
EVN Full Report 2009/10

Group Management Report and Consolidated Financial Statements
Corporate Governance Report
Sustainability Report

Figures Data Facts

EVN

An aerial photograph of a large concrete dam with a reservoir behind it. The dam is situated in a lush, green forested area. The reservoir is filled with dark blue water and is surrounded by dense green trees. The dam has a curved, spillway-like structure. In the foreground, there are some industrial buildings and a road. The overall scene is a mix of natural beauty and industrial infrastructure.

EVN. Everything in view.

Sustainability in the sense of far-reaching corporate responsibility is firmly anchored in all business areas and in EVN's Group strategy, and thus governs the core operating business. In order to express the high value placed on sustainability more clearly than in past reporting, EVN has chosen a new format for this year's report. The EVN Full Report 2009/10 breaks new ground for the purpose of fulfilling the information requirements of the various stakeholder groups in a more differentiated manner than was previously the case.

You will find all the key figures, data and facts as well as the business success and sustainability indicators of EVN in this publication. The financial reporting with the Group Management Report, Consolidated Financial Statements and Corporate Governance Report have thus been put on an equal footing as the Sustainability Report along with the objectives and measures of EVN's CSR programme. The GRI report structured in accordance with the GRI guidelines is designed to provide a comprehensive overview. For further information corresponding cross-references are given.

Key figures

		2009/10	2008/09	Change in %	2007/08	2006/07	2005/06
Sales volumes							
Electricity generation volumes	GWh	3,653	3,477	5.0	4,022	3,451	4,556
Electricity sales volumes to end customers	GWh	20,101	19,541	2.9	19,372	18,043	15,641
Natural gas sales volumes to end customers	GWh	6,738	6,102	10.4	6,759	5,603	7,580
Heat sales volumes to end customers	GWh	1,821	1,576	15.6	1,362	911	1,067
Consolidated Income Statement							
Revenue	EURm	2,752.1	2,727.0	0.9	2,397.0	2,233.1	2,071.6
EBITDA	EURm	416.6	373.4	11.6	362.3	350.7	397.4
EBITDA margin ¹⁾	%	15.1	13.7	1.4	15.1	15.7	19.2
Results from operating activities (EBIT)	EURm	187.3	175.2	6.9	166.6	197.3	184.4
EBIT margin ¹⁾	%	6.8	6.4	0.4	7.0	8.8	8.9
Profit before income tax	EURm	270.9	226.0	19.8	235.5	287.4	304.9
Group net profit		207.0	177.9	16.3	186.9	227.0	221.9
Consolidated Balance Sheet							
Balance sheet total	EURm	6,731.2	6,695.4	0.5	6,636.3	6,261.9	5,845.8
Equity	EURm	3,025.3	3,127.2	-3.3	3,208.5	3,014.7	2,756.0
Equity ratio ¹⁾	%	44.9	46.7	-1.8	48.3	48.1	47.1
Net debt	EURm	1,458.2	1,378.2	5.8	1,131.3	825.3	930.0
Gearing ¹⁾	%	48.2	44.1	4.1	35.3	27.4	33.7
Return on Equity (ROE) ¹⁾	%	7.4	6.3	1.1	7.4	9.0	10.6
Return on Capital Employed (ROCE) ¹⁾	%	5.6	5.4	0.2	6.3	7.1	7.9
Consolidated Cash Flow and Investments							
Net cash flow from operating activities	EURm	499.3	335.3	48.9	382.6	342.8	399.7
Investments ²⁾	EURm	394.0	415.7	-5.2	415.6	277.7	251.5
Net Debt Coverage (FFO) ¹⁾	%	39.0	30.6	8.4	41.3	50.7	49.1
Interest Cover (FFO)	x	8.2	4.9	67.1	5.5	5.5	8.1
Employees							
Number of employees	Ø	8,536	8,937	-4.5	9,342	9,535	9,973
thereof Austria	Ø	2,546	2,563	-0.6	2,468	2,365	2,306
thereof abroad	Ø	5,990	6,374	-6.0	6,874	7,170	7,667
Value added							
Net operating profit after tax (NOPAT)	EURm	254.5	234.9	8.3	280.9	275.2	298.2
Capital Employed ³⁾	EURm	3,952.4	3,493.8	13.1	3,219.7	3,041.2	2,760.4
Operating ROCE ¹⁾	%	6.4	6.7	-0.3	8.7	9.0	10.8
Weighted Average Cost of Capital (WACC) ¹⁾	%	6.5	6.5	-	6.5	6.5	6.5
Economic Value Added (EVA [®]) ⁴⁾	EURm	-2.4	7.8	-	71.7	77.5	118.8
Share							
Earnings ⁵⁾	EUR	1.27	1.09	16.3	1.14	1.39	1.36
Dividend ⁵⁾	EUR	0.40 ⁶⁾	0.37	8.1	0.37	0.38	0.35
Payout ratio ¹⁾⁷⁾	%	34.7	33.9	0.8	32.4	27.0	25.8
Dividend yield ¹⁾	%	3.5	2.7	0.8	2.5	1.7	1.7
Share performance							
Share price at 30 September ⁵⁾	EUR	11.45	13.68	-16.3	14.99	22.63	20.90
Highest price ⁵⁾	EUR	13.75	16.00	-14.1	23.38	23.87	24.75
Lowest price ⁵⁾	EUR	10.61	10.11	4.9	14.39	20.38	16.30
Market capitalisation at September, 30	EURm	1,872.0	2,237.0	-16.3	2,451.3	3,699.8	3,416.9
Credit Rating							
Moody's		A3, stable	A2, negative	-	A1, stable	A1, stable	A1, stable
Standard & Poor's		A-, negative	A-, negative	-	A, negative	A, stable	A, stable

1) Changes reported in percentage points

2) In intangible assets and property, plant and equipment

3) Average adjusted Capital Employed

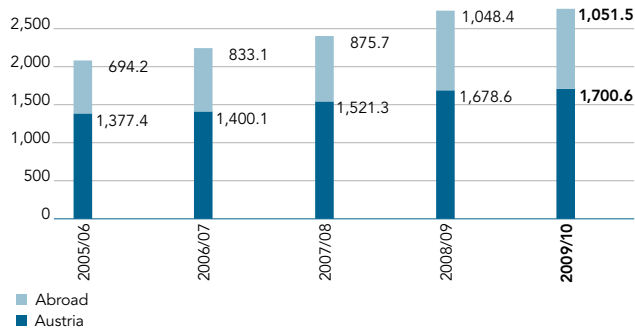
4) As defined by Stern Stewart & Co.

5) The figures of the business years 2005/06 and 2006/07 have been adopted in accordance with the stock split in a ratio of 1:4 carried out effective 17 April 2008.

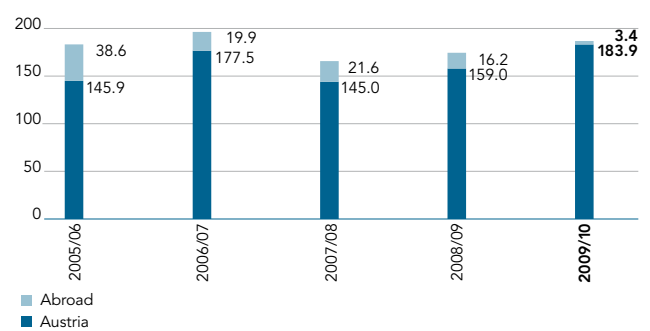
6) Proposal to the Annual General Meeting

7) Including new shares due to capital increase of the EVN AG in November 2010

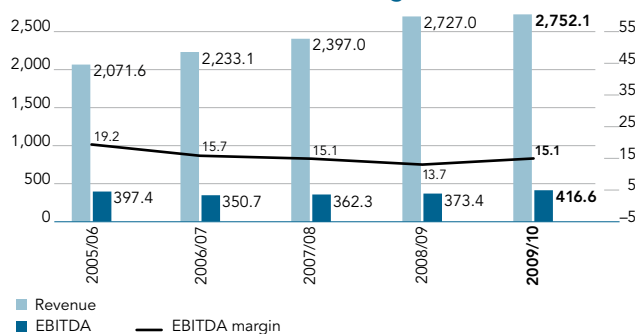
Revenue by region EURm



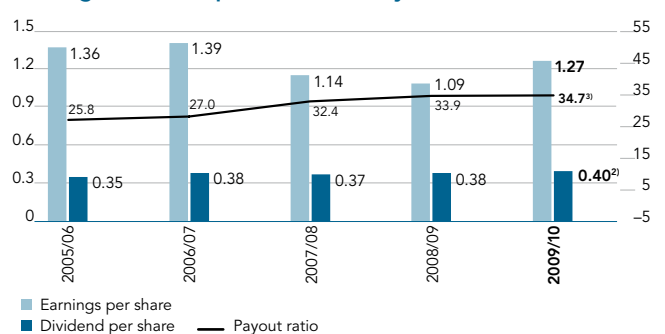
EBIT by region EURm



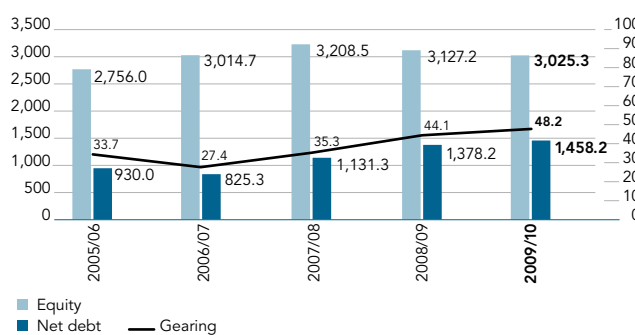
Revenue, EBITDA EURm, EBITDA margin %



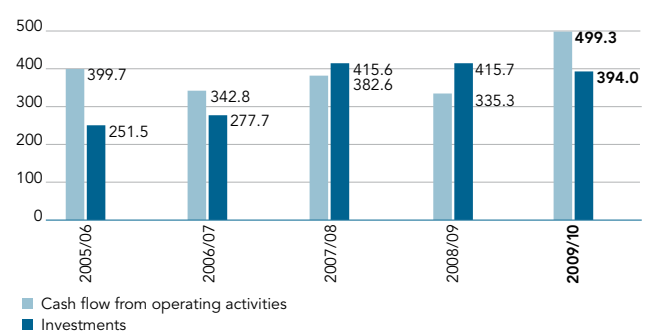
Earnings, Dividend per share¹⁾ EUR, Payout ratio %



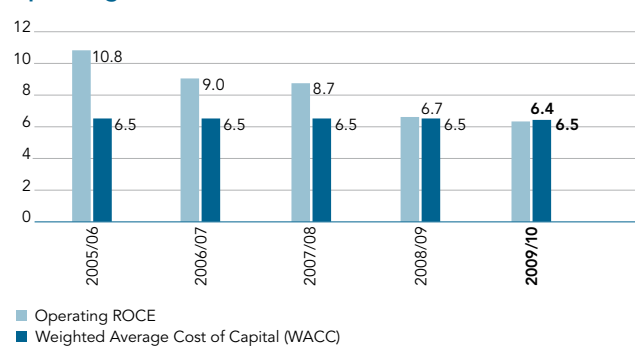
Equity, Net debt EURm, Gearing %



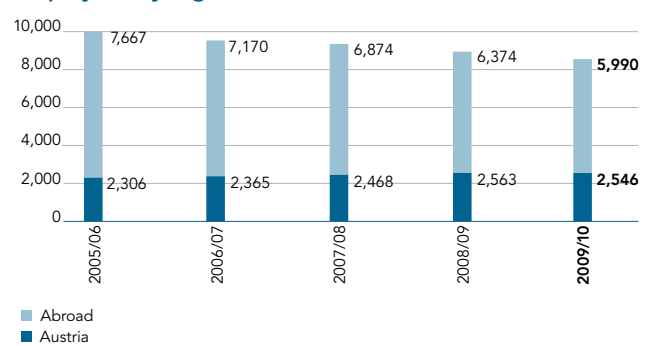
Cash flow and investments EURm



Operating ROCE and WACC in %



Employees by region



1) The figures of the business years 2005/06 and 2006/07 have been adapted in accordance with the stock split in a ratio of 1:4 carried out effective 17 April 2008.

2) Proposal to the Annual General Meeting

3) Including new shares due to the capital increase of EVN AG in November 2010

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Business overview

Corporate profile

We are a leading, international and publicly listed energy and environmental services company, with headquarters in Lower Austria, the country's largest federal province. On the basis of a state-of-the-art infrastructure, we offer our customers electricity, gas, heat, water, waste incineration and related services from a single supplier. With this product and service portfolio, we safeguard and improve the quality of life of our more than 3.6 million energy customers. In addition to Austria, we have successfully positioned the Group in the energy industry in Albania, Bulgaria, Germany, Croatia and Macedonia. Moreover, EVN has gained extensive expertise in the planning and construction of water supply, wastewater treatment, desalination, waste incineration and waste utilization plants over the last 20 years on the basis of 82 environmental projects carried out in its markets. All in all, EVN operates in 19 countries.

On the basis of exploiting synergies among the different business areas of EVN¹⁾ in Austria and abroad, the focus of all business activities is the sustainable creation and increase of value for the benefit of customers, shareholders and employees. The main principles underlying EVN's business operations are ensuring the security and reliability of energy supplies, responsibly using natural resources, creating a modern and environmentally compatible infrastructure, and the consistent positioning of EVN as a provider of top quality services.

Strategic focus



EVN's Group structure²⁾ encompasses the Energy business, the Environmental Services business as well as Strategic Investments and Other Business. In regional terms, the Energy business comprises EVN's activities in Austria, Germany as well as in Bulgaria, Macedonia, Albania and Croatia. In functional terms, the electricity and heating activities of the Energy business covers the entire value chain from generation and transmission all the way to networks and supply whilst the natural gas business encompasses the value added stages transmission and networks. The product portfolio consisting of electricity, natural gas and heating is supplemented by the activities of its subsidiaries in related areas as well as in regional cable TV and telecommunications services. The Environmental Services business encompasses EVN's activities in the areas of drinking water, wastewater treatment and waste incineration in 15 countries.

The business operations of EVN are divided into six segments: Generation, Network Infrastructure Austria, Energy Trade and Supply, Energy Supply South East Europe, Environmental Services and Strategic Investments and Other Business.³⁾

1) EVN is used to signify the EVN Group and subsidiaries.

2) A list of all of EVN's investments can be found starting on page 95.

3) Detailed description of the segment can be found on page 34.

EVN at a glance

Energy

Generation

Own power-generating capacity	1,787 MW
Thermal	1,421 MW
Hydro ¹⁾	235 MW
Wind	120 MW
Photovoltaic	1 MW
Biomass	10 MW

Energy distribution/Networks

Electricity networks

Power lines	131,905 km
Austria	51,205 km
Bulgaria	55,500 km
Macedonia	25,200 km
Customers	3,255,000
Austria	807,000
Bulgaria	1,635,000
Macedonia	813,000
Sales volumes	20,766 GWh
Austria	7,576 GWh
Bulgaria	7,977 GWh
Macedonia	5,213 GWh

Gas networks²⁾

Gas pipelines	13,540 km
Customers	289,000
Sales volumes	18,525 GWh

Other²⁾

Cable TV customers	109,063
Telecommunications customers	53,912

Energy supply

Electricity³⁾

Sales volumes	20,101 GWh
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Gas³⁾

Sales volumes	6,738 GWh
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Heating

Heating lines	586 km
Austria	434 km
Bulgaria	152 km
Customers	78,000
Austria	43,000
Bulgaria	35,000
Sales volumes	1,821 GWh
Austria	1,569 GWh
Bulgaria	253 GWh

Environmental Services

Drinking water/wastewater

Drinking water

Customers	493,000
Thereof directly supplied	58,800
Water pipes	2,110 km
Sales volumes	26.1 m ³

Wastewater in Central, Eastern and South Eastern Europe

90 drinking water/wastewater projects

82 completed projects

Thereof

Installed drinking water capacity in thousand	1,098 PE ⁴⁾
Installed wastewater projects capacity in thousand	12,664 PE ⁴⁾

Waste incineration

Austria

Facility in Zwentendorf/Dürnrohr Annual capacity	500,000 tonnes
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International

Facility in Moscow Annual capacity	360,000 tonnes
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Strategic Investments and Other Business

Strategic investments

VERBUND AG –

power production, trading and transport

Burgenland Holding AG (BEWAG/BEGAS) –
regional electricity and gas supply

RAG-Beteiligungs-AG (Rohöl-Aufsuchungs AG) –
oil and gas production and gas storage

Other investments

Utilitas Group – technical services

1) Incl. purchasing rights from hydro power plants along the Danube River in Austria

2) In Austria

3) Incl. sales volumes with customers within the framework of EnergieAllianz (pro rata)

4) Population equivalents: industrial waste water adjusted for waste water of households

Corporate governance report

Corporate bodies

Executive Board



Burkhard Hofer

Spokesman of the Executive Board and CEO

Born 1944. Doctor of Law. Joined EVN in 1980. Member and Spokesman of the EVN Executive Board since March 2005. Named Chairman of the Executive Board in May 2008. His term of office expires at the end of the Annual General Meeting resolving upon matters pertaining to the 2011/12 financial year. Burkhard Hofer has executive responsibility for the Environmental Services segment and Energy Trade and Supply segment, as well for Group functions as procurement and purchasing, controlling, customer relations, finance, Group accounting (incl. investor relations), general administration and corporate affairs, information and communications and human resources.

Five Supervisory Board mandates in other domestic companies not included in the consolidated financial statements of the EVN Group pursuant to C-rule 16 of the Austrian Corporate Governance Code.¹⁾



Peter Layr

Member of the Executive Board

Born 1953. Doctor of Technical Sciences. Joined EVN in 1978. Member of the EVN Executive Board since October 1999. His term of offices expires on 30 September 2014. Peter Layr has executive responsibility for the Network Infrastructure Austria segment and Energy Supply South East Europe segment, as well as for data processing, environmental controlling and safety. No Supervisory Board mandate or comparable function pursuant to C-rule 16 of the Austrian Corporate Governance Code.



Herbert Pötttschacher

Member of the Executive Board

Born 1949. Degree in Surveying, Regional and Environmental Planning. Member of the EVN Supervisory Board from 1991 to 1995, and of the EVN Executive Board since July 1995. His term of office expires on 30 June 2013. Herbert Pötttschacher has executive responsibility for the Generation segment, as well as for internal auditing, administration and construction.

One Supervisory Board mandate in another domestic company not included in the consolidated financial statements of the EVN Group pursuant to C-rule 16 of the Austrian Corporate Governance Code.²⁾

1) Chairman of the Supervisory Board, AUSTRIAN FERGAS Gesellschaft m.b.H. in liqu.; Chairman of the Supervisory Board, EVN-Pensionskasse Aktiengesellschaft; Member of the Supervisory Board, Flughafen Wien Aktiengesellschaft; Deputy Chairman of the Supervisory Board, HYPO Investment Bank AG; Member of the Supervisory Board, VERBUND AG

2) Member of the Supervisory Board, SERVICE MENSCH GmbH

Members of the Supervisory Board

Name (Year of birth)	Date of initial appointment	Other functions	Independence	
			Rule 53 ¹⁾	Rule 54 ²⁾
Shareholder representatives				
President and Chairman Rudolf Gruber (1933)	19 January 2005	Member of the Supervisory Board of several non-listed companies	no ³⁾	yes
Stefan Schenker Vice-Chairman 1 (1946)	12 December 1996	Forestry engineer	yes	yes
Gerhard Posset Vice-Chairman 2 (1949)	12 December 1995		yes	yes
Norbert Griesmayr (1957)	12 January 2001	Chairman of the Executive Board of VAV Versicherungs-Aktiengesellschaft	yes	yes
Gottfried Holzer (1946)	22 June 1987		yes	yes
Dieter Lutz (1954)	12 January 2006	Shareholder and CEO of Benda Lutz-Werke GmbH, Vice- President of the Lower Austrian Chamber of Commerce	yes	yes
Reinhard Meißl (1959)	12 January 2006	Head of the finance department, Provincial Government of Lower Austria, CEO of the NÖ Landes-Beteiligungsholding GmbH	yes	no
Bernhard Müller (1973)	12 January 2006	Mayor of Wiener Neustadt	yes	yes
Wolfgang Peterl (1955)	12 January 2001	Vice-Chairman of the Gemeinnützigen Wohnungs- und Siedlungsgenossenschaft Neunkirchen reg. Gen.m.b.H.	yes	yes
Martin Schuster (1967)	12 January 2006	Member of the Lower Austrian Provincial Parliament, Mayor of Perchtoldsdorf	yes	yes
Michaela Steinacker (1962)	12 January 2001	Member of the Executive Board of Raiffeisenholding Niederösterreich-Wien reg.Gen.m.H.	yes	yes
Willi Stiowicek (1956)	15 January 2009	Head of the Presidential Department of the Magistrate of the Provincial Capital St. Pölten	yes	yes
Hans-Peter Villis (1958)	17 January 2008	CEO of the EnBW Energie Baden-Württemberg AG	yes	no
Employee representatives				
Franz Hemm (1955)	3 May 1994	Chairman of the EVN Central Works Council, Vice-Chairman of the Lower Austrian Chamber of Labour		
Manfred Weinrichter (1961)	1 January 2001	Vice-Chairman of the EVN Central Works Council of the EVN Netz GmbH		
Paul Hofer (1960)	1 April 2007	Chairman of the EVN Central Works Council of the EVN AG		
Leopold Buchner (1953)	19 January 2009	Vice-Chairman of the EVN Central Works Council of the EVN AG		
Otto Mayer (1959)	12 May 2005	Member of the Works Council		
Helmut Peter (1957)	1 January 2009	Member of the Works Council		
Franz Ziegelwagner (1952)	22 March 2004	Member of the Works Council		

No member of the Supervisory Board has a comparable position in any other domestic or foreign listed company.

The terms of office of all Supervisory Board members expire at the end of the Annual General Meeting resolving upon matters pertaining to the 2009/10 financial year.

1) Rule 53/Austrian Corporate Governance Code: independence from EVN/Executive Board

2) Rule 54/Austrian Corporate Governance Code: no representatives of shareholders with a shareholding exceeding 10% and pursuant to Rule 53/Austrian Corporate Governance Code Independent A list of the Supervisory Board committees can be found on page 8.

3) Rudolf Gruber has been independent pursuant to Rule 53/Austrian Corporate Governance Code since 20 January 2010.

Independence of the Supervisory Board

A member of the Supervisory Board shall be deemed as independent if said member does not have any business or personal relations with the company or its management board that constitute a material conflict of interests and is therefore suited to influence the behaviour of the member. In the case that such a conflict of interest arises, multi-year transition periods are foreseen at the EVN in accordance with the Austrian Corporate Governance Code.

The guidelines to determine the independence of the elected members of the Supervisory Board stipulate that the member

1. shall not have any business or personal relation with EVN AG or its Executive Board that constitute a material conflict of interests and is therefore suited to influence its behaviour;
2. was not a member of the Executive Board or a top executive of EVN AG or any of the subsidiaries of EVN AG in the previous five year period;
3. shall not maintain or did not maintain in the past year any business relations with EVN AG or a subsidiary of EVN AG to an extent of significance for the member of the Supervisory Board. This also applies to business relationships with companies in which the member of the Supervisory Board has a considerable economic interest;
4. shall not have acted as auditor of EVN AG or have owned a share in the auditing company or have worked there as an employee in the past three years;
5. shall not be a member of the Management Board of another company in which a member of the Executive Board of EVN AG is a Supervisory Board member;
6. shall not be closely related (i.e. direct offspring, spouses, life partners, parents, uncles, aunts, sisters, nieces, nephews) to a member of the Executive Board or to persons who hold one of the aforementioned positions.

Corporate governance report

EVN is an Austrian public limited company listed on the Vienna Stock Exchange. For this reason, in addition to Austrian regulations, in particular stock corporation and capital market laws, legal regulations applying to the right of co-determination on the part of employees, as well as the company by-laws, the Austrian Corporate Governance Code under www.corporate-governance.at the rules of internal procedure of the company's corporate bodies provide the overall framework for the company's corporate governance policies.

Commitment to the Austrian Corporate Governance Code

The Executive Board and the Supervisory Board of EVN are committed to abide by the principles of good corporate governance, thus fulfilling the expectations of domestic and international investors who demand the management and control of EVN to be carried out in a responsible, transparent and sustainable manner. Effective 1 June 2006, EVN decided to fully comply with the Austrian Corporate Governance Code in accordance with the valid and binding version published in January 2006. As of 1 January 2008, EVN agreed to adhere to the updated version of the Austrian Corporate Governance Code dated June 2007, the version of January 2009 applied to EVN effective 1 October 2009, whereas EVN has been complying with the stipulations of the January 2010 version since March 2010.

The standards specified in the Austrian Corporate Governance Code are divided into three categories. The first category of rules (Legal Requirements) based on binding regulations, is to be observed by all Austrian listed companies, and is also adhered to unconditionally and without qualification by EVN. In regards to the C-rules (Comply or Explain), listed companies are required to publish regular statements disclosing the extent of their compliance. EVN provides a detailed explanation of any deviations from these rules online at www.investor.evn.at/Corporate_Governance. In contrast, R-rules represent recommendations, allowing deviations to occur without providing explanations.

The EVN Executive Board and Supervisory Board formally declare their commitment to fully observe and abide by all L-rules and C-rules of the Austrian Corporate Governance Code, with the exception of the following deviations and explanations. Only a small number of deviations from the R-rules exist.

Deviations from C-rules

Due to the distinctive characteristics of the Austrian energy industry and specific conditions applying to EVN, the company does not adhere to the following C-rules stipulated in the Austrian Corporate Governance Code:

Rule 16: Given the fact that the Executive Board consists of three members, there can be no tied vote in adopting a resolution. For this reason, appointing a Chairman to make the final decision and cast the tie-breaking vote, is not necessary. The spokesman of the Executive Board is responsible for directing meetings and representing the Executive Board to other target groups, and also to the Supervisory Board (Rule 37).

Rule 31: The remuneration paid to the entire Executive Board as a whole shall be disclosed. Disclosure of the remuneration paid to individual members without knowledge of all the factors taken into account by the remuneration (personnel) committee would give a distorted impression of the situation and result in misinterpretations. For this reason, EVN does not publish a detailed breakdown.

Rule 52: As at 30 September 2010, EVN has 13 elected Supervisory Board members, due to the company's shareholder structure and in the spirit of ensuring the most diverse representation of interests possible. The composition of the current Supervisory Board was determined before EVN's voluntary commitment to comply with the Austrian Corporate Governance Code. Following the reduction in size of the Supervisory Board in 2006, from 15 to 13 members, EVN intends to implement a step-by-step downward adjustment to streamline the Supervisory Board to the recommended level of ten members.

Clear-cut separation of corporate management and control responsibilities

Austrian stock corporation law prescribes a dual management system, which stipulates a strict separation between management bodies (i.e. Executive Board) and controlling bodies (i.e. Supervisory Board). It is not permitted to be a member of both.

Management of the company by the Executive Board

The Executive Board of EVN consists of three members. In the case of the Supervisory Board not exercising its right to appoint the Chairman or Speaker, the Executive Board itself shall elect a Speaker. The Executive Board has the sole responsibility to manage the company, with the diligence and prudence of a dutiful, conscientious manager, and shall endeavour to promote the well-being of the company by taking into consideration the interests of the shareholders, the employees and the general public. The basis for the work of the Executive Board are the relevant legal regulations as well as the statutes laid down in the company by-laws, and the internal rules of procedure for the Executive Board as stipulated by the Supervisory Board. The Austrian Corporate Governance Code contains important rules of conduct.

Irrespective of the Executive Board's overall responsibility, the Supervisory Board shall take account of the demands placed on the management to determine the composition of the Executive Board as well as the delegation of responsibilities. Specified areas of the business are reserved for joint discussions and decision-making on the part of the entire Executive Board. Moreover, certain business transactions require the express consent of the Supervisory Board as regulated by law, or a previous resolution passed by the Supervisory Board. The company by-laws contain a detailed list of such cases.

Reporting obligation of the Executive Board

In accordance with organisational-legal regulations, the Executive Board is required to report to the Supervisory Board. Reporting standards also apply to Supervisory Board committees. The Executive Board's reporting obligation also encompasses regular information about business developments at the entire Group, and matters of importance relating to Group subsidiaries.

Communications are carried out between the Executive Board and the Supervisory Board at Supervisory Board sessions, at meetings of Supervisory Board committees and on occasions deemed necessary. In addition, the Executive Board maintains regular contact to the Supervisory Board relating to all issues which fall under the jurisdiction of the Supervisory Board. This includes the preparation of meetings.

Supervisory Board

As at 30 September 2009, the Supervisory Board of EVN AG consists of 13 shareholder representatives elected by the annual general meeting. The number of employee representatives on the Supervisory Board sent by the EVN Central Works Council increased to seven. The Supervisory Board is led by a chairman and two vice-chairmen, who are chosen by the Supervisory Board itself. In a meeting convened on 29 May 2006, the Supervisory Board approved a resolution stipulating that the proportion of independent members is to be set at 50%. The independent members of the EVN Supervisory Board, as defined by Rules 53 and 54 of the Austrian Corporate Governance Code, are listed in the chart on page 5. The Supervisory Board exercises its job according to regula-

tions laid down in stock corporation law, as well as in the company's statutes. Additional guidelines regulating the behaviour of the Supervisory Board are stipulated in the internal rules of procedure for the Supervisory Board as well as in the Austrian Corporate Governance Code.

It is the particular responsibility of the Supervisory Board to supervise the work of the Executive Board, from whom they are authorised to demand a report at any time concerning all relevant aspects of business development at the company. The scope of business transactions requiring the formal consent of the Supervisory Board, as stipulated in the Austrian Stock Corporation Act (§ 95 Section 5), can be extended by a resolution of the Supervisory Board itself. The internal rules of procedure for the Executive Board and the Supervisory Board contain a detailed list of such business transactions and measures.

Supervisory Board committees

The Supervisory Board convenes as a plenum, inasmuch as individual matters of importance have not been delegated to committees set up by the Supervisory Board which prepare its proceedings and resolutions, monitor the implementation of its decisions and decide upon particular issues delegated by the Supervisory Board. At present, the following committees have been established, each of which is required to include at least three members of the Supervisory Board:

- The **Audit committee** was responsible for evaluating and preparing the Report of the Supervisory Board approving the financial statements and consolidated financial statements, the proposal of the Executive Board in respect to the distribution of profits, and the Management Report pertaining to the company and the Group in the 2009/10 financial year.
- The **Personnel committee** deals with all issues pertaining to the relationship of the company to the members of the Executive Board, inasmuch as this is not the responsibility of the entire Supervisory Board. The personnel committee also serves as the nominating and remuneration committee.
- The **Working committee** is responsible for carrying out the specified tasks assigned to it by the entire Supervisory Board. In certain urgent cases, the working committee is authorised to give its consent to specified business transactions on behalf of the Supervisory Board, in accordance with the Supervisory Board's internal rules of procedure.

Working committee	Personnel committee	Audit committee
Rudolf Gruber (Chairman)	Rudolf Gruber (Chairman)	Stefan Schenker (Chairman)
Stefan Schenker	Stefan Schenker	Rudolf Gruber
Gerhard Posset	Gerhard Posset	Gerhard Posset
Reinhard Meißl		Reinhard Meißl
Franz Hemm		Bernhard Müller
Paul Hofer		Franz Hemm
		Manfred Weinrichter
		Paul Hofer

During the reporting period, the Supervisory Board convened for five meetings, carrying out the designated duties and responsibilities stipulated by law and the Articles of Association. The Audit committee of the Supervisory Board met twice in the 2009/10 financial year. The Personnel committee, which also serves as remuneration and nominating committee, held three sessions in the year under review.

Remuneration report

Share options (Rule 29): No share option programme has been set up for members of the Executive Board or the top management of EVN.

Success sharing bonus programme for the Executive Board (Rule 30): Contractually fixed salaries comprise approximately 78% of the annual income paid to the members of the Executive Board, whereas the remaining 22% represents performance-based pay. 35% of the profit sharing scheme, for which a maximum limit has been predetermined, is based on the results from operating activities, 35% on the return on capital employed (ROCE) and 30% on individual targets which have been set. There are different forms of retirement benefits, ranging from a pre-defined percentage of the remuneration applicable in the final period of the employment contract to a pension fund. Generally speaking, prevailing legal regulations apply in the case of termination of employment. The total remuneration paid to active members of the Executive Board in the 2009/10 financial year amounted to TEUR 1,295.3 (previous year: TEUR 1,280.9). Moreover, pension commitments for these Executive Board members totalled TEUR 10,400.0 (previous year: TEUR 8,896.2). Each of the Executive Board members is entitled to a contractually stipulated pension benefits at the time of retirement, to which the ASVG social security payments as well as any payments from the pension fund are credited. The increase in the salaries and pension commitments for members of the Executive Board in comparison to the previous financial year prima-

rily resulted from the annual salary adjustments as well as the above-mentioned variable profit-sharing scheme. This remuneration includes specified payments in kind. One member of the Executive Board assumed a management position in another company during the period of review.

Remuneration for top executives (Rule 28a): In the light of the requirements contained in the latest version (January 2010) of the Austrian Corporate Governance Code, the current variable remuneration system for top executives will be adjusted starting on 1 October 2010. However, the ratio of the variable performance-based remuneration to the fixed salaries will remain the same. This adjustment was approved by the company's corporate bodies and will already apply starting in the new financial year.

The adjustment sets the following priorities:

Indicators to illustrate the economic situation of the company

At the present time, the performance-based remuneration is calculated on the quantitative indicators "EBIT" and "operating ROCE". The following quantitative indicators will be used in the future on the basis of the experience gain in the past and for the purpose of further developing the performance indicators in accordance with the strategic and operational priorities of the EVN Group: 1) Increase of Economic Value Added (EVA), 2) Average Cash Flow contribution.

Sustainability

One of the primary objectives of the stipulations contained in the current version of the Austrian Corporate Governance Code is to increasingly orient the behaviour of the Executive Board and top executives to sustainability and a long-term approach. Irrespective of the fact that the EVN remuneration system has not involved false or inappropriate short-term performance-based incentives or an overly high willingness to take risks, the setting up of a bonus reserve will further enhance the solidity and stability of the variable remuneration system.

The bonus reserve is defined as a payment mechanism which is converted into an annual pro-rata bonus if the quantitative targets are achieved in a given period. In the future, 50% of the bonus reserve is to be paid out after the achievement of objectives has been assessed. The remaining amount will be carried forward to the subsequent year. The introduction of a bonus reserve is designed to achieve two main goals. On the one hand, it serves to focus on a multi-annual approach, linking subsequent years to each other by carrying forward the unpaid bonus components from the initial reserve to later periods. On the other hand, this scheme aims to cushion and smooth over the "autonomous" fluctuations in the economic performance of the company.

Multi-annual approach

At the present time, the approved annual budgets comprise the basis for the variable remuneration system. In the future, the quantitative objectives will be defined in advance for a period of three years. This is designed to separate the annual corporate planning process from the variable remuneration scheme as well as to promote business operations which are even more strongly oriented to a medium-term approach along with the adopted strategic development path and the identified potentialities. In addition to the available internal data and information, determining the extent to which the objectives have been achieved will be based on external sources, e.g. benchmarks, peer group analyses and capital market and rating evaluations. In addition to the general period of three years, the accuracy and validity of the medium-term targets will be evaluated on an annual basis. These objectives will only be revised in exceptional cases, for example in the light of unforeseeable events or changes in the company which have a significant impact on performance.

Directors and officers insurance (D&O) (Rule 30): Claims for damages are insured within the framework of the existing D&O insurance in respect to claims filed by the company, shareholders, creditors, competitors and customers against the Executive Board resulting from a violation of their legally stipulated obligation to exercise diligence in their capacity as duly appointed and conscientious managing directors. At present, Group subsidiaries as well as certain affiliated companies are considered to be jointly insured in accordance with the prevailing terms and conditions. The costs of the insurance are borne by the company. The fact that the premium applies to the Group as a whole and is not dependent on the number of insured individuals, extending the insurance to cover the members of the Supervisory Board does not entail an increase in the premium to be paid.

Measures to promote women (Rule 60): During the period under review, two top executive positions were filled by women. The ratio of female junior managers taking part in the special executive development programs was higher than the overall ratio of women working in the company. Furthermore, further education and training measures were actively offered to women on maternity leave. A Group-wide program exists for mothers and fathers on parental leave in Austria in order to ensure the smooth re-entry into the workforce and fulfill the needs of the affected parents as much as possible.

In addition, a comprehensive program not limited to top managers was developed to promote the career advancement of women at EVN. It encompasses a broad range of initiatives, from recruitment and the targeted promotion of female employees to ensuring the better compatibility of career and family. This program will be presented to the Executive Board for its approval after being discussed with the employee representatives in the next financial year.

The personnel committee in its role as the nomination committee is responsible for filling vacant positions in the Executive Board and Supervisory Board. The terms of office applying to the members of the Supervisory Board extend beyond the past financial year. Accordingly, no special measures were implemented in this regard.

Contracts requiring the approval of the Supervisory Board (Rule 48): No member of the Supervisory Board has concluded contractual agreements with EVN or one of its subsidiaries, which entitles the Supervisory Board member to more than an insignificant payment. Such contracts would be subject to the obligatory approval of the Supervisory Board.

Remuneration for the Supervisory Board (Rule 51): The remuneration paid to members of the Supervisory Board has been set as a fixed salary of TEUR 108. The chairman is granted 12.5% of the amount, whereas 8.5% each is to be paid to the two vice-chairmen, and slightly more than 7% to each of the other members. A lump-sum payment totalling EUR 170.

Participation in meetings (Rule 58): Two Supervisory Board members did not personally take part in more than half of the Supervisory Board meetings during the 2009/10 financial year.

Directors' Dealings (Rule 73): There were no directors' dealings reported in the EVN during the 2009/10 financial year.

No business relationships with a "related party" was concluded in the 2009/10 financial year.

Auditing fees: The auditing of the consolidated financial statements of EVN for the 2009/10 financial year is carried out by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. Total auditing and consulting costs amounted to EUR 2.0m (previous year: EUR 1.3m). 55.5% of the fees paid were for auditing and audit-related services, 40.0% for tax consulting services and 4.5% for other consulting services.

Shareholders and Annual General Meeting

The shareholders of EVN shares make use of their legal rights in the annual general meeting, and exercise their voting rights. Each share of EVN AG is granted one vote. There are no preferential shares of EVN stock, or shares with multiple voting rights. The right to make certain important decisions, primarily in regards to the distribution of profits, the discharging of the members of the Executive Board and the Supervisory Board, the selection of the auditors for the financial and consolidated financial statements, and the election of the members of the Supervisory Board, is reserved to the annual general meeting by Austrian law or by the company's statutes. Moreover, the annual general meeting has the right to make decisions pertaining to changes in the company bylaws, and capital raising measures. The results of the 81st Annual General Meeting of EVN, held on 21 January 2010, are available on the EVN website.

Internal control and risk management at EVN

Internal control

At EVN, there exists an internal auditing department which reports directly to the Executive Board, and to the accounting committee of the Supervisory Board. It is responsible for overseeing auditing and controlling throughout the EVN Group. Separate auditing departments were set up at EVN's two subsidiaries in Bulgaria and Macedonia in the 2009/10 financial year. The internal technical and financial audits did not reveal any major deficiencies.

Risk management of EVN

The objective of the risk management system of EVN as an internationally operating company is to safeguard its current and future earnings potential. Centrally managed, two-stage risk controlling is the basis for recording and analysing risks. This provides the responsible employees of the EVN Group with methods and tools to identify and evaluate risks. The respective operative business units, which are also responsible for risk management, communicate their risk positions to the central risk controlling team, which in turn classifies, analyzes and evaluates risks in a cross-functional manner. Moreover, measures to minimize corporate risks are also registered and their implementation is monitored. The multi-stage process of risk controlling is supported by unified, Group-wide guidelines and carried out throughout the Group on an ongoing basis. The resulting risk analyses are conveyed to the Executive Board and the respective managing directors at regular intervals by the Group risk committee. A detailed presentation of EVN's risk situation can be found starting on page 28.

Issuer's compliance

In fulfilling the regulations stipulated in the Austrian Stock Corporation Act and the Stock Exchange Act, the Austrian Compliance Code for the issuers of securities and the Directive of the European Parliament on insider dealing and market manipulation, EVN has developed a comprehensive set of rules designed to prevent the misuse of insider information. 18 permanent and two ad-hoc areas of EVN's business have been designated as strictly confidential. The affected employees are continually given extensive training. In line with the Austrian Stock Exchange Act, compliance and confidentiality are monitored and evaluated by a specially-designated compliance officer, reporting directly to the Executive Board. In the 2009/10 financial year, the ongoing monitoring carried out by the compliance officer did not reveal any deficiencies.

EVN Code of Conduct

EVN attaches the greatest importance to the integrity and law-abiding behaviour of all its employees as well as its business partners. As an internationally operating energy and environmental services company, the management and employees of EVN have a far-reaching responsibility and role model function both in Austria and abroad. For this reason, the EVN Code of Conduct was developed to define and summarise the principles and guidelines underlying responsible action for people of integrity. The EVN Code of Conduct was developed within the context of a Group-wide process which took place in the 2008/09 financial year by integrating EVN's CSR organisation. This process was supported by external experts. Following the approval of the Central Works Council, it was formally passed by the company's corporate bodies in July 2009. It is available on the EVN Intranet at www.evn.at/code-of-conduct.aspx. The structure of this code of conduct is oriented to EVN's different stakeholder groups. It is designed to assist all employees to implement EVN's values in their day-to-day business activities.

Evaluation by KPMG Austria regarding the compliance of EVN with the Austrian Corporate Governance Code

The report regarding the evaluation of the declaration of the Executive and Supervisory Boards of EVN AG, Maria Enzersdorf, concerning compliance with the Austrian Corporate Governance Code is available at www.investor.evn.at.

Maria Enzersdorf, 19 November 2010



Burkhard Hofer
(Spokesman of the Executive Board)



Peter Layr
(Member of the Executive Board)



Herbert Pötttschacher
(Member of the Executive Board)

Report of the Supervisory Board

Ladies and gentlemen!

In the 2009/10 financial year, the EVN Group determinedly pursued its strategy of further expanding its activities in energy and environmental services businesses. Despite the difficult market environment, important steps were taken to further optimise its strategic investments in South Eastern Europe based on a stable core business in Austria. This is complemented by the Group's international environmental services business, which provide for attractive earnings, as well as the strategic interests held in VERBUND AG and Rohöl-Aufsuchungs Aktiengesellschaft. On balance, the EVN Group has a broad-based portfolio, which optimally protects the company against imminent business risks. Despite the ongoing weak economic situation and the unfavourable influencing factors in the energy sector, EVN still succeeded in achieving very good results.

The Supervisory Board actively monitored and supported EVN's strategic steps as part of its designated responsibilities. It convened five times for plenary meetings during the period under review, fulfilling the tasks and duties incumbent upon it in accordance with legal regulations and the Articles of Incorporation. The average rate of attendance of the Supervisory Board members was 78%. The Executive Board reports provided the Supervisory Board with regular, timely and comprehensive information about all relevant aspects of the Group's business development and the risk situation as well as the development of key Group subsidiaries. Thus the Supervisory Board was able to continually supervise and support the Executive Board's management activities. The advisory and control functions exercised by the Supervisory Board within the framework of open discussions with the Executive Board did not lead to any objections. Suggestions made by the Supervisory Board were taken up by the Executive Board.

Among the main decisions made by the Supervisory Board is the approval of the budget of the EVN Group for the 2010/11 financial year, as well as the implementation of the new EVN Strategy 2020.

On the basis of the resolution pertaining to authorised capital passed at the 81st Annual General Meeting held on 21 January 2010, the Supervisory Board held in-depth consultations, subsequently authorising the working committee to grant all the required approvals and submit the necessary declarations as the basis for implementing the capital increase (which has been successfully carried out in the meantime). Moreover, the Supervisory Board also took note of and approved the employee participation scheme within the context of this transaction.

The Supervisory Board also gave its stamp of approval for EVN to conclude a partnership agreement with Wiener Stadtwerke Holding AG, in particular to set up a joint venture and to participate in the capital increase of VERBUND AG, as well as to increase EVN's guarantees for EnergieAllianz Austria GmbH and to acquire shares of NÖKOM NÖ Telekom Service Gesellschaft m.b.H.

In the Environmental Services segment, the Supervisory Board approved the project to reconstruct the 1st waste incineration plant in Moscow, to build the Ljuberzy sludge drying facility in Moscow and to finance the Budva wastewater system in Montenegro.

Furthermore, the Supervisory Board gave its consent to a capital increase for Devoll Hydropower Sh.A. and for the Ashta hydropower plant project in Albania. It approved the expansion of EVN's shareholding in Gorna Arda Hydropower Company AD as well as the share acquisition relating to the Kavarna wind park in Bulgaria.

The Supervisory Board put into effect the Austrian Corporate Governance Code in the January 2010 version, which applied to EVN AG starting in March 2010, granted full power of attorney and approved modifications to the variable remuneration system as of 1 October 2010 for the managers of the strategic business units, the head of Group functions as well as the executive board members and managing directors of major subsidiaries.

The Personnel committee of the Supervisory Board, which also serves as the remuneration and nominating committee, convened for three meetings during the 2009/10 financial year, dealing with issues pertaining to the relationship of the company to the members of the Executive Board. Modifications made to the variable remuneration system applying to members of the Executive Board took effect on 1 October 2010.

The Audit committee of the Supervisory Board held two meetings during the 2009/10 financial year. It dealt with the results for the first half-year 2009/10, including the outlook for the rest of the financial year, prepared the resolution approving the consolidated financial statements and made a proposal for appointing the certified public accountants to audit the annual accounts. Furthermore,

the Audit committee focused on current developments in the business segments, and in particular discussed the situation in Macedonia and the major power plant projects. It also dealt in detail with the internal controlling, auditing and risk management system.

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna appointed as EVN's certified public accountants for the 2009/10 financial year, starting 1 October 2009 and ending on 30 September 2010, examined the annual accounts of EVN AG as at 30 September 2010, which were prepared in accordance with Austrian accounting regulations, as well as the Management Report submitted by the Executive Board and the Corporate Governance Report. KPMG presented a written audit report, and issued an unqualified opinion. Following detailed scrutiny and discussions in the audit committee and the entire body, the Supervisory Board approved the financial statements and the consolidated financial statements as at 30 September 2010 submitted by the Executive Board, the related Management Report, Corporate Governance Report and the proposals for the distribution of profits. The financial statements as at 30 September 2010 are thereby approved, pursuant to § 125 Section 2 of the Austrian Stock Corporation Act. These statements were prepared pursuant to International Financial Reporting Standards (IFRS) and audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, which issued an unqualified opinion. The Supervisory Board approved the consolidated financial statements, the explanatory notes and the Management Report.

In closing, the Supervisory Board wishes to express its sincere gratitude to the Executive Board and all employees of the EVN Group for their endeavours, hard work and commitment during the 2009/10 financial year. Particular thanks are extended to the shareholders, customers and partners of the EVN for their confidence in the company.

Maria Enzersdorf, 15 December 2010

On behalf of the Supervisory Board:



President Rudolf Gruber
Chairman of the Supervisory Board

Management Report

Legal framework

European energy policy

The European Parliament enacted its Energy and Climate Package in December 2008. This made the three goals that must be attained by 2020 – reduction in both energy consumption and greenhouse gas emissions (CO₂) by 20%, as well as expansion of supplies from renewable sources of energy to 20% of all energy consumption – legally binding on the EU member states, which must transpose the package into national law.

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

Regulatory environment in Austria

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

EVN was granted CO₂ emission certificates totalling 1.58 million tons per annum at no charge under National Allocation Plan II (2008–2012) based on its historical level of emissions; the shortfall relative to its long-term requirements is 0.5 to 0.8 million tons. EVN engages in emission certificate trading as part of its portfolio and risk management in order to be able to cover its CO₂ emission requirements. (For details on certificates purchased in the 2009/10 financial year, see Consolidated Notes, note 50. Cost of materials and services.)

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

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

Legal framework in South Eastern Europe

Bulgaria

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

market. In addition, the utility companies usually do not participate in the deregulated market at all, or only to a limited extent, owing to their contractual obligations toward the public utility company.

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

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

Macedonia

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

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

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

Overall business environment

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

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

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

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

Energy sector environment

		2009/10	2008/09	Change in %	2007/08
Temperature-related energy demand¹⁾					
	%				
Austria		105.5	93.8	12,6	102.0
Bulgaria		81.2	102.8	-21.0	101.3
Macedonia		91.3	87.5	4.3	104.6
Primary energy and CO₂ certificates					
Crude oil – Brent	EUR/bbl	57.28	42.91	33.5	70.41
Natural gas – GIMP ²⁾	EUR/MWh	21.37	22.17	-3.6	25.22
Coal – API#2 ³⁾	EUR/t	69.49	65.23	6.5	98.84
CO ₂ certificates (1 st and 2 nd periods)	EUR/t	14.23	14.50	-1.9	17.92
Electricity – spot market					
EEX ⁴⁾ base load	EUR/MWh	41.28	46.20	-10.6	63.20
EEX peak load	EUR/MWh	52.23	61.57	-15.2	86.58
Electricity – forward market⁵⁾					
EEX base load	EUR/MWh	48.87	66.57	-26.6	56.01
EEX peak load	EUR/MWh	67.84	93.33	-27.3	79.64

1) Calculated according to the heating degree total; in Austria and Bulgaria the basis (100.0%) corresponds to the long-term average value 1997–2006; in Macedonia it corresponds to the long-term average value 2003–2009; changes reported in percentage points

2) Gas Import Price (GIMP); starting in this financial year, reporting will be based on EUR/MWh, the previous year's figures have been adjusted accordingly.

3) ARA notation (Amsterdam, Rotterdam, Antwerp)

4) EEX – European Energy Exchange

5) Average prices for the respective EEX quarterly forward market prices, beginning one year before the respective period under review

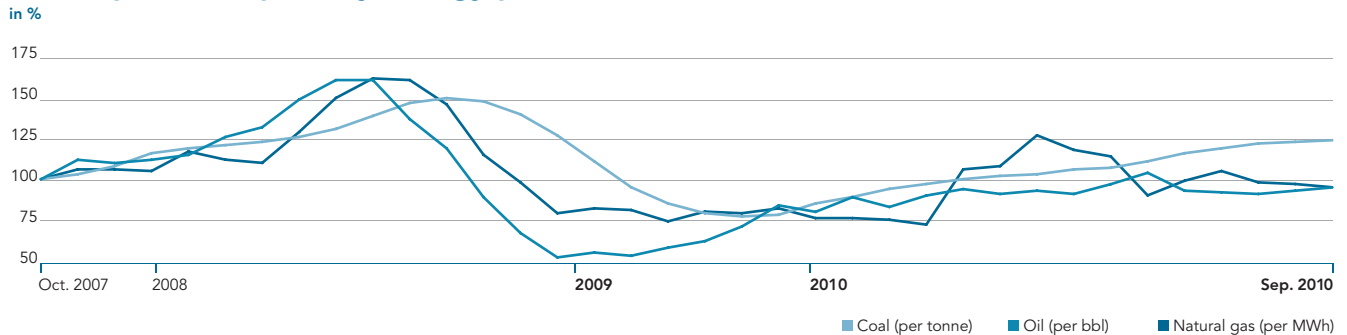
The decline in the consumption of electricity that started in October 2008 was reversed in December 2009. According to the preliminary calculations of E-Control, consumption rose by 4.3% or 1.4 terawatt hours (TWh) to 34.1 TWh in the first six months of 2010, almost returning to the level of 34.6 TWh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

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

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

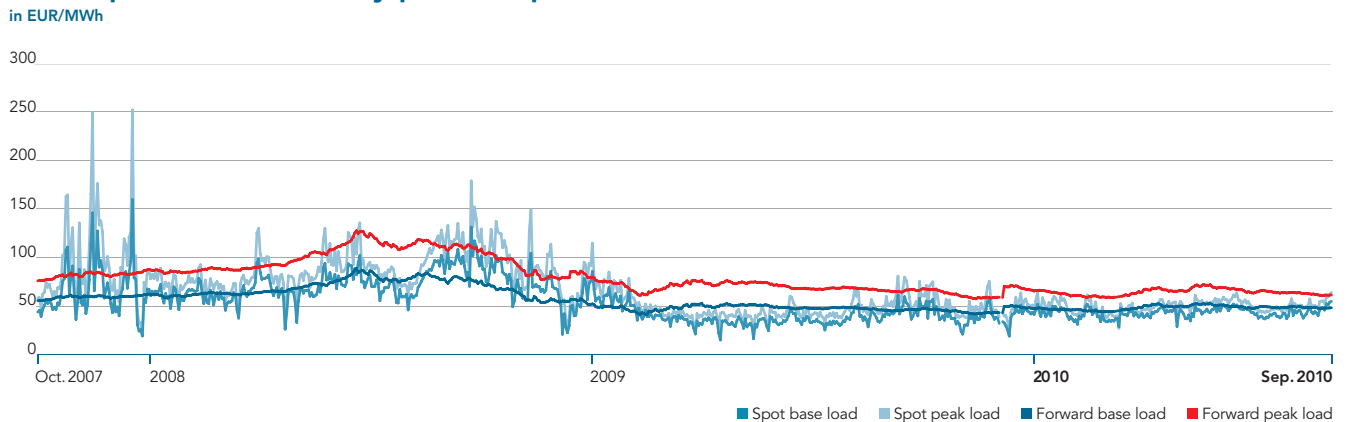
The positive development of early economic indicators since the fourth quarter of 2009 sparked an increase of 33.5% (stated in euros) during the 2009/10 financial year in the price of North Sea crude oil (Brent), which is considered the benchmark for Europe. Natural gas procurement costs (which are always linked to the price of crude oil) fell by 3.6%, however, due especially to continued large inventories of both natural gas and coal as well as the growing supply of renewables. The price for CO₂ emission certificates was down 1.9%. The spot market prices for base load electricity recovered slightly in the fourth quarter of the 2009/10 financial year but remained 10.6% lower year on year. The spot market prices for peak load electricity were 15.2% lower year on year, and the forward prices for base load electricity and peak load electricity, respectively, were 26.6% and 27.3% lower year on year.

Development of primary energy prices (indexed)



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

Development of electricity prices – spot and forward market



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

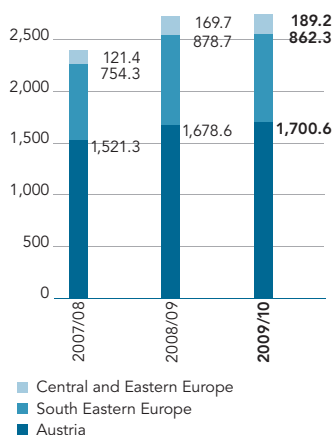
These developments can be summarised as follows, taking all factors into account. The lower prices for the procurement of energy for both electricity and primary energy (especially natural gas) had a positive effect overall on the development of EVN's business. Due to the limited use of EVN's own thermal power stations, the prices for CO₂ emission certificates were of minor significance during the year under review.

Business development

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

Revenue by region

in EURm



Statements of operations

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

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

Condensed consolidated statements of operations

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

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

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

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

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

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

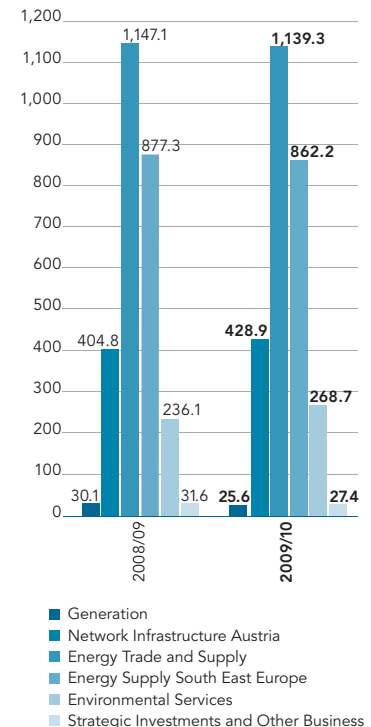
The reduction in other operating expenses by 3.1% or EUR 5.2m to EUR 161.5m resulted largely from a reduction in expenses related to the risks of legal proceedings and rents; which was mainly due to a decrease of provisions compared to an increase in the previous year. The increase in the write-offs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

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

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

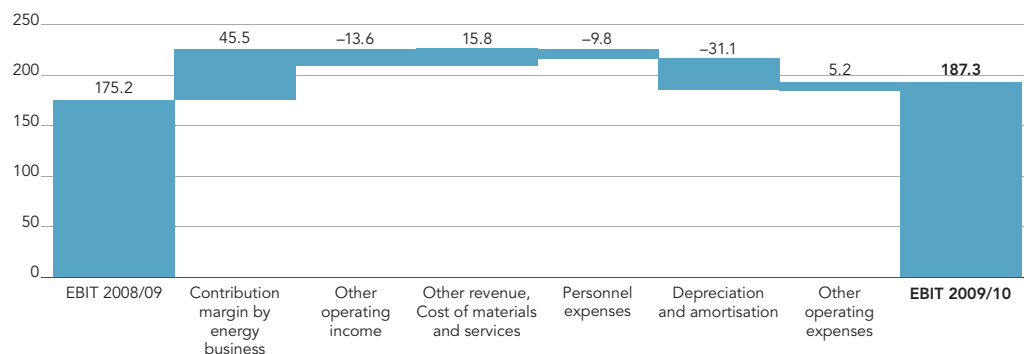
Revenue by segments

in EURm



Changes in EBIT 2009/10 compared to previous year

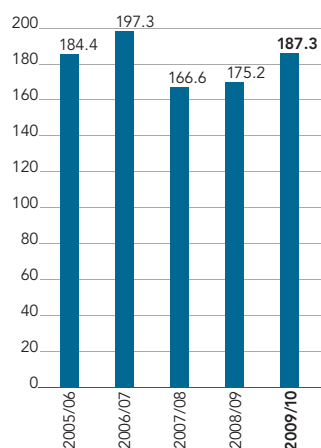
in EURm



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

Results from operating activities (EBIT)

in EURm



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

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

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

Development of selected indicators

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

1) Changes reported in percentage points

2) The weighted average cost of capital is calculated on the basis of a cost of equity capital amounting to 9.1% and a cost of interest-bearing debt (after tax) of 4.0%, as well as an equity ratio of 50.0%.

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

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

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

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

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

Statements of financial position

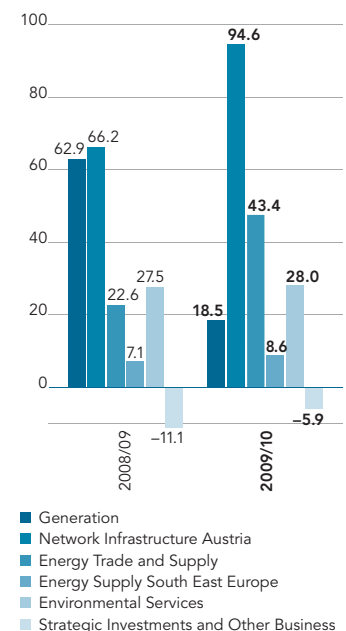
At EUR 6,731.2m, EVN's total assets as at the 30 September 2010 reporting date rose by 0.5% marginally year on year. Whilst the share of the non-current and current assets in total assets remained relatively constant, however, the composition of these positions changed significantly.

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

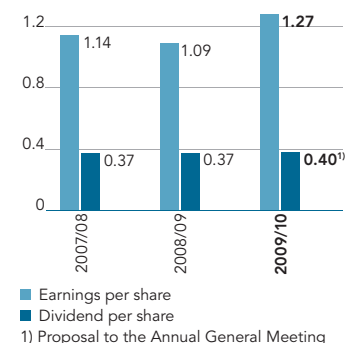
The increase in the share of current assets from 14.0% of total assets to 14.7% was attributable to additions of securities, which were contrasted especially by a decrease in receivables from investments in equity accounted investees.

EBIT by segments

in EURm

**Earnings and dividend per share**

in EUR

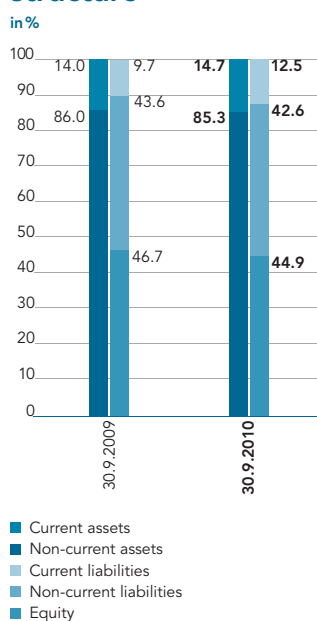


■ Earnings per share
■ Dividend per share

1) Proposal to the Annual General Meeting

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

Balance sheet structure



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

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

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

Financial and liquidity situation

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

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

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

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

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

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

In sum, the net debt developed as follows:

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

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

2) Reported changes in percentage points

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

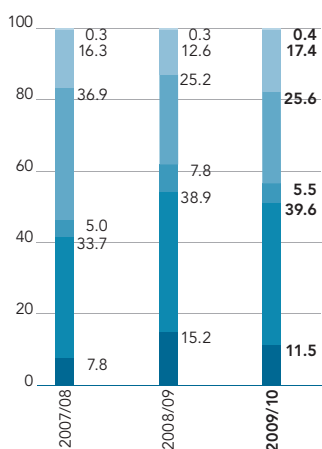
Statements of cash flows

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

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

Structure of investments

in %



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

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

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

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

Investing activities

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

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

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

Human resources

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

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

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

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

Research and development

EVN is involved in numerous national and international research and development projects and has taken a leading role for decades in operating highly efficient and environmentally sound power plants. In the 2009/10 financial year, EVN invested a total of TEUR 834.9 for research and development with focus on Biomass Test Facility Dürnröhr – Biomass Pyrolysis, CO₂ deposition equipment Dürnröhr, solar energy project with Heliovis and TU-Vienna from November 2010, DEMO-Smart Metering, ARGE EEE (thermal E-Efficiency), ADRES (settlement that is self-sufficient in energy needs), MBS (multi-functional energy storage) and EmporA (electromobility).

Environment and sustainability

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

Risk management

Definition of risk

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

Risk management process

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

The risk controlling process consists of the following measures:

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

Tasks of the Risk Management Working Committee

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

Group Risk Committee and Controlling

Both the results of the risk inventory and the reports are presented to and discussed by the Group Risk Committee, which consists

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

Risk profile

Risks in the Energy business

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

Risks in the Environmental Services segment

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

Political and legal risks

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

Overall risk profile

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

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

Market and competitive risks

Price risk

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

→ Fixed pricing agreements, long-term procurement policy

Profit margin risk

Energy sales: failure to achieve profit margin targets

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

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

→ Lobbying with national and international regulatory authorities and interest groups

Counterparty risk

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

→ Contracts, insurance and diversification of the business partners

Supplier risk

Rising project costs from building up new production capacities

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

Financial risks

Foreign currency risk

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

Financing in JPY and CHF

→ Monitoring, limits and hedging instruments

Liquidity risk

Failure to repay financial liabilities on schedule

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

Equity investment risks

Non-fulfilment of the profit targets of an equity investment

→ Representation on the Supervisory Board of the respective equity investment

Rating changes

Higher refinancing costs resulting from rating downgrades

→ Ensuring compliance with key financial indicators

Interest rate risks

Changes in market rates, changes in the fair value of financial instruments subject to variable interest rates

→ Use of hedging instruments

Operating risks

Technology risks

Late identification and application of new technologies

→ Active participation in external research projects and ongoing adjustments to the state of the art

Infrastructure risks

Incorrect design and application of technical facilities

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

Technical complications at third-party facilities

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

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

Contract risks

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

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

Legal, political and macroeconomic risks

Regulatory framework/political risks

Changes in legal parameters (e.g. environmental laws or changing regulations in South East Europe)

→ Cooperation with interest groups, associations and government agencies on a regional, national and international level

Legal and litigation risks

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

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

Other risks

Granting of undue advantages

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

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

Project risks

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

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

Other risks

Employee risk

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

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

Co-investment risks

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

→ Contractual safeguards, efficient project management

Sabotage

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

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

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

Introduction

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

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

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

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

Controls

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

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

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

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

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

Risk assessment and risk management measures

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

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

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

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

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

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

Information, communication and monitoring

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

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

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

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

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

On 27 October 2010, i.e. after the balance sheet date, the Executive Board of EVN AG resolved to increase the capital from authorised capital, with the approval of the Supervisory Board, by issuing 16,352,582 new no-par bearer shares with subscription rights at a ratio of 10:1. The share capital rose from EUR 300.0m by 10.0% to EUR 330.0m through the capital increase. The subscription price per share was fixed at EUR 11.0 per share. The subscription period for the shareholders of EVN AG ran from 29 October 2010 to 12 November 2010 inclusive. EVN's net proceeds from the capital increase were about EUR 173.0m; it will use these funds to enhance its balance sheet and support the ratings of the EVN Group, as well as for investments in renewables

projects in Lower Austria and the expansion of hydropower both in areas of Austria other than Lower Austria and in neighbouring countries. The new shares were traded on the Vienna Stock Exchange for the first time on 2 November 2010. The majority shareholder, NÖ Landes-Beteiligungsholding GmbH, exercised its subscription rights in full such that its equity interest in the share capital of EVN AG remains 51.0% even after the capital increase. A total of 9,597,864 shares or 58.7% of the entire capital increase by 16,352,582 new shares were subscribed by shareholders entitled to do so, including the majority shareholder, NÖ Landes-Beteiligungsholding GmbH. A total of 129,875 new shares will be allocated to eligible employees, and 6,624,843 or 40.5% of all newly issued shares were thus placed with institutional investors at the time of pre-placement.

2. There are no restrictions on the voting rights above and beyond the general requirements of the Austrian Stock Corporation Act.
3. The acquisition of the treasury shares held as at the balance sheet date, in the amount of 467,328 shares (0.29% of share capital; 30 September 2009: 534,864 shares, or 0.33% of share capital) at a total purchase price of TEUR 7,022.9 and a market value of TEUR 5,350.9 as at the balance sheet date (30 September 2009: purchase price TEUR 8,037.8 and market value TEUR 7,316.9) was carried out entirely under the authority of the share buyback programme authorised by the 79th Annual General Meeting of EVN AG on 17 January 2008. This programme was terminated prematurely because a new share buyback programme was approved by the 80th Annual General Meeting of EVN AG on 15 January 2009. The new authorisation has not been exercised to date. In the financial year 2009/10 a total of 67,536 treasury shares were sold so that they could be issued in lieu of a special payment called for under a company agreement. The remaining shares are in free float.

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

4. No shares with special control rights were issued.
5. Employees who own shares may exercise their voting rights at the Annual General Meeting.
6. The Executive Board consists of three members appointed and dismissed by the Supervisory Board. In that connection, besides the requirements of the Austrian Stock Corporation Act, EVN must comply in particular with the Austrian law governing the filling of positions, which stipulates that job vacancies must be publicly advertised. The Supervisory Board consists of a minimum of ten and a maximum of fifteen members elected by the Annual General Meeting. They are elected for the longest period permitted under the Austrian Stock Corporation Act.
7. The Annual General Meeting on 21 January 2010 authorised the Executive Board, for a period of no more than five years from the date on which the given amendment of the company's Articles of Association is recorded, to increase the company's share capital by up to EUR 30,000,000, if necessary in several tranches, by issuing up to 16,352,582 new no-par bearer shares in return for contributions in cash and/or in kind and to determine the respective exercise terms, issue price and issue conditions – in each case with the Supervisory Board's approval – provided that the equity interest of NÖ Landes-Beteiligungsholding GmbH in EVN AG does not fall below 51% of the share capital of EVN AG even after the capital increase; § 2 of the Austrian Federal Constitutional Law, which governs the ownership structure of companies in the Austrian electricity sector (Austrian Federal Gazette I 143/1998) and § 1 of the Lower Austrian law governing the province's equity stakes in utility companies (NÖ Landesbeteiligungsgesetz, Lower Austrian Gazette 3930-0). The Executive Board made use of this authorisation after the balance sheet day (see page 30).
8. The company is not party to any agreements regarding a change of control in the event of takeovers.
9. There are no severance agreements to the benefit of the members of any corporate bodies or employees in the event of a public takeover offer.

Outlook for the 2010/11 financial year

The success of the EVN Group in the Energy business depends primarily on the wholesale prices for electricity in the European spot and forward markets as well as on the prices for primary energy and CO₂ emission certificates. The development of outdoor temperatures also influences energy sales volume. The decline in the prices for primary energy have made it possible to return the price increases for natural gas to end customers in Lower Austria that took place end of 2009 in full by means of two price reductions during the 2008/09 financial year and a third one effective 1 December 2009. Electricity prices for end customers have remained stable in Lower Austria. Effective 1 January 2010, the regulatory authority in Macedonia raised the sales prices for electricity by about 10.0%; EVN Macedonia was entitled to about 51.0% of the total increase. Effective 1 July 2010, the Bulgarian regulatory authority raised end customer prices by 2.0% and the prices for energy procurement relevant to EVN by about 8.0%.

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

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

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

EVN plans to maintain investments in intangible assets and property, plant and equipment at the previous year's level during the 2010/11 financial year. As before, these investments will be focused on the Network Infrastructure Austria segment and the Energy Supply South East Europe segment. Investments in Lower Austria's electricity and gas networks will be kept at a high level in order to ensure reliable and secure energy supplies in the face of growing demand. The investment programme to modernise the networks in South Eastern Europe and expand the co-generation plant in Plovdiv will continue.

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

Maria Enzersdorf, 22 November 2010
 EVN AG
 The Executive Board



Burkhard Hofer
 Spokesman of the Executive Board



Peter Layr
 Member of the Executive Board



Herbert Pötttschacher
 Member of the Executive Board

Segment Reporting

Overview

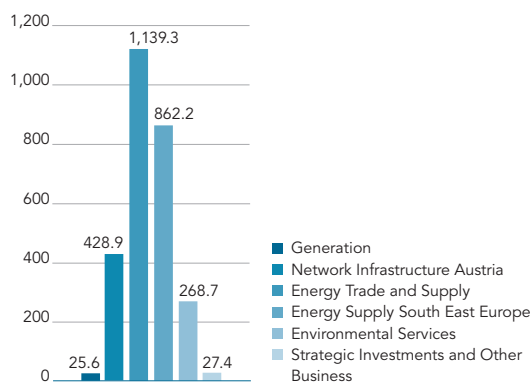
EVN's Group structure encompasses the Energy business, the Environmental Services business as well as Strategic Investments and Other Business. In regional terms, the Energy business comprises EVN's activities in Austria, Germany, in Bulgaria, Macedonia, Albania and Croatia. In functional terms, the electricity and heating activities of the Energy business covers the entire value chain from generation and transmission all the way to networks and supply whilst the natural gas business encompasses the value added stages transmission and networks. The product portfolio consisting of electricity, natural gas and heating is supplemented by the activities of its subsidiaries in related areas as well as in regional cable TV and telecommunications services. The Environmental Services business encompasses EVN's activities in the areas of drinking water, wastewater treatment and waste incineration in 15 countries.

Taking the requirements of IFRS 8 "Business Segments" into account – which must be applied from the 2009/10 financial year – henceforth the operating segments will be identified solely on the basis of EVN's internal organisational and reporting structure. EVN's segment reporting has been adjusted to that end. Henceforth, the business units previously subsumed under the Energy segment will be represented as separate segments. The segment designations were adjusted in connection with these changes for the purpose of better delineating the contents of the segments (see consolidated notes, note 24. Segment reporting, page 67).

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

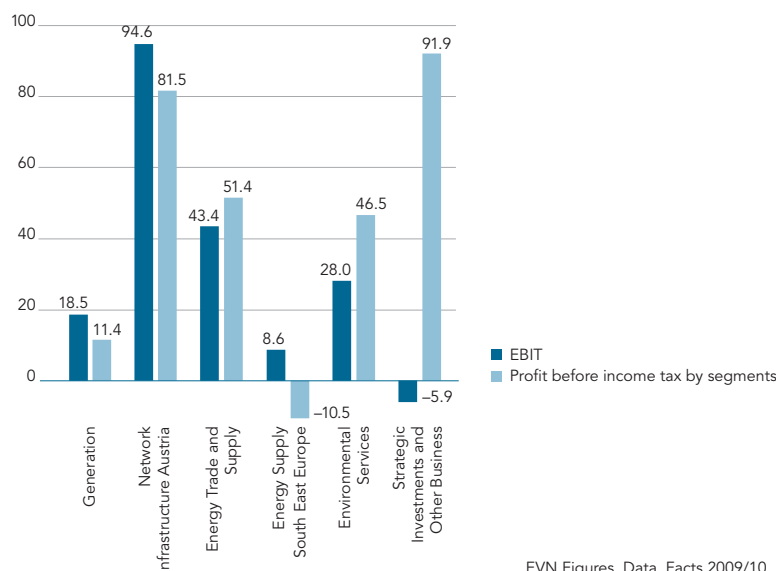
Revenue by segments

in EURm



EBIT and profit before income tax by segments

in EURm



Key energy business indicators	GWh	2009/10	2008/09	Change		2007/08
				nominal	in %	
Electricity generation volumes		3,653	3,477	175	5.0	4,022
Thermal energy sources¹⁾		2,352	2,211	142	6.4	2,722
Thereof Generation segment		2,185	2,031	154	7.6	2,566
Thereof Energy Trade and Supply segment		73	84	-11	-12.7	95
Thereof Energy Supply South East Europe segment		95	96	-1	-1.2	61
Renewable energy sources²⁾		1,300	1,267	34	2.7	1,300
Thereof Generation segment		1,118	1,166	-48	-4.1	1,202
Thereof Energy Trade and Supply segment		84	81	4	4.6	174
Thereof Energy Supply South East Europe segment		27	20	7	37.2	79
Thereof Environmental Services segment		70	-	70	-	-
Network distribution volumes						
Electricity		20,766	20,428	338	1.7	20,408
Thereof Austria		7,576	7,317	259	3.5	7,476
Thereof Bulgaria		7,977	7,861	116	1.5	7,945
Thereof Macedonia		5,213	5,250	-37	-0.7	4,987
Natural gas		18,525	17,159	1,366	8.0	18,818
Thereof network distribution volumes to EVN power stations		3,101	2,557	543	21.2	3,360
Energy sales volumes to end customers						
Electricity³⁾		20,101	19,541	560	2.9	19,372
Thereof Austria		6,445	6,311	134	2.1	6,478
Thereof Germany		572	226	346	-	-
Thereof Bulgaria		7,871	7,753	118	1.5	7,904
Thereof Macedonia		5,213	5,250	-37	-0.7	4,987
Natural gas		6,738	6,102	636	10.4	6,759
Heat		1,821	1,576	245	15.6	1,362
Thereof Austria		1,569	1,316	253	19.2	1,176
Thereof Bulgaria		253	260	-7	-2.8	186

1) Incl. cogeneration in Bulgaria in the Energy Supply South East Europe segment and in Austria in the Energy Trade and Supply segment, respectively. Revenues from such energy production are included in such respective segments.

2) Incl. bio-cogeneration in Austria in the Energy Trade and Supply segment, small hydropower plants in Macedonia in the Energy Supply South East Europe segment and a combined cycle heat and power cogeneration plant in Kurjanovo, Moscow, in the Environmental Services segment. Revenues from such energy production are included in such respective segments.

3) Incl. energy sales volumes to the Network Infrastructure Austria segment for losses from the power network

Below is a description of both the operating performance of what are now six segments and the effects of energy sector indicators on their development.

Generation

The Generation segment comprises the generation of electricity from thermal production capacities and renewable sources of energy in Austria, as well as projects related to future power-generating facilities in Germany, Bulgaria and Albania.

Segment revenue basically comprises intragroup revenue and a small amount of external revenue arising mainly from the sale of electricity from renewable wind power. The option value is recognised as intragroup revenue in connection with EVN AG's activities regarding the production of electricity by means of thermal power and the electricity procurement rights from Danube power plants. Basically, the option value is the price that the Generation segment receives for the utilisation of its power generation capacities by the Energy Trade and Supply segment in return for the marketing of the power generated. The calculations are performed in advance based on the targeted generation volume using forward prices and planned costs. Hence the current generation volume of EVN's own power generating capacities permits only limited conclusions as to the development of earnings. In contrast, the marketing of the power generated and the sourcing of primary energy are shown in the Energy Trade and Supply segment.

Key indicators	2009/10	2008/09	Change		2007/08
			nominal	in %	
Key energy business indicators	GWh				
Electricity generation volumes	3,303	3,197	105	3.3	3,768
Thereof thermal energy sources	2,185	2,031	154	7.6	2,566
Thereof renewable energy sources	1,118	1,166	-48	-4.1	1,202
Key financial indicators	EURm				
External revenue	25.6	30.1	-4.4	14.8	29.5
Internal revenue	93.0	116.0	-23.0	-19.8	95.1
Total revenue	118.6	146.1	-27.5	-18.8	124.6
Operating expenses	-66.2	-61.9	-4.3	-7.0	-55.5
EBITDA	52.5	84.2	-31.8	-37.7	69.1
Depreciation and amortisation	-34.0	-21.3	-12.7	-59.5	-21.2
Results from operating activities (EBIT)	18.5	62.9	-44.5	-70.7	47.9
Financial results	-7.1	-6.5	-0.5	-8.2	-4.3
Profit before income tax	11.4	56.4	-45.0	-79.8	43.6
Total assets	458.0	436.5	21.5	4.9	375.1
Total liabilities	258.5	224.0	34.5	15.4	192.6
Investments ¹⁾	48.9	63.4	-14.5	-22.9	32.3

1) In intangible assets and property, plant and equipment

The amount of electricity generated in the 2009/10 financial year rose by 3.3% or 105 GWh to 3,303 GWh. This positive change is solely attributable to the increase in electricity produced by the thermal power stations, which climbed by 7.6% or 154 GWh to 2,185 GWh relative to the previous year's low level. In contrast, the amount of electricity generated from renewable energy sources fell by 4.1% or 48 GWh to 1,118 GWh. The generation of electricity from wind power and hydropower declined due to less favourable wind conditions and lower water flow conditions.

Owing to these developments, groupwide the total coverage ratio of electricity from own production rose from 17.8% the previous year to 18.2% in the 2009/10 financial year. This also contains the power generation capacities of the segments Energy Trade and Supply, Energy Supply South East Europe and Environmental Services. The coverage ratio of electricity from own production was 52.1% (previous year: 53.2%) excluding the energy sales in the Energy Supply South East Europe segment.

The revenue of the thermal power stations fell by EUR 15.5m because the period used for determining the option value for the financial year 2009/10 was characterised by declining electricity prices. The revenue from renewables was also lower due to the downturn in the amount of electricity generated and lower sales prices, respectively. On balance, revenue fell from 18.8% or EUR 27.5m to EUR 118.6m.

In the area of operating expenses the slight decrease in operating costs was not sufficient to make up for the increase in all other expense items. Particularly higher personnel expenses raised operating expenses and lowered EBITDA by 37.7% or EUR 31.8m to EUR 52.5m. The impairment loss of EUR 10.7m recognised for the Kavarna wind park caused an even greater decline in EBIT by 70.7% or EUR 44.5m to EUR 18.5m. On balance, profit before tax dropped by 79.8% or EUR 45.0m to EUR 11.4m due to the slight decrease in financial results.

A total of EUR 32.4m were expended for the construction of the Kavarna wind park in Bulgaria – a major portion of the segment's total investments. A photovoltaics park came on stream in Blatets, Bulgaria, in May 2010; with a total output of 836.7 kWp it is EVN's most powerful photovoltaics plant. On balance, about EUR 3.0m were invested in this contribution to climate protection.

The start-up of a tubular belt conveyor system with a length of 3.2 km in March 2010 marked the completion of an important investment project in ecological terms. This conveyor system serves to deliver 50% of the fuel needed for the Dürnröhr power plant via an environmentally friendly waterway from the bank of the Danube River directly to the power plant using the coated conveyor belt.

EVN and VERBUND AG signed a syndicate agreement on 20 April 2010 regarding a 50% stake in the Albanian Ashta hydropower plant that is to be built in Northern Albania by 2012. The syndicate agreement took legal effect on 27 August 2010 once it had been approved by both the Albanian and the European authorities. The power plant on the Drin River will have a capacity of 50 MW thanks to its two-stage barrage system. The estimated investment volume is EUR 200m.

On 16 May 2010, Alpine Bau GmbH withdrew from the project which is pursued jointly by EVN and NEK EAD for erecting hydro-power plants on the Arda River in Bulgaria. As a result, EVN will develop the project jointly with the state-owned Bulgarian electricity company, NEK EAD. EVN and NEK EAD signed the respective joint venture agreement on 19 July 2010. Storage power plants with a total output of up to 170 MW shall be built in several construction stages. The project is in the evaluation phase.

The completion of the coal power plant that is being built in cooperation with Evonik Steag GmbH in Duisburg-Walsum, Germany, will be delayed owing to repairs necessary for eliminating damage caused during construction such that the operational launch is now envisioned for the first half of 2011.

EVN expects its power generation capacities from thermal sources to grow in the 2010/11 financial year once the hard coal-fired power plant in Duisburg-Walsum, which is being built jointly with Evonik Steag GmbH, is started up in mid-2011. EVN has an equity stake of 49.0% in this project and consolidates the project company at equity. EVN will market the electricity generated by this plant and recognise the revenue in operating result. Current trends in the development of primary energy costs and wholesale electricity prices, however, will depress earnings in the Generation segment. The hydropower projects on the Devoll River in Albania and the Arda River in Bulgaria are in the evaluation phase; the implementation of the Ashta hydropower plant in Albania is proceeding as planned. EVN is currently reviewing in detail whether to expand its renewable energy projects in South Eastern Europe and Lower Austria. The investment volume in the 2010/11 financial year will be comparable to that in the current year.

Network Infrastructure Austria

The Network Infrastructure Austria segment encompasses the operation of the regional electricity and natural gas networks as well as the networks for cable TV and telecommunications in Lower Austria and since the second quarter of the 2008/09 financial year in Burgenland as well. In addition, this segment also provides intragroup services – especially in connection with construction activities – that are recognised as intragroup revenue.

Key indicators	2009/10	2008/09	Change		2007/08
			nominal	in %	
Key energy business indicators	GWh				
Network distribution volumes					
Electricity	7,576	7,317	259	3.5	7,476
Natural gas	18,525	17,159	1,366	8.0	18,818
Key financial indicators	EURm				
External revenue	428.9	404.8	24.1	5.9	419.0
Internal revenue	60.0	63.0	-3.0	-4.7	55.6
Total revenue	488.9	467.9	21.1	4.5	474.7
Operating expenses	-297.5	-308.7	11.2	3.6	-327.4
EBITDA	191.4	159.1	32.3	20.3	147.3
Depreciation and amortisation	-96.8	-93.0	-3.8	-4.1	-89.3
Results from operating activities (EBIT)	94.6	66.2	28.5	43.0	58.0
Financial results	-13.2	-13.8	0.6	4.3	-15.0
Profit before income tax	81.5	52.4	29.1	55.5	43.1
Total assets	1,620.7	1,547.7	73.0	4.7	1,442.9
Total liabilities	1,093.4	1,076.9	16.6	1.5	1,000.9
Investments ¹⁾	156.5	161.5	-5.0	-3.1	140.0

1) In intangible assets and property, plant and equipment

Network tariffs for electricity and natural gas are adjusted annually on 1 January pursuant to the incentive regulatory system by means of a resolution of the E-Control Commission. As at 1 January 2010, the electricity network tariffs were reduced by 2.0% on average (they had risen by 1.0% as at 1 January 2009), and the natural gas network tariffs were raised by 8.2% on average (compared to the increase of 7.3% on average effective 1 January 2009).

Network distribution volumes for electricity and natural gas to both industrial and private customers rose on account of the weather. At 7,576 GWh, the electricity network distribution volume was up 3.5% or 259 GWh over the previous year because weather-driven

demand climbed by 11.7 percentage points. The natural gas distribution volume rose 8.0% or 1,366 GWh to 18,525 GWh because this area responds more strongly to weather conditions. This development was also influenced by the expanded use of natural gas power plants.

Given these developments in the energy sector, network revenue rose by 5.7% or EUR 20.6m to EUR 381.6m. On the whole, the above-mentioned adjustments of the network tariffs had a positive effect besides largely temperature-driven volume effects. The first-time full-year consolidation of B.net boosted revenue by EUR 7.2m, thus making a substantial contribution to the development of revenue in the cable TV and telecommunications business. Lower intragroup services reduced the other revenue. On balance, however, segment revenue rose by 4.5% or EUR 21.1m to EUR 488.9m.

The gains in both EBIT and EBITDA surpassed the improvement in revenue due to the declines in almost all operating items. In particular, the lower costs for network losses and balance energy due to declining market prices for electricity as well as the downturn in the cost of materials and personnel reduced operating expenses by 3.6% or EUR 11.2m to EUR 297.5m, the positive one-off effect from the disposal of plant, property and equipment the previous year notwithstanding. As a result, EBITDA rose by 20.3% or EUR 32.3m to EUR 191.4m and EBIT by 43.0% or EUR 28.5m to EUR 94.6m, taking higher depreciation and amortisation into account. In the financial results, the decrease in interest expense resulting from lower interest rates stood in contrast to a negative impact of EUR 0.7m related to investments, leading to profit before tax of EUR 81.5m.

A 380 kV pipeline between Etzersdorf and Theiß came on stream in October 2009 in order to further improve energy supply reliability in Lower Austria and further integrate the Theiß power plant into the high-voltage network. The new 110 kV Eibesbrunn-Gänserndorf power line with a length of 18 km for the transmission of energy from wind power was also completed in the first quarter of the 2009/10 financial year.

Investment activity was dominated by the segment's currently most significant construction project – the construction of the southern section ("Südschiene") of the transregional natural gas transport pipeline for which EUR 51.2m were expended during the reporting period. The first part of the Gänserndorf-Peisching/Hohe Wand section with a length of about 90 km was made operational at the end of September 2010. Preparations for the Western section ("Westeschiene"), for which EUR 8.7m were invested during the reporting period, are on target; construction is slated to begin after the winter.

An additional EUR 80.9m were invested in other projects related to electricity and natural gas, with a focus on energy supply reliability and quality as well as network modernisation. Investments in the cable TV and telecommunications business served to boost the density of the networks and upgrade them. On the whole, EUR 156.5m were invested in the Network Infrastructure Austria segment during the 2009/10 financial year; corresponding to a decline of 3.1% or EUR 5.0m from the same period of the previous year.

The second four-year regulatory period for the electricity network started on 1 January 2010. The parameters of the first period were slightly adjusted and new incentives introduced (see Regulatory environment in Austria, page 14). The network area is expected to generate slightly lower sales in the 2010/11 financial year, assuming average outdoor temperatures. Earnings might be comparable to the previous year, however, thanks to further internal optimisation measures and cost savings. Revenue and earnings in cable TV and telecommunications are expected to remain stable. EVN's electricity networks are modernised on an ongoing basis and will grow in terms of new customer connections; the investment volume in the 2010/11 financial year will surpass that of the current financial year. Investments in the natural gas network will continue to rise especially due to the construction of the Southern and Western section of the transregional natural gas transport pipeline.

Energy Trade and Supply

The Energy Trade and Supply segment encompasses the sourcing of electricity, natural gas and primary energy, the trading and selling of electricity and natural gas to end customers and in wholesale markets as well as the production and sale of heating – mainly in the Austrian domestic market.

Intragroup revenue basically comprises the sale of electricity to the Network Infrastructure Austria segment for purposes of compensating for network losses.

Key indicators	2009/10	2008/09	Change		2007/08
			nominal	in %	
Energy business key indicators	GWh				
Energy sales volumes to end customers					
Electricity	7,017	6,538	480	7.3	6,478
Natural gas	6,738	6,102	636	10.4	6,759
Heat	1,569	1,316	253	19.2	1,176
Key financial indicators	EURm				
External revenue	1,139.3	1,147.1	-7.8	-0.7	979.5
Internal revenue	47.9	42.7	5.2	12.2	19.5
Total revenue	1,187.2	1,189.8	-2.6	-0.2	999.0
Operating expenses	-1,130.0	-1,156.4	26.5	2.3	-955.4
EBITDA	57.3	33.4	23.9	71.6	43.7
Depreciation and amortisation	-13.9	-10.8	-3.1	-28.7	-10.9
Results from operating activities (EBIT)	43.4	22.6	20.8	92.2	32.8
Financial results	8.0	10.4	-2.3	-22.3	10.9
Profit before income tax	51.4	32.9	18.5	56.2	43.7
Total assets	665.0	627.0	38.0	6.1	623.7
Total liabilities	367.8	373.4	-5.6	-1.5	409.4
Investments ¹⁾	21.5	32.5	-11.0	-33.9	20.6

1) In intangible assets and property, plant and equipment

EVN succeeded in boosting sales to end customers all across the energy business during the 2009/10 financial year. The enhanced marketing activities of Energieallianz outside of the region supplied by EVN – especially in Germany – primarily accounted for the increase in electricity sales by 7.3% or 480 GWh to 7,017 GW has did the rising sale volumes in Lower Austria as well as network loss deliveries to the Network Infrastructure Austria segment. As usual, the colder temperatures had an effect on sales of natural gas during the period under review, sparking an increase in the sale of natural gas to end customers by 10.4% or 636 GWh to 6,738 GWh. The increase in heating sales by 19.2% or 253 GWh to 1,569 GWh was also driven by weather conditions, as well as by the deliveries of heat to Agrana's bioethanol plant as well as the start-up of the Sankt Pölten district heating transmission pipeline.

Declining primary energy prices for natural gas allowed EVN to pass the resulting benefits on to its end customers yet again. After lowering its gas prices in both January and March 2009, EVN reduced the gas prices yet again by about 7.0% effective 1 December 2009.

Due to the negative development of electricity prices revenue was lower despite higher output of the electricity power plants. The reductions in prices for both electricity and natural gas also had a negative impact on the development of revenue. Higher sales volumes thus did not carry over to the segment's revenue, causing it to decline slightly by 0.2% or EUR 2.6m to EUR 1,187.2m. After deducting the operating expenses – which were influenced primarily by lower procurement prices for primary energy and electricity as well as a one-off effect the previous year arising from a necessary write-down of coal inventories – EBITDA, which had been unusually low the previous year, rose by EUR 23.9m to EUR 57.3m. After adjusting for higher depreciation and amortisation, EBIT rose by 20.8m to EUR 43.4m. The financial results fell by 22.3% or EUR 2.3m to EUR 8.0m due to the lower contribution of EconGas and the cost of financing the construction of the heating plants. At EUR 51.4m, profit before income tax was 56.2% or EUR 18.5m higher year on year.

The start-up of Austria's longest district heating transmission pipeline marked the successful completion of the segment's key project in the first quarter of the 2009/10 financial year. EVN had been supplying the regional capital, Sankt Pölten, with district heat from the Dürnröhr power plant since October 1, 2009; just under 149.0 GWh of district heat were already delivered in the 2009/10 financial year. At an output of 50 MW, the targeted performance was already surpassed by more than 20.0% during the winter months. Investments dropped substantially by EUR 11.0m to EUR 21.5m compared to the previous year because of completion of this project.

EVN's 50th biomass heating plant, which supplies the municipalities of Ternitz, Neunkirchen and Wimpassing with heat generated through biomass, started the operation in September 2010. At a length of 24 km, the district heating system supplies about 4,500 households. The investments were about EUR 17.5m.

Assuming average temperatures, sales of both natural gas and heat are expected to decline somewhat in the 2010/11 financial year relative to the previous year, which was much colder. Sales in the electricity market are expected to remain stable because the electricity generated by the hard coal-fired power plant in Duisburg-Walsum will be sold for the first time starting in mid-2011. In sum, revenue in the Energy Trade and Supply segment is expected to decline slightly whilst earnings are expected to rise slightly due to the reduction in the procurement prices for electricity and natural gas. Investments in heating are slated to increase during the 2010/11 financial year owing to the planned biomass plant and the expansion of existing district heating systems.

Energy Supply South East Europe

The Energy Supply South East Europe segment encompasses the operation of electricity networks and the sale of electricity to end customers in Bulgaria and Macedonia, the generation and sale of heat in Bulgaria as well as energy trading throughout the region. This segment also includes the project company responsible for building the natural gas networks in Croatia, specifically, Split, Zadar and Sibenik.

Key indicators	2009/10	2008/09	Change		2007/08
			nominal	in %	
Key energy business indicators	GWh				
Network distribution volumes¹⁾	13,189	13,111	78	0.6	12,932
Thereof Bulgaria	7,977	7,861	116	1.5	7,945
Thereof Macedonia	5,213	5,250	-37	-0.7	4,987
Heat sales volumes to end customers	253	260	-7	-2.8	186
Key financial indicators	EURm				
External revenue	862.2	877.3	-15.1	-1.7	754.3
Internal revenue	-	1.4	-1.4	-	-
Total revenue	862.2	878.7	-16.4	-1.9	754.3
Operating expenses	-793.2	-813.8	20.5	2.5	-678.4
EBITDA	69.0	64.9	4.1	6.3	75.9
Depreciation and amortisation	-60.4	-57.9	-2.5	-4.4	-59.4
Results from operating activities (EBIT)	8.6	7.1	1.6	22.3	16.5
Financial results	-19.1	-25.5	6.4	25.1	-22.8
Profit before income tax	-10.5	-18.4	8.0	43.2	-6.3
Total assets	1,089.7	1,037.5	52.2	5.0	1,003.8
Total liabilities	768.0	712.6	55.4	7.8	661.9
Investments ²⁾	100.7	104.8	-4.1	-4.0	153.2

1) In Bulgaria and Macedonia energy sales volumes fairly equal present network distribution volumes.

2) In intangible assets and property, plant and equipment

In Bulgaria, a change in the structure of tariffs effective 1 July 2010 led to a change in the presentation of the price components related to the high-voltage network such that they are no longer included in EVN. This decreased both revenue and procurement costs. The resulting effect in the fourth quarter of the 2009/10 financial year was about EUR 28.0m but it did not affect earnings.

The South East European supply region of EVN was buffeted by contradictory developments in the energy sector during the 2009/10 financial year. Whilst electricity sales in Bulgaria rose by 1.5% or 116 GWh to 7,977 GWh due to successful investments aimed at reducing network losses despite the 21.5 percentage points decline in heating degree, electricity sales in Macedonia dropped slightly

by 0.7% or 37 GWh to 5,213 GWh despite the colder weather (heating degree were 3.8 percentage points higher year on year). At 253 GWh, heating sales in Bulgaria were 2.8% or 7.0 GWh lower year on year.

Also pricing decisions had contrary effects on the development of revenue in Bulgaria and Macedonia. Revenue was about 5.8% lower year on year despite higher electricity sales due to both the changed presentation of the revenue and the reduction in end customer prices by about 1.0%. The development in Macedonia, in contrast, was positive, given the positive decision to raise electricity prices by about 10.0%; EVN Macedonia was entitled to about 51.0% of the increase. The negative volume effect was more than offset by the positive price effect, causing revenue in Macedonia to rise by 5.0%. On balance, however, the downturn in revenue in Bulgaria dominates the picture such that the segment's revenue fell by 1.9% or EUR 16.4m to EUR 862.2m.

Despite the increase in personnel expenses and write-offs of receivables, the segment's result was affected in a positive way especially by lower energy procurement costs – in particular the changed presentation in Bulgaria – thus more than compensating for the negative development of revenue. EBITDA rose by 6.3% or EUR 4.1m, to EUR 69.0m, and EBIT climbed by 22.3% or EUR 1.6m to EUR 8.6m despite higher depreciation and amortisation. The improvement in the financial results from EUR –25.5m to EUR –19.1m stems from the lower interest rates and one-off charges the previous year. On balance, profit before income tax soared by 43.2% or EUR 8.0m to EUR –10.5m.

At EUR 100.7m, the investment volume was EUR 4.1m lower year on year, serving primarily to expand the network infrastructure and replace meters in order to improve energy supply reliability and quality as well as to reduce network losses in the long term.

The construction work for the new co-generation plant at the TEZ Plovdiv district heating site with a capacity of 50 MW and a planned investment volume of about EUR 50.0m has been in full swing since mid-July 2010; it is scheduled to come on stream in December 2011.

The economy of South East Europe is expected to recover in the 2010/11 financial year. As before, the demand for energy in the medium term will be contingent on economic growth that exceeds the average European growth rate. The restructuring phase in Bulgaria has largely been completed. Further reduce of network losses is targeted at during the optimisation phase. A comprehensive optimisation project was prepared in order to counteract the price decisions of the Bulgarian regulatory authority effective 1 July 2010 that were disadvantageous for EVN's companies.

Against the backdrop of the international request for arbitration that EVN AG filed against the Macedonian government on 8 May 2009 in order to protect its investments, the Macedonian government and EVN agreed on 28 July 2010 to systematically seek a joint solution to all open issues and problems between the two parties. The definition of criteria and the determination of a timeline for implementing this agreement shall enable intensive bilateral negotiations between the two parties over the next few months with the aim of creating a win-win situation for the government, Macedonia's citizens as well as EVN and thus create greater trust. Macedonia is currently working to harmonise its energy law with the EU's internal market directive in accordance with the requirements of the EU and the Energy Community as well as to amend the law based on the cost coverage principle. The government submitted the energy law that it had prepared to the parliament in September 2010.

On balance, EVN expects revenue to increase slightly and earnings to remain stable in South Eastern Europe during the 2010/11 financial year. Investments will rise slightly year on year due to the construction of the co-generation plant in Plovdiv, Bulgaria, and the construction of the natural gas networks in Zadar and Split, Croatia.

Environmental Services

The Environmental Services segment encompasses drinking water, wastewater disposal and waste incineration activities in EVN's domestic market as well as the international project business in 15 countries of Central, Eastern and South Eastern Europe.

Key indicators	EURm	2009/10	2008/09	Change		2007/08
				nominal	in %	
External revenue		268.7	236.1	32.6	13.8	184.6
Internal revenue		16.7	11.3	5.4	48.2	11,1
Total revenue		285.4	247.3	38.1	15.4	195.7
Operating expenses		-233.1	-205.3	-27.8	-13.5	-156.1
EBITDA		52.3	42.0	10.3	24.5	39.6
Depreciation and amortisation		-24.3	-14.5	-9.8	-68.0	-14.2
Results from operating activities (EBIT)		28.0	27.5	0.5	1.7	25.4
Financial results		18.5	17.5	1.0	5.7	17.9
Profit before income tax		46.5	45.1	1.5	3.3	43.3
Total assets		1,345.2	1,135.4	209.8	18.5	1,083.8
Total liabilities		1,004.5	833.9	170.7	20.5	801.0
Investments ¹⁾		68.6	67.4	1.1	1.7	67.9

1) In intangible assets and property, plant and equipment

Segment revenue rose by 15.4% or EUR 38.1m to EUR 285.4m in the 2009/10 financial year. The ongoing operations of the Dürnrrohr waste incineration plant and the completion of its expansion by a third line of the waste incineration facility accounted mainly for this improvement in revenue. In the project business, projects' higher or initial contributions to revenue – especially from the sodium hypochlorite and waste incineration plant MSZ 1 in Moscow as well as the sewage disposal facility in Budva, Montenegro – had positive effects. Revenue in the domestic drinking water supply business remained stable.

Operating expenses in the segment rose by 13.5% or EUR 27.8m to EUR 233.1m. Primarily due to the start-up of third line of the waste incineration facility and the increase in project activity, triggered increases especially in material, operating and personnel costs. The increase of write-offs of receivables resulting from the insolvency of a major client in the waste treatment business had a negative impact. On balance, the increase in revenue did not carry over in full to EBITDA which, at EUR 52.3m, still surpassed the previous year's level by 24.5% or EUR 10.3m. The expansion of the Dürnrrohr plant by the third line and the start-up of the co-generation plant in Kurjanovo, Moscow, Russia, increased depreciation and amortisation; at EUR 28.0m, EBIT thus surpassed the previous year's level by a mere 1.7% or EUR 0.5m.

Financial results improved by 5.7% or EUR 1.0m to EUR 18.5m. The rise in the contribution to earnings by the wastewater treatment plant in Zagreb was contrasted by declining interest income from BOOT projects. Profit before income tax thus rose by 3.3% or EUR 1.5m to EUR 46.5m.

In October 2009, EVN was awarded a contract to plan and build two wastewater treatment plants for Famagusta and Morphou, in Cyprus. The projects are being financed by the European Commission; possession of the turnkey facilities with a total project volume of EUR 11.4m and a total capacity of 44,250 population equivalents will be transferred within 24 months.

In early February 2010, EVN signed a contract for the construction and subsequent ten-year operation of the wastewater purification plant in North Nicosia, Cyprus, as part of a consortium with a local construction company. At a project volume of EUR 45.0m, the facility will have a capacity of 30,000 m³ per day or about 270,000 population equivalents and be completed within a period of 27 months. A sludge treatment plant serving to produce biomass will also be built in that connection.

The Pomorzany wastewater purification plant in Stettin, Poland, was started up on 14 May 2010. In its capacity as the consortium's lead manager, EVN was responsible for planning, implementation and start-up of the turnkey facilities. The plant is designed for 400,000 population equivalents; it also encompasses a sludge drying and incineration plant.

Again in its capacity as the consortium's lead manager, EVN completed a wastewater purification plant in Istanbul, Turkey, for EUR 2.0m inhabitants with a total volume of EUR 108.5m and started operating the plant in June 2010.

In December 2009, EVN was awarded a contract for building yet another waste incineration plant in Moscow. The city of Moscow and EVN signed a contract in June 2010 that fixes the plant's final capacity at 700,000 tons per year. The project, which has a total volume of EUR 707.7m, is based on the BOOT model. Accordingly, EVN will be responsible for financing, building and operating the plant for a period of 12 years after its completion.

After a construction period of only 22 months, a newly built wastewater purification plant for the city of Tulln was started up in February 2010. The project is to be implemented in two stages. The first stage, which has been launched by now, will clean the wastewater of 22,500 population equivalents by fully biological means. The city of Tulln will pay a total of EUR 11.5m in construction costs for the plant.

Given the large order volume in excess of EUR 1.2b as at 30 September 2010, the Environmental Services segment should be able to continue its growth trajectory in the 2010/11 financial year. In large part, the increase in revenue will come from international BOOT projects currently under construction. Additional acquisitions of major projects in Central, Eastern and South Eastern Europe are planned. The waste incineration business in Lower Austria is not yet expected to recover in the 2010/11 financial year in terms of either volume or prices. Following the start-up of line 3 of the Dürnrrohr/Zwentendorf waste incineration plant in early 2010, investments will be substantially lower year on year.

Strategic Investments and Other Business

The Strategic Investments and Other Business segment basically encompasses EVN's investments in RAG, BEGAS, BEWAG and VERBUND AG. Key intragroup services as well as companies outside of EVN's core business that provide mainly intragroup services within EVN are also classified to this segment.

Key indicators	EURm	2009/10	2008/09	Changes		2007/08
				nominal	in %	
External revenue		27.4	31.6	-4.3	-13.5	30.1
Internal revenue		64.0	55.4	8.6	15.6	56.8
Total revenue		91.4	87.0	4.3	5.0	87.0
Operating expenses		-95.4	-96.2	0.8	-0.9	-99.1
EBITDA		-4.1	-9.2	5.2	-56.0	-12.1
Depreciation and amortisation		-1.8	-1.9	0.1	-2.9	-1.8
Results from operating activities (EBIT)		-5.9	-11.1	5.2	-47.1	-13.9
Financial results		97.7	73.1	24.6	33.6	87.3
Profit before income tax		91.9	62.0	29.8	48.1	73.4
Total assets		2,854.2	2,943.4	-89.1	-3.0	3,136.7
Total liabilities		1,427.1	1,291.4	135.7	10.5	1,303.6
Invesments ¹⁾		1.6	1.1	0.5	41.3	1.6

1) In intangible assets and property, plant and equipment

The segment's profit before income tax is affected primarily by financial results, which developed along a highly positive trajectory in the 2009/10 financial year and comprised the following:

Financial results	EURm	2009/10	2008/09	Change		2007/08
				nominal	in	
Income from investments						
RAG ¹⁾		44.3	32.2	12.1	37.6	83.0
BEWAG; BEGAS ²⁾		-3.1	-3.4	0.3	9.4	-2.2
Other companies		0.1	0.1	-	33.6	-4.6
Income from investments in equity accounted investees		41.3	28.9	12.4	43.1	76.1
Dividend payments		55.6	49.9	5.7	11.4	46.5
VERBUND AG		50.1	42.1	8.0	19.0	35.6
Other companies		5.4	7.8	-2.4	-30.2	10.9
Write-down		-0.4	-	-0.4	-	-
Gain from other investments		55.2	49.9	5.3	10.6	46.5
Total income from investments		96.5	78.8	17.8	22.5	122.6
Total interest results		2.7	-0.9	3.5	-403.5	-2.3
Total other financial results		-1.5	-4.8	3.3	69.3	-33.0
Financial results		97.7	73.1	24.6	33.6	87.3

1) Indirectly held through RBG

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

The substantial increase by EUR 17.8m in net income from investments was largely due to the increase in the contribution to income by RAG in the amount of EUR 12.1m and by VERBUND AG in the amount of EUR 8.0m. Whilst the contributions by BEWAG and BEGAS improved, they remained negative overall.

At EUR 2.7m, the interest result rose substantially over the previous year's level of EUR -0.9m. Given low interest rates, lower interest income from current investments was contrasted by lower interest expense. The other financial results, which was negatively impacted by the financial and economic crisis in the previous year due to changes in fair value, improved from EUR -4.8m to EUR -1.5m in the 2009/10 financial year.

On balance, the financial result rose by 33.6% or EUR 24.6m to EUR 97.7m. In turn, this sparked an increase in profit before income tax by 48.1% or EUR 29.8m to EUR 91.9m.

We aim to achieve outcomes in the 2010/11 financial year in the Strategic Investments and Other Business segment that are comparable to the 2009/10 financial year; yet this forecast is highly dependent on the development of the primary energy and electricity prices at EVN's investments, RAG and VERBUND AG.

Consolidated Financial Statements for 2009/10

According to International Financial Reporting Standards

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Consolidated Statements of Financial Position

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

Consolidated Statements of Operations

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

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

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

3) Proposal to the Annual General Meeting

Consolidated Statements of Comprehensive Income

	TEUR	2009/10	2008/09
Profit for the period¹⁾		228,719.7	198,009.4
Pre-tax gains (+) or losses (-) recognised directly in equity from			
Foreign currency translation differences for foreign operations		-98.8	-5,538.9
Net change in fair value of other investments		-330,913.7	-345,257.7
Net change in fair value of cash flow hedges		5,826.8	-7,507.4
Share of changes in gains and losses recognised directly in equity of investments in equity accounted investees		-5,430.9	-24,674.9
Total pre-tax gains (+) or losses (-) recognised directly in equity		-330,616.6	-382,979.0
Income tax expenses ²⁾		81,249.0	88,266.5
Total after-tax gains (+) or losses (-) recognised directly in equity		-249,367.6	-294,712.5
Comprehensive income		-20,647.9	-96,703.0
Thereof profit attributable to EVN AG shareholders (Group net profit)		-44,758.1	-114,155.6
Thereof profit attributable to non-controlling interests		24,110.1	17,452.6

1) A dividend payout of EUR 0.40 per share from the net profit for the period will be proposed to the Annual General Meeting.

2) Distribution of income tax expenses on total gains (+) or losses (-) is as follows: net change in fair value of other investments : 82,728.7 TEUR (previous year: 86,303.9 TEUR), net change in fair value of cash flow hedges: -1,479.7 TEUR (previous year: 1,962.6 TEUR).

Consolidated Statements of Cash Flows

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

Consolidated Statements of Changes in Equity

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

1) Incl. revaluation reserve according to IFRS 3 amounting to TEUR 7,050.6, which was shown separately in the previous financial year.

2) Effecting from the initial application of IFRIC 12 on a premature basis, leading to a change in the presentation of the projects carried out by the investments in equity accounted investees ZOV and ZOV UIP in the Environmental Services segment.

3) From the financial year 2008/09 on, RBG directly owns a 100.0% stake in RAG. In the spirit of ensuring a more transparent, more understandable presentation of RAG, from then on 100.0% of RAG were reported as share of profit of equity accounted investees, 49.97% of which will be assigned to non-controlling interests. Accordingly, in the financial year 2008/09 equity accounted investees increased, as well as non-controlling interests.

Segment Reporting

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

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

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

2) In intangible assets and property, plant and equipment

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

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

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

Consolidated Notes

Basis of Preparation

1. General

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

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

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

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

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

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

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

2. Reporting in accordance with IFRS

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

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

2. Standards and interpretations applied for the first time

Effective¹⁾

New Standards and Interpretations

IFRS 8	Operating Segments	1 January 2009
IFRIC 13	Customer Loyalty Programmes	1 January 2009
IFRIC 14	The Limit on Defined Benefit Asset Minimum Funding Requirements and their Interaction	1 January 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 July 2009

Revised Standards and Interpretations

IAS 1	Presentation of Financial Statements	1 January 2009
IAS 23	Borrowing Costs	1 January 2009
IAS 27	Consolidated and Separate Financial Statements	1 January/1 July 2009
IAS 32	Financial Instruments: Presentation	1 January 2009
IAS 39	Financial Instruments: Recognition and Measurement	1 November 2008/1 January/1 July 2009
IFRS 1	First-time Adoption of International Financial Reporting Standards	1 January 2009
IFRS 2	Share-based Payments	1 January 2009
IFRS 3	Business combinations	1 July 2009
IFRS 4	Insurance Contracts	1 January 2009
IFRS 7	Financial Instruments: Disclosure	1 November 2008/1 January 2009
IFRIC 9	Reassessment of Embedded Derivatives	1 January 2009
Several	Annual Improvements 2006–2008	1 January/1 July 2009

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

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

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

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

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

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

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

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

No new or amended standards or interpretations were applied early.

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

2. Standards and interpretations not yet effective

Effective

New Standards and Interpretations

IFRS 9	Financial Instruments	1 January 2013 ¹⁾
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2010 ²⁾
IFRIC 17	Distributions of Non-cash Assets to Owners	1 November 2009 ²⁾
IFRIC 18	Transfers of Assets from Customers	1 November 2009 ²⁾
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010 ²⁾

Revised Standards and Interpretations

IAS 10	Events after the Balance Sheet Date	1 November 2009 ²⁾
IAS 24	Related Party Disclosures	1 January 2011 ²⁾
IAS 32	Financial Instruments: Presentation	1 February 2010 ²⁾
IFRS 1	First-time Adoption of International Financial Reporting Standards	1 November 2009/1 January/1 July 2010 ²⁾
IFRS 2	Share-based Payments	1 January 2010 ²⁾
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 November 2009 ²⁾
IFRS 7	Financial Instruments: Disclosure	1 July 2010 ²⁾
IFRS 8	Operating Segments	1 January 2011 ²⁾
IFRIC 4	Determining Whether an Arrangement Contains a Lease	1 January 2010 ²⁾
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2011 ²⁾
Several	Annual Improvements 2007–2009	1 January 2010 ²⁾
Several	Annual Improvements 2010	1 January 2011 ¹⁾

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

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

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

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

Basis of Consolidation

3. Consolidation methods

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

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

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

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

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

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

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

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

4. Scope of Consolidation

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

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

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

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

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

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

Start-ups and first consolidation

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

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

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

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

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

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

Business combinations

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

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

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

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

Deconsolidation

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

5. Foreign currency translation 2009/10

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

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

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

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

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

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

1) Average on the last day of each month

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

Accounting policies

6. Intangible assets

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

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

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

7. Property, plant and equipment

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

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

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

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

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

7. Expected useful life of property, plant and equipment

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

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

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

8. Investments in equity accounted investees

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

9. Financial instruments

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

Primary financial instruments

The following measurement categories are applied by EVN:

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

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

9. Classes and measurement categories of primary financial instruments

Measurement category

Current assets

Other investments

Investments in affiliates	AFS
Miscellaneous investments	AFS

Other non-current assets

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

Current assets

Current receivables and other current assets

Trade and other receivables	LAR
Receivables arising from derivative transactions	Hedge Accounting

Securities

Cash and cash equivalents	
Cash on hand and cash at banks	LAR

Non-current liabilities

Non-current loans and borrowings

Bonds	FLAC
Bank loans	FLAC

Other non-current liabilities

Leases	FLAC
Accruals of financial transactions	FLAC
Other liabilities	FLAC
Liabilities arising from derivative transactions	Hedge Accounting

Current liabilities

Current loans and borrowings	FLAC
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Trade payables

	FLAC
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Other current liabilities

Other financial liabilities	FLAC
Liabilities arising from derivative transactions	Hedge Accounting

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

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

Derivative financial instruments

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

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

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

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

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

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

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

The forward and futures contracts concluded by EVN for the purchase or sale of electricity and CO₂ emission certificates serve to hedge purchase prices for expected electricity deliveries or CO₂ emission certificates as well as the sale prices for planned electricity production. Given that they lead to physical deliveries, these contracts do not constitute derivative financial instruments as defined in IAS 39, but instead represent executory sale and purchase agreements which, in accordance with the requirements of IAS 37, must be examined to determine the expected losses from executory contracts.

10. Other investments

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

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

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

11. Other non-current assets

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

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

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

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

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

12. Inventories

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

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

13. Trade and other receivables

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

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

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

14. Securities

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

15. Cash and cash equivalents

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

16. Equity

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

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

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

17. Provisions

Provisions for pensions and obligations similar to pensions

Under the terms of a company agreement, EVN AG is obligated to pay a supplementary pension on retirement to employees who joined the company prior to 31 December 1989. This commitment also applies to those employees who, within the context of the legal unbundling agreement for the spin-off of the electricity and gas networks, are now employed at EVN Netz. The amount of this supplementary pension is based on performance as well as on length of service and the amount of remuneration at retirement. In

addition, EVN in any case, and as a rule the employees themselves as well, make contributions to the EVN-Pensionskasse pension fund, and the resulting claims are fully credited toward pension benefit payments. Hence the obligations of EVN toward both retired employees and prospective beneficiaries are covered in part by provisions for pensions as well as by defined contribution payments on the part of EVN-Pensionskasse.

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

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

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

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

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

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

Provision for severance payments

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

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

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

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

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

Other provisions

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

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

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

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

18. Liabilities

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

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

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

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

19. Revenue recognition

Realisation of revenue (in general)

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

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

Contract manufacturing

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

20. Income taxes and deferred taxes

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

The following tax rates were applied for current income taxes:

20. Corporate income tax rates	%	2009/10	2008/09
Headquarters			
Austria		25.0	25.0
Albania		10.0	10.0
Bulgaria		10.0	10.0
Croatia		20.0	20.0
Cyprus		10.0	10.0
Denmark		25.0	25.0
Estonia ¹⁾		21.0	21.0
Germany		30.0	30.0
Lithuania ²⁾		15.0	20.0
Macedonia		10.0	10.0
Montenegro		9.0	9.0
Poland		19.0	19.0
Russia		20.0	20.0
Serbia		10.0	10.0
Slovenia ³⁾		20.0	21.0
Turkey		20.0	20.0

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

2) The corporate income tax rate was reduced from 20.0% to 15.0% as at 1 January 2010.

3) The corporate income tax rate was reduced from 21.0% to 20.0% as at 1 January 2010.

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

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

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

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

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

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

21. Procedures and effects of impairment tests

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

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

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

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

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

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

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

22. Leased and rented assets

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

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

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

23. Forward-looking statements

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

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

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

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

24. Segment reporting

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

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

The segments encompass the following activities:

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

Principle of segment allocation and transfer pricing

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

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

Reconciliation of segment results at the Group level

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

Entity-wide disclosures

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

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

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

Notes to the Consolidated Statements of Financial Position

Assets

Non-current assets

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

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

25. Intangible assets

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

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

As at 30 September 2010, the capitalised customer base in markets not yet deregulated were recognised as assets with an indefinite life at a total acquisition cost of TEUR 24,514.9 (previous year: TEUR 24,514.9).

In the 2009/10 financial year, a total of TEUR 834.9 (previous year: TEUR 1,154.4) was invested in research and development. The criteria required by IFRS to capitalise these items were not fulfilled.

25. Reconciliation of intangible assets

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

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

26. Property, plant and equipment

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

Land and buildings contained land valued at TEUR 71,314.3 (previous year: TEUR 70,452.4). As at the balance sheet date, EVN held a mortgage with a maximum value of TEUR 1,827.7, as in the previous year. Own work capitalised during the 2009/10 financial year amounted to TEUR 15,978.6 (previous year: TEUR 16,620.4).

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

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

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

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

26. Reconciliation of property, plant and equipment

2009/10 financial year	TEUR	Land and buildings	Transmission pipelines	Technical equipment	Meters	Other plant, tools and equipment	Prepayments and equipment under construction	Total
Gross value on 30.9.2009		608,188.3	2,735,807.9	1,767,828.5	177,614.7	223,699.6	420,903.9	5,934,043.0
Currency translation differences		-660.0	-1,425.6	-30.8	-146.3	-198.1	-889.5	-3,350.2
Changes in the scope of consolidation		100.2	-	-	-	-	2,933.3	3,033.5
Additions		8,835.3	122,731.6	58,681.5	8,237.1	15,956.4	172,709.2	387,151.0
Disposals		-2,229.6	-12,335.0	-5,719.1	-5,886.2	-13,136.7	-886.7	-40,193.3
Transfers		34,722.7	119,514.4	113,626.7	5,520.4	2,820.6	-277,997.2	-1,792.6
Gross value on 30.9.2010		648,956.9	2,964,293.2	1,934,386.8	185,339.7	229,141.9	316,773.0	6,278,891.4
Accumulated amortisation 30.9.2009		-279,100.4	-1,538,195.3	-1,188,389.4	-102,695.4	-172,417.7	-154.3	-3,280,952.6
Currency translation differences		328.1	777.8	700.9	11.2	140.5	-	1,958.4
Scheduled depreciation		-17,509.0	-87,927.3	-64,136.9	-15,485.3	-19,568.5	-	-204,626.9
Impairment losses		-223.4	-	-1,119.2	-	-	-10,849.6	-12,192.2
Disposals		878.8	12,194.4	3,934.5	5,215.9	12,791.1	65.8	35,080.4
Transfers		33.4	5,029.5	-5,467.1	-61.8	483.7	-	17.7
Accumulated amortisation 30.9.2010		-295,592.5	-1,608,120.9	-1,254,477.2	-113,015.5	-178,570.9	-10,938.1	-3,460,715.2
Net value on 30.9.2009		329,088.0	1,197,612.6	579,439.1	74,919.2	51,281.9	420,749.6	2,653,090.4
Net value on 30.9.2010		353,364.3	1,356,172.3	679,909.6	72,324.1	50,570.9	305,834.9	2,818,176.2

2008/09 financial year	TEUR	Land and buildings	Transmission pipelines	Technical equipment	Meters	Other plant, tools and equipment	Prepayments and equipment under construction	Total
Gross value on 30.9.2009		599,788.5	2,527,090.0	1,676,277.1	192,372.6	221,378.4	307,165.0	5,524,071.7
Currency translation differences		-7.5	-6.5	-906.7	20.4	-129.7	-2,964.4	-3,994.5
Addition through business combinations		466.6	48,460.2	-	-	900.3	1,040.0	50,867.1
Additions		3,624.9	81,035.5	42,250.6	8,861.0	20,956.0	249,669.5	406,397.6
Disposals		-4,201.3	-9,333.1	-12,339.0	-4,127.1	-11,093.0	-1,085.3	-42,178.7
Transfers		8,517.2	88,561.8	62,546.4	-19,512.3	-8,312.4	-132,920.9	-1,120.1
Gross value on 30.9.2010		608,188.3	2,735,807.9	1,767,828.5	177,614.7	223,699.6	420,903.9	5,934,043.0
Accumulated amortisation 30.9.2008		-265,240.1	-1,451,198.4	-1,143,684.2	-104,968.8	-165,954.9	-1,052.9	-3,132,099.4
Currency translation differences		2.1	4.2	-1.5	-1.1	71.5	-	75.1
Scheduled depreciation		-16,661.4	-79,571.4	-52,132.0	-17,605.1	-20,504.6	-	-186,474.6
Disposals		2,960.8	9,138.0	10,446.4	3,520.1	9,901.2	898.6	36,865.1
Transfers		-161.7	-16,567.7	-3,018.1	16,359.6	4,069.1	-	681.2
Accumulated amortisation 30.9.2009		-279,100.4	-1,538,195.3	-1,188,389.4	-102,695.4	-172,417.7	-154.3	-3,280,952.6
Net value on 30.9.2008		334,548.4	1,075,891.6	532,593.0	87,403.8	55,423.5	306,112.1	2,391,972.3
Net value on 30.9.2009		329,088.0	1,197,612.6	579,439.1	74,919.2	51,281.9	420,749.6	2,653,090.4

27. Investments in equity accounted investees and other investments

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

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

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

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

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

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

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

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

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

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

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

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

28. Other non-current assets

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

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

Lease receivables and accrued lease transactions result from the project business within the context of BOOT models. Receivables from executory production contracts amounted to TEUR 152,837.8 (previous year: TEUR 54,444.5). On 10 December 2009, EVN entered into various contracts with OÜ Tabrin, Tallinn, Estonia, and its Hungarian subsidiaries Budagep-Budalux Kft. and Budapro Kft., both domiciled in Budapest, to enter into the executory contract for the realisation of the project to organise financing for, build, and

operate the waste incineration plant no. 1 in Moscow. The consideration for entering into the executory contract is substantially the expenses for the acquisition of the orders on hand, in the amount of TEUR 75,694.5. Together with current revenue from production orders, this value is included as part of additions to lease receivables and accrued lease transactions. These additions also include capitalised borrowing costs of TEUR 251.6 (previous year: TEUR 724.2). The capitalisation interest rate was 1.63%–4.60% (previous year: 4.60%–5.90%).

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

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

28. Reconciliation of other non-current assets

TEUR	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	
Gross value on 30.9.2009	99,837.6	21,981.6	450,616.7	18,574.1	14,390.3	12,466.2	617,866.4
Currency translation differences	-2.0	-	-	-	-	-	-2.0
Additions	4,743.9	2,115.9	154,062.3	19,413.6	-	525.5	180,861.2
Disposals	-3,273.7	-1,688.8	-49,242.5	-	-	-1,651.5	-55,856.5
Gross value on 30.9.2010	101,305.8	22,408.6	555,436.4	37,987.7	14,390.3	11,340.2	742,869.1
Accumulated amortisation 30.9.2009	2,561.9	-361.6	-	-	-521.1	-	1,679.1
Write-ups	238.4	-	-	-	-	-	238.4
Accumulated amortisation 30.9.2010	2,800.3	-361.6	-	-	-521.1	-	1,917.6
Net value on 30.9.2009	102,399.5	21,619.9	450,616.7	18,574.1	13,869.2	12,466.2	619,545.5
Net value on 30.9.2010	104,106.2	22,047.0	555,436.4	37,987.7	13,869.2	11,340.2	744,786.7

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

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

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

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

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

Current assets

29. Inventories

Primary energy reserves are mainly comprised of coal supplies.

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

29. Inventories

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

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

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

30. Trade and other receivables

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

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

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

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

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

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

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

30. Trade and other receivables

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

31. Securities

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

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

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

Liabilities

Equity

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

32. Share capital

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

33. Share premium and capital reserves

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

34. Retained earnings

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

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

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

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

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

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

35. Valuation reserve according to IAS 39

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

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

36. Treasury shares

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

The number of outstanding shares thus developed as follows:

36. Reconciliation of the number of outstanding shares

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

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

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

37. Non-controlling interests

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

Non-current liabilities**38. Non-current loans and borrowings**

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

38. Breakdown of non-current loans and borrowings

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

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

38. Maturity of non-current loans and borrowings

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

Bonds

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

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

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

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

Bank loans

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

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

Deferred interest expenses are included under other current liabilities.

39. Deferred tax liabilities

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

The deferred taxes developed as follows:

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

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

40. Non-current provisions

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

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

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

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

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

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

40. Reconciliation of other non-current provisions

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

41. Deferred income from network subsidies

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

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

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

42. Other non-current liabilities

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

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

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

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

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

42. Term to maturity of other non-current liabilities

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

Current liabilities

43. Current loans and borrowings

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

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

1) Scheduled redemption on 28 February 2011

44. Taxes payable

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

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

45. Trade payables

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

46. Current provisions

The provisions for personnel entitlements comprise special payments not yet due and outstanding leaves as well as liabilities resulting from an early retirement programme in which employees can participate on a voluntary basis. The provisions for legally binding agreements on the balance sheet date are TEUR 1,949.0 (previous year: TEUR 1,505.7).

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

46. Reconciliation of current provisions

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

47. Other current liabilities

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

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

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

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

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

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

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

47. Other current liabilities

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

Notes to the Consolidated Statements of Operations

48. Revenue

The revenues of the individual business segments¹⁾ developed as follows:

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

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

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

49. Other operating income

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

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

50. Cost of materials and services

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

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

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

51. Personnel expenses

Personnel expenses include payments of TEUR 5,103.2 (previous year: TEUR 8,131.0) to EVN-Pensionskasse as well as contributions of TEUR 332.4 (previous year: TEUR 275.9) to EVN pension funds.

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

The average number of employees was as follows:

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

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

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

52. Depreciation and amortisation

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

52. Depreciation and amortisation by items of the consolidated statements of financial position

	TEUR	2009/10	2008/09
Amortisation of intangible assets		12,493.9	11,705.4
Depreciation of property, plant and equipment		216,819.1	186,474.6
Total		229,313.0	198,180.0

52. Depreciation and amortisation

	TEUR	2009/10	2008/09
Scheduled depreciation and amortisation		217,120.8	198,180.0
Impairment losses ¹⁾		12,192.2	–
Total		229,313.0	198,180.0

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

53. Other operating expenses

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

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

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

54. Financial results

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

1) Indirectly held through RBG

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

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

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

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

55. Income tax expense

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

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

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

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

56. Earnings per share

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

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

Other information

57. Consolidated statements of cash flows

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

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

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

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

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

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

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

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

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

57. Cash and cash items

	TEUR	2009/10	2008/09
Cash		123,511.9	130,479.8
Cash on hand		508.5	380.4
Cash at banks		123,003.4	130,099.4
Bank overdrafts		-34,447.1	-16,891.5
Total		89,064.8	113,588.3

58. Risk management

Interest rate risk

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

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

Foreign exchange risk

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

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

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

Other market risks

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

In EVN's energy trading activities, energy trading contracts are entered into for purposes of managing price risk. Price risks result from the procurement and sale of electricity, gas, coal, oil, biomass, and CO₂ certificates. Forward and future contracts and swaps are used to hedge these price risks.

58. Price hedging in the Energy business

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

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

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

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

Liquidity risk

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

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

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

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

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

2008/09 financial year	TEUR	Carrying value	Total payment flows	Contractually stipulated payment flows		
				< 1 year	1–5 years	> 5 years
Bonds		779,656.7	1,018,653.4	36,390.5	609,986.0	372,277.0
Non-current bank loans		922,826.9	1,108,431.9	127,521.2	676,653.6	304,257.0
Total		1,702,483.6	2,127,085.3	163,911.7	1,286,639.6	676,534.0

Credit risk

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

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

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

58. Impairment losses by class

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

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

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

The maximum risk in regard of financial guarantees is described in note [61. Other obligations and risks](#).

59. Reporting of financial instruments

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

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

59. Information on classes and categories of financial instruments

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

Derivative financial instruments

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

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

Derivative financial instruments are comprised of the following:

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

1) In m nominal currency

2) In EURm

3) Used as a hedging instrument in accordance with IAS 39

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

60. Significant events after the balance sheet date

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

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

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

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

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

61. Other obligations and risks

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

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

Neither provisions nor liabilities have been recognised for the above-mentioned obligations, due to the fact it was not anticipated at the time these consolidated financial statements were prepared that these claims would actually be filed or that risks would actually materialise. The above-mentioned obligations were contrasted by corresponding recourse claims amounting to TEUR 49,084.3 (previous year: TEUR 38,337.2).

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

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

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

62. Information on transactions with related parties

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

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

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

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

Transactions with related companies:

Main shareholder

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

Investments in equity accounted investees

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

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

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

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

Transactions with related individuals:

Executive Board and Supervisory Board

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

The total remuneration paid to active members of the Executive Board in the 2009/10 financial year amounted to TEUR 1,295.3 (previous year: TEUR 1,280.9), payments to former members of the Executive Board or their surviving dependents totalled TEUR 1,006.2 (previous year: TEUR 984.2). Expenses for severance payments and pensions at EVN AG totalled TEUR 1,570.5 (previous year: income of TEUR 430.0) for active members of the Executive Board and TEUR 729.9 (previous year: income of TEUR 393.0) for active members of the senior management. Pension commitments for active members of the Executive Board totalled TEUR 10,400 as at the balance sheet date (previous year: TEUR 8,896.2 thousand). The remuneration paid to the Supervisory Board in the reporting year amounted to TEUR 127.0 (previous year: TEUR 137.5 thousand). The members of the Environmental and Social Responsibility Advisory Committee were paid compensation of TEUR 75.7 in the year under review (previous year: TEUR 74.9).

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

Transactions with other related companies:

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

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

63. Information on management and staff

The corporate bodies of EVN AG are:

Executive Board

Burkhard Hofer – Spokesman of the Executive Board

Peter Layr

Herbert Pöttschacher

Supervisory Board

Rudolf Gruber – President and Chairman

Stefan Schenker – Vice-Chairman

Gerhard Posset – Vice-Chairman

Norbert Griesmayr

Gottfried Holzer

Dieter Lutz

Reinhard Meißl

Bernhard Müller

Wolfgang Peterl

Martin Schuster

Michaela Steinacker

Willi Stiwicek

Hans-Peter Villis

Franz Hemm – employee representative

Manfred Weinrichter – employee representative

Paul Hofer – employee representative

Leopold Buchner – employee representative

Otto Mayer – employee representative

Helmut Peter – employee representative

Franz Ziegelwagner – employee representative

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

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

65. Auditing fees

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

Maria Enzersdorf, 22 November 2010

EVN AG

The Executive Board



Burkhard Hofer
Spokesman of the Executive Board and CEO



Peter Layr
Member of the Executive Board



Herbert Pöttschacher
Member of the Executive Board

Financial information on joint ventures and investments in equity accounted investees

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

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

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

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

EVN's Investments

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

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

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

Method of consolidation:

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

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

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

2) The company was acquired during the 2009/10 financial year.

3) formerly EVN Development EOOD, Sofia, Bulgaria

4) formerly EVN ENERTRAG Kavarna OOD, Plovdiv, Bulgaria; After the balance sheet date, EVN acquired the remaining 30.0% stake and renamed the company.

5) formerly evn naturkraft Erzeugungs- und Verteilungs GmbH, Maria Enzersdorf

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

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

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2009/10
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 1 mbH ("EVN MVA1"), Essen, Germany	WTE Essen	100.00	EUR	22	-3	30.9.2010	V
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 3 mbH ("EVN MVA3"), Maria Enzersdorf	EVN Umwelt/ Utilitas	100.00	EUR	15,498	-5,488	30.9.2010	V
EVN Umwelt Beteiligungs und Service GmbH, ("EVN UBS") Maria Enzersdorf	EVN Umwelt	100.00	EUR	5,576	865	30.9.2010	V
EVN Umwelt Finanz- und Service-GmbH, ("EVN UFS") Maria Enzersdorf	EVN Umwelt	100.00	EUR	20,932	-4,511	30.9.2010	V
EVN Umweltholding und Betriebs-GmbH, ("EVN Umwelt") Maria Enzersdorf	EVN AG	100.00	EUR	138,922	11,129	30.9.2010	V
evn wasser Gesellschaft m.b.H., ("evn wasser"), Maria Enzersdorf	EVN/Utilitas	100.00	EUR	63,325	3,826	30.9.2010	V
OAo Budapro Werk Nr. 1, Moscow, Russia ¹⁾	EVN MVA 1	100.00	RUB	732	-108	31.12.2009	V
OAo "EVN MSZ 3", ("OAo MVA3"), Moscow, Russia	EVN MVA3	100.00	RUB	155,819	-18,661	31.12.2009	V
OAo "WTE Süd-West", Moscow, Russia	Süd-West	100.00	RUB	133,594	-6,783	31.12.2009	V
OAo "WTE Süd-Ost", Moscow, Russia	WTE Hyp	100.00	RUB	17,516	-198	31.12.2009	V
OOO EVN Umwelt Service, Moscow, Russia	EVN UBS	100.00	RUB	8,107	-1,274	31.12.2009	V
OOO EVN-Ekotechprom MSZ3, Moscow, Russia	OAo MVA3	70.00	RUB	2,200	1,601	31.12.2009	NV
OOO Süd-West Wasserwerk, Moscow, Russia	Süd-West	70.00	RUB	1,539	1,211	31.12.2009	NV
OOO "WTE Wassertechnik West", Moscow, Russia	WTE Essen	100.00	RUB	3	-	31.12.2009	NV
EVN Projektgesellschaft KSV Ljuberzy mbH, Essen, Germany ²⁾	WTE Essen	100.00	EUR	-	-	-	NV
Saarberg Hölter Projektgesellschaft Süd Butowo mbH ("Süd Butowo"), Essen, Germany	WTE Essen	100.00	EUR	7,966	146	30.9.2010	V
SHW Hölter Projektgesellschaft Zelenograd mbH, ("Zelenograd") Essen, Germany	WTE Essen	100.00	EUR	20,475	1,455	30.9.2010	V
SHW Hölter Projektgesellschaft Slowenien mbH i.L. Essen, Germany	WTE Essen	100.00	EUR	22	-	30.9.2010	NV
SHW/RWE Umwelt Aqua Vodogradnja d.o.o., Zagreb, Croatia	WTE Essen	50.00	HRK	1,912	416	31.12.2009	NE
SHW Projektgesellschaft Pskov mbH i.L., Essen, Germany	WTE Essen	100.00	EUR	21	-	30.9.2010	NV
Storitveno podjetje Lasko d.o.o., Lasko, Slovenia ³⁾	WTE Essen	100.00	EUR	-39	10	30.9.2010	V
Wasserver- und Abwasserentsorgungsgesellschaft Märkische Schweiz mbH, Buckow, Germany	WTE Essen	49.00	EUR	504	-8	31.12.2009	NE
Wiental-Sammelkanal Gesellschaft m.b.H, Untertullnerbach	evn wasser	50.00	EUR	881	-5	31.12.2009	NE
WTE BioBalance Baltic UAB, Kaunas, Lithuania ⁴⁾	WTE Essen	100.00	LTL	129	22	30.9.2010	NV
WTE Betriebsgesellschaft mbH, ("WTE Betrieb") Hecklingen, Germany	WTE Essen	100.00	EUR	511	-	30.9.2010	V
WTE Denmark A/S, Birkerød, Denmark	WTE Essen	100.00	DKK	387	480	30.9.2010	V
WTE desalinizacija morske vode d.o.o., Budva, Montenegro	WTE Essen	100.00	EUR	-433	-464	31.12.2009	V
WTE odpadne vode Budva DOO, Podgorica, Montenegro ²⁾	WTE Essen	100.00	EUR	-9	-9	31.12.2009	V
WTE Projektgesellschaft Kurjanovo mbH, Essen, Germany ²⁾	WTE Essen	100.00	EUR	-	-	-	NV
WTE Projektgesellschaft Natriumhypochlorit mbH ("WTE Hyp"), Essen, Germany	EVN UFS/ WTE Essen	100.00	EUR	134,808	-	30.9.2010	V
WTE Projektgesellschaft Süd-West Wasser mbH ("Süd-West"), Essen, Germany	WTE Essen	100.00	EUR	15,519	-6,682	30.9.2010	V
WTE Projektna družba Bled d.o.o., Bled, Slovenia	WTE Essen	100.00	EUR	-16	-7	30.9.2010	V
WTE Projektna družba Kranjska Gora d.o.o.Kranjska Gora, Slovenia	WTE Essen	100.00	EUR	22	2	30.9.2010	V
WTE Vodice d.o.o., Zagreb, Croatia	WTE Essen	100.00	HRK	-8	-2	31.12.2009	NV
WTE Wassertechnik GmbH, ("WTE Essen"), Essen, Germany	EVN Umwelt	100.00	EUR	69,751	6,295	30.9.2009	V
WTE Wassertechnik (Polska) Sp.z.o.o., Warsaw, Poland	WTE Essen	100.00	PLN	554	-294	30.9.2010	V
ZAO "STAER", Moscow, Russia	Süd Butowo	70.00	RUB	263	243	31.12.2009	NV
ZAO "STAER-ZWK", Moscow, Russia	Zelenograd	70.00	RUB	247	183	31.12.2009	NV
Zagrebacke otpadne vode d.o.o., ("ZOV"), Zagreb, Croatia	WTE Essen	48.50	HRK	122,848	11,496	31.12.2009	E
Zagrebacke otpadne vode – upravljanje i pogon d.o.o., ("ZOV UIP"), Zagreb, Croatia	WTE Essen	33.00	HRK	4,651	4,648	31.12.2009	E

1) The company was acquired during the 2009/10 financial year.

2) The company was newly established during the 2009/10 financial year.

3) formerly WTE Projektna družba Lasko d.o.o., Lasko, Slovenia

4) formerly BioBalance Baltic UAB, Kaunas, Lithuania

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

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2009/10
ALLPLAN Gesellschaft m.b.H., Vienna	Utilitas	50.00	EUR	840	218	31.12.2009	E
ARGE Coop Telekom, Maria Enzersdorf	EVN Geoinfo	50.00	EUR	76	15	31.12.2009	NE
ARGE Digitaler Leitungskataster NÖ, Maria Enzersdorf	EVN Geoinfo	30.00	EUR	-105	-105	31.12.2009	NE
BEGAS Energie AG, ("BEGAS"), Eisenstadt ¹⁾	BUHO	49.00	EUR	92,826	18,126	30.9.2009	E
Burgenland Holding Aktiengesellschaft, ("BUHO"), Eisenstadt	EVN AG	73.63	EUR	76,440	6,331	30.9.2010	V
Burgenländische Elektrizitätswirtschafts-Aktiengesellschaft (BEWAG), ("BEWAG"), Eisenstadt	BUHO	49.00	EUR	182,692	379	30.9.2009	E
Ernst Hora Elektroinstallationen Gesellschaft m.b.H. ("Ernst Hora"), Vienna	first facility	100.00	EUR	55	8	31.12.2009	NV
EVN Business Service GmbH, Maria Enzersdorf	Utilitas	100.00	EUR	565	41	30.9.2010	V
EVN Finance Service B.V., ("EVN Finance B.V.") Amsterdam, Netherlands	EVN FM	100.00	EUR	2,211	157	30.9.2010	V
EVN Finanzmanagement und Vermietungs-GmbH ("EVN FM"), Maria Enzersdorf	EVN AG	100.00	EUR	27,786	16,519	30.9.2010	V
EVN Finanzservice GmbH, Maria Enzersdorf	EVN FM	100.00	EUR	27,888	16,568	30.9.2010	V
EVN-Pensionskasse Aktiengesellschaft ("EVN-Pensionskasse"), Maria Enzersdorf	EVN AG	100.00	EUR	3,335	390	31.12.2009	NV
e&i EDV Dienstleistungsgesellschaft m.b.H., Vienna	EVN AG	50.00	EUR	184	27	30.9.2010	E
first facility Bulgaria EOOD, Sofia, Bulgaria	first facility	100.00	BGN	61	20	31.12.2009	NV
first facility d.o.o. Beograd, Belgrad, Serbia	first facility	51.00	RSD	-	22	31.12.2009	NV
first facility GmbH, ("first facility"), Vienna	Utilitas	100.00	EUR	1,344	919	30.9.2010	V
first facility Ingatlankezelő Kft., Budapest, Hungary	first facility	100.00	HUF	-5	141	31.12.2009	NV
first facility Imobile SRL, Bucharest, Rumania	first facility/ Ernst Hora	95.00	RON	-	-	31.12.2009	NV
first facility – Slovakia s.r.o., Bratislava, Slovakia	first facility	92.50	EUR	4	4	31.12.2009	NV
first facility Makedonia DOOEL, Skopje, Macedonia	first facility	100.00	MKD	25	9	31.12.2009	NV
Niederösterreichische Facility Management GmbH Wiener Neustadt	first facility	40.00	EUR	1,163	1,186	31.12.2009	NE
NÖTECH NÖ Energieforschungs-, -planungs-, -betriebs- und -servicegesellschaft m.b.H., Maria Enzersdorf	Utilitas	50.00	EUR	170	-65	31.12.2009	NE
R 138-Fonds, Vienna	EVN AG/ EVN Netz/ evn wasser	100.00	EUR	92,951	4,018	30.09.2010	V
RAG-Beteiligungs-Aktiengesellschaft, ("RBG") Maria Enzersdorf	EVN AG	50.03	EUR	397,362	40,094	31.3.2010	V
Rohöl-Aufsuchungs Aktiengesellschaft, ("RAG"), Vienna	RBG	100.00	EUR	103,412	49,202	31.12.2009	E
Spieth Kathodischer Korrosionsschutz GmbH Denkendorf, Germany	V&C	100.00	EUR	-	-43	31.12.2008	NV
Utilitas Dienstleistungs- und Beteiligungs-Gesellschaft m.b.H. ("Utilitas"), Maria Enzersdorf	EVN AG	100.00	EUR	176,063	7,153	30.9.2010	V
VCK Betonschutz + Monitoring GmbH, Mainz, Germany	V&C	50.00	EUR	74	13	31.12.2008	NE
VERBUND AG, Vienna ²⁾	EVN AG	13.01	EUR	1,837,840	515,184	31.12.2009	N
V2 FM GmbH, Vienna	first facility	100.00	EUR	-307	390	31.12.2009	NV
V&C Kathodischer Korrosionsschutz Gesellschaft m.b.H. ("V&C"), Pressbaum	Utilitas	100.00	EUR	571	216	31.3.2010	V
Wiener Stadtwerke Management Beta Beteiligungs GmbH, Vienna	Utilitas	47.37	EUR	918	-3	30.11.2009	NE

1) formerly BEGAS – Burgenländische Erdgasversorgungs-Aktiengesellschaft, Eisenstadt

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

Auditor's Report

Report on the Consolidated Financial Statements

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

**EVN AG,
Maria Enzersdorf,**

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

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

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

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

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

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

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

Opinion

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

Report on the Management Report for the Group

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

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

Vienna, 22 November 2010

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed:

Mag. Rainer Hassler
Wirtschaftsprüfer

ppa. MMag. Angelika Vogler
Wirtschaftsprüferin

(Austrian Chartered Accountants)

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

Sustainability Report 2009/10

As a responsible energy and environmental services provider, EVN faces the challenge to regard economic, ecological and social aspects as an entity and to create a balance between the requirements of different interest groups. As a consequence of this orientation, EVN joined the UN Global Compact in September 2005. EVN's corporate strategy is strictly committed to sustainability.

EVN has published an annual sustainability report since 2002. With this year's report, EVN has performed a reorientation and further integration of the annual report and the sustainability report publications. All facts and figures – regarding the business development as well as sustainability – can be found in this report. In order to address a broader target group and to inform on EVN's activities, current and relevant topics are published in the form of a magazine. In case you have not obtained the magazine, you can access it at www.investor.evn.at.

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	105	Organisational profile
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Prospects	135	Programme of CSR measures
Service	140	Advisory Committee for the Environment and Social Responsibility
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Scope of the report: The scope of the report is identical with the EVN business year and covers the time between 1 October 2009 and 30 September 2010. The report is oriented to the Guidelines of the Global Reporting Initiative (GRI), and beginning with the report year 2009/10, additional GRI indicators for the electricity industry (Electric Utility Sector Supplements) are incorporated. The report encompasses the consolidated companies of the EVN Group. As per 30 September 2010, this was constituted by 60 fully consolidated and 5 quota consolidated companies including the parent company EVN. Another 15 companies included at equity are covered by this report (for further information, see EVN full report 2009/10, page 14).

Data collection and calculation was performed by the Environmental Protection and Controlling department as well as the Accounting departments. The GRI Indicator Protocol, applied as fully as possible, serves as the basis of the data. In case certain factors do not apply to all of these consolidated companies, this will be noted. EVN has grown substantially due to the acquisitions within the past years, hence, the collection of data has been extended constantly. EVN's target is to gather all figures on a group-wide basis. In the report year 2009/10 further improvements were achieved such as expanding the companies incorporated in the environmental cost calculation for this report year (see page 121).

This report also serves as a progress report for the UN Global Compact. Copy deadline: 25 November 2010

Key figures

		2009/10	2008/09	2007/08
Business				
Revenue	EURm	2,752.1	2,727.0	2,397.0
Group net profit	EURm	207.0	177.9	186.9
Net cash flow from operating activities	EURm	499.3	335.3	382.6
Return on capital employed (ROCE)	%	5.6	5.4	6.3
Dividend per share	EUR	0.40 ¹⁾	0.37	0.37
Employees				
Number of employees ²⁾	Number	8,536	8,937	9,342
Employee fluctuation	%	3.1	3.6	3.9
Proportion of women	%	22.5	22.9	22.4
Training hours per employee	hrs.	27.1	23.9	11.4
Number of occupational accidents		74	103	110
Environment				
Electricity generation from renewable energy	GWh	1,300	1,267	1,300
Specific CO ₂ emissions	t/MWh	0.338	0.400	0.424
Specific NO _x emissions	kg/MWh	0.257	0.298	0.330
Hazardous waste ³⁾	t	12,036	10,518	837
Water consumption (drinking and process water) ⁴⁾	m ³	1,454,942	1,634,838	1,324,265

1) Proposal to the Annual General Meeting

2) On full-time equivalent basis (FTE); annual average

3) Without building residues and power station by-products; up to and incl. 2007/08: EVN AG and EVN Netz GmbH; from 2008/09 whole Group. The increase is mainly due to the inclusion of EVN waste incineration plant (> 80%).

4) Since 2008/09: all plants in Lower Austria, Bulgaria and Macedonia; data 2007/08 not including Bulgaria and Macedonia

GRI G3 Content Index

The GRI content index indicates where in this report contents relating to individual indicators can be found and where in other publications (magazine of the full report) further information can be found. The index is available on the internet at www.evn.at/Verantwortung/Service/GRI-Content-Index.aspx?lang=en-us.

		Source	Status
1	Strategy and analysis		
1.1	Status of sustainability within the company	104f; magazine: 10–17	■
1.2	Description of the most important effects, risks and opportunities	104f; magazine: 10–17	■
2	Organisational profile		
2.1–2.10	Organisational profile	105; magazine: 6f	■
3	Report parameters		
3.1–3.13	Report parameters	100; magazine: 6	■
	Sector supplements – Company profile		
EU1	Installed capacity	106	■
EU2	Energy generation	106	■
EU3	Customer numbers	3, 106f; magazine: 6, 45	■
EU4	Total length of long-distance and distribution lines	3, 107; magazine: 60	■
EU5	Quota of CO ₂ emission certificates	107	■
4	Governance, commitments and engagement		
4.1	Corporate governance/management structure	108	■
4.2	Explanation of whether the Executive Board chairman holds an operative management post	108	■
4.3	Management bodies in organisations without a Supervisory Board	because there is a supervisory board	n. r.
4.4	Possibilities for contributions by employees and part owners	108	■
4.5	Correlation between management body remuneration and organisational performance	108	■
4.6	Mechanisms for the prevention of conflicts of interest	108	■
4.7	Expertise of the management committee in the sustainability area	108	■
4.8	Models, codes of conduct, sustainability principles	109	■
4.9	Procedure for controlling sustainability performance	109	■
4.10	Performance rating of the Executive Board regarding sustainability	109	■
4.11	Observance of the precautionary principle	109	■
4.12	Support of external initiatives	110; magazine: 65, 71	■
4.13	Membership in associations and interest groups	110	■
4.14–4.17	Stakeholder management (selection, approaches, core topics)	110f; magazine: 32f, 47	■
	Economic performance indicators		
	Management approach	112	■
EC1	Directly generated and distributed economic value	112; magazine: 7, 18–21	■
EC2	Financial effects of climate change	112f	■
EC3	Company defined benefit plan obligations	113	■
EC4	Government grants	113	■
EC5 ¹⁾	Relation between standard entry-level pay and average local minimum wage	113	■
EC6	Business policies and practices, share of local suppliers	113	■
EC7	Employment of local personnel	113; magazine: 48–53	■
EC8	Infrastructure investments and services for the public good	113f; magazine: 56–61, 70f	■
EC9 ¹⁾	Indirect economic effects	114	■
	Sector supplements – Economy		
EU6	Short and long term security of supply	114; magazine: 15, 28f, 56–61	■
EU7	Programmes for Demand Side Management	114; magazine: 68f, 82	■
EU8	Research and development activities	115; magazine: 34, 78–82	■
EU9	Reserves for the dismantling of nuclear power stations	since EVN does not operate any nuclear power plants	n. r.
EU10	Planned capacity in relation to expected demand	115; magazine: 40–43, 61	■
EU11	Average efficiency in production	115; magazine: 15, 31, 61	■
EU12	Efficiency of long-distance lines and distribution networks	115; magazine: 60f	■
	Environmental performance indicators		
	Management approach	116; magazine: 42	■
EN1	Material usage	116	■
EN2	Use of recycled material	116	■
EN3	Direct primary energy consumption	116	■
EN4	Indirect primary energy consumption	116	■
EN5 ¹⁾	Energy savings as a result of environmentally responsible use and efficiency increase	117; magazine: 26–34	■
EN6 ¹⁾	Initiatives for higher energy efficiency and renewable energy	117; magazine: 15, 26–35, 40–45	■
EN7 ¹⁾	Initiatives for the reduction of indirect energy consumption	117	■
EN8	Total water withdrawal	117	■
EN9 ¹⁾	Water sources affected by withdrawal	117	■
EN10 ¹⁾	Recovered and reused water	117	■
EN11	Area use in protected areas	117; magazine: 62–65	■
EN12	Effects of business activities on biodiversity	117; magazine: 62–65	■
EN13 ¹⁾	Protected or rehabilitated natural habitats	117	■
EN14 ¹⁾	Strategies and measures for the protection of biodiversity	118; magazine: 62–65	■
EN15 ¹⁾	Endangered species in the areas of business activities	118; magazine: 62–65	■
EN16	Direct and indirect greenhouse gas emissions	118; magazine: 29–33, 61	■
EN17	Other relevant greenhouse gas emissions	118f; magazine: 29–33	■
EN18	Initiatives for the reduction of greenhouse gas emissions and results	119; magazine: 29–33	■

		Source	Status	
EN19	Emissions of ozone-degrading substances	118f	■	
EN20	NO _x , SO _x and other significant atmospheric emissions	119; magazine: 29–33	■	
EN21	Total wastewater discharge	119	■	
EN22	Waste according to type and disposal method	120	■	
EN23	Major spills of hazardous substances	120	■	
EN24 ¹⁾	Weight of waste considered hazardous	120	■	
EN25 ¹⁾	Waters subject to wastewater discharge and surface run-off	120	■	
EN26	Initiatives for the reduction of environmental impact of products and services	120	■	
EN27	Packaging materials taken back	as a result of the subject of activity	n. r.	
EN28	Fines incurred for infringements of environmental regulations	121 (no occurrences)	■	
EN29 ¹⁾	Major impact on the environment through transportation	121; magazine: 31	■	
EN30 ¹⁾	Total expenses and investment for environmental protection	121	■	
Sector supplements – Ecology				
EU13	Biodiversity of compensation areas	121	■	
Social performance indicators				
Labour practices and decent employment				
	Management approach	122	■	
LA1	Employees according to employment status and region	122f; magazine: 51	■	
LA2	Employee fluctuation	123	■	
LA3 ¹⁾	Benefits for full-time employees only	123	■	
LA4	Employees under collective agreements	123	■	
LA5	Notification deadlines for major changes within the company	123	■	
LA6 ¹⁾	Employees in occupational safety committees	124	■	
LA7	Injuries, occupational diseases, lost days, absence and fatalities	124; magazine: 9, 44	■	
LA8	Health prevention, education in serious diseases	124; magazine: 50f, 55	■	
LA9 ¹⁾	Occupational safety agreements with trade unions	125	■	
LA10	Training and further education per employee	125; magazine: 53	■	
LA11 ¹⁾	Programmes for knowledge management and lifelong learning	125; magazine: 48–55	■	
LA12 ¹⁾	Performance evaluation and development plans for employees	125; magazine: 54	■	
LA13	Diversity of employees and leading bodies	125	■	
LA14	Differences in remuneration due to gender	125	■	
Sector supplements – Labour practices and decent work				
EU14	Securing the requirement of skilled labour	126; magazine: 53–55	■	
EU15	Retirements in the next five and ten years	126	■	
EU16	Health and safety regulations	126; magazine: 50f, 55	■	
EU17	Work days of subcontractors and suppliers for construction, servicing and maintenance	126	■	
EU18	Subcontractors and suppliers who have participated in health and safety training programmes	126f	■	
Human rights				
	Management approach	127	■	
HR1	Investment agreements with human rights clauses	127	■	
HR2	Supplier controls for compliance with human rights	127	■	
HR3 ¹⁾	Training programmes on company-relevant human rights aspects	127	■	
HR4	Occurrences of discrimination and countermeasures taken	128	■	
HR5	Freedom of assembly and collective negotiations	128	■	
HR6	Business activities with the risk of child labour	128	■	
HR7	Business activities with the risk of forced labour	128	■	
HR8 ¹⁾	Training of security personnel on the topic of human rights	128	■	
HR9 ¹⁾	Violation of the rights of indigenous peoples	128 (no occurrences)	■	
Society				
	Management approach	129; magazine: 71	■	
SO1	Effects of business activities on society	129; magazine: 28f, 70f	■	
SO2	Examination of corruption risks	129	■	
SO3	Employee training for the prevention of corruption	129	■	
SO4	Anti-corruption measures	129	■	
SO5	Political positions, participation in the political consensus building process, lobbying	129	■	
SO6 ¹⁾	Donations to politicians	129 (no relevant occurrences)	■	
SO7 ¹⁾	Lawsuits following anti-competitive behaviour	129 (no occurrences)	■	
SO8	Fines/sanctions as a result of illegal activities	129 (no occurrences)	■	
Sector supplements – Society				
EU19	Participative decision making processes involving stakeholders	130	■	
EU20	Involuntary relocations	130	■	
EU21	Crisis, emergency and contingency plans	130	■	
EU22	Relocations	130 (no relocations)	■	
Product responsibility				
	Management approach	131	■	
PR1	Health effects along the product life cycle	131; magazine: 70f	■	
PR2 ¹⁾	Violations of health and safety regulations	131 (no violations)	■	
PR3	Legally required information on products and services	131	■	
PR4 ¹⁾	Violation of information requirements	132 (no relevant occurrences)	■	
PR5 ¹⁾	Customer satisfaction	132; magazine: 8	■	
PR6	Compliance with the law regarding advertising	132	■	
PR7 ¹⁾	Violations regarding advertising	133 (no violations)	■	
PR8 ¹⁾	Justified data protection complaints	133 (no relevant occurrences)	■	
PR9	Fines incurred in consequence of violations against product and service conditions	133 (no relevant occurrences)	■	
Sector supplements – Product responsibility				
EU23	Programmes to improve access to electricity and customer services	133; magazine: 60f, 71	■	
EU24	Safe use of energy and customer service accessibility	133	■	
EU25	Injuries and fatalities in connection with company plants	133; magazine: 9	■	
EU26	Population in sales area without electricity supply	133	■	
EU27	Electricity disconnections due to payment arrears	134	■	
EU28	Frequency of power failures	134; magazine: 61	■	
EU29	Average duration of a power failure	134	■	
EU30	Average availability of power stations	134	■	

■ Fully reported
 ■ Partially reported
 □ Not reported
 n. r. non-relevant

¹⁾ Additional performance indicator

The EVN sustainability report is oriented to the requirements of application level A+ of the GRI G3 guideline. Beginning with the reporting year 2009/10, additional sector indicators for the electricity industry are incorporated. The table gives an overview of where contents relating to GRI indicators can be found. Compliance with the report standards and the relevant criteria was assessed by Lloyd's Register Quality Assurance (LRQA) and officially approved.

You can find the GRI index as printed here on the website www.responsibility.evn.at > Service. EVN continuously expands its reporting and makes every attempt to fully present all indicators.



EVN's corporate social responsibility

Sustainability as cornerstone of the strategy (indicator 1.1–1.2)

As sustainability is regarded as an integral component of EVN's business, the sustainability strategy is similar to EVN's company strategy. This was updated in the course of a major strategy process under the title "Strategy 2020" during the reported year. Sustainability aspects contained therein are based on two central guiding instruments: the CSR materiality matrix and the programme of CSR measures. These encompass strategic areas of sustainability activities as well as the sustainability targets and measures. They are updated annually or according to requirements.

An exhaustive statement of the Executive Board regarding the importance of sustainability for EVN and its affiliated companies can be found on page 10 of the magazine.

All activities of the company are governed by the central principles of security of supply, a responsible approach to resources, the creation of a modern infrastructure as well as our reputation as a quality supplier. EVN realises synergies between the various fields of operation on both a national and an international level. All business activities are targeted on creating sustained value creation and increasing the interest of customers, stakeholders and employees.

The central areas of action as represented by the company strategy and also by the CSR materiality matrix reflect those topics and areas that hold the biggest effects, opportunities, and also risks for EVN. The CSR materiality matrix was created in collaboration with internal and external stakeholders and is constantly updated. This way, trends and relevant subjects can always be incorporated. In November 2010, a two-step survey was conducted in order to research and adapt priorities and topics. As the stakeholder survey has not been completed at the time of the report preparation we refer for the report year 2010 to the CSR materiality matrix 2009.

EVN CSR materiality matrix

as of October 2009

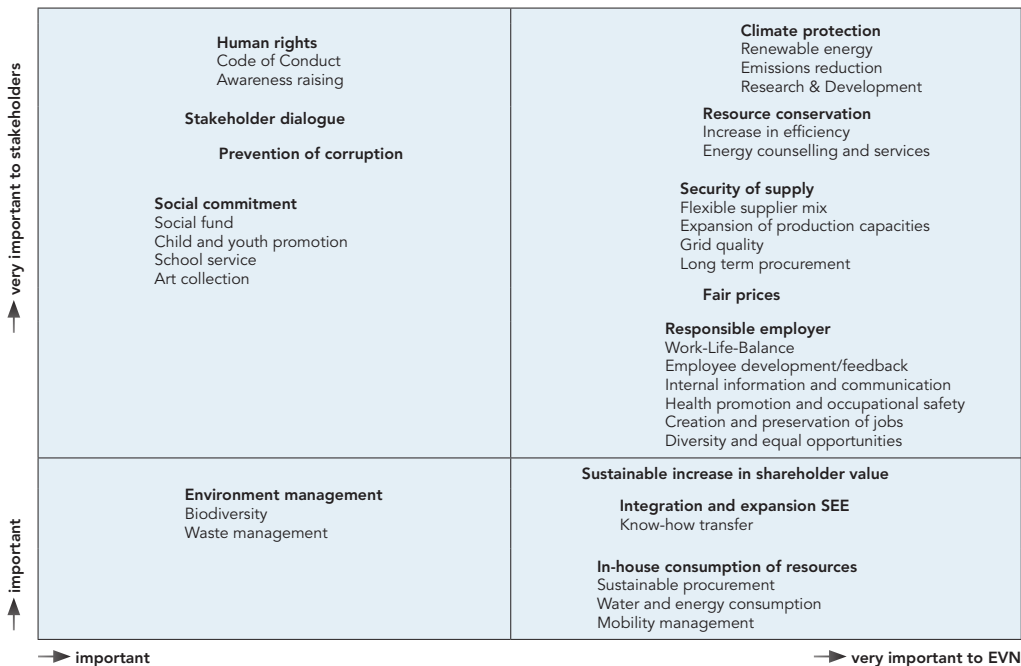


Image: CSR materiality matrix

The values along the x axis describe the relevance of central sustainability topics for EVN's management; the y axis reflects the prioritisation of topics among the stakeholders. Targets and measures were defined for each of those fields of action. A detailed description of the annually revised programme of CSR measures can be found on page 135 or at www.evn.at/programme-of-CSR-measures.aspx.

The critical analysis of the effects, opportunities and risks of business operations is the responsibility of EVN's risk control and risk management. Sustainability risks, especially environmentally and socially relevant risks, that might arise from EVN's core business or prioritised fields of activity, are strategically incorporated into its risk management.

Organisational profile (indicator 2.1–2.10)

EVN is a publicly listed, integrated and internationally operating energy and environmental services company, with headquarters in Lower Austria, the countries largest federal province. On the basis of a state-of-the-art infrastructure, the company offers their customers electricity, gas, heat, water, wastewater cleaning, waste incineration and related services from a single supplier. This product portfolio improves the quality of life of more than 3.6 million energy customers. Moreover, EVN has gained extensive expertise in planning and constructing water supply and waste water treatment plants, desalination and waste incineration plants, based on 82 environmental projects EVN has conducted over the last 20 years. In total, EVN operates in 19 countries.

EVN's business activities encompasses six segments: Generation, Network Infrastructure Austria, Energy Trade and Supply, Energy Supply South East Europe, Environmental Services, Strategic Investments and Other Business. Please see page 34 (segment reporting) of the full report for the activities of each segment.

EVN has 8,536 employees on an annual average. In the business year 2009/10, EVN's revenue amounted to EUR 2,752.1m. EBITDA was increased by 11.6% to EUR 416.6m. 38.2% of revenue were generated outside Austria in Central, Eastern and South Eastern European markets. As a result of an increased income from investments, the Group net profit was EUR 207.0m; an increase of 16.3%. Approximately EUR 394.0m (previous year: EUR 415.7m) were invested in the expansion of production capacities and the ongoing improvement of the infrastructure in Lower Austria, Bulgaria and Macedonia. The basis of all investment decisions is a system of several key figures such as Economic Value Added or Return on Capital Employed (ROCE), measuring the return on invested capital. This amounted to 5.6% in the reporting year. On the key date of 30 September 2010, EVN held equity of EUR 3,025.3m, representing 44.9% of the balance sheet total. Net debt is EUR 1,458.2m, showing a gearing of 48.2%. Please see page 18 for an exhaustive analysis of the business development.

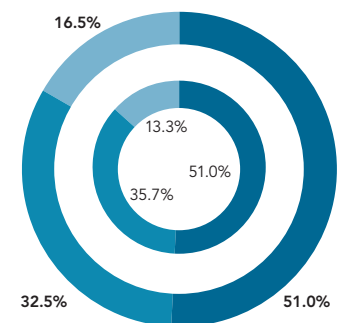
Shareholder structure (indicator 2.9)

In October and November 2010, EVN performed a capital increase of 10% of the share capital. The majority shareholder is the NÖ Landes-Beteiligungsholding GmbH due to constitutional stipulations, holding 51% of the stock. EnBW's holds 32.5% as of now, and the remaining shares (16.5%) are in free float.

Awards in the reporting year (indicator 2.10)

- > TRIGOS Award 2010 in the category "Society" for stakeholder dialogue and social responsibility on the example Stolipinovo
- > Second place in the category "Sustainability Reports" in the Austrian Annual Report Award 2010 (AAA-Trend)
- > Social Responsibility Award in Macedonia in the fields of employee and customer relations and investments in Macedonia
- > Fourth place in the competition "place to perform", the annual award for the best internship offerings to the public from Austrian companies
- > Sixth place in the category "Large Companies" in the Austrian Sustainability Reporting Award (ASRA) 2010

Shareholder structure



As of 30 September 2010:

■ NÖ Landes-Beteiligungsholding GmbH	51.0%
■ Energie Baden-Württemberg AG (EnBW)	35.7%
■ Free float	13.3%

As of 15 November 2010:

■ NÖ Landes-Beteiligungsholding GmbH	51.0%
■ Energie Baden-Württemberg AG (EnBW)	32.5%
■ Free float	16.5%

Sector supplements – Company profile

EU1 Installed capacity in MW

EVN has a power-generating capacity of 1,787 MW of electricity. As well as the three EVN AG thermal power plants in Dürnrohr (coal/gas), Theiß (gas/oil), and Korneuburg (gas), the "green-power" subsidiary evn naturkraft Erzeugungsgesellschaft m.b.H. operates five storage and 64 run-of-river hydro power plants as well as 63 wind power plants operating at seven wind parks. In addition, three wind parks with a total of 26 wind power plants are planned in Lower Austria. Production will commence in 2011 and 2012. EVN also has electricity procurement rights for the Danube power plants Melk, Greifenstein and Freudenau and holds a one-third participation in the Nußdorf power plant in Vienna. EVN Wärme GmbH operates two combined heat and power (CHP) plants with biomass, and two cogeneration plants as well as two cogeneration units that run on gas. The company's Macedonian subsidiary EVN Macedonia AD owns eleven small-scale hydropower plants with a total capacity of 46 MW. Seven of them are currently leased out for revitalisation purposes. In Plovdiv, Bulgaria, EVN owns a district heating power plant with an electrical power generation of 55 MW.

The entire gas sourcing and trading process is handled by EconGas, a joint venture of the EnergieAllianz-Austria-Partners active in the natural gas sector, and by EGBV Beteiligungsverwaltung GmbH and OMV. By outsourcing this stage of the value creation process, a competitive unit, benefiting from its procurement volume, was created. Security of supply is ensured through long-term supply contracts and large storage capacities. During the reporting year 2008/09, all supply contracts were renewed and their terms extended beyond the year 2020. In addition to natural gas, EVN will extend its commitment to biogas.

The heat is obtained from district heating, local heating and cogeneration plants, operated on biomass, natural, bio- and liquid gas. The cogeneration plants run on the combined heat and power (CHP) principle. This makes it possible to harvest the waste heat during power generation. Also, as much heat as possible is harvested from the thermal power plants for district heating. Furthermore, EVN operates two waste incineration plants with a total of 152 MW combustible thermal output for energy production.

Power generation capacities of EVN power plants	MW	as of 30.9.2010
Thermal power ¹⁾		1,421
thereof coal		398
thereof gas		1,023
Hydropower ²⁾		235
Wind power		120
Photovoltaics		1
Biomass		10
Total		1,787

1) Including cogeneration and combined heat and power plants in Austria and Bulgaria

2) Including procurement rights from Danube hydro power plants and small-scale hydropower plants in Macedonia

EU2 Energy generation in GWh

In the reporting year, some 3.7 TWh of electricity were generated; 64% from thermal and 36% from renewable energy. In the long term, the share of power from renewables is planned to increase to 50%. The reserve ratio from own generation is close to 18.2% for the 2009/10 business year.

Power generation	GWh	2009/10	2008/09	2007/08
Electricity generation volumes		3,653	3,477	4,022
thereof thermal energy sources		2,352	2,211	2,722
thereof renewable energy sources		1,300	1,267	1,300

EU3 Customer numbers

EVN has approximately 3.6 million customers. In the environmental business, EVN supplies around 0.5 million customers in Lower Austria with water. In Central and Eastern Europe, EVN has almost 14 million customers. For further information regarding customer connections see page 3 of the report. Between 60% and 70% of all customers are private households. Due to competition laws there is no more exact breakdown.

EVN customer units

	as of 30.9.2010
Power grid	3,255,000
Gas grid	289,000
Heat grid	78,000
Customer units in total	3,622,000

EVN customers

	as of 30.9.2010
Water (Austria) ¹⁾	493,000
International drinking water and wastewater business (PE ²⁾)	14 million

1) Of which directly supplied – 2010: 58,800; 2009: 50,000; 2008: 41,500.

2) Population equivalent: Industrial wastewater converted to household water.

EU4 Total length of long-distance and distribution lines (grids)**Network lengths – Energy**

	km	2009/10
Power grids		131,905
Gas grids		13,540
Heating grids		586
Network lengths in total		146,031

For further information on network lengths see page 3 of this report. Due to current company-specific constraints and internal regulations there is no further elaboration of details.

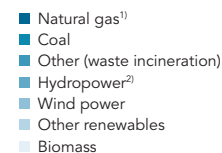
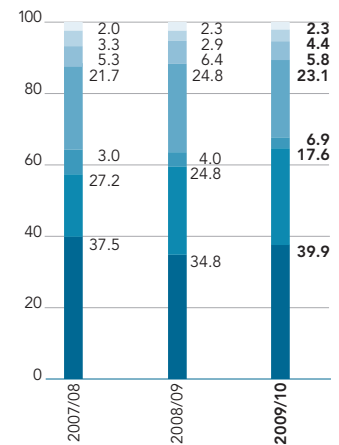
EU5 Quota of CO₂ emission certificates

To make a sufficiently large contribution towards the achievements of the Austrian emission reduction target of 13% by 2012, a trading system based on greenhouse gas emission certificates has been implemented. For the second trading period (2008–2012), plant operators may obtain free certificates based on their historical emission levels, taking due account of savings achieved. Beyond that, plant operators are obliged to purchase emission certificates. Operators also have the opportunity to deploy a certain number of emission certificates from dedicated climate protection projects (Certified Emission Reductions (CER) and/or Emission Reduction Units (ERU)). In the context of the National Allocation Plan II (2008–2012), EVN obtained free CO₂ emission certificates worth around 1.58m tons. This value lies between 0.5m to 0.8m tons less than the annual average value. In order to cover the CO₂ requirements, EVN participates in the emission certificate trading process. In Bulgaria, EVN is a pioneer, being the first to trade CO₂ certificates there.

In April 2009, the legal framework conditions for the third trading period (2013–2020) were fixed. The plan is to auction off all available certificates for the power generation sector from 2013. The price for CO₂ certificates amounted EUR 14.23 per ton in the reporting year.

EVN energy generation by energy sources

in %

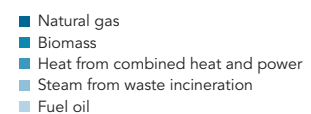
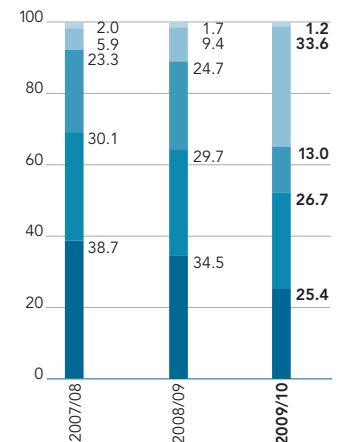


1) Thereof 94,558 MWh in-country generation in Bulgaria (cogeneration plant)

2) Thereof 27,493 MWh in-country generation in Macedonia (hydropower plants)

EVN heat generation by energy sources in Lower Austria

in %



Governance, commitments and engagement

(4.1–4.17)

4.1–4.6 Corporate governance/management structure

For the management and organisational structure of EVN, please see the Corporate Governance Report on page 4. You will find a breakdown of EVN's investments from page 95 of this report.

The entire management and also all managing directors of the subsidiaries were involved in a complete strategic "bottom-up" overhaul of the "Corporate Strategy 2020" during the reporting year.

Also, steering committees and working groups are being formed to work on various relevant topics. A CSR steering committee was installed to deal with questions regarding sustainability. It is composed of company officers and the Executive Board. The Advisory Committee for Environment and Social Responsibility, composed of independent external and internal experts and employee delegates, advises the Executive Board and the Supervisory Board. A dedicated social advisory committee, composed of external experts from the social field, advises the Executive Board in questions of social commitment.

EVN is committed to timely, open and comprehensive communication with all participants in the capital market, and to high transparency and active reporting. In the reporting year, too, many opportunities were taken to inform on EVN's business development and strategy. In order to give minority shareholders the opportunity to voice their opinions to the highest leadership unit, the Investor Relations unit of the Accounting department has implemented a thoroughly modern, example-setting organisation for the fostering of shareholder relations. In particular, also aspects and requests of sustainability-oriented investors are considered, as EVN has been registered in the FTSE4Good as a successful sustainable investment since 2002.

4.7 Expertise of the management committee in the sustainability area, CSR organisation

The sustainability strategy is embedded in the EVN Strategy 2020. The CSR steering committee plays an important role in this. It is composed of the Executive Board, the heads of the departments Information and Communication, Human Resources and Environmental Protection and Controlling. The steering committee is supported by the CSR advisory team. It gives fresh input and provides new impulses for CSR measures in conjunction with the relevant specialist department. In order to ensure that all corporate areas are involved and CSR development potentials in all areas are identified, CSR network officers were nominated from all specialist departments. All previous CSR activities are reviewed and current developments and potential for improvement are discussed twice a year in the context of an exchange of CSR experiences.

For further information on the CSR organisation please visit www.responsibility.evn.at.

Advisory Committee for Environment and Social Responsibility

The Advisory Committee for Environment and Social Responsibility was founded in 1992. It advises the Executive Board on questions of sustainability. The members come together for two meetings each year and discuss current issues. During the reporting year, the subject "Build-up of a sustainable corporate management and workforce leadership in Macedonia and Bulgaria" was discussed, Line 3 of the EVN Abfallverwertung Niederösterreich GmbH was presented and the facility was visited, and EVN Wärme Gesellschaft m.b.H. was introduced. You will find a list of the advisory committee members on page 140 and at www.evn.at/Committee.aspx.

Social fund

EVN has started a social fund in order to consolidate, make transparent and optimise sponsoring activities in the social field by a team of experts. The fund is endowed with EUR 100,000 per year. A team of experts, comprising Mag. Gabriela Peterschofsky-Orange, Dr. Helga Preitschopf, Harald Wieser and Elisabeth Baum-Breuer, headed up by Caritas Austria Director Dr. Michael Landau, passes on unanimous recommendations about the use of funds to EVN's Executive Board. Working meetings take place twice a year. Eight projects were sponsored during the reporting year. A list of supported projects can be found under indicator EC8.

4.8 Internally developed mission statements, internal Code of Conduct and principles of sustainability

EVN's central mission statements are the corporate policy statement, the environmental policy statement and the mission statement for team leaders. As the EVN Code of Conduct, they are all based on internationally accepted standards and are implemented within the entire organisation as the principles of sustainability. You will find all mission statements under "CSR Strategy" on our homepage at www.evn.at/responsibility.

4.9 Procedure for controlling sustainability performance

The most effective instrument for controlling the sustainability performance is the annual process of collecting, analysing, summarising and publishing company data and facts regarding the sustainability report according to GRI A+. This is augmented by the external GRI assessment by an independent evaluation institute. In addition, the sustainability performance is evaluated annually by EIRIS in the context of the listing as a sustainable investment on FTSE4Good, Ethibel and VÖNIX.

EVN's company revision (internal revision) reports directly to the Executive Board and to the audit committee of the Supervisory Board. All audit performances for procedures and business units within EVN fall into their competence area. Dedicated revision departments have been installed in the subsidiaries in Bulgaria and Macedonia. Audits in the technical and financial areas did not result in major complaints during the reporting year.

For the coming business year, EVN keeps improving the incorporation of sustainability parameters into regular quarterly reporting as well as the intensified collection and analysis of sustainability key figures (such as environmental costs) for improved comparability over time.

EVN AG in sustainability indexes

Just like all companies featured in those indexes, EVN undergoes regular and all-encompassing audits. The EVN share has been listed in the FTSE4Good Index since 2002 and is featured in the FTSE4Good Europe Index and the FTSE4Good Global Index. FTSE4Good offers sustainability-oriented investors the opportunity to invest in companies that fulfil worldwide accepted standards of responsibility for the environment and stakeholders. Since 2005, the EVN share has also been listed in the Ethibel Sustainability Index Group (ESI), composed of ESI Global and ESI Europe. Also in 2005, the EVN share was accepted into the Austrian sustainability index VÖNIX. This index lists those listed Austrian companies that lead the field regarding social and ecological performance.



4.10 Performance rating of the Executive Board regarding sustainability

The performance rating of the Executive Board regarding sustainability performance is the annual process of collecting, analysing, summarising and publishing company data and facts regarding the sustainability report according to GRI A+ (including external audit). The Executive Board undergoes an annual audit in the context of the listing as a sustainable investment (FTSE4Good, Ethibel, VÖNIX) and in the context of the GRI and EMAS certification. During the reporting year, the variable payment system for executive employees was adapted, beginning on 1 October 2010. Amongst others, the following focal points were made with this adaptation:

- > Incorporation of value-oriented key figures
- > Incorporation of sustained developments of respective areas

For further information please see the Corporate Governance Report on page 4.

4.11 Observance of the precautionary principle

The precautionary principle is regarded as the major precondition and consensus for sustainability. In essence this means that potential damage to the environment or human health must be avoided or minimised as far as possible and in advance in all business activities by management and personnel alike. The implementation is defined in the EVN environmental policy statement.

4.12 Support of external initiatives

OECD	OECD Guidelines for multinational enterprises
UNGC	UN Global Compact
	Global Compact Macedonia
respACT	austrian business council for sustainable development
ÖGUT	Österreichische Gesellschaft für Umwelt und Technik

4.13 Membership in associations and interest groups

EVN is a member of numerous industry-relevant organisations and associations.

Memberships (selection)

IV	Industriellenvereinigung Österreich
WK NÖ	Wirtschaftskammer Niederösterreich
OE	Oesterreichs Energie
OVE	Österreichischer Verband für Elektrotechnik
ÖWAV	Österreichischer Wasser- und Abfallwirtschaftsverband
ÖVGW	Österreichische Vereinigung für das Gas- und Wasserfach
AEA	Österreichische Energieagentur
FGW	Fachverband der Gas- und Wärmeversorgungsunternehmen
EBA	European Business Association
VGB	PowerTech e.V.
BBKE	Bulgarian Branch Chamber of the Energetics
ATDB	Association of District Heating Companies in Bulgaria
ZEMAK	Association of Energy Department Engineers of Macedonia
MABA	Macedonian Austrian Business Association
FIC	Foreign Investors Council

4.14–4.17 Included stakeholder groups, selection of stakeholders, approaches to the stakeholder dialogue

A clear and focused stakeholder management is essential for the balance of interests, for reputation management, for communication and the positioning of the company. This is because EVN is active in a fragile and constantly changing business environment.

The core business areas energy, environment and water management enjoy high public visibility and are – more than most other industries – in the public spotlight.

EVN's expansion, growth and investments have all grown considerably over the last few years. This has resulted in constant stakeholder attention. In addition, the company keeps introducing transparent and participatory processes and more commitment.

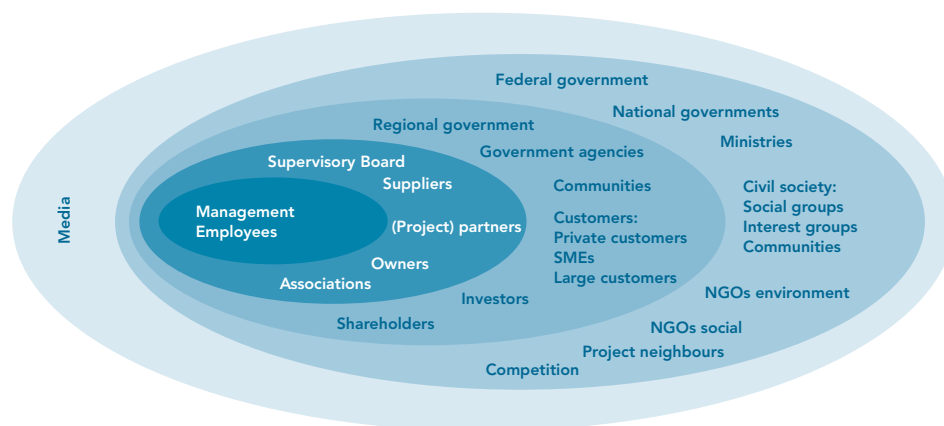


Image: Diagram of EVN's key stakeholders

EVN's stakeholder management aims at developing effective strategies for the further development of the company as well as for the ongoing sustainability process through a dialogue with relevant stakeholder and interest groups. EVN strives to identify risks and opportunities at an early stage and to obtain concrete knowledge of stakeholders' expectations and furthermore to maintain good relations and create and reinforce new relations.

EVN surveyed its key stakeholders in November 2010 in order to establish a structured and traceable dialogue. This survey, which is to be performed annually from the reporting year onwards, mainly deals with the relevance of activity areas in the sustainability context. The target is a systematic analysis of activity areas defined as "important" or "very important" by the stakeholders and an assessment of future challenges. The results will be published as part of the CSR materiality matrix on the EVN homepage and also in the sustainability report. They will serve as the basis of current and future activities in the field of sustainability. As the stakeholder survey has not been completed at the time of the report preparation we refer to the CSR materiality matrix 2009 valid for the report year 2010 on page 104.

At the core of EVN's stakeholder management are the strong relations between strategic business areas and departments and their stakeholders: employees, customers, suppliers, partners, external organisations, associations, NGOs, lobbyists, science and research.

A part of stakeholder management is also the stakeholder dialogue within working groups, community committees, company advisory boards, the EVN social fund and the communication and cooperation between company management and the work council, as are joint initiatives and projects on regional, national and international levels, especially in those countries and regions in which EVN or its affiliated companies conduct business.

Stakeholders and method of inclusion (selection)	Surveys (employees, customers at regular intervals, stakeholders survey 2010 etc.)	Active and frequent contact	Working group, forum, annual assembly (once or twice annually or more often)	Advisory boards, expert groups (once or twice annually or more often)	Supervisory Board
Employees	+	+	+	+	+
Customers	+	+	+	+	+
Suppliers	+	+	+	+	+
NGOs	+	+	+	+	-
Media	+	+	+	-	-
Investors	+	+	+	+	+

Table: EVN's stakeholders and method of their inclusion

Economic performance indicators (EC1–EC9)

As an enterprise aware of its responsibilities, EVN has set itself the challenge of considering economic, ecological and social aspects as a whole and reaching a balance between the claims of different interest groups.

Security of supply, responsible use of resources and creation of a modern infrastructure together with the highest quality standards are at the centre of all our activities. EVN's top economic priority is the continuing growth of the shareholder value.

EC1 Directly generated and distributed economic value¹⁾

Operational KPIs/sales trend

		2009/10	2008/09	2007/08
Electricity sales volumes	GWh	20,101	19,541	19,372
Gas sales volumes	GWh	6,738	6,102	6,759
Heating sales volumes ²⁾	GWh	1,821	1,576	1,362

Key financial figures

		2009/10	2008/09	2007/08
Revenue	EURm	2,752.1	2,727.0	2,397.0
EBITDA	EURm	416.6	373.4	362.3
Results from operating activities (EBIT)	EURm	187.3	175.2	166.6
Profit before income taxes	EURm	270.9	226.0	235.5
Group net profit	EURm	207.0	177.9	186.9
Investments	EURm	394.0	415.7	415.6
Return on equity (ROE)	%	7.4	6.3	7.4
Equity ratio	%	44.9	46.7	48.3

Key share indicators

		2009/10	2008/09	2007/08
Earnings per share	EUR	1.27	1.09	1.14
Dividend per share	EUR	0.40 ³⁾	0.37	0.37
Share price at the end of September	EUR	11.45	13.68	14.99

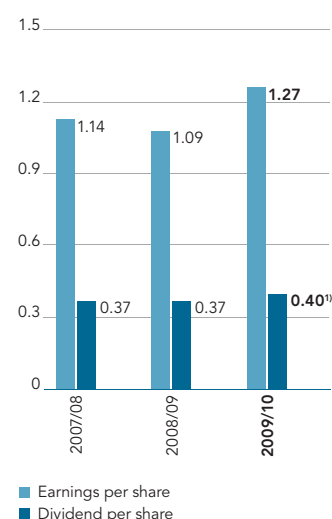
1) Fiscal year always from 1 October to 30 September; key financial figures according to IFRS

2) From 1 January 2008 including district heating distribution volumes in Bulgaria (TEZ Plovdiv)

3) Proposal to the Annual General Meeting

Earnings and dividend per share

in EUR



1) Proposal to the Annual General Meeting

With an income tax expense of EUR 42.1m, EVN contributed to the fulfilment of public duties. As a long-term employer EVN listed personnel expenses of EUR 329.2m (12.0% of revenue). Average number of employees in the year under review totalled 8,536, of whom 64 were apprentices. As a long-term contractor EVN invested EUR 1,914.5m in cost of materials and services.

The 81st Annual General Meeting, held on 21 January 2010, approved the proposal of the Executive Board and Supervisory Board to pay a dividend to the shareholders of EVN AG of EUR 0.37 per share for the fiscal year 2008/09. The proposal to the Annual General Meeting of dividends per share for fiscal year 2009/10 amounts EUR 0.40.

EC2 Financial effects of climate change

Climate change and the obligation of climate protection and reduction of CO₂ is one of the central strategic issues of EVN. Climate change is a challenge that demands new business models. EVN exploits these opportunities and is intensively concerned with new technologies to guarantee reutilisation now and in the future and at the same time to minimise impacts on climate and the environment. EVN is particularly involved in the fields of renewable energies, energy efficiency and sustainable energy services. The aim of EVN is to increase the long-term proportion of renewable energy sources in the context of power generation to 50%. To increase the energy efficiency of its clients, EVN provides numerous services for household, industrial and business customers, but also for municipalities.

More detailed information on the research and development activities of EVN may be found in the magazine of the full report on page 82 as well as at indicator EU8.

EC3 Company defined benefit plan obligations

In the reporting year EUR 31.6m, a proportion of 9.6% of personnel expenses, was spent on company defined benefit plan obligations (pension costs and other employee-related expenses). More detailed information is found in note 51 on page 83 of the report.

EC4 Government financial assistance

NÖ Landes-Beteiligungsholding GmbH holds a 51% share of EVN AG. In the reporting year approximately EUR 956,000 (about 12.7% thereof through funding) was spent on research and development projects. There is no additional financial support for EVN from public sector bodies. Insofar as isolated material laws provide the opportunity for utilisation of incentives, as is the case, for example, of the Eco-Electricity Act, EVN studies the conditions laid down and applies respectively for the funds allocated to it.

EC5 Ratios of standard entry-level remuneration compared to local minimum wage

In total more than 90% of the workforce in this country and elsewhere is represented by plant operations committees or trade unions and with regard to compensation is protected by minimum wage rates as the result of collective bargaining, tariffs or legal enactments.

EC6 Business policies, practices and the share of local suppliers

EVN continuously works on the implementation of a long-term alignment of procurement and continues its step-by-step implementation of sustainability criteria in a dialogue with suppliers. In this connection EVN employs an integrity clause for suppliers. In eleven points this clause defines the guidelines for sustainable procurement and the tasks and duties of suppliers. This may be retrieved at: www.evn.at/gruppe/lieferanten.aspx.

Concerning the selection of or preference given to local suppliers, the Federal law on public procurement must be taken account of: In many fields EVN is the sector contractor pursuant to EU law on public procurement and therefore must comply with the applicable provisions of the law. Furthermore, it follows the principles regulating competition in the EU. Unequal treatment of bidders, and therefore preferential treatment of local suppliers, is inadmissible. In procurement cases in which EVN is not subject to these contract regulations, EVN strives, to keep ecological aspects in mind and promote local value creation by placing orders regionally.

EC7 Employment of local personnel

The involvement and career planning of employees from local surroundings supports economic values and understanding of the local culture. In all countries practically all employees and a large proportion of executive leadership come from neighbouring areas. Since the build-up of local management capabilities constitutes an essential element of its strategy, EVN supports the career planning of local employees in Bulgaria and Macedonia through executive leadership training in the different countries as well as through international programmes such as the EVN SUN Academy or the International High Potential Development programme. Read a detailed description on page 48 of the magazine of the full report.

EC8 Infrastructure investments and services, which as a matter of priority take place in the public interest

In the reporting year EUR 394m in the construction and modernization of the infrastructure and in the field of electric power generation. These investments promote improvement of the security of supply and therefore ultimately the public interest. Recognizing its responsibility vis-à-vis various interest groups, EVN also implements numerous initiatives outside of its operative main business focus. In this process our concentration remains on supporting children and adolescents. The social fund set up in autumn 2008 receives an annual donation of EUR 100,000 and focuses on the support of Lower Austrian institutions working in the field of children and adolescents.

The following projects were supported by the social fund in 2009/10:

Projects	EUR
“die möwe” / prevention project at Lower Austrian schools	10,000
mission:possible – shared apartments for girls/inside out	5,000
Caritas/Workshop and car pool in Retz area, people with handicaps	10,000
Caritas/Children’s vacation camp in the St. Gabriel refugees shelter	2,000
Caritas/Children mourn differently – Schwechat initiative	7,000
Caritas/Group offer for children and adolescents with anxiety disorders, Baden family centre	5,000
Caritas/“Rasselbande” children’s group with women’s club	7,000
Welfare and Social Work Austria/Learning experiences week for underage refugees, Mödling	4,000

EVN is also active in other countries, where in particular it supports kindergartens, homes for children and schools in Bulgaria and Macedonia.

EC9 Indirect economic effects

As an employer and contractor as well as supplier of energy and environmental services, EVN makes a series of positive contributions to the national economies in which it operates. EVN business activity exerts direct and indirect macro economic effects or provides benefits. The most important ones are continuously outlined, taking into account that multiplier effects for the entire economy are not pointed out.

- > General public: an income tax expense of EUR 42.1m, which contributes to the fulfilment of public duties. There is no financial support for EVN from public sector bodies. Insofar as individual material laws provide an opportunity to utilise funding, as is the case, for example, of the Eco-Electricity Act, EVN studies the conditions laid down and applies respectively for the funds allocated to it.
- > Employer: average personnel numbers in the reporting year of 8,536 employees, of whom 64 were trainees; total personnel expenses of EUR 329.2m
- > Investment activity: EUR 394.0m for the construction of network infrastructures and production facilities at home and abroad
- > Client: EUR 1,914.5m for cost of material and services

Sector supplements – Economy

EU6 Short and long-term security of supply

In order to secure energy supply, EVN is constantly expanding its power generation capacities. In mid-2011 the 790 MW coal-fired power plant Walsum, Germany, will begin its operations. Hydropower projects in Bulgaria and Albania are under construction or in the planning stage. Another focus is the expansion of wind and hydroelectric power in Austria. Over the long term EVN has set itself the goal of generating 40% to 60% of its total electricity sales from its own production and electricity procurement rights, respectively, (fiscal year 2009/10: 18.2%) and thereby increasing its share of renewable energy sources to 50%.

A substantial contribution to secure Lower Austria's gas supplies or Austria's national supply, is made by Rohöl-Aufsuchungs AG (RAG), in which EVN holds an indirect majority interest of 50.03%. RAG, with its storage capacity of approximately 5 billion m³ is one of Europe's largest natural gas storage operators and, therefore, in theory can cover half of Austria's annual natural gas consumption. Furthermore, EVN is in the process of completing several gas pipeline projects.

EVN operates in total a network for the supply of electricity, gas, heat and water to its customers of nearly 148,000 km. In order to guarantee the supply, it continuously carries out inspections, maintenance and modernization work. In the reporting year a total of EUR 394m was invested in the maintenance, expansion and modernization of the network and its generating capacity.

EU7 Programmes for Demand Side Management

The EVN research projects currently in progress, "Green Home" and "Multi-Functional Energy Storage", are important issues for the energy efficient household of the future. In the e-mobility "EmporA" research project, aspects of Demand Side Management are also treated.

EVN is currently testing so-called Smart Meters involving approximately 300 customers. They enable customers at any time to read off their power usage on a monitor and to analyse it on the internet in the Online Energy Management System. For the individual requirements of its customers EVN offers different tariff packages.

Furthermore, EVN has been considered for years to be a competent contact person with a broad portfolio of services and information for households as well as for industrial and business customers. EVN also consults with communities about energy issues. As an example of this, EVN helped to work out an energy supply concept for the provincial capital St. Pölten. The portfolio is constantly being expanded by new services.

For more detailed information on these innovations, please see page 82 of the magazine.

EU8 Research and development activities

EVN is involved in numerous national and international research and development projects and has played a leading role in Austria for decades in the further development of highly efficient and environmentally friendly power plants. In the reporting year approximately EUR 956,000 (thereof about 12.7% through funding) was spent on research and development projects with emphasis on the following projects:

- > Biomass test facility Dürnrrohr – Biomass Pyrolysis
- > CO₂ deposition equipment Dürnrrohr
- > Solar energy project with Heliovis and TU Vienna starting November 2010
- > DEMO-Smart-Metering
- > ARGE EEE (thermal e-efficiency)
- > ADRES (settlement that is self-sufficient in energy needs)
- > MBS (multi-functional energy storage)
- > emporA (electro-mobility)

More detailed information on the research and development activities of EVN may be found in the magazine of the full report.

EU9 Reserves for the dismantling of nuclear power stations

Not relevant as EVN does not operate any nuclear power plants.

EU10 Planned capacity – expected demand

In the reporting year the total amount of electricity generated by EVN was 3.7 TWh. By 2020 the production volume of the EVN company is expected to be 7.5 TWh, hence the planned expansion capacity will amount to approximately 3.8 TWh. Over the long term the proportion of renewable energy sources will increase to 50%.

EU11 Efficiency level

The Dürnrrohr power plant is linked with the district steam and the long-distance thermal heating. As a result a strict mathematical determination of equipment efficiency is not possible. The average level of efficiency of the electricity production from gas (the ratio of the utilisation of fuel to energy production) amounts to 59.05%.¹⁾

1) Includes plants in Austria and Bulgaria

EU12 Grid losses

Grid losses in Lower Austria are within the average Austrian range. In Bulgaria the grid losses decreased from 17% to around 13% as a result of investments in the improvement of network quality. In Macedonia grid losses were reduced from 24% to approximately 17%. The aim is a long-term reduction of grid losses in Bulgaria to just under 10% and in Macedonia to approximately 11%.

Environmental performance indicators (EN1–EN30)

Our responsibility towards future generations has high significance in the exercise of EVN's business activities. Our primary goal is to implement the principles of sustainable environment-oriented corporate management extending from Lower Austria to our foreign subsidiaries. With its projects and provision of services in the Environmental Services segment, EVN makes a significant contribution to the environmental and to the climate protection.

The central focus of EVN environmental activities is climate protection – as requested in EN18 as the main indicator of the Electric Utility Sector Supplements. Through its strong encouragement of renewable energy sources, through efficiency enhancing measures, and through comprehensive consultation with its customers about reductions in their energy usage, EVN makes a basic contribution to the attainment of Austria's climatic targets. Climate protection management by EVN includes the following basic approaches:

- > Encouragement of renewable energy sources
- > Enhancing the energy efficiency of our own production facilities
- > Using and conducting research on new and innovative technologies, inter alia in the sector of renewable energy sources, CCS technologies and CO₂ reutilisation, Demand Side Management
- > Information for, and consultation with, clients about enhancing their energy efficiency
- > Active expansion of alternative mobility concepts such as electro-mobility, compressed natural gas (CNG) and biogas
- > Awareness raising of the general public and our employees
- > Internal measures of environmental and climate protection

The contribution of EVN to environmental and climate protection is a central aspect of all business areas and is treated clearly and in greater detail in the magazine of the full report as well as on the EVN homepage at www.evn.at/responsibility.aspx.

Aspect: Materials

EN1 Materials employed by weight or volume

Material usage for energy generation ¹⁾		2009/10	2008/09	2007/08
Fossil fuels ²⁾	Terajoule	22,585	23,052	24,703
Biomass	Terajoule	2,293	2,074	2,033
Waste ³⁾	Terajoule	3,863	2,982	3,230

1) Of the EVN thermal and combined heating and stations in Austria and from 2008/09 in Bulgaria as well as the waste incineration plant in Dürnröhr/Zwentendorf

2) Natural gas, anthracite, heating oil

3) For incineration by the waste incineration plant at Dürnröhr/Zwentendorf

Previous survey results confirm that EVN plants in Austria and Bulgaria are free of PCB. Nevertheless, transformers are tested for PCB before being scrapped. A comprehensive assessment is currently being carried out in Macedonia.

EN2 Percentage of materials used that are recycled input materials

Material utilisation – network construction in Lower Austria ¹⁾		2009/10	2008/09	2007/08
Additional power lines	km	944	1,333	1,420
Additional gas lines	km	202	128	168
Additional heating lines	km	25	45	16

1) This includes overhead lines and underground cables

For technical reasons little recycling material is used in the main components.

Aspect: Energy

EN3 Direct energy consumption broken down by primary energy sources

EN4 Indirect energy consumption broken down by primary energy sources

Electricity, gas, and district heating consumption ¹⁾		2009/10	2008/09
Head office	MWh	16,791	16,169
Customer centres	MWh	21,176	21,431

1) Internal energy consumption in Lower Austria. Since energy purchases for customers and for internal consumption are not broken down separately, direct and indirect primary energy consumption are not shown separately.

EN5 Energy savings as a result of environmentally conscious use and efficiency enhancements

In numerous fields steady efficiency enhancements are achieved through the employment of newer technologies and by continuing optimisation measures. An example of efficient use is the power plant at Dürnröhr, where by using steam from the nearby waste incineration, with maximum operation of the external steam feed into the carbon block, approximately 15% of the fuel can be saved.

EN6 Initiatives for higher energy efficiency and renewable energies

EVN offers their customers numerous consultation services and products to lower their energy demands or to obtain electricity from renewable sources. You will find details on the consultation services at www.evn.at/Privatkunden/Dienstleistungen.aspx.

With "NaturStrom" the evn naturkraft Erzeugungsgesellschaft m.b.H., a subsidiary of EnergieAllianz Austria GmbH, delivers power exclusively from renewable energy sources and in recognition of this it was awarded the Austrian eco-labelling in March 2008. Currently, only three suppliers in Austria carry this strict seal of quality in the "Green Power" category.

EN7 Initiatives for reduction of indirect energy use and achieved savings

To promote a reduction of indirect energy use natural gas-driven motor vehicles are increasingly being added to the EVN car pool. Another initiative is the reduction of travel time and expense by the increased use of video conferences.

Aspect: Water

EN8 Total water withdrawal divided according to source

Water withdrawal

		2009/10	2008/09	2007/08 ¹⁾
Drinking water (municipal suppliers)	m ³	485,181	576,224	164,009
Wateruse (groundwater)	m ³	969,761	1,058,614	1,160,256
Cool water (surface waters)	m ³	270,319,000	269,179,237	324,339,038

All plants in Lower Austria, Bulgaria and Macedonia.

1) Data not including Bulgaria, Macedonia

EN9 Sources of water that are fundamentally affected by the withdrawal of water

As a rule, EVN plants obtain their water from municipal providers or groundwater wells. The cooling water flow rate at the thermal power stations on the Danube totalled 269.5 Mm³ in 2009/10 and, at 0.44% is under 5% of the average annual volume of the Danube. The average annual volume of the Danube recorded by the Korneuburg gauge¹⁾ (measuring point number 207241) amounts to 61,148 Mm³. 1) Source: Austrian Hydrographic Annual 2006, Federal Ministry of Agriculture, Forestry, Environment and Water Management

EN10 Proportion as a percentage and total volume of recovered and re-utilised water

Insofar as possible the power stations reuse wastewater as process water.

Aspect: Biodiversity

EN11 Land-use in protected areas

For a comprehensive supply a sufficiently consistent supply network is necessary. Approximately 25% of the surface territory of Lower Austria is designated as protected area. In order to keep the environmental impact on such areas as small as possible, EVN places great importance on fully responsible network planning and construction.

EN12 Impact of business activities on biodiversity

In the context of each project EVN is committed to keeping impacts on nature as low as possible and protecting the flora and fauna that live in the area of its projects. In order to minimise possible harmful consequences for the diversity of species, numerous projects are being carried out:

- > Project with the society for great bustard protection in Austria
- > Nest platforms for storks in Bulgaria and Macedonia
- > Project for the protection of golden eagles and hunting falcons with the Bulgarian Association for Bird Protection (EU LIFE+ Programme)

By complying with the various notifications regarding cooling water intake temperatures, possibly harmful environmental effects are minimised. Further details on the subject of biodiversity can be found on page 62 of the magazine.

EN13 Protected or restored natural habitats

See EN12.

EN14 Strategies, measures in progress and future plans for the management of impacts on biodiversity

As a continuing measure for the management of harmful consequences for biodiversity, EVN integrates ecological construction supervision with its construction projects. See also EN12.

EN15 The number of species on the "Red List" of the IUCN and on national lists whose natural habitats are in areas affected by the business activity of the organisation

In its sphere of action EVN makes an important contribution to the protection of biodiversity. In the framework of a habitat study ordered by EVN at the Zwentendorf/Dürnrrohr site, 389 animal and plant species were counted at the site, 35 of which are found on the "Red List" in Lower Austria and four of which are under European-wide protection.

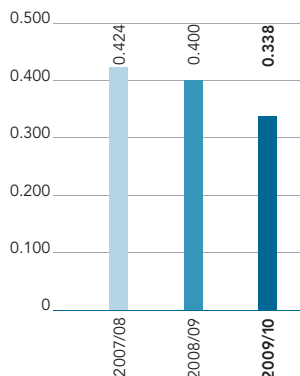
Aspect: Emissions, wastewater and waste

EN16 Total direct and indirect greenhouse gas emissions by weight

The CO₂ emissions from electricity and heat production account for a share of over 99.5% of all the greenhouse gas emissions caused by EVN. Other CO₂ emissions that arise, for example from the car pool or business trips are therefore not shown separately. EVN takes numerous measures to improve both the company's energy efficiency and the reduction of emissions on the production and customer side.

Specific CO₂ emissions of the EVN thermal and district heating (power) plants¹⁾²⁾

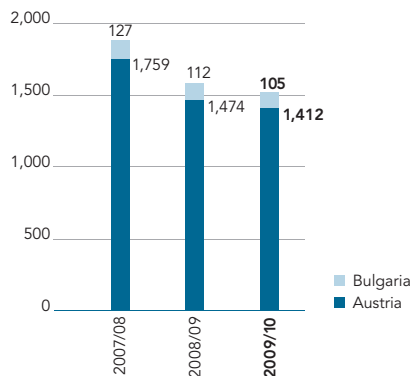
in kg/MWh



- 1) Annual average of Austrian plants.
- 2) The use of biomass was not considered in the calculation of CO₂ emissions as biomass is considered to be CO₂-neutral.

Quantity of CO₂ emissions of the EVN thermal and district heating (power) plants

in 1,000 t



In the case of all harmful substances, an improvement in specific emissions was attained in comparison with the previous year, which is a sign that the positive development trend of the past few years can be continued. The reduction of specific CO₂ emissions can be traced back to the increased use of fuels that are low in CO₂. The decrease in the amount of other harmful substances is caused by:

- > fewer starts at the Korneuburg power plant
- > the start of operations of the "Energy Utilisation Centre 2" (EVZ 2; steam delivery) at the Dürnrrohr power plant and the primary energy saving that is connected with it
- > a better exploitation of long-distance thermal heating at the Theiß power plant

The specific CO₂ emissions at the district heating supply company TEZ Plovdiv in Bulgaria came to 0.315 t/MWh. A comparison with Austrian CO₂ emission figures shows that Bulgarian figures are significantly below those of Austrian plants. The reason for this lies in the differentiated product mix of the Bulgarian plants compared with that of Austria.

The specific CO₂ emissions of the supplied electricity of EVN Energievertrieb GmbH & Co KG 2008/09 amount to 248.23 g CO₂/kWh, 1.37m t CO₂ in absolute figures.

EN17 Other relevant greenhouse gas emissions by weight

EN19 Emissions of ozone depleting substances by weight

Methane emissions may occur because of leak detection in the natural gas supply. EVN aims to reduce leak detection and failures to a minimum. Ozone-depleting substances are used by EVN only in special applications and exclusively in closed loop circumstances. Emissions of these substances are therefore negligible.

SF₆¹⁾ volume in closed substations and transformer stations

		2009	2008	2007
In total	kg	15,777	14,876	13,002

1) sulphur hexafluoride

EN18 Initiatives for the reduction of greenhouse gas emissions and the results thereof

EVN is constantly working hard, to achieve lower emissions. Savings achieved, however, cannot be concretely quantified. Two current measures are being subsequently introduced:

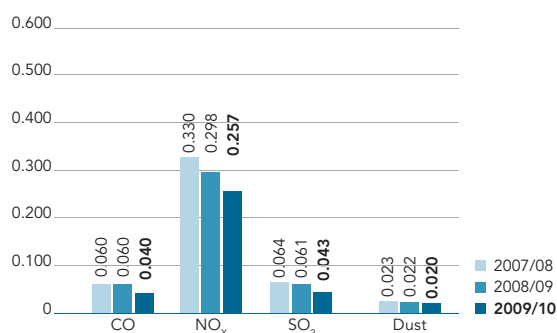
On 1 October 2009 the 31 km district heating transport line, which runs from Dürnrrohr via the Perschling Canal and the Traisen Valley to St. Pölten, went into service. Dating from the 2009/10 heating period, two thirds of the district heat required by the regional capital will be provided by this line. As a result of the project approximately 21 million m³ of natural gas per year and therefore more than 40,000 tons of CO₂ emissions can be saved in St. Pölten.

At the beginning of 2010 Line 3 of the waste incineration plant at Zwentendorf/Dürnrrohr went into operation. With the added capacity of about 200,000 tons, more than 500,000 tons of household and bulk waste as well as industrial and commercial waste can be treated ecologically in the best possible manner in the future. The hazardous substances in the trash are destroyed and valuable energy will be regained. Through the linkage with the Dürnrrohr power plant, 100,000 tons of coal and 10 million m³ of natural gas can be reduced annually. With conservation of resources, lowering of emissions and the greenhouse effect, improvements in the air quality of the region and a better CO₂ balance are the result. Due to the combination with the Dürnrrohr power plant, the EVN Abfallverwertung Niederösterreich has achieved a 50% higher efficiency level than other waste incineration facilities.

EN20 NO_x, SO₂ and other important atmospheric emissions by type and weight

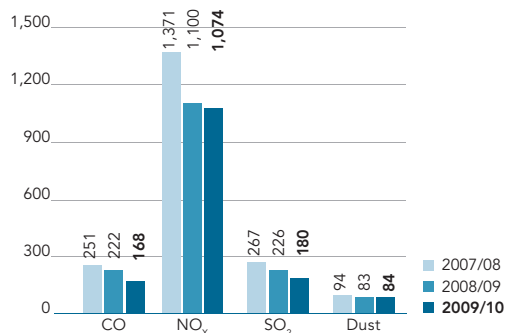
Specific emissions of the EVN thermal and district heating (power) plants¹⁾

in kg/MWh



Quantity of emissions of the EVN thermal and district heating (power) plants¹⁾

in t



1) Annual average of the Austrian plants

EN21 Total wastewater discharges by type and place of discharge

If the type or quantity of a wastewater stream differs from ordinary household waste water, EVN has concluded a contract with the treatment plant operators in accordance with the indirect discharge ordinance, if there is a sewer junction. This contract contains detailed provisions concerning the permitted amount of wastewater, the essential substances it contains, required wastewater inspections, etc. Direct discharges into surface waters is regulated by numerous wastewater emission ordinances. EVN has its wastewater streams regularly tested by external, accredited test institutions.

EN22 Total weight of the waste by type and disposal method

Development of waste quantities ¹⁾		2009/10	2008/09	2007/08
Hazardous waste	t	12,036	10,518	837
Non-hazardous waste	t	121,638	97,557	13,181
Export of hazardous waste²⁾				
Hazardous waste	t	0	186 ³⁾	0

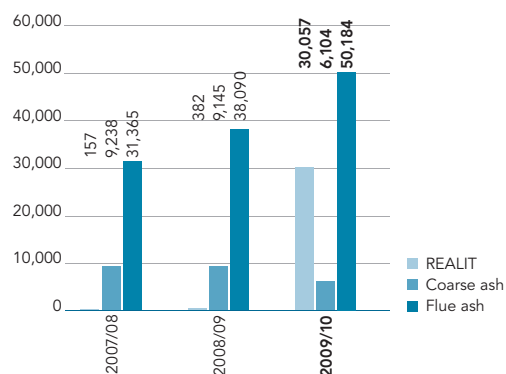
1) With no construction residue or power plant side products; up to and including 2007/08: EVN AG and EVN Netz GmbH; as of 2008/09 for all group companies. The growth is principally due to the involvement of EVN waste reutilisation (> 80%).

2) EVN AG, EVN Netz GmbH, Bulgaria, Macedonia

3) Electrical equipment containing PCBs to Germany for complete recycling (> 70% of them originate in Macedonia)

Reutilisation of power plant side products

in t/year



All regularly occurring hazardous and non-hazardous waste in Austria is given to selected disposal specialists by contract, who either recycle it materially or thermally in accordance with Austrian law or takes it to a secure landfill.

Flue ashes and coarse ashes are reused 100%. Until October 2009 REALIT was deposited in company dumps, but as of November 2009 REALIT is also 100% recycled.

EN23 Environmentally relevant incidents – the total number and volume of essential releases

In the reporting year 1 October 2009 to 30 September 2010 there were six environmentally relevant incidents¹⁾ that had slight or very slight environmental impact. An oil leak caused by sabotage at a transformer station in Laa an der Thaya led to a soil clean-up, and at the Mitterberg power plant a slight leakage of hydraulic oil occurred. In both cases as a result of emergency actions the contaminations from oil that appeared were immediately removed without further damage to the environment. The causes of a brief transgression of the limit value for ammonium in the discharge from the Grossmugl/Niederhollabrunn water treatment plant and a bacterial contamination of the drinking water spring at the Wienerbruck power plant were dealt with successfully by appropriate measures. In Macedonia there were two environmentally relevant incidents with minor environmental impact: A leakage of transformer oil in the region of KEC Kumanovo. By taking immediate countermeasures the oil leak was cleaned up without additional harm to the environment. On account of bacterial contamination the valves of an old water reservoir in KEC Tetovo, which is connected with the drinking water system, were closed and the reservoir was cleaned out. In the reporting year no environmental fines were imposed on EVN.

1) The registration system for environmentally relevant incidents comprises Austria, Bulgaria and Macedonia.

EN24 Weight of the transported, imported, exported or treated waste

In the reporting year no waste were taken out of the country.

EN25 The classification, size, protection status and biodiversity value of waters and the natural habitats that are bound up with them, which are significantly affected by wastewater discharges and the surface run-off of the reporting organisation

A major part of the wastewater is cleaned by wastewater treatment plants before it reaches any surface water. At the power plants slightly contaminated wastewater flows, thus corresponding to the environmental norms currently in force, are discharged into the Danube. No relevant damage result from this.

Aspect: Products and services

EN26 Initiatives for the reduction of environmental impact caused by products and services

Owing to the company purpose of EVN, the environmental impact of products chiefly applies to emissions. Numerous measures are put in place for the avoidance and minimisation of these emissions. Inter alia in the area of research and development (see EU8). Furthermore, the proportion of renewable energy sources is supposed to rise to 50% over the long term, and measures are being taken both in the company and on the part of customers (through consultation services) to raise the level of energy efficiency.

EN27 Share of the sold products in percentage terms in which the related packing material was taken back

Not relevant owing to the purpose of the company.

Aspect: Compliance with legal provisions**EN28 Monetary value of basic fines and total amounts of non-monetary fines on account of non-compliance with legal provisions in the environmental sphere**

In the reporting year there were no relevant cases.

Aspect: Transport**EN29 Basic environmental impact caused by the transport of products and other goods and materials that are used for the business activity of the organisation as well as by the transport of employees**

See EN16.

Aspect: In the aggregate**EN30 All environmental protection tasks and investments broken down by type of tasks and investments**

Included in the environmental cost calculation were all fully consolidated and relevant subsidiaries of the EVN Group in Austria. The relevance criterion was sectors on the one hand and on the other hand total anticipated environment-related expenditures over EUR 10,000.

The levies are based on the International Environmental Cost Accounting Guideline issued by the International Federation of Accountants. Environmental costs accordingly represent the monetized, internal costs of repercussions of business activity on the environment and in particular the costs of damage avoidance and damage removal.

In the reporting year the environmental costs of the analysed businesses of the company amounted to EUR 82.6m. They are composed of damage repair costs (e.g., costs of remediation of contaminated sites) and damage avoidance costs (e.g., expenditures for environment management or flue gas cleaning) by environmental media and cost categories. Because of the extensive amount of flue gas cleaning, the highest costs are in the area of emission treatment.

Environment-related income (scrap metal sales, waste-generated steam) in fiscal year 2009/10 came to EUR 32.8m.

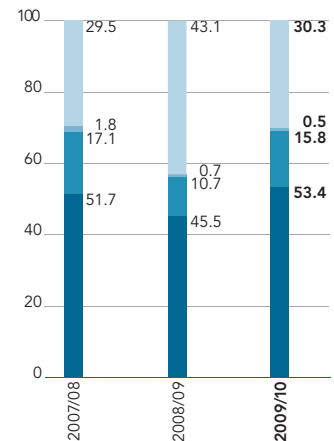
		2009/10	2008/09	2007/08
Costs	EURm	82.6	66.1	56.4
Income	EURm	32.8	35.7	9.1

Sector Supplements – Ecology**EU13 Biodiversity of alternative locations in comparison with affected areas**

In the reporting year alternative sites measuring 26.25 hectares exist for wind power facilities in Lower Austria. Seven of these hectares have already been laid out for the Tattendorf wind power project, which is planned to be completed in 2011. Alternative site for pipeline routes may be obtained from publically accessible documents on the environment and environmental compatibility tests.

Environmental costs by cost categories

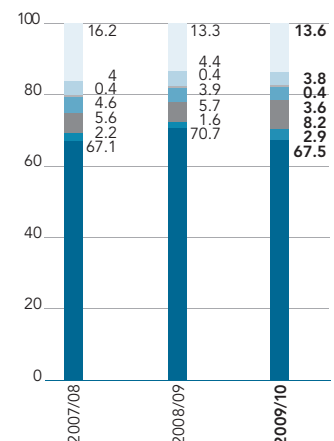
in %



- Waste and emissions treatment
- Intangible costs (not unambiguously identifiable)
- Preventive measures and other environmental management costs
- Research and development

Environmental costs by environment media

in %



- Air and climate
- Waste products
- Biodiversity and landscape
- Land and groundwater
- Wastewater
- Noise and vibration
- Miscellaneous
- Radiation 0%

Firms included:

Since 2007/08: EVN AG, EVN Netz GmbH, EVN Wärme GmbH

Since 2009/10: EVN Abfallverwertung Niederösterreich GmbH, evn naturkraft Erzeugungsgesellschaft m.b.H., evn wasser Gesellschaft m.b.H., EVN Business Service GmbH

Social performance indicators

Labour practices and decent employment (LA1–LA14)

EVN pursues a consistent and sustainable management approach in the field of Human Resources. Key points are work practices and decent employment, employer-employee relations, occupational protection, health and safety at the workplace, training and further education, and diversity and equal opportunities.

In all these aspects, EVN is committed to adhere to the guidelines of the International Labour Organization (ILO) and the UN Global Compact. EVN is also committed to the joint declaration of Eurelectric and EPSU/EMCEF on the subject of equal opportunities and diversity, published in June 2003.

Among the most important activities and initiatives of the Human Resources department continued or initiated, in the reporting year are the following:

- > Feedback and orientation talks
- > Development of programme for the promotion of women at the workplace
- > EVN SUN Akademie
- > Group HR-Day
- > Trainee programme in Macedonia
- > EVN apprentice support programme
- > Know-how transfer and dialogue between the affiliates
- > Idea management

For details please go to the article on page 48 of the magazine.

LA1 Total workforce according to type of employment, work contract and region

All members of EVN AG's and EVN Netz GmbH's workforce are employees. In Bulgaria and Macedonia, there is no distinction between employee and worker. Group-wide, the share of workers is approximately 3.2%.

EVN regards personnel leasing either as integration leasing, or leased labour is used in projects for a limited period of time or during production peaks. Overall, 114 leased employees worked for the EVN Group in Austria during the reporting period.

To support a healthy work-life balance, EVN offers its employees flexible working hours such as part-time work or flexitime without core times. EVN employs on average 262 part-time employees, 230 of them in Austria.

Further information about work-life balance are available at www.evn.at/Verantwortung/Mitarbeiter/Personalmanagement/Work-Life-Balance.aspx?lang=en-us.

Employees by segments ¹⁾	Number	2009/10	2008/09	2007/08
Generation		147	108	82
Network Infrastructure Austria		1,321	1,435	1,446
Energy Trade and Supply		259	243	174
Energy Supply South East Europe ²⁾		5,630	6,036	6,560
Environmental Services		524	496	456
Strategic Investments and Other Business		656	619	624
Total EVN Group		8,536	8,937	9,342

1) On full-time equivalent basis (FTE); annual average

2) Incl. Bulgaria, Macedonia, Croatia

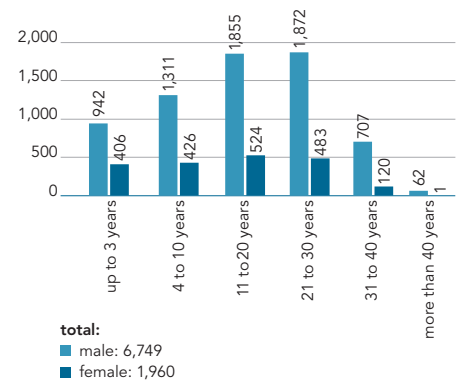
Employee key indicators		2009/10	2008/09	2007/08
Number of employees ¹⁾	Number	8,536	8,937	9,342
thereof proportion of women	%	22.5	22.9	22.4
thereof proportion of men	%	77.5	77.1	77.6
Persons with special needs	Number	138	139	146
Apprentices ²⁾	Number	64	82	78
Employee fluctuation ³⁾	%	3.1	3.6	3.9
Average employment period	Years	15.9	15.5	16.3
Average age	Years	43.3	43.4	43.3
Revenue per employee	EUR	322,411	305,138	256,583
Sick days per employee	Number	10	10	9
Cost of personnel in relation to revenue	%	12.0	11.7	12.7

1) On full-time equivalent basis (FTE); annual average

2) Apprentices in Austria only due to dual education system

3) Excluding departures due to Bulgarian and Macedonian redundancy programme and excluding retirement

Employment period of employees



LA2 Employee fluctuation

Employee fluctuation during the reporting year was 3.1%. Not included are departures due to Bulgarian and Macedonian redundancy programmes and retirements. No detailed analysis was performed due to the low fluctuation level.

LA3 Benefits for full-time employees only

Benefits such as supplementary health insurance or pension fund are available to all employees of the EVN Group (e.g. EVN AG and EVN Netz GmbH) regardless of age, gender and employment status.

LA4 Percentage of employees under collective agreements

Over 90% of EVN's workforce are represented by works councils or trade unions and are thus entitled to contractual, tariff-based or statutory minimum wages. For employees of contract partners and subcontractors, the integrity clause is part of the contract. It prohibits discrimination or harassment of any kind at the work place. Workplace conditions are also covered in the topics „health protection“, „regulations of the Labour and Employment Law“, and „transparency of working time and remuneration“.

LA5 Notification deadlines for major changes within the company

EVN's social partnership is guided by the principle „convincing instead of forcing“. Key decisions are taken in a transparent manner, in accordance with the company's Leadership Mission Statement, and on the basis of applicable laws and regulations. The works council is routinely informed and/or involved. This applies for both strategic decisions and changes and adjustments in human resources. For example, the works council and all concerned employees were informed about the structural changes of the last few years well beyond the legal requirements. EVN and each of the major subsidiaries of the EVN Group have their own works councils. They are regarded as partners in constructive and responsible company management. Delegates from the works council have a seat and a vote on the Supervisory Board and also on the Advisory Committee for the Environment and for Social Responsibility.

A European works council was founded in order to further integrate the South Eastern European subsidiaries and to improve the communication. It is composed of three members each from Austria and Bulgaria and one member from Macedonia. The election took place on 12 September 2007. The European works council is primarily a platform for communication and agreement. The last meeting was held in Plovdiv, Bulgaria, on 28 and 29 October 2009.

In 2008, a Youth Council of Confidence was founded. Since that time apprentices have had a say in matters discussed in the works council, hence they may state their requests.

In various facilities in Lower Austria, employees and senior executive staff can communicate their concerns directly to the management. Besides the regular works meetings, these meetings give the opportunity of communicating directly with the Executive Board. All employees can find current information on the Group and its activities in the company publication, regular employee bulletins and the intranet.

LA6 Percentage of the total workforce represented in workplace health and safety committees

More than 90% of EVN's total workforce is represented by works council or trade union delegates and benefit from the appropriate protection. Respective workplace, health and safety committees exist in Austria, Macedonia and Bulgaria. Representatives from works councils and trade unions are members of those committees.

LA7 Injuries, occupational diseases, lost days, absence and fatalities according to region

The number of occupational accidents throughout the EVN Group decreased by 28.2% in the reporting year. During the reporting period, three fatal work-related accidents occurred. One employee in Bulgaria was caught up in an electricity circuit during repair work on a defective power line. His injuries were so severe that he died at the hospital. Another employee in Bulgaria was killed on his way home. An employee of the district office Scheibbs in Lower Austria lost his life in a car accident through no fault of his own.

The number of petty accidents (less than three sick days) increased by 25%. However, the number of minor accidents fell by 60%, moderate accidents were down by 10%, and severe accidents decreased by 34%. The number of staff sick days fell by 10%. The downward tendency of minor accidents and rising petty accidents is especially noticeable in Austria and Germany. A contrary picture can be seen in both South Eastern European subsidiaries. The explanation for this is the fact that minor accidents are not reported due to cultural differences.

EVN offers its employees preventive medical check-ups and various training programmes in occupational health and safety. During the reporting year, employees in Lower Austria attended safety training programmes totalling 347 training days. 81 employees participated in first-aid training courses. Employees in Macedonia attended health and safety training programmes totalling 449 training days. 96 employees participated in first-aid training courses. In Bulgaria, employees attended training programmes totalling 5,256 training days. All employees in Austria are represented by health and safety delegates on working committees discussing and monitoring occupational health and safety programmes. In Bulgaria and Macedonia, the high European standard is to be implemented in compliance with current legal local stipulations.

	2009/10	2008/09	2007/08
Number of occupational accidents ¹⁾	74	103	110
Number of staff sick days	3,403	3,780	2,667

1) Number of petty accidents and of notifiable occupational accidents (excluding commuting accidents)

Fire statistics	2009/10	2008/09	2007/08
Number	6	11	8
Damage	TEUR 13.1	142.8	164.2

LA8 Training, counselling and health protection related to serious diseases

EVN cares for the welfare and safety of its workforce and provides occupational medical care beyond legal requirements. Employees make frequent use of the occupational medical care provided by EVN. During the business year 2009/10, 851 vaccinations were performed at EVN AG and EVN Netz GmbH; 141 employees took the advantage of a general medical check-up.

EVN does not operate in countries with increased risk of communicable diseases. Group guidelines are in place in the event of serious cases such as a pandemic. The Group guideline „EVN Pandemic Prevention“ is in force throughout all group subsidiaries. The goal of company-wide pandemic prevention (especially influenza pandemics) is to minimise the infection risk at the workplace and thus ensure that the company infrastructure is not impacted and that EVN's customer service stays uninterrupted. This guideline governs organisational, preventative and hygienic measures aimed at minimising the risk of an influenza pandemic spreading among the workforce. In case of a pandemic, crisis management decides on concrete implementation measures in each organisation unit. A separate guideline governs the creation of crisis management units throughout EVN.

The extensive range of training programmes on health protection, occupational health and safety and fire prevention was maintained. A total of 6,120 employees attended 436 training programmes on safety-relevant topics. The training programme „Working under voltage“ was offered 52 times, a total of 1,092 employees attended. Other training programmes such as the handling of anti-fall protection, first aid or the handling with a chainsaw were offered, too.

More information on health protection is available at www.evn.at/Verantwortung/Mitarbeiter/Gesundheit.aspx?lang=en-us.

LA9 Occupational health and safety issues and related agreements as negotiated with trade unions

Occupational safety and accident prevention are important factors throughout the EVN Group. Besides the legal stipulations, an extensive set of internal rules are in force. The works council and the trade union are involved in decisions regarding occupational health and safety and health protection.

LA10 Training and further education per employee

Training and further education		2009/10	2008/09	2007/08
Cost ¹⁾	EURm	2.7	2.9	2.9
Average training budget per employee	EUR	314.1	324.5	314.9
Training hours per employee	hrs.	27.1	23.9	11.4

1) Seminar cost, trainers, e-learning

Besides IT training programmes and dedicated seminars, emphasis was placed on strengthening social competences.

LA11 Programmes for knowledge management and lifelong learning

EVN is aware of the high value of qualified employees and supports the development of each and every one of them. The EVN Academy was founded group-wide to organise all training and further education programmes. For further information on training and further education measures see EU14 and LA10.

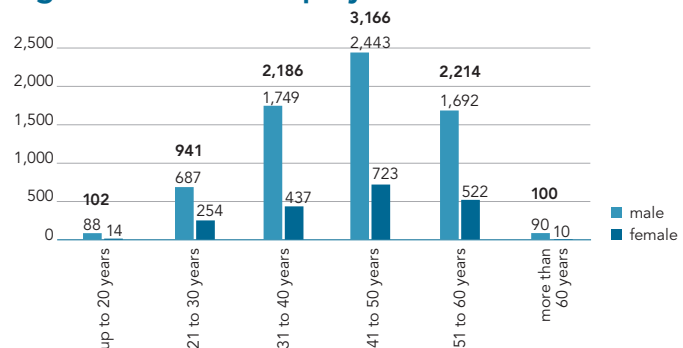
LA12 Employees receiving performance assessments and development planning on a regular basis

After a pilot phase, „Feedback and Orientation Talks“ (FOG) have been implemented in all major Austrian subsidiaries since February 2010. Employee talks are held on a regular basis in Bulgaria too. The goal of these FOGs, scheduled once a year, is more than just an assessment by a line manager. Besides work performance and quality, the agreement on tangible development goals and measures is discussed. The talks are conducted by the direct line manager, who were trained on it beforehand.

LA13 Diversity of employees and leading bodies

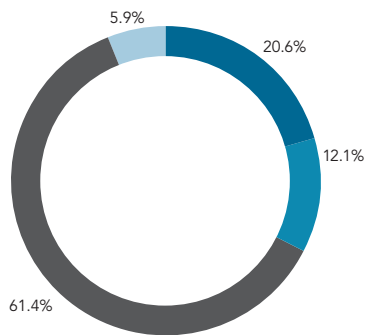
Women are historically underrepresented in technically oriented companies. The proportion of women in EVN's workforce is 22.5% in the reporting year. A programme aimed at supporting the women on EVN's workforce was launched during the reporting year, and first measures are due to be implemented in the near future. EVN wants to recruit more female employees and to support qualified women within the company.

EVN is especially interested in helping employees with children to find a balance between work and family. Flexible working hours (flexitime without core times) or part time contracts are part of this, as well as maintaining contact during the maternity period. For example, EVN offers young mothers a leave of 36 months and guarantees them re-employment. This goes well beyond legal provisions. Men, too, can take advantage of these opportunities. Three men were given paternity leave to take care of their children during the reporting year.

Age structure of employees**LA14 Differences in remuneration due to gender**

Men and women receive the same remuneration for the same work.

Education structure of EVN



- University 20.6%
- Secondary school¹⁾ 12.1%
- Technical school graduates/employees with completed apprenticeships or master craftsman certificates 61.4%
- Others 5.9%

1) Includes higher graduation in Macedonia because of country-specific educational structures, equal to secondary school graduation

jointly developed with the Executive Academy of the Wirtschaftsuniversität Vienna. Attendees had the opportunity to look beyond their daily routine by participating in case studies and exercises. This programme was offered group-wide, so English was the working language. EVN SUN focussed on the support of promising talent for future leadership roles and has become one of the most important measures to support talented employees.

Leadership development

Leadership development is a central aspect of training and further education of the EVN Academies in Austria, Bulgaria and Macedonia.

EU15 Retirements in the next five and ten years

Assuming that the legal retirement age does not change, around 7% of employees will retire within the next five years; 20% will retire within the next ten years.

EU16 Health and safety regulations

EVN exclusively works with selected partners. They are obliged to employ only properly trained labour for their tasks. EVN employs skilled labour, for example as construction coordinators or supervisors, who monitor compliance with all regulations.

EU17 Work days of subcontractors and suppliers for construction work, service and maintenance

Subcontractors and suppliers are used for tasks with a limited period of time, especially for maintenance and revision work and for the construction of new power plants. During the reporting year, more than 5,000 subcontractors and suppliers worked for EVN domestic and abroad.

EU18 Share of subcontractors and suppliers that have undertaken health and safety training programmes

External services that are safety and/or health relevant (e.g. in building construction and civil engineering) are performed by pre-qualified companies under framework contract. The number of those qualifying companies is around 300. Rules for Austria: All companies performing work for EVN must accept EVN's integrity clause as contract basis. This clause prescribes under item 4, "Health & Safety at the Workplace", compliance with legal stipulations governing occupational health and safety protection at the workplace, free access to drinking water and sanitation, appropriate fire protection, lighting, ventilation, appropriate personal protective

Sector supplements – Labour practices and decent work

EU14 Securing the requirement of skilled labour

EVN has implemented various activities to meet future demand of skilled labour and leadership. Various measures have been taken especially in the areas of apprentice training, talent management and leadership development.

Apprentice training

EVN has a long tradition of training apprentices. On 1 September 2010, seven apprentices took up their training to become electrical engineers for EVN. In the reporting year, 64 apprentices on average were employed. Seminars augment theoretical training at the vocational school and practical training on the job. EVN also supports inter-disciplinary qualification such as training programmes to qualify as gas and heat technicians. The new engineers are supported by experienced colleagues. This way, their know-how remains within the company.

Talent management

EVN prefers to recruit its leadership from its own workforce. In order to support qualified employees, the first EVN Summer University, „EVN SUN 2010“, was held in Bulgaria between 14 and 19 September 2010. 20 employees from various subsidiary companies in Austria, Macedonia and Bulgaria participated. The programme was

gear and training for its use. Companies have to instruct their employees according to §14 ASchG and § 154 BauV. This goes for their subcontractors, too. Training certificates must be provided without request. Subcontractors also confirm that they have the required certification and qualification to undertake the contracted work. Comparable regulations are in force with EVN's international subsidiaries.

Human rights (HR1–HR9)

Compliance with human rights regarding investment and procurement practices, equal treatment, freedom of assembly, right of collective negotiation, abolishment of child labour, abolishment of forced labour, complaints procedure, safety measures and the rights of original inhabitants enjoy top priority at EVN.

Already in 2005, EVN committed itself to comply with the UN Global Compact principles and supports unconditional adherence to human rights at all EVN locations. EVN is especially opposed to any form of child and forced labour and expects this from its contract partners and suppliers.

These principles are stipulated in the EVN Code of Conduct and are valid for all employees in all business units. This is augmented by a Procurement integrity clause that obliges suppliers and subcontractors to comply with those rules. All employees will be trained in the contents and deployment of this Code of Conduct via an e-learning programme which was developed during the reporting year. In future, training of employees working in countries known for their insufficient compliance with human rights legislation (risk countries) will be intensified. Control and monitoring is performed by senior executive staff. Compliance with human rights falls into the responsibility of the Executive Board, supported by the EVN Compliance Officer.

EVN as an internationally acting company has business interests in countries with a lower level of compliance with human rights legislation or procures services, materials or products there. Procurement of textiles (work clothes) from risk countries has already been abolished by an internal guideline. This guideline will be gradually introduced for other product groups, and specific criteria and measures will be implemented that go beyond the company's integrity clause and/or enforce it. For instance, coal procurement in Poland and Russia will only take place after EVN has conducted their own research and checks on compliance with human and employment rights and on working and living conditions.

HR1 Investment agreements with human rights clauses

EVN's integrity clause is binding for all suppliers (100%) and can be accessed by investors, investment and joint venture partners, subcontractors and stakeholders at www.evn.at/gruppe/lieferanten.aspx. The integrity clause is sent out with each order and tender and is thus always part of the contract.

HR2 Supplier controls for compliance with human rights legislation

For select product groups such as textiles, or materials such as coal or steel, major suppliers and subcontractors, especially from non-EU countries, are assessed under human rights and sustainability aspects. Not enough calculation input has been gathered for a percentage statement. EVN is at work to improve the sustainability check procedure and make it quantifiable and comparable in due course. For this reason, the current check system, which is not suitable for the task, was suspended and is to be replaced by a new one.

HR3 Number of hours of training on company-relevant human rights aspects

In the context of the e-learning programme on the code of conduct with the emphasis on the avoidance of corruption and all human rights aspects relevant to company activities, 1.5 hours of training per employee are allocated. This amounts to a total of 12,750 training hours over the entire roll-out period from 2011 to 2013 for the e-learning programme. The share of human rights aspects in this e-learning programme is 25%, or 22.5 minutes on average per employee. 54 senior executives participated in a trial run of the programme during the reporting year. An average of 1,150 hours is projected for the implementation in 2011. The first participants of this training programme will be the 3,000 German speaking EVN employees in Lower Austria and Germany. In the following years, the employees of EVN's subsidiaries abroad will participate in the programme, by then delivered in their respective mother tongues. Over the next three years (2011, 2012, 2013), the total number of training hours dedicated to human rights comes to 3,188.

HR4 Occurrences of discrimination and countermeasures taken

No incident of discrimination on the grounds of ethnic, national or social origin, for skin colour, gender, sexual orientation, religion or political orientation was reported during the reporting year. Equal treatment, one of the key factors of international treaties, national social legislation, social guidelines and the ILO core work norms, is a core factor in EVN's positioning as a responsible employer. Any occurrence of discrimination would be condemned and sanctioned according to EVN's compliance guidelines and personnel statutes.

HR5 Tracing of business activities in which the rights of free assembly and collective negotiation may be severely violated

The rights of free assembly and collective negotiation are cornerstones of EVN's and EVN's subsidiaries' implementation of the general declaration of human rights as well as the ILO core work norms in all its locations.

- > EVN and its subsidiaries conduct no business activities that might endanger the free conduct of employee rights, in particular the freedom of assembly and collective negotiation.
- > In Austria and all other EU countries, these rights are guaranteed by the law.
- > Beyond that, EVN maintains a works council in its Austrian group companies and has facilitated the foundation of a European works council. This monitors the compliance with the mentioned and other human and employee rights in EVN's EU facilities, especially in Bulgaria and Macedonia.

An analysis of all countries or geographical regions in which risks regarding the compliance with human rights are possible came to the conclusion that the only location outside of the EU where EVN subsidiaries conduct business and which might be considered a risk country is Russia, especially with respect to the rights mentioned above.

For this reason, EVN's Legal Department conducted research into the compliance with human rights in risk countries during the reporting year. Besides intensifying its own further education in this field, the department made sure that the management of subsidiaries and facilities in Russia are made aware in the context of internal further education on the EVN Code of Conduct of the need to comply with human and employee rights, especially those mentioned above. Checks carried out and feedback indicate that these rights are not endangered in the context of EVN's and EVN's subsidiaries' business activities in Russia. As a further precautionary measure to protect human and employee rights, EVN checks the relevant risks prior to each international project.

HR6 Traced business activities in which a serious risk of child labour prevails and measures taken to contribute to the abolishment of child labour

EVN's only risk of being associated with child labour lies in the procurement of products or materials from countries that are listed as risk countries. The Procurement department has taken a number of steps to lower this risk to zero or near zero. A major step was the introduction of the integrity clause, on which each and every contract with EVN is based. Also, each procurement that has a high potential of involved child labour is meticulously checked. One example is the check on child labour and compliance with human rights in the context of the technical pre-qualification of a steel pipeline supplier from Turkey. Another measure is the requirement to only procure textiles that have been manufactured within the EU. EVN does not operate in countries with a high risk of child labour.

HR7 Business activities with the risk of forced labour

EVN does not operate in countries with a high risk of forced labour except in Russia. There, a bundle of measures ensures that forced labour can be ruled out. See also HR6.

HR8 Training of security personnel on the topic of human rights

EVN does not operate in countries with a risk of encroachments on the part of security staff except in Russia. In each Russian facility one security person is employed under contract. All security staff were trained in the EVN Code of Conduct, which also touches upon human rights. Encroachments can be ruled out, or else are strictly sanctioned.

HR9 Violation of the rights of indigenous peoples

EVN does not operate in countries where indigenous peoples according to the GRI definition live.

Society (SO1–SO8)

EVN follows a clear management approach for all social aspects of its business pertaining to governance, compliance, corporate ethics, avoidance of corruption, public appearance and competition behaviour. This management approach is laid down in the EVN Code of Conduct; see www.evn.at/code-of-conduct.aspx.

SO1 Effects of business activities on society

EVN supplies over 3.6 million customers with power, gas and water and thus makes a major contribution to their quality of life. This service almost constitutes a requirement of the high living standard in our society and economy. EVN takes great care to avoid negative effects of its business on humans and the environment. The focus is on health and safety aspects. For more details regarding EVN's social commitment please see EC8.

SO2 Examination of corruption risks

In EVN's internal risk management, corruption is seen as a major risk factor. In the context of EVN's Code of Conduct guidelines, a dedicated instruction is performed. Special emphasis is placed on the fact that the EVN Code of Conduct is applied in Russia to 100%. All internal revision processes include a check on corruption-related circumstances.

SO3 Employees trained in the organisation's anti-corruption policies and methods

During the reporting period, 50 senior executive staff were trained in corruption prevention methods. In Russia, approximately 30 members of the leadership team were trained in EVN's Code of Conduct and in particular in anti-corruption policies.

SO4 Measures taken in response to corruption issues

No corruption issues were recorded during the reporting year. Transgressions and violations constitute a violation of duties. The criminal relevance is to be determined by the relevant bodies. Should a suspicion be found justified, it would lead to occupational and civil prosecution, depending on the severity of the case. For that reason, employees who unintentionally come into interest or loyalty conflicts in the course of their duties are advised, to immediately contact EVN's Compliance Officer.

SO5 Political positions, participation in the political consensus building process

During the reporting year, EVN frequently expressed its opinion regarding climate protection and energy efficiency in the context of its membership of business and professional associations and their committees and working groups and will continue to do so.

SO6 Total value of contributions (monetary and material) to parties and/or politicians

No relevant issues were recorded.

SO7 Number of lawsuits in consequence of anti-competition behaviour and cartel or monopoly formation

No law suits in consequence of anti-competition behaviour or cartel or monopoly formation were recorded.

SO8 Major fines (cash value) and number of non-monetary fines resulting from violations of laws

No such cases were recorded in the reporting year.

Sector supplements – Society

EU19 Inclusion of stakeholders in decision-making processes in the fields of energy and infrastructure development

EVN is aware of the social effects of its business activities at home and abroad and factors them in according to international agreements and national legislation. Especially for examinations on the environmental and social compatibility of major new projects. EVN therefore supports the inclusion of stakeholders in decision-making processes, especially in the fields of energy and infrastructure.

EU20 Relocations

EU22 Relocations during the reporting year

EVN is strictly opposed to any forced relocation and physical or economic expulsion and complies with international guidelines or national legislation. Prior to new projects, examinations of environmental and social compatibility are conducted, covering all these aspects. No relocations were recorded during the reporting year.

EU21 Crisis, emergency and contingency plans and relevant training programmes

For all its business activities, EVN has comprehensive crisis, emergency and contingency plans, especially for risk scenarios that may affect the population, and performs the relevant training programmes. Internal and external training programmes in crisis management are performed, and crisis scenarios are simulated. Emergency staff are constantly trained. There are also annual training programmes for all duty personnel, and annual security training programmes for all employees.

Product responsibility (PR1–PR9)

The principles of product responsibility are incorporated into the EVN mission statement and thus are of utmost importance: “We are mainly active for end customers in both our energy and environmental business. In order to meet their expectations, we apply the highest quality measures for both our products and our services. Sustainable electricity, gas, heat and drinking water supply, waste water disposal and waste incineration require an excellent know-how, high efficiency, modern infrastructure and continuous willingness to innovate. Given the high social responsibility attached to our supply and disposal services, the highest principles apply to the activities and management of our group. Adhering to basic ethical principles and all legal requirements is a matter of course to us.”

(Source: EVN mission statement)

EVN fully considers and continuously monitor the quality assurance for customer safety and health, transparent and informative product and service descriptions, a market communication which ensures the understanding of the products as well as aspects of climate protection and social responsibility toward the disadvantaged groups, as well as strict adherence to the privacy of the customers.

The high customer service quality standards have been confirmed by the “österreichische Normungsinstitut” and are certified in accordance with ÖNORM D 1020 for call centres. The ÖNORM D 1020 provides guidelines for the procedures for performing customer service functions. This generally assesses employee, technological, process and working environment aspects.

PR1 Effects on health throughout the product life cycle

The responsible approach by EVN throughout the entire product cycle – i.e. the EVN quality management during the (further) development of the product concept, research and development, certification, manufacturing, production, distribution, marketing, sales promotion, use, maintenance, disposal and recycling – is considered to be exemplary in many areas, in particular in the foreign operations of EVN and its subsidiaries. This applies in particular to sustainable planning, production and the distribution of electricity as well as the quality assurance of the networks and the electricity supply in the regions where EVN operates. All product and service categories are fully and continuously being examined through a comprehensive quality assurance for customer satisfaction, health and safety based on the principles of a one-hundred percent product responsibility.

PR2 Violation of health and safety regulations

There were no breaches of health and safety regulations during the reporting year.

PR3 Legally prescribed information concerning products and services

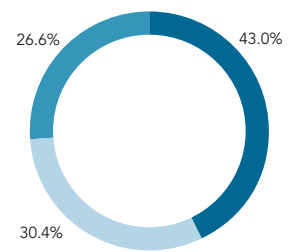
The legally binding electrical power ID code on invoices is checked by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. The environmental implications of the entire primary energy mix at the EVN Energievertrieb GmbH & Co KG for 2008/09 amount to 248.23 g/kWh CO₂ emissions and 0 g/kWh radioactive waste. In comparison, the pan-European composition of electricity (ENTSO-E¹) yields 431.81 g/kWh CO₂ emissions and 0.000780 g/kWh radioactive waste for the year 2009.

(Source: E-Control, Electricity source report 2010)

1) European Network of Transmission Systems Operators – replacing the UCTE since July 2009

Invoice transparency and customer information: The electricity bill is an important tool for customer information. In the summer of 2009, “Oesterreichs Energie”, being the special interest group of Austria’s energy industry, published an industry-wide proposal for an invoice design with the aim to improve the legibility and transparency of the invoices for the customers. EVN fully implemented this proposal in the summer of 2010.

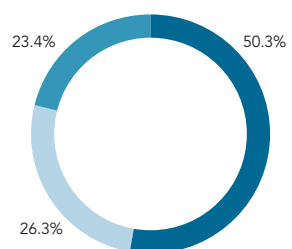
Electricity price structure in Lower Austria¹⁾



■ Energy costs 43.0% (EUR 292.81)
■ Network costs 30.4% (EUR 207.11)
■ Taxes and charges 26.6% (EUR 180.98)

1) Assumptions: household with an annual consumption of 3,500 kWh; including “FreiTag”, the EVN KG energy bonus, where private customers can access energy for free for up to one month per year.

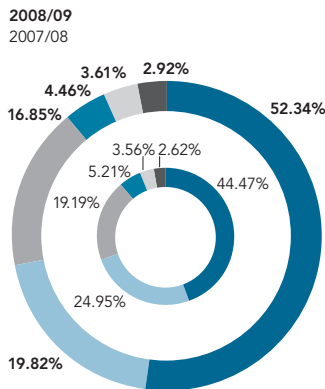
Gas price structure in Lower Austria¹⁾



■ Energy costs 50.3% (EUR 620.13)
■ Network costs 23.4% (EUR 288.53)
■ Taxes and charges 26.3% (EUR 323.28)

1) Assumptions: household with an annual consumption of 20,000 kWh; including “FreiTag”, the EVN KG energy bonus, where private customers can access energy for free for up to one month per year.

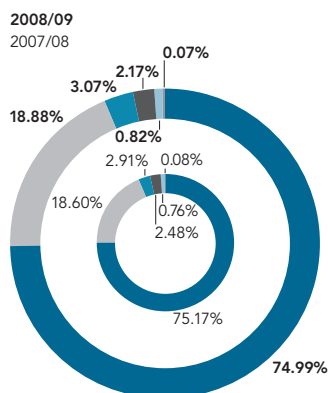
Composition of electricity from EVN KG in terms of primary energy sources



- Hydropower¹⁾ 52.34% (44.47%)
- Natural gas 19.82% (24.95%)
- Coal 16.85% (19.19%)
- Solid or liquid biomass 4.46% (5.21%)
- Wind and solar power 3.61% (3.56%)
- Rest (electricity generation from waste incineration by EVN Abfallverwertung, crude oil and its by-products, biogas, landfill gas, sewage gas and geothermal energy) 2.92% (2.62%)

1) 3.13% (5.08%) of the energy derived from hydropower was generated by small hydropower plants.

Composition of electricity from the evn naturkraft Erzeugungsgesellschaft m.b.H. in terms of primary energy sources



- Hydropower (exclusively through small hydro-power plants) 74.99% (75.17%)
- Wind power 18.88% (18.60%)
- Solid or liquid biomass 3.07% (2.91%)
- Solar power 2.17% (2.48%)
- Biogas 0.82% (0.76%)
- Landfill and sewage gas 0.07% (0.08%)

PR4 Violation of information obligations

There were no breaches of information obligations during the reporting year.

PR5 Customer satisfaction

As part of a continuous assessment, EVN has been monitoring the satisfaction of its private and business customers for several years. In 2009, around 7,700 private and 1,200 business customers were surveyed in Lower Austria. The collected data is used to monitor the development of customer satisfaction with EVN in general as well as the relevant business cases, and to reveal potentials for improvement.

The overall satisfaction of the EVN private customers remains on a good level with an average of 1.78 (on a 5 grade scale with 1 = very satisfied to 5 = not at all satisfied). A major strength of EVN remains supply security. Further strengths are customer contact by phone, the (self) reading of the meters and troubleshooting.

Similar to the private customers, the business customers also continue to show a high level of customer satisfaction. Municipal customers achieved the best average of 1.69, followed by heat customers (average 1.93), small and medium sized enterprises (SMEs) / small industrials (average 2.17) and the "small offices and home offices" (SOHOs) (average 2.18). For the business customers, supply security represents EVN's major strength. Another important factor of the overall satisfaction is the continuous customer service, which is the main counterweight to the prices which are perceived to be high. Aside from the cost-benefit ratio, both the private as well as business customers see a potential for improvement in invoicing.

Customer satisfaction in Bulgaria and Macedonia

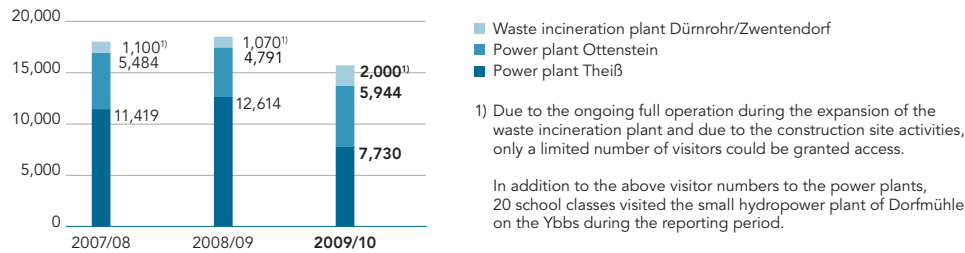
During the reporting year, the Customer Relations Centre in Bulgaria, which was opened in 2007, serviced on average 50,000 customer enquiries by phone and around 1,000 enquiries by email per month. The continuous optimization of the processes and the customer relationship management in place enable a full capture and processing of all enquiries within five working days. As part of the EVN complaints management, around 9,900 customer complaints were investigated. The careful processing of each individual case has shown that more than half of the complaints could be invalidated. A further service offensive was launched with the "mystery shopping" programme. In it, "test customers" assess the quality of the customer contact. For the first time during the reporting year, a large survey of heat customers was also undertaken, and some of the optimization suggestions have already been identified.

The call centre in Macedonia was opened in August 2008. During the reporting year, an average of 1,000 customer enquiries by phone were serviced on a daily basis, as well as nearly 300 customer complaints per month. Further work in optimizing the processes was undertaken during the reporting year, such as the installation of customer feedback boxes. At the same time, preparations for a further quality assurance programme BEST 2010 were made, the aim of which is to ensure the standardization, transparency and quality of the services rendered.

PR6 Legal conformity in the advertising area

In its advertising, EVN focuses on the goals of sustainability and prioritises topics of climate protection, energy saving and the common good. EVN rejects advertising which does not conform to the generally accepted ethical or cultural standards, which encroaches on privacy or which attempts to influence particularly vulnerable target groups such as children.

Visitors to the EVN information centres



PR7 Advertising-related violations

There were no advertising-related violations during the reporting year.

PR8 Justified data protection complaints

No relevant cases in the reporting year.

PR9 Fines due to violation against product and services regulations

No relevant cases in the reporting year.

Sector supplements – Product responsibility

EU23 Programmes to improve access to electricity and customer services

EU24 Customer service and consultation – measures to reduce language, cultural, physical and other barriers

See management statement regarding the product responsibility indicator.

EU25 Injuries and fatalities of persons (customers, neighbours, general public)

During the reporting year, EVN had to register a total of 14 fatalities and 7 injuries to customers, neighbours and the general public. A gas explosion in St. Pölten killed 5 persons. The occurrence of several coincidences most likely led to the accident. The cause was probably a short circuit in a 20-kV-underground cable which damaged a gas supply line to a house. The full investigation by the authorities remains to be completed. With regard to the liability regardless of negligence or fault to natural gas, EVN has already processed the majority of the damages caused. Unfortunately there was another fatal accident in Austria. The victim was handling a very long iron rod in a well shaft, and when pulling it out, overlooked the 20-kV overhead power line and made contact with the circuit. As the distance between ground and wire was in accordance with regulations, it has to be assumed that the accident was the sole fault of the victim. In both cases, the "gas and electricity accident insurance of EVN for its Optima customers" will pay the stipulated amount regardless of fault in case of death to the heirs.

In Bulgaria there were 5 fatalities in total: 1 suicide, 2 people killed during an attempt to steal cabling and one person killed in connection with an unauthorised entry into a substation. In addition, an employee of a contracted company was killed whilst engaging in the contracted work. In an attempt to steal cabling, 2 persons were injured, and another person was injured due to a defect in a high-voltage cable. In Macedonia, there were 3 injuries and 3 fatalities caused by an electric arc during an attempt to steal cabling. WTE in Germany, a subsidiary of EVN, reported an occupational accident where an employee slipped from his ladder and fell down. According to his own statement, the injuries will fully heal and no lasting damage is to be expected. The cause of the accident was neither attributable to insufficient safety measures nor a violation of occupational health and safety regulations.

EU26 Population in sales area without electricity supply

A full electricity supply can be assumed in all countries where EVN is a supplier.

EU27 Electricity disconnections due to payment arrears

If customers are unable to pay their invoices on time, then EVN offers individual support and the opportunity to agree to payment in instalments. EVN is faced with a fluctuating payment morale and capability in particular in Bulgaria and Macedonia, however, a significant improvement in the payment behaviour was recognized in the reporting year. The collection rate in Bulgaria could be raised to 96% and that in Macedonia to 90%. Despite a socially considerate approach, EVN is forced to disconnect the power supply if payment of arrears is not made over a long period.

EU28 Frequency of power failures

For regulatory reasons, no detailed information is provided.

EU29 Average duration of power failure

For regulatory reasons, no detailed information is provided.

EU30 Average availability of power plants

Apart from maintenance work to ensure the technical safety, all EVN plants were available without interruption during the financial year 2009/10.

Additional specific operational data of subsidiaries

WTE

In 2009, WTE achieved an average capacity utilization of 90.3%¹⁾ and treated around 174.6 million m³ waste water which corresponds to around 2.2 million inhabitant equivalents. Some of the resulting sewage sludge is then used in agriculture or in the production of compost; the biggest part is put into interim storage awaiting the completion of the sewage sludge combustor.



EVN Wasser

In the financial year 2009/10, a total of 493,000 people were supplied with 26.1 million m³ drinking water through 2,110 km of transport and distribution pipes. In addition, EVN Water, in its waste water treatment division, treated around 1.7 million m³ waste water at an average capacity utilization of 95.2%¹⁾.

1) Average value using the parameters chemical oxygen requirement, biologic oxygen requirement, total nitrogen and total phosphor.

Programme of CSR measures

The programme of CSR measures is defined by the central areas of action of the CSR materiality matrix (see page 104), taking the previous goals into consideration. New measures were defined in cooperation with all corporate areas as part of the CSR processes. The catalogue of measures is also published at www.responsibility.evn.at.

Target	Measures	Milestone/ Deadline	Status as of 30 September 2010	
Area requiring action: Climate protection				
	Expansion of the use of renewable energy sources	Construction of an 836 kW photovoltaic plant in Blatets, Bulgaria	Dec. 2009	Completed measure
		Construction of a 50 MW wind power plant in Kavarna, Bulgaria	Start 2010	A wind power plant was constructed; currently suspension of construction pending clarification of legal matters.
		Conversion of the Schütt hydropower station	April 2011	Under construction
		Construction of the Schaldorf hydropower station	Autumn 2012	New measure
	Optimisation of biomass incineration with regard to ash quality and minimized flue gas emissions.	Creating an integrative input/output study to record relationships between incineration parameters, use of fuel and quality of ash and emissions	Sep. 2010	Completed measure
	Promotion of alternative drives and fuels	Observation and investigation of market developments in the field of electrical mobility; participation in implementation projects.	ongoing	Project Wachau being implemented, participation in the platform "Austrian Mobile Power" and in research projects
Area requiring action: Resource conservation				
	Improvement in efficiency ratings	Optimisation of start-up procedure in the Korneuburg power station, as well as emission reductions and gas savings in the Dürnrohr power station achieved through optimisation of district heating transmission	ongoing	Current measure
	Power saving in the Theiß power station through improvement and/or adaptation of ventilation and cooling systems	Inclusion of existing central air-conditioning system in the cooling circuit of the office building, enabling 11 small air-conditioning units operated with R22 to be replaced.	Sep. 2011	Measure progressing according to plan
	Energy-efficient construction	Construction of an energy-efficient customer centre in Primorsky, Bulgaria (construction commences in Oct. 2009)	Sep. 2012	Completed measure (employees moved to new location in Nov. 2010)
	Raising customer awareness on how best to use energy in Bulgaria	Mobile energy consultancy, information campaign	ongoing	Ongoing measure
	Raising customer awareness on how best to use natural resources	Campaign with the slogan "Are you going to save nature by receiving information regarding your bill through email, e-invoice or SMS?"	ongoing	New measure

Target	Measures	Milestone/ Deadline	Status as of 30 September 2010	
Area requiring action: Resource conservation				
	Increase the number of natural gas-driven vehicles in use on the country's roads by private individuals, for commercial and municipal purposes	Increasing the usage of public CNG filling stations through intensification of sales activities to vehicle fleets of all types. Focus on cases where clear economic benefits for the vehicle fleet operators can be demonstrated. Closing of gaps in the CNG coverage through building new filling stations at selected locations. Increasing the filling station availability and reduction of down times	ongoing	There are already 170 public CNG filling stations in Austria (of which 31 are in Lower Austria)
	Energy savings in the maintenance of the Theiß power station	Exchanging the large-format screens, computers and their monitors as well as the control desk in the operations centre of the Theiß power plant with energy-saving and efficient screens and computers (expected saving of 50,000 kWh of energy per year)	2011	New measure
	Energy savings in aircraft warning lighting	Conversion of the aircraft warning lighting on the chimney of the Dürnrrohr power plant to energy-saving and long-lasting LED technology, thus achieving savings of about 20,000 kWh illumination energy per year and thus also reducing maintenance costs	2010	New measure
	Resource savings in the biomass facilities of EVN Wärme GmbH	Utilisation of 20% of the generated biomass ash per year as a valuable substitute material and thus saving resources, green-house gas emissions and waste dump costs	First intermediate results: Sep. 2011	New measure

Area requiring action: Assured continuity of supply and fair prices

Increasing Group coverage ratio to 40% to 60% of total electricity sales	Implementation of power station projects in Austria and abroad	ongoing	Part of the Strategy 2020
Adequate and secure availability of primary energy sources	Long-term procurement, storage of coal and gas	ongoing	Ongoing measure
Ongoing firm pricing – avoidance of accumulated price rises passed on to customers over a longer period of time	Linking OPTIMA energy delivery prices (electricity/gas) for private customers to the Austrian electricity price index (ÖSPI)	ongoing	Ongoing measure

Area requiring action: Responsible employer

Improvement in satisfaction and corporate identification of employees	Introduction of feedback and orientation meetings	ongoing	Introduction completed; meetings conducted on an annual basis
Promotion of health awareness among employees	First aid courses and preventive healthcare examinations	ongoing	Ongoing measure
Gender-appropriate (i.e. non-sexist) language within the company	Adaptation of in-house documents, forms and general terms and conditions of business	ongoing	Ongoing measure

Target	Measures	Milestone/ Deadline	Status as of 30 September 2010
Area requiring action: Human rights and prevention of corruption			
Code of Conduct for the entire EVN Group	Implementation and mediation concept as well as training	Mar. 2010	Measure mostly completed
Raising employee awareness and active contribution towards human rights and avoidance of corruption	Training through e-learning modules on human rights and anti-corruption as well as implementing preventative measures	Sep. 2010	Delayed
Area requiring action: Stakeholder dialogue			
Continuous dialogue with all stakeholders	Firm establishment and implementation of the prepared stakeholder concept	Sep. 2011	Stakeholder survey in November 2010
	Introduction of an EVN Customer Advisory Board	Apr. 2011	New measure
CSR corporate platform and exchange through external CSR events	Active communication and cooperation with other companies; organising and participating in CSR events	ongoing	Participation in e.g.: UNGC COP Working Group, CSR-Day 2010, ÖGUT "Zukunftsdialog" 2035
Raise awareness in the company as well as ongoing optimization of the CSR organisation and communication	Training, workshops and exchange of experiences, internal communication	ongoing	Conducting CSR exchange of experiences twice a year
Reporting in accordance with GRI	Integration of GRI information from Bulgaria and Macedonia, Electric Utility Sector Supplement interpreted for EVN	ongoing	Further integration of subsidiaries in South East Europe; application of sector indicators starting with reporting year 2008/09
Area requiring action: Social commitment			
Focusing the social sponsoring activities on projects relating to promoting children and youth in Lower Austria	Endowing the EVN social fund with EUR 100,000 annually	ongoing	Ongoing measure
Intensified cooperation with NGOs/NPOs	Participating in the market place "Gute Geschäfte", implementation of the concluded deals with the Red Cross and Caritas	Sep. 2010	Completed measure
Saving energy in the everyday life of children in Lower Austria	Energy saving campaign in schools; curriculum planner on the topic energy saving; 2nd expansion of the kindergarten project on the topic of energy saving	ongoing	Ongoing measure
Increasing safety when dealing with electricity in Lower Austria	Raising awareness with children and youth	ongoing	Ongoing measure
Increasing safety when dealing with electricity in Bulgaria	Project "energy efficiency in schools" for 174 school classes (years 2 and 3)	ongoing	Providing education for 174 school classes in 14 cities, reaching 4,100 pupils; conducting a school competition
Tennis weekend for children "Master your Energy! Turn it into health, knowledge and skills."	For the next 3 years, until 2013, tennis weekends for children aged between five and ten will be organised every three months in Bulgaria, where EVN not only guarantees the award funding for the duration of the tennis weekends, but also ensures the training of 120 children	2013	New measure
Increasing safety when dealing with electricity in Macedonia	National school competitions and lessons on the topic	ongoing	Providing education in 250 schools, involving around 30,000 children

Target	Measures	Milestone/ Deadline	Status as of 30 September 2010
Area requiring action: Sustainable increase in shareholder value			
Value-oriented growth in Central and Eastern Europe	Integration and further development of business areas, utilizing synergy potentials, value-oriented investment decisions for new projects	ongoing	Ongoing measure
Further development of documentation and control of financial reporting processes	Successive implementation of the risk oriented internal control system (RIKS)	ongoing	Organisational implementation completed; first RIKS report was made at the end of the financial year 2009/10
Introduction of sustainability controlling	Integration of sustainability risks into the risk management, improved presentation of the cost-benefits relationship and CSR benefits	Sep. 2010	Measures partially implemented
Expanding the profitability calculation models to include sustainability aspects	Request made to the department in the company, setting up of a working group	Sep. 2011	Measure has not been started yet
Area requiring action: Integration and expansion SEE			
Integration, modernisation and expansion	Internal events and know-how transfer across divisions and countries; examination of further expansion opportunities	ongoing	Ongoing measure, e.g. EVN SUN Academy
Establishment of CSR standards	Communication and exchange with the persons responsible in Bulgaria and Macedonia	ongoing	Building a CSR organisational structure; integration through a CSR coach
Raising customer awareness on how best to use energy in Bulgaria	Raising awareness through energy saving campaigns, media (TV advertisements, newspapers), brochures and on the EVN website	ongoing	Energy saving campaign completed
Raising customer awareness on how best to use energy in Macedonia	Raising awareness through energy saving campaigns, brochures and tips on the EVN website as well as information through the service hotline	ongoing	Raising customer awareness through school projects, workshops with Roma on how best to use energy
Area requiring action: In-house consumption of resources			
Efficient handling of CO ₂ emissions	Group-wide mobility concept	Sep. 2011	Project order is prepared; next step is the formation of the project team
Optimisation of the use of resources at the work place	Assess current state of EVN-wide use of energy and resources to evaluate further measures	ongoing	Ongoing measure
Reduce emissions related to EVN publications and events	Climate-neutral Annual General Meeting and climate-neutral printing of annual reports, sustainability reports and quarterly reports	ongoing	Annual General Meeting 2010 – held climate-neutral; climate-neutral printing of reports
Raising employee awareness in Bulgaria on how to best use resources	Project "Code Green" (mobile phone recycling, toner disposal, recycled paper, etc.)	ongoing	Recycling of more than 1,200 mobile phones and over 350 toners
Move towards sustainable procurement	External study on the topic of "environment and social labels" by the Österreichische Gesellschaft für Umwelt und Technik (ÖGUT)	Sep. 2010	Completed measure

Target	Measures	Milestone/ Deadline	Status as of 30 September 2010
Area requiring action: Environmental management			
Reduction of the NO _x emissions in the Dürrohr power plant starting from 2010 by 25% (annual average) as compared to the legally prescribed value	<p>Voluntary agreement NO_x: Despite the age of the plants, additional requirements etc. this goal is sustainably maintained through:</p> <ul style="list-style-type: none"> > catalyzer washing to increase the filtration efficiency > purchase of types of coal with lower nitrogen content > primary measures, e. g. optimisation of combustion 	ongoing, starting 2010	Primary measures completed
Bird protection in Bulgaria and Macedonia	Protecting stork nests and constructing nesting platforms in Macedonia	ongoing	Since 2009, installation of 811 protection insulations and 649 platforms
	Isolation of dangerous masts and power lines through supporting the project of the Bulgarian Bird Protection Association (BDZP, bird life) "Save the Golden Eagle and the Gyrfalcon"	2013	New measure
Recording of all environment-related costs in the Group by means of allocating costs to the responsible cost centres	Analysis of operational environmental costs in accordance with IFAC	Dec. 2010	Measure progressing according to plan
Operational environmental protection in Bulgaria and Macedonia	Establishing a documentation system for environmental controlling	Jun. 2010	Milestones postponed due to issues related to legal compliance being brought forward
 Continuous improvement of the plant performance indicators for the district heating plants of EVN Wärme GmbH	Continuous improvement of data quality, data capture and control, introduction of assessment models for optimisation as part of the technical controlling and hence achieving an improvement in the plant performance indicators such as plant efficiency and network losses, by 1% per year in all district heating plants and district heating networks	Multi-year target	New measure

Advisory Committee for the Environment and Social Responsibility

Theodor Zeh (Chairman)

Reinhard Dayer, National CEO, "Naturfreunde Österreich"

Rudolf Friewald, Mayor of the market town of Michelhausen

Albert Hackl, Lecturer, Institute for Process Engineering,
Environmental Engineering and Technical Biosciences, Vienna University of Technology

Eva Hager, Head of Department III.7 "International Energy Affairs", Federal Ministry for European and International Affairs (since 24 February 2010)

Klaus Kastenhofer, CEO, environmental protection organisation GLOBAL 2000 (since 24 February 2010)

Herbert Kaufmann, Spokesman of the Executive Board, Flughafen Wien (Vienna Airport) AG

Heinz Kaupa, Member of the Executive Board, VERBUND-Austrian Power Grid AG

Helmut Kroiss, Head of the Water Quality, Resource and Waste Management Department, Vienna University of Technology

Hermann Kührtreiber, Mayor of the market town of Zwentendorf

Günther Leichtfried, Mayor of Wieselburg, Member of Parliament of Lower Austria (until 3 May 2010)

Georg Mayer, Head of the Economic Policy Department, Lower Austrian Chamber of Labour

Ernst Pucher, Institute for Power trains and Automotive Technology, Vienna University of Technology

Gerhard Razborcan, Member of the Lower Austrian provincial parliament (since 9 June 2010)

Ingeborg Rinke, Mayor of Krems, Member of the Lower Austrian provincial parliament

Klaus Schuster, EVN AG Group physician, Regional Manager NÖ Landeskliniken-Holding for the Mostviertel Region

Matthias Stadler, Mayor of the Lower Austrian provincial capital of St. Pölten

Adolf Stricker

Christa Vladyka, Member of the Lower Austrian provincial parliament

Paul Weiss, Farmer

Heinz Zipper, District head, District of Baden

Employee representatives

Gerhard Felberbauer

Monika Fraissl

Walter Rehwald

Auditor's attestation

We were engaged by EVN AG to verify the financial figures contained in the Sustainability Report of EVN AG for the financial year 2009/10. The management of EVN AG is responsible for the preparation of the Sustainability Report.

Based on the engagement we issue the following attestation:

The financial figures included in the Sustainability Report derive from the audited consolidated financial statements of EVN AG as of 30 September 2010 and 30 September 2009 which are prepared in accordance with International Financial Reporting Standards and for which we have issued unqualified audit opinions. The financial figures contained in Sustainability Report are properly reflected.

We draw your attention to the fact that the financial figures should be read together with the consolidated financial statements for the financial years 2009/10 and 2008/09 and the related notes.

Vienna, 22 November 2010

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Rainer Hassler
Wirtschaftsprüfer
(Austrian Chartered Accountant)

ppa MMag. Angelika Vogler
Wirtschaftsprüferin
(Austrian Chartered Accountant)

Assurance statement

Scope and criteria of the assurance

Lloyd's Register Quality Assurance Limited (LRQA) was commissioned by EVN to assure the corporate responsibility report for the period 2009/10 for all activities of the company in the areas of power production and distribution, heat production and supply, water purification and supply and waste incineration. From a geographical standpoint the report covers EVN's main activities in Austria, Bulgaria, Macedonia and other European countries controlled from Austria. The assurance was undertaken against the Global Reporting Initiative Sustainability Reporting Guidelines 2006 (GRI G3) and GRI's Electric Utility Sector Supplement (EUSS). Ultimately, the report remains the responsibility of and has been approved by EVN.

LRQA's verification approach

In order to form our conclusions, we have obtained sufficient evidence that we consider necessary for us to give limited, not absolute, assurance. Therefore the assurance did not include verifying the data and information back to its original sources, with the exception of EMAS registered sites in Austria. Our assurance approach is informed by ISAE 3000, is risk-based, samples data and information available at EVN's headquarter, interviews personnel responsible for the collation of data and information disclosed and reviews EVN's:

- > CSR materiality matrix
- > data and information management systems
- > use of performance data within their business decision-making processes
- > processes for setting performance indicators and for monitoring progress
- > self-declaration for GRI's application level A+

LRQA's conclusions¹⁾ and findings

EVN has met the conditions for GRI's A+ application level as we found nothing that would cause us to contradict this conclusion.

It is also our opinion that:

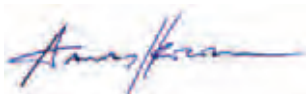
- > EVN has not excluded any material aspects concerning their environmental and social performance.
- > The processes for reporting would provide correct data and information.

LRQA's recommendations

EVN addressed all of our recommendations made in LRQA's Assurance Statement, dated 20 November 2009. This year's assurance identified the following areas for improvement:

- > Contents of the CRR should be reviewed to ensure that it provides a balanced and reasonable representation of all aspects. Currently there is a stronger emphasis on environmental aspects than social ones.
- > Emission data from power stations outside of Austria should be reported in absolute amounts.

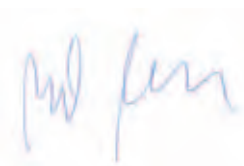
23 November 2010



Harald Ketzer
Lead Verifier



On behalf of the LRQA Ltd.
Lloyd's Register EMEA Vienna, Austria
Environmental Verifier Organisation
Accreditation Number: AT-V-0022



Johann Kitzweger
Lead Verifier

Third party liability

This document is subject to the provision below:

Lloyd's Register Quality Assurance Limited, its affiliates and subsidiaries and their respective officers, employees or agents are, individually and collectively, referred to in this clause as the 'Lloyd's Register Group'. The Lloyd's Register Group assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant Lloyd's Register Group entity for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract. Because of the inherent limitations in any internal control it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the verification was not designed to detect all weakness or errors in internal controls so far as they relate to the requirements set out above as the verification has not been performed continuously throughout the period and the verification carried out on the relevant internal controls were on a test basis. Any projection of the evaluation of control to future periods is subject to the risk that the processes may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate. The Austrian and English version of this statement are the only valid versions. The Lloyd's Register Group assumes no responsibility for versions translated into other languages.

1) Conclusions given in this statement were based upon the full disclosure by EVN AG of all relevant data and information.

Contact

Contact partner for questions regarding Corporate Social Responsibility (CSR)

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Service phone line for investors

0800 800 200

Information on the internet

www.evn.at

www.investor.evn.at

www.responsibility.evn.at

Glossary

American Depositary Receipts (ADR)

Tradable certificates for non-American shares available in the US; facilitates access for non-American companies to US-investors.

ARA-region

The region around Antwerp, Rotterdam and Amsterdam is Europe's most important reloading point for mineral oil. Trading takes place via short-term contracts. Prices are highly volatile, depending on supply and demand (also see Spot market/spot trading). The quotation of prices in Rotterdam is decisive for the oil price level in Europe.

Austrian Sustainability Reporting Award (ASRA)

Annual awards presented by the Chamber of Fiduciaries and Co-operation Partners for the best environmental and sustainability reports produced by Austrian companies.

Barrel

The recognised global unit of measurement for crude oil and petrochemical products, 1 barrel = 158.987 litres.

Base load/peak load

Base load is the constant energy consumption throughout the entire day. In contrast, peak load represents a high demand for energy in the electricity distribution network for short periods of time.

Beta factor (β)

Level of risk included in the calculation of equity capital costs. A measurement for the relative risk of a share in comparison to the overall market: $\beta > 1$ = share fluctuates more strongly measured relative to the total market = higher risk, $\beta < 1$ = share fluctuates less strongly measured relative to the total market = lower risk.

Biogas

A mixture comprised largely of methane and carbon dioxide, which is created during the oxygen-free digestion of organic material (renewable raw materials, slurry or organic residues from the foodstuffs industry).

Biomass

The total mass of organic material (dead life forms, organic metabolic products and residues) of which certain quantities can be used for electricity and heat generation purposes in combined heat and power plants.

Book value per share

Book value of share capital divided by the number of shares at the balance sheet date.

BOOT model (Build, Own, Operate, Transfer)

Within the context of BOOT projects, plants are built and financed on behalf of a customer. After a predefined period of time, the plant becomes the property of the customer.

Brent

The most important crude oil for European consumption, derived from the North Sea.

Capital Employed

Equity plus loans subject to interest or assets minus liabilities not subject to interest.

Cash flow

Balance of the flows (inflows and outflows) of cash and cash equivalents. Serves as an indicator for the assessment of the financial strength of a company, as well as its ability to make dividend payments, debt repayments and investment financing from its own funds. The cash flow is divided into cash flow from operating, investment and financing activities.

Cash generating unit (CGU)

The smallest, identifiable group of assets to generate independent cash flows, which are largely autonomous, from the cash flows of other assets, or asset groups. The present value of future cash flows can be employed for the valuation of the respective CGU (also see Impairment test).

CNG

Compressed natural gas

CO₂ (carbon dioxide)

Chemical compound consisting of carbon and oxygen, which is largely created by the combustion of fossil fuels.

CO₂ certificate

Emission certificates were introduced into the European Union effective 1 January 2005, as part of the drive to implement the Kyoto Accords, which aim to reduce the emission of greenhouse gases. The certificates are allotted within the framework of the "National Allotment Plan", depending on the level of a company's emissions.

CO₂ emission certificate trading

Within the EU-wide emission certifi-

cate trading system, the member states distribute CO₂ emission rights to companies. Those firms whose actual CO₂ emissions exceed the volume of the allocated certificates must purchase additional emission rights.

Code of conduct

Voluntary obligation to follow or avoid certain behavioural patterns and to ensure that no one achieves an advantage through the evasion of these patterns.

Component Approach

In accordance with IAS 16, assets are to be divided into their main components, and subsequently individually valued and depreciated. "Materiality" is not sufficiently defined, rather it is derived from the overall context (relation of the costs of the components to the total costs of the asset).

Combined cycle heat and power/cogeneration

Simultaneous generation of electrical energy and heat in an energy generating facility. The combined production enables the plant to achieve a high level of efficiency, and thus to optimally apply the primary energy used.

Consolidation range

The range of consolidation encompasses every company included in the consolidated financial statements. The prerequisite is a controlling influence of the parent company. This is given if the parent company is either directly or indirectly in a position to determine the financial and business policy of the subsidiary. The inclusion of a subsidiary commences with the beginning of the controlling influence by the parent company and ends with its termination.

Corporate Governance Code

A code of behavioural guidelines for companies, which define the principles for the management and controlling of a company. They do not represent a compilation of legal statutes, but rather a set of guidelines which companies voluntarily adhere to.

Corporate Social Responsibility (CSR)

Sustainability-oriented company management, which in line with sustainable development involves voluntary measures that go beyond the statutory obligations.

Coverage ratio

Ratio of the volume of electricity produced in own power generating facilities and the total electricity sales volumes of EVN.

Degree of efficiency

The efficiency of a plant comprised of the ratio of input to output (i.e. the quantity of electrical energy generated in ratio to the primary energy employed).

Derivative financial instruments

Financial instruments, which create rights and commitments derived from market developments, e.g. options, swaps and futures. The use of such financial instruments can be used to minimise financial risks.

Dilution

Dilution occurs when, in the context of a capital increase, the shareholder value of a company is not adjusted to the same level as the increase in equity. Capital dilution thus takes place when free shares are issued or when new shares are issued below the share price of the old shares. The share price of the old shares declines and the loss of value is designated as dilution.

Dividend yield

Ratio of the distributed dividend to the share price.

Earnings before interest and taxes (EBIT)

Also known as the results from operating activities. Parameter designed to measure the earnings capacity of a company.

Earnings before interest, taxes, depreciation and amortisation (EBITDA)

Earnings before interest, taxes, depreciation and amortisation of non-current assets and property, plant and equipment. Serves as a simple cash flow parameter.

Earnings per share

Group net profit divided by the weighted number of shares.

Economic value added (EVA)

Difference between the yield spread (ROCE less WACC) multiplied by the average capital employed. Parameter for the shareholder value created in a company. Key indicator for the measurement of company wealth creation.

Eco-power

Electricity, which is produced exclusively from renewable energy sources.

At present, eco-power is largely generated in small-scale hydro- and wind power plants. Small amounts are produced from biogas, biomass, photovoltaic systems, geothermal sources, landfill and sewage gas.

E-Control GmbH (ECG)

The regulatory authority established by lawmakers on the basis of the Energy Liberalisation Act to monitor the implementation of the liberalisation process for the Austrian electricity and gas markets, and to intervene in the marketplace if necessary.

Electricity Industry and Organisation Act (EIWOG)

Austrian adaptation of the EU Electricity Directive designed to liberalise the entire EU energy market.

EMAS

European directive for environmental management systems

Energy units

Energy (Wh): output x time
kWh Kilowatt hour:

1 Watt hour (Wh) x 10³

MWh Megawatt hour: 1 Wh x 10⁶

GWh Gigawatt hour: 1 Wh x 10⁹

Natural gas – energy content: 1 Nm³
1m³ natural gas = 11.07 kWh

Equity consolidation

Accounting method integrating the interests held in companies, which are not fully incorporated into the consolidated financial statements with all assets and liabilities. At acquisition, they are reported at the cost of acquisition, and adjusted in accordance with the pro rata equity. The share of the annual earnings of the companies included at equity is incorporated into the consolidated income statement.

Equity ratio

Ratio between equity and total capital.

Ethibel

Independent consultancy agency for socially responsible investments that advises banks and brokers offering ethical savings accounts and investment funds.

European Energy Exchange (EEX)

The largest energy marketplace in Continental Europe, headquartered in Leipzig.

EVN PowerPartner

Grouping of over 500 electricians and plumbers throughout Lower Austria,

which closely co-operates with EVN. The aim is to offer shared customers with top quality in the energy and services sectors.

Ex-dividend day

The day on which shares are traded without entitlement to dividends. On this day the dividend is deducted from the price of the respective security.

Fair value

The fair value in efficient markets is the price determined by considering all relevant price-determining factors, used as the basis for transactions which could be concluded by partners potentially willing to enter into a contractual agreement.

Forward market

In contrast to the spot market, the forward or futures market is characterised by a contractually stipulated time lag between the conclusion of the transaction and actual delivery. At the time a contract is concluded, the buyer is not required to have the necessary liquid funds, nor is the seller required to have the purchased goods. The price of the goods is determined at the time the contract is concluded.

Fossil fuels

Energy resources derived from biomass over a period of millions of years, such as crude oil, natural gas, brown and black coal.

Free cash flow (FCF)

Net cash flow from operating activities minus cash flow from investments. It is available for payments from financing activities (distribution of the dividends, payment of outstanding liabilities).

FTSE4Good Index

An index that offers sustainability-oriented investors a possibility for targeted investments in companies that meet the globally accepted standards for responsible activities in line with the interests of the environment and stakeholders.

Fully functional model

Within the context of the liberalisation of the European electricity and gas markets, the legally stipulated unbundling of network operations from the rest of the functions carried out by energy supply companies is best implemented not only by spinning off the management of network operations, but by transfer-

ring network property to a company subsidiary (also see Unbundling).

Funds from operations (FFO)

Net cash flow from operating activities adjusted by interest expenses.

Gearing

Ratio of net debt to equity.

Global Reporting Initiative (GRI)

Initiative aimed at developing globally applicable guidelines for sustainability reporting and thus ensure the standardised presentation of companies from an economic, ecological and social point of view.

Heating degree total

Parameter for the temperature-related energy requirement for heating purposes.

Hedging

Hedging is an instrument used for financial risk management purposes, limiting or avoiding negative changes in the market value in interest, currency or stock related transactions. A company aiming to “hedge” a particular transaction concludes another transaction linked to the underlying business.

Horizontal integration

In the business world, horizontal integration is understood as meaning the grouping of companies on the same production level under a single management. For example, in the energy industry, a company operates or offers various forms of supply or services (e.g. electricity, gas, heat, water, waste-water and waste incineration, also see Vertical integration and Multi-service utility).

Incentive regulatory model

A regulatory model designed as an incentive to improve certain parameters. Applied to network access tariffs, it aims at boosting the productivity of the network operators. The regulator defines a general upper limit for network tariffs for a specified regulatory period. In order to achieve productivity gains, this upper limit is reduced for the individual operators by corresponding deductions.

International Financial Reporting Interpretation Committee/ Standard Interpretation Committee (IFRIC, formerly SIC)

Its responsibility is to interpret and provide detailed explanations of the IFRS developed and by the

International Accounting Standards Board (IASB).

International Financial Reporting Standards/International Accounting Standards (IFRS, formerly IAS)

The designation IAS was changed to IFRS in 2001. However, the standards published prior to 2001 are still designated as IAS. They are published by the International Accounting Standards Board (IASB).

Impairment test

Recoverability test, comparing the carrying amount of an asset to its fair value. If the fair value of an asset falls below the carrying amount, then an exceptional write-off is to be carried out. This instrument is particularly important for the calculation of goodwill, which may not be reported as scheduled amortisation since the 2004/05 financial year, but must be subject to an annual impairment test. In the course of impairment tests, cash generating units are built (also see Cash generating unit (CGU)).

Inhabitant equivalent value

The inhabitant equivalent value determines the expected biological burden of wastewater treatment facilities. It is based on the population equivalent, and is calculated by adding the number of inhabitants and the population equivalent.

Interest Cover

Ratio of the funds from operations (FFO) to interest expenses

International Securities Identification Number (ISIN)

Individual securities identification numbers enabling the computerised recording of securities on an international basis.

ISO 14001

International environmental management standard, which determines requirements for related systems.

Kilowatt-peak (kWp)

Parameter designed to measure the power generation of a photovoltaic or solar plant.

Kyoto Protocol

International climate protection agreement concluded by the UN. It defines goals relating to the reduction of greenhouse gas emissions, which are considered the catalyst for global warming. Adopted in 1997, it officially went into effect on 16 February 2005.

Management approach

Presentation of the management and controlling aspects of a company.

Mark-to-market

Valuation of financial transactions at current market prices.

Market Risk Premium (MRP)

Difference between the yield of a risk-free and risky investment. This difference is considered as compensation for investors for additional, non-diversifiable market risks.

Multi-service utility

Company that offers various supply and infrastructure services (electricity, gas, heat, water, waste incineration, etc.) on a one-stop shopping basis (also see Horizontal integration).

Net debt

Balance from interest-bearing asset and liability items (issues and liabilities to credit institutes less loans, securities and liquid funds).

Net debt coverage

Ratio of funds from operations (FFO) to interest-bearing debt.

Net operating profit after tax (NOPAT)

Calculated on the basis of taxable earnings less financing costs.

Network loss

The difference between the current supplied or fed into an electricity network and the electrical energy, which is actually delivered. Network losses basically arise due to the physical characteristics of the transmission lines.

Operating result (EBIT)

See Earnings before Interest, Taxes, Depreciation and Amortisation

Oxyfuel technology

A process in which coal combustion takes place using oxygen instead of air.

Payout ratio

Ratio between the dividends distributed and the earnings per share.

Peak load

see Base load/peak load

Petajoule (PJ)

Parameter designed to measure the amount of energy. 1 PJ = 1 Billiarde Joule (10^{15} Joule)

Polychlorinated biphenyl (PCB)

Toxic chlorine compounds.

Population equivalent

The population equivalent serves as the unit of measure used to describe the extent of waste water discharge. It is considered to be the equivalent of the daily sum of biodegradable load matter in waste water produced by one person, and thus represents a significant component in determining the expected biological burden of wastewater treatment facilities.

Primary energy

Energy available from naturally available energy sources. In addition to fossil fuels such as natural gas, petroleum, black and brown coal, primary energy sources also include nuclear fuels such as uranium and renewable energy sources such as water, sun and wind.

Proportionate consolidation

Only includes the assets and liabilities and the income and expenses of the subsidiary in the consolidated financial statements, in accordance with the level of the shareholding of the parent company.

Pyrolysis

The thermal cracking of chemical compounds. Bond breakages are caused in large molecules by means of high temperatures.

Rating

Evaluation of issuers and borrowers in relation to their economic strength. Internationally recognised rating agencies include Standard & Poor's and Moody's.

Regulatory authority

Public authority responsible for those fields of the energy market, which have not yet been deregulated but are still monopolised, in order to ensure free competition and fair pricing (also refer to E-Control GmbH (ECG)).

Renewable energy

Energy won from regenerative sources (solar energy, biomass, hydroelectric and wind generating power)

Return on capital employed (ROCE)

This ratio shows the return on the capital utilised within a company. For the calculation of this parameter, net profit for the period and interest expenses less tax effects are com-

pared with average capital employed.

In order to consistently show the development of the value contribution, operating ROCE (OpROCE) is adjusted for impairments, one-off effects and the market value of the VERBUND shareholding.

Return on equity (ROE)

Return on equity is a parameter used to calculate the creation of value by a company on the basis of equity. For calculation of parameter, the net profit for period is compared with average equity.

Risk management

Through risk management, potential risks (business, operational, financial and event risks) are to be identified, evaluated, cushioned or avoided through appropriate measures.

ROCE

Return on the capital employed within a company.

Single buyer model

The sole purchaser or single buyer model specifies one particular company as a monopolist responsible for operating the power grid and purchasing or distributing electricity. The single buyer must provide entitled customers with access to the network. The Macedonian electricity market is organised according to the single buyer model.

Spot market/spot trading

General designation for markets, in which delivery, acceptance of the goods and payment (clearing) are carried out immediately following conclusion of the business transaction.

Stakeholders

Individuals or groups are designated as stakeholders when they validate their interest in a company. Apart from the owners, stakeholders include employees, customers, suppliers, states, NGOs and local interest groups.

Sustainability index

In a business environment increasingly shaped by sustainability and social responsibility, sustainability indices contrary to classic stock indices offer sustainability-oriented investors the possibility to carry out targeted investments in those companies which are industry leaders in regards to their ecological and social performance, and which demonstrate an appropriate behaviour towards the environment and their stakeholders.

Syndicated loan

A binding commitment on the part of a banking consortium to provide a line of credit, which a company can draw upon in varying amounts, repayment terms and currencies.

Thermal waste incineration

Thermal waste incineration is the controlled industrial burning of waste at temperatures exceeding 1,000 degrees Celsius, leading to a destruction or reduction of harmful substances. At the same time, the energy contained in the waste materials is released, and used for electricity generation or district heating purposes.

Total Shareholder Return

Yardstick measuring the value development of investments in stocks over a specified period of time, taking into account dividends paid and share price increases.

TÜV AUSTRIA SERVICES GMBH

Accredited supplier of technical services in the certification and calibrations fields.

UCTE – Union for the Co-ordination of Transmission of Electricity

Association of European transmission network operators. The UCTE mix establishes the European composition of electrical power and is to be shown on invoices to consumers when the volumes of electricity purchased are of unknown origin (e.g. following purchasing on an energy exchange).

Unbundling

Within the context of the liberalisation process in Europe's electricity and gas markets, utilities are required to carry out an unbundling (separation, spin-off) of their network operations from the rest of the functions carried out by energy supply companies. Various models are to be considered: the fully-functional model (transfer of network property to a company subsidiary); the leasing model (leasing of the network to a company subsidiary), or operation management model (management of network operations remaining in an integrated company by a company subsidiary; also see Fully functional model).

UN Global Compact

An initiative launched by UNO with the aim of supporting ecological and economic interests in the areas of human rights, work, the environment and corruption.

Value-at-Risk (VaR)

Process to calculate the potential loss arising from price changes of a specified trading position by assuming a certain level of probability.

Value chain elements

The electricity sector is divided into different phases of value creation: generation, distribution, sale and consumption.

Value-oriented management

The focus of value-oriented management is less on achieving traditional goals such as revenue or net profit, but on increasing stakeholder value, which not only takes account of the interests of shareholders but other stakeholder groups of the company. In this spirit, all investment decisions are measured according to their impact on achieving a sustainable value contribution. The main indicators used to assess the value development of EVN's business operations are the economic value added (EVA, also see Economic value added (EVA)) and the rate of return on the capital employed (ROCE, also see Return on capital employed (ROCE)).

Vertical integration

In the business world, vertical integration is understood as meaning the grouping of companies on different production levels of the value-added chain under a single management. For example, in the energy industry, a single company carries out sourcing/generation, transmission/network operations and sales (also see Horizontal integration).

VÖNIX

Share index consisting of the stock exchange listed Austrian companies which have taken the lead with regard to social and ecological performance.

Waste heat

Heat generated by plant and equipment, which under certain circumstances can be fed into a district heating network.

Weighted Average Cost of Capital (WACC)

This indicator consists of debt and equity capital costs, weighted according to their share in total capital. The actual, average credit interest – adjusted for tax effects – is used as the cost of debt, while the cost of equity corresponds with the return on a risk-free investment plus a risk markup, which is individually calculated for every company.

EVN bonds

EVN bonds	Public bonds			Private placements			
	EUR	CHF	EUR	JPY	EUR	EUR	JPY
Amount	300.0m	250.0m	30.0m	8.0bn	28.5m	150.0m	12.0m
Due date	December 14, 2011	February 20, 2014	March 18, 2019	September 1, 2014	March 11, 2016	June 23, 2017	January 9, 2024
Maturity (yrs)	10	5	10	20	7	8	15
Coupon (% p.a.)	5.250	3.625	5.250	5.200	5.000	5.250	3.130
ISIN	XS0140090514	CH0049763102	XF000NS4HD4	XS0052014114	XS0417260329	XS0434384334	XS0406428036

EVN share

EVN share price – relative development



The EVN share

		2009/10	2008/09	2007/08
Share price at the end of September	EUR	11.45	13.68	14.99
Highest price	EUR	13.75	16.00	23.38
Lowest price	EUR	10.61	10.11	14.39
Value of shares traded ¹⁾	EURm	197	209	406
Average daily turnover ¹⁾	Shares	63,724	69,031	78,054
Share of total turnover ¹⁾	%	0.52	0.49	0.49
Market capitalisation at the end of September	EURm	1,872	2,237	2,451
Earnings/share ³⁾	EUR	1.27	1.09	1.14
Dividend/share ³⁾	EUR	0.40 ²⁾	0.37	0.370
Cash Flow/share ^{3) 4)}	EUR	2.87	2.73	2.61
Book value/share ³⁾	EUR	18.56	19.18	19.62
Price/earnings	X	9.0	12.5	13.1
Price/Cash Flow ⁴⁾	X	4.0	5.0	5.7
Price/book value	X	0.7	0.8	0.8
Dividend yield	%	3.5	2.7	2.5
Price performance	%	-16.3	-8.7	-33.7
Total shareholder return	%	-12.8	-6.0	-31.20
Payout ratio	%	34.7 ⁵⁾	33.9	32.4
ATX Index weighting	%	1.05	1.50	1.28
WBI (Vienna Stock Exchange Index) weighting	%	2.36	2.79	2.37

1) Vienna Stock Exchange, counted once

2) Proposal to the Annual General Meeting

3) Shares outstanding at September 30, 2010

4) Gross Cash Flow

5) Including new shares due to the capital increase of the EVN AG in November 2010

Main EVN AG's subsidiaries

Generation	100%	EVN Kraftwerks- und Beteiligungsgesellschaft mbH	
	49%	Evonik-EVN Walsum 10 Kraftwerksgesellschaft mbH	Construction of a coal fired power plant in Duisburg-Walsum
	100%	evn naturkraft Erzeugungsgesellschaft m.b.H.	Electricity generation from renewable energy sources
	70%	Wasserkraftwerk Trieb und Krieglach GmbH	Hydroelectric power generation
	70%	EVN Enertrag Kavarna OOD	Electricity generation from wind power in Bulgaria
	100%	Naturkraft EOOD	Electricity generation from photovoltaics in Bulgaria
	100%	EVN Liegenschaftsverwaltung Gesellschaft m.b.H.	Management of elements of power plant
	100%	EVN Projektmanagement GmbH	
	50%	Devoll Hydropower SHA	Hydroelectric power generation in Albania
	50%	Energij Astha SHPK	Hydroelectric power generation in Albania
Network Infrastructure Austria	100%	EVN Netz GmbH	Operation of electricity and gas networks
	100%	Utilitas Dienstleistungs- und Beteiligungs Gesellschaft m.b.H.¹⁾	Technical services
	100%	Kabelsignal AG	Cable TV and internet services
	100%	B.net Burgenland Telekom GmbH	Cable TV and internet services
	100%	EVN Geoinfo GmbH	Digital cartography
	50%	NÖKOM NÖ Telekom Service Gesellschaft m.b.H	Provincial government telecommunications network
Energy Trade and Supply	100%	EVN Energievertrieb GmbH & Co KG	Electricity and gas sales to end customers within EnergieAllianz
	100%	EVN Wärme GmbH	Supply of heat, gas, combined cycle heat and power, biogas heat, solar energy and heat pump facilities
	49%	Fernwärme St. Pölten GmbH	Joint venture with St. Pöltener Stadtwerken in district heating business
	45%	ENERGIEALLIANZ Austria GmbH	Joint EnergieAllianz partner sales subsidiary
	100%	Naturkraft Energievertriebsgesellschaft m.b.H.	Electricity sales from renewable energy sources
	100%	SWITCH Energievertriebsgesellschaft m.b.H.	Electricity and natural gas sales in Austria
	100%	EAA Erdgas Mobil GmbH	Construction of CNG refuelling stations
	45%	e&t Energie Handelsgesellschaft mbH	Joint EnergieAllianz partner energy trading and sourcing company
	16.5%	EconGas GmbH	Joint venture of EnergieAllianz partner in gas business with OMV, EGBV
Energy Supply South East Europe	67%	EVN Bulgaria Electroraзpredelenie AD	Electricity distribution for retail customers in Bulgaria
	67%	EVN Wärme Electrosnabdjavane AD	Electricity distribution for small customers in Bulgaria
	100%	EVN Trading South East Europe EAD	Electricity trading
	100%	Energy Trading d.o.o. Belgrad	Electricity trading
	100%	Energy Trading DOOEL	Electricity trading
	100%	EVN Bulgaria Toplofikatsia EAD	District heating company in Bulgaria
	100%	EVN Bulgaria EAD	Management company
	90%	EVN Macedonia AD	Electricity supply in Macedonia
	100%	EVN Macedonia Holding DOOEL	Management company
	100%	EVN Croatia Plin d.o.o.	Build and operate gas network in Croatia
Environmental Services	100%	evn wasser Gesellschaft m.b.H.	Drinking water supply in Lower Austria
	100%	EVN Umweltholding und Betriebs-GmbH	Holding for drinking water supply, wastewater and waste incineration services
	100%	WTE Wassertechnik GmbH, Essen Deutschland²⁾	Drinking water supply and wastewater services as well environmental projects in 15 countries
	100%	EVN Abfallverwertung Niederösterreich GmbH	Waste incineration in Lower Austria
	100%	EVN Projektgesellschaft Müllverbrennungsanlage Nr. 3 mbH	Waste incineration in Moscow
	100%	EVN Umwelt Beteiligungs und Service GmbH	
	100%	EVN Umwelt Finanz- und Service-GmbH	
Strategic Investments and Other Business	13.01%	VERBUND AG³⁾	Power generation, trading and distribution
	73.6%	Burgenland Holding Aktiengesellschaft	Regional electricity and gas supply
	49%	Burgenländische Elektrizitätswirtschafts-Aktiengesellschaft (BEWAG)	Electricity supply
	49%	BEGAS Energie AG	Gas supply
	50.03%	RAG-Beteiligungs-Aktiengesellschaft	Oil and gas exploration and gas storage
	100%	Rohöl-Aufsuchungs Aktiengesellschaft	
	100%	Utilitas Dienstleistungs- und Beteiligungs-Gesellschaft m.b.H.H.	Technical services
	50%	Allplan Gesellschaft m.b.H.	Building utility, energy and environmental engineering
	100%	EVN Business Service GmbH	Intra-Group services
	100%	first facility GmbH	Facility Management
	100%	V&C Kathodischer Korrosionsschutz Gesellschaft m.b.H.	Cathodic corrosion protection
	100%	EVN Finanzmanagement und Vermietungs GmbH	Group financing
	100%	EVN Finanzservice GmbH	Group financing
	100%	EVN Finance Service B.V.	Group financing
	50%	e&i EDV Dienstleistungsgesellschaft m.b.H.	

Status: 30.9.2010. The companies incorporated in the EVN Group consolidated financial statements are shown. In the Environmental Service Segment only 1st and 2nd level subsidiaries are listed. The fully consolidated Fond R138 is not included in this list due to missing operative activities. Interests in %

1) Utilitas Services are integrated in the Strategic Investments and Other Business segment.

2) The investments of WTE Wassertechnik GmbH are project and operating companies in Central, Eastern and South Eastern Europe.

3) VERBUND AG is neither fully consolidated company nor investment in associates included at equity.

Imprint

Published by
EVN AG
EVN Platz
A-2344 Maria Enzersdorf

Concept and Consulting: Mensalia Unternehmensberatung
Photos: Michael Kammeter
Setting and Print: gugler GmbH, www.gugler.at

We have put together this full report with the greatest possible diligence, and have checked the data. Nevertheless, rounding off, compositor's or printing errors can not be excluded. In the summing up of rounded amounts and percentages, the application of automatic calculating devices could result in rounding-off differences. This full report also contains forward-looking statements, estimates and assumptions which are based on all the information available to us at the time when this document was completed. Such statements are typically made in connection with terms such as "expect", "estimate", "plan", "anticipate" etc. We would like to point out that, due to a variety of different factors, the performance and results achieved by the company may differ from the expectations and forward-looking statements contained in this report. This full report is also available in German. In case of doubt, the definitive version is the German one. Editorial deadline: 25 November 2010.

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carbon neutral printed

This annual report was printed on environmentally-friendly paper. The production was made possible with electricity from renewable energy sources in accordance with the strict ecological guidelines of greenprint*. The CO₂ emissions arising from the paper and printing production processes were offset by means of acquiring the Gold Standard certificates. The contribution made by EVN will be invested in a climate protection project in India coordinated by the World Wildlife Fund. Gugler Cross Media was responsible for the printing and binding of the report in Austria.



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Financial calendar 2010/11¹⁾

82 nd Annual General Meeting	20 January 2011	Results HY. 1 2010/11	26 May 2011
Ex-dividend day	25 January 2011	Results Q. 1–3 2010/11	25 August 2011
Dividend payment	28 January 2011	Annual results 2010/11	15 December 2011
Results Q. 1 2010/11	24 February 2011		

1) preliminary

EVN share – Basic information¹⁾

Share capital	300,000,000.00 EUR
Denomination	163,525,820 no-par bearer shares
Identification Number (ISIN)	AT0000741053
Tickers	EVNV.VI (Reuters); EVN AV (Bloomberg); AT; EVN (Dow Jones); EVNVY (ADR)
Stock exchange listing	Vienna
ADR-Programm; Depository	Sponsored Level I ADR program (5 ADR = 1 Aktie); The Bank of New York Mellon
Ratings	A3, stable (Moody's); A–, negative (Standard & Poor's)

1) As of 30 September 2010

Our service to investors includes the postage of all written company information. Should you be interested, please return the adjacent reply card. In addition, we cordially invite you to visit our investor homepage at www.investor.evn.at, where you will find a wealth of information.

“We see an EVN which has grown even further, but has also become more profitable. We will reap the fruits of our current investments in the years to come.”

Weiterlesen können Sie im Interview im Ganzheitsbericht ab S. 10.



Member of
the Executive Board
Herbert Pöttschacher

Spokesman of
the Executive Board
Burkhard Hofer

Member of
the Executive Board
Peter Layr