity (ROE) fell from 7.4% to 6.3%. The changed market valuation of the shareholding in Verbundgesellschaft without recognition to profit or loss as well as the increase of minority interests due to the changed presentation of RAG (see notes, note 6. Changes in accounting and valuation methods, page 82) are taken into consideration in evaluating the development of the capital base. While the first aspect led to a decline in equity, the second led to an increase.

When neutralising this valuation effects, the performance indicators for the 2008/09 financial year show a lower economic value added (EVA[®]) of EUR 7.8m, and an operating return on capital employed (OpROCE) down from 8.7% to 6.7% compared to previous year's figures. In addition to the significantly lower income from investments related to the strong decline in primary energy prices and higher income tax expense, the main reason is the increase in interest-bearing total capital, due to the continuation of long-term infrastructure investments in the electricity and gas networks as well as in the generation area. During the period under review, the weighted average cost of capital after tax (WACC) of EVN, adjusted for specific corporate and country risks, was 6.5%, similar to the previous year.

Profit before income tax

Group net profit

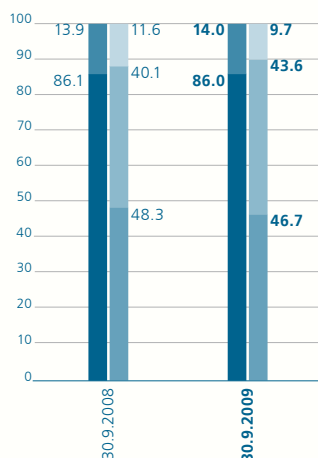
Earnings and dividend per share in EUR



1) The figures for the 2006/07 financial year were adapted to reflect the stock split in a ratio of 1:4 carried out effective April 17, 2008.

EVA[®], operating ROCE, WACC

Balance sheet structure in %



- Current assets
- Non-current assets
- Current liabilities
- Non-current liabilities
- Equity

Balance sheet

The balance sheet total of EVN at EUR 6,695.4m was at approximately the same level as in the previous year. Whereas the value of non-current and current assets changed only minimally, there were more pronounced changes in their composition. In respect to non-current assets, intangible assets and property, plant and equipment climbed significantly due to the acquisition of B.net and ongoing investments. Similarly, investments in associates included at equity also increased, primarily as a result of the changed presentation of RAG. At the same time, there was a decline in other financial assets, particularly in other investments, attributable to the change in the market valuation of the shareholding in Verbundgesellschaft without recognition to profit or loss. In terms of current assets, a rise in inventories contrasted a decrease in securities.

Condensed consolidated balance sheet	30.9.2009 EURm	30.9.2008 EURm	Change EURm	%	30.9.2007 EURm
Assets					
Non-current assets					
Intangible assets and property, plant and equipment	3,018.3	2,749.5	268.7	9.8	2,477.0
Investments in associates included at equity and other financial assets	2,122.2	2,365.0	-242.8	-10.3	2,073.7
Other non-current assets	620.7	597.9	22.8	3.8	615.3
	5,761.2	5,712.4	48.8	0.9	5,166.0
Current assets	934.2	923.9	10.3	1.1	1,095.9
Total assets	6,695.4	6,636.3	59.1	0.9	6,261.9
Equity and liabilities					
Equity and liabilities					
Equity attributable to EVN AG shareholders	2,783.8	2,975.9	-192.1	-6.5	2,788.0
Minority interest	343.4	232.5	110.9	47.7	226.7
	3,127.2	3,208.5	-81.3	-2.5	3,014.7
Non-current liabilities					
Non-current loans and borrowings	1,702.5	1,358.9	343.6	25.3	1,172.6
Deferred tax liabilities and non-current provisions	751.9	850.3	-98.4	-11.6	821.2
Deferred income from network subsidies and other non-current liabilities ¹⁾	469.3	446.1	23.2	5.2	406.7
	2,923.7	2,655.3	268.4	10.1	2,400.6
Current liabilities					
Current loans and borrowings	17.0	153.9	-136.9	-89.0	247.2
Other current liabilities	627.5	618.6	8.9	1.4	599.4
	644.5	772.5	-128.0	-16.6	846.6
Total equity and liabilities	6,695.4	6,636.3	59.1	0.9	6,261.9

1) The previous year's values have been adapted to reflect the new reporting system. See notes, note 6. Change in accounting and valuation methods, page 82

Reduction in equity

The reduction in equity of 2.5%, or EUR 81.3m, to EUR 3,127.2m, was on the one hand related to the reported change in the market valuation of the shareholding in Verbundgesellschaft without recognition to profit or loss and on the other hand to the dividend payment for the 2007/08 financial year amounting to EUR 60.3m for the shareholders of EVN AG and EUR 35.0m to minority interest. In contrast, the net profit for the period in the 2008/09 financial year and the changed presentation of RAG had a positive effect on equity. Related to that, the equity ratio fell from 48.3% to 46.7%.

The development of non-current liabilities was characterised by the increase in non-current loans and borrowings, which rose 25.3%, or EUR 343.6m, to EUR 1,702.5m, which was primarily due to the issuing of five corporate bonds with a total volume of EUR 470.0m. At the same time, the syndicated credit facility was partially redeemed. Deferred tax liabilities declined by 26.9%, or EUR 112.9m, to EUR 307.1m, mainly as a result of the change in the market valuation of the shareholding in Verbundgesellschaft.

Increase in non-current liabilities

The redemption of the CHF obligation with a volume of CHF 200.0m at a nominal interest rate of 2.43%, which had still been included under current loans and borrowings in the 2007/08 financial year, was the chief factor impacting the development of current liabilities, which decreased by 16.6% or EUR 128.0m compared to the previous year's level, to EUR 644.5m.

Reduction in current liabilities

Financial and liquidity situation

Ensuring sufficient liquidity was a top priority for EVN in the 2008/09 financial year, considering the threat of a potentially serious credit crunch as a result of the global financial and economic crisis. Following the bankruptcy of Lehman Brothers in September 2008, it was very difficult for a short time to conclude credit lines and bonds could not be issued at acceptable terms and conditions at that time.

The CHF obligation and the DEM bond, redeemed in April 2008 and August 2008 respectively, at first were refinanced by partially drawing upon the existing syndicated credit facility. This line of credit, concluded on September 12, 2006, features a volume of up to EUR 600.0m, and is at EVN's disposal until September 2013.

Bond issues and redemption

At the end of December 2008, EVN successfully placed a JPY bond to the amount of JPY 12.0 bn and a maturity of 15 years on the capital market, followed by a CHF bond to the amount of CHF 250.0m and a maturity of five years in February 2009. The newly issued five-year CHF corporate bond was already being used to refinance the CHF obligation with a volume of CHF 200.0m, which fell due on June 10, 2009. Both of the newly issued foreign currency bonds are quantosed by swaps.

In order to further strengthen the liquidity situation of EVN, three private placements in EUR were carried out in June 2009, boasting a total volume of close to EUR 210.0m, with a maturity ranging from seven to ten years. The aim of these issues was to further diversify the bond portfolio in respect to the terms to maturity. All in all, the issued bonds totalled about EUR 470.0m in the course of the 2008/09 financial year.

During the period under review, the syndicated credit facility which EVN had drawn upon was successively paid back. Accordingly, in addition to the cash at its disposal as a liquidity reserve at the balance sheet date, EVN can thus also draw upon the entire EUR 600.0m revolving credit facility (previous year: EUR 400.0m unused and immediately available). Also, EVN continues to have access to the capital market on the basis of its good reputation with investors, its operating in a relatively crisis-resistant sector and its solid ratings. The successful bond issues of the 2008/09 financial year served to safeguard EVN's liquidity on a long-term basis. The stable financial situation will help fulfil the demands arising from everyday business operations.

Syndicated credit facility

In respect to external financing of the entire Group (bonds, loans, hedging), the current mix consists of 54.0% fixed interest-bearing debt and 46.0% variable interest-bearing debt. The average interest rate resulting is 3.5%. The duration of this portfolio amounts to 3.17.

The following chart illustrates the development of net debt:

	2008/09	2007/08	Change		2006/07
	EURm	EURm	EURm	%	EURm
Net debt					
Non-current loans and borrowings	1,702.5	1,358.9	343.6	25.3	1,172.6
Current loans and borrowings ¹⁾	0.1	127.0	-126.9	-99.9	225.4
Cash and cash equivalents	-113.6	-94.1	-19.5	20.7	-54.4
Current securities	-86.7	-136.0	49.2	-36.2	-395.7
Non-current securities	-102.4	-102.9	0.5	-0.5	-101.2
Loans receivable	-21.6	-21.6	-	-	-21.4
Net debt	1,378.2	1,131.3	246.9	21.8	825.3
Equity	3,127.2	3,208.5	-81.3	-2.5	3,014.7
Gearing (%)²⁾	44.1	35.3	-	8.7	27.4

1) Excl. bank overdrafts contained in cash and cash equivalents

2) Changes reported in percentage points

Gearing: ratio of equity to debts

The increase in net debt related to the investment activities and the decline in equity led to a deterioration of gearing by 8.8 percentage points, to 44.1%. The increase in net debt also resulted in a decrease in the net debt coverage from 41.3% to 30.6%. The higher interest expense combined with the lower Funds from Operations (FFO) reduced the interest cover from 5.5 to 4.9.

Development of cash flow

Gross cash flow

The decline in the profit before income tax from EUR 235.5m to EUR 226.0m was not reflected in the development of the gross cash flow, which rose 4.3%, or EUR 18.5m, to EUR 445.1m. The increases in the non-cash items of income from investments in associates included at equity and non-current provisions were contrasting a significant reduction in the negative profit contributions in other financial results compared to the previous year. This weakened the overall rise of the gross cash flow.

Condensed consolidated cash flow statement	2008/09	2007/08	Change		2006/07
	EURm	EURm	EURm	%	EURm
Profit before income tax	226.0	235.5	-9.4	-4.0	287.4
Non-cash items	219.1	191.2	27.9	14.6	124.7
Gross cash flow	445.1	426.7	18.5	4.3	412.1
Changes to current and non-current balance sheet items	-74.5	-15.6	-59.0	-	-51.7
Income tax paid	-35.3	-28.5	-6.8	23.9	-17.6
Net cash flow from operating activities	335.3	382.6	-47.3	-12.4	342.8
Changes in intangible assets and property, plant and equipment	-349.6	-350.4	0.8	-0.2	-206.2
Acquisition of subsidiaries, net of cash acquired	-20.4	-35.0	14.6	-41.6	-
Changes in non-current financial and other assets	-56.4	-186.8	130.4	-69.8	18.8
Changes in current assets	26.1	245.4	-219.4	-89.4	-107.7
Net cash flow from investing activities	-400.4	-326.8	-73.6	22.5	-295.2
Net cash flow from financing activities	84.3	-16.0	100.3	-	-70.1
Net change in cash and cash equivalent	19.2	39.8	-20.6	-51.8	-22.4
Cash and cash equivalents at the beginning of the period	94.1	54.4	39.8	73.2	76.8
Cash and cash equivalents at the end of the period	113.6	94.1	19.5	20.7	54.4

The decline in net cash from operating activities by 12.4%, or EUR 47.3m, to EUR 335.3m, can be attributed to the disadvantageous development of current and non-current balance sheet items – in which a slighter increase in trade accounts receivable was offset by a greater decline in liabilities and a higher rise in inventories – as well as a higher income tax expense.

The net cash flow from investing activities included ongoing investments in property, plant and equipment and intangible assets at approximately the same level as the previous year. As the financing of the increased shareholding in RAG in the previous year had been based on the sale of securities, a significantly lower net cash outflow reported under “Changes in non-current financial and other assets” led to a rising net cash outflow by EUR 73.6m in the 2008/09 financial year resulting in a net cash flow from investing activities totalling EUR -400.4m. The item “Changes in non-current financial and other assets” was characterised by the addition of investments in associates included at equity as well as the increase in lease receivables in the Environmental Services segment.

As the dividend distributed was at approximately the same level as in the previous financial year, the net cash inflow was primarily related to the development of current loans and borrowings (see page 50. Net debt).

For EVN all the above-mentioned developments led to a positive net change in cash and cash equivalents of EUR 19.2m, whereby cash and cash equivalents rose to EUR 113.6m. At the balance sheet date of September 30, 2009, EUR 86.7m were held in current securities (previous year: EUR 136.0m), which in accordance with IFRS were not allocated to cash and cash equivalents. Moreover, the entire syndicated credit facility of EUR 600.0m was at disposal on the balance sheet date (September 30, 2009: EUR 400.0m unused and immediately available). Therefore, there are sufficient liquidity reserves at disposal to finance the development of the business operations, whereby the liquidity situation of EVN continues to remain stable.

Net cash flow from operating activities

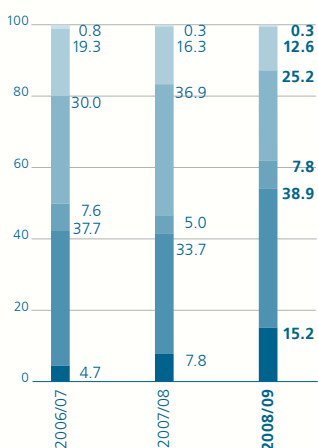
Net cash flow from investing activities

Net cash flow from financing activities

Net change in cash and cash equivalents

Investments

Structure of EVN investments in %



Investment activity

While the investments of EVN in intangible assets and property, plant and equipment amounted to EUR 415.7m, hovering at the previous year's level, particular importance was attached to investments in the Lower Austrian region supplied which climbed by EUR 21.4m and EUR 11.9m in the Networks and Supply business units respectively. The investment volume in South East Europe settled down at a much lower level in the 2008/09 financial year, following the massive investments made in previous years to improve energy supply reliability and quality as well as to expand and upgrade the network infrastructure and electricity meters in the region.

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

Investment priorities at EVN

	EURm	2008/09	2007/08
Generation		63.4	32.3
Thereof thermal power stations		31.5	26.6
Thereof windpark in Bulgaria		28.3	–
Networks		161.5	140.0
Thereof electricity networks		74.9	107.2
Thereof gas networks		82.6	27.3
Supply		32.5	20.6
Thereof district heating plants		29.2	20.5
South East Europe		104.8	153.2
Environmental Services		52.4	67.9
Thereof third waste incineration line in Dürnröhr		29.2	39.0
Thereof combined cycle heat and power plant in Moscow		5.1	6.4
Thereof supra-regional power lines, local networks and wastewater		9.1	14.9
Strategic Investments and other Business		1.1	1.6
Total		415.7	415.6

Human resources

The EVN considers the qualifications and dedication of its 8,937 employees to be the stable basis of its corporate success. Accordingly, the company is strongly committed to investing in ongoing professional training and further education courses, safety measures and in the implementation of modern management tools.

In the 2008/09 financial year, expenditures on further education (seminar fees, trainers, e-learning) amounted to about EUR 2.9m (previous year: EUR 2.9m), which corresponds to EUR 324.5 per employee (previous year: EUR 314.9). In addition to IT courses and specialised instruction, a further focal point of the company's efforts is strengthening the social competence of employees. In July 2008, an initiative recognised and supported by the European Social Fund was launched in Bulgaria to improve the foreign language skills of employees. By the end of 2009, a total of 284 employees will have completed English and German language courses. The executive training programme in Bulgaria and Macedonia was continued. Department heads and team leaders were trained during the year under review. In 2010, all senior managers of customer service centres will participate in this programme. Employees spent an average of 23.9 hours on each completed training course.

EVN prefers to recruit people for top management positions from within its own ranks. The "International Development Programme for High Potentials" was launched to promote qualified employees in Austria, Bulgaria, Germany and Macedonia. At present, a total of 20 employees are taking part in the programme which was initiated at the beginning of 2009. To have employees with the highest qualification in the future, three trainee programmes have been offered in Macedonia since 2007 to help employees get a comprehensive insight into the company and its internal processes. 38 electrical engineers are participating in the twelve month training drive in 2009, rotating among different departments and supported by designated mentors. In addition, practical training is complemented by courses provided at the EVN Macedonia Academy.

Environment and sustainability

EVN has integrated the responsible use of natural resources as a key aspect of a sustainability-oriented corporate management, and considers this approach to be a decisive success factor. By promoting renewable energy sources such as hydroelectric and wind power, biomass and biogas, EVN not only makes a valuable contribution to reducing CO₂ emissions but also towards reducing the company's dependence on fossil-based primary energy sources. To ensure the highest possible effectiveness of its power generating plants, EVN makes use of state-of-the-art technologies, such as combined cycle heat and power facilities. Almost all of EVN's thermal power stations have been granted an environmental certificate.

In order to minimise environmental risks, EVN has been implementing an environmental management system in line with EMAS and ISO 14001 standards since 1996. This applies to all facilities which potentially have a major impact on the environment. In recent years, these efforts have been expanded and upgraded into an integrated management system. EVN attaches considerable importance to setting up efficient environmental management systems complying with EU standards in the integration of its Bulgarian and Macedonian subsidiaries. A project to introduce a company-wide waste management system was launched in Bulgaria. A documentation system for environmental controlling was initiated in Macedonia during the year under review, and the first environmental audit was carried out in accordance with ISO 14001.

**Employee qualifications
as a success factor**

**Successful integration of employees
in South East Europe**

**Development programme
for high potentials, trainee
programme in Macedonia**

**Environmental protection
and sustainability as permanent
features of EVN's corporate
strategy**

**Minimisation of risks for the
environment**

Risk management

Definition of risk

The EVN defines risk as the danger of failing to achieve business objectives due to negative deviations from planned business targets. Chances and opportunities are also taken into account when evaluating and controlling risks.

Risk management process

The overriding goal of EVN's risk management system is the targeted safeguarding of existing and future earnings potential. A centrally managed, two phased risk controlling system provides the responsible employees in the EVN with the methods and tools required to identify and evaluate risks. The responsible operative business units communicate their risk positions to the central risk controlling unit, which carries out a cross-divisional assessment, in order to ultimately define suitable measures to minimise risk.

The risk controlling process

The risk controlling process consists of the following measures:

- **Identification:** identification of risks arising from the results of the last risk inventory and the EVN's new business activities
- **Evaluation & analysis:** quantification of risk, aggregation of risks according to different assessment approaches, modelling of profit distribution, preparation of a risk report
- **Reporting:** risk reports are sent to risk managers at regular intervals. The risk reporting to the Executive Board encompasses two corporate bodies, the EVN's risk committee and the risk management working committee, both of which are involved in the evaluation and discussion of risk positions.
- **Process review:** serves to determine the organisational units to be monitored, in which case a method has been developed to identify those units which must be regularly subject to an explicit risk assessment. At the same time, the company regularly carries out analyses to determine whether the pre-defined methodology applied to identify and evaluate risks needs to be revised in the light of changed conditions.

Risk management and control committees

The EVN's risk committee, consisting of the Executive Board, heads of the strategic business units and the risk management work committee, presents and discusses the results of the risk reports. It decides on any potential need for action, convenes working groups and authorises them to carry out specified tasks. The risk committee of EVN is the ultimate authority with the right to adapt the risk management system in accordance with changes in risk positions and to influence risk policies and the strategic orientation.

Functions of the risk management work committee

In contrast, the risk management work committee is authorised to monitor the proper implementation of the risk controlling mechanisms. It also defines the evaluation methods, specifications and guidelines in respect to the type and scope of official reporting tools. This committee consists of the heads of the following central departments: finance and accounting, controlling, general secretariat and corporate affairs, and internal auditing. The latter encompasses an examination of risk controlling processes and the implementation of the planned measures.

Risk profile

Market risks faced by EVN relate to the commercial realisation of electricity, gas, coal and CO₂. Profit margin risks can arise in the marketing of electricity, gas and heat as well as the disadvantageous procurement prices for primary energy sources. Hedging strategies such as the diversification of customer segments, the longer-term sale of power plant capacities and fixed pricing agreements (e.g. forwards and futures) are designed to minimise risk. Operational risks in the Energy segment relate to potential disruptions in the production and distribution of electricity and district heat, as well as the procurement and sale of gas.

In the Environmental Services segment, risks refer to potential breakdowns of waste incineration facilities as well as disruptions in wastewater treatment systems or in supplying drinking water. EVN applies state-of-the-art technologies and continually implements upgrades to incorporate the best available technologies. Experienced employees of EVN, who regularly take part in professional trainings, play an important role in reducing risk.

EVN counteracts interest rate and foreign exchange risks through derivative hedging instruments. Credit risks are managed on the basis of credit limit management systems and a targeted strategy to diversify business partners. Regular liquidity analyses, long-term, centrally managed financial planning and the safeguarding of the required financial resources enable EVN to counteract liquidity risks.

Political and legal risks primarily arise as a result of regulatory conditions, the influence exerted by public authorities on large projects and tougher environmental protection laws. Moreover, changing legal conditions in foreign markets also pose a major challenge, which is overcome by cooperating with local, regional, national and international authorities and interest groups. Legal and political influences on large-scale projects are reduced by concluding strategic partnerships for large projects. Liability rights and right of recourse are ensured on the basis of corporate law.

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Risk-oriented internal controlling system

On the basis of changes made to the Company Law Amendment Act 2008, capital market oriented companies are now required to include details in their management reports summarising the most important components of their internal control and risk management systems applied to accounting processes. In accordance with this legal obligation, EVN has established a "Risk-Oriented Internal Control Systems (RIKS) based on the internal controlling system of the company. It ensures the smooth functioning of the operational process as well as clearly-defined duties and responsibilities and eliminates unnecessary process steps. Following the initial implementation of the new system during the year under review, it will actually be applied at EVN AG in 2009/10. This represents a further step towards safeguarding the processes underlying financial reporting.

Risks in the Energy segment

Risks in the Environmental Services segment

Financial risks

Political and legal risks

General risk profile

The most important risks for EVN and measures to minimise them

Market and competitive risks

Price risk

Procurement prices for primary energy, electricity, gas, CO₂ emission certificates and biomass

→ Fixed pricing agreements, long-term procurement policy

Profit margin risks

Energy sales: non-achievement of profit margins

→ 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 entire costs of operating the network as reflected in network tariffs imposed by the regulator

→ Lobbying with national and international regulatory authorities and interest groups

Counterparty risk

Complete or partial failure on the part of a business partner to provide the agreed service

→ Contractual stipulations, insurance and diversification of business partners

Supplier risk

Increasing project costs in building up new production capacities

→ Partnerships, contractual safeguarding of economic parameters as far as possible, external expert reports

Financial risk

Foreign currency risks

Financing in JPY and CHF

→ Monitoring, limits and hedging instruments

Liquidity risk

Inability to redeem financial liabilities on schedule

→ Long-term, centrally managed financial planning, contractual safeguarding of financing requirements

Equity investment risks

Non-fulfilment of profit targets of an equity investment

→ Representation on the Supervisory Board of the equity investment

Rating change

Higher refinancing costs as a result of worsening of the rating

→ Ensuring performance to fulfil relevant financial indicators

Interest rate risks

Changes in market interest rates, value changes in variable-interest financial instruments

→ Use of hedging instruments

Operational risks

Technological risk

Late recognition and application of new technologies

→ Active participation in external research projects and ongoing upgrading to ensure use of state-of-the-art technologies

Infrastructure risks

False construction or application of technical facilities

→ Elimination of technical weak spots, regular checks and inspection of infrastructure existing at present or required in the future

Technical complications at third-party facilities

Nationwide network interruptions or breakdowns due to integration in European electricity networks

→ Technical upgrading at interfaces in the different networks, expansion of network capacities in Austria

Legal, political and macroeconomic risks

Regulatory framework

Changes in the legal framework (e.g. environmental laws or varying regulations in South East Europe)

→ Cooperation with interest groups, associations and public authorities on a regional, national and international level

Legal and litigation risk

Non-compliance with contractual obligations by several parties or litigation risk from lawsuits

→ Lobbying via local, regional, national or EU-wide interest groups

Other risks

Granting of undue advantages

Dissemination of confidential information to third parties and granting undue advantages

→ IT control systems, unified guidelines and standards as well as the reorganisation of subsidiaries in South East Europe, EVN Code of Conduct

Project risk

Increasing project costs in building up new production capacities as a result of subsequent technical adjustments and changes in the legal framework

→ Contractual safeguarding of economic parameters as far as possible

Employee risk

Loss of highly qualified employees, absence due to occupational accidents

→ Occupational health care and safety measures, flexible working time models

Disclosures in accordance with § 243a, Corporate Code

1. The share capital of EVN AG amounts to EUR 300,000,000 and is divided into 163,525,820 zero par value bearer shares. The Executive Board determines the form and contents of the share certificates, profit participation certificates, renewal coupons, interim shares, interim global certificates and interest coupons and warrants. Any claim made by shareholders to individual certificates shall be excluded. All shares have the same rights and obligations.
2. There are no restrictions of voting rights except for the stipulations contained in Austrian stock corporation law.
3. On the basis of constitutional law regulations, the Province of Lower Austria is the majority shareholder, with a 51% stake in EVN AG. Its shareholding in EVN is held via NÖ Landes-Beteiligungsholding GmbH. According to the announcement made by the German company EnBW Energie Baden-Württemberg AG in accordance with stock exchange law on October 23, 2008, EnBW owns more than 35% of the shares in EVN. Within the context of the share buyback programme approved by the 79th Annual General Meeting, a total of 534,864 treasury shares had been held at the balance sheet date September 30, 2009 (representing 0.33% of the share capital). The remaining shares are in free float.
4. No shares with special control rights have been issued.
5. Employees who own shares may exercise their voting rights at the Annual General Meeting.
6. The Executive Board consists of three members who are appointed and can also be dismissed by the Supervisory Board. In addition to prevailing stock corporation laws, EVN must comply with the law governing the filling of positions, which stipulates that job vacancies must be publicly advertising. The Supervisory Board consists of at least ten and a maximum of fifteen members, who are elected by the Annual General Meeting. The election is valid for the longest period permitted by stock corporation laws.
7. On January 15, 2009 the Annual General Meeting authorised the Executive Board to buy back EVN's own shares in accordance with § 65 (1) line 4 of the Austrian Stock Corporation Act to acquire its own non-par value bearer shares in the company for the purpose of issuing them as stock options to employees, top executives, members of the Executive and Supervisory Boards of EVN or an affiliated company, or, a buyback without purpose as stipulated in § 65 (1) line 8 of the Austrian Stock Corporation Act, amounting in total to 10 percent of the share capital of EVN AG, for a period of 30 months beginning on the day the resolution is approved. The number of shares which can be acquired in one day is limited to a maximum of 25 percent of the average daily trading over the previous 20 days of trading on the Vienna Stock Exchange. The lowest nominal value to be paid per share is the share price on the last day of trading before the day on which the share is bought back less a 20 percent deduction, whereas the highest price to be paid is the share price on the last day of trading before the day on which the share is bought back including a 10 percent additional charge. Furthermore, the Executive Board is authorized to withdraw these treasury shares without a further resolution of the Annual General Meeting.

No resolution was passed in respect to authorised capital.
8. The company is not involved in any agreements in respect to a potential change of controlling interest in the case of takeovers.
9. No compensation agreements exist which are to the benefit of any corporate bodies or employees in the case of a public takeover offer.

Share capital

Voting rights

Shareholder structure

Control rights

Corporate bodies

Acquisition of treasury stock and authorised capital

Change of controlling interest

Compensation agreements

Outlook for the 2009/10 financial year

The business success of the EVN Group in the Energy segment primarily depends on prices for primary energy and CO₂ certificates as well as electricity wholesale prices on the European spot and forward markets. Moreover, the development of outdoor temperatures has an influence on sales volumes of electricity, gas and heat. As of November 1, 2008, EVN had to carry out upward price adjustments in end customer prices for electricity and gas in the Lower Austrian regional market due to extremely high prices on international raw material and energy markets. However, following the initial increase in gas prices, the lower primary energy costs were passed on to end customers in the course of the past financial year. The projected development of revenue and earnings in the 2009/10 financial year is based on the following factors:

- Due to the currently small difference between primary energy costs and electricity market prices, EVN only expects to generate a limited amount of power from its own thermal power stations in the **Generation business unit**. This could lead to a slight decline in revenue and earnings.
- In the **Networks business unit**, EVN anticipates stable sales volumes in its electricity and gas networks in the 2009/10 financial year, based on the assumption of average temperatures. EVN does not expect any major negative effects on revenue to arise in connection with potential tariff rate changes. Accordingly, earnings will likely be at the same level as in the preceding year.
- The **Supply business unit** assumes that there will be a slight decline in electricity sales volumes as a result of improved energy efficiency, primarily in households as well as the slightly negative effect of the economic downswing on industrial customers. Similarly, gas volumes will also decrease somewhat due to the changeover on the part of customers to other fuels and district heat. On balance, revenue will be down slightly. However, the results from operating activities will rise slightly based on lower procurement prices for electricity and gas.
- The integration of the new subsidiaries in the **South East Europe business unit** will proceed as planned, and should lead to a stable development of revenue and earnings. Business in Bulgaria will continue to depend on the success in dealing with upcoming market liberalisation. In Macedonia, an improvement in earnings can only be achieved by increased efficiency and further reducing losses from the power grid due to the problematic regulatory conditions and changes in the energy laws.
- The positive development of the **Environmental Services segment** is expected to continue during the 2009/10 financial year, both in terms of revenue and earnings. A positive development is anticipated in the drinking water and wastewater business on the basis of a good level of orders on hand, whereas the acquisition of new large scale waste incineration projects is planned.
- The **Strategic Investments and Other Business segment** will strive to match the results generated in the 2008/09 financial year, although the overall development of the segment is strongly linked to overall macroeconomic trends.

Outlook 2009/10

If the aforementioned assumptions prove to be accurate, EVN anticipates a slight increase in revenue and stable results from operating activities in the 2009/10 financial year. The financial results are likely to remain at the same level as the current period under review, due to the unchanged lower earnings contribution from investments operating in the field of primary energy. On balance, despite the expected difficult macroeconomic environment, the Group net profit will likely remain stable. EVN is striving to maintain its attractive dividend policy in line with its value-oriented growth strategy.

The company also plans a slight rise in its investments in intangible assets and property, plant and equipment in the 2009/10 financial year. The large projects being implemented at EVN's facilities in Dürnrrohr/Zwentendorf within the context of EVN's Energy Concept for the Lower Austrian Central Region are already finished or will soon be put into operation. These projects encompass an expansion of capacity in the waste incineration plant, the expansion of the power station in Dürnrrohr to process heat generated by the biomass and waste incineration facilities and construction of the district heating pipeline from Dürnrrohr to St. Pölten. Investments in Lower Austria's electricity and gas networks will be kept at a high level in order to ensure reliable and secure energy supplies in the face of growing demand. The investment programme to modernise and expand the network infrastructure in South East Europe will continue.

Outlook	in EURm	2008/09	Forecast for 2009/10 vs. 2008/09
Revenue		2,727.0	Slightly above the previous year
Results from operating activities		175.2	At the previous year's level
Financial results		50.8	At the previous year's level
Group net profit		177.9	At the previous year's level
Investments		415.7	Slightly above the previous year

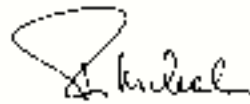
Maria Enzersdorf, November 19, 2009
 EVN AG
 Executive Board



Burkhard Hofer
 Spokesman of the Executive Board and CEO



Peter Layr
 Member of the Executive Board



Herbert Pöttschacher
 Member of the Executive Board

Consolidated Financial Statements 2008/09

According to International Financial Reporting Standards

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Consolidated Balance Sheet

	Note ¹⁾	30.9.2009 TEUR	30.9.2008 TEUR
Assets			
Non-current assets			
Intangible assets	26	365,178.7	357,549.5
Property, plant and equipment	27	2,653,090.4	2,391,972.3
Investments in associates included at equity	28	712,487.8	641,490.1
Other investments	28	1,409,696.6	1,723,504.2
Deferred tax assets	41	1,198.9	912.0
Other non-current assets	29	619,545.5	596,987.2
		5,761,198.0	5,712,415.3
Current assets			
Inventories	30	137,292.0	97,551.7
Receivables	31	579,655.9	569,376.3
Securities ²⁾	32	86,736.1	135,951.6
Cash ²⁾	59	130,479.8	120,980.9
		934,163.7	923,860.5
Total assets		6,695,361.7	6,636,275.7
Equity and liabilities			
Equity			
Equity attributable to EVN AG shareholders	33–38	2,783,788.6	2,975,927.3
Minority interest	39	343,390.0	232,532.3
		3,127,178.7	3,208,459.6
Non-current liabilities			
Non-current loans and borrowings	40	1,702,483.6	1,358,888.1
Deferred tax liabilities	41	307,101.4	420,022.5
Non-current provisions ²⁾	42	444,787.7	430,243.1
Deferred income from network subsidies	43	379,070.7	354,322.2
Other non-current liabilities ²⁾	44	90,215.3	91,804.5
		2,923,658.7	2,655,280.3
Current liabilities			
Current loans and borrowings	45	16,992.1	153,904.0
Taxes payable	46	58,692.8	60,479.4
Trade payables	47	328,743.9	283,695.6
Current provisions	48	83,623.0	96,410.8
Other current liabilities	49	156,472.5	178,045.9
		644,524.3	772,535.8
Total equity and liabilities		6,695,361.7	6,636,275.7

1) The notes to the consolidated financial statements form an integral part of this consolidated balance sheet.

2) Comparative figures from the previous year were adjusted to reflect the new Group reporting. See note 6. [Changes in accounting and valuation methods](#)

Consolidated Income Statement

	Note ¹⁾	2008/09 TEUR	2007/08 TEUR
Revenue	50	2,727,017.9	2,397,001.9
Other operating income	51	61,710.8	50,863.8
Change in work in progress		4,935.7	-1,745.8
Own work capitalised		16,620.4	13,500.9
Cost of materials and services	52	-1,950,692.9	-1,657,571.5
Personnel expenses	53	-319,445.0	-304,436.8
Depreciation and amortisation	54	-198,180.0	-195,681.3
Other operating expenses	55	-166,765.7	-135,326.7
Results from operating activities (EBIT)		175,201.2	166,604.3
Income from investments in associates included at equity		46,657.6	95,721.2
Income from other investments		47,368.9	41,307.0
Interest income		47,440.6	49,934.1
Interest expense		-85,910.1	-84,921.3
Other financial results		-4,744.8	-33,186.2
Financial results	56	50,812.2	68,854.8
Profit before income tax		226,013.4	235,459.2
Income tax expense	57	-28,003.9	-5,616.2
Net profit for the period		198,009.4	229,843.0
Thereof profit attributable to minority interest		20,065.8	42,906.1
Thereof profit attributable to EVN AG shareholders (Group net profit)		177,943.6	186,936.8
Earnings per share in EUR ²⁾	58	1.09	1.14
Dividend per share in EUR		0.37 ³⁾	0.37

1) The following notes to the financial statements form an integral part of this consolidated income statement.

2) There is no difference between undiluted and diluted earnings per share.

3) Proposal to the Annual General Meeting

Consolidated Cash Flow Statement

	TEUR	2008/09	2007/08
Profit before income tax		226,013.4	235,459.2
+ Depreciation and amortisation and impairment losses/– write-ups and reversals of impairment losses of intangible assets and property, plant and equipment		198,180.0	195,681.3
– Non-cash share of income from investments in associates included at equity		47,248.3	–1,621.4
– Gains/+ losses from foreign exchange translations		–109.4	–69.3
+/– Other non-cash financial results		–5,037.1	29,671.8
– Release of deferred income from network subsidies		–32,128.6	–29,507.6
– Gains/+ losses on the disposal of investments		–3,103.5	–840.2
+ Increase/– decrease in non-current provisions		14,061.6	–2,115.3
Gross cash flow		445,124.7	426,658.4
– Increase/+ decrease in inventories and receivables		–48,251.0	–60,927.1
+ Increase/– decrease in current provisions		–13,657.1	3,348.9
+ Increase/– decrease in trade payables and other liabilities		–12,625.7	41,999.6
– Income tax paid		–35,305.5	–28,487.0
Net cash flow from operating activities		335,285.4	382,592.7
+ Proceeds from the disposal of intangible assets and property, plant and equipment		8,630.2	5,270.2
+ Proceeds from network subsidies		54,065.5	59,191.1
+ Proceeds from the disposal of financial assets and other non-current assets		49,760.7	46,859.0
+ Proceeds from the disposal of current securities		200,604.4	352,423.2
– Acquisition of subsidiaries, net of cash acquired		–20,440.1	–35,021.9
– Acquisition of intangible assets and property, plant and equipment		–412,283.9	–414,816.8
– Acquisition of financial assets and other non-current assets		–106,176.7	–233,723.0
– Acquisition of current securities		–174,542.1	–107,001.5
Net cash flow from investing activities		–400,382.1	–326,819.7
+ Payments of nominal capital by minority interest		3,834.7	–
– Dividends paid to EVN AG shareholders		–60,306.6	–61,322.2
– Dividends paid to minority interest		–34,992.6	–36,420.7
– Buyback of treasury shares		–3,283.9	–4,753.9
+ Increase in financial liabilities		587,619.8	404,183.4
– Decrease in financial liabilities		–408,611.8	–317,712.7
Net cash flow from financing activities		84,259.6	–16,026.1
Net change in cash and cash equivalents		19,163.0	39,747.0
Net change in cash and cash equivalents¹⁾			
Cash and cash equivalents at the beginning of the period		94,117.5	54,356.0
Currency translation adjustments		307.8	14.5
Cash and cash equivalents at the end of the period		113,588.3	94,117.5
Net change in cash and cash equivalents		19,163.0	39,747.0

1) For further information see note 59. Consolidated cash flow statement

Changes in Consolidated Equity Statement

TEUR	Share capital	Share premium	Retained earnings	Revaluation reserve according to IFRS 3	Valuation reserve according to IAS 39	Currency translation reserve	Treasury shares	EVN AG shareholders	Minority interest	Total
Balance on 30.9.2007	99,069.4	309,361.9	1,425,465.7	7,050.6	945,960.7	1,104.4	-	2,788,012.5	226,720.8	3,014,733.3
After-tax gains (+) or losses (-) recognised directly in equity from ...										
Currency translation adjustment	-	-	-	-	-	1,032.3	-	1,032.3	-	1,032.3
Market valuation of securities	-	-	-	-	81,097.5	-	-	81,097.5	-	81,097.5
Cash flow hedges	-	-	-	-	-7,502.8	-	-	-7,502.8	-	-7,502.8
Investments in associates included at equity	-	-	-	-	-7,573.2	-	-	-7,573.2	-673.9	-8,247.1
Total after-tax gains (+) or losses (-) recognised directly in equity	-	-	-	-	66,021.4	1,032.3	-	67,053.8	-673.9	66,379.9
Net profit for the period 2007/08	-	-	186,936.8	-	-	-	-	186,936.8	42,906.1	229,843.0
Total result for the period	-	-	186,936.8	-	66,021.4	1,032.3	-	253,990.6	42,232.3	296,222.8
Capital increase from non-appropriated reserves	200,930.6	-200,930.6	-	-	-	-	-	-	-	-
Buyback of treasury shares	-	-	-	-	-	-4,753.9	-4,753.9	-	-	-4,753.9
Dividends 2006/07	-	-	-61,322.2	-	-	-	-	-61,322.2	-36,420.7	-97,742.9
Balance on 30.9.2008	300,000.0	108,431.3	1,551,080.5	7,050.6	1,011,982.0	2,136.7	-4,753.9	2,975,927.3	232,532.3	3,208,459.6
After-tax gains (+) or losses (-) recognised directly in equity from ...										
Currency translation adjustment	-	-	-	-	-	-5,538.9	-	-5,538.9	-	-5,538.9
Market valuation of securities	-	-	-	-	-258,953.8	-	-	-258,953.8	-	-258,953.8
Cash flow hedges	-	-	-	-	-5,544.8	-	-	-5,544.8	-	-5,544.8
Investments in associates included at equity	-	-	-	-	-22,061.7	-	-	-22,061.7	-2,613.2	-24,674.9
After-tax gains (+) or losses (-) recognised directly in equity	-	-	-	-	-286,560.3	-5,538.9	-	-292,099.2	-2,613.2	-294,712.5
Net profit for the period 2008/09 ¹⁾	-	-	177,943.6	-	-	-	-	177,943.6	20,065.8	198,009.4
Total result for the period	-	-	177,943.6	-	-286,560.3	-5,538.9	-	-114,155.6	17,452.6	-96,703.0
Acquisition of shares of fully consolidated companies	-	-	-	-	-	-	-	-	-1,041.4	-1,041.4
Capital increase from minority interest	-	-	-	-	-	-	-	-	3,834.7	3,834.7
Buyback of treasury shares	-	-	-	-	-	-3,283.9	-3,283.9	-	-	-3,283.9
Dividends 2007/08	-	-	-60,306.6	-	-	-	-	-60,306.6	-34,992.6	-95,299.2
First-time adoption of new IFRS ²⁾	-	-	-14,392.5	-	-	-	-	-14,392.5	-	-14,392.5
Changes in accounting and valuation methods ³⁾	-	-	-	-	-	-	-	-	125,604.5	125,604.5
Balance on 30.9.2009	300,000.0	108,431.3	1,654,325.0	7,050.6	725,421.7	-3,402.2	-8,037.8	2,783,788.6	343,390.0	3,127,178.7

1) A dividend payout of EUR 0.37 per share from the net profit for the period will be proposed to the Annual General Meeting.

2) Effect from the first-time adoption of IFRIC 12 (see note 2. Reporting in accordance with IFRS)

3) For further information see notes 4. Consolidation range and 6. Changes in accounting and valuation methods

Segment Reporting

Segment reporting by areas of business

EURm	Energy		Environmental Services		Strategic Investments and Other Business		Consolidation		Total	
	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
External revenue	2,459.3	2,182.3	236.1	184.6	31.6	30.1	–	–	2,727.0	2,397.0
Intra-Group revenue	23.4	15.2	11.3	11.2	55.4	56.8	–90.0	–83.2	–	–
Operating expenses	–2,141.0	–1,861.6	–205.3	–156.1	–96.2	–99.1	88.9	82.1	–2,353.6	–2,034.7
EBITDA	341.7	335.9	42.0	39.6	–9.2	–12.1	–1.1	–1.1	373.4	362.3
Depreciation and amortisation	–182.9	–180.7	–14.5	–14.2	–1.9	–1.8	1.1	1.1	–198.2	–195.7
Thereof impairment losses	–	–13.4	–	–	–	–	–	–	–	–13.4
Thereof reversal of impairment losses	–	1.4	–	–	–	–	–	–	–	1.4
Results from operating activities (EBIT)	158.7	155.2	27.5	25.4	–11.1	–13.9	–	–	175.2	166.6
Income from investments in associates included at equity	9.6	9.7	8.2	9.9	28.9	76.1	–	–	46.7	95.7
Carrying value of investments in associates included at equity	107.9	87.6	51.5	63.2	553.1	490.7	–	–	712.5	641.5
Goodwill	174.7	173.6	41.9	41.9	–	–	–	–	216.6	215.5
Liabilities	2,347.4	2,240.6	833.9	801.0	1,291.4	1,303.6	–904.4	–917.4	3,568.2	3,427.8
Total assets	3,609.2	3,421.3	1,135.4	1,083.8	2,943.4	3,136.7	–992.6	–1,005.6	6,695.4	6,636.3
Investments in intangible assets and property, plant and equipment	362.2	346.1	67.4	67.9	1.1	1.6	–15.0	–	415.7	415.6

Segment reporting by region

EURm	Austria		South East Europe		Central and Eastern Europe		Total	
	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
Revenue	1,678.6	1,521.3	878.7	754.3	169.7	121.4	2,727.0	2,397.0
Results from operating activities (EBIT)	159.0	145.0	6.9	16.5	9.3	5.1	175.2	166.6
Investments in intangible assets and property, plant and equipment	269.4	251.3	135.9	153.2	10.4	11.1	415.7	415.6
Total assets	4,866.2	4,927.3	1,105.6	1,003.8	723.6	705.2	6,695.4	6,636.3

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 at EVN Platz, A-2344 Maria Enzersdorf, Austria. The business operations of the company focus on the energy industry and the environmental services area (see note 25. Segment reporting).

In addition to providing services to its domestic market in the province of Lower Austria, EVN has been able to strongly position itself in the energy industry of Bulgaria and Macedonia. EVN successfully provides customers in 14 countries with water supply, wastewater treatment and waste incineration services via its subsidiaries.

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

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 the EVN. The interim financial statements of all domestic and foreign companies included in the consolidated financial statements, which were subject to a statutory audit or voluntarily submitted to such an examination, were audited by independent public accountants in accordance with International Financial Reporting Standards (IFRS).

Certain items on the consolidated balance sheet and consolidated income statement are grouped together 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 thousands of euros (TEUR), unless otherwise noted. Immaterial mathematical differences may arise from the rounding of individual items or percentage rates.

The income statement is prepared in accordance with the total cost method.

2. Reporting in accordance with IFRS

Pursuant to § 245a Austrian Commercial Code, the consolidated financial statements were 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 of the balance sheet date and adopted by the European Union (EU).

The following standards and interpretations were applied for the first time for the 2008/09 financial year:

2. Standards and interpretations applied for the first time

Effective¹⁾

New standards and interpretations

IFRIC 12 Service Concession Arrangements ²⁾	March 30, 2009
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Revised standards and interpretations

IAS 39 Financial Instruments: Recognition and Measurement	July 1–October 10, 2008 ³⁾
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IFRS 7 Financial Instruments: Disclosure	July 1–October 10, 2008 ³⁾
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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.

2) Applied on a premature basis

3) When applied before October 30, 2008, the changes took effect retroactively to July 1, 2008.

The initial application of IFRIC 12 ahead of schedule has an effect on the consolidated financial statements of the EVN, as it resulted in a change in the presentation of the projects carried out by ZOV and ZOV UIP, investments in associates included at equity in the Environmental Services segment. The accounting of an unconditional contractual right as the basis to obtain a service in return within the framework of service concession agreements is now reported as a financial asset instead of being included as part of property, plant and equipment. The financial asset is recognised at its fair value. Accordingly, the consequences for the consolidated financial statements of the EVN are evident in the reporting of lower retained earnings and lower carrying amounts for EVN's investments in ZOV and ZOV UIP amounting to TEUR 14,392.5.

Apart from IFRIC 12, new or revised standards and interpretations are not applied by EVN on a premature basis.

The following standards and interpretations were approved by the IASB up to the date on which the consolidated financial statements were prepared, and have been partially accepted by the EU and published in the Official Journal of the EU:

2. Standards and interpretations which are not yet effective

Effective

New standards and interpretations

IFRS 8 Operating Segments	January 1, 2009 ¹⁾
IFRIC 13 Customer Loyalty Programmes	January 1, 2009 ¹⁾
IFRIC 14 The Limit on Defined Benefit Asset Minimum Funding Requirements and Their Interaction	January 1, 2009 ¹⁾
IFRIC 15 Agreements for the Construction of Real Estate	January 1, 2010 ¹⁾
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	July 1, 2009 ¹⁾
IFRIC 17 Distributions of Non-cash Assets to Owners	July 1, 2009 ²⁾
IFRIC 18 Transfers of Assets from Customers	July 1, 2009 ²⁾

Revised standards and interpretations

IAS 1 Presentation of Financial Statements	January 1, 2009 ¹⁾
IAS 23 Borrowing Costs	January 1, 2009 ¹⁾
IAS 24 Related Party Disclosures	January 1, 2011 ²⁾
IAS 27 Consolidated and Separate Financial Statements	January 1 ¹⁾ /July 1, 2009 ¹⁾
IAS 32 Financial Instruments: Presentation	January 1, 2009 ¹⁾
IAS 39 Financial Instruments: Recognition and Measurement	November 1, 2008 ¹⁾ /June 30, 2009 ³⁾ /July 1, 2009 ¹⁾
IFRS 1 First-Time Adoption of International Financial Reporting Standards	January 1, 2009 ⁴⁾ /January 1, 2010 ²⁾
IFRS 2 Share-based Payments	January 1, 2009 ¹⁾ /January 1, 2010 ²⁾
IFRS 3 Business Combinations	July 1, 2009 ¹⁾
IFRS 4 Insurance Contracts	January 1, 2009 ²⁾
IFRS 7 Financial Instruments: Disclosure	November 1, 2008 ¹⁾ /January 1, 2009 ²⁾
IFRIC 9 Reassessment of Embedded Derivatives	June 30 ³⁾ /July 1, 2009 ²⁾
"Annual Improvements 2006–2008"	January 1 ¹⁾ /July 1, 2009 ¹⁾
"Annual Improvements 2007–2009"	January 1, 2010 ²⁾

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.

2) 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.

3) In accordance with IASB, the changes apply retroactively and are required to be applied for annual periods beginning on or after the effective date.

4) There were several changes which have only been partially accepted by the EU up until now.

The new standard IFRS 8 "Operating Segments" released in November 2006 replaces IAS 14 "Segment Reporting". This guideline regulates the disclosure of information on business segments, products and services, regions and the customer relationships of EVN. IFRS 8 prescribes the identification of operating segments based on the internal management (management approach). As a result, the business units of the Energy segment will likely be reported as separate segments starting in the 2009/10 financial year.

EVN does not expect the initial application of the remaining new standards and interpretations in the future to have any material effect on the financial position, profit and loss and cash flows.

The application of the changes made to IAS 1 “Presentation of Financial Statements” (revised in 2007) will impact the presentation of the consolidated income statement and the changes in consolidated equity statement of EVN.

EVN is currently evaluating the consequences of the revised standards and interpretations on the preparation and presentation of the consolidated financial statements.

Basis of Consolidation

3. Consolidation methods

The consolidation is carried out by offsetting the acquisition cost against the proportionate, revalued net assets of the subsidiary on the date of acquisition.

All companies of importance in which EVN AG can directly or indirectly exercise a controlling influence (subsidiaries) on the financial and business policies are fully consolidated. This is usually the case when EVN’s voting rights exceed 50.0%, but can also apply in the case when EVN is entitled to be the primary beneficiary of any economic benefit arising from the business operations of these companies or is obliged to bear most of the risks on behalf of these companies as the result of an existing power of disposition. In contrast, companies are not fully consolidated in which EVN AG owns more than 50.0% of the shares, but is not entitled to exert an influence on their financial and business policies due to special contractual arrangements. The initial consolidation of companies takes place as of the acquisition date or at the point in time in which EVN exerts a controlling influence, and ends when this controlling influence no longer exists.

In the course of business combinations in accordance with IFRS 3, the identifiable assets and liabilities (including contingent liabilities) are reported at their full fair value, irrespective of any existing minority interest. Intangible assets must be presented 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 recorded as goodwill in the local currency in the relevant segment. If the interest in the fair value of the identifiable assets and liabilities (including contingent liabilities) exceeds the cost of the business combination, the gain is recognised immediately in profit or loss after a reassessment of the measurement. Any undisclosed reserves or obligations are carried forward in proportion to the related assets and liabilities during the subsequent consolidation.

In cases where EVN acquires additional shares in a company in which it already holds a controlling interest, the difference between the purchase price and the proportional share of equity is reported as a fair value adjustment. Any remaining difference is reported as goodwill.

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

Subsidiaries, joint ventures and investments in associates are not consolidated if their influence on the assets, liabilities, financial position 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, the balance sheet total, total non-current assets, proportional equity as well as external revenue are considered in relation to Group totals. The companies consolidated on the basis of these criteria account for more than 98.0% of the respective totals

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

Impairment losses and reversals thereon to investments in subsidiaries, which are included in the companies' individual financial statements, are eliminated in preparing the consolidated financial statements.

4. Consolidation range

The consolidation range is established in accordance with the requirements contained in IAS 27. Accordingly, including the parent company EVN AG, a total of 26 domestic and 27 foreign subsidiaries were fully consolidated in the consolidated financial statements as at September 30, 2009 (previous year: 25 domestic and 26 foreign subsidiaries).

A total of 36 affiliated companies (previous year: 28) were not consolidated due to their immaterial influence on the assets, financial position and profitability of the EVN.

EVN KG, which is wholly owned by EVN, is consolidated on a proportionate basis because of a specific contractual agreement.

EconGas, in which EVN AG has a 16.5% interest (previous year: 15.7%), is included at equity due to a special clause in the contractual agreement that allows EVN to exert significant influence on the company.

An overview of the companies included in the consolidated financial statements is provided under **EVN Group Investments**, starting on page 123. The consolidation range (including EVN AG as parent company) developed as follows during the reporting period:

4. Changes in the consolidation range	Full consolidation	Proportionate consolidation	Equity method	Total
30.9.2007	46	4	12	62
Start-ups and initial consolidations	4	–	1	5
Business Combinations	1	–	–	1
30.9.2008	51	4	13	68
Start-ups and initial consolidations	2	1	2	5
Business Combinations	2	–	–	2
Mergers and Deconsolidation	–2	–	–1	–3
30.9.2009	53	5	14	72
Thereof foreign companies	27	–	4	31

Start-ups and initial consolidations

EVN Finance B.V., established in June 2006 for the purpose of Group financing, was fully consolidated in the consolidated financial statements of EVN for the first time due to materiality.

EAA-EGM, which was already founded in August 2008 and in which EVN has a 45.0% stake via Energieallianz, was consolidated in the Interim Group report of EVN AG on a proportionate basis for the first time due to its materiality as a part of the Energieallianz subgroup. The activities of EAA-EGM as a 100.0% subsidiary of Energieallianz focus on the construction, delivery and subsequently the expansion of natural gas filling stations, as well as their service and maintenance, particularly in Vienna, Lower Austria and Burgenland.

October 2008 marked the founding of EVN Kavarna, in which evn naturkraft has a 70.0% stake, for the purpose of constructing a wind park with 25 wind power generating facilities, or a total capacity of 50 MW in Kavarna, Bulgaria.

AUL established in December 2008 as a joint venture between EVN Abfall and Entsorgungslogistik Austria GmbH, Vienna, serves the purpose of constructing and operating waste transfer stations and providing services in the fields of waste collection, transport and waste transfer logistics. EVN has a 50.0% shareholding, thus the company is included at equity in the consolidated financial statements.

The joint venture Devoll Hydropower, set up between EVN and Statkraft AS, Oslo, Norway, in December 2008, in which both companies have a 50.0% shareholding, focuses on the joint planning, construction and operation of three hydroelectric power plants on the Devoll River. With a total capacity of 340 MW, an average production of 1,000 GWh and total investments of EUR 950.0m, this project represents the biggest of its kind in Europe. The joint venture is included at equity.

Business Combinations

With the official signing of the contract of sale on February 25, 2009, the Burgenland-based cable network operator B.net as well as Dataservice GmbH, Eisenstadt, were fully taken over by Kabelsignal at purchase price of TEUR 22,014.6. The effect out of it on revenue of EVN amounted to TEUR 9,681.7, the one on the EBIT was TEUR -1,196.9.

The following effects on the consolidated balance sheet were calculated at fair value as a result of business combinations and the accompanying initial consolidations:

4. Impact of business combinations

	TEUR	2008/09	2007/08
Non-current assets		59,895.2	35,259.5
Current assets		4,598.7	6,258.1
		64,493.9	41,517.6
Equity		21,627.6	25,552.8
Non-current liabilities		30,355.7	5,769.2
Current liabilities		12,510.6	10,195.6
		64,493.9	41,517.6

The valuation of property, plant and equipment of B.net had not yet been concluded at the balance sheet date September 30, 2009.

Mergers and Deconsolidation

In June 2009, Dataservice GmbH, Eisenstadt, as the transferring company was merged with B.net as the acquiring company.

EESU Holding GmbH, Vienna, which had been previously included at equity in the consolidated financial statements on the basis of EVN's shareholding of 49.95%, was merged with RBG as the acquiring company in August 2009. In turn, the fully-consolidated RBG, in which EVN now owns a 50.03% shareholding, has a 100% stake in RAG. However, RAG will continue to be consolidated at equity, due to a contractual stipulation which does not permit EVN to exert a controlling influence on the company.

WTE Vodice, which had previously been fully consolidated, was deconsolidated due to immateriality.

5. Foreign currency translation

The individual Group subsidiaries report business transactions in foreign currency at the average exchange rate on the date of the relevant transaction. Monetary assets and liabilities denominated in foreign currencies are also reported at the average exchange rate on the balance sheet date, whereas any expenses and income denominated in foreign currencies are reported at the annual average rate. Any resulting foreign currency gains or losses are recognised to profit or loss in the same business year as the transactions.

Similar to this approach, the financial statements of Group subsidiaries that report in foreign currencies for the purpose of preparing the consolidated financial statements of EVN are translated into the euro based on the functional currency method in accordance with IAS 21. Unrealised foreign currency translation gains and losses resulting from long-term intragroup loans are reported as the currency translation adjustment in equity without recognition to profit or loss. Currency translation adjustments directly recognised in equity resulted in a change in equity amounting to TEUR -5,538.9 (previous year: TEUR +1,032.3).

Additions and disposals are reported in the development of all assets at the average exchange rate. Changes in the average exchange rate 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 currency translation adjustment in the development of assets.

Goodwill resulting from the acquisition of foreign subsidiaries is recorded at the 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	2007/08		2006/07	
	Exchange rate on the balance sheet date	Average ¹⁾	Exchange rate on the balance sheet date	Average ¹⁾
Albanian lek	132.37000	128.27620	121.70000	122.47923
Bulgarian lev ²⁾	1.95583	1.95583	1.95583	1.95583
Croatian kuna	7.44430	7.44890	7.46110	7.45732
Danish krone	7.25800	7.31130	7.10490	7.25265
Macedonian denar	61.17410	61.31830	61.16420	61.24637
Polish zloty	4.22950	4.19960	3.39670	3.49430
Russian rubel	43.98000	42.24450	36.40950	36.36155

1) Average of the last day of the months

2) The exchange rate was determined by Bulgarian regulations.

Significant Accounting Policies

The consolidated financial statements were prepared in accordance with the existing, changed and newly released standards and interpretations, inasmuch as they had been published in the Official Journal of the EU by September 30, 2009 and had already taken effect. The consolidated financial statements were prepared in accordance with the following accounting principles:

6. Changes in accounting and valuation methods

The changes to IAS 39 and IFRS 7 published in October 2008, entitled "Reclassification of Financial Assets" enabled, under limited circumstances, a reclassification of non-derivative financial assets from the category "Held for trading (HFT)" to the category "Available for sale (AFS)" inasmuch as there is no longer the short-term intention to sell or buyback these assets. In accordance with the ordinance (EG) Nr. 1004/2008 dated October 15, 2008, the current financial crisis was considered as an example of such a limited circumstance.

In line with these changes, EVN reclassified current securities amounting to TEUR 23,367.5, which had previously been recognised as "HFT" to the category "AFS" at their current market value as at November 11, 2008. The effect of this reclassification on the financial results in the financial year 2008/09 amounted to TEUR +4,841.9.

Furthermore, in order to improve transparency, particularly in relation to the disclosure requirements contained in IFRS 7, the following changes have been made in the presentation of the consolidated financial statements:

- Securities serving the purpose of investments of surplus short-term liquidity, but do not fulfil the criteria for being classified as cash equivalents, were reported in the previous year as cash and cash equivalents in the consolidated balance sheet. Now they are reported as a separate item in the consolidated balance sheet.
- The negative market values in connection with hedging transactions for bonds in which these transactions are partly offset by the corresponding development in bonds recognised as non-current loans and borrowings were reported in the previous year under non-current provisions for financial instruments. Pursuant to IFRS 7, these were reclassified as non-current liabilities.

On the basis of the new presentation, the comparable figures for the previous year have been adapted to enable more effective comparability.

Due to the merger of EESU Holding GmbH, Vienna, previously consolidated at equity, with the fully-consolidated RBG, whose shareholdings in RAG amounted to 25.0% and 75.0% respectively in the past, RBG now directly owns a 100.0% stake in RAG (see note 4. Consolidation range). Up until now, 87.5% of the proportional earnings of RAG were reported in the income from investments in associates included at equity in the consolidated income statement of the EVN. In respect to the 75.0% stake in RAG previously owned by RBG, 49.95% of the proportional earnings of RAG were assigned to minority interest.

In the light of the 100.0% direct shareholding of RBG in RAG and in the spirit of ensuring a more transparent, more understandable and clearer presentation of RAG, 100.0% of RAG will be reported as income from investments in associates included at equity in the future, 49.97% of which will be assigned to minority interest. Accordingly, the consequence is an increase in the income from investments in associates included at equity as well as an increase in the profit attributable to minority interest. However, this changed presentation will not have any effect on the profit attributable to EVN AG shareholders.

6. Effects of the changed presentation of RAG¹⁾

Position	TEUR	2008/09		2007/08	
		New reporting	Previous reporting	New reporting	Previous reporting
Income from investments in associates included at equity		-1,139.0	-568.9	11,479.5	5,734.0
Thereof profit attributable to minority interest		-570.1	-	5,745.5	-
Thereof profit attributable to EVN AG shareholders		-568.9	-568.9	5,734.0	5,734.0

1) The above-mentioned figures refer to the former stake of EESU Holding GmbH, Vienna, in RAG which was affected by the changes.

The resulting increase in minority interest was taken into account in the minority interest (see page 75 under **Changes in consolidated equity statement**). The previous year's figures were not adapted due to the lack of any consequences on the profit attributable to EVN AG shareholders.

7. Intangible assets

Intangible assets are carried at acquisition or production cost, less ordinary straight-line depreciation and any impairment losses. Internally generated intangible assets are recorded at production cost, when the requirements of IAS 38 for the capitalisation of such assets have been fulfilled. IAS 38 differentiates between research and development expenses. EVN did not capitalise any development expenses during the past financial year, as in the preceding year, as the criteria required by IFRS to capitalise these items were not fulfilled.

The calculation of amortisation for intangible assets with a definable, limited useful life is based on the straight-line method accounting for each asset's individual useful life, which is three to eight years for software and three to 40 years for rights. The expected useful life and amortisation procedure are determined by means of estimates on a pro rata temporis basis in respect to the period of time and cash inflow from the intangible assets.

Capitalised customer relationships arising from an acquisition are amortised according to schedule over a period of five to 15 years if a useful life has been defined due to market liberalisation.

8. Property, plant and equipment

Property, plant and equipment are carried at acquisition or production cost, less ordinary straight-line depreciation and any impairment losses. If there is an obligation to decommission plant and equipment, or restore property, acquisition or production cost also encompasses the estimated expense for demolition and disposal costs. The present value of the future payments is recognised along with the acquisition or production cost and recognised to the same amount as a liability.

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. A subsequent capitalisation of these expenses as part of the acquisition or production cost takes place if these measures are value-enhancing.

If the construction of fixed assets continues over an extended period of time, the interest expense on debt is capitalised as a part of production cost until construction is completed, in accordance with IAS 23. Assets are depreciated when available for use. Depreciation is calculated on a straight-line basis over the expected useful life of the equipment or its components. The expected economic and technical life of plant or equipment is evaluated on each balance sheet date and adapted if necessary.

Ordinary straight-line depreciation is based on the following calculations for expected useful life:

8. 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 or equipment are sold, the assets are evaluated at the time the transaction is approved to determine whether they meet the criteria of being classified as non-current assets held for sale in accordance with IFRS 5. If required, the asset is written down to equal the selling price less any costs to sell. The resulting carrying value is not depreciated further until the date of disposal. Similar to the previous year, property, plant and equipment did not meet these criteria of IFRS 5.

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

9. Investments in associates included at equity

Companies included at equity are initially recognised at cost (acquisition price), and measured in later periods at the proportional share of depreciated net assets plus any applicable goodwill. In this case, the carrying value is increased or decreased by the proportional share of net profit, distributed dividends, other changes in equity as well as by carried forward fair value adjustments of a preceding business combination. An impairment loss is recognised when the recoverable amount is less than the carrying value.

10. Financial instruments

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

Primary financial instruments

The following valuation 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 at amortised cost (“FLAC”)

The classification of primary financial instruments by EVN in classes, which IFRS 7 requires to be disclosed in the notes to the consolidated financial statements, is as follows:

10. Classes of primary financial instruments

Valuation category

Current assets

Other investments

Investments in subsidiaries	AFS
Other investments	AFS

Other non-current assets

Securities	@FVTPL
Loans receivable	LAR
Receivables and accrued lease transactions	LAR
Receivables arising from derivative transactions	Hedge Accounting

Current assets

Current receivables and other current assets

Trade accounts receivable	LAR
Receivables arising from derivative transactions	Hedge Accounting

Securities

	HFT
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Cash

Cash on hands and cash at banks	LAR
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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 financial liabilities	FLAC
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Trade accounts payable	FLAC
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Other current liabilities

Other financial liabilities	FLAC
Liabilities arising from derivative transactions	Hedge Accounting

Primary financial instruments are recognised in the consolidated balance sheet 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 of the settlement date.

The initial valuation comprises the market value plus transaction costs. The subsequent valuation is carried out pursuant to the classification in the above-mentioned valuation categories for which different valuation rules apply in each case. These are described in the notes to the individual balance sheet items.

Derivative financial instruments

At EVN derivative financial instruments include, in the broader meaning of the term, swaps, options, forwards, futures and structured products.

Derivative financial instruments are reported at cost at contract conclusion, and at their market value in subsequent periods. The market 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 market value in respect to derivatives used for hedging purposes depends on the type of hedging transaction.

The market valuation of derivative financial instruments, which are classified as cash flow hedging instruments according to 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 market value of the hedged risk. The results are generally reported on the consolidated income statement, in which the hedged transaction is also reported. The changes in the value of hedges are primarily offset by the changes in the value of the hedged transaction.

Derivative instruments, primarily currency and interest rate swaps, are utilised as a means of hedging and controlling existing economic exchange rate and interest fluctuation risks.

EVN makes use of swaps, futures and forwards as a means of reducing the risks in the energy sector that may arise from changes in energy, commodity and product prices.

The forward and futures contracts concluded by EVN for the purchase or sale of electricity and CO₂ emission. Certificates are concluded to secure purchase prices for expected electricity deliveries or CO₂ emission certificates and the sale prices for planned electricity production. Due to the regular physical deliveries, these contracts are not dedicated to derivative financial instruments pursuant to IAS 39, but represent executory sale and purchase agreements which, in accordance with IAS 37 must be examined to determine the expected losses from executory contracts.

11. Other investments

Investments in affiliated companies and investments in associates, which are not consolidated due to immateriality, and other investments are reported as "AFS".

Generally, the valuation is carried out at market value in the consolidated balance sheet. If possible, it is determined on basis of share prices. Acquisition costs less impairment comprise the valuation basis in those cases when it is not possible to determine the market value from comparable transactions during the respective periods, and a valuation by means of discounting the expected cash flow is dispensed with due to the inability to reliably determine the cash flow.

Unrealised profits or losses are capitalised under equity without recognition through profit or loss. Impairment losses are recognised in cases of permanent reductions in value. When financial assets are sold, the unrealised profits or losses that were previously recorded under equity without recognition to profit or loss are recognised to profit or loss.

12. Other non-current assets

Securities recorded under non-current assets are initially recognised as “@FVTPL”. These assets are recorded at cost (acquisition price) as of the date of acquisition and at market value as of the balance sheet date in later periods. Changes in market value are recognised to the income statement as income or expense.

Loans receivables are classified as “LAR”, interest-bearing debt is reported at amortised cost, interest-free and low-interest loans are reported at their present value. All identifiable risks are taken into consideration by means of corresponding provisions.

Receivables and accrued lease transactions are derived from the project business, and are reported as finance leases according to IAS 17 in connection with IFRIC 4 (see note 23. Leasing and rented assets).

Receivables arising from derivative transactions are recognised at their fair values. Gains and losses related to changes in the value of derivative financial instruments are either recognised to profit or loss in the consolidated income statement or recorded under equity without recognition to profit or loss (see note 10. Financial instruments).

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

13. Inventories

The valuation of inventories is based on acquisition or production cost or the lower net realisable value on 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 duration of storage or reduced convertibility are reflected in impairment losses which are based on experience. The applicability of primary energy inventories and raw materials, auxiliary materials or fuels is determined in accordance with the moving average price method.

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

14. Receivables

Current receivables are generally reported at amortised cost. Exceptions to this procedure are derivative financial instruments, which are reported at market values, and assets and liabilities in foreign currencies, which are valued at the exchange rate in effect on the balance sheet date. Amortised cost is considered to represent a fair estimate of the current value because the remaining time to maturity is less than one year in most cases.

Deferred tax assets and deferred tax liabilities are offset when they relate to the same tax authority and the company has a right to offset the items.

15. Securities

The valuation of current securities classified as “HFT” is based on their market value. Changes in the market value are immediately recognised in the consolidated income statement.

16. Cash

Cash includes cash on hands and cash at banks used for the temporary investment of free liquid funds. It is reported at current rates. Cash balances in foreign currencies are translated at the exchange rate in effect on the balance sheet date.

17. Equity

In contrast to borrowed capital, equity is defined in accordance with the IFRS Framework as the “residual interest in the assets of an entity after deducting all of its liabilities”. Equity is thus the residual value derived from the entity’s assets and liabilities.

The treasury shares held by EVN are not recognised as securities pursuant to IAS 32, but are reported at the acquisition cost of the repurchased treasury shares and are visibly offset against the retained earnings. Profit or loss resulting from the resale of the treasury shares in comparison to the acquisition cost increase or decrease 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 market valuation of marketable securities, and the effective part of market value changes from cash flow hedge transactions. This item also encompasses the proportional share of the valuation reserve according to IAS 39 of investments in associated included at equity.

18. Non-current provisions

Provisions for pensions and obligations similar to pensions

Under the terms of a company agreement, EVN is obliged to pay a supplementary pension on retirement to employees who joined the company prior to December 31, 1989. This commitment also applies to those employees of EVN Netz who, within the context of the legal unbundling agreement for the spin-off of the electricity and gas networks, are now working for EVN Netz. In principle, the amount of this supplementary pension is performance-related, and is derived from the length of service and the amount of remuneration at the time of retirement. Contributions to EVN-Pensionskasse are in any case made by EVN and, as a rule, also by the employees, whereby the resulting claims are fully credited to pension payments. The obligations of EVN to retired employees as well as to prospective beneficiaries are covered in part by provisions for pensions and through defined contribution payments made by EVN-Pensionskasse.

For employees who joined the company after January 1, 1990, the supplementary company pension has been replaced by a contribution-based pension scheme, which is financed by EVN-Pensionskasse. This pension fund invests the pension fund assets primarily in different investment funds, in accordance with the provisions of the Austrian Pension Fund Act. EVN has made pension commitments to certain employees, which entitle these persons to receive company pension payments if certain conditions are met.

The provision for obligations similar to pensions were created for liabilities arising from the future claims of current employees and current claims of retired personnel and dependents to receive benefits in kind in the form of electricity and gas.

The provisions for pensions and for obligations similar to pensions is calculated on the basis of an actuarial report using the projected unit credit method. The expected pension payments are distributed according to the number of years of service by employees until retirement incorporating expected increases in wage, salaries and pensions.

The provisions are determined by an actuary on the basis of an actuarial report as of the balance sheet date. The calculation principles are described in note 42. **Non-current provisions**. Accumulated actuarial gains and losses that exceed 10.0% of the higher of the defined benefit obligation (DBO) and the present value of plan assets are recognised through profit or loss over the average remaining working life of the particular employees.

As in the previous year, for the provision for pensions the biometric principles for calculation were established using the “Rechnungsgrundlagen AVÖ 2008-P – Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler” Austrian pension tables.

The current service cost and the interest portion of the addition to the provisions are reported as personnel expenses.

Provision for severance payments

Austrian companies are required by Austrian labour legislation to make one-off severance payments when employees whose employment began before January 1, 2003 are dismissed or have reached the legal retirement age. The amount of such payments is based on the number of years of service and the amount of individual remuneration.

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

The provision for severance payments is created according to actuarial principles. Severance payments are calculated using the same parameters as the provision for pensions and for obligations similar to pensions (for the calculation principles see note 42. **Non-current provisions**).

Accumulated actuarial gains and losses that exceed 10.0% of the higher of the defined benefit obligation (DBO) and the present value of plan assets are recognised through profit or loss over the average remaining working life of the particular employees.

For those employees whose employment commenced after December 31, 2002, the responsibility for fulfilling this obligation of a one-off severance payment will be assumed by a contribution-based severance payment system. The payments to this external employee fund are reported as personnel expenses.

Other non-current provisions

Other non-current provisions reflect all other recognisable legal or factual commitments to 3rd parties as of the balance sheet date, based on events which took place in the past, and where the level of the commitments and the precise starting point are still uncertain. These provisions are recorded at the discounted amount to be paid. Valuation is based on the expected value or the amount which involves the highest probability of a loss.

The obligations for service anniversary bonuses required by collective wage and company agreements are calculated using the same principles as the provisions for pensions and for obligations similar to pensions.

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

19. 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 10. **Financial instruments**). Costs for the procurement of funds are considered as part of the acquisition cost. Non-current liabilities are discounted by applying the effective interest method.

Deferred income from network subsidies do not reduce acquisition or production costs of the corresponding assets and are therefore reported as liabilities in the consolidated balance sheet in analog application of IAS 20.

Deferred income from construction subsidies, which constitutes payments made by customers as part of investments in network construction, represents an offset to the acquisition or production costs of these assets. Deferred income from investment subsidies are as a rule linked to operational management in accordance with legal requirements and the approval of the responsible authorities. Deferred income from construction subsidies as well as investment subsidies are released on a straight-line basis over the average useful life of the assets.

20. Revenue

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 from the billing system, and accrued based on the quantities of energy and water supplied during the reporting period. Revenues are recognised when EVN is entitled to payment from the customer for billable services.

Interest income is reported on a proportional basis taking into account the effective interest rate of the asset. Dividends to be received are recognised when a legal entitlement to payment arises.

Contract manufacturing

Receivables from project business (particularly BOOT models – build, own, operate, transfer) and related sales are accounted for in proportion to the level of completed work by using the percentage of completion method. Projects are concluded on the basis of individual contractual agreements that specify fixed prices. The degree of completion is established by using the cost-to-cost method under which sales and profits are recorded after considering the ratio of accumulated costs to the estimated total costs. Reliable estimates of the total costs, of sale prices and of the actual accumulated costs are available. Changes in the total estimated contract costs and occurring losses, if any, are recognised to the consolidated income statement in the period in which they are determined. Any other technological and financial risks that may occur during the remaining project period are reflected in a contingency fee, which is assessed individually for each project and 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.

21. Income taxes and deferred taxes

The corporate income tax rate applicable to EVN AG on the balance sheet date equalled 25.0%.

The 2005 Tax Reform Act passed 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 the corporate tax group created by NÖ Landes-Beteiligungsholding GmbH, St. Pölten.

The taxable profit or loss from the companies belonging to these groups is assigned to the superior unit (Group member) or the respective corporate tax group, following the calculation of losses incurred by each of the companies in the group. In order to offset the transferred taxable results, the group contracts were amended to include a tax charge that is based on the stand-alone method.

Future tax changes have been included, if the relevant law was enacted as of the balance sheet date.

Deferred taxes are calculated using the liability method at the tax rate to be expected on the balance sheet date when short-term differences are reversed. Deferred tax assets and deferred tax liabilities are calculated and recorded for all temporary differences that will balance in the future (differences between the amounts included in the consolidated financial statements and the financial statements prepared for tax purposes).

Deferred tax assets are only reported to the extent that it is considered probable that sufficient taxable results or taxable temporary differences will arise. Tax loss carryforwards are capitalised as deferred tax assets. Deferred tax assets and deferred tax liabilities are offset, when the company is entitled to offset these amounts and when they relate to the same tax authority.

Deferred taxes are not recorded on the consolidated balance sheet for temporary differences resulting from investments in associates included at equity.

The following corporate tax rates were used to calculate income taxes:

21. Corporate income tax rates

	%	2008/09	2007/08
Headquarters			
Austria		25.0	25.0
Albania ¹⁾		10.0	10.0
Bulgaria		10.0	10.0
Croatia		20.0	20.0
Cyprus		10.0	10.0
Denmark		25.0	25.0
Estonia ²⁾		21.0	21.0
Germany		30.0	30.0
Lithuania ³⁾		20.0	15.0
Macedonia		10.0	10.0
Montenegro		9.0	9.0
Poland		19.0	19.0
Russia ⁴⁾		20.0	24.0
Slovenia		21.0	22.0
Turkey		20.0	20.0

1) The tax burden on companies was reduced from 20.0% to 10.0% as of January 1, 2008.

2) Taxes on corporate profits are first levied when dividends are paid to shareholders. Retained earnings are not taxed.

3) The tax burden on companies was reduced from 20.0% to 15.0% as of January 1, 2009.

4) The tax burden on companies was reduced from 24.0% to 20.0% as of January 1, 2009.

22. Procedures and effects of impairment tests

All assets fulfilling the criteria of IAS 36 are tested on the balance sheet date to determine if there are sufficient internal or external signs of an impairment loss. Property, plant and equipment and intangible assets with a definite useful life are to be tested for unscheduled impairment if there are sufficient signs of a potential impairment loss, in addition to scheduled depreciation. Goodwill and intangible assets with an indefinite lives must be tested for impairment at least once a year.

The impairment test for goodwill as well as assets for which no expected future cash flows can be identified is based on an assessment of the cash generating units (CGUs). For the assignment of consolidation differences CGUs that produce cash flow and – in cases of goodwill arising from business combinations – derive a benefit from the synergies resulting from the merger have to be identified. Any non-assignable consolidation difference is allocated to the cash-generating units Supply, Bulgaria, Macedonia and Environmental Services.

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

In assessing economic value within the context of impairment tests, the higher of the net selling price and the value in use of the CGU is compared with the previously reported carrying amount. The net selling price corresponds to the fair value less costs to sell.

The value in use is calculated by discounting the future monetary inflows and outflows (cash flows) that result from the use of an asset, whose valuation is carried out on the basis of medium-term internal planning. These cash flows are discounted at the pretax weighted average cost of capital (WACC) of 8.7% (previous year: 8.7%), taking into consideration specific corporate and country risks. This valuation process takes the future expected revenues into consideration as well as maintenance and repair expenses. In cases of property, plant and equipment and intangible assets with definite lives, the condition of the assets must also be taken into account. The quality of the planning data is regularly compared with actual results through a variance analysis. These findings are taken into consideration in developing the next medium-term corporate planning strategies.

If the recoverable amount is below the recognised carrying amount, the carrying amount is to be reduced to equal the recoverable amount and an impairment loss is to 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 reduced through an impairment loss amounting to the difference between the previously reported carrying value and the recoverable amount. Any further impairment is reflected in a proportional reduction of the carrying amount of the remaining fixed assets in the CGU.

If the reasons for impairment cease to exist, a corresponding write-up is recorded, whereby the increased carrying amount may not exceed the depreciated acquisition or production cost. In accordance with IAS 36, goodwill that was written down through an impairment loss may not be revalued, even if the reasons for the impairment have ceased to exist.

23. Leased and rented assets

In accordance with 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.

Long-term lease receivables within the context of the so-called BOOT model (build, own, operate, transfer) – in which a facility is built, financed and then operated on behalf of the customer for a predefined period of time, after which the plant becomes the property of the customer – are classified as finance leases in accordance with IAS 17 together with IFRIC 4, and capitalised 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 amortised on a straight-line basis over their expected useful life or the shorter contract period. The obligations resulting from future lease payments are reported as a liability. Assets obtained through operating leases are considered to be owned by the lessor. The rental charges incurred by the lessee are allocated as equal instalment payments over the duration of the lease and reported as an expense.

24. Forward-looking statements

The preparation of the consolidated financial statements in accordance with generally accepted accounting policies in accordance with IFRS requires estimates and appraisals that have an influence on the assets and liabilities, income and expenses and amounts listed in the notes to the consolidated financial statements.

The impairment tests concern estimates above all concerning future cash flows. Changes in the overall economic, industry or company situation in the future may reduce cash inflows and lead to an impairment of goodwill.

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

Further applications of economic assumptions and estimates involve determining the useful life of non-current assets, creating provisions for legal proceedings, environmental protection and the assessment of receivables and inventories. All estimates are based on practical experience and other assumptions, which may be accurate under certain circumstances.

However, the actual amounts which result at the end of the financial year may deviate from these estimates. The validity of these estimates and appraisals, and their underlying presumptions, is the subject of continuous evaluation.

25. Segment reporting

IAS 14 stipulates that specific data from the financial statements of a company must be provided separately according to the various areas of business and geographical segments. This classification follows the internal reporting structure, and therefore provides a reliable assessment of the risks and earnings of EVN. Segment reporting allows for greater transparency in evaluating the profitability and prospects of success relating to the business activities of EVN.

The new organisational structure of EVN, which took effect at the beginning of the 2005/06 financial year, has also been reflected in the company's external reporting instruments, in letters to shareholders and annual reports. Accordingly, the structure of this report focuses on the three business segments: Energy, Environmental Services, and Strategic Investments and Other Business.

On the one hand, this new segment reporting provides a compact description of the relevant management components characterising EVN (management approach). On the other hand, it is also designed to convey a sufficient level of information on the development of business in the different business areas, and thus serve as the basis for a logical interpretation of developments in the Group.

The segments encompass the following activities:

25. Segment activities

Segment	Activity
Energy	Generation, networks, energy procurement and supply, and South East Europe
Environmental Services	Water, wastewater and waste incineration
Strategic Investments and Other Business	Strategic and other investments, Group services

The geographical segmentation encompasses the sub-divisions of EVN's business activities in the following regions: Austria, South East Europe as well as Central and Eastern Europe.

Principles of segment allocation

Items that can be assigned directly are allocated to the respective segments. Services provided by one segment for another segment that can be charged directly are allocated by means of intragroup trans-actions. Any items that cannot be assigned or charged directly are assigned using an objective cost allocation process. Any remaining amounts are distributed in proportion to the assigned items.

Revenues are assigned to the country in which the service was provided in accordance with the country of destination. The project location is the main criteria used to determine the assignment of revenues for EVN's project business.

Transfer pricing

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.

Notes to the Consolidated Balance Sheet

Assets

Current assets

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

Currency translation differences are reported as those amounts resulting from different exchange rates of companies abroad to translate assets at the beginning and the end of the financial year 2008/09.

26. Intangible assets

The addition to goodwill in the 2008/09 financial year amounting to TEUR 1,088.1 is derived from the acquisition of B.net.

Other intangible assets include electricity procurement rights, transportation rights for natural gas pipelines and other rights, in particular software licenses and the customer base of the Bulgarian and Macedonian electricity supply companies and B.net.

As of September 30, 2009 the capitalised customer base in regulated markets were recognised as assets with an indefinite life at a total acquisition cost of TEUR 24,514.9 (previous year: TEUR 24,514.9). In Bulgaria the beginning of the new regulatory period in the 2007/08 financial year was accompanied by the beginning of the scheduled depreciation of the customer base.

In the 2008/09 financial year, a total of TEUR 1,154.4 (previous year: TEUR 934.1) was invested in research and development. The criteria required by IFRS to capitalise these items were not fulfilled.

26. Development of intangible assets

2008/09 financial year	TEUR	Goodwill	Other intangible assets	Total
Acquisition or production costs 30.9.2008		215,488.5	350,760.2	566,248.6
Currency translation differences		-4.7	2.0	-2.7
Addition through business combination		1,088.1	8,215.0	9,303.0
Additions		-	11,358.9	11,358.9
Disposals		-	-3,290.6	-3,290.6
Transfers		-	1,120.1	1,120.1
Acquisition or production costs 30.9.2009		216,571.9	368,165.4	584,737.3
Accumulated amortisation 30.9.2008		-	-208,699.2	-208,699.2
Currency translation differences		-	-1.0	-1.0
Scheduled amortisation		-	-11,705.4	-11,705.4
Disposals		-	1,472.6	1,472.6
Transfers		-	-625.6	-625.6
Accumulated amortisation 30.9.2009		-	-219,558.6	-219,558.6
Carrying amount on 30.9.2008		215,488.5	142,061.0	357,549.5
Carrying amount on 30.9.2009		216,571.9	148,606.8	365,178.7

2007/08 financial year	TEUR	Goodwill	Other intangible assets	Total
Acquisition or production costs 30.9.2007		191,623.6	341,783.7	533,407.3
Currency translation differences		111.6	4.1	115.7
Addition through business combination		23,753.2	54.1	23,807.3
Additions		–	14,398.7	14,398.7
Disposals		–	–7,416.3	–7,416.3
Transfers		–	1,935.9	1,935.9
Acquisition or production costs 30.9.2008		215,488.5	350,760.2	566,248.6
Accumulated amortisation 30.9.2007		–	–205,550.1	–205,550.1
Currency translation differences		–	–1.9	–1.9
Scheduled amortisation		–	–10,420.3	–10,420.3
Disposals		–	7,353.4	7,353.4
Transfers		–	–80.2	–80.2
Accumulated amortisation 30.9.2008		–	–208,699.2	–208,699.2
Carrying amount on 30.9.2007		191,623.6	136,233.6	327,857.2
Carrying amount on 30.9.2008		215,488.5	142,061.0	357,549.5

27. Property, plant and equipment

Additions to property, plant and equipment include capitalised interest expense of TEUR 3,982.4 (previous year: TEUR 3,541.3). The interest rate used for capitalisation ranges from 1.39% – 7.50% (previous year: 5.43% – 5.50%). The additions through business combination in the 2008/09 financial year comprised the asset value of B.net.

Land and buildings contain land valued at TEUR 70,452.4 (previous year: TEUR 69,989.4). As of the balance sheet date, EVN held a mortgage with a maximum value of TEUR 1,827.7, as in the previous year. Own work capitalised during the 2008/09 financial year amounted to TEUR 16,620.4 (previous year: TEUR 13,500.9).

The implementation of an impairment test on property, plant and equipment in the previous year resulted in a reversal of impairment losses amounting to TEUR 1,437.9, as well as an impairment loss in networks and other facilities totalling TEUR 13,431.4.

Prepayments and equipment under construction included TEUR 374,739.8 (previous year: TEUR 294,733.4) of acquisition costs relating to equipment under construction on 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 on the consolidated balance sheet. The carrying amount of these assets totalled TEUR 21,120.6 at the balance sheet date (previous year: TEUR 22,170.3). The related leasing and rental liabilities were recorded under other non-current liabilities.

27. Development of property, plant and equipment

2008/09 financial year	TEUR	Land and buildings	Transmission pipelines	Technical equipment	Meters	Other plant, tools and equipment	Prepayments and equipment under construction	Total
Acquisition or production costs								
30.9.2008		599,788.5	2,527,090.0	1,676,277.1	192,372.6	221,378.4	307,165.0	5,524,071.7
Currency translation differences		-7.5	-6.5	-906.7	20.4	-129.7	-2,964.4	-3,994.5
Addition through business combination		466.6	48,460.2	-	-	900.3	1,040.0	50,867.1
Additions		3,624.9	81,035.5	42,250.6	8,861.0	20,956.0	249,669.5	406,397.6
Disposals		-4,201.3	-9,333.1	-12,339.0	-4,127.1	-11,093.0	-1,085.3	-42,178.7
Transfers		8,517.2	88,561.8	62,546.4	-19,512.3	-8,312.4	-132,920.9	-1,120.1
Acquisition or production costs								
30.9.2009		608,188.3	2,735,807.9	1,767,828.5	177,614.7	223,699.6	420,903.9	5,934,043.0
Accumulated depreciation 30.9.2008		-265,240.1	-1,451,198.4	-1,143,684.2	-104,968.8	-165,954.9	-1,052.9	-3,132,099.4
Currency translation differences		2.1	4.2	-1.5	-1.1	71.5	-	75.1
Scheduled depreciation		-16,661.4	-79,571.4	-52,132.0	-17,605.1	-20,504.6	-	-186,474.6
Disposals		2,960.8	9,138.0	10,446.4	3,520.1	9,901.2	898.6	36,865.1
Transfers		-161.7	-16,567.7	-3,018.1	16,359.6	4,069.1	-	681.2
Accumulated depreciation 30.9.2009		-279,100.4	-1,538,195.3	-1,188,389.4	-102,695.4	-172,417.7	-154.3	-3,280,952.6
Carrying amount on 30.9.2008		334,548.4	1,075,891.6	532,593.0	87,403.8	55,423.5	306,112.1	2,391,972.3
Carrying amount on 30.9.2009		329,088.0	1,197,612.6	579,439.1	74,919.2	51,281.9	420,749.6	2,653,090.4
2007/08 financial year	TEUR	Land and buildings	Transmission pipelines	Technical equipment	Meters	Other plant, tools and equipment	Prepayments and equipment under construction	Total
Acquisition or production costs								
30.9.2007		693,537.6	2,202,930.1	1,649,174.3	179,372.5	207,335.9	196,937.0	5,129,287.4
Currency translation differences		638.5	238.5	659.3	14.4	146.9	-34.6	1,663.0
Addition through business combination		17,242.5	12,453.0	3,648.2	96.4	263.7	319.8	34,023.7
Additions		9,859.4	101,841.6	53,474.4	12,296.9	16,081.1	206,659.9	400,213.3
Disposals		-4,090.8	-6,234.7	-11,159.1	-4,422.4	-12,416.7	-660.0	-38,983.6
Transfers		-117,398.6	215,861.4	-19,520.1	5,014.8	9,967.4	-96,057.1	-2,132.2
Acquisition or production costs								
30.9.2008		599,788.5	2,527,090.0	1,676,277.1	192,372.6	221,378.4	307,165.0	5,524,071.7
Accumulated depreciation 30.9.2007		-307,830.0	-1,278,423.2	-1,140,462.8	-95,303.3	-156,752.2	-1,387.8	-2,980,159.3
Currency translation differences		-295.4	-129.4	-381.4	-1.3	-108.3	-	-915.8
Scheduled depreciation		-16,847.2	-74,614.1	-48,292.4	-13,057.0	-20,456.7	-	-173,267.5
Impairment losses		-397.2	-12,233.3	-800.8	-0.1	-	-	-13,431.4
Additions		-	1,069.8	337.7	-	-	30.4	1,437.9
Disposals		3,058.6	5,940.6	10,343.2	3,393.5	11,267.9	304.5	34,308.2
Transfers		57,071.1	-92,808.8	35,572.3	-0.6	94.4	-	-71.5
Accumulated depreciation 30.9.2008		-265,240.1	-1,451,198.4	-1,143,684.2	-104,968.8	-165,954.9	-1,052.9	-3,132,099.4
Carrying amount on 30.9.2007		385,707.5	924,506.9	508,711.6	84,069.2	50,583.7	195,549.2	2,149,128.1
Carrying amount on 30.9.2008		334,548.4	1,075,891.6	532,593.0	87,403.8	55,423.5	306,112.1	2,391,972.3

28. Investments in associates included at equity and other investments

The investments in associates included in the consolidated financial statements at equity are listed in the annex under the item **EVN Group Investments** starting on page 122.

All investments in associates included at equity are initially recognised at their proportional share of IFRS income or loss, which is derived from an interim or annual report with a balance sheet date that is not more than three months before the balance sheet date of the parent company.

There are no publicly recognised market prices for the investments in associates included at equity in EVN.

Total other investments include investments in subsidiaries and investments in associates, which are not consolidated due to immateriality as well as investments in which EVN owns a stake of less than 20.0%, if these investments were not included at equity.

Among others, the additions in investments in associates included at equity refer to the effect of the changed presentation of RAG (see note 6. **Changes in accounting and valuation methods**).

The effect of the first-time adoption of new IFRS include the changed presentation of the projects related to the investments in associates included at equity ZOV and ZOV UIP, within the context of the first-time adoption of IFRIC 12 ahead of schedule (see note 2. **Reporting in accordance with IFRS**).

The transfers in miscellaneous investments refer to the reclassification of current securities valued at TEUR 23,367.5 from "HFS" to "AFS", in line with the changes made to IAS 39 and IFRS 7.

Miscellaneous investments include shares in listed companies with a market value of TEUR 1,385,841.9 (previous year: TEUR 1,707,661.3). The miscellaneous investments included in this balance sheet item, amounting to TEUR 23,854.7 (previous year: TEUR 15,842.9), which are reported at amortised cost less impairments losses, involve shares in companies which are not traded on an active market, i.e. which are not freely tradeable.

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

Impairment losses totalling TEUR 345,186.9 (previous year: reversals of impairment losses of TEUR 108,039.8) to miscellaneous investments represent adjustments to reflect increased market value and share prices, which were offset against the valuation reserve according to IAS 39 after the deduction of deferred taxes.

During the period under review, no impairment losses (previous year: TEUR 58.7) were recognised to net profit for the period.

The shares of ZOV (equity attributable to EVN as of September 30, 2009: TEUR 50,021.3; previous year: TEUR 62,018.3) were passed on to the credit financing banks.

28. Development of investments in associates included at equity and other investments

TEUR	Investments in associates included at equity	Investments in subsidiaries	Miscellaneous investments	Total other investments
Acquisition costs 30.9.2008	513,540.8	12,284.6	376,446.6	388,731.2
Addition through business combination	–	458.7	–	458.7
Additions	158,210.4	1,851.2	5,697.7	7,548.9
Disposals	–	–41.8	–2,477.9	–2,519.7
Transfers	–	–17.5	23,385.0	23,367.5
Acquisition costs 30.9.2009	671,751.3	14,535.2	403,051.4	417,586.7
Accumulated depreciation on 30.9.2008	127,949.3	–5,431.5	1,340,204.5	1,334,772.9
Currency translation differences	–898.0	–	–	–
Impairment losses	–	–	–345,186.9	–345,186.9
Proportional share of results	46,657.6	–	–	–
Dividends	–93,905.9	–	–	–
Changes in equity recognised directly in equity	–24,673.8	–	–	–
Disposals	–	49.4	2,474.4	2,523.8
First-time adoption of new IFRS	–14,392.5	–	–	–
Accumulated depreciation on 30.9.2009	40,736.6	–5,382.1	997,492.0	992,109.9
Carrying amount on 30.9.2008	641,490.1	6,853.1	1,716,651.1	1,723,504.2
Carrying amount on 30.9.2009	712,487.8	9,153.1	1,400,543.4	1,409,696.6

29. Other non-current assets

Securities reported under other non-current assets consist of shares in investment funds, and mainly serve to provide coverage for the provisions for pensions and obligations similar to pensions as required by Austrian tax regulations. The amounts shown on the balance sheet date correspond to the fair value of these assets. Additions and disposals resulted from the regrouping of assets during the financial year.

Of the loans receivable amounting to TEUR 21,619.9 (previous year: TEUR 21,648.5), a total of TEUR 3,006.9 (previous year: TEUR 2,228.5) had a remaining time to maturity of less than one year.

Non-current receivables and accrued lease transactions resulted from the project business within the context of BOOT models. Receivables from ongoing contracts amount to TEUR 54,444.5 (previous year: TEUR 25,896.0). Additions to other non-current assets also include capitalised interest expense of TEUR 724.2 (previous year: TEUR 295.0). The interest rate used for capitalisation ranged from 4.6%–5.9% (previous year: 4.6%–9.1%).

The receivables arising from derivative transactions include positive market values in connection with interest and currency swaps.

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

29. Development of other non-current assets

TEUR	Other financial assets			Other non-current assets			Total
	Securities	Loans receivable	Receivables and accrued lease transactions	Receivables from derivative transactions	Long-term primary energy reserves	Remaining other non-current assets	
Acquisition costs 30.9.2008	109,806.4	22,010.2	444,432.4	2,901.7	11,908.9	13,750.5	604,810.2
Currency translation differences	-14.1	-	-	-	-	-	-14.1
Addition through business combination	75.8	-	-	-	-	-	75.8
Additions	-	1,361.8	54,554.5	15,672.4	3,562.9	1,926.2	77,077.8
Disposals	-10,030.6	-1,390.4	-48,370.3	-	-1,081.5	-3,210.6	-64,083.3
Acquisition costs 30.9.2008	99,837.6	21,981.6	450,616.7	18,574.1	14,390.3	12,466.2	617,866.4
Accumulated depreciation 30.9.2008	-6,940.2	-361.6	-	-	-521.1	-	-7,823.0
Currency translation differences	13.7	-	-	-	-	-	13.7
Write-up	-114.8	-	-	-	-	-	-114.8
Transfers	4,052.9	-	-	-	-	-	4,052.9
Impairment losses	5,550.3	-	-	-	-	-	5,550.3
Accumulated depreciation 30.9.2009	2,561.9	-361.6	-	-	-521.1	-	1,679.1
Carrying value 30.9.2008	102,866.2	21,648.5	444,432.4	2,901.7	11,387.8	13,750.5	596,987.2
Carrying value 30.9.2009	102,399.5	21,619.9	450,616.7	18,574.1	13,869.2	12,466.2	619,545.5

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

29. Remaining terms of non-current receivables and accrued lease transactions

TEUR	Remaining term as of 30.9.2009				Remaining term as of 30.9.2008				Total
	Up to 1 year	> 1 year	> 5 years	Total	Up to 1 year	> 1 year	> 5 years		
Interest components	34,024.0	88,869.9	69,611.0	192,504.8	39,225.6	110,828.2	57,654.1	207,707.9	
Principal components	47,214.0	182,126.2	221,276.4	450,616.7	51,047.5	183,127.4	210,257.5	444,432.4	
Total	81,238.0	270,996.1	290,887.4	643,121.5	90,273.1	293,955.6	267,911.6	652,140.3	

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

The interest components correspond to the proportionate share of interest components in the total leasing payment, and do not represent a discounted amount. The interest components from leasing payments in the 2008/09 financial year are mainly reported as interest income on non-current financial assets.

Current assets

30. Inventories

Primary energy reserves are mainly comprised of coal supplies.

The emission certificates relate exclusively to certificates that were purchased to fulfil the requirements stipulated in the Emission Certificate Act but which have not yet been used. The corresponding obligation for insufficiency of the certificates is reported under current provisions (see note 48. Current provisions).

30. Inventories	TEUR	2008/09	2007/08
Primary energy reserves		61,591.6	44,563.7
Emission certificates		8,590.0	272.2
Raw materials, supplies, consumables and other inventories		32,363.7	37,718.6
Customer orders not yet invoiced		34,746.7	14,997.2
Total		137,292.0	97,551.7

The risk of inventories resulting from comparatively low turnover or decreased market values was reflected in a valuation adjustment of TEUR 15,344.6 (previous year: TEUR 1,437.6). This write-down was contrasted by reversals of impairment losses amounting to TEUR 151.8 (previous year: TEUR 10.4).

Business combinations led to an increase of TEUR 1,273.2 in inventories (previous year: TEUR 647.9). The inventories are not subject to any limitations on disposal and are not encumbered.

31. Receivables

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

The risk of insolvency by dubious customers is accounted for by a provision amounting to TEUR 92,151.9 (previous year: TEUR 55,917.6). The provision for trade accounts receivable primarily relates to South East Europe. Generally speaking, write-offs of receivables are only possible there once a court order has been issued. The level of provisions successively increases due to the relatively long waiting period caused by the high number of pending court cases.

Receivables from investments in associates included at equity and affiliated companies are derived primarily from intragroup transactions with energy supplies as well as Group financing and services to non-consolidated subsidiaries.

Other receivables and assets consist mainly of receivables from compensation payment for electricity futures, receivables to partners within Energieallianz, as well as receivables from insurance and prepayments made.

Receivables arising from financial instruments mainly comprised positive market values of energy swaps.

31. Receivables	TEUR	2008/09	2007/08
Financial assets			
Trade accounts receivable		312,594.9	305,085.8
Receivables from employees		10,621.4	9,952.6
Receivables from investments in associates included at equity		157,647.2	131,003.9
Receivables from affiliated companies		4,817.2	4,740.9
Other receivables and assets		82,480.0	67,236.1
Receivables arising from derivative transactions		–	18,814.3
		568,160.7	536,833.6
Other receivables			
Tax receivables		11,495.2	32,542.6
		11,495.2	32,542.6
Total receivables		579,655.9	569,376.3

32. Securities

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

32. Composition of securities	TEUR	2008/09	2007/08
Cash funds		65,071.5	82,905.5
Bond funds		–	2,052.7
Equity funds		–	3,317.5
Other fund products		13,890.2	18,572.3
Total funds		78,961.7	106,848.0
Fixed income securities		7,763.1	5,954.5
Shares		11.4	23,149.1
Total securities		86,736.1	135,951.6

In addition to a loss of TEUR 1,922.5 (previous year: TEUR 3,453.1) on the sale of securities, a write-up of TEUR 214.3 (previous year: write-down of TEUR 14,307.2) was recognised in the reporting period to reflect the rise in stock prices.

Liabilities

Equity

The development of equity in the 2007/08 and 2008/09 financial years is presented on page 75.

33. Share capital

EVN AG's share capital remained unchanged during the period of review and amounts to TEUR 300,000.0. It is comprised of a total of 163,525,820 zero par value bearer shares.

34. Share premium

This item comprises appropriated reserves of TEUR 50,163.6 from capital increases in accordance with Austrian stock corporation law as well as non-appropriated capital reserves of TEUR 58,267.7 pursuant to Austrian stock corporation law, the same level as in the preceding year.

35. Retained earnings

Retained earnings of TEUR 1,654,325.0 (previous year: TEUR 1,551,080.5) comprise the proportional share of non-distributed profit from EVN AG as well as from companies included in the consolidation as of the date of initial consolidation.

Dividends are based on the reported profit for the period of EVN AG as contained in its financial statements. The development of dividends is presented in the following table:

35. Development of EVN AG's profit for the period

	TEUR
Reported Group net profit for the period 2008/09	60,059.1
Retained earnings from the 2007/08 financial year	348.0
Distributable Group net profit for the period	60,407.1
Proposed dividend	-60,306.7
Retained earnings for the 2009/10 financial year	100.4

The proposed dividend of EUR 0.37 per share for the 2008/09 financial year, which will be recommended to the Annual General Meeting, is not included under liabilities.

The dividend payment for 2007/08, which totalled TEUR 60,306.6 or EUR 0.37 per share was proposed by EVN's Executive Committee and Supervisory Board and approved at the 80th Annual General Meeting on January 15, 2009. The dividend payment to shareholders took place on January 27, 2009.

36. Revaluation reserve according to IFRS 3

The revaluation reserve in accordance with IFRS 3 is derived from business combinations achieved in stages, and results from the acquisition of a further 10.05% interest in RBG, as well as the remaining 50.0% stake in EVN LV during the 2004/05 financial year.

37. Valuation reserve according to IAS 39

The valuation reserve according to IAS 39 includes non-recognised changes in the market value of "AFS" securities and cash flow hedges as well as the proportional share of changes to investments in associates that were recognised directly in equity.

37. Valuation reserve according to IAS 39

TEUR	2008/09			2007/08		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Results recognised directly in equity from ...						
Market value of securities	997,294.6	-249,322.9	747,971.8	1,342,552.4	-335,626.8	1,006,925.6
Cash flow hedges	-9,496.3	2,442.3	-7,054.0	-1,988.9	479.7	-1,509.2
Investments in associates included at Equity	-15,496.0	-	-15,496.0	6,565.7	-	6,565.7
Total	972,302.3	-246,880.6	725,421.7	1,347,129.2	-335,147.1	1,011,982.0

38. Treasury shares

Within the context of the share buyback programme approved by the 79th Annual General Meeting, a total of 534,864 treasury shares were held at the balance sheet date September 30, 2009 (representing 0.33% of the share capital; September 30, 2008: 278,035 treasury shares, or 0.17% of the share capital) at an acquisition price of TEUR 8,037.8 and with a market value of TEUR 7,316.9 on the balance sheet date of September 30, 2009 (September 30, 2008: acquisition price of TEUR 4,753.9, market value of TEUR 4,167.7).

This share buyback programme was terminated ahead of schedule on the basis of the resolution passed on January 15, 2008 by the 80th Annual General Meeting of EVN AG authorising a new share buyback programme. Up until now, the Executive Committee has not exercised this option to buy back own shares in the company in accordance with the newly passed resolution.

The number of outstanding shares developed as follows:

38. Development of the number of outstanding shares

	Zero par value shares	Treasury shares	Outstanding shares
1.10.2007	40,881,455	-	40,881,455
Stock split at a ratio of 4 for 1	122,644,365	-	122,644,365
Buyback of treasury shares	-	-278,035	-278,035
30.9.2008	163,525,820	-278,035	163,247,785
Buyback of treasury shares	-	-256,829	-256,829
30.9.2009	163,525,820	-534,864	162,990,956

The weighted average number of outstanding shares, which is used as the basis for calculating the earnings per share, amounts to 163,010,712 shares (previous year: 163,448,927 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.

39. Minority interest

This item comprises the minority interests in the equity of subsidiaries which are fully consolidated.

Non-current liabilities

40. Non-current loans and borrowings

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

40. Composition of non-current loans and borrowings

	Nominal interest rate (%)	Term	Nominal amount	Carrying amount 30.9.2009 (TEUR)	Carrying amount 30.9.2008 (TEUR)	Effective interest rate on the carrying amounts ¹⁾ (%)	Market value 30.9.2009 (TEUR)
JPY bond	5.200	1994–2014	JPY 8.0bn	61,182.7	50,440.0	8.79	71,198.6
EUR bond	5.250	2001–2011	EUR 262.9m	267,299.8	251,973.8	5.20	276,597.1
CHF bond	3.625	2009–2014	CHF 250.0m	165,575.8	–	5.03	175,752.8
EUR bond	5.000	2009–2016	EUR 28.5m	28,222.6	–	5.12	28,893.3
EUR bond	5.250	2009–2017	EUR 150.0m	148,099.7	–	5.39	152,430.0
EUR bond	5.250	2009–2019	EUR 30.0m	29,292.4	–	5.46	29,682.0
JPY bond	3.130	2009–2024	JPY 12.0 bn	79,983.6	–	5.27	92,314.0
Total bonds	–	–	–	779,656.7	302,413.8	5.50	826,867.7
Bank loans	1.00–8.77	up to 2031	–	922,826.9	1,056,474.3	3.95	922,826.9
Total	–	–	–	1,702,483.6	1,358,888.1	4.66	1,749,694.6

1) Interest expense in relation to average carrying amount, allowing for interest and currency hedges

The effective interest rate, which averaged 4.66% (previous year: 5.40%), represents the average interest on the average carrying amount after interest and currency hedging. The interest rate weighted by the carrying amount of the relevant liabilities totalled 3.50% as of the balance sheet date (previous year: 5.27%) and accounts for repayments.

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

40. Maturity of non-current loans and borrowings

TEUR	Term to maturity as of 30.9.2009				Term to maturity as of 30.9.2008			
	up to 1 year	> 1 year	> 5 years	Total	up to 1 year	> 1 year	> 5 years	Total
Bonds	–	494,058.3	285,598.3	779,656.7	–	251,973.8	50,440.0	302,413.8
Thereof fixed interest	–	224,405.1	205,614.7	430,019.9	–	–	–	–
Thereof variable interest	–	269,653.2	79,983.6	349,636.8	–	251,973.8	50,440.0	302,413.8
Bank loans	100,824.2	579,508.4	242,494.3	922,826.9	70,258.9	697,588.6	288,626.8	1,056,474.3
Thereof fixed interest	57,983.8	329,440.4	108,842.9	496,267.1	51,966.9	272,211.7	113,203.4	437,382.0
Thereof variable interest	42,840.4	250,068.0	133,651.4	426,559.8	18,292.0	425,376.9	175,423.4	619,092.3
Total non-current loans and borrowings	100,824.2	1,073,566.7	528,092.6	1,702,483.6	70,258.9	949,562.4	339,066.8	1,358,888.1

Bonds

All bonds call for payment in arrears. In the past financial year, no bonds were repurchased (previous year: TEUR 0.0). In the current 2008/09 financial year, EVN has successfully issued five corporate bonds with a total volume of EUR 470.0m.

These items are valued 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 value of the hedged risk in cases where hedge accounting was applied. The resulting change in bonds amounting to TEUR –7,080.0 (previous year: TEUR –4,915.3) was largely offset by a corresponding development of the market values of the swaps of TEUR 6,720.0 (previous year: TEUR 7,651.7).

The market value was calculated on the basis of available market information on the respective bond prices and the exchange rate as of 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 amounted to TEUR 283,375.6 as of September 30, 2009 (previous year: TEUR 335,736.5).

Shares in project companies were pledged as collateral for project financing.

EVN concluded a syndicated revolving credit facility of EUR 600.0m through EVN Finance B.V. on September 12, 2006, which has a term to maturity of seven years (2006 – 2013). As of the balance sheet date on September 30, 2009, EVN had not made any use of this credit line (previous year: EUR 400.0m unused).

Deferred interest expenses are included under other current liabilities.

41. Deferred taxes

41. Deferred taxes	TEUR	2008/09	2007/08
Deferred tax assets			
Employee-related provisions		-25,280.0	-25,933.0
Tax loss carryforwards		-7,857.2	-2,465.2
Other deferred tax assets		-5,894.4	-4,579.4
Deferred tax liabilities			
Non-current assets		79,214.7	71,696.5
Financial instruments		256,103.9	361,082.5
Other deferred tax liabilities		9,615.4	19,309.1
Total		305,902.5	419,110.5
Thereof deferred tax assets		-1,198.9	-912.0
Thereof deferred tax liabilities		307,101.4	420,022.5

Deferred taxes developed as follows:

41. Changes deferred taxes	TEUR	2008/09	2007/08
Deferred taxes on October 1, 2008		419,110.5	398,775.4
Changes through business combination		-1,003.6	914.6
+/- Results recognised through profit and loss		-23,937.9	-5,097.3
+/- Results recognised directly in equity		-88,266.5	24,517.8
Deferred taxes on September 30, 2009		305,902.5	419,110.5

Deferred tax assets were not recorded on loss carryforwards of TEUR 22,968.9 (previous year: TEUR 24,170.9), that are not expected to be reversed within a foreseeable period. A total of TEUR 12,139.5 of these loss carryforwards (previous year: TEUR 3,740.4) will expire after 2013.

42. Non-current provisions

42. Non-current provisions	TEUR	2008/09	2007/08
Provision for pensions		218,444.6	219,517.6
Provisions for obligations similar to pensions		16,657.1	16,670.0
Provision for severance payments		73,975.0	72,323.0
Other non-current provisions ¹⁾		135,711.0	121,732.4
Total		444,787.7	430,243.1

1) Comparative figures from the previous year were adjusted to reflect the new Group reporting. See note 6. Changes in accounting and valuation methods

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

- Interest rate of 5.50% p.a. (previous year: 5.75% p.a.)
- Remuneration increases of 2.50% p.a., subsequent years 3.00% p.a. (previous year: Remuneration increases of 3.75% p.a., subsequent years 3.00% p.a.)
- Pension increases of 2.50% p.a. (previous year: 3.75% p.a.)
- Austrian pension tables according to previous year "Rechnungsgrundlagen AVÖ 2008-P – Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler"

42. Development of provisions for pensions and obligations similar to pensions

TEUR	2008/09	2007/08
Present value of pension obligations (DBO) on October 1	252,450.7	240,511.4
+ Service costs	1,965.9	1,758.4
+ Interest paid	14,527.8	12,037.0
– Pension payments	–17,579.7	–16,949.0
+/- Actuarial loss/gain	–12,378.9	15,093.2
Present value of pension obligations (DBO) on September 30	238,985.9	252,450.8
Provisions for pensions and obligations similar to pensions on September 30	235,101.7	236,187.6
– Deficit of provisions compared to the DBO value September 30	%	–1.6
		–6.4

42. Development of the provision for severance payments

TEUR	2008/09	2007/08
Present value of severance payment obligations (DBO) on October 1	76,049.0	71,522.1
+/- Currency translation adjustment	–0.3	5.8
+ Addition through business combination	413.9	245.9
+ Service costs	3,279.5	3,057.6
+ Interest paid	4,452.3	3,655.6
– Severance payments	–5,777.3	–3,979.2
+/- Actuarial loss/gain	–8,742.2	1,503.9
Present value of the severance payments (DBO) on September 30	69,674.9	76,011.7
Provision for severance payments on September 30	73,975.0	72,323.0
+/- Deficit/Exceed of provisions compared to the DBO value September 30	%	6.2
		–4.9

The provision for cooperation agreements contains obligations to investments in connection with existing contracts. Rents for network access involve provisions for rents to gain access to third party facilities in Bulgaria. Different legal processes and lawsuits which for the most part result from normal business operations and which are currently pending are reported as 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. The provisions for non-current financial instruments were reclassified as other non-current liabilities in accordance with IFRS 7 (see note 6. Changes in accounting and valuation methods).

42. Development of other non-current provisions

TEUR	Service anniversary bonuses	Cooperation agreements	Rents for network access	Legal proceedings	Environmental, waste and other obligatory risks	Other non-current provisions	Total
Carrying amount on 1.10.2008	17,060.7	37,860.0	17,089.0	7,558.7	39,117.7	3,046.4	121,732.4
Currency translation differences	–	–	–	–9.8	–	–	–9.8
Addition through business combination	69.2	–	–	–	–	–	69.2
Interest paid	951.8	1,893.0	1,427.1	210.7	1,057.9	–	5,540.5
Use	–1,620.7	–	–	–5,346.2	–	–	–6,966.9
Additions	546.6	327.0	2,828.6	8,106.9	3,128.7	55.0	14,992.8
Transfers	–	–	–	494.7	–141.9	–	352.8
Carrying amount on 30.9.2009	17,007.5	40,080.0	21,344.7	11,015.1	43,162.3	3,101.4	135,711.0

43. Deferred income from network subsidies

The item deferred income from network subsidies developed as follows:

43. Deferred income from network subsidies	TEUR	Construction subsidies	Investment subsidies	Total
Carrying amount on 1.10.2008		313,881.3	40,440.8	354,322.2
Currency translation differences		4.7	–	4.7
Addition through business combination		–	2,811.6	2,811.6
Additions		51,516.5	2,544.3	54,060.8
Reversal		–28,628.1	–3,500.5	–32,128.6
Carrying amount on 30.9.2009		336,774.5	42,296.2	379,070.7

TEUR 346,942.1 (previous year: TEUR 324,814.5) will not be recognised as income within one year.

44. Other non-current liabilities

Leases chiefly consist of leases relating to the long-term utilisation of heating networks and heating plants.

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

Liabilities from derivative transactions include the negative market values in connection with hedging transactions which are partially offset by the corresponding development in bonds. These were reported in the previous year under non-current provisions for financial instruments and, pursuant to IFRS 7, reclassified in the category other non-current liabilities in the financial year 2008/09.

The other liabilities refer to future leasing payments from finance leases.

44. Other non-current liabilities	TEUR	2008/09	2007/08
Leases		34,935.0	37,812.7
Accruals of financial instruments		9,752.4	10,723.5
Liabilities from derivative transactions		28,690.0	26,120.2
Other liabilities		16,837.9	17,148.2
Total		90,215.3	91,804.5

44. Term of maturity of other non-current liabilities

TEUR	Term to maturity as of 30.9.2009			Term to maturity as of 30.9.2008		
	< 5 years	> 5 years	Total	< 5 years	> 5 years	Total
Leases	12,072.9	22,862.1	34,935.0	12,645.5	25,167.2	37,812.7
Accruals of financial instruments	3,637.0	6,115.4	9,752.4	3,840.1	6,883.4	10,723.5
Liabilities arising from derivative transactions	12,389.9	16,300.2	28,690.0	10,946.1	15,174.0	26,120.2
Other liabilities	2,796.8	14,041.1	16,837.9	5,471.9	11,676.3	17,148.2
Total	30,896.6	59,318.7	90,215.3	32,903.7	58,900.8	91,804.5

Current liabilities

45. Current loans and borrowings

Overdrafts are included under cash and cash equivalents on the cash flow statement.

45. Current loans and borrowings	TEUR	2008/09	2007/08
2.43% CHF obligation 2004–2009 ¹⁾		–	126,719.8
Bank overdrafts and other current loans		16,992.1	27,184.2
Total		16,992.1	153,904.0

1) The obligation was redeemed as scheduled on June 10, 2009.

46. Current tax liabilities

The item current tax liabilities as of the balance sheet date was comprised of the following:

46. Current tax liabilities	TEUR	2008/09	2007/08
Energy tax		23,294.5	28,706.8
Value added tax		23,911.7	22,383.6
Corporate income tax		4,461.3	5,995.9
Other taxes and duties		7,025.3	3,393.1
Total		58,692.8	60,479.4

47. Trade payables

Trade payables include obligations resulting from outstanding invoices amounting to TEUR 136,620.8 (previous year: TEUR 47,284.0).

48. Current provisions

The provision for personnel entitlements comprises special payments not yet due and outstanding leaves as well as liabilities resulting from an early retirement programme in which employees can participate on a voluntary basis. The provision for legally binding agreements on the balance sheet date equals TEUR 1,505.7 (previous year: TEUR 1,993.4).

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

In the 2008/09 financial year, an official notification from the Austrian government confirmed that a total of 1,576,357 emission certificates (previous year: 1,577,956) were granted to EVN free of charge for the calendar year 2009. A provision was created (see note 30. Inventories) for the existing shortfall as of the balance sheet date based on the market value of the emission certificates as of September 30, 2009.

The voluntary social benefits programmes in Bulgaria and Macedonia, for which restructuring provisions had been set aside in the previous year, expired in the financial year 2008/09.

48. Development of current provisions

TEUR	Personnel entitlements	Impending losses	Emission certificates	Restructuring	Other current provisions	Total
Carrying amount on 1.10.2008	57,143.0	22,178.3	439.5	5,352.2	11,297.8	96,410.8
Currency translation differences	–0.3	–	–	–6.6	–0.1	–7.0
Addition through business combination	585.3	–	–	–	283.9	869.3
Use	–49,067.2	–13,303.7	–	–5,345.6	–4,991.0	–72,707.5
Additions	50,147.8	5,355.2	229.2	–	3,742.5	59,474.8
Transfers	1,093.4	–	–	–	–1,510.8	–417.4
Carrying amount on 30.9.2009	59,902.0	14,229.8	668.7	–	8,822.4	83,623.0

49. Other current liabilities

Liabilities to investments in associates included at equity primarily refer to liabilities for the distribution and procurement of electricity to e&t and for the procurement of natural gas to EconGas.

The liabilities to affiliated companies relate to those subsidiaries which are not consolidated as well as balances with joint ventures which are included on a proportionate basis.

Liabilities from derivative transactions mainly include negative market values of energy swaps.

Other financial liabilities consist primarily of liabilities relating to employee social security, deposits received, compensation payments for electricity futures as well as liabilities to partners within Energieallianz.

Prepayments received were designed 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 insurance institutions.

49. Other current liabilities

	TEUR	2008/09	2007/08
Financial liabilities			
Liabilities to investments in associates included at equity		19,239.9	71,061.0
Liabilities to affiliated companies		21,388.1	4,651.6
Deferred interest expenses		8,403.5	9,234.2
Liabilities arising from derivative transactions		14,215.6	12,725.7
Other financial liabilities		68,292.2	38,414.6
		131,539.3	136,087.2
Other liabilities			
Prepayments received		11,620.9	27,825.0
Liabilities relating to social security		13,312.3	14,133.8
		24,933.2	41,958.8
Total		156,472.5	178,045.9

Notes to the Consolidated Income Statement

50. Revenue

The revenues of the individual business segments developed as follows:

	TEUR	2008/09	2007/08
50. Revenue			
Energy revenue		2,459,334.3	2,182,302.9
Environmental Services revenue		236,051.5	184,563.4
Strategic Investment and Other Business revenue		31,632.1	30,135.5
Total		2,727,017.9	2,397,001.9

The segment reporting contains an overview of revenues by areas of business and region (see page 76 [Segment reporting](#)).

Revenue also included income of TEUR 54,554.5 (previous year: TEUR 27,932.5) from contractual work on international projects in accordance with BOOT models (see note [29. Other non-current assets](#)).

51. Other operating income

Other operating income consists primarily of payments for interest on late customer payments, subsidies and grants as well as the sale of goods and services which are not related to EVN's business operations.

51. Other operating income	TEUR	2008/09	2007/08
Income from the reversal of provisions		803.7	1,809.9
Income from the reversal of deferred income from network subsidies		32,128.6	29,507.6
Income from the disposal of intangible assets and property, plant and equipment		3,103.5	840.2
Rental income		2,315.7	2,289.2
Insurance compensation		7,728.3	3,392.3
Miscellaneous operating income		15,631.1	13,024.5
Total		61,710.8	50,863.8

52. Cost of materials and services

The cost of electricity purchases and primary energy is comprised mainly of gas and electricity procurement costs as well as expenses for the purchase of additional emission certificates. The insufficient allocation of free emission certificates resulted in corresponding costs of TEUR 5,035.9 (previous year: TEUR 4,468.1) for the purchase of additional certificates during the reporting period.

The cost of other materials and services relates primarily to the project business of the environmental services area as well as services for the operation and maintenance. This item also includes other costs directly related to required services.

52. Cost of materials and services	TEUR	2008/09	2007/08
Electricity purchases and primary energy expenses		1,653,163.8	1,375,823.4
Other materials and services		297,529.1	281,748.1
Total		1,950,692.9	1,657,571.5

53. Personnel expenses

Personnel expenses include payments of TEUR 8,131.0 (previous year: TEUR 4,710.3) to EVN-Pensionskasse as well as contributions of TEUR 275.9 (previous year: TEUR 207.8) to EVN pension funds.

53. Personnel expenses	TEUR	2008/09	2007/08
Wages and salaries		224,170.7	218,735.3
Severance payments		12,465.7	11,466.0
Pension costs		23,529.3	18,938.0
Compulsory social security contributions and payroll-related taxes		48,056.2	46,390.9
Other employee-related expenses		11,223.2	8,906.6
Total		319,445.0	304,436.8

The average number of employees was as follows:

53. Employees by business units	Annual average	2008/09	2007/08
Generation		108	82
Networks		1,435	1,446
Supply		243	174
South East Europe		6,036	6,560
Thereof Bulgaria		3,247	3,520
Thereof Macedonia		2,789	3,041
Environmental Services		496	456
Other		619	624
Total		8,937	9,342

Employees from proportionately consolidated companies are included in the above statistics in accordance with the stake held by EVN.

54. Depreciation and amortisation

The procedure used for impairment testing is described under the valuation methods in note 22. Procedures and effects of impairment tests.

54. Depreciation and amortisation by balance sheet item	TEUR	2008/09	2007/08
Amortisation of intangible assets		11,705.4	10,420.3
Depreciation of property, plant and equipment		186,474.6	185,261.0
Total		198,180.0	195,681.3

54. Depreciation and amortisation	TEUR	2008/09	2007/08
Scheduled depreciation and amortisation		198,180.0	183,687.8
Impairment losses ¹⁾		–	13,431.4
Reversal of impairment losses ¹⁾		–	–1,437.9
Total		198,180.0	195,681.3

1) For details see notes 26. Intangible assets and 27. Property, plant and equipment.

55. Other operating expenses

55. Other operating expenses	TEUR	2008/09	2007/08
Write-off of receivables		32,148.1	18,953.2
Legal and consulting fees, expenses related to risks of legal proceedings		29,198.1	19,681.1
Business operation taxes and duties		15,947.6	15,518.3
Advertising expenses		12,232.2	12,124.9
Telecommunications and postage		11,694.5	10,140.7
Insurance		10,155.7	9,535.7
Rents		9,914.9	5,245.8
Transportation and travelling expenses, automobile expenses		7,946.9	11,514.3
Maintenance		4,318.6	5,009.9
Employee training		2,916.2	2,947.4
Miscellaneous operating expenses		30,292.8	24,655.4
Total		166.765.7	135.326.7

Other 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.

56. Financial results

56. Financial results	TEUR	2008/09	2007/08
Income from investments			
RAG ¹⁾		32,177.6	82,959.2
EconGas		9,470.4	9,380.4
ZOV; ZOV UIP		8,135.0	9,928.9
BEWAG; BEGAS ²⁾		-3,401.6	-2,224.0
Other companies		276.2	-4,323.3
Income from investments in associates included at equity		46,657.6	95,721.2
Dividend payments		47,335.8	41,331.9
Verbundgesellschaft		42,116.8	35,617.5
Other companies		5,219.1	5,714.4
Other income from investments		33.1	-24.8
Income from other investments		47,368.9	41,307.0
Total income from investments		94,026.5	137,028.2
Interest results			
Interest income on non-current financial assets		39,155.4	40,626.0
Other interest income		8,285.2	9,308.1
Total interest income		47,440.6	49,934.1
Interest expense on non-current financial assets		-77,412.0	-77,031.4
Other interest expense		-8,498.1	-7,889.9
Total interest expense		-85,910.1	-84,921.3
Total interest results		-38,469.5	-34,987.2
Other financial results			
Results of valuation gains/losses and disposals of current financial assets („HFT“)		-563.2	-11,697.9
Results of valuation gains/losses and disposals of non-current securities („@FVTPL“)		-1,708.2	-17,760.4
Other financial results		-2,473.4	-3,728.0
Total other financial results		-4,744.8	-33,186.2
Financial results		50,812.2	68,854.8

1) Indirectly held by RBG

2) 49.0% of the shares in BEWAG and BEGAS are indirectly held by BUHO.

The income from investments in associates included at equity is comprised chiefly of profit contributions and depreciation and amortisation relating to the acquisition of assets.

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

57. Income tax expense

57. Income tax expense	TEUR	2008/09	2007/08
Income tax expense		51,941.8	10,713.6
Thereof Austrian companies		45,676.2	5,160.6
Thereof foreign companies		6,265.6	5,552.9
Deferred tax revenue		-23,937.9	-5,097.3
Thereof Austrian companies		-23,787.2	-3,050.8
Thereof foreign companies		-150.7	-2,046.5
Total		28,003.9	5,616.2

The main reasons for the difference between the valid Austrian corporate tax rate of 25.0% in 2009 (previous year: 25.0%) and the recorded effective corporate tax rate in accordance with the consolidated income statement of the 2008/09 financial year can be explained as follows:

57. Calculation of the effective tax rate	2008/09		2007/08	
	%	TEUR	%	TEUR
Profit before income tax	-	226,013.4	-	235,459.2
Income tax rate/income tax expense at nominal tax rate	25.0	56,503.3	25.0	58,864.8
- Different corporate tax rates in other countries	-0.2	-468.9	-1.0	-2,331.8
+ Changes in taxation	-	39.2	-	-
- Tax-free income from investments	-13.9	-31,309.1	-18.2	-42,890.9
+/- Revaluation of deferred taxes	0.2	506.9	-4.7	-10,998.7
+ Non-deductible expenses	1.3	2,899.7	0.3	702.5
+/- Tax reductions/increases related to previous periods	-0.6	-1,424.1	0.2	390.7
+ Other items	0.6	1,256.9	0.8	1,879.7
Effective tax rate/effective income tax expense	12.4	28,003.9	2.4	5,616.2

The effective tax rate of EVN for the 2008/09 financial year in relation to the profit before income tax amounted to 12.4% (previous year: 2.4%). The effective tax rate represents the weighted average of the effective local corporate tax rates of all consolidated subsidiaries.

58. Earnings per share

Earnings per share are calculated by dividing Group net profit (proportional share of Group net profit for the period attributable to EVN AG shareholders) by the weighted average number of ordinary shares outstanding, i.e. 163,010,712 (previous year: 163,488,927). This figure may generally be diluted by the existence of so-called potential shares arising from share options or convertible bonds. However, EVN has no such potential shares. Subsequently, there is no difference between basic earnings per share and diluted earnings per share.

Group net profit amounted to TEUR 177,943.6 for the 2008/09 financial year (previous year: TEUR 186,936.8). Calculated on this basis, earnings per share for the 2008/09 financial year totalled EUR 1.09 (previous year: EUR 1.14).

Other information

59. Consolidated cash flow statement

The consolidated cash flow statement of EVN shows the changes in cash and cash equivalents during the 2008/09 financial year as a result of monetary inflows and outflows.

The cash flow statement is presented in accordance with the indirect method. Deductible expenses are added and deductible income is subtracted from profit before tax.

Income tax payments of TEUR 35,305.5 (previous year: TEUR 28,487.0) were reported separately under cash flow from operating activities.

Dividends received, interest income and interest expense were allocated to current business activities. Cash flow from dividend payments received for the year totalled TEUR 141,241.7 (previous year: TEUR 135,431.7). Interest income received amounted to TEUR 63,534.1 (previous year: TEUR 47,355.8), whereas interest expense paid totalled TEUR 63,534.6 (previous year: TEUR 82,198.6).

The effects of business combinations were eliminated, and are now reported under "net payments for company acquisitions" as part of net cash flow from investing activities.

Proceeds from the disposal of intangible assets and property, plant and equipment amounted to TEUR 8,630.2 (previous year: TEUR 5,270.2). These proceeds resulted in a profit of TEUR 3,103.5 (previous year: TEUR 840.2).

Dividend payments made of TEUR 60,306.6 (previous year: TEUR 61,322.2) to EVN AG shareholders and TEUR 34,992.6 (previous year: TEUR 36,420.7) to minority shareholders (RBG and BUHO) were reported under cash flow from financing activities.

The cash and cash equivalents received by EVN from business combinations amounted to TEUR 1,187.6 (previous year: TEUR 155.4).

The share of cash and cash equivalents held by joint ventures amounted to TEUR 27,688.3 (previous year: TEUR 14,143.1).

59. Cash and cash equivalents

	TEUR	2008/09	2007/08
Cash on hands		380.4	327.8
Cash at banks		130,099.4	120,653.2
Cash		130,479.8	120,980.9
Bank overdrafts		-16,891.5	-26,863.5
Total cash and cash equivalents		113,588.3	94,117.5

60. Risk management

Interest rate risk

Interest rate risk relates to the threat posed to EVN by a negative change in prevailing interest rates and the effects this would have on interest income and interest expense as well as the equity of EVN. In order to minimise interest rate risk EVN works to achieve a balanced mix of fixed income and variable rate liabilities. Risk is minimised through monitoring, compliance with limits and hedging. Fixed interest periods are managed over the short-term through derivative financial instruments (see note 10. Financial instruments). The valuation of these financial instruments distinguishes between those with fixed interest rates and those with variable interest rates.

Interest rate risk is determined for EVN within the context of a daily monitoring process using the value at risk (VaR) method, based on the parameters of a one-day holding time and a confidence level of 99.0%. This model is derived from JP Morgan's RiskMetrics industry standard, in which case the variance/covariance matrix of risk is calculated by itself. The selected method involves a delta-gamma approach. The VaR amounted to EUR 3.0m on the balance sheet date (previous year: EUR 2.1m). EVN strives to counteract interest rate fluctuations by means of hedging instruments.

Foreign exchange risk

Exchange rate fluctuations can have an effect on business results, due to the fact that EVN carries out part of its business outside of the Eurozone.

Currency risks related to financial instruments exist for receivables, liabilities, cash and cash equivalents, which do not correspond to the functional currency of the Group. The currency risk for EVN in respect to financial instruments primarily involves bonds issued in Japanese Yen (JPY) and Swiss Francs (CHF). Currency risks are centrally registered, analysed and managed. Foreign currency bonds are hedged by means of cross currency swaps. (see notes 40. Non-current financial liabilities and 10. Financial instruments).

Other market risks

Other market risks primarily are price change risks resulting from market fluctuations. For EVN, the main risks are fluctuations in primary energy prices, in electricity prices on supply and procurement markets, and price risks involving securities. Forward and future contracts (see below), options and swaps (see note 10. Financial instruments) are concluded to hedge price risks for electricity, gas, oil, black coal, CO₂ and biomass.

60. Price hedging in the Energy segment

TEUR	2008/09					2007/08				
	Nominal volumes		Positive	Market values		Nominal volumes		Positive	Market values	
Purchases	Disposals	Negative		Net	Purchases	Disposals	Negative		Net	
Futures	158,762.6	-90,920.8	12,980.9	-26,454.5	-13,473.6	97,022.5	-40,940.5	13,170.7	-12,725.7	445.0
Forwards	252,560.4	-242,186.9	53,324.8	-54,592.8	-1,268.1	419,939.4	-333,073.2	99,225.5	-81,243.5	17,982.1

Share price changes exist in respect to securities, and are dependent on the development of the capital market. EVN has a significant shareholding in Verbundgesellschaft.

Liquidity risk

Liquidity risk encompasses the risk of the company not being able to raise the financial resources required to redeem liabilities on schedule. EVN minimises the risk on the basis of long-term financial planning, setting limits and Group-wide cash pooling.

In order to fulfil its liquidity requirements, EVN had cash and current securities amounting to EUR 86.7m at its disposal on the balance sheet date (previous year: EUR 136.0m). In addition, a EUR 600m contracted syndicated credit facility which had not yet been drawn upon was also available to EVN at the balance sheet date (previous year: unused line of credit amounting to EUR 400m). For this reason, the liquidity risk can be considered as extremely low. Moreover, the gearing ratio of EVN was 44.1% at the balance sheet date (previous year: 35.3%), which is below the average in the energy sector, demonstrating the sound capital structure of the company.

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

TEUR	Carrying value	Total payment flows	Contractually stipulated payment flows		
			up to 1 year	up to 5 years	> 5 years
Bonds	779,656.7	1,018,653.4	36,390.5	609,986.0	372,277.0
Non-current bank loans	922,826.9	1,108,431.9	127,521.2	676,653.6	304,257.0
Total	1,702,483.6	2,127,085.3	163,911.7	1,286,639.6	676,534.0

Credit risk

Credit risk arises from the potential non-payment of financial obligations by a business partner. To limit credit risk, the company carries out credit assessments of the contracting parties. Sufficient collateral is required before a transaction if the partner's credit standing is classified as inadequate.

The credit risk in the operative business of EVN AG comprises the potential non-payment of financial obligations by customers and contractual partners in respect to derivative financial instruments which are concluded to hedge risks arising from the operative business. Default risk related to customers is separately monitored by EVN, and the evaluation of a customer's creditworthiness is primarily

based on ratings and empirical values. Credit risk is taken into consideration by EVN by means of provisions for bad debts and general provisions. In order to reduce credit risk, all hedging transactions are carried out in cooperation exclusively with well-known financial institutions with good credit ratings.

EVN pays attention to ensuring that funds are deposited at banks with the best possible creditworthiness based on international ratings.

60. Impairment losses by class

Write-offs/Value adjustments	TEUR	30.9.2009	30.9.2008
Non-current assets			
Other investments		–	52.5
Securities		114.8	12,077.5
Loans and borrowings		–	200.3
		114.8	12,330.3
Current assets			
Receivables		32,148.1	18,953.2
Securities		268.9	14,307.2
		32,417.0	33,260.5
Total impairment losses		32,531.8	45,590.8

The maximum default risk arises from the carrying amounts for receivables reported in the consolidated balance sheet. For derivatives, the default risk corresponds to the positive fair value. The credit risk is limited to the amounts reported in the consolidated balance sheet.

61. Reporting on financial instruments

The fair value is based on share price listings at the balance sheet date. If these are not available, the fair values are determined by financial mathematical methods, for example by discounting expected future cash flows based on prevailing market interest rates.

The fair value of shares in non-listed subsidiaries and other investments is based on the discounted expected cash flow or comparable transactions.

The price quoted on the exchange at the balance sheet date constitutes the fair value of financial instruments listed on an active market comprises.

For the most part, receivables, cash and current financial liabilities have short terms to maturity. For this reason, the carrying values at the balance sheet date approximately equal the market values.

The market values of bonds are determined by taking the present value of the discounted future cash flow based on prevailing market interest rates.

61. Information on classes and categories of financial instruments

Classes	TEUR	Valuation category	30.9.2009		30.9.2008	
			Carrying value	Fair value	Carrying value	Fair value
Non-current assets						
Other investments						
Investments in subsidiaries		AFS	9,153.1	9,153.1	6,853.1	6,853.1
Other investments		AFS	1,400,543.4	1,400,543.4	1,716,651.1	1,716,651.1
			1,409,696.6	1,409,696.6	1,723,504.2	1,723,504.2
Other non-current assets						
Securities		@FVTPL	102,399.5	102,399.5	102,866.2	102,866.2
Loans receivable		LAR	21,619.9	21,619.9	21,648.5	21,648.5
Receivables and accrued lease transactions		LAR	450,616.7	450,616.7	444,432.4	444,432.4
Receivables arising from derivative transactions	Hedge Accounting		18,574.1	18,574.1	2,901.7	2,901.7
Non-financial assets		–	26,335.4	–	25,138.3	–
			619,545.5	593,210.1	596,987.2	571,848.9
Current assets						
Current receivables and other current assets						
Trade accounts receivable		LAR	568,160.7	568,160.7	518,019.3	518,019.3
Receivables arising from derivative transactions	Hedge Accounting		–	–	18,814.3	18,814.3
Non-financial assets		–	11,495.2	–	32,542.6	–
			579,655.9	568,160.7	569,376.3	536,833.6
Securities		HFT	86,736.1	86,736.1	135,951.6	135,951.6
Cash						
Cash on hands and cash at banks		LAR	130,479.8	130,479.8	120,980.9	120,980.9
			130,479.8	130,479.8	120,980.9	120,980.9
Non-current liabilities						
Non-current loans and borrowings						
Current loans and borrowings		FLAC	779,656.7	826,867.7	302,413.8	324,609.0
Bank loans		FLAC	922,826.9	922,826.9	1,056,474.3	1,056,474.3
			1,702,483.6	1,749,694.6	1,358,888.1	1,381,083.3
Other non-current liabilities						
Leases		FLAC	34,935.0	34,935.0	37,812.7	37,812.7
Accruals of financial transactions		FLAC	9,752.4	9,752.4	10,723.5	10,723.5
Remaining other loans and borrowings		FLAC	16,837.9	16,837.9	17,148.2	17,148.2
Liabilities from derivative transactions	Hedge Accounting		28,690.0	28,690.0	26,120.2	26,120.2
			90,215.3	90,215.3	91,804.5	91,804.5
Current liabilities						
Current financial liabilities						
Trade accounts payable		FLAC	16,992.1	16,992.1	153,904.0	153,904.0
Other current liabilities		FLAC	328,743.9	328,743.9	283,695.6	283,695.6
Other current liabilities						
Other financial liabilities		FLAC	117,323.7	117,323.7	123,361.5	123,361.5
Liabilities arising from derivative transactions	Hedge Accounting		14,215.6	14,215.6	12,725.7	12,725.7
Non-financial liability		–	24,933.2	–	41,958.8	–
			156,472.5	131,539.3	178,045.9	136,087.2
aggregated to valuation categories						
Available for sale financial assets		AFS	1,409,696.6		1,723,504.2	
Loans and receivables		LAR	1,170,877.0		1,105,081.2	
Financial assets designated at fair value through profit or loss		@FVTPL	102,399.5		102,866.2	
Financial assets held for trading		HFT	86,736.1		135,951.6	
Financial liabilities at amortised cost		FLAC	2,227,068.6		1,985,533.6	

Derivative financial instruments

Derivative financial instruments are used primarily to hedge 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 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 VaR-method.

The nominal values represent the non-offset totals of all the items classified as financial derivatives on the balance sheet date. Although these are equivalent to the amounts agreed between the contractual partners, these figures do not provide a measure of the risk incurred by the company through the use of derivatives. Potential risk factors include fluctuations in the market prices and the credit risk of the contractual parties. The nominal and current fair values of all derivative financial instruments are recognised.

Derivative financial instruments used by EVN are comprised of the following:

61. Derivative financial instruments	30.9.2009		30.9.2008	
	Nominal Value ¹⁾	Fair Value ²⁾	Nominal Value ¹⁾	Fair Value ²⁾
Currency swaps				
CHFm (under 1 year) ³⁾	–	–	200.0	5.6
CHFm (under 5 years) ³⁾	250.0	–4.9	–	–
JPYm (under 5 years) ³⁾	8,000.0	–4.3	–	–
JPYm (over 5 years) ³⁾	12,000.0	–15.4	8,000.0	–15.2
USDm (under 5 years) ³⁾	10.0	0.8	15.4	1.9
USDm (over 5 years) ³⁾	3.0	0.4	3.0	0.3
Interest rate swaps				
EURm (under 5 years) ³⁾	482.1	14.7	482.8	–10.3
EURm (over 5 years) ³⁾	34.9	–1.4	–	–
Energy swaps				
Purchases (gas, coal, oil) ³⁾	134.2	–14.2	136.1	0.4
Caps				
EURm (under 5 years)	105.0	0.1	105.0	0.8

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 arising from derivative transactions (either recorded under other non-current assets or receivables depending on terms of maturity), negative fair values as liabilities arising from derivative transactions (either recorded under other non-current liabilities or other current liabilities depending on terms of maturity).

62. Significant events after the balance sheet date

On October 20, 2009, WTE Essen was awarded a contract to plan and build two wastewater purification plants for Famagusta and Morphou, Cyprus. The projects are being financed by the European Commission. EVN will transfer possession of the turn-key facilities with a total investment volume of EUR 11.4m and a capacity of 33,500 and 10,750 population equivalents within 24 months. Both installations will help to significantly improve the situation on Cyprus, which is characterised by a permanent water shortage.

Except for this, there were no significant events requiring disclosure between the balance sheet date of September 30, 2009 and the publication of these consolidated financial statements on December 10, 2009.

63. 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:

63. Other obligations and risks

	TEUR	2008/09	2007/08
Guarantees for subsidiaries in connection with energy purchases and trading transactions		52,448.3	509,152.3
Guarantees related to the operation and construction of power plants		302,120.3	150,131.9
Order obligations for investments in intangible assets and property, plant and equipment		220,905.1	149,131.6
Guarantees for subsidiaries in connection with construction projects in the Environmental Services segment		209,428.0	80,383.6
Further obligations arising from guarantees or other contractual contingent liabilities		8,818.7	27,821.7
Total		793,720.4	916,621.1

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 being prepared that these claims would actually be filed or risks would actually materialise. The above-mentioned obligations are contrasted by damage claims amounting to TEUR 38,337.2 (previous year: TEUR 421,651.9).

Further obligations from guarantees and other contractual contingent liabilities are comprised chiefly of outstanding capital contributions and loan commitments to Group subsidiaries as well as assumed liabilities for loans to subsidiaries and associates.

The reduction in the guarantees for subsidiaries in connection with energy transactions resulted from a conversion of the calculation system to the benefit of e&t for guarantees. From now on, contingencies will no longer be recognised at their nominal values, but to the amount of the actual risk. This risk is measured by the changes in the agreed-upon price and the actual market price, in which case procurement transactions represent a risk only in the event of declining market prices, and sales transactions only comprise a risk in the event of increased market prices. Accordingly, the risk can change on the basis of the market price changes as the balance sheet date. Out of this risk valuation a contingent liability of TEUR 40,846.6 arose at balance sheet date September 30, 2009. The nominal values of the guarantees underlying the valuation amounted to TEUR 438,500.0 as at September 30, 2009. As at October 31, 2009, the risk relating to market price changes totalled TEUR 33,597.5, based on nominal values of the guarantees underlying the valuation of TEUR 443,500.0.

Various legal proceedings and lawsuits arising from operating activities are pending, or claims may be potentially asserted against EVN in the future. The risks relating to such legal proceedings have been analysed in relation to their probability of occurrence. Although the results of such legal proceedings can not always be predicted in advance with a high degree of certainty, an assessment of risk in this regard indicates that the results of these legal proceedings and lawsuits, individually and as a whole, would not have a material impact on the business, financial position, profit and loss or cash flow of EVN.

64. Information on business transactions with related companies and individuals

All business transactions with related companies and individuals are carried out at prevailing market rates and conditions, and are not fundamentally different from the supply and service relationships with other companies.

Fundamentally speaking, transactions with related companies and individuals arise on the basis of a direct or indirect control, significant influence or joint management. Related individuals include close family members of the respective natural person. Members of the key management personnel and their close family members are also considered to be related individuals.

Hence, related companies and individuals include all companies included 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 the EVN Executive Committee and Supervisory Board and close relatives of theirs.

A list of Group companies can be found starting on page 121 under **EVN Group Investments**. EVN AG is integrated into the consolidated financial statements of EnBW Energie Baden-Württemberg AG, Karlsruhe, Germany, as an associated company consolidated at equity.

Transactions with related companies:

Main shareholders

A group and tax settlement agreement was concluded with NÖ Landes-Beteiligungsholding GmbH, St. Pölten, during the inclusion of EVN AG in a company group, in accordance with § 9 of the Austrian Corporate Tax Act. EVN AG has since included further subsidiaries in the company group based on this agreement. This resulted in receivables of TEUR 3,237.5 (previous year: TEUR 15,653.0) to NÖ Landes-Beteiligungsholding GmbH as of the balance sheet date.

Investments in associates included at equity

Within the context of its ordinary business operations, EVN has concluded supply and service contracts with numerous investments in associates included at equity in the consolidated financial statements. Long-term agreements were concluded with e&t for the sale and sourcing of electricity. Long-term sourcing contracts were also concluded with EconGas for natural gas. Moreover, a cooperation agreement exists with BEGAS for gas-related services as well as a long-term utilisation agreement with NÖKOM for the provision of optical fibre cables.

The value of services provided to investments in associates included at equity is as follows:

64. Transactions with investments in associated included at equity	TEUR	2008/09	2007/08
Revenue		284,169.0	233,592.6
Cost of services		705,408.6	609,656.7
Trade accounts receivable		154,822.1	123,402.3
Trade accounts payable		13,393.1	59,686.3
Obligations from cash pooling		5,687.0	11,238.0
Interest balance from cash pooling		-218.3	-880.6

Transactions with related individuals:

Executive Committee and Supervisory Board

The services rendered to members of the Executive Board and the Supervisory Board consist primarily of salaries, post employment benefits, severance payments and remuneration of the Supervisory Board.

The total remuneration paid to active members of the Executive Committee in the 2008/09 financial year amounted to TEUR 1,280.9 (previous year: TEUR 1,235.3), payments to former members of the Executive Committee and their dependents totalled TEUR 984.2 (previous year: TEUR 949.1). In respect to expenses related to severance payments and pension costs, changes in the calculation parameters led to reversals of the provisions both for active members of the Executive Board as well as for active members of the company's senior management. The reversal of provisions led to proceeds of TEUR 430.0 (previous year: expenses of TEUR 1,312.7) for active members of the Executive Board and TEUR 393.0 for active members of senior management (previous year: expenses of TEUR 1,322.0). In addition, pension commitments amounting to TEUR 8,869.2 (previous year: TEUR 9,391.9) apply to active members of the Executive Committee. Remuneration paid to the Supervisory Board amounted to TEUR 137.5 (previous year: TEUR 143.5). The members of the Environmental and Social Responsibility Advisory Committee were paid compensation of TEUR 74.9 in the year under review (previous year: TEUR 82.0).

The basic principles underlying the remuneration system are presented in the remuneration report, which is part of the Management Report.

Transactions with other related companies:

Information related to internal facts and circumstances (i.e. transactions) within the EVN are eliminated and are not subject to disclosure requirements in the consolidated financial statements. Thus business transactions of EVN with subsidiaries and joint ventures are not reported.

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

65. Information on management and staff

The corporate bodies of EVN AG are:

Executive Committee

Burkhard Hofer – Spokesman of the Executive Committee and CEO

Peter Layr

Herbert Pöttschacher

Supervisory Board

Rudolf Gruber – President and Chairman

Stefan Schenker – Vice-Chairman

Gerhard Posset – Vice-Chairman

Norbert Griesmayr

Gottfried Holzer

Dieter Lutz

Reinhard Meißl

Bernhard Müller

Wolfgang Peterl

Martin Schuster

Michaela Steinacker

Willi Stiwicek (as of 15.1.2009)

Hans-Peter Villis

Franz Hemm – employee representative

Manfred Weinrichter – employee representative

Rudolf Rauch – employee representative (up to 31.12.2008)

Paul Hofer – employee representative

Leopold Buchner – employee representative (as of 19.1.2009)

Otto Mayer – employee representative

Helmut Peter – employee representative (as of 1.1.2009)

Franz Ziegelwagner – employee representative


66. Approval of the consolidated financial statements 2008/09 for publication

The current consolidated financial statements of the EVN Group have been prepared by the Executive Committee as of the date signed below. The statutory financial statements, which will also be included in the consolidated financial statements after being adapted to International Financial Reporting Standards, along with the Group financial statements of EVN AG, will be conveyed to the Supervisory Board on December 9, 2009 for their examination and approval.

Maria Enzersdorf, November 19, 2009

EVN AG

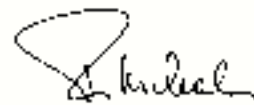
The Executive Committee



Burkhard Hofer
Spokesman of the
Executive Committee and CEO



Peter Layr
Member of the Executive Committee



Herbert Pöttschacher
Member of the Executive Committee

Financial information on joint ventures and investments in associates included at equity

The following overview presents the main items of the balance sheet and the income statement of joint ventures consolidated on a proportionate basis:

Key balance sheet and income statement figures of joint ventures consolidated on a proportionate basis

	TEUR	2008/09	2007/08
Balance sheet			
Non-current assets		24,379.5	16,024.7
Current assets		347,150.3	301,634.0
Non-current liabilities		835.4	4,983.7
Current liabilities		305,881.8	246,362.9
Income statement			
Revenue		964,462.9	776,082.7
Operating expenses		-957,348.9	-749,640.6
Depreciation and amortisation		-580.3	-319.0
EBIT		6,533.8	26,123.1
Financial results		1,278.6	3,552.7
Profit before income tax		7,812.4	29,675.8

The following overview presents the main items of the balance sheet and the income statement of investments in associates included at equity:

Key balance sheet and income statement figures of investments in associates included at equity

	TEUR	2008/09 ¹⁾	2007/08
Balance sheet			
Equity		791,568.8	1,098,873.7
Assets		3,552,109.2	3,579,825.0
Liabilities		2,760,540.3	2,480,951.3
Income statement			
Revenue		4,890,009.4	4,835,257.4
Net profit for the period		144,713.2	220,715.0

1) As a result of the merger of EESU Holding GmbH, Vienna, the comparison with last year's figures only has limited significance.

EVN Group Investments

The following is a list of EVN's investments, which is structured according to segments of business. The figures are derived from the last available financial statements of each company, as of the respective balance sheet date. The share capital of companies that report in a foreign currency is converted to Euro using the exchange rate in effect on the balance sheet date, while annual results are converted to Euro using the average exchange rate for the financial year.

1. EVN AG investments in the Energy Segment ≥ 20.0% as of September 30, 2009

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2008/09
AUSTRIA FERN GAS Gesellschaft m.b.H. in Liqu. Vienna	EVN	23.75	EUR	2,342	-180	31.12.2008	NE
B3 Energie GmbH, St. Georgen an der Gusen ¹⁾	EVN Wärme	50.00	EUR	-	-	-	NE
B.net Burgenland Telekom GmbH, ("B.net"), Eisenstadt ²⁾	Kabelsignal	100.00	EUR	10,779	-10,386	30.9.2009	V
B.net Hungária Távközlési Kft., Sopron, Hungary	B.net	100.00	HUF	96	-4	30.9.2008	NV
B.net Hungária Projekt Kft., Sopron, Hungary	B.net	100.00	HUF	9	6	30.9.2008	NV
Biowärme Amstetten-West GmbH, Amstetten	EVN Wärme	49.00	EUR	25	-8	31.12.2008	NE
Devoll Hydropower SHA, ("Devoll Hydropower") Tirana, Albania ¹⁾	EVN	50.00	ALL	-	-	-	E
EAA Erdgas Mobil GmbH, ("EAA-EGM"), Vienna	Energieallianz	100.00	EUR	14,485	-550	30.9.2009	Q
EconGas GmbH, ("EconGas"), Vienna ³⁾	EVN	16.51	EUR	122,447	45,489	31.12.2008	E
Energie Raum Mur Wasserkraftwerk Errichtungs- und Betriebs GmbH, Graz	WTK	50.00	EUR	58	-	31.12.2008	NE
ENERGIEALLIANZ Austria GmbH, ("Energieallianz") Vienna	EVN	45.00	EUR	19,629	-397	30.9.2009	Q
Energy Service DOOEL, Skopje, Macedonia	EVN Macedonia	100.00	MKD	9	-	31.12.2008	NV
Energy Trading EAD, Sofia, Bulgaria	EVN EC	100.00	BGN	102	-13	31.12.2008	V
EVN Albania SHPK, Tirana, Albania	EVN	100.00	ALL	-7	-8	31.12.2008	NV
EVN Bulgaria Electrorazpredelenie AD, ("EVN EP") Plovdiv, Bulgaria	EVN	67.00	BGN	215,269	17,052	31.12.2008	V
EVN Bulgaria Electrosnabdjavane AD, ("EVN EC") Plovdiv, Bulgaria	EVN	67.00	BGN	33,794	37	31.12.2008	V
EVN Bulgaria EAD, ("EVN Bulgaria"), Sofia, Bulgaria	EVN	100.00	BGN	839	-26	31.12.2008	V
EVN Bulgaria Toplofikatsia EAD, ("TEZ Plovdiv") Plovdiv, Bulgaria	EVN	100.00	BGN	14,190	-8,379	31.12.2008	V
EVN Development EOOD, Sofia, Bulgaria	EVN Bulgaria	100.00	BGN	-2	-1	31.12.2008	NV
EVN Energia Naturale S.R.L., Rome, Italy ¹⁾	evn naturkraft	100.00	EUR	-	-	-	NV
EVN Energievertrieb GmbH & Co KG, ("EVN KG") Maria Enzersdorf	EVN	100.00	EUR	40,649	31,071	30.9.2009	Q
EVN ENERTRAG Kavarna OOD, ("EVN Kavarna") Plovdiv, Bulgaria ¹⁾	evn naturkraft	70.00	BGN	247	-9	31.12.2008	V
EVN Geoinfo GmbH, ("EVN Geoinfo"), Maria Enzersdorf ⁴⁾	Utilitas	100.00	EUR	1,573	1,330	30.9.2009	V
EVN Kraftwerks- und Beteiligungsgesellschaft mbH ("EVN Kraftwerk"), Maria Enzersdorf	EVN	100.00	EUR	66,554	-43	30.9.2009	V
EVN Liegenschaftsverwaltung Gesellschaft m.b.H. ("EVN LV"), Zwettendorf an der Donau	EVN/Utilitas	100.00	EUR	101,104	222	30.9.2009	V

Method of consolidation:

- V: Fully consolidated company (subsidiary)
- NV: Non-consolidated affiliated company
- Q: Company included on a proportionate basis (joint venture)
- E: Investment in associates included at equity
- NE: Investment in associates 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 2008/09
EVN Macedonia AD, ("EVN Macedonia"), Skopje, Macedonia	EVN	90.00	MKD	150,584	620	31.12.2008	V
EVN Macedonia Holding DOOEL, Skopje, Macedonia	EVN	100.00	MKD	-353	134	31.12.2008	V
evn naturkraft Erzeugungs- und Verteilungs GmbH ("evn naturkraft"), Maria Enzersdorf	EVN	100.00	EUR	58,629	19,398	30.9.2009	V
EVN Netz GmbH, ("EVN Netz"), Maria Enzersdorf	EVN	100.00	EUR	360,360	24,373	30.9.2009	V
EVN Plin d.o.o, Zagreb, Croatia ¹⁾	EVN	100.00	HRK	-	-	-	NV
EVN Projektmanagement GmbH, Maria Enzersdorf	EVN LV	100.00	EUR	102,527	1,723	30.9.2009	V
EVN Trading d.o.o. Beograd, Belgrade, Serbia	EVN SEE	100.00	RSD	28	19	31.12.2008	NV
EVN Trading d.o.o. Podgorica, Podgorica, Montenegro ¹⁾	EVN SEE	100.00	EUR	-	-	-	NV
EVN Trading d.o.o. Sarajevo, Sarajevo, Bosnia-Herzegovina ¹⁾	EVN SEE	100.00	BGN	-	-	-	NV
EVN Trading DOOEL, Skopje, Mazedonien	EVN SEE	100.00	MKD	97	47	31.12.2008	NV
EVN Trading SHPK, Tirana, Albania ¹⁾	EVN SEE	100.00	ALL	-	-	-	NV
EVN T2 DOOEL, Plovdiv, Bulgaria ¹⁾	EVN TP	100.00	BGN	-	-	-	NV
EVN Trading South East Europe EAD, ("EVN SEE") Sofia, Bulgaria	EVN	100.00	BGN	689	-221	31.12.2008	V
EVN Wärme GmbH, ("EVN Wärme"), Maria Enzersdorf	EVN	100.00	EUR	80,017	12,326	30.9.2009	V
EVN Windpower Development & Construction S.R.L. Bucharest, Romania	evn naturkraft	50.00	RON	206	-37	31.12.2008	NE
Evonik-EVN Walsum 10 Kraftwerksgesellschaft mbH Essen, Germany	EVN Kraftwerk	49.00	EUR	112,599	-1,469	31.12.2008	E
e&t Energie Handelsgesellschaft mbH, ("e&t"), Vienna	EVN	45.00	EUR	4,629	466	30.9.2009	E
Fernwärme St. Pölten GmbH, St. Pölten	EVN	49.00	EUR	17,652	2,764	31.12.2008	E
IN-ER Erömü Kft., Nagykanizsa, Hungary	EVN	70.00	HUF	1,987	15	31.12.2008	NV
Kabelsignal AG, ("Kabelsignal"), Maria Enzersdorf	Utilitas	100.00	EUR	31,087	6,627	30.9.2009	V
Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH, Vienna	evn naturkraft	33.33	EUR	53	4	31.12.2008	NE
Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH & Co KG Vienna	evn naturkraft	33.33	EUR	6,036	271	31.12.2008	NE
MAKGAS DOOEL, Skopje, Macedonia	EVN	100.00	MKD	2	-1	31.12.2008	NV
Naturkraft Energievertriebsgesellschaft m.b.H., Vienna	Energieallianz	100.00	EUR	1,231	325	30.9.2009	Q
Naturkraft EOOD, Plovdiv, Bulgaria	evn naturkraft	100.00	BGN	21	11	31.12.2008	NV
NÖKOM NÖ Telekom Service Gesellschaft m.b.H. ("NÖKOM"), Maria Enzersdorf	EVN	50.00	EUR	6,357	-4,181	31.12.2008	E
Switch Energievertriebsgesellschaft m.b.H., Salzburg-Aigen	Energieallianz	100.00	EUR	224	6	30.9.2009	Q
Wasserkraftwerke Trieb und Krieglach GmbH, ("WTK") Maria Enzersdorf	evn naturkraft	70.00	EUR	354	175	30.9.2009	V

1) The company was newly established during the reporting year.

2) Merging with Dataservice GmbH, Eisenstadt, as of May 19, 2009

3) Despite an interest of \leq 20.0%, the shareholding is included due to its materiality.

4) Formerly grafotech Beratungs- und Planungsgesellschaft m.b.H., Maria Enzersdorf

2. EVN AG investments in the Environmental Services Segment \geq 20.0% as of September 30, 2009

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2008/09
ABeG Abwasserbetriebsgesellschaft mbH Offenbach am Main, Germany	WTE Essen	49.00	EUR	299	49	30.9.2008	NE
AUL Abfallumladelogistik Austria GmbH, ("AUL") Maria Enzersdorf ¹⁾	EVN Abfall	50.00	EUR	-	-	-	E
BioBalance Baltic UAB, Kaunas, Lithuania	WTE Essen	100.00	LTL	119	21	30.9.2009	NV
Cista Dolina – SHW Komunalno podjetje d.o.o. Kranjska Gora, Slovenia	WTE Betrieb	100.00	EUR	78	16	30.9.2009	V
DTV Rt., Dunavarsány, Hungary	evn wasser	51.00	HUF	1,453	8	31.12.2008	NV
EVN Abfallverwertung Niederösterreich GmbH ("EVN Abfall") Maria Enzersdorf ²⁾	EVN Umwelt	100.00	EUR	7,300	6,385	30.9.2009	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 2008/09
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 1 mbH ("EVN MVA1"), Essen, Germany ¹⁾	WTE Essen	100.00	EUR	24	-1	30.9.2009	NE
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 3 mbH ("EVN MVA3"), Maria Enzersdorf	EVN Umwelt/ Utilitas	100.00	EUR	20,986	-5,882	30.9.2009	V
EVN Umwelt Beteiligungs und Service GmbH, ("EVN UBS") Maria Enzersdorf	EVN Umwelt	100.00	EUR	4,710	322	30.9.2009	V
EVN Umwelt Finanz- und Service-GmbH, ("EVN UFS") Maria Enzersdorf	EVN Umwelt	100.00	EUR	16,643	-4,374	30.9.2009	V
EVN Umweltholding und Betriebs-GmbH, ("EVN Umwelt") Maria Enzersdorf	EVN	100.00	EUR	125,093	6,125	30.9.2009	V
evn wasser Gesellschaft m.b.H., ("evn wasser") Maria Enzersdorf	EVN/Utilitas	100.00	EUR	63,325	4,143	30.9.2009	V
OAO "EVN MSZ 3", ("OAO MVA3"), Moscow, Russia	EVN MVA3	100.00	RUB	165,397	326	31.12.2008	V
OAO "WTE Süd-West", Moscow, Russia	Süd-West	100.00	RUB	133,861	-8,311	31.12.2008	V
OAO "WTE Süd-Ost", Moscow, Russia	WTE Hyp	100.00	RUB	2,049	20	31.12.2008	V
OOO EVN Umwelt Service, Moscow, Russia	EVN UBS	100.00	RUB	8,930	-1,189	31.12.2008	V
OOO EVN-Ekotechprom MSZ3, Moscow, Russia	OAO MVA3	70.00	RUB	1,571	1,673	31.12.2008	NV
OOO Süd-West Wasserwerk, Moscow, Russia	Süd-West	70.00	RUB	381	32	31.12.2008	NV
OOO "WTE Wassertechnik West", Moscow, Russia	WTE Essen	100.00	RUB	3	1	31.12.2008	NV
Saarberg Hölter Projektgesellschaft Süd Butowo mbH ("Süd Butowo"), Essen, Germany	WTE Essen	100.00	EUR	8,220	432	30.9.2009	V
SHW Hölter Projektgesellschaft Zelenograd mbH, ("Zelenograd") Essen, Germany	WTE Essen	100.00	EUR	20,710	1,691	30.9.2009	V
SHW Hölter Projektgesellschaft Slowenien mbH Essen, Germany	WTE Essen	100.00	EUR	22	-	30.9.2009	NV
SHW/RWE Umwelt Aqua Vodogradnja d.o.o., Zagreb, Croatia	WTE Essen	50.00	HRK	2,884	558	31.12.2008	NE
SHW Projektgesellschaft Pskov mbH, Essen, Germany	WTE Essen	100.00	EUR	21	-	30.9.2009	NV
Wasserver- und Abwasserentsorgungsgesellschaft Märkische Schweiz mbH, Buckow, Germany	WTE Essen	49.00	EUR	536	24	31.12.2008	NE
Wiental-Sammelkanal Gesellschaft m.b.H, Untertullnerbach	evn wasser	50.00	EUR	886	-1	31.12.2008	NE
WTE Denmark A/S, ("WTE Denmark"), Birkerød, Denmark	WTE Essen	100.00	DKK	780	201	30.9.2009	V
WTE desalinizacija morske vode d.o.o., Budva, Montenegro	WTE Essen	100.00	EUR	31	11	31.12.2008	V
WTE Projektna družba Bled d.o.o., Bled, Slovenia	WTE Essen	100.00	EUR	-9	15	30.9.2009	V
WTE Projektna družba Kranjska Gora d.o.o. Kranjska Gora, Slovenia	WTE Essen	100.00	EUR	20	2	30.9.2009	V
WTE Projektna družba Lasko d.o.o., Lasko, Slovenia	WTE Essen	100.00	EUR	-50	6	30.9.2009	V
WTE Projektgesellschaft Natriumhypochlorit mbH ("WTE Hyp"), Essen, Germany	EVN UFS/ WTE Essen	100.00	EUR	77,976	-	30.9.2009	V
WTE Projektgesellschaft Süd-West Wasser mbH ("Süd-West"), Essen, Germany	WTE Essen	100.00	EUR	22,201	7,910	30.9.2009	V
WTE Betriebsgesellschaft mbH, ("WTE Betrieb") Hecklingen, Germany	WTE Essen	100.00	EUR	511	-	30.9.2009	V
WTE Vodice d.o.o., Zagreb, Croatia	WTE Essen	100.00	HRK	-6	-2	31.12.2009	NV
WTE Wassertechnik GmbH, ("WTE Essen"), Essen, Germany	EVN Umwelt	100.00	EUR	69,751	6,295	30.9.2009	V
WTE Wassertechnik (Polska) Sp.z.o.o., Warsaw, Poland	WTE Essen	100.00	PLN	799	-300	30.9.2009	V
ZAO "STAER", Moscow, Russia	Süd Butowo	70.00	RUB	159	108	31.12.2008	NV
ZAO "STAER-ZWK", Moscow, Russia	Zelenograd	70.00	RUB	138	84	31.12.2008	NV
Zagrebacke otpadne vode d.o.o., Zagreb, Croatia	WTE Essen	48.50	HRK	116,658	10,876	31.12.2008	E
Zagrebacke otpadne vode – upravljanje i pogon d.o.o. Zagreb, Croatia	WTE Essen	35.00	HRK	3,786	3,783	31.12.2008	E

1) The company was newly established during the reporting year.

2) Formely AVN Abfallverwertung Niederösterreich Ges.m.b.H., Maria Enzersdorf

3. EVN AG investments in the Strategic Investments and Other Business Segment of $\geq 20.0\%$ as at September 30, 2009

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2008/09
ALLPLAN Gesellschaft m.b.H., Vienna	Utilitas	50.00	EUR	873	250	31.12.2008	E
ARGE Coop Telekom, Maria Enzersdorf	EVN Geoinfo	50.00	EUR	84	23	31.12.2008	NE
ARGE Digitaler Leitungskataster NÖ, Maria Enzersdorf ¹⁾	EVN Geoinfo	30.00	EUR	–	–	–	NE
BEGAS – Burgenländische Erdgasversorgungs-Aktiengesellschaft, ("BEGAS"), Eisenstadt	BUHO	49.00	EUR	77,816	7,474	30.9.2008	E
Burgenland Holding Aktiengesellschaft, ("BUHO") Eisenstadt	EVN	73.63	EUR	76,559	6,387	30.9.2009	V
Burgenländische Elektrizitätswirtschafts-Aktiengesellschaft (BEWAG), ("BEWAG"), Eisenstadt	BUHO	49.00	EUR	192,888	2,321	30.9.2008	E
Ernst Hora Elektroinstallationen Gesellschaft m.b.H. ("Ernst Hora"), Vienna	first facility	100.00	EUR	61	4	31.12.2008	NV
EVN Business Service GmbH, Maria Enzersdorf	Utilitas	100.00	EUR	524	71	30.9.2009	V
EVN Finance Service B.V., ("EVN Finance B.V.") Amsterdam, Netherlands	EVN FM	100.00	EUR	2,054	45	30.9.2009	V
EVN Finanzmanagement und Vermietungs-GmbH ("EVN FM"), Maria Enzersdorf	EVN	100.00	EUR	20,759	9,858	30.9.2009	V
EVN Finanzservice GmbH, Maria Enzersdorf	EVN FM	100.00	EUR	20,880	9,925	30.9.2009	V
EVN-Pensionskasse Aktiengesellschaft ("EVN-Pensionskasse"), Maria Enzersdorf	EVN	100.00	EUR	2,946	–1,796	31.12.2008	NV
e&i EDV Dienstleistungsgesellschaft m.b.H., Vienna	EVN	50.00	EUR	198	41	30.9.2009	E
first facility Bulgaria EOOD, Sofia, Bulgaria	first facility	100.00	BGN	61	57	31.12.2008	NV
first facility d.o.o. Beograd, Belgrade, Serbia ¹⁾	first facility	51.00	RSD	–	–	–	NV
first facility GmbH, ("first facility"), Vienna	Utilitas	100.00	EUR	824	403	30.9.2009	V
first facility Ingatlankezelő Kft., Budapest, Hungary	first facility	100.00	HUF	–149	17	31.12.2008	NV
first facility Imobile SRL, Bucharest, Romania	first facility/Ernst Hora	95.00	RON	–	3	31.12.2008	NV
first facility - Slovakia s.r.o., Bratislava, Slovakia	first facility	92.50	EUR	–	–12	31.12.2008	NV
first facility Makedonia DOOEL, Skopje, Macedonia	first facility	100.00	MKD	16	12	31.12.2008	NV
Niederösterreichische Facility Management GmbH Wiener Neustadt	first facility	40.00	EUR	–23	–66	31.12.2008	NE
NÖTECH NÖ Energieforschungs-, -planungs-, -betriebs- und -servicegesellschaft m.b.H., Maria Enzersdorf ¹⁾	Utilitas	50.00	EUR	–	–	–	NE
Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbund), ("Verbundgesellschaft"), Vienna ²⁾	EVN	13.01	EUR	1,645,891	621,517	31.12.2008	N
R 138-Fonds, ("R 138-Fonds"), Vienna	EVN AG/EVN Netz/ evn wasser	100.00	EUR	88,933	1,238	30.9.2009	V
RAG-Beteiligungs-Aktiengesellschaft, ("RBG") Maria Enzersdorf	EVN/Utilitas	50.03	EUR	117,128	66,497	31.3.2009	V
Rohöl-Aufsuchungs Aktiengesellschaft, ("RAG"), Vienna	RBG	100.00	EUR	143,125	108,657	31.12.2008	E
Spieth Kathodischer Korrosionsschutz GmbH Denkendorf, Germany	V&C	100.00	EUR	–	–43	31.12.2008	NV
Utilitas Dienstleistungs- und Beteiligungs-Gesellschaft m.b.H. ("Utilitas"), Maria Enzersdorf	EVN	100.00	EUR	185,910	16,955	30.9.2009	V
VCK Betonschutz + Monitoring GmbH, Mainz, Germany	V&C	50.00	EUR	74	13	31.12.2008	NE
V2 FM, Vienna	first facility	100.00	EUR	83	–117	31.12.2008	NV
V&C Kathodischer Korrosionsschutz Gesellschaft m.b.H. ("V&C"), Pressbaum	Utilitas	100.00	EUR	637	309	31.3.2009	V
Wiener Stadtwerke Management Beta Beteiligungs GmbH Vienna	Utilitas	47.37	EUR	921	–2	30.11.2008	NE

1) The company was newly established during the reporting year.

2) Despite an interest of $\leq 20.0\%$, the shareholding is included due to its materiality.

Independent Auditor's Report

Report on the Consolidated Financial Statements

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

**EVN AG,
Maria Enzersdorf,**

for the **financial year from October 1, 2008 to September 30, 2009**. Those financial statements comprise the consolidated balance sheet as of 30 September 2008, the consolidated income statement, the consolidated cash flow statement and the changes in consolidated equity statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements and Accounting

Management is responsible for the group accounting as well as for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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 the Nature and Scope of a Financial Statement 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 in accordance with 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 ethical requirements and plan and perform the audit to obtain reasonable assurance whether the 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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. Based on the results of our audit in our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the group as of September 30, 2009, and of its financial performance and its cash flows for the financial year from October 1, 2008 to September 30, 2009 in accordance with International Reporting Standards as adopted by the EU.

Statement on the Management Report

Laws and regulations require us to perform audit procedures whether the consolidated management report is consistent with the consolidated financial statements and whether the other disclosures made in the consolidated management report do not give rise to misconception of the position of the group. Furthermore our opinion needs to include a statement on whether the consolidated management report is in accordance with the consolidated financial statements and whether the disclosures required in accordance with § 243a of the Austrian Commercial Code (UGB) have been made.

In our opinion, the group management report is consistent with the consolidated financial statements. The disclosures stipulated by § 243a of the Austrian Commercial Code (UGB) have been made.

Vienna, November 19, 2009

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed:

Mag. Rainer Hassler
Wirtschaftsprüfer

ppa. MMag. Angelika Vogler
Wirtschaftsprüferin

This 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, on November 19, 2009
EVN AG
The Executive Board



Burkhard Hofer
Spokesman of the
Executive Board and CEO



Peter Layr
Member of the
Executive Board



Herbert Pöttschacher
Member of the
Executive Board