

# EVN's Annual Financial Report 2011/12

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



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# Management report

## Legal framework

### International climate policy

The 17<sup>th</sup> United Nations Climate Change Conference took place in Durban, South Africa, in December 2011. The participating nations agreed on two points. On the one hand, it was resolved to first conclude a legal follow-up agreement for the Kyoto Protocol which expires in December 2012 at the next United Nations Climate Change Conference scheduled to take place in Qatar at the end of 2012. The new, second commitment period is planned to extend from 2013 until the year 2020. The participating countries will be obliged to reduce their greenhouse gas emissions by at least 25% and up to 40% from the comparable level of 1990. On the other hand, the European Union (EU) successfully prevailed in reaching a consensus on its timetable to conclude a global climate agreement which is designed to get the USA, China and India, which are not currently signatories to the Kyoto Protocol, to comply with the new climate protection treaty. The agreement should be developed by 2015 and take effect in 2020. The objective of this treaty will be to limit global warming to 1.5 to a maximum of 2.0 degrees Celsius above the pre-industrial level.

The Green Climate Fund, which was already resolved upon at the 16<sup>th</sup> United Nations Climate Change Conference in Mexico at the end of 2011, should contribute to making financial resources totalling USD 100 billion available to developing countries to enable them to adapt to the consequences of climate change.

### European energy policy

During the reporting period Europe's energy policy focused on two issues: increasing transparency in the wholesale energy business, and enhancing energy efficiency.

#### Transparency in the wholesale energy market

On December 28<sup>th</sup>, 2011, the EU regulation on wholesale energy market integrity and transparency (REMIT) came into force. It is designed to ensure that prices on wholesale energy markets are based on a fair competitive interaction between supply and demand. Above all, it aims to prevent unlawful profits from market abuse. People who have access to insider information on the wholesale energy market are prohibited from taking advantage of this information as of December 28<sup>th</sup>, 2011. The regulation stipulates that specified information must be published, for example concerning the capacity utilisation and use of facilities to generate and store energy, as well as the consumption or transmission of electricity and natural gas. The interdependency of these markets requires a cross-border market surveillance system. As a result, this regulation assigns major re-

sponsibility to both the Agency for the Cooperation of Energy Regulators (ACER) as well as to the national regulatory bodies.

### EU energy efficiency directive

On June 14<sup>th</sup>, 2012, the EU member states agreed on new binding regulations to increase energy efficiency as a means of reducing energy consumption by 20% by the year 2020. The new Energy Efficiency Directive should help the member states to achieve annual energy savings of 1.5%. In exceptional cases, the energy savings targets could be reduced to 1.1% per year. The directive contains a series of important specific measures with which energy savings can be realised, (e.g. renovation of 3.0% of government buildings each year). The directive commits EU member states to define national energy savings targets. The Energy Efficiency Directive was approved by the European Council on October 4<sup>th</sup>, 2012. Subsequently the member states have to convert the directive into national regulations beyond January 1<sup>st</sup>, 2014.

### EU emissions trading

The Director-General for Climate Action, which serves as the climate protection body set up by the European Commission, is currently working on proposals to delay CO<sub>2</sub> auctions in which CO<sub>2</sub> emission certificates for the third trading period (2013–2020) which were not allocated gratis are to be integrated into the Emission Trading System (ETS). In this regard it is planned to withhold a specified number of CO<sub>2</sub> emission certificates, the precise number of which has not yet been defined, at the beginning of the third trading period (2013–2015). Subsequently these certificates will first be made available on the marketplace towards the end of the third trading period (2018–2020). Accordingly, the total volume of certificates in the third trading period will remain the same, but there will be a delay in the actual number put up for auction closer to the year 2020. The number of CO<sub>2</sub> emission certificates being discussed ranges from 400m to 1.2 billion. (In comparison, the entire volume of emissions of all facilities encompassed in the Emission Trading System amounts to about 1.8 billion tons of CO<sub>2</sub> annually.)

On the basis of this measure, the EU Commission hopes to counteract the surplus of CO<sub>2</sub> emission certificates from the second trading period, and the related low certificate prices. The EU Commission holds the opinion that the current prices for CO<sub>2</sub> emission certificates do not constitute sufficient motivation for companies to make investments in low CO<sub>2</sub> emission technologies.

In addition to changing the existing CO<sub>2</sub> auction regulations of the ETS Directive, the EU Commission has already developed a document laying out the first step required to subsequently adapt or make changes to the ETS Directive. The crucial point is

that this draft proposal would enable CO<sub>2</sub> emission certificates to be withdrawn from the market at any time but does not stipulate if and when these certificates will be ever again be integrated in the system. A specific legislative proposal on the part of the EU Commission is expected by the end of 2012.

### **Energy policy environment in Austria** **Electricity Labelling Decree**

The new Electricity Labelling Decree was published by the Austrian regulatory body E-Control on September 14<sup>th</sup>, 2011 and has been legally binding as of January 1<sup>st</sup>, 2012. The new regulations stipulate that electricity invoices as well as advertising and information materials for electricity must not only feature a percentage breakdown of primary energy sources, but also provide details on the country of origin. This enables end users to make an informed judgment on the electricity supplied.

The legally binding electricity labelling on EVN invoices has been evaluated by KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. The environmental effects of the entire primary energy mix of EVN Energievertrieb GmbH & Co KG in 2010/11 amounted to 311.55 g/kWh CO<sub>2</sub> emissions and 0 g/kWh of radioactive waste.

The two environmental protection organisations Greenpeace and Global 2000 evaluated the electricity mix of Austrian utility companies in the period July to September 2011 with respect to their deriving electricity from atomic energy plants. EVN belongs to the electricity providers which can demonstrate that its offering does not include any electricity generated from nuclear power.

→ Further details on nuclear-generated electricity in 2011 can be found at [www.greenpeace.org/austria/de](http://www.greenpeace.org/austria/de) under themes > Atom

→ GRI indicator: Legally prescribed information on products and services (PR3)

### **Gas Management Act (GWG)**

On October 19<sup>th</sup>, 2011, the Gas Management Act 2011 (GWG) was passed by the Austrian Parliament, and thus implemented the entire EU's Third Internal Energy Package as an integral part of Austria law. Its aim is to increase liquidity in order to stimulate competition. The amendment strengthens the rights of households and commercial firms, increases the reliability and security of the energy supply due to clearly-defined conditions for investments and creates the legal basis for the introduction of smart meters. Another central aim of this law is to unbundle the transmission system operators from the other activities of a vertically integrated natural gas company in order to promote competi-

tion. The system user fees ensure an appropriate remuneration for maintaining the infrastructure and making new investments in the natural gas network.

On May 25<sup>th</sup>, 2012, E-Control passed a new directive to re-structure network access for the Austrian gas market. The new entry-exit market model for converting natural gas tariffs will take effect on January 1<sup>st</sup>, 2013. This will result in additional distribution costs for EVN, but also lead to more simplified operations in the gas market and increased transparency.

### **Directive on intelligent electricity measuring devices**

On October 25<sup>th</sup>, 2011, the minimum technical requirements for the new electricity meters (smart meters) were defined within the context of a directive issued by E-Control entitled the E-Control Ordinance Determining the Requirements for Smart Metering. The measuring and storage of meter readings, the storage duration of the recorded data and the frequency in which the data is passed on to network operators were determined. As a consequence the foundation was laid for launching smart metering in the market. On April 24<sup>th</sup>, 2012, following the expert appraisal of the E-Control directive, the Federal Ministry of Economic Affairs formally issued the directive to introduce intelligent electricity meters on the marketplace. This regulates the expansion plans of smart in stages from the year 2015 until 2019. By the end of 2015 at least 10% of all metering points connected to the power grid of each network operator must be converted to smart meters. This figure is stipulated to rise to 70% by the end of 2017 and 95% by the end of 2019 in line with the technical feasibility of the process. The costs incurred by replacing the old meters with the intelligent measuring devices will, in principle, be covered by the metering charges determined by the independent regulatory body.

Up until now close to 200,000 of the around 6 million electricity meters have already been converted to smart meters. A study implemented by PricewaterhouseCoopers in June 2010 concludes that the end users will be able to achieve net cost savings of more than EUR 1 billion over a period of fifteen years. According to the analysis, consumption in all customer groups could be reduced by an average of 3.5% per year by using the smart meters.

### **The Renewable Electricity Act 2012**

The Renewable Electricity Act 2012 took effect on July 1<sup>st</sup>, 2012, and aims to increase the share of renewable energies in Austria's total electricity consumption and thus eliminate any dependence on imported nuclear power until 2015. The following expansion targets were specified in the period 2010 to 2020: 1,000 MW of hydropower, 2,000 MW of windpower, 200 MW biomass and biogas as well as 1,200 MW from photovoltaic plants.

The annual incentives in the form of subsidised feed-in tariffs and investment grants for new renewable electricity projects were increased from ERU 21.0m to EUR 50.0m. Funding for new projects will be reduced each calendar year by EUR 1.0m in the first ten years after the law took effect. This undertaking is being financed by two kinds of tax-related fees (a flat fee for renewable electricity and a financial contribution to promote renewable electricity) which network operators impose on end users. This financing model is designed to ensure that Austria will not suffer from any competitive disadvantages as a business and production location.

**The new Emission Certificate Act (EZG 2011)**

The new Emission Certificate Act was passed in October 2011. It transposes the EU Emissions Trading Directive 2009 into national law and regulates emissions trading in the period 2013 to 2020 (third trading period). As of 2013 gratis CO<sub>2</sub> emission certificates will no longer be granted for electricity generation. Accordingly, all certificates will be auctioned within the context of the Emission Trading System. During the period under review the price of CO<sub>2</sub> emission certificates was an average of EUR 7.9 per ton (previous year: EUR 14.8 per ton).

Within the context of the currently valid National Allocation Plan II 2008–2012 (second trading period for CO<sub>2</sub> emission certificates), EVN was granted CO<sub>2</sub> emission certificates totalling 1.58m tons per year at no charge based on its historical level of emissions and about 0.1m tons per year for its facility in Bulgaria. EVN takes part in trading in emission certificates within the context of its portfolio and risk management activities in order to be able to cover any potential additional needs for CO<sub>2</sub> emission requirements or in order to sell unused CO<sub>2</sub> emission

certificates. On balance, EVN was subject to the EU's Emission Trading System with ten plants in Austria and one in Bulgaria in the 2011/12 financial year. At the same time, it is also possible to apply a certain number of CO<sub>2</sub> emission certificates from special climate protection projects i.e. Certified Emission Reductions – CER or Emission Reduction Units – ERU. (For details on CO<sub>2</sub> emission certificates purchased in the 2011/12 financial year, see Consolidated notes, note 27. **Cost of materials and services**, page 129.)

→ GRI indicator: Contingent of CO<sub>2</sub> emission certificates (EU5)

**Regulatory system for electricity and natural gas networks**

With the amendment to the Electricity Economy and Organizational Act 2010 (EIWOG 2010), which took effect on March 3<sup>rd</sup>, 2011, legislators subjected tariff laws in the electricity sector to new comprehensive regulations, amongst other changes. The main change is the new ex-post regulation of the income of network operators in the form of a regulatory account as stipulated in Section 50 EIWOG. This system was also integrated into Section 71 of the Natural Gas Act 2011. Following the ex-ante remuneration prevailing up until now, the system utilisation tariffs were determined on the basis of forecasts i.e. planned costs and volumes. Changes to actual data were not taken into consideration. The purpose of the newly established regulatory account is to compensate for deviations in actual income from the officially assessed income by means of a “virtual account” managed for ever network operator. According to the provisions contained in Section 50 EIWOG and Section 71 GWG, the differences will be taken into account in determining the cost basis for the next remuneration period.

**Regulatory model for network usage tariffs for electricity and natural gas in Austria**

	Electricity	Natural gas
Regulatory authority	E-Control GmbH	E-Control GmbH
Start of the regulatory period	1/1/2010	1/1/2008
Next regulatory adjustment <sup>1)</sup>	1/1/2014	1/1/2013
Duration of the regulatory period	4 years	5 years
Regulatory method	Revenue caps	Revenue caps
Regulated asset base (RAB) <sup>2)</sup>	n.a.	n.a.
Weighted average cost of capital (WACC) before taxes, nominal	7.0%	7.0%
General productivity factor <sup>3)</sup>	1.95%	1.95%
Individual productivity factor	0.25%	0.00%
Inflation <sup>4)</sup>	Annual adjustment	Annual adjustment

1) Adjustment of WACC and productivity factors

2) The annual investments are added to the regulated asset base (RAB) in the following year.

3) Electricity: 50% of the achieved productivity increases are passed on to end customers during the regulatory period.

Natural gas: Gains from cost reductions remain with the company during the regulatory period.

4) Network operator price index consists of consumer (30%) and building price (40%) indices as well as wage increase index.

The currently valid incentive regulatory period extends over two regulatory periods lasting four years for electricity and five years for natural gas distribution network operators. The current regulatory period for electricity network began at the beginning 2010 and for natural gas distribution network at the beginning of 2008.

Regarding the incentive regulation system for natural gas distribution network the regulatory authority has developed in cooperation with the impacted network operators a consultation paper aimed at structuring the second regulatory period which begins on January 1<sup>st</sup>, 2013, taking the legal stipulations contained in the Gas Management Act 2011 (GWG 2011). This consultation paper is designed to ensure the economic viability and planning certainty of the regulated companies as well as the general acceptance and stability of the regulatory system.

On the basis of the recognised absorbed cost system, EVN launched the construction of the southern section (Südschiene) of its natural gas transport pipeline in 2009 and the western portion (Westeschiene) in 2011, both of which are designed to boost the reliability of energy supplies in Lower Austria and beyond the borders of the federal province. The 120 km long Südschiene was put into operation in September 2011. The Westeschiene with a length of 150 km will be finished in the 2013/14 financial year.

### **Legal framework in South Eastern Europe**

#### **Bulgaria**

As prescribed by EU directives on the domestic electricity and natural gas markets, the unbundling of network operators and electricity suppliers was implemented in national corporate law in Bulgaria effective October 1<sup>st</sup>, 2006. EVN's subsidiary EVN Bulgaria EP is responsible for electricity network operations whereas EVN Bulgaria EC is responsible for electricity distribution and marketing.

The electricity market in Bulgaria has been fully deregulated since 2007 as prescribed by the country's energy law. However, a competitive market has not existed up until now. The natural gas market is completely regulated. In the electricity segment, with the exception of a few major industrial customers, all electricity provided to end customers is still being supplied by the national utility company Elektrizitatsgesellschaft Natsionalna Elektrieska Kompania (NEK), the central public electricity supplier, via the three regional electricity network operators and providers (EVN, CEZ, Energo-Pro). Long-term procurement contracts between the electricity producers and the national utility company NEK as well as the energy volumes assigned by the regulatory authority, the State Energy and Water Regulatory Commission (SEWRC) to the regional electricity providers

to maintain a secure energy supply are in contrast to the targeted goal of a deregulated market. In the year 2011 only two state-owned electricity power plants and five trading companies offered electricity at non-regulated prices.

The amendments made to the country's energy law effective July 2012 have led to an expansion of the number of end customers in the medium-voltage network who are allowed to purchase electricity on the free market. In South Eastern Bulgaria, the supply area covered by EVN, a total of 1,400 companies now have the possibility to freely choose their electricity providers.

The Bulgarian regulatory authority has fixed all prices for regulated licenses (generation, transmission, system operation, public supply, network operation and supply to end customer). The licenses relating to electricity generation from hydropower plants, supply, transmission and system operators are all in the hands of the national utility company NEK. The licensed system operator is the responsibility of NEK's subsidiary Electricity System Operator EAD. The regulated energy prices are lower than the prevailing market prices on European electricity exchanges so that customers have yet to obtain any cost savings based on the changeover to a free market, which is in contrast to a real market opening.

Price adjustments for all energy supply functions and changes in the pricing components of electricity prices take place on an annual basis in line with the legally stipulated unbundling. Network tariffs are determined on the basis of a regulation in accordance with EU standards (see chart on page 67). However, the actual annual price adjustment of network tariffs is largely influenced by the economic and socio-political objectives of the government. In the first three pricing periods of the current five-year regulatory period since 2008, the increases in end customer prices for electricity were below the comparable prices charged by transmission network and system operators. This put considerable pressure on the profitability of regional electricity suppliers. At the beginning of the fourth regulatory year, in 2011, the end customer prices for electricity were increased by the regulatory authority. The prices for energy procurement as well as the tariffs of the transmission network operator and system operator remained at about the prior-year level. The hike in end customer prices for electricity effective July 1<sup>st</sup>, 2012 was mainly justified on the basis of higher feed-in tariffs, the higher share of renewable energies and the initial costs incurred for purchased CO<sub>2</sub> emission certificates.

→ Information on the relevant tariff changes in Bulgaria during the reporting period can be found in the Segment reporting, segment Energy Supply South East Europe, page 97.



A two-year regulatory period started in the heating business effective July 1<sup>st</sup>, 2012. An increase in end customer prices for heat was approved effective April 1<sup>st</sup>, 2012, which is related to the hike in natural gas procurement prices. EVN did not pass this rise on to its customers. Effective July 1<sup>st</sup>, 2012, the regulatory authority increased natural gas procurement prices, which generally led to a rise in end customer prices for heat. However, for EVN the coming on stream of the co-generation plant in Plovdiv led to a reduction in natural gas procurement prices, due to the fact that the achieved efficiency gains resulted in a decline in specific natural gas consumption.

In May 2011 the Bulgarian Parliament passed the Energy Strategy 2020. The focus of the new strategy is to maintain a secure and reliable energy supply, increase energy efficiency, protect end customers, develop a liberalised energy market and increase renewable energy capacities. By 2020 the share of electricity generated by renewable energy sources should rise from 9.4% in 2005 to 16.0%. However, the precise extent to which the electricity sector is responsible for this increase is unclear. Furthermore, the new Renewable Electricity Act was adopted. The regulatory authority will set maximum limits for linking new capacities from renewable energy sources to the power grid. The feed-in tariffs for the duration of the electricity supply contracts (20 years for windpower plants, 12 years for photovoltaic facilities) are determined each year on July 1<sup>st</sup>.

On July 16<sup>th</sup>, 2012, the regulatory authority resolved upon a change in the methodology to compensate the additional costs of renewable electricity and for electricity from highly-efficient co-generation plants effective July 1<sup>st</sup>, 2012. The growing number of new grid connection contracts with renewable electricity

producers has led to higher sales volumes, which significantly increased the electricity procurement costs of EVN Bulgaria EC. The Bulgarian Renewable Energy Law provides for compensation for the additional costs, to be borne by end customers. The relevant claims expected as a consequence of this law were deferred and reported as receivables in the 2011/12 financial year. In September 2012 the feed-in tariffs for renewable electricity were reduced by up to 20.0% by the regulatory authority, although a new fee for network usage was introduced for existing facilities.

Within the context of the National Allocation Plan in Bulgaria, EVN was granted gratis CO<sub>2</sub> emission certificates for 0.1 million tons for its facilities. EVN is a pioneer in Bulgaria as the first company trading with CO<sub>2</sub> emission certificates in the country.

#### Macedonia

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

Regulatory model for network usage tariffs in Bulgaria und Macedonia	Bulgaria Electricity	Bulgaria Heat	Macedonia Electricity
	State Energy and Water Regulatory Commission (SEWRC)	State Energy and Water Regulatory Commission (SEWRC)	Energy Regulatory Commission (ERC)
Regulatory authority			
Start of the regulatory period	7/1/2008	7/1/2012	1/1/2012
Next regulatory adjustment	7/1/2013	7/1/2014	1/1/2015
Duration of the regulatory period	5 years	2 years	3 years
Regulatory method <sup>1)</sup>	Revenue caps	Revenue caps	Revenue caps
Weighted average cost of capital (WACC) before taxes, nominal	12.0%	7.0%	6.7%
Recognised network losses	15.0%	no	14.0%
Productivity factor	yes	yes	no
Investment factor <sup>2)</sup>	yes	yes	yes

1) The revenue caps comprise the recognised operating expenses, the amortisation and depreciation as well as the recognised return on the regulatory asset base (RAB).

2) Annual review and approval of company's investment plans by the regulatory authority

In accordance with the Energy Act, the unbundling of electricity production from EVN Macedonia was carried out effective January 1<sup>st</sup>, 2012. The spinning off of the energy supply activities to form an independent company is expected at the beginning of 2013.

The electricity market in Macedonia is still largely regulated and organised according to the single buyer model. The state owned energy supplier ELEM and the thermal power plant TEC Negotino are responsible for power generation. MEPSO operates the state-owned transmission network and EVN Macedonia supplies end customers. With the exception of nine large customers (110 kV), which directly procure energy from MESPO, all customers are supplied by EVN Macedonia. On the basis of the current legal situation, a market opening for large customers (with revenue exceeding EUR 10.0m and more than 50 employees) is anticipated for January 1<sup>st</sup>, 2014. All the other electricity customers are supplied by EVN. On the basis of the current discussions, the market opening in the medium-voltage and low-voltage segments is expected on January 1<sup>st</sup>, 2015 at the earliest.

In its function as the national energy pool, ELEM is required to provide EVN Macedonia with a certain quantity of electricity, which is calculated on the basis of customer requirements measured by the regulatory authority as well as recognised losses from the power grid. Previously, responsibility for covering procurement costs on the wholesale market for energy consumption not covered by Macedonian power generating capacities was in the hands of ELEM. As at October 1<sup>st</sup>, 2012, this responsibility was transferred to EVN Macedonia. The adjustment of end customer prices effective August 1<sup>st</sup>, 2012 was primarily to cover these additional sourcing costs.

As of January 1<sup>st</sup>, 2012, the second three-year regulatory period for the electricity segment was implemented by the Energy Regulatory Commission (ERC), the Macedonian regulatory body. In comparison to past regulatory periods, capital costs were reduced in the formula used to calculate network tariffs. At the same time, recognised network losses were increased. In spite of the rise in the recognised limits to network losses to 14.0%, all network losses must now be sourced on the wholesale market as of January 1<sup>st</sup>, 2012.

→ Information on the relevant tariff changes in Macedonia during the reporting period can be found in the Segment reporting, segment Energy Supply South East Europe, page 97.

#### Croatia

Between June 2009 and May 2010, EVN was granted a concession to construct and operate a natural gas network in the

Croatian counties of Zadar, Split-Dalmatia and Šibenik-Knin. The concession for natural gas distribution and supply was granted for a period of 30 years. The fully-owned subsidiary EVN Croatia Plin d.o.o. is responsible for the construction of the natural gas distribution network in sections of the three counties.

The ground-breaking ceremony for constructing the natural gas network took place in Zadar in April 2011. After approval was given to distribute natural gas in December 2011, the natural gas network was put into operation in June 2012, and the first customers were connected to EVN's network. Progress was made during the period under review with regard to the planning and preparatory work for the distribution network in the counties of Šibenik-Knin and Split. All in all, a distribution network with a total length of close to 1,450 km will be constructed, supplying 130,000 customers with natural gas.

Following several years of negotiations, the Croatia Accession Treaty was signed in December 2011. Croatia is expected to become an EU member state in July 2013. In the coming years the legal framework for the liberalisation of the energy market is to be prepared and implemented. The current regulatory period extends for one calendar year, according to which an application for a new tariff can be submitted on an annual basis. The specific features of a greenfield project with high initial investments and a low number of customers is not taken into account in the current tariff system. In cooperation with the Energy Community, a harmonisation of the tariff system with the European market level is being developed. The household tariffs are strictly regulated until August 2013, with a gradual market opening taking place afterwards. Up until now the regulatory authority did not act independently. However, as a consequence of the new elections at the end of 2011, the regulatory authority has successfully assumed its legally stipulated responsibilities. In Croatia, end customer prices for households are considerably lower than in other European countries, although natural gas prices were raised by 22.0% in May 2012.

#### Albania

A concession agreement for the Ashta hydropower plant was signed by the Macedonian government and the project partners Verbund and EVN in September 2009. The project on the Drin River, Northern Albania, represents the first large hydropower plant concession agreement of the Republic of Albania with foreign partners. In September 2012, EVN and Verbund opened the first section of the Ashta hydropower plant. The project was implemented within the context of a Build-Own-Operate-Transfer (BOOT) model. Verbund and EVN will own and operate the power plant for a total of 35 years, and will hand it over to the Republic of Albania at the end of the concession period.



GDP growth	%	2013f	2012e	2011	2010	2009
EU-27 <sup>1)2)</sup>		0.2–0.3	–0.5	1.5	2.0	–4.3
Austria <sup>3)4)</sup>		1.0–1.3	0.6–0.8	2.7	2.3	–3.8
Bulgaria <sup>1)2)4)</sup>		1.5–2.0	0.8–1.5	1.7	0.4	–5.5
Albania <sup>1)2)</sup>		2.8–3.5	2.3–2.5	3.1	3.9	3.3
Croatia <sup>1)2)4)</sup>		0.8–1.2	–1.2–(–1.5)	0.0	1.2	–6.0
Macedonia <sup>2)</sup>		2.5–3.0	1.0	3.1	1.8	–0.9

1) Source: Raiffeisen Research "Strategie Globale Märkte 4. Quartal 2012" and "Strategie Österreich & CEE 4. Quartal 2012"

2) Source: wiiw "Economic Prospects for Central, East and Southeast Europe", July 2012, National Bank of Macedonia, August 2012

3) Source: WIFO press release, September 2012

4) Source: IHS press release, September 2012

The entire electricity generated by Ashta will be supplied to the state-owned Albanian utility company Korporata Elektroenergjetike Shqiptare (KESH) for a period of 15 years. Afterwards, the contract can either be extended, or the electricity can be freely sold on the market.

of reforms and the lowest economic growth since the 1980s, whereas the Institute for Advanced Studies (IHS) expects the economy to expand by 0.8%. WIFO and IHS predict GDP growth of 1.0% and 1.3% respectively for the year 2013.

## Overall business environment

Following a short economic upturn at the beginning of the year, there was a perceptible slowdown of the world economy in the spring of 2012. Most industrial countries and emerging markets were affected by this development but to varying degrees. The crisis of confidence and the sovereign debt crisis in the eurozone were only partially responsible for this. Numerous industrial countries outside of the eurozone also considerably suffered from macroeconomic imbalances. Internal economic problems and political issues plagued several emerging markets more strongly than in the past.

For these reasons, against the backdrop of the current business environment, due diligence must be exercised with respect to any forecasts about the further economic development of Europe. On the level of the European Union (EU), growth is not expected in 2012, though there continue to be major economic differences within the eurozone. The sovereign debt crisis and the accompanying public sector spending cutbacks will continue to negatively impact the business climate, particularly in Southern Europe and South Eastern Europe. Forecasts for 2012 as a whole predict a GDP decline of 0.5% in the EU, following growth of 1.5% in the year 2011. The expected subsiding of the crisis of confidence and the ongoing expansive monetary policies, should lead to a slight economic recovery in the EU in 2013, and a predicted GDP growth of up to 0.3%.

Since spring the expectations for Austria have been continually revised downwards. The Austrian Institute of Economic Research (WIFO) anticipates a 0.6% growth rate due to the lack

Economic growth outpacing the comparable outlook in Austria continues to be forecast in Albania, Bulgaria and Macedonia in 2012 and 2013.

The decline in domestic demand and the economic crisis on the part of Italy and Greece, the most important trading partners, will have a negative effect on the Albanian economy. Current GDP predictions assume a decline in the growth rate from 3.1% in 2011 up to 2.3% in 2012. In 2012 Albania could become a candidate for accession to the EU in 2012, which would help to boost economic growth in the year 2013.

Due to a relatively restrained demand from the EU, especially the expected economic slowdown in Germany, GDP growth in Bulgaria is anticipated to decline slightly, from 1.7% in 2011 down to as much as 0.8% in 2012. In contrast, the Bulgarian economy is predicted to expand by up to 2.0% in 2013.

The Croatian economy is now in the midst of its fourth successive recessionary year. The economy is likely to contract by 1.5% in 2012 following its stagnation in the previous year. On the basis of Croatia's planned membership in the EU as of July 1<sup>st</sup>, 2013 and the related inflow of funds from the EU Structural and Cohesion Funds, forecasts predict a growth rate of 1.0% on average for 2013.

The sovereign debt problems encountered by neighbouring countries, amongst other factors, are significantly weakening the ongoing economic growth which Macedonia has achieved for several years. The Macedonian economy expanded by 3.1% in 2011, which is predicted to drop to 1.0% in 2012 and then climb again in 2013 to 3.0%.

		2011/12	2010/11	Change in %	2009/10
<b>Temperature-related energy demand<sup>1)</sup></b>					
	%				
Austria		99.0	101.7	-2.7	105.5
Bulgaria		108.2	86.2	22.0	81.2
Macedonia		120.4	100.8	19.6	91.3
<b>Primary energy and CO<sub>2</sub> emission certificates</b>					
Crude oil – Brent	EUR/bbl	86.0	75.5	13.9	57.3
Natural gas – GIMP <sup>2)</sup>	EUR/MWh	28.3	25.6	10.6	21.4
Coal – API#2 <sup>3)</sup>	EUR/t	76.3	87.0	-12.3	69.5
CO <sub>2</sub> emission certificates (2 <sup>nd</sup> period)	EUR/t	7.9	14.8	-46.6	14.2
<b>Electricity – EEX forward market<sup>4)</sup></b>					
Base load	EUR/MWh	54.8	50.3	8.9	48.9
Peak load	EUR/MWh	67.0	64.1	4.6	67.8
<b>Electricity – EPEX spot market<sup>5)</sup></b>					
Base load	EUR/MWh	44.8	51.6	-13.0	41.3
Peak load	EUR/MWh	55.1	61.8	-10.8	52.2

1) Calculated according to the heating degree total; in Austria the basis (100.0%) corresponds to the long-term average value 1996–2010, in Bulgaria to the long-term average value 2004–2011 and in Macedonia to the long-term average value 2001–2010; change reported in percentage points

2) Gas Import Price (GIMP)

3) ARA notation (ARA – Amsterdam, Rotterdam, Antwerp)

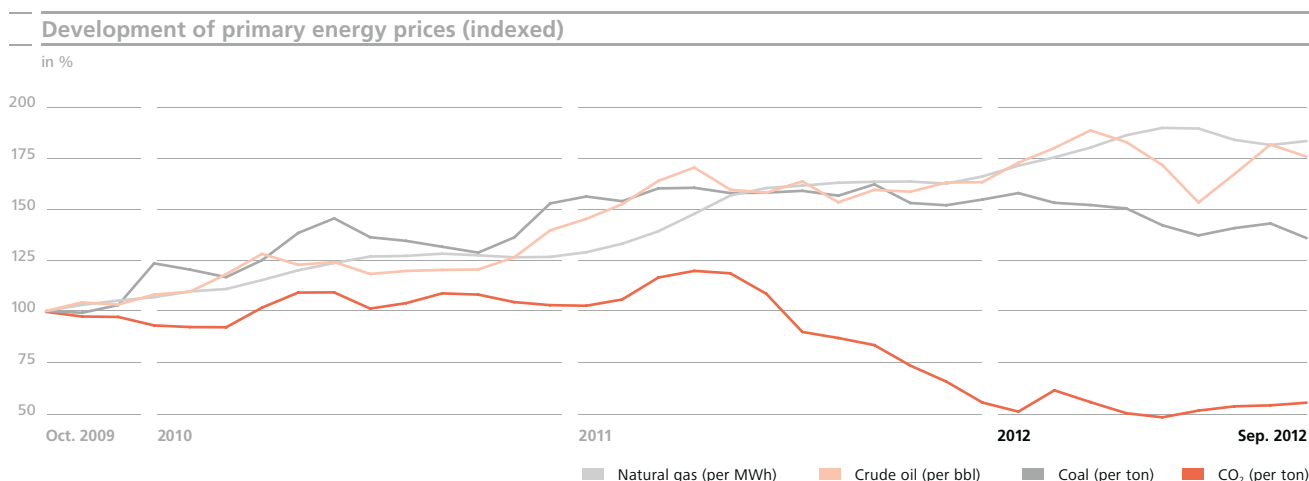
4) Average prices for the respective quarterly forward market prices beginning one year before the respective period on the EEX (European Energy Exchange)

5) EPEX spot market – European Power Exchange

## Energy sector environment

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

Electricity consumption in Austria amounted to 53 TWh in the period October 1<sup>st</sup>, 2011 to June 30<sup>th</sup>, 2012, an increase of 0.6% from the prior-year level. This rise is primarily due to the slight economic recovery during the first two quarters of 2012. In contrast, natural gas consumption declined by 4.1% to 81.5 TWh, which can be attributed to the warmer weather conditions, especially between October and December 2011, when average temperatures were 1.5 degrees Celsius higher than in the previous year.



For this reason the temperature-driven demand for energy was 1.0% below the long-term average, and 2.7 percentage points below the comparable figure for the previous year. On the basis of this development, and because of the reduced use of EVN's own thermal power plants, natural gas sales volumes declined by 2.2%, or 340 GWh, to 14,844 GWh. Electricity sales volumes were up by 0.4%, or 28 GWh, to 7,782 GWh compared to the prior year.

In contrast, the significantly colder weather prevailing in Bulgaria and Macedonia led to a strong increase in the electricity and heat sales volumes of EVN. In Bulgaria, the heating degree total was 8.2% above the long-term average, and 22.0 percentage points higher than in the previous financial year. In Macedonia, a comparison with the 2010/11 financial year showed a rise of 19.6 percentage points in the heating degree total, and a 20.4% increase in relation to the long-term average. Electricity sales volumes in South Eastern Europe were up by 4.2%, or 554 GWh, to 13,814 GWh, whereas heat sales volumes rose by 3.4%, or 8 GWh, to 241 GWh.

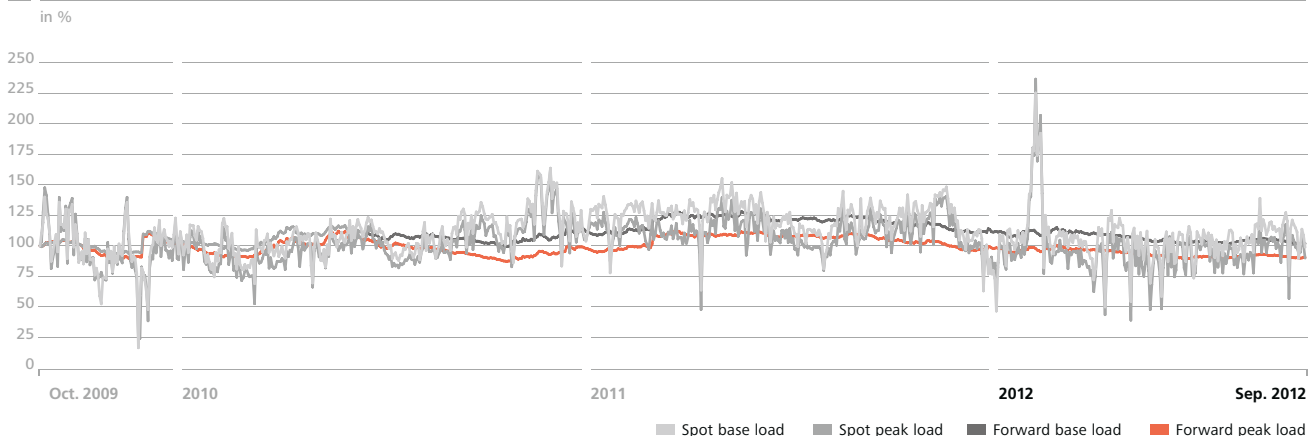
In euros, the average price for crude oil Brent, which is considered the benchmark for Europe, was 13.9% higher on average in the 2011/12 financial year compared to the previous year due to the ongoing strong demand in Asia as well as the continuing conflict between Iran and the Western industrialised nations. The natural gas procurement prices for Austria, which are primarily linked to the price of crude oil, were EUR 28.3 per MWh, a rise of 10.6% from the prior-year level in spite of the natural gas price revision between Gazprom and EconGas. In contrast, the price for coal at EUR 76.3 per ton was 12.3% below the comparable prior-year figure. The prices for CO<sub>2</sub> emission certificates were almost cut in half, mainly as a consequence of the economic slow-

down in the second half of 2012, and amounted to EUR 7.9 per ton during the reporting period.

The valid forward prices for base load and peak load electricity during the period under review rose by 8.9% and 4.6% respectively year-on-year as a result of the positive economic forecasts for 2012. The European spot market prices for base load and peak load electricity were 13.0% and 10.8% respectively below the prior-year level, in spite of the continuing high primary energy prices. This development is mainly attributable to the higher contribution of renewable energy sources and the cyclically-related decline in demand for electricity.

In order to ensure the reliability of its energy supply, EVN regularly purchases energy on the forward market. For this reason, the prices of forward markets have a material impact on EVN's earnings development. The electricity prices for delivery during the 2011/12 financial year were still at a lower level when the futures contracts were made. Accordingly, the market price effects had a positive impact on the development of EVN's earnings. In Austria, the end customer prices for electricity were reduced effective January 1<sup>st</sup>, 2012 on the basis of the decline in additional costs for renewable energy and effective July 1<sup>st</sup>, 2012 along with changes in the financing of renewable power plants. The positive impacts of the natural gas price revision were passed on to end customers in the form of a bonus payment. In Bulgaria, the regulatory authority increased end customer prices for electricity by 13.9% effective July 1<sup>st</sup>, 2012. In Macedonia, two price adjustments were carried out by the regulatory authority. The end customer prices for electricity applicable to EVN Macedonia were aised by 7.8% as of January 1<sup>st</sup>, 2012 (4.8% can be assigned to EVN Macedonia) and once again by 9.8% as of August 1<sup>st</sup>, 2012 (6.1% applies to EVN Macedonia).

**Development of electricity prices – spot and forward market**



## Success and influencing factors

In order to safeguard the reliability of the energy supply, EVN is pursuing a strategy of ensuring that its power generation capacities are as diverse, balanced and flexible as possible. EVN produces electricity from thermal sources as well as renewable energy, which is mainly derived from hydropower and windpower. At present, EVN is promoting the expansion of production from renewable energy sources. The earnings development of EVN's energy business is partially shaped by external influencing factors which the company's management can only counteract to a limited extent. Electricity, natural gas and heating sales volumes depend on weather conditions, the development of energy demand, prices for electricity and primary energy as well as a successful market positioning.

This diversity of influencing factors demands a flexible and variable structuring of the different primary energy sources EVN depends upon. On the one hand, it is vital to secure a sufficient long-term supply of the fuels used in thermal power plants. On the other hand, the price development on Europe's electricity market must be evaluated on an ongoing basis in order to be able to manage the deployment of EVN's own power generation capacities in the most cost-efficient manner. In order to be able to meet the expected development of energy demand, it is necessary to increase power generation capacities and exploit all opportunities to increase the efficiency of existing facilities.

As a means of ensuring a secure and reliable energy supply, EVN purchases primary energy and electricity on the forwards market. Natural gas is largely procured on the basis of long-term agreements. The procurement price for natural gas is mainly influenced, but with a time delay, by international pricing for crude oil, as well as the European spot market prices for natural gas. With respect to procuring electricity and natural gas, an active hedging policy is pursued within the framework of EAA. Moreover, natural hedging takes place in the electricity business in the form of EVN's own production efforts. In the heating business, sales prices of all products are index-secured, in which case almost all agreements link pricing to publicly calculated price indices.

The order situation in the environmental services business is characterised by a good demand situation in Central, South Eastern and Eastern Europe. However, the realisation of projects depends on the financial resources of public institutions such as cities, municipalities and communities. Clients can decide between different project implementation models i.e. general contractor, the operating model and the BOOT model (Build-Own-Operate-Transfer). In all cases, the customer bears the economic

risks, even if EVN organises the requisite financing. The key success factors in the environment services business are the ongoing efforts to acquire new projects in EVN's areas of competence, risk minimization in project implementation and the profitable operation of facilities. EVN is also responsible for the long-term operation of the plants for numerous environmental projects. The environmental services business makes an important contribution to the operational diversification of the company.

The shareholdings held by EVN which are encompassed in the Strategic Investments and Other Business segment also make a major contribution to EVN's financial results and consist of the following:

- 12.63% stake in Verbund AG (direct stake 11.5% and indirect stake via EVN WEEV Beteiligungs GmbH 1.1%): Austria's largest electricity producer with an installed capacity of 8.6 GW
- 50.03% of RAG: Austria's second largest oil and gas exploration company, with an average oil production of about 100,000 to 120,000 tons of oil and an average natural gas production of approximately 500m m<sup>3</sup> as well as natural gas storage capacities of close to 5 billion m<sup>3</sup>
- 73.6% shareholding in Burgenland Holding Aktiengesellschaft (featuring an indirect stake of 49.0% in Energie Burgenland AG – formerly BEWAG), which in turn is Austria's largest producer in the field of wind energy with an installed capacity of 242 MW

Thanks to the related vertical integration, EVN profits from a partial, although indirect, hedging against rising energy costs.

→ Details on the contributions of the above-mentioned companies to the financial results of EVN can be found in the Consolidated notes, note 31. Financial results, page 132.

Influencing factors	Effect on business development <sup>1)</sup>
Temperature	Positive
Primary energy prices	Negative
Electricity prices – forward market	Negative
Electricity prices – spot market	Negative
Electricity sales	Positive
Natural gas sales	Negative
Heat sales	Positive

1) Compared to the previous year

Influencing factors	Effect on business development (in general)
Employee fluctuation	Negative
Occupational accidents	Negative
Stakeholder dialogue	Positive
CO <sub>2</sub> emissions	Negative
Network losses	Negative

## 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 113) was reduced by one fully consolidated subsidiary and expanded by two investments in equity accounted investees. Including EVN AG as the parent company, the Consolidated financial statements thus encompass a total of 62 fully consolidated companies (previous year: 63), five proportionally consolidated companies (previous year: five) and 18 investment in equity accounted investees (previous year: 16).

The fully consolidated companies now include the EVN Service Center EOOD, Bulgaria, EVN Gorna Arda Development EOOD, Bulgaria, and EVN Macedonia Elektrani DOOEL, Macedonia as

## Highlights 2011/12

- Revenue increase of 4.3% to EUR 2,846.5m
- EBITDA decline of 3.6% to EUR 458.0m
- EBIT down 7.0% to EUR 206.7m
- Financial results of EUR 53.0m above prior-year level
- Improvement of Group net profit by 1.4% to EUR194.9m
- Net cash flow from operating activities down 11.7% to EUR 461.0m
- Investments down 25.8% to EUR 308.3m
- Solid balance sheet structure and stable liquidity situation

of the 2011/12 financial year. The company B.bet Burgenland Telekom GmbH was removed from the group of fully consolidated companies due to its merger into kabelplus AG. The previously fully consolidated subsidiaries WTE Projektmanagement GmbH and WTE Denmark A/S were deconsolidated due to the termination of their business activities during the year under review. The company first facility GmbH was also deconsolidated because of its sale to NÖ Hypo-Beteiligungsholding GmbH. Among the new additions to the equity accounted investees were EVN-WIEN ENERGIE Windparkentwicklungs- und Betriebs GmbH, Bioenergie Steyr GmbH and Fernwärme Steyr GmbH.

Condensed Consolidated statements of operations	2011/12	2010/11	Change		2009/10
	EURm	EURm	EURm	%	EURm
Revenue	2,846.5	2,729.2	117.3	4.3	2,752.1
Other operating income	81.3	101.6	-20.2	-19.9	69.7
Electricity purchases and primary energy expenses	-1,630.6	-1,505.7	-124.8	-8.3	-1,600.0
Cost of materials and services	-350.0	-373.9	24.0	6.4	-314.5
Personnel expenses <sup>1)</sup>	-329.1	-319.8	-9.3	-2.9	-329.2
Other operating expenses	-160.1	-156.3	-3.8	-2.4	-161.5
EBITDA <sup>1)</sup>	458.0	474.9	-16.9	-3.6	416.6
Depreciation and amortisation	-251.3	-252.8	1.4	0.6	-229.3
Results from operating activities (EBIT) <sup>1)</sup>	206.7	222.2	-15.5	-7.0	187.3
Financial results	53.0	41.8	11.2	26.8	83.6
Profit before income tax <sup>1)</sup>	259.7	263.9	-4.3	-1.6	270.9
Income tax expense	-25.9	-28.8	2.9	9.9	-42.1
Profit for the period <sup>1)</sup>	233.8	235.2	-1.4	-0.6	228.7
thereof profit attributable to EVN AG shareholders (Group net profit) <sup>1)</sup>	194.9	192.3	2.6	1.4	207.0
thereof profit attributable to non-controlling interests	38.9	42.9	-4.1	-9.5	21.8
Earnings per share in EUR <sup>1)</sup>	1.09	1.08	0.01	0.6	1.27

1) The figure for the prior year has been adjusted (see Consolidated notes, note 2. Reporting in accordance with IFRS on page 110).

## Statements of operations

### Results of operations

In the 2011/12 financial year, EVN generated total revenue of EUR 2,846.5m, a rise of 4.3%, or EUR 117.3m above the prior-year level, in spite of the persistently difficult economic conditions. In the energy business, the historically coldest winter weather conditions and the increase of end customer prices in South Eastern Europe in particular positively impacted the development of Group revenue. In the environmental services business, revenue was slightly below the previous year due to the lower implemented project volumes.

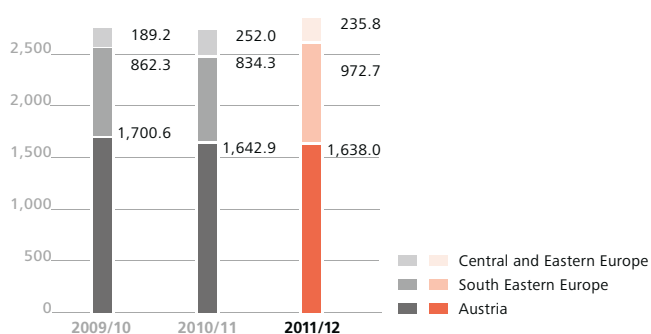
→ Details on the segment development can be found starting on page 91.

The revenue generated outside of Austria amounted to EUR 1,208.5m, a rise of 11.3%, or EUR 122.2m, from the prior year, corresponding to a 42.5% share of total Group revenue, up from 39.8% in the previous year.

Other operating income was down 19.9%, or EUR 20.2m, to EUR 81.3m, which is related to fewer changes in work in progress.

### Revenue by region

in EURm



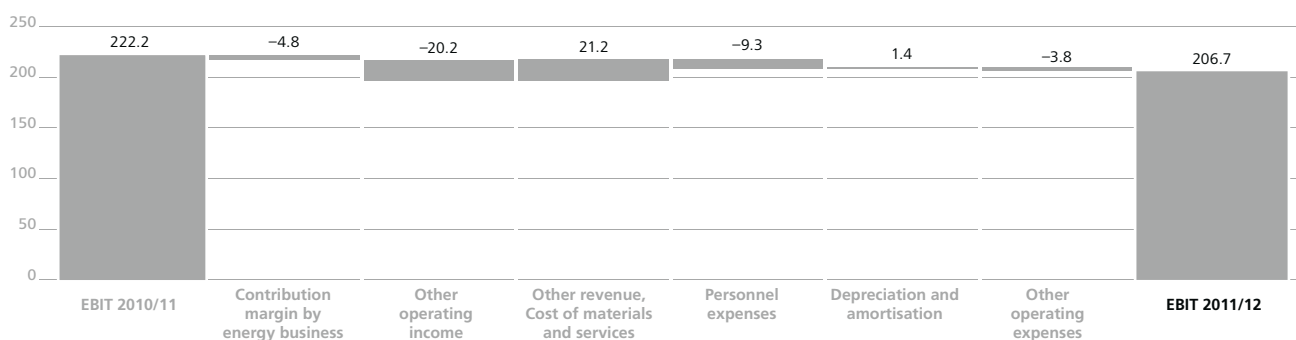
The costs for “Electricity purchases and primary energy expenses” were up 8.3%, or EUR 124.8m, to EUR 1,630.6m. This was mainly related to the higher sales volumes in South Eastern Europe as well as higher procurement costs on the domestic market and in South Eastern Europe. Moreover, this item also increased as a result of the expanded activities of EAA in Germany, and the provision allocated for impending losses from the marketing of EVN’s own electricity production as a consequence of the sustainable changes in electricity market conditions.

The cost of materials and services fell by 6.4% compared to the prior-year period, or EUR 24.0m, to EUR 350.0m. This development is primarily attributable to the lower implemented project volumes in the environmental services business, as a result of completed projects.

The average number of employees fell by 7.9% during the year under review, or 656 people, to 7,594 employees. This was related to outsourcing activities as well as further efficiency enhancement measures abroad, which in turn led to a decrease of 524 employees, as well as to the sale of first facility and the related decrease in the number of employees in Austria. On balance, the total number of staff in Austria was down by 150 people compared to the previous year. There were divergent developments affecting personnel expenses. While the premature application of changes to IAS 19 reduced costs, the contractually stipulated wage and salary increases mandated by collective wage agreements and higher costs for pensions pushed up costs. On balance, personnel expenses were up by 2.9%, or EUR 9.3m, from the previous year, to EUR 329.1m. In connection with the application of revisions to IAS 19, the values of the 2010/11 financial year had to be adjusted in line with IFRS regulations. Accordingly, personnel expenses in the previous year changed from EUR 323.3m to EUR 319.8m (see Consolidated notes, note 2. Reporting in accordance with IFRS, page 110).

### Changes in EBIT 2011/12 compared to previous year

in EURm





Other operating expenses climbed 2.4%, or EUR 3.8m, to EUR 160.1m, mainly as a consequence of higher write-offs of receivables.

On balance, these developments led to an EBITDA decrease of 3.6% from the prior-year level, or EUR 16.9m, to EUR 458.0m. In the light of a slight increase in revenue, the corresponding EBITDA margin was down to 16.1% from 17.4% in the previous financial year.

Scheduled depreciation and amortisation climbed by 1.9%, or EUR 4.4m, to EUR 228.0m. As a consequence of the total write-downs reported in the 2010/11 financial year for the gas-fired power plants in Theiß and Korneuburg and the related discontinuation of scheduled depreciation for these facilities, the rise in scheduled depreciation was lower than expected due to the coming on stream of several power generation facilities, such as the wind parks in Lower Austria and the co-generation plant in Bulgaria. The rise in extraordinary depreciation of 61.4% from the previous year, or EUR 23.3m, to EUR 37.0m, includes the impairment loss taken on the biomass pilot plant in Dürnrrohr due to unfavourable market conditions to the amount of EUR 8.0m and the impairment loss of EUR 9.8m recognised for the Kavarna wind park in Bulgaria. A disadvantageous decision on tariffs for renewable energy electricity as at July 1<sup>st</sup>, 2012, as well as uncertainties concerning network access led to this impairment loss for the Kavarna wind park. The positive effects related to the significantly lower level of scheduled depreciation are in contrast to the reversal of an impairment of EUR 31.2m for the procurement rights held for the Freudenua hydropower plant. All in all, total depreciation and amortisation amounted to EUR 251.3m, a slight decline of 0.6%, or EUR 1.4m, from the from the prior-year level.

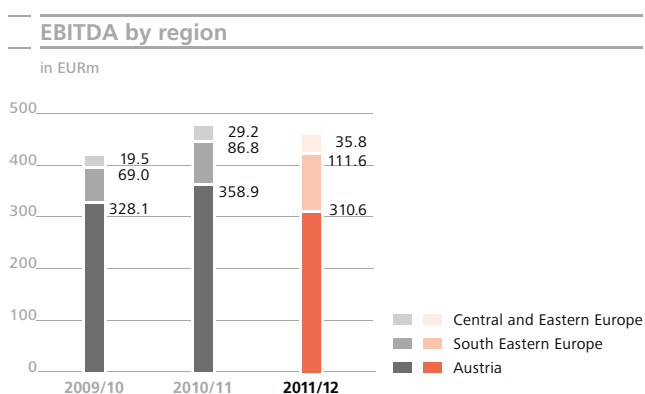
In contrast to the previous year, the results from operating activities (EBIT) fell by 7.0%, or EUR 15.5m, to EUR 206.7m, and the corresponding EBIT margin was down from 8.1% to 7.3%.

The financial results improved by 26.8%, or EUR 11.2m during the year under review, to EUR 53.0m. In this case, the income from investments, which is relevant for the development of the financial results, is basically impacted by the earnings contributions of EVN's major strategic investments. On balance, the income from investments in equity accounted investees rose by 38.4%, or EUR 24.1m, to EUR 87.0m. In particular, earnings contributions increased from RAG, Verbund-Innkraftwerke Deutschland GmbH and Shkodra Region Beteiligungsholding GmbH in connection with the Ashta hydropower plant project in Albania. However, the earnings contribution in the previous year had been negatively impacted by the necessary impairment loss. This was in contrast to the impairment loss taken on EVN's stake in EconGas and lower earnings contributions from Energie Burgenland AG. The gain from other investments was down 8.6%, or EUR 2.3m, to EUR 24.3m. Whereas Verbund AG provided stable dividends, other dividends were down to EUR 0.2m (previous year: EUR 2.2m). The higher interest expense, which rose by 11.6%, or EUR 9.1m, to EUR 87.9m, and the lower interest income, which fell by 17.9%, or EUR 6.7m, to EUR 30.9m, had a negative impact on the financial results. In contrast, the other financial result improved by EUR 5.2m to EUR -1.3m.

The decline in the income tax to EUR 25.9m resulted from the lower results from operating activities as well as the increased tax-free income from investments. Accordingly, the profit for the period after the income tax expense totalled EUR 233.8m, a drop of 0.6% or EUR 1.4m from the previous year.

The share of non-controlling interests fell by 9.5%, or EUR 4.1m, to EUR 38.9m. In this regard, the higher earnings share of RAG was in contrast to the elimination of non-controlling interests in the two subsidiaries EVN Bulgaria EP and EVN Bulgaria EC. On balance, the Group net profit improved by 1.4%, or EUR 2.6m, to EUR 194.9m. Accordingly, earnings per share were up to EUR 1.09 (previous year: EUR 1.08).

In line with EVN's business development, the Executive Board will propose to the 84<sup>th</sup> Annual General Meeting to distribute a dividend of EUR 0.42 per share for the 2011/12 financial year (previous year: EUR 0.41). This corresponds to a dividend payout ratio of 38.7% (previous year: 38.0%), and a dividend yield of 3.9% (previous year: 3.8%) relative to the share price of EUR 10.84 on September 30<sup>th</sup>, 2012.



## Value analysis

Development of selected indicators		2011/12	2010/11	Change in %	2009/10
ROE <sup>1)</sup>	%	7.6	7.6	–	7.4
Average equity <sup>1)</sup>	EURm	3,089.7	3,095.5	–0.2	3,076.2
WACC after income tax <sup>2)</sup>	%	6.5	6.5	–	6.5
Operating ROCE (OpROCE) <sup>3)</sup>	%	6.9	7.5	–0.7	6.4
Average capital employed <sup>1)3)</sup>	EURm	4,647.0	4,395.4	5.7	3,952.4
Net operating profit after tax (NOPAT) <sup>1)3)</sup>	EURm	318.8	331.4	–3.8	254.5
EVA <sup>®1)</sup>	EURm	16.7	45.7	–63.4	–2.4

1) The figure for the prior year has been adjusted (see Consolidated notes, note 2. Reporting in accordance with IFRS on page 110).

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%.

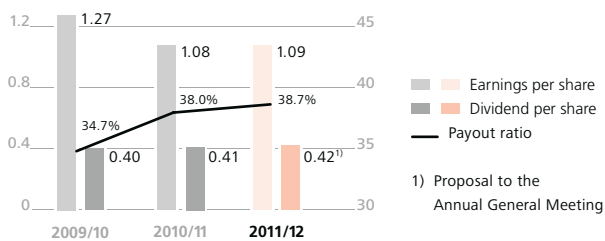
3) Adjusted for impairments and one-off effects; the market value of the shareholding in Verbund AG is not included in the capital employed in order to consistently convey the development of the value contribution.

Condensed Consolidated statements of financial positions	9/30/2012	9/30/2011	Change		9/30/2010
	EURm	EURm	EURm	%	EURm
<b>Assets</b>					
<b>Non-current assets</b>					
Intangible assets and property, plant and equipment	3,412.3	3,349.4	62.9	1.9	3,179.2
Investments in equity accounted investees and other investments	1,717.4	1,884.5	–167.1	–8.9	1,811.7
Other non-current assets	924.3	849.1	75.2	8.9	751.3
	6,053.9	6,083.0	–29.1	–0.5	5,742.1
<b>Current assets</b>	809.3	787.4	21.9	2.8	989.1
<b>Total assets</b>	6,863.2	6,870.4	–7.2	–0.1	6,731.2
<b>Equity and liabilities</b>					
<b>Equity<sup>1)</sup></b>					
Issued capital and reserves attributable to shareholders of EVN AG <sup>1)</sup>	2,768.3	2,804.1	–35.8	–1.3	2,679.5
Non-controlling interests	245.4	361.7	–116.3	–32.2	345.7
	3,013.7	3,165.8	–152.1	–4.8	3,025.3
<b>Non-current liabilities<sup>1)</sup></b>					
Non-current loans and borrowings	1,933.3	1,591.3	342.0	21.5	1,726.4
Deferred tax liabilities and non-current provisions <sup>1)</sup>	609.9	624.0	–14.1	–2.3	677.0
Deferred income from network subsidies and other non-current liabilities	519.4	506.8	12.6	2.5	461.0
	3,062.6	2,722.2	340.5	12.5	2,864.5
<b>Current liabilities</b>					
Current loans and borrowings	49.4	311.6	–262.2	–84.1	205.2
Other current liabilities	737.5	670.8	66.7	9.9	636.2
	786.9	982.4	–195.5	–19.9	841.5
<b>Total equity and liabilities</b>	6,863.2	6,870.4	–7.2	–0.1	6,731.2

1) The figure for the prior year has been adjusted (see Consolidated notes, note 2. Reporting in accordance with IFRS on page 110).

### Earnings and dividend per share

in EUR



The return on equity (ROE) remained stable at 7.6% on the basis of the lower profit for the period after the income tax expense and a lower average equity compared to the previous year.

The operating performance indicators for the 2011/12 financial year changed as follows: the economic value added (EVA®) of EUR 16.7m was recognised compared to EUR 45.7m in the previous year, and the operating return on capital employed (OpROCE) declined from 7.5% to 6.9%.

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

### Statements of financial condition

#### Net assets and financial positions

At EUR 6,863.2m as at the reporting date of September 30<sup>th</sup>, 2012, EVN's total assets were down 0.1%, or EUR 7.2m, compared to the last balance sheet date at September 30<sup>th</sup>, 2011.

Non-current assets fell by 0.5%, or EUR 29.1m, to EUR 6,053.9m, as a result of which its share amounted to 88.2% of total assets (previous year: 88.5%). Intangible assets and property, plant and equipment rose by 1.9%, or EUR 62.9m, to EUR 3,412.3m, which can be attributed to investment activity which was higher than the corresponding depreciation and amortisation.

Furthermore, the higher valuation of the investments in equity accounted investees by 5.7%, or EUR 56.6m, to EUR 1,048.7m was in contrast to the decline in the valuation of other investments of 25.1%, or EUR 223.7m, to EUR 668.7m. The increased valuation of the investments in equity accounted investees was primarily based on the capital contributions on the part of EVN for the Ashta, Devoll and Duisburg-Walsum power plant projects. The lower valuation of other investments is primarily attributable to the negative market valuation of EVN's shareholding in Verbund compared to the prior-year period. Other non-current

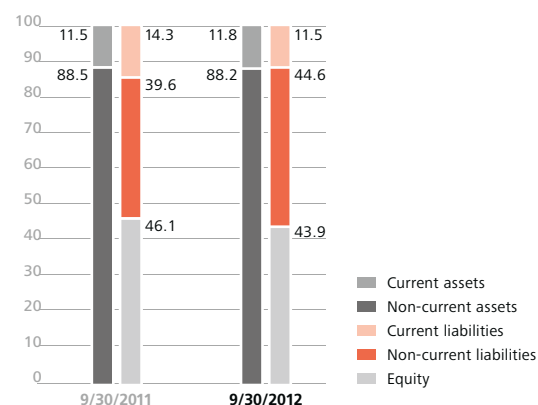
assets rose by 8.9%, or EUR 75.2m, to EUR 924.3m, which is mainly the result of increased non-current lease receivables.

Current assets were up 2.8%, or EUR 21.9m, to EUR 809.3m. Accordingly, their share of total assets increased from 11.5% to 11.8%. The higher level of receivables in the energy business as well as higher cash and cash equivalents were in contrast to the reduction in current investments in securities.

Equity during the period under review amounted to EUR 3,013.7m, a drop of 4.8%, or EUR 152.1m. In this regard, the Group net profit achieved in the 2011/12 financial year was in contrast to the change in the market valuation of EVN's stake in Verbund without recognition to profit or loss and the distribution of dividends to the shareholders of EVN AG for the 2010/11 financial year of EUR 73.6m, and to non-controlling interests of EUR 38.4m. As at the reporting date of September 30<sup>th</sup>, 2012, the equity ratio amounted to 43.9% (September 30<sup>th</sup>, 2011: 46.1%).

### Balance sheet structure

in %

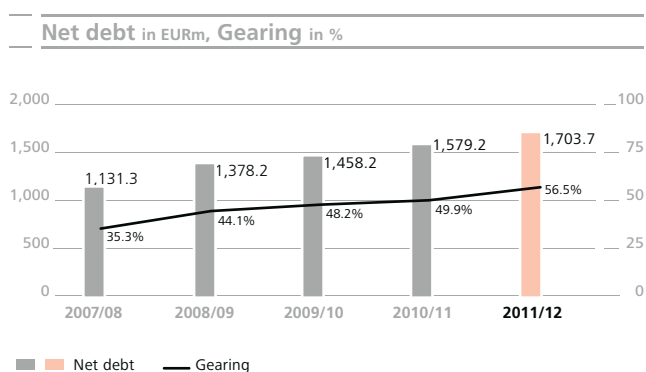


Non-current liabilities were up by 12.5%, or EUR 340.5m, to EUR 3,062.6m. This development is mainly related to the higher level of non-current loans and borrowings, which rose by 21.5%, or EUR 342.0m, to EUR 1,933.3m, largely as a result of the issuing of a Eurobond in October 2011 amounting to EUR 300.0m and the conclusion of two private placements totalling EUR 125.0m in February 2012. The planned redemption of financial liabilities amounting to EUR 86.1m had divergent effects. With respect to non-current loans and borrowings, the higher level of non-current provisions, which rose by EUR 40.3m, and the higher deferred income from network subsidies, which were up by EUR 31.6m, contrasted with the EUR 73.4m lower deferred tax liabilities and other non-current liabilities.

	9/30/2012	9/30/2011	Change		9/30/2010
	EURm	EURm	EURm	%	EURm
<b>Net debt</b>					
Non-current loans and borrowings	1,933.3	1,591.3	342.0	21.5	1,726.4
Current loans and borrowings <sup>1)</sup>	21.4	280.8	-259.4	-92.4	170.8
Cash and cash items	-134.1	-112.6	-21.5	-19.1	-89.1
Current securities	-3.4	-57.9	54.5	94.1	-223.8
Non-current securities	-77.0	-97.9	20.9	21.4	-104.1
Loans receivable	-36.4	-24.4	-12.0	-49.1	-22.0
<b>Net debt</b>	<b>1,703.7</b>	<b>1,579.2</b>	<b>124.5</b>	<b>7.9</b>	<b>1,458.2</b>
<b>Equity<sup>2)</sup></b>	<b>3,013.7</b>	<b>3,165.8</b>	<b>-152.1</b>	<b>-4.8</b>	<b>3,025.3</b>
<b>Gearing (%)<sup>2)</sup></b>	<b>56.5</b>	<b>49.9</b>	<b>-</b>	<b>6.6</b>	<b>48.2</b>

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

2) The figure for the prior year has been adjusted (see Consolidated notes, note 2. Reporting in accordance with IFRS on page 110).



On balance, current liabilities fell by 19.9%, or EUR 195.5m, to EUR 786.9m. This is primarily due to the decrease in current loans and borrowings of 84.1%, or EUR 262.2m, to EUR 49.4m. In turn, this is related to the planned redemption of the Eurobond which fell due in December 2011. The increase in other current liabilities by 9.9%, or EUR 66.7m, to EUR 737.5m is mainly due to the higher level of trade payables, which rose by EUR 16,3m, and the higher amount of other liabilities, which climbed by EUR 42.0m.

The net debt increased by 7.9%, or EUR 124.5m, to EUR 1,703.7m, and gearing correspondingly rose by 6.6 percentage points to 56.5%. The Funds from Operations (FFO) declined as a consequence of the decrease in the net cash flow from operating activities. On balance, net debt coverage fell from 38.0% to 32.2%. The higher interest expense combined with the lower FFO reduced the interest cover from 7.6 to 6.2.

In order to minimise the interest rate risk, the interest structure of the debt portfolio reflects a balanced ratio between fixed

and variable interest rates, in which case interest rate derivatives are used to manage risk. The average interest rate of financing was 3.96% as at September 30<sup>th</sup>, 2012, featuring an average duration of 4.27 years (previous year: 4.06%; 2.68 years).

#### Liquidity situation

In addition to the issuing of a Eurobond in October 2011 amounting to EUR 300.0m, EVN also issued two new corporate bonds to the amount of EUR 125.0m in February 2012 within the context of private placements. Both of these bonds reach maturity in February 2032, and the fixed coupon was set at 4.125%. Furthermore, EVN issued a promissory note loan in the amount of EUR 121.5m after the balance sheet date in October 2012. The promissory note loan is divided into several tranches with terms to maturity of seven to 18 years, and both variable and fixed interest rates. On the basis of the financing instruments issued during the year under review, EVN succeeded in diversifying and strengthening its long-term Group financing structure.

As a liquidity reserve, EVN also has access to a syndicated credit line of EUR 500.0m which has been available since June 2012. It replaces a comparable credit line which had existed since September 2006. If necessary, it will only be utilised for short-term interim financing, and a long-term ongoing use of the credit line is not planned. In addition to this line of credit, EVN can also make use of a contractually stipulated bilateral credit line totalling EUR 175.0m, which has been made available by Austrian banks and features a term to maturity of up to six years. These credit lines were fully at the disposal of EVN as at September 30<sup>th</sup>, 2012.

Non-current investments in securities amounting to EUR 77.0m, 21.4% or EUR 20.9m less than in the previous year, primarily serve to cover provisions for pensions as required by law.

Condensed Consolidated statements of cash flows	2011/12	2010/11	Change		2009/10
	EURm	EURm	EURm	%	EURm
Profit before income tax <sup>1)</sup>	259.7	263.9	-4.3	-1.6	270.9
Non-cash items <sup>1)</sup>	220.6	214.1	6.5	3.0	196.8
<b>Gross cash flow</b>	<b>480.3</b>	<b>478.1</b>	<b>2.2</b>	<b>0.5</b>	<b>467.7</b>
Changes in current and non-current balance sheet items	9.7	78.3	-68.6	-87.7	67.0
Income tax paid	-28.9	-34.3	5.4	15.7	-35.5
<b>Net cash flow from operating activities</b>	<b>461.0</b>	<b>522.0</b>	<b>-61.0</b>	<b>-11.7</b>	<b>499.3</b>
Changes in intangible assets and property, plant and equipment	-232.6	-318.2	85.6	26.9	-335.8
Acquisition of subsidiaries, net of cash acquired	0.6	-24.6	25.2	-	-
Changes in financial assets and other non-current assets	-155.6	-333.3	177.7	53.3	-104.1
Changes in current securities	53.8	164.5	-110.8	-67.3	-141.1
<b>Net cash flow from investing activities</b>	<b>-333.9</b>	<b>-511.6</b>	<b>-177.7</b>	<b>-34.7</b>	<b>-581.0</b>
<b>Net cash flow from financing activities</b>	<b>-105.6</b>	<b>13.1</b>	<b>-118.2</b>	<b>-</b>	<b>57.1</b>
<b>Net change in cash and cash items</b>	<b>21.5</b>	<b>23.5</b>	<b>-2.1</b>	<b>-8.7</b>	<b>-24.6</b>
<b>Cash and cash items at the beginning of the period</b>	<b>112.6</b>	<b>89.1</b>	<b>23.5</b>	<b>26.4</b>	<b>113.6</b>
Currency translation differences	0.0 <sup>*)</sup>	0.0 <sup>*)</sup>	-	-	0.1
<b>Cash and cash items at the end of the period</b>	<b>134.1</b>	<b>112.6</b>	<b>21.5</b>	<b>19.1</b>	<b>89.1</b>

1) The figure for the prior year has been adjusted (see Consolidated notes, note 2. Reporting in accordance with IFRS on page 110).

\*) Small amount

The existing liquidity reserves are sufficient to cover EVN's funding needs for planned investments and repayment obligations under existing loans. Nevertheless, financing alternatives are reviewed on an ongoing basis to ensure maturity-matched funding and exploit market opportunities.

→ Further information on the composition and maturity of non-current financial liabilities are included in the Consolidated notes on page 143.

### Statements of cash flows

In the 2011/12 financial year, the gross cash flow amounted to EUR 480.3m, an increase of 0.5%, or EUR 2.2m, from the prior-year period in spite of the lower profit before income tax. This mainly resulted from the decline in non-current provisions in the previous year and lower non-cash financial results in the 2010/11 financial year. The remaining non-cash earnings components tended to weaken this effect.

The net cash flow from operating activities was down by 11.7%, or EUR 61.0m, to EUR 461.0m. The funds tied up in working capital could be reduced slightly in spite of the difficult business environment. However, this improvement was below the prior-year performance.

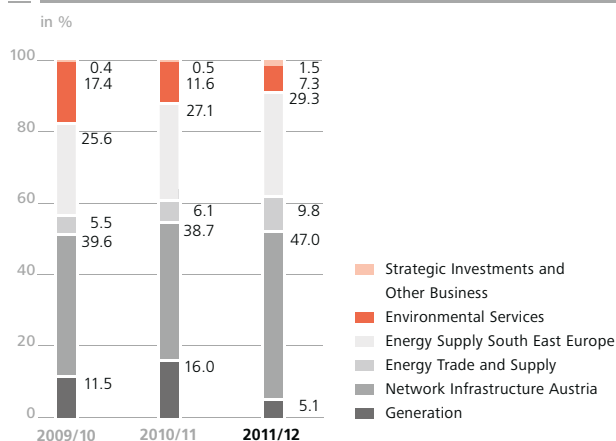
The net cash flow from investing activities at EUR -333.9m was mainly impacted by the ongoing investment programme, the capital payments for investments in equity accounted investees

related to the Ashta, Devoll and Duisburg-Walsum power plant projects, the acquisition of additional stakes in EVN's Bulgarian subsidiaries and the increase in lease receivables in the environmental services business. The financing took place partly by disposing of current investments in securities, which is also reported in the net cash from investing activities.

The net cash flow from financing activities declined by EUR 118.7m, to EUR -105.6m. The issuing of a Eurobond and the conclusion of two private placements in the reporting period were in contrast to the redemption of a Eurobond and the acquisition of additional stakes in EVN's subsidiaries EVN Bulgaria EC and EVN Bulgaria EP. The net cash flow from investing activities in the previous year was impacted by a capital increase and the corresponding proceeds of EUR 175.5m. Compared to the previous year, the increased dividends distributed to the shareholders of EVN AG of EUR 73.6m and to non-controlling interests of EUR 38.4m also had a slightly negative effect.

On balance, the above-mentioned developments resulted in a positive cash flow of EUR 21.5m (previous year: EUR 23.5m), and, as a consequence, the Group's cash and cash equivalents increased to EUR 134.1m (previous year: EUR 112.6m). Moreover, EVN had lines of credit amounting to EUR 675.0m which were fully at its disposal at the balance sheet date (September 30<sup>th</sup>, 2011: EUR 765.0m), as described above. All in all, EVN has sufficient liquidity reserves at its disposal to finance its operating activities. Thus the liquidity situation of EVN can continue to be considered as stable.

## Structure of investments



### Investing activities

During the reporting period, EVN's investments in intangible assets and property, plant and equipment were reduced by 25.8%, or EUR 107.4m, to EUR 308.3m. In the Generation segment, investments declined due to the higher prior-year level

characterised by the expansion of windpower capacities in Lower Austria and Bulgaria. In the Energy Trade and Supply segment, the investment volume was above the previous year, due to further expansion of the district heating network and the construction of several biomass heating plants. Investments in the networks in EVN's supply region in Lower Austria remained high though at a somewhat lower level than in the prior year, with a particular focus on construction of the natural gas transport pipeline Westschiene. In the Energy Supply South East Europe segment, investments continued to be made in improving energy supply reliability and quality and expanding network and electricity meter technology in South Eastern Europe. The decrease was primarily as a result of the high prior-year level related to construction of the co-generation plant in Plovdiv. The investments in this segment also encompass expansion of the Croatian natural gas supply. The investment decline in the Environmental Services segment is due to the completion of construction of the combined cycle heat and power plant in Moscow in the reporting period.

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

Investment priorities at EVN <sup>1)</sup>	2011/12	2010/11	Change		2009/10
	EURm	EURm	EURm	%	EURm
<b>Generation</b>	<b>16.3</b>	<b>66.4</b>	<b>-50.2</b>	<b>-75.5</b>	<b>45.2</b>
thereof thermal power stations	1.2	6.5	-5.3	-81.2	7.2
thereof renewable energy Lower Austria	12.4	51.6	-39.2	-76.0	5.4
thereof renewable energy South Eastern Europe	2.5	8.4	-5.9	-70.0	32.4
<b>Energy Trade and Supply</b>	<b>30.1</b>	<b>25.3</b>	<b>4.9</b>	<b>19.3</b>	<b>21.5</b>
thereof district heating plants	28.7	24.3	4.3	17.9	18.8
<b>Network Infrastructure Austria</b>	<b>144.8</b>	<b>160.9</b>	<b>-16.1</b>	<b>-10.0</b>	<b>156.5</b>
thereof electricity networks	69.2	75.1	-5.8	-7.8	65.3
thereof natural gas networks	65.3	70.0	-4.7	-6.7	75.6
thereof cable TV and telecommunications networks	9.0	12.8	-3.8	-29.7	11.5
<b>Energy Supply South East Europe</b>	<b>90.3</b>	<b>112.5</b>	<b>-22.2</b>	<b>-19.8</b>	<b>100.7</b>
<b>Environmental Services</b>	<b>22.7</b>	<b>48.3</b>	<b>-25.6</b>	<b>-53.0</b>	<b>68.6</b>
thereof combined cycle heat and power plants in Moscow	12.5	33.0	-20.5	-62.3	33.9
thereof supra-regional power lines, local networks and wastewater	9.0	9.1	-0.1	-1.6	8.2
thereof third line of the waste incineration facility in Dürnröhr	-	-	-	-	22.4
<b>Strategic Investments and Other Business</b>	<b>4.7</b>	<b>2.2</b>	<b>2.5</b>	<b>-</b>	<b>1.6</b>
<b>Total</b>	<b>308.3</b>	<b>415.7</b>	<b>-107.4</b>	<b>-25.8</b>	<b>394.0</b>

1) After consolidation



## Non-financial figures

### Human resources

In the 2011/12 financial year, EVN employed an average of 7,594 people, including 41 apprentices. The proportion of women in this technically-oriented company is traditionally rather low, and amounted to 21.6% during the reporting period. In order to increase the share of women in the EVN workforce, the programme Women@EVN was launched.

EVN is aware of the importance of qualified employees. This is why the retention and expansion of the high level of employee competence is a top priority of EVN's human resources management. The EVN Academy was set up to coordinate the organisation of the training and professional development offering for employees in Austria, Bulgaria and Macedonia. With total investments of about EUR 2.7m (previous year: EUR 2.6m), EVN expended a total of EUR 359.0 (previous year: EUR 313.7) for training measures in the 2011/12 financial year. The time expended on average for training and education could be increased from 22.1 hours per year and employee to 26.9 hours per year and employee.

→ Further information on EVN as responsible employer can be found from page 40.

→ For the employee-related figures see key figures table in the cover pages.

### Environment and sustainability

As a responsible energy and environmental services provider, EVN considers the three dimensions "People", "Environment" and "Economy" as a whole, and thus strives to achieve a balance between the requirements of different interest groups. The sustainability aspects of EVN's business operations and the related objectives comprise an integral part of the corporate strategy.

A flexible energy mix is of decisive importance for the future viability of EVN. One core element of EVN's strategic orientation is the further development of renewable energy sources, in particular windpower and hydropower as well as biomass and photovoltaics. EVN aims to increase the share of renewable energies in its electricity generation mix to 50%. The focus is on expanding EVN's windpower capacities, mainly in the domestic market Lower Austria. In addition, EVN is also pursuing the long-term goal of producing 40% to 60% of its electricity sales from its own power plants or electricity purchasing rights. In this way, EVN can master the balancing act between its ecological and economic responsibility, and at the same time safeguarding the energy supply.

### Research and development

EVN is involved in numerous national and international innovation, development and research projects, and has taken a leading role for decades in Austria in further developing highly efficient and environmentally sound power plants. In the 2011/12 financial year, EUR 1.6m (of which close to 9.9% was financed via public funding) was invested for these purposes, particularly in the following projects:

- CCS technologies (e.g. the CO<sub>2</sub> deposition facility at the Dürnrrohr site or the CO<sub>2</sub>USE project))
- Power-to-gas projects (GECO feasibility study)
- Smart metering
- Multi-functional energy storage
- Electro-mobility projects (emporA, VIBRATEe)
- Green home
- Small-scale windpower
- Solar thermal energy

→ Further information to specific research projects of EVN see Indicator EU7 Programmes for demand side management starting on page 174.

## Risk management

### Definition of risk

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

### Risk management process

The targeted safeguarding of both existing and future earnings and cash flow potential is the overriding goal of EVN's risk management. A centrally organised risk management department provide all decentralised located risk managers with suitable methods and tools for identifying and assessing risks as part of EVN's risk management system. All business units communicate their risk exposures to the centralised risk management department. Together, they define suitable actions designed to minimise risk; these actions are implemented by the business units at the local level. The overall risk exposure of the EVN Group is analysed and measured by centralised risk management department.

The risk management process consists of the following measures:

- **Identification:** The inventorisation of risks based on the most recent risk inventory (review of risk inventory) and identification of new risk exposures;
- **Assessment & analysis:** Qualitative and quantitative assessment of the risks identified; aggregation of the risks according to different assessment approaches; and modelling of profit and cash flow 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"; initiating risk management activities as necessary;
- **Process review:** Methodical identification of the organisational units that must be subjected to an explicit risk assessment, as well as regular reviews to determine whether the established methods of identifying and assessing risks need to be modified in the light of changed conditions.

### Tasks of the Risk Management Working Committee

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

risk management, as well as the implementation of all measures aimed at minimising risk.

### Group Risk Committee and Controlling

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

### Certification of the risk management system by KPMG Austria

In February 2012 the risk management system of the EVN Group has again been certified by KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, in respect to its effectiveness, design and quality standards.

### 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 energy demand and water flow conditions on the rivers on which EVN operates hydropower plants. Increases in the procurement prices for primary energy, a suboptimal procurement strategy or one which does not reflect the current market environment as well as price pressure from competitors can have an impact on the profit margins of the EVN Group and result in the loss of customers. Hedging strategies such as the longer-term marketing of power plant capacities, futures transactions, diversification of the customer portfolio as well as diversification of customer offers are designed to minimise risk. Operating risks such as disruptions in the production and distribution of electricity and district heat, as well as in the procurement and sale of natural gas, can occur in the energy business. This business entails dangerous activities that expose the EVN Group to the risk of major liability and thus require strict compliance with safety guidelines. The profitability and the recoverable amount of production plants are mainly dependent on the price development for energy and primary energy. EVN is exposed to project risks and the risk of improper fulfillment or non-fulfillment of contractual requirements in connection with the procurement of energy from third parties in the area of energy generation. Partnerships (joint ventures, syndicated contracts) can give rise to risks such as conflicts of interest, limited means of controlling and managing risk, as well as the

withdrawal or loss of the given partner. There is also the risk that required permits and licenses are not issued or extended on grounds for which EVN is responsible.

#### **Risk in the Environmental Services segment**

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

#### **Political and legal risks**

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

#### **Financial risks**

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

#### **Overall risk profile**

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

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

**Market and competitive risks**

**Price risk**

Procurement prices for primary energy, electricity, natural gas, CO<sub>2</sub> emission certificates and biomass

- Fixed pricing agreements, procurement strategy tailored to the market environment, hedging transactions

**Profit margin risk**

Energy sales: failure to achieve profit margin targets

- Hedging strategies: diversification of customer segments and business areas, longer-term sale of power plant capacities, fixed pricing agreements

Network operations: non-recognition of the actual costs of operating the network as reflected in network tariffs imposed by the given regulatory authority

- Lobbying with national and international regulatory authorities and interest groups

**Volume risk**

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

**Counterparty risk**

Complete or partial failure on the part of a business partner to perform as agreed

- Contracts, insurance and diversification of the business partners

**Supplier risk**

Rising project costs from building up new production capacities

- Partnerships; safeguarding of economic parameters by contractual means, to the greatest extent possible; external expert opinions

**Financial risks**

**Foreign currency risk**

Transaction risk (foreign currency exchange loss) and Currency translation risks in connection with the translation of foreign currencies in the Consolidated financial statements

- 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

**Currency exchange risk**

Exchange loss of investments (e.g. funds) and investments in public listed companies and strategic investments e.g. Verbund AG, Burgenland Holding

- Monitoring of loss potential via daily value-at-risk calculations

**Equity investment risks**

Non-fulfilment of the profit targets of an equity investment

- Representation on the Supervisory Board of the respective equity investment

**Rating changes**

Higher refinancing costs resulting from rating downgrades

- Ensuring compliance with key financial indicators

**Interest rate risks**

Changes in market rates, increasing interest expenses, changes in the fair value of financial instruments subject to fixed interest rates

- Use of hedging instruments

**Impairment risks**

Impairment losses on goodwill, equity investments or power plants

**Deflation/inflation risks**

**Risk guarantees will come into effect**

**Operating risks**

**Technology risks**

Late identification and application of new technologies

- Active participation in external research projects, own demonstration facilities and pilot projects, ongoing adjustments to state of the art technologies

**Infrastructure risks**

Incorrect design and application of technical facilities

- Elimination of technical weaknesses, regular inspections and reviews of the infrastructure existing at present or required in future

**Technical complications at third-party facilities**

Nationwide network interruptions or breakdowns (e.g. due to integration in European electricity networks)

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

**Contract risks**

Failure to identify legal, economic or technical problems; contract risks under financing contracts

- Comprehensive due diligence, procurement of legal and other expertise, contract database and ongoing monitoring

**Legal, political and macroeconomic risks**

**Regulatory framework/political risks**

Changes in political and legal parameters as well as the regulatory environment (e.g. environmental laws, changing regulations and market liberalisation in South Eastern Europe)

- Cooperation with interest groups, associations

and government agencies on a regional, national and international level

#### Legal and litigation risks

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

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

#### Political and overall economic environment

Recession in Europe, Development in connection with the sovereign debt and financial crises

#### Other risks

##### Granting of undue advantages

Dissemination of internal confidential information to third parties, granting of undue advantages or corruption

→ IT control systems; unified guidelines and standards; reorganisation of the subsidiaries in South Eastern Europe; Code of Conduct

##### Project risks

Increasing project costs in building new production capacities due to subsequent technical adjustments and changes in legal parameters

→ Safeguarding of economic parameters by contractual means, to the greatest extent possible

##### Planning risks

Model risks, false or incomplete assumptions made

→ Feasibility study via experienced, highly qualified employees, monitoring of parameters, regular updates and four-eye principle

##### Employee risk

Loss of highly qualified employees, absence due to occupational accidents, excess or shortfalls in human resources, communication problems, cultural barrier, fraud, intentional or unintentional misrepresentations of transactions or items in the annual Financial statements

→ Attractive work environment and compensation system, occupational health care and safety measures; flexible working time models, training, group days, risk-oriented internal control system (RIKS)

##### Co-investment risks

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

→ Contractual safeguards, efficient project management

##### Sabotage

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

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

##### Image risk

##### Risk of changes in ownership/shareholder structure

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

#### Introduction

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

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

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

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

#### Controls

The Code of Conduct that EVN has established and the values set out therein apply to all employees of the Group. EVN's Code of Conduct is available in a German version at [www.evn.at/verhaltenskodex.aspx](http://www.evn.at/verhaltenskodex.aspx) and in an English version at [www.evn.at/code-of-conduct.aspx](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 Intra-Group reconciliation work and other work required for the Consolidated financial statements.

All accounting and bookkeeping personnel fulfil all qualitative requirements and undergo regular training. Complex actuarial

opinions and assessments are prepared by specialists or qualified employees.

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

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

#### **Risk assessment and risk management measures**

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

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

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

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

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

RIKS and the processes relevant to accounting are reviewed once a year by the responsible auditor as to whether the controls

were performed, whether any risk events occurred during the financial year and whether the controls are still suitable for covering existing risks. In the 2010/11 financial year, adjustments in adaptation of the processes were made on account of the continual improvement of RIKS.

#### **Information, communication and monitoring**

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

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

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



## Share structure and capital disclosures

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

1. On September 30<sup>th</sup>, 2012, the share capital of EVN AG was EUR 330,000,000 and denominated in 179,878,402 no-par bearer shares. The Executive Board determines the form and content of the share certificates, profit participation certificates, renewal coupons, interim shares, interim global certificates as well as interest coupons and warrants. Shareholders are not entitled to individual share certificates. All shares have the same rights and duties.
2. There are no restrictions on the voting rights above and beyond the general requirements of the Austrian Stock Corporation Act.
3. On the basis of federal and provincial constitutional law requirements, the province of Lower Austria continues to be the major shareholder of EVN AG, with a stake of 51%. Lower Austria's shareholding is formally held via its investment holding, NÖ Landes-Beteiligungsholding GmbH, St. Pölten. EnBW Energie Baden-Württemberg AG, Karlsruhe, Germany, announced in accordance with § 91 (1) Austrian Stock Exchange Law (BörseG) on November 5<sup>th</sup>, 2010 that it did not exercise its subscription rights in connection with the capital increase that was recorded in the Commercial Register on October 30<sup>th</sup>, 2010 and hence that its shareholdings fell below the threshold of 35% of the voting shares in EVN AG but not below the threshold of 30% of the voting shares in EVN AG as of the date on which the abovementioned capital increase was recorded.

As at September 30<sup>th</sup>, 2012, EVN AG owned a total of 877,622 treasury shares or 0.49% of the company's share capital (September 30<sup>th</sup>, 2011: 398,260 shares or 0.22% of the share capital). The purchase of treasury shares held by the company on the balance sheet date took place on the basis of the share buyback programmes authorised at the 79<sup>th</sup> and 83<sup>rd</sup> Annual General Meetings of EVN AG, which were held on January 17<sup>th</sup>, 2008 and January 19<sup>th</sup>, 2012 respectively.

On May 30<sup>th</sup>, 2012, the Executive Board of EVN AG decided based on an authorising resolution of the 83<sup>rd</sup> Annual General Meeting of the shareholders of the EVN AG to acquire its own non-par value bearer shares in the company. It is intended to buy back up to 1,000,000 shares, representing up to 0.56% of the current share capital, on the Vienna Stock Exchange. The share buyback is primarily designed to improve the supply and demand of the EVN share on the Vienna Stock Ex-

change. Trading with own shares for profit-making purposes is excluded. The share buyback programme began on June 6<sup>th</sup>, 2012, and will end on December 31<sup>st</sup>, 2012, at the latest.

The Executive Board of EVN AG resolved on June 6<sup>th</sup>, 2012, to release a maximum of 190,000 of its own shares (or a maximum of 0.11% of the company's share capital) to employees of the company as well as employees of specified subsidiaries instead of the planned special payment stipulated in an agreement concluded with employee representatives. On August 8<sup>th</sup>, 2012, a total of 75,168 shares, or 0.04% of the share capital, were transferred into the possession of employees off-market. The remaining shares are in free float. There is no share option programme at EVN AG at the present time.

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.
7. There is no authorisation granted to the Executive Board pursuant to § 243a (7) Corporate Code (UGB).
8. The company is not party to any agreements regarding a change of control in the event of takeovers.
9. There are no severance agreements to the benefit of the members of any corporate bodies or employees in the event of a public takeover offer pursuant to § 243a (9) Corporate Code (UGB).

## Outlook for the 2012/13 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<sub>2</sub> emission certificates. In addition, the development of outdoor temperatures also influences energy sales volumes. In the Environmental Services segment demand in the international project business depends on the financial resources of public institutions. Moreover, the project structure in the environment services business could lead to fluctuations in revenue and earnings. In the Strategic Investments and Other Business segment, the earnings contribution mainly depends on the development of primary energy and electricity prices for EVN's investments in RAG and Verbund AG.

The following tariff rate changes will have an impact on the business development of EVN in the 2012/13 financial year: in Austria, EAA and its regional energy sales companies reduced the end customer prices for electricity as a result of the decrease in the additional costs for renewable energy as at January 1<sup>st</sup>, 2012, and as of July 1<sup>st</sup>, 2012 as a consequence of changes in the financing of renewable power plants which took effect on July 1<sup>st</sup>, 2012. For private customers, this comprises a net annual cost decline of about 8.0% or EUR 25.0 per year, depending on consumption levels.

Within the context of the incentive regulatory system, the E-Control Commission reduced natural gas network tariffs by 1.9% on average as at January 1<sup>st</sup>, 2012. The effects on individual customers depend on consumption behaviour and technical conditions. Electricity tariffs remain unchanged.

In South East Europe, the following tariff changes were carried out: in Bulgaria, regulatory authorities increased end customer prices for electricity by 13.9% effective July 1<sup>st</sup>, 2012. In contrast, the tariffs for heat were reduced by 20.6%. The prices for procured natural gas rose by 4.9%. In Macedonia, the regulatory authority adjusted prices twice during the year under review. The end customer prices for electricity applying to EVN Macedonia AD were increased by 4.8% as at January 1<sup>st</sup>, 2012 and 6.1% as at August 1<sup>st</sup>, 2012. At the same time, the energy sourcing prices were hiked by 3.8% effective August 1<sup>st</sup>, 2012.

→ Events after the balance sheet date are described in the Consolidated notes on page 155.

The business success of EVN in the 2012/13 financial year will be shaped by the ongoing difficult market conditions.

The stable earnings in the 2011/12 financial year are basically attributable to a significant external factor in our business, namely the historically coldest winter on record in South East Europe. On balance, the energy sector factors had a negative effect on our business results.

The crude oil price mainly rose due to the ongoing strong demand in Asia, and the continuing conflict between Iran and the Western industrialised nations. The price of natural gas, which is linked to the crude oil price, also rose. Despite the natural gas price revisions, there were increasing differences between the natural gas price defined in long-term supply contracts and those on the spot market. This development can be attributed to the higher exploration volumes, mainly in the USA, and falling demand in Europe. The development of primary energy and electricity prices led to lower or negative margins for thermal electricity production.

In addition, the focus is on the challenge in Europe related to increased power generation from renewable energy sources. The strongly subsidised tariffs from electricity from renewable energies further put pressure on the profitability of thermal electricity generation. The weak economic development also reduced demand for energy. The EU was characterised by a GDP decline, with major economic differences continuing to prevail within the eurozone.

Accordingly, our economic and energy sector expectations are dampened with respect to the 2012/13 financial year. No trend reversal is on the horizon with regard to forward prices for electricity, and primary energy prices remain high. In addition, economic prospects in Europe have not improved. In our South East European markets, we continue to assume weak growth throughout the entire region.

A further challenge will be the changed regulatory conditions for interim financing of the additional costs of renewable energy in Bulgaria.

In spite of the challenging environment, we expect Group net profit in the 2012/13 financial year to be close to the prior-year level. We will determinedly continue on our defined path, and exploit our strong operational basis in order to once again be able to assert ourselves in the marketplace in an above-average manner. We consider our broad customer base in our domestic market and the high level of customer satisfaction to be important success factors. We are striving to maintain the attractive dividend policy in combination with a value-oriented corporate strategy.

In terms of investments, the focus will continue to be on expanding and modernising the network infrastructure in Austria and abroad, and expanding power generation capacities from renewable energy sources.

→ The outlook of each segment can be found in the Segment reporting starting on page 91.

Maria Enzersdorf, November 15<sup>th</sup>, 2012

EVN AG  
The Executive Board



**Peter Layr**  
Spokesman of the Executive Board



**Stefan Szyszkowitz**  
Member of the Executive Board



**Herbert Pöttschacher**  
Member of the Executive Board

# Consolidated financial statements for 2011/12

According to International Financial Reporting Standards

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## Consolidated statements of operations

EURm	Note	2011/12	2010/11
Revenue	25	2,846.5	2,729.2
Other operating income	26	81.3	101.6
Cost of materials and services	27	-1,980.5	-1,879.7
Personnel expenses <sup>1)</sup>	28	-329.1	-319.8
Depreciation and amortisation	29	-251.3	-252.8
Other operating expenses	30	-160.1	-156.3
<b>Results from operating activities (EBIT)</b>		<b>206.7</b>	<b>222.2</b>
Share of profit of equity accounted investees		87.0	62.9
Gain from other investments		24.3	26.6
Interest income		30.9	37.6
Interest expense		-87.9	-78.8
Other financial results		-1.3	-6.5
<b>Financial results</b>	31	<b>53.0</b>	<b>41.8</b>
<b>Profit before income tax</b>		<b>259.7</b>	<b>263.9</b>
Income tax expense <sup>1)</sup>	32	-25.9	-28.8
<b>Profit for the period</b>		<b>233.8</b>	<b>235.2</b>
thereof profit attributable to EVN AG shareholders (Group net profit)		194.9	192.3
thereof profit attributable to non-controlling interests		38.9	42.9
Earnings per share in EUR <sup>2)</sup>	33	1.09	1.08
Dividend per share in EUR		0.42 <sup>3)</sup>	0.41

1) The figure for the prior year has been adjusted (see note 49. Non-current provisions)

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

3) Proposed to the Annual General Meeting

## Consolidated statements of comprehensive income

EURm	2011/12	2010/11
<b>Profit for the period<sup>1)2)</sup></b>	<b>233.8</b>	<b>235.2</b>
Pre-tax gains (+) or losses (-) recognised directly in equity from		
Foreign currency translation differences for foreign operations	8.9	-2.0
Net change in fair value of other investments	-223.5	-185.5
Net change in fair value of cash flow hedges	-5.3	-7.1
Remeasurements IAS 19 <sup>1)</sup>	-40.2	-17.0
Investments in equity accounted investees	-26.1	-13.3
<b>Total pre-tax gains (+) or losses (-) recognised directly in equity</b>	<b>-286.2</b>	<b>-224.9</b>
Income tax expenses <sup>1)3)</sup>	67.3	52.4
<b>Total after-tax gains (+) or losses (-) recognised directly in equity</b>	<b>-218.9</b>	<b>-172.5</b>
<b>Comprehensive income</b>	<b>14.9</b>	<b>62.7</b>
thereof profit attributable to EVN AG shareholders (Group net profit)	-24.0	20.5
thereof profit attributable to non-controlling interests	38.9	42.2

1) The figure for the prior year has been adjusted (see note 49. Non-current provisions)

2) A dividend payout of EUR 0.42 per share from the net profit for the period will be proposed to the Annual General Meeting.

3) Distribution of income tax expenses on total gains (+) or losses (-) is as follows: net change in fair value of other investments EUR 55.9m

(previous year: EUR 46.4m), net change in fair value of cash flow hedges: EUR 1.3m (previous year: EUR 1.7m), Remeasurements IAS 19: EUR 10.2m (previous year EUR 4.3m).

## Consolidated statements of financial positions

EURm	Note	9/30/2012	9/30/2011
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	34	403.1	410.5
Property, plant and equipment	35	3,009.2	2,938.9
Investments in equity accounted investees	36	1,048.7	992.1
Other investments	36	668.7	892.4
Deferred tax assets	48	25.9	9.7
Other non-current assets	37	898.3	839.3
		<b>6,053.9</b>	<b>6,083.0</b>
<b>Current assets</b>			
Inventories	38	106.1	106.3
Trade and other receivables	39	537.6	479.7
Securities	40	3.4	57.9
Cash and cash equivalents	57	162.1	143.4
		<b>809.3</b>	<b>787.4</b>
<b>Total assets</b>		<b>6,863.2</b>	<b>6,870.4</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital and reserves attributable to shareholders of EVN AG <sup>1)</sup>	41–45	2,768.3	2,804.1
Non-controlling interests	46	245.4	361.7
		<b>3,013.7</b>	<b>3,165.8</b>
<b>Non-current liabilities</b>			
Non-current loans and borrowings	47	1,933.3	1,591.3
Deferred tax liabilities <sup>1)</sup>	48	119.2	173.6
Non-current provisions <sup>1)</sup>	49	490.7	450.4
Deferred income from network subsidies	50	469.5	437.9
Other non-current liabilities	51	49.9	68.9
		<b>3,062.6</b>	<b>2,722.2</b>
<b>Current liabilities</b>			
Current loans and borrowings	52	49.4	311.6
Taxes payable	53	87.0	82.6
Trade payables	54	384.4	368.0
Current provisions	55	84.9	80.8
Other current liabilities	56	181.3	139.4
		<b>786.9</b>	<b>982.4</b>
<b>Total equity and liabilities</b>		<b>6,863.2</b>	<b>6,870.4</b>

1) The figure for the prior year has been adjusted (see note 49. Non-current provisions)



## Consolidated statements of changes in equity

	EURm	Share capital	Share premium and capital reserves	Retained earnings	Valuation reserve according to IAS 39	Currency translation reserve	Treasury shares	Issued capital and reserves of EVN AG shareholders	Non-controlling interests	Total
<b>Balance on 9/30/2010</b>		300.0	108.3	1,808.0	473.8	-3.5	-7.0	2,679.5	345.7	3,025.3
Comprehensive income		-	-	192.3	-169.9	-2.0	-	20.5	42.2	62.7
Increase in capital stock		30.0	145.5	-	-	-	-	175.5	-	175.5
Dividends 2009/10		-	-	-71.8	-	-	-	-71.8	-33.7	-105.4
Disposal of own shares		-	-0.2	-	-	-	1.0	0.8	-	0.8
Changes in the scope of consolidation		-	-	-0.4	-	-	-	-0.4	7.4	7.0
<b>Balance on 9/30/2011<sup>1)</sup></b>		330.0	253.5	1,928.1	304.0	-5.5	-6.0	2,804.1	361.7	3,165.8
Comprehensive income		-	-	194.9	-227.8	8.9	-	-24	38.9	14.9
Acquisition of shares in fully consolidated companies		-	-	69.6	-	-	-	69.6	-118.9	-49.3
Increase in capital stock		-	-	-	-	-	-	-	3.0	3.0
Dividends 2010/11		-	-	-73.6	-	-	-	-73.6	-38.4	-112.0
Disposal of own shares		-	-0.2	-	-	-	-4.8	-5.0	-	-5.0
Changes in the scope of consolidation		-	-	-2.9	-	-	-	-2.9	-0.9	-3.8
<b>Balance on 9/30/2012</b>		330.0	253.5	2,116.2	76.2	3.4	-10.7	2,768.3	245.4	3,013.7

1) The figures for the prior year have been adjusted (see note 49. Non-current provisions)

## Consolidated statements of cash flows

EURm	Note	2011/12	2010/11
<b>Profit before income tax<sup>1)</sup></b>		<b>259.7</b>	<b>263.9</b>
+ Depreciation, amortisation/– revaluation of intangible assets and property, plant and equipment	29	251.3	252.8
+ Non-cash share of profit of equity accounted investees	36	7.1	12.3
– Gains/+ losses from foreign exchange translations		–0.4	0.5
–/+ Other non-cash financial results		0.1	–2.8
– Release of deferred income from network subsidiaries	26	–35.9	–32.1
– Gains/+ losses on the disposal of intangible assets and property, plant and equipment	57	–1.9	0.1
+ Increase/– decrease in non-current provisions <sup>1)</sup>	49	0.4	–16.5
<b>Gross cash flow</b>		<b>480.3</b>	<b>478.1</b>
+ Decrease/– increase in inventories and receivables		–53.5	64.8
+ Increase/– decrease in current provisions		5.5	–39.9
+ Increase/– decrease in trade payables and other liabilities		57.6	53.4
– Income tax paid		–28.9	–34.3
<b>Net cash flow from operating activities</b>		<b>461.0</b>	<b>522.0</b>
+ Proceeds from the disposal of intangible assets and property, plant and equipment	57	10.4	5.5
+ Proceeds from network subsidiaries		66.6	72.2
+ Proceeds from the disposal of financial assets and other non-current assets		77.2	48.7
+ Proceeds from the disposal of current securities		443.9	415.5
– Acquisition of subsidiaries, net of cash acquired	4	–3.2	–24.6
+ Net proceeds from business disposals		3.7	–
– Acquisition of intangible assets and property, plant and equipment		–309.6	–395.8
– Acquisition of financial assets and other non-current assets		–232.8	–382.0
– Acquisition of current securities		–390.1	–251.0
<b>Net cash flow from investing activities</b>		<b>–333.9</b>	<b>–511.6</b>
+ Payments of nominal capital by non-controlling interests/increase in capital stock		3.0	175.5
– Payments for acquisition of shares in fully consolidated companies		–49.3	–
– Dividends paid to EVN AG shareholders	43	–73.6	–71.8
– Dividends paid to non-controlling interests	57	–38.4	–33.7
– Repurchase/+ sales of own shares		–4.2	0.8
+ Increase in financial liabilities		400.6	24.6
– Decrease in financial liabilities		–343.8	–82.3
<b>Net cash flow from financing activities</b>		<b>–105.6</b>	<b>13.1</b>
<b>Net change in cash and cash items</b>		<b>21.5</b>	<b>23.5</b>
<b>Net change in cash and cash items</b>	57		
Cash and cash items at the beginning of the period		112.6	89.1
Cash and cash items at the end of the period		134.1	112.6
<b>Net change in cash and cash items</b>		<b>21.5</b>	<b>23.5</b>

1) The figure of the prior year has been adjusted (see note 49. Non-current provisions)

## Segment reporting

EURm	Generation		Network Infrastructure Austria		Energy Trade and Supply		Energy Supply South East Europe	
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
External revenue	40.3	24.1	438.2	423.5	1,082.2	1,113.5	968.6	834.2
Intra-Group revenue (between segments)	94.8	73.0	64.7	55.2	46.3	50.8	0.1	0.1
<b>Total revenue</b>	<b>135.1</b>	<b>97.1</b>	<b>502.9</b>	<b>478.8</b>	<b>1,128.5</b>	<b>1,164.3</b>	<b>968.7</b>	<b>834.3</b>
Operating expenses <sup>1)</sup>	-77.0	-65.0	-312.0	-287.5	-1,095.5	-1,060.4	-860.1	-747.4
<b>EBITDA<sup>1)</sup></b>	<b>58.0</b>	<b>32.1</b>	<b>190.8</b>	<b>191.3</b>	<b>33.0</b>	<b>103.9</b>	<b>108.6</b>	<b>86.8</b>
Depreciation and amortisation	-44.5	-35.7	-100.1	-98.8	-16.4	-15.1	-63.5	-77.1
thereof impairment losses	-17.7	-40.6	-0.6	-	-1.7	-1.3	-2.5	-17.7
thereof revaluation	-	31.2	-	-	-	-	-	-
<b>Results from operating activities (EBIT)<sup>1)</sup></b>	<b>13.5</b>	<b>-3.6</b>	<b>90.7</b>	<b>92.5</b>	<b>16.6</b>	<b>88.8</b>	<b>45.1</b>	<b>9.7</b>
EBIT margin (%) <sup>1)</sup>	10.0	-3.7	18.0	19.3	1.5	7.6	4.7	1.2
Income from investments in equity accounted investees	2.7	-24.0	-	1.1	-4.2	4.4	-	-
Interest results	-13.5	-9.5	-11.6	-11.3	-2.3	-3.2	-27.5	-18.2
Financial results	-10.2	-32.9	-9.1	-11.1	-5.9	1.8	-27.4	-19.6
<b>Profit before income tax<sup>1)</sup></b>	<b>3.3</b>	<b>-36.5</b>	<b>81.6</b>	<b>81.3</b>	<b>10.7</b>	<b>90.6</b>	<b>17.7</b>	<b>-9.8</b>
Goodwill	0.0	-	1.8	1.8	5.4	2.5	161.4	161.3
Carrying value of investments in equity accounted investees	372.9	297.2	-	-	45.7	49.7	-	-
Total assets	820.5	745.9	1,698.4	1,673.2	624.9	634.1	1,250.0	1,140.1
Liabilities <sup>1)</sup>	538.4	484.7	1,214.2	1,148.4	413.5	363.9	935.2	812.0
Investments <sup>2)</sup>	16.0	70.8	144.8	160.9	30.1	25.3	90.3	112.5

	Environmental Services		Strategic Investments and Other Business		Consolidation		Total	
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
External revenue	314.9	329.8	2.3	4.0	-	-	2,846.5	2,729.2
Intra-Group revenue (between segments)	20.8	17.1	63.5	59.4	-290.2	-255.6	-	-
<b>Total revenue</b>	<b>335.7</b>	<b>346.9</b>	<b>65.8</b>	<b>63.4</b>	<b>-290.2</b>	<b>-255.6</b>	<b>2,846.5</b>	<b>2,729.2</b>
Operating expenses <sup>1)</sup>	-257.0	-278.0	-74.9	-69.6	288.2	253.7	-2,388.5	-2,254.2
<b>EBITDA<sup>1)</sup></b>	<b>78.7</b>	<b>68.9</b>	<b>-9.1</b>	<b>-6.2</b>	<b>-2.0</b>	<b>-1.9</b>	<b>458.0</b>	<b>474.9</b>
Depreciation and amortisation	-27.2	-26.0	-1.7	-2.0	2.0	1.9	-251.3	-252.8
thereof impairment losses	-0.7	-0.6	-	-0.1	-	-	-23.3	-60.3
thereof revaluation	-	-	-	-	-	-	-	31.2
<b>Results from operating activities (EBIT)<sup>1)</sup></b>	<b>51.5</b>	<b>42.9</b>	<b>-10.8</b>	<b>-8.2</b>	<b>-</b>	<b>-</b>	<b>206.7</b>	<b>222.2</b>
EBIT margin (%) <sup>1)</sup>	15.3	12.4	-16.3	-12.9	-	-	7.3	8.1
Income from investments in equity accounted investees	12.4	10.8	76.0	70.6	-	-	87.0	62.9
Interest results	-0.9	0.1	-1.2	1.2	-	-	-57.0	-41.1
Financial results	12.0	11.8	102.9	94.4	-9.3	-2.7	53.0	41.8
<b>Profit before income tax<sup>1)</sup></b>	<b>63.5</b>	<b>54.8</b>	<b>92.1</b>	<b>86.2</b>	<b>-9.3</b>	<b>-2.7</b>	<b>259.7</b>	<b>263.9</b>
Goodwill	41.5	41.5	-	-	-	-	210.0	207.2
Carrying value of investments in equity accounted investees	78.5	68.8	551.4	576.4	-	-	1,048.7	992.1
Total assets	1,472.4	1,450.1	2,718.8	2,761.3	-1,721.8	-1,534.2	6,863.2	6,870.4
Liabilities <sup>1)</sup>	1,054.0	1,077.7	1,326.8	1,262.7	-1,632.4	-1,444.8	3,849.5	3,704.6
Investments <sup>2)</sup>	22.7	48.3	4.7	2.2	-0.3	-4.4	308.3	415.7

1) The figures for the prior year have been adjusted (see note 49. Non-current provisions)

2) In intangible assets and property, plant and equipment

Segment information by products – Revenue	EURm	2011/12	2010/11
Electricity		1,921.8	1,791.7
Natural gas		366.6	385.7
Heat		123.8	114.7
Environmental Services		314.9	329.8
Others		119.5	107.3
<b>Total</b>		<b>2,846.5</b>	<b>2,729.2</b>

Segment information by region – Revenue	EURm	2011/12	2010/11
Austria		1,638.0	1,642.9
Central and Eastern Europe		235.8	252.0
South Eastern Europe		972.7	834.3
<b>Total</b>		<b>2,846.5</b>	<b>2,729.2</b>

Segment information by region – Non-current assets	EURm	9/30/2012		9/30/2011	
		Intangible assets	Property, plant and equipment	Intangible assets	Property, plant and equipment
Austria		141.5	2,112.6	145.3	2,085.2
Central and Eastern Europe		43.2	107.1	43.0	91.4
South Eastern Europe		218.4	789.5	222.2	762.4
<b>Total</b>		<b>403.1</b>	<b>3,009.2</b>	<b>410.5</b>	<b>2,938.9</b>

# Consolidated notes

## Basis of preparation

### 1. General

EVN AG, as the parent company of the EVN Group (EVN), is a leading listed Austrian energy and environmental services provider, which is headquartered in A-2344 Maria Enzersdorf, Austria. In addition to providing services to its domestic market in the province of Lower Austria, EVN has successfully positioned itself in the energy industry of Bulgaria and Macedonia. EVN provides customers in 18 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<sup>st</sup> to September 30<sup>th</sup>.

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

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

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

### 2. Reporting in accordance with IFRS

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

The following standards and interpretations have been applied for the first time for the 2011/12 financial year:

2. Standards and interpretations applied for the first time		Effective <sup>1)</sup>
New Standards and Interpretations		
–	–	–
Revised Standards and Interpretations		
IAS 19	Employee Benefits	1/1/2013 <sup>2)</sup>
IAS 24	Related Party Disclosures	1/1/2011
IFRS 1	First-time Adoption of International Financial Reporting Standards	7/1/2011
IFRS 7	Financial Instruments: Disclosures	7/1/2011
IFRS 8	Operating Segments	1/1/2011
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1/1/2011
Several	Annual Improvements 2009–2010	7/1/2010–1/1/2011

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

2) Early adoption in 2011/12

The first-time mandatory application of revised standards and interpretations did not have any impact on the Consolidated financial statements of EVN.

On the basis of the revisions to IAS 19 (IAS 19 (2011)) approved by IASB on June 16<sup>th</sup>, 2011, all revaluations of net debt from defined benefit plans (including actuarial gains and losses) must be directly recognised in equity. The revisions to IAS 19 were adopted in the EU in accordance with the Commission Regulation (EU) No 475/2012 dated June 5<sup>th</sup>, 2012. The change is thus to be applied beginning with the financial year that starts on or after January 1<sup>st</sup>, 2013. Early application is permitted, and EVN has exercised its right in this regard.

Due to the revisions to IAS 19 the previously permissible deferral of actuarial gains and losses according to the corridor method, in which the actuarial gains were permitted to be recognised in profit or loss only if they amounted to 10.0% of the higher amount of the defined benefit obligation and the fair value of the plan assets, is no longer possible.

The effects of applying the revisions to IAS 19 ahead of the stipulated effective date affect the provisions for pensions and obligations similar to pensions as well as the provision for severance payments and are presented in note 49. **Non-current provisions.**

The following standards and interpretations have been issued by the IASB prior to the preparation of the Consolidated financial statements and have not yet approved by the EU.

2. Standards and interpretations not yet effective		Effective
<b>New Standards and Interpretations</b>		
IFRS 9	Financial Instruments	1/1/2015 <sup>1)</sup>
IFRS 10	Consolidated Financial Statements	1/1/2013 <sup>2)</sup>
IFRS 11	Joint Arrangements	1/1/2013 <sup>2)</sup>
IFRS 12	Disclosure of Interests in Other Entities	1/1/2013 <sup>2)</sup>
IFRS 13	Fair Value Measurement	1/1/2013 <sup>1)</sup>
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1/1/2013 <sup>1)</sup>
<b>Revised Standards and Interpretations</b>		
IAS 12	Income Taxes: Deferred Tax – Recovery of Underlying Assets	1/1/2012 <sup>1)</sup>
IAS 27	Consolidated and Separate Financial Statements – revised IAS 27, Separate Financial Statements	1/1/2013 <sup>2)</sup>
IAS 28	Investments in Associates – revised IAS 28, Investments in Associates and Joint Ventures	1/1/2013 <sup>2)</sup>
IAS 32	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1/1/2014 <sup>1)</sup>
IFRS 1	First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation	7/1/2011 <sup>1)</sup>
IFRS 1	First-time Adoption of International Financial Reporting Standards – Government Loans	1/1/2013 <sup>1)</sup>
IFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	1/1/2013 <sup>1)</sup>
IFRS 10–12	Amendments to Transition Guidance	1/1/2013 <sup>2)</sup>
IFRS 10	Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27	1/1/2014 <sup>1)</sup>
Several	Annual Improvements 2009–2011	1/1/2013 <sup>1)</sup>

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

2) Following their conversion into European law, the new consolidation standards IFRS 10-12 as well as, in this connection, the revised standards IAS 27 and IAS 28, will likely be applicable to financial years beginning after January 1<sup>st</sup>, 2014.

The impact of the amended standards and interpretations on the presentation of the Consolidated financial statements and the disclosures therein is continuously under examination.

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.

IFRS 10, IFRS 11 and IFRS 12 comprise the new consolidation package which was published by IASB in May 2011. IFRS 10 contains stipulations on preparing and presenting Consolidated financial statements, and also contains a new, uniform definition of “controlling interest”. In future, IAS 27 will only contain regulations on separate Financial statements prepared according to IFRS. IFRS 11 replaces IAS 31, and defines two forms of joint arrangements. Depending on the rights and obligations of the controlling interests in accordance with the concluded arrangements, a distinction is made between joint ventures and joint operations. In line with IFRS 11, jointly managed companies which fulfill the definition of a joint venture are required to be consolidated in accordance with the equity method. IFRS 12 regulates all disclosure requirements in one standard pertaining to interests in other entities. In a draft version of the guidelines published by the European Commission at the end of July 2012 in relation to the approval of the new consolidation standards, the latest proposed application is for financial years which begin on or after January 1<sup>st</sup>, 2014. The effects of applying the new consolidation standards are being analysed in detail. This will have an impact on the Consolidated financial statements of EVN, but this impact cannot be reliably assessed as yet.

IFRS 13 was published by IASB in May 2011, and is the result of a joint project carried out by IASB and FASB with respect to a cross-standard concept on measuring fair value. The standard contains guidelines for determining fair value and as well as a standardisation and expansion of the notes to the Financial statements. The effects of applying IFRS 13 are being currently examined by the EVN Group.

The following standards and interpretations have been issued prior to the preparation of the Consolidated financial statements by the IASB and have been endorsed by the EU and published in the EU Official Journal.

<b>2. Standards and interpretations not yet effective</b>		Effective
<b>New Standards and Interpretations</b>		
–	–	–
<b>Revised Standards and Interpretations</b>		
IAS 1	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	7/1/2012 <sup>1)</sup>

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.

The revisions made to IAS 1 serve the purpose of more clearly presenting the increasing number of items contained under other comprehensive income. In future, a differentiation will be made between items in other comprehensive income which will subsequently be able to be reclassified in profit or loss (so-called “recycling”) and items in which such a reclassification will never take place. The revisions will lead to a corresponding adaption of the Consolidated statements of comprehensive income in the Consolidated financial statements of EVN.

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.



## 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 allocated acquisition costs, which compensate the divesting company for market opportunities or developmental potential that has not been clearly identified, are recognised as goodwill in the local currency in the relevant segment. Any negative goodwill is recognised in profit and loss after a renewed measurement of the acquired company's identifiable assets and liabilities (including contingent liabilities) and the measurement of the acquisition cost. Any difference between the fair values and the carrying amounts are carried forward accordant to the related assets and liabilities during the subsequent consolidation.

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

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

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

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

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

### 4. Scope of consolidation

The scope of consolidation is established in accordance with the requirements of IAS 27. Accordingly, as at September 30<sup>th</sup>, 2012, a total of 26 domestic and 36 foreign companies (including the parent company EVN AG) were fully consolidated in the Consolidated financial statements (in the previous year, 28 domestic and 35 foreign companies were fully consolidated). A total of 33 affiliates (previous year: 35) were not consolidated due to their immaterial influence on the assets, liabilities, cash flows and profit and loss of EVN.

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

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

EconGas, in which EVN AG has an unchanged 16.51% 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 161. The scope of consolidation (including EVN AG as the parent company) developed as follows during the reporting period:

<b>4. Changes in the scope of consolidation</b>	Full consolidation	Proportionate consolidation	Equity method	Total
<b>9/30/2010</b>	<b>60</b>	<b>5</b>	<b>15</b>	<b>80</b>
Start-ups and first consolidation	3	–	3	6
Change of consolidation	1	–	–1	0
Mergers	–1	–	–	–1
Deconsolidation	–	–	–1	–1
<b>9/30/2011</b>	<b>63</b>	<b>5</b>	<b>16</b>	<b>84</b>
Start-ups and first consolidation	5	–	3	8
Change of consolidation	–	–	–	–
Mergers	–2	–	–1	–3
Deconsolidation	–4	–	–	–4
<b>9/30/2012</b>	<b>62</b>	<b>5</b>	<b>18</b>	<b>85</b>
thereof foreign companies	36	–	5	41

In the first quarter of 2011/12, the company EVN Service Center EOOD was included in the Consolidated financial statements of EVN as a fully consolidated company. This company assumed responsibility for administrative activities on behalf of the Bulgarian companies since October 1<sup>st</sup>, 2011, for the purpose of the proceeding unbundling in Bulgaria.

During the period under review, EVN Gorna Arda Development EOOD joined the group of fully consolidated companies. The purpose of the new company is the planning, development and construction of power plants. In particular, the company is now operating as a service provider in connection with the hydropower plant project "Gorna Arda" in Bulgaria jointly planned by EVN and NEK.

EVN Macedonia Elektrani DOOEL, Skopje, Macedonia, which was split off on the basis of the newly energy law effective January 1<sup>st</sup>, 2012, stipulating an unbundling of Macedonia power generating capacities, will now be included in the Consolidated financial statements of EVN as a fully consolidated company.

In January 2012, EVN acquired the company Windstrom Wulkatal West GmbH with an existing wind park in Pöttelsdorf from AAG Holding GmbH. In April 2012, the company was merged with evn naturkraft Erzeugungsgesellschaft m.b.H.

In March 2012, EVN took over an existing biomass heating plant in Hollabrunn, Lower Austria. In this regard FWG-Fernwärmeversorgung Hollabrunn registrierte Genossenschaft mit beschränkter Haftung was included in the scope of consolidation as a fully consolidated company. With the spin-off agreement dated September 26<sup>th</sup>, 2012, the operations of FWG-Fernwärmeversorgung Hollabrunn were integrated into EVN Wärme GmbH. Due to the immateriality of the remaining stake, FWG-Fernwärmeversorgung Hollabrunn was deconsolidated in September 2012.

In order to construct a new wind park in Glinzendorf, EVN and Wien Energie founded the project company EVN-WIEN ENERGIE Windparkentwicklungs- und Betriebs GmbH & Co KG, which was consolidated at equity for the first time starting in the first quarter of 2011/12.

In November 2011, EVN and Energie AG Oberösterreich jointly established the two companies Bioenergie Steyr GmbH and Fernwärme Steyr GmbH for the purpose of constructing and operating a biomass heating plant and the district heating network of Steyr. EVN indirectly holds a 51.0% shareholding in Bioenergie Steyr GmbH via EVN Wärme GmbH, and a 49.0% stake in Fernwärme Steyr GmbH. Both companies are consolidated at equity in the Consolidated financial statements of EVN as of the first quarter of the 2011/12 financial year.

As at February 15<sup>th</sup>, 2012, the previously fully consolidated subsidiary B.net Burgenland Telekom GmbH was retroactively merged with Kabelsignal AG as of September 30<sup>th</sup>, 2011. Furthermore, Kabelsignal AG was renamed kabelplus AG.

On July 5<sup>th</sup>, 2012, the merger of BEGAS-Energie AG with Burgenländische Elektrizitätswirtschafts-Aktiengesellschaft (BEWAG) was entered into the commercial register. The companies were merged retrospective to September 30<sup>th</sup>, 2011, and BEWAG was renamed Energie Burgenland AG in September 2012. EVN has an indirect stake in Energie Burgenland AG via Burgenland Holding Aktiengesellschaft, in which EVN AG has a direct interest of 73.63%.

The previously fully consolidated subsidiaries WTE Projektmanagement GmbH and WTE Denmark A/S were deconsolidated in the first quarter of 2011/12 due to the termination of their business activities.

At the beginning of July EVN sold its subsidiary first facility GmbH to NÖ Hypo-Beteiligungsholding GmbH.

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

<b>4. Impact of business combinations</b>	<b>2011/12</b>	<b>2010/11</b>
EURm		
Non-current assets	10.3	33.5
Current assets	8.7	5.8
	<b>19.0</b>	<b>39.2</b>
Equity	3.6	34.6
Non-current liabilities	14.0	4.0
Current liabilities	1.4	0.7
	<b>19.0</b>	<b>39.2</b>

Within the framework of a privatisation process, EVN increased its stake from 67.00% by an additional 30.75% shareholding to 97.75% in EVN Bulgaria Electrorazpredelenie AD (now EAD), Plovdiv, as well as its stake from 67.00% by 32.73% to 99.73% in EVN Bulgaria Electrosnabdavane AD (now EAD), Plovdiv, on December 21<sup>st</sup>, 2011. On the basis of further purchases carried out via the Bulgarian Stock Exchange, EVN held a 100% stake in both companies as at end of August 2012. Both companies as well as their shares have been deregistered with the decision of the Bulgarian Supervision Commission from September 14<sup>th</sup> and September 4<sup>th</sup>, 2012, respectively, from the register kept under § 30 Section 1 (3) of the Financial Supervision Commission Act and delisted from the Bulgarian Stock Exchange. After deregistration both companies are not public companies any longer. Both companies were previously included as fully consolidated subsidiaries in the Consolidated financial statements of EVN.

#### **5. Foreign currency translation 2011/12**

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

Similarly, the annual Financial statements of Group companies that are drawn up in foreign currencies are translated into euros using the functional currency method in accordance with IAS 21 for the purpose of preparing the Consolidated financial statements of EVN. According to that, monetary assets and liabilities of companies not reporting in euro, are reported at the average exchange rate on the balance sheet date, whereas any expenses and income are reported at the annual average rate. Currency translation differences are recorded in the currency translation reserve in equity. Currency translation differences directly recognised in equity resulted in a change in equity amounting to EUR 8.9m (previous year: EUR –2.0m).

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	2011/12		2010/11	
	Exchange rate on the balance sheet date	Average <sup>1)</sup>	Exchange rate on the balance sheet date	Average <sup>1)</sup>
Albanian lek	138.29000	139.42615	140.44000	139.79310
Bulgarian lev <sup>2)</sup>	1.95583	1.95583	1.95583	1.95583
Croatian kuna	7.45550	7.43974	7.44170	7.45359
Danish krone	7.44680	7.51739	7.49950	7.40890
Macedonian denar	61.50080	61.52300	61.50400	61.54648
Polish zloty	4.10380	4.26230	4.40500	4.02738
Russian ruble	40.14000	40.68757	43.35000	41.01365
Serbian denar	115.03200	110.26393	101.17320	103.17708

1) Average on the last day of each month

2) The exchange rate was fixed in accordance with Bulgarian law.

## Accounting policies

### 6. Intangible assets

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

Acquired intangible assets are recognised at acquisition cost, less straight-line amortisation or any impairment losses, unless their useful life is classified as indefinite. Assets with a determinable limited useful life are amortised on the basis of that expected useful life, which is a period of three to eight years for software and from three to 40 years for rights. Customer relationships capitalised in a business combination and having a determinable useful life because of a potential liberalisation of the market are amortised on a

straight-line basis over five to 15 years. Expected useful lives and amortisation curves are determined by estimating the timing and distribution of cash inflows from the corresponding intangible assets over time. Intangible assets with an indefinite useful life are measured at cost and tested annually for impairment (see note 21. Procedures and effects of impairment tests), but this category of assets is of minor importance at EVN.

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

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

### 7. Property, plant and equipment

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

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

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

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

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

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

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

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

#### **8. Investments in equity accounted investees**

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

#### **9. Financial instruments**

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

##### **Primary financial instruments**

The following measurement categories are applied by EVN:

- Available for sale financial assets (“AFS”)
- Loans and receivables (“LAR”)
- Financial assets designated at fair value through profit or loss (“@FVTPL”)
- Financial instruments held for trading (“HFT”)
- Financial liabilities measured at amortised cost (“FLAC”)

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

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

Primary financial instruments are recognised in the Consolidated statements of financial positions 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 positions.

#### 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 noncurrent) 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<sub>2</sub> emission certificates serve to hedge purchase prices for expected electricity deliveries or CO<sub>2</sub> emission certificates as well as the sale prices for planned electricity production. Given that they lead to physical deliveries, these contracts do not constitute derivative financial instruments as defined in IAS 39, but instead represent executory sale and purchase agreements which, in accordance with the requirements of IAS 37, must be examined to determine the expected losses from executory contracts.

#### **10. Other investments**

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

They are recognised in the Consolidated statements of financial positions 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. In the case of a significant or continuous decline in the fair value of an equity instrument held by the company which falls below the cost of acquisition, a write-down is prescribed. A "significant, continuous decline" is defined by EVN as referring to a decrease of over 20 percent over a period of nine months. 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 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, the effective portion of changes in the fair value of cash flow hedges as well as all remeasurements according to IAS 19. This item also encompasses the proportional share of gains and losses recognised directly in equity accounted investees.

## **17. Provisions**

### **Provisions for pensions and obligations similar to pensions**

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

For employees who joined the company after January 1<sup>st</sup>, 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 natural 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 49. **Non-current provisions**. All remeasurements, including at EVN only gains and losses from changes in actuarial assumptions, are recognised according to IAS 19 (2011) in other comprehensive income.

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

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

### **Provision for severance payments**

Austrian corporations are required by law to make one-off severance payments to employees whose employment began before January 1<sup>st</sup>, 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

**49. Non-current provisions**). All remeasurements, including at EVN only gains and losses from changes in actuarial assumptions, are recognised according to IAS 19 (2011) in other comprehensive income.

The obligation to make one-off severance payments to employees of Austrian companies whose employment commenced after December 31<sup>st</sup>, 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. All remeasurements, including at EVN only gains and losses from changes in actuarial assumptions, are recognised with respect to jubilee benefits according to IAS 19 (2011) through profit or loss.

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

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

### 18. Liabilities

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

When it comes to financial liabilities, bullet loans and borrowings with a remaining time to maturity above one year are reported as non-current, those with a remaining time to maturity under one year are disclosed under current loans and borrowings. Those parts of continuously redeemed loans and borrowings which have a remaining time to maturity under one year are not reclassified and are thus reported under non-current loans and borrowings (for information on maturity see note 47. **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 positions in analogous application of IAS 20.

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

### 19. Revenue recognition

#### Realisation of revenue (in general)

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

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

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

#### **Regulatory account**

Electricity and natural gas network regulatory authorities define and evaluate appropriate “target revenue” from the individual market participants at regular intervals. Income which surpasses or falls below this target revenue is reported to the account of the regulatory authorities and is taken into consideration within the context of future tariff price adjustments.

Due to the lack of clearly-defined legal regulations regarding the accounting approach in this case, there exists an “accounting policy choice” pertaining to the accounting treatment of the revenue surplus or shortfalls. In the case of revenue shortfalls, EVN is entitled, in accordance with legal regulations, to expect that this situation will be taken into account in defining the new tariff structure over the next regulatory period. In the case of excess revenue, EVN is required by existing legal regulations to compensate for this surplus in structuring future tariffs. Based on the framework concept of IFRS and the draft version of the standard on “rate-regulated activities” from the year 2009, EVN recognises an asset under other assets or a liability under other liabilities. Depending on the period of time involved, a distinction is also made between current and non-current for these capitalised differences on the asset or liability side.

In case clearly-defined rules exist in the future regarding the accounting treatment of a regulatory account, EVN will take them into consideration.

#### **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 %	2011/12	2010/11
<b>Headquarters</b>		
Albania	10.0	10.0
Austria	25.0	25.0
Bulgaria	10.0	10.0
Croatia	20.0	20.0
Cyprus	10.0	10.0
Czech Republic	19.0	19.0
Denmark	25.0	25.0
Estonia <sup>1)</sup>	21.0	21.0
Germany	30.0	30.0
Lithuania	15.0	15.0
Macedonia <sup>2)</sup>	10.0	10.0
Montenegro	9.0	9.0
Poland	19.0	19.0
Romania	16.0	16.0
Russia	20.0	20.0
Serbia	10.0	10.0
Slovenia <sup>3)</sup>	18.0	20.0
Turkey	20.0	20.0

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

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

3) With 1/1/2012 the corporate tax rate was lowered from 20.0% to 18.0%.

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 carry forwards 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 natural gas distribution systems, wind parks, data transmission lines and electricity purchasing rights.

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

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

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

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

## **22. Leased and rented assets**

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

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

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



### 23. Forward-looking statements

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

Impairment tests require estimates especially of future cash flows. Future changes in the overall situation affecting the economy, the industry or the company may reduce cash inflows and thus lead to an impairment of goodwill (see note 21. [Procedures and effects of impairment tests](#)).

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 (see note 49. [Non-current provisions](#)).

Further applications of economic assumptions and estimates involve, for one, determining the useful life of non-current assets (see notes 6. [Intangible assets](#) and 7. [Property, plant and equipment](#)) as well as recognising provisions for legal proceedings and environmental protection (see note 17. [Provisions](#)) and, for another, measuring receivables and inventories (see notes 12. [Inventories](#) and 13. [Trade and other receivables](#)). All estimates are based on historical data and other assumptions considered accurate in the given circumstances.

### 24. Segment reporting

Operating segments are identified solely on the basis of the internal organisational and reporting structure and information prepared for internal management decisions (the “management approach”). The segment breakdown into “Generation”, “Energy Trade and Supply”, “Network Infrastructure Austria”, “Energy Supply South East Europe”, “Environmental Services” and “Strategic Investments and Other Business” conforms in full to the internal reporting structure.

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:

<b>Business areas</b>	<b>Segments</b>	<b>Activities</b>
<b>Energy business</b>	<b>Generation</b>	Electricity generation from thermal sources and renewable energies at Austrian and international locations
	<b>Energy Trade and Supply</b>	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
	<b>Network Infrastructure Austria</b>	Operation of regional electricity and natural gas networks as well as cable TV and telecommunications networks
	<b>Energy Supply South East Europe</b>	Operation of electricity networks and electricity sales in Bulgaria and Macedonia, heat generation and heat sales in Bulgaria, construction and operation of natural gas networks in Croatia, energy trading within the whole region
<b>Environmental Services business</b>	<b>Environmental Services</b>	Drinking water supply, wastewater disposal, thermal waste incineration in Austria as well as international project business
<b>Strategic Investments and Other Business</b>	<b>Strategic Investments and Other Business</b>	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 noncurrent 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 operations

### 25. Revenue

The revenues of the individual business segments developed as follows:

25. Revenue EURm	2011/12	2010/11
Revenue Generation	40.3	24.1
Revenue Network Infrastructure Austria	438.2	423.5
Revenue Energy Trade and Supply	1,082.2	1,113.5
Revenue Energy Supply South East Europe	968.6	834.2
Revenue Environmental Services	314.9	329.8
Revenue Strategic Investments and Other Business	2.3	4.0
<b>Total</b>	<b>2,846.5</b>	<b>2,729.2</b>

Revenues included income of EUR 123.9m (previous year: EUR 119.4m) from contractual work on international projects in connection with BOOT models (see note 37. Other non-current assets).

### 26. 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.

26. Other operating income EURm	2011/12	2010/11
Income from the reversal of deferred income from network subsidies	35.9	32.1
Own work capitalised	15.9	17.7
Interest on late payments	6.8	12.3
Insurance compensation	5.8	5.3
Income from the disposal of fully consolidated companies	3.1	–
Rental income	2.8	3.2
Income from the disposal of intangible assets and property, plant and equipment	1.9	–0.1
Income from the reversal of provisions	0.8	0.6
Change in work in progress	–2.2	19.0
Miscellaneous operating income	10.6	11.4
<b>Total</b>	<b>81.3</b>	<b>101.6</b>

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

### 27. Cost of materials and services

The cost of “electricity purchases from third parties and primary energy” mainly comprised natural gas and electricity procurement costs as well as the costs of EUR 7.2m (previous year: EUR 3.0m) for the purchase of additional certificates during the reporting period due to the insufficient allocation of free CO<sub>2</sub> 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.

<b>27. Cost of materials and services</b>		
EURm	<b>2011/12</b>	<b>2010/11</b>
Electricity purchases from third parties and primary energy expenses	1,630.6	1,505.7
Third-party services and other materials and services	350.0	373.9
<b>Total</b>	<b>1,980.5</b>	<b>1,879.7</b>

### 28. Personnel expenses

Personnel expenses include payments of EUR 8.5m (previous year: EUR 5.3m) to EVN-Pensionskasse as well as contributions of EUR 0.6m (previous year: EUR 0.5m) to EVN pension funds.

<b>28. Personnel expenses</b>		
EURm	<b>2011/12</b>	<b>2010/11</b>
Salaries and wages	238.6	236.7
Severance payments <sup>1)</sup>	11.0	7.8
Pension costs <sup>1)</sup>	22.0	18.1
Compulsory social security contributions and payroll-related taxes	50.1	48.9
Other employee-related expenses	7.6	8.5
<b>Total</b>	<b>329.1</b>	<b>319.8</b>

1) The figure for the prior year has been adjusted (see note 49. Non-current provisions)

The average number of employees was as follows:

<b>28. Employees by business unit<sup>1)</sup></b>		
	<b>2011/12</b>	<b>2010/11</b>
Generation	198	185
Network Infrastructure Austria	1,281	1,284
Energy Trade and Supply	300	448
Energy Supply South East Europe	4,775	5,304
Environmental Services	600	572
Strategic Investments and Other Business	440	457
<b>Total</b>	<b>7,594</b>	<b>8,250</b>

1) Number of annual average

The average number of employees comprised 96.0% white-collar workers and 4.0% blue-collar-workers (previous year: 96.3% white-collar workers, 3.7% blue-collar-workers). In Bulgaria and Macedonia no distinction is made between white-collar and blue-collar workers.

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

### 29. Depreciation and amortisation

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

**29. Depreciation and amortisation by items of the Consolidated statements of financial positions**

EURm	2011/12	2010/11
Amortisation of intangible assets	15.2	24.2
Revaluation of intangible assets <sup>1)</sup>	–	–31.2
Depreciation of property, plant and equipment	236.2	259.8
<b>Total</b>	<b>251.3</b>	<b>252.8</b>

**29. Depreciation and amortisation**

EURm	2011/12	2010/11
Scheduled depreciation and amortisation	228.0	223.7
Impairment losses <sup>1)</sup>	23.3	60.3
Revaluation <sup>1)</sup>	–	–31.2
<b>Total</b>	<b>251.3</b>	<b>252.8</b>

1) For details, see note 34. Intangible assets and 35. Property, plant and equipment

**30. Other operating expenses****30. Other operating expenses**

EURm	2011/12	2010/11
Write-off of receivables	43.4	35.6
Legal and consulting fees, expenses related to risks of legal proceedings	24.9	22.3
Business operation taxes and duties	15.8	15.0
Advertising expenses	13.1	13.3
Telecommunications and postage	12.7	11.9
Transportation and travelling expenses, automobile expenses	11.6	11.8
Insurance	9.3	8.5
Maintenance	5.0	4.8
Employee training	2.7	2.6
Rents	–0.1	4.6
Miscellaneous other operating expenses	21.6	25.9
<b>Total</b>	<b>160.1</b>	<b>156.3</b>

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.

## 31. Financial results

31. Financial results	2011/12	2010/11
EURm		
<b>Income from investments</b>		
RAG <sup>1)</sup>	73.5	60.4
EconGas	-5.4	4.4
ZOV; ZOV UIP	12.4	10.8
Energie Burgenland <sup>2)</sup>	1.9	9.4
Shkodra	2.5	-21.4
Other companies	2.2	-0.7
<b>Income from investments in equity accounted investees</b>	<b>87.0</b>	<b>62.9</b>
Dividend payments	25.1	27.4
thereof Verbund AG	22.1	22.1
thereof other companies	3.1	5.3
Write-down	-0.9	-1.0
Miscellaneous	0.0 <sup>*)</sup>	0.1
<b>Gain from other investments</b>	<b>24.3</b>	<b>26.6</b>
<b>Total income from investments</b>	<b>111.3</b>	<b>89.4</b>
<b>Interest results</b>		
Interest income on non-current financial assets	25.6	31.2
Other interest income	5.3	6.4
<b>Total interest income</b>	<b>30.9</b>	<b>37.6</b>
Interest expense on non-current financial assets	-81.5	-72.4
Other interest expense	-6.4	-6.3
<b>Total interest expense</b>	<b>-87.9</b>	<b>-78.8</b>
<b>Total interest results</b>	<b>-57.0</b>	<b>-41.1</b>
<b>Other financial results</b>		
Results of valuation gains/losses and disposals of current financial assets ("HFT")	-0.4	0.2
Results of valuation gains/losses and disposals of non-current securities ("@FVTPL")	1.4	-3.5
Other financial results	-2.2	-3.1
<b>Total other financial results</b>	<b>-1.3</b>	<b>-6.5</b>
<b>Financial results</b>	<b>53.0</b>	<b>41.8</b>

\*) Small amount

1) Indirectly held through RBG

2) A stake of 49.0% in Energie Burgenland AG is indirectly held through BUHO.

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

The at equity result of EconGas includes an impairment loss of the valuation of EVN's stake to the amount of EUR 7.8m in 2011/12 (previous year: impairment loss of the valuation of EVN's stake in Shkodra to the amount of EUR 23.1m).

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

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

**32. Income tax expense**

32. Income tax expense	2011/12	2010/11
EURm		
Continuous income tax expense	29.3	35.2
thereof Austrian companies	19.4	31.0
thereof foreign companies	9.9	4.3
Deferred tax revenue <sup>1)</sup>	-3.4	-6.5
thereof Austrian companies <sup>1)</sup>	-5.7	-9.2
thereof foreign companies	2.3	2.7
<b>Total</b>	<b>25.9</b>	<b>28.8</b>

1) The figure for the prior year has been adjusted (see note 49. Non-current provisions)

The reasons for the difference between the Austrian corporate income tax rate of 25.0% that applied in 2012 (previous year: 25.0%) and the recorded effective corporate income tax rate for the 2011/12 financial year in accordance with the Consolidated statements of operations were as follows:

32. Calculation of the effective tax rate <sup>1)</sup>	2011/12		2010/11	
	in %	EURm	in %	EURm
<b>Profit before income tax</b>	-	259.7	-	263.9
<b>Income tax rate/income tax expense at nominal tax rate</b>	25.0	64.9	25.0	66.0
+/- Different corporate income tax rates in other countries	-1.4	-3.7	0.0	-0.1
- Tax-free income from investments	-12.8	-33.1	-10.9	-28.5
+ Revaluation of deferred taxes	-0.7	-1.8	0.7	1.8
- Write-offs according to tax law	-1.9	-5.0	-4.6	-12.2
- Other tax free income	-0.2	-0.6	-1.6	-4.1
+ Non-deductible expenses	1.5	4.0	1.5	4.1
+/- Aperiodic tax reductions/increases	0.4	1.0	0.5	1.2
-/+ Other items	0.1	0.2	0.3	0.7
<b>Effective tax rate/effective income tax expense</b>	<b>10.0</b>	<b>25.9</b>	<b>10.9</b>	<b>28.8</b>

1) The figures for the prior year have been adjusted (see note 49. Non-current provisions)

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

The effective tax rate of EVN for the 2011/12 financial year in relation to the profit before income tax amounted to 10.0% (previous year: 10.9%). The effective tax rate represents the weighted average of the effective local corporate tax rates of all consolidated subsidiaries.

**33. 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. 179,378,364 (previous year: 178,059,870). This figure may be diluted by so-called potential shares arising from options or convertible bonds. However, since EVN did not have such potential shares, there was no difference between basic earnings per share and diluted earnings per share.

Group net profit amounted to EUR 194.9m for the 2011/12 financial year (previous year: EUR 192.3m). Calculated on this basis, earnings per share totalled EUR 1.09 (previous year: EUR 1.08).



## Notes to the Consolidated statements of financial positions

### 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 2011/12 financial year.

#### 34. Intangible assets

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

As at September 30<sup>th</sup>, 2012, the capitalised customer base in markets not yet deregulated were recognised as assets with an indefinite life at a total acquisition cost of EUR 24.5m (previous year: EUR 24.5m). Due to the merger of B.net to form kabelplus AG (formerly Kabelsignal AG), an impairment loss was recognised to the amount of EUR 0.3m in the 2011/12 financial year within the context of the acquisition of the B.Net brand "B.Net", and a further impairment loss of EUR 0.2m was required (previous year: impairment loss on goodwill at TEZ Plovdiv amounting to EUR 9.2m and a reversal of impairment relating to electricity procurement rights for the Danube power plants totaling EUR 31.2m). The additions of goodwill from changes to the consolidation scope amounted to EUR 2.8m (previous year: EUR 0.0m). These resulted from the acquisition of the company FWG-Fernwärmeversorgung Hollabrunn registrierte Genossenschaft mit beschränkter Haftung.

In the 2011/12 financial year, a total of EUR 1.6m (previous year: EUR 1.2m) was invested in research and development. The criteria required by IFRS to capitalise these items were not fulfilled.

<b>34. Reconciliation of intangible assets</b>			
EURm	Goodwill	Other intangible assets	Total
<b>2011/12 financial year</b>			
<b>Gross value on 9/30/2011</b>	<b>216.4</b>	<b>410.1</b>	<b>626.5</b>
Currency translation differences	0.1	–	0.1
Changes in the scope of consolidation	2.8	0.1	0.1
Additions	–	6.2	9.0
Disposals	–	–3.4	–3.4
Transfers	–	1.9	1.9
<b>Gross value on 9/30/2012</b>	<b>219.2</b>	<b>414.9</b>	<b>634.2</b>
<b>Accumulated amortisation 9/30/2011</b>	<b>–9.2</b>	<b>–206.8</b>	<b>–216.0</b>
Currency translation differences	–	0.0 <sup>*)</sup>	0.0 <sup>*)</sup>
Scheduled amortisation	–	–14.7	–14.7
Impairment losses	–	–0.5	–0.5
Disposals	–	2.5	2.5
Transfers	–	–2.4	–2.4
<b>Accumulated amortisation 9/30/2012</b>	<b>–9.2</b>	<b>–221.9</b>	<b>–231.1</b>
<b>Net value 9/30/2011</b>	<b>207.2</b>	<b>203.3</b>	<b>410.5</b>
<b>Net value 9/30/2012</b>	<b>210.0</b>	<b>193.0</b>	<b>403.1</b>

<sup>\*)</sup> Small amount

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

\*) Small amount

### 35. Property, plant and equipment

Additions to property, plant and equipment included capitalised borrowing costs of EUR 6.1m (previous year: EUR 5.7m). The interest rate used for capitalisation ranged from 1.50% – 8.50% (previous year: 2.00% – 8.50%).

Land and buildings contained land valued at EUR 66.2m (previous year: EUR 70.6m). As at the balance sheet date, EVN held a mortgage with a maximum value of EUR 1.8m as in the previous year. Own work capitalised during the 2011/12 financial year amounted to EUR 15.9m (previous year: EUR 17.7m).

An impairment test on assets carried out in the 2011/12 financial year in line with IAS 36 resulted in recognition of an impairment loss of EUR 8.0m on the biomass pilot plant at the Dürnröhr power plant site due to unfavourable market conditions. In addition, an impairment loss of EUR 9.8m was also taken for the Kavarna wind park in Bulgaria as a result of a disadvantageous electricity tariff decision as at July 1<sup>st</sup>, 2012, and uncertainties concerning network access for further facilities. An impairment loss of EUR 5.0m was taken on other facilities (previous year: EUR 4.2m).

The item “Prepayments and equipment under construction” included EUR 202.2m (previous year: EUR 361.0m) 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 positions. The net value of these assets totalled EUR 14.7m at the balance sheet date (previous year: EUR 19.6m). The related leasing and rental liabilities were recognised under other noncurrent liabilities.

The net value of property, plant and equipment pledged as collateral totalled EUR 116.6m unchanged to the previous year.

<b>35. Reconciliation of property, plant and equipment</b> EURm	Land and buildings	Transmission pipelines	Technical equipment	Meters	Other plant, tools and equipment	Prepayments and equipment under construction	<b>Total</b>
<b>2011/12 financial year</b>							
<b>Gross value on 9/30/2011</b>	672.1	3,135.1	2,013.8	190.0	218.9	372.2	6,602.1
Currency translation differences	0.0 <sup>*)</sup>	0.0 <sup>*)</sup>	2.7	0.0 <sup>*)</sup>	0.1	4.9	7.7
Changes in the scope of consolidation	1.2	0.4	5.5	0.0 <sup>*)</sup>	-0.2	0.0 <sup>*)</sup>	6.9
Additions	21.4	119.7	121.6	10.5	21.1	9.3	303.6
Disposals	-9.9	-17.3	-9.2	-5.0	-10.2	-0.1	-51.7
Transfers	10.8	81.1	77.6	0.0 <sup>*)</sup>	3.3	-172.2	0.6
<b>Gross value on 9/30/2012</b>	695.6	3,319.0	2,212.0	195.6	233.0	214.1	6,869.3
<b>Accumulated amortisation 9/30/2011</b>	-320.4	-1,693.9	-1,345.7	-121.7	-171.3	-10.1	-3,663.1
Currency translation differences	0.0 <sup>*)</sup>	0.0 <sup>*)</sup>	-0.5	0.0 <sup>*)</sup>	0.0 <sup>*)</sup>	-	-0.5
Scheduled depreciation	-19.2	-94.2	-70.7	-11.2	-18.1	-	-213.4
Impairment losses	-3.8	-0.8	-12.1	-	-0.5	-5.6	-22.8
Disposals	5.3	15.4	4.5	4.8	9.6	-	39.7
Transfer	0.0 <sup>*)</sup>	-0.7	-4.2	-	-0.8	5.6	0.0 <sup>*)</sup>
<b>Accumulated amortisation 9/30/2012</b>	-338.2	-1,774.1	-1,428.5	-128.1	-181.1	-10.1	-3,860.1
<b>Net value 9/30/2011</b>	351.7	1,441.2	668.1	68.3	47.6	362.0	2,938.9
<b>Net value 9/30/2012</b>	357.4	1,544.9	783.5	67.5	51.9	204.0	3,009.2

<sup>\*)</sup> Small amount

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

<sup>\*)</sup> Small amount

### 36. 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 161.

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 comprise the equity payments for STEAG-EVN Walsum, Shkodra, Devoll Hydropower, EVN-WE Wind, Bioenergie Steyr GmbH as well as Fernwärme Steyr GmbH.

The item "Miscellaneous investments" included shares in listed companies with a market value of EUR 645.8m (previous year: EUR 869,4m), of which EUR 24.2m was used as collateral. The other investments included in this item of the Consolidated statements of financial positions, which amount to EUR 23.0m (previous year: EUR 23.0m) 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.

EVN AG and Wiener Stadtwerke Holding AG (WSTW) entered into a syndicate agreement on September 22<sup>nd</sup>, 2010 regarding the syndication of their directly and indirectly held shares in Verbund AG and as a result of which jointly control over 26% of the voting shares in Verbund AG.

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

In the 2011/12 financial year, impairment losses were made for investments in equity accounted investees EconGas totalling EUR 7.8m (previous year: Shkodra EUR 23.1m). Impairment losses for miscellaneous investments totalling EUR 223.6m (previous year: impairment losses of EUR 185.5m) concerned adjustments to changed fair values and share prices, which were offset against the valuation reserve according to IAS 39 after deducting deferred taxes. Group net profit for the period included EUR 0.9m (previous year: EUR 0.2m) of impairment losses of investments in affiliates.

The stake in ZOV (equity attributable to EVN as at September 30<sup>th</sup>, 2012: EUR 77.3m; previous year: EUR 67.5m) was assigned to the lending banks.

<b>36. Reconciliation of investments in equity accounted investees and other investments</b>				
EURm	<b>Investments in equity accounted investees</b>	<b>Investments in affiliates</b>	<b>Miscellaneous investments</b>	<b>Total other investments</b>
<b>Gross value on 9/30/2011</b>	<b>976.9</b>	<b>14.8</b>	<b>403.2</b>	<b>418.0</b>
Changes in the scope of consolidation	–	–0.7	0.0 <sup>*)</sup>	–0.8
Additions	91.5	2.2	1.3	3.6
Disposals	–	–2.1	–0.3	–2.4
<b>Gross value on 9/30/2012</b>	<b>1,068.4</b>	<b>14.3</b>	<b>404.2</b>	<b>418.4</b>
<b>Accumulated amortisation 9/30/2011</b>	<b>15.1</b>	<b>–5.9</b>	<b>480.3</b>	<b>474.4</b>
Changes in the scope of consolidation	–1.8	–	–	–
Currency translation differences	1.9	–	–	–
Impairment losses	–7.8	–0.9	–223.6	–224.5
Disposals	–	0.1	0.1	0.3
Proportional share of results	94.8	–	–	–
Dividends	–94.1	–	–	–
Changes in equity recognised directly in equity	–27.9	–	–	–
<b>Accumulated amortisation 9/30/2012</b>	<b>–19.7</b>	<b>–6.6</b>	<b>256.8</b>	<b>250.2</b>
<b>Net value on 9/30/2011</b>	<b>992.1</b>	<b>8.9</b>	<b>883.5</b>	<b>892.4</b>
<b>Net value on 9/30/2012</b>	<b>1,048.7</b>	<b>7.7</b>	<b>661.0</b>	<b>668.7</b>

\*) Small amount

### 37. 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 2011/12 financial year.

Of the loans receivable amounting to EUR 36.4m (previous year: EUR 24.4m), a total of EUR 3.5m (previous year: EUR 2.8m) had a remaining time to maturity of less than one year.

Lease receivables and accrued lease transactions result from the project business within the context of BOOT models. Receivables from executory production contracts amounted to EUR 430.7m (previous year: EUR 330.8m). Together with current revenue from production orders, this value is included as part of additions to lease receivables and accrued lease transactions. These additions also include capitalised borrowing costs of EUR 0.8m (previous year: EUR 0.5m). The capitalisation interest rate was 1.58% – 6.03% (previous year: 2.42% – 5.72%).

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

The remaining other non-current assets contain of EUR 5.6m the regulatory account according to Austrian regulatory provisions. In addition, this item consists primarily of deferred guarantee payments for non-current bank loans.

**37. Reconciliation of other non-current assets**

EURm

	Other financial assets			Other non-current assets			Total
	Securities	Loans receivable	Lease receivables and accrued lease transactions	Receivables from derivative transactions	Non-current primary energy reserves	Remaining other non-current assets	
<b>Gross value on 9/30/2011</b>	95.3	24.8	615.6	76.8	14.4	10.8	837.6
Changes in the scope of consolidation	0.1	-0.2	-	-	-	-	-0.1
Additions	6.4	12.0	102.0	9.8	-	5.7	135.9
Disposals	-29.3	-0.1	-44.7	-3.5	-	-1.5	-79.1
Transfers	5.6	0.0 <sup>*)</sup>	-	-	0.2	-	5.8
<b>Gross value on 9/30/2012</b>	78.2	36.4	673.0	83.1	14.6	14.9	900.1
<b>Accumulated amortisation 9/30/2011</b>	2.6	-0.4	-	-	-0.5	-	1.7
Changes in the scope of consolidation	-	0.2	-	-	-	-	0.2
Disposals	1.8	0.2	-	-	-	-	1.9
Transfers	-5.5	-	-	-	0.0 <sup>*)</sup>	-	-5.6
<b>Accumulated amortisation 9/30/2012</b>	-1.2	-	-	-	-0.6	-	-1.8
<b>Net value on 9/30/2011</b>	97.9	24.4	615.6	76.8	13.9	10.8	839.3
<b>Net value on 9/30/2012</b>	77.0	36.4	673.0	83.1	14.0	14.9	898.3

\*) Small amount

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

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

EURm

	Remaining time to maturity as at 9/30/2012				Remaining time to maturity as at 9/30/2011			
	< 1 year	> 1 year	> 5 years	Total	< 1 year	> 1 year	> 5 years	Total
Interest components	36.9	115.3	139.3	291.5	25.4	140.3	103.4	269.0
Principal components	66.3	235.3	371.4	673.0	47.3	256.1	312.2	615.6
<b>Total</b>	<b>103.2</b>	<b>350.6</b>	<b>510.7</b>	<b>964.5</b>	<b>72.7</b>	<b>396.4</b>	<b>415.6</b>	<b>884.6</b>

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 2011/12 financial year were largely reported as interest income on non-current financial assets.

**Current assets****38. Inventories**

Primary energy reserves are mainly comprised of coal supplies.

The CO<sub>2</sub> 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 55. Current provisions).

<b>38. Inventories</b>		
EURm	<b>2011/12</b>	<b>2010/11</b>
Primary energy reserves	49.5	45.0
CO <sub>2</sub> emission certificates	1.0	2.5
Raw materials, supplies, consumables and other inventories	28.5	24.6
Customer orders not yet invoiced	27.1	34.3
<b>Total</b>	<b>106.1</b>	<b>106.3</b>

The inventory risk resulting from low inventory turnover was reflected in an increase in valuation adjustment of EUR 3.7m (previous year: increase in value adjustment of EUR 0.2m, which was primarily driven by the market valuation of the coal stockyard). This write-down was contrasted by write-ups amounting to EUR 2.8m (previous year: EUR 1.8m). The inventories were not subject to any limitations on disposal, nor were they subject to other encumbrances.

### 39. Trade and other receivables

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

The risk of insolvency by dubious customers was accounted for by an allowance of EUR 168.9m (previous year: EUR 159.8m). The allowance of receivables primarily concern South East Europe. Generally speaking, write-offs of receivables are only possible there once a court decision has been issued. Hence the amount of allowance increases over time due to the relatively long waiting period caused by the high number of pending court cases.

Receivables from investments in equity accounted investees and affiliates arise primarily from Intra-Group transactions related to energy supplies as well as Group financing and services to non-consolidated subsidiaries. Receivables from partners within EnergieAllianz are receivables from customers, which are carried out by EnergieAllianz acting in the name of partners within EnergieAllianz.

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

Other receivables and assets consist mainly of assets to the amount of EUR 25.3m due to regulatory requirements in the grid area of Bulgaria, receivables related to settlement payments for electricity futures, receivables from insurance as well as prepayments made. The net value of trade and other receivables pledged as collateral for own liabilities totalled EUR 23.2m so unchanged to the previous year.

<b>39. Trade and other receivables</b>		
EURm	<b>2011/12</b>	<b>2010/11</b>
<b>Financial assets</b>		
Trade accounts receivable	343.9	310.3
Receivables from investments in equity accounted investees	75.0	89.7
Receivables from partners within EnergieAllianz	28.9	10.8
Receivables from affiliates	4.1	4.3
Receivables from employees	1.4	8.8
Receivables arising from derivative transactions	4.0	4.4
Other receivables and assets	54.1	33.0
	<b>511.3</b>	<b>461.3</b>
<b>Other receivables</b>		
Tax receivables	26.3	18.4
	<b>26.3</b>	<b>18.4</b>
<b>Total</b>	<b>537.6</b>	<b>479.7</b>

**40. Securities**

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

40. Composition of securities EURm	2011/12	2010/11
Funds	3.4	53.7
Cash funds	–	47.2
Other fund products	3.4	6.5
Fixed income securities	–	4.1
Shares	0.0 <sup>*)</sup>	0.0 <sup>*)</sup>
<b>Total</b>	<b>3.4</b>	<b>57.9</b>

\*) Small amount

In addition to a gain of EUR 0.3m (previous year: gain of EUR 1.5m) on the sale of securities, an impairment of EUR 0.8m (previous year: impairment of EUR 1.3m) 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 2011/12 and 2010/11 financial years is presented on page 106.

**41. Share capital**

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

**42. Share premium and capital reserves**

The share premium and capital reserves comprise restricted capital reserves of EUR 195.6m (previous year: 195.6m) from capital increases in accordance with Austrian stock corporation law as well as unrestricted capital reserves of EUR 57.7m (previous year: EUR 57.9m) in accordance with Austrian stock corporation law.

**43. Retained earnings**

Retained earnings of EUR 2,116.2m (previous year: EUR 1,925.5m) 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:

43. Reconciliation of EVN AG's profit for the period	EURm
<b>Reported profit for the period 2011/12</b>	<b>75.4</b>
Retained earnings from the 2010/11 financial year	0.2
<b>Distributable profit for the period</b>	<b>75.6</b>
Proposed dividend	–75.5
Retained earnings for the 2012/13 financial year	0.1

The proposed dividend of EUR 0.42 per share for the 2011/12 financial year, which will be recommended to the Annual General Meeting, is not included under liabilities.



The 83<sup>rd</sup> Annual General Meeting on January 19<sup>th</sup>, 2012 approved the proposal of both the Executive Board and the Supervisory Board to pay a dividend of EUR 73.6m or EUR 0.41 per share to the shareholders of EVN AG for the 2010/11 financial year. The dividend payment to shareholders was made on January 27<sup>th</sup>, 2012.

#### 44. 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, remeasurements according to IAS 19 as well as the proportional share of changes in the equity of investments in equity accounted investees.

44. Valuation reserve according to IAS 39 EURm	2011/12			2010/11		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Results recognised directly in equity from						
Fair value of other investments	257.3	-64.3	193.0	480.9	-120.2	360.6
Cash flow hedges	-16.0	4.0	-12.0	-10.7	2.7	-8.0
Remeasurements IAS 19 <sup>1)</sup>	-57.2	14.4	-42.8	-17.0	4.3	-12.8
Investments in equity accounted investees	-62.0	-	-62.0	-35.9	-	-35.9
<b>Total</b>	<b>122.1</b>	<b>-46.0</b>	<b>76.2</b>	<b>417.2</b>	<b>-113.3</b>	<b>304.0</b>

1) The figures of the prior year have been adjusted (see note 49. Non-current provision)

#### 45. Treasury shares

The acquisition of the treasury shares held as at the balance sheet date, in the amount of 554,530 shares (0.31% of share capital; September 30<sup>th</sup>, 2011: 398,260 shares, or 0.22% of share capital) at a total purchase price of EUR 5.7m and a market value of EUR 6.0m as at the balance sheet date (September 30<sup>th</sup>, 2011: purchase price EUR 6.0m and market value EUR 4.3m) was carried out entirely under the authority of the share buyback programme authorised by the 83<sup>rd</sup> Annual General Meeting of EVN AG on January 19<sup>th</sup>, 2012. In the financial year 2011/12 a total of 75,168 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:

45. Reconciliation of the number of outstanding shares	Zero par value shares	Treasury shares	Outstanding shares
<b>9/30/2010</b>	<b>163,525,820</b>	<b>-467,328</b>	<b>163,058,492</b>
Increase in capital stock	16,352,582	-	16,352,582
Disposal of treasury shares	-	69,068	69,068
<b>9/30/2011</b>	<b>179,878,402</b>	<b>-398,260</b>	<b>179,480,142</b>
Purchase of treasury shares	-	-554,530	-554,530
Disposal of treasury shares	-	75,168	75,168
<b>9/30/2012</b>	<b>179,878,402</b>	<b>-877,622</b>	<b>179,000,780</b>

The weighted average number of outstanding shares, which is used as the basis for calculating the earnings per share, amounts to 179,378,364 shares (previous year: 178,059,870 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.

#### 46. Non-controlling interests

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

## Non-current liabilities

### 47. Non-current loans and borrowings

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

47. Breakdown of non-current loans and borrowings	Nominal interest rate (%)	Term	Nominal amount	Carrying amount 9/30/2012 EURm	Carrying amount 9/30/2011 EURm	Fair value 9/30/2012 EURm
Bonds	–	–	–	1,028.6	609.7	1,145.8
JPY bond	5.200	1994–2014	8.0bn JPY	81.7	80.1	86.5
CHF bond	3.625	2009–2014	250.0m CHF	206.6	205.4	215.0
EUR bond	5.000	2009–2016	28.5 EURm	28.4	28.3	32.1
EUR bond	5.250	2009–2017	150.0 EURm	148.9	148.6	175.0
EUR bond	5.250	2009–2019	30.0 EURm	29.5	29.4	35.7
EUR bond	4.250	2011–2022	300.0 EURm	285.6	–	337.1
JPY bond	3.130	2009–2024	12.0bn JPY	126.3	117.9	132.4
EUR bond	4.125	2012–2032	100.0 EURm	97.1	–	105.7
EUR bond	4.125	2012–2032	25.0 EURm	24.4	–	26.4
Bank loans	1.00–8.77	to 2031	–	904.6	981.5	904.7
<b>Total</b>	–	–	–	<b>1,933.3</b>	<b>1,591.3</b>	<b>2,050.5</b>

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

47. Maturity of non-current loans and borrowings EURm	Remaining time to maturity as at 9/30/2012			Remaining time to maturity as at 9/30/2011		
	< 5 years	> 5 years	Total	< 5 years	> 5 years	Total
Bonds	465.6	563.1	1,028.6	313.8	295.9	609.7
thereof fixed interest	383.8	436.7	820.6	233.7	178.1	411.7
thereof variable interest	81.7	126.3	208.1	80.1	117.9	198.0
Bank loans	572.6	332.1	904.7	564.3	417.2	981.5
thereof fixed interest	402.0	240.4	642.4	394.8	300.9	695.6
thereof variable interest	170.6	91.7	262.3	169.6	116.3	285.9
<b>Total</b>	<b>1,038.2</b>	<b>895.2</b>	<b>1,933.3</b>	<b>878.1</b>	<b>713.1</b>	<b>1,591.3</b>

#### Bonds

All bonds will be redeemed upon maturity. In addition to the Eurobond to the amount of EUR 300.0m issued in October 2011, and the planned redemption of an existing Eurobond issued in 2001 with an outstanding nominal value of EUR 257.4m, EVN also concluded the emission of two new bonds totalling EUR 125.0m in February 2012 within the context of private placements. Both of these bonds reach maturity in February 2032, and the fixed coupon was set at 4.125%.

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

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

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

#### Bank loans

The loans consist of borrowings from banks, which are subsidised in part by interest and redemption grants from the Austrian Environment and Water Industry Fund. The non-recourse liabilities incurred by project companies against EVN AG were EUR 344.8m at the balance sheet date (previous year: EUR 366.0m).

Deferred interest expenses are included under other current liabilities.

#### 48. Deferred tax liabilities

48. Deferred taxes	2011/12	2010/11
EURm		
<b>Deferred tax assets<sup>1)</sup></b>		
Employee-related provision	-38.7	-30.0
Tax loss carryforward	-20.6	-21.1
Other deferred tax assets	-14.9	-18.1
<b>Deferred tax liabilities</b>		
Non-current assets	74.1	84.6
Financial instruments	76.9	135.9
Other deferred tax liabilities	16.6	12.6
<b>Total</b>	<b>93.3</b>	<b>163.8</b>
thereof deferred tax assets	-25.9	-9.7
thereof deferred tax liabilities	119.2	173.6

1) The figure for the prior year has been adjusted (see note 49. Non-current provision)

The deferred taxes developed as follows:

48. Changes in deferred taxes	2011/12	2010/11
EURm		
<b>Deferred taxes on 10/1/2011</b>	<b>163.8</b>	<b>220.6</b>
- Changes in the scope of consolidation/Changes through business combinations	0.1	3.5
- Changes in deferred taxes recognised through profit and loss <sup>1)</sup>	-3.4	-6.5
- Changes in deferred taxes recognised directly in equity <sup>1)</sup>	-67.3	-52.4
- Changes in deferred taxes out of increase in capital stock	-	-1.5
<b>Deferred taxes on 9/30/2012</b>	<b>93.3</b>	<b>163.8</b>

1) The figure for the prior year has been adjusted (see note 49. Non-current provision)

Deferred tax assets totalling EUR 4.6m (previous year: EUR 3.8m) on loss carry forwards that are not expected to be reversed within a foreseeable period were not recognised.

**49. Non-current provision**

49. Non-current provisions EURm	2011/12	IAS 19 (2011) 2010/11	IAS 19 old 2010/11
Provisions for pensions	250.1	226.6	213.8
Provisions for obligations similar to pensions	24.9	21.4	19.2
Provisions for severance payments	83.5	76.0	77.4
Other non-current provisions	132.2	126.4	126.4
<b>Total</b>	<b>490.7</b>	<b>450.4</b>	<b>436.9</b>

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 4,00% p.a. (previous year: 5,00% p.a.)
- Remuneration increases of 3,00% p.a.; in subsequent years 3,00% p.a. (previous year: remuneration increase 4,00% p.a., in subsequent years 3,00% p.a.)
- Pension increases 3,00% p.a.; in subsequent years 3,00% p.a. (previous year: pension increase 4,00% p.a., in subsequent years 3,00%)
- Austrian pension tables (“Rechnungsgrundlagen AVÖ 2008-P – Rechnungsgrundlagen für die Pensionsversicherung – Pagler&Pagler”) used pursuant to the previous year

49. Reconciliation of provisions for pensions and obligations similar to pensions	EURm	2011/12	IAS 19 (2011) 2010/11	IAS 19 alt 2010/11
<b>Present value of pension obligations (DBO) on October 1</b>		<b>248.0</b>	<b>253.7</b>	<b>253.7</b>
+ Service costs		1.9	1.8	1.8
+ Interest paid		12.3	12.1	12.1
– Pension payments		–18.4	–17.6	–17.6
+/- Actuarial loss/gain		31.2	–2.1	–2.1
<b>Present value of pension obligations (DBO) on September 30</b>		<b>275.0</b>	<b>248.0</b>	<b>248.0</b>
<b>Provisions for pensions and obligations similar to pensions on September 30</b>		<b>275.0</b>	<b>248.0</b>	<b>233.1</b>
– Deficit of provisions compared to the DBO value on September 30	%	0.0	0.0	–6.1

49. Reconciliation of the provision for severance payments	EURm	2011/12	IAS 19 (2011) 2010/11	IAS 19 (2011) 2010/11
<b>Present value of severance payment obligations (DBO) on October 1</b>		<b>76.0</b>	<b>74.8</b>	<b>74.8</b>
+ Changes in scope of consolidation		–0.5	–	–
+ Service costs		2.6	2.8	2.8
+ Interest paid		3.7	3.0	3.0
– Pension payments		–6.1	–6.0	–6.0
+/- Actuarial loss/gain		7.8	1.5	1.5
<b>Present value of severance payment obligations (DBO) on September 30</b>		<b>83.5</b>	<b>76.0</b>	<b>76.0</b>
<b>Provisions for severance payments on September 30</b>		<b>83.5</b>	<b>76.0</b>	<b>77.4</b>
+ Excess of provisions compared to the DBO value on September 30	%	0.0	0.0	1.6

A change in actuarial parameters (ceteris paribus) will have the following effect:

49. Sensitivity analysis for provisions for pensions and obligations similar to pensions and the provision for severance payments	Change in assumption	Decrease in assumption / change in DBO	Increase in assumption / change in DBO
Interest rate	0.50	6.40	-5.76
Remuneration increases	1.00	-4.33	4.93
Pension increases	1.00	-7.44	8.94

The application of IAS 19 (2011) has the following effects:

49. Effect of the application of IAS 19 (2011)	9/30/2011	9/30/2010
EURm		
Provisions for pensions and severance payments according to annual report 2010/11	310.5	311.0
Neutral effect of the application of IAS 19 (2011)	17.0	17.6
Profit and loss effect of the application of IAS 19 (2011)	-3.5	-
<b>Total by application of IAS 19 (2011)</b>	<b>324.0</b>	<b>328.6</b>
EURm		2010/11
Decrease in personnel expenses		-3.5
Increase in income tax expenses		0.9
Increase in profit for the period		2.6
Increase of income tax expenses relating to components recognised directly in equity		4.3
Decrease of gains or losses recognised directly in equity		-12.8
Decrease in comprehensive income		-10.2

The effect on earnings amounts to EUR 0.01 per share.

#### 49. Reconciliation of other non-current provisions

EURm	Service anniversary bonuses	Impending losses / cooperation agreements <sup>1)</sup>	Rents for network access	Legal risks	Environmental, waste and other obligatory risks	Other non-current provisions	Total
<b>Carrying amount on 10/1/2011</b>	<b>18.7</b>	<b>38.7</b>	<b>15.5</b>	<b>3.4</b>	<b>46.0</b>	<b>4.2</b>	<b>126.4</b>
Changes in the scope of consolidation	0.1	-	-	-	0.2	-	0.3
Deconsolidation	-0.1	-	-	-	-	-	-0.1
Interest paid	0.4	-	0.4	0.0 <sup>1)</sup>	1.2	0.2	2.3
Use	-0.8	-38.7	-6.3	-2.5	-1.8	-2.3	-52.3
Additions	1.9	46.5	-	3.0	3.5	0.8	101.9
Transfers	-	20.3	-	-	-20.3	-	20.3
<b>Carrying amount on 9/30/2012</b>	<b>20.0</b>	<b>66.8</b>	<b>9.6</b>	<b>4.0</b>	<b>28.8</b>	<b>2.9</b>	<b>198.9</b>

<sup>1)</sup> Small amount

1) The previous year included provisions for cooperation agreements, which no longer exist in the 2011/12 financial year.

The provision for impending losses relates to obligations from the marketing of EVN's own electricity production. 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.

#### 50. Deferred income from network subsidies

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

50. Deferred income from network subsidies EURm	Construction subsidies	Investment subsidies	Total
<b>Carrying amount on 10/1/2011</b>	393.4	44.5	437.9
Changes in the scope of consolidation	0.1	0.8	0.9
Additions	64.5	2.2	66.6
Reversal	-32.7	-3.3	-35.9
<b>Carrying amount on 9/30/2012</b>	425.3	44.2	469.5

Of the total subsidies, EUR 433.6m (previous year: EUR 405.8m) will not be recognised as income within one year.

#### 51. 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.

51. Other non-current liabilities EURm	2011/12	2010/11
Leases	23.4	32.0
Accruals of financial instruments	3.4	17.0
Liabilities from derivative transactions	16.2	11.4
Remaining other non-current liabilities	6.9	8.4
<b>Total</b>	49.9	68.9

#### 51. Term to maturity of other non-current liabilities

EURm	Remaining time to maturity as at 9/30/2012			Remaining time to maturity as at 9/30/2011		
	< 5 years	> 5 years	Total	< 5 years	> 5 years	Total
Leases	9.6	13.8	23.4	11.9	20.1	32.0
Accruals of financial instruments	2.1	1.3	3.4	8.4	8.6	17.0
Liabilities from derivative transactions	5.5	10.8	16.2	4.8	6.7	11.4
Remaining other non-current liabilities	2.7	4.2	6.9	4.8	3.7	8.4
<b>Total</b>	19.9	30.0	49.9	29.9	39.0	68.9

## Current liabilities

### 52. Current loans and borrowings

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

52. Current loans and borrowings EURm	2011/12	2010/11
Loan from Oesterreichische Kontrollbank AG	21.4	21.4
Bond	–	257.7
Bank overdrafts and other current loans	28.0	32.5
<b>Total</b>	<b>49.4</b>	<b>311.6</b>

### 53. Taxes payable

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

53. Taxes payable EURm	2011/12	2010/11
Energy taxes	31.5	36.7
Value added tax	29.1	19.8
Corporate income tax	13.4	14.4
Other taxes and duties	12.9	11.9
<b>Total</b>	<b>87.0</b>	<b>82.6</b>

### 54. Trade payables

Trade payables include obligations resulting from outstanding invoices amounting to EUR 160.2m (previous year: EUR 158.6m).

### 55. Current provisions

The provisions for personnel entitlements comprise special payments not yet due and outstanding leave as well as liabilities resulting from an early retirement programme in which employees can participate on a voluntary basis. The provisions for legally binding agreements on the balance sheet date are EUR 2.4m (previous year: EUR 2.7m).

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

55. Reconciliation of current provisions EURm	Personnel entitlements	Impending losses	Restructuring	Other current provisions	Total
<b>Carrying amount on 10/1/2011</b>	<b>61.2</b>	<b>9.1</b>	<b>–</b>	<b>10.7</b>	<b>80.8</b>
Changes through business combinations	–0.8	–0.1	–	–0.6	–1.4
Use	–27.7	–4.8	–	–8.7	–43.5
Additions	29.0	12.1	1.3	3.9	48.7
Transfers	–	–	–	0.3	0.3
<b>Carrying amount on 9/30/2012</b>	<b>61.8</b>	<b>16.3</b>	<b>1.3</b>	<b>5.7</b>	<b>84.9</b>

### 56. 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, natural gas and heating supplies, and the installation of customer equipment.

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

<b>56. Other current liabilities</b>	<b>2011/12</b>	<b>2010/11</b>
EURm		
<b>Financial liabilities</b>		
Liabilities to partner within EnergieAllianz	9.6	6.0
Liabilities to investments in equity accounted investees	21.3	7.2
Liabilities to affiliates	20.6	15.0
Deferred interest expenses	18.6	9.5
Liabilities arising from derivative transactions	4.3	0.0
Other financial liabilities	55.2	37.5
	<b>129.6</b>	<b>75.1</b>
<b>Other liabilities</b>		
Prepayments received	39.9	51.8
Liabilities relating to social security	11.9	12.5
	<b>51.7</b>	<b>64.3</b>
<b>Total</b>	<b>181.3</b>	<b>139.4</b>



## Other information

### 57. Consolidated statements of cash flows

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

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

Income tax payments of EUR 28.9m (previous year: EUR 34.3m) 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 2011/12 financial year totalled EUR 119.2m (previous year: EUR 102.6m). Interest received amounted to EUR 28.1m (previous year: EUR 33.5m), whereas interest paid totalled EUR 56.4m (previous year: EUR 53.7m).

Proceeds from the disposal of intangible assets and property, plant and equipment amounted to EUR 10.4m (previous year: EUR 5.5m). These proceeds resulted in a profit of EUR 1.9m (previous year: profit of EUR 0.1m).

Dividend payments of EUR 73.6m (previous year: EUR 71.8m) to EVN AG shareholders and of EUR 38.4m (previous year: EUR 33.7m) to non-controlling interests (those of RBG and BUHO) were reported under the net cash flow from financing activities.

The cash and cash equivalents disposed from business combinations amounted to EUR 0.3m (previous year: EUR 0.0m).

The share of cash and cash items held by companies included through proportionate consolidation amounted to EUR 2.2m (previous year: EUR 12.9m).

57. Cash and cash items	2011/12	2010/11
EURm		
Cash	162.1	143.4
Cash on hand	0.4	1.2
Cash at banks	161.8	142.2
Bank overdrafts	-28.0	-30.8
<b>Total</b>	<b>134.1</b>	<b>112.6</b>

### 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.

In addition to carrying out sensitivity analyses, 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 using the variance-covariance method (delta-gamma approach) for calculation. At the balance sheet date, the VaR, taking the employed hedging instruments into account, was EUR 9.0m (previous year: EUR 4.4m). The increase in VaR compared to the previous reporting date arises from the capital market issues of EVN in the in 2011/12 financial year (a bond issue in October 2011 featuring a nominal value of EUR 300m and private placements at a nominal value of EUR 125m in February 2012).

### 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 47. **Non-current loans and borrowings** and 9. **Financial instruments**).

The foreign exchange VaR as at the balance sheet date, taking the hedging instruments into account, was EUR 0.02m (previous year: EUR 0.01m).

### 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, natural gas, coal, oil, biomass, and CO<sub>2</sub> emission certificates. Forward and future contracts and swaps are used to hedge these price risks.

## 58. Price hedging in the Energy business

EURm

	2011/12					2010/11				
	Nominal volumes		Fair values			Nominal volumes		Fair values		
	Purchases	Disposals	Positive	Negative	Net	Purchases	Disposals	Positive	Negative	Net
Futures	46.0	-25.8	2.7	-1.9	0.7	44.5	-33.9	4.1	-3.5	0.5
Forwards	118.2	-99.7	12.4	-14.6	-2.1	231.3	-173.2	15.7	-17.3	-1.6

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 15.1m (previous year: EUR 16.5m).

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 29.9m (previous year: EUR 38.8m).

### Liquidity risk

The liquidity risk encompasses the risk of not being able to raise the required financial resources in order to carry out the payment of liabilities at the required due date, or to the inability to raise the liquidity needed at the expected terms and conditions. EVN minimises the risk on the basis of its short-term and long-term financial planning. In concluding financing agreements, special attention is paid to managing the terms to maturity in order to achieve a balance maturity profile and thus avoid the bundling of repayment times. Liquidity equalisation within the EVN Group is ensured by cash pooling.

As at the balance sheet date, cash and short-term securities in the amount of EUR 165.5m were available to cover liquidity needs (previous year: EUR 201.3m). Moreover, EVN had contractually agreed and unused syndicated lines of credit at the reporting date to the amount of EUR 500.0m (previous year: unused lines of credit totalling EUR 600.0m) and contractually agreed and unused bilateral lines of credit amounting to EUR 175.0m (previous year: EUR 165.0m). Therefore the liquidity risk was extremely low. The gearing ratio as at the balance sheet date was 56.5% (previous year: 49.9%), demonstrating EVN's sound capital structure.

The nominal value of derivative financial liabilities in the financial year 2011/12 amounted to EUR 579.4m (previous year: EUR 1.103,0m). The total of EUR 32.8m (previous year: EUR 23.0m) in cash flows from interest breaks down into EUR -7.7m with a term of one year or less, EUR 34.6m with a term of one to five years, and EUR 5.9m with a term of more than five years.

### 58. Expected occurrence of cash flows

EURm

2011/12 financial year	< 1 year	1-5 years	> 5 years	Total
Cash flows of hedged items	-30.6	-295.7	-91.8	-418.0
Cash flows from hedging instruments	-4.4	19.7	-2.1	13.2
Profit / Loss	-4.8	60.9	-2.7	53.3

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

EURm

2011/12 financial year	Carrying value	Total payment flows	Contractually stipulated payment flows		
			Bonds	1-5 years	> 5 years
Bonds	1,028.6	1,348.5	51.8	571.1	725.6
Non-current bank loans	904.6	1,064.1	149.4	535.6	379.1
<b>Total</b>	<b>1,933.3</b>	<b>2,412.6</b>	<b>201.2</b>	<b>1,106.7</b>	<b>1,104.7</b>

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

### Credit risks

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

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

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

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

allowances. In addition, efficient receivables management, ongoing monitoring of customer payment behaviour as well as the conclusion of credit default swaps within reasonable limits are in place in order to keep default risks to a minimum.

<b>58. Impairment losses by class</b>		
EURm	<b>9/30/2012</b>	<b>9/30/2011</b>
<b>Write-offs/Value adjustments</b>		
<b>Non-current assets</b>		
Other investments	0.9	1.0
	<b>0.9</b>	<b>1.0</b>
<b>Current assets</b>		
Receivables	43.4	35.6
Securities	0.8	1.3
	<b>44.1</b>	<b>36.9</b>
<b>Total impairment losses</b>	<b>45.0</b>	<b>37.9</b>

The Group's maximum default risk for the items of the Consolidated statements of financial positions as at September 30<sup>th</sup>, 2012 and September 30<sup>th</sup>, 2011 are the same as the carrying amounts set forth in notes 37. **Other non-current assets**, 39. **Receivables and other current assets** and 40. **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

EURm

Classes	Measurement category	Fair value hierarchy (according to IFRS 7.27 A)	9/30/2012		9/30/2011	
			Carrying value	Fair Value	Carrying value	Fair Value
<b>Non-current assets</b>						
<b>Other investments</b>						
Investments in affiliates	AFS	Level 2	7.7	7.7	8.9	8.9
Miscellaneous investments	AFS	Level 1	661.0	661.0	883.5	883.5
			<b>668.7</b>	<b>668.7</b>	<b>892.4</b>	<b>892.4</b>
<b>Other non-current assets</b>						
Securities	@FVTPL	Level 1	77.0	77.0	97.9	97.9
Loans receivable	LAR		36.4	36.4	24.4	24.4
Lease receivables and accrued lease transactions	LAR		673.0	673.0	615.6	615.6
Receivables arising from derivative transactions	Hedge Accounting	Level 1	83.1	83.1	76.8	76.8
Non-financial assets	-		28.9	-	24.6	-
			<b>898.3</b>	<b>869.4</b>	<b>839.3</b>	<b>814.7</b>
<b>Current assets</b>						
<b>Current receivables and other current assets</b>						
Trade and other receivables	LAR		507.3	507.3	456.9	456.9
Receivables arising from derivative transactions	Hedge Accounting	Level 1	4.0	4.0	4.4	4.4
Non-financial assets	-		26.3	-	18.4	-
			<b>537.6</b>	<b>511.3</b>	<b>479.7</b>	<b>461.3</b>
Securities	HFT		3.4	3.4	57.9	57.9
<b>Cash and cash equivalents</b>						
Cash on hand and cash at banks	LAR		162.1	162.1	143.4	143.4
			<b>162.1</b>	<b>162.1</b>	<b>143.4</b>	<b>143.4</b>
<b>Non-current liabilities</b>						
<b>Non-current loans and borrowings</b>						
Bonds	FLAC		1,028.6	1,145.8	609.7	660.2
Bank loans	FLAC		904.6	904.6	981.5	981.5
			<b>1,933.3</b>	<b>2,050.4</b>	<b>1,591.3</b>	<b>1,641.7</b>
<b>Other non-current liabilities</b>						
Leases	FLAC		23.4	23.4	32.0	32.0
Accruals of financial transactions	FLAC		3.4	3.4	17.0	17.0
Other liabilities	FLAC		6.9	6.9	8.4	8.4
Liabilities arising from derivative transactions	Hedge Accounting	Level 1	16.2	16.2	11.4	11.4
			<b>49.9</b>	<b>49.9</b>	<b>68.9</b>	<b>68.9</b>
<b>Current liabilities</b>						
<b>Current loans and borrowings</b>						
Trade payables	FLAC		49.4	49.4	311.6	311.6
			<b>384.4</b>	<b>384.4</b>	<b>368.0</b>	<b>368.0</b>
<b>Other current liabilities</b>						
Other financial liabilities	FLAC		125.3	125.3	75.1	75.1
Liabilities arising from derivative transactions	Hedge Accounting	Level 1	4.3	4.3	-	-
Non-financial liabilities	-		51.7	-	64.3	-
			<b>181.3</b>	<b>129.6</b>	<b>139.4</b>	<b>75.1</b>
<b>Aggregated to measurement categories</b>						
Available for sale financial assets	AFS		668.7		892.4	
Loans and receivables	LAR		1,378.8		1,240.3	
Financial assets designated at fair value through profit or loss	@FVTPL		77.0		97.9	
Financial assets held for trading	HFT		3.4		57.9	
Financial liabilities at amortised cost	FLAC		2,526.1		2,403.4	

### Derivative financial instruments

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

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

Derivative financial instruments are comprised of the following:

59. Derivative financial instruments	9/30/2012		9/30/2011	
	Nominal value <sup>1)</sup>	Fair value <sup>2)</sup>	Nominal value <sup>1)</sup>	Fair value <sup>2)</sup>
<b>Currency swaps</b>				
CHFm (below 5 years) <sup>3)</sup>	250.0	36.8	252.3	39.5
JPYm (below 5 years) <sup>3)</sup>	8,000.0	16.2	8,000.0	14.6
JPYm (over 5 years) <sup>3)</sup>	12,000.0	30.1	12,000.0	21.9
USDm (below 1 year) <sup>3)</sup>	–	–	10.0	0.1
USDm (below 5 years) <sup>3)</sup>	3.0	0.0 <sup>*)</sup>	–	–
USDm (over 5 years) <sup>3)</sup>	–	–	3.0	0.1
<b>Interest rate swaps</b>				
EURm (below 1 year) <sup>3)</sup>	–	–	205.0	0.7
EURm (below 5 years) <sup>3)</sup>	5.7	–0.1	15.0	–0.3
EURm (over 5 years) <sup>3)</sup>	165.5	–14.7	367.7	–22.3
<b>Energy swaps</b>				
Purchases (natural gas, coal, oil) <sup>3)</sup>	31.0	–0.1	79.2	5.7
<b>Caps</b>				
EURm (below 1 year)	–	–	105.0	0.0
EURm (below 5 years)	–	–	–	–

\*) Small amount

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

On October 29<sup>th</sup>, 2012, Gas Connect Austria disposed 45% of its shares in its subsidiary AGGM Austrian Gas Grid Management AG, equally to the provincial distribution companies EVN Netz GmbH, OÖ. Ferngas Netz GmbH and Gasnetz Steiermark GmbH. Gas Connect Austria and AGGM are thus increasingly focusing on cooperating with providers on the highest distribution network level.

EVN successfully issued a promissory note loan to the amount of EUR 121.5m on October 30<sup>th</sup>, 2012 and thus succeeded in further strengthening the long-term financing of the EVN Group. The promissory note loan issue is divided into several tranches with terms to maturity of seven to 18 years and both variable as well as fixed interest rates.

On October 25<sup>th</sup>, 2012, the biomass boiler of the biomass district heating plant in Steyr, a 50:50 joint venture with Energie AG Oberösterreich, was heated up for the first time. Industrial and commercial customers as well as households in the Municipality of Steyr will be supplied with environmentally-friendly district heat as of December 2012.

### 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:

<b>61. Other obligations and risks</b>	<b>2011/12</b>	<b>2010/11</b>
EURm		
Guarantees for subsidiaries in connection with		
energy transactions	108.4	85.4
construction projects in the Environmental Services segment	260.4	237.0
Guarantees related to the operation and construction of		
energy networks	7.0	6.2
power plants	491.1	533.2
Order obligations for investments in intangible assets and property, plant and equipment	94.6	81.3
Further obligations arising from guarantees or other contractual contingent liabilities	5.8	7.7
<b>Total</b>	<b>967.4</b>	<b>950.8</b>

Neither provisions nor liabilities have been recognised for the above-mentioned obligations, due to the fact it was not anticipated at the time these Consolidated financial statements were prepared that these claims would actually be filed or that risks would actually materialise. The above-mentioned obligations were contrasted by corresponding recourse claims amounting to EUR 217.2m (previous year: EUR 148.5m).

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.

Contingent liabilities relating to guarantees for subsidiaries in connection with energy transactions are only recognised to the amount of the actual risk to EVN AG arising from those guarantees issued by e&t Energie Handelsgesellschaft mbH and now also for EconGas GmbH. This risk is measured by the changes between the stipulated price and the actual market price. Risks relating to procurement transactions only exist in the case of declining market prices, whereas risks concerning sales transactions exist on the basis of increased market prices.

Accordingly, the risk may change equivalently because of changes in market prices after the balance sheet date. This risk assessment yielded a contingent liability of EUR 48.0m as at September 30<sup>th</sup>, 2012. The nominal volume of the guarantees on which this assessment is based was EUR 468.4m. As at October 31<sup>st</sup>, 2012, the market price risk was EUR 70.0m on an underlying nominal volume of EUR 468.4m.

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

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 people who are responsible for planning, management and the supervision of the activities of the Executive Board, especially members of the Executive Board and Supervisory Board, as well as their family members.

A list of the Group companies can be found starting on page 161 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.

All business relationships are based on prevailing market rates and conditions, and are not essentially different from supply and service relationships to other companies.

### Transactions with related companies

#### Main shareholder

A group and tax settlement agreement was concluded with NÖ Landes-Beteiligungsholding GmbH, St. Pölten, in connection with the inclusion of EVN AG in the group, in accordance with § 9 of the Austrian Corporate Tax Act. EVN AG has since included further subsidiaries in this group based on this agreement. This has resulted in liabilities of EUR 8.8m (previous year: receivables of EUR 7.1m) from NÖ Landes-Beteiligungsholding GmbH as at the balance sheet date.

As at July 2<sup>nd</sup>, 2012, first facility GmbH was sold to NÖ Hypo Beteiligungsholding GmbH, in which NÖ Landes-Beteiligungsholding GmbH has an indirect stake of 70.49%.

#### 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. A cooperation agreement with BEGAS relating to gas-related services was terminated by both sides effective December 31<sup>st</sup>, 2011.

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

62. Transactions with investments in equity accounted investees EURm	2011/12	2010/11
Revenue	155.8	175.5
Cost of services received	777.2	722.4
Trade accounts receivable	74.8	89.6
Trade accounts payable	21.3	7.2
Loans	11.7	–
Receivables from cash pooling	0.1	0.2
Liabilities from cash pooling	0.0 <sup>*)</sup>	–
Interest income from loans	0.2	–
Interest balance from cash pooling	0.0 <sup>*)</sup>	0.0 <sup>*)</sup>

<sup>\*)</sup> Small amount

### Transactions with related individuals

#### Executive Board and Supervisory Board

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



The total remuneration paid to active members of the Executive Board in the 2011/12 financial year amounted to EUR 1.4m (previous year: EUR 1.4m), payments to former members of the Executive Board or their surviving dependents totalled EUR 1.0m (previous year: EUR 1.6m). Expenses for severance payments and pensions for active members of the Executive Board totalled EUR 0.9m (previous year: due to the use of provisions income for severance payments and pensions of EUR 1.8m). Expenses for severance payments and pensions at EVN AG totalled EUR 0.8m (previous year: 0.2m) for active members of the senior management. Pension commitments for active members of the Executive Board totalled EUR 11.1m as at the balance sheet date (previous year: EUR 8.4m). This increase is particularly attributable to the adjustment of the interest rate applied to the calculation of this obligation as carried out during the year under review.

The remuneration paid to the Supervisory Board in the reporting year amounted to EUR 0.1m (previous year: EUR 0.1m). The members of the Environmental and Social Responsibility Advisory Committee were paid compensation of EUR 0.1m in the year under review (previous year: EUR 0.1m).

The basic principles underlying the remuneration system are presented in the remuneration report (starting at page 56), 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.

Related parties can also be direct customers of a company within the EVN Group, in which business relationships exist at prevailing market rates and conditions, and which were immaterial to the total revenue of the EVN Group in the 2011/12 financial year. The items which were still open as at September 30<sup>th</sup>, 2012 were reported as trade accounts receivable.

#### **63. Other disclosures**

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

No off-balance sheet transactions were carried out in the 2011/12 financial year.

#### **64. Information on management and staff**

The corporate bodies of EVN AG are:

##### **Executive Board**

Peter Layr – Spokesman of the Executive Board

Stefan Szyszkowitz – Member of the Executive Board

Herbert Pöttschacher – Member of the Executive Board

**Supervisory Board**

Burkhard Hofer – President and Chairman  
 Stefan Schenker – Vice-Chairman  
 Willi Stiwowiczek – Vice-Chairman  
 Norbert Griesmayr  
 Dieter Lutz  
 Reinhard Meißl  
 Bernhard Müller  
 Edwin Rambossek  
 Michaela Steinacker  
 Hans-Peter Villis  
 Franz Hemm – employee representative  
 Manfred Weinrichter – employee representative  
 Paul Hofer – employee representative  
 Leopold Buchner – employee representative  
 Otto Mayer – employee representative

**65. Approval of the Consolidated financial statements 2011/12 for publication**

The current Consolidated financial statements were prepared by the Executive Board as at the date signed below. The single-entity financial statements, which have also been included in the Consolidated financial statements after having been adjusted to the International Financial Reporting Standards, along with the Consolidated financial statements of EVN AG, will be submitted to the Supervisory Board on December 12<sup>th</sup>, 2012, for examination and approval.

**66. Auditing fees**

The auditing of the Consolidated financial statements of EVN for the 2011/12 financial year is carried out by KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. Total auditing and consulting costs amounted to EUR 2.1m (previous year: EUR 2.5m). 57.0% of the fees paid were for auditing and audit-related services, 33.0% for tax consulting services and 10.0% for other consulting services.

Maria Enzersdorf, November 15<sup>th</sup>, 2012

EVN AG  
 The Executive Board



**Peter Layr**  
 Spokesman of the Executive Board



**Stefan Szyszkowitz**  
 Member of the Executive Board



**Herbert Pöttschacher**  
 Member of the Executive Board

## Financial information on joint ventures and investments in equity accounted investees

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

Key figures of joint ventures	2011/12	2010/11
EURm		
<b>Statements of financial positions</b>		
Non-current assets	17.1	22.3
Current assets	357.7	264.2
Non-current liabilities	1.7	2.8
Current liabilities	268.0	172.2
<b>Statements of operations</b>		
Revenue	1,146.9	1,045.4
Operating expenses	-1,103.9	-998.8
Depreciation and amortisation	-0.4	-3.6
Operating result (EBIT)	42.6	43.0
Financial results	-0.1	0.6
Profit before income tax	42.6	43.6

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	2011/12	2010/11
EURm		
<b>Statements of financial positions</b>		
Equity	1,630.2	1,452.7
Assets	5,829.0	5,077.2
Liabilities	4,198.8	3,624.5
<b>Statements of operations</b>		
Revenue	12,116.0	7,584.1
Profit for the period	134.5	162.6

## EVN's investments

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

1. EVN's investments in the Energy business ≥ 20.0% as at September 30 <sup>th</sup> , 2012							
Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2011/12
Anlagenbetriebsgesellschaft Waidhofen/Ybbs GmbH <sup>1)</sup>	EVN Wärme	100.00	EUR	-6,652	-6,946	31.12.2011	NV
Albnor Company DOO, Tetovo, Macedonia <sup>1)</sup>	EVN Macedonia	70.00	MKD	327	27	31.12.2011	NV
ALLPLAN Gesellschaft m.b.H., Vienna	Utilitas	50.00	EUR	777	152	31.12.2011	E
ARGE Coop Telekom, Maria Enzersdorf	EVN Geoinfo	50.00	EUR	93	32	31.12.2011	NE
ARGE Digitaler Leitungskataster NÖ, Maria Enzersdorf	EVN Geoinfo	30.00	EUR	-32	-164	31.12.2011	NE
B3 Energie GmbH, St. Georgen an der Gusen	EVN Wärme	50.00	EUR	-314	-322	30.9.2011	NE
B.net Hungária Távközlési Kft., Sopron, Hungary	kabelplus	100.00	HUF	-21	-57	30.9.2011	NV
Bioenergie Wiener Neustadt GmbH	EVN Wärme	90.00	EUR	636	-364	31.12.2011	NV
Bioenergie Steyr GmbH, Behamberg <sup>2)</sup>	EVN Wärme	51.00	EUR	5,318	295	30.9.2012	E
Biowärme Amstetten-West GmbH, Amstetten	EVN Wärme	49.00	EUR	137	-20	31.12.2011	NE
Devoll Hydropower SHA, ("Devoll Hydropower") Tirana, Albania	EVN	50.00	ALL	37,949	-1,910	31.12.2011	E
EAA Erdgas Mobil GmbH, Vienna	EAA	100.00	EUR	5,749	-3,275	30.9.2012	Q
EconGas GmbH, ("EconGas"), Vienna <sup>3)</sup>	EVN	16.51	EUR	189,341	43,152	31.12.2011	E
ENERGIEALLIANZ Austria GmbH, ("EnergieAllianz") Vienna	EVN	45.00	EUR	1,873	-10,733	30.9.2012	Q
EMC Energy Consulting Trading Gesellschaft mbH München, Germany	EAA	100.00	EUR	8	0	30.9.2012	NQ
EVN Albania SHPK, Tirana, Albania	EVN	100.00	ALL	36	-106	31.12.2011	NV
EVN Bulgaria Electrorazpredelenie EAD, ("EVN Bulgaria EP"), Plovdiv, Bulgaria <sup>4)</sup>	EVN	100.00	BGN	293,489	33,520	31.12.2011	V
EVN Bulgaria Electrosnabdjavane EAD, ("EVN Bulgaria EC"), Plovdiv, Bulgaria <sup>4)</sup>	EVN	100.00	BGN	42,952	5,738	31.12.2011	V
EVN Bulgaria EAD, ("EVN Bulgaria"), Sofia, Bulgaria	EVN	100.00	BGN	1,042	25	31.12.2011	V
EVN Bulgaria Toplofikatsia EAD, ("TEZ Plovdiv") Plovdiv, Bulgaria	EVN	100.00	BGN	60,053	-2,819	31.12.2011	V
EVN Croatia Plin d.o.o, Zagreb, Croatia	EVN	100.00	HRK	9,204	-1,338	30.9.2012	V
EVN Energievertrieb GmbH & Co KG, ("EVN KG") Maria Enzersdorf	EVN	100.00	EUR	90,760	50,111	30.9.2012	Q
EVN Gorna Arda Development EOOD, Sofia, Bulgaria	EVN Bulgaria	100.00	BGN	205	-200	31.12.2011	V
EVN Geoinfo GmbH, ("EVN Geoinfo"), Maria Enzersdorf	Utilitas	100.00	EUR	2,416	2,174	30.9.2012	V
EVN Kavarna EOOD, ("EVN Kavarna"), Plovdiv, Bulgaria	evn naturkraft	100.00	BGN	14,649	-4,828	31.12.2011	V
EVN Kraftwerks- und Beteiligungsgesellschaft mbH ("EVN Kraftwerk"), Maria Enzersdorf	EVN	100.00	EUR	171,373	-47	30.9.2012	V
EVN Liegenschaftsverwaltung Gesellschaft m.b.H. ("EVN LV"), Maria Enzersdorf	EVN/Utilitas	100.00	EUR	102,788	760	30.9.2012	V

#### Method of consolidation:

V: Fully consolidated company (subsidiary)

NV: Non-consolidated affiliate

Q: Company included on a proportionate basis (joint venture)

NQ: Company not 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 2011/12
EVN Macedonia AD, ("EVN Macedonia") Skopje, Macedonia	EVN	90.00	MKD	116,041	-10,550	31.12.2011	V
EVN Macedonia Elektrani DOOEL, Skopje, Macedonia <sup>3)</sup>	EVN Macedonia	100.00	MKD	5	0	31.12.2011	V
EVN Macedonia Elektroabduvanje DOOEL, Skopje <sup>3)</sup>	EVN Macedonia	100.00	MKD	5	0	31.12.2011	NV
EVN Macedonia Holding DOOEL, Skopje, Macedonia	EVN	100.00	MKD	-418	64	31.12.2011	V
evn naturkraft Beteiligungs- und Betriebs-GmbH ("evn nk BuB") Maria Enzersdorf <sup>3)</sup>	evn naturkraft	100.00	EUR	79,211	2,110	30.9.2012	V
evn naturkraft Erzeugungsgesellschaft m.b.H. ("evn naturkraft"), Maria Enzersdorf	EVN	100.00	EUR	115,485	-2,281	30.9.2012	V
EVN Netz GmbH, ("EVN Netz"), Maria Enzersdorf	EVN	100.00	EUR	346,956	10,677	30.9.2012	V
EVN Projektmanagement GmbH, Maria Enzersdorf	EVN LV	100.00	EUR	113,879	5,392	30.9.2012	V
EVN Service Centre EOOD, Plovdiv, Bulgaria <sup>5)</sup>	EVN Bulgaria	100.00	BGN	123	6	31.12.2011	V
EVN Energiespeicher Sulzberg Beteiligungs GmbH <sup>2)</sup>	evn naturkraft	100.00	EUR	327	-7	30.9.2012	NV
EVN Trading d.o.o. Beograd, Belgrad, Serbia	EVN SEE	100.00	RSD	91	13	31.12.2011	V
EVN Trading d.o.o. Podgorica, Podgoriza, Montenegro	EVN SEE	100.00	EUR	10	0	31.12.2011	NV
EVN Trading DOOEL, Skopje, Macedonia	EVN SEE	100.00	MKD	134	-5	31.12.2011	V
EVN Trading SHPK, Tirana, Albania	EVN SEE	100.00	ALL	15	-10	31.12.2011	NV
EVN Trading South East Europe EAD, ("EVN SEE") Sofia, Bulgaria	EVN	100.00	BGN	1,640	201	31.12.2011	V
EVN Wärme GmbH, ("EVN Wärme"), Maria Enzersdorf	EVN	100.00	EUR	75,386	3,791	30.9.2012	V
EVN-Vienna ENERGIE Windparkentwicklungs- und Betriebs GmbH, ("EVN-WE Wind GmbH"), Vienna <sup>2)</sup>	evn naturkraft	50.00	EUR	36	1	30.9.2011	NE
EVN-Vienna ENERGIE Windparkentwicklungs- und Betriebs GmbH & Co KG, ("EVN-WE Wind KG"), Vienna <sup>2)</sup>	evn naturkraft	50.00	EUR	5,973	-67	30.9.2011	E
e&t Energie Handelsgesellschaft mbH, ("e&t"), Vienna	EVN	45.00	EUR	8,788	2,141	30.9.2012	E
Fernwärme Mariazellerland GmbH, Mariazell	EVN Wärme	48.86	EUR	24	-5	31.12.2011	NE
Fernwärme St. Pölten GmbH, St. Pölten	EVN	49.00	EUR	15,277	87	31.12.2011	E
Fernwärme Steyr GmbH, Steyr <sup>2)</sup>	EVN Wärme	49.00	EUR	1,981	-54	30.9.2012	E
FWG-Fernwärmeversorgung Hollabrunn registrierte Genossenschaft mit beschränkter Haftung, Göllersdorf <sup>4)</sup>	EVN / Utilitas	100.00	EUR	952	18	30.6.2012	NV
Hydro Power Company Gorna Arda AD, Bulgaria	EVN	70.00	BGN	1	0	31.12.2011	V
IN-ER Erömü Kft., Nagykanizsa, Hungary	EVN	70.00	HUF	1,925	10	31.12.2011	NV
kabelplus AG, ("kabelplus"), Maria Enzersdorf <sup>7)</sup>	Utilitas	100.00	EUR	32,830	-2,978	30.9.2012	V
Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH Vienna	evn naturkraft	33.33	EUR	45	3	31.12.2011	NE
Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH & Co KG, Vienna	evn naturkraft	33.33	EUR	6,036	566	31.12.2011	NE
MAKGAS DOOEL, Skopje, Macedonia	EVN	100.00	MKD	0	0	31.12.2011	NV
Naturkraft Energievertriebsgesellschaft m.b.H., Vienna	EAA	100.00	EUR	2,822	575	30.9.2012	Q
Naturkraft EOOD, Plovdiv, Bulgaria	evn naturkraft	100.00	BGN	2,836	232	31.12.2011	V
Shkodra Region Beteiligungsholding GmbH, Vienna	EVN	49.99	EUR	78,206	-3	31.12.2011	E
Spieth Kathodischer Korrosionsschutz GmbH Denkendorf, Germany	V&C	100.00	EUR	0	-10	31.12.2011	NV

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2011/12
SWITCH Energievertriebsgesellschaft m.b.H. Salzburg-Aigen	EAA	100.00	EUR	292	2	30.9.2012	Q
STEAG-EVN Walsum 10 Kraftwerksgesellschaft mbH Essen, Germany	EVN Kraftwerk	49.00	EUR	251,697	-3,632	31.12.2011	E
VCK Betonschutz + Monitoring GmbH Mainz, Germany	V&C	50.00	EUR	75	-3	31.12.2010	NE
VERBUND-Innkraftwerke Germany GmbH Töging, Germany <sup>3)</sup>	evn nk BuB	13.00	EUR	431	29	31.12.2011	E
V&C Kathodischer Korrosionsschutz Gesellschaft m.b.H. ("V&C"), Pressbaum	Utilitas	100.00	EUR	588	212	31.3.2012	V
Wasserkraftwerke Trieb und Krieglach GmbH, ("WTK") Maria Enzersdorf	evn naturkraft	70.00	EUR	754	145	30.9.2012	V

1) The company was acquired during the 2011/12 financial year.

2) The company was newly established during the 2011/12 financial year.

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

4) The remaining shares in the company were acquired in 2011/12.

5) Formerly EVN T2 DOOEL, Plovdiv, Bulgaria

6) The company was acquired during the 2011/12 financial year. In September 2012, the business operations of the Company were incorporated in the EVN Wärme GmbH.

7) Formerly Kabelsignal AG, Maria Enzersdorf

## 2. EVN's investments in the Environmental Services business $\geq 20.0\%$ as at September 30<sup>th</sup>, 2012

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2011/12
ABeG Abwasserbetriebsgesellschaft mbH Offenbach am Main, Germany	WTE Essen	49.00	EUR	478	22	30.9.2012	NE
Abwasserbeseitigung Kötschach-Mauthen Errichtungs- und Betriebsgesellschaft mbH, Kötschach-Mauthen	WTE Essen	26.00	EUR	37	0	31.12.2011	NE
AUL Abfallumladelogistik Austria GmbH Maria Enzersdorf	EVN Abfall	50.00	EUR	424	29	30.9.2012	E
Cista Dolina – SHW Komunalno podjetje d.o.o. Kranjska Gora, Slovenia	WTE Betrieb	100.00	EUR	172	19	30.9.2012	V
Degremont WTE Wassertechnik Praha v.o.s. Prag, Czech Republic <sup>1)</sup>	WTE Essen	35.00	CZK	-	-	31.12.2011	NE
DTV Zrt., Dunavarsány, Hungary	evn wasser	51.00	HUF	1,523	56	31.12.2011	NV
EVN Abfallverwertung Niederösterreich GmbH ("EVN Abfall"), Maria Enzersdorf	EVN Umwelt	100.00	EUR	9,767	8,691	30.9.2012	V
EVN MVA Nr. 1 Finanzierungs- und Servicegesellschaft mbH, Maria Enzersdorf <sup>1)</sup>	WTE Essen	100.00	EUR	33	-2	30.9.2012	NV
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 1 mbH, ("EVN MVA1"), Essen, Germany	WTE Essen	100.00	EUR	28	-6	30.9.2012	V
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 3 mbH, ("EVN MVA3"), Maria Enzersdorf	EVN Umwelt/ Utilitas	100.00	EUR	6,807	-4,054	30.9.2012	V
EVN Umwelt Beteiligungs und Service GmbH ("EVN UBS"), Maria Enzersdorf	EVN Umwelt	100.00	EUR	8,357	1,704	30.9.2012	V
EVN Umwelt Finanz- und Service-GmbH ("EVN UFS"), Maria Enzersdorf	EVN Umwelt	100.00	EUR	10,221	-7,157	30.9.2012	V
EVN Umweltholding und Betriebs-GmbH ("EVN Umwelt"), Maria Enzersdorf	EVN	100.00	EUR	151,590	16,877	30.9.2012	V
evn wasser Gesellschaft m.b.H., ("evn wasser") Maria Enzersdorf	EVN/Utilitas	100.00	EUR	63,325	3,501	30.9.2012	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 2011/12
OAo BUDAPRO-ZAVOD No.1, Moscow, Russia	EVN MVA 1	100.00	RUB	16,532	-59	31.12.2011	V
OAo "EVN MSZ 3", ("OAo MVA3"), Moscow, Russia	EVN MVA3	100.00	RUB	141,805	-10,009	31.12.2011	V
OAo WTE Kurjanovo, Moscow, Russia <sup>1)</sup>	Kurjanovo	100.00	RUB	2	0	31.12.2011	NV
OAo EVN Ljuberzy, Moscow, Russia <sup>1)</sup>	Ljuberzy	100.00	RUB	2	0	31.12.2011	NV
OAo "WTE Süd-West", Moscow, Russia	Süd-West	100.00	RUB	134,969	-192	31.12.2011	V
OAo "WTE Süd-Ost", Moscow, Russia	WTE Hyp	100.00	RUB	159,285	-105	31.12.2011	V
OOO Eco Reagent, Moscow, Russia <sup>1)</sup>	OAo "WTE Süd-Ost"/ EVN UBS	100.00	RUB	2	0	31.12.2011	NV
OOO EVN Umwelt Service, Moscow, Russia	EVN UBS	100.00	RUB	53,958	-2,080	31.12.2011	V
OOO EVN-Ekotechprom MSZ3, Moscow, Russia	OAo MVA3	70.00	RUB	2,900	335	31.12.2011	NV
OOO Süd-West Wasserwerk, Moscow, Russia	Süd-West	70.00	RUB	3,769	2,099	31.12.2011	NV
OOO "WTE Wassertechnik West", Moscow, Russia	WTE Essen	100.00	RUB	3	0	31.12.2011	NV
EVN Projektgesellschaft KSV Ljuberzy mbH, Essen, Germany ("Ljuberzy")	WTE Essen	100.00	EUR	24	-1	30.9.2012	NV
Saarberg Hölter Projektgesellschaft Süd Butowo mbH, ("Süd Butowo"), Essen, Germany	WTE Essen	100.00	EUR	444	21	30.9.2012	V
sludge2energy GmbH, Berching, Germany <sup>1)</sup>	WTE Essen	50.00	EUR	-	-	30.9.2011	NE
SHW Hölter Projektgesellschaft Zelenograd mbH, ("Zelenograd"), Essen, Germany	WTE Essen	100.00	EUR	7,854	843	30.9.2012	V
SHW/RWE Umwelt Aqua Vodogradnja d.o.o. Zagreb, Croatia	WTE Essen	50.00	HRK	1,696	351	31.12.2011	NE
Storitveno podjetje Lasko d.o.o., Lasko, Slovenia	WTE Essen	100.00	EUR	-42	8	30.9.2012	V
Wasserver- und Abwasserentsorgungsgesellschaft Märkische Schweiz mbH, Buckow, Germany	WTE Essen	49.00	EUR	521	9	31.12.2011	NE
Viennatal-Sammelkanal Gesellschaft m.b.H Untertullnerbach	evn wasser	50.00	EUR	874	-5	31.12.2011	NE
WTE Baltic UAB, Kaunas, Lithuania	WTE Essen	100.00	LTL	169	13	30.9.2012	NV
WTE Betriebsgesellschaft mbH, ("WTE Betrieb") Hecklingen, Germany	WTE Essen	100.00	EUR	511	0	30.9.2012	V
WTE desalinizacija morske vode d.o.o. Budva, Montenegro	WTE Essen	100.00	EUR	-1,365	-355	31.12.2011	V
WTE odpadne vode Budva DOO, Podgoriza, Montenegro	WTE Essen	100.00	EUR	11	0	31.12.2011	V
WTE Projektgesellschaft Kurjanovo mbH Essen, Germany ("Kurjanovo")	WTE Essen	100.00	EUR	23	-1	30.9.2012	NV
WTE Projektgesellschaft Natriumhypochlorit mbH, ("WTE Hyp"), Essen, Germany	EVN UFS/ WTE Essen	100.00	EUR	147,631	0	30.9.2012	V
WTE Projektgesellschaft Süd-West Wasser mbH ("Süd-West"), Essen, Germany	WTE Essen	100.00	EUR	6,405	-3,822	30.9.2012	V
WTE Projektgesellschaft Trinkwasseranlage d.o.o., Beograd-Vracar, Serbia <sup>1)</sup>	WTE Essen	100.00	RSD	0	0	30.9.2012	NV
WTE Projektmanagement GmbH, Essen, Germany <sup>2)</sup>	WTE Essen	100.00	EUR	20	0	30.9.2012	NV
WTE Projektna družba Bled d.o.o., Bled, Slovenia	WTE Essen	100.00	EUR	-31	0	30.9.2012	V
WTE Projektna družba Kranjska Gora d.o.o. Kranjska Gora, Slovenia	WTE Essen	100.00	EUR	24	0	30.9.2012	V
WTE Wassertechnik GmbH, ("WTE Essen") Essen, Germany	EVN Umwelt	100.00	EUR	91,799	9,660	30.9.2012	V
WTE Wassertechnik (Polska) Sp.z.o.o., Warsaw, Poland	WTE Essen	100.00	PLN	1,154	982	30.9.2012	V
ZAO "STAER", Moscow, Russia	Süd Butowo	70.00	RUB	281	120	31.12.2011	NV
ZAO "STAER-ZWK", Moscow, Russia	Zelenograd	70.00	RUB	713	173	31.12.2011	NV

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2011/12
Zagrebacke otpadne vode d.o.o., ("ZOV") Zagreb, Croatia	WTE Essen	48.50	HRK	140,149	21,123	31.12.2011	E
Zagrebacke otpadne vode – upravljanje i pogon d.o.o. ("ZOV UIP"), Zagreb, Croatia	WTE Essen	33.00	HRK	3,870	3,867	31.12.2011	E

1) The company was newly established during the 2011/12 financial year.

2) The company was deconsolidated in the first quarter 2011/12 due to the termination of its business activities.

### 3. EVN AG – Investments in the Strategic Investments and Other Business segment ≥ 20% as at September 30<sup>th</sup>, 2012

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2011/12
BEGAS Energie AG, ("BEGAS"), Eisenstadt <sup>1)</sup>	BUHO	49.00	EUR	67,362	-10,672	30.9.2011	–
Burgenland Holding Aktiengesellschaft, ("BUHO") Eisenstadt	EVN	73.63	EUR	76,419	6,249	30.9.2012	V
Energie Burgenland AG, Eisenstadt <sup>1)</sup>	BUHO	49.00	EUR	166,892	11,521	30.9.2011	E
EVN Business Service GmbH, Maria Enzersdorf	Utilitas	100.00	EUR	576	34	30.9.2012	V
EVN Finance Service B.V., ("EVN Finance B.V.") Amsterdam, Netherlands	EVN FM	100.00	EUR	1,405	87	30.9.2012	V
EVN Finanzmanagement und Vermietungs-GmbH ("EVN FM"), Maria Enzersdorf	EVN	100.00	EUR	29,413	10,572	30.9.2012	V
EVN Finanzservice GmbH, Maria Enzersdorf	EVN FM	100.00	EUR	28,923	10,360	30.9.2012	V
EVN WEEV Beteiligungs GmbH, Maria Enzersdorf	EVN	100.00	EUR	30,213	-5	31.8.2011	V
EVN-Pensionskasse Aktiengesellschaft ("EVN-Pensionskasse), Maria Enzersdorf	EVN	100.00	EUR	3,675	175	31.12.2011	NV
e&i EDV Dienstleistungsgesellschaft m.b.H., Vienna	EVN	50.00	EUR	180	30	30.9.2012	E
NÖTECH NÖ Energieforschungs-, -planungs-, -betriebs- und -servicegesellschaft m.b.H., Maria Enzersdorf	Utilitas	50.00	EUR	30	-934	31.12.2011	NE
R 138-Fonds, Vienna	EVN/ EVN Netz/ evn wasser	100.00	EUR	84,523	2,259	30.9.2012	V
RAG-Beteiligungs-Aktiengesellschaft, ("RBG") Maria Enzersdorf	EVN	50.03	EUR	432,335	74,951	31.3.2012	V
Rohöl-Aufsuchungs Aktiengesellschaft, ("RAG"), Vienna	RBG	100.00	EUR	154,191	86,864	31.12.2011	E
UTILITAS Dienstleistungs- und Beteiligungs-Gesellschaft m.b.H., ("Utilitas"), Maria Enzersdorf	EVN	100.00	EUR	37,074	9,364	30.9.2012	V
VERBUND AG, Vienna <sup>2) 3)</sup>	EVN	12.63	EUR	2,889,867	274,327	31.12.2011	N
WEEV Beteiligungs GmbH, Maria Enzersdorf <sup>3)</sup>	EVN WEEV	50.00	EUR	9,566	-53,132	30.6.2012	E
Wiener Stadtwerke Management Beta Beteiligungs GmbH, Vienna	Utilitas	47.37	EUR	470	-449	30.11.2011	NE

1) In July 2012, BEGAS and Burgenländische Elektrizitätswirtschafts-Aktiengesellschaft (BEWAG) were merged retrospective to September 30<sup>th</sup>, 2011, and BEWAG was renamed Energie Burgenland AG.

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

3) In VERBUND AG, 12.63% are held directly and indirectly through the WEEV Beteiligungs GmbH 1.1%.



# 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<sup>st</sup>, 2011 to September 30<sup>th</sup>, 2012**. These Consolidated financial statements comprise the Statements of financial positions as at September 30<sup>th</sup>, 2012 and the Statements of operations, Statements of comprehensive income, Statements of cash flows and the Statements of changes in stockholders' equity for the year then ended, and the notes.

## Management's responsibility for the Consolidated financial statements and accounting system

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

## Auditor's responsibility and description of type and scope of the Statutory Audit

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

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

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

## Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the Consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of September 30<sup>th</sup>, 2012 and of its financial performance and its cash flows for the year from October 1<sup>st</sup>, 2011 to September 30<sup>th</sup>, 2012 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

**Report on the Management report for the Group**

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

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

Vienna, November 16<sup>th</sup>, 2012

KPMG Austria AG  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed

Walter Reiffenstuhl	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, November 15<sup>th</sup>, 2012  
EVN AG  
The Executive Board



Dipl.-Ing. Dr. Peter Layr  
Spokesman of the Executive Board



Mag. Stefan Szyszkowitz, MBA  
Member of the Executive Board



Dipl.-Ing. Herbert Pöttschacher  
Member of the Executive Board