EVN

EVN's Annual Financial Report 2009/10

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

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European energy policy

The European Parliament enacted its Energy and Climate Package in December 2008. This made the three goals that must be attained by 2020 – reduction in both energy consumption and greenhouse gas emissions (CO_2) by 20%, as well as expansion of supplies from renewable sources of energy to 20% of all energy consumption – legally binding on the EU member states, which must transpose the package into national law.

The Energy and Climate Package takes each member state's national potential into account. Accordingly, using 2005 as the baseline, Austria must increase the share of renewables in total end-use energy consumption from 25.8% to 34.0% by 2020 and, at the same time, reduce its greenhouse gas emissions in sectors not subject to emissions trading by at least 16%. Energy efficiencies must be increased by 20% until 2020 as well.

Regulatory environment in Austria

The country began to develop its "Austrian Energy Strategy" in mid-2009 with the aim of implementing the European Union's so-called 20/20/20 climate protection targets, and the result of those efforts was presented in March 2010. The concept is based on three pillars: increase energy efficiencies, expand renewable sources of energy and ensure the reliability of energy supplies. Renovating buildings was deemed to offer the greatest potential for savings. An energy efficiencies package is to be developed and implemented for the corporate sector; for instance, this will entail introducing energy management systems and corporate energy concepts. The plans call for basing the expansion of renewables on the increased utilisation of biomass for generating heat. Concerning electricity from renewables, hydropower shall be expanded by 12.6 petajoules (PJ) until 2015, wind power doubled (plus 10 PJ) by 2020 and building-integrated photovoltaics intensified. The three goals must contribute to reduce end-use energy consumption in the year 2020 to the level in 2005 (1,100 PJ).

EVN was granted CO_2 emission certificates totalling 1.58 million tons per annum at no charge under National Allocation Plan II (2008–2012) based on its historical level of emissions; the shortfall relative to its long-term requirements is 0.5 to 0.8 million tons. EVN engages in emission certificate trading as part of its portfolio and risk management in order to be able to cover its CO_2 emission requirements. (For details on certificates purchased in the 2009/10 financial year, see Consolidated Notes, note 50. Cost of materials and services.)

Unified four- and five-year incentive systems, respectively, were introduced for electricity networks at the start of 2006 and natural gas networks at the start of 2008. They are designed to provide compensation for inflation, adjusted by both the general productivity gains expected from all Austrian network operators and efficiency gains specific to each company. EVN is one of the most efficient providers within the underlying benchmarking system and expects its revenues from electricity and natural gas to remain stable during both regulatory periods. The most important regulations governing the second regulatory period for electricity networks (2010–2013) were enacted at the end of 2009. The main changes comprised the updating of the weighted average cost of capital (WACC), which rose from 6.040% to 7.025%; the recognition of investments made during the given regulatory period; as well as the transfer of 50% of the efficiency gains to end customers at the close of the regulatory period.

Using the absorbed cost system, in June 2009 EVN launched the construction of the southern portion ("Südschiene") of its regional natural gas transport pipeline, which will boost the reliability of energy supplies in Lower Austria and beyond the borders of the federal province. The first section, which has a length of about 90 km, was made operational at the end of September 2010.

Legal framework in South Eastern Europe

Bulgaria

As prescribed by the country's new energy law, the Bulgarian electricity market has been fully deregulated since July 2007. However, a competitive market does not exist. With the exception of a few major industrial customers, all energy required for supplying regional providers (CEZ, E.ON and EVN) and end customers alike is still purchased from the national utility company, NEK, the central public upstream supplier. The Bulgarian regulatory authority has fixed all prices for provider functions (generation, transmission, system operator, distribution network, end providers). These regulated energy prices are significantly lower than the prevailing prices on European electricity exchanges such that customers have yet to obtain any cost savings based on the changeover to a free market. In addition, the utility companies usually do not participate in the deregulated market at all, or only to a limited extent, owing to their contractual obligations toward the public utility company.

A five-year regulatory period entailing annual price adjustments applicable to all provider functions and changes in the pricing components of electricity prices took effect on 1 July 2008. The Bulgarian regulatory authority reduced end customer prices by about 1% effective 1 July 2009 although the prices charged by the public upstream supplier were raised by 3.27%. A surcharge designed to cover the additional costs from the large increase in electricity from renewables – especially wind power and photovoltaics – being fed into the energy grid at preferential prices was introduced as well. This means that the costs are evenly allocated among all Bulgarian energy consumers.

The third pricing period of the five-year regulatory period that has been in effect since July 2008 started on 1 July 2010. The Bulgarian regulatory authority raised end customer prices by about 2.0% and energy procurement prices by about 8.0%, as well as the prices charged by transmission network and system operators. A surcharge for the production of electricity from brown energy was also imposed. Since 1 July 2010, the energy pricing component, the rates for access to the high-voltage network and the rates for transmission through the high-voltage network have been broken out and invoiced separately in all electricity purchase prices that NEK, the central public upstream supplier, charges to utility companies. This has decreased the corresponding revenue and procurement prices in EVN EC because the rate components that are related to the high-voltage network and represent pass-through items are recognised directly in equity. This does not have any effect on earnings.

Macedonia

Until September 2008, EVN purchased all the electricity it needed in Macedonia on the regulated market from the operator of the transmission network, MEPSO. The market was fundamentally restructured when the amendment to the country's energy law took effect on 5 July 2008. Losses from the power grid in excess of the officially recognised threshold must be sourced at unregulated market prices on the wholesale market, and the regulations expressly forbid passing on the additional costs to end customers. In this regard, the Energy Community – an organisation comprising both the EU and South Eastern European countries that aims to deregulate the electricity market in South Eastern Europe – unequivocally requires its member, Macedonia, to reform its pricing regulations in order to ensure full cost coverage. The EU for its part requires that the regulatory authority be independent of political influences.

The Macedonian regulatory authority did not grant any price changes in 2009. Effective 1 January 2010, however, end customer prices were raised substantially by about 10.0%; about 51.0% thereof will flow to EVN due to the increase in the network access fees for EVN's medium and low voltage networks in Macedonia. But current end customer prices still fall far short of covering costs.

According to a reform plan currently being discussed within the government in regards to the ongoing development of the market, the energy law shall be amended yet again, the pricing regulations shall be harmonised with EU requirements and the opening of the market to medium voltage customers starting in 2011 shall constitute yet another step toward full deregulation of the market. These plans also provide for introducing market regulations in 2011 that are designed to define the mutual rights and duties of all market participants in order to remove the legal uncertainties that arose from the 2008 amendment of the energy law. The introduction of the social subsidies previously approved by the government as a means of combating energy poverty took effect in June 2010 and represents an important improvement for EVN.

Overall business environment

The global economy is recovering from the deep economic crisis in 2009 at a faster pace than anticipated at the start of 2010. Forecasts were revised upward given unexpectedly strong growth in the first two quarters of 2010. Whilst the global economy is expected to grow by 4.8% in 2010, the differences between emerging and industrial countries are significant. It is anticipated that the emerging economies will post strong growth of more than 7.0% whereas the industrialised countries are likely to expand by only 2.7%.

The European economy also gathered speed in the second quarter of 2010. GDP growth rose from 0.4% in the first quarter to about 1.0% in the second quarter. The German economy developed particularly strong momentum, expanding from 0.5% to 2.2% during the same period. At 1.0%, economic growth in Southern Europe remained relatively weak. GDP growth of 1.7% is forecast for the euro zone in 2010 (previous year: –4.2%) and of 1.6% for Central and Eastern Europe (previous year: –3.1%).

Following international trends, the Austrian economy expanded substantially in the second quarter of 2010, boosting GDP by 1.2% compared to the preceding quarter. According to the forecasts, Austria's GDP is expected to grow by 1.8% in 2010 on the whole (previous year: –3.9%) and by 2.0% in 2011.

Whilst Bulgarian GDP fell by 0.5% in the first quarter of 2010, it rose by 0.5% in the second quarter. Given this improvement, the International Monetary Fund (IMF) expects Bulgarian GDP to grow by up to 0.4% in 2010. After declining by 0.9% in the first quarter of 2010, the Macedonian economy expanded by 0.4% in the second quarter. It is expected to grow by 0.5% to 0.6% in 2010 on the whole.

Energy sector environment

		2009/10	2008/09	Change in %	2007/08
Temperature-related energy demand[1]	%				
Austria		105.5	93.8	12,6	102.0
Bulgaria		81.2	102.8	–21.0	101.3
Macedonia		91.3	87.5	4.3	104.6
Primary energy and CO_2 certificates					
Crude oil – Brent	EUR/bbl	57.28	42.91	33.5	70.41
Natural gas – GIMP[2]	EUR/MWh	21.37	22.17	–3.6	25.22
Coal – API#2[3]	EUR/t	69.49	65.23	6.5	98.84
CO_2 certificates (1st and 2nd periods)	EUR/t	14.23	14.50	–1.9	17.92
Electricity – spot market					
EEX[4] base load	EUR/MWh	41.28	46.20	–10.6	63.20
EEX peak load	EUR/MWh	52.23	61.57	–15.2	86.58
Electricity – forward market[5]					
EEX base load	EUR/MWh	48.87	66.57	–26.6	56.01
EEX peak load	EUR/MWh	67.84	93.33	–27.3	79.64

1) Calculated according to the heating degree total; in Austria and Bulgaria the basis (100.0%) corresponds to the long-term average value 1997–2006; in Macedonia it corresponds to the long-term average value 2003–2009; changes reported in percentage points
2) Gas Import Price (GIMP); starting in this financial year, reporting will be based on EUR/MWh, the previous year's figures have been adjusted accordingly.
3) ARA notation (Amsterdam, Rotterdam, Antwerp)
4) EEX – European Energy Exchange
5) Average prices for the respective EEX quarterly forward market prices, beginning one year before the respective period under review

The decline in the consumption of electricity that started in October 2008 was reversed in December 2009. According to the preliminary calculations of E-Control, consumption rose by 4.3% or 1.4 terawatt hours (TWh) to 34.1 TWh in the first six months of 2010, almost returning to the level of 34.6 TWh during the first half of 2008. The amount of electricity fed into the public grid rose by a mere 2.5% during the first half of 2010. Power generation at the industrial level, as well as electricity procurement, rose substantially due to the macroeconomic developments. In contrast, household energy consumption remained stagnant or rose but insubstantially during the year's first half.

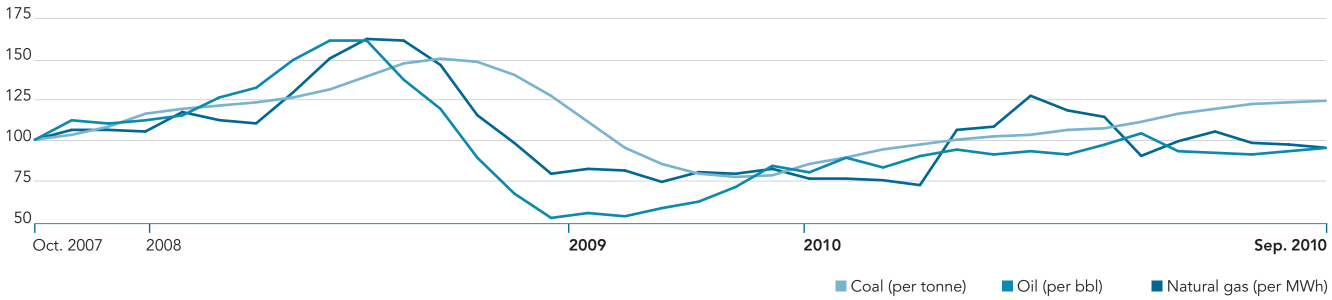
The business environment in the energy sector substantially influences the development of EVN's business. Whilst weather conditions have a particular impact on household energy consumption, in particular the demand for natural gas and heat, industrial companies' demand for energy is contingent mainly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

The weather in the 2009/10 financial year was colder than the previous year, boosting demand especially in Austria but also in Macedonia. Temperature-driven demand for energy in the domestic market was up 5.5% on the long-term average and up 12.6% year on year. In Macedonia, the temperature-driven demand for energy was 8.7% lower than the long-term average but 4.3% higher year on year. Heating degree totals in Bulgaria were 18.8% lower than the long-term average and 21.0% lower year on year.

The positive development of early economic indicators since the fourth quarter of 2009 sparked an increase of 33.5% (stated in euros) during the 2009/10 financial year in the price of North Sea crude oil (Brent), which is considered the benchmark for Europe. Natural gas procurement costs (which are always linked to the price of crude oil) fell by 3.6%, however, due especially to continued large inventories of both natural gas and coal as well as the growing supply of renewables. The price for CO_2 emission certificates was down 1.9%. The spot market prices for base load electricity recovered slightly in the fourth quarter of the 2009/10 financial year but remained 10.6% lower year on year. The spot market prices for peak load electricity were 15.2% lower year on year, and the forward prices for base load electricity and peak load electricity, respectively, were 26.6% and 27.3% lower year on year.

Development of primary energy prices (indexed)

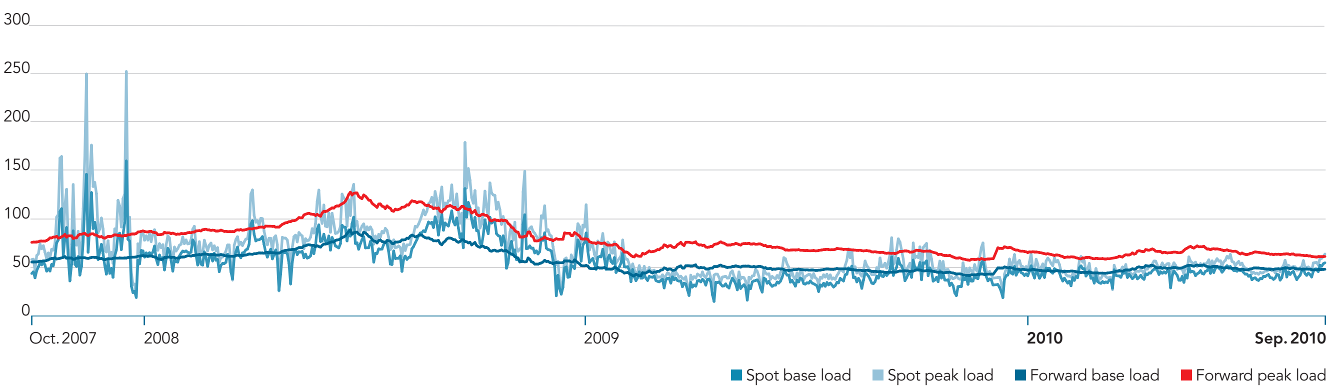
in %



EVN regularly purchases energy futures in order to ensure the reliability of its energy supply; the prices on futures markets thus have a material impact on EVN's earnings. Electricity prices for delivery during the 2009/10 financial year had already declined to a lower level when the futures contracts were made in early fall 2009 such that market price effects had a positive yet delayed impact on the development of EVN's earnings. Declining primary energy prices for natural gas allowed EVN to pass the resulting benefits on to its end customers yet again. Following the reductions in both January 2009 and March 2009, natural gas prices were lowered by another 7.0% effective 1 December 2009.

Development of electricity prices – spot and forward market

in EUR/MWh



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

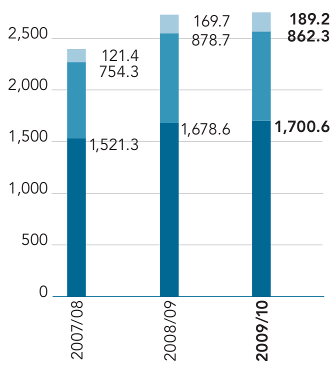
These developments can be summarised as follows, taking all factors into account. The lower prices for the procurement of energy for both electricity and primary energy (especially natural gas) had a positive effect overall on the development of EVN's business. Due to the limited use of EVN's own thermal power stations, the prices for CO_2 emission certificates were of minor significance during the year under review.

Business development

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. Compared to the previous year, the scope of consolidation (see Consolidated Notes, note 4. Scope of consolidation, page 56) was expanded by seven fully consolidated subsidiaries and one investment in equity accounted investees. Including EVN AG as the parent company, the consolidated financial statements thus encompass a total of 60 fully consolidated companies (previous year: 53), five proportionally consolidated companies (previous year: five) and 15 investment in equity accounted investees (previous year: 14).

Revenue by region

in EURm



Statements of operations

EVN posted a slight increase in revenue by 0.9% or EUR 25.1m to EUR 2,752.1m in the 2009/10 financial year. This positive development stemmed mainly from rising revenue in the Environmental Services segment – primarily as a result of the start-up of the third waste incineration line in Zwentendorf/Dürnrohr and the increase in the volume of the international project business – and in the Network Infrastructure Austria segment due to higher sales of both electricity and natural gas as well as the development of the network tariffs for natural gas. This was contrasted by the decline especially in the Energy Supply South East Europe segment which stemmed primarily from the changed presentation of revenue in Bulgaria. The resulting decrease in both revenue and procurement prices – about EUR 28m in the fourth quarter of the 2009/10 financial year – did not affect earnings (see Legal framework in South Eastern Europe, page 14). Additional details related to segment reporting start on page 34.

At EUR 1,051.5m, foreign revenue remained largely unchanged from the previous year (EUR 1,048.4m) and accounted for 38.2% of total revenue (previous year: 38.4%).

Condensed consolidated statements of operations	2009/10 EURm	2008/09 EURm	Changes EURm	in %	2007/08 EURm
Revenue	**2,752.1**	**2,727.0**	**25.1**	**0.9**	**2,397.0**
Other operating income[1]	69.7	83.3	–13.6	–16.3	62.6
Electricity purchases and primary energy expenses	–1,600.0	–1,653.2	53.1	3.2	–1,375.8
Cost of materials and services	–314.5	–297.5	–16.9	–5.7	–281.7
Personnel expenses	–329.2	–319.4	–9.8	–3.1	–304.4
Other operating expenses	–161.5	–166.8	5.2	3.1	–135.3
EBITDA	**416.6**	**373.4**	**43.2**	**11.6**	**362.3**
Depreciation and amortisation	–229.3	–198.2	–31.1	–15.7	–195.7
Results from operating activities (EBIT)	**187.3**	**175.2**	**12.1**	**6.9**	**166.6**
Financial results	**83.6**	**50.8**	**32.8**	**64.5**	**68.9**
Profit before income tax	**270.9**	**226.0**	**44.9**	**19.8**	**235.5**
Income tax expense	–42.1	–28.0	–14.1	–50.5	–5.6
Profit for the period	**228.7**	**198.0**	**30.7**	**15.5**	**229.8**
Thereof profit attributable to EVN AG shareholders (Group net profit)	207.0	177.9	29.0	16.3	186.9
Thereof profit attributable to non-controlling interests	21.8	20.1	1.7	8.5	42.9
Earnings per share in EUR	**1.27**	**1.09**	**0.18**	**16.3**	**1.14**

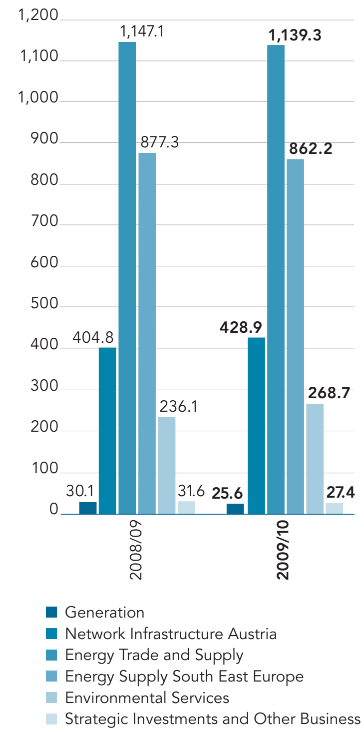
1) Change in work in progress and own work capitalised are shown under other operating income as of the financial year 2009/10 on; the previous financial year's figures were adjusted accordingly.

At EUR –2.0m, the changes in work in progress contained in the other operating income were EUR 7.0m lower year on year due to the settlement of customer projects. The income from disposals of intangible assets and property, plant and equipment – which had been impacted by a positive one-off effect the previous year – and insurance compensation was lower year on year, causing the other operating income decline by 16.3% or EUR 13.6m overall to EUR 69.7m.

The item "electricity purchases and primary energy" fell substantially by 3.2% or EUR 53.1m to EUR 1,600.0m despite both the increase in the sales volumes of electricity, natural gas as well as heat and the need to recognise provisions for impending losses owing to the decrease in electricity sale prices. Aside from the reduction in network losses in South Eastern Europe, a one-off negative effect from the write-down of the coal inventories in the previous year and the changed presentation of the procurement costs in Bulgaria (see Legal framework in South Eastern Europe, page 14), this improvement was due especially to the decline in wholesale prices for electricity and natural gas.

Revenue by segments

in EURm



Despite lower maintenance expenses, the increase in the volume of the international project business, the start-up of the third waste incineration line in Dürnrohr and the first full-year consolidation of the Burgenland-based cable network operator, B.net, led to an increase of the item "cost of materials and services" by 5.7% or EUR 16.9m.

The average employee headcount fell by 4.5% or 401 employees to 8,536 employees in the 2009/10 financial year. In large part, this reduction was due to the efficiency gains in both Bulgaria and Macedonia that caused the number of foreign employees to decline overall by 6.0% or 384 employees to 5,990 employees. Work force in Austria fell by 0.6% or 17 employees to a total of 2,546 employees. However, these reductions did not carry over to the personnel expenses, which rose by 3.1% or EUR 9.8m to EUR 329.2m, given the wage and salary increases under collective bargaining agreements, the increase in severance payments and the continuation of the restructuring measures in South Eastern Europe.

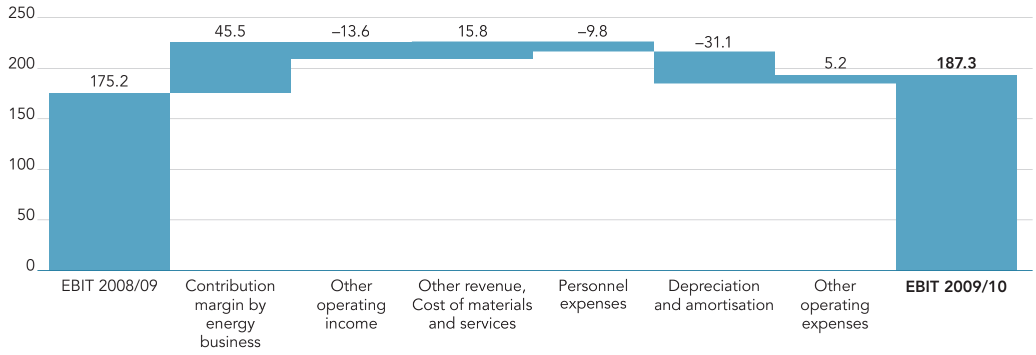
The reduction in other operating expenses by 3.1% or EUR 5.2m to EUR 161.5m resulted largely from a reduction in expenses related to the risks of legal proceedings and rents; which was mainly due to a decrease of provisions compared to an increase in the previous year. The increase in the write-offs of receivables in the Energy Supply South East Europe segment counteracted this development.

As a result, EBITDA rose by 11.6% or EUR 43.2m to EUR 416.6m. The EBITDA margin thus improved from 13.7% to 15.1% given the slight increase in sales during the reporting period.

Scheduled depreciation and amortisation rose by EUR 18.9m in the 2009/10 financial year owing to the Group's robust capital spending in years past and the completion by now of several construction projects – especially the third waste incineration line in Dürnrohr and the co-generation plant in Moscow – as well as the first full-year consolidation of B.net. In addition, impairment losses of EUR 12.2m that arose mainly from the delay in the construction of the wind farm in Kavarna, Bulgaria, caused depreciation and amortisation to rise by 15.7% or EUR 31.1m to EUR 229.3m.

Changes in EBIT 2009/10 compared to previous year

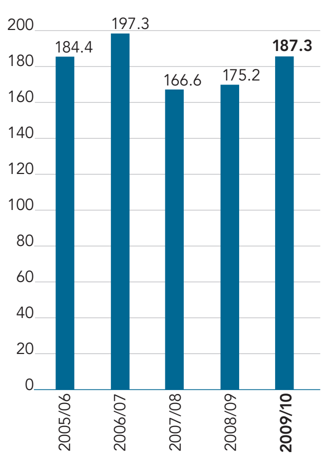
in EURm



Taking the increase in depreciation and amortisation into account, EBIT rose by 6.9% or EUR 12.1m to EUR 187.3m, and the EBIT margin rose from 6.4% to 6.8%. The Generation segment accounted for 9.9% or EUR 18.5m of the EBIT; the Network Infrastructure Austria segment for 50.5% or EUR 94.6m; the Energy Trade and Supply segment for 23.2% or EUR 43.4m; the Energy Supply South East Europe segment for 4.6% or EUR 8.6m; and the Environmental Services segment for 15.0% or EUR 28.0m.

Results from operating activities (EBIT)

in EURm



At EUR 83.6m – up 64.5% or EUR 32.8m year on year – the financial results in the 2009/10 financial year were very positive indeed. For one, the positive development of income from investments contributed to this increase: The growth by 32.1% or EUR 15.0m to EUR 61.6m in the income of investments in equity accounted investees (especially those of RAG and ZOV) as well as the increase in VERBUND AG's dividend payment boosted the income from investments by 23.7% or EUR 22.3m to EUR 116.3m. For another, both interest result and other financial results improved substantially. As far as interest result is concerned, EVN benefited from both lower interest rates on financial liabilities subject to variable interest rates and higher capital interest charges which, taken together, more than offset the reduction in interest income stemming from both lower lease payments in the project business and lower interest income from current securities. Interest result thus improved overall by 17.0% or EUR 6.5m to EUR –31.9m. The recovery of the capital markets had a positive impact on developments material to the other financial result, which rose from EUR –4.7m the previous year to EUR –0.8m in the reporting period.

Taking these positive changes in the financial result into account, the profit before income tax rose by 19.8% or EUR 44.9m to EUR 270.9m. Increased income tax arising from the improvement in profit before income tax had a dampening effect on the profit for the period, which rose substantially by 15.5% or EUR 30.7m to EUR 228.7m nonetheless. Of this amount, EUR 21.8m were attributable to non-controlling interests, which increased by 8.5% or EUR 1.7m year on year – despite the pro rata recognition of the impairment loss related to the Kavarna wind park – due to the increase in the earnings contribution of RAG, which is included at equity. Group net profit was EUR 207.0m – up 16.3% or EUR 29.0m from the previous year. This corresponds to earnings per share of EUR 1.27 (previous year: EUR 1.09).

Consistent with the positive development of business, the Executive Board will propose to the Annual General Meeting to raise the dividend to EUR 0.40 per share (previous year: EUR 0.37), which corresponds to a dividend payout ratio of 34.7% (previous year: 33.9%), taking all shares from the capital increase entitled to dividends into account, and a dividend yield of 3.5% (previous year: 2.7%) relative to the share price as at 30 September 2010.

Development of selected indicators		2009/10	2008/09	2007/08
ROE[1]	%	7.4	6.3	7.4
Average equity	EURm	3,076.2	3,167.8	3,111.6
WACC after income tax[1)2)]	%	6.5	6.5	6.5
Operating ROCE (OpROCE)[1)3)]	%	6.4	6.7	8.7
Average capital employed[3]	EURm	3,952.4	3,493.8	3,219.7
Net operating profit after tax (NOPAT)[3]	EURm	254.5	234.9	280.9
EVA®	EURm	–2.4	7.8	71.7

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

The return on equity (ROE) rose from 6.3% to 7.4%, given the increase in the profit for period and the decrease in average equity. The change in the measurement of the shareholding in VERBUND AG without recognition to profit or loss led to a decrease of equity.

Once this measurement effect is neutralised, the operating performance indicators for the 2009/10 financial year show an economic value added (EVA®) of EUR –2.4m that is lower year on year and an operating return on capital employed (OpROCE) that fell from 6.7% to 6.4% year on year.

Given substantially higher profits, this development is due to the increase in interest-bearing total capital, which stemmed largely from the continuation of the long-term infrastructure investments in the electricity and natural gas networks domestically and abroad as well as in the generation business. The expanded project volume in the Environmental Services segment also contributed to the increase in capital employed.

During the period under review, EVN's weighted average cost of capital after income tax (WACC), considering specific corporate and country risks, was 6.5%, as in the previous year.

Statements of financial position

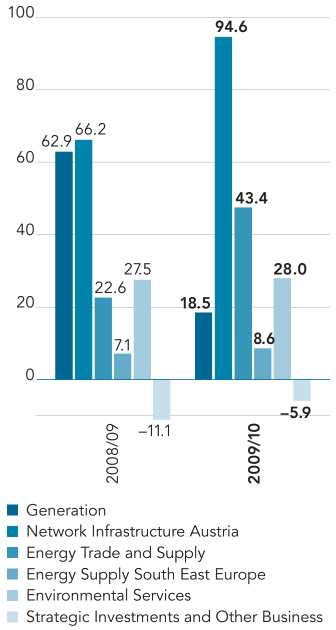
At EUR 6,731.2m, EVN's total assets as at the 30 September 2010 reporting date rose by 0.5% marginally year on year. Whilst the share of the non-current and current assets in total assets remained relatively constant, however, the composition of these positions changed significantly.

The increase in investments in property, plant and equipment, as well as the increase in other non-current assets arising from the increase in non-current lease receivables related to the current project business in the Environmental Services segment, were contrasted by the substantial decrease in other investments resulting from the change in the market valuation of the shareholding in VERBUND AG. This reduced the share of non-current assets from 86.0% of total assets to 85.3%.

The increase in the share of current assets from 14.0% of total assets to 14.7% was attributable to additions of securities, which were contrasted especially by a decrease in receivables from investments in equity accounted investees.

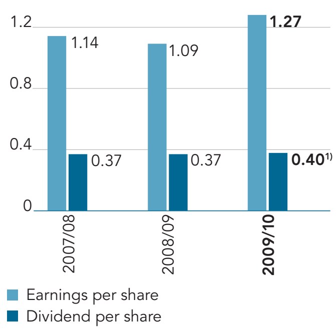
EBIT by segments

in EURm



Earnings and dividend per share

in EUR



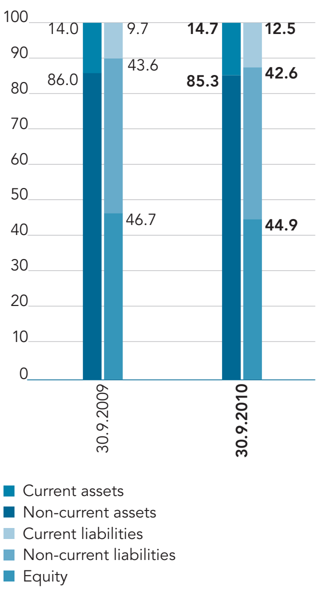
1) Proposal to the Annual General Meeting

Condensed consolidated statements of financial position

	30.9.2010 EURm	30.9.2009 EURm	Changes EURm	in %	30.9.2008 EURm
Assets					
Non-current assets					
Intangible assets and property, plant and equipment	3,179.2	3,018.3	160.9	5.3	2,749.5
Investments in equity accounted investees and other investments	1,811.7	2,122.2	–310.5	–14.6	2,365.0
Other non-current assets	751.3	620.7	130.5	21.0	597.9
	5,742.1	**5,761.2**	**–19.1**	**–0.3**	**5,712.4**
Current assets	**989.1**	**934.2**	**54.9**	**5.9**	**923.9**
Total assets	**6,731.2**	**6,695.4**	**35.8**	**0.5**	**6,636.3**
Equity and liabilities					
Equity					
Equity attributable to EVN AG shareholders	2,679.5	2,783.8	–104.3	–3.7	2,975.9
Non-controlling interests	345.7	343.4	2.4	0.7	232.5
	3,025.3	**3,127.2**	**–101.9**	**–3.3**	**3,208.5**
Non-current liabilities					
Non-current loans and borrowings	1,726.4	1,702.5	23.9	1.4	1,358.9
Deferred tax liabilities and non-current provisions	677.0	751.9	–74.8	–10.0	850.3
Deferred income from network subsidies and other non-current liabilities	461.0	469.3	–8.3	–1.8	446.1
	2,864.5	**2,923.7**	**–59.2**	**–2.0**	**2,655.3**
Current liabilities					
Current loans and borrowings	205.2	17.0	188.3	–	153.9
Other current liabilities	636.2	627.5	8.7	1.4	618.6
	841.5	**644.5**	**197.0**	**30.6**	**772.5**
Total equity and liabilities	**6,731.2**	**6,695.4**	**35.8**	**0.5**	**6,636.3**

Balance sheet structure

in %



Equity declined by 3.3% or EUR 101.9m to EUR 3,025.3m. The profit for the period in the 2009/10 financial year did not suffice to fully offset the change in the market valuation of the shareholding in VERBUND AG without recognition to profit or loss, for one, and the dividend payments of EUR 60.3m to the shareholders of EVN AG and EUR 22.5m to non-controlling interests for the 2008/09 financial year, for another. Accordingly, the equity ratio fell from 46.7% to 44.9% as at the balance sheet date. Net debt of EUR 1,458.2m (previous year: EUR 1,378.2m) led to a gearing of 48.2% (previous year: 44.1%).

Non-current liabilities declined by 2.0% or EUR 59.2m to EUR 2,864.5m. Deferred tax liabilities and non-current provisions declined by 10.0% or EUR 74.8m to EUR 677.0m – largely due to the change in the market valuation of VERBUND AG. Contrast this with the increase in non-current loans and borrowings: Higher borrowings, as well as higher bond values due to measurement changes, were just about offset by regular redemption payments and the restructuring of a loan due in February 2011, which has been reclassified to current loans and borrowings. On balance, non-current loans and borrowings were EUR 1,726.4m, corresponding to an increase of 1.4% or EUR 23.9m. In the item "deferred income from network subsidies and other non-current liabilities" the increase in income from network subsidies, as well as the positive fair values of hedging transactions related to bonds, largely offset each other, with the result that at EUR 461.0m, the item was 1.8% or EUR 8.3m lower year on year.

The increase in current liabilities by 30.6% or EUR 197.0m to EUR 841.5m arises from the above-mentioned reclassification of a loan due in February 2011 to current loans and borrowings. The change in other current liabilities stems from the increase in loans and borrowings for impending losses, which were contrasted by a decrease in other liabilities owing to the recovery in the fair values of energy swaps.

Financial and liquidity situation

Net debt rose by 5.8% or EUR 80.0m to EUR 1,458.2m in the 2009/10 financial year. The fact that in September 2010 EVN obtained a EUR 125.0m loan with a term of 25 years from the European Investment Bank for the construction of the "Süd- and Westschiene", the regional natural gas transport pipeline systems, accounts for the largest change in the non-current loans and borrowings. EVN also obtained ten-year non-recourse project financing in the amount of EUR 114.3m for the construction of the sodium hypochlorite plant in Moscow. Current loan payments were approximately EUR 101.0m groupwide. A EUR 170.8m loan that will fall due as scheduled on 28 February 2011 was reclassified to current loans and borrowings. On balance therefore, non-current loans and borrowings rose slightly by 1.4% or EUR 23.9m to EUR 1,726.4m.

EVN maintains a balance of fixed and variable interest rate commitments that are managed by means of interest rate derivatives in order to minimise the risk from changes in interest rates. The interest rate for funding was 3.6% on average as at 30 September 2010 and the duration was 3.32 (previous year: interest rate of 3.5% on average, with a duration of 3.17).

Cash and cash equivalents were invested with the target that they be available at any time subject to limitation of both counterparty and market risks. In addition to the investment of funds in fixed-term deposits with banks having the highest ratings, in the financial year elapsed, EVN also boosted its investments in cash funds, causing current securities to rise by EUR 137.0m to EUR 223.8m. This helped to diversify counterparty risks. Particular attention was paid to the size and liquidity of the funds. We invest solely in cash funds that invest in government bonds with the highest ratings.

Non-current securities, which at EUR 104.1 were slightly higher year on year, served to cover provisions for pensions as required by law.

The capital increase implemented after the 30 September 2010 reporting date will provide a cash infusion of about EUR 173.0m. These funds and the existing liquidity reserves are sufficient to cover EVN's funding needs for planned investments and repayment obligations under existing loans. But financing alternatives are reviewed on an ongoing basis in order to ensure maturity-matched funding and exploit market opportunities.

In addition, EVN has access to a syndicated credit line of EUR 600.0m; of this amount, only EUR 100.0m were drawn down in the first half of the reporting period and repaid at the start of the second half in April 2010. The credit line had not been used as at the 2009/10 balance sheet date and thus was not included in the loans and borrowings; it is available in full. It is utilised solely for short-term interim financing as necessary, and there are no plans whatsoever to use it in the long term on an ongoing basis.

In sum, the net debt developed as follows:

Net debt	2009/10 EURm	2008/09 EURm	Changes EURm	in %	2007/08 EURm
Non-current loans and borrowings	1,726.4	1,702.5	23.9	1.4	1,358.9
Current loans and borrowings[1]	170.8	0.1	170.7	–	127.0
Cash and cash items	–89.1	–113.6	24.5	21.6	–94.1
Current securities	–223.8	–86.7	–137.0	–	–136.0
Non-current securities	–104.1	–102.4	–1.7	–1.7	–102.9
Loans receivable	–22.0	–21.6	–0.4	–2.0	–21.6
Net debt	**1,458.2**	**1,378.2**	**80.0**	**5.8**	**1,131.3**
Equity	**3,025.3**	**3,127.2**	**–101.9**	**–3.3**	**3,208.5**
Gearing (%)[2]	**48.2**	**44.1**	**4.1**	**–**	**35.3**

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

The increase in net debt, as well as the decrease in equity, caused the gearing to rise by 4.1 percentage points to 48.2%. The net debt coverage climbed from 30.6% to 39.0% due to the substantial increase in funds from operations (FFO) despite an increase in net debt. Lower interest expense, in conjunction with the increased FFO, caused the interest cover to rise from 4.9 to 8.2.

Statements of cash flows

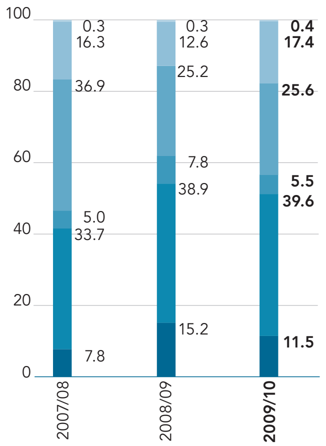
At EUR 467.7m, the gross cash flow in the 2009/10 financial year was 5.1% or EUR 22.6m higher year on year. The increase in profit before income tax from EUR 226.0m to EUR 270.9m thus could not be transferred in full to the gross cash flow: Whilst higher depreciation and amortisation affected the development of the non-cash items, the increases in the non-cash items of income from investments in equity accounted investees, as well as the smaller increase in non-current provisions, had a countervailing effect.

Condensed consolidated statements of cash flows

	2009/10 EURm	2008/09 EURm	Changes EURm	Changes in %	2007/08 EURm
Profit before income tax	270.9	226.0	44.9	19.8	235.5
Non-cash items	196.8	219.1	–22.3	–10.2	191.2
Gross cash flow	**467.7**	**445.1**	**22.6**	**5.1**	**426.7**
Changes in current and non-current balance sheet items	67.0	–74.5	141.6	–	–15.6
Income tax paid	–35.5	–35.3	–0.2	–0.4	–28.5
Net cash flow from operating activities	**499.3**	**335.3**	**164.0**	**48.9**	**382.6**
Changes in intangible assets and property, plant and equipment	–335.8	–349.6	13.8	4.0	–350.4
Acquisition of subsidiaries, net of cash acquired	–	–20.4	20.4	–	–35.0
Changes in financial assets and other non-current assets	–104.1	–56.4	–47.7	–84.6	–186.8
Changes in current securities	–141.1	26.1	–167.2	–	245.4
Net cash flow from investing activities	**–581.0**	**–400.4**	**–180.6**	**–45.1**	**–326.8**
Net cash flow from financing activities	**57.1**	**84.3**	**–27.2**	**–32.2**	**–16.0**
Net change in cash and cash items	**–24.6**	**19.2**	**–43.8**	**–**	**39.8**
Cash and cash items at the beginning of the period	**113.6**	**94.1**	**19.5**	**20.7**	**54.4**
Currency translation differences	0.1	0.3	–0.2	–67.4	–
Cash and cash items at the end of the period	**89.1**	**113.6**	**–24.5**	**–21.6**	**94.1**

Structure of investments

in %



- Strategic Investments and Other Business
- Environmental Services
- Energy Supply South East Europe
- Energy Trade and Supply
- Network Infrastructure Austria
- Generation

The net cash flow from operating activities was affected by the decrease in working capital, which had risen the previous year. Lower receivables, as well as higher current provisions and other liabilities, substantially boosted the cash flow from operating activities by 48.9% or EUR 164.0m to EUR 499.3m.

The net cash flow from investing activities rose by EUR 180.6m to EUR –581.0m. Lower investments in property, plant and equipment were contrasted in particular by the increase in lease receivables related to the project business in the Environmental Services segment as well as the increase in investments in cash funds. The acquisition of B.net was recognised in the 2008/09 financial year.

At EUR 57.1m, the net cash flow from financing activities was EUR 27.2m and thus lower year on year. The dividend payments of EUR 60.3m to the shareholders of EVN AG and EUR 22.5m to non-controlling interests, as well as current loan payments of EUR 101.0m, were contrasted by the non-recourse project financing in the amount of EUR 114.3m and the EUR 125.0m loan from the European Investment Bank, which brought the total cash inflow to EUR 239.3m (see Financial and liquidity situation, page 23).

For EVN, the above-mentioned developments resulted in a negative cash flow of EUR –24.6m in the 2009/10 financial year, reducing the Group's cash and cash items to EUR 89.1m. In addition, as at 30 September 2010, funds arising from current investments of EUR 223.8m in securities (previous year: EUR 86.7m), as well as the EUR 600.0m syndicated credit line (30 September 2009: EUR 600.0m, unused), were available to the Group in full. This means that EVN has sufficient liquidity reserves at its disposal to finance the development of its operating business and that its liquidity situation remains stable.

Investing activities

EVN's investments in intangible assets and property, plant and equipment fell by 5.2% or EUR 21.8m to EUR 394.0m during the reporting period. Yet investments in the networks in EVN's supply region in Lower Austria remained as high as before, with a particular focus on the regional natural gas transport pipelines, "Süd- and Westschiene", as well as on cable TV and telecommunications. As before, the level of investments in South Eastern Europe, which remained high, served both to improve energy supply reliability and quality, and expand network and electricity meter technology. The combined cycle heat and power plants in Moscow accounted for about one half of all investments in the Environmental Services segment.

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

Investment priorities at EVN	2009/10 EURm	2008/09 EURm	Changes EURm	Changes in %	2007/08 EURm
Generation	**45.2**	**63.4**	**–18.2**	**–28.7**	**32.3**
Thereof thermal power stations	7.2	31.5	–24.2	–77.0	26.6
Thereof wind park in Bulgaria	32.4	28.3	4.0	14.2	–
Network Infrastructure Austria	**156.5**	**161.5**	**–5.0**	**–3.1**	**140.0**
Thereof electricity networks	65.3	74.9	–9.6	–12.8	107.2
Thereof natural gas networks	75.6	82.6	–7.1	–8.5	27.3
Thereof cable TV and telecommunications networks	11.5	3.9	7.6	–	5.5
Energy Trade and Supply	**21.5**	**32.5**	**–11.0**	**–33.9**	**20.6**
Thereof district heating plants	18.8	29.2	–10.5	–35.8	20.5
Energy Supply South East Europe	**100.7**	**104.8**	**–4.1**	**–4.0**	**153.2**
Environmental Services	**68.6**	**52.4**	**16.1**	**30.8**	**67.9**
Thereof third line of the waste incineration facility in Dürnrohr	22.4	29.2	–6.8	–23.4	39.0
Thereof combined cycle heat and power plants in Moscow	33.9	5.1	28.8	–	6.4
Thereof supra-regional power lines, local networks and wastewater	8.2	9.1	–1.0	–10.6	14.9
Strategic Investments and Other Business	**1.6**	**1.1**	**0.5**	**41.3**	**1.6**
Total	**394.0**	**415.7**	**–21.8**	**–5.2**	**415.6**

Human resources

EVN invests in the training and continued education of its personnel, security measures and the implementation of modern leadership tools on an ongoing basis and as necessary.

At EUR 2.7m for seminar fees, trainers and e-learning (previous year: EUR 2.9m), a total of EUR 314.1 were expended per employee for training purposes in the reporting year (previous year: EUR 324.5). The decline is due to the completion of focused training programmes in the previous year and the increase in internal events. The time expended on average for training and education rose from 23.9 hours per year and employee to 27.1 hours per year and employee despite the groupwide efficiency enhancement programme. Our focus in the 2009/10 financial year was on enhancing employees' social competence, as well as on IT courses and specialised training. The initiative that had been recognised and supported by the European Social Fund and launched in Bulgaria in July 2008 to improve the foreign language skills of employees was completed. A total of 225 employees completed English and German language courses. The executive training programme in Bulgaria continued; in 2010, the senior managers of the customer service centres also completed the course. In Macedonia, our focus was on IT courses and security training.

EVN prefers to recruit personnel for top management positions from within its own ranks. The First EVN Summer University ("EVN SUN 2010") took place from 14 to 19 September 2010 with the aim of promoting qualified employees from Austria, Bulgaria, Germany and Macedonia; 20 participants from the group's divisions in these countries attended. A programme aimed at expanding these individuals' horizons based on case studies and practical exercises was developed to that end in cooperation with the Executive Academy of the Vienna University of Economics and Business Administration. EVN SUN was launched against the backdrop of the need to both promote talented leadership personnel and establish an international intragroup network.

To cover the Group's future needs for executives and specialists in future, three trainee programmes that enable employees to gain comprehensive insight into all internal corporate processes have been offered in Macedonia since 2007. Of the total of 52 participants, 50 were given permanent positions. A programme for 2010/11 is being developed with the aim of continuing this initiative.

Research and development

EVN is involved in numerous national and international research and development projects and has taken a leading role for decades in operating highly efficient and environmentally sound power plants. In the 2009/10 financial year, EVN invested a total of TEUR 834.9 for research and development with focus on Biomass Test Facility Dürnrohr – Biomass Pyrolysis, CO_2 deposition equipment Dürnrohr, solar energy project with Heliovis and TU-Vienna from November 2010, DEMO-Smart Metering, ARGE EEE (thermal E-Efficiency), ADRES (settlement that is self-sufficient in energy needs), MBS (multi-functional energy storage) and EmporA (electromobility).

Environment and sustainability

Sustainability is one of the pillars of EVN's business activities. The responsible use of natural resources is firmly integrated into the Group's corporate strategy. Pushing the development of renewable sources of energy also is a material component of EVN's strategy. The share of renewables is to rise to 50% by 2020. Hence EVN will invest in the expansion of wind farms and hydropower plants, both in Lower Austria and abroad. Yet EVN also seeks to minimise the environmental footprint of its thermal power stations. The hard coal-fired power plant in Duisburg-Walsum has a degree of efficiency of 46%, making it a state-of-the-art facility. Utilising new technologies allows us to reduce the environmental footprint far below the average of comparable plants. Almost all of EVN's thermal power plants have been issued environmental certificates.

Risk management

Definition of risk

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

Risk management process

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

The risk controlling process consists of the following measures:

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

Tasks of the Risk Management Working Committee

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

Group Risk Committee and Controlling

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

Risk profile

Risks in the Energy business

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

Risks in the Environmental Services segment

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

Political and legal risks

Changes in the regulatory environment, the exposure of major projects to political pressures as well as the tightening of requirements under environmental protection laws are the primary drivers of political and legal risks. Moreover, the existing political and economic instability in some of the markets in South and South Eastern Europe present risks that are counteracted by cooperating with local, regional, national and international government agencies and interest groups. Legal and political pressure is reduced by means of strategic partnerships for major projects, and the attendant liability rights and rights of recourse are managed on the basis of suitable corporate structures. Legal and litigation risks exist especially in connection with proceedings pending before courts and arbitral tribunals in regards to a variety of power plant projects and the activities of the EVN Group in Macedonia.

Overall risk profile

In-depth and ongoing assessments of risks, as well as efficient risk management, are essential because EVN's risk profile is subject to continuous change as the Group expands. No risks that could jeopardise the EVN Group as a going concern were identified in the annual group risk inventory.

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

Market and competitive risks

Price risk
Procurement prices for primary energy, electricity, natural gas, CO_2 emission certificates and biomass
→ Fixed pricing agreements, long-term procurement policy

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

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

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

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

Financial risks

Foreign currency risk
Currency translation risks in connection with the translation of foreign currencies in the consolidated financial statements
Financing in JPY and CHF
→ Monitoring, limits and hedging instruments

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

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

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

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

Operating risks

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

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

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

Contract risks

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

Legal, political and macroeconomic risks

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

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

Other risks

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

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

Other risks

Employee risk

Loss of highly qualified employees, absence due to occupational accidents, excess or shortfalls in human resources, communication problems, cultural barriers

→ Attractive work environment and compensation system, occupational health care and safety measures; flexible working time models, training, group days

Co-investment risks

Risks related to the implementation of major projects jointly with a partner

→ Contractual safeguards, efficient project management

Sabotage

Sabotage of natural gas pipelines, wastewater treatment plants and waste incineration plants

→ Suitable security measures, regular measurement of the water quality and emissions

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

Introduction

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

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

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

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

Controls

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

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

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

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

The employees responsible for the given process – i.e. basically the managers of the strategic business units and the intragroup services – are responsible for compliance with the processes and the attendant controlling measures.

Risk assessment and risk management measures

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

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

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

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

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

RIKS and the processes relevant to accounting are reviewed once a year by the responsible auditor as to whether the controls were performed, whether any risk events occurred during the financial year and whether the controls are still suitable for covering existing risks. No adjustments to, or other changes of, the system were made in the 2009/10 financial year on account of the implementation or first-time application of RIKS.

Information, communication and monitoring

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

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

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

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

1. At 30 September 2010, the share capital of EVN AG was EUR 300,000,000 and denominated in 163,525,820 no-par bearer shares. The Executive Board determines the form and content of the share certificates, profit participation certificates, renewal coupons, interim shares, interim global certificates as well as interest coupons and warrants. Shareholders are not entitled to individual share certificates. All shares have the same rights and duties.

   On 27 October 2010, i.e. after the balance sheet date, the Executive Board of EVN AG resolved to increase the capital from authorised capital, with the approval of the Supervisory Board, by issuing 16,352,582 new no-par bearer shares with subscription rights at a ratio of 10:1. The share capital rose from EUR 300.0m by 10.0% to EUR 330.0m through the capital increase. The subscription price per share was fixed at EUR 11.0 per share. The subscription period for the shareholders of EVN AG ran from 29 October 2010 to 12 November 2010 inclusive. EVN's net proceeds from the capital increase were about EUR 173.0m; it will use these funds to enhance its balance sheet and support the ratings of the EVN Group, as well as for investments in renewables projects in Lower Austria and the expansion of hydropower both in areas of Austria other than Lower Austria and in neighbouring countries. The new shares were traded on the Vienna Stock Exchange for the first time on 2 November 2010. The majority shareholder, NÖ Landes-Beteiligungsholding GmbH, exercised its subscription rights in full such that its equity interest in the share capital of EVN AG remains 51.0% even after the capital increase. A total of 9,597,864 shares or 58.7% of the entire capital increase by 16,352,582 new shares were subscribed by shareholders entitled to do so, including the majority shareholder, NÖ Landes-Beteiligungsholding GmbH. A total of 129,875 new shares will be allocated to eligible employees, and 6,624,843 or 40.5% of all newly issued shares were thus placed with institutional investors at the time of pre-placement.

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

3. The acquisition of the treasury shares held as at the balance sheet date, in the amount of 467,328 shares (0.29% of share capital; 30 September 2009: 534,864 shares, or 0.33% of share capital) at a total purchase price of TEUR 7,022.9 and a market value of TEUR 5,350.9 as at the balance sheet date (30 September 2009: purchase price TEUR 8,037.8 and market value TEUR 7,316.9) was carried out entirely under the authority of the share buyback programme authorised by the 79th Annual General Meeting of EVN AG on 17 January 2008. This programme was terminated prematurely because a new share buyback programme was approved by the 80th Annual General Meeting of EVN AG on 15 January 2009. The new authorisation has not been exercised to date. In the financial year 2009/10 a total of 67,536 treasury shares were sold so that they could be issued in lieu of a special payment called for under a company agreement. The remaining shares are in free float.

   EnBW Energie Baden-Württemberg AG has announced in accordance with § 91 (1) Austrian Stock Exchange Law (BörseG) that it did not exercise its subscription rights in connection with the capital increase that was recorded in the Commercial Register on 30 October 2010 and hence that its shareholdings have fallen below the threshold of 35% of the voting shares in EVN AG but not below the threshold of 30% of the voting shares in EVN AG as at the date on which the above-mentioned capital increase was recorded.

4. No shares with special control rights were issued.

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

6. The Executive Board consists of three members appointed and dismissed by the Supervisory Board. In that connection, besides the requirements of the Austrian Stock Corporation Act, EVN must comply in particular with the Austrian law governing the filling of positions, which stipulates that job vacancies must be publicly advertised. The Supervisory Board consists of a minimum of ten and a maximum of fifteen members elected by the Annual General Meeting. They are elected for the longest period permitted under the Austrian Stock Corporation Act.

7. The Annual General Meeting on 21 January 2010 authorised the Executive Board, for a period of no more than five years from the date on which the given amendment of the company's Articles of Association is recorded, to increase the company's share capital by up to EUR 30,000,000, if necessary in several tranches, by issuing up to 16,352,582 new no-par bearer shares in return for contributions in cash and/or in kind and to determine the respective exercise terms, issue price and issue conditions – in each case with the Supervisory Board's approval – provided that the equity interest of NÖ Landes-Beteiligungsholding GmbH in EVN AG does not fall below 51% of the share capital of EVN AG even after the capital increase; § 2 of the Austrian Federal Constitutional Law, which governs the ownership structure of companies in the Austrian electricity sector (Austrian Federal Gazette I 143/1998) and § 1 of the Lower Austrian law governing the province's equity stakes in utility companies (NÖ Landesbeteiligungsgesetz, Lower Austrian Gazette 3930-0). The Executive Board made use of this authorisation after the balance sheet day (see page 30).

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

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

Outlook for the 2010/11 financial year

The success of the EVN Group in the Energy business depends primarily on the wholesale prices for electricity in the European spot and forward markets as well as on the prices for primary energy and CO_2 emission certificates. The development of outdoor temperatures also influences energy sales volume. The decline in the prices for primary energy have made it possible to return the price increases for natural gas to end customers in Lower Austria that took place end of 2009 in full by means of two price reductions during the 2008/09 financial year and a third one effective 1 December 2009. Electricity prices for end customers have remained stable in Lower Austria. Effective 1 January 2010, the regulatory authority in Macedonia raised the sales prices for electricity by about 10.0%; EVN Macedonia was entitled to about 51.0% of the total increase. Effective 1 July 2010, the Bulgarian regulatory authority raised end customer prices by 2.0% and the prices for energy procurement relevant to EVN by about 8.0%.

Accordingly, the projected development of revenue and earnings in the 2010/11 financial year is based on the following factors:

- In the **Generation segment**, EVN will have greater generation capacities at its thermal power plants in the 2010/11 financial year thanks to the start-up in mid-2011 of the hard coal-fired power plant in Duisburg-Walsum that was built in cooperation with Evonik Steag GmbH. The lower spreads between primary energy costs and electricity market prices, however, might cause EVN to limit the amount of power it generates from its own thermal power stations in Lower Austria. The current development of these two factors will depress earnings in the Energy Generation segment.
- In the **Network Infrastructure Austria segment**, the electricity networks but especially the natural gas networks are expected to generate slightly lower sales volume in the 2010/11 financial year, assuming average outdoor temperatures. No major negative effects on revenue are expected from changes in network tariffs. Earnings might be comparable to the previous year thanks to further internal optimisation measures and cost savings. Revenue and earnings in cable TV and telecommunications are expected to remain stable.
- In the **Energy Trade and Supply segment**, assuming average temperatures, sales volume of both natural gas and heat are expected to decline somewhat in the 2010/11 financial year relative to the previous year, which was much colder. Sales volume in the electricity market are expected to remain stable given that the electricity generated by the hard coal-fired power plant in Duisburg-Walsum will be marketed for the first time starting in mid-2011. In sum, revenue in the Supply segment is expected to decline slightly whilst earnings are expected to rise slightly due to the reduction in the procurement costs for electricity and natural gas.
- The integration of the **Energy Supply South East Europe segment** is proceeding apace and should give rise to a slight increase in revenue and stable earnings. Business in Bulgaria will continue to hinge on the success of market deregulation. In Macedonia, results can only improve due to amendments in the problematic regulatory framework and the energy law. Otherwise EVN will endeavour to attain substantial efficiency gains and further reductions in network losses.
- Both revenue and earnings in the **Environmental Services segment** will continue to develop along a positive trajectory in the 2010/11 financial year given the massive international project order volume in excess of EUR 1.2bn. Most of the increases will arise from projects related to the drinking water supply and wastewater treatment business, as well as waste incineration systems currently under construction based on the BOOT model. Additional acquisitions of major projects in Central, East and South East Europe are expected. The waste incineration business in Lower Austria is still not expected to recover in terms of volume and pricing in the 2010/11 financial year.
- In the **Strategic Investments and Other Business segment**, we will endeavour to attain a level comparable to the 2010/11 financial year even though this forecast is largely contingent on the development of the primary energy prices and electricity prices at EVN's investments, RAG and VERBUND AG, in general.

In sum, we may expect EVN's revenue and operating results to remain stable in the 2010/11 financial year if the foregoing assumptions turn out to be true. The financial results should also be comparable to the level of the previous financial year, however, this expectation is significantly contingent on the trends in the energy sector that will affect the EVN' investments engaged in the primary energy and electricity business. Group net profit thus should be comparable to the level achieved in the successful 2009/10 financial year. EVN will strive to maintain its attractive dividend policy in line with its value-oriented growth strategy.

EVN plans to maintain investments in intangible assets and property, plant and equipment at the previous year's level during the 2010/11 financial year. As before, these investments will be focused on the Network Infrastructure Austria segment and the Energy Supply South East Europe segment. 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 the networks in South Eastern Europe and expand the co-generation plant in Plovdiv will continue.

Outlook EURm	2009/10	Forecast for 2010/11 vs. 2009/10
Total revenue	2,752.1	At the previous year's level
Results from operating activities (EBIT)	187.3	At the previous year's level
Financial results	83.6	At the previous year's level
Group net profit	207.0	At the previous year's level
Investments	394.0	At the previous year's level

Maria Enzersdorf, 22 November 2010
EVN AG
The Executive Board

Burkhard Hofer
Spokesman of the Executive Board

Peter Layr
Member of the Executive Board

Herbert Pöttschacher
Member of the Executive Board

Consolidated Financial Statements for 2009/10

According to International Financial Reporting Standards

Consolidated Statements of Financial Position

	Note	30.9.2010 TEUR	30.9.2009 TEUR
Assets			
Non-current assets			
Intangible assets	25	360,984.1	365,178.7
Property, plant and equipment	26	2,818,176.2	2,653,090.4
Investments in equity accounted investees	27	733,974.5	712,487.8
Other investments	27	1,077,750.3	1,409,696.6
Deferred tax assets	39	6,473.2	1,198.9
Other non-current assets	28	744,786.7	619,545.5
		5,742,144.9	**5,761,198.0**
Current assets			
Inventories	29	135,719.6	137,292.0
Trade and other receivables	30	506,048.9	579,655.9
Securities	31	223,778.5	86,736.1
Cash and cash equivalents	57	123,511.9	130,479.8
		989,058.9	**934,163.7**
Total assets		**6,731,203.8**	**6,695,361.7**
Equity and liabilities			
Equity			
Equity attributable to EVN AG shareholders	32–36	2,679,522.1	2,783,788.6
Non-controlling interests	37	345,740.5	343,390.0
		3,025,262.6	**3,127,178.7**
Non-current liabilities			
Non-current loans and borrowings	38	1,726,422.0	1,702,483.6
Deferred tax liabilities	39	227,070.8	307,101.4
Non-current provisions	40	449,973.5	444,787.7
Deferred income from network subsidies	41	397,911.1	379,070.7
Other non-current liabilities	42	63,073.6	90,215.3
		2,864,451.1	**2,923,658.7**
Current liabilities			
Current loans and borrowings	43	205,247.1	16,992.1
Taxes payable	44	63,049.6	58,692.8
Trade payables	45	339,338.6	328,743.9
Current provisions	46	120,646.0	83,623.0
Other current liabilities	47	113,208.9	156,472.5
		841,490.2	**644,524.3**
Total equity and liabilities		**6,731,203.8**	**6,695,361.7**

Consolidated Statements of Operations

	Note	2009/10 TEUR	2008/09 TEUR
Revenue	48	2,752,127.7	2,727,017.9
Other operating income[1]	49	69,711.9	83,266.8
Cost of materials and services	50	–1,914,471.8	–1,950,692.9
Personnel expenses	51	–329,231.8	–319,445.0
Depreciation and amortisation	52	–229,313.0	–198,180.0
Other operating expenses	53	–161,534.4	–166,765.7
Results from operating activities (EBIT)		**187,288.6**	**175,201.2**
Share of profit of equity accounted investees		61,625.1	46,657.6
Gain from other investments		54,717.0	47,368.9
Interest income		37,487.3	47,440.6
Interest expense		–69,408.2	–85,910.1
Other financial results		–841.2	–4,744.8
Financial results	54	**83,580.0**	**50,812.2**
Profit before income tax		**270,868.5**	**226,013.4**
Income tax expense	55	–42,148.9	–28,003.9
Profit for the period		**228,719.7**	**198,009.4**
Thereof profit attributable to EVN AG shareholders (Group net profit)		206,952.1	177,943.6
Thereof profit attributable to non-controlling interests		21,767.5	20,065.8
Earnings per share in EUR[2]	56	1.27	1.09
Dividend per share in EUR		0.40[3]	0.37

1) Change in work in progress and own work capitalized are shown under other operating income as of the financial year 2009/10 on; the previous financial year's figures were adjusted accordingly.
2) There is no difference between basic and diluted earnings per share.
3) Proposal to the Annual General Meeting

Consolidated Statements of Comprehensive Income

TEUR	2009/10	2008/09
Profit for the period[1]	**228,719.7**	**198,009.4**
Pre-tax gains (+) or losses (–) recognised directly in equity from		
Foreign currency translation differences for foreign operations	–98.8	–5,538.9
Net change in fair value of other investments	–330,913.7	–345,257.7
Net change in fair value of cash flow hedges	5,826.8	–7,507.4
Share of changes in gains and losses recognised directly in equity of investments in equity accounted investees	–5,430.9	–24,674.9
Total pre-tax gains (+) or losses (–) recognised directly in equity	**–330,616.6**	**–382,979.0**
Income tax expenses[2]	81,249.0	88,266.5
Total after-tax gains (+) or losses (–) recognised directly in equity	**–249,367.6**	**–294,712.5**
Comprehensive income	**–20,647.9**	**–96,703.0**
Thereof profit attributable to EVN AG shareholders (Group net profit)	–44,758.1	–114,155.6
Thereof profit attributable to non-controlling interests	24,110.1	17,452.6

1) A dividend payout of EUR 0.40 per share from the net profit for the period will be proposed to the Annual General Meeting.
2) Distribution of income tax expenses on total gains (+) or losses (–) is as follows: net change in fair value of other investments: 82,728.7 TEUR (previous year: 86,303.9 TEUR), net change in fair value of cash flow hedges: –1,479.7 TEUR (previous year: 1,962.6 TEUR).

Consolidated Statements of Cash Flows

	Note	30.9.2010 TEUR	30.9.2009 TEUR
Profit for the year before income tax		**270,868.5**	**226,013.4**
+ Depreciation and amortisation of intangible assets and property, plant and equipment	52	229,313.0	198,180.0
–/+ Non-cash share of income of equity accounted investees	27	–6,981.4	47,248.3
+ Losses/– gains from foreign exchange translations		1,248.5	–109.4
+/– Other non-cash financial results		651.1	–5,037.1
– Release of deferred income from network subsidies	49	–32,054.4	–32,128.6
– Gains on the disposal of intangible assets and property, plant and equipment	57	–519.5	–3,103.5
+ Increase in non-current provisions	40	5,185.8	14,061.6
Gross cash flow		**467,711.6**	**445,124.7**
+ Decrease/– increase in inventories and receivables		81,080.0	–48,251.0
+ Increase/– decrease in current provisions		37,023.1	–13,657.1
– Decrease in trade payables and other liabilities		–51,080.5	–12,625.7
– Income tax paid		–35,456.4	–35,305.5
Net cash flow from operating activities		**499,277.7**	**335,285.4**
+ Proceeds from the disposal of intangible assets and property, plant and equipment	57	2,927.6	8,630.2
+ Proceeds from network subsidies		50,894.9	54,065.5
+ Proceeds from the disposal of financial assets and other non-current assets		50,931.4	49,760.7
+ Proceeds from the disposal of current securities		40,515.3	200,604.4
– Acquisition of subsidiaries, net of cash acquired	4	–	–20,440.1
– Acquisition of intangible assets and property, plant and equipment		–389,583.5	–412,283.9
– Acquisition of financial assets and other non-current assets		–155,060.2	–106,176.7
– Acquisition of current securities		–181,621.0	–174,542.1
Net cash flow from investing activities		**–580,995.5**	**–400,382.1**
+ Payments of nominal capital by non-controlling interests		774.9	3,834.7
– Dividends paid to EVN AG shareholders	34	–60,306.7	–60,306.6
– Dividends paid to non-controlling interests	57	–22,534.6	–34,992.6
+ Sale/– Repurchase of own shares		845.6	–3,283.9
+ Increase in financial liabilities		239,305.0	587,619.8
– Decrease in financial liabilities		–100,990.1	–408,611.8
Net cash flow from financing activities		**57,094.1**	**84,259.6**
Net change in cash and cash items		**–24,623.6**	**19,163.0**
Net change in cash and cash items	57		
Cash and cash items at the beginning of the period		113,588.3	94,117.5
Currency translation differences		100.2	307.8
Cash and cash items at the end of the period		89,064.8	113,588.3
Net change in cash and cash items		**–24,623.6**	**19,163.0**

Consolidated Statements of Changes in Equity

TEUR	Share capital	Share premium and capital reserves	Retained earnings[1]	Valuation reserve according to IAS 39	Currency translation reserve	Treasury shares	EVN AG shareholders	Non-controlling interests	Total
Balance on 30.9.2008	**300,000.0**	**108,431.3**	**1,558,131.1**	**1,011,982.0**	**2,136.7**	**–4,753.9**	**2,975,927.3**	**232,532.3**	**3,208,459.6**
Comprehensive income	–	–	177,943.6	–286,560.3	–5,538.9	–	–114,155.6	17,452.6	–96,703.0
Payments of nominal capital by non-controlling interests	–	–	–	–	–	–	–	3,834.7	3,834.7
Dividends 2007/08	–	–	–60,306.6	–	–	–	–60,306.6	–34,992.6	–95,299.2
Repurchase of own shares	–	–	–	–	–	–3,283.9	–3,283.9	–	–3,283.9
First-time adoption of IFRS[2]	–	–	–14,392.5	–	–	–	–14,392.5	–	–14,392.5
Changes in accounting policies[3]	–	–	–	–	–	–	–	125,604.5	125,604.5
Acquisition of shares of fully consolidated companies	–	–	–	–	–	–	–	–1,041.4	–1,041.4
Balance on 30.9.2009	**300,000.0**	**108,431.3**	**1,661,375.6**	**725,421.7**	**–3,402.2**	**–8,037.8**	**2,783,788.6**	**343,390.0**	**3,127,178.7**
Comprehensive income	–	–	206,952.1	–251,611.4	–98.8	–	–44,758.1	24,110.1	–20,647.9
Payments of nominal capital by non-controlling interests	–	–	–	–	–	–	–	774.9	774.9
Dividends 2008/09	–	–	–60,306.7	–	–	–	–60,306.7	–22,534.6	–82,841.2
Disposal of own shares	–	–169.4	–	–	–	1,014.9	845.6	–	845.6
Changes in the scope of consolidation	–	–	–47.3	–	–	–	–47.3	–	–47.3
Balance on 30.9.2010	**300,000.0**	**108,261.9**	**1,807,973.7**	**473,810.4**	**–3,501.1**	**–7,022.9**	**2,679,522.1**	**345,740.5**	**3,025,262.6**

1) Incl. revaluation reserve according to IFRS 3 amounting to TEUR 7,050.6, which was shown separately in the previous financial year.
2) Effecting from the initial application of IFRIC 12 on a premature basis, leading to a change in the presentation of the projects carried out by the investments in equity accounted investees ZOV and ZOV UIP in the Environmental Services segment.
3) From the financial year 2008/09 on, RBG directly owns a 100.0% stake in RAG. In the spirit of ensuring a more transparent, more understandable presentation of RAG, from then on 100.0% of RAG were reported as share of profit of equity accounted investees, 49.97% of which will be assigned to non-controlling interests. Accordingly, in the financial year 2008/09 equity accounted investees increased, as well as non-controlling interests.

Segment Reporting

Segment reporting[1] EURm	Generation 2009/10	Generation 2008/09	Network Infrastructure Austria 2009/10	Network Infrastructure Austria 2008/09	Energy Trade and Supply 2009/10	Energy Trade and Supply 2008/09	Energy Supply South East Europe 2009/10	Energy Supply South East Europe 2008/09
External revenue	25.6	30.1	428.9	404.8	1,139.3	1,147.1	862.2	877.3
Intra-Group revenue (between segments)	93.0	116.0	60.0	63.0	47.9	42.7	–	1.4
Total revenue	**118.6**	**146.1**	**488.9**	**467.9**	**1,187.2**	**1,189.8**	**862.2**	**878.7**
Operating expenses	–66.2	–61.9	–297.5	–308.7	–1,130.0	–1,156.4	–793.2	–813.8
EBITDA	**52.5**	**84.2**	**191.4**	**159.1**	**57.3**	**33.4**	**69.0**	**64.9**
Depreciation and amortisation	–34.0	–21.3	–96.8	–93.0	–13.9	–10.8	–60.4	–57.9
Thereof impairment losses	–10.7	–	–	–	–1.1	–	–	–
Results from operating activities (EBIT)	**18.5**	**62.9**	**94.6**	**66.2**	**43.4**	**22.6**	**8.6**	**7.1**
EBIT Margin (%)	15.6	43.1	19.4	14.1	3.7	1.9	1.0	0.8
Income from investments in equity accounted investees	–2.0	–1.4	0.4	0.1	10.2	10.9	–	–
Interest results	–8.5	–5.9	–11.9	–13.5	–2.5	–1.6	–16.9	–24.6
Financial results	–7.1	–6.5	–13.2	–13.8	8.0	10.4	–19.1	–25.5
Profit before income tax	**11.4**	**56.4**	**81.5**	**52.4**	**51.4**	**32.9**	**–10.5**	**–18.4**
Goodwill	–	–	1.3	1.3	2.5	2.5	170.9	171.2
Carrying value of investments in equity accounted investees	63.3	60.1	1.8	1.5	51.4	46.3	–	–
Total assets	458.0	436.5	1,620.7	1,547.7	665.0	627.0	1,089.7	1,037.5
Liabilities	258.5	224.0	1,093.4	1,076.9	367.8	373.4	768.0	712.6
Investments[2]	48.9	63.4	156.5	161.5	21.5	32.5	100.7	104.8

	Environmental Services 2009/10	Environmental Services 2008/09	Strategic Investments and Other Business 2009/10	Strategic Investments and Other Business 2008/09	Consolidation 2009/10	Consolidation 2008/09	Total 2009/10	Total 2008/09
External revenue	268.7	236.1	27.4	31.6	–	–	2,752.1	2,727.0
Intra-Group revenue (between segments)	16.7	11.3	64.0	55.4	–281.7	–289.8	–	–
Total revenue	**285.4**	**247.3**	**91.4**	**87.0**	**–281.7**	**–289.8**	**2,752.1**	**2,727.0**
Operating expenses	–233.1	–205.3	–95.4	–96.2	279.8	288.7	–2,335.5	–2,353.6
EBITDA	**52.3**	**42.0**	**–4.1**	**–9.2**	**–1.9**	**–1.1**	**416.6**	**373.4**
Depreciation and amortisation	–24.3	–14.5	–1.8	–1.9	1.9	1.1	–229.3	–198.2
Thereof impairment losses	–0.4	–	–	–	–	–	–12.2	–
Results from operating activities (EBIT)	**28.0**	**27.5**	**–5.9**	**–11.1**	**–**	**–**	**187.3**	**175.2**
EBIT Margin (%)	9.8	11.1	–6.4	–12.7	–	–	6.8	6.4
Income from investments in equity accounted investees	11.7	8.2	41.3	28.9	–	–	61.6	46.7
Interest results	5.2	8.1	2.7	–0.9	–	–	–31.9	–38.5
Financial results	18.5	17.5	97.7	73.1	–1.3	–4.4	83.6	50.8
Profit before income tax	**46.5**	**45.1**	**91.9**	**62.0**	**–1.3**	**–4.4**	**270.9**	**226.0**
Goodwill	41.5	41.5	–	–	–	–	216.4	216.6
Carrying value of investments in equity accounted investees	60.6	51.5	556.9	553.2	–	–	734.0	712.5
Total assets	1,345.2	1,135.4	2,854.2	2,943.4	–1,301.6	–1,032.2	6,731.2	6,695.4
Liabilities	1,004.5	833.9	1,427.1	1,291.4	–1,213.5	–944.0	3,705.9	3,568.2
Investments[2]	68.6	67.4	1.6	1.1	–3.6	–15.0	394.0	415.7

1) According to the new segmentation as of the first quarter 2009/10, see note 24. Segment reporting
2) In intangible assets and property, plant and equipment

Segment information by products – Revenue EURm	2009/10	2008/09
Electricity	1,903.1	1,928.8
Gas	351.0	339.4
Heat	108.2	101.8
Environmental Services	268.7	236.2
Others	121.1	120.9
Total	**2,752.1**	**2,727.0**

Segment information by region – Revenue EURm	2009/10	2008/09
Austria	1,700.6	1,678.6
Central and Eastern Europe	189.2	169.7
South East Europe	862.3	878.7
Total	**2,752.1**	**2,727.0**

Segment information by region – Non-current assets EURm	2009/10		2008/09	
	Intangible assets	Property, plant and equipment	Intangible assets	Property, plant and equipment
Austria	85.4	2,007.9	89.7	2,009.9
Central and Eastern Europe	43.1	66.7	43.3	33.5
South East Europe	232.4	743.6	232.2	609.7
Total	**361.0**	**2,818.2**	**365.2**	**2,653.1**

Consolidated Notes

Basis of Preparation

1. General

EVN AG, as the parent company of the EVN Group (EVN), is a leading listed Austrian energy and environmental services provider, which is headquartered in A-2344 Maria Enzersdorf, Austria.

In addition to providing services to its domestic market in the province of Lower Austria, EVN has successfully positioned itself in the energy industry of Bulgaria and Macedonia. EVN successfully provides customers in 15 countries with water supply, wastewater treatment and thermic waste incineration services via its subsidiaries.

The consolidated financial statements are prepared as at the balance sheet date of EVN AG. The financial year of EVN AG encompasses the period from October 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 EVN AG. 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 to assure uniform accounting policies in accordance with the International Financial Reporting Standards (IFRS).

Certain items on the consolidated statements of financial position and the consolidated statements of operations are summarised in order to achieve a more understandable and clearly structured presentation. In the notes, these positions are itemised individually and explained according to the principle of materiality.

In order to improve clarity and comparability, the amounts in the consolidated financial statements are generally shown in thousands of euros (TEUR), unless otherwise noted. Immaterial mathematical differences may arise from the rounding of individual items or percentage rates.

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

2. Reporting in accordance with IFRS

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

The following standards and interpretations were applied for the first time for the 2009/10 financial year:

2. Standards and interpretations applied for the first time

		Effective[1]
New Standards and Interpretations		
IFRS 8	Operating Segments	1 January 2009
IFRIC 13	Customer Loyalty Programmes	1 January 2009
FRIC 14	The Limit on Defined Benefit Asset Minimum Funding Requirements and their Interaction	1 January 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 July 2009
Revised Standards and Interpretations		
IAS 1	Presentation of Financial Statements	1 January 2009
IAS 23	Borrowing Costs	1 January 2009
IAS 27	Consolidated and Separate Financial Statements	1 January/1 July 2009
IAS 32	Financial Instruments: Presentation	1 January 2009
IAS 39	Financial Instruments: Recognition and Measurement	1 November 2008/1 January/1 July 2009
IFRS 1	First-time Adoption of International Financial Reporting Standards	1 January 2009
IFRS 2	Share-based Payments	1 January 2009
IFRS 3	Business combinations	1 July 2009
IFRS 4	Insurance Contracts	1 January 2009
IFRS 7	Financial Instruments: Disclosure	1 November 2008/1 January 2009
IFRIC 9	Reassessment of Embedded Derivatives	1 January 2009
Several	Annual Improvements 2006–2008	1 January/1 July 2009

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.

In accordance with IFRS 8, which replaces IAS 14, operating segments are to be identified on the basis of internal information used by management to make decisions about operations (the "management approach"). Consequently, beginning with financial year 2009/10, the former Business Units of the Energy Segment are presented as separate segments themselves. The new standard furthermore covers disclosures about business segments, products and services, geographical areas, and reliance on major customers.

The new interpretations IFRIC 13, IFRIC 14 and IFRIC 16 resulted in no changes to the consolidated financial statements.

As a consequence of the amendment of IAS 1, the consolidated financial statements have been augmented with a statement of comprehensive income, which shows all income and expense items included in the income statement, as well as all components of income recognised directly in equity. From now on, therefore, the statement of changes in equity will include only details about transactions with business owners; all other changes in equity will be shown as a single line item.

The principal change in IAS 23 pertains to the elimination of the option of recognising borrowing costs immediately as an expense if they are directly attributable to the acquisition, construction or production of a qualifying asset. Since EVN has long capitalised interest on borrowings, this change likewise will not have any impact on the consolidated financial statements.

The principal changes in IAS 27 and IFRS 3 pertain to the rules for recognising business combinations. Here particular attention must be paid to the changes in the event of acquisitions of additional shares and to the measurement of non-controlling interests in business combinations. Additionally, incidental costs must henceforward be expensed.

The changes in IFRS 7 pertain to the expansion of disclosure requirements to include information about determining fair value, and thus relate entirely to the preparation of external reporting (see note 59. Reporting of financial instruments).

The changes in IAS 32, IAS 39, IFRS 1, IFRS 2, IFRS 4, and IFRIC 9, together with the "Annual Improvements 2006–2008", have not resulted in any changes in the consolidated financial statements of EVN.

No new or amended standards or interpretations were applied early.

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 not yet effective		Effective
New Standards and Interpretations		
IFRS 9	Financial Instruments	1 January 2013[1)]
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2010[2)]
IFRIC 17	Distributions of Non-cash Assets to Owners	1 November 2009[2)]
IFRIC 18	Transfers of Assets from Customers	1 November 2009[2)]
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010[2)]
Revised Standards and Interpretations		
IAS 10	Events after the Balance Sheet Date	1 November 2009[2)]
IAS 24	Related Party Disclosures	1 January 2011[2)]
IAS 32	Financial Instruments: Presentation	1 February 2010[2)]
IFRS 1	First-time Adoption of International Financial Reporting Standards	1 November 2009/1 January/1 July 2010[2)]
IFRS 2	Share-based Payments	1 January 2010[2)]
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 November 2009[2)]
IFRS 7	Financial Instruments: Disclosure	1 July 2010[2)]
IFRS 8	Operating Segments	1 January 2011[2)]
IFRIC 4	Determining Whether an Arrangement Contains a Lease	1 January 2010[2)]
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2011[2)]
Several	Annual Improvements 2007–2009	1 January 2010[2)]
Several	Annual Improvements 2010	1 January 2011[1)]

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

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

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

Basis of Consolidation

3. Consolidation methods

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

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

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

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

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

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

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

4. Scope of Consolidation

The scope of consolidation is established in accordance with the requirements of IAS 27. Accordingly, as at 30 September 2010, a total of 26 domestic and 34 foreign companies (including the parent company EVN AG) were fully consolidated in the consolidated financial statements (in the previous year, 26 domestic and 27 foreign companies were fully consolidated). A total of 35 affiliates (previous year: 36) were not consolidated due to their immaterial influence on the assets, liabilities, cash flows and profit and loss of EVN.

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

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

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

An overview of the companies included in the consolidated financial statements is provided under EVN's Investments, starting on page 95. The scope of consolidation (including EVN AG as the parent company) developed as follows during the reporting period:

4. Changes in the scope of consolidation	Full consolidation	Proportionate consolidation	Equity method	Total
30.9.2008	**51**	**4**	**13**	**68**
Start-ups and first consolidation	2	1	2	5
Business combinations	2	–	–	2
Mergers and deconsolidation	–2	–	–1	–3
30.9.2009	**53**	**5**	**14**	**72**
Start-ups and first consolidation	8	–	1	9
Deconsolidation	–1	–	–	–1
30.9.2010	**60**	**5**	**15**	**80**
Thereof foreign companies	34	–	5	39

Start-ups and first consolidation

In July 2009 WTE Wassertechnik GmbH, Essen, Germany, was awarded a contract to construct a wastewater disposal plant in Budva, Montenegro, and to operate it over a period of 30 years. On this occasion, WTE odpadne vode Budva DOO, Podgorica, Montenegro, was established in September 2009, and was fully consolidated for the first time as of the first quarter of 2009/10.

EVN Trading d.o.o. Beograd, Belgrade, Serbia, and EVN Trading DOOEL, Skopje, Macedonia, in which EVN Trading SEE EAD, Sofia, Bulgaria, owns a 100.0% stake, are responsible for implementing energy trading transactions in their respective countries, and were consolidated for the first time in the annual report of EVN on the basis of their materiality as of the first quarter 2009/10.

EVN Croatia Plin d.o.o., Zagreb, Croatia, which will plan, build, operate and maintain gas distribution networks in the Zadar, Split and Sibenik administrative divisions, commenced business operations and was therefore consolidated for the first time in the annual report of EVN as of the second quarter 2009/10.

Naturkraft EOOD, Plovdiv, Bulgaria, in which EVN owns a 100.0% shareholding, was fully consolidated as of the second quarter of the 2009/10 financial year. The company operates a photovoltaic facility in Blatets, Bulgaria, with a capacity of 0.8 MW.

For the purpose of carrying out the project of the waste incineration plant no. 1 in Moscow, EVN Projektgesellschaft Müllverbrennungsanlage Nr. 1 mbH and EVN MVA Nr. 1 Finanzierungs- und Servicegesellschaft mbH, both domiciled in Essen, Germany, were founded. With the consent of the Moscow city government, EVN Projektgesellschaft Müllverbrennungsanlage Nr. 1 mbH has been included in the existing investment contract for carrying out the project to organise financing for, build, and operate the waste incineration plant no. 1, and as a consequence has acquired both the investment amount and the Russian special-purpose vehicle OAO Budapro - Werk Nr. 1, Moscow, Russia, from the former investors. The three companies were fully consolidated in the consolidated financial statements of EVN as from the fourth quarter of 2009/10.

In August 2010, EVN acquired 50.0% of Energji Ashta SHPK, Tirana, Albania. This is a joint venture with VERBUND AG concerned with planning, building and operating two hydroelectric plants on the Drin River in northern Albania. The construction work was begun in financial year 2009/10, and is expected to be completed in 2012. Total capacity will be more than 50 MW, average production will be 240 GWh, and the total investment will be approximately EUR 200.0m. The company is included at equity.

Business combinations

No business combinations in accordance with IFRS 3 were made in the 2009/10 financial year. In the comparable period of the 2008/09 financial year, the Burgenland-based cable network operator B.net as well as Dataservice GmbH, Eisenstadt, were fully taken over by Kabelsignal at a purchase price of TEUR 22,014.6. No amendments occurred due to the final valuation of the property, plant and equipment of B.net compared to the balance sheet date 30 September 2009. The effect out of it on revenue of EVN in the 2008/09 financial year amounted to TEUR 9,681.7, the one on the EBIT was TEUR –1,196.9.

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

4. Impact of business combinations TEUR	2008/09[1]
Non-current assets	59,895.2
Current assets	4,598.7
	64,493.9
Equity	21,627.6
Non-current liabilities	30,355.7
Current liabilities	12,510.6
	64,493.9

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

Deconsolidation

The fully consolidated subsidiary Energy Trading EAD, Sofia, Bulgaria, was deconsolidated in the third quarter of 2009/10 due to the termination of its business operations.

5. Foreign currency translation 2009/10

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

Similarly, the annual financial statements of Group companies that are drawn up in foreign currencies are translated into euros using the functional currency method in accordance with IAS 21 for the purpose of preparing the consolidated financial statements of EVN. According to that, monetary assets and liabilities of companies not reporting in Euro, are reported at the average exchange rate on the balance sheet date, whereas any expenses and income are reported at the annual average rate. Currency translation differences are recorded in the currency translation reserve in equity. Currency translation differences directly recognised in equity resulted in a change in equity amounting to TEUR –98.8 (previous year: TEUR –5,538.9).

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

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

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

5. Foreign currency translation Currency	2009/10 Exchange rate on the balance sheet date	Average[1]	2008/09 Exchange rate on the balance sheet date	Average[1]
Albanian lek	137.11000	137.50692	132.37000	128.27620
Bulgarian lev[2]	1.95583	1.95583	1.95583	1.95583
Croatian kuna	7.30580	7.26822	7.25800	7.31130
Danish krone	7.45190	7.44475	7.44430	7.44890
Macedonian denar	61.63630	61.41737	61.17410	61.31830
Polish zloty	3.98470	4.05782	4.22950	4.19960
Russian rubel	41.69230	40.94292	43.98000	42.24450
Serbian denar	105.10320	99.82690	93.07370	91.17260

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

Accounting policies

6. Intangible assets

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

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

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

7. Property, plant and equipment

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

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

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

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

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

7. Expected useful life of property, plant and equipment	Years
Buildings	10–50
Transmission lines and pipelines	15–50
Machinery	10–33
Meters	5–40
Tools and equipment	3–25

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

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

8. Investments in equity accounted investees

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

9. Financial instruments

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

Primary financial instruments

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

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

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

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

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

Derivative financial instruments

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

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

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

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

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

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

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

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

10. Other investments

Investments in affiliates and associates, which are not consolidated due to immateriality, as well as other investments are classified as "AFS".

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

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

11. Other non-current assets

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

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

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

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

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

12. Inventories

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

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

13. Trade and other receivables

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

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

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

14. Securities

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

15. Cash and cash equivalents

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

16. Equity

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

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

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

17. Provisions

Provisions for pensions and obligations similar to pensions

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

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

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

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

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

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

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

Provision for severance payments

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

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

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

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

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

Other provisions

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

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

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

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

18. Liabilities

Liabilities are reported at amortised cost, with the exception of liabilities arising from derivative financial instruments or liabilities arising from hedge accounting (see note 10. Financial instruments). Costs for the procurement of funds are considered a part of the amortised cost. Non-current liabilities are discounted by applying the effective interest method.

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

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

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

19. Revenue recognition

Realisation of revenue (in general)

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

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

Contract manufacturing

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

20. Income taxes and deferred taxes

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

The following tax rates were applied for current income taxes:

20. Corporate income tax rates

%	2009/10	2008/09
Headquarters		
Austria	25.0	25.0
Albania	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[1)]	21.0	21.0
Germany	30.0	30.0
Lithuania[2)]	15.0	20.0
Macedonia	10.0	10.0
Montenegro	9.0	9.0
Poland	19.0	19.0
Russia	20.0	20.0
Serbia	10.0	10.0
Slovenia[3)]	20.0	21.0
Turkey	20.0	20.0

1) Taxes on corporate profits are levied when dividends are paid to the shareholders. Retained earnings are not taxed.
2) The corporate income tax rate was reduced from 20.0% to 15.0% as at 1 January 2010.
3) The corporate income tax rate was reduced from 21.0% to 20.0% as at 1 January 2010.

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

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

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

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

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

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

21. Procedures and effects of impairment tests

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

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

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

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

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

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

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

22. Leased and rented assets

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

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

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

23. Forward-looking statements

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

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

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

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

24. Segment reporting

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

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

The segments encompass the following activities:

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

Principle of segment allocation and transfer pricing

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

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

Reconciliation of segment results at the Group level

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

Entity-wide disclosures

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

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

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

Notes to the Consolidated Statements of Financial Position

Assets

Non-current assets

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

Currency translation differences concern those amounts that arose from foreign companies' translation of assets using different exchange rates at the beginning and at the end of the 2009/10 financial year.

25. Intangible assets

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

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

As at 30 September 2010, the capitalised customer base in markets not yet deregulated 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 the 2009/10 financial year, a total of TEUR 834.9 (previous year: TEUR 1,154.4) was invested in research and development. The criteria required by IFRS to capitalise these items were not fulfilled.

25. Reconciliation of intangible assets

2009/10 financial year TEUR	Goodwill	Other intangible assets	Total
Gross value on 30.9.2009	**216,571.9**	**368,165.4**	**584,737.3**
Currency translation differences	–216.8	–39.7	–256.5
Changes in the scope of consolidation	–	–8.2	–8.2
Additions	–	6,455.4	6,455.4
Disposals	–	–843.0	–843.0
Transfers	–	2,100.9	2,100.9
Gross value on 30.9.2010	**216,355.0**	**375,830.8**	**592,185.9**
Accumulated amortisation 30.9.2009	**–**	**–219,558.6**	**–219,558.6**
Currency translation differences	–	10.5	10.5
Changes in the scope of consolidation	–	3.5	3.5
Scheduled amortisation	–	–12,493.9	–12,493.9
Disposals	–	837.1	837.1
Transfers	–	–0.4	–0.4
Accumulated amortisation 30.9.2010	**–**	**–231,201.8**	**–231,201.8**
Net value on 30.9.2009	**216,571.9**	**148,606.8**	**365,178.7**
Net value on 30.9.2010	**216,355.0**	**144,629.0**	**360,984.1**

2008/09 financial year TEUR	Goodwill	Other intangible assets	Total
Gross value on 30.9.2008	**215,488.5**	**350,760.2**	**566,248.6**
Currency translation differences	–4.7	2.0	–2.7
Addition through business combinations	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
Gross value on 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**
Net value on 30.9.2008	**215,488.5**	**142,061.0**	**357,549.5**
Net value on 30.9.2009	**216,571.9**	**148,606.8**	**365,178.7**

26. Property, plant and equipment

Additions to property, plant and equipment included capitalised borrowing costs of TEUR 6,065.0 (previous year: TEUR 3,982.4). The interest rate used for capitalisation ranged from 1.25% to 8.50% (previous year: 1.39% to 7.50%). The item "Addition through business combinations" comprised the asset value of B.net in the 2008/09 financial year.

Land and buildings contained land valued at TEUR 71,314.3 (previous year: TEUR 70,452.4). As at 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 2009/10 financial year amounted to TEUR 15,978.6 (previous year: TEUR 16,620.4).

Impairment tests on property, plant and equipment resulted in a permanent impairment loss according to IAS 36 of TEUR 10,702.6 in the wind park project Kavarna due to an expected delay. Impairment losses of miscellaneous property, plant and equipment amounted to TEUR 1,489.6.

The item "Prepayments and equipment under construction" included TEUR 305,756.6 (previous year: TEUR 374,739.8) in acquisition costs relating to equipment under construction as at the balance sheet date.

For "Leased and rented equipment", the present value of the payment obligations for the use of heating networks and heat generation plants is reported in the consolidated statements of financial position. The net value of these assets totalled TEUR 21,105.9 at the balance sheet date (previous year: TEUR 21,120.6). The related leasing and rental liabilities were recognised under other non-current liabilities.

The net value of property, plant and equipment pledged as collateral totalled TEUR 116,611.1 (previous year: TEUR 111,513.9).

26. Reconciliation of property, plant and equipment

2009/10 financial year TEUR	Land and buildings	Transmission pipelines	Technical equipment	Meters	Other plant, tools and equipment	Prepayments and equipment under construction	Total
Gross value on 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**
Currency translation differences	–660.0	–1,425.6	–30.8	–146.3	–198.1	–889.5	–3,350.2
Changes in the scope of consolidation	100.2	–	–	–	–	2,933.3	3,033.5
Additions	8,835.3	122,731.6	58,681.5	8,237.1	15,956.4	172,709.2	387,151.0
Disposals	–2,229.6	–12,335.0	–5,719.1	–5,886.2	–13,136.7	–886.7	–40,193.3
Transfers	34,722.7	119,514.4	113,626.7	5,520.4	2,820.6	–277,997.2	–1,792.6
Gross value on 30.9.2010	**648,956.9**	**2,964,293.2**	**1,934,386.8**	**185,339.7**	**229,141.9**	**316,773.0**	**6,278,891.4**
Accumulated amortisation 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**
Currency translation differences	328.1	777.8	700.9	11.2	140.5	–	1,958.4
Scheduled depreciation	–17,509.0	–87,927.3	–64,136.9	–15,485.3	–19,568.5	–	–204,626.9
Impairment losses	–223.4	–	–1,119.2	–	–	–10,849.6	–12,192.2
Disposals	878.8	12,194.4	3,934.5	5,215.9	12,791.1	65.8	35,080.4
Transfers	33.4	5,029.5	–5,467.1	–61.8	483.7	–	17.7
Accumulated amortisation 30.9.2010	**–295,592.5**	**–1,608,120.9**	**–1,254,477.2**	**–113,015.5**	**–178,570.9**	**–10,938.1**	**–3,460,715.2**
Net value 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**
Net value on 30.9.2010	**353,364.3**	**1,356,172.3**	**679,909.6**	**72,324.1**	**50,570.9**	**305,834.9**	**2,818,176.2**

2008/09 financial year TEUR	Land and buildings	Transmission pipelines	Technical equipment	Meters	Other plant, tools and equipment	Prepayments and equipment under construction	Total
Gross value on 30.9.2009	**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 combinations	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
Gross value on 30.9.2010	**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 amortisation 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 amortisation 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**
Net value 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**
Net value 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**

27. Investments in equity accounted investees and other investments

The investments in equity accounted investees included in the consolidated financial statements at equity are listed in the Notes under the item "EVN's Investments", starting on page 95.

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

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

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

Additions mainly comprise the equity payments for Evonik-EVN Walsum totalling TEUR 4,116.0 and for Devoll Hydropower totalling TEUR 9,991.8 as well as the acquisition of 50.0% of Energjia Ashta totalling TEUR 5,085.9.

The transfers in the item "Miscellaneous investments" in the 2008/09 financial year referred to the reclassification of current securities measured at TEUR 23,367.5 from the existing category "HFS" to the category "AFS" in the first quarter of the 2008/09 financial year, in line with the revisions of IAS 39 and IFRS 7.

The item "Miscellaneous investments" included shares in listed companies with a market value of TEUR 1,054,924.5 (previous year: TEUR 1,385,841.9). The other investments included in this item of the consolidated statements of financial position, which amount to TEUR 22,825.8 (previous year: TEUR 23,854.7) and are reported at amortised cost less impairment losses, involve shares in companies which are not traded on an active market, i.e. which are not freely tradable.

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

Impairment losses for miscellaneous investments totalling TEUR 330,917.4 (previous year: impairment losses of TEUR 345,186.9) concerned adjustments to changed fair values and share prices, which were offset against the valuation reserve according to IAS 39 after deducting deferred taxes. Group net profit for the period included TEUR 816.9 (previous year: TEUR 0.0) of impairment losses of investments in affiliates.

The stake in ZOV (equity attributable to EVN as at 30 September 2010: TEUR 59,336.5; previous year: TEUR 50,021.3) was assigned to the lending banks.

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

TEUR	Investments in equity accounted investees	Investments in affiliates	Miscellaneous investments	Total other investments
Gross value on 30.9.2009	**671,751.3**	**14,535.2**	**403,051.4**	**417,586.7**
Changes in the scope of consolidation	–	–1,009.9	–	–1,009.9
Additions	19,268.3	777.2	632.7	1,409.9
Disposals	–	–611.9	–	–611.9
Transfers	–	0.5	–0.5	–
Gross value on 30.9.2010	**691,019.5**	**13,691.1**	**403,683.6**	**417,374.7**
Accumulated amortisation 30.9.2009	**40,736.6**	**–5,382.1**	**997,492.0**	**992,109.9**
Currency translation differences	667.8	–	–	–
Impairment losses	–	–816.9	–330,917.4	–331,734.3
Proportional share of results	61,625.1	–	–	–
Dividends	–54,643.6	–	–	–
Changes in equity recognised directly in equity	–5,430.9	–	–	–
Accumulated amortisation 30.9.2010	**42,955.0**	**–6,198.9**	**666,574.6**	**660,375.7**
Net value on 30.9.2009	**712,487.8**	**9,153.1**	**1,400,543.4**	**1,409,696.6**
Net value on 30.9.2010	**733,974.5**	**7,492.1**	**1,070,258.2**	**1,077,750.3**

28. Other non-current assets

Securities reported under the item "Other non-current assets" mainly consist of shares in investment funds and serve to provide coverage for the provisions for pensions and obligations similar to pensions as required under Austrian tax law. The carrying amounts correspond to the fair value as at the balance sheet date. Additions and disposals resulted from the regrouping of assets during the 2009/10 financial year.

Of the loans receivable amounting to TEUR 22,047.0 (previous year: TEUR 21,619.9), a total of TEUR 2,920.9 (previous year: TEUR 3,006.9) had a remaining time to maturity of less than one year.

Lease receivables and accrued lease transactions result from the project business within the context of BOOT models. Receivables from executory production contracts amounted to TEUR 152,837.8 (previous year: TEUR 54,444.5). On 10 December 2009, EVN entered into various contracts with OÜ Tabrin, Tallinn, Estonia, and its Hungarian subsidiaries Budagep-Budalux Kft. and Budapro Kft., both domiciled in Budapest, to enter into the executory contract for the realisation of the project to organise financing for, build, and operate the waste incineration plant no. 1 in Moscow. The consideration for entering into the executory contract is substantially the expenses for the acquisition of the orders on hand, in the amount of TEUR 75,694.5. Together with current revenue from production orders, this value is included as part of additions to lease receivables and accrued lease transactions. These additions also include capitalised borrowing costs of TEUR 251.6 (previous year: TEUR 724.2). The capitalisation interest rate was 1.63%–4.60% (previous year: 4.60%–5.90%).

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

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

28. Reconciliation of other non-current assets

	Other financial assets			Other non-current assets			
TEUR	Securities	Loans receivable	Lease receivables and accrued lease transactions	Receivables from derivative transactions	Non-current primary energy reserves	Remaining other non-current assets	Total
Gross value on 30.9.2009	**99,837.6**	**21,981.6**	**450,616.7**	**18,574.1**	**14,390.3**	**12,466.2**	**617,866.4**
Currency translation differences	–2.0	–	–	–	–	–	–2.0
Additions	4,743.9	2,115.9	154,062.3	19,413.6	–	525.5	180,861.2
Disposals	–3,273.7	–1,688.8	–49,242.5	–	–	–1,651.5	–55,856.5
Gross value on 30.9.2010	**101,305.8**	**22,408.6**	**555,436.4**	**37,987.7**	**14,390.3**	**11,340.2**	**742,869.1**
Accumulated amortisation 30.9.2009	**2,561.9**	**–361.6**	**–**	**–**	**–521.1**	**–**	**1,679.1**
Write-ups	238.4	–	–	–	–	–	238.4
Accumulated amortisation 30.9.2010	**2,800.3**	**–361.6**	**–**	**–**	**–521.1**	**–**	**1,917.6**
Net value on 30.9.2009	**102,399.5**	**21,619.9**	**450,616.7**	**18,574.1**	**13,869.2**	**12,466.2**	**619,545.5**
Net value on 30.9.2010	**104,106.2**	**22,047.0**	**555,436.4**	**37,987.7**	**13,869.2**	**11,340.2**	**744,786.7**

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

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

	Remaining time to maturity as at 30.9.2010				Remaining time to maturity as at 30.9.2009			
TEUR	< 1 year	> 1 year	>5 years	Total	< 1 year	> 1 year	> 5 years	Total
Interest components	29,468.8	127,163.6	31,167.6	187,800.0	34,024.0	88,869.9	69,611.0	192,504.8
Principal components	49,342.0	326,926.0	179,168.5	555,436.4	47,214.0	182,126.2	221,276.4	450,616.7
Total	**78,810.7**	**454,089.6**	**210,336.1**	**743,236.5**	**81,238.0**	**270,996.1**	**290,887.4**	**643,121.5**

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

The interest components correspond to the proportionate share of the interest component in the total lease payment, and do not represent discounted amounts. The interest components of lease payments in the 2009/10 financial year were largely reported as interest income on non-current financial assets.

Current assets

29. Inventories

Primary energy reserves are mainly comprised of coal supplies.

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

29. Inventories

TEUR	2009/10	2008/09
Primary energy reserves	70,180.4	61,591.6
Emission certificates	4,192.2	8,590.0
Raw materials, supplies, consumables and other inventories	28,548.4	32,363.7
Customer orders not yet invoiced	32,798.7	34,746.7
Total	**135,719.6**	**137,292.0**

The inventory risk resulting from low inventory turnover was reflected in an increase in valuation adjustment of TEUR 706.1 (previous year: increase in value adjustment of TEUR 15,344.6, which was primarily driven by the market valuation of the coal stockyard). This write-down was contrasted by write-ups amounting to TEUR 2,102.4 (previous year: TEUR 151.8).

Business combinations led to an increase of TEUR 1,273.2 in inventories in the 2008/09 financial year. The inventories were not subject to any limitations on disposal, nor were they subject to other encumbrances.

30. Trade and other receivables

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

The risk of insolvency by dubious customers was accounted for by an allowance of TEUR 135,685.4 (previous year: TEUR 92,151.9). The allowance of receivables primarily concern South East Europe. Generally speaking, write-offs of receivables are only possible there once a court order has been issued. Hence the amount of allowance increases over time due to the relatively long waiting period caused by the high number of pending court cases.

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

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

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

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

The net value of trade and other receivables pledged as collateral for own liabilities totalled TEUR 23,176.8 (previous year: TEUR 23,571.6).

30. Trade and other receivables

TEUR	2009/10	2008/09
Financial assets		
Trade accounts receivable	318,303.7	312,594.9
Receivables from investments in equity accounted investees	85,934.7	157,647.2
Receivables from partners within Energieallianz	12,011.8	13,579.6
Receivables from affiliates	10,710.9	4,817.2
Receivables from employees	8,934.4	10,621.4
Receivables arising from derivative transactions	6,839.9	–
Other receivables and assets	44,280.4	68,900.4
	487,015.9	**568,160.7**
Other receivables		
Tax receivables	19,033.1	11,495.2
	19,033.1	**11,495.2**
Total	**506,048.9**	**579,655.9**

31. Securities

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

31. Composition of securities TEUR	2009/10	2008/09
Funds	219,468.8	78,961.7
Cash funds	211,348.3	65,071.5
Other fund products	8,120.6	13,890.2
Fixed income securities	4,298.3	7,763.1
Shares	11.3	11.4
Total	**223,778.5**	**86,736.1**

In addition to a gain of TEUR 429.8 (previous year: loss of TEUR 1,922.5) on the sale of securities, an impairment of TEUR 4,063.3 (previous year: write-up of TEUR 214.3) was recognised in the reporting period in Group net profit to reflect the decline in stock prices.

Liabilities

Equity

The development of equity in the 2009/10 and 2008/09 financial years is presented on page 49.

32. Share capital

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

33. Share premium and capital reserves

The share premium and capital reserves comprise unchanged restricted capital reserves of TEUR 50,163.6 from capital increases in accordance with Austrian stock corporation law as well as unrestricted capital reserves of TEUR 58,098.3 (previous year: TEUR 58,267.7) in accordance with Austrian stock corporation law.

34. Retained earnings

Retained earnings of TEUR 1,807,973.7 (previous year: TEUR 1,661,375.6) contain the proportional share of the retained earnings attributable to EVN AG and all other consolidated companies from the date of initial consolidation as well as of business combinations achieved in stages. The latter was still shown as a separate item of equity in the previous period.

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

34. Reconciliation of EVN AG's profit for the period	TEUR
Reported profit for the period 2009/10	**71,884.4**
Retained earnings from the 2008/09 financial year	100.4
Distributable profit for the period	**71,984.9**
Proposed dividend[1)]	–71,764.4
Retained earnings for the 2010/11 financial year	220.4

1) Incl. shares from the capital increase in November 2010, which were entitled to dividends in the 2009/10 financial year.

The proposed dividend of EUR 0.40 per share for the 2009/10 financial year, which will be recommended to the Annual General Meeting, is not included under liabilities.

The 81th Annual General Meeting on 21 January 2010 approved the proposal of both the Executive Board and the Supervisory Board to pay a dividend of TEUR 60,306.7 or EUR 0.37 per share to the shareholders of EVN AG for the 2008/09 financial year. The dividend payment to shareholders was made on 29 January 2010.

35. Valuation reserve according to IAS 39

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

35. Valuation reserve according to IAS 39

TEUR	2009/10 Before tax	Tax	After tax	2008/09 Before tax	Tax	After tax
Results recognised directly in equity from						
Fair value of other investments	666,380.9	–166,594.1	499,786.8	997,294.6	–249,322.9	747,971.8
Cash flow hedges	–3,669.5	962.6	–2,706.9	–9,496.3	2,442.3	–7,054.0
Investments in equity accounted investees	–23,269.5	–	–23,269.5	–15,496.0	–	–15,496.0
Total	**639,441.9**	**–165,631.6**	**473,810.4**	**972,302.3**	**–246,880.6**	**725,421.7**

36. Treasury shares

The acquisition of the treasury shares held as at the balance sheet date, in the amount of 467,328 shares (0.29% of share capital; 30 September 2009: 534,864 shares, or 0.33% of share capital) at a total purchase price of TEUR 7,022.9 and a market value of TEUR 5,350.9 as at the balance sheet date (30 September 2009: purchase price TEUR 8,037.8 and market value TEUR 7,316.9) was carried out entirely under the authority of the share buyback programme authorised by the 79th Annual General Meeting of EVN AG on 17 January 2008. This programme was terminated prematurely because a new share buyback programme was approved by the 80th Annual General Meeting of EVN AG on 15 January 2009. The new authorisation has not been exercised to date. In the financial year 2009/10 a total of 67,536 treasury shares were sold so that they could be issued in lieu of a special payment called for under a company agreement.

The number of outstanding shares thus developed as follows:

36. Reconciliation of the number of outstanding shares

	Zero par value shares	Treasury shares	Outstanding shares
30.9.2008	**163,525,820**	**–278,035**	**163,247,785**
Repurchase of treasury shares	–	–256,829	–256,829
30.9.2009	**163,525,820**	**–534,864**	**162,990,956**
Disposal of treasury shares	–	67,536	67,536
30.9.2010	**163,525,820**	**–467,328**	**163,058,492**

The weighted average number of outstanding shares, which is used as the basis for calculating the earnings per share, amounts to 163,001,346 shares (previous year: 163,010,712 shares).

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

37. Non-controlling interests

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

Non-current liabilities

38. Non-current loans and borrowings

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

38. Breakdown of non-current loans and borrowings

	Nominal interest rate (%)	Term	Nominal amount	Carrying amount 30.9.2010 (TEUR)	Carrying amount 30.9.2009 (TEUR)	Fair value 30.9.2010 (TEUR)
Bonds	–	–	–	835,316.0	779,656.7	902,470.1
JPY bond	5.200	1994–2014	JPY 8.0bn	73,273.4	61,182.7	81,062.6
EUR bond	5.250	2001–2011	EUR 262.9m	266,362.9	267,299.8	272,102.3
CHF bond	3.625	2009–2014	CHF 250.0m	187,961.5	165,575.8	200,195.7
EUR bond	5.000	2009–2016	EUR 28.5m	28,267.0	28,222.6	30,264.2
EUR bond	5.250	2009–2017	EUR 150.0m	148,353.1	148,099.7	167,430.0
EUR bond	5.250	2009–2019	EUR 30.0m	29,368.9	29,292.4	34,029.0
JPY bond	3.130	2009–2024	JPY 12.0bn	101,729.2	79,983.6	117,386.3
Bank loans	1.00–8.77	up to 2031	–	891,106.0	922,826.9	891,106.0
Total	**–**	**–**	**–**	**1,726,422.0**	**1,702,483.6**	**1,793,576.1**

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

38. Maturity of non-current loans and borrowings

	Remaining time to maturity as at 30.9.2010				Remaining time to maturity as at 30.9.2009			
TEUR	< 1 year	> 1 year	> 5 years	Total	< 1 year	> 1 year	> 5 years	Total
Bonds	–	527,597.8	307,718.2	835,316.0	–	494,058.3	285,598.3	779,656.7
Thereof fixed interest	–	246,584.6	205,989.0	452,573.6	–	224,405.1	205,614.7	430,019.9
Thereof variable interest	–	281,013.2	101,729.2	382,742.4	–	269,653.2	79,983.6	349,636.8
Bank loans	75,558.8	419,151.0	396,396.2	891,106.0	100,824.2	579,508.4	242,494.3	922,826.9
Thereof fixed interest	57,375.4	288,405.1	262,217.6	607,998.1	57,983.8	329,440.4	108,842.9	496,267.1
Thereof variable interest	18,183.4	130,745.9	134,178.6	283,107.9	42,840.4	250,068.0	133,651.4	426,559.8
Total	**75,558.8**	**946,748.8**	**704,114.4**	**1,726,422.0**	**100,824.2**	**1,073,566.7**	**528,092.6**	**1,702,483.6**

Bonds
All bonds have a final maturity. As in the previous year, no bonds were repurchased in the financial year elapsed.

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

Measurement is at amortised cost. Liabilities in foreign currencies were translated at the exchange rate in effect on the balance sheet date. In accordance with IAS 39, hedged liabilities were adjusted to reflect the corresponding change in the fair value of the hedged risk in cases where hedge accounting was applied. The resulting change in bonds amounting to TEUR –54,627.9 (previous year: TEUR –7,080.0) was largely offset by a corresponding development in the fair values of the swaps of TEUR 56,634.9 (previous year: TEUR 6,720.0).

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

Bank loans
The loans consist of borrowings from banks, which are subsidised in part by interest and redemption grants from the Austrian Environment and Water Industry Fund. The non-recourse liabilities incurred by project companies against EVN AG were TEUR 312,112.9 as at 30 September 2010 (previous year: TEUR 283,375.6).

EVN signed a syndicated revolving credit facility of EUR 600.0m through EVN Finance B.V. on 12 September 2006, which has a term to maturity of seven years (2006–2013). This credit line was available to EVN in full as at the balance sheet date, as in the previous year.

Deferred interest expenses are included under other current liabilities.

39. Deferred tax liabilities

39. Deferred taxes TEUR	2009/10	2008/09
Deferred tax assets		
Employee-related provisions	–26,107.5	–25,280.0
Tax loss carryforwards	–9,022.3	–7,857.2
Other deferred tax assets	–13,613.1	–5,894.4
Deferred tax liabilities		
Non-current assets	83,238.7	79,214.7
Financial instruments	178,038.0	256,103.9
Other deferred tax liabilities	8,064.0	9,615.4
Total	**220,597.6**	**305,902.5**
Thereof deferred tax assets	–6,473.2	–1,198.9
Thereof deferred tax liabilities	227,070.8	307,101.4

The deferred taxes developed as follows:

39. Changes in deferred taxes TEUR	2009/10	2008/09
Deferred taxes on 1 October 2009	**305,902.5**	**419,110.5**
– Changes in the scope of consolidation/Changes through business combinations	–4.5	–1,003.6
– Changes in deferred taxes recognised through profit and loss	–4,048.1	–23,937.9
– Changes in deferred taxes recognised directly in equity	–81,249.0	–88,266.5
Deferred taxes on 30 September 2010	**220,597.6**	**305,902.5**

Deferred tax assets totalling TEUR 3,743.3 (previous year: TEUR 3,921.3) on loss carryfowards that are not expected to be reversed within a foreseeable period were not recognised.

40. Non-current provisions

40. Non-current provisions TEUR	2009/10	2008/09
Provisions for pensions	216,990.2	218,444.6
Provisions for obligations similar to pensions	18,362.8	16,657.1
Provisions for severance payments	75,587.3	73,975.0
Other non-current provisions	139,033.3	135,711.0
Total	**449,973.5**	**444,787.7**

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

- Interest rate of 4.75% p.a. (previous year: 5.50% p.a.)
- Remuneration increases of 2.50% p.a. and of 3.00% p.a. in subsequent years (previous year: remuneration increases of 2.50% p.a., and of 3.00% p.a. in subsequent years)
- Pension increases of 2.50% p.a. and of 3.00% p.a. in subsequent years (previous year: pension increases of 2.50% p.a., and of 3.00% p.a. in subsequent years)
- Austrian pension tables ("Rechnungsgrundlagen AVÖ 2008-P – Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler") used pursuant to the previous year

40. Reconciliation of provisions for pensions and obligations similar to pensions	TEUR	2009/10	2008/09
Present value of pension obligations (DBO) on 1 October		**238,985.9**	**252,450.7**
+ Service costs		1,518.7	1,965.9
+ Interest paid		13,222.3	14,527.8
– Pension payments		–17,584.0	–17,579.7
+/– Actuarial loss/gain		17,567.7	–12,378.9
Present value of pension obligations (DBO) on 30 September		**253,710.6**	**238,985.9**
Provisions for pensions and obligations similar to pensions on 30 September		**235,353.0**	**235,101.7**
– Deficit of provisions compared to the DBO value on 30 September	%	–7.2	–1.6

40. Reconciliation of the provision for severance payments	TEUR	2009/10	2008/09
Present value of severance payment obligations (DBO) on 1 October		**69,674.9**	**76,049.0**
– Currency translation differences		–15.3	–0.3
+ Changes in the scope of consolidation/Changes through business combinations		–	413.9
+ Service costs		4,274.9	3,279.5
+ Interest paid		3,900.2	4,452.3
– Severance payments		–7,651.9	–5,777.3
+/– Actuarial loss/gain		4,659.6	–8,742.2
Present value of severance payment obligations (DBO) on 30 September		**74,842.4**	**69,674.9**
Provisions for severance payments on 30 September		**75,587.3**	**73,975.0**
+ Excess of provisions compared to the DBO value on 30 September	%	1.0	6.2

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

40. Reconciliation of other non-current provisions

TEUR	Service anniversary bonuses	Cooperation agreements	Rents for network access	Legal risks	Environmental, waste and other obligatory risks	Other non-current provisions	Total
Carrying amount on 1.10.2009	**17,007.5**	**40,080.0**	**21,344.7**	**11,015.1**	**43,162.3**	**3,101.4**	**135,711.0**
Currency translation differences	–10.0	–	–	–28.0	–	–	–38.1
Interest paid	925.8	2,410.0	823.2	139.1	1,899.7	–	6,197.9
Use	–1,413.0	–2,740.0	–4,241.0	–8,326.8	–	–2,976.0	–19,696.8
Additions	1,893.9	–	–	5,489.2	3,363.0	3,465.4	14,211.5
Transfers	–	–	–	–	–	2,647.8	2,647.8
Carrying amount on 30.9.2010	**18,404.2**	**39,750.0**	**17,927.0**	**8,288.5**	**48,425.0**	**6,238.5**	**139,033.3**

41. Deferred income from network subsidies

The item “Deferred income from network subsidies” developed as follows:

41. Deferred income from network subsidies TEUR	Construction subsidies	Investment subsidies	Total
Carrying amount on 1.10.2009	**336,774.5**	**42,296.2**	**379,070.7**
Currency translation differences	–136.7	–	–136.7
Additions	49,164.7	1,874.4	51,039.1
Reversal	–29,243.2	–2,811.2	–32,054.4
Carrying amount on 30.9.2010	**356,559.3**	**41,351.9**	**397,911.1**

Of the total subsidies, TEUR 365,856.7 (previous year: TEUR 346,942.1) will not be recognised as income within one year.

42. Other non-current liabilities

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

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

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

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

42. Other non-current liabilities TEUR	2009/10	2008/09
Leases	34,782.4	34,935.0
Accruals of financial instruments	4,966.8	9,752.4
Liabilities from derivative transactions	10,429.4	28,690.0
Remaining other non-current liabilities	12,894.9	16,837.9
Total	**63,073.6**	**90,215.3**

42. Term to maturity of other non-current liabilities

	Remaining time to maturity as at 30.9.2010			Remaining time to maturity as at 30.9.2009		
TEUR	< 5 years	> 5 years	Total	< 5 years	> 5 years	Total
Leases	12,335.7	22,446.8	34,782.4	12,072.9	22,862.1	34,935.0
Accruals of financial instruments	3,430.8	1,536.1	4,966.8	3,637.0	6,115.4	9,752.4
Liabilities from derivative transactions	4,752.2	5,677.2	10,429.4	12,389.9	16,300.2	28,690.0
Remaining other non-current liabilities	9,757.2	3,137.7	12,894.9	2,796.8	14,041.1	16,837.9
Total	**30,275.9**	**32,797.7**	**63,073.6**	**30,896.6**	**59,318.7**	**90,215.3**

Current liabilities

43. Current loans and borrowings

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

43. Current loans and borrowings TEUR	2009/10	2008/09
Loan at Oesterreichische Kontrollbank AG[1)]	170,800.0	–
Bank overdrafts and other current loans	34,447.1	16,992.1
Total	**205,247.1**	**16,992.1**

1) Scheduled redemption on 28 February 2011

44. Taxes payable

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

44. Taxes payable TEUR	2009/10	2008/09
Energy tax	24,395.7	23,294.5
Value added tax	23,629.9	23,911.7
Corporate income tax	9,575.1	4,461.3
Other taxes and duties	5,448.9	7,025.3
Total	**63,049.6**	**58,692.8**

45. Trade payables

Trade payables include obligations resulting from outstanding invoices amounting to TEUR 124,181.9 (previous year: TEUR 136,620.8).

46. Current provisions

The provisions for personnel entitlements comprise 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 provisions for legally binding agreements on the balance sheet date are TEUR 1,949.0 (previous year: TEUR 1,505.7).

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

46. Reconciliation of current provisions

TEUR	Personnel entitlements	Impending losses	Emission certificates	Restructuring	Other current provisions	Total
Carrying amount on 1.10.2009	**59,902.0**	**14,229.8**	**668.7**	**–**	**8,822.4**	**83,623.0**
Currency translation differences	–14.9	–	–	–7.1	–6.0	–20.9
Use	–6,589.2	–3,304.3	–668.7	–	–10,189.2	–20,751.5
Additions	6,042.5	36,341.3	–	1,995.6	16,260.9	60,640.3
Transfers	–727.1	–	–	–	–1,920.7	–2,647.8
Carrying amount on 30.9.2010	**58,416.3**	**47,266.9**	**–**	**1,995.6**	**12,967.3**	**120,646.0**

47. Other current liabilities

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

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

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

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

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

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

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

47. Other current liabilities TEUR	2009/10	2008/09
Financial liabilities		
Liabilities to investments in equity accounted investees	16,825.2	19,239.9
Liabilities to affiliates	16,777.3	21,388.1
Liabilities to partner within Energieallianz	15,073.5	35,829.8
Deferred interest expenses	9,024.5	8,403.5
Liabilities arising from derivative transactions	516.2	14,215.6
Other financial liabilities	29,381.6	32,462.4
	87,598.4	**131,539.3**
Other liabilities		
Prepayments received	14,371.8	11,620.9
Liabilities relating to social security	11,238.7	13,312.3
	25,610.5	**24,933.2**
Total	**113,208.9**	**156,472.5**

Notes to the Consolidated Statements of Operations

48. Revenue

The revenues of the individual business segments[1] developed as follows:

48. Revenue TEUR	2009/10	2008/09
Revenue Generation	25,645.1	30,089.6
Revenue Network Infrastructure Austria	428,879.6	404,826.2
Revenue Energy Trade and Supply	1,139,304.4	1,147,089.4
Revenue Energy Supply South East Europe	862,245.6	877,327.1
Revenue Environmental Services	268,697.4	236,053.5
Revenue Strategic Investments and Other Business	27,355.7	31,632.1
Total	**2,752,127.7**	**2,727,017.9**

1) According to the new segmentation as of the first quarter of 2009/10, see note 24. Segment reporting

Revenue included income of TEUR 78,367.7 (previous year: TEUR 54,554.5) from contractual work on international projects in connection with BOOT models (see note 28. Other non-current assets).

49. Other operating income

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

49. Other operating income TEUR	2009/10	2008/09
Change in work in progress	–2,024.0	4,935.7
Income from the reversal of deferred income from network subsidies	32,054.4	32,128.6
Own work capitalized	15,978.6	16,620.4
Interest on late payments	5,614.9	4,556.6
Insurance compensation	4,854.7	7,728.3
Rental income	2,409.9	2,315.7
Income from the reversal of provisions	883.7	803.7
Income from the disposal of intangible assets and property, plant and equipment	519.5	3,103.5
Miscellaneous operating income	9,420.1	11,074.5
Total	**69,711.9**	**83,266.8**

50. Cost of materials and services

The cost of "electricity purchases from third parties and primary energy" mainly comprises gas and electricity procurement costs as well as the costs of TEUR 1,027.4 (previous year: TEUR 5,035.9) for the purchase of additional certificates during the reporting period due to the insufficient allocation of free emission certificates.

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

50. Cost of materials and services TEUR	2009/10	2008/09
Electricity purchases from third parties and primary energy expenses	1,600,020.1	1,653,163.8
Third-party services and other materials and services	314,451.6	297,529.1
Total	**1,914,471.8**	**1,950,692.9**

51. Personnel expenses

Personnel expenses include payments of TEUR 5,103,2 (previous year: TEUR 8,131.0) to EVN-Pensionskasse as well as contributions of TEUR 332.4 (previous year: TEUR 275.9) to EVN pension funds.

51. Personnel expenses TEUR	2009/10	2008/09
Salaries and wages	235,420.3	224,170.7
Severance payments	13,545.8	12,465.7
Pension costs	21,842.0	23,529.3
Compulsory social security contributions and payroll-related taxes	48,656.2	48,056.2
Other employee-related expenses	9,767.4	11,223.2
Total	**329,231.8**	**319,445.0**

The average number of employees was as follows:

51. Employees by business unit Annual average	2009/10	2008/09
Generation	147	108
Network Infrastructure Austria	1,321	1,435
Energy Trade and Supply	259	243
Energy Supply South East Europe	5,630	6,036
Environmental Services	524	496
Strategic Investments and Other Business	656	619
Total	**8,536**	**8,937**

The average number of employees comprised 8,208 white-collar workers and 328 blue-collar workers (previous year: 8,601 white-collar workers and 336 blue-collar workers).

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

52. Depreciation and amortisation

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

52. Depreciation and amortisation by items of the consolidated statements of financial position TEUR	2009/10	2008/09
Amortisation of intangible assets	12,493.9	11,705.4
Depreciation of property, plant and equipment	216,819.1	186,474.6
Total	**229,313.0**	**198,180.0**

52. Depreciation and amortisation TEUR	2009/10	2008/09
Scheduled depreciation and amortisation	217,120.8	198,180.0
Impairment losses[1]	12,192.2	–
Total	**229,313.0**	**198,180.0**

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

53. Other operating expenses

53. Other operating expenses TEUR	2009/10	2008/09
Write-off of receivables	44,160.3	32,148.1
Legal and consulting fees, expenses related to risks of legal proceedings	17,999.1	29,198.1
Business operation taxes and duties	14,753.5	15,947.6
Advertising expenses	11,283.5	12,232.2
Telecommunications and postage	11,244.3	11,694.5
Insurance	9,713.9	10,155.7
Transportation and travelling expenses, automobile expenses	9,049.7	7,946.9
Maintenance	4,591.2	4,318.6
Employee training	2,681.5	2,916.2
Rents	1,869.6	9,914.9
Miscellaneous other operating expenses	34,187.8	30,292.8
Total	**161,534.4**	**166,765.7**

The item "Legal and consulting fees, expenses related to risk of legal proceedings" also contains changes in the provision for legal proceedings, the item "rents" changes in the provision for rents for network access.

"Miscellaneous operating expenses" are comprised of expenses for environmental protection, fees for monetary transactions, licensing and membership fees as well as administrative and office expenses.

54. Financial results

54. Financial results TEUR	2009/10	2008/09
Income from investments		
RAG[1]	44,271.2	32,177.6
EconGas	9,261.7	9,470.4
ZOV; ZOV UIP	11,651.2	8,135.0
BEWAG; BEGAS[2]	–3,081.7	–3,401.6
Other companies	–477.2	276.2
Income from investments in equity accounted investees	**61,625.1**	**46,657.6**
Dividend payments	55,901.5	47,335.8
Thereof VERBUND AG	50,139.0	42,116.8
Thereof other companies	5,762.5	5,219.1
Write-down	–816.9	–
Miscellaneous	–367.6	33.1
Gain from other investments	**54,717.0**	**47,368.9**
Total income from investments	**116,342.1**	**94,026.5**
Interest results		
Interest income on non-current financial assets	33,582.5	39,155.4
Other interest income	3,904.8	8,285.2
Total interest income	**37,487.3**	**47,440.6**
Interest expense on non-current financial assets	–64,286.0	–77,412.0
Other interest expense	–5,122.3	–8,498.1
Total interest expense	**–69,408.2**	**–85,910.1**
Total interest results	**–31,920.9**	**–38,469.5**
Other financial results		
Results of valuation gains/losses and disposals of current financial assets ("HFT")	3,608.8	–563.2
Results of valuation gains/losses and disposals of non-current securities ("@FVTPL")	–3,633.5	–1,708.2
Other financial results	–816.5	–2,473.4
Total other financial results	**–841.2**	**–4,744.8**
Financial results	**83,580.0**	**50,812.2**

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

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

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

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

55. Income tax expense

55. Income tax expense TEUR	2009/10	2008/09
Continuous income tax expense	46,197.0	51,941.8
Thereof Austrian companies	32,455.8	45,676.2
Thereof foreign companies	13,741.2	6,265.6
Deferred tax revenue	–4,048.1	–23,937.9
Thereof Austrian companies	2,521.3	–23,787.2
Thereof foreign companies	–6,569.4	–150.7
Total	**42,148.9**	**28,003.9**

The reasons for the difference between the Austrian corporate income tax rate of 25.0% that applied in 2010 (previous year: 25.0%) and the recorded effective corporate income tax rate for the 2009/10 financial year in accordance with the consolidated statements of operations were as follows:

55. Calculation of the effective tax rate	2009/10 %	TEUR	2008/09 %	TEUR
Profit before income tax	**–**	**270,868.5**	**–**	**226,013.4**
Income tax rate/income tax expense at nominal tax rate	**25.0**	**67,717.1**	**25.0**	**56,503.3**
+/– Different corporate income tax rates in other countries	0.6	1,640.3	–0.2	–468.9
+ Changes in taxation	–	–	–	39.2
– Tax-free income from investments	–13.3	–36,056.5	–13.9	–31,309.1
+ Revaluation of deferred taxes	1.4	3,697.1	0.2	506.9
– Write-offs according to tax law	–0.6	–1,605.0	–	–
+ Non-deductible expenses	1.8	4,997.7	1.3	2,899.7
+/– Aperiodic tax reductions/increases	0.8	2,212.4	–0.6	–1,424.1
–/+ Other items	–0.2	–454.2	0.6	1,256.9
Effective tax rate/effective income tax expense	**15.6**	**42,148.9**	**12.4**	**28,003.9**

The effective tax rate of EVN for the 2009/10 financial year in relation to the profit before income tax amounted to 15.6% (previous year: 12.4%). The effective tax rate represents the weighted average of the effective local corporate tax rates of all consolidated subsidiaries.

56. Earnings per share

Earnings per share were calculated by dividing Group net profit (= proportional share of profit attributable to EVN AG shareholders) by the weighted average number of ordinary shares outstanding, i.e. 163,001,364 (previous year: 163,010,712). This figure may be diluted by so-called potential shares arising from options or convertible bonds. However, since EVN did not have such potential shares, there was no difference between basic earnings per share and diluted earnings per share.

Group net profit amounted to TEUR 206,952.1 for the 2009/10 financial year (previous year: TEUR 177,943.6). Calculated on this basis, earnings per share totalled EUR 1.27 (previous year: EUR 1.09).

Other information

57. Consolidated statements of cash flows

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

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

Income tax payments of TEUR 35,456.4 (previous year: TEUR 35,305.5) were reported separately under net cash flow from operating activities.

Dividends received, as well as interest received and interest paid, were allocated to gross cash flow. Cash flows from dividend payments received for the 2009/10 financial year totalled TEUR 110,545.1 (previous year: TEUR 141,241.7). Interest received amounted to TEUR 35,203.7 (previous year: TEUR 42,936.1), whereas interest paid totalled TEUR 51,160.7 (previous year: TEUR 63,534.6).

The effects of business combinations in the 2008/09 financial year were eliminated and reported under "Acquisition of subsidiaries, net of cash acquired" as part of the net cash flow from investing activities.

Proceeds from the disposal of intangible assets and property, plant and equipment amounted to TEUR 2,927.6 (previous year: TEUR 8,630.2). These proceeds resulted in a profit of TEUR 519.5 (previous year: profit of TEUR 3,103.5).

Dividend payments of TEUR 60,306.7 (previous year: TEUR 60,306.6) to EVN AG shareholders and of TEUR 22,534.6 (previous year: TEUR 34,992.6) to non-controlling interests (those of RBG and BUHO) were reported under the net cash flow from financing activities.

The cash and cash equivalents received from business combinations amounted to TEUR 0.0 (previous year: TEUR 1,187.6).

The share of cash and cash items held by companies included through proportionate consolidation amounted to TEUR 8,242.3 (previous year: TEUR 27,688.3).

57. Cash and cash items TEUR	2009/10	2008/09
Cash	123,511.9	130,479.8
Cash on hand	508.5	380.4
Cash at banks	123,003.4	130,099.4
Bank overdrafts	–34,447.1	–16,891.5
Total	**89,064.8**	**113,588.3**

58. Risk management

Interest rate risk

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

Interest rate risk is monitored by EVN by way of a daily value at risk (VaR) calculation in which VaR is calculated with a 99.0% confidence level for a holding period of one day. For this purpose, EVN itself calculates a variance-covariance matrix daily, using the JP Morgan's RiskMetrics industry standard and applying the delta-gamma approach. At the balance sheet date, the interest rate VaR, taking the employed hedging instruments into account, was EUR 1.8m (previous year: EUR 3.0m).

Foreign exchange risk

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

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

The foreign exchange VaR as at the balance sheet date, taking the hedging instruments into account, was EUR 1.7m (previous year: EUR 1.9m).

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

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

58. Price hedging in the Energy business

	2009/10					2008/09				
	Nominal volumes		Fair values			Nominal volumes		Fair values		
TEUR	Purchases	Disposals	Positive	Negative	Net	Purchases	Disposals	Positive	Negative	Net
Futures	97,065.7	–108,168.2	5,351.1	–11,883.8	–6,532.7	158,762.6	–90,920.8	12,980.9	–26,454.5	–13,473.6
Forwards	238,013.8	–208,340.5	18,700.0	–17,215.5	1,484.5	252,560.4	–242,186.9	53,324.8	–54,592.8	–1,268.1

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

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

The price risk for securities results from fluctuations in the capital markets. The most significant securities positions held by EVN are its holdings of shares in VERBUND AG. The price risk VaR for the VERBUND AG shares held by EVN as at the balance sheet date was EUR 35.3m (previous year: EUR 109.0m).

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

As at the balance sheet date, cash and short-term securities in the amount of EUR 223.8m were available to cover liquidity needs (previous year: EUR 86.7m). In addition, at the balance sheet date EVN had access to a contractually agreed, unused syndicated credit facility amounting to EUR 600.0m (previous year: EUR 600.0m unused). Therefore the liquidity risk was extremely low. The gearing ratio as at the balance sheet date was 48.2% (previous year: 44.1%), demonstrating EVN's sound capital structure.

The nominal value of derivative financial liabilities in the financial year 2009/10 amounted to EUR 886.0m. The total of EUR 49.7m in cash flows from interest breaks down into EUR 4.4m with a term of one year or less, EUR 29.1m with a term of one to five years, and EUR 16.2m with a term of more than five years.

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

2009/10 financial year	TEUR	Carrying value	Total payment flows	Contractually stipulated payment flows < 1 year	1–5 years	> 5 years
Bonds		835,316.0	1,021,297.2	34,101.0	606,715.8	380,480.4
Non-current bank loans		891,106.0	1,128,726.2	123,912.9	509,111.0	495,702.3
Total		**1,726,422.0**	**2,150,023.4**	**158,013.9**	**1,115,826.8**	**876,182.7**

2008/09 financial year	TEUR	Carrying value	Total payment flows	Contractually stipulated payment flows < 1 year	1–5 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 or default risks arise from the potential non-satisfaction or deficient satisfaction of financial obligations by a business partner. To limit default risk, the company carries out credit assessments of its counterparties. External ratings (including Standard & Poor's, Moody's, and KSV 1870) of the counterparties are used for this purpose, and the business volume is limited in accordance with the rating and the probability of default. Sufficient collateral is required before a transaction is entered into if the partner's credit rating is inadequate.

The credit risk from EVN's operating business comprises the risk of default on the part of customers and contracting partners in derivatives entered into to hedge risk in connection with the operating business. The default risk for customers is monitored separately at EVN, and customer creditworthiness is supported primarily by ratings and values derived from experience. EVN allows for credit risks by recognising specific bad debt allowances and general bad debt allowances. To reduce credit risk, hedging transactions are entered into only with major-name banks with good credit ratings.

EVN likewise ensures that funds are deposited at banks with the best possible creditworthiness based on international ratings.

58. Impairment losses by class

Write-offs/Value adjustments	TEUR	30.9.2010	30.9.2009
Non-current assets			
Other investments		816.9	–
Securities		–	114.8
		816.9	**114.8**
Current assets			
Receivables		44,160.3	32,148.1
Securities		4,063.3	268.9
		48,223.6	**32,417.0**
Total impairment losses		**49,040.5**	**32,531.8**

The Group's maximum default risk for the items of the consolidated statements of financial position as at 30 September 2010 and 30 September 2009 are the same as the carrying amounts set forth in notes 28. Other non-current assets, 30. Receivables and other current assets and 31. Securities, excluding financial guarantees.

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

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

59. Reporting of financial instruments

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

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

59. Information on classes and categories of financial instruments

Classes	TEUR	Measurement category	Fair value hierarchy (according to IFRS 7.27 A)	30.9.2010 Carrying value	30.9.2010 Fair value	30.9.2009 Carrying value	30.9.2009 Fair value
Non-current assets							
Other investments							
Investments in affiliates		AFS	Level 2	7,492.1	7,492.1	9,153.1	9,153.1
Miscellaneous investments		AFS	Level 1	1,070,258.2	1,070,258.2	1,400,543.4	1,400,543.4
				1,077,750.3	**1,077,750.3**	**1,409,696.6**	**1,409,696.6**
Other non-current assets							
Securities		@FVTPL	Level 1	104,106.2	104,106.2	102,399.5	102,399.5
Loans receivable		LAR		22,047.0	22,047.0	21,619.9	21,619.9
Lease receivables and accrued lease transactions		LAR		555,436.4	555,436.4	450,616.7	450,616.7
Receivables arising from derivative transactions		Hedge Accounting	Level 1	37,987.7	37,987.7	18,574.1	18,574.1
Non-financial assets		–		25,209.4	–	26,335.4	–
				744,786.7	**719,577.3**	**619,545.5**	**593,210.1**
Current assets							
Current receivables and other current assets							
Trade and other receivables		LAR		480,175.9	480,175.9	568,160.7	568,160.7
Receivables arising from derivative transactions		Hedge Accounting	Level 1	6,839.9	6,839.9	–	–
Non-financial assets		–		19,033.1	–	11,495.2	–
				506,048.9	**487,015.9**	**579,655.9**	**568,160.7**
Securities		HFT		**223,778.5**	**223,778.5**	**86,736.1**	**86,736.1**
Cash and cash equivalents							
Cash on hand and cash at banks		LAR		123,511.9	123,511.9	130,479.8	130,479.8
				123,511.9	**123,511.9**	**130,479.8**	**130,479.8**
Non-current liabilities							
Non-current loans and borrowings							
Bonds		FLAC		835,316.0	902,470.1	779,656.7	826,867.7
Bank loans		FLAC		891,106.0	891,106.0	922,826.9	922,826.9
				1,726,422.0	**1,793,576.1**	**1,702,483.6**	**1,749,694.6**
Other non-current liabilities							
Leases		FLAC		34,782.4	34,782.4	34,935.0	34,935.0
Accruals of financial transactions		FLAC		4,966.8	4,966.8	9,752.4	9,752.4
Other liabilities		FLAC		12,894.9	12,894.9	16,837.9	16,837.9
Liabilities arising from derivative transactions		Hedge Accounting	Level 1	10,429.4	10,429.4	28,690.0	28,690.0
				63,073.6	**63,073.6**	**90,215.3**	**90,215.3**
Current liabilities							
Current loans and borrowings		FLAC		**205,247.1**	**205,247.1**	**16,992.1**	**16,992.1**
Trade payables		FLAC		**339,338.6**	**339,338.6**	**328,743.9**	**328,743.9**
Other current liabilities							
Other financial liabilities		FLAC		87,082.2	87,082.2	117,323.7	117,323.7
Liabilities arising from derivative transactions		Hedge Accounting	Level 1	516.2	516.2	14,215.6	14,215.6
Non-financial liabilities		–		25,610.5	–	24,933.2	–
				113,208.9	**87,598.4**	**156,472.5**	**131,539.3**
Aggregated to measurement categories							
Available for sale financial assets		AFS		1,077,750.3		1,409,696.6	
Loans and receivables		LAR		1,181,171.2		1,170,877.0	
Financial assets designated at fair value through profit or loss		@FVTPL		104,106.2		102,399.5	
Financial assets held for trading		HFT		223,778.5		86,736.1	
Financial liabilities at amortised cost		FLAC		2,410,734.1		2,227,068.6	

Derivative financial instruments

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

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

Derivative financial instruments are comprised of the following:

59. Derivative financial instruments	**30.9.2010** Nominal value[1]	Fair value[2]	30.9.2009 Nominal value[1]	Fair value[2]
Currency swaps				
CHFm (under 5 years[3]	250.0	18.7	250.0	–4.9
JPYm (under 5 years)[3]	8,000.0	7.7	8,000.0	–4.3
JPYm (over 5 years)[3]	12,000.0	6.1	12,000.0	–15.4
USDm (under 5 years)[3]	10.0	0.2	10.0	0.8
USDm (over 5 years)[3]	3.0	0.2	3.0	0.4
Interest rate swaps				
EURm (under 1 year)[3]	240.0	5.0	–	–
EURm (under 5 years)[3]	237.5	3.4	482.1	14.7
EURm (over 5 years)[3]	169.9	–8.9	34.9	–1.4
Energy swaps				
Purchases (gas, coal, oil)[3]	101.0	1.3	134.2	–14.2
Caps				
EURm (under 5 years)	105.0	0.1	105.0	0.1

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

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

60. Significant events after the balance sheet date

With effect as from 15 October 2010, a capital increase was carried out at the Albanian subsidiary Energji Ashta SHPK, Tirana, Albania. EVN's 50.0% interest in this capital increase amounted to EUR 16.0m.

On 22 October 2010, EVN acquired the remaining 30.0% of EVN ENERTRAG Kavarna OOD, for a purchase price of TEUR 900.0. The company will be included as a fully consolidated entity in the consolidated financial statements of EVN, and has been renamed EVN Kavarna EOOD.

On 27 October 2010 the Executive Board of EVN AG resolved to increase the capital from authorised capital, with the approval of the Supervisory Board, by issuing 16,352,582 new no-par bearer shares with subscription rights at a ratio of 10:1. The share capital rose from EUR 300.0m by 10.0% to EUR 330.0m through the capital increase. The subscription price per share was fixed at EUR 11.0 per share. The subscription period for the shareholders of EVN AG ran from 29 October 2010 to 12 November 2010 inclusive. EVN's net proceeds from the capital increase were about EUR 173.0m; it will use these funds to enhance its balance sheet and support the ratings of the EVN Group, as well as for investments in renewables projects in Lower Austria and the expansion of hydropower both in areas of Austria other than Lower Austria and in neighbouring countries. The new shares were traded on the Vienna Stock Exchange for the first time on 2 November 2010. The majority shareholder, NÖ Landes-Beteiligungsholding GmbH, exercised its subscription rights in full such that its equity interest in the share capital of EVN AG remains 51.0% even after the capital increase. A total of 9,597,864 shares or 58.7% of the entire capital increase by 16,352,582 new shares were subscribed by shareholders entitled to do so, including the majority shareholder, NÖ Landes-Beteiligungsholding GmbH. A total of 129,875 new shares will be allocated to eligible employees, and 6,624,843 or 40.5% of all newly issued shares were thus placed with institutional investors at the time of pre-placement.

Except for this, there were no significant events requiring disclosure between the balance sheet date of 30 September 2010 and the publication of these consolidated financial statements on 16 December 2010.

61. Other obligations and risks

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

61. Other obligations and risks TEUR	2009/10	2008/09
Guarantees for subsidiaries in connection with		
energy transactions	78,482.5	52,448.3
construction projects in the Environmental Services segment	214,622.2	209,428.0
Guarantees related to the operation and construction of		
energy networks	6,758.6	–
power plants	422,935.5	302,120.3
Order obligations for investments in intangible assets and property, plant and equipment	230,099.6	220,905.1
Further obligations arising from guarantees or other contractual contingent liabilities	7,666.8	8,818.7
Total	**960,565.2**	**793,720.4**

Neither provisions nor liabilities have been recognised for the above-mentioned obligations, due to the fact it was not anticipated at the time these consolidated financial statements were prepared that these claims would actually be filed or that risks would actually materialise. The above-mentioned obligations were contrasted by corresponding recourse claims amounting to TEUR 49.084.3 (previous year: TEUR 38,337.2).

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

Beginning with the 2008/09 financial year, contingent liabilities resulting from the guarantees issued for the performance of energy transactions by e&t were no longer recognised at their nominal volume, but in the amount of the actual risk to EVN AG. This risk is measured by the changes between the agreed price and the current market price; a risk arises in procurement transactions only if market prices decrease, and in sale transactions only if market prices increase. Accordingly, the risk may change equivalently because of changes in market prices after the balance sheet date. This risk assessment yielded a contingent liability of TEUR 15,908.3 as at 30 September 2010. The nominal volume of the guarantees on which this assessment is based was TEUR 379,500.0. As at 31 October 2010, the market price risk was TEUR 30,650.2 on an underlying nominal volume of TEUR 387,500.0.

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

62. Information on transactions with related parties

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

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

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

A list of the Group companies can be found starting on page 95 under "EVN's Investments". EVN AG is integrated into the consolidated financial statements of EnBW Energie Baden-Württemberg AG, Karlsruhe, Germany, as an investment in equity accounted investee.

Transactions with related companies:
Main shareholder
A group and tax settlement agreement was concluded with NÖ Landes-Beteiligungsholding GmbH, St. Pölten, in connection with the inclusion of EVN AG in the group, in accordance with § 9 of the Austrian Corporate Tax Act. EVN AG has since included further subsidiaries in this group based on this agreement. This has resulted in liabilities of TEUR 3,301.9 (previous year: receivables of TEUR 3,237.5) from NÖ Landes-Beteiligungsholding GmbH as at the balance sheet date.

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

Within the context of its ordinary business operations, EVN has concluded supply and service contracts with numerous investments in equity accounted investees. Long-term agreements were concluded with e&t for the sale and sourcing of electricity, long-term sourcing contracts were concluded with EconGas for natural gas. Moreover, there are a cooperation agreement 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 equity accounted investees is as follows:

62. Transactions with investments in equity accounted investees TEUR	2009/10	2008/09
Revenue	233,595.0	284,169.0
Cost of services received	742,231.3	705,408.6
Trade accounts receivable	85,343.1	154,822.1
Trade accounts payable	11,529.1	13,393.1
Liabilities from cash pooling	5,296.1	5,687.0
Interest balance from cash pooling	–23.9	–218.3

Transactions with related individuals:
Executive Board and Supervisory Board
The payments made to members of the Executive Board and the Supervisory Board consist primarily of salaries, severance payments, pensions and the remuneration of the Supervisory Board.

The total remuneration paid to active members of the Executive Board in the 2009/10 financial year amounted to TEUR 1,295.3 (previous year: TEUR 1,280,9), payments to former members of the Executive Board or their surviving dependents totalled TEUR 1,006.2 (previous year: TEUR 984.2). Expenses for severance payments and pensions at EVN AG totalled TEUR 1,570.5 (previous year: income of TEUR 430.0) for active members of the Executive Board and TEUR 729.9 (previous year: income of TEUR 393.0) for active members of the senior management. Pension commitments for active members of the Executive Board totalled TEUR 10,400 as at the balance sheet date (previous year: TEUR 8,896.2 thousand). The remuneration paid to the Supervisory Board in the reporting year amounted to TEUR 127.0 (previous year: TEUR 137.5 thousand). The members of the Environmental and Social Responsibility Advisory Committee were paid compensation of TEUR 75.7 in the year under review (previous year: TEUR 74.9).

The basic principles underlying the remuneration system are presented in the remuneration report (starting at page 8), which is part of the Management Report.

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

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

63. Information on management and staff

The corporate bodies of EVN AG are:

Executive Board
Burkhard Hofer – Spokesman of the Executive Board
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 Stiowicek
Hans-Peter Villis
Franz Hemm – employee representative
Manfred Weinrichter – employee representative
Paul Hofer – employee representative
Leopold Buchner – employee representative
Otto Mayer – employee representative
Helmut Peter – employee representative
Franz Ziegelwagner – employee representative

64. Approval of the consolidated financial statements 2009/10 for publication

The current consolidated financial statements were prepared by the Executive Board as at the date signed below. The single-entity financial statements, which have also been included in the consolidated financial statements after having been adjusted to the International Financial Reporting Standards, along with the consolidated financial statements of EVN AG, will be submitted to the Supervisory Board on 15 December 2010, for examination and approval.

65. Auditing fees

The auditing of the consolidated financial statements of EVN for the 2009/10 financial year is carried out by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. Total auditing and consulting costs amounted to EUR 2.0m (previous year: EUR 1.28m). 55.5% of the fees paid were for auditing and audit-related services, 40.0% for tax consulting services and 4.5% for other consulting services.

Maria Enzersdorf, 22 November 2010
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

Financial information on joint ventures and investments in equity accounted investees

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

Key figures of joint ventures TEUR	2009/10	2008/09
Statements of financial position		
Non-current assets	24,496.9	24,379.5
Current assets	300,539.9	347,150.3
Non-current liabilities	1,164.5	835.4
Current liabilities	260,324.4	305,881.8
Statements of operations		
Revenue	997,242.4	964,462.9
Operating expenses	–932,071.2	–957,348.9
Depreciation and amortisation	–2,977.0	–580.3
Operating result (EBIT)	62,194.2	6,533.8
Financial results	107.9	1,278.6
Profit before income tax	62,302.2	7,812.4

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

Key figures of investments in equity accounted investees TEUR	2009/10	2008/09
Statements of financial position		
Equity	823,596.8	791,568.8
Assets	3,679,874.3	3,552,109.2
Liabilities	2,856,277.5	2,760,540.3
Statements of operations		
Revenue	5,241,844.9	4,890,009.4
Profit for the period	135,322.0	144,713.2

EVN's Investments

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

1. EVN's investments in the Energy business ≥ 20.0% as at 30 September 2010

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2009/10
AUSTRIA FERNGAS Gesellschaft m.b.H. in Liqu., Vienna	EVN AG	23.75	EUR	2,344	2	31.12.2009	NE
B3 Energie GmbH, St. Georgen an der Gusen	EVN Wärme	50.00	EUR	7	–27	30.9.2010	NE
B.net Burgenland Telekom GmbH, ("B.net"), Eisenstadt	Kabelsignal	100.00	EUR	8,864	–1,915	30.9.2010	V
B.net Hungária Távközlési Kft., Sopron, Hungary	B.net	100.00	HUF	87	–7	30.9.2009	NV
B.net Hungária Projekt Kft., Sopron, Hungary	B.net	100.00	HUF	3	–5	30.9.2009	NV
Biowärme Amstetten-West GmbH, Amstetten	EVN Wärme	49.00	EUR	198	–27	31.12.2009	NE
Devoll Hydropower SHA, ("Devoll Hydropower") Tirana, Albania	EVN AG	50.00	ALL	6,323	–1,583	31.12.2009	E
EAA Erdgas Mobil GmbH, Vienna	Energieallianz	100.00	EUR	12,036	–2,449	30.9.2010	Q
EconGas GmbH, ("EconGas"), Vienna[1)]	EVN AG	16.51	EUR	148,406	62,584	31.12.2009	E
Energie Raum Mur Wasserkraftwerk Errichtungs- und Betriebs GmbH, Graz	WTK	50.00	EUR	57	–	31.12.2009	NE
ENERGIEALLIANZ Austria GmbH, ("Energieallianz"), Vienna	EVN AG	45.00	EUR	17,219	–2,410	30.9.2010	Q
Energji Ashta SHPK, ("Energji Ashta"), Tirana, Albania[2)]	EVN AG	50.00	ALL	10,203	227	31.12.2009	E
Energy Service DOOEL, Skopje, Macedonia	EVN Macedonia	100.00	MKD	10	1	31.12.2009	NV
Energy Trading EAD, Sofia, Bulgaria	EVN EC	100.00	BGN	94	–8	31.12.2009	NV
EVN Albania SHPK, Tirana, Albania	EVN AG	100.00	ALL	125	–63	31.12.2009	NV
EVN Bulgaria Electrorazpredelenie AD, ("EVN EP") Plovdiv, Bulgaria	EVN AG	67.00	BGN	242,114	26,845	31.12.2009	V
EVN Bulgaria Electrosnabdjavane AD, ("EVN EC") Plovdiv, Bulgaria	EVN AG	67.00	BGN	33,074	–720	31.12.2009	V
EVN Bulgaria EAD, ("EVN Bulgaria"), Sofia, Bulgaria	EVN AG	100.00	BGN	901	62	31.12.2009	V
EVN Bulgaria Toplofikatsia EAD, ("TEZ Plovdiv") Plovdiv, Bulgaria	EVN AG	100.00	BGN	37,292	–6,630	31.12.2009	V
EVN Croatia Plin d.o.o, Zagreb, Croatia	EVN AG	100.00	HRK	–	–	–	V
EVN Energia Naturale S.R.L., Rome, Italy	evn naturkraft	100.00	EUR	6	–4	30.9.2009	NV
EVN Energievertrieb GmbH & Co KG, ("EVN KG") Maria Enzersdorf	EVN AG	100.00	EUR	40,649	65,648	30.9.2010	Q
EVN Geoinfo GmbH, ("EVN Geoinfo"), Maria Enzersdorf	Utilitas	100.00	EUR	1,855	1,613	30.9.2010	V
EVN Gorna Arda Development EOOD, Sofia, Bulgaria[3)]	EVN Bulgaria	100.00	BGN	120	–3	31.12.2009	NV

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

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2009/10
EVN Kavarna EOOD, ("EVN Kavarna"), Plovdiv, Bulgaria[4]	evn naturkraft	100.00	BGN	–16,706	–32,036	31.12.2009	V
EVN Kraftwerks- und Beteiligungsgesellschaft mbH ("EVN Kraftwerk"), Maria Enzersdorf	EVN AG	100.00	EUR	70,621	–49	30.9.2010	V
EVN Liegenschaftsverwaltung Gesellschaft m.b.H. ("EVN LV"), Maria Enzersdorf	EVN/Utilitas	100.00	EUR	101,626	522	30.9.2010	V
EVN Macedonia AD, ("EVN Macedonia"), Skopje, Macedonia	EVN AG	90.00	MKD	142,419	–7,010	31.12.2009	V
EVN Macedonia Holding DOOEL, Skopje, Macedonia	EVN AG	100.00	MKD	–665	–311	31.12.2009	V
evn naturkraft Erzeugungsgesellschaft m.b.H., ("evn naturkraft") Maria Enzersdorf[5]	EVN AG	100.00	EUR	43,340	5,165	30.9.2010	V
EVN Netz GmbH, ("EVN Netz"), Maria Enzersdorf	EVN AG	100.00	EUR	371,194	49,753	30.9.2010	V
EVN Projektmanagement GmbH, Maria Enzersdorf	EVN LV	100.00	EUR	105,610	3,083	30.9.2010	V
EVN Trading d.o.o. Beograd, Belgrade, Serbia	EVN SEE	100.00	RSD	67	44	31.12.2009	V
EVN Trading d.o.o. Podgorica, Podgorica, Montenegro	EVN SEE	100.00	EUR	10	–	31.12.2009	NV
EVN Trading d.o.o. Sarajevo, Sarajevo, Bosnia-Herzegovina	EVN SEE	100.00	BAM	10	–	31.12.2009	NV
EVN Trading DOOEL, Skopje, Macedonia	EVN SEE	100.00	MKD	88	–4	31.12.2009	V
EVN Trading SHPK, Tirana, Albania	EVN SEE	100.00	ALL	1	–	31.12.2009	NV
EVN T2 DOOEL, Plovdiv, Bulgaria	EVN Bulgaria	100.00	BGN	2	–1	31.12.2009	NV
EVN Trading South East Europe EAD, ("EVN SEE"), Sofia, Bulgaria	EVN AG	100.00	BGN	1,094	405	31.12.2009	V
EVN Wärme GmbH, ("EVN Wärme"), Maria Enzersdorf	EVN AG	100.00	EUR	77,028	9,827	30.9.2010	V
EVN Windpower Development & Construction S.R.L., Bucharest, Romania	evn naturkraft	50.00	RON	115	–94	31.12.2009	NE
Evonik-EVN Walsum 10 Kraftwerksgesellschaft mbH ("Evonik-EVN Walsum"), Essen, Germany	EVN Kraftwerk	49.00	EUR	122,680	–1,719	31.12.2009	E
e&t Energie Handelsgesellschaft mbH, ("e&t"), Vienna	EVN AG	45.00	EUR	5,944	1,315	30.9.2010	E
Fernwärme Mariazellerland GmbH, Mariazell[2]	EVN Wärme	48.86	EUR	32	–3	31.12.2009	NE
Fernwärme St. Pölten GmbH, Sankt Pölten	EVN AG	49.00	EUR	15,960	863	31.12.2009	E
IN-ER Erömü Kft., Nagykanizsa, Hungary	EVN AG	70.00	HUF	1,968	25	31.12.2009	NV
Kabelsignal AG, ("Kabelsignal"), Maria Enzersdorf	Utilitas	100.00	EUR	36,978	6,351	30.9.2010	V
Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH, Vienna	evn naturkraft	33.33	EUR	39	3	31.12.2009	NE
Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH & Co KG, Vienna	evn naturkraft	33.33	EUR	6,036	759	31.12.2009	NE
MAKGAS DOOEL, Skopje, Macedonia	EVN AG	100.00	MKD	1	–1	31.12.2009	NV
Naturkraft Energievertriebsgesellschaft m.b.H., Vienna	Energieallianz	100.00	EUR	1,844	613	30.9.2010	Q
Naturkraft EOOD, Plovdiv, Bulgaria	evn naturkraft	100.00	BGN	955	–79	31.12.2009	V
NÖKOM NÖ Telekom Service Gesellschaft m.b.H., ("NÖKOM") Maria Enzersdorf	EVN AG	50.00	EUR	3,268	–3,606	31.12.2009	E
Switch Energievertriebsgesellschaft m.b.H., Salzburg-Aigen	Energieallianz	100.00	EUR	232	8	30.9.2010	Q
Wasserkraftwerke Trieb und Krieglach GmbH, ("WTK") Maria Enzersdorf	evn naturkraft	70.00	EUR	414	60	30.9.2010	V

1) Despite an interest of ≤ 20.0%, the shareholding is included due to its materiality.
2) The company was acquired during the 2009/10 financial year.
3) formerly EVN Development EOOD, Sofia, Bulgaria
4) formerly EVN ENERTRAG Kavarna OOD, Plovdiv, Bulgaria; After the balance sheet date, EVN acquired the remaining 30.0% stake and renamed the company.
5) formerly evn naturkraft Erzeugungs- und Verteilungs GmbH, Maria Enzersdorf

2. EVN's investments in the Environmental Services business ≥ 20.0% as at 30 September 2010

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2009/10
ABeG Abwasserbetriebsgesellschaft mbH Offenbach am Main, Germany	WTE Essen	49.00	EUR	423	57	30.9.2009	NE
Abwasserbeseitigung Kötschach-Mauthen Errichtungs- und Betriebsgesellschaft mbH, Kötschach-Mauthen[1]	WTE Essen	26.00	EUR	36	–	31.12.2009	NE
AUL Abfallumladelogistik Austria GmbH, Maria Enzersdorf	EVN Abfall	50.00	EUR	391	10	30.9.2010	E
Cista Dolina – SHW Komunalno podjetje d.o.o., Kranjska Gora, Slovenia	WTE Betrieb	100.00	EUR	126	48	30.9.2010	V
DTV Rt., Dunavarsány, Hungary	evn wasser	51.00	HUF	1,447	26	31.12.2009	NV
EVN Abfallverwertung Niederösterreich GmbH, ("EVN Abfall") Maria Enzersdorf	EVN Umwelt	100.00	EUR	4,724	3,783	30.9.2010	V
EVN MVA Nr. 1 Finanzierungs- und Servicegesellschaft mbH Essen, Germany[2]	WTE Essen	100.00	EUR	21	–4	30.9.2010	V

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2009/10
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 1 mbH ("EVN MVA1"), Essen, Germany	WTE Essen	100.00	EUR	22	–3	30.9.2010	V
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 3 mbH ("EVN MVA3"), Maria Enzersdorf	EVN Umwelt/ Utilitas	100.00	EUR	15,498	–5,488	30.9.2010	V
EVN Umwelt Beteiligungs und Service GmbH, ("EVN UBS") Maria Enzersdorf	EVN Umwelt	100.00	EUR	5,576	865	30.9.2010	V
EVN Umwelt Finanz- und Service-GmbH, ("EVN UFS") Maria Enzersdorf	EVN Umwelt	100.00	EUR	20,932	–4,511	30.9.2010	V
EVN Umweltholding und Betriebs-GmbH, ("EVN Umwelt") Maria Enzersdorf	EVN AG	100.00	EUR	138,922	11,129	30.9.2010	V
evn wasser Gesellschaft m.b.H., ("evn wasser"), Maria Enzersdorf	EVN/Utilitas	100.00	EUR	63,325	3,826	30.9.2010	V
OAO Budapro Werk Nr. 1, Moscow, Russia[1)]	EVN MVA 1	100.00	RUB	732	–108	31.12.2009	V
OAO "EVN MSZ 3", ("OAO MVA3"), Moscow, Russia	EVN MVA3	100.00	RUB	155,819	–18,661	31.12.2009	V
OAO "WTE Süd-West", Moscow, Russia	Süd–West	100.00	RUB	133,594	–6,783	31.12.2009	V
OAO "WTE Süd-Ost", Moscow, Russia	WTE Hyp	100.00	RUB	17,516	–198	31.12.2009	V
OOO EVN Umwelt Service, Moscow, Russia	EVN UBS	100.00	RUB	8,107	–1,274	31.12.2009	V
OOO EVN-Ekotechprom MSZ3, Moscow, Russia	OAO MVA3	70.00	RUB	2,200	1,601	31.12.2009	NV
OOO Süd-West Wasserwerk, Moscow, Russia	Süd–West	70.00	RUB	1,539	1,211	31.12.2009	NV
OOO "WTE Wassertechnik West", Moscow, Russia	WTE Essen	100.00	RUB	3	–	31.12.2009	NV
EVN Projektgesellschaft KSV Ljuberzy mbH, Essen, Germany[2)]	WTE Essen	100.00	EUR	–	–	–	NV
Saarberg Hölter Projektgesellschaft Süd Butowo mbH ("Süd Butowo"), Essen, Germany	WTE Essen	100.00	EUR	7,966	146	30.9.2010	V
SHW Hölter Projektgesellschaft Zelenograd mbH, ("Zelenograd") Essen, Germany	WTE Essen	100.00	EUR	20,475	1,455	30.9.2010	V
SHW Hölter Projektgesellschaft Slowenien mbH i.L. Essen, Germany	WTE Essen	100.00	EUR	22	–	30.9.2010	NV
SHW/RWE Umwelt Aqua Vodogradnja d.o.o., Zagreb, Croatia	WTE Essen	50.00	HRK	1,912	416	31.12.2009	NE
SHW Projektgesellschaft Pskov mbH i.L., Essen, Germany	WTE Essen	100.00	EUR	21	–	30.9.2010	NV
Storitveno podjetje Lasko d.o.o., Lasko, Slovenia[3)]	WTE Essen	100.00	EUR	–39	10	30.9.2010	V
Wasserver- und Abwasserentsorgungsgesellschaft Märkische Schweiz mbh, Buckow, Germany	WTE Essen	49.00	EUR	504	–8	31.12.2009	NE
Wiental-Sammelkanal Gesellschaft m.b.H, Untertullnerbach	evn wasser	50.00	EUR	881	–5	31.12.2009	NE
WTE BioBalance Baltic UAB, Kaunas, Lithuania[4)]	WTE Essen	100.00	LTL	129	22	30.9.2010	NV
WTE Betriebsgesellschaft mbH, ("WTE Betrieb") Hecklingen, Germany	WTE Essen	100.00	EUR	511	–	30.9.2010	V
WTE Denmark A/S, Birkerod, Denmark	WTE Essen	100.00	DKK	387	480	30.9.2010	V
WTE desalinizacija morske vode d.o.o., Budva, Montenegro	WTE Essen	100.00	EUR	–433	–464	31.12.2009	V
WTE odpadne vode Budva DOO, Podgorica, Montenegro[2)]	WTE Essen	100.00	EUR	–9	–9	31.12.2009	V
WTE Projektgesellschaft Kurjanovo mbH, Essen, Germany[2)]	WTE Essen	100.00	EUR	–	–	–	NV
WTE Projektgesellschaft Natriumhypochlorit mbH ("WTE Hyp"), Essen, Germany	EVN UFS/ WTE Essen	100.00	EUR	134,808	–	30.9.2010	V
WTE Projektgesellschaft Süd-West Wasser mbH ("Süd-West"), Essen, Germany	WTE Essen	100.00	EUR	15,519	–6,682	30.9.2010	V
WTE Projektna druzba Bled d.o.o., Bled, Slovenia	WTE Essen	100.00	EUR	–16	–7	30.9.2010	V
WTE Projektna druzba Kranjska Gora d.o.o.Kranjska Gora, Slovenia	WTE Essen	100.00	EUR	22	2	30.9.2010	V
WTE Vodice d.o.o., Zagreb, Croatia	WTE Essen	100.00	HRK	–8	–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	554	–294	30.9.2010	V
ZAO "STAER", Moscow, Russia	Süd Butowo	70.00	RUB	263	243	31.12.2009	NV
ZAO "STAER-ZWK", Moscow, Russia	Zelenograd	70.00	RUB	247	183	31.12.2009	NV
Zagrebacke otpadne vode d.o.o., ("ZOV"), Zagreb, Croatia	WTE Essen	48.50	HRK	122,848	11,496	31.12.2009	E
Zagrebacke otpadne vode – upravljanje i pogon d.o.o., ("ZOV UIP"), Zagreb, Croatia	WTE Essen	33.00	HRK	4,651	4,648	31.12.2009	E

1) The company was acquired during the 2009/10 financial year.
2) The company was newly established during the 2009/10 financial year.
3) formerly WTE Projektna druzba Lasko d.o.o., Lasko, Slovenia
4) formerly BioBalance Baltic UAB, Kaunas, Lithuania

3. EVN AG – Investments in the Strategic Investments and Other Business Segment ≥ 20.0% as at 30 September 2010

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2009/10
ALLPLAN Gesellschaft m.b.H., Vienna	Utilitas	50.00	EUR	840	218	31.12.2009	E
ARGE Coop Telekom, Maria Enzersdorf	EVN Geoinfo	50.00	EUR	76	15	31.12.2009	NE
ARGE Digitaler Leitungskataster NÖ, Maria Enzersdorf	EVN Geoinfo	30.00	EUR	–105	–105	31.12.2009	NE
BEGAS Energie AG, ("BEGAS"), Eisenstadt[1]	BUHO	49.00	EUR	92,826	18,126	30.9.2009	E
Burgenland Holding Aktiengesellschaft, ("BUHO"), Eisenstadt	EVN AG	73.63	EUR	76,440	6,331	30.9.2010	V
Burgenländische Elektrizitätswirtschafts-Aktiengesellschaft (BEWAG), ("BEWAG"), Eisenstadt	BUHO	49.00	EUR	182,692	379	30.9.2009	E
Ernst Hora Elektroinstallationen Gesellschaft m.b.H. ("Ernst Hora"), Vienna	first facility	100.00	EUR	55	8	31.12.2009	NV
EVN Business Service GmbH, Maria Enzersdorf	Utilitas	100.00	EUR	565	41	30.9.2010	V
EVN Finance Service B.V., ("EVN Finance B.V.") Amsterdam, Netherlands	EVN FM	100.00	EUR	2,211	157	30.9.2010	V
EVN Finanzmanagement und Vermietungs-GmbH ("EVN FM"), Maria Enzersdorf	EVN AG	100.00	EUR	27,786	16,519	30.9.2010	V
EVN Finanzservice GmbH, Maria Enzersdorf	EVN FM	100.00	EUR	27,888	16,568	30.9.2010	V
EVN-Pensionskasse Aktiengesellschaft ("EVN-Pensionskasse"), Maria Enzersdorf	EVN AG	100.00	EUR	3,335	390	31.12.2009	NV
e&i EDV Dienstleistungsgesellschaft m.b.H., Vienna	EVN AG	50.00	EUR	184	27	30.9.2010	E
first facility Bulgaria EOOD, Sofia, Bulgaria	first facility	100.00	BGN	61	20	31.12.2009	NV
first facility d.o.o. Beograd, Belgrad, Serbia	first facility	51.00	RSD	–	22	31.12.2009	NV
first facility GmbH, ("first facility"), Vienna	Utilitas	100.00	EUR	1,344	919	30.9.2010	V
first facility Ingatlankezelö Kft., Budapest, Hungary	first facility	100.00	HUF	–5	141	31.12.2009	NV
first facility Imobile SRL, Bucharest, Rumania	first facility/ Ernst Hora	95.00	RON	–	–	31.12.2009	NV
first facility – Slovakia s.r.o., Bratislava, Slovakia	first facility	92.50	EUR	4	4	31.12.2009	NV
first facility Makedonia DOOEL, Skopje, Macedonia	first facility	100.00	MKD	25	9	31.12.2009	NV
Niederösterreichische Facility Management GmbH Wiener Neustadt	first facility	40.00	EUR	1,163	1,186	31.12.2009	NE
NÖTECH NÖ Energieforschungs-, -planungs-, -betriebs- und -servicegesellschaft m.b.H., Maria Enzersdorf	Utilitas	50.00	EUR	170	–65	31.12.2009	NE
R 138-Fonds, Vienna	EVN AG/ EVN Netz/ evn wasser	100.00	EUR	92,951	4,018	30.09.2010	V
RAG-Beteiligungs-Aktiengesellschaft, ("RBG") Maria Enzersdorf	EVN AG	50.03	EUR	397,362	40,094	31.3.2010	V
Rohöl-Aufsuchungs Aktiengesellschaft, ("RAG"), Vienna	RBG	100.00	EUR	103,412	49,202	31.12.2009	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 AG	100.00	EUR	176,063	7,153	30.9.2010	V
VCK Betonschutz + Monitoring GmbH, Mainz, Germany	V&C	50.00	EUR	74	13	31.12.2008	NE
VERBUND AG, Vienna[2]	EVN AG	13.01	EUR	1,837,840	515,184	31.12.2009	N
V2 FM GmbH, Vienna	first facility	100.00	EUR	–307	390	31.12.2009	NV
V&C Kathodischer Korrosionsschutz Gesellschaft m.b.H. ("V&C"), Pressbaum	Utilitas	100.00	EUR	571	216	31.3.2010	V
Wiener Stadtwerke Management Beta Beteiligungs GmbH, Vienna	Utilitas	47.37	EUR	918	–3	30.11.2009	NE

1) formerly BEGAS – Burgenländische Erdgasversorgungs-Aktiengesellschaft, Eisenstadt
2) formerly Österreichische Elektrizitätswirtschafts-Aktiengesellschaft, Vienna; Despite an interest of ≤ 20.0%, the shareholding is included due to its materiality.

Auditor's Report

Report on the Consolidated Financial Statements

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

EVN AG,
Maria Enzersdorf,

for the reporting **period from October 1, 2009 to September 30, 2010**. These consolidated financial statements comprise the consolidated statements of financial position as at September 30, 2010 and the consolidated statements of operations, consolidated statements of comprehensive income, consolidated statements of cash flows and the consolidated statements of changes in equity for the year then ended, and the consolidated notes.

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

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

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

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

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

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of September 30, 2010 and of its financial performance and its cash flows for the year from October 1, 2009 to September 30, 2010 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

Report on the Management Report for the Group

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

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

Vienna, 22 November 2010

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed:

Mag. Rainer Hassler	ppa. MMag. Angelika Vogler
Wirtschaftsprüfer	Wirtschaftsprüferin

(Austrian Chartered Accountants)

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, 22 November 2010
EVN AG
The Executive Board

Burkhard Hofer
Spokesman of the
Executive Board

Peter Layr
Member of the
Executive Board

Herbert Pöttschacher
Member of the
Executive Board